

ANNUAL REPORT | 2017-2018



TATA TELESERVICES LIMITED

BOARD OF DIRECTORS

Mr. Saurabh Agrawal

Dr. Narendra Damodar Jadhav

Ms. Bharati Rao

Ms. Vibha Paul Rishi

Mr. Hidetada Hayashi (upto October 31, 2017)

Dr. Gopichand Katragadda

Mr. Katsuyuki Takagi (upto October 31, 2017)

Mr. Ankur Verma (w.e.f. June 1, 2018)

Mr. N. Srinath, Managing Director

COMPANY SECRETARY

Mr. Pravin Jogani,
Assistant Company Secretary

SENIOR MANAGEMENT

Mr. T. Elango

President – Mobility

Mr. Prateek Pashine

President – Enterprise

Mr. Anuraag Srivastava

Chief Financial officer (upto June 14, 2018)

Mr. Ilangovan Gnanaprakasam

Chief Financial Officer (w.e.f. June 15, 2018)

Mr. Neeraj Dindore

Chief Technology Officer

Ms. Richa Tripathi

Chief Human Resources Officer

STATUTORY AUDITORS

M/s. Price Waterhouse Chartered Accountants LLP

INTERNAL AUDITORS

1. ANB Solutions Private Limited
2. Ernst & Young LLP

REGISTERED OFFICE

Jeevan Bharati Tower I
10th Floor, 124 Connaught Circus
New Delhi - 110 001

CORPORATE OFFICE

A & E Blocks, Voltas Premises
T. B. Kadam Marg, Chinchpokli
Mumbai 400 033

CORPORATE IDENTITY NUMBER (CIN)

U74899DL1995PLC066685

LIST OF BANKS AND FINANCIAL INSTITUTIONS

BANKS

Allahabad Bank
Axis Bank
Australia and Newzealand Banking Group Limited
Bank of Baroda
Bank of India
Canara bank
Central Bank of India
CitiBank N.A.
Corporation Bank
Dena Bank
Deutsche bank
HDFC Bank Ltd.
IDBI Bank
IndusInd Bank
Indian Overseas Bank
RBL Bank Limited (Formerly The Ratnakar Bank Limited)
Oriental Bank of Commerce
Punjab National Bank
Standard Chartered Bank
State Bank of India
Syndicate Bank
Tamilnad Mercantile Bank Ltd.
The Jammu & Kashmir Bank
The South Indian Bank
UCO Bank
Union Bank of India
United Bank of India
Vijaya Bank
Yes Bank
Indian Bank
IDFC Bank Ltd.

FINANCIAL INSTITUTIONS

China Development Bank
HDFC Limited
Finnish Export Credit Limited

DIRECTORS' REPORT

Dear Members,

Your Directors present the 23rd Annual Report on the business and operations of Tata Teleservices Limited ("TTSL" / the "Company"), together with the audited financial statements for the year ended March 31, 2018 and other accompanying reports, notes and certificates.

COMPANY OVERVIEW

The Company together with Tata Teleservices (Maharashtra) Limited ("TTML"), an associate company, is licensed to provide basic and cellular telecommunication services and holds Unified Licence in 3 circles and Unified Access (basic + cellular) Service Licences ("UASL"), in sixteen out of twenty-two service areas in the country, TTML operates in two service areas of Mumbai and Maharashtra i.e., Rest of Maharashtra and Goa (TTSL and TTML together hereinafter referred to as "TTL").

The Company is an integrated player across:

- Technologies - Wireline, Global System for Mobile ("GSM") & 3G (in 8 service areas and 1 in TTML), Code Division Multiple Access ("CDMA");
- Products - Voice, Data & other enterprise services (Connectivity and Managed services, Verticals based mobile applications and Cloud services); and
- Customer segments – Retail, Large Corporate and Small & Medium Enterprises.

The Company provides its range of products and services to about 27 Million wireline and wireless subscribers (TTL - 33 Million subscribers), under the Tata DOCOMO brand. Its network, as of March 2018, consists of about 7,466 (TTL – 12,035) Base Transceiver Stations (own) and optical fibre transmission network in the country of about 115,000 Kms. (TTL – 132,000 Kms.), through which it provides long-distance connectivity in India.

The Company proposes to transfer by way of demerger its consumer mobile business (CMB) to Bharti Airtel Limited (All Circles except Rajasthan Circle) and Bharti Hexacom Limited (only Rajasthan Circle) by way of a demerger scheme which was approved by your Board of Directors on December 19, 2018 (the Scheme) and is currently awaiting various approvals including approval of National Company Law Tribunal (NCLT), and Department of Telecommunications (DoT). Further details have been given hereinbelow in the Section "Scheme of Arrangement".

The Company is also exploring the possibility of demerging its Enterprise Business and Retail Wireline and Broad-band business.

FINANCIAL RESULTS

The Company adopted Indian Accounting Standards ("Ind AS") from April 1, 2016, with transition date from April 01, 2015. Accordingly, the financial reports for current financial year FY 2017-18 and previous financial year FY 2016-17 have been prepared as per IND AS reporting framework.

The financial highlights of the Company for the year ended March 31, 2018 are as follows:

(Rs. in Crores)

Particulars	Standalone		Consolidated	
	2017-18	2016-17	2017-18	2016-17
Total Revenue	5,325	9,477	5,323	9,481
Expenditure	6,225	8,326	6,218	8,346
Earnings before interest, tax, depreciation and amortisation ("EBITDA")	(901)	1,150	(895)	1,135
Finance & Treasury charges including foreign exchange impact	(2,884)	(2,949)	(2,884)	(2,948)
Depreciation/ Amortization	(1,086)	(1,851)	(1,083)	(1,848)
Profit/ (Loss) for the year before exceptional items and tax	(4,871)	(3,649)	(4,862)	(3,662)
Exceptional Items	(12,759)	(977)	(11,774)	6,045
Share of profit / (loss) from associates	-	-	(496)	(294)
Profit/ (Loss) before tax from continuing operations	(17,630)	(4,627)	(17,131)	2,090
Profit/(Loss) for the year from discontinuing operations	-	-	(6)	34
Taxes	-	-	-	-
Profit/ (Loss) after tax	(17,630)	(4,627)	(17,137)	2,123
Minority Interest/ Share of loss in associate	-	-	-	(16)
Profit/ (Loss) for the year	(17,630)	(4,627)	(17,137)	2,108
Other Comprehensive Income	(35)	27	(35)	27
Total Comprehensive Income	(17,664)	(4,599)	(17,171)	2,135

- During the year, the industry's financial performance was significantly affected by the launch of the new entrant offering free services.
- The Company reported total revenue of Rs. 5,325 Crores during the year, 43.8% decline over previous year.
- The Company reported a 178.3% fall in EBITDA at Rs. 901 (Negative) Crores as against Rs. 1,150 Crores in the previous year. The EBITDA margin also reduced to 17% (Negative) from 12% in the previous year.
- The Company's loss before exceptional items was Rs. 4,871 Crores as compared to last year's loss of Rs. 3,649 Crores.
- The Company has recorded exceptional items of Rs. 12,759 Crores which include, inter alia, provision for impairment of intangible assets and provision for diminution in value of investment in its associate TTML.
- The reported net loss for the Company was Rs 17,630 Crores.

KEY DEVELOPMENTS DURING 2017-18

- The last fiscal had seen several factors in both the environment and strategic direction of the businesses impact its operations.
- The recent consolidation in the industry and the continuing price wars have had a substantial negative impact on the revenues and profitability of the Company.
- During the year, the Company was focusing on containing losses even at the cost of lower revenues and growth in the mobility business. Operations were being scaled down where those were not financially viable.
- There were employee redundancies several times during the year. Voluntary separation schemes were made available to certain employees several times during the year.
- The market speculation on the future of the company had negative impact on the sentiments including of employees and customers which negatively impacted the business.
- Shut down of operations by other operators impacted some of the wholesale revenue streams.
- The proposed Bharti transaction, signed in October 2017, shifted mobility focus back to revenue sustenance and value creation.
- The shutdown of network as wireless operations moved on to an ICR arrangement with Bharti reduced the reach and spread of the network impacting the enterprise business as well.
- Attrition was high at 34% (last year: 27%).

Industry developments

The year saw developments in the telecom sector that significantly impacted the business of each and every operator including intense competition in the industry, announcement of consolidation in the industry, etc.

a. Data Growth

Pursuant to the launch of 4G services during the current year, the industry witnessed a significant growth in data usage. This surge was driven by the demand for high speed services by the consumers, to which the industry operators responded by aggressively rolling out 4G sites. The pricing of the new operator spurred data consumption volumes as the industry saw shift from data packet pricing to bundled pricing.

b. Intense Competition in the Industry

In September, 2016, industry witnessed the entry of a new operator with 4G offering very aggressive introductory prices for voice and data services. This trend was maintained in current year and the industry continued to see aggressive offers from the competition to retain their customers and maintain their market share. Data traffic grew tremendously on the back of free/ low cost services.

c. Industry revenue declining

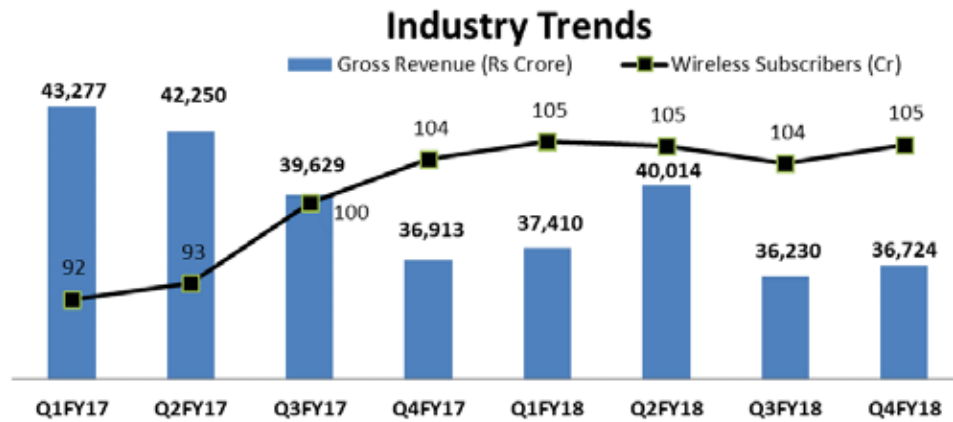
Industry saw a decline in revenue in the current financial year due to reasons explained above. The industry till FY 2015-16 grew at an average rate of ~12.5% over a period of 3 years, but has declined by an average rate of 13.4% over last two years, on account of heavily discounted products offered by all operators.

d. Financial Stress

Financial performance of industry suffered due to continued decline in ARPU (including effect from reduction of domestic and international IUC charges) and ever growing demand by users for data and voices resulting in requirement of continuing investment in network, to the tune of Rs. 890 billion by top 4 operators in FY 2017-18.

This resulted in industry net debt being ~ Rs, 7,800 billion at end of the year (including debt from DoT under 'Deferred Payment Obligation' for Spectrum acquired in Auctions).

The industry registered a marginal increase of ~13 million subscribers (pan India) during the year.



*Source: TRAI, data pertains to pan India excluding Mumbai and Maharashtra circles
Revenue numbers normalized basis management estimates

The industry moved towards consolidation with multiple announcements of Merger & Acquisition as well as spectrum trading deals during the course of the year, as at least 5 mobile operators chose to exit / consolidate and the mobile services industry is seeming to consolidate among 3 large private operators.

Company Initiatives

The Company's efforts in mobility business were hampered by non-availability of 4G services. In our sustained efforts towards digitization, the company rolled out initiatives to drive engagement through its online platforms and protect high-value customers by offering an enhanced digital experience. This was accomplished by mobilizing three levers; a) A revamped My Tata Docomo App Interface, b) Providing real-time and hyper-personalized engagement at key moments of truth, and c) A differential treatment on online platforms. The new App platform led to a unified digital interface and the journeys were made intuitive and relevant based on the insights mined from call center drivers and through click stream behavior.

During the year, we activated the brand Tata Docomo's equity around honesty and transparency to drive relevance and differentiation. The brand strategy was rolled out through major campaigns like 'We value you, not your handset' and 'Nothing to Hide'. In the latter half of the year, the key task was to communicate business continuity and stronger network promise while continuing to highlight superior tariffs in a competitive landscape. Hence, we brought alive the dual promise of network and tariffs through key campaigns like the 'Pan-India 3G Rollout Campaign' across Print, Out of Home, Radio and Digital platforms, and 'Adjust No More' across Retail.



Enterprises have always relied on technology to innovate and improve productivity and so on. But over the last few years, there has been an explosion of disruptive technologies such as mobile apps, social media, IOT and big data. These in turn have created huge new opportunities—and threats—for most enterprises. Not only are Indian consumers more willing to buy goods and services through digital channels, they are also automating activities which were previously manual.

All these different trends essentially lead to digital becoming a top agenda item for most Board discussions. Much of the public conversation about digital transformation has focused on the innovative ways that large consumer-facing companies have used technology to go from traditional marketers to cutting edge. However, it's not just Large enterprises that are feeling the pressure to go Digital. Not only are an increased number of small businesses being launched in the technology space, but SMEs across Industries are now incorporating Digital strategies into their otherwise traditional business models. As a result of this, the technology lag that once existed between India and other key technology markets is rapidly closing.

Tata Tele Business Services (“TTBS”) remains at the forefront, supporting Large, Small and Medium Enterprises as they go through their Digital transformation.

Over the years, the lines have blurred between telecom and IT services. Customers are increasingly looking for one-stop-shop ICT solutions. In order to meet this expectation, TTBS has moved up the customer value chain and offers both traditional Telecom services and well as solutions which help enable the Digital transformation, customers are seeking. TTBS's portfolio of products and services can be categorized under Enterprise Voice, Enterprise Data and IOT, Cloud & SaaS solutions and include services such as PRI, ILL, SIP, MPLS, Ultra Lola, TFN, A2P SMS, Hosted Voice Solutions, Mobile Device Management, Conferencing, IOT services like Fleet Management, Asset management and School Bus Tracking among others.

During FY2018, TTBS launched an innovative solution called “SmartOffice” which is a complete office-in-a-box solution. Businesses which need to set up a new office or a branch are typically required to procure multiple hardware devices to make their office setup voice and data ready. Once the infrastructure is setup, comes the tedious and complex task of procuring relevant applications to run the office and the operations. The first version of SmartOffice takes care of the customer's voice, data, wifi, security and storage needs. Subsequent versions will include applications and SaaS services making it a truly one-stop-shop solution.

TTBS entered into a strategic partnership with TCS iON to take their portfolio of SaaS application to the SME market. In the first phase, TTBS has launched Document Management System, Live Chat, Digital Survey and a Digital Assessment prep test module for High Schools. In FY2019, TTBS will launch applications such as CRM, F&A and other relevant SaaS modules relevant to SMEs.

As more Enterprises move their Applications to the Cloud, they need private and secure network access to the Cloud Service Provider (CSP) premises. TTBS also launched ‘Secure Connect’ which is a secure, low-latency VPN connection between the customer's network and the CSP infrastructure.

As TTBS looks to scale its business, process simplification has been a key priority for the organization. Multiple simplification projects such as Zero Agreement, Green Channel for hassle free pick-up and delivery of customer orders, Digital CAF, Click2Buy among others.

Innovation in customer service has always been a priority focus area for TTBS. As part of this initiative, Priority Support Center (PSC) was launched in Hyderabad during April 2017. The PSC is a one-stop shop for all our key customers who contribute significant revenues for Enterprise business. It is managed by an in-house team of experienced professionals who have been specially trained in Wireless & Wireline products, as well as in the service industry best practices. Since the launch of PSC, our Net Promoter Score has seen a constant increase, as customer satisfaction continues to remain our top priority.

TTBS engages with its existing as well as potential customers through multiple channels, across traditional and new age media. The thought leadership platform remains under the ‘Do Big’ banner where relevant content in the form of whitepapers, articles, case studies, testimonials, product/ technology information & market trends are shared & communicated to business customers via website, apps, webinars, social media platforms, blogs, events and other relevant channels.

This year TTBS received the Marketing Excellence Award for content marketing from World Marketing Congress & CMO Asia.

SCHEME OF ARRANGEMENT

The Board of Directors at its meeting held on October 12, 2017 had approved the transfer by way of demerger of the Consumer Mobile Business of the Company to Bharti Airtel Limited (“Bharti” or “BAL”) and with Bharti Hexacom Limited (“BHL”) on debt-free, cash-free basis subject to requisite regulatory approvals. The Competition Commission of India (“CCI”) approved the proposal by its order dated November 16, 2017. Further, the Board at its meeting held on December 19, 2017 had approved the Scheme of Arrangement (“Scheme”) between the Company, BAL, BHL and their respective shareholders and creditors under Sections 230-232 of the Companies Act, 2013. Upon the Scheme becoming effective and in consideration of the demerger, BAL shall issue and allot (A) 500 (Five Hundred) BAL RPS to all (and not each) TTSL Equity Holders in proportion to their holding of TTSL Equity Shares on the relevant Record Date; (B) 10 (Ten) BAL RPS to all (and not each) TTSL CCPS Holders in proportion to their holding of TTSL CCPS on the relevant Record Date and (C) 10 (Ten) BAL RPS to all (and not each) TTSL OCPS Holders in proportion to their holding of TTSL OCPS on the relevant Record Date AND Upon the Scheme becoming effective and in consideration of the demerger, BHL shall issue and allot (A) 500 (Five Hundred) BHL RPS to all (and not each) TTSL Equity Holders in proportion to their holding of TTSL Equity Shares on the relevant Record Date; (B) 10 (Ten) BHL RPS to all (and not each) TTSL CCPS Holders in proportion to their holding of TTSL CCPS on the relevant Record Date; and (C) 10 (Ten) BHL RPS to all (and not each) TTSL OCPS Holders in proportion to their holding of TTSL OCPS on the relevant Record Date.

Accordingly, the Company alongwith BAL and BHL have submitted a Composite Scheme Application with National Company Law Tribunal, New Delhi Bench (“NCLT”) on May 17, 2018 for seeking direction to convene meetings, as per applicability, of Secured Creditors and Unsecured Creditors of the Company, BAL and BHL to obtain their approval to the Scheme. The consent of the equity shareholders was obtained by way of consent affidavits and the requirement to convene a meeting was dispensed with. Consequently, the Meetings of Secured and Unsecured Creditors of the Company were convened on August 21, 2018 in terms of the order dated June 14, 2018 of NCLT and the results of the meeting have been disclosed as per applicable law. Approval of Department of Telecommunications (“DoT”) is also required.

Network

During the year, clear emphasis was placed on optimum utilization of assets leading to rollback of sites and in addition, TTSL has entered into ICR arrangement with Airtel to extend the 2G/3G Coverage and traffic is being routed through Airtel progressively from November 2017.

In the last seven years through its ‘Project Optimus’ initiative, the Company has converted around 16208 sites (Combined TTL – 17849 sites) from Indoor to Outdoor that resulted in Annualized Savings of 52435 MWh (Combined TTL – 57972 MWh) of Grid units, 6519 KL (Combined TTL –7207 KL) of diesel, 61711 TCO2 (Combined TTL – 68227 TCO2) carbon foot print and Rs. 76.47 Crores (Combined TTL – Rs. 84.54 Crores) of operating costs. This was achieved through conversion of base stations from Indoor BTS to Outdoor through Outdoor Cabinet, Free Cooling units and Natural Cooling Units. The solution was implemented across 417 sites during the current year.

The wireless services are present in 661 towns for GSM, 250 towns in 3G and 641 towns for CDMA. Seamless international roaming services are also provided to the customers supported by tie ups with 270 operators for in-roaming and 287 out-Roaming operators globally.

Safety

The Company has a well-defined and practiced Employee Safety and Well-being Policy. The Company’s Safety Policy comprises guidelines and standardized practices, based on robust processes. It advocates proactively improving its management systems, to minimize health and safety hazards, thereby ensuring compliance in all operational activities.

To minimize and mitigate risks related to Fire Safety and Physical Security, the Company has taken up various safety initiatives / projects including:

- First Aid and Fire Safety trainings for all employees;
- Emergency Mock fire drills (day/night) every six months;
- Dissemination of Safety Guidelines, through Safety Awareness mailers and videos / Safety SMS’s (covering Do’s & Don’ts during emergency).

The above actions are part of 4 pillars of Safety initiatives comprising:

1. Safety Awareness and Communication;
2. 4 tier Audit Mechanism;
3. Corrective and Preventive Actions (“CAPA”);
4. Benchmarking and Best Practice sharing, within and outside Tata Group companies.

Share Capital

During the financial year, the Company increased and altered its Authorised Share Capital from the existing Rs. 40150,00,00,000/- divided into 2263,00,00,000 (Two Thousand Two Hundred Sixty Three Crores) Equity Shares of Rs. 10/- (Rupees Ten only) each, 63,00,00,000 (Sixty Three Crores) Compulsorily Convertible Non-Cumulative Preference Shares of Rs. 100/- (Rupees One Hundred only) each and 112,20,00,000 (One Hundred Twelve Crores Twenty Lakhs) Preference Shares of Rs.100/- (Rupees One Hundred only) each **TO** Rs. 90150,00,00,000/- (Rupees Ninety Thousand One Hundred Fifty Crores only) divided into 2263,00,00,000 (Two Thousand Two Hundred Sixty Three Crores) Equity Shares of Rs. 10/- (Rupees Ten only) each, 63,00,00,000 (Sixty Three Crores) Compulsorily Convertible Non-Cumulative Preference Shares of Rs. 100/- (Rupees One Hundred only) each, 112,20,00,000 (One Hundred Twelve Crores Twenty Lakhs) Preference Shares of Rs.100/- (Rupees One Hundred only) each and Unclassified Shares aggregating Rs. 50,000,00,00,000/- (Rupees Fifty Thousand Crores only) i.e. 1000,00,00,000 (One Thousand Crores) shares of Rs.10/- (Rupees Ten only) each and 400,00,00,000 (Four Hundred Crores) shares of Rs.100/- (Rupees One Hundred only) each by creating additional Unclassified Shares aggregating Rs. 50,000,00,00,000/- (Rupees Fifty Thousand Crores only).

During the financial year:

- I. The Company offered 200393653 0.1% Compulsorily Convertible Non-Cumulative Preference Shares (“CCPS”) – Series – IV – Tranche 1 of face value of Rs. 100/- each aggregating Rs. 2003,93,65,300/- to the Equity Shareholders of the Company whose names appeared in the Register of Members as on March 10, 2017. Tata Sons Limited subscribed to the entire issue of CCPS (including additional shares) and the same were allotted to Tata Sons Limited on April 26, 2017.
- II. The Company offered 230000000 0.1% Optionally Convertible Non Cumulative Preference Shares (“OCPS”) - Series I - Tranche - 1 of face value of Rs. 100/- each aggregating Rs. 2300,00,00,000/- to the Equity Shareholders of the Company whose names appeared in the Register of Members as on September 8, 2017. Tata Sons Limited subscribed to the entire issue of OCPS (including additional shares) and the same were allotted to Tata Sons Limited on November 7, 2017.

CORPORATE STRUCTURE

Holding Company

Pursuant to the provisions of the Companies Act, 2013 (the “Act”), Tata Sons Limited is the Holding Company of your Company.

Subsidiaries, Joint Venture and Associate companies

As on March 31, 2018, the Company has 3 subsidiaries and 2 associate companies.

Pursuant to the provisions of Section 129(3) of the Act, a statement containing salient features of the Financial Statements of the Company’s subsidiaries and associate companies in Form AOC-1 is attached to the financial statements of the Company.

The performance and financial position of each of subsidiaries and associate companies are as follows:

MMP Mobi Wallet Payment Systems Limited (“MMP”) – Subsidiary Company

MMP is in the business of providing mobile wallet services. During the year, MMP applied to RBI for surrender of authorization and stopped the business with effect from November 29, 2017. Subsequently, RBI issued notification of surrender of authorization on March 27, 2018. MMP is in the process of the complete closure of its operations.

NVS Technologies Limited (“NVS”) – Subsidiary Company

NVS was incorporated as a wholly owned subsidiary of the Company on September 12, 2014 to carry on the Company’s non-voice services viz. Mobile Advertising (mAdvertising), Mobile Education (mEducation), Mobile Health (mHealth), Mobile Tracking (mNavigation), Mobile Digital Properties in promising products and services with the developer community. NVS has not yet commenced any operations.

Tata Teleservices (Maharashtra) Limited (“TTML”) – Associate Company

TTML has Unified Licence (Access Service) (“UL”) for two circles, i.e. one for Mumbai Metro service area and the other for Maharashtra service area i.e. Rest of Maharashtra and Goa. TTML also has UL- ISP National. TTML is an integrated player across:

- Technologies - Wireline, Code Division Multiple Access (CDMA), Global System for Mobile (GSM) & 3G (Maharashtra service area),
- Products - Voice, Data & Other enterprise services (Connectivity and Managed services, Verticals based mobile applications and Cloud services) and
- Customer segments – Retail, Large corporate and Small and medium enterprises

TTML provides its range of products and services to about 6.1 Million (wireline + wireless) subscribers under the Tata DOCOMO brand (8.7 Million in the previous year). Its network consists of about 4,569 Base Transceiver Stations and optical fiber transmission network ~17,000 kms in Mumbai & Maharashtra.

In FY18, TTML reported revenue of Rs. 1,904 Crores, EBITDA of Rs. 170 Crores and Net loss of Rs. 9,842 Crores (which includes exceptional items of Rs. 7,677 Crores towards impairment in value of CMB assets) as against revenue of Rs. 2,689 Crores, EBITDA of Rs. 640 Crores and Net Loss of Rs. 2,356 Crores in the previous year.

ATC Telecom Infrastructure Private Limited (formerly Viom Networks Ltd.) (“ATC Infra”) – Associate Company

ATC Infra is one of the largest passive infrastructure providers in India. The Company had hived off its own telecom towers into a separate entity (formerly known as Wireless-TT Infoservices Limited) and then divested some part of its stake in that entity (renamed as Viom) to SREI and other investors in 2009. Simultaneously, SREI also merged their tower assets in Quippo Telecom into Viom. Viom is an independent telecommunications infrastructure company.

During the year, under court scheme (which become operative from February 19, 2018) ATC Infra has merged the following entities:

1. ATC Tower Company of India Private Limited
2. ATC India Tower Corporation Private Limited
3. McCoy Developers Private Limited
4. Transcend Infrastructure Private Limited
5. ATC Telecom Tower Corporation Private Limited

In FY17, ATC Infra reported a net profit, on consolidated basis, for the fifth consecutive year. The profit for the year stood at Rs. 513 Crores (against Rs. 515 Crores in the previous year).

TTL Mobile Private Limited (formerly Virgin Mobile India Private Limited) (“TTL Mobile”) – Associate Company (Joint Venture)

TTL Mobile was formed as a Joint venture in 2007 between the Company and Virgin Mauritius Investment Ltd. (“VMIL”) to offer Consultancy Services to facilitate the Company and TTML in offering certain mobile communications products and services to customers under the Virgin Mobile Brand in India (‘Consultancy Services Agreement’). Further TTL and TTL Mobile also entered into a Trademark Licence Agreement (“TMLA”) with Virgin which permitted them to use the “Virgin Mobile” brand in consideration for royalty.

The Company, TTML and TTL Mobile mutually agreed to terminate the said Consultancy Services Agreement with effect from the close of business hours on March 31, 2014. Accordingly, in the previous two years, the financial statements of TTL Mobile had been prepared on the basis that it was no longer a going concern and, therefore, assets and liabilities had been stated at their realizable values. Further, on April 10, 2015, TTL and TTL Mobile entered into Deed of Termination of the TMLA with Virgin. Virgin agreed to sell its stake in TTL Mobile to the Company for a nominal consideration of GBP 1 post completion of termination formalities and payouts (which have been made).

The Company, TTML, VMIL and TTL Mobile also entered into a Deed of Termination for termination of the Shareholders’ Agreement and the Deed of Guarantee on March 31, 2016. Also the parties entered into Letter of Agreement dated March 31, 2016 for purchase of Shares. The Deed of Termination came into effect on full payment and subsequently, TTL Mobile has become full subsidiary of the Company with effect from November 8, 2017.

During the current year as well, financial statements have been prepared on the basis that VMI is no longer a going concern. TTL Mobile's net loss for the year ended March 31, 2018 is Rs. 16.74 Crores as against net loss of Rs. 21.18 Crores in the previous year.

Consolidated Financial Statement

In accordance with the Act and Indian Accounting Standard (Ind AS) - 110 on Consolidated Financial Statements read with Ind AS - 28 on Investments in Associates and Joint Venture, the audited consolidated financial statement is provided in the Annual Report.

BOARD OF DIRECTORS, MEETINGS AND ITS COMMITTEES

As on March 31, 2018, the Board of Directors of the Company (Board) comprised of 6 (six) Directors. Of the 6 (six) Directors, 5 (Five) (i.e. 83.33%) are Non-Executive Directors and 1 (One) Managing Director. The Non-executive Directors include 3 (Three) Independent Directors. The composition of the Board is in conformity with the provisions of the Act and other applicable provisions.

All the Independent Directors have given declarations that they meet the criteria of independence as laid down under Section 149(6) of the Act.

Resignation(s) & Appointment(s)

Mr. Hidetada Hayashi and Mr. Katsuyuki Takagi resigned from the Board with effect from October 31, 2017.

The Board places on record its appreciation for the contributions made by Mr. Hidetada Hayashi and Mr. Katsuyuki Takagi.

The Board, on recommendation of the NRC appointed Mr. Ankur Verma as Additional Director of the Company with effect from June 1, 2018.

Directors retiring by rotation

In accordance with the relevant provisions of the Act and in terms of the Articles of Association of the Company, Mr. Saurabh Agrawal retire by rotation at the ensuing Annual General Meeting ("AGM") and being eligible offer himself for re-appointment. The relevant details of Mr. Saurabh Agrawal form part of the Notice convening 23rd AGM.

Meetings of the Board of Directors

A calendar of Board and Committee meetings to be held during the financial year was circulated in advance to the Directors.

During the financial year, 6 (Six) Board meetings were held. The intervening gap between the meetings was within the period prescribed under the Act.

Committees of the Board

There are currently 3 (Three) Statutory Committees of the Board, as follows:

- (i) Audit Committee (Composition: Mr. Saurabh Agrawal, Chairman [Non-Executive Director], Dr. Narendra Damodar Jadhav, Independent Director, Ms. Bharati Rao, Independent Director, Ms. Vibha Paul Rishi, Independent Director and Dr. Gopichand Katragadda, Non-Executive Director);
- (ii) Corporate Social Responsibility Committee (Composition: Dr. Narendra Damodar Jadhav, Independent Director, Ms. Bharati Rao, Independent Director and Mr. N. Srinath, Managing Director); and
- (iii) Nomination and Remuneration Committee (Composition: Mr. Saurabh Agrawal Chairman [Non-Executive Director], Dr. Narendra Damodar Jadhav, Independent Director and Ms. Bharati Rao, Independent Director).

During the financial year, the Board re-constituted some of the Committees in accordance with the Act. Details of all the Committees along with their terms of reference, composition and meetings of each Committee held during the financial year, are provided in the Corporate Governance Report, annexed to the Annual Report.

KEY MANAGERIAL PERSONNEL

Mr. Ilangovan Gnanprakasam has been appointed as Chief Financial Officer (CFO) of the Company with effect from June 15, 2018. Mr. Anuraag Srivastava ceased to be CFO effective June 14, 2018.

POLICIES AND PROCEDURES

Company's Policies on Appointment and Remuneration of Directors

The Policy of the Company on Directors' appointment including criteria for determining qualifications, positive attributes, independence of a Director and the Policy on remuneration of Directors, Key Managerial Personnel and other employees are annexed as **Annexure – IA** and **Annexure – IB** to this Report.

Board Evaluation

The Board of Directors has carried out an annual evaluation of its own performance, Board Committees and individual Directors pursuant to the provisions of the Act.

The performance of the Board, the Committees and Individual Directors was evaluated by the Board after seeking inputs from all the Directors through a questionnaire wherein the Directors were required to evaluate the performance on scale of one to five based on the following criteria:

- a) **Criteria for Board Performance Evaluation:** Degree of fulfillment of key responsibilities, Board structure and composition, Establishment and delineation of responsibilities to committees, Effectiveness of Board processes, Information and functioning, Board Culture and Dynamics, Quality of relationship between the Board and the Management.
- b) **Criteria for Committee Performance Evaluation:** Degree of fulfillment of key responsibilities, Adequacy of Committee Composition, Effectiveness of meetings, Committee dynamics, Quality of Relationship of the Committee with the Board and the Management
- c) **Criteria for Performance Evaluation of Individual Directors:** Attendance, Contribution at meetings, guidance, Support to Management outside Board/Committee meetings.

One of the Members of the Nomination and Remuneration Committee ("NRC") was nominated for conducting one-on-one discussions with Directors to seek their feedback on the performance of the Board and other Directors.

The NRC also reviewed the performance of the Individual Directors. In addition, the Managing Director was evaluated on the key aspects of his role.

In separate meeting of Independent Directors, performance of Non-Independent Directors and performance of the Board as a whole was evaluated, taking into account the views of Executive Director and Non-Executive Directors. Thereafter, the Board also reviewed the performance of the Board as a whole, its Committees and Individual Directors.

Risk Management Policy

The Company has Risk Management Policy and the Risk Management Framework which ensures that the Company is able to carry out identification of elements of risk, if any, which in the opinion of the Board may threaten the existence of the Company.

Internal Financial Control and their Adequacy

The Company has established and maintained adequate internal financial controls with respect to financial statements. Such controls have been designed to provide reasonable assurance with regard to providing reliable financial and operational information. During the year, such controls were operating effectively and no material weaknesses were observed.

Vigil Mechanism/Whistle Blower Policy

The Company has established the vigil mechanism in the form of Whistle Blower Policy for Directors and employees to report their genuine concerns about unethical behaviour, actual or suspected fraud or violation of the Company's Code of Conduct or ethics policy, details of which are provided in the Corporate Governance Report annexed to the Annual Report. As a requirement of Tata Code of Conduct, all stakeholders are also provided access to Whistle Blower mechanism.

The Policy provides for adequate safeguards against victimization of Directors/employees who avail of the mechanism and also provides for direct access to the Chairman of the Audit Committee.

The Whistle Blower Policy has been placed on the website of the Company i.e., www.tatateleservices.com

Corporate Social Responsibility

The Company has constituted a Corporate Social Responsibility (“CSR”) Committee in accordance with Section 135 of the Act. The composition of CSR Committee, the details of CSR Policy and initiatives taken by the Company on CSR activities during the year have been provided in the **Annexure – II** to this Report.

OTHER STATUTORY DISCLOSURES

Contracts or arrangements with related parties

All contracts / arrangements / transactions entered by the Company during the financial year with related parties were in the ordinary course of business and on arm’s length basis. Your Directors draw attention of the members to Note 39 to the financial statement which sets out related party disclosures.

Particulars of Loans, Guarantees and Investments

Your Company being in business of providing infrastructural facilities, provisions of Section 186 of the Act, do not apply to the Company in respect of loans made, guarantees given or security provided by the Company during the financial year 2017-18.

Dividend & Appropriations

In view of the accumulated losses, the Directors regret their inability to recommend any dividend for the year under consideration. No appropriations are proposed to be made for the year under consideration.

Deposits

The Company has not accepted any public deposits, during the financial year 2017-18, within the meaning of Section 73 of the Act read with the Companies (Acceptance of Deposit) Rules, 2014.

Disclosures as per the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

The Company has zero tolerance for sexual harassment at workplace and has adopted a Policy on Prevention, Prohibition and Redressal of sexual harassment at workplace in line with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the Rules there under for prevention and Redressal of complaints of sexual harassment at workplace. The objective of this policy is to lay clear guidelines and provide right direction in case of any reported incidence of sexual harassment across the Company’s offices, and take appropriate decision in resolving such issues.

During the financial year 2017-18, the Company has received 2 (Two) complaints on sexual harassment which have been disposed off and appropriate action has been taken.

Particulars of Employees

Disclosures pertaining to remuneration and other details as required under Section 197(12) of the Act, read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is annexed as **Annexure – III** to this Report.

The statement containing particulars of employees as required under Section 197(12) of the Act, read with Rules 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 forms part of this Report. Pursuant to Section 136(1) of the Act, this report is being sent to the Members of the Company excluding the aforesaid information. However, the same is open for inspection at the Registered Office of the Company. Copies of this statement may be obtained by the members by writing to the Company Secretary of the Company.

Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo

Pursuant to Section 134(3)(m) of the Act read with Rule 8(3) of Companies (Accounts) Rules, 2014, the details of Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo are as under:

(A) Conservation of Energy:

(i) Steps Taken or Impact on Conservation of Energy:

- a. Electricity and Diesel Generators are used for the powering of the Company's telephone exchanges and other network infrastructure equipment. The Company regularly reviews power consumption patterns across its network and has implemented various innovative projects including green initiatives in order to optimize power consumption which resulted into substantive cost savings and reduction of carbon foot print. Some of the major projects undertaken during the year are:
- FCU (Free Cooling Units) & NCU (Natural Cooling Unit) deployment and AC (Air Conditioner) switch off – 417 nos. (Combined TTL – 441).
 - Network consolidation – 13 MSCs switched off (combined TTL -15 MSC's).
- b. The initiatives on energy conservation has resulted into reduction of 65472 Mn. units of energy consumption (Combined TTL - 72385 Mn. units) and carbon foot print reduction of 61711 TCO2 (Combined TTL – 68227 TCO2) for the financial year 2017-18.
- c. Due to the energy conservation and Opex optimization initiative, TTL has reported 33 % reduction in its Carbon intensity per sub to TRAI in FY 16 -17 (19.16 kg/sub) over the base year of FY 11-12 (28.79 kg/sub). The carbon footprint has also reduced from 1.295 Million Tons (FY 11-12) to 0.864 Million Tons (FY 16 -17).

(ii) Steps taken by the Company for utilizing alternate sources of Energy:

Six of the core locations are operating on renewable energy sources from wind energy firms and 12,950 MWH used from these sources during the year.

(iii) Capital Investment on Energy Conservation Equipment

No capital invested for energy conservation projects. FCU / NCU deployed thru OPEX model.

(B) Technology Absorption: The Company has not imported any new technology.

(C) Foreign Exchange Earnings and Outgo:

Particulars	(Rs. In Crores)	
	2017 – 18	2016 – 17
Earnings	4.99	5.92
Outgo	129.82	229.47
Capital Goods	63.88	270.40

Significant and Material Orders Passed by the Regulators or Courts or Tribunals Impacting the Going Concern Status and Company's Operation's in Future

While there are certain critical litigations including litigations relating to various demands made by DoT, there are no significant material orders passed, as of date, by the Regulators / Courts or the Company has interim protection from courts against enforcement of such demands or notices, which would impact the going concern status of the Company and its future operations. However, there is always a chance that any order passed in critical litigations in future may have an impact on the going concern or future operations of the Company.

Extract of Annual Return

Pursuant to the provisions of Section 92(3) of the Act and Rule 12 (1) of the Companies (Management and Administration) Rules, 2014, the extract of Annual Return in Form - MGT - 9 is annexed as **Annexure – IV** to this Report.

Disclosure under Part II, Section II of Schedule V of the Companies Act, 2013:

The Company has adopted the Remuneration Policy for its Directors, Key Managerial Personnel and other employees of the Company, which has been annexed to the Directors' Report which forms part of this Annual Report.

None of the Non-Executive Directors have any material pecuniary relationship or transaction with the Company.

Sitting fees of Rs. 50,000/- per head per meeting were paid to the Non-Executive Directors for attending meetings of the Board and Committees thereof. However, some Non-Executive Directors do not accept sitting fees.

The Company also reimburses the out-of-pocket expenses incurred by the Directors for attending Meetings and for the business of the Company.

The Company pays remuneration by way of salary, allowances, retiral benefits, perquisites, and performance pay to its Managing Director. Annual Increments and Performance Linked Incentives are decided by the Nomination and Remuneration Committee within the salary scale approved by the Members of the Company.

None of the Directors have been issued any stock options by the Company during the year or anytime in the past.

The details of remuneration/sitting fees paid by the Company to its Directors during the Financial Year 2017-18 are as follows:

A) Non - Executive Directors

Name of the Director	Sitting Fees (Amount in Rs.)
Dr. Narendra Damodar Jadhav	6,50,000
Ms. Bharati Rao	6,50,000
Ms. Vibha Paul Rishi	3,00,000
Mr. Hidetata Hayashi\$	2,00,000
Mr. Katsuhiko Yamagata*	0
Mr. Katsuyuki Takagi\$	0
Mr. Saurabh Agrawal#	0
Dr. Gopichand Katragadda	0
Mr. Ishaat Hussain@	0

@ Retired as Director w.e.f. September 2, 2017 on completing age of 70 years.

Appointed as Additional Director w.e.f. August 14, 2017

\$ Resigned as Director w.e.f. October 31, 2017

* Resigned as Director w.e.f. Close of Business hours on August 7, 2017

B) Managing Director

(Amount in Rs.)

Name of the Director	Salary	Allowances	Retirals & Perquisites	Performance Pay	Total
Mr. N. Srinath	94,80,000	1,10,09,656	34,22,401	2,10,00,000	4,49,12,057

Disclosure under Secretarial Standards

The Company is in compliance with the applicable Secretarial Standards.

AUDITORS

Statutory Auditors

The Shareholders of the Company at the AGM held on September, 12, 2017, on the recommendation of Board of Directors of the Company appointed M/s. Price Waterhouse Chartered Accountants LLP ("PWC") (FRN 012754N/N500016) as statutory auditors of the Company for a period of 5 years from conclusion of ensuing 22nd AGM till the conclusion of 27th AGM to be held in the year 2022.

Cost Auditors

The Board of Directors of your Company has on the recommendation of Audit Committee, approved the re-appointment and remuneration of M/s. Sanjay Gupta & Associates, Cost Accountants, as Cost Auditors of the Company for the Financial Year 2018-19. Members are requested to consider, approve and ratify the remuneration payable to M/s. Sanjay Gupta & Associates for financial year 2018-19.

Internal Auditors

The Board has appointed Ernst & Young LLP and ANB Solutions Pvt. Ltd. as Internal Auditors of the Company for conducting internal audit of the Company for the first two quarters of the Financial Year 2018-19. The Company is in the process of appointing Internal Auditors for second half of the Financial Year 2018-19.

Secretarial Auditors and Secretarial Audit Report

Pursuant to the provisions of Section 204 of the Act and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Board of Directors of the Company had appointed M/s. Mehta & Mehta, Practicing Company Secretaries, to undertake the Secretarial Audit of the Company for the year ending March 31, 2018. The Secretarial Audit Report in Form MR-3 is annexed as **Annexure – V** to this Report.

AUDITORS' OBSERVATIONS AND DIRECTORS' COMMENTS

The Auditors' Report for the financial year ended March 31, 2018 does not contain any qualification, reservation, adverse remark or disclaimer.

DIRECTORS' RESPONSIBILITY STATEMENT

Based on the framework of internal financial controls and compliance systems established and maintained by the Company, work performed by the internal, statutory, cost and secretarial auditors and external consultant(s) including audit of internal financial controls over financial reporting by the statutory auditors and the reviews performed by Management and the relevant Board Committees, including the Audit Committee, the Board is of the opinion that the Company's internal financial controls were adequate and effective during the financial year 2017-18.

Accordingly, pursuant to the provisions of Section 134 of the Companies Act, 2013, your Directors, to the best of their knowledge and belief and according to information and explanation obtained by them, confirm that:

1. in the preparation of the annual financial statements for the year ended March 31, 2018, the applicable accounting standards have been followed and there are no material departures;
2. they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year ended March 31, 2018 and of the loss for the Company for that period;
3. they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
4. they have prepared the annual financial statements on a going concern basis;
5. they have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and are operating effectively;
6. they have devised systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

ACKNOWLEDGEMENTS

Your Directors wish to place on record their sincere appreciation of the assistance and support extended by the employees, shareholders, customers, financial institutions, banks, vendors, dealers, Department of Telecommunications, the Central and State Governments and others associated with the activities of the Company. We look forward to their continued support in future.

For and on behalf of the Board of Directors

Place : Mumbai
Date : August 24, 2018

Saurabh Agrawal
Director
(DIN: 02144558)

N. Srinath
Managing Director
(DIN: 00058133)

ANNEXURE – IA TO THE DIRECTORS' REPORT

Company's Policy on Directors Appointment and Remuneration

The Company has formulated the criteria determining qualifications, positive attributes and independence of Director. The details of the same are as under:

1. Definition of Independence

- A Director will be considered as an "Independent Director" if the person meets with the criteria for 'Independent Director' as laid down in the Act.
- The definition of Independence as provided in the Act is as follows:

"An Independent Director in relation to a company, means a Director other than a Managing Director or a Whole-Time Director or a Nominee Director,—

- (a) who, in the opinion of the Board, is a person of integrity and possesses relevant expertise and experience;
 - (b) (i) who is or was not a promoter of the company or its holding, subsidiary or associate company;
(ii) who is not related to promoters or Directors in the company, its holding, subsidiary or associate company;
 - (c) who has or had no pecuniary relationship with the company, its holding subsidiary or associate company, or their promoters, or Directors, during the two immediately preceding financial years or during the current financial year;
 - (d) none of whose relatives has or had pecuniary relationship or transaction with the company, its holding, subsidiary or associate company, or their promoters, or Directors, amounting to two per cent. or more of its gross turnover or total income or fifty lakh rupees or such higher amount as may be prescribed, whichever is lower, during the two immediately preceding financial years or during the current financial year;
 - (e) who, neither himself nor any of his relatives—
 - (i) holds or has held the position of a key managerial personnel or is or has been employee of the company or its holding, subsidiary or associate company in any of the three financial years immediately preceding the financial year in which he is proposed to be appointed;
 - (ii) is or has been an employee or proprietor or a partner, in any of the three financial years immediately preceding the financial year in which he is proposed to be appointed, of—
 - (A) a firm of auditors or company secretaries in practice or cost auditors of the company or its holding, subsidiary or associate company; or
 - (B) any legal or a consulting firm that has or had any transaction with the company, its holding, subsidiary or associate company amounting to ten per cent. or more of the gross turnover of such firm;
 - (iii) holds together with his relatives two per cent. or more of the total voting power of the company; or
 - (iv) is a Chief Executive or Director, by whatever name called, of any nonprofit organisation that receives twenty-five per cent. or more of its receipts from the company, any of its promoters, Directors or its holding, subsidiary or associate company or that holds two per cent. or more of the total voting power of the company; (v)
 - (f) who is not less than 21 years of age (additional provision as per Clause 49)."
- Current and ex-employees of a Tata company may be considered as independent only if he/ she has or had no pecuniary relationship with any Tata company (due to employment/ receipt of monthly pension by way of Special Retirement Benefits/ holding consultant or advisor positions) during the two immediately preceding financial years or during the current financial year.

2. Qualifications of Directors

- Board will ensure that a transparent Board nomination process is in place that encourages diversity of thought, experience, knowledge, perspective, age and gender.
- It is expected that Board have an appropriate blend of functional and industry expertise.
- While recommending appointment of a Director, it is expected that the Nomination and Remuneration Committee (“NRC”) consider the manner in which the function and domain expertise of the individual contributes to the overall skill-domain mix of the Board.
- Independent Directors (“ID”) ideally should be thought/ practice leaders in their respective functions/ domains.

3. Positive Attributes of Directors

Directors are expected to comply with duties as provided in the Act. For reference, the duties of the Directors as provided by the Act are as follows:

- 1) “Act in accordance with the articles of the company.
- 2) Act in good faith in order to promote the objects of the company for the benefit of its members as a whole, and in the best interests of the company, its employees, the shareholders, the community and for the protection of environment.
- 3) Exercise duties with due and reasonable care, skill and diligence and exercise independent judgment.
- 4) Not be involved in a situation in which he may have a direct or indirect interest that conflicts, or possibly may conflict, with the interest of the company.
- 5) Not achieve or attempt to achieve any undue gain or advantage either to himself or to his relatives, partners, or associates.
- 6) Not assign his office.”

Additionally, the Directors on the Board of a Tata Company are also expected to demonstrate high standards of ethical behavior, strong interpersonal and communication skills and soundness of judgment.

IDs are also expected to abide by the ‘Code for Independent Directors’ as outlined in Schedule IV to Section 149(8) of the Act. The Code specifies the guidelines of professional conduct, role and function and duties of Independent Directors. The guidelines of professional conduct specified in the Code are as follows:

“An Independent Director shall:

- 1) uphold ethical standards of integrity and probity;
- 2) act objectively and constructively while exercising his duties;
- 3) exercise his responsibilities in a bona fide manner in the interest of the company;
- 4) devote sufficient time and attention to his professional obligations for informed and balanced decision making;
- 5) not allow any extraneous considerations that will vitiate his exercise of objective independent judgment in the paramount interest of the company as a whole, while concurring in or dissenting from the collective judgment of the Board in its decision making;
- 6) not abuse his position to the detriment of the company or its shareholders or for the purpose of gaining direct or indirect personal advantage or advantage for any associated person;
- 7) refrain from any action that would lead to loss of his independence;
- 8) where circumstances arise which make an Independent Director lose his independence, the Independent Director must immediately inform the Board accordingly;
- 9) assist the company in implementing the best corporate governance practices.”

For and on behalf of the Board of Directors

Place : Mumbai
Date : August 24, 2018

Saurabh Agrawal
Director
(DIN: 02144558)

N. Srinath
Managing Director
(DIN: 00058133)

ANNEXURE – IB TO THE DIRECTORS' REPORT

Remuneration Policy

Further, the Company has also formulated a Remuneration Policy for the Directors, Key Managerial Personnel ("KMP") and other employees and the same is given hereunder:

The philosophy for remuneration of Directors, KMP and all other employees of Tata Teleservices Limited (the "Company") is based on the commitment of fostering a culture of leadership with trust. The remuneration policy is aligned to this philosophy.

This remuneration policy has been prepared pursuant to the provisions of Section 178(3) of the Companies Act, 2013 (the "**Act**"). In case of any inconsistency between the provisions of law and this remuneration policy, the provisions of the law shall prevail and the company shall abide by the applicable law. While formulating this policy, the Nomination and Remuneration Committee ("**NRC**") has considered the factors laid down under Section 178(4) of the Act, which are as under:

"(a) the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate Directors of the quality required to run the company successfully;

(b) relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and

(c) remuneration to Directors, key managerial personnel and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals"

Key principles governing this remuneration policy are as follows:

- **Remuneration for Independent Directors and Non-Independent Non-Executive Directors**
 - Independent Directors ("ID") and Non-Independent Non-Executive Directors ("NED") may be paid sitting fees (for attending the meetings of the Board and Committees of which they may be members) and commission within regulatory limits.
 - Within the parameters prescribed by law, the payment of sitting fees and commission will be recommended by the NRC and approved by the Board.
 - Overall remuneration (sitting fees and commission) should be reasonable and sufficient to attract, retain and motivate Directors aligned to the requirements of the Company (taking into consideration the challenges faced by the Company and its future growth imperatives).
 - Overall remuneration should be reflective of size of the Company, complexity of the sector/ industry/ company's operations and the Company's capacity to pay the remuneration.
 - Overall remuneration practices should be consistent with recognized best practices.
 - Quantum of sitting fees may be subject to review on a periodic basis, as required.
 - The aggregate commission payable to all the NEDs and IDs will be recommended by the NRC to the Board based on Company performance, profits, return to investors, shareholder value creation and any other significant qualitative parameters as may be decided by the Board.
 - The NRC will recommend to the Board the quantum of commission for each Director based upon the outcome of the evaluation process which is driven by various factors including attendance and time spent in the Board and Committee meetings, individual contributions at the meetings and contributions made by Directors other than in meetings.
 - In addition to the sitting fees and commission, the Company may pay to any Director such fair and reasonable expenditure, as may have been incurred by the Director while performing his/ her role as a Director of the Company. This could include reasonable expenditure incurred by the Director for attending Board/ Board Committee meetings, general meetings, court convened meetings, meetings with shareholders/ creditors/ management, site visits, induction and training (organized by the company for Directors) and in obtaining professional advice from independent advisors in the furtherance of his/ her duties as a Director.
- **Remuneration for Managing Director ("MD")/ Executive Directors ("ED")/ KMP/ rest of the employees**
 - The extent of overall remuneration should be sufficient to attract and retain talented and qualified individuals suitable for every role. Hence remuneration should be

- Market competitive (market for every role is defined as companies from which the company attracts talent or companies to which the company loses talent)
 - Driven by the role played by the individual,
 - Reflective of size of the company, complexity of the sector/ industry/ company's operations and the company's capacity to pay,
 - Consistent with recognized best practices and
 - Aligned to any regulatory requirements.
- In terms of remuneration mix or composition,
 - The remuneration mix for the MD/ EDs is as per the contract approved by the shareholders. In case of any change, the same would require the approval of the shareholders.
 - Basic/ fixed salary is provided to all employees to ensure that there is a steady income in line with their skills and experience.
 - In addition to the basic/ fixed salary, the company provides employees with certain perquisites, allowances and benefits to enable a certain level of lifestyle and to offer scope for savings and tax optimization, where possible. The company also provides all employees with a social security net (subject to limits) by covering medical expenses and hospitalization through re-imbursements or insurance cover and accidental death and dismemberment through personal accident insurance.
 - The company provides retirement benefits as applicable.
 - In addition to the basic/ fixed salary, benefits, perquisites and allowances as provided above, the company provides MD/ EDs such remuneration by way of commission, calculated with reference to the net profits of the company in a particular financial year, as may be determined by the Board, subject to the overall ceilings stipulated in Section 197 of the Act. The specific amount payable to the MD/ EDs would be based on performance as evaluated by the Board or the NRC and approved by the Board.
 - In addition to the basic/ fixed salary, benefits, perquisites and allowances as provided above, the company provides MD/ EDs such remuneration by way of an annual incentive remuneration/ performance linked bonus subject to the achievement of certain performance criteria and such other parameters as may be considered appropriate from time to time by the Board. An indicative list of factors that may be considered for determination of the extent of this component are:
 - Company performance on certain defined qualitative and quantitative parameters as may be decided by the Board from time to time,
 - Industry benchmarks of remuneration,
 - Performance of the individual.
 - The company provides the rest of the employees a performance linked bonus. The performance linked bonus would be driven by the outcome of the performance appraisal process and the performance of the company.

- **Remuneration payable to Director for services rendered in other capacity**

The remuneration payable to the Directors shall be inclusive of any remuneration payable for services rendered by such Director in any other capacity unless:

- a) The services rendered are of a professional nature; and
- b) The NRC is of the opinion that the Director possesses requisite qualification for the practice of the profession.

- **Policy implementation**

The NRC is responsible for recommending the remuneration policy to the Board. The Board is responsible for approving and overseeing implementation of the remuneration policy.

For and on behalf of the Board of Directors

Place : Mumbai
Date: August 24, 2018

Saurabh Agrawal
Director
(DIN: 02144558)

N. Srinath
Managing Director
(DIN: 00058133)

ANNEXURE – II TO THE DIRECTORS' REPORT

Annual Report on Corporate Social Responsibility (“CSR”) Activities

1. Brief outline of the Company's CSR Policy, including overview of projects or programmes proposed to be undertaken

As a member of the Tata Group, Corporate Social Responsibility is at the core of the Company. The Company's CSR policy upholds the ethos of the Tata Group's Sustainability (including CSR) Policy. The Company has designed its CSR policy based on Tata Group's focus areas.

Focus areas and key programs are as under:

Promoting employability through Education, Skill development – The Company has provided soft skill trainings to the students of partnered NGOs, by designing and delivering of modules through identified employees who are subject matter experts. The Company also supports schools in multiple locations for delivering educational sessions on identified subjects. Other activities include book recording for children with visual disabilities, thereby supporting the NGOs working in the space of educating and empowering people with disabilities. NGOs working in the area of education and soft skill training for children, women, people with disability and youth from socially and economically disadvantaged background are selected through a rigorous screening process. In total, 10,834 lives were touched through various initiatives of the company.

Volunteering - The Company actively participates in Group Volunteering Programs – Tata Volunteering Week and Pro-engage (Short term focused projects with NGO's) through Prakriti club – the volunteering arm of the Company. The key focus areas of volunteering programs are skill building and education. In total, 2,944 volunteering hours were spent on various volunteering initiatives.

Livelihood enhancement - The Company strives to provide livelihood to youth from socially and economically disadvantaged background, thus enabling economic independence. The Company encourages women employment through its 'SIM Kitting Process' at the warehouses, employing overall 16 women. The company also provided a platform for NGOs working with people with disabilities to sell their merchandise to our employees to support livelihood.

Focus on Environment - Given the nature of the telecommunication business, the Company focuses on monitoring their carbon footprint, leveraging green energy, and responsible management of waste through various initiatives. The carbon emission (TCO_{2e}) per subscriber was 0.011 in the year 2017-18 (Network's H2 emission awaited).

In addition, renewable energy accounts for 8,660 MWh (H2 data awaited). The Company has continued with various energy saving measures including Save Energy Day initiative & reduced its electricity & diesel consumption. Approximately 64,118 kg of e-waste has been collected & disposed in an environment friendly manner.

Disaster Relief – This is a focus area at the Tata Group level. Employees from the Company volunteered towards relief work during Gujarat Floods. In addition, the Company and its employees also contribute towards the Tata Relief Fund to support relief operations. 2,616 Kgs of relief materials were sent to flood effected regions through NGO Goonj.

The web link to the Company's CSR Policy is –

<https://corporate.tatateleservices.com/downloads/Policy-on-Corporate-Social.pdf>

2. Composition of CSR Committee

The CSR Committee for the Company comprises of the following Members:

Sr. No.	Name	Designation
1	Mr. N Srinath	Executive Director
2	Dr. Narendra Damodar Jadhav	Non-Executive Independent Director
3	Ms. Bharati Rao	Non-Executive Independent Director

3. Average net profit of the Company for last 3 financial years, prescribed CSR expenditure and details of CSR spent during the financial year

The Company did not make profits in the past 3 financial years; hence it does not have any budgeted CSR expenditure. However, in keeping with the Tata Group's philosophy of giving back to the society, all the above initiatives are managed with internal resources.

N. Srinath
Executive Director & Member of CSR Committee
DIN : 00058133

Dr. Narendra Damodar Jadhav
Member of CSR Committee
DIN : 02435444

Place: Mumbai
Date: August 24, 2018

ANNEXURE – III TO THE DIRECTORS' REPORT

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

- a. The ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year:

Non-executive Directors*	Ratio to median remuneration
Dr. Narendra Damodar Jadhav	0.71
Ms. Bharati Rao	0.71
Ms. Vibha Paul Rishi	0.33
Mr. Hidetada Hayashi	0.22

* Apart from the above named Directors, no other non-executive Director is getting any remuneration.

- b. The percentage increase in remuneration of each Director, Chief Executive Officer, Chief Financial Officer, company secretary in the financial year:

Directors, Chief Executive Officer, Chief Financial Officer and Company Secretary	% increase in remuneration in the financial year
Mr. N. Srinath - Managing Director	(-) 9.57 % *
Mr. Anuraag Srivastava - Chief Financial Officer	7 %
Mr. Pravin Jogani – Assistant Company Secretary	5 %

* Increase in his Fixed Salary was 6.76 %. However –ve increase in his overall remuneration is because of Less PLI paid in 2017-18 compared to what was paid in 2016-17.

- c. The percentage increase in the median remuneration of employees in the financial year: 21%
- d. The number of permanent employees on the rolls of Company as on March 31, 2018: 3254.
- e. The explanation on the relationship between average increase in remuneration and Company performance:

On an average, employees received an annual increase of 4%. Increments given were based on individual performance. The increase in remuneration was in line with the market median trends at various employee levels and roles. However, Performance Pay paid to employees included the factor of the Company performance.

- f. Comparison of the remuneration of the key managerial personnel against the performance of the Company:

Aggregate remuneration of Key Managerial Personnel (“KMP”) in FY 2017-18 (Rs. in Crores)	6.292
Revenue (Rs. in Crores)	5324.56
Remuneration of KMPs (as % of Revenue)	0.118%
Profit before Tax (PBT) (Rs. in Crores)	(17,629.79)
Remuneration of KMP (as % of PBT)	NA *

* Since PBT is negative for the year

- g. Variations in the market capitalisation of the Company, price earnings ratio as at the closing date of the current financial year and previous financial year:

Particulars	March 31, 2018	March 31, 2017	% Change
Market capitalization [#] (Rs. in Crores)	5775.03	5775.03	0
Price Earning Ratio*	NA	NA	NA

Paid up Equity share capital (market capitalization is not applicable since the shares of the Company are not listed on any Stock Exchange).

*Earning Per Share is negative for the current financial year and previous financial year.

- h. Percentage increase over decrease in the market quotations of the shares of the Company in comparison to the rate at which the Company came out with the last public offer:

N.A. (since the shares of the Company are not listed on any Stock Exchange).

- i. Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration:

The average annual increase during the year was 4% in case of employees other than managerial personnel.

- j. Comparison of each remuneration of the key managerial personnel against the performance of the Company:

	Mr. N Srinath - Managing Director	Mr. Anuraag Srivastava - Chief Financial Officer	Mr. Pravin Jogani – Assistant Company Secretary
Remuneration in FY 2017-18 (Rs. in Crores)	4.446	1.749	0.098
Revenue (Rs. in Crores)	5324.56		
Remuneration as % of revenue	0.0834	0.0328	0.0018
Profit before Tax (PBT) (Rs. in Crores)	(17,629.79)		
Remuneration (as % of PBT)	NA *	NA *	NA *

* Since PBT is negative for the year.

- k. The key parameters for any variable component of remuneration availed by the Directors: None
- l. The ratio of the remuneration of the highest paid Director to that of the employees who are not Directors but receive remuneration in excess of the highest paid Director during the year: None.
- m. Affirmation that the remuneration is as per the remuneration policy of the Company:

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

For and on behalf of the Board of Directors

Place : Mumbai
Date : August 24, 2018

Saurabh Agrawal
Director
(DIN: 02144558)

N. Srinath
Managing Director
(DIN: 00058133)

ANNEXURE – IV TO THE DIRECTORS' REPORT**Form No. MGT-9****EXTRACT OF ANNUAL RETURN****As on the financial year ended on March 31, 2018**

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

I. REGISTRATION AND OTHER DETAILS:

i)	CIN	U74899DL1995PLC066685
ii)	Registration Date	March 23, 1995
iii)	Name of the Company	Tata Teleservices Limited
iv)	Category / Sub-Category of the Company	Company limited by Shares/Indian Non Government Company
v)	Address of the registered office and contact details	Jeevan Bharati Tower I, 10th Floor, 124, Connaught Circus, New Delhi, 110001, Contact Nos. 011-23327072 / 022-66671414
vi)	Whether listed company: Yes / No	No
vii)	Name, Address and Contact details of Registrar and Transfer Agent, if any	XL Softech Systems Ltd., 3, Sagar Society, Road No.2, Banjara Hills, Hyderabad - 500 034 Phone no.: 040-23545913

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

Sr. No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the company
1	Wired telecommunications activities	611	34
2	Wireless telecommunications activities	612	66

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sr. No.	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
1	Tata Sons Limited Bombay House, 24 Homi Mody Street, Mumbai – 400001	U99999MH1917PLC000478	Holding Company	85.04%	Section 2(46) read with Section 2(87)(ii)
2	MMP Mobi Wallet Payment Systems Limited 2A, Old Ishwar Nagar, Main Mathura Road, New Delhi - 110065	U64201DL2010PLC205811	Subsidiary Company	100%	Section 2(46) read with Section 2(87)(ii)
3	ATC Telecom Infrastructure Private Limited 403, 4th Floor, Skyline Icon, Andheri Kurla Road, Andheri East, Mumbai - 400059	U72200MH2004PTC289328	Associate Company	32.86%	Section 2(46) read with Section 2(87)(ii)

4	NVS Technologies Limited 2A, Old Ishwar Nagar, Main Mathura Road, New Delhi - 110065	U74140DL2014PLC271505	Subsidiary Company	99.99%	Section 2(46) read with Section 2(87)(ii)
5	Virgin Mobile India Private Limited A & E Blocks, Voltas Premises, T.B. Kadam Marg, Chinchpokli, Mumbai – 400 033	U64201MH2007PTC169408	Subsidiary Company	100%	Section 2(46) read with Section 2(87)(ii)
6	Tata Teleservices (Maharashtra) Limited Voltas Premises, T.B. Kadam Marg, Chinchpokli, Mumbai - 400033	L64200MH1995PLC086354	Associate Company	48.30%	Section 2(6)

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year (as on April 1, 2017)				No. of Shares held at the end of the year (as on March 31, 2018)				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
(A) Promoters									
1) Indian									
a. Individual / HUF	-	-	-	-	-	-	-	-	-
b. Central Govt.	-	-	-	-	-	-	-	-	-
c. State Govt.(s)	-	-	-	-	-	-	-	-	-
d. Bodies Corporate	2767045512	-	2767045512	47.91	3635387349	-	3635387349	62.95	15.04
e. Banks / FIs	-	-	-	-	-	-	-	-	-
f. Any Other	-	-	-	-	-	-	-	-	-
Sub - Total (A) (1)	2767045512	-	2767045512	47.91	3635387349	-	3635387349	62.95	15.04
2) Foreign									
a. NRIs / Individuals	-	-	-	-	-	-	-	-	-
b. Other – Individuals	-	-	-	-	-	-	-	-	-
c. Bodies Corporate	1248974378	-	1248974378	21.63	-	-	-	-	(21.63)
d. Banks / FIs	-	-	-	-	-	-	-	-	-
e. Any Other	-	-	-	-	-	-	-	-	-
Sub - Total (A) (2)	1248974378	-	1248974378	21.63	-	-	-	-	(21.63)
Total Shareholding of Promoters (A) = (A) (1) + (A) (2)	4016019890	-	4016019890	69.54	3635387349	-	3635387349	62.95	(6.59)

(B) Public Shareholding									
1) Institutions									
a. Mutual Funds	-	-	-	-	-	-	-	-	-
b. Banks / FIs	-	-	-	-	55000000	-	55000000	0.95	0.95
c. Central Govt.	-	-	-	-	-	-	-	-	-
d. State Govt.	-	-	-	-	-	-	-	-	-
e. Venture Capital Funds	-	-	-	-	-	-	-	-	-
f. Insurance Companies	-	-	-	-	-	-	-	-	-
g. FIs	316043561	-	316043561	5.47	316043561	-	316043561	5.47	-
h. Foreign Venture Capital Funds	48000000	-	48000000	0.83	48000000	-	48000000	0.83	-
i. Others (please specify)	-	-	-	-	-	-	-	-	-
Sub – total (B) (1)	364043561	-	364043561	6.30	419043561	-	419043561	7.26	0.96
2) Non – Institutions									
a. Bodies Corporate									
i. Indian	1293018681	49576	1293068257	22.39	1673651222	49576	1673700798	28.98	6.59
ii. Overseas	79000000	-	79000000	1.37	24000000	-	24000000	0.42	(0.95)
b. Individuals	-	-	-	-	-	-	-	-	-
i. Individual shareholders having nominal share capital upto Rs. 1 Lakh	-	-	-	-	-	-	-	-	-
ii. Individual shareholders having nominal share capital in excess of Rs. 1 Lakh	22901526	-	22901526	0.40	22901526	-	22901526	0.40	-
c. Others (please specify)	-	-	-	-	-	-	-	-	-
Sub – total (B) (2)	1394920207	49576	1394969783	24.15	1720552748	49576	1720602324	29.79	5.64
Total Public Shareholding (B) = (B) (1) + (B) (2)	1758963768	49576	1759013344	30.46	2139596309	49576	2139645885	37.05	6.59
(C) Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
Grand Total (A + B + C)	5774983658	49576	5775033234	100	5774983658	49576	5775033234	100	0.00

ii) Shareholding of Promoters

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year (as on April 1, 2017)			Shareholding at the end of the year (as on March 31, 2018)			% change in share holding during the year
		No. of Shares	% of total Shares of the Company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the Company	% of Shares Pledged / encumbered to total shares	
1	TATA SONS LIMITED	2767045512	47.91	-	3635387349	62.95	-	15.04
2	NTT DOCOMO Inc.	1248974378	21.63	-	-	-	-	(21.63)
Total		4016019890	69.54	-	3635387349	62.95	-	(6.59)

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

Sr. No.	Name of the Promoter	Shareholding at the beginning of the year (as on April 1, 2016)		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	Tata Sons Limited				
	At the beginning of the year	2767045512	47.91	-	-
	Increase in Shareholding post tendering of Equity Shares held by NTT Docomo Inc. in October 2017	868341837	15.04	3635387349	62.95
	At the End of the year	3635387349	62.95	-	-
2	NTT Docomo Inc.				
	At the beginning of the year	1248974378	21.63	-	-
	Decrease in Shareholding due to tendering of Equity Shares held in Company to Tata Sons Limited and its designated nominees	0	0	0	0
	At the End of the year	0	0	-	-

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Sr. No.	Name of the shareholder	Shareholding at the beginning of the year (as on April 1, 2017)		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	Tata Communications Limited.				
	At the beginning of the year	439863622	7.62	-	-
	Increase in shareholding	158350304	-	598213926	10.36
	At the End of the year	598213926	10.36	-	-

2	The Tata Power Company Limited				
	At the beginning of the year	328397823	5.69	-	-
	Increase in shareholding	118222767	-	446620590	7.73
	At the End of the year	446620590	7.73	-	-
3	Tata Industries Limited				
	At the beginning of the year	257186865	4.45	-	-
	Increase in shareholding	81324247	-	338511112	5.86
	At the End of the year	338511112	5.86	-	-
4	Aranda Investments (Mauritius) Pte. Ltd				
	At the beginning of the year	303888039	5.26	-	-
	Increase/decrease in shareholding	No change during the year			
	At the End of the year	303888039	5.26	-	-
5	Tata Steel Limited				
	At the beginning of the year	64692310	1.12	-	-
	Decrease in shareholding	22735223	-	87427533	1.51
	At the End of the year	87427533	1.51	-	-
6	IL & FS Trust Company Limited				
	At the beginning of the year	78500000	1.36	-	-
	Increase/decrease in shareholding	No change during the year			
	At the End of the year	78500000	1.36	-	-
7	Tata Capital Financial Services Limited				
	At the beginning of the year	62250000	1.08	-	-
	Increase/decrease in shareholding	No change during the year			
	At the End of the year	62250000	1.08	-	-
8	2i Capital PCC				
	At the beginning of the year	48000000	0.83	-	-
	Increase/decrease in shareholding	No change during the year			
	At the End of the year	48000000	0.83	-	-
9	Siva Industries and Holdings Limited				
	At the beginning of the year	29909158	0.52	-	-
	Increase/decrease in shareholding	No change during the year			
	At the End of the year	29909158	0.52	-	-
10	Goldman Dealer Private Limited				
	At the beginning of the year	25000000	0.43	-	-
	Increase/decrease in shareholding	No change during the year			
	At the End of the year	25000000	0.43	-	-

(v) Shareholding of Directors and Key Managerial Personnel:

Sr. No.	Name of the Director/KMP	Shareholding at the beginning of the year (as on April 1, 2017)		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	Mr. Ishaat Hussain @				
	At the beginning of the year	-	-	-	-
	Increase/decrease in shareholding	No changes during the year			
	At the End of the year	-	-	-	-
2	Mr. Srinath Narasimhan				
	At the beginning of the year	-	-	-	-
	Increase/decrease in shareholding	No changes during the year			
	At the End of the year	-	-	-	-
3	Mr. Saurabh Agrawal %				
	At the beginning of the year	-	-	-	-
	Increase/decrease in shareholding	No changes during the year			
	At the End of the year	-	-	-	-
4	Dr. Narendra Damodar Jadhav				
	At the beginning of the year	-	-	-	-
	Increase/decrease in shareholding	No changes during the year			
	At the End of the year	-	-	-	-
5	Ms. Bharati Rao				
	At the beginning of the year	-	-	-	-
	Increase/decrease in shareholding	No changes during the year			
	At the End of the year	-	-	-	-
6	Ms. Vibha Paul Rishi				
	At the beginning of the year	-	-	-	-
	Increase/decrease in shareholding	No changes during the year			
	At the End of the year	-	-	-	-
7	Dr. Gopichand Katragadda				
	At the beginning of the year	-	-	-	-
	Increase/decrease in shareholding	No changes during the year			
	At the End of the year	-	-	-	-
8	Mr. Hidetada Hayashi #				
	At the beginning of the year	-	-	-	-
	Increase/decrease in shareholding	No changes during the year			
	At the End of the year	-	-	-	-
9	Mr. Katsuhiko Yamagata \$				
	At the beginning of the year	-	-	-	-
	Increase/decrease in shareholding	No changes during the year			
	At the End of the year	-	-	-	-
10	Mr. Katsuyuki Takagi #				
	At the beginning of the year	-	-	-	-
	Increase/decrease in shareholding	No changes during the year			
	At the End of the year	-	-	-	-
11	Mr. Anuraag Srivastava – Chief Financial Officer				
	At the beginning of the year	-	-	-	-
	Increase/decrease in shareholding	No changes during the year			
	At the End of the year	-	-	-	-
12	Mr. Pravin Jogani – Assistant Company Secretary				
	At the beginning of the year	-	-	-	-
	Increase/decrease in shareholding	No changes during the year			
	At the End of the year	-	-	-	-

@ Retired as Director w.e.f. September 2, 2017 on completing age of 70 years

% Appointed as Director w.e.f. August 14, 2017

Resigned as Director w.e.f. October 31, 2017

\$ Resigned as Director w.e.f. close of business hours on August 7, 2017

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment
(Rs. in Crs.)

	Secured Loans excluding Deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
(i) Principal Amount	24,280.58	8,264.33	-	32,544.91
(ii) Interest due but not paid	-	-	-	-
(iii) Interest accrued but not due	61.53	57.38	-	118.91
Total (i+ii+iii)	24,342.11	8,321.71	-	32,663.82
Change in Indebtedness during the financial year				
Loan Addition	2,953.64	25,839.17	-	28,792.81
Loan Reduction	-24,786.79	-801.02	-	-25,587.81
Net change	-21,833.15	25,038.15	-	3,205.00
Indebtedness at the end of the financial year				
(i) Principal Amount	2,508.83	33,359.86	-	35,868.70
(ii) Interest due but not paid	-	-	-	-
(iii) Interest accrued but not due	0.08	-	-	0.08
Total (i+ii+iii)	2,508.91	33,359.86	-	35,868.77

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

(Amount in Rs.)

Sr. No.	Particulars of Remuneration	Name of MD/WTD/ Manager	Total
		Mr. Srinath Narasimhan, Managing Director	
1	(a) Salary as per provisions contained in Section 17(1) of the Income-Tax Act, 1961	41,489,656	41,489,656
	(b) Value of perquisites u/s 17(2) Income-Tax Act, 1961	1,829,032	1,829,032
	(c) Profits in lieu of salary under Section 17(3) Income-Tax Act, 1961	NIL	NIL
	Gross Salary (a+b+c)	43,318,688	43,318,688
2.	Stock Option	NIL	NIL
3.	Sweat Equity	NIL	NIL
4.	Commission - as % of profit - Others, specify...	NIL	NIL
5.	Others, please specify – Company's Contribution. to Provident Fund	1,137,600	1,137,600
	Total (A)	44,456,288	44,456,288
	Ceiling as per the Act*		

*Note: Ceiling limit for the remuneration of Managing Director is not applicable in view of the exemption under Schedule V to the Companies Act, 2013.

B. Remuneration to other directors:

Sr. No.	Particulars of Remuneration	Name of the Directors						Total
		Dr. Narendra Damodar Jadhav	Ms. Bharati Rao	Ms. Vibha Paul Rishi	-	-	-	
1.	Independent Directors							
	a. Fee for attending board / committee meetings	6,50,000	6,50,000	3,00,000	-	-	-	16,00,000
	b. Commission	-	-	-	-	-	-	-
	c. Others, please specify	-	-	-	-	-	-	-
	Total (1)	6,50,000	6,50,000	3,00,000	-	-	-	16,00,000
	Particulars of Remuneration	Name of the Directors						Total
		Mr. Ishaat Hussain @	Mr. Saurabh Agrawal %	Dr. Gopichand Katragadda	Mr. Hidetada Hayashi #	Mr. Katsuhiko Yamagata \$	Mr. Katsuyuki Takagi #	Total
2.	Other Non - Executive Directors							
	a. Fee for attending board / committee meetings	-	-	-	2,00,000	-	-	2,00,000
	b. Commission	-	-	-	-	-	-	-
	c. Others, please specify	-	-	-	-	-	-	-
	Total (2)	-	-	-	2,00,000	-	-	2,00,000
Total (B) = (1+2)		6,50,000	6,50,000	3,00,000	2,00,000	-	-	18,00,000
Total Managerial Remuneration								-
Overall Ceiling as per the Act		Not applicable as only sitting fees paid						

@ Retired as Director w.e.f. September 2, 2017 on completing age of 70 years

% Appointed as Additional Director w.e.f. August 14, 2017

Resigned as Director w.e.f. October 31, 2017

\$ Resigned as Director w.e.f. close of business hours on August 7, 2017

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD – FY 2017-18

(Amount in Rs.)

Sr. No.	Particulars of Remuneration	Key Managerial Personnel		
		Mr. Anuraag Srivastava (Chief Financial Officer)	Mr. Pravin Jogani (Asst. Company Secretary)	Total
1	a. Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	16,840,470	893,240	17,733,710
	b. Value of perquisites u/s 17(2) Income-tax Act, 1961	NIL	NIL	NIL
	c. Profits in lieu of salary under section 17(3) Income-tax Act, 1961	NIL	NIL	NIL
	Gross Salary (a+b+c)	16,840,470	893,240	17,733,710
2	Stock Option	NIL	NIL	NIL
3	Sweat Equity	NIL	NIL	NIL
4	Commission a. as % of profit b. Others, specify	NIL	NIL	NIL
5	Others, please specify a. Co's Contribution. to PF b. Flexi Reimbursement	585,078 61,350	43616 41,496	630,540 102,846
	Total	17,486,898	980,198	18,467,096

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment / Compounding fees imposed	Authority [RD / NCLT / COURT]	Appeal made, if any (give Details)
A. COMPANY					
Penalty	Nil	Nil	Nil	Nil	Nil
Punishment	Nil	Nil	Nil	Nil	Nil
Compounding	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable
B. DIRECTORS					
Penalty	Nil	Nil	Nil	Nil	Nil
Punishment	Nil	Nil	Nil	Nil	Nil
Compounding	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable
C. OTHER OFFICERS IN DEFAULT					
Penalty	Nil	Nil	Nil	Nil	Nil
Punishment	Nil	Nil	Nil	Nil	Nil
Compounding	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable

For and on behalf of the Board of Directors

Place : Mumbai
Date : August 24, 2018

Saurabh Agrawal
Director
(DIN: 02144558)

N. Srinath
Managing Director
(DIN: 00058133)

Form No. MR-3

DRAFT SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED MARCH 31, 2018

[Pursuant to section 204(1) of the Companies Act, 2013 and the rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,
The Members
Tata Teleservices Limited,
10th Floor, Tower I, Jeevan Bharati,
124 Connaught Circus,
New Delhi 110001.

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Tata Teleservices Limited** (hereinafter called "**the Company**"). Secretarial audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts / statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minutes books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officer, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the Financial year ended on March 31, 2018, complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the company for Financial Year ended on March 31, 2018, according to the provisions of:

- a) The Companies Act, 2013 (the Act) and the rules made thereunder;
- b) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder (during the year under review not applicable to the Company);
- c) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;

- d) Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- e) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'): -
 - 1. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 (during the year under review not applicable to the Company);
 - 2. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - 3. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 (during the year under review not applicable to the Company);
 - 4. The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 (during the year under review not applicable to the Company);
 - 5. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 (during the year under review not applicable to the Company);
 - 6. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
 - 7. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 (during the year under review not applicable to the Company); and
 - 8. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 (during the year under review not applicable to the Company);
- f) Telecom Regulatory Authority of India Act, 1997;
- g) The Indian Telegraph Act, 1885;
- h) The Indian Wireless Telegraphy Act, 1933;

We have examined compliance with the applicable clauses of the following:

- a) Secretarial Standards issued by the Institute of Company Secretaries of India for the period from 1st April 2017 to 30th September, 2017 and Revised Secretarial Standards for the period from 1st October, 2017 to 31st March, 2018;
- b) Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;

During the period under review the Company has complied with the provisions of Act, Rules, Regulations, Guidelines etc. mentioned above.

We further report that:

The Board of Directors of the Company is duly constituted with proper balance of the Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

All decisions of the Board are carried through unanimously. As per the records provided by the Company, none of the member of the Board dissented on any resolution passed at the meeting at the Board.

We further report that there are systems and processes in the Company, commensurate with the size and operation of the Company, to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the audit period there was following specific event / action having a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, etc.: -

1. The Board accorded its approval on January 11, 2017 for the issue of upto Rs. 10000 Crores, CCPS Series IV and CCPS - Series IV - Tranche - 1 for allotment of 20,03,93,653 , aggregating Rs. 2003,93,65,300. The same was approved by Share/Warrant/Debenture Allotment and Transfer Committee on April 26, 2017.
2. The Board accorded its approval on August 14, 2017 for the issue of upto Rs 4000 Crores of CCPS – Series V and/or OCPS - Series I and/or OCD on Rights basis. The Company issued OCPS- Series I - Tranche - 1 and allotment of 23,00,00,000, OCPS - Series I - Tranche - 1, aggregating Rs. 2300,00,00,000 approved by Share/Warrant/Debenture Allotment and Transfer Committee on November7, 2017.

3. The Board accorded its approval on October 26, 2017 for the issue of upto Rs 30,000 Crores on Rights basis or otherwise CCPS – Series VI and/or OCPS – Series II and/or OCD–Series II and/or RPS and /or Equity shares. The Company issued OCD- Series II - Tranche – 1and allotment of 124,99,99,997 OCD Series –II Tranche 1, aggregating Rs. 12499,99,99,700 approved by Share/Warrant/Debenture Allotment and Transfer Committee on December 22, 2017.
4. The Board accorded its approval on February 6, 2018 for the issue of upto Rs.10,000 Crores on Rights basis Equity Shares and/or CCPS–Series VII and/or OCPS – Series III and/or OCD–Series III and/or RPS – Series II.
5. At the Board meeting held on October 12,2017,the Board approved entering into Memorandum of Understanding (MOU) between Tata Teleservices Limited, Tata Teleservices (Maharashtra) Limited and Bharti Airtel Limited for reconstruction/restricting of TTSL CMB Business.
6. At the Board meeting held on December 19,2017,the Board approved the Composite scheme of arrangement between Tata Teleservices Limited (Transferor Company), Bharti Airtel Limited(Transferee Company 1) and Bharti Hexacom Limited (Transferee Company 2) for Demerger of TTSL CMB Business with Bharti Airtel Limited and Bharti Hexacom Limited.

**For Mehta & Mehta,
Company Secretaries
(ICSI Unique Code P1996MH007500)**

Dipti Mehta

Partner

FCS No : 3667

CP No. : 3202

Place : Mumbai

Date : June 1 ,2018

Note: This report is to be read with our letter of even date which is annexed as 'ANNEXURE A' and forms an integral part of this report

To,
The Members
Tata Teleservices Limited,
10th Floor, Tower I, Jeevan Bharati,
124 Connaught Circus,
New Delhi 110001.

Our report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The secretarial audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For **Mehta & Mehta,**
Company Secretaries,
(ICSI Unique Code P1996MH007500)

Dipti Mehta
Partner
FCS No : 3667
CP No. : 3202

Place : Mumbai
Date : June 1, 2018

Price Waterhouse Chartered Accountants LLP

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF TATA TELESERVICES LIMITED

Report on the Standalone Indian Accounting Standards (Ind AS) Financial Statements

1. We have audited the accompanying standalone financial statements of **Tata Teleservices Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2018, 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 Standalone Ind AS Financial Statements

2. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone Ind AS financial statements to 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 specified in the Companies (Indian Accounting Standards) Rules, 2015 (as amended) 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 of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

3. Our responsibility is to express an opinion on these standalone Ind AS financial statements based on our audit.
4. We have taken into account the provisions of the Act and the Rules made thereunder including 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.
5. We conducted our audit of the standalone Ind AS financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India. Those Standards and pronouncements require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the standalone Ind AS financial statements are free from material misstatement.
6. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone Ind AS financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the standalone 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 standalone 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

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T: +91 (22) 66691500, F: +91 (22) 66547804 / 07

Registered office and Head office: Sucheta Bhawan, 11A Vishnu Digambar Marg, New Delhi 110 002

Price Waterhouse (a Partnership Firm) converted into Price Waterhouse Chartered Accountants LLP (a Limited Liability Partnership with LLP registration number ULLPN AAC-5001) with effect from July 25, 2014. Post its conversion to Price Waterhouse Chartered Accountants LLP, its ICAI registration number is 012754N/NS00016 (ICAI registration number before conversion was 012754N)



Price Waterhouse Chartered Accountants LLP

INDEPENDENT AUDITORS' REPORT

To the Members of Tata Teleservices Limited

Report on the Standalone Ind AS Financial Statements

Page 2 of 3

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 standalone Ind AS financial statements.

7. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone Ind AS financial statements.

Opinion

8. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2018, and its total comprehensive income (comprising of loss and other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

Emphasis of Matter

9. We draw attention to Note 1.3 of the statement regarding the accounting for amalgamation of Tata Internet Services Limited (a wholly owned subsidiary of the Company) (the "Transferor Company") with the Company, in accordance the Scheme of Amalgamation ('the scheme') approved by the National Company Law Tribunal vide its order dated April 24, 2017. In accordance with the scheme, the Company has recognised the assets and liabilities of the Transferor Company at their respective fair values in accordance with the purchase method as per Accounting Standard (AS) 14 – Accounting for Amalgamations prescribed under the Companies (Accounting Standards) Rules, 2006. The said accounting treatment followed by the Company is not in compliance with the requirements of Appendix C of Ind AS 103 "Business Combinations". Had the Company followed the accounting treatment envisaged under Ind AS 103, the written down value of investment property would have been lower by Rs 118.66 crores, current investment would have been lower by Rs 0.13 crores, accumulated losses would have been higher by Rs.109.57 crores and capital reserve of Rs 9.22 crores would not have been recognised. Our conclusion is not qualified for this matter.

Other Matter

10. The standalone Ind AS financial statements of the Company for the year ended March 31, 2017, were audited by another firm of chartered accountants under the Companies Act, 2013 who, vide their report dated May 18, 2017, expressed a qualified opinion on those financial statements. It is impracticable for the Company to determine the impact on the opening retained earnings thus the full amount has been adjusted in the Financial Statements as of March 31, 2018. Our opinion is not qualified in respect of this matter.

Report on Other Legal and Regulatory Requirements

11. As required by the Companies (Auditor's Report) Order, 2016, issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act ("the Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure B a statement on the matters specified in paragraphs 3 and 4 of the Order.



Price Waterhouse Chartered Accountants LLP

INDEPENDENT AUDITORS' REPORT

To the Members of Tata Teleservices Limited

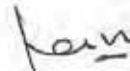
Report on the Standalone Ind AS Financial Statements

Page 3 of 3

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

- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- (b) In our opinion, proper books of account as required by law have been kept by the Company as 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 the Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.
- (d) In our opinion, the aforesaid standalone Ind AS financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act.
- (e) On the basis of the written representations received from the directors as on March 31, 2018 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2018 from being appointed as a director in terms of Section 164 (2) of the Act.
- (f) With respect to the adequacy of the internal financial controls with reference to Ind AS financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in Annexure A.
- (g) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our knowledge and belief and according to the information and explanations given to us:
 - i. The Company has disclosed the impact, if any, of pending litigations as at March 31, 2018 on its financial position in its standalone Ind AS financial statements – Refer Note 37;
 - ii. The Company has made provision as at March 31, 2018, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts – Refer Note 20;
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company during the year ended March 31, 2018;
 - iv. The reporting on disclosures relating to Specified Bank Notes is not applicable to the Company for the year ended March 31, 2018.

For Price Waterhouse Chartered Accountants LLP
Firm Registration No. 012754N/N500016
Chartered Accountants



Sharmila A. Karve
Partner
Membership No. 043229

Place: Mumbai
Date: June 1, 2018

Price Waterhouse Chartered Accountants LLP

Annexure A to Independent Auditors' Report

Referred to in paragraph 12(f) of the Independent Auditors' Report of even date to the members of Tata Teleservices Limited on the standalone financial statements for the year ended March 31, 2018

Page 1 of 2

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Act

1. We have audited the internal financial controls over financial reporting of Tata Teleservices Limited ("the Company") as of March 31, 2018 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

2. The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditors' Responsibility

3. Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing deemed to be prescribed under section 143(10) of the Act to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.
4. 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.
5. 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.



Price Waterhouse Chartered Accountants LLP

Annexure A to Independent Auditors' Report

Referred to in paragraph 12(f) of the Independent Auditors' Report of even date to the members of Tata Teleservices Limited on the standalone financial statements for the year ended March 31, 2018

Page 2 of 2

Meaning of Internal Financial Controls Over Financial Reporting

6. 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.

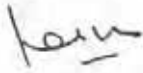
Inherent Limitations of Internal Financial Controls Over Financial Reporting

7. 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

8. In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For Price Waterhouse Chartered Accountants LLP
Firm Registration No. 012754N/N500016
Chartered Accountants


Sharmila A. Karve
Partner
Membership No. 043229

Place: Mumbai
Date: June 1, 2018

Price Waterhouse Chartered Accountants LLP

Annexure B to Independent Auditors' Report

Referred to in paragraph 11 of the Independent Auditors' Report of even date to the members of Tata Teleservices Limited on the financial statements for the year ended March 31, 2018

- i. (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation, of fixed assets.
 - (b) The fixed assets are physically verified by the Management according to a phased programme designed to cover all the items over a period of three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, a portion of the fixed assets has been physically verified by the Management during the year and no material discrepancies have been noticed on such verification.
 - (c) The title deeds of immovable properties as disclosed in Note 3 on fixed assets to the financial statement, are held in the name of the Company.
- ii. The physical verification of inventory have been conducted at reasonable intervals by the Management during the year. The discrepancies noticed on physical verification of inventory as compared to book records were not material.
- 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 Act. Therefore, the provisions of Clause 3(iii), (iii)(a), (iii)(b) and (iii)(c) of the said Order are not applicable to the Company.
- iv. In our opinion, and according to the information and explanations given to us, the Company has complied with the provisions of Section 185 and 186 of the Companies Act, 2013 in respect of the loans and investments made, and guarantees and security provided by it.
- v. The Company has not accepted any deposits from the public within the meaning of Sections 73, 74, 75 and 76 of the Act and the Rules framed there under to the extent notified.
- vi. Pursuant to the rules made by the Central Government of India, the Company is required to maintain cost records as specified under Section 148(1) of the Act in respect of its products. We have broadly reviewed the same, and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.
- vii. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is regular in depositing the undisputed statutory dues, including provident fund, employees' state insurance, income tax, sales tax, service tax, duty of customs, duty of excise, value added tax, cess, goods and service tax (with effect from July 1, 2017) and other material statutory dues, as applicable, with the appropriate authorities.



Price Waterhouse Chartered Accountants LLP

Annexure B to Independent Auditors' Report

Referred to in paragraph 11 of the Independent Auditors' Report of even date to the members of Tata Teleservices Limited on the financial statements for the year ended March 31, 2018

Page 2 of 3

- (b) According to the information and explanations given to us and the records of the Company examined by us, there are no dues of duty of custom, duty of excise, value added tax and goods and service tax which have not been deposited on account of any dispute. The particulars of dues of income tax, sales tax, service tax as at March 31, 2018 which have not been deposited on account of a dispute, are as follows:

Name of the statute	Nature of dues	Amount # (Rs. in crores)	Period to which the amount relates	Forum where the dispute is pending
Central Sales Tax and Local Sales Tax Acts	Sales Tax including interest and penalty, as applicable	16.86	2004-05 to 2014-15	Appellate Authority - up to Commissioner's level of various states
		4.49	2004-05 to 2005-06, 2007-08 to 2008-09, 2011-12 to 2012-13 & 2014-15	Tribunals of various states
Service Tax under Finance Act, 1994	Service Tax including interest and penalty, as applicable	65.59	2002-03 to 2008-09 & 2011-12 to 2014-15	Appellate Authority - up to Commissioner's level of various states
		3.28	2004-2011	Supreme Court
		48.03	2011-12 to 2013-14	Tribunals of various states
Income Tax Act, 1961	Income Tax including interest and penalty, as applicable	468.98	2004-05 to 2009-10	Appellate Authority - up to Commissioner's level of various states
		1.59	2001-02 to 2005-06	High Court, Delhi
		12.83	2009-10	High Court, Andhra Pradesh
		20.38	2004-05, 2006-07 & 2009-10 to 2010-11	Income Tax Appellate Tribunal of various states

Net of amounts paid under protest.

- viii. According to the records of the Company examined by us and the information and explanation given to us, the Company has not defaulted in repayment of loans or borrowings to any financial institution or bank or Government or dues to debenture holders as at the balance sheet date.
- ix. In our opinion, and according to the information and explanations given to us, the moneys raised by way of term loans have been applied for the purposes for which they were obtained.
- x. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud by the Company or on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such case by the Management.
- xi. The Company has paid/ provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.
- xii. As the Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it, the provisions of Clause 3(xii) of the Order are not applicable to the Company.



Price Waterhouse Chartered Accountants LLP
Annexure B to Independent Auditors' Report

Referred to in paragraph 11 of the Independent Auditors' Report of even date to the members of Tata Teleservices Limited on the financial statements for the year ended March 31, 2018

Page 3 of 3

- xiii. The Company has entered into transactions with related parties in compliance with the provisions of Sections 177 and 188 of the Act. The details of such related party transactions have been disclosed in the financial statements as required under Indian Accounting Standard (Ind AS) 24, Related Party Disclosures specified under Section 133 of the Act.
- xiv. The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, the provisions of Clause 3(xiv) of the Order are not applicable to the Company.
- xv. The Company has not entered into any non cash transactions with its directors or persons connected with him. Accordingly, the provisions of Clause 3(xv) of the Order are not applicable to the Company.
- xvi. The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the provisions of Clause 3(xvi) of the Order are not applicable to the Company.

①

For Price Waterhouse Chartered Accountants LLP
Firm Registration Number: 012754N / N500016
Chartered Accountants

Sharmila A. Karve

Sharmila A. Karve
Partner
Membership Number 043229

Place: Mumbai
June 01, 2018

TATA TELESERVICES LIMITED
BALANCE SHEET AS AT MARCH 31, 2018
(All amounts in Rupees Crores unless stated otherwise)



Notes	As at March 31, 2018	As at March 31, 2017 (refer note 46)	As at April 01, 2016 (refer note 46)
ASSETS			
Non-current assets			
Property, plant and equipment	3 2,270.54	5,522.38	6,370.94
Capital work-in-progress	4 58.12	73.98	119.54
Investment Property	5 132.18	135.23	138.27
Intangible assets	6 155.16	7,894.55	8,771.67
Investment in an associate, joint venture and subsidiaries	7 5,050.52	5,371.52	7,979.09
Right to spectrum earmarked pending allotment	-	583.20	-
Financial assets:			
Investments	8 4.14	1,736.07	4.14
Other bank balances	-	0.09	0.07
Loans and advances	12 81.08	164.64	169.42
Derivative financial assets	-	146.88	312.10
Income tax recoverable	-	0.96	-
Other non-current assets	13 367.45	432.83	1,004.00
Total non-current assets	11,862.48	22,062.31	24,859.30
Current assets			
Inventories	14 1.40	4.08	20.30
Financial assets:			
Investments	8 250.38	2,198.30	817.03
Trade receivables	9 271.95	483.45	595.27
Cash and cash equivalents	10 41.81	78.89	169.19
Other bank balances	11 17.02	234.63	196.72
Loans and advances	12 68.02	24.93	21.04
Derivative financial assets	-	486.51	716.38
Income tax recoverable	-	139.11	844.27
Other current assets	13 396.65	284.88	315.90
Total current assets	3,136.16	3,914.58	3,686.10
Assets classified as held for sale	22 2,162.70	-	-
Total current assets	5,298.86	3,914.58	3,686.10
Total Assets	17,161.35	25,976.89	28,545.40
EQUITY AND LIABILITIES			
Equity			
Equity share capital	15 5,775.03	5,775.03	4,712.39
Other equity	16 (30,798.26)	(17,423.78)	(13,471.06)
Total equity	(25,023.23)	(11,648.75)	(8,758.67)
Non-current liabilities			
Financial liabilities			
Borrowings	17 19,405.20	25,017.05	26,974.86
Derivative financial liabilities	-	67.99	22.41
Provisions	20 2,341.99	6.23	5.80
Other non-current liabilities	21 128.59	125.78	77.33
Total non-current liabilities	21,876.84	25,217.05	27,080.40
Current liabilities			
Financial liabilities			
Borrowings	17 12,047.25	876.66	719.03
Trade and other payables	18 1,276.08	1,395.10	1,817.51
Other financial liabilities	19 2,689.95	9,205.36	6,744.75
Derivative financial liabilities	-	52.57	35.77
Provisions	20 612.58	437.28	397.00
Other current liabilities	21 205.03	441.63	508.62
Total current liabilities	17,031.79	12,408.60	10,223.67
Liabilities directly associated with assets held for sale	22 3,276.55	-	-
Total current liabilities	20,308.74	12,408.60	10,223.67
Total equity and liabilities	17,161.35	25,976.89	28,545.40
Summary of significant accounting policies	2.2		

The accompanying notes are an integral part of the Ind AS standalone financial statements.

As per our report of even date

For Price Waterhouse Chartered Accountants LLP
 ICAI Firm Registration No.: 012754N/ N500010
 Chartered Accountants

Shamila A. Karve
 Partner
 Membership no. 043228

For and on Behalf of the Board of Directors

Ankur Verma
 Director
 [DIN No: 07972892]

Agarwal Shrivastava
 Chief Financial Officer

Place: Mumbai
 Date: June 01, 2018

N Srinath
 Managing Director
 [DIN No: 00058133]

Pravin Jogani
 Assistant Company Secretary

Place: Mumbai
 Date: June 01, 2018

TATA TELESERVICES LIMITED
STATEMENT OF PROFIT AND LOSS FOR THE YEAR
ENDED MARCH 31, 2018

(All amounts in Rupees Crores unless stated otherwise)

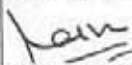


	Notes	For the year ended March 31, 2018	For the year ended March 31, 2017
INCOME			
Revenue from operations	23	5,156.25	9,484.52
Other income	24	168.31	(7.84)
Total income		5,324.56	9,476.68
EXPENSES			
Access charges		1,093.81	1,932.60
License fees and spectrum charges (revenue share)		402.02	846.01
Cost of goods sold	25	15.10	43.25
Employee benefit expenses	26	525.73	689.61
Power and fuel	27	864.24	989.53
Rent	28	1,700.84	1,731.67
Other expenses	29	1,623.69	2,093.59
Total expenses		6,225.43	8,326.28
Earnings before interest, tax, depreciation and amortisation (EBITDA)		(900.87)	1,150.42
Depreciation and amortisation expense	30	(1,086.01)	(1,850.51)
Finance cost	31	(3,278.00)	(3,347.28)
Finance income	32	312.26	223.21
Profit on sale of current investments		82.09	175.04
Loss for the year before exceptional items and tax		(4,870.53)	(3,649.12)
Exceptional items	33	(12,759.26)	(977.46)
Loss for the year before tax		(17,629.79)	(4,626.60)
Tax expense		-	-
Loss for the year		(17,629.79)	(4,626.60)
Other comprehensive income/ (loss)			
A (i) Items that will not be reclassified to profit or loss			
Re-measurement gains/(losses) on defined benefit plan (gratuity)		2.17	(9.89)
Re-measurement gains/(losses) on defined benefit plan (Provident fund)		-	0.27
(ii) Income tax relating to items that will not be reclassified to profit or loss			
B (i) Items that will be reclassified to profit or loss			
Cash flow hedge reserve		(36.76)	35.76
Total comprehensive loss for the year		(17,664.38)	(4,599.45)
Earnings per equity share			
Basic & Diluted (in Rs)	34	(30.53)	(9.48)
Summary of significant accounting policies	2.2		

The accompanying notes are an integral part of the Ind AS standalone financial statements.

As per our report of even date


For Price Waterhouse Chartered Accountants LLP
 ICAI Firm Registration No.: 012754N/ N500016
 Chartered Accountants


 Sharmila A. Karve
 Partner
 Membership no. 043229

For and on Behalf of the Board of Directors


 Ankur Verma
 Director
 [DIN No: 07972892]


 Anurag Srivastava
 Chief Financial Officer


 Place: Mumbai
 Date: June 01, 2018


 N Srinath
 Managing Director
 [DIN No: 00058133]


 Pravin Jogani
 Assistant Company Secretary

Place: Mumbai
 Date: June 01, 2018

TATA TELESERVICES LIMITED
STATEMENT OF CHANGE IN EQUITY FOR THE YEAR ENDED MARCH 31, 2018
(All amounts in Rupees Crores unless stated otherwise)



Equity Share Capital

	As at March 31, 2018		As at March 31, 2017	
	No. crores	Rs in crores	No. crores	Rs in crores
	Equity Shares (Refer note 15)			
At the beginning of the year	577.50	5,775.03	471.23	4,712.39
Issued during the year	-	-	106.27	1,062.64
Outstanding at the end of the year	577.50	5,775.03	577.50	5,775.03

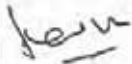
Other Equity

	Equity component of compound financial instruments	Reserves & surplus			Cash flow hedge reserve	Total Other Equity
		Securities premium account	Capital reserve	Retained earnings		
As at April 01, 2016	644.74	11,554.57	9.22	(25,679.59)	-	(13,471.06)
Loss for the year	-	-	-	(4,626.60)	-	(4,626.60)
Other comprehensive income/ (loss)	-	-	-	(9.63)	36.76	27.13
Total comprehensive income/ (loss)	-	-	-	(4,636.23)	36.76	(4,599.47)
CCPS issued during the year	463.98	-	-	-	-	463.98
CCPS converted during the year	-	1,417.56	-	-	-	1,417.56
Adjustment on conversion of CCPS	(375.15)	(859.65)	-	-	-	(1,234.80)
As at March 31, 2017	733.57	12,112.48	9.22	(30,315.82)	36.76	(17,423.79)
Loss for the year	-	-	-	(17,629.79)	-	(17,629.79)
Other comprehensive income/ (loss)	-	-	-	2.17	(36.76)	(34.59)
Total comprehensive loss	-	-	-	(17,627.62)	(36.76)	(17,664.38)
Compulsorily convertible preference share issued during the year	426.77	-	-	-	-	426.77
Optionally convertible preference share issued during the year	612.34	-	-	-	-	612.34
Optionally convertible debentures issued during the year	3,250.80	-	-	-	-	3,250.80
As at March 31, 2018	5,023.48	12,112.48	9.22	(47,943.44)	-	(30,798.26)

The accompanying notes are an integral part of the Ind AS standalone financial statements.

As per our report of even date

For Price Waterhouse Chartered Accountants LLP
 ICAI Firm Registration No.: 012754N/ N500016
 Chartered Accountants


 Shamila A. Karve
 Partner
 Membership no. 043229

For and on Behalf of the Board of Directors


 Ankur Verma
 Director
 [DIN No. 07972892]


 N Srinath
 Managing Director
 [DIN No. 00068133]


 Anand Singh
 Chief Financial Officer



 Pravin Jogani
 Assistant Company
 Secretary

Place: Mumbai
 Date: June 01, 2018

Place: Mumbai
 Date: June 01, 2018

TATA TELESERVICES LIMITED
CASH FLOW STATEMENT AS AT AND FOR THE YEAR
ENDED MARCH 31, 2018

(All amounts in Rupees Crores unless stated otherwise)

	For the year ended March 31, 2018	For the year ended March 31, 2017
CASH FLOW FROM OPERATING ACTIVITIES		
Loss before tax	(17,629.79)	(4,626.60)
Adjustments for:		
Depreciation and amortisation	1,086.01	1,850.51
Exceptional item (refer note 33)	12,759.26	977.48
Finance cost	3,278.00	3,347.28
Finance income	(312.26)	(223.21)
Foreign exchange, net	119.26	95.04
(Profit)/ Loss on sale of property, plant & equipments, net	(3.25)	(11.07)
Liabilities no longer required written back	(156.88)	(54.56)
(Profit)/ Loss on sale of current investments	(82.09)	(175.04)
Bad debt written off and provision for doubtful debts and advances	132.04	50.35
Provision for contingencies and foreseeable losses	229.54	46.98
Operating Profit/ (Loss) before working capital changes	(580.16)	1,277.18
Adjustment for changes in:		
(Increase)/ Decrease in inventories	2.68	16.22
(Increase)/ Decrease in trade receivables	(43.00)	53.90
(Increase)/ Decrease in non-current loans and advances, other assets	147.59	246.89
(Increase)/ Decrease in current loans and advances, other assets	(204.35)	47.32
Increase/ (Decrease) in other long term liabilities & provision	-	(7.14)
Increase/ (Decrease) in trade & other payables	623.61	(734.43)
Increase/ (Decrease) in other current liabilities & provision	249.33	(39.85)
Increase/ (Decrease) in other financial liabilities	1,765.01	(27.86)
Cash generated from operations	1,960.71	832.22
Direct taxes received/ (paid), net of refund	(38.74)	704.14
NET CASH FLOW FROM / (USED IN) OPERATING ACTIVITIES (A)	1,921.97	1,536.37
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of property, plant & equipments	(198.03)	(396.90)
Net movement (increase)/ decrease to CWIP	1.69	45.59
Net movement (increase)/ decrease to capital advances	9.09	(281.23)
Acquisition of Intangible assets, net	(1.46)	(27.21)
Proceeds from sale of property, plant & equipments	31.16	78.21
Purchase of investments	(6.38)	-
Purchase of investments in mutual funds	(21,600.27)	(39,731.10)
Sale of investments in mutual funds	23,631.16	38,528.90
Sale of investments	-	2,807.95
Investments in subsidiary	-	(8.00)
Loan given to related parties	(6.25)	-
ICD's given to related parties	(3,700.00)	(2,018.01)
Redeemable preference shares investments	-	0.17
Investment in bank deposits (having original maturity of more than three months)	(485.43)	(474.03)
Redemption/ maturity of bank deposits (having original maturity of more than three months)	703.05	436.09
Interest received	8.92	21.03
NET CASH FLOW (USED IN) INVESTING ACTIVITIES (B)	(1,612.75)	(1,018.64)
CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from issue of CCPS	-	2,200.67
Share application money pending allotment	-	2,003.94
(Repayment of debentures)/ Proceeds from debentures issued	11,750.00	(250.00)
Proceeds from long term borrowings	1,431.20	250.00
Repayment of long term borrowings	(22,317.21)	(2,308.59)
Proceeds from short term borrowings	13,263.62	2,328.12
Repayment of short term borrowings	(2,283.17)	(2,092.05)
Finance set up cost	(5.26)	(1.00)
Interest paid	(2,188.30)	(2,725.26)
NET CASH FLOW FROM FINANCING ACTIVITIES (C)	(349.12)	(594.17)
NET (DECREASE) IN CASH AND CASH EQUIVALENTS (A + B + C)	(39.90)	(76.34)
OPENING BALANCE OF CASH AND CASH EQUIVALENTS	77.25	153.59
CLOSING BALANCE OF CASH AND CASH EQUIVALENTS	37.35	77.25



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TATA TELESERVICES LIMITED
CASH FLOW STATEMENT AS AT AND FOR THE YEAR
ENDED MARCH 31, 2018

(All amounts in Rupees Crores unless stated otherwise)

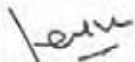
	For the year ended March 31, 2018	For the year ended March 31, 2017
NOTES TO CASH FLOW STATEMENT		
Cash and cash equivalents include : (refer note 10)		
Cash on hand	0.16	1.22
Cheques in hand	11.65	10.28
Balances with scheduled banks:		
Current accounts	30.00	64.39
Deposit Accounts	-	3.00
Cash & bank balances as per balance sheet	41.81	78.89
Less: Bank overdraft	4.46	1.64
	37.35	77.25
CASH AND CASH EQUIVALENTS		

Summary of significant accounting policies (refer note 2.2)

The accompanying notes are an integral part of the Ind AS standalone financial statements.

As per our report of even date

For Price Waterhouse Chartered Accountants LLP
 ICAI Firm Registration No.: 012754N/ N500016
 Chartered Accountants



Sharmila A. Karve
 Partner
 Membership no. 043229

For and on Behalf of the Board of Directors



Ankur Verma
 Director
 [DIN No: 07972892]



N Srinath
 Managing Director
 [DIN No: 00058133]



Ahuraag Srivastava
 Chief Financial Officer
 Place: Mumbai



Pravir Jogani
 Assistant Company
 Secretary

Place : Mumbai
 Date: June 01, 2018

Date: June 01, 2018

TATA TELESERVICES LIMITED

NOTES TO THE STANDALONE IND AS FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2018

(All amounts in Rupees Crores unless stated otherwise)

1 Background

1.1 Nature of business

Tata Teleservices Limited (the 'Company' or 'TTSL'), part of the Tata Group, became a pan-India telecom operator in January 2005. The Company has Unified Access (Basic and Cellular) Service License ('UASL') to operate in 17 circles and National Long Distance ('NLD') license to provide the NLD services within India. The Company is a public company domiciled in India and is incorporated under the provisions of the Companies Act applicable in India. The registered office of the company is located at Jeevan Bharti, 10th floor, 124 Connaught circus, New Delhi.

On November 12, 2008, the Company, Tata Sons Limited ('TSL') and NTT DOCOMO, Inc. ('DOCOMO') entered into definitive agreements for the acquisition of 26 per cent equity stake (on a fully diluted basis) by DOCOMO in TTSL. As at March 31, 2017, DOCOMO held 21.63 per cent stake in TTSL.

Under the Share Subscription Agreement ('SSA') dated November 12, 2008 with DOCOMO, the Company and TSL have jointly and severally agreed to indemnify DOCOMO within the agreed limits, against (i) claims arising on account of any failure of the warranties provided by the Company and TSL to be true and correct in all respects, (ii) any material breach by the Company or TSL of any covenants or other provisions of SSA to the extent such covenants or provisions are not capable of specific performance; and (iii) in respect of specified contingent liabilities.

On April 25, 2014, TTSL and TSL received intimation from DOCOMO, informing DOCOMO's decision to exercise the put option as per SSA. DOCOMO had filed a petition with the Hon'ble Delhi High Court for implementation of the arbitration award (damages along with cost and interest) by the Arbitral Tribunal in London. The Hon'ble Delhi High Court vide its judgment dated April 28, 2017, has allowed the arbitration enforceable in India. DOCOMO has tendered its entire shareholding in TTSL to TSL and its designated nominees on October 31, 2017 and accordingly, DOCOMO has ceased to hold any shares in TTSL and as a result of which TTSL became a subsidiary of TSL.

1.2 Demerger of Consumer Mobile Business

The Company has been in talks with Bharti Airtel Limited and Bharti Hexacom Limited ("transferee") to restructure its Consumer Mobile Business (CMB), which represents a significant line of business of the Company, either by way of a sale or other arrangements. In contemplation the parties have, after approval from their respective Board of Directors, entered into a term sheet setting out broad understanding and guidelines. In furtherance of this understanding, the transferee has filed a Scheme of arrangement under sections 230 to 232 and other applicable provisions of the Companies Act, 2013 (the 'Scheme'), with the National Company Law Tribunal (NCLT), Principal bench, New Delhi on May 17, 2018 after taking approval from the concerned stock exchanges, proposing a demerger of the Company's CMB with the transferee.

Pending the required approvals, no impact of the proposed Scheme has been considered in these financial statements, except that Company has made an assessment of assets and liabilities pertaining to CMB (Disposal group), which are proposed to be transferred, in line with the broad understanding and guidelines as set out in the term sheet entered into with the transferee, and recorded it at lower of its carrying amount as at March 31, 2018 and fair value less costs to sell and classified it as 'Assets held for sale'. Further, considering the significant operational and financial interdependencies of different business units, management continues to identify the Cash Generating Unit (CGU) at the Company level. Accordingly, the disclosure in relation to discontinued operations are not applicable.



TATA TELESERVICES LIMITED

NOTES TO THE STANDALONE IND AS FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2018

(All amounts in Rupees Crores unless stated otherwise)

1 Background

1.1 Nature of business

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Pending the required approvals, no impact of the proposed Scheme has been considered in these financial statements, except that Company has made an assessment of assets and liabilities pertaining to CMB (Disposal group), which are proposed to be transferred, in line with the broad understanding and guidelines as set out in the term sheet entered into with the transferee, and recorded it at lower of its carrying amount as at March 31, 2018 and fair value less costs to sell and classified it as 'Assets held for sale'. Further, considering the significant operational and financial interdependencies of different business units, management continues to identify the Cash Generating Unit (CGU) at the Company level. Accordingly, the disclosure in relation to discontinued operations are not applicable.



TATA TELESERVICES LIMITED
NOTES TO THE STANDALONE IND AS FINANCIAL STATEMENTS AS AT AND FOR
THE YEAR ENDED MARCH 31, 2018

(All amounts in Rupees Crores unless stated otherwise)

1.3 Scheme of Amalgamation with TISL

On November 10, 2014, the Board of Directors of the Company had approved a Scheme of Amalgamation ("the Scheme") of Tata Internet Services Limited (TISL) with the Company, with effect from January 1, 2015 (being the appointed date for the amalgamation). The Scheme was approved by the National Company Law Tribunal ("NCLT"), Principal bench on April 24, 2017 and filed with the Registrar of Companies on May 4, 2017.

The Company has incorporated the accounting effects in its books of accounts as per the accounting treatment prescribed in the NCLT approved Scheme which is in compliance and accordance with the accounting standards applicable to the Company as of the appointed date of the Scheme. The accounting standards currently applicable to the Company are Indian Accounting Standards (Ind AS) as notified under Section 133 of the Companies Act, 2013. Had the Company applied the accounting treatment in accordance with Ind AS 103, Business Combination, the following would have been the accounting treatment:

1. The assets and liabilities of TISL would have been reflected at their carrying amounts and not at fair value. Consequently, the written down value of Investment property and Current Investments would have been lower by Rs 118.66 crores and Rs 0.13 crores respectively.
2. The balance of the accumulated losses appearing in the financial statements of TISL would have been aggregated with the corresponding balance appearing in the financial statements of the Company. Consequently, the total amount of accumulated losses would have been higher by Rs 109.57 crores.
3. Capital reserve of Rs 9.22 crores arising on account of the above would not have been recognised.

1.4 Going concern

The accumulated losses of TTSL as of March 31, 2018, have exceeded its paid-up capital and reserves. TTSL has incurred net loss during the Year Ended March 31, 2018 and its current liabilities exceeded its current assets as at that date. TTSL is in discussion to monetization of certain assets, proceeds of which will be used to meet its financial obligations as and when they fall due. Further, it has obtained a support letter from its Promoter indicating that the Promoter will take necessary actions to organize for any shortfall in liquidity in Company that may arise to meet its financial obligations and timely repayment of debt during the period of 12 months from the balance sheet date.

Based on the above, the Company is confident of its ability to meet the funds requirement and to continue its business as a going concern and accordingly, the financial statements have been prepared on that basis.

2 Significant accounting policies

2.1 Basis of preparation of financial statements

These standalone financial statements comply in all material aspects with Indian Accounting Standards (Ind AS) notified under section 133 of the Companies Act, 2013 (the 'Act') [Companies (Indian Accounting Standards) Rules, 2015] and the Companies (Indian Accounting Standards) Amendment Rules, 2016 issued by the Ministry of Corporate Affairs and other relevant provisions of the Act.

These standalone financial statements have been prepared on the historical cost basis, except for certain assets and liabilities which are measured at fair values at the end of each reporting period, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. 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 standalone financial statements are presented in Indian Rupees ("INR") and all values are rounded to the nearest crores, except when otherwise indicated.



TATA TELESERVICES LIMITED
NOTES TO THE STANDALONE IND AS FINANCIAL STATEMENTS AS AT AND FOR
THE YEAR ENDED MARCH 31, 2018

(All amounts in Rupees Crores unless stated otherwise)

2.2 Summary of significant accounting policies

a. Investments in subsidiaries, associates and Joint ventures.

An entity is termed as a subsidiary if the company controls the entity. Control is achieved when the Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

An associate is an entity over which the Company has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The Company has accounted for its investment in subsidiaries, associates and joint ventures at cost less impairment, if any as per Ind AS 36. Refer note 2.2(k) for further details on impairment of non-financial assets.

b. Current vs Non-Current Classification

The Company presents assets and liabilities in the balance sheet based on current/non-current classification.

When an asset meets any of the following criteria it is treated as current:

- (i) Expected to be realised or intended to be sold or consumed in normal operating cycle
- (ii) Held primarily for the purpose of trading
- (iii) Expected to be realised within twelve months after the reporting period, or
- (iv) Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

When a liability meets any of the following criteria it is treated as current:

- (i) It is expected to be settled in normal operating cycle
- (ii) It is held primarily for the purpose of trading
- (iii) It is due to be settled within twelve months after the reporting period, or
- (iv) There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

All other liabilities are classified as non-current.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The Company has identified twelve months as its operating cycle.



TATA TELESERVICES LIMITED
NOTES TO THE STANDALONE IND AS FINANCIAL STATEMENTS AS AT AND FOR
THE YEAR ENDED MARCH 31, 2018

(All amounts in Rupees Crores unless stated otherwise)

c. Foreign Currencies

Functional and Presentation Currency:

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

Initial Measurement:

Transactions in foreign currencies on initial recognition are recorded at the spot exchange rate between the functional currency and the foreign currency on the date of the transaction. However, for practical reasons, the Company uses an average rate if the average approximates the actual rate at the date of the transaction.

Subsequent Measurement:

At each balance sheet date, foreign currency monetary items are reported using the closing exchange rate. Exchange differences that arise on settlement of monetary items or on restatement at each balance sheet date of the company's monetary items at the closing rate are recognised as income or expenses in the period in which they arise except for the following:

As per provisions of Ind AS 101, the Company has opted to continue the policy followed under Indian GAAP for exchange differences arising from translation of long-term foreign currency monetary items recognised in the financial statements for the year ending immediately before the beginning of the first Ind AS financial reporting period as per the previous GAAP. Accordingly, foreign exchange differences arising on translation / settlement of such long-term foreign currency monetary items, in so far as they relate to the acquisition of a property, plant and equipment and intangible assets are added or deducted from the cost of the asset and depreciated over the balance life of the asset.

Non-monetary items which are carried at historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items is recognised in line with the gain or loss of the item that gave rise to the translation difference (translation differences on items whose gain or loss is recognised in other comprehensive income or the statement of profit and loss is also recognised in other comprehensive income or the statement of profit and loss respectively).

d. Revenue

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 customer rebates and other similar allowances. Taxes and duties are not received by the Company on its own account. Rather, it is collected by the service provider on behalf of the government. Accordingly, it is excluded from revenue.

(i) Services revenue excluding interconnect revenue

Revenues are recognized as services are rendered and are net of trade discounts and GST. Unbilled revenues resulting from post-paid unified access services provided from the last billing cycle date to the end of each year are estimated and recorded. Revenues from unified access services rendered through prepaid cards are recognized based on usage by the customers during the year and over the validity period in case of upfront collection. For accounting policy on interconnect revenues, refer note 2.2(e).

(ii) Sale of equipment

Revenues from sale of equipment primarily consist of sale of handsets and accessories. Revenue from sale of goods is recognized when all the significant risks and rewards of ownership of the goods have been passed to the buyer, usually on the delivery of goods.



TATA TELESERVICES LIMITED
NOTES TO THE STANDALONE IND AS FINANCIAL STATEMENTS AS AT AND FOR
THE YEAR ENDED MARCH 31, 2018

(All amounts in Rupees Crores unless stated otherwise)

(iii) Interest income

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. For instruments measured at amortised cost, interest income is recorded using the applicable effective interest rate (EIR), which is the rate that exactly discounts estimated future cash receipts over the expected life of the financial asset to that asset's net carrying amount on initial recognition.

(iv) Dividend income

Revenue is recognised when the Company's right to receive the payment is established, which is generally when shareholders approve the dividend.

e. Interconnect revenues and costs (Access charges)

The TRAI issued Interconnection Usage Charges Regulation 2003 ('IUC regime') effective May 1, 2003 and subsequently amended the same from time to time. Under the IUC regime, with the objective of sharing of call/Short Message Services ('SMS') revenues across different operators involved in origination, transit and termination of every call/SMS, the Company pays interconnection charges (prescribed as rate per minute of call time) and per SMS for all outgoing calls and SMS originating in its network to other operators. The Company receives certain interconnection charges from other operators for all calls and SMS terminating in its network.

Accordingly, interconnect revenues are recognized as those on calls/SMS originating in another telecom operator network and terminating in the Company's network. Interconnect cost is recognized as charges incurred on termination of calls/SMS originating from the Company's network and terminating on the network of other telecom operators. The interconnect revenue and costs are recognized in the financial statements on a gross basis and included in service revenue and access charges in the statement of profit and loss, respectively.

f. License fees

The license entry fee/spectrum fees has been recognized as an intangible asset and is amortized on straight line basis over the period of 20 years from the date when it is available for use in the respective circles/spectrum blocks. License entry fee/spectrum fees includes interest on funding of license entry fee/spectrum fees and bank guarantee commission up to the date of spectrum available for use in the respective circles. Spectrum fees also include exchange differences arising on reporting of the long term foreign currency monetary items (refer note 2.2.c). Fees paid for migration of the original licenses to the Unified Access Service License (UASL) and license fees for National Long Distance (NLD) services is amortized over the remaining period of the license of 20 years for the respective circles from the date of migration to UASL/ payment of the license fees on straight line basis. Fees paid for obtaining in-principle approval to use alternate technology under the existing UASL has been recognized as an intangible asset and is amortized from the date of approval over the balance remaining period of the UASL license on straight line basis for the respective circles.

Revenue sharing fee

Revenue sharing fee on license and spectrum is computed as per the licensing agreement at the prescribed rate and expensed off in the statement of profit and loss in the year in which the related revenue from providing unified access services and national long distance services are recognized.

An additional revenue share towards spectrum charges is computed at the rate specified by the DoT of the Adjusted Gross Revenue ('AGR'), as defined in the License Agreement, earned from the customers. These costs are expensed in the statement of Profit and Loss in the year in which the related revenues are recognized.



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g. Taxes

Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. Current tax is based on the taxable profit for the year which may differ from 'profit before tax' as reported in the statement of profit and loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date. Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

The Company offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the current tax assets and current tax liabilities relate to income taxes levied by the same tax authority.

Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax assets are generally recognised for all deductible temporary differences, the carry forward of any unused tax losses, to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss in correlation to the underlying transaction either in other comprehensive income or directly in equity.



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h. Property, plant & equipment ('PP&E')

Property, plant and equipment and capital work in progress is stated at cost of acquisition or construction, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes purchase price, the cost of replacing part of the plant and equipment and directly attributable cost of bringing the asset to its working condition for the intended use. When significant parts of plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives.

Subsequent costs are included in the assets carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost can be measured reliably. All other repair and maintenance costs are recognised in the statement of profit and loss account as incurred. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

Gains and losses arising from retirement or disposal of property, plant and equipment are determined 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 account on the date of retirement or disposal. Assets are depreciated to the residual values on a straight-line basis over the estimated useful lives. The assets' residual values and useful lives are reviewed at each financial year end or whenever there are indicators for review, and adjusted prospectively.

Freehold land is not depreciated.

Leasehold land which is classified as finance lease shall be amortized over the period of lease while leasehold land which are operating lease shall be classified as part of prepaid assets. Buildings constructed on leasehold land are depreciated based on the useful life specified in Schedule II to the Companies Act, 2013, where the lease period of land is beyond the life of the building. In other cases, buildings constructed on leasehold lands are amortised over the primary lease period of the lands.

The useful lives of the assets are based on technical estimates approved by the Management, and are lower than or same as the useful lives prescribed under schedule II to the Companies Act, 2013 in order to reflect the period over which depreciable assets are expected to be used by the Company. Estimated useful lives of assets are as follows:

Particulars	Useful life (in years)
	As per Company
Plant and Machinery	
Network Equipment	12
Air Conditioning Equipment	6
Generators	6
Electrical Equipments	4-6
Building	60
Office Premises	60
Office Equipments	3-5
Furniture and Fittings	3-6
Vehicles	5

i. Investment property

Property that is held for long term rental yields or for capital appreciation or both, and that is not occupied by the company is classified as investment property. Investment property is measured initially at its cost, including related transaction cost and where applicable borrowing cost. Subsequent expenditure is capitalised to the assets carrying value only when it is probable that future economic benefits associated with the expenditure will flow to the company and the cost of the item can be measured reliably. All other repairs and maintenance cost are expensed when incurred. When part of an investment property is replaced, the carrying amount of the replaced part is derecognised. Investment properties are depreciated using the straight line method over the estimated useful lives. Investment properties generally have a useful life of 60 years.



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j. Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Subsequently, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses.

The useful lives of intangible assets are assessed as either finite or indefinite. There are no intangible assets assessed with indefinite useful life.

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.

Indefeasible Right to Use ('IRU') taken for optical fiber and ducts, by the Company are capitalized as intangible assets at the amounts paid for acquiring the right and are amortized on straight line basis, over the period of agreement or 18 years, whichever is lower.

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 year. Changes in the expected useful life are considered to modify the amortisation period or method, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit and loss.

With respect to capitalization of exchange differences arising on reporting/settlement of the long term foreign currency monetary items, refer note 2.2(c).

For accounting policy related to license entry fees/spectrum fees, refer note 2.2(f).

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 or loss when the asset is derecognised.

k. Impairment of non-financial assets

Non-financial assets which are subject to depreciation or amortization are reviewed for impairment, whenever events or changes in circumstances indicate that the carrying amount of such assets may not be recoverable. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs of disposal and value in use. 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. If the recoverable amount of an asset is estimated to be less than its carrying amount, an impairment loss is recognised by reducing the carrying amount of the asset to its recoverable amount.

When an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

l. Borrowing Cost

Borrowing costs attributable to the acquisition or construction of a qualifying asset, including interest attributable to the funding of license fees/spectrum fees up to the date the asset is available for use, are capitalised as a part of the cost of that asset. The accounting treatment of loan arrangement fees has been discussed in Note 2.2.(t) to the financial statements.

All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Interest income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.



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m. Leases

The determination of whether an arrangement is 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.

Company as a lessee

Leases of assets under which the lessor effectively retains all the risks and rewards of ownership are classified as operating leases. Operating lease payments are recognized as an expense in the statement of profit and loss on a straight-line basis over the lease term except where escalation in payments are structured to increase in line with expected general inflation.

IRU taken for dark fiber, duct and embedded electronics are treated as finance lease (purchase of intangible assets), where the IRU term substantially covers the estimated economic useful life of the asset and the routes are explicitly identified in the agreement. The cases where the estimated economic useful life does not significantly represent the life of the asset, the IRU is treated as operating lease provided the routes are explicitly identified.

Company as a lessor

Assets where the Company effectively retains all the risks and rewards of ownership are recognized as operating leases and are disclosed under property, plant and equipment. Lease income is recognized in the statement of profit and loss on a straight-line basis over the lease term except where escalation in payments are structured to increase in line with expected general inflation. Costs, including depreciation are recognized as an expense in the statement of profit and loss. Initial direct costs such as legal costs, brokerage costs, etc. are added to the carrying amount of the leased asset and recognised over the lease term.

IRU granted for dark fiber, duct and embedded electronics are treated as finance lease (sale of intangible assets), where the IRU term substantially covers the estimated economic useful life of the asset and the routes are explicitly identified in the agreement. The cases where the IRU term does not significantly represent the estimated useful life of the asset, the IRU is treated as operating lease.

n. Inventories

Inventories are valued at the lower of cost and net realizable value. Cost is determined on a weighted average basis and includes all applicable overheads in bringing the inventories to their present location and condition.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs to make the sale.

o. Trade Receivables:

Trade Receivables are recognized initially at fair value and subsequently measured at amortised cost using the effective interest method less provision for impairment.

p. Trade and Other Payables:

These amounts represent liabilities for goods and services provided to the company prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognized at their fair value and subsequently measured at amortised cost using the effective interest method.



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q. Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The expense relating to a provision is presented in the statement of profit and loss net of any reimbursement.

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.

Asset Retirement Obligation ("ARO") is provided for arrangements where the Company has a binding obligation to restore the said location/premises at the end of the period in a condition similar to inception of the arrangement. The restoration and decommissioning costs are provided at the present value of expected costs to settle the obligation using estimated cash flows and are recognised as part of the cost of the particular asset. The cash flows are discounted at a current pre-tax rate that reflects the risks specific to the decommissioning liability. The unwinding of the discount is expensed as incurred and recognised in the statement of profit and loss as a finance cost. The estimated future costs of decommissioning are reviewed annually and adjusted as appropriate. Changes in the estimated future costs or in the discount rate applied are added to or deducted from the cost of the asset.

r. Retirement benefits

The Company has schemes of retirement benefits for provident fund and gratuity

- (i) Provident fund with respect to employees covered with the Government administered fund is a defined contribution scheme. The contributions to the government administered fund are charged to the statement of profit and loss for the year when the contributions are due for the year as and when employee renders services. Also, the Company makes contributions to the Tata Teleservices Provident Fund Trust which is treated as defined benefit plan. The Company has an obligation to make good the shortfall, if any, between the return from the investments of the trust and the notified interest rate. The shortfall/excess between the present value of fund assets and the present value of the obligation are determined based on actuarial valuation obtained at the end of each year as per the Projected Unit Credit Method and accounted accordingly.
- (ii) Gratuity liability as per the Gratuity Act, 1972 and The Payment of Gratuity (Amendment) Act, 2010, is defined benefit plan and is provided for on the basis of an actuarial valuation made at the end of each year as per the Projected Unit Credit Method. The contribution towards gratuity is made to Life Insurance Corporation of India ('LIC') and Tata AIA Life Insurance Company Limited.

Remeasurements, comprising of actuarial gains and losses 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 charge or credit to other comprehensive income in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Company recognises the following changes in the net defined benefit obligation as an expense in the statement of profit and loss:

- Service costs comprising current service costs; and
- Net interest expense or income

Actuarial gains/losses are immediately taken to the statement of Other Comprehensive Income and are not deferred.

Compensated absences

Liability for compensated absences is in accordance with the rules of the Company. Short term compensated absences are provided based on estimates. Long term compensated absences are provided based on actuarial valuation obtained at the end of each year as per the Projected Unit Credit Method.



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s. 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.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

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

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

Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

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

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

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

t. Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

i) Financial assets

Initial recognition and measurement

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit and loss are expensed in profit or loss.



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Subsequent measurement

For purposes of subsequent measurement financial assets are classified in two broad categories:

- Financial assets at fair value
- Financial assets at amortized cost

Where assets are measured at fair value, gains and losses are either recognised in the statement of profit and loss (i.e. fair value through profit or loss), or recognised in other comprehensive income (i.e. fair value through other comprehensive income).

A financial asset that meets the following two conditions is measured at amortized cost (net of any write down for impairment) unless the asset is designated at fair value through profit or loss under the fair value option

- Business model test

The objective of the Company's business model is to hold the financial asset to collect the contractual cash flows (rather than to sell the instrument prior to its contractual maturity to realize its fair value changes).

- Cash flow characteristics test

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.

A financial asset that meets the following two conditions is measured at Fair Value through Other Comprehensive Income unless the asset is designated at Fair Value through Profit or Loss under the fair value option

- Business model test

The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets

- Cash flow characteristics test

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.

Even if an instrument meets the two requirements to be measured at amortized cost or fair value through other comprehensive income, a financial asset is measured at fair value through profit or loss if doing so eliminates or significantly reduces a measurement or recognition inconsistency (sometimes referred to as an 'accounting mismatch') that would otherwise arise from measuring assets or liabilities or recognizing the gains and losses on them on different bases.

All other financial asset is measured at fair value through profit or loss.

All equity investments, other than investments in subsidiaries, associates and joint ventures, are measured at fair value in the balance sheet, with changes in the value recognised in the statement of profit and loss, except for those equity investments for which the entity has elected to present changes in the values in 'other comprehensive income'.

If an equity investment is not held for trading, an irrevocable election is made at initial recognition to measure it at fair value through other comprehensive income with only dividend income recognised in the statement of profit and loss. Once the selection is made, there will be no recycling of the amount from other comprehensive income to statement of profit & loss.



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Derecognition

A financial asset is derecognised only when

- The company has transferred the rights to receive cash flows from the financial asset or
- Retains the contractual rights to receive the cash flows of the financial assets, but assumes a contractual obligation to pay the cash flows to one or more recipients.

Where the entity has transferred an asset, the Company evaluates whether it has transferred substantially all risks and rewards of ownership of the financial assets. In such cases, the financial asset is derecognised. Where the entity has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not derecognised.

Where the entity has neither transferred a financial asset nor retains substantially all risks and rewards of ownership of the financial asset, the financial asset is derecognised if the company has not retained control of the financial asset. Where the company retains the control of the financial asset, the asset is continued to be recognised to the extent of continuing involvement in the financial asset.

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 (FVTOCI);

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); or
- full lifetime expected credit losses (expected credit losses that result from all possible default events over the life of the financial instrument).

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

- Trade receivables; and
- All lease receivables

Under the simplified approach, the Company does not track changes in credit risk. Rather, it recognizes impairment loss allowance based on lifetime ECL's 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 analyzed.

For recognition of impairment loss on other financial assets and risk exposure, the Company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the Company reverts to recognising impairment loss allowance based on 12-month ECL.

For assessing increase in credit risk and impairment loss, the Company combines financial instruments on the basis of shared credit risk characteristics with the objective of facilitating an analysis that is designed to enable significant increases in credit risk to be identified on a timely basis.

ii) Financial liabilities

Initial recognition and measurement

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.



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Subsequent measurement

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

- Financial liabilities at amortised cost
- Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the statement of profit and loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied.

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognised in the statement of profit and loss when the liabilities are derecognized.

Amortised cost is calculated by taking into account any discount or premium on draw down and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss.

Preference shares, which are mandatorily redeemable on a specific date, are classified as liabilities. The dividends on these preference shares are recognised in profit or loss as finance costs.

The fair value of the liability portion of an Optionally Convertible Non-Cumulative Preference Shares/ Debentures is determined using a market interest rate for an equivalent non-convertible bonds. This amount is recorded as a liability on an amortised cost basis until extinguished on conversion or redemption of the bonds. The remainder of the proceeds is attributable to the equity portion of the compound instrument. This is recognised and included in shareholders' equity, net of income tax effects, and not subsequently remeasured.

A Compulsory Convertible Non-Cumulative Preference Shares (CCPS) is a financial instrument that contains both a financial liability component and an equity component. CCPS also contain a hybrid element which may be an embedded derivative. On the issue of the CCPS, the Group fair values the financial liability and embedded derivative components and account for each separately at their fair values. The difference between the transaction price and the fair values is accounted as equity. Subsequently, the financial liability component is recognized at amortized cost while the embedded derivative is recognized at fair value through profit or loss.

Financial guarantee contracts

Financial guarantee contracts issued by the Company are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value. Subsequently, the liability is measured at the higher of the amount of loss allowance determined as per impairment requirements of Ind AS 109 and the amount recognised less cumulative amortisation.

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 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.



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iii) 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.

iv) Derivative financial instruments and hedge accounting

The company enters into derivative contracts to hedge foreign currency/price risk on unexecuted firm commitments and highly probable forecast transactions. 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.

Any gains or losses arising from changes in the fair value of derivatives are taken directly to statement of profit and loss, except for the effective portion of cash flow hedges, which is recognised in other comprehensive income and presented as a separate component of equity which is later reclassified to statement of profit and loss when the hedge item affects profit or loss.

The effective portion of the gain or loss on the hedging instrument is recognised in OCI in the cash flow hedge reserve, while any ineffective portion is recognised immediately in the statement of profit and loss.

If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover (as part of the hedging strategy), or if its designation as a hedge is revoked, or when the hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss previously recognised in OCI remains separately in equity until the forecast transaction occurs or the foreign currency firm commitment is met.

The Company classifies a hedge as cash flow hedge when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognized firm commitment.

u. Non-current assets (or disposal group) held for sale/distribution and discontinued operation

Non-current assets (or disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less cost to sell, except for assets such as deferred tax assets, assets arising from employee benefit, financial assets and contractual right under insurance contract which are specifically exempt from this requirement.

An impairment loss is recognized for any initial or subsequent write-down of the asset (or disposal group) to fair value less costs to sell. A gain is recognized for any subsequent increase in fair value less costs to sell of an asset (or disposal group), but not in excess of the cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of a noncurrent asset (or disposal group) is recognised at the date of derecognition.

Non-current assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised.

Non-current assets classified as held for sale and the assets of a disposal group classified as held for sale are presented separately from the other assets in the balance sheet. The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the balance sheet.

A discontinued operation is a component (CGU or group of CGU) of the entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately in the statement of profit and loss.



TATA TELESERVICES LIMITED

**NOTES TO THE STANDALONE IND AS FINANCIAL STATEMENTS AS AT AND FOR
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(All amounts in Rupees Crores unless stated otherwise)

v. Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to insignificant risk of changes in value. For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Company's cash management.

w. Loss per share

Basic loss per share is calculated by dividing the net loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.

For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

x. Segment reporting

The Company's chief operating decision makers look at the financials and the Company as a whole without segregating into any components for the purpose of allocating resources and assessing performance. Accordingly, the Company has not identified any operating segments to be reported.

y. Measurement of Earnings Before Interest, Tax, Depreciation and Amortization (EBITDA)

The Company has elected to present earnings before finance cost, finance income, profit on sale of current investments, exceptional items and depreciation and amortization (EBITDA) as a separate line item on the face of the statement of profit and loss. The Company measures EBITDA on the basis of profit/ (loss) from continuing operations.

z. Contingent Liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but, discloses its existence in the financial statements.

aa. Onerous Contracts

An onerous contract is a contract in which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it.

bb. Exceptional Items

When items of income or expense are of such nature, size and incidence that their disclosure is necessary to explain the performance of the Company for the year, the company makes a disclosure of the nature and amount of such items separately under the head "exceptional items."

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TATA TELESERVICES LIMITED
NOTES TO THE STANDALONE IND AS FINANCIAL STATEMENTS AS AT AND FOR
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(All amounts in Rupees Crores unless stated otherwise)

2.3 Summary of 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.

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:

i) Impairment of Property, Plant and Equipment

An impairment exists when the carrying value of an asset or cash generating unit ('CGU') exceeds its recoverable amount. Recoverable amount is the higher of its fair value less costs to sell and its value in use. The value in use calculation is based on a discounted cash flow model. In calculating the value in use, certain assumptions are required to be made in respect of highly uncertain matters, including management's expectations of growth in EBITDA, long term growth rates; and the selection of discount rates to reflect the risks involved. The Company has recorded impairment loss in the value of assets relating to consumer mobile business based on fair value less cost of disposal. Also, Judgement is involved in determining the CGU and impairment testing. The value is dependent on Enterprise-Value-To-Revenue Multiple of listed comparable companies and available transactions, based on business of Company and thereafter adjusted the selected multiples based on size, growth, profitability and the circle in which Company operates.

ii) Useful lives of property, plant and equipment

The Company reviews the useful life of property, plant and equipment at the end of each reporting period. This reassessment may result in change in depreciation expense in future periods.

iii) Allowance for uncollectible trade receivables

Trade receivables do not carry any interest and are stated at their nominal value as reduced by provision for impairment. 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. Individual trade receivables are written off when management deems them not to be collectible.

iv) Contingent Liabilities and provisions

The contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company. The Company evaluates the obligation through Probable, Possible or Remote model ('PPR'). In making the evaluation for PPR, the Company take into consideration the industry perspective, legal and technical view, availability of documentation/agreements, interpretation of the matter, independent opinion from professionals (specific matters) etc. which can vary based on subsequent events. The Company provides the liability in the books for probable cases, while possible cases are shown as Contingent Liability. The remote cases are not disclosed in the financial statements.



TATA TELESERVICES LIMITED
NOTES TO THE STANDALONE IND AS FINANCIAL STATEMENTS AS AT AND FOR
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(All amounts in Rupees Crores unless stated otherwise)

v) Provision for foreseeable loss on long term contracts

Provision for foreseeable losses on long term contracts is primarily on account of various contracts with vendors which became onerous due to pre-closure. An onerous contract is a contract in which the unavoidable costs of meeting the obligations under the contract exceed the economic benefit expected to be received under it.

vi) Going concern

The Company prepares the financial statements on a Going Concern basis assuming the cash flows generation from the continuation of operations, cash flows from financing activities, outflow for capital expenditure and the repayment obligations of debt and interest for the next twelve months. In calculating the cash flow generation from the business, certain assumptions are required to be made in respect of highly uncertain matters, including management's expectations of earnings, interest cost and capex outflow to reflect the risks involved. The Company also make certain assumptions regarding the continuation of credit from lenders.

vii) Defined benefit plans (gratuity benefits)

The cost of the defined benefit gratuity plan and the present value of the gratuity obligation 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.

viii) Fair value measurement and valuation

Some of Company's assets and liabilities are measured at fair value for financial reporting purposes. In estimating the fair value of an asset and liabilities, the Company uses market – observable data to the extent it is available. Where Level 1 inputs are not available, the Company engaged third party qualified valuers to perform the valuation.

Information about the valuation techniques and inputs used in determining the fair value of various assets and liabilities are disclosed in note 2.2(s).



TATA TELESERVICES LIMITED
NOTES TO THE STANDALONE IND AS FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2018
(All amounts in Rupees Crores unless stated otherwise)
3 Property, plant and equipment (PPE)

Asset Group	Gross Block				
	As at March 31, 2017	Addition during the year	Disposal / Adjustment	Other Adjustments (assets held for sale)	As at March 31, 2018
Freehold land	282.66	1.06	-	-	283.72
Buildings	81.50	1.89	-	-	83.39
Plant and equipments	7,196.78	140.86	(266.14)	(2,579.45)	4,492.05
Furniture and Fixtures	22.24	-	(13.87)	-	8.37
Vehicles	0.02	-	-	-	0.02
Leashold Improvements	91.63	0.12	(22.39)	-	69.36
Total	7,674.83	143.93	(302.40)	(2,579.45)	4,936.91

Asset Group	Accumulated Depreciation					Net Block	
	As at March 31, 2017	Addition during the year	Provision for Impairment	Disposal / Adjustment	Other Adjustments (assets held for sale)	As at March 31, 2018	As at March 31, 2018
Freehold land	-	-	-	-	-	-	283.72
Buildings	5.63	1.67	-	-	-	7.30	76.09
Plant and equipments	2,094.38	684.63	2,172.24	(259.86)	(2,075.84)	2,615.55	1,876.50
Furniture and Fixtures	15.20	5.87	-	(13.87)	-	7.20	1.17
Vehicles	0.01	-	-	-	-	0.01	0.01
Leashold Improvements	37.23	21.47	-	(22.39)	-	36.31	33.05
Total	2,152.45	713.64	2,172.24	(296.12)	(2,075.84)	2,666.37	2,270.54

Asset Group	Gross Block			
	As at April 1, 2016	Addition during the year	Disposal / Adjustment	As at March 31, 2017
Freehold land	282.66	-	-	282.66
Buildings	76.85	0.46	4.19	81.50
Plant and equipments	7,019.15	253.77	(76.14)	7,196.78
Furniture and Fixtures	22.82	0.02	(0.60)	22.24
Vehicles	0.02	-	-	0.02
Leashold Improvements	99.64	0.71	(8.72)	91.63
Total	7,501.14	254.96	(81.27)	7,674.83

Asset Group	Accumulated Depreciation				Net Block	
	As at April 1, 2016	Addition during the year	Disposal / Adjustment	As at March 31, 2017	As at March 31, 2017	
Freehold land	-	-	-	-	282.66	
Buildings	1.43	1.45	2.75	5.63	75.87	
Plant and equipments	1,096.75	1,059.36	(61.73)	2,094.38	5,102.40	
Furniture and Fixtures	8.53	7.23	(0.56)	15.20	7.04	
Vehicles	0.01	-	-	0.01	0.01	
Leashold Improvements	23.48	20.31	(6.56)	37.23	54.40	
Total	1,130.20	1,088.35	(66.10)	2,152.45	5,522.38	


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TATA TELESERVICES LIMITED
NOTES TO THE STANDALONE IND AS FINANCIAL STATEMENTS AS AT AND FOR
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(All amounts in Rupees Crores unless stated otherwise)

- a) Addition to PPE includes gain of Rs. 16.50 crores (March 31, 2017: gain of Rs 43.45 crores) towards exchange differences as per accounting policy [refer note 2.2.(c)]
- b) Leasehold improvements includes those given on lease :
 • Gross Block Rs 1.53 crores (March 31, 2017 – Rs 1.88 crores)
 • Depreciation charge for the year Rs 0.11 crores (March 31, 2017 – Rs 0.16 crores)
 • Accumulated Depreciation Rs 1.33 crores (March 31, 2017 – Rs 1.48 crores)
 • Net block Rs 0.20 crores (March 31, 2017 – Rs 0.40 crores).
- c) During the year the Company has provided Rs. 2,172.24 crores towards impairment loss on its Consumer Mobile Business (CMB) assets, based on assessment of its recoverable value. This has been included as an exceptional item in the statement of profit and loss [Refer Note 33(b)].
- d) For details of assets pledged refer note 17.

4 Capital Work in Progress

Asset Group	As at March 31, 2018	As at March 31, 2017
Assets under construction	9.42	18.73
Other capital inventory	48.70	55.23
Total	58.12	73.96

The Company has provided Rs. 10.05 crores towards impairment loss on its Consumer Mobile Business (CMB) assets, based on assessment of its recoverable value. This has been included as an exceptional item in the statement of profit and loss [Refer Note 33(b)].

5 Investment property

Asset Group	Gross Block			
	As at March 31, 2017	Addition during the year	Disposal / Adjustment	As at March 31, 2018
Building	142.09		-	142.09
Total	142.09	-	-	142.09

Asset Group	Accumulated Depreciation			Net Block	
	As at March 31, 2017	Addition during the year	Disposal / Adjustment	As at March 31, 2018	As at March 31, 2018
Building	6.86	3.05	-	9.91	132.18
Total	6.86	3.05	-	9.91	132.18



TATA TELESERVICES LIMITED
NOTES TO THE STANDALONE IND AS FINANCIAL STATEMENTS AS AT AND FOR
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(All amounts in Rupees Crores unless stated otherwise)

Asset Group	Gross Block			
	As at April 1, 2016	Addition during the year	Disposal / Adjustment	As at March 31, 2017
Building	142.09	-	-	142.09
Total	142.09	-	-	142.09

Asset Group	Accumulated Depreciation				Net Block
	As at April 1, 2016	Addition during the year	Disposal / Adjustment	As at March 31, 2017	As at March 31, 2017
Building	3.81	3.05	-	6.86	135.23
Total	3.81	3.05	-	6.86	135.23

March 31, 2018 March 31, 2017

Rental income derived from investment properties	10.05	9.38
Direct operating expenses (including repairs and maintenance) generating rental income	(0.42)	(0.92)
Direct operating expenses (including repairs and maintenance) that did not generate rental income	-	(0.15)
Profit arising from investment properties before depreciation and indirect expenses	9.63	8.31
Less : Depreciation	(3.05)	(3.05)
Profit arising from investment properties before indirect expenses	6.58	5.26

The fair value of investment property as on March 31, 2018 is Rs. 157.51 crores (March 31, 2017- Rs. 153.38 crores). The property is valued by a certified valuer. All resulting fair value estimate for investment property are included in level 3.

6 Intangible assets

Asset Group	Gross Block				
	As at March 31, 2017	Addition during the year	Disposal / Adjustment	Other Adjustments (assets held for sale)	As at March 31, 2018
Indefeasible Right to Use (IRU)	483.55	-	-	-	483.55
License Entry fees/spectrum fees	13,058.13	582.96	-	13,641.09	
Total	13,541.68	582.96	-	13,641.09	483.55

Asset Group	Accumulated Amortisation					Net Block	
	As at March 31, 2017	Addition during the year	Provision for Impairment	Disposal / Adjustment	Other Adjustments (assets held for sale)	As at March 31, 2018	As at March 31, 2018
Indefeasible Right to Use (IRU)	299.06	29.33	-	-	-	328.39	155.16
License Entry fees/spectrum fees	5,348.07	339.99	6,476.33	-	12,164.39	-	-
Total	5,647.13	369.32	6,476.33	-	12,164.39	328.39	155.16



TATA TELESERVICES LIMITED**NOTES TO THE STANDALONE IND AS FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2018***(All amounts in Rupees Crores unless stated otherwise)*

Asset Group	Gross Block			
	As at April 1, 2016	Addition during the year	Disposal / Adjustment	As at March 31, 2017
Indefeasible Right to Use (IRU)	482.19	1.36	-	483.55
License Entry fees/spectrum fees	11,877.02	1,181.11	-	13,058.13
Total	12,359.21	1,182.47	-	13,541.68

Asset Group	Accumulated Amortisation					Net Block
	As at April 1, 2016	Addition during the year	Provision for Impairment	Disposal / Adjustment	As at March 31, 2017	As at March 31, 2017
Indefeasible Right to Use (IRU)	269.72	29.34	-	-	299.06	184.49
License Entry fees/spectrum fees	3,317.82	729.77	1,300.48	-	5,348.07	7,710.06
Total	3,587.54	759.11	1,300.48	-	5,647.13	7,894.55

- a) Addition to intangible assets includes gain of Rs 1.70 crores (March 31, 2017: loss of Rs 28.76 crores) towards exchange differences as per accounting policy [Refer Note 2.2.(c)].
- b) During the year ended March 31, 2017, the Company has provided for impairment of Rs 1,300.48 crores with respect to fees paid for not in use and un-allocated spectrum, based on management assessment which was included as an exceptional item in the statement of profit and loss.
- c) During the year, the Company has provided for impairment of Rs. 6,476.33 crores towards impairment loss on its Consumer Mobile Business (CMB) assets, based on assessment of its recoverable value. This has been included as an exceptional item in the statement of profit and loss [Refer Note 33(b)].



TATA TELESERVICES LIMITED
NOTES TO THE STANDALONE IND AS FINANCIAL STATEMENTS AS AT AND FOR
THE YEAR ENDED MARCH 31, 2018

(All amounts in Rupees Crores unless stated otherwise)

7 Investment in associates, joint venture and subsidiaries

	As at March 31, 2018	As at March 31, 2017
Investments in Equity Instruments		
a) Subsidiaries (Nos in crores)		
Tata Internet Services Limited [refer note 1.3]	-	-
Mobi Wallet Payment Systems Limited (MMP) (Unquoted) 7.1 (March 31, 2017 – 7.1) Equity Shares of Rs 10 each fully paid up Less: Provision for diminution [refer note (a) below]	71.00 (71.00)	71.00 (71.00)
NVS Technologies Limited (NVS) (Unquoted) 0.01 (March 31, 2017 – 0.01) Equity Shares of Rs. 10 each fully paid up [refer note (b) below]	0.10	0.10
TTL Mobile Private Limited (TTL Mobile) (formerly Virgin Mobile India Private Limited) (Unquoted) 46.01 (March 31, 2017 – NIL) Equity Shares of Rs 10 each fully paid up Less: Provision for diminution [refer note (c) below]	230.08 (230.06)	- -
Total (a)	<u>0.10</u>	<u>0.10</u>
b) Joint Ventures (Nos in crores)		
TTL Mobile Private Limited (TTL Mobile) (formerly Virgin Mobile India Private Limited) (Unquoted) NIL (March 31, 2017 – 23.01) Equity Shares of Rs 10 each fully paid up Less: Provision for diminution [refer note (c) below]	- -	230.08 (230.06)
Total (b)	<u>-</u>	<u>-</u>
c) Associates (Nos in crores)		
ATC Telecom Infrastructure Pvt Limited (Unquoted) 21.76 (March 31, 2017 – 21.76) Equity Shares of Rs 10 each fully paid up [refer note (d) below]	4,526.40	4,526.40
Tata Teleservices (Maharashtra) Limited (TTML) (Quoted) 94.42 (March 31, 2017 – 71.43) Equity Shares of Rs 10 each fully paid up [refer note (e) below] Add: Fair value adjustment of Redeemable preference share Add: Fair value adjustment of ICD Less: Provision for diminution	2,042.18 366.43 658.35 (2,542.94)	2,035.81 366.43 - (1,557.22)
Total (c)	<u>5,050.42</u>	<u>5,371.42</u>
Total (a+b+c)	<u><u>5,050.52</u></u>	<u><u>5,371.52</u></u>
Aggregate value of Quoted Investment - at cost	2,042.18	2,035.81
Aggregate value of Quoted Investment - at market value	524.02	845.01
Aggregate value of Unquoted Investment - at cost	4,827.56	4,827.56
Aggregate provision for diminution in value of investment.	(2,844.00)	(1,858.28)



TATA TELESERVICES LIMITED**NOTES TO THE STANDALONE IND AS FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2018**

(All amounts in Rupees Crores unless stated otherwise)

Subsidiaries**a) MMP Mobi Wallet Payment Systems Limited ('MMP')**

MMP has been promoted by the Company to provide mobile commerce and related services on pan India basis. MMP was incorporated on July 13, 2010 as a limited company under Companies Act, 1956. MMP received approval from Reserve Bank of India in December 2011 to operate payment system in India and started its operations from June 29, 2012. During the year, MMP had applied and obtained approval from RBI on March 27, 2018 for voluntary surrender of the Certification of Authorisation, post which MMP has discontinued its operations.

As at March 31, 2018, the Company's investment is Rs 71 crores (March 31, 2017 – Rs 71 crores). and TTSL holds 100 percent stake (March 31, 2017- 100 percent) in the equity share capital of MMP.

Basis the review of MMP's future plans and overall cash flow situation the company had provided for diminution of its investments to the extent of Rs. 71 crores during the year ended March 31, 2017. Therefore the carrying value of the investment as at March 31, 2018 is Rs Nil (March 31, 2017 - Nil).

b) NVS Technologies Limited (NVS)

NVS has been incorporated on September 12, 2014. NVS would primarily focus on the areas of Mobile Advertising (mAdvertising), Mobile Education (mEducation), Mobile Health (mHealth), Mobile tracking (mNavigation), Mobile Digital Properties in promising products and services with the developer community. It has not started operations at the year end.

As at March 31, 2018, the Company has invested Rs 0.10 crores as equity share capital (0.01 crores equity shares of Rs 10 each) of NVS (March 31, 2017 – Rs 0.10 crores). As at March 31, 2018 TTSL holds 99.99 percent stake (March 31, 2017 – 99.99 percent) in the equity share capital of NVS.

c) TTL Mobile Private Limited (TTL Mobile) (formerly Virgin Mobile India Private Limited)

As at March 31, 2017, the company held 50 per cent interest in the assets, liabilities, expenses and revenues of TTL Mobile and therefore TTL Mobile was treated as a joint venture. During the year, the company purchased 23.01 crores equity shares of TTL Mobile from Virgin Investments Mauritius Ltd for 1 GBP (equivalent INR 85) increasing its stake to 100 percent in the entity share capital of TTL mobile.

As at March 31, 2018, the company's investment is Rs. 230.06 crores (March 31 2017- Rs 230.06 crores). The net worth of TTL Mobile is fully eroded.

Basis the review of TTL Mobile's future plans and overall cash flow situation the company has provided for diminution of its investments to the extent of Rs. 230.06 crores. Therefore the carrying value of the investment as at March 31, 2018 is Rs Nil (March 31, 2017 - Nil).

Associates**d) ATC Telecom Infrastructure Private Limited ('ATC') (erstwhile VIOM Networks Limited ('VIOM'))**

The Company has opted to measure the fair value of its investments in ATC as at the date of transition to Ind AS, as its deemed cost, in accordance with Ind AS 101. During the year ended March 31, 2017, the Company has sold 20% holding i.e. 13 crores equity share capital in ATC (erstwhile VIOM) to ATC Asia Pacific Pte Limited, Singapore for Rs 2,807.96 crores at a profit of Rs 104.28 crores.

As at March 31, 2018, the cost of the Company's investment is Rs 4,526.40 crores (March 31, 2017 – Rs 4,526.40 crores) representing 32.86 percent stake (March 31, 2017 – 32.86 percent) in equity share capital of ATC.

Based on management's assessment, there is no impairment in the carrying value of the investment.



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TATA TELESERVICES LIMITED
NOTES TO THE STANDALONE IND AS FINANCIAL STATEMENTS AS AT AND FOR
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(All amounts in Rupees Crores unless stated otherwise)

e) *Tata Teleservices (Maharashtra) Limited ('TTML')*

The Company holds 94.42 crores equity shares (March 31, 2017 – 71.43 crores) representing 48.30 per cent of the paid-up equity share capital of TTML (March 31, 2017 – 36.54 percent).

Pursuant to the Scheme of Arrangement and Restructuring during the year ended March 31, 2009 approved by Hon'ble High Court of Delhi, the investments in TTML were revalued at Rs 28.50/- per share.

On February 21, 2018, the company purchased 22.99 crores Equity shares of Rs. 10 each of TTML for Rs. 0.2776 each.

The Company has re-assessed the carrying value in its investment in TTML and has provided for impairment in the value of its investment of Rs 985.72 crores (March 31, 2017 – 207.15 crores). The impairment is disclosed as exceptional items in the statement of profit and loss and the carrying value of the investment as at March 31, 2018 is reduced to Rs 524.02 crores (March 31, 2017 - Rs 845.01 crores).

During the previous year, the company had pledged 26 percent stake of the total outstanding equity share capital of TTML to the lenders of TTML against the loans taken by it. As at 31st March 2018, except for an outstanding loan of Rs 44 crores, all other term loans on which share pledge was provided has been prepaid, and most of such lenders have given their no dues certificate. Such loans have been prepaid during April 2018.

8. Investments

	As at March 31, 2018	As at March 31, 2017
Non - Current Investments (Investment at fair value through profit and loss)[refer note 41]		
Andhra Pradesh Gas Power Corporation Limited (Unquoted) 0.03 (March 31, 2017 – 0.03) Equity Shares of Rs 10 each fully paid up	4.06	4.06
Renew Wind Energy (Karnataka) Private Limited (Unquoted) 0.0005 (March 31, 2017 – 0.0005) Equity Shares of Rs 100 each fully paid up	0.05	0.05
Green Infra Wind Farms Limited (Unquoted) 0.003 (March 31, 2017 – 0.003) Equity Shares of Rs 10 each fully paid up	0.03	0.03
	<u>4.14</u>	<u>4.14</u>
Non - Current Investments (Investment at amortised cost)		
Preference Shares in TTML (Unquoted) 20.18 (March 31, 2017 – 20.18) 0.1% Non Cumulative Redeemable Preference shares of Rs 100 each fully paid up [refer note (d) below]	-	1,731.93
	<u>-</u>	<u>1,731.93</u>
	<u>4.14</u>	<u>1,736.07</u>
	As at March 31, 2018	As at March 31, 2017
Current Investments (Investment at fair value through profit and loss) [refer note 41]		
Investment in mutual funds (Quoted)	250.38	2,198.30
Current Investments (Investment at amortised cost)		
Preference Shares in TTML (Unquoted) 20.18 (March 31, 2017 – 20.18) 0.1% Non Cumulative Redeemable Preference shares of Rs 100 each fully paid up [refer note (d) below]	1,922.79	-
Less: Provision for diminution	(1,922.79)	-
	<u>-</u>	<u>-</u>
	<u>250.38</u>	<u>2,198.30</u>
Aggregate book value of quoted investment - at cost	250.00	2,192.91
Aggregate value of Quoted Investment - at market value	250.38	2,198.30
Aggregate value of Unquoted Investment - at cost	1,922.79	-
Aggregate provision for diminution in value of investment	(1,922.79)	-



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TATA TELESERVICES LIMITED
NOTES TO THE STANDALONE IND AS FINANCIAL STATEMENTS AS AT AND FOR
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Mutual funds	March 31, 2018		March 31, 2017	
	Units (in crores)	Rs. Crores	Units (in crores)	Rs. Crores
Axis Liquid Fund - Direct Plan - Growth	-	-	0.01	25.12
HDFC Liquid Fund-Direct plan - Growth	-	-	0.17	549.52
ICICI Liquid Plan-Direct Plan - Growth	-	-	0.22	49.55
IDFC Cash Fund- Direct Plan - Growth	-	-	0.02	30.12
Kotak Floater short term- Direct Plan - Growth	-	-	0.05	121.53
L & T Liquid Plan-Direct Plan - Growth	-	-	0.03	61.56
SBI Premier Liquid Fund - Direct Plan - Growth	0.04	100.17	0.12	313.52
Sundaram Money Fund - Direct Plan - Growth	-	-	0.29	10.00
Tata Liquid Fund - Direct Plan - Growth	0.05	150.21	-	-
Tata Money Market Fund - Direct Plan - Growth	-	-	0.39	1,000.98
UTI Money Market - Institutional Plan - Growth	-	-	0.01	12.70
HDFC Liquid Fund- Direct Plan Growth	-	-	0.01	23.70
Total	0.09	250.38	1.32	2,198.30

- a) The investment in Andhra Pradesh Gas Power Corporation Limited (APGPCL) entitles the Company to tariff benefit on 1 MW of power drawn from APGPCL.
- b) The investment in Green Infra Wind Farms Limited (GIWFL) entitles the Company to tariff benefit on power drawn from GIWFL.
- c) The investment in Renew Wind Energy (Karnataka) Private Limited (RWEPL) entitles the Company to procure 2.4 MW of power for its own use.
- d) As per Ind AS 32, the RPS has been considered as interest free loan and accordingly, the Company has recognized Rs 1,922.79 crores (March 31, 2017 – Rs 1,731.93 crores) as investment in RPS and Rs 366.43 crores (March 31, 2017 – Rs 366.43 crores) as investment in equity. The Company has recognized income of Rs 190.86 crores (March 31, 2017 – Rs 80.35 crores) as interest income on the RPS, for the year. The Company has made a provision of Rs. 1,922.79 crores (March 31, 2017- Nil) for impairment of investment in RPS.

9. Trade Receivable

	As at March 31, 2018	As at March 31, 2017
Unsecured, considered good	271.95	483.45
Unsecured, considered doubtful	450.43	788.60
Less: Allowance for doubtful receivables	(450.43)	(788.60)
	<u>271.95</u>	<u>483.45</u>

No trade or other receivable are due from directors or other officers of the company either severally or jointly with any other person.

Trade receivables are non-interest bearing and are generally on terms of 18 to 90 days.



TATA TELESERVICES LIMITED
NOTES TO THE STANDALONE IND AS FINANCIAL STATEMENTS AS AT AND FOR
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(All amounts in Rupees Crores unless stated otherwise)

Ageing of Receivables

Particulars	As at March 31, 2018	As at March 31, 2017
Not due	97.33	296.11
0-90 days past due	236.42	164.12
91-180 days past due	91.61	66.18
> 180 days	297.02	745.64
Total	722.38	1,272.05

Movement in expected credit loss allowance

Particulars	As at March 31, 2018	As at March 31, 2017
Balance at the beginning of the year	788.60	751.24
Movement in expected credit loss allowance on trade receivables calculated at lifetime expected credit losses	124.05	37.36
Provision for doubtful debt reversal due to trade receivables written off	(462.22)	-
Balance at the end of the year	450.43	788.60

10. Cash and Cash equivalents

	As at March 31, 2018	As at March 31, 2017
Cash on hand	0.16	1.22
Cheques / demand drafts on hand	11.65	10.28
Balance with Banks:		
in Current Accounts	30.00	64.39
in Fixed Deposit with original maturity less than three months	-	3.00
	41.81	78.89

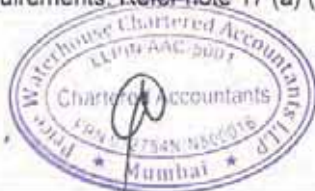
Fixed deposits with banks earn interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods of between seven days and three months, depending on the immediate cash requirements of the Company, and earn interest at the respective short-term deposit rates.

The Company has not pledged any short-term deposits as of March 31, 2018, as against Rs. 220.25 crores as on March 31, 2017, to fulfil collateral requirements.

11. Other Bank Balances

	As at March 31, 2018	As at March 31, 2017
Deposits with original maturity of more than 3 months but less than 12 months	16.91	234.63
Deposits with original maturity more than 12 months	0.11	-
	17.02	234.63

The Company has not pledged any short-term deposits as of March 31, 2018, as against Rs. 220.25 crores as on March 31, 2017, to fulfil collateral requirements. Refer note 17 (a) (ii) for further details.



TATA TELESERVICES LIMITED
NOTES TO THE STANDALONE IND AS FINANCIAL STATEMENTS AS AT AND FOR
THE YEAR ENDED MARCH 31, 2018

(All amounts in Rupees Crores unless stated otherwise)

12. Loans and Advances at amortised cost

	Non current		Current	
	As at March 31, 2018	As at March 31, 2017	As at March 31, 2018	As at March 31, 2017
Unsecured, considered good				
Security deposits	81.08	164.64	88.02	24.93
Unsecured, considered doubtful				
Security deposits	40.60	34.90	-	-
Loans and advances to related party	3,140.68	-	211.20	204.95
Less: Provisions for doubtful advances	(3,181.28)	(34.90)	(211.20)	(204.95)
	81.08	164.64	88.02	24.93

- There are no amounts due by directors of the company or by firms or private companies respectively in which any director is a partner or a director or a member.
- Security deposits represent amount paid for lease of premises and network sites and others.
- During the year the Company has subscribed Inter Corporate Deposits (ICD) to the extent of Rs. 3,700 crores in TTML carrying an interest rate of 0.1% p.a.

The ICD has been considered as interest free loan and accordingly, the Company has recognized Rs 3,041.65 crores as investment in ICD and Rs 658.35 crores as investment in equity. The Company has recognized income of Rs 99.03 crores as interest income on the ICD, for the year. The Company has made a provision of Rs. 3,140.68 crores (March 31, 2017- Nil) for impairment of ICD.

13. Other Assets

	Non current		Current	
	As at March 31, 2018	As at March 31, 2017	As at March 31, 2018	As at March 31, 2017
Unsecured, considered good:				
Capital advances	21.74	30.83	-	-
Prepaid expenses	43.64	95.04	70.54	90.23
Advance to suppliers	-	-	97.89	66.60
Balance with government authorities	0.02	0.02	228.22	107.85
Advance paid under dispute (net of provision)	302.05	306.94	-	-
Unsecured, considered doubtful:				
Capital advances	4.84	4.84	-	-
Advance to suppliers	-	-	36.46	31.33
Balance with government authorities	0.15	0.15	33.94	33.94
Less: Provision for doubtful advances	(4.99)	(4.99)	(70.40)	(65.27)
	367.45	432.83	396.65	264.68

- Advances to suppliers includes interest receivable Rs 1.29 crores (March 31, 2017- Rs 1.11 crores).
- Advance paid under dispute is net of related provision of Rs 1,547.64 crores (March 31, 2017 - Rs 1,498.24 crores)[refer note 36(a)].



TATA TELESERVICES LIMITED
NOTES TO THE STANDALONE IND AS FINANCIAL STATEMENTS AS AT AND FOR
THE YEAR ENDED MARCH 31, 2018

(All amounts in Rupees Crores unless stated otherwise)

14. Inventory (at lower of cost or net realisable value)

	As at March 31, 2018	As at March 31, 2017
Stock in Trade		
Mobile handsets	0.03	1.74
Sim cards	1.37	2.34
	1.40	4.08

As at March 31, 2018, Rs 12.12 crores (March 31, 2017- Rs 12.45 crores) was recognised as an expense for carrying value of inventories to lower of cost or net realizable value.

15. Share Capital

	As at March 31, 2018	As at March 31, 2017
Authorised Share Capital (Nos in crores)		
2,263 (March 31, 2017 - 2,248) Equity Shares of Rs 10 each	22,630.00	22,480.00
1,000 (March 31, 2017 - NIL) Unclassified shares of Rs 10 each *	10,000.00	-
400 (March 31, 2017 - NIL) Unclassified shares of Rs 100 each *	40,000.00	-
63 (March 31, 2017 - 63) Compulsory Convertible Non-Cummulative Preference Shares (CCPS) of Rs 100 each	6,300.00	6,300.00
112.2 (March 31, 2017 - 112.2) preference shares of Rs 100 each	11,220.00	11,220.00
Total Authorised Share Capital	90,150.00	40,000.00
Issued, Subscribed and Fully Paid Equity capital (Nos in crores)		
577.50 (March 31, 2017 - 577.50) Equity Shares of Rs 10 each, fully paid up	5,775.03	5,775.03
	5,775.03	5,775.03

* Unclassified shares are a part of the authorised capital which shall be classified as equity or preference shares at the time of issuance.

a. Details of shareholders holding more than 5% shares in the company

	As at March 31, 2018		As at March 31, 2017	
	No Crores	% holding in the class	No Crores	% holding in the class
Equity shares of Rs 10 each fully paid				
Tata Sons Limited	363.54	62.95%	276.70	47.91%
NTT DoCoMo Inc	-	0.00%	124.90	21.63%
Tata Communication Limited	59.82	10.36%	43.99	7.62%
The Tata Power Company Limited	44.66	7.73%	32.84	5.69%
Aranda Investments (Mauritius) Pte.Limited	30.39	5.26%	30.39	5.26%
Tata Industries Limited	33.85	5.86%	25.72	4.45%



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TATA TELESERVICES LIMITED**NOTES TO THE STANDALONE IND AS FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2018***(All amounts in Rupees Crores unless stated otherwise)*

On April 25, 2014, TTSL and TSL received intimation from DOCOMO, informing DOCOMO's decision to exercise the put option as per SSA. DOCOMO had filed a petition with the Hon'ble Delhi High Court for implementation of the arbitration award (damages along with cost and interest) by the Arbitral Tribunal in London. The Hon'ble Delhi High Court vide its judgment dated April 28, 2017, has allowed the arbitration enforceable in India. DOCOMO has tendered its entire shareholding of 124.90 crores shares in TTSL to TSL and its designated nominees on October 31, 2017 and accordingly, DOCOMO has ceased to hold any shares in TTSL and as a result of which TTSL became a direct subsidiary of TSL.

b. Terms / rights attached to equity shares

The Company has one class of equity shares having a par value of Rs 10 per share. Each holder of equity shares is entitled to one vote per share.

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.

c. Shares held by holding/ultimate holding company and/or their subsidiaries/associates**Equity Shares (All nos in crores)**

	As at March 31, 2018	As at March 31, 2017
Tata Sons Limited, the holding company 363.54 (March 31, 2017- 276.70) Equity shares of Rs 10 each fully paid	3,635.39	2,767.05
Tata Communication Limited, Associate of Tata Sons Limited 59.82 (March 31, 2017 - 43.99) Equity shares of Rs 10 each fully paid	598.21	439.86
The Tata Power Company Limited, Associate of Tata Sons Limited 44.66 (March 31, 2017 - 32.84) Equity shares of Rs 10 each fully paid	446.62	328.40
Tata Industries Limited, Subsidiary of Tata Sons Limited 33.85 (March 31, 2017 - 25.72) Equity shares of Rs 10 each fully paid	338.51	257.19
Tata Steel Limited, Associate of Tata Sons Limited 8.74 (March 31, 2017 - 6.47) Equity shares of Rs 10 each fully paid	87.43	64.69
Tata Capital Financial Services Limited, Subsidiary of Tata Sons Limited 6.23 (March 31, 2017 - 6.23) Equity shares of Rs 10 each fully paid	62.25	62.25
Tata Chemicals Limited, Associate of Tata Sons Limited 0.13 (March 31, 2017 - 0.13) Equity shares of Rs 10 each fully paid	1.29	1.29
Tata Investment Corporation Limited, Subsidiary of Tata Sons Limited 0.57 (March 31, 2017 - 0.57) Equity shares of Rs 10 each fully paid	5.68	5.68
	5,175.38	3,926.41



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TATA TELESERVICES LIMITED
NOTES TO THE STANDALONE IND AS FINANCIAL STATEMENTS AS AT AND FOR
THE YEAR ENDED MARCH 31, 2018

(All amounts in Rupees Crores unless stated otherwise)

16 Other Equity

	As at March 31, 2018	As at March 31, 2017
a) Equity component of Compound Financial Instruments		
Balance as per the last financial statements	733.57	644.74
Add : Issued during the year	4,289.91	463.98
Less : Conversion of CCPS	-	(375.15)
	<u>5,023.48</u>	<u>733.57</u>
b) Securities Premium account		
Balance as per the last financial statements	12,112.48	11,554.57
Add : Securities premium on conversion of CCPS	-	1,417.56
Less : Adjustment on conversion of CCPS	-	(859.65)
Closing Balance	<u>12,112.48</u>	<u>12,112.48</u>
Securities premium reserve is used to record the premium on issue of shares. The reserve is utilised in accordance with the provisions of the Act		
c) (Deficit) in the statement of profit and loss		
Balance as per last financial statements	(30,307.15)	(25,680.55)
Loss for the year	(17,629.79)	(4,626.60)
Net loss in the statement of profit and loss	<u>(47,936.94)</u>	<u>(30,307.15)</u>
d) Items of Other Comprehensive Income:		
Cash Flow Hedge Reserve	-	36.76
Actuarial Gain / (loss) on gratuity	(6.47)	(8.64)
Actuarial Gain / (loss) on provident fund	(0.03)	(0.03)
	<u>(6.50)</u>	<u>28.09</u>
The cash flow hedge reserve represents the cumulative effective portion of gains or losses arising on changes in fair value of designated portion of hedging instruments entered into for cash flow hedges. The cumulative gain or loss arising on changes in fair value of the designated portion of the hedging instruments that are recognised and accumulated under the heading of cash flow hedge reserve will be reclassified to profit or loss only when the hedged transaction affects the profit or loss.		
e) Capital reserve [refer note 1.3]		
Balance as per last financial statement	9.22	9.22
Add:-Addition during the year	-	-
	<u>9.22</u>	<u>9.22</u>
Total Other Equity	<u>(30,798.26)</u>	<u>(17,423.79)</u>



TATA TELESERVICES LIMITED
NOTES TO THE STANDALONE IND AS FINANCIAL STATEMENTS AS AT AND FOR
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(All amounts in Rupees Crores unless stated otherwise)

Terms of conversion/ redemption of Compulsory Convertible Non Cumulative Preference Shares

- (i) On March 31, 2015, the Company issued 10.25 crores Compulsory Convertible Non Cumulative Preference Shares (Series 2 CCPS) to Tata Sons Limited of Rs 100 each. Series 2 CCPS carry a non cumulative right to receive dividend @ 0.1%.

Each Series 2 CCPS shall be converted at the option of the investor at any time after 3 months from the date of allotment of Series 2 CCPS, but not later than 36 months from the date of allotment i.e. March 31, 2018.

On May 28, 2015, the Company has further issued 9.95 crores Series 2 CCPS of Rs 100 each fully paid-up, carrying non-cumulative right to receive dividend @ 0.1% p.a.

Each Series 2 CCPS shall compulsorily be converted into equity share at the option of the investor at any time after 3 months from the date of allotment of Series 2 CCPS but not later than 36 months from the date of allotment i.e. May 28, 2018.

Each Series 2 CCPS shall be compulsorily converted into such number of equity shares at the higher of:-

- I. Fair market value determined as on the date of conversion subject to cap of Rs 19 per equity shares or
- II. Rs 10 per equity share (being the face value of shares)

During the year, based on request from holder of Series 2 CCPS, the period of conversion has been extended upto March 31, 2019, with an option to CCPS holder for conversion at any time after one day notice.

- (ii) On October 19, 2016, the Company issued 22.01 crores Compulsory Convertible Non Cumulative Preference Shares (Series 3 CCPS) to Tata Sons Limited of Rs 100 each. Series 3 CCPS carry a non cumulative right to receive dividend @ 0.1% p.a.

Each Series 3 CCPS shall compulsorily be converted into equity share at the option of the investor at any time after 3 months from the date of allotment of Series 3 CCPS but not later than 36 months from the date of allotment i.e. October 19, 2019.

Each Series 3 CCPS shall be compulsorily converted into such number of equity shares at the higher of:-

- I. Fair market value determined as on the date of conversion of shares or
- II. Rs 10 per equity share (being the face value of equity shares)

- (iii) On April 26, 2017, the Company issued 20.04 crores Compulsory Convertible Non Cumulative Preference Shares (Series 4 CCPS) to Tata Sons Limited of Rs 100 each. Series 4 CCPS carry a non cumulative right to receive dividend @ 0.1% p.a.

Each Series 4 CCPS shall compulsorily be converted into equity share at the option of the investor at any time after 3 months from the date of allotment of Series 4 CCPS but not later than 36 months from the date of allotment i.e. April 26, 2020.

Each Series 4 CCPS shall be compulsorily converted into such number of equity shares at the higher of:-

- I. Fair market value determined as on the date of conversion of shares or
- II. Rs 10 per equity share (being the face value of equity shares)

CCPS (Series 2, Series 3 & Series 4) has been considered as compound financial instrument and has been separated into three components:

- a. the derivative financial asset/liability
- b. the equity component
- c. the debt component



TATA TELESERVICES LIMITED
NOTES TO THE STANDALONE IND AS FINANCIAL STATEMENTS AS AT AND FOR
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(All amounts in Rupees Crores unless stated otherwise)

Basis the above, the value of equity, debt and derivative financial asset of CCPS (Series 2, Series 3 and Series 4) is as follows:

	March 31, 2018	March 31, 2017
Equity Component of CCPS	1,160.34	733.57
Liability Component of CCPS	5,822.60	3,636.47
Derivative financial assets of CCPS	5,633.25	356.28

The interest cost on CCPS is Rs 381.79 crores (March 31, 2017 – Rs 328.51 crores). During the previous year, Rs 2.30 crores out of Rs. 328.51 crores is disclosed under capital advance towards advance paid for spectrum acquired in October 2016 auction. Gain on derivative financial asset for the year is Rs 5,046.98 crores (March 31, 2017 – Rs 818.10 crores).

As at March 31, 2017, the Company had accounted for derivative asset of Rs 356.28 crores on the compulsorily convertible preference shares (CCPS) issued by the Company which was based on the fair market valuation of the Company as at November 18, 2016 instead of March 31, 2017 as the Company was unable to accurately assess the fair market valuation of the Company on that date given the extant volatile industry and market conditions. This was a subject matter of qualification by the Auditors in the standalone Financial Statements for the year ended March 31, 2017.

As at March 31, 2018, the Company has accounted for derivative asset of Rs 5,633.25 crores on the CCPS based on the fair market valuation of the Company as at that date and accounted for the gain on derivative part of CCPS as Rs. 5,046.98 crores in the statement of profit and loss for the year ended March 31, 2018.

It is impracticable for the Company to determine the impact of the above on the opening retained earnings and the profit and loss for the year ended March 31, 2018 separately, as it is not possible for the management to currently derive the fair market value of the Company as of March 31, 2017 based on the circumstances existing on that date.

Terms of conversion/ redemption of Optionally Convertible Non Cumulative Preference Shares

On November 7, 2017, the company issued 23 crores Optionally Convertible Non-Cumulative Preference Shares – Series I ('OCPS') of a face value of Rs. 100 each at par to Tata Sons Limited. These OCPS carry a non cumulative right to receive dividend @ 0.1% p.a.

Each Series I OCPS shall optionally be converted into such number of equity shares at the option of the investor at any time after 3 months from the date of allotment of Series I OCPS but not later than 36 months from the date of allotment i.e. November 7, 2020.

Each Series I OCPS shall be optionally converted into such number of equity shares at the higher of:-

- i. Fair market value determined as on the date of conversion of shares or
- ii. Rs 10 per equity share (being the face value of equity shares)

OCPS (Series I) has been considered as compound financial instrument and has been separated into two components:

- a. the equity component
- b. the debt component

Basis the above, the value of equity and debt of OCPS (Series I) is as follows:

	March 31, 2018	March 31, 2017
Equity Component of OCPS	612.34	-
Liability Component of OCPS	1,756.89	-

The interest cost on OCPS (Series I) for the year is Rs 71.22 crores (March 31, 2017- NIL).



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TATA TELESERVICES LIMITED
NOTES TO THE STANDALONE IND AS FINANCIAL STATEMENTS AS AT AND FOR
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(All amounts in Rupees Crores unless stated otherwise)

17 Borrowings (at amortised cost)

Long term borrowings

	Non - Current		Current	
	As at March 31, 2018	As at March 31, 2017	As at March 31, 2018	As at March 31, 2017
Secured:				
Term Loan				
Indian rupee loan from banks	2,355.39	16,701.89	90.82	1,230.79
Foreign currency loan from banks	-	2,469.19	-	1,588.91
Financial institution	-	1,341.60	-	71.54
	<u>2,355.39</u>	<u>20,512.68</u>	<u>90.82</u>	<u>2,891.24</u>
Unsecured:				
NIL (March 31, 2017 - 5,000) 11.69% Redeemable Non Convertible Debentures – Series III of Rs 10 Lakh each	-	495.15	-	-
NIL (March 31, 2017 - 2,500) 11% Redeemable Non Convertible Debentures – Series IV of Rs 10 Lakh each	-	125.00	-	123.49
1,249,999,997 (March 31, 2017 - Nil) 0.1% Optionally Convertible Debentures - Series II of Rs 100 each	9,509.99	-	-	-
Deferred payment liability for spectrum acquired through auction	3,823.64	3,884.22	460.11	-
Interest accrued but not due on borrowings	-	-	0.08	118.91
Liability component of Compound Financial Instruments	5,700.62	-	1,880.86	3,636.47
	<u>19,034.25</u>	<u>4,504.37</u>	<u>2,341.05</u>	<u>3,878.87</u>
Amount disclosed under the head "Other financial Liabilities" (refer note 19)	-	-	(2,431.87)	(6,770.11)
Less : Liabilities directly associated with assets classified as held for sale	1,984.38	-	-	-
	<u>19,405.26</u>	<u>25,017.05</u>	-	-

Short Term Borrowings

	As at March 31, 2018	As at March 31, 2017
Secured		
Indian rupee loan from banks	-	167.00
Cash Credit	44.33	266.41
Vendor financing	18.28	37.01
Bill discounted with banks	-	406.24
Unsecured		
Commercial Paper	11,984.64	-
	<u>12,047.25</u>	<u>876.66</u>



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TATA TELESERVICES LIMITED
NOTES TO THE STANDALONE IND AS FINANCIAL STATEMENTS AS AT AND FOR
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(All amounts in Rupees Crores unless stated otherwise)

Details of analysis of Long term borrowings i.e. maturity profile, interest rate and currency of borrowings (including liabilities directly associated with assets held for sale):

Currency of Borrowing	Rate of Interest		Borrowing as on March 31, 2018			Maturity Profile			
	Floating rate	Fixed rate	Floating rate	Fixed rate	Total	within one year	between one and two years	between two and five years	over five years
INR	<12%	<12%	2,446.29	21,375.22	23,821.51	2,431.87	2,810.53	15,584.84	2,994.27
Total	<12%	<12%	2,446.29	21,375.22	23,821.51	2,431.87	2,810.53	15,584.84	2,994.27

Currency of Borrowing	Rate of Interest		Borrowing as on March 31, 2017			Maturity Profile			
	Floating rate	Fixed rate	Floating rate	Fixed rate	Total	within one year	between one and two years	between two and five years	over five years
INR	<12%	<12%	19,384.03	8,291.34	27,675.37	5,127.52	2,882.48	10,027.80	9,637.58
USD	4% -6%	4% - 11.25%	321.93	3,789.86	4,111.79	1,642.60	1,395.98	771.73	301.47
Total	11%	8%	19,705.96	12,081.20	31,787.16	6,770.12	4,278.46	10,799.53	9,939.05

*USD fixed rate of interest as disclosed above includes the cost of borrowings and the cost of hedging the loans.

Long term Borrowings

a. Secured loans

As on March 31, 2018

- i. Term loans from Financial institutions ('FI'), Indian rupee loans from banks and Foreign currency loans from banks

During the year the company has repaid all the outstanding foreign currency loans and loans from financial institutions.

Loans outstanding from Banks are fully secured by way of a first charge on all the immovable / moveable project assets and assignment of licenses, both present and future, of the Company which ranks pari-passu with the charges created / to be created in favour of the other institutions / banks.

As on March 31, 2017

- ii. Term loans from Financial institutions ('FI'), Indian rupee loans from banks and Foreign currency loans from banks

Loans outstanding (excluding unamortised processing fees) of Rs 23,506.26 crores from Banks, FI's and foreign currency loans are fully secured by way of a first charge on all the immovable / moveable project assets and assignment of licenses, both present and future, of the Company which ranks pari-passu with the charges created / to be created in favour of the other institutions / banks. Long term rupee loans and foreign currency loans to the extent of Rs 26,000 crores are required to be secured by a pledge of shares to the extent of 26 per cent of the voting equity share capital of the Company by the sponsors. Of this, long term rupee loans and foreign currency loans outstanding of Rs 5,477.72 crores are already secured by the said share pledge.

The Company has placed fixed deposits of Rs 220.25 crores towards the maintenance of a Debt Service Reserve Account in favour of the foreign currency lenders, as required by the agreements.



TATA TELESERVICES LIMITED
NOTES TO THE STANDALONE IND AS FINANCIAL STATEMENTS AS AT AND FOR
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(All amounts in Rupees Crores unless stated otherwise)

b. Unsecured Loans

i. Long-term non-convertible debentures:

As on March 31, 2018

During the year Company has repaid all the outstanding Non convertible Debentures.

As on March 31, 2017

(a) 11.69% Redeemable Non Convertible Debentures – Series III

On August 16, 2010, the Company has issued Unsecured Redeemable Non-convertible Debentures of Rs 500 crores to Yes Bank Limited on a private placement basis. The debentures will be redeemed at the end of the 15th Year.

(b) 11% Redeemable Non Convertible Debentures – Series IV

On June 28, 2013, the Company has issued Unsecured Redeemable Non-Convertible Debentures of Rs 500 crores to Yes Bank Limited on a private placement basis. The debentures will be redeemed in the following manner - at the end of 3 years (Rs 250 crores), 4 years (Rs 125 crores) and 5 years (Rs 125 crores) respectively. The Company has redeemed Rs 250 crores on June 28, 2016. The amount repayable within one year is Rs 125 crores.

ii. Long-term Optionally Convertible Debentures:

0.1 % Redeemable Optionally Convertible Debentures (OCD) – Series II

On December 22, 2017, the Company issued 125 crores Optionally Convertible Debentures of Rs. 100 each to Tata Sons Limited.

Each OCD shall be converted into equity share at the option of the investor at any time after one day from the date of allotment of OCD but not later than 36 months from the date of allotment i.e. December 22, 2020. OCD shall be redeemed at par, if the holder does not exercise the conversion option.

Each OCD shall be optionally converted into such number of equity shares of Rs. 10 each

OCD (Series II) has been considered as compound financial instrument and has been separated into two components:

- a. the equity component
- b. the debt component

Basis the above, the value of equity and debt of OCD (Series II) is as follows:

	March 31, 2018	March 31, 2017
Equity Component of OCD	3,250.80	-
Liability Component of OCD	9,509.99	-

The interest cost on OCD (Series II) for the year is Rs 260.79 crores (March 31, 2017- NIL).



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TATA TELESERVICES LIMITED
NOTES TO THE STANDALONE IND AS FINANCIAL STATEMENTS AS AT AND FOR
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(All amounts in Rupees Crores unless stated otherwise)

Short term Borrowings

c. Secured loans

As on March 31, 2018

Stipulated securities for the loans are first pari passu charge on the movable assets of the Company

a. Indian rupee loan from banks

Short-Term Loans

- During the year the Company has repaid all the outstanding short term loans

Cash Credit Accounts

- Interest rate for cash credit is in the range of bank base rate / MCLR + 0.00% to 2.50% p.a.

b. Vendor financing

The balance outstanding as on March 31, 2018 comprises of Suppliers Credit with Nil interest rate.

c. Bill Discounted with banks

During the year the company has repaid all the Bill discounted with banks.

As on March 31, 2017

Stipulated securities for the loans are first pari passu charge on the movable assets of the Company

a. Indian rupee loan from banks

Short-Term Loans

- Interest rate for short term loans is in the range of 8.70% to 10.50%.

Cash Credit Accounts

- Interest rate for cash credit is in the range of bank base rate / MCLR + 0.00% to 2.50% p.a.

b. Vendor financing

Interest on vendor financing ranges between LIBOR plus 0.50 to 3.50 per cent p.a.

c. Bill Discounted with banks

The Interest rate on Bill discounting is ranging between 7.40% to 9.50% p.a

d. Unsecured loans

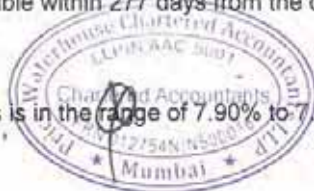
Commercial paper

i) Terms of repayment :-

- Commercial papers are fully repayable within 277 days from the date of disbursement

ii) Interest rate :-

- Interest rate for commercial papers is in the range of 7.90% to 7.98% p.a.



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TATA TELESERVICES LIMITED
NOTES TO THE STANDALONE IND AS FINANCIAL STATEMENTS AS AT AND FOR
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(All amounts in Rupees Crores unless stated otherwise)

18 Trade and other payables

	As at March 31, 2018	As at March 31, 2017
Trade Payable		
Due to micro & small enterprises	17.35	8.13
Due to other	1,258.73	1,386.97
	1,276.08	1,395.10

For explanations on the Company's credit risk management processes, refer to Note 43.

Amounts due to micro and small enterprises under Micro, Small and Medium Enterprises Development Act, 2006 aggregate to Rs 17.35 crores (March 31, 2017 – Rs 8.13 crores), including interest, based on the information available with the Company and the confirmation received from the creditors till the year end. All these amounts pertain to current trade payables.

SN	Particulars	March 31, 2018	March 31, 2017
1	Principal amount due to suppliers registered under the MSMED Act and remaining unpaid as at year end	15.26	6.84
2	Interest due to suppliers registered under the MSMED Act and remaining unpaid as at year end	2.09	1.29
3	Principal amounts paid to suppliers registered under the MSMED Act, beyond the appointed day during the year end	-	-
4	Interest paid, other than under Section 16 of MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the year.	-	-
5	Interest paid, under Section 16 of MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the year	-	-
6	Interest due and payable towards suppliers registered under MSMED Act, for payments already made	-	-
7	Further interest remaining due and payable for earlier years	-	-



TATA TELESERVICES LIMITED
NOTES TO THE STANDALONE IND AS FINANCIAL STATEMENTS AS AT AND FOR
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(All amounts in Rupees Crores unless stated otherwise)

19 Other financial liabilities

	As at March 31, 2018	As at March 31, 2017
Current maturities of long-term debt	551.01	3,133.64
Bank overdraft	4.46	1.64
Capital vendors	171.21	187.78
Deposit from customers	30.58	149.21
Other security deposits	8.40	65.11
Advance from distributors	43.43	27.57
Application money pending allotment of CCPS	-	2,003.94
Liability component of Compound Financial Instruments	1,880.86	3,636.47
	<u>2,689.95</u>	<u>9,205.36</u>

The share application money from Tata Sons Limited received in the previous year was for issue of Series 4 CCPS of Rs 2,003.94 crores. The same was allotted on April 26, 2017(Refer note 16).

20 Provisions (refer note 36)

	Non - Current portion		Current Portion	
	As at March 31, 2018	As at March 31, 2017	As at March 31, 2018	As at March 31, 2017
Provision for employee benefits				
Provision for gratuity	-	-	13.36	10.93
Provision for leave encashment	-	-	20.45	25.84
Provision for employee incentives	-	-	69.46	99.52
	-	-	<u>103.27</u>	<u>136.29</u>
Other Provisions				
Provision for asset retirement obligation [refer note 36(c)]	6.97	6.23	-	-
Provision for contingencies (net of amount paid under dispute Rs 484.91 crs [March 31, 2017 - Rs 412.07 crs] [refer note 36(a)])	-	-	303.99	196.70
Provision for foreseeable losses on long term contracts [refer note 36(b)]	2,335.02	-	405.32	104.29
	<u>2,341.99</u>	<u>6.23</u>	<u>709.31</u>	<u>300.99</u>
	<u>2,341.99</u>	<u>6.23</u>	<u>812.58</u>	<u>437.28</u>

21 Other liabilities

	Non - Current portion		Current Portion	
	As at March 31, 2018	As at March 31, 2017	As at March 31, 2018	As at March 31, 2017
Advance from Customers	109.69	106.88	152.28	409.25
Other payables				
Statutory dues	-	-	51.24	28.38
Other liabilities	-	-	2.41	4.00
Unearned income	18.90	18.90	-	-
	<u>128.59</u>	<u>125.78</u>	<u>205.93</u>	<u>441.63</u>



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TATA TELESERVICES LIMITED
NOTES TO THE STANDALONE IND AS FINANCIAL STATEMENTS AS AT AND FOR
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(All amounts in Rupees Crores unless stated otherwise)

22 Assets classified as held for sale

	As at March 31, 2018	As at March 31, 2017
(i) Assets classified as held for sale (refer note 1.2)		
Property, plant and equipment	503.61	-
Capital work-in-progress	4.08	-
Intangible assets	1,476.69	-
Current financial assets	130.46	-
Other current assets	47.86	-
Total assets classified as held for sale	2,162.70	-

(ii) Liabilities directly associated with assets classified as held for sale (refer note 1.2)

Non current financial liabilities - borrowings	1,984.38	-
Current financial liabilities - trade payables	742.63	-
Other current liabilities	139.23	-
Short term provisions	410.71	-
Total liabilities directly associated with assets classified as held for sale	3,276.95	-

23 Revenue from Operations

	For the year ended March 31, 2018	For the year ended March 31, 2017
Service revenue	5,096.92	9,391.61
Sale of equipment, net	6.47	27.78
Other Operating Revenue	52.86	65.13
	5,156.25	9,484.52

24 Other income

	For the year ended March 31, 2018	For the year ended March 31, 2017
Liabilities written back	156.88	54.56
Other gains / (losses)	3.25	11.07
Foreign exchange, net gains / (losses), net	(119.26)	(95.04)
Miscellaneous Income	127.44	21.57
	168.31	(7.84)

25 Cost of Goods sold (Mobile handsets)

	For the year ended March 31, 2018	For the year ended March 31, 2017
Opening Stock	1.74	15.76
Add: Purchases	13.39	29.23
	15.13	44.99
Less: Closing Stock	0.03	1.74
	15.10	43.25



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TATA TELESERVICES LIMITED
NOTES TO THE STANDALONE IND AS FINANCIAL STATEMENTS AS AT AND FOR
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(All amounts in Rupees Crores unless stated otherwise)

26 Employee benefits expenses		
	For the year ended	For the year ended
	March 31, 2018	March 31, 2017
Salaries, wages and bonus	454.86	589.18
Gratuity [refer note 36 (d)]	7.23	3.08
Staff welfare	40.17	57.60
Contribution to provident and other funds	19.78	24.93
Recruitment and training	3.69	14.82
	<u>525.73</u>	<u>689.61</u>
27 Power and fuel		
	For the year ended	For the year ended
	March 31, 2018	March 31, 2017
Network	815.29	937.06
Others	48.95	52.47
	<u>864.24</u>	<u>989.53</u>
28 Rent		
	For the year ended	For the year ended
	March 31, 2018	March 31, 2017
Network	1,651.16	1,662.02
Others	49.68	69.65
	<u>1,700.84</u>	<u>1,731.67</u>



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TATA TELESERVICES LIMITED

NOTES TO THE STANDALONE IND AS FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2018

(All amounts in Rupees Crores unless stated otherwise)

29 Other expenses

	For the year ended March 31, 2018	For the year ended March 31, 2017
Commission, incentives and content cost	168.26	372.46
Customer acquisition costs	71.15	200.09
Advertising and sales promotion	49.54	105.77
Information technology solutions	167.19	168.28
Bad debts written off	462.22	-
Provision for doubtful debts and advances	(330.18)	50.35
Managed service charges	115.86	138.17
Annual maintenance charges	122.35	182.04
Professional and legal fees	34.12	104.27
Repairs and maintenance:		
- Plant and machinery - network	184.24	203.53
- Building	14.75	21.33
- Plant and machinery - others	33.25	36.10
- Others	10.69	14.88
Leaseline and bandwidth charges	87.31	115.34
Telecalling charges	71.93	116.27
Travel and conveyance	21.48	50.36
Insurance	19.08	19.15
Port charges	21.89	24.20
Rates and taxes	3.99	50.80
Provision for contingencies [refer 36(a)]	229.54	46.98
Miscellaneous expenses	65.03	73.22
	1,623.69	2,093.59

30 Depreciation and amortisation expense

	For the year ended March 31, 2018	For the year ended March 31, 2017
Depreciation on PP&E	713.64	1,088.35
Amortisation of intangible assets	369.32	759.11
Depreciation on Investment Property	3.05	3.05
	1,086.01	1,850.51



TATA TELESERVICES LIMITED
NOTES TO THE STANDALONE IND AS FINANCIAL STATEMENTS AS AT AND FOR
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(All amounts in Rupees Crores unless stated otherwise)

31 Finance cost

	For the year ended March 31, 2018	For the year ended March 31, 2017
Interest:		
- On loans from banks/financial institutions	1,792.80	2,167.95
- On debentures	65.46	94.82
- On other loans	546.29	606.97
- On Provision for asset retirement obligation	0.73	0.66
- On liability component of Compound Financial Instruments	713.80	326.21
Guarantee commission	16.70	13.52
Other bank charges	47.80	110.57
Unwinding of borrowing cost	94.42	26.58
	3,278.00	3,347.28

32 Finance Income

	For the year ended March 31, 2018	For the year ended March 31, 2017
Interest income		
- Bank deposits	9.10	18.61
- Security deposits	13.19	14.34
-Income Tax Refund	0.08	109.91
Unwinding impact of investment in associate	289.89	80.35
	312.26	223.21

33 Exceptional items

	For the year ended March 31, 2018	For the year ended March 31, 2017
Impairment in the value of investment in TTML [refer note 7(e) and 8(d)]		
Equity shares	985.73	207.15
Cumulative Redeemable Preference shares	1,922.79	-
Impairment in the value of Inter corporate deposit to TTML [refer note 12(c)]	3,140.68	-
Restructuring cost [refer note (a) below]	3,098.43	91.43
Profit on sale of investment in ATC [refer Note 7(d)]	-	(104.28)
Provision for claims against the Company [refer note 37(C)]	-	229.80
Provision for fees paid for spectrum not in use/ unallocated [refer note 6(b)]	-	1,300.48
Impairment of CMB assets [refer note (b) below]	8,658.61	-
Change in the value of derivative financial asset [refer note (c) below]	(5,046.98)	(818.10)
Impairment in the value of investment in MMPL [refer note 7(a)]	-	71.00
	12,759.26	977.48



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TATA TELESERVICES LIMITED**NOTES TO THE STANDALONE IND AS FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2018***(All amounts in Rupees Crores unless stated otherwise)*

- a. During the year the Company has identified certain contracts that may be impacted by the proposed restructuring and has recorded a provision of Rs 3,098.43 crores towards an aggregate of amounts that may be due under such contracts.

The amount computed is a current estimate considering various factors including the "without prejudice" discussions with the relevant counterparties. The amount is being provisioned strictly without prejudice to the company's legal rights, claims, remedies and contentions available under the contracts and in law. The company does not admit, acknowledge or confirm any liability towards the relevant counterparties and the fact that some amount is being provisioned does not affect or dilute the Company's defence against the relevant counterparties to the contracts, in any way.

During the year ended March 31, 2017, the Company has initiated a restructuring exercise of its organization and business units; and accordingly has accounted Rs 91.43 crores as the cost of restructuring, being a onetime charge to restructure its business.

- b. During the year, due to volatility in the market conditions, the Company has evaluated the recoverable value of the consumer mobile business (CMB) on the basis of fair value less cost of disposal as per the requirement of Ind AS 36 - impairment of assets and recorded an impairment loss of Rs. 8,658.61 crores and disclosed the same as an exceptional item. The fair value of CMB was determined using Comparable Companies' Market/ Transaction Multiple (CCM) method. This is level 3 measurement as per the fair value hierarchy set out in Ind AS 113, Fair Value Measurement. As at March 31, 2018, the recoverable amount is Rs. 1,984.38 Crores. The key inputs under this approach are Enterprise-Value-To-Revenue Multiple of listed comparable companies and available transactions, based on business of the Company and thereafter adjusted the selected multiples based on size, growth, profitability and the circle in which the Company operates.

- c. As at March 31, 2017, the Company had accounted for derivative asset of Rs 356.28 crores on the compulsorily convertible preference shares (CCPS) issued by the Company which was based on the fair market valuation of the Company as at November 18, 2016 instead of March 31, 2017 as the Company was unable to accurately assess the fair market valuation of the Company on that date given the extant volatile industry and market conditions. This was a subject matter of qualification by the Auditors in the Financial Statements for the year ended March 31, 2017

As at March 31, 2018, the Company has accounted for derivative asset of Rs 5,633.38 crores on the CCPS based on the fair market valuation of the Company as at that date and accounted for the gain on derivative part of CCPS as Rs. 5,046.98 crores in the statement of profit and loss for the year ended March 31, 2018.

It is impracticable for the Company to determine the impact of the above on the opening retained earnings and the profit and loss for the year ended March 31, 2018, as it is not possible for the management to currently derive the fair market value of the Company as of March 31, 2017 based on the circumstances existing on that date.

34 Loss per share

Basic EPS amounts are calculated by dividing the profit for the year attributable to equity holders by the weighted average number of Equity shares outstanding during the year.

The following reflects the income and share data used in the basic and diluted EPS computations:

	March 31, 2018	March 31, 2017
i) Loss after tax	(17,629.79)	(4,626.60)
ii) Weighted average number of shares outstanding	577.50	488.12
iii) Nominal value of equity shares (in Rs.)	10.00	10.00
iv) Basic and diluted loss per share	(30.53)	(9.48)

The effect of CCPS (Series 2, Series 3 and Series 4) and OCPS (Series I) has been anti-dilutive; hence, there is no change in basic and diluted EPS.



TATA TELESERVICES LIMITED
NOTES TO THE STANDALONE IND AS FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2018
(All amounts in Rupees Crores unless stated otherwise)
35. Payment to Auditors (included in professional and legal fees, excluding GST/ service tax):

Particulars	March 31, 2018	March 31, 2017
For Audit	1.79	2.28
For Taxation matters	-	-
For other services	0.35	0.89
For reimbursement of expenses	0.21	0.23
	2.35	3.40

36. Current Liabilities and provisions
a) Provision for contingencies :

Provision for contingencies is primarily on account of various provisions towards the outstanding/possible claims/litigations against the Company, which are expected to be utilized on closure of the litigations. The Company has paid certain amounts under dispute against these claims/litigations.

The following table sets forth the movement in the provision for contingencies:

Description	As at April 1, 2017	Additions during the year	Deletions during the year	As at March 31, 2018
Provision for contingencies	2,107.01	229.54	-	2,336.55

Description	As at April 1, 2016	Additions during the year	Deletions during the year	As at March 31, 2017
Provision for contingencies	1,830.23	276.78	-	2,107.01

b) Provision for foreseeable loss on long term contracts:

The following table sets forth the movement in the provision for foreseeable loss on long term contracts.

Description	As at April 1, 2017	Additions during the year	Amounts utilised /reversed	Other adjustment (Liability directly associated with assets held for sale)	As at March 31, 2018
Provision for foreseeable loss on long term contracts	104.29	3,195.30	(165.94)	(393.31)	2,740.34

Description	As at April 1, 2016	Additions during the year	Amounts utilised /reversed	As at March 31, 2017
Provision for foreseeable loss on long term contracts	104.89	16.19	(16.79)	104.29

c) Provision for asset retirement obligation (ARO):

The provision for ARO is the expected cost to dismantle and remove the infrastructure equipment from the site and the expected timing of these costs. Discount rates are determined based on the government bond rate of a similar period as the liability.

Description	As at April 1, 2017	Additions during the year	Amounts utilised /reversed	As at March 31, 2018
Provision for asset retirement obligation	6.23	0.74	-	6.97

Description	As at April 1, 2016	Additions during the year	Amounts utilised /reversed	As at March 31, 2017
Provision for asset retirement obligation	5.80	0.69	(0.26)	6.23



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TATA TELESERVICES LIMITED
NOTES TO THE STANDALONE IND AS FINANCIAL STATEMENTS AS AT AND FOR
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d) Gratuity and other post-employment benefit plans

- (i) The Company offers the following employee benefit schemes to its employees:
- Gratuity (included as part of Note 26 Employee benefits expense)
 - Long-term compensated absences (included as part of Note 26 Employee benefits expense)
- (ii) The Company has defined benefit gratuity plan. Every employee who has completed five years or more gets the gratuity on departure at 15 days salary i.e. last drawn salary for each completed year of service. The scheme is funded with an insurance company in the form of a qualifying insurance policy.

Summary of the gratuity plan is as follows:

	March 31, 2018	March 31, 2017
Components of net benefit cost		
Service cost	6.74	6.04
Interest cost	3.15	2.74
Interest (Income) on plan assets	(2.66)	(3.52)
Net gratuity cost	7.23	5.26
Liability transferred to group companies	0.06	(2.17)
Net gratuity cost as per note 26	7.29	3.08

The current service cost, interest cost and expected return on plan assets for the year are included in the 'Employee benefits expenses' line item in the statement of profit and loss. The remeasurement on the defined benefit liability is included in other comprehensive income.

Re-measurement effects recognised in Other Comprehensive Income (OCI):

	March 31, 2018	March 31, 2017
Actuarial (gain)/loss due to demographic assumption changes in DBO	-	0.02
Actuarial (gain)/loss due to financial assumption changes in DBO	(0.15)	2.69
Actuarial (gain)/loss due to experience on DBO	(2.92)	10.15
Return on plan assets (greater)/less than discount rate	0.90	(2.97)
Total actuarial loss/(gain) included in OCI	(2.17)	9.89



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The change in benefit obligation and funded status of the gratuity plan for the year ended March 31, 2018 is as follows:

	March 31, 2018	March 31, 2017
Change in benefit obligation		
Benefit obligation at the beginning of the period/year	54.21	43.67
Service cost	6.74	6.04
Interest cost	3.15	2.74
Acquisition/Business Combination/Divestiture	-	-
Benefits paid	(11.88)	(11.10)
Actuarial (gain)/loss- Demographic assumptions	-	0.02
Actuarial (gain)/loss - Financial	(0.15)	2.69
Actuarial (gain)/loss - Experience	(2.92)	10.15
Past Service Cost		
Benefit obligation at the end of the year	49.15	54.21
Change in fair value of plan assets		
Fair value of plan assets at beginning of year	45.89	43.59
Expected return on plan assets	2.66	3.52
Actual contribution	-	2.50
Benefits paid	(11.88)	(6.47)
Asset gain/(loss)	(0.90)	2.75
Fair value of plan assets at end of year	35.77	45.89
Actual return on plan assets	1.75	6.27

The assumptions used in accounting for the gratuity plan for the year are as below:

	March 31, 2018	March 31, 2017
Discount rate	7.10%	6.65%
Expected return on plan assets (as declared by LIC)	7.10%	8.35%
Withdrawal rate	26.00%	26.00%
Salary increase rate	7.00%	7.00%
Life Expectantion (years)	IALM (2006-08) Ultimate	IALM (2006-08) Ultimate

The expected rate of return on plan assets is determined after considering several applicable factors such as the composition of the plan assets, investment strategy, market scenario, etc. In order to protect the capital and optimise returns within acceptable risk parameters, the plan assets are well diversified.

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 estimate of future salary increases considered, takes into account the inflation, seniority, promotion, increments and other relevant factors.



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A quantitative sensitivity analysis for significant assumption as at March 31, 2018 is as shown below:

Particulars	Effect on gratuity obligation		
	Change in assumptions	March 31, 2018	March 31, 2017
Discount rate	-100 basis points	(1.56)	0.56
	+100 basis points	1.45	3.52
Salary increase rate	-100 basis points	1.46	3.53
	+100 basis points	(1.55)	0.58

* the figures in negative represent increase in cost

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit liability recognised in the balance sheet. 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.

There was no change in the methods and assumptions used in preparing the sensitivity analysis from prior years.

The following payments are expected contributions to the defined benefit plan in future years:

	March 31, 2018
Within the next 12 months	12.70
Between 1 to 2 years	11.38
Between 3 to 5 years	27.35
Between 6 to 10 years	24.28

The average duration of the defined benefit plan obligation at the end of the reporting period is 3 years (March 31, 2017: 3.80 years).

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market. Further, the estimated amount of contributions expected to be paid to the plan during the year ending March 31, 2019 is Rs 12.70 crores (March 31, 2018 - Rs 13.76 crores).

(iii) Provident fund with respect to employees covered with the Government administered fund is a defined contribution scheme. Also, the Company makes contributions to the Tata Teleservices Provident Fund Trust which is treated as defined benefit plan.

Summary of the provident fund plan is as follows:

	March 31, 2018	March 31, 2017
Components of net benefit cost		
Service cost	24.36	22.18
Interest cost	21.57	23.23
Expected return on plan assets	(24.89)	(29.26)
Net actuarial (gain) / loss recognized during the year		
Past Service cost –non-vested benefit	-	-
Past Service cost-vested benefit	-	-
Net cost	21.04	16.15



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TATA TELESERVICES LIMITED
NOTES TO THE STANDALONE IND AS FINANCIAL STATEMENTS AS AT AND FOR
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The change in benefit obligation and funded status of the Provident Fund plan for the year ended March 31, 2018 is as follows:

	March 31, 2018	March 31, 2017
Change in benefit obligation		
Benefit obligation at the beginning of the year	361.94	359.09
Service cost	24.36	22.18
Interest cost	21.57	23.23
Benefits paid	(53.23)	(72.02)
Actuarial (gain)/loss	(4.56)	(1.02)
Employee contributions	20.74	24.19
Transfer In		
Settlements	(18.72)	6.29
Changes in the reserves		
Benefit obligation at the end of the year	352.10	361.94

The assumptions used in accounting for the Provident Fund Plan for the year are as below:

	March 31, 2018	March 31, 2017
Interest rate	8.55%	8.65%
Expected return on Plan Assets (Internal Rate of Return on the portfolio of plan assets, given below)	7.10%	6.70%

Major Categories of Plan assets as a percentage of total assets:

Major categories of plan assets as a percentage to total assets	March 31, 2018	March 31, 2017
Government of India securities/Gilt Mutual Funds	17.42%	18.12%
State Government Securities	29.45%	27.28%
PSU Bonds	52.12%	53.84%
Private Sector Bonds/Equity/Mutual Funds	1.00%	0.76%

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market. Further, the estimated amount of contributions expected to be paid to the plan during the year ending March 31, 2019 is Rs 12.46 crores (March 31, 2018 – Rs 22.18 crores).

37. Commitments and contingencies

A. Operating lease payments recognised in the Statement of Profit and Loss

	April 1, 2017 to March 31, 2018 Rs. In Crores	April 1, 2016 to March 31, 2017 Rs. In Crores
Cell sites and others	1,700.84	1,731.67

B. Future minimum lease payments under non cancellable operating lease:

	As at March 31, 2018	As at March 31, 2017
(i) Due not later than one year	965.55	1,377.37
(ii) Due later than one year and not later than 5	3,577.30	4,524.88
(iii) Due later than 5 years	1,363.75	2,384.63



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TATA TELESERVICES LIMITED
NOTES TO THE STANDALONE IND AS FINANCIAL STATEMENTS AS AT AND FOR
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(All amounts in Rupees Crores unless stated otherwise)

The agreements are executed for a period ranging from 6 months to 15 years with a renewable clause and in many cases also provide for termination at will by either parties giving a prior notice period ranging from 30 to 180 days. Escalation ranges from 2 % - 3 % per annum depending upon the terms of the agreement with each vendor.

C. Commitment and contingencies

S.N.	Description	March 31, 2018	March 31, 2017
(i)	Capital Commitment Estimated value of contracts remaining to be executed on capital account and not provided for (net of advances)	52.13	28.90
(ii)	Other Commitments Bank guarantees	1,307.73	770.33
	Open letters of credit	35.94	23.80
	Indemnity given to others	102.26	102.26
(iii)	Contingent Liabilities Claims against the Company not acknowledged as debts	4,792.04	3,833.20
		6,290.10	4,758.29

Claims against the Company not acknowledged as debts and commitments include the following:

S.N.	Description	March 31, 2018	March 31, 2017
1	BSNL walky ADC [Refer para (a) below]	233.10	209.69
2	CAG/DOT demands for revenue share license fees (includes special audit) [refer para(b) below]	2,170.46	1,739.92
3	SUC demands (based on CAG audit) [refer para (c) below]	618.39	361.32
4	SMS Termination charges demanded by other operators [refer para (d) below]	268.83	268.83
5	Service Tax [refer para (e) below]	133.38	127.61
6	DoT demands for EMF [refer para (f) below]	65.54	70.78
7	UASL rollout obligation (refer para (g) below)	175.40	147.10
8	BSNL claims for interconnection [refer para (h) below]	51.08	51.08
9	Port Charges demanded to other operators	213.00	179.60
10	Sales Tax/VAT demands	40.38	31.54
11	Entry Tax	78.98	82.58
12	DoT demands on USO fund remittance	209.59	195.96
13	Income tax demands [refer para (i) below]	372.77	94.81
14	Other miscellaneous demands/claims	161.14	272.38
		4,792.04	3,833.20



TATA TELESERVICES LIMITED

NOTES TO THE STANDALONE IND AS FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2018

(All amounts in Rupees Crores unless stated otherwise)

Unless otherwise stated below the management believes that, based on legal advice, the outcome of these contingencies will be favourable and that a loss is not probable, further outflow of economic resources is not probable in either case:

- a. Bharat Sanchar Nigam Limited ('BSNL') raised demands of Rs. 651.04 crores (March 31, 2017- Rs. 651.04 crores) including interest of Rs. 294.55 crores (March 31, 2017- Rs. 294.55 crores) on January 15, 2005 with effect from November 14, 2004 stating that 'fixed wireless' services provided by the Company under the brand name "WALKY" had mobility features and should be treated as mobile for the purpose of Interconnect Usage Charges Regulations and Access Deficit Charge ('ADC') was payable on such calls. Hon'ble Telecom Dispute and Settlement Appellate Tribunal ('TDSAT') negated the Company's petition. The Company filed an appeal before the Hon'ble Supreme Court, which confirmed that ADC was payable on fixed wireless service vide order dated April 30, 2008. As there were claims and counter-claims between the Company and BSNL, the senior counsel of BSNL offered and Hon'ble Supreme Court directed that quantification of amounts payable to each other be made by Hon'ble TDSAT.

Hon'ble TDSAT vide its various interim orders had directed that BSNL and the Company to exchange relevant information and reconcile the differences. On April 15, 2010, Hon'ble TDSAT confirmed BSNL demands for period up to August 25, 2005 and has given it liberty to lodge its claim for a further period up to February 28, 2006 without quantification. As TDSAT in its aforesaid judgment has not considered the directions of Hon'ble Supreme Court vide judgment dated April 30, 2008 to reconcile claims/ counter claims and quantify amounts payable by parties to each other, the Company has filed an appeal in Hon'ble Supreme Court against sTDSAT order of April 15, 2010 which has been admitted by the Hon'ble Supreme Court on July 23, 2010. The Company has also moved an application for interim relief against the Hon'ble TDSAT order, which is pending. During 2015-16, the Company has filed petition in the Hon'ble Supreme Court with respect to the matter for claiming the refund of excess payment made to BSNL. The matter will be listed for hearing in due course of time. Based on the legal advice available with the Company, the penalty clause invoked by BSNL does not apply and the Company is entitled to seek refund of the excess ADC amount paid to BSNL along with interest. During the year ended March 31, 2017, the company reassessed its position on the excess amount paid to BSNL/MTNL of Rs. 229.80 crores and has provided the same as an exceptional item in the statement of Profit and Loss [Refer Note 33].

The total demands as at March 31, 2018 are Rs 651.04 crores (March 31, 2017 Rs 651.04 crores) including interest of Rs 294.55 crores (March 31, 2017 – Rs 294.55 crores). As at March 31, 2018, the Company has made on account payment under protest of Rs 570.28 crores (March 31, 2017 – Rs 570.28 crores) against the total demands.

As at March 31, 2018, the Company has provided Rs 570.30 crores (March 31, 2017 – Rs 570.30 crores). The balance amount of Rs 80.74 crores (March 31, 2016 – Rs 80.74 crores) together with accumulated interest on unpaid amount of Rs 152.36 crores (March 31, 2017 – Rs 128.95 crores) aggregating Rs 233.11 crores (March 31, 2017 – Rs 209.69 crores) has been disclosed as contingent liability.



TATA TELESERVICES LIMITED
NOTES TO THE STANDALONE IND AS FINANCIAL STATEMENTS AS AT AND FOR
THE YEAR ENDED MARCH 31, 2018

(All amounts in Rupees Crores unless stated otherwise)

- b. The definition of Adjusted Gross Revenue (AGR) does not specifically include capital gain from sale of shares/securities and does not specifically allow exemption for bad debts in computation of License Fees (LF) payable to the Government. The TDSAT had vide its Order dated August 30, 2007, held that income from sale of securities is not related to licensed activity and hence should not attract LF and that bad debts written off, waivers and discounts are actual monies lost by service providers and hence should be deducted from AGR. The DoT had filed an appeal in SC against the aforesaid TDSAT Order.

The SC vide its Order dated October 11, 2011 has set aside the Order passed by TDSAT and has given leave to the licensees to approach TDSAT in case if specific demands have been raised by DoT not in accordance with the License Agreement.

Prior to the aforesaid judgment, the Company had received provisional assessment orders from DoT, against which applications were filed with the TDSAT in line with the aforesaid judgment and further the replies and rejoinders were also filed by DoT and the Company respectively. TDSAT restrained DoT from taking any coercive steps for enforcement of any impugned demands without its permission.

TDSAT commenced final hearing in the matter in May 2014 and pronounced its judgment in April 2015, wherein the impugned demands have been set aside by the Tribunal and it has directed the DoT to rework the license fee payable for the duration which was challenged. DoT has filed an appeal against the TDSAT judgment dated April 23, 2015 in Supreme Court. The Company has filed an appeal against the TDSAT judgment dated April 23, 2015 before the Supreme Court wherein certain line items which have been included as part of AGR by TDSAT are being challenged. The matter had come up for hearing in Hon'ble Supreme Court on February 29, 2016 wherein the Hon'ble Supreme Court has said that DoT could continue to raise the demands as per its understanding, however, the same will not be enforced till its final decision on the matter.

Up to March 31, 2018, the Company has received show-cause cum demand notice of Rs. 6155.54 crores from DoT for the financial year 2006-07 to 2014-15. These demands include disallowance of PSTN related call charges, service tax and sales tax, additions as per Special audit for the financial year 2006-07, 2007-08 and additions as per C&AG audit from the financial year 2006-07 to 2009-10 and from Financial year 2011-12 to 2014-15. The Company has submitted the documents required by DoT for the deduction of PSTN related call charges, service tax and sales tax and believes that it has the necessary information to substantiate its claims and therefore is confident that these demands would be withdrawn. The matter being sub-judice, the Company has considered Rs. 2170.46 crores as Contingent Liability after considering disallowances on account of PSTN Charges, service tax and sales tax, Foreign Exchange Gain and penalty (including interest on penalty) being remote in nature.



TATA TELESERVICES LIMITED
NOTES TO THE STANDALONE IND AS FINANCIAL STATEMENTS AS AT AND FOR
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(All amounts in Rupees Crores unless stated otherwise)

c. The Company had received a demand letter from Wireless Planning Commission division (WPC) of Department of Telecommunications (DoT) for Rs 188.30 crores, being a demand for spectrum charges for 20 circles, for the seven assessment years from FY 2005-06 to FY 2011-12. The Company had represented to WPC various items of differences mentioned in the demand orders. TDSAT vide its order dated 25.08.2010 has held that Company should be given credit for all payments made on producing proof and no penalty should be levied and only simple interest should be charged.

The Company has filed its reply with DoT highlighting the discrepancies compared to earlier orders; and has requested for the computation for the difference between the assessed income and AGR filed. The Company is yet to receive a response.

Further, the Company received a fresh SCN cum Demand Note from WPC cell of DoT on the items covered in special audit demands by DOT, for the years March 31, 2007 and March 31, 2008, amounting to Rs. 145.98 crores for alleged short payment of SUC. Controllers of Communication Accounts ("CCA") has also raised demand of 882.68 crores for the years from 2005-06 to 2016-17 on items covered in CAG audit demand by DOT. For these demands the Company has responded to the WPC wing of DOT in line with its position on AGR items that are subject to similar litigation as mentioned in point (b) above. Revised demand is primarily due to AGR re-assessment, charging of compound interest and levy of penalty (and interest on penalty) on the Company for the period FY 2005-06 to FY 2016-17.

The matter being sub-judice, the Company has provided 81.35 crores and considered Rs. 618.39 crores as Contingent liability after considering penalty (including interest on penalty) as remote.

Payment made under protest till date aggregates Rs. 73.33 crores (March 31, 2017 – 73.33 crores)

d. One of the Telecom Operators raised invoices/demands on the Company for period since June 2009 in respect of SMS terminating on its network based on the interconnection agreement between the Company and the operator. The Company disputed on the ground that the charges are not reasonable and is discriminatory. TDSAT vide its order dated August 30, 2012, for the petition filed by the operator, directed TTSL to pay these charges. On October 17, 2012, TTSL's appeal against the said judgment was admitted by the Hon'ble Supreme Court, but directed the Company to pay the above amount on a condition that any amounts paid by the Company would be refunded back with interest in the event the matter is adjudged in the Company's favour. Total amount payable to the operator (net of access charges receivable by the Company) amounts to Rs. 422.05 crores March 31, 2018 – Rs. 422.05 core) which has been fully provided by the Company. Amount paid under dispute as at March 31, 2018 amounts to Rs. 379.45 crores (March 31, 2018 – Rs. 379.45 crores).

Other operators have raised claims for SMS termination amounting to Rs 268.83 crores (March 31, 2017 - Rs. 268.83 crores), which has been challenged with TDSAT by the Company. During the year 2015-16, TDSAT has pronounced judgement with respect to SMS termination charges. The Company believes that the amounts adjudged as payable by TDSAT are not tenable in the absence of any contractual arrangements with these operators for SMS termination and has filed the appeal against the judgment in Hon'ble Supreme Court and the matter will be heard in due course. Accordingly, these claims have been disclosed as contingent liability.

e. During the previous years, the Company has received demand for the period October 2006 to March 2013 demanding Service Tax of Rs 79.75 crores (March 31, 2017 – Rs 79.75 crores) on sale value of starter kits. The Company has duly filed its response and believes that the sale of starter kits is not liable to service tax and hence disclosed as contingent liability.

During the previous years, the Company has received demand of Rs 42.14 crores (March 31, 2017 – Rs 42.14 crores) pertaining to service tax on SMS termination charges receivable from operators, for the period July 2011 to May 2013. The Company has filed its response and believes that the service tax is not liable on SMS termination charges and hence disclosed as contingent liability.



TATA TELESERVICES LIMITED**NOTES TO THE STANDALONE IND AS FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2018**

(All amounts in Rupees Crores unless stated otherwise)

- f. The Company has received show cause notice ('SCN') and demands from DoT for radiation and certain procedural issues (non-submission/late submission of Electro Magnetic Field ('EMF') radiation self certificate) amounting to Rs 629 crores (March 31, 2017: Rs 618.03 crores). The Company has responded to all SCN and demands stating the facts and made a provision Rs 2 crores pertaining to radiation related demands and SCN. A Joint Industry Petition has been filed before TDSAT challenging levy of penalty due to late submission of self-certificates and TDSAT has granted a stay. During the year 2015-16, TDSAT has set aside the EMF penalties pertaining to procedural delay upto March 31, 2011. Based on TDSAT judgement, the Company has revised contingent liability to Rs 65.54 crores (March 31, 2017: Rs 70.78 crores).
- g. During the current year, DoT has issued a demand note on March 15, 2018 of Rs. 25.45 crores and Rs. 149.95 crores followed by SCN issued last year for delay in roll out obligation of CDMA and GSM services as per License agreements. The Company has challenged the demand in TDSAT. TDSAT has stayed the demand and restrained DOT from taking corrosive action. The Company based on the data available and internal assessment, believes that the demand will be quashed and hence, disclosed the demand as contingent liability.
- h. BSNL, in 2001, issued letters to the Company and other operators seeking unilateral increase in interconnection access charges. The Company along with other operators filed a petition before TDSAT. TDSAT held the matter in favor of the Company. BSNL filed an appeal in the Hon'ble Supreme Court of India. The Hon'ble Supreme Court has stayed the operation of TDSAT order. Demands raised on TTSL are Rs 51.08 crores (March 31, 2017 - Rs 51.08 crores). In March 2009, BSNL demanded payment and issued disconnection notices in case of failure to pay. The Hon'ble Supreme Court has stayed disconnection and further clarified that the stay regarding TDSAT judgment was only towards refunds to be made by BSNL to TTSL.
- i. Based on the consequential penalty proceedings under section 271(1)(c) of the Income Tax Act, 1961 for the assessment years 2006-07 to assessment years 2010-11, the Assessing officer imposed a penalty demand of Rs. 293.29 crores on TTSL. While the company is of the view that these demands would not be confirmed by the Appellate Authorities considering the issues largely decided by the Appellate Authorities in favour of the industry. Thus the said penalty order has been contested by filing an appeal before the appellate forum during April, 2018. The application seeking stay of said demand filed before the Assessing Officer was disposed off by the Assessing Officer on April 25, 2018 requiring TTSL to pay 20% of the impugned penalty demand. TTSL filed writ petitions before the Delhi High Court against the stay rejection order for assessment years 2006-07, 2009-10 and 2010-11 on May 3, 2018 and for the assessment years 2007-08 and 2008-09 on May 7, 2018. On May 15, 2018, the Delhi High Court disposed off all the aforesaid writs preferred by TTSL with a direction that no coercive measure for recovery of penalty demand will be taken, till the jurisdictional Principal Commissioner of Income Tax (Pr. CIT) disposes off the stay/review petitions filed by TTSL before her office alongwith liberty given to TTSL for filing of amended/fresh writ where the Pr. CIT rejects the stay petition. Separately, there is also an error in computation of penalty demand by the Assessing Officer. A rectification application has been filed before the Assessing Officer and the penalty would reduce to Rs. 202.78 Crores once the rectification application has been accepted by the Assessing Officer.

Pursuant to the directions of Delhi High Court, the Pr. CIT has disposed off the stay application vide order dated May 15, 2018 directing Assessing Officer to dispose off the rectification applications filed by TTSL for AY 2007-08, AY 2009-10 and AY 2010-11, within seven days of the order with further direction to TTSL to deposit 20% of the demand (determined after disposal of rectification applications) in four installments

In accordance with the direction given by Delhi High Court, TTSL filed the amended writ petition against the stay order passed by the Pr. CIT. The order of High Court is awaited.

Considering the above facts, the Company has disclosed this demand as a contingent liability.

- j. DoT has applied subscriber verification circulars, more particularly circular letter dated 09.08.2012, to Rural Household Direct Exchange Lines (RDELs) installed in Rajasthan circle during the period 2005-2010 and raised penalty demands aggregating to Rs.414.22 crores on the Company. The Company has challenged these demands before TDSAT, where it has an interim stay in its favour. Based on legal advice, the Company has considered the said demand as remote in nature.



TATA TELESERVICES LIMITED

**NOTES TO THE STANDALONE IND AS FINANCIAL STATEMENTS AS AT AND FOR
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38. One Time Spectrum Fees

The Company received demands from DoT for payment of one-time spectrum fees for additional CDMA spectrum held beyond 2.5MHz in all its circles for the period from January 1, 2013 till the expiry of the initial terms of the respective licenses. The Company responded to DoT, intimating about its decision to retain only one block spectrum in Delhi Circle and surrender the balance spectrum. The demand with respect to the spectrum retained by the Company is of Rs 195.09 crores, which is payable in instalments over the balance term of the license. In the opinion of Company, inter-alia, the above demand amounts to alteration of financial terms of the licenses issued in the past and therefore, the Company has filed a Writ Petition before Hon'ble Kolkata High Court challenging the decision to levy one-time spectrum charge and has subsequently, obtained a stay against the demand. The Company has paid Rs 198.18 crores (March 31, 2017 – Rs 165.15 crores) for the period January 1, 2013 to December 31, 2018 [including interest of Rs 66.16 crores (March 31, 2017 – Rs 60.48 crores)], under protest, pending the judgment with respect to its petition, for the spectrum retained in Delhi.

On May 24, 2013, DoT has asked the Company to surrender the spectrum unconditionally and pay one-time fee for the spectrum held for proportionate period (i.e. from January 1, 2013 to the date of surrender). An application is also filed before Hon'ble Kolkata High Court seeking direction to be issued to DoT for accepting surrender of spectrum as and when surrendered without imposing any condition and without prejudice to the rights and contentions of the Company. The same was allowed by Hon'ble Kolkata High Court vide order dated August 2, 2013 and four months' time was granted for the same. The Company has completed surrender of spectrum under protest, as on November 30, 2013.



TATA TELESERVICES LIMITED
NOTES TO THE STANDALONE IND AS FINANCIAL STATEMENTS AS AT AND FOR
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(All amounts in Rupees Crores unless stated otherwise)

39. Related Party Transactions

List of Related Parties

A Holding Company

Tata Sons Limited (w.e.f. October 31, 2017)

B Entities having significant influence

Tata Sons Limited (upto October 31, 2017)

NTT DoCoMo (upto October 31, 2017)

C Subsidiaries, associate and joint venture companies of holding company and entities having significant influence with whom the Company has had transactions

Fellow Subsidiary

E-Nxt Financial Limited

Infiniti Retail Limited

Tata Consultancy Services Limited

Tata Consulting Engineers Limited

Tata Sky Limited

Advinus Therapeutics Limited

Taj Air Limited

Tata Industries Limited

Tata Advanced Systems Limited

Tata Autocomp Systems Limited

Tata Capital Limited

Tata Housing Development Company Limited

Tata International Limited

Tata Petrodyne Limited

Tata Realty And Infrastructure Limited

Tata Aia Life Insurance Company Limited

Tata Asset Management Limited

Tata Aig General Insurance Company Limited

Tata Sia Airlines Limited

Tata Limited

Mponline Limited

Lemon Tree Land & Developers Private Limited

Tata Capital Financial Services Limited

Tc Travel And Services Limited

C-Edge Technologies Limited

Smart Value Homes (New Project) Lip

Tata Capital Housing Finance Limited

Tata Interactive Systems

Tata Securities Limited

Tata Unistore Limited (Formerly Tata Industrial Services Limited)

TCS E-Serve International Limited

Tril Amritsar Projects Limited



TATA TELESERVICES LIMITED

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Aptonline Limited (Formerly Aponline Limited)
Kriday Realty Private Limited
Tata Value Homes Limited
Tril Infopark Limited
Tata Advanced Materials Limited.

Subsidiary

MMP Mobi Vallet Payment Systems Limited
TTL Mobile Private Limited (Formerly Virgin Mobile India
Private Limited) [refer note 7 (c)]

Associate

Tata Teleservices (Maharashtra) Limited
ATC Telecom Infrastructure Private Limited

Fellow Associate

Tata Business Support Services Limited
Tata Elxsi Limited
Tata Motors Limited
The Indian Hotels Company Limited
The Tata Power Company Limited
Titan Company Limited.
Trent Limited.
Voltas Limited
Tata Steel Limited
Tata Chemicals Limited
Tata Global Beverages Limited

Associate of fellow subsidiary (w.e.f. October 31, 2017)

Tata Communication Limited
Tata Enterprises Ag

Joint Venture of fellow subsidiary(w.e.f. October 31, 2017)

Tata Toyo Radiator Limited
Tata Autocomp Gy Batteries Private Limited
Tata Boeing Aerospace Limited
Tata Lockheed Martin Aerostructures Limited
Tata Sikorsky Aerospace Limited



TATA TELESERVICES LIMITED

**NOTES TO THE STANDALONE IND AS FINANCIAL STATEMENTS AS AT AND FOR
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D Key Management Personnel

Mr. N.Srinath - Managing Director

Ms. Bharati Rao- Non-Executive Independent Director

Mr. Gopichand Katragadda- Non-Executive Director

Mr. Narendra Damodar Jadhav- Non-Executive Director

Ms. Vibha Paul Rishi- Non-Executive Director

Mr. Saurabh Agrawal- Non-Executive Independent
Director (w.e.f. August 14, 2017)

Mr. Ishaat Husain (retired w.e.f September 2, 2017)

Mr. Ankur Verma (w.e.f. June 1, 2018)

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TATA TELESERVICES LIMITED
NOTES TO THE STANDALONE IND AS FINANCIAL STATEMENTS AS AT AND FOR
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March 31, 2018	Holding company	Associate	Associate of fellow subsidiary	Associate of Holding company	Fellow subsidiary	Entities having significant influence	Joint Venture of fellow subsidiary	Subsidiary	Key managerial personnel	Total
Administrative and Other Expenses	0.01	(80.51)	(36.94)	1.91	18.43	4.61	-	3.49	-	(89.00)
Customer Service and Call Centre Cost	0.00	(0.29)	0.40	12.24	100.67	-	-	(0.11)	-	112.91
Reimbursement of Expenses paid	-	17.36	-	-	-	-	-	-	-	17.36
Interconnect and Other Access Cost	-	14.36	40.76	-	-	-	-	-	-	55.13
Intercircle roaming expense	-	10.02	-	-	-	0.03	-	-	-	10.04
Network Operation Cost	-	1,211.57	163.90	(0.38)	25.51	-	-	(0.03)	-	1,400.57
Reimbursement of Expenses Received	-	39.43	11.61	0.61	0.44	-	-	0.22	-	52.31
Rent	-	3.51	-	7.97	-	-	-	-	-	11.49
Purchase of Fixed Asset	-	1.12	-	0.12	-	-	-	0.02	-	1.27
Managerial remuneration	-	-	-	-	-	-	-	-	4.31	4.31
Director sitting fees	-	-	-	-	-	-	-	-	0.18	0.18
Sale of Fixed Assets	-	5.70	10.25	-	(0.00)	(0.03)	-	-	-	15.91
Service Income	0.00	0.77	95.92	30.74	71.95	-	0.42	1.75	-	181.54
Intercircle roaming revenue	-	9.98	-	-	-	(0.86)	-	-	-	9.12
Interconnect Income	-	92.50	96.81	-	-	-	-	-	-	189.31
Other Income	-	0.44	59.30	-	0.01	-	-	-	-	59.75
Interest expenses on CCPs/OCPs/OCD	713.80	-	-	-	-	-	-	-	-	713.80
Other transactions										
Advances Paid	-	-	-	-	-	-	-	-	-	-
Issue of OCPs to parent entity as a result of right issue	2,300.00	-	-	-	-	-	-	6.25	-	2,300.00
Issue of OCD to parent entity as a result of right issue	-	-	-	-	-	-	-	-	-	-
Interest expenses on OCPs	12,500.00	-	-	-	-	-	-	-	-	12,500.00
Interest expenses on OCD	71.22	-	-	-	-	-	-	-	-	71.22
Interest expenses on CCPs	260.79	-	-	-	-	-	-	-	-	260.79
Interest expenses on OCPs	381.79	-	-	-	-	-	-	-	-	381.79
Issue of ICD	-	3,700.00	-	-	-	-	-	-	-	3,700.00
Interest on ICD/RPS	-	289.89	-	-	-	-	-	-	-	289.89
Outstanding										
Inter Corporate Deposit	-	-	-	-	-	-	-	-	-	-
Share Capital	-	-	-	-	-	-	-	-	-	-
Loans & Advances	-	-	-	-	-	-	-	-	-	-
Revenue Debtors	(0.00)	0.08	18.15	0.87	9.99	-	0.01	0.00	-	29.10
Sundry Creditors/Capital Goodly/Expenses	0.40	596.50	(23.17)	11.36	68.83	4.21	-	(5.66)	-	642.48
Sundry Debtors	-	47.04	23.89	0.77	0.41	0.03	-	177.01	-	240.15
Security Deposit	-	-	-	-	-	-	-	-	-	-
Liability component of OCPs	1,758.89	-	-	-	-	-	-	-	-	1,758.89
Liability component of CCPs	5,822.60	-	-	-	-	-	-	-	-	5,822.60
Liability component of OCD	9,509.99	-	-	-	-	-	-	-	-	9,509.99



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TATA TELESERVICES LIMITED
NOTES TO THE STANDALONE IND AS FINANCIAL STATEMENTS AS AT AND FOR
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March 31, 2017	Subsidiaries	Associates	Joint venture	Enterprise having significant influence	Subsidiaries of Enterprise having significant influence	Associate of Enterprise having significant influence	Key managerial personnel	Total
Transitions during the year								
Purchase of fixed assets	-	0.21	-	-	0.14	0.12	-	0.47
Sale of fixed assets	-	4.27	-	-	-	-	-	4.27
Issue of CO-PS	-	-	-	2,200.69	-	-	-	2,200.69
Investment made in equity instruments	-	-	-	-	-	-	-	-
Investment in RPS	-	2,018.00	-	-	-	-	-	2,018.00
Share application money pending allotment	-	-	-	2,003.94	-	-	-	2,003.94
Security deposit received	-	-	-	-	-	-	-	-
Service revenue	5.87	250.36	0.03	0.13	90.95	14.07	-	391.40
Other income	-	1.38	-	-	0.95	0.01	-	1.43
Finance cost	-	(1.00)	-	-	-	-	-	(1.00)
Rent - network	56.83	900.95	-	-	(1.26)	0.47	-	956.98
Power & fuel - network	29.59	528.80	-	-	-	1.67	-	560.06
Access charges	-	53.21	-	0.00	-	-	-	53.22
Purchase of goods	-	0.43	-	-	-	-	-	0.43
Information technology solutions	-	-	-	-	128.07	-	-	128.07
Professional and legal fees	0.00	-	-	-	1.14	0.05	-	1.19
Repair and maintenance	-	5.13	(0.00)	-	4.32	8.55	-	18.00
Managerial remuneration	-	-	-	-	-	-	4.59	4.59
Director sitting fees	-	-	-	-	-	-	0.28	0.28
Telecalling charges	0.01	-	-	-	20.33	-	-	20.34
Lease line and bandwidth charges	-	9.03	-	-	-	-	-	9.03
Communication expenses	-	0.23	-	-	-	-	-	0.23
Commission, incentive and content Cost	7.72	0.30	-	-	10.88	0.09	-	18.98
Expenses incurred by us on behalf of related party	1.47	48.51	0.10	-	-	-	-	50.07
Expenses incurred by related party on behalf of us	1.61	24.13	0.07	0.02	-	0.08	-	25.91
Miscellaneous expenses	0.05	18.47	-	0.86	-	2.21	-	27.63
Provision for diminution	(53.00)	207.15	0.13	-	-	-	-	154.28
Outstanding balances								
Trade receivables	1.26	27.90	178.37	0.17	9.84	1.97	-	207.69
Other receivables	1.80	0.07	-	0.00	0.15	0.23	-	1.88
Other current liabilities	0.68	231.23	0.58	0.79	45.80	3.57	-	233.27
Inter corporate deposit	-	-	204.95	-	-	-	-	204.95
Investment in equity instruments	203.10	2,506.78	230.06	-	-	-	-	2,939.93
Provision for diminution/doubtful debts & advances	53.00	1,567.21	613.85	-	-	-	-	2,224.17
Investment in RPS	-	2,018.00	-	-	-	-	-	2,018.00
Share application money pending allotment	-	-	-	2,003.94	-	-	-	2,003.94
Security deposit given	-	138.12	-	-	0.22	-	-	138.12
Corporate guarantee/Bank guarantee given	1.88	-	-	-	-	-	-	1.88



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Transactions with Key management personnel

	March 31, 2018	March 31, 2017
Short term employee benefits	4.15	4.44
Post-employment benefits	0.16	0.15
Directors sitting fee	0.18	0.28
Total	4.49	4.87

40. Hedging activities and derivatives

Derivatives not designated as hedging instruments

The Company uses foreign exchange forward contracts, cross currency swaps ('CCS') and interest rate swaps to manage some of its exposures. The foreign exchange forward contracts and cross currency swaps are not designated as cash flow hedges and are entered into for periods consistent with foreign currency exposure of the underlying transactions.

Hedge disclosures

The current status of hedging of derivative instruments is given below:

Particulars	Notional amount (USD Cr)		Fair value assets*	
	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
Forwards contracts	0.28	25.33	0.13	(120.56)
Cross currency swap	-	22.16	-	265.00
Total	0.28	47.49	0.13	144.44

The terms of the interest rate swaps generally match the terms of the underlying exposure. In cases where any hedge ineffectiveness arises, it is recognized through profit or loss.

The foreign currency exposure that are not hedged by derivative instruments:

Particulars	Notional amount (USD Cr)	
	March 31, 2018	March 31, 2017
Trade Payables	0.66	0.67
Foreign currency loans from banks	-	20.05
Total	0.66	20.72

Interest Rate Swaps measured at fair value through OCI are designated as hedging instruments in cash flow hedges of floating rate external commercial borrowings.

Using Interest rate swap contracts, the Company agrees to exchange floating rate of interest rate in USD to fixed rate in USD on agreed principal amounts. Such contracts enable the Company to mitigate the interest rate risk on foreign currency borrowings. Such Contracts are settled on semi-annual basis. Details are listed below:

Interest rate swaps - hedged	Notional amount (USD Cr)		Fair value assets*	
	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
External commercial borrowings (ECB)	-	40.18	-	12.10
Interest rate swaps - unhedged (USD Mn)	March 31, 2018		March 31, 2017	
External commercial borrowings (ECB)	-	4.95		

The net change in value of the hedged items used as the basis for recognizing hedge ineffectiveness for the period is Rs. 4.01 crores (for the year ended March 31, 2017: Rs. 4.81 crores).

The balance in the cash flow hedge reserve for continuing hedges is Nil as at March 31, 2018 due to settlement of derivative contracts during the current financial year (as at March 31, 2017: Rs. 36.76 crores). The net hedging gain/(loss) recognized for the period in other comprehensive income in respect of cash flow hedges is Rs. (36.76) crores (for the year ended March 31, 2017: Rs. 36.76 crores).



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41. Fair Values of financial assets and liabilities

The significant accounting policies, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial assets, financial liability and equity instrument are disclosed in note 2.2.(t) to the standalone financial statements. Set out below, is a comparison by class of the carrying amounts and fair value of the Company's financial instruments, other than those with carrying amounts that are reasonable approximations of fair values:

	Fair Value		Carrying Value	
	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
Financial Assets				
Fair Value through Profit & Loss (FVTPL)				
Investments	254.52	2,202.44	254.52	2,202.44
Derivative Financial Assets:				
CCPS	5,633.28	356.28	5,633.28	356.28
Others	0.13	277.11	0.13	277.11
Amortised Cost				
Trade receivables	271.95	483.45	271.95	483.45
Cash and cash equivalents	41.81	78.89	41.81	78.89
Other Bank balances	17.02	234.63	17.02	234.63
Loans and Advances	169.10	177.33	169.10	189.57
Other Bank balances	-	0.09	-	0.09
	6,387.81	3,810.22	6,387.81	3,822.46
Financial Liabilities				
Fair Value through Profit & Loss (FVTPL)				
Derivative Financial Liabilities- Others	-	120.56	-	120.56
Amortised Cost				
Borrowings	31,452.50	25,893.71	31,452.50	25,893.71
Trade payables	1,276.08	1,395.10	1,276.08	1,395.10
Other current financial liabilities	2,689.95	9,205.36	2,689.95	9,205.36
	35,418.53	36,614.73	35,418.53	36,614.73

The management assessed that fair value of cash and cash equivalents, trade receivables, trade payables, borrowings and other current liabilities approximate their carrying amounts mainly due to the short-term maturities of these instruments.

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

- The fair values of the remaining FVTPL financial assets (investments in mutual funds) are derived from quoted market prices in active markets.
- The fair value of CCPS derivative component is based on valuation from certified valuer. The valuer has used binomial lattice model. The rate of interest assumed between 6.42% to 6.65% and volatility assumed between 48 % to 53 %.
- The other derivative assets are basis the valuation received from the banks.
- The current and non-current portion of derivative assets and liabilities as disclosed above is as follows:



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Particulars	March 31, 2018		March 31, 2017	
	CCPS	Others	CCPS	Others
Derivative Assets- Non current	3,743.27	-	-	146.88
Derivative Assets- Current	1,889.98	0.13	356.28	130.23
Derivative Liabilities- Non current	-	-	-	67.99
Derivative Liabilities- Current	-	-	-	52.58

42. Fair value hierarchy

The following table provides the fair value measurement hierarchy of the Company's assets and liabilities.

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 consists of the following three levels.

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

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

The 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 disclosures are required)

		March 31, 2018	March 31, 2017
Financial Assets			
FVTPL			
Quoted Investments	Level 1	250.38	3,930.23
Derivative financial assets	Level 2	5,633.41	633.39
Unquoted Investments	Level 3	4.14	4.14
		5,887.93	4,567.76
Financial Liabilities			
FVTPL			
Derivative financial liabilities	Level 2	-	120.56
		-	120.56

The financial assets categorised as Level 3 pertain to unquoted investments in equity instruments of an entity in the normal course of business to obtain savings in electricity expenses. Thus, the management believes that the carrying value is a fair approximation of the fair value.

The fair values of the financial assets and financial liabilities included in the level 2 category above have been determined in accordance with generally accepted pricing models based on a discounted cash flow analysis, with the most significant inputs being the discount rate that reflects the credit risk of counterparties.

During the year ended March 31, 2018 and March 31, 2017, there were no transfers between Levels of fair value measurements.



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43. Financial risk management objectives and policies

The risk management objective of the Company is to hedge risk of change in the foreign currency exchange rates associated with its direct transactions denominated in foreign currency. Since most of the transactions of the Company are denominated in its functional currency (INR), any foreign exchange fluctuation affects the profitability of the Company and its financial position. Hedging provides stability to the financial performance by estimating the amount of future cash flows and reducing volatility.

The Company follows a consistent policy of mitigating foreign exchange risk by entering into appropriate hedging instruments as considered from time to time. The Company is having a defined risk management policy for exposure in foreign currencies. The Company does not enter into a foreign exchange transaction for speculative purposes.

The Company's principal financial liabilities, other than derivatives, comprise loans and borrowings, trade and other payables.

Market risk

The company's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates. The Company enters into a variety of derivative financial instruments to manage its exposure to foreign currency risk and interest rate risk, including:

- i. Forward foreign exchange contracts to hedge the exchange rate risk arising on the buyer's credit and external commercial borrowings and interest thereon
- ii. Cross currency interest rate swap
- iii. Interest rate swaps to mitigate risk of rising interest rate

There has been no change to the Company's exposure to market risks or the manner in which these risks are managed and measured

Interest rate risk management

The Company is exposed to interest rate risk because it borrows funds at both fixed and floating interest rates. The floating interest rate risk on foreign currency borrowing is managed by the Company by the use of interest rate swap contracts. Hedging activities are evaluated regularly to align with the interest rate views and defined risk appetite, ensuring the most cost-effective hedging strategies are applied. The Company's exposures to interest rate financial liabilities are detailed in the liquidity risk management section of this note.

The sensitivity analyses below have been determined based on the exposure to interest rates for both derivatives and non-derivative instruments at the end of the reporting period. For floating rate rupee liabilities, the analysis is prepared assuming the amount of the liability outstanding at the end of the reporting period was outstanding for the whole year. A 50 basis point increase or decrease represents management's assessment of the reasonably possible change in interest rates.

If interest rate had been 50 basis points higher/lower and all other variables were held constant, the company's profit/other comprehensive income and equity for the year ended March 31, 2018 would decrease / increase by Rs.12.50 crores (March 31, 2017 - Rs. 98.01 crores)



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Foreign currency risk management

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 undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise. Exchange rate exposures are managed within approved risk management policy parameters using forward foreign exchange contracts, principal only swaps contracts, cross currency interest rate swap contracts.

The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's foreign currency borrowing and interest thereon. When a derivative is entered into for the purpose of being a hedge, the Company negotiates the terms of those derivatives to match the terms of the hedged exposure.

The Company is having risk management policy which provides the guidelines for managing the currency risk exposure. Accordingly, the Company hedges upto 100% of its underlying liabilities due within next one year. For the balance underlying liabilities the Company hedge ranges from 0-50%.

The carrying amounts of the Company's foreign currency denominated monetary liabilities at the end of the reporting period

Currency (In Crs)	Liabilities as at	
	March 31, 2018	March 31, 2017
USD	0.87	64.78
EURO	0.01	0.01
AUD	0.07	-

Foreign currency sensitivity

The following table details the Company's sensitivity to a 5% increase and decrease in the INR against the relevant foreign currencies. 5% is the sensitivity rate represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 5% change in foreign currency rates. The sensitivity analysis includes external loans and vendors. A positive number below indicates increase in profit or equity where the INR strengthens by 5% against the relevant currency. For a 5% weakening of the INR against the relevant currency, there would be a comparable impact on the profit, capitalization. However there is no impact on equity.

Particulars	Change in USD rate	Effect on loss before tax	Effect on capitalization
March 31, 2018	+ 5 %	(2.80)	-
March 31, 2017	+ 5 %	(30.19)	(179.79)

Credit risk

Credit risk refers to the risk that counter-party will default on its contractual obligations resulting in financial loss to the Company. Trade Receivables consist of a large number of customers, spread across diverse industries and geographical areas. Ongoing credit evaluation is performed on the financial condition of accounts receivable. The Company does not hold any collateral or other credit enhancement to cover its credit risk associated with its financial assets. On account of adoption of Ind AS 109, the Company uses provision matrix to compute the expected credit loss allowance for trade receivables. The provision matrix takes into account available external and internal credit risk factors. The credit risk on liquid funds and derivative financial instrument is limited because the counterparties are Asset Management companies/ banks with high credit-ratings assigned by ratings agencies.

Financial instruments and cash deposits

Credit risk from balances with banks and financial institutions is managed by the Company's treasury department in accordance with the Company's policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. Counterparty credit limits are reviewed by



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the Company's Board of Directors on regular basis, and may be updated throughout the year subject to approval of the Company's Finance Committee. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through counterparty's potential failure to make payments.

The Company's maximum exposure to credit risk for the components of the balance sheet at March 31, 2018 and March 31, 2017 is the carrying amounts as illustrated in Note 9.

Liquidity risk

Ultimate responsibility for liquidity risk management rests with the management and board of directors, which has established an appropriate liquidity risk management framework for the management of the company's short-, medium- and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate banking facilities and reserve borrowing facilities (i.e. cash credit, bank loans, bill discounting, buyers credit and suppliers credit), by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities. Note below sets out details of additional undrawn facilities that the Company has at its disposal to further reduce liquidity risk.

At March 31, 2018, the company has undrawn committed borrowing facilities of Rs. 355.68 crores (March 31, 2017 – Rs 607.33 crores).

The table below summarises the maturity profile of the Company's financial liabilities (including liabilities directly associated with assets held for sale) based on contractual undiscounted payments.

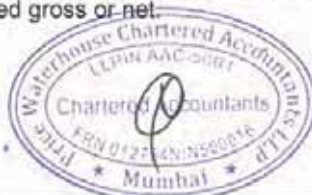
As at March 31, 2018

Particulars	Carrying amount	Due in 1st year	Due in 2nd year	Due in 3rd to 5th year	Due after 5th year	Total contracted cash flows
Financial Liabilities:						
Trade and other payables	1,276.08	1,276.08				1,276.08
Long Borrowings & interest thereon	21,389.64	-	2,937.48	19,259.33	2,994.94	25,191.75
Short Borrowings & interest thereon	12,047.25	12,410.61				12,410.61
Other financial liabilities	2,689.95	2,828.95				2,828.95
Derivative liabilities:						
Forwards	-	-				-
Interest Rate Swap	-	-				-
Total	37,402.92	16,515.64	2,937.48	19,259.33	2,994.94	41707.39

As at March 31, 2017

Particulars	Carrying amount	Due in 1st year	Due in 2nd year	Due in 3rd to 5th year	Due after 5th year	Total contracted cash flows
Financial Liabilities:						
Trade and other payables	1,395.10	1,395.10	-	-	-	1,395.10
Long Borrowings & interest thereon	25,017.05	-	4,278.46	10,799.53	9,939.06	25,017.05
Short Borrowings & interest thereon	876.66	876.66				876.66
Other financial liabilities	9,205.35	9,789.87				9,789.87
Derivative liabilities:						
Forwards	120.59	52.58	33.42	23.89	10.71	120.59
Interest Rate Swap	-	-				-
Total	36,614.75	12,114.21	4,311.88	10,823.42	9,949.77	37,199.28

The disclosed financial derivative instruments in the above table are the gross undiscounted cash flows. However, those amounts may be settled gross or net.



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Excessive risk concentration

In order to avoid excessive concentrations of risk, the Company's policies and procedures include specific guidelines to whereby maximum bank wise limits are set upto which the company can hedge with each of the banks.

44. Capital management

The Company manages its capital to ensure it will be able to continue as a going concern while maximizing the return to shareholders through the optimization of the debt and equity balance. The capital structure of the Company includes issued net debt (borrowings as detailed in note 17 and 20) offset by cash and bank balances and current investments and total equity of the Company,

The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. The Company monitors capital using a gearing ratio, which is net debt divided by total equity.

The gearing ratio at the end of the reporting period was as follows:

Particulars	As at March 31, 2018	As at March 31, 2017
Debt *	31,452.50	25,893.71
Cash and bank balances (including current investments)	309.21	4,243.75
Net debt	31,143.29	21,649.96
Equity**	(17,509.09)	(7,656.00)
Net debt to equity ratio	(1.78)	(2.83)

*Debt is defined as long-term and short-term borrowings (excluding derivatives and financial guarantee contracts).

** Equity represents the total of net worth, liability component of CCPS/OCPS and derivative assets of CCPS.

As at March 31, 2018, the company has met financial covenant requirement as per the respective borrowing arrangement with the lenders.

45. Deferred taxes

During the year ended March 31, 2018, the Company has incurred losses of Rs 14,919.21 crores (March 31, 2017 – loss Rs 4,626.58 crores) and has accumulated losses of Rs 45,226.23 crores as at the year-end (March 31, 2017 – Rs 30,307.12 crores) resulting into tax loss carry forward situation.

The Company launched its unified access services only during year ended March 31, 2003. The Company is eligible for a tax holiday under section 80IA of the Income-tax Act, 1961, beginning with the financial year in which the Company started providing telecommunication services prior to March 31, 2005, for 17 telecom circles.

The Company has temporary differences for unabsorbed losses and unabsorbed depreciation of Rs 33,309.56 crores (March 31, 2017 – Rs 11,212.82 crores), out of which deferred tax asset has been recognized only to the extent of deferred tax liability of Rs 1,920.06 crores (March 31, 2017 – Rs 1,253.05 crores) representing temporary differences relating to the fair value changes of investment in associate and depreciation. The Company has no opening and closing deferred tax assets and liabilities. The deferred tax on the balance temporary difference for unabsorbed losses and unabsorbed depreciation which will expire during the period 2019 to 2026.

Since, it is not probable that the company will generate future taxable profits; no deferred tax asset has been recognized on unused tax losses. Accordingly, the Company has restricted recognition of deferred tax asset to the extent of deferred tax liability.



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Balance sheet:

Particulars	Note No	As at March 31, 2017				Reference Note
		As Originally Reported	TISL Merger Impact (Refer Note 1.3)	Restatement	As Restated	
Financial Liabilities						
Deferred payment obligation	17	3,592.62	-	291.60	3,884.22	(i)
Right to spectrum, earmarked pending allotment		-	-	583.20	583.20	(i)
Other non-current assets	13	722.16	2.27	(291.60)	432.83	(i)
Investment in an associate, joint venture and subsidiaries	7	7,253.45	(150.00)	(1,731.93)	5,371.52	(ii)
Trade and Other Payables	18	1,722.92	0.49	(328.31)	1,395.10	(iii), (v)
Other Financial Liabilities	19	9,047.95	-	157.41	9,205.36	(iii), (v)
Provisions	20	257.18	9.20	170.90	437.28	(iii)
Trade Receivables	9	506.88	1.05	(24.46)	483.45	(iv)
Other current liabilities	21	466.09	-	(24.46)	441.63	(iv)
Investment Property	5	-	135.23	-	135.23	
Financial Assets:						
Investments (Non current)	8	4.14	-	1,731.93	1,736.07	(ii)
Other bank balances (Non current)		-	0.09	-	0.09	
Income tax recoverable (Non current)		-	0.96	-	0.96	
Financial Assets:						
Investments (Current)	8	2,174.60	23.70	-	2,198.30	
Other bank balances (Current)	11	234.62	0.01	-	234.63	
Income tax recoverable (Current)		138.83	0.28	-	139.11	
Other current assets	13	264.65	0.03	-	264.68	

- i. The Government of India ('GoI') issued Letters of Intent for earmarking the spectrum won by the Company in Andhra Pradesh in the auctions conducted during October 2016. As per the payment options available, the Company has chosen the deferred payment option. The Company was required, to pay upfront payment of Rs 291.60 crores for spectrum which was previously presented as Capital Advance and the balance amount of Rs 291.60 under the EMI scheme offered by the DoT was disclosed as capital commitment. The company restated the comparative numbers for the year ended March 31, 2017 by reclassifying the capital advance amounting to Rs. 291.6 crores to Right to spectrum, earmarked pending allotment and also the balance amount of Rs. 291.60 crores has been disclosed as Deferred Payment Liability with the corresponding increase in Right to spectrum, earmarked pending allotment.
- ii. During the previous year, Company had invested through 0.1% Non-Cumulative Redeemable Preference shares (RPS) in TTML. The debt component of RPS included under "Investment in an associate, joint venture and subsidiaries" amounting to Rs. 1731.93 Crores have been reclassified to "Financial Assets", since it is a financial assets as per Ind AS 109.
- iii. Provision made for contingency in relation to ongoing litigations are provision made under Ind AS 37 and is not in the nature of financial liabilities. Accordingly, such provision previously included under "trade and other payables" amounting to Rs.140.53 crores and under "other financial liabilities" amounting to Rs.30.37 crores as at March 31, 2017 have been reclassified under the head "Provisions" and that there is no impact on total current liabilities.
- iv. Exit charges liability previously included under "Income received in advance" under "Other current liabilities" amounting to Rs 24.46 Crores have been reclassified against corresponding amount of Exit Charges receivable included under Trade receivables.
- v. Capital creditors previously included under trade and other payables amounting to Rs 187.78 crores have been reclassified to other current financial liabilities and that there is no impact on total current liabilities.
- vi. The other related disclosures have been updated in the relevant notes.



TATA TELESERVICES LIMITED**NOTES TO THE STANDALONE IND AS FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2018***(All amounts in Rupees Crores unless stated otherwise)***Balance sheet:**

Particulars	Notes	April 01, 2016				Reference Note
		As Originally Reported	TISL Merger Impact (Refer Note 1.3)	Restatement	As Restated	
Investment Property	5	-	138.27	-	138.27	
Investment in an associate, joint venture and subsidiaries	7	8,118.92	(139.83)	-	7,979.09	
Other bank balances (Non current)		-	0.07	-	0.07	
Other non-current assets	13	1,003.99	0.01	-	1,004.00	
Investments	8	798.02	19.01	-	817.03	
Trade receivables	9	597.57	1.61	(3.91)	595.27	(iii)
Cash and cash equivalents	10	159.13	0.06	-	159.19	
Other bank balances (Current)	11	196.69	0.03	-	196.72	
Income tax recoverable		842.71	1.56	-	844.27	
Other current assets	13	313.57	2.33	-	315.90	
Other equity	16	(13,484.58)	13.52	-	(13,471.06)	
Trade and other payables	18	2,150.52	9.58	(342.59)	1,817.51	(i), (ii)
Other financial liabilities	19	6,570.66	0.01	174.08	6,744.75	(i), (ii)
Other current liabilities	21	512.52	0.01	(3.91)	508.62	(iii)
Provisions	20	229.48	-	168.51	397.99	(i)

- i. Provision made for contingency in relation to ongoing litigations are provision made under Ind AS 37 and is not in the nature of financial liabilities. Accordingly, such provision previously included under "trade and other payables" amounting to Rs.140.53 crores and under "other financial liabilities" amounting to Rs.27.98 crores as at April 01, 2016 have been reclassified under the head "Provisions" and that there is no impact on total current liabilities.
- ii. Capital creditors previously included under trade and other payables amounting to Rs 202.06 crores have been reclassified to other financial liabilities and that there is no impact on total current liabilities.
- iii. Exit charges liability previously included under "Income received in advance" under "Other current liabilities" amounting to Rs 3.91 Crores have been reclassified against corresponding amount of Exit Charges receivable included under Trade receivables.



TATA TELESERVICES LIMITED**NOTES TO THE STANDALONE IND AS FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2018***(All amounts in Rupees Crores unless stated otherwise)***47. Specified bank notes**

The disclosure requirements relating to holdings as well as dealings in Specified Bank Notes (SBN) were applicable for the period from 8 November 2016 to 30 December 2016 which are not relevant to these standalone financial statements for the year ended March 31, 2018.

Note on SBN given in the audited financial statements for the year ended March 31, 2017 has been reproduced below.

"The Central Government vide its notification no S.O. 3407(E) dated November 8, 2016, declared that Specified Bank Notes (SBN) shall cease to be legal tender with effect from November 9, 2016. However, subsequently, the Central Government vide its notification no S.O. 3544(E) dated November 24, 2016, allowed telecom companies to accept Specified Bank Notes towards prepaid mobile top-up to a limit of Rs 500 per top-up from November 25, 2016 to December 15, 2016. Further, on March 30, 2017, the Ministry of Corporate Affairs has issued notification no G.S.R 308(E) dated March 30, 2017 amending the provisions of the Companies Act, 2013 and mandating every company to provide details of Specified Bank Notes held / transacted during the period of November 8, 2016 to December 30, 2016. This section makes disclosures pursuant to such requirement.

Particulars	SBNs	Other denomination notes	Total
Closing cash in hand as on 08.11.2016*	1.78	0.49	2.27
(+) Permitted receipts**	0.31	37.73	38.03
(+) Non Permitted receipts	2.45	-	2.45
(-) Permitted payments	-	-	-
(-) Amount deposited in Banks***	4.54	37.38	41.92
Closing cash in hand as on 30.12.2016	-	0.83	0.83

* This amount reflects the sum of all "cash in hand" as recorded in the books of the Company based on the information received from Company owned and franchisee stores. The company had, as a measure of good governance practice and to ensure due diligence, as a one-time measure, mandated its employees to record and report the cash denomination for the closing balance on November 8, 2016. The Company is in the process of reconciling the data so collected with bank records for the same period. The Company had also issued strict instructions to employees to not accept any Specified Bank Notes with immediate effect

** This amount reflects the sum of all cash received by the Company in the Specified Bank Notes of Rs. 500 between the period of November 25, 2016 and December 15, 2016. The Central Government had, vide its Notification dated November 24, 2016, allowed use of currency notes of denomination of Rs. 500 towards payment for prepaid mobile top-up, up to a limit of Rs. 500 per top-up for the period between midnight of November 24, 2016 and up to and including December 15, 2016. Accordingly, the permitted receipts of the Specified Bank Notes represent the amounts received pursuant to such permitted transactions. The Company had issued specific instructions for maintaining a record of, and tracking the collection of such Specified Bank Notes, which was done [manually]. The Company is in the process of verifying and reconciling (to the extent possible) this information.



TATA TELESERVICES LIMITED
NOTES TO THE STANDALONE IND AS FINANCIAL STATEMENTS AS AT AND FOR
THE YEAR ENDED MARCH 31, 2018

(All amounts in Rupees Crores unless stated otherwise)

*** This reflects the information received from the banks of the Company, based on the request made by the Company for the purposes of complying with the provisions of the Companies Act, 2013. The figures set out herein reflect the Specified Bank Notes and other notes of other denominations as received by the specified banks at the branch from the cash management agencies contracted by the banks for collecting the cash from the Company's stores on behalf of the banks. As a matter of company-wide business practice the cash management agencies appointed by banks, collect, on a daily basis, the cash from the stores of the Company on behalf of the banks. The cash management agencies provide a manually generated receipt to the stores of the cash and the denomination collected by them from the stores. The amounts reflected herein do may not reflect the amounts stated in such receipts issued by the cash management agencies to the Company's representatives at the stores. The Company is in the process of reconciling this information against such manually generated receipts.

We have identified discrepancies (as reflected in the above table) in the cash denominations in (a) the closing balance maintained by the company on November 8, 2016, as well as the cash received and generated by the Company between November 8, 2016 to December 30, 2016 and (b) the amounts shown as received by the banks at their branches. While the amount of cash has been reconciled, the discrepancies remain in the denominations of such bank notes. Accordingly, the Company initiated an exercise, and an external agency is being appointed, to investigate the matter, identify the discrepancies, and validate and reconcile the differences. Given that the company has over 1,107 stores across India and the records are maintained physically, the Company had no pre-existing systems to track these, the reconciliation exercise has not been fully completed and is expected to be completed by the end of the next quarter."

48. Net Debt Reconciliation

	As at March 31, 2018	As at March 31, 2017
Borrowings		
Current borrowings	12,047.25	876.66
Non-current borrowings (including current maturities of long term debt and liabilities directly associated with assets classified as held for sale)	23,821.43	31,668.25
Interest accrued but not due	0.08	118.91
Total Borrowings	35,868.76	32,663.82
Cash and cash equivalents (including bank overdraft)	37.35	77.25
Current investments	250.38	2,198.30
	287.73	2,275.55
Total Net Debt	35,581.03	30,388.27

	Rs. in crores			
	Cash and cash equivalents (including bank overdraft)	Current investments	Total Borrowings	Total Net Debt
Net debt as at March 31, 2017	77.25	2,198.30	32,663.82	30,388.27
Cash flows	(39.90)	(1,948.80)	6,170.25	8,158.95
Foreign exchange adjustments	-	-	(163.99)	(163.99)
Interest expense	-	-	3,278.00	3,278.00
Interest paid	-	-	(2,188.30)	(2,188.30)
Other non-cash movements				
- Fair value adjustments		0.88	(3,250.80)	(3,251.68)
- Notional Interest/ DRE		-	568.31	568.31
- Finance Set up cost		-	(1,208.53)	(1,208.53)
Net debt as at March 31, 2018	37.35	250.38	35,868.76	35,581.03



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TATA TELESERVICES LIMITED
NOTES TO THE STANDALONE IND AS FINANCIAL STATEMENTS AS AT AND FOR
THE YEAR ENDED MARCH 31, 2018

(All amounts in Rupees Crores unless stated otherwise)

49. Standards issued but not yet effective

In March 2018, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) (Amendments) Rules, 2018, notifying Ind AS 115, 'Revenue from Contracts with Customers.' Ind AS 115, Revenue from contracts with customers deals with revenue recognition and establishes principles for reporting useful information to users of standalone financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised when a customer obtains control of a promised good or service and thus has the ability to direct the use and obtain the benefits from the good or service in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services.

(i) A new five-step process must be applied before revenue can be recognised:

- i. Identify contracts with customers
- ii. Identify the separate performance obligation
- iii. Determine the transaction price of the contract
- iv. Allocate the transaction price to each of the separate performance obligations, and
- v. Recognise the revenue as each performance obligation is satisfied.

The new standard is mandatory for financial years commencing on or after 1 April 2018 and early application is not permitted. The standard permits either a full retrospective or a modified retrospective approach for the adoption.

We have established an implementation team to implement the standard update related to the recognition of revenue from contracts with customers. We are currently evaluating the existing revenue contracts to determine revenue recognition under the new standard. Additionally, we are in the process of identifying and implementing changes to our processes to meet the standard's updated reporting and disclosure requirements, as well as evaluating the internal control changes, if any, during the implementation and continued application of the new standard.

(ii) The MCA has notified Appendix B to Ind AS 21, Foreign currency transactions and advance consideration. The appendix clarifies how to determine the date of transaction for the exchange rate to be used on initial recognition of a related asset, expense or income where an entity pays or receives consideration in advance for foreign currency-denominated contracts.

For a single payment or receipt, the date of the transaction should be the date on which the entity initially recognises the non-monetary asset or liability arising from the advance consideration (the prepayment of deferred income/contract liability). If there are multiple payments or receipts for one item, date of transaction should be determined as above for each payment or receipt.

The appendix can be applied:

- retrospectively for each period presented applying Ind AS 8;
- prospectively to items in scope of the appendix that are initially recognized
- on or after the beginning of the reporting period in which the appendix is first applied (i.e. 1 April 2018 for entities with March year-end); or
- from the beginning of a prior period reporting presented as comparative information (i.e. 1 April 2017 for entities with March year-end).

The effect on the standalone financial statements is being evaluated by the Company.



TATA TELESERVICES LIMITED
NOTES TO THE STANDALONE IND AS FINANCIAL STATEMENTS AS AT AND FOR
THE YEAR ENDED MARCH 31, 2018

(All amounts in Rupees Crores unless stated otherwise)

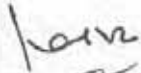
The Company intends to adopt the amendments prospectively to items in scope of the appendix that are initially recognised on or after the beginning of the reporting period in which the appendix is first applied (i.e. from 1 April 2018).

There are no other standards that are not yet effective and that would be expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

The accompanying notes are an integral part of the Ind AS standalone financial statements.

As per our report of even date

For Price Waterhouse Chartered Accountants LLP
ICAI Firm Registration No.: 012754N/ N500016
Chartered Accountants



Sharmila A. Karve
Partner
Membership no. 043229

For and on Behalf of the Board of Directors



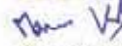
Ankur Verma
Director
[DIN No: 07972892]



N Srinath
Managing Director
[DIN No: 00058133]



Anuraag Srivastava
Chief Financial Officer


Place: Mumbai
Date: June 01, 2018

Pravin Jogani
Assistant Company Secretary

Place: Mumbai
Date: June 01, 2018

Price Waterhouse Chartered Accountants LLP

INDEPENDENT AUDITORS' REPORT

To the Members of Tata Teleservices Limited

Report on the Consolidated Indian Accounting Standards (Ind AS) Financial Statements

1. We have audited the accompanying consolidated Ind AS financial statements of Tata Teleservices Limited ("hereinafter referred to as the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group"), its associate companies; (refer Note 2.2 to the attached consolidated financial statements), comprising of the consolidated Balance Sheet as at March 31, 2018, the consolidated Statement of Profit and Loss (including Other Comprehensive Income), the consolidated Cash Flow Statement for the year then ended and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information prepared based on the relevant records (hereinafter referred to as "the Consolidated Ind AS Financial Statements").

Management's Responsibility for the Consolidated Ind AS Financial Statements

2. The Holding Company's Board of Directors is responsible for the preparation of these consolidated Ind AS financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance, consolidated cash flows and changes in equity of the Group including its associates in accordance with accounting principles generally accepted in India including the Indian Accounting Standards specified in the Companies (Indian Accounting Standards) Rules, 2015 (as amended) under Section 133 of the Act. The Holding Company's Board of Directors is also responsible for ensuring accuracy of records including financial information considered necessary for the preparation of consolidated Ind AS financial statements. The respective Board of Directors of the companies included in the Group and of its associates are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and its associates respectively and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgements and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which has been used for the purpose of preparation of the consolidated Ind AS financial statements by the Directors of the Holding Company, as aforesaid.

Auditors' Responsibility

3. Our responsibility is to express an opinion on these consolidated Ind AS financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act and the Rules made thereunder including the accounting standards and matters which are required to be included in the audit report.
4. We conducted our audit of the consolidated Ind AS financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India. Those Standards and pronouncements require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated Ind AS financial statements are free from material misstatement.



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Price Waterhouse (a Partnership Firm) converted into Price Waterhouse Chartered Accountants LLP (a Limited Liability Partnership with LLP identity no: LLPIN AAC-5001) with effect from July 25, 2014. Post its conversion to Price Waterhouse Chartered Accountants LLP, its ICAI registration number is 012754N/N500018 (ICAI registration number before conversion was 012754N)

Price Waterhouse Chartered Accountants LLP

INDEPENDENT AUDITORS' REPORT

To the Members of Tata Teleservices Limited
Report on the Consolidated Ind AS Financial Statements
Page 2 of 4

5. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated Ind AS financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the consolidated Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated Ind AS financial statements that give a true and fair view, in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated Ind AS financial statements.
6. We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in sub-paragraph 8 of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated Ind AS financial statements.

Opinion

7. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the consolidated state of affairs of the Group and its associates as at March 31, 2018, and their consolidated total comprehensive income (comprising of consolidated loss and consolidated other comprehensive income), their consolidated cash flows and consolidated changes in equity for the year ended on that date.

Other Matters

8. We did not audit the financial statements of one subsidiary whose financial statements reflect total assets of Rs 0.08 crores and net assets of Rs (0.17) crores as at March 31, 2018, total revenue of Rs. Nil crores, total comprehensive income (comprising of loss and other comprehensive income) of Rs Nil crores and net cash flows amounting to Rs (0.01) crores for the year ended on that date, as considered in the consolidated Ind AS financial statements. The consolidated Ind AS financial statements also include the Group's share of total comprehensive income (comprising of profit and other comprehensive income) of Rs. 1,040.25 for the year ended March 31, 2018 as considered in the consolidated Ind AS financial statements, in respect of one associate company whose financial statements have not been audited by us. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management, and our opinion on the consolidated Ind AS financial statements in so far as it relates to the amounts and disclosures included in respect of these subsidiary and associate company and our report in terms of sub-section (3) of Section 143 of the Act insofar as it relates to the aforesaid subsidiaries and associate, is based solely on the reports of the other auditors.
9. The consolidated Ind AS financial statements of the Company for the year ended March 31, 2017, were audited by another firm of chartered accountants under the Companies Act, 2013 who, vide their report dated May 18, 2017, expressed a qualified opinion on those financial statements. It is impracticable for the Company to determine the impact on the opening retained earnings thus the full amount has been adjusted in the Financial Statements as of March 31, 2018. Our opinion is not qualified in respect of this matter.



Price Waterhouse Chartered Accountants LLP

INDEPENDENT AUDITORS' REPORT

To the Members of Tata Teleservices Limited

Report on the Consolidated Ind AS Financial Statements

Page 3 of 4

Report on Other Legal and Regulatory Requirements

10. As required by Section 143(3) of the Act, we report, to the extent applicable, that:

- a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated Ind AS financial statements.
- b. In our opinion, proper books of account as required by law maintained by the Holding Company, its subsidiaries included in the Group and associate companies incorporated in India including relevant records relating to preparation of the aforesaid consolidated Ind AS financial statements have been kept so far as it appears from our examination of those books and records of the Holding Company and the reports of the other auditors.
- c. The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including other comprehensive income), Consolidated Cash Flow Statement and the Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account maintained by the Holding Company, its subsidiaries included in the Group and associate companies incorporated in India including relevant records relating to the preparation of the consolidated Ind AS financial statements.
- d. In our opinion, the aforesaid consolidated Ind AS financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act.
- e. On the basis of the written representations received from the directors of the Holding Company as on March 31, 2018 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies and associate companies incorporated in India, none of the directors of the Group companies, its associate companies and joint ventures incorporated in India is disqualified as on March 31, 2018 from being appointed as a director in terms of Section 164 (2) of the Act.
- f. With respect to the adequacy of the internal financial controls with reference to financial statements of the Holding Company, its subsidiary companies and associate companies incorporated in India and the operating effectiveness of such controls, refer to our separate Report in Annexure A.
- g. With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The consolidated Ind AS financial statements disclose the impact, if any, of pending litigations as at March 31, 2018 on the consolidated financial position of the Group and its associate— Refer Note 36 to the consolidated Ind AS financial statements.
 - ii. Provision has been made in the consolidated Ind AS financial statements, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts as at March 31, 2018— Refer Note 20 to the consolidated Ind AS financial statements in respect of such items as it relates to the Group and its associates.



Price Waterhouse Chartered Accountants LLP

INDEPENDENT AUDITORS' REPORT

To the Members of Tata Teleservices Limited

Report on the Consolidated Ind AS Financial Statements

Page 4 of 4

- iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company, and its subsidiary companies and associate companies incorporated in India during the year ended March 31, 2018.
- iv. The reporting on disclosures relating to Specified Bank Notes is not applicable to the Group for the year ended March 31, 2018.



For Price Waterhouse Chartered Accountants LLP
Firm Registration No. 012754N/N500016
Chartered Accountants



Sharmila A. Karve
Partner
Membership No. 043229

Place: Mumbai
Date: June 1, 2018

Price Waterhouse Chartered Accountants LLP

Annexure A to Independent Auditors' Report

Referred to in paragraph 10(f) of the Independent Auditors' Report of even date to the members of Tata Teleservices Limited on the consolidated Ind AS financial statements for the year ended March 31, 2018

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Act

1. In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended March 31, 2018, we have audited the internal financial controls over financial reporting of Tata Teleservices Limited (hereinafter referred to as "the Holding Company") and its subsidiary companies and its associate companies, which are companies incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

2. The respective Board of Directors of the Holding company, its subsidiary companies and its associate companies, to whom reporting under clause (i) of sub section 3 of Section 143 of the Act in respect of the adequacy of the internal financial controls over financial reporting is applicable, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on "internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI)". These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility

3. 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 ICAI and the Standards on Auditing deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.
4. 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.
5. We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

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Price Waterhouse (a Partnership Firm) converted into Price Waterhouse Chartered Accountants LLP (a Limited Liability Partnership with LLP identity no: LLPIN AAC-5001) with effect from July 25, 2014. Post its conversion to Price Waterhouse Chartered Accountants LLP, its ICAI registration number is 012754N/NS00016 (ICAI registration number before conversion was 012754N)



Price Waterhouse Chartered Accountants LLP

Annexure A to Independent Auditors' Report

Referred to in paragraph 10(f) of the Independent Auditors' Report of even date to the members of Tata Teleservices Limited on the consolidated Ind AS financial statements for the year ended March 31, 2018

Page 2 of 3

Meaning of Internal Financial Controls Over Financial Reporting

6. 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

7. 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

8. In our opinion, the Holding Company, its subsidiary companies and its associate companies, which are companies incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.



Price Waterhouse Chartered Accountants LLP

Annexure A to Independent Auditors' Report

Referred to in paragraph 10(f) of the Independent Auditors' Report of even date to the members of Tata Teleservices Limited on the consolidated Ind AS financial statements for the year ended March 31, 2018

Page 3 of 3

Other Matters

9. Our aforesaid reports under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting in so far as it relates to one subsidiary company and one associate company, which are companies incorporated in India, is based on the corresponding reports of the auditors of such companies incorporated in India. Our opinion is not qualified in respect of this matter.

For Price Waterhouse Chartered Accountants LLP
Firm Registration No. 012754N/N500016
Chartered Accountants



Sharmila A. Karve
Partner
Membership No. 043229

Place: Mumbai
Date: June 1, 2018

TATA TELESERVICES LIMITED
CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2018
(All amounts in Rupees Crores unless stated otherwise)



	Notes	As at March 31, 2018	As at March 31, 2017 (refer note 46)	As at April 01, 2016 (refer note 46)
ASSETS				
Non-current assets				
Property, plant and equipment	3	2,270.55	5,522.44	11,397.89
Capital work-in-progress	4	58.12	73.96	205.01
Investment property	5	21.80	22.30	22.80
Intangible assets	6	155.16	7,894.55	9,501.25
Investment in associates and joint venture	7	5,996.43	4,883.47	-
Right to spectrum earmarked pending allotment		-	583.20	-
Financial Assets:				
Investments	8	4.14	1,736.07	4.14
Loans and advances	12	81.08	164.63	255.75
Derivative financial assets		3,743.30	146.88	312.16
Other bank balances		-	0.09	33.73
Income tax recoverable		-	-	280.74
Deferred tax assets		-	-	478.77
Other non-current assets	13	367.45	432.87	1,181.79
Total Non-current assets		12,698.02	21,460.46	23,674.03
Current assets				
Inventories	14	1.40	4.50	20.46
Financial Assets:				
Investments	8	258.21	2,205.14	1,012.55
Trade receivables	9	271.23	481.38	920.49
Cash and cash equivalents	10	42.03	82.91	345.68
Other bank balances	11	20.72	238.74	199.66
Loans and advances	12	88.20	25.03	21.04
Derivative financial assets		1,890.11	486.51	716.38
Income tax recoverable		182.86	140.11	1,056.51
Other current assets	13	399.03	268.13	439.21
Total Current assets		3,153.79	3,932.46	4,731.98
Assets classified as held for sale	22	2,162.70	-	-
Total Current assets		6,316.49	3,932.46	4,731.98
Total Assets		18,014.62	26,392.91	28,406.01
EQUITY AND LIABILITIES				
Equity				
Equity share capital	15	5,775.03	5,775.03	4,712.39
Other equity	16	(29,953.13)	(18,023.85)	(20,305.08)
Total Equity		(24,178.10)	(12,248.82)	(16,692.69)
Non-current liabilities:				
Financial liabilities				
Borrowings	17	19,405.26	25,017.05	31,474.03
Derivative financial liabilities		-	67.99	22.41
Provisions	20	2,341.99	6.23	341.46
Other non-current liabilities	21	128.59	101.32	92.45
Total Non-current liabilities		21,875.84	25,192.59	31,930.35
Current liabilities:				
Financial Liabilities				
Borrowings	17	12,047.25	876.66	719.03
Trade and other payables	18	1,279.17	1,400.64	2,307.17
Other financial liabilities	19	2,694.34	9,206.12	7,949.43
Derivative financial liabilities		-	52.59	35.77
Provisions	20	812.94	439.63	523.54
Other current liabilities	21	206.13	473.30	533.41
Total Current liabilities		17,039.83	12,449.14	12,068.35
Liabilities directly associated with assets held for sale	22	3,276.95	-	-
Total Current liabilities		20,316.78	12,449.14	12,068.35
Total equity and liabilities		18,014.62	26,392.91	28,406.01

Summary of significant accounting policies 2.2

The accompanying notes are an integral part of the Ind AS consolidated financial statements.

As per our report of even date

For Price Waterhouse Chartered Accountants LLP
 ICAI Firm Registration No.: 012754N/N500016
 Chartered Accountants

Sharmila A. Karve
 Partner
 Membership no. 043229

Place: Mumbai
 Date: June 01, 2018

For and on Behalf of the Board of Directors

Ankur Verma
 Director
 [DIN No. 07972892]

Akshay Srivastava
 Chief Financial Officer

Place: Mumbai
 Date: June 01, 2018

N Srinath
 Managing Director
 [DIN No. 00058133]

Pravin Jogani
 Assistant Company Secretary

TATA TELESERVICES LIMITED
CONSOLIDATED PROFIT & LOSS FOR THE YEAR ENDED MARCH 31, 2018
(All amounts in Rupees Crores unless stated otherwise)

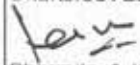


	Notes	For the year ended March 31, 2018	For the year ended March 31, 2017
INCOME			
Revenue from operations	23	5,155.19	9,488.83
Other income	24	168.29	(7.91)
Total income		5,323.48	9,480.92
EXPENSES			
Access charges		1,093.81	1,932.60
License fees and spectrum charges (revenue share)		402.02	846.01
Cost of goods sold	25	15.10	43.25
Employee benefit expenses	26	525.73	697.79
Power and fuel	27	864.24	1,016.75
Rent	28	1,700.84	1,705.10
Other expenses	29	1,616.35	2,104.74
Total expenses		6,218.09	8,346.24
Earnings before interest, tax, depreciation and amortisation (EBITDA)		(894.61)	1,134.68
Depreciation and amortisation expense	30	(1,083.46)	(1,848.02)
Finance cost	31	(3,278.00)	(3,347.28)
Finance income	32	312.26	223.47
Profit on sale of current investments		82.09	175.33
Loss for the year before exceptional items and tax		(4,861.72)	(3,661.82)
Exceptional items	33	(11,773.53)	8,045.08
Share of profit / (loss) in associates		(496.06)	(293.71)
Loss for the year before tax		(17,131.31)	2,089.55
Tax expense		-	-
Profit / (Loss) for the year from continuing operations (A)		(17,131.31)	2,089.55
Loss for the year, before tax, from discontinued operations		(5.55)	51.60
Tax income / expense of discontinued operations		-	(17.79)
Profit / (Loss) for the year, from discontinued operations (B)		(5.55)	33.81
Profit / (loss) for the year (A+B)		(17,136.86)	2,123.36
Share of non-controlling interest - (profit) / loss in subsidiary		-	(15.86)
Profit / (loss) after non-controlling share		(17,136.86)	2,107.50
Other Comprehensive Income / (Loss)			
A (i) Items that will not be reclassified to profit or loss			
Re-measurement gains/(losses) on defined benefit plan (gratuity)		2.17	(10.01)
Re-measurement gains/(losses) on defined benefit plan (Provident fund)		-	0.27
(ii) Income tax relating to items that will not be reclassified to profit or loss		-	-
B (i) Items that will be reclassified to profit or loss			
Cash flow hedge reserve		(36.76)	36.76
(ii) Income tax relating to items that will be reclassified to profit or loss		-	-
Total Comprehensive income / (loss) for the year		(17,171.45)	2,134.52
Earning per share for continuing operations			
Basic & Diluted (in Rs), computed on basis of profit / (loss) from continuing operations attributable to equity holders of the parent.		(29.86)	4.28
Earning per share for discontinued operations			
Basic & Diluted (in Rs), computed on basis of profit / (loss) from discontinued operations attributable to equity holders of the parent.		(0.01)	0.04
Earnings per share from continuing and discontinued operations			
Basic & Diluted (in Rs), computed on basis of profit / (loss) for the year attributable to equity holders of the parent.		(29.67)	4.35
Summary of significant accounting policies	2.2		

The accompanying notes are an integral part of the Ind AS consolidated financial statements.

As per our report of even date

For Price Waterhouse Chartered Accountants LLP
 ICAI Firm Registration No.: 012754N/ N500016
 Chartered Accountants


 Sharmila A. Karve
 Partner
 Membership no. 043229

For and on Behalf of the Board of Directors


 Ankur Verma
 Director
 [DIN No: 07972892]


 N Srinath
 Managing Director
 [DIN No: 00058133]


 Anurag Srivastava
 Chief Financial Officer


 Pravin Jogani
 Assistant Company Secretary

Place: Mumbai
 Date: June 01, 2018

Place: Mumbai
 Date: June 01, 2018

TATA TELESERVICES LIMITED
CONSOLIDATED STATEMENT OF CASH FLOW FOR THE YEAR ENDED MARCH 31, 2018
(All amounts in Rupees Crores unless stated otherwise)



	For the year ended March 31, 2018	For the year ended March 31, 2017
CASH FLOW FROM OPERATING ACTIVITIES		
Profit / (Loss) before tax	(17,131.31)	2,089.55
Profit / (Loss) for the year before tax from discontinued operations	(5.55)	51.60
Profit / (Loss) for the year before tax	(17,136.86)	2,141.15
Adjustments for:		
Exceptional item (refer note 33)	11,773.53	(6,045.08)
Depreciation and amortisation	1,083.46	1,848.02
Finance cost	3,278.00	3,347.28
Finance income	(312.26)	(223.47)
Foreign exchange, net	119.26	95.05
(Profit)/ Loss on sale of property, plant & equipments, net	(3.25)	(11.06)
(Profit)/ Loss on sale of current investments	(82.09)	(179.38)
Liabilities no longer required written back	(156.88)	(54.56)
Share of profit / (loss) in associates	496.06	293.71
Provision for doubtful debts and advances	125.79	50.21
Provision for contingencies and foreseeable losses	229.54	5.41
Operating Profit / (Loss) before working capital changes	(586.70)	1,267.28
Adjustment for changes in:		
(Increase)/ Decrease in inventories	2.77	-
(Increase)/ Decrease in trade receivables	(42.28)	15.96
(Increase)/ Decrease in non-current loans and advances, other assets	147.59	53.35
(Increase)/ Decrease in current loans and advances, other assets	(204.10)	253.99
Increase/ (Decrease) in non current liabilities & provision	0.12	45.02
Increase/ (Decrease) in trade & other payables	621.56	(7.13)
Increase/ (Decrease) in other current liabilities & provision	248.42	(617.60)
Increase/ (Decrease) in other financial liabilities	1,760.05	2,039.86
Cash generated from operations	1,948.43	3,060.75
Direct taxes received/ (paid), net of refund	(38.80)	686.39
NET CASH FLOW FROM / (USED IN) OPERATING ACTIVITIES (A)	1,909.63	3,737.14
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of property, plant & equipments	(198.03)	(396.97)
Net movement (increase)/ decrease to CWP	1.68	45.59
Net movement (increase)/ decrease to capital advances	9.09	(281.22)
Acquisition of Intangible assets, net	(1.46)	(27.20)
Proceeds from sale of property, plant & equipments	31.19	78.22
Purchase of investments	(6.38)	(39,741.74)
Purchase of investments in mutual funds	(21,600.27)	38,536.28
Purchase / Sale of current investments	1.88	2,611.36
Sale of investments in mutual funds	23,631.21	(2,018.00)
ICD's given to TTML	(3,700.00)	-
Investment in bank deposits (having original maturity of more than three months)	(485.43)	(475.08)
Redemption/ maturity of bank deposits (having original maturity of more than three months)	703.05	436.09
Interest received	9.25	21.28
NET CASH FLOW (USED IN) INVESTING ACTIVITIES (B)	(1,604.22)	(1,211.39)
CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from issue of CCPS/ OCPS	-	2,200.69
(Repayment of debentures) / Proceeds from debentures issued	11,750.00	(250.00)
Proceeds from long term borrowings	1,431.20	250.00
Repayment of long term borrowings	(22,317.21)	(2,308.59)
Proceeds from short term borrowings	13,263.62	2,328.14
Repayment of short term borrowings	(2,283.16)	(2,092.05)
Finance set up cost	(5.26)	(1.00)
Interest paid	(2,186.30)	(2,725.26)
NET CASH FLOW FROM FINANCING ACTIVITIES (C)	(349.11)	(2,598.07)
NET (DECREASE) IN CASH AND CASH EQUIVALENTS (A + B + C)	(43.70)	(72.32)
OPENING BALANCE OF CASH AND CASH EQUIVALENTS	81.27	153.59
CLOSING BALANCE OF CASH AND CASH EQUIVALENTS	37.57	81.27



TATA TELESERVICES LIMITED
CONSOLIDATED STATEMENT OF CASH FLOW FOR THE YEAR ENDED MARCH 31, 2018
(All amounts in Rupees Crores unless stated otherwise)



	For the year ended March 31, 2018	For the year ended March 31, 2017
NOTES TO CASH FLOW STATEMENT		
Cash and cash equivalents include : (refer note 10)		
Cash on hand	0.16	1.22
Cheques in hand	11.65	10.28
Balances with scheduled banks:		
Current accounts	30.18	67.38
Escrow Accounts	0.04	1.03
Deposit Accounts	-	3.00
Cash & bank balances as per balance sheet	42.03	82.91
Less: Bank overdraft/ Deposits Not considered	4.46	1.64
CASH AND CASH EQUIVALENTS	37.57	81.27

Summary of significant accounting policies (refer note 2.2)

9

The accompanying notes are an integral part of the Ind AS consolidated financial statements.

As per our report of even date

For Price Waterhouse Chartered Accountants LLP
 ICAI Firm Registration No.: 012754N/ N500016
 Chartered Accountants

Sharmila A. Karve
 Partner
 Membership no. 043229

For and on Behalf of the Board of Directors

Ankur Verma
 Director
 [DIN No: 07972892]

N Srinath
 Managing Director
 [DIN No: 00058133]

Anuraag Srivastava
 Chief Financial Officer

Place: Mumbai

Date: June 01, 2018

Pravin Jogani
 Assistant Company
 Secretary

Place : Mumbai
 Date: June 01, 2018

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TATA TELESERVICES LIMITED
CONSOLIDATED STATEMENT OF CHANGE IN EQUITY FOR THE YEAR ENDED MARCH 31, 2018
(All amounts in Rupees Crores unless stated otherwise)



Equity Share Capital

	As at March 31, 2018		As at March 31, 2017	
	No crores	Rs in crores	No crores	Rs in crores
Equity Shares (Refer note 15)				
At the beginning of the year	577.50	5,775.03	471.23	4,712.39
Issued during the year	-	-	106.27	1,062.64
Outstanding at the end of the year	577.50	5,775.03	577.50	5,775.03

Other Equity

	Attributable to Equity Shareholders							Non-controlling interest	Total Other Equity
	Equity component of compound financial instruments	Securities premium account	Capital reserve	Reserves & surplus	Debt redemption reserve	Other equity	Cash flow hedge reserve		
As at April 01, 2016	644.74	11,554.57	285.83	(32,827.86)	-	-	-	37.63	(20,305.08)
Profit for the year	-	-	-	2,107.50	-	-	-	15.86	2,123.36
Other comprehensive income/(loss)	-	(9.74)	-	(9.74)	-	-	-	-	27.02
Total comprehensive income	-	-	-	2,097.76	-	-	-	15.86	2,150.38
CCPS issued during the year	463.98	-	-	-	-	-	-	-	463.98
CCPS converted during the year	-	1,417.56	-	-	-	-	-	-	1,417.56
Adjustment due to loss of control in ATC	-	(859.65)	(285.83)	(176.57)	-	-	-	(53.49)	(515.89)
Adjustment on conversion of CCPS	(375.15)	-	-	-	-	-	-	-	(1,234.80)
As at March 31, 2017	733.57	12,112.48	-	(30,906.66)	-	-	36.76	-	(18,023.86)
Loss for the year	-	-	-	(17,136.86)	-	-	-	-	(17,136.86)
Other comprehensive income/(loss)	-	-	-	2.33	-	-	(36.76)	-	(34.43)
Total comprehensive loss	-	-	-	(17,134.53)	-	-	(36.76)	-	(17,171.29)
Adjustment due to change in shareholding	-	-	-	7.80	-	-	-	-	7.80
Adjustment for share in associates	-	-	(267.00)	216.73	20.49	67.55	-	-	944.30
CCPS issued during the year	426.77	906.53	-	-	-	-	-	-	426.77
CCPS issued during the year	612.34	-	-	-	-	-	-	-	612.34
OCD issued during the year	3,250.80	-	-	-	-	-	-	-	3,250.80
As at March 31, 2018	5,023.48	13,019.01	(267.00)	(47,816.66)	20.49	67.55	-	-	(29,953.13)

As per our report of even date

For Price Waterhouse Chartered Accountants LLP
 ICAI Firm Registration No. 012754N/N500016
 Chartered Accountants

Sharmila A. Karve
 Partner
 Membership no. 043229

Place: Mumbai
 Date: June 01, 2018

For and on Behalf of the Board of Directors

Ankur Verma
 Director
 [DIN No. 07972892]

Pratik Srivastava
 Chief Financial Officer
 Place: Mumbai
 Date: June 01, 2018

N Srinath
 Managing Director
 [DIN No. 00058133]

Pravin Jogani
 Assistant Company Secretary

TATA TELESERVICES LIMITED
NOTES TO THE CONSOLIDATED IND AS FINANCIAL STATEMENTS AS AT AND FOR
THE YEAR ENDED MARCH 31, 2018

(All amounts in Rupees Crores unless stated otherwise)

1 Background

1.1 Nature of business

Tata Teleservices Limited (the 'Holding Company' or 'TTSL'), part of the Tata Group, became a pan-India telecom operator in January 2005. TTSL together with its subsidiaries, associates and joint venture (listed below) is hereinafter referred to as 'the Group'.

Name of the Companies	Percentage Holding	
	2018	2017
Subsidiaries		
MMP Mobi Wallet Payment Systems Limited ('MMP')	100.00%	100.00%
NVS Technologies Limited ('NVS')	100.00%	100.00%
TTL Mobile Private Limited ('TTL Mobile', formerly known as "Virgin Mobile India Private Limited") since November 10, 2017	100.00%	-
Tata Internet Services Limited ('TISL')	*	*
Associates		
Tata Teleservices (Maharashtra) Limited ('TTML')	48.30%	36.54%
ATC Telecom Infrastructure Private Limited ('ATC')	32.86%	32.86%
Joint Venture		
TTL Mobile Private Limited ('TTL Mobile', formerly known as "Virgin Mobile India Private Limited") upto November 10, 2017	-	50.00%

* Merged with TTSL

TTSL has Unified Access (Basic and Cellular) Service License ('UASL') to operate in 17 circles and National Long Distance ('NLD') to provide NLD services within India. TTSL is a public company domiciled in India and is incorporated under the provisions of the Companies Act applicable in India. The registered office of TTSL is located at Jeevan Bharti, 10th floor, 124 Connaught circus, New Delhi. All the entities of the group are domiciled in India and are registered in India.

TTML has Unified License (UL) to operate in two circles issued by DoT.

ATC is an IP-1 registered Passive Infrastructure provider with DoT, primarily in the business of providing telecom towers and other related passive infrastructure to the telecom operators in the country.

MMP had been providing Mobile Commerce and its related services on pan India basis since 2011. MMP had applied and obtained approval from RBI on March 27, 2018 for voluntary surrender of the Certification of Authorisation, post which MMP has discontinued its operations.

NVS has been incorporated to provide non voice services which does not require license. NVS has not commenced any operations till date.

TTL Mobile was promoted jointly by Virgin Investments Mauritius Limited ('VMIL') and TTSL as a 50: 50 Joint Venture. TTSL and TTML have not renewed the Consultancy Agreement with TTL Mobile beyond March 31, 2014 and TTL Mobile currently has no business operations. Shares held by VMIL in TTL Mobile were transferred to TTSL on November 10, 2017 as a result of which TTL Mobile became a wholly owned subsidiary of TTSL.

TISL, which was a wholly owned subsidiary of TTSL, was granted an "A" category license from Department of Telecommunications (DoT) to operate Internet Services on PAN India basis. The license expired on October 10, 2014 and TISL had not renewed the same. On November 10, 2014, the Board of Directors of TTSL had approved a Scheme of Amalgamation ("the Scheme") of TISL with TTSL, with effect from January 1, 2015



TATA TELESERVICES LIMITED**NOTES TO THE CONSOLIDATED IND AS FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2018**

(All amounts in Rupees Crores unless stated otherwise)

(being the appointed date for the amalgamation). The Scheme was approved by the National Company Law Tribunal ("NCLT"), Principal bench on April 24, 2017 and filed with the Registrar of Companies on May 4, 2017.

The Group's holding company as of March 31, 2018 is Tata Sons Limited (TSL).

Under the Share Subscription Agreement ('SSA') dated November 12, 2008 with DOCOMO, TTSL and TSL have jointly and severally agreed to indemnify DOCOMO within the agreed limits, against (i) claims arising on account of any failure of the warranties provided by TTSL and TSL to be true and correct in all respects, (ii) any material breach by TTSL or TSL of any covenants or other provisions of SSA to the extent such covenants or provisions are not capable of specific performance; and (iii) in respect of specified contingent liabilities.

On April 25, 2014, TTSL and TSL received intimation from DOCOMO, informing DOCOMO's decision to exercise the put option as per SSA. DOCOMO had filed a petition with the Hon'ble Delhi High Court for implementation of the arbitration award (damages along with cost and interest) by the Arbitral Tribunal in London. The Hon'ble Delhi High Court vide its judgment dated April 28, 2017, has allowed the arbitration enforceable in India. DOCOMO has tendered its entire shareholding in TTSL to TSL and its designated nominees on October 31, 2017 and accordingly, DOCOMO has ceased to hold any shares in TTSL and as a result of which TTSL became a subsidiary of TSL.

1.2 Demerger of Consumer Mobile Business

TTSL and TTML ('transferor') has been in talks with Bharti Airtel Limited and Bharti Hexacom Limited ('transferee') to restructure its Consumer Mobile Business (CMB), which represents a significant line of business of transferor, either by way of a sale or other arrangements. In contemplation the parties have, after approval from their respective Board of Directors, entered into a term sheet setting out broad understanding and guidelines. In furtherance of this understanding, the transferee and transferor have filed a Scheme of arrangement under sections 230 to 232 and other applicable provisions of the Companies Act, 2013 (the 'Scheme'), with the National Company Law Tribunal (NCLT), Principal bench, New Delhi on May 17, 2018 in relation to TTSL and NCLT Mumbai bench on April 10, 2018 in relation to TTML after taking approval from the concerned stock exchanges, proposing a demerger of transferor's CMB.

Pending the required approvals, no impact of the proposed Scheme has been considered in these financial statements, except that TTSL and TTML has made an assessment of assets and liabilities pertaining to CMB (Disposal group), which are proposed to be transferred, in line with the broad understanding and guidelines as set out in the term sheet entered into with the transferee, and recorded it at lower of its carrying amount as at March 31, 2018 and fair value less costs to sell and classified it as 'Assets held for sale'. Further, considering the significant operational and financial interdependencies of different business units, management continues to identify the Cash Generating Unit (CGU) at TTSL and TTML level. Accordingly, the disclosures in relation to discontinued operations are not applicable.

1.3 Going concern

The accumulated losses of TTSL as of March 31, 2018, have exceeded its paid-up capital and reserves. TTSL has incurred net loss during the year ended March 31, 2018 and its current liabilities exceeded its current assets as at that date. TTSL is in discussion to monetization of certain assets, proceeds of which will be used to meet its financial obligations as and when they fall due. Further, it has obtained a support letter from its Promoter indicating that the Promoter will take necessary actions to organize for any shortfall in liquidity in TTSL that may arise to meet its financial obligations and timely repayment of debt during the period of 12 months from the balance sheet date.

Based on the above, TTSL is confident of its ability to meet the funds requirement and to continue its business as a going concern and accordingly, the consolidated financial statements have been prepared on that basis.

The consolidated financial statements were authorised for issue in accordance with a resolution of the Board of Directors on June 1, 2018.



TATA TELESERVICES LIMITED
NOTES TO THE CONSOLIDATED IND AS FINANCIAL STATEMENTS AS AT AND FOR
THE YEAR ENDED MARCH 31, 2018

(All amounts in Rupees Crores unless stated otherwise)

2 Significant accounting policies

2.1 Basis of preparation of financial statements

These consolidated financial statements comply in all material aspects with Indian Accounting Standards (Ind AS) notified under section 133 of the Companies Act, 2013 (the 'Act') [Companies (Indian Accounting Standards) Rules, 2015] and the Companies (Indian Accounting Standards) Amendment Rules, 2016 issued by the Ministry of Corporate Affairs and other relevant provisions of the Act.

These consolidated financial statements have been prepared on the historical cost basis, except for certain assets and liabilities which are measured at fair values at the end of each reporting period, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. 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 Consolidated financial statements are presented in Indian Rupees ("INR") and all values are rounded to the nearest crores, except when otherwise indicated.

2.2 Principles of Consolidation

The consolidated financial statements comprise the financial statements of the Holding company and its subsidiaries as at March 31, 2018. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights
- The size of the group's holding of voting rights relative to the size and dispersion of the holdings of the other voting rights holders

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. If a member of the group uses accounting policies other than those adopted in the consolidated financial statements for like transactions and events in similar circumstances, appropriate adjustments are made to that group member's financial statements in preparing the consolidated financial statements to ensure conformity with the group's accounting policies.

The financial statements of all entities used for the purpose of consolidation are drawn up to same reporting date as that of the parent company, i.e. year ended March 31, 2018.



TATA TELESERVICES LIMITED
NOTES TO THE CONSOLIDATED IND AS FINANCIAL STATEMENTS AS AT AND FOR
THE YEAR ENDED MARCH 31, 2018

(All amounts in Rupees Crores unless stated otherwise)

Consolidation procedure:

- (a) Combine like items of assets, liabilities, equity, income, expenses and cash flows of the parent with those of its subsidiaries. For this purpose, income and expenses of the subsidiary are based on the amounts of the assets and liabilities recognised in the consolidated financial statements at the acquisition date.
- (b) Offset (eliminate) the carrying amount of the parent's investment in each subsidiary and the parent's portion of equity of each subsidiary. Business combinations policy explains how to account for any related goodwill.
- (c) Eliminate in full intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the group (profits or losses resulting from intra-group transactions that are recognised in assets, such as inventory and property, plant & equipment, are eliminated in full). Intra-group losses may indicate an impairment that requires recognition in the consolidated financial statements. Ind AS12 Income Taxes applies to temporary differences that arise from the elimination of profits and losses resulting from intra-group transactions.
- (d) Non-controlling interest share of net profit / (loss) for the year of consolidated subsidiaries is identified and adjusted against the loss after tax of the group.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary
- Derecognises the carrying amount of any non-controlling interests
- Derecognises the cumulative translation differences recorded in equity
- Recognises the fair value of the consideration received
- Recognises the fair value of any investment retained
- Recognises any surplus or deficit in profit or loss
- Reclassifies the parent's share of components previously recognised in OCI to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities

2.3 Summary of significant accounting policies

a. Current v/s Non-Current Classification

The Group presents assets and liabilities in the balance sheet based on current/non-current classification.

When an asset meets any of the following criteria it is treated as current:

- (i) Expected to be realised or intended to be sold or consumed in normal operating cycle
- (ii) Held primarily for the purpose of trading
- (iii) Expected to be realised within twelve months after the reporting period, or
- (iv) Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

When a liability meets any of the following criteria it is treated as current:

- (i) It is expected to be settled in normal operating cycle



TATA TELESERVICES LIMITED
NOTES TO THE CONSOLIDATED IND AS FINANCIAL STATEMENTS AS AT AND FOR
THE YEAR ENDED MARCH 31, 2018

(All amounts in Rupees Crores unless stated otherwise)

- (ii) It is held primarily for the purpose of trading
 - (iii) It is due to be settled within twelve months after the reporting period, or
 - (iv) There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period
- All other liabilities are classified as non-current.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The Group has identified twelve months as its operating cycle.

b. Foreign Currencies

Functional and Presentation Currency:

The Group's financial statements are presented in Indian Rupees (INR), which is also the parent company's functional currency. For each entity the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency. The Group uses the direct method of consolidation and on disposal of a foreign operation the gain or loss that is reclassified to profit or loss reflects the amount that arises from using this method.

Initial Measurement:

Transactions in foreign currencies on initial recognition are recorded at the spot exchange rate between the functional currency and the foreign currency on the date of the transaction. However, for practical reasons, the Group uses an average rate if the average approximates the actual rate at the date of the transaction.

Subsequent Measurement:

At each balance sheet date, foreign currency monetary items are reported using the closing exchange rate. Exchange differences that arise on settlement of monetary items or on restatement at each balance sheet date of the Group's monetary items at the closing rate are recognised as income or expenses in the period in which they arise except for the following:

As per provisions of Ind AS 101, the Group has opted to continue the policy followed under previous GAAP for exchange differences arising from translation of long-term foreign currency monetary items recognised in the financial statements for the year ending immediately before the beginning of the first Ind AS financial reporting period as per the previous GAAP. Accordingly, foreign exchange differences arising on translation / settlement of such long-term foreign currency monetary items, in so far as they relate to the acquisition of a property, plant and equipment and intangible assets are added or deducted from the cost of the asset and depreciated over the balance life of the asset.

Non-monetary items which are carried at historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items is recognised in line with the gain or loss of the item that gave rise to the translation difference (translation differences on items whose gain or loss is recognised in other comprehensive income or the statement of profit and loss is also recognised in other comprehensive income or the statement of profit and loss respectively).

c. Investment in associates and joint venture

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.



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The Group's investments in its associate and joint venture are accounted for using the equity method. Under the equity method, the investment in an associate or a joint venture is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate or joint venture since the acquisition date. Goodwill relating to the associate or joint venture is included in the carrying amount of the investment and is not tested for impairment individually.

If an entity's share of losses of an associate or a joint venture equals or exceeds its interest in the associate or joint venture (which includes any long term interest that, in substance, form part of the Group's net investment in the associate or joint venture), the entity discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture. If the associate or joint venture subsequently reports profits, the entity resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

The aggregate of the Group's share of profit or loss of an associate and a joint venture is shown on the face of the statement of profit and loss.

The financial statements of the associate or joint venture are prepared for the same reporting period as the Group wherever necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate or joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate or joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value, and then recognises the loss as 'Share of profit of associates and joint venture' in the statement of profit or loss.

d. Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group 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 customer returns, rebates and other similar allowances. Taxes and duties are not received by the Group on its own account. Rather, it is collected by the service provider on behalf of the government. Accordingly, it is excluded from revenue.

(i) Services revenue excluding interconnect revenue

Revenues are recognized as services are rendered and are net of trade discounts and service tax. Unbilled revenues resulting from post-paid unified access services provided from the last billing cycle date to the end of each year are estimated and recorded. Revenues from unified access services rendered through prepaid cards are recognized based on usage by the customers during the year and over the validity period in case of upfront collection. For accounting policy on interconnect revenues, refer 2.3(e).

(ii) Sale of equipment

Revenues from sale of equipment primarily consist of sale of handsets and accessories. Revenue from sale of goods is recognized when all the significant risks and rewards of ownership of the goods have been passed to the buyer, usually on the delivery of goods.

(iii) Interest Income

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. For instruments measured at amortised cost, interest income is recorded using the applicable effective interest rate (EIR), which is the rate that exactly discounts estimated future cash receipts over the expected life of the financial asset to that asset's net carrying amount on initial recognition.



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(iv) Dividend income

Revenue is recognised when the Group's right to receive the payment is established, which is generally when shareholders approve the dividend.

e. Interconnect revenues and costs (Access charges)

The TRAI issued Interconnection Usage Charges Regulation 2003 ('IUC regime') effective May 1, 2003 and subsequently amended the same from time to time. Under the IUC regime, with the objective of sharing of call/Short Message Services ('SMS') revenues across different operators involved in origination, transit and termination of every call/SMS, TTSL pays interconnection charges (prescribed as rate per minute of call time) and per SMS for all outgoing calls and SMS originating in its network to other operators. TTSL receives certain interconnection charges from other operators for all calls and SMS terminating in its network.

Accordingly, interconnect revenues are recognized as those on calls/SMS originating in another telecom operator network and terminating in the TTSL's network. Interconnect cost is recognized as charges incurred on termination of calls/SMS originating from TTSL's network and terminating on the network of other telecom operators. The interconnect revenue and costs are recognized in the financial statement on a gross basis and included in service revenue and access charges in the statement of profit and loss, respectively.

f. License fees

The license entry fee/spectrum fees has been recognized as an intangible asset and is amortized on straight line basis over the period of 20 years from the date when it is available for use in the respective circles/spectrum blocks. License entry fee/spectrum fees includes interest on funding of license entry fee/spectrum fees and bank guarantee commission up to the date of spectrum available for use in the respective circles. Spectrum fees also include exchange differences arising on reporting of the long term foreign currency monetary items [Refer note 2.3(b)]. Fees paid for migration of the original licenses to the Unified Access Service License (UASL) and license fees for National Long Distance (NLD) services is amortized over the remaining period of the license of 20 years for the respective circles from the date of migration to UASL / payment of the license fees on straight line basis. Fees paid for obtaining in-principle approval to use alternate technology under the existing UASL has been recognized as an intangible asset and is amortized from the date of approval over the balance remaining period of the UASL license on straight line basis for the respective circles.

Revenue sharing fee

Revenue sharing fee on license and spectrum is computed as per the licensing agreement at the prescribed rate and expensed off in the statement of profit and loss in the year in which the related revenue from providing unified access services and national long distance services are recognized.

An additional revenue share towards spectrum charges is computed at the rate specified by the DoT of the Adjusted Gross Revenue ('AGR'), as defined in the License Agreement, earned from the customers. These costs are expensed in the statement of Profit and Loss in the year in which the related revenues are recognized.

g. Taxes

Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. Current tax is based on the taxable profit for the year which may differ from 'profit before tax' as reported in the statement of profit and loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date. Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

The Group offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.



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Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax assets are generally recognised for all deductible temporary differences, the carry forward of any unused tax losses, to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss in correlation to the underlying transaction either in other comprehensive income or directly in equity.

h. Property, plant & equipment ('PP&E')

Property, plant and equipment and capital work in progress is stated at cost of acquisition or construction, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes purchase price, the cost of replacing part of the plant and equipment and directly attributable cost of bringing the asset to its working condition for the intended use. When significant parts of plant and equipment are required to be replaced at intervals, the Group depreciates them separately based on their specific useful lives.

Subsequent costs are included in the assets carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost can be measured reliably. All other repair and maintenance costs are recognised in the statement of profit and loss account as incurred. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

Gains and losses arising from retirement or disposal of property, plant and equipment are determined 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 account on the date of retirement or disposal. Assets are depreciated to the residual values on a straight-line basis over the estimated useful lives. The assets' residual values and useful lives are reviewed at each financial year end or whenever there are indicators for review, and adjusted prospectively. Freehold land is not depreciated.

Leasehold land which is classified as finance lease shall be amortized over the period of lease while leasehold land which are operating lease shall be classified as part of prepaid assets. Buildings constructed on leasehold land are depreciated based on the useful life specified in Schedule II to the Companies Act, 2013, where the



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lease period of land is beyond the life of the building. In other cases, buildings constructed on leasehold lands are amortised over the primary lease period of the lands.

The useful lives of the assets are based on technical estimates approved by the Management, and are lower than or same as the useful lives prescribed under schedule II to the Companies Act, 2013 in order to reflect the period over which depreciable assets are expected to be used by the Group. Estimated useful lives of the assets are as follows:

Particulars	Useful life (in years)
	As per Group
Plant and Machinery	
Network Equipment	12
Air Conditioning Equipment	6
Generators	6
Electrical Equipments	4-6
Buildings	60
Office Premises	60
Office Equipments	3-5
Furniture and Fittings	3-6
Vehicles	5

i. Investment property

Property that is held for long term rental yields or for capital appreciation or both, and that is not occupied by the group is classified as investment property. Investment property is measured initially at its cost, including related transaction cost and where applicable borrowing cost. Subsequent expenditure is capitalised to the assets carrying value only when it is probable that future economic benefits associated with the expenditure will flow to the group and the cost of the item can be measured reliably. All other repairs and maintenance cost are expensed when incurred. When part of an investment property is replaced, the carrying amount of the replaced part is derecognised. Investment properties are depreciated using the straight line method over the estimated useful lives. Investment properties generally have a useful life of 60 years.

j. Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Subsequently, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses.

The useful lives of intangible assets are assessed as either finite or indefinite. There are no intangible assets assessed with indefinite useful life.

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.

Indefeasible Right to Use ("IRU") taken for optical fiber and ducts, by the Group are capitalized as intangible assets at the amounts paid for acquiring the right and are amortized on straight line basis, over the period of agreement or 18 years, whichever is lower.

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 year. Changes in the expected useful life are considered to modify the amortisation period or method, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit and loss.

With respect to capitalization of exchange differences arising on reporting/settlement of the long term foreign currency monetary items, refer note 2.3(b).

For accounting policy related to License Entry fees/spectrum fees, refer Note 2.3(f).



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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 or loss when the asset is derecognised.

k. Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any. Goodwill is amortised over a period of 10 years as per scheme of amalgamation approved by Hon'ble High Court of Delhi on December 4, 2014. Goodwill is assessed for impairment annually or whenever there is an indication that the goodwill may be impaired.

l. Impairment of non-financial assets

Non-financial assets which are subject to depreciation or amortization are reviewed for impairment, whenever events or changes in circumstances indicate that the carrying amount of such assets may not be recoverable. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs of disposal and value in use. 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. If the recoverable amount of an asset is estimated to be less than its carrying amount, an impairment loss is recognised by reducing the carrying amount of the asset to its recoverable amount.

The Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year. To estimate cash flow projections beyond periods covered by the most recent budgets/forecasts, the Group extrapolates cash flow projections in the budget using a steady or declining growth rate for subsequent years, unless an increasing rate can be justified. In any case, this growth rate does not exceed the long-term average growth rate for the products, industries, or country or countries in which the entity operates, or for the market in which the asset is used.

When an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss. Impairment loss related to goodwill cannot be reversed in the future period.

m. Borrowing Cost

Borrowing costs attributable to the acquisition or construction of a qualifying asset, including interest attributable to the funding of license fees/spectrum fees up to the date of the asset is available for use, are capitalised as a part of the cost of that asset. The accounting treatment of loan arrangement fees has been discussed in Note 2.3(u) to the financial statements.

All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Interest income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

n. Leases

The determination of whether an arrangement is 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.



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Group as a lessee

Leases of assets under which the lessor effectively retains all the risks and rewards of ownership are classified as operating leases. Operating lease payments are recognized as an expense in the statement of profit and loss on a straight-line basis over the lease term except where escalation in payments are structured to increase in line with expected general inflation.

IRU taken for dark fibre, duct and embedded electronics are treated as finance lease (purchase of intangible assets), where the IRU term substantially covers the estimated economic useful life of the asset and the routes are explicitly identified in the agreement. The cases where the estimated economic useful life does not significantly represent the life of the asset, the IRU is treated as operating lease provided the routes are explicitly identified.

Group as a lessor

Assets where the Group effectively retains all the risks and rewards of ownership are recognized as operating leases and are disclosed under property, plant and equipment. Lease income is recognized in the statement of profit and loss on a straight-line basis over the lease term except where escalation in payments are structured to increase in line with expected general inflation. Costs, including depreciation are recognized as an expense in the statement of profit and loss. Initial direct costs such as legal costs, brokerage costs, etc. are added to the carrying amount of the leased asset and recognised over the lease term.

IRU granted for dark fibre, duct and embedded electronics are treated as finance lease (sale of intangible assets), where the IRU term substantially covers the estimated economic useful life of the asset and the routes are explicitly identified in the agreement. The profit on sale of assets is recognized over the term of the contract. The cases where the IRU term does not significantly represent the estimated useful life of the asset, the IRU is treated as operating lease.

o. Inventories

Inventories are valued at the lower of cost and net realizable value. Cost is determined on a weighted average basis and includes all applicable overheads in bringing the inventories to their present location and condition.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs to make the sale.

p. Trade Receivables:

Trade Receivables are recognized initially at fair value and subsequently measured at amortised cost using the effective interest method less provision for impairment.

q. Trade and Other Payables:

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognized initially at their fair value and subsequently measured at amortised cost using the effective interest method.

r. Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The expense relating to a provision is presented in the statement of profit and loss net of any reimbursement.

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.



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Asset Retirement Obligation ("ARO") is provided for arrangements where the Group has a binding obligation to restore the said location / premises at the end of the period in a condition similar to inception of the arrangement. The restoration and decommissioning costs are provided at the present value of expected costs to settle the obligation using estimated cash flows and are recognised as part of the cost of the particular asset. The cash flows are discounted at a current pre-tax rate that reflects the risks specific to the decommissioning liability. The unwinding of the discount is expensed as incurred and recognised in the statement of profit and loss as a finance cost. The estimated future costs of decommissioning are reviewed annually and adjusted as appropriate. Changes in the estimated future costs or in the discount rate applied are added to or deducted from the cost of the asset.

s. Retirement benefits

The Group has schemes of retirement benefits for provident fund and gratuity

- (i) Provident fund with respect to employees covered with the Government administered fund is a defined contribution scheme. The contributions to the government administered fund are charged to the statement of profit and loss for the year when the contributions are due for the year as and when employee renders services. Also, TTSL makes contributions to the Tata Teleservices Provident Fund Trust which is treated as defined benefit plan. TTSL has an obligation to make good the shortfall, if any, between the return from the investments of the trust and the notified interest rate. The shortfall / excess between the present value of fund assets and the present value of the obligation are determined based on actuarial valuation obtained at the end of each year as per the Projected Unit Credit Method and accounted accordingly.
- (ii) Gratuity liability as per the Gratuity Act, 1972 and The Payment of Gratuity (Amendment) Act, 2010, is defined benefit plan and is provided for on the basis of an actuarial valuation made at the end of each year as per the Projected Unit Credit Method. The contribution towards gratuity is made to Life Insurance Corporation of India ('LIC') and Tata AIA Life Insurance Company Limited.

Re-measurements, comprising of actuarial gains and losses 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 charge or credit to other comprehensive income in the period in which they occur. Re-measurements are not reclassified to profit or loss in subsequent periods.

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Group recognises the following changes in the net defined benefit obligation as an expense in the statement of profit and loss:

- Service costs comprising current service costs; and
- Net interest expense or income

Actuarial gains/losses are immediately taken to the statement of Other Comprehensive Income and are not deferred.

Compensated absences

Liability for compensated absences is in accordance with the accounting policy of the Group. Short term compensated absences are provided based on estimates. Long term compensated absences are provided based on actuarial valuation obtained at the end of each year as per the Projected Unit Credit Method.

t. Fair value measurement

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

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

- 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 Group.



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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. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

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

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

Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

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

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

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

u. Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

i) Financial assets

Initial recognition and measurement

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit and loss are expensed in profit or loss.

Subsequent measurement

For purposes of subsequent measurement financial assets are classified in two broad categories:

- Financial assets at fair value
- Financial assets at amortized cost

Where assets are measured at fair value, gains and losses are either recognised in the statement of profit and loss (i.e. fair value through profit or loss), or recognised in other comprehensive income (i.e. fair value through other comprehensive income).

A financial asset that meets the following two conditions is measured at amortized cost (net of any write down for impairment) unless the asset is designated at fair value through profit or loss under the fair value option.



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- Business model test

The objective of the Group's business model is to hold the financial asset to collect the contractual cash flows (rather than to sell the instrument prior to its contractual maturity to realize its fair value changes).

- Cash flow characteristics test

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.

A financial asset that meets the following two conditions is measured at Fair Value through Other Comprehensive Income unless the asset is designated at Fair Value through Profit or Loss under the fair value option

- Business model test

The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets

- Cash flow characteristics test

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.

Even if an instrument meets the two requirements to be measured at amortized cost or fair value through other comprehensive income, a financial asset is measured at fair value through profit or loss if doing so eliminates or significantly reduces a measurement or recognition inconsistency (sometimes referred to as an 'accounting mismatch') that would otherwise arise from measuring assets or liabilities or recognizing the gains and losses on them on different bases.

All other financial asset is measured at fair value through profit or loss.

All equity investments, other than investments in associates and joint ventures, are measured at fair value in the balance sheet, with changes in the value recognised in the statement of profit and loss, except for those equity investments for which the entity has elected to present changes in the values in 'other comprehensive income'. Investment in associate and joint venture are accounted for using equity method.

If an equity investment is not held for trading, an irrevocable election is made at initial recognition to measure it at fair value through other comprehensive income with only dividend income recognised in the statement of profit and loss. Once the selection is made, there will be no recycling of the amount from other comprehensive income to statement of profit & loss.

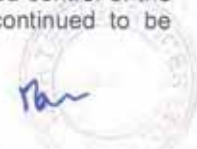
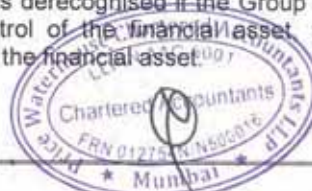
Derecognition

A financial asset is derecognised only when:

- The Group has transferred the rights to receive cash flows from the financial asset or
- Retains the contractual rights to receive the cash flows of the financial assets, but assumes a contractual obligation to pay the cash flows to one or more recipients.

Where the entity has transferred an asset, the Group evaluates whether it has transferred substantially all risks and rewards of ownership of the financial assets. In such cases, the financial asset is derecognised. Where the entity has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not derecognised.

Where the entity has neither transferred a financial asset nor retains substantially all risks and rewards of ownership of the financial asset, the financial asset is derecognised if the Group has not retained control of the financial asset. Where the Group retains the control of the financial asset, the asset is continued to be recognised to the extent of continuing involvement in the financial asset.



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Impairment of financial assets

The Group 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 (FVTOCI);

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); or
- full lifetime expected credit losses (expected credit losses that result from all possible default events over the life of the financial instrument).

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

- Trade receivables and
- All lease receivables

Under the simplified approach, the Group does not track changes in credit risk. Rather, it recognizes impairment loss allowance based on lifetime ECL's at each reporting date, right from its initial recognition.

The Group uses a provision matrix to determine impairment loss allowance on the portfolio of trade receivables. The provision matrix is based on its historically observed default rates over the expected life of the trade 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 analyzed.

For recognition of impairment loss on other financial assets and risk exposure, the Group determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the Group reverts to recognising impairment loss allowance based on 12-month ECL.

For assessing increase in credit risk and impairment loss, the Group combines financial instruments on the basis of shared credit risk characteristics with the objective of facilitating an analysis that is designed to enable significant increases in credit risk to be identified on a timely basis.

ii) Financial liabilities

Initial recognition and measurement

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

Subsequent measurement

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

- Financial liabilities at amortised cost
- Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the statement of profit and loss.



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Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied.

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognised in the statement of profit and loss when the liabilities are derecognized.

Amortised cost is calculated by taking into account any discount or premium on draw down and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss.

Financial guarantee contracts

Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value. Subsequently, the liability is measured at the higher of the amount of loss allowance determined as per impairment requirements of Ind AS 109 and the amount recognised less cumulative amortisation.

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 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.

iii) 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.

iv) Derivative financial instruments and hedge accounting

The Group enters into derivative contracts to hedge foreign currency/price risk on unexecuted firm commitments and highly probable forecast transactions. 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.

Any gains or losses arising from changes in the fair value of derivatives are taken directly to statement of profit and loss, except for the effective portion of cash flow hedges, which is recognised in other comprehensive income and presented as a separate component of equity which is later reclassified to statement of profit and loss when the hedge item affects profit or loss.

The effective portion of the gain or loss on the hedging instrument is recognised in OCI in the cash flow hedge reserve, while any ineffective portion is recognised immediately in the statement of profit and loss.

If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover (as part of the hedging strategy), or if its designation as a hedge is revoked, or when the hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss previously recognised in OCI remains separately in equity until the forecast transaction occurs or the foreign currency firm commitment is met.

The Group classifies a hedge as cash flow hedge when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognized firm commitment.



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v. Preference Shares

Preference shares, which are mandatorily redeemable on a specific date, are classified as liabilities. The dividends on these preference shares are recognised in profit or loss as finance costs.

The fair value of the liability portion of an Optionally Convertible Non-Cumulative Preference Shares/ Debentures (OCPS/OCD) is determined using a market interest rate for equivalent non-convertible bonds. This amount is recorded as a liability on an amortised cost basis until extinguished on conversion or redemption of the bonds. The remainder of the proceeds is attributable to the equity portion of the compound instrument. This is recognised and included in shareholders' equity, net of income tax effects, and not subsequently re-measured.

A Compulsory Convertible Non-Cumulative Preference Shares (CCPS) is a financial instrument that contains both a financial liability component and an equity component. CCPS also contain a hybrid element which may be an embedded derivative. On the issue of the CCPS, the Group fair values the financial liability and embedded derivative components and account for each separately at their fair values. The difference between the transaction price and the fair values is accounted as equity. Subsequently, the financial liability component is recognized at amortized cost while the embedded derivative is recognized at fair value through profit or loss.

w. Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to insignificant risk of changes in value.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Group's cash management.

x. Loss per share

Loss per share is calculated by dividing the net loss for the year attributable to equity shareholders of the parent by the weighted average number of equity shares outstanding during the year.

For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

y. Segment reporting

For segment policy, refer note 44

z. Measurement of Earnings Before Interest, Tax, Depreciation and Amortization (EBITDA)

The Group has elected to present earnings before finance cost, finance income, profit on sale of current investments, exceptional items and depreciation and amortization (EBITDA) as a separate line item on the face of the statement of profit and loss. The Group measures EBITDA on the basis of profit/ (loss) from continuing operations.

aa. Contingent Liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Group does not recognize a contingent liability but discloses its existence in the financial statements.

bb. Onerous Contracts

An onerous contract is a contract in which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it.



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cc. Exceptional Items

When items of income or expense are of such nature, size and incidence that their disclosure is necessary to explain the performance of the Group for the year, the group makes a disclosure of the nature and amount of such items separately under the head "exceptional items."

dd. Non-current assets (or disposal group) held for sale/distribution and discontinued operation

Non-current assets (or disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less cost to sell, except for assets such as deferred tax assets, assets arising from employee benefit, financial assets and contractual right under insurance contract which are specifically exempt from this requirement.

An impairment loss is recognized for any initial or subsequent write-down of the asset (or disposal group) to fair value less costs to sell. A gain is recognized for any subsequent increase in fair value less costs to sell of an asset (or disposal group), but not in excess of the cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of a noncurrent asset (or disposal group) is recognised at the date of derecognition.

Non-current assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised.

Non-current assets classified as held for sale and the assets of a disposal group classified as held for sale are presented separately from the other assets in the balance sheet. The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the balance sheet.

A discontinued operation is a component (CGU or group of CGU) of the entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately in the statement of profit and loss.

2.4 Summary of significant accounting judgements, estimates and assumptions

The preparation of the Group'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.

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

i) Impairment of Property, Plant and Equipment

An impairment exists when the carrying value of an asset or cash generating unit ('CGU') exceeds its recoverable amount. Recoverable amount is the higher of its fair value less costs to sell and its value in use. The value in use calculation is based on a discounted cash flow model. In calculating the value in use, certain assumptions are required to be made in respect of highly uncertain matters, including management's expectations of growth in EBITDA, long term growth rates; and the selection of discount rates to reflect the risks involved. The Group has recorded impairment loss in the value of assets relating to consumer mobile business based on fair value less cost of disposal. Also, Judgement is involved in determining the CGU and impairment testing. The value is dependent on Enterprise-Value-To-Revenue Multiple of listed comparable companies and available transactions, based on business of Company and thereafter adjusted the selected multiples based on size, growth, profitability and the circle in which Group operates.



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ii) Useful lives of property, plant and equipment

The Group reviews the useful life of property, plant and equipment at the end of each reporting period. This reassessment may result in change in depreciation expense in future periods.

iii) Allowance for uncollectible trade receivables

Trade receivables do not carry any interest and are stated at their nominal value as reduced by Provision for impairment. The group uses 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 trade receivable and is adjusted for forward looking estimates. Individual trade receivables are written off when management deems them not to be collectible.

iv) Contingent Liabilities and provisions

The contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group. The Group evaluates the obligation through Probable, Possible or Remote model ('PPR'). In making the evaluation for PPR, the Group take into consideration the Industry perspective, legal and technical view, availability of documentation/agreements, interpretation of the matter, independent opinion from professionals (specific matters) etc. which can vary based on subsequent events. The Group provides the liability in the books for probable cases, while possible cases are shown as Contingent Liability. The remote cases are not disclosed in the financial statement.

v) Provision for foreseeable loss on long term contracts

Provision for foreseeable losses on long term contracts is primarily on account of various contracts with vendors which became onerous due to pre-closure. An onerous contract is a contract in which the unavoidable costs of meeting the obligations under the contract exceed the economic benefit expected to be received under it.

vi) Going concern

The Group prepares the financial statement on a Going Concern basis assuming the cash flows generation from the continuation of operations, cash flows from financing activities, outflow for capital expenditure and the repayment obligations of debt and interest for the next twelve months. In calculating the cash flow generation from the business, certain assumptions are required to be made in respect of highly uncertain matters, including management's expectations of earnings, interest cost and capex outflow to reflect the risks involved. The Group also make certain assumptions regarding the continuation of credit from lenders.

vii) Defined benefit plans (gratuity, leave encashment and provident fund)

The cost of the defined benefit gratuity plan and other post-employment medical benefits and the present value of the gratuity obligation 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.

viii) Fair value measurement and valuation

Some of Group's assets and liabilities are measured at fair value for financial reporting purposes. In estimating the fair value of an asset and liabilities, the Group uses market – observable data to the extent it is available. Where Level 1 inputs are not available, the Group engaged third party qualified valuers to perform the valuation.

Information about the valuation techniques and inputs used in determining the fair value of various assets and liabilities are disclosed in note 2.3(t).



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- a) Addition to PPE includes gain of Rs 16.50 crores (March 31, 2017: gain of Rs 43.45 crores) towards exchange differences as per accounting policy [Refer Note 2.3.(b)]
- b) Leasehold improvements includes those given on lease :
 • Gross Block Rs 1.53 crores (March 31, 2017 – Rs 1.88 crores)
 • Depreciation charge for the year Rs 0.11 crores (March 31, 2017– Rs 0.16 crores)
 • Accumulated Depreciation Rs 1.33 crores (March 31, 2017– Rs 1.48 crores)
 • Net block Rs 0.20 crores (March 31, 2017– Rs 0.40 crores).
- c) During the year, TTSL has provided Rs. 2,172.24 crores towards impairment loss on its Consumer Mobile Business (CMB) assets, based on assessment of its recoverable value. This has been included as an exceptional item in the statement of profit and loss [Refer Note 33(b)].
- d) For details of assets pledged refer note 17.

4 Capital work in progress

Asset Group	As at March 31, 2018	As at March 31, 2017
Assets under construction	9.42	18.73
Other capital inventory	48.70	55.23
Total	58.12	73.96

TTSL has provided Rs.10.05 crores towards impairment loss on its Consumer Mobile Business (CMB) assets, based on assessment of its recoverable value. This has been included as an exceptional item in the statement of profit and loss [Refer Note 33(b)].

5 Investment property

Asset Group	Gross Block			
	As at March 31, 2017	Addition during the year	Disposal/ Adjustment	As at March 31, 2018
Buildings	32.19	-	-	32.19
Total	32.19	-	-	32.19

Asset Group	Accumulated Depreciation			Net Block	
	As at March 31, 2017	Addition during the year	Disposal/ Adjustment	As at March 31, 2018	As at March 31, 2018
Buildings	9.89	0.50	-	10.39	21.80
Total	9.89	0.50	-	10.39	21.80

Asset Group	Gross Block			
	As at March 31, 2016	Addition during the year	Disposal/ Adjustment	As at March 31, 2017
Buildings	32.19	-	-	32.19
Total	32.19	-	-	32.19

Asset Group	Accumulated Depreciation			Net Block	
	As at March 31, 2016	Addition during the year	Disposal/ Adjustment	As at March 31, 2017	As at March 31, 2017
Buildings	9.39	0.50	-	9.89	22.30
Total	9.39	0.50	-	9.89	22.30



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Information regarding income and expenditure of Investment property

	March 31, 2018	March 31, 2017
Rental income derived from investment properties	10.05	9.38
Direct operating expenses (including repairs and maintenance) generating rental income	(0.42)	(0.92)
Direct operating expenses (including repairs and maintenance) that did not generate rental income	-	(0.15)
Profit arising from investment properties before depreciation and indirect expenses	<u>9.63</u>	<u>8.31</u>
Less : Depreciation	(3.05)	(3.05)
Profit arising from investment properties before indirect expenses	<u>6.58</u>	<u>5.26</u>

The fair value of investment property as on March 31, 2018 is Rs. 157.51 crores (March 31, 2017- Rs. 153.38 crores). The property is valued by a certified valuer. All resulting fair value estimate for investment property are included in level 3.

6 Intangible assets

Asset Group	Gross Block				
	As at March 31, 2017	Addition during the year	Provision for Impairment	Other Adjustments (assets held for sale)	As at March 31, 2018
Indefeasible Right to Use (IRU)	483.55	-	-	-	483.55
License Entry fees/spectrum fees	13,058.13	582.96	-	(13,641.09)	-
Total	13,541.68	582.96	-	(13,641.09)	483.55

Asset Group	Accumulated Amortisation					Net Block	
	As at March 31, 2017	Addition during the year	Provision for Impairment [Refer Note (c) below]	Other Adjustments (assets held for sale)	As at March 31, 2018	As at March 31, 2018	
Indefeasible Right to Use (IRU)	299.06	29.33	-	-	328.39	155.16	
License Entry fees/spectrum fees	5,348.07	339.99	6,476.33	(12,164.39)	-	-	
Total	5,647.13	369.32	6,476.33	(12,164.39)	328.39	155.16	



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Asset Group	Gross Block				
	As at March 31, 2016	Addition during the year	Adjustment due to loss of control in subsidiary	Disposal / Adjustment	As at March 31, 2017
Indefeasible Right to Use (IRU)	482.19	1.36	-	-	483.55
License Entry fees/spectrum fees	11,877.02	1,181.11	-	-	13,058.13
Additional Tenancy rights	38.19	-	(38.19)	-	-
Licensed Software (Base Platform)	4.10	-	(4.10)	-	-
Goodwill	941.25	-	(941.25)	-	-
Total	13,342.75	1,182.47	(983.54)	-	13,541.68

Asset Group	Accumulated Amortisation					Net Block	
	As at March 31, 2016	Addition during the year	Adjustment due to loss of control in subsidiary	Disposal / Adjustment	Provision [Refer Note (b) below]	As at March 31, 2017	As at March 31, 2017
Indefeasible Right to Use (IRU)	270.88	29.34	(1.16)	-	-	299.06	184.49
License Entry fees/spectrum fees	3,317.82	729.77	-	-	1,300.48	5,348.07	7,710.06
Additional Tenancy rights	35.49	-	(35.49)	-	-	-	-
Licensed Software (Base Platform)	4.10	-	(4.10)	-	-	-	-
Goodwill	213.21	-	(213.21)	-	-	-	-
Total	3,841.50	759.11	(253.96)	-	1,300.48	5,647.13	7,894.55

- a) Addition to Intangible assets includes gain of Rs 1.70 crores (March 31, 2017: gain of Rs 28.76 crores) towards exchange differences as per accounting policy [Refer note 2.3(b)]
- b) During the year ended March 31, 2017, TTSL had provided for impairment of Rs 1,300.48 crores with respect to fees paid for not in use and un-allocated spectrum, based on management assessment which was included as an exceptional item in the statement of loss.
- c) During the year, TTSL has provided for impairment of Rs. 6,476.33 crores towards impairment loss on its Consumer Mobile Business (CMB) assets, based on assessment of its recoverable value. This has been included as an exceptional item in the statement of profit and loss.[Refer Note 33(b)]



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	As at March 31, 2018	As at March 31, 2017
7. Investment in associates and joint venture		
Investments in Equity Instruments		
a) Joint Ventures (Nos in crores)		
TTL Mobile Private Limited (TTL Mobile) (formerly Virgin Mobile India Private Limited) (Unquoted)	-	230.06
NIL (March 31, 2017 – 23.01) Equity Shares of Rs 10 each fully paid up		
Less: Share in losses	-	(230.06)
Total (a)	-	-
b) Associates (Nos in crores)		
ATC Telecom Infrastructure PM Limited (Unquoted)	4,883.47	4,810.75
21.76 (March 31, 2017 – 21.76) Equity Shares of Rs 10 each fully paid up [refer note (b) below]		
Add: Share of equity (including profits)	1,112.97	72.72
	<u>5,996.43</u>	<u>4,883.47</u>
Tata Teleservices (Maharashtra) Limited (TTML) (Quoted)		
94.42 (March 31, 2017 – 71.43) Equity Shares of Rs 10 each fully paid up [refer note (a) below]	2,042.18	2,035.81
Add: Fair value adjustment of RPS	366.43	366.43
Add: Fair value adjustment of ICD	658.35	-
Less: Share in losses	(3,066.96)	(2,402.24)
	<u>5,996.43</u>	<u>4,883.47</u>
Total (b)	<u>5,996.43</u>	<u>4,883.47</u>
Total (a+b)	<u><u>5,996.43</u></u>	<u><u>4,883.47</u></u>
Aggregate value of Quoted Investment - at cost	2,042.18	2,035.81
Aggregate value of Quoted Investment - at market value	524.02	510.74
Aggregate value of Unquoted Investment - at cost	5,996.43	5,113.53

Associates

a) Tata Teleservices (Maharashtra) Limited ('TTML')

TTSL holds 94.42 crore equity shares (March 31, 2017 – 71.43 crores) representing 48.30 per cent of the paid-up equity share capital of TTML (March 31, 2017 – 36.54 percent).

Pursuant to the Scheme of Arrangement and Restructuring during the year ended March 31, 2009 approved by Hon'ble High Court of Delhi, the investments in TTML were revalued at Rs 28.50/- per share.

On February 21, 2018, TTSL purchased 22.99 crores Equity shares of Rs. 10 each of TTML for Rs. 0.2775 each.

TTSL has provided for share of loss in the value of its investment of Rs 664.72 crores (March 31, 2017 – Rs 366.43 crores)



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During the previous year, TTSL had pledged 26 percent stake of the total outstanding equity share capital of TTML to the lenders of TTML against the loans taken by it. As at 31st March 2018, except for an outstanding loan of Rs 44 crores, all other term loans on which share pledge was provided has been prepaid; and most of such lenders have given their no dues certificate. However such loans have been prepaid during April 2018.

Summarised Balance Sheet as at

	March 31, 2018	March 31, 2017
Current assets	1,884.59	1,256.73
Non current assets	1,495.57	10,653.59
Current liabilities	(10,552.89)	(7,152.53)
Non current liabilities	(7,986.42)	(10,666.63)
Equity	(15,159.15)	(5,908.84)
Proportion of the group's ownership	48.30%	36.54%
Carrying amount of the investment	-	-

Summarised Statement of Profit or Loss for the year ended

	March 31, 2018	March 31, 2017
Revenue	1,904.00	2,761.38
Operating and other expenses	1,474.76	1,491.41
Depreciation and amortisation	532.91	795.82
Finance cost	1,537.83	1,263.52
Employee cost	103.00	125.90
Provisions and Exceptional items	8,097.49	1,441.19
Profit/(Loss) before tax	(9,841.99)	(2,356.46)
Income tax	-	-
Loss for the year	(9,841.99)	(2,356.46)
Total comprehensive loss	(9,908.67)	(2,289.07)
Group's share of losses for the year	(4,785.89)	(836.42)
Share of losses adjusted against the investment in equity	(664.72)	(366.43)

b) *ATC Telecom Infrastructure Private Limited ('ATC') [erstwhile VIOM Networks Limited ('VIOM')]*

During the previous year, the Group completed the sale of 20% i.e. 13 crores equity shares to ATC Asia Pacific Pte Limited shareholding in ATC for cash consideration of Rs 2,807.96 crores and consequently recorded as exceptional gain on sale of subsidiary of Rs 6,848.69 crores (including Rs 4,287.46 crores on remeasurement of remaining 32.86% shareholding) in the statement of profit & loss. Pursuant to the loss of control, the Group has accounted its investment in ATC as an associate, as at March 31, 2017 (w.e.f April 21, 2016).

As at March 31, 2018, the cost of the TTSL's investment is Rs 5,996.43 crores (March 31, 2017 – Rs 4,883.47 crores) representing 32.86 percent stake (March 31, 2017 – 32.86 percent) in equity share capital of ATC.

Based on management's assessment, there is no impairment in the carrying value of the investment.



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Summarised Balance Sheet as at

	March 31, 2018	March 31, 2017
Current assets	7,469.03	1,182.96
Non current assets	13,400.26	6,429.77
Current liabilities	(3,310.97)	(2,303.06)
Non current liabilities	(11,341.55)	(3,755.10)
Equity	6,216.77	1,554.57
Proportion of the group's ownership	32.86%	32.86%
Carrying amount of the investment	2,042.83	510.83

Summarised Statement of Profit or Loss for the year ended

	March 31, 2018	March 31, 2017
Revenue	7,557.04	5,466.84
Operating and other expenses	4,489.76	2,610.98
Depreciation and amortisation	1,024.64	845.53
Finance cost	465.05	516.98
Employee cost	299.57	190.10
Provisions and Exceptional items	459.80	870.23
Profit/(Loss) before tax	818.22	433.02
Income tax	304.91	177.38
Profit for the year from continuing operations	513.31	255.64
Total comprehensive income for the year	512.83	254.98
Less: Profit for the period (April 1, 2016 to April 20, 2016) disclosed as discontinued operations)	-	(33.81)
Total comprehensive income for the year	512.83	221.17
Group's share of profit for the year	168.67	72.72



TATA TELESERVICES LIMITED
NOTES TO THE CONSOLIDATED IND AS FINANCIAL STATEMENTS AS AT AND FOR
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(All amounts in Rupees Crores unless stated otherwise)

8. Investments

	As at March 31, 2018	As at March 31, 2017
Non - Current Investments (Investment at fair value through profit and loss) (refer note 40)		
Andhra Pradesh Gas Power Corporation Limited (Unquoted) 0.03 (March 31, 2017 -- 0.03) Equity Shares of Rs 10 each fully paid up	4.06	4.06
Renew Wind Energy (Karnataka) Private Limited (Unquoted) 0.0005 (March 31, 2017 -- 0.0005) Equity Shares of Rs 100 each fully paid up	0.05	0.05
Green Infra Wind Farms Limited (Unquoted) 0.003 (March 31, 2017 -- 0.003) Equity Shares of Rs 10 each fully paid up	0.03	0.03
	4.14	4.14
Non - Current Investments (Investment at amortised cost) (refer note 40)		
Preference Shares in TTML (Unquoted) NIL (March 31, 2017 -- 20.18) 0.1% Non Cumulative Redeemable Preference shares of Rs 100 each fully paid up) [refer note (d) below]	-	1,731.93
	-	1,731.93
	4.14	1,736.07
Current Investments (Investment at fair value through profit and loss) (refer note 40)		
Investment in mutual funds (Quoted)	258.21	2,205.14
Current Investments (Investment at amortised cost) (refer note 40)		
Preference Shares in TTML (Unquoted) 20.18 (March 31, 2017 -- NIL) 0.1% Non Cumulative Redeemable Preference shares of Rs 100 each fully paid up) [refer note (d) below]	1,922.79	-
Less: Provision for diminution	(1,922.79)	-
	-	-
	258.21	2,205.14
Aggregate value of Quoted Investment - at cost	257.96	2,205.14
Aggregate value of Quoted Investment - at market value	258.21	2,205.14
Aggregate value of Unquoted Investment - at cost	1,926.93	1,736.07



TATA TELESERVICES LIMITED
NOTES TO THE CONSOLIDATED IND AS FINANCIAL STATEMENTS AS AT AND FOR
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(All amounts in Rupees Crores unless stated otherwise)

Mutual Fund	March 31, 2018		March 31, 2017	
	Units (in crores)	Rs crores	Units (in crores)	Rs crores
Axis Liquid Fund - Direct Plan - Growth	-	-	0.01	25.12
HDFC Liquid Fund - Direct Plan - Growth	-	-	0.17	549.52
ICICI Liquid Plan-Direct Plan - Growth	-	-	0.22	49.55
IDFC Cash Fund- Direct Plan - Growth	-	-	0.02	30.12
Kotak Floater short term - Direct Plan - Growth	-	-	0.05	121.53
L&T Liquid Fund - Direct Plan - Growth	-	-	0.03	61.56
SBI Premier Liquid Fund - Direct Plan - Growth	0.04	100.17	0.12	313.52
Sundaram Money Fund - Direct Plan - Growth	-	-	0.29	10.00
Tata Money Market Fund - Direct Plan - Growth	-	-	0.39	1,000.98
UTI Money Market - Institutional Plan - Growth	-	-	0.01	12.70
HDFC Liquid Fund- Direct Plan Growth	-	-	0.01	23.70
ICICI Prudential Mutual Fund in Liquid direct plan	0.03	5.21	0.03	6.84
Tata Liquid Fund Direct Plan- Growth	0.06	152.83	-	-
Total	0.12	258.21	1.34	2,205.14

- The investment in Andhra Pradesh Gas Power Corporation Limited (APGPCL) entitles the Group to tariff benefit on 1 MW of power drawn from APGPCL.
- The investment in Green Infra Wind Farms Limited (GIWFL) entitles the Group to tariff benefit on power drawn from GIWFL.
- The investment in Renew Wind Energy (Karnataka) Private Limited (RWEPL) entitles the Group to procure 2.4 MW of power for its own use.
- As per Ind AS 32, the RPS has been considered as interest free loan and accordingly, the Group has recognized Rs 1,922.79 crores (March 31, 2017 – Rs 1,731.93 crores) as investment in RPS and Rs 366.43 crores (March 31, 2017 – Rs 366.43 crores) as investment in equity. The Group has recognized income of Rs 190.86 crores (March 31, 2017 – Rs 80.35 crores) as interest income on the RPS, for the year. TTSL has made a provision of Rs. 1,922.79 crores (March 31, 2017- Nil) for impairment of investment in RPS.

9 Trade Receivable

	As at March 31, 2018	As at March 31, 2017
Unsecured, considered good	271.23	481.38
Unsecured, considered doubtful	273.55	788.60
Less: Allowance for doubtful receivables	(273.55)	(788.60)
	<u>271.23</u>	<u>481.38</u>

No trade or other receivable are due from directors or other officers of the Group either severally or jointly with any other person.

Trade receivables are non-interest bearing and are generally on terms of 18 to 90 days.



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TATA TELESERVICES LIMITED
NOTES TO THE CONSOLIDATED IND AS FINANCIAL STATEMENTS AS AT AND FOR
THE YEAR ENDED MARCH 31, 2018

(All amounts in Rupees Crores unless stated otherwise)

Ageing of Receivables

Particulars	As at March 31, 2018	As at March 31, 2017
Not due	97.33	296.11
0-90 days past due	236.42	164.12
91-180 days past due	91.61	66.18
> 180 days	119.42	743.57
Total	544.78	1,269.98

Movement in expected credit loss allowance

Particulars	As at March 31, 2018	As at March 31, 2017
Balance at the beginning of the year	788.60	854.97
Movement in expected credit loss allowance on trade receivables calculated at lifetime expected credit losses	124.54	(66.37)
Provision for doubtful debt reversal due to trade receivables written off	(639.59)	-
Balance at the end of the year	273.55	788.60

10 Cash and Cash equivalent

	As at March 31, 2018	As at March 31, 2017
Cash on hand	0.16	1.22
Cheques / demand drafts on hand	11.65	10.28
Balance with Banks:		
i) in Current Accounts	30.18	67.38
ii) On Escrow Accounts	0.04	1.03
ii) in Fixed Deposit with original maturity less than three months	-	3.00
	42.03	82.91

- Fixed deposits with banks earn interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods of between seven days and three months, depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates.
- Balance in escrow account of the Group can be used only for settlement of customer balance as per RBI guidelines on Pre-paid payment instruments.
- TTSL has not pledged any short-term deposits as of March 31, 2018, as against Rs. 220.25 crores as on March 31, 2017, to fulfil collateral requirements.

11 Other Bank Balances

	As at March 31, 2018	As at March 31, 2017
Deposits with maturity of more than 3 months but less than 12 months	20.54	238.66
Margin Money Deposits	0.03	-
Deposits with maturity more than 12 months	0.15	0.08
	20.72	238.74

TTSL has not pledged any short-term deposits as of March 31, 2018, as against Rs. 220.25 crores as on March 31, 2017, to fulfil collateral requirements. Refer note 17 (a) (ii) for further details.



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TATA TELESERVICES LIMITED
NOTES TO THE CONSOLIDATED IND AS FINANCIAL STATEMENTS AS AT AND FOR
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(All amounts in Rupees Crores unless stated otherwise)

12 Loans and Advances at amortised cost

	Non current		Current	
	As at March 31, 2018	As at March 31, 2017	As at March 31, 2018	As at March 31, 2017
Unsecured, considered good				
Security deposits	81.08	164.63	88.12	25.03
Loans and advances to related party	-	-	0.08	-
Unsecured considered doubtful				
Security deposits	40.60	34.64	0.46	-
Loans and advances to related party	3,140.68	-	-	204.95
Less: Provisions for doubtful advances	(3,181.28)	(34.64)	(0.46)	(204.95)
	81.08	164.63	88.20	25.03

- There are no amounts due by directors of the group or by firms or private companies respectively in which any director is a partner or a director or a member.
- Security deposits represent amount paid for lease of premises and network sites and others.
- During the year TTSL has subscribed Inter Corporate Deposits (ICD) to the extent of Rs. 3,700 crores in TTML carrying an interest rate of 0.1% p.a.
 The ICD has been considered as interest free loan and accordingly, TTSL has recognized Rs 3,041.65 crores as investment in ICD and Rs 658.35 crores as investment in equity. TTSL has recognized income of Rs 99.03 crores as interest income on the ICD, for the year. TTSL has made a provision of Rs. 3,140.68 crores for impairment of ICD.

13 Other Assets

	Non current		Current	
	As at March 31, 2018	As at March 31, 2017	As at March 31, 2018	As at March 31, 2017
Unsecured, considered good:				
Capital advances	21.74	30.82	-	-
Prepaid expenses	43.64	95.06	70.55	90.29
Advance to suppliers	-	-	98.38	66.53
Balance with government authorities	0.02	-	228.22	110.22
Advance recoverable in cash or kind	-	-	0.23	-
Advance paid under dispute	302.05	306.99	1.65	1.09
Unsecured, considered doubtful:				
Capital advances	4.84	4.84	-	-
Advance to suppliers	-	-	37.03	31.33
Balance with government authorities	0.15	-	40.46	33.94
Less : Provision for doubtful advances	(4.99)	(4.84)	(77.49)	(65.27)
	367.45	432.87	399.03	268.13

- Advances to suppliers includes interest receivable Rs 1.29 crores (March 31, 2017– Rs 1.11 crores).
- Advance paid under dispute is net of related provision of Rs 1,547.64 crores (March 31, 2017 - Rs 1,498.24 crores) [refer note 35(a)].



TATA TELESERVICES LIMITED
NOTES TO THE CONSOLIDATED IND AS FINANCIAL STATEMENTS AS AT AND FOR
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(All amounts in Rupees Crores unless stated otherwise)

14 Inventory (at lower of cost or net realisable value)

	As at March 31, 2018	As at March 31, 2017
Stock in Trade		
Mobile handsets / EVD Balance	0.36	2.16
Sim cards	1.37	2.34
Less : Provision for inventory	(0.33)	-
	<u>1.40</u>	<u>4.50</u>

As at March 31, 2018, Rs 12.12 crores (March 31, 2017- Rs 12.45 crores) was recognised as an expense for carrying value of inventories to lower of cost or net realizable value.

15 Share Capital

	As at March 31, 2018	As at March 31, 2017
Authorised Share Capital (Nos in crores)		
2,263 (March 31, 2017 - 2,248) Equity Shares of Rs 10 each	22,630.00	22,480.00
1,000 (March 31, 2017 - NIL) Unclassified shares of Rs 10 each	10,000.00	-
400 (March 31, 2017 - NIL) Unclassified shares of Rs 100 each	40,000.00	-
63 (March 31, 2017 - NIL) Compulsory Convertible Non-Cumulative Preference Shares (CCPS) of Rs 100 each	6,300.00	-
112.2 (March 31, 2017 - 175.2) preference shares of Rs 100 each	11,220.00	17,520.00
Total Authorised Share Capital	<u>90,150.00</u>	<u>40,000.00</u>
Issued, Subscribed and Fully Paid Equity capital (Nos in crores)		
577.50 (March 31, 2017 - 577.50) Equity Shares of Rs 10 each, fully paid up	5,775.03	5,775.03
	<u>5,775.03</u>	<u>5,775.03</u>

* Unclassified shares are a part of the authorised capital which shall be classified as equity or preference shares at the time of issuance.

a. Details of shareholding holding more than 5% shares in the company

	As at March 31, 2018		As at March 31, 2017	
	No Crores	% holding in the class	No Crores	% holding in the class
Equity shares of Rs 10 each fully paid				
Tata Sons Limited	363.54	62.95%	276.70	47.91%
NTT DoCoMo Inc	-	-	124.90	21.63%
Tata Communication Limited	59.82	10.36%	43.99	7.62%
The Tata Power Company Limited	44.66	7.73%	32.84	5.69%
Aranda Investments (Mauritius) Pte.Limited	30.39	5.26%	30.39	5.26%
Tata Industries Limited	33.85	5.86%	25.72	4.45%



TATA TELESERVICES LIMITED**NOTES TO THE CONSOLIDATED IND AS FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2018***(All amounts in Rupees Crores unless stated otherwise)*

On April 25, 2014, TTSL and TSL received intimation from DOCOMO, informing DOCOMO's decision to exercise the put option as per SSA. DOCOMO had filed a petition with the Hon'ble Delhi High Court for implementation of the arbitration award (damages along with cost and interest) by the Arbitral Tribunal in London. The Hon'ble Delhi High Court vide its judgment dated April 28, 2017, has allowed the arbitration enforceable in India. DOCOMO has tendered its entire shareholding of 124.90 crores shares in TTSL to TSL and its designated nominees on October 31, 2017 and accordingly, DOCOMO has ceased to hold any shares in TTSL and as a result of which TTSL became a direct subsidiary of TSL.

b. Terms / rights attached to equity shares

The Group has one class of equity shares having a par value of Rs 10 per share. Each holder of equity shares is entitled to one vote per share.

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

c. Shares held by holding/ultimate holding company and/or their subsidiaries/associates**Equity Shares (All nos in crores)**

	As at March 31, 2018	As at March 31, 2017
Tata Sons Limited, the holding company		
363.53 (March 31, 2017 - 276.70) Equity shares of Rs 10 each fully paid	3,635.39	2,767.05
Tata Communication Limited, Associate of Tata Sons Limited		
59.82 (March 31, 2017 - 43.99) Equity shares of Rs 10 each fully paid	598.21	439.86
The Tata Power Company Limited, Associate of Tata Sons Limited		
44.66 (March 31, 2017 - 32.84) Equity shares of Rs 10 each fully paid	446.62	328.40
Tata Industries Limited, Subsidiary of Tata Sons Limited		
33.85 (March 31, 2017 - 25.72) Equity shares of Rs 10 each fully paid	338.51	257.19
Tata Steel Limited, Associate of Tata Sons Limited		
8.74 (March 31, 2017 - 6.47) Equity shares of Rs 10 each fully paid	87.43	64.69
Tata Capital Financial Services Limited, Subsidiary of Tata Sons Limited		
6.23 (March 31, 2017 - 6.23) Equity shares of Rs 10 each fully paid	62.25	62.25
Tata Chemicals Limited, Associate of Tata Sons Limited		
0.13 (March 31, 2017 - 0.13) Equity shares of Rs 10 each fully paid	1.29	1.29
Tata Investment Corporation Limited, Subsidiary of Tata Sons Limited		
0.57 (March 31, 2017 - 0.57) Equity shares of Rs 10 each fully paid	5.68	5.68
	5,175.38	3,926.41



TATA TELESERVICES LIMITED
NOTES TO THE CONSOLIDATED IND AS FINANCIAL STATEMENTS AS AT AND FOR
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(All amounts in Rupees Crores unless stated otherwise)

16 Other Equity

	As at March 31, 2018	As at March 31, 2017
a) Equity component of Compound Financial Instruments		
Balance as per the last financial statements	733.57	644.74
Add : Issued during the year	4,289.91	463.98
Less : Conversion of CCPS	-	(375.15)
	<u>5,023.48</u>	<u>733.57</u>
b) Securities Premium account		
Balance as per the last financial statements	12,112.48	11,554.57
Add : Securities premium on conversion of CCPS	-	1,417.56
Add: Adjustment for share in associates	906.53	-
Less : Adjustment on conversion of CCPS	-	(859.65)
Closing Balance	<u>13,019.01</u>	<u>12,112.48</u>
Securities premium reserve is used to record the premium on issue of shares. The reserves is utilised in accordance with the provisions of the Act.		
c) (Deficit) in the statement of profit and loss		
Balance as per last financial statements	(30,897.83)	(32,828.76)
Adjustment due to change in shareholding on account of gain/loss of control	7.80	(176.57)
Add: Adjustment for share in associates	217.30	-
Loss for the year	(17,136.86)	2,107.50
Net loss in the statement of profit and loss	<u>(47,809.60)</u>	<u>(30,897.83)</u>
d) Items of Other Comprehensive Income:		
Cash Flow Hedge Reserve	-	36.76
Actuarial loss on gratuity	(6.47)	(8.80)
Actuarial loss on providend fund	(0.03)	(0.03)
Add: Adjustment for share in associates	(0.57)	-
	<u>(7.07)</u>	<u>27.93</u>
The cash flow hedging reserve represents the cumulative effective portion of gains or losses arising on changes in fair value of designated portion of hedging instruments entered into for cash flow hedges. The cumulative gain or loss arising on changes in fair value of the designated portion of the hedging instruments that are recognised and accumulated under the heading of cash flow hedging reserve will be reclassified to profit or loss only when the hedged transaction affects the profit or loss.		
e) Capital reserve		
Balance as per last financial statement	-	285.83
Adjustment due to change in shareholding on account of loss of control	-	(285.83)
Add: Adjustment for share in associates	(267.00)	-
Addition for the year	-	-
	<u>(267.00)</u>	<u>-</u>
f) Debenture Redemption reserve		
Balance as per last financial statement	-	-
Add: Adjustment for share in associates	20.49	-
	<u>20.49</u>	<u>-</u>
g) Other Equity		
Balance as per last financial statement	-	-
Add: Adjustment for share in associates	67.55	-
	<u>67.55</u>	<u>-</u>
Total Other Equity	<u>(29,953.13)</u>	<u>(18,023.85)</u>



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TATA TELESERVICES LIMITED
NOTES TO THE CONSOLIDATED IND AS FINANCIAL STATEMENTS AS AT AND FOR
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(All amounts in Rupees Crores unless stated otherwise)

a. Terms of conversion/ redemption of Compulsory Convertible Non-Cumulative Preference Shares

- (i) On March 31, 2015, TTSL issued 10.25 crores Compulsory Convertible Non Cumulative Preference Shares (Series 2 CCPS) to Tata Sons Limited of Rs 100 each. Series 2 CCPS carry a non cumulative right to receive dividend @ 0.1%.

Each Series 2 CCPS shall be converted at the option of the investor at any time after 3 months from the date of allotment of Series 2 CCPS, but not later than 36 months from the date of allotment i.e. March 31, 2018.

On May 28, 2015, TTSL has further issued 9.95 crores Series 2 CCPS of Rs 100 each fully paid-up, carrying non-cumulative right to receive dividend @ 0.1% p.a.

Each Series 2 CCPS shall compulsorily be converted into equity share at the option of the investor at any time after 3 months from the date of allotment of Series 2 CCPS but not later than 36 months from the date of allotment i.e. May 28, 2018.

Each Series 2 CCPS shall be compulsorily converted into such number of equity shares at the higher of:-

- I. Fair market value determined as on the date of conversion subject to cap of Rs 19 per equity shares or
- II. Rs 10 per equity share (being the face value of shares)

During the year, based on request from holder of Series 2 CCPS, the period of conversion has been extended upto March 31, 2019, with an option to CCPS holder for conversion at any time after one day notice.

- (ii) On October 19, 2016, TTSL issued 22.01 crores Compulsory Convertible Non Cumulative Preference Shares (Series 3 CCPS) to Tata Sons Limited of Rs 100 each. Series 3 CCPS carry a non cumulative right to receive dividend @ 0.1% p.a.

Each Series 3 CCPS shall compulsorily be converted into equity share at the option of the investor at any time after 3 months from the date of allotment of Series 3 CCPS but not later than 36 months from the date of allotment i.e. October 19, 2019.

Each Series 3 CCPS shall be compulsorily converted into such number of equity shares at the higher of:-

- I. Fair market value determined as on the date of conversion shares or
- II. Rs 10 per equity share (being the face value of equity shares)

- (iii) On April 26, 2017, TTSL issued 20.04 crores Compulsory Convertible Non Cumulative Preference Shares (Series 4 CCPS) to Tata Sons Limited of Rs 100 each. Series 4 CCPS carry a non cumulative right to receive dividend @ 0.1% p.a.

Each Series 4 CCPS shall compulsorily be converted into equity share at the option of the investor at any time after 3 months from the date of allotment of Series 4 CCPS but not later than 36 months from the date of allotment i.e. April 26, 2020.

Each Series 4 CCPS shall be compulsorily converted into such number of equity shares at the higher of:-

- I. Fair market value determined as on the date of conversion shares or
- II. Rs 10 per equity share (being the face value of equity shares)



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CCPS (Series 2, Series 3 & Series 4) has been considered as compound financial instrument and has been separated into three components:

- a. the derivative financial asset/liability
- b. the equity component
- c. the debt component

Basis the above, the value of equity, debt and derivative financial asset of CCPS (Series 2, Series 3 and Series 4) is as follows:

	March 31, 2018	March 31, 2017
Equity Component of CCPS	1,160.34	733.57
Liability Component of CCPS	5,822.60	3,636.47
Derivative financial assets of CCPS	5,633.25	356.28

The interest cost on CCPS is Rs 381.79 crores (March 31, 2017 – Rs 328.51 crores). During the previous year, Rs 2.30 crores out of Rs. 328.51 crores is disclosed under capital advance towards advance paid for spectrum acquired in October 2016 auction. Gain on derivative financial asset for the year is Rs 5,046.98 crores (March 31, 2017 – Rs 818.10 crores).

As at March 31, 2017, TTSL had accounted for derivative asset of Rs 356.28 crores on the compulsorily convertible preference shares (CCPS) issued by TTSL which was based on the fair market valuation of TTSL as at November 18, 2016 instead of March 31, 2017 as TTSL was unable to accurately assess the fair market valuation of TTSL on that date given the extant volatile industry and market conditions. This was a subject matter of qualification by the Auditors in the consolidated Financial Statements for the year ended March 31, 2017.

As at March 31, 2018, TTSL has accounted for derivative asset of Rs 5,633.25 crores on the CCPS based on the fair market valuation of TTSL as at that date and accounted for the gain on derivative part of CCPS as Rs. 5,046.98 crores in the statement of profit and loss for the year ended March 31, 2018.

It is impracticable for TTSL to determine the impact of the above on the opening retained earnings and the profit and loss for the year ended March 31, 2018 separately, as it is not possible for the management to currently derive the fair market value of TTSL as of March 31, 2017 based on the circumstances existing on that date.

Terms of conversion/ redemption of Optionally Convertible Non Cumulative Preference Shares

On November 7, 2017, TTSL issued 23 crores Optionally Convertible Non-Cumulative Preference Shares – Series I ('OCPS') of a face value of Rs. 100 each at par to Tata Sons Limited. These OCPS carry a non-cumulative right to receive dividend @ 0.1% p.a.

Each Series I OCPS shall optionally be converted into such number of equity shares at the option of the investor at any time after 3 months from the date of allotment of Series I OCPS but not later than 36 months from the date of allotment i.e. November 7, 2020.

Each Series I OCPS shall be optionally converted into such number of equity shares at the higher of:-

- I. Fair market value determined as on the date of conversion of shares or
- II. Rs 10 per equity share (being the face value of equity shares)

OCPS (Series I) has been considered as compound financial instrument and has been separated into two components:

- a. the equity component
- b. the debt component

Basis the above, the value of equity and debt of OCPS (Series I) is as follows:

	March 31, 2018	March 31, 2017
Equity Component of OCPS	612.34	-
Liability Component of OCPS	1,758.89	-

The interest cost on OCPS (Series I) for the year is Rs 71.22 crores. (March 31, 2017- NIL).



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17 Borrowings (at amortised cost)

Long Term borrowings

	Non - Current portion		Current Portion	
	As at March 31, 2018	As at March 31, 2017	As at March 31, 2018	As at March 31, 2017
Secured:				
Term Loan				
Indian rupee loan from banks	2,355.39	16,701.89	90.82	1,230.79
Foreign currency loan from banks	-	2,469.19	-	1,588.91
Financial institution	-	1,341.60	-	71.54
	<u>2,355.39</u>	<u>20,512.68</u>	<u>90.82</u>	<u>2,891.24</u>
Unsecured:				
NIL (March 31, 2017 - 5,000) 11.69% Redeemable Non Convertible Debentures – Series III of Rs 10 Lakh each	-	495.15	-	-
NIL (March 31, 2017 - 2,500) 11% Redeemable Non Convertible Debentures – Series IV of Rs 10 Lakh each	-	125.00	-	123.49
1,249,999,997 (March 31, 2017 - Nil) 0.1% Optionally Convertible Debentures - Series II of Rs 100 each	9,509.99	-	-	-
Deferred payment liability for spectrum acquired through auction	3,823.64	3,884.22	460.11	-
Liability component of Compound Financial Instruments	5,700.62	-	1,880.87	3,636.47
Interest accrued but not due on borrowings	-	-	0.08	118.91
	<u>19,034.25</u>	<u>4,504.37</u>	<u>2,341.06</u>	<u>3,878.87</u>
Less : Liabilities directly associated with assets classified as held for sale	1,984.38	-	-	-
	<u>19,405.26</u>	<u>25,017.05</u>	<u>2,431.88</u>	<u>6,770.11</u>
The above amount includes				
Secured Borrowings	2,355.39	20,512.68	90.82	2,891.24
Unsecured Borrowings	17,049.87	4,504.37	2,341.06	3,878.87
Amount disclosed under the head "Other financial Liabilities" (refer note 19)	-	-	(2,431.88)	(6,770.11)
Net amount	<u>19,405.26</u>	<u>25,017.05</u>	-	-

Short Term Borrowings

	As at March 31, 2018	As at March 31, 2017
Secured		
Indian rupee loan from banks	44.33	433.41
Vendor financing	18.28	37.01
Bill discounted with banks	-	406.24
Unsecured:		
Commercial Paper	11,984.64	-
	<u>12,047.25</u>	<u>876.66</u>



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Details of analysis of borrowings i.e. maturity profile, interest rate and currency of borrowings (including liabilities directly associated with assets held for sale):

As on March 31, 2018

Currency of Borrowings	ROI		Borrowing as on March 31, 2018			Maturity Profile			
	Floating rate	Fixed rate	Floating rate	Fixed rate	Total	Within one year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
INR	<12%	<12%	2,446.29	21,375.22	23,821.51	2,431.87	2,810.53	15,584.84	2,994.27
Total	<12%	<12%	2,446.29	21,375.22	23,821.51	2,431.87	2,810.53	15,584.84	2,994.27

As on March 31, 2017

Currency of Borrowings	ROI		Borrowing as on March 31, 2017			Maturity Profile			
	Floating rate	Fixed rate	Floating rate	Fixed rate	Total	Within one year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
INR	<12%	<12%	19,384.03	8,291.34	27,675.37	5,127.52	2,882.48	10,027.80	9,637.58
USD	4% -6%	5% - 11.25%	321.93	3,789.86	4,111.79	1,642.60	1,395.98	771.73	301.47
Total			19,705.96	12,081.20	31,787.16	6,770.12	4,278.46	10,799.53	9,939.05

*USD fixed rate of interest as disclosed above includes the cost of borrowings and the cost of hedging the loans.

Long term Borrowings

a. Secured loans

As on March 31, 2018

- i. Term loans from Financial institutions ('FI'), Indian rupee loans from banks and Foreign currency loans from banks

During the year TTSL has repaid all the outstanding foreign currency loans and loans from financial institutions.

Loans outstanding from Banks are fully secured by way of a first charge on all the immovable / moveable project assets and assignment of licenses, both present and future, of TTSL which ranks pari-passu with the charges created / to be created in favour of the other institutions / banks.

As on March 31, 2017

- ii. Term loans from Financial institutions ('FI'), Indian rupee loans from banks and Foreign currency loans from banks

Loans outstanding (excluding unamortised processing fees) of Rs 23,506.26 crores from Banks, FI's and foreign currency loans are fully secured by way of a first charge on all the immovable / moveable project assets and assignment of licenses, both present and future, of TTSL which ranks pari-passu with the charges created / to be created in favour of the other institutions / banks. Long term rupee loans and foreign currency loans to the extent of Rs 26,000 crores are required to be secured by a pledge of shares to the extent of 26 per cent of the voting equity share capital of TTSL by the sponsors. Of this, long term rupee loans and foreign currency loans outstanding of Rs 5,477.72 crores are already secured by the said share pledge.

TTSL has placed fixed deposits of Rs 220.25 crores towards the maintenance of a Debt Service Reserve Account in favour of the foreign currency lenders, as required by the agreements.



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TATA TELESERVICES LIMITED
NOTES TO THE CONSOLIDATED IND AS FINANCIAL STATEMENTS AS AT AND FOR
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b. Unsecured Loans

i. Long-term non-convertible debentures:

As on March 31, 2018

During the year TTSL has repaid all the outstanding Non convertible Debentures.

As on March 31, 2017

(a) 11.69% Redeemable Non Convertible Debentures – Series III

On August 16, 2010, TTSL has issued Unsecured Redeemable Non-convertible Debentures of Rs 500 crores to Yes Bank Limited on a private placement basis. The debentures will be redeemed at the end of the 15th Year.

(b) 11% Redeemable Non Convertible Debentures – Series IV

On June 28, 2013, TTSL has issued Unsecured Redeemable Non-Convertible Debentures of Rs 500 crores to Yes Bank Limited on a private placement basis. The debentures will be redeemed in the following manner - at the end of 3 years (Rs 250 crores), 4 years (Rs 125 crores) and 5 years (Rs 125 crores) respectively. TTSL has redeemed Rs 250 crores on June 28, 2016. The amount repayable within one year is Rs 125 crores.

ii. Long-term Optionally Convertible Debentures:

0.1 % Redeemable Optionally Convertible Debentures – Series II

On December 22, 2017, TTSL issued 125 crores Optionally Convertible Debentures (OCD) of Rs. 100 each to Tata Sons Limited.

Each OCD shall be converted into equity share at the option of the investor at any time after one day from the date of allotment of OCD but not later than 36 months from the date of allotment i.e. December 22, 2020. OCD shall be redeemed at par, if the holder does not exercise the conversion option.

Each OCD shall be optionally converted into such number of equity shares of Rs. 10 each.

OCD (Series II) has been considered as compound financial instrument and has been separated into two components:

- a. the equity component
- b. the debt component

Basis the above, the value of equity and debt of OCD (Series II) is as follows:

	March 31, 2018	March 31, 2017
Equity Component of OCD	3,250.80	-
Liability Component of OCD	9,509.99	-

The interest cost on OCD (Series II) for the year is Rs 260.79 crores (March 31, 2017- NIL).

Short term Borrowings

c. Secured loans

As on March 31, 2018

Stipulated securities for the loans are first pari passu charge on the movable assets of TTSL.



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a. Indian rupee loan from banks

Short-Term Loans

- During the year, TTSL has repaid all the outstanding short term loans

Cash Credit Accounts

- Interest rate for cash credit is in the range of bank base rate / MCLR + 0.00% to 2.50% p.a.

b. Vendor financing

The balance outstanding as on March 31, 2018 comprises of Suppliers Credit with Nil interest rate.

c. Bill Discounted with banks

During the year, TTSL has repaid all the Bill discounted with banks.

a. Unsecured loans

d. Commercial paper

i) Terms of repayment:-

- Commercial papers are fully repayable within 277 days from the date of disbursement

ii) Interest rate:-

- Interest rate for commercial papers is in the range of 7.90% to 7.98% p.a.

As on March 31, 2017

Secured loans

Stipulated securities for the loans are first pari passu charge on the movable assets of the TTSL.

a. Vendor financing

Interest on vendor financing ranges between LIBOR plus 0.50 to 3.50 per cent p.a.

b. Bill Discounted with banks

The Interest rate on Bill discounting is ranging between 7.40% to 9.50% p.a

18 Trade and other payables

	As at March 31, 2018	As at March 31, 2017
Due to micro & small enterprises	17.35	8.13
Dues to other	1,261.82	1,392.51
	<u>1,279.17</u>	<u>1,400.64</u>

For explanations on TTSL's credit risk management processes, refer to Note 42.

Amounts due to micro, and small enterprises under Micro, Small and Medium Enterprises Development Act, 2006 aggregate to Rs 17.35 crores (March 31, 2017 – Rs 8.13 crores), including interest, based on the



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information available with the Group and the confirmation received from the creditors till the year end. All these amounts pertain to current trade payables.

SN	Particulars	March 31, 2018	March 31, 2017
1	Principal amount due to suppliers registered under the MSMED Act and remaining unpaid as at year end	15.26	6.84
2	Interest due to suppliers registered under the MSMED Act and remaining unpaid as at year end	2.09	1.29
3	Principal amounts paid to suppliers registered under the MSMED Act, beyond the appointed day during the year end.	-	-
4	Interest paid, other than under Section 16 of MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the year.	-	-
5	Interest paid, under Section 16 of MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the year	-	-
6	Interest due and payable towards suppliers registered under MSMED Act, for payments already made	-	-
7	Further interest remaining due and payable for earlier years	-	-

19 Other financial liabilities

	As at March 31, 2018	As at March 31, 2017
Current maturities of long-term debt	551.01	3,133.64
Bank overdraft	4.46	1.64
Capital vendors	171.21	187.78
Deposit from customers	30.58	149.56
Other security deposits	8.40	65.11
Advance from distributors	47.81	27.97
Application money pending allotment of CCPS	-	2,003.95
Liability component of Compound Financial Instruments	1,880.87	3,636.47
	<u>2,694.34</u>	<u>9,206.12</u>

The share application money from Tata Sons Limited received in the previous year was for issue of Series 4 CCPS of Rs 2,003.94 crores. The same was allotted on April 26, 2017 (Refer note 16).



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20 Provisions (Refer Note 35)

	Non - Current portion		Current Portion	
	As at March 31, 2018	As at March 31, 2017	As at March 31, 2018	As at March 31, 2017
Provision for employee benefits				
Provision for gratuity	-	-	13.64	11.37
Provision for leave encashment	-	-	20.58	26.22
Provision for employee incentives	-	-	69.46	101.24
	<u>-</u>	<u>-</u>	<u>103.68</u>	<u>138.83</u>
Other Provisions				
Provision for asset retirement obligation [Refer note 35(c)]	6.97	6.23	-	-
Provision for contingencies (net of amount paid under dispute Rs 484.91 crs [March 31, 2017 - Rs 412.07 crs] [Refer note 35(a)])	-	-	303.99	187.49
Provision for foreseeable losses on long term contracts [Refer note 35(b)]	2,335.02	-	405.27	113.51
	<u>2,341.99</u>	<u>6.23</u>	<u>709.26</u>	<u>301.00</u>
	<u>2,341.99</u>	<u>6.23</u>	<u>812.94</u>	<u>439.83</u>

21 Other liabilities

	Non - Current portion		Current Portion	
	As at March 31, 2018	As at March 31, 2017	As at March 31, 2018	As at March 31, 2017
Income received in advance	109.69	82.42	152.28	433.71
Other payables	-	-	51.44	28.89
Statutory dues	-	-	2.41	10.70
Other liabilities	-	-	-	-
Unearned income	18.90	18.90	-	-
	<u>128.59</u>	<u>101.32</u>	<u>206.13</u>	<u>473.30</u>

22 Assets classified as held for sale

	As at March 31, 2018	As at March 31, 2017
	(i) Assets classified as held for sale (refer note 1.2)	
Property, plant and equipment	503.61	-
Capital work-in-progress	4.08	-
Intangible assets	1,476.69	-
Current financial assets	130.46	-
Other current assets	47.86	-
Total assets classified as held for sale	<u>2,162.70</u>	<u>-</u>
(ii) Liabilities directly associated with assets classified as held for sale (refer note 1.2)		
Non current financial liabilities - borrowings	1,984.38	-
Current financial liabilities - trade payables	742.63	-
Other current liabilities	139.23	-
Short term provisions	410.71	-
Total liabilities directly associated with assets classified as held for sale	<u>3,276.95</u>	<u>-</u>



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23 Revenue from Operations

	For the year ended March 31, 2018	For the year ended March 31, 2017
Service revenue	5,095.86	9,395.92
Sale of equipment, net	6.47	27.78
Other Operating Revenue	52.86	65.13
	5,155.19	9,488.83

24 Other income

	For the year ended March 31, 2018	For the year ended March 31, 2017
Liabilities written back	156.88	54.56
Other gains / (losses)	3.25	11.06
Foreign exchange, net gains / (losses)	(119.26)	(95.05)
Miscellaneous Income	127.42	21.52
	168.29	(7.91)

25 Cost of Goods sold (Mobile handsets)

	For the year ended March 31, 2018	For the year ended March 31, 2017
Opening Stock	1.74	15.76
Add: Purchases	13.39	29.23
	15.13	44.99
Less: Closing Stock	0.03	1.74
	15.10	43.25

26 Employee benefits expenses

	For the year ended March 31, 2018	For the year ended March 31, 2017
Salaries, wages and bonus	454.86	596.30
Gratuity [refer note 35(d)]	7.23	3.12
Staff welfare	40.17	58.26
Contribution to provident and other funds	19.78	25.20
Recruitment and training	3.69	14.91
	525.73	697.79

27 Power and fuel

	For the year ended March 31, 2018	For the year ended March 31, 2017
Network	815.29	964.29
Others	48.95	52.46
	864.24	1,016.75



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28 Rent

	For the year ended March 31, 2018	For the year ended March 31, 2017
Network	1,651.16	1,634.72
Others	49.68	70.38
	<u>1,700.84</u>	<u>1,705.10</u>

29 Other Expenses

	For the year ended March 31, 2018	For the year ended March 31, 2017
Commission, incentives and content cost	168.26	375.66
Customer acquisition costs	71.15	200.09
Advertising and sales promotion	49.54	106.42
Information technology solutions	167.19	172.14
Bad debt written off	462.22	-
Provision for doubtful debts and advances	(336.43)	50.21
Managed service charges	115.86	138.17
Annual maintenance charges	122.35	182.04
Professional and legal fees	34.12	105.38
Repairs and maintenance:		
- Plant and machinery - network	184.24	203.53
- Building	14.75	21.33
- Plant and machinery - others	33.25	36.10
- Others	10.69	14.88
Leaseline and bandwidth charges	87.31	115.34
Telecalling charges	72.04	116.47
Travel and conveyance	21.48	51.08
Insurance	19.08	19.28
Port charges	21.89	24.20
Rates and taxes	3.99	50.83
Provision for contingencies [refer not 35(a)]	229.54	46.98
Miscellaneous expenses	63.83	74.61
	<u>1,616.35</u>	<u>2,104.74</u>

30 Depreciation and amortisation expense

	For the year ended March 31, 2018	For the year ended March 31, 2017
Depreciation on PP&E	713.64	1,088.41
Amortisation of intangible assets	369.32	759.11
Depreciation on Investment Property	0.50	0.50
	<u>1,083.46</u>	<u>1,848.02</u>



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31 Finance cost

	For the year ended March 31, 2018	For the year ended March 31, 2017
Interest:		
- On loans from banks/financial institutions	1,792.80	2,167.95
- On debentures	65.46	94.82
- On other loans	546.29	606.97
- On Provision for asset retirement obligation	0.73	0.66
- On liability component of CCPS/OCPS	713.80	326.21
Guarantee commission	16.70	13.52
Others bank charges	47.80	110.57
Unwinding of borrowing cost	94.42	26.58
	3,278.00	3,347.28

32 Finance income

	For the year ended March 31, 2018	For the year ended March 31, 2017
Interest income		
- Bank deposits	9.10	18.87
- Security deposits	13.19	14.34
- Income Tax Refund	0.08	109.91
Unwinding impact of investment in associate	289.89	80.35
	312.26	223.47

33 Exceptional item

	For the year ended March 31, 2018	For the year ended March 31, 2017
Impairment in the value of investment [refer note 8(d)]	(1,922.79)	-
Impairment in the value of Inter corporate deposit to related party [refer note 12(c)]	(3,140.68)	-
Restructuring cost [refer note (a) below]	(3,098.43)	(91.43)
Profit on sale of investment in ATC [Refer Note 7(b)]	-	2,561.23
Provision for claims against the Company [refer note 36(C)(a)]	-	(229.80)
Provision for fees paid for spectrum not in use/ unallocated [refer note 6(b)]	-	(1,300.48)
Change in the value of derivative financial asset [refer note (c) below]	5,046.98	818.10
Fair value of Investments [refer note 7(b)]	-	4,287.46
Impairment of CMB assets [refer note (b) below]	(8,658.61)	-
	(11,773.53)	6,045.08

- a. During the year TTSL has identified certain contracts that may be impacted by the proposed restructuring and has recorded a provision of Rs 3,098.43 crores towards an aggregate of amounts that may be due under such contracts.

The amount computed is a current estimate considering various factors including the "without prejudice" discussions with the relevant counterparties. The amount is being provisioned strictly without prejudice to TTSL's legal rights, claims, remedies and contentions available under the contracts and in law. TTSL does not admit, acknowledge or confirm any liability towards the relevant counterparties and the fact that some amount is being provisioned does not affect or dilute TTSL's defence against the relevant counterparties to the contracts, in any way.



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During the year ended March 31, 2017, TTSL initiated a restructuring exercise of its organization and business units; and accordingly accounted Rs 91.43 crores as the cost of restructuring, being a onetime charge to restructure its business.

- b. During the year, due to volatility in the market conditions, TTSL has evaluated the recoverable value of the consumer mobile business (CMB) on the basis of fair value less cost of disposal as per the requirement of Ind AS 36 - impairment of assets and recorded an impairment loss of Rs. 8,658.61 crores and disclosed the same as an exceptional item. The fair value of CMB was determined using Comparable Companies' Market/ Transaction Multiple (CCM) method. This is level 3 measurement as per the fair value hierarchy set out in Ind AS 113, Fair Value Measurement. As at March 31, 2018, the recoverable amount is Rs. 1,984.38 Crores. The key inputs under this approach are Enterprise-Value-To-Revenue Multiple of listed comparable companies and available transactions, based on business of TTSL and thereafter adjusted the selected multiples based on size, growth, profitability and the circle in which the TTSL operates.
- c. As at March 31, 2017, TTSL had accounted for derivative asset of Rs 356.28 crores on the compulsorily convertible preference shares (CCPS) issued by TTSL which was based on the fair market valuation of TTSL as at November 18, 2016 instead of March 31, 2017 as TTSL was unable to accurately assess the fair market valuation of TTSL on that date given the extant volatile industry and market conditions. This was a subject matter of qualification by the Auditors in the Financial Statements for the year ended March 31, 2017.

As at March 31, 2018, TTSL has accounted for derivative asset of Rs 5,633.38 crores on the CCPS based on the fair market valuation of TTSL as at that date and accounted for the gain on derivative part of CCPS as Rs. 5,046.98 crores in the statement of profit and loss for the year ended March 31, 2018.

It is impracticable for TTSL to determine the impact of the above on the opening retained earnings and the profit and loss for the year ended March 31, 2018, as it is not possible for the management to currently derive the fair market value of TTSL as of March 31, 2017 based on the circumstances existing on that date.

34 Loss per share

Basic EPS amounts are calculated by dividing the profit for the year attributable to equity holders by the weighted average number of Equity shares outstanding during the year.

The following reflects the income and share data used in the basic and diluted EPS computations:

	Units	March 31, 2018	March 31, 2017
Profit/(loss) from continuing operations	Rs in Crores	(17,131.31)	2,089.55
Profit/(loss) from discontinued operations	Rs in Crores	(5.55)	33.81
Profit/(loss) for the year after tax	Rs in Crores	(17,136.86)	2,123.36
Weighted average number of shares outstanding	Nos in crores	577.50	488.13
Nominal value of Equity Shares (in Rs)			
Basic and Diluted from continuing operations	in Rs	(29.66)	4.28
Basic and Diluted from discontinued operations	in Rs	(0.01)	0.07
Basic and Diluted from continuing and discontinued operations	in Rs	(29.67)	4.35

The effect of CCPS (Series 2, Series 3 and Series 4) and OCPS (Series I) has been anti-dilutive; hence, there is no change in basic and diluted EPS.



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35 Current Liabilities and provisions

a) Provision for contingencies :

Provision for contingencies is primarily on account of various provisions towards the outstanding/ possible claims / litigations against the Group, which are expected to be utilized on closure of the litigations. The Group has paid certain amounts under dispute against these claims / litigations.

The following table sets forth the movement in the provision for contingencies:

Description	As at April 1, 2017	Additions during the year	Deletions during the year	As at March 31, 2018
Provision for contingencies	2,107.01	229.54	-	2,336.55

Description	As at April 1, 2016	Additions during the year	Deletions during the year	As at March 31, 2017
Provision for contingencies	1,830.23	276.78	-	2,107.01

b) Provision for foreseeable loss on long term contracts:

The following table sets forth the movement in the provision for foreseeable loss on long term contracts.

Description	As at April 1, 2017	Additions during the year	Amounts utilised /reversed	Other adjustment (Liability directly associated with assets held for sale)	As at March 31, 2018
Provision for foreseeable loss on long term contracts	113.51	3,195.30	(175.22)	(393.31)	2,740.29

Description	As at April 1, 2016	Additions during the year	Amounts utilised /reversed	As at March 31, 2017
Provision for foreseeable loss on long term contracts	104.89	16.19	(7.57)	113.51

c) Provision for Asset retirement obligation (ARO):

The provision for ARO is the expected cost to dismantle and remove the infrastructure equipment from the site and the expected timing of these costs. Discount rates are determined based on the government bond rate of a similar period as the liability.

Description	As at April 1, 2017	Additions during the year	Amounts utilised /reversed	As at March 31, 2018
Provision for asset retirement obligation	6.23	0.74	-	6.97

Description	As at April 1, 2016	Additions during the year	Amounts utilised /reversed	As at March 31, 2017
Provision for asset retirement obligation	5.80	0.69	(0.26)	6.23



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d) Gratuity and other post-employment benefit plans

- (i) The Group offers the following employee benefit schemes to its employees:
a. Gratuity (included as part of Note 26 Employee benefits expense)
b. Long-term compensated absences (included as part of Note 26 Employee benefits expense)
- (ii) The Group has defined benefit gratuity plan. Every employee who has completed five years or more gets the gratuity on departure at 15 days salary i.e. last drawn salary for each completed year of service. The scheme is funded with an insurance company in the form of a qualifying insurance policy.

Summary of the gratuity plan is as follows:

	March 31, 2018	March 31, 2017
Components of net benefit cost		
Service cost	6.74	6.04
Interest cost	3.15	2.74
Interest (Income) on plan assets	(2.66)	(3.52)
Net actuarial (gain) / loss recognised during the year		
Net gratuity cost	7.23	5.26
Liability transferred to group companies	-	(2.13)
Net gratuity cost as per note 26	7.23	3.12

The current service cost, interest cost and expected return on plan assets for the year are included in the 'Employee benefits expenses' line item in the statement of profit and loss. The remeasurement on the defined benefit liability is included in other comprehensive income.

Re-measurement effects recognised in Other Comprehensive Income (OCI):

	March 31, 2018	March 31, 2017
Actuarial (gain)/loss due to demographic assumption changes in DBO	-	0.02
Actuarial (gain)/loss due to financial assumption changes in DBO	(0.15)	2.69
Actuarial (gain)/loss due to experience on DBO	(2.92)	10.05
Return on plan assets (greater)/less than discount rate	0.90	(2.75)
Total actuarial loss/(gain) included in OCI	(2.17)	10.01



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The change in benefit obligation and funded status of the gratuity plan for the year ended March 31, 2018 is as follows:

	March 31, 2018	March 31, 2017
Change in benefit obligation		
Benefit obligation at the beginning of the year	54.11	43.67
Service cost	6.74	6.04
Interest cost	3.15	2.74
Acquisition/Business Combination/Divestiture	-	-
Benefits paid	(11.88)	(11.10)
Actuarial (gain)/loss- Demographic assumptions	-	0.02
Actuarial (gain)/loss - Financial	(0.15)	2.69
Actuarial (gain)/loss - Experience	(2.92)	10.05
Past Service Cost		
Benefit obligation at the end of the year	49.05	54.11
Change in fair value of plan assets		
Fair value of plan assets at beginning of year	45.89	43.59
Expected return on plan assets	2.66	3.52
Actual contribution		2.50
Benefits paid	(11.88)	(6.47)
Asset gain/(loss)	(0.90)	2.75
Fair value of plan assets at end of year	35.77	45.89
Actual return on plan assets	1.75	6.27

MMP

MMP has only six employees as at the close of the current year, hence the gratuity liability amounting to Rs 0.28 crores has been calculated on actual basis instead of an Actuarial Valuation.

The assumptions used in accounting for the gratuity plan for the year are as below:

	March 31, 2018	March 31, 2017
Discount rate	7.10%	6.65%
Expected return on plan assets (as declared by LIC)	7.10%	8.35%
Withdrawal rate	26.00%	26.00%
Salary increase rate	7.00%	7.00%
Life Expectantion (years)	IALM (2006-08) Ultimate	IALM (2006-08) Ultimate

The expected rate of return on plan assets is determined after considering several applicable factors such as the composition of the plan assets, investment strategy, market scenario, etc. In order to protect the capital and optimise returns within acceptable risk parameters, the plan assets are well diversified.

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 estimate of future salary increases considered, takes into account the inflation, seniority, promotion, increments and other relevant factors.

A quantitative sensitivity analysis for significant assumption as at March 31, 2018 is as shown below:

Particulars	Change in assumptions	Effect on gratuity obligation	
		March 31, 2018	March 31, 2017
Discount rate	-100 basis points	(1.64)	11.10
	+100 basis points	1.37	14.06
Salary increase rate	-100 basis points	1.38	14.07
	+100 basis points	(1.63)	11.12

* The figures in negative represent increase in cost



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The above sensitivity analysis are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit liability recognised in the balance sheet. 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.

There was no change in the methods and assumptions used in preparing the sensitivity analysis from prior years.

The major categories of plan assets is as below:

Major categories of plan assets as a percentage to total assets:	March 31, 2018	March 31, 2017
Government of India Securities (funded with LIC of India & TATA AIA)	100%	100%

The following payments are expected contributions to the defined benefit plan in future years:

	March 31, 2018	March 31, 2017
Within the next 12 months	12.70	13.76
Between 1 to 2 years	11.38	11.25
Between 3 to 5 years	27.35	22.67
Between 6 to 10 years	24.28	15.52

The average duration of the defined benefit plan obligation at the end of the reporting period is 3 years (March 31, 2017: 3.80 years).

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market. Further, the estimated amount of contributions expected to be paid to the plan during the year ending March 31, 2019 is Rs 12.70 crores (March 31, 2018 - Rs 13.76 crores).

- (iii) Provident fund with respect to employees covered with the Government administered fund is a defined contribution scheme. Also, TTSL makes contributions to the Tata Teleservices Provident Fund Trust which is treated as defined benefit plan.

Summary of the provident fund plan is as follows:

	March 31, 2018	March 31, 2017
Components of net benefit cost		
Service cost	24.36	22.18
Interest cost	21.57	23.23
Expected return on plan assets	(24.89)	(29.26)
Net actuarial (gain) / loss recognized during the year		
Past Service cost –non-vested benefit	-	-
Past Service cost-vested benefit	-	-
Net cost	21.04	16.15



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The change in benefit obligation and funded status of the Provident Fund plan for the year ended March 31, 2018 is as follows:

	March 31, 2018	March 31, 2017
Change in benefit obligation		
Benefit obligation at the beginning of the year	361.94	359.09
Service cost	24.36	22.18
Interest cost	21.57	23.23
Benefits paid	(53.23)	(72.02)
Actuarial (gain)/loss	(4.56)	(1.02)
Employee contributions	20.74	24.19
Transfer In		
Settlements	(18.72)	6.29
Changes in the reserves		
Benefit obligation at the end of the year	352.10	361.94
Change in fair value of plan assets		
Fair value of plan assets at beginning of year	390.83	372.41
Expected return on plan assets	24.89	29.26
Employer Contribution	12.46	22.18
Transfer in		
Employee contribution	20.74	24.19
Benefits paid	(53.23)	(72.02)
Asset gain/(loss)	(13.18)	8.52
Settlements	(18.72)	6.29
Fair value of plan assets at end of year	363.79	390.83
Actual return on plan assets	(53.23)	(72.02)

The assumptions used in accounting for the Provident Fund Plan for the year are as below:

	March 31, 2018	March 31, 2017
Interest rate	8.55%	8.65%
Expected return on Plan Assets (Internal Rate of Return on the portfolio of plan assets, given below)	7.10%	6.70%

Major Categories of Plan assets as a percentage of total assets:

Major categories of plan assets as a percentage to total assets	March 31, 2018	March 31, 2017
Government of India securities/Gilt Mutual Funds	17.42%	18.12%
State Government Securities	29.45%	27.28%
PSU Bonds	52.12%	53.84%
Private Sector Bonds/Equity/Mutual Funds	1.00%	0.76%

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market. Further, the estimated amount of contributions expected to be paid to the plan during the year ending March 31, 2019 is Rs 12.46 crores (March 31, 2018 – Rs 22.18 crores).



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36 Commitments and contingencies

A. Operating leases payments recognised in the Statement of Profit and Loss

	April 1, 2017 to March 31, 2018 Rs. In Crores	April 1, 2016 to March 31, 2017 Rs. In Crores
Cell Sites and Others	1,700.84	1,731.67

B. Future lease payments under operating leases are as follows:

Particulars	March 31, 2018	March 31, 2017
(i) not later than one year	965.55	1,377.37
(ii) later than one year and not later than 5 years	3,577.30	4,524.88
(iii) later than 5 years	1,363.75	2,384.63
	5,906.60	8,286.88

The agreements are executed for a period ranging from 6 months to 15 years with a renewable clause and in many cases also provide for termination at will by either parties giving a prior notice period ranging from 30 to 180 days. Escalation ranges from 2 % - 3 % per annum depending upon the terms of the agreement with each vendor.

C. Commitment and contingencies

S.N.	Description	March 31, 2018	March 31, 2017
(i)	Capital Commitment Estimated value of contracts remaining to be executed on capital account and not provided for (net of advances)	165.79	369.33
(ii)	Other Commitments Bank guarantees Open letters of credit Indemnity given to others	1,327.11 35.94 102.26	785.30 23.60 102.26
(iii)	Contingent Liabilities Claims against the Company not acknowledged as debts - TTSL (refer note 36(C)(i)) - TTL Mobile (Income tax matters) - TTML (refer note 36(C)(ii)) - ATC (refer note 36(C)(iii))	4,792.04 1.62 627.33 449.22	3,833.20 0.81 567.34 416.76
		7,501.31	6,098.60



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Claims against the Group not acknowledged as debts and commitments include the following:

i. Taxes, duties and other demands of TTSL

S.N.	Description	March 31, 2018	March 31, 2017
1	BSNL walky ADC [Refer para (a) below]	233.10	209.69
2	CAG/DOT demands for revenue share license fees and related spectrum charge (includes special audit) [refer para(b) below]	2,170.46	1,739.92
3	SUC demands (based on CAG audit) [refer para(c) below]	618.39	361.32
4	SMS Termination charges demanded by other operators [refer para (d) below]	268.83	268.83
5	Service Tax [refer para (e) below]	133.38	127.61
6	DoT demands for EMF [refer para (f) below]	65.54	70.78
7	UASL rollout obligation [refer para (g) below]	175.40	147.10
8	BSNL claims for interconnection [refer para (h) below]	51.08	51.08
9	Income tax demands [refer para (i) below]	372.77	94.81
10	Port Charges demanded to other operators	213.00	179.60
11	Sales Tax/VAT demands	40.38	31.54
12	Entry Tax	78.98	82.58
13	DoT demands on USO fund remittance	209.59	195.96
14	Other miscellaneous demands/claims	161.14	272.38
		4,792.04	3,833.20

Unless otherwise stated below the management believes that, based on legal advice, the outcome of these contingencies will be favourable and that a loss is not probable, further outflow of economic resources is not probable in either case:

- a. Bharat Sanchar Nigam Limited ('BSNL') raised demands of Rs. 651.04 crores (March 31, 2017- Rs. 651.04 crores) including interest of Rs. 294.55 crores (March 31, 2017- Rs. 294.55 crores) on January 15, 2005 with effect from November 14, 2004 stating that 'fixed wireless' services provided by TTSL under the brand name "WALKY" had mobility features and should be treated as mobile for the purpose of Interconnect Usage Charges Regulations and Access Deficit Charge ('ADC') was payable on such calls. Hon'ble Telecom Dispute and Settlement Appellate Tribunal ('TDSAT') negated TTSL's petition. TTSL filed an appeal before the Hon'ble Supreme Court, which confirmed that ADC was payable on fixed wireless service vide order dated April 30, 2008. As there were claims and counter-claims between TTSL and BSNL, the senior counsel of BSNL offered and Hon'ble Supreme Court directed that quantification of amounts payable to each other be made by Hon'ble TDSAT.

Hon'ble TDSAT vide its various interim orders had directed that BSNL and TTSL to exchange relevant information and reconcile the differences. On April 15, 2010, Hon'ble TDSAT confirmed BSNL demands for period up to August 25, 2005 and has given it liberty to lodge its claim for a further period up to February 28, 2006 without quantification. As TDSAT in its aforesaid judgment has not considered the directions of Hon'ble Supreme Court vide judgment dated April 30, 2008 to reconcile claims/ counter claims and quantify amounts payable by parties to each other, TTSL has filed an appeal in Hon'ble Supreme Court against TDSAT order of April 15, 2010 which has been admitted by the Hon'ble Supreme Court on July 23, 2010. TTSL has also moved an application for interim relief against the Hon'ble TDSAT order, which is pending. During 2015-16, TTSL has filed petition in the Hon'ble Supreme Court with respect to the matter for claiming the refund of excess payment made to BSNL. The matter will be listed for hearing in due course of time. Based on the legal advice available with TTSL, the penalty clause invoked by BSNL does not apply and TTSL is entitled to seek refund of the excess ADC amount paid to BSNL along with interest. During the year ended March 31, 2017, TTSL reassessed its position on the excess amount paid to BSNL/MTNL of Rs. 229.80 crores and has provided the same as an exceptional item in the statement of Profit and Loss [Refer Note 33].



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The total demands as at March 31, 2018 are Rs 651.04 crores (March 31, 2017 Rs 651.04 crores) including interest of Rs 294.55 crores (March 31, 2017 – Rs 294.55 crores). As at March 31, 2018, TTSL has made on account payment under protest of Rs 570.28 crores (March 31, 2017 – Rs 570.28 crores) against the total demands.

As at March 31, 2018, TTSL has provided Rs 570.30 crores (March 31, 2017 – Rs 570.30 crores). The balance amount of Rs 80.74 crores (March 31, 2017 – Rs 80.74 crores) together with accumulated interest on unpaid amount of Rs 152.36 crores (March 31, 2017 – Rs 128.95 crores) aggregating Rs 233.11 crores (March 31, 2017 – Rs 209.69 crores) has been disclosed as contingent liability.

- b. The definition of Adjusted Gross Revenue (AGR) does not specifically include capital gain from sale of shares/securities and does not specifically allow exemption for bad debts in computation of License Fees (LF) payable to the Government. The TDSAT had vide its Order dated August 30, 2007, held that income from sale of securities is not related to licensed activity and hence should not attract LF and that bad debts written off, waivers and discounts are actual monies lost by service providers and hence should be deducted from AGR. The DoT had filed an appeal in SC against the aforesaid TDSAT Order.

The SC vide its Order dated October 11, 2011 has set aside the Order passed by TDSAT and has given leave to the licensees to approach TDSAT in case if specific demands have been raised by DoT not in accordance with the License Agreement.

Prior to the aforesaid judgment, TTSL had received provisional assessment orders from DoT, against which applications were filed with the TDSAT in line with the aforesaid judgment and further the replies and rejoinders were also filed by DoT and TTSL respectively. TDSAT restrained DoT from taking any coercive steps for enforcement of any impugned demands without its permission.

TDSAT commenced final hearing in the matter in May 2014 and pronounced its judgment in April 2015, wherein the impugned demands have been set aside by the Tribunal and it has directed the DoT to rework the license fee payable for the duration which was challenged. DoT has filed an appeal against the TDSAT judgment dated April 23, 2015 in Supreme Court. TTSL has filed an appeal against the TDSAT judgment dated April 23, 2015 before the Supreme Court wherein certain line items which have been included as part of AGR by TDSAT are being challenged. The matter had come up for hearing in Hon'ble Supreme Court on February 29, 2016 wherein the Hon'ble Supreme Court has said that DoT could continue to raise the demands as per its understanding, however, the same will not be enforced till its final decision on the matter.

Up to March 31, 2018, TTSL has received show-cause cum demand notice of Rs. 6155.54 crores from DoT for the financial year 2006-07 to 2014-15. These demands include disallowance of PSTN related call charges, service tax and sales tax, additions as per Special audit for the financial year 2006-07, 2007-08 and additions as per C&AG audit from the financial year 2006-07 to 2009-10 and from financial year 2011-12 to 2014-15. TTSL has submitted the documents required by DoT for the deduction of PSTN related call charges, service tax and sales tax and believes that it has the necessary information to substantiate its claims and therefore is confident that these demands would be withdrawn. The matter being sub-judice, TTSL has considered Rs. 2170.46 crores as Contingent Liability after considering disallowances on account of PSTN Charges, service tax and sales tax, Foreign Exchange Gain and penalty (including interest on penalty) being remote in nature.

- c. TTSL had received a demand letter from Wireless Planning Commission division (WPC) of Department of Telecommunications (DoT) for Rs 188.30 crores, being a demand for spectrum charges for 20 circles, for the seven assessment years from FY 2005-06 to FY 2011-12. TTSL had represented to WPC various items of differences mentioned in the demand orders. TDSAT vide its order dated 25.08.2010 has held that TTSL should be given credit for all payments made on producing proof and no penalty should be levied and only simple interest should be charged.



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TTSL has filed its reply with DoT highlighting the discrepancies compared to earlier orders; and has requested for the computation for the difference between the assessed income and AGR filed. TTSL is yet to receive a response.

Further, TTSL received a fresh SCN cum Demand Note from WPC cell of DoT on the items covered in special audit demands by DOT, for the years March 31, 2007 and March 31, 2008, amounting to Rs. 145.98 crores for alleged short payment of SUC. Controllers of Communication Accounts ("CCA") has also raised demand of Rs. 882.68 crores for the year from 2005-06 to 2016-17 on items covered in CAG audit demand by DOT. For these demands TTSL has responded to the WPC wing of DOT in line with its position on AGR items that are subject to similar litigation as mentioned in point (b) above. Revised demand is primarily due to AGR re-assessment, charging of compound interest and levy of penalty (and interest on penalty) on TTSL for the period FY 2005-06 to FY 2016-17.

The matter being sub-judice, TTSL has provided Rs. 81.35 crores and considered Rs. 618.39 crores as Contingent liability after considering penalty (including interest on penalty) as remote in nature in line with AGR items.

Payment made under protest till date aggregates Rs. 73.33 crores (March 31, 2017 – 73.33 crores)

- d. One of the Telecom Operators raised invoices/demands on TTSL for period since June 2009 in respect of SMS terminating on its network based on the interconnection agreement between TTSL and the operator. TTSL disputed on the ground that the charges are not reasonable and is discriminatory. TDSAT vide its order dated August 30, 2012, for the petition filed by the operator, directed TTSL to pay these charges. On October 17, 2012, TTSL's appeal against the said judgment was admitted by the Hon'ble Supreme Court, but directed TTSL to pay the above amount on a condition that any amounts paid by TTSL would be refunded back with interest in the event the matter is adjudged in TTSL's favour. Total amount payable to the operator (net of access charges receivable by TTSL) amounts to Rs. 422.05 crores (March 31, 2017 – Rs. 422.05 crores) which has been fully provided by TTSL. Amount paid under dispute as at March 31, 2018 amounts to Rs. 379.45 crores (March 31, 2017 – Rs. 379.45 crores).

Other operators have raised claims for SMS termination amounting to Rs 268.83 crores (March 31, 2017 - Rs 268.83 crores), which has been challenged with TDSAT by TTSL. During the year 2015-16, TDSAT has pronounced judgement with respect to SMS termination charges. TTSL believes that the amounts adjudged as payable by TDSAT are not tenable in the absence of any contractual arrangements with these operators for SMS termination and has filed the appeal against the judgment in Hon'ble Supreme Court and the matter will be heard in due course. Accordingly, these claims have been disclosed as contingent liability.

- e. During the previous years, TTSL has received demand for the period October 2006 to March 2013 demanding Service Tax of Rs 79.75 crores (March 31, 2017 – Rs 79.75 crores) on sale value of starter kits. TTSL has duly filed its response and believes that the sale of starter kits is not liable to service tax.

During the previous years, TTSL has received demand of Rs 42.14 crores (March 31, 2017 – Rs 42.14 crores) pertaining to service tax on SMS termination charges receivable from operators, for the period July 2011 to May 2013. TTSL has filed its response and believes that the service tax is not liable on SMS termination charges and hence disclosed as contingent liability.

- f. TTSL has received show cause notice ("SCN") and demands from DoT for radiation and certain procedural issues (non-submission/late submission of Electro Magnetic Field ('EMF') radiation self certificate) amounting to Rs 629 crores (March 31, 2017: Rs 618.03 crores). TTSL has responded to all SCN and demands stating the facts and made a provision Rs 2 crores pertaining to radiation related demands and SCN. A Joint Industry Petition has been filed before TDSAT challenging levy of penalty due to late submission of self-certificates and TDSAT has granted a stay. During the year 2015-16, TDSAT has set aside the EMF penalties pertaining to procedural delay upto March 31, 2011. Based on TDSAT judgement, TTSL has revised contingent liability to Rs 65.54 crores (March 31, 2017: Rs 70.78 crores).

- g. During the current year, DoT has issued a demand note on March 15, 2018 of Rs. 25.45 crores and Rs. 149.95 crores followed by SCN issued last year for delay in roll out obligation of CDMA and GSM services as per License agreements. TTSL has challenged the demand in TDSAT. TDSAT has stayed the demand and restrained DOT from taking corrosive action. TTSL based on the data available and internal



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assessment, believes that the demand will be quashed and hence, disclosed the demand as contingent liability.

- h. BSNL, in 2001, issued letters to TTSL and other operators seeking unilateral increase in interconnection access charges. TTSL along with other operators filed a petition before TDSAT. TDSAT held the matter in favor of TTSL. BSNL filed an appeal in the Hon'ble Supreme Court of India. The Hon'ble Supreme Court has stayed the operation of TDSAT order. Demands raised on TTSL are Rs 51.08 crores (March 31, 2017 – Rs 51.08 crores). In March 2009, BSNL demanded payment and issued disconnection notices in case of failure to pay. The Hon'ble Supreme Court has stayed disconnection and further clarified that the stay regarding TDSAT judgment was only towards refunds to be made by BSNL to TTSL.
- i. Based on the consequential penalty proceedings under section 271(1)(c) of the Income Tax Act, 1961 for the assessment years 2006-07 to assessment years 2010-11, the Assessing officer imposed a penalty demand of Rs. 293.29 crores on TTSL. While TTSL is of the view that these demands would not be confirmed by the Appellate Authorities considering the issues largely decided by the Appellate Authorities in favour of the industry. Thus the said penalty order has been contested by filing an appeal before the appellate forum during April, 2018. The application seeking stay of said demand filed before the Assessing Officer was disposed off by the Assessing Officer on April 25, 2018 requiring TTSL to pay 20% of the impugned penalty demand. TTSL filed writ petitions before the Delhi High Court against the stay rejection order for assessment years 2006-07, 2009-10 and 2010-11 on May 3, 2018 and for the assessment years 2007-08 and 2008-09 on May 7, 2018. On May 15, 2018, the Delhi High Court disposed off all the aforesaid writs preferred by TTSL with a direction that no coercive measure for recovery of penalty demand will be taken, till the jurisdictional Principal Commissioner of Income Tax (Pr. CIT) disposes off the stay/review petitions filed by TTSL before her office alongwith liberty given to TTSL for filing of amended/fresh writ where the Pr. CIT rejects the stay petition. Separately, there is also an error in computation of penalty demand by the Assessing Officer. A rectification application has been filed before the Assessing Officer and the penalty would reduce to Rs. 202.78 Crores once the rectification application has been accepted by the Assessing Officer.

Pursuant to the directions of Delhi High Court, the Pr. CIT has disposed off the stay application vide order dated May 15, 2018 directing Assessing Officer to dispose off the rectification applications filed by TTSL for AY 2007-08, AY 2009-10 and AY 2010-11, within seven days of the order with further direction to TTSL to deposit 20% of the demand (determined after disposal of rectification applications) in four installments

In accordance with the direction given by Delhi High Court, TTSL filed the amended writ petition against the stay order passed by the Pr. CIT. The order of High Court is awaited.

Considering the above facts, TTSL has disclosed this demand as a contingent liability.

- j. DoT has applied subscriber verification circulars, more particularly circular letter dated 09.08.2012, to Rural Household Direct Exchange Lines (RDELs) installed in Rajasthan circle during the period 2005-2010 and raised penalty demands aggregating to Rs.414.22 crores on TTSL. TTSL has challenged these demands before TDSAT, where it has an interim stay in its favour. Based on legal advice, TTSL has considered the said demand as remote in nature.

ii. TTML to the extent of holding company's share i.e. 48.30 % [March 31, 2017 – 36.54%]

Description	100%		As Associate (TTSL share)	
	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
Telecom regulatory matters (refer (a) below)	761.61	1,066.31	367.86	389.63
Others	248.84	195.15	120.19	71.31
Income Tax demands	-	6.68	-	2.44
Notice received from Service Tax authorities	288.16	284.32	139.18	103.89
Sales Tax	0.18	0.18	0.09	0.07
	1,298.79	1,552.64	627.33	567.34

- a. Bharat Sanchar Nigam Limited (BSNL) issued demand notices to pay Access Deficit Charge (ADC) aggregating Rs.166.90 crores, including interest, for the period November 14, 2004 up to



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February 28, 2006, the date after which ADC is payable on Net Adjusted Gross Revenue Basis. The demands stated that 'Fixed Wireless' services provided by TTML under the brand name 'WALKY' had mobility features and should be treated as mobile services for the purpose of Interconnect Usage Charges Regulations and ADC was payable on such calls. TTML filed a petition before the Hon'ble Telecom Dispute Settlement Appellate Tribunal (TDSAT) in this regard, wherein the TDSAT disallowed TTML's petition and held that ADC is payable on such calls. Thereafter, TTML filed an appeal before the Hon'ble Supreme Court (SC) who vide order dated April 30, 2008 confirmed that Walky service of TTML is WLL (M) and ADC was payable and since there were claims and counter-claims between TTML and BSNL, the SC directed that quantification of amounts payable to each other be made by Competent authority. TTML had filed a review petition in SC which was rejected.

TTML thereafter, filed a petition in TDSAT to determine / reconcile amounts payable to each other and TDSAT vide its order dated August 12, 2008 held that BSNL and TTML should exchange relevant information and reconcile the differences. However, on April 15, 2010, TDSAT confirmed BSNL demands for period up to August 25, 2005 and has given BSNL liberty to lodge its claim for a further period up to February 28, 2006. The TTML's appeal before SC against the aforesaid TDSAT order dated April 15, 2010 was admitted by the SC vide its order dated July 23, 2010 but no stay has been granted. The SC had asked for details / break up of demands which have been filed. TTML has also filed stay application in the SC. The matter will be listed for hearing. Based on the legal advice available with the TTML, the penalty clause invoked by BSNL does not apply and the TTML is entitled to seek refund of Rs. 50.73 crores, the excess ADC amount paid to BSNL along with interest. During the year, TTML has re-assessed its position on the excess amount paid to BSNL/MTNL of Rs. 53.41 crores and has provided the same as exceptional item in the statement of profit and loss.

Out of the aforesaid Rs.166.90 crores, TTML has till date provided for amounts aggregating Rs.111.61 crores (March 31, 2017 - Rs. 111.61 crores). The balance amounts aggregating Rs. 55.29 crores (March 31, 2017 - Rs. 55.29 crores) have been disclosed as Contingent Liability under 'Others'.

Payments made under dispute till date aggregates Rs 111.61 crores (March 31, 2017 - Rs 111.61 crores) in relation to the above.

The matter was last listed before the Hon'ble Supreme Court on March 30, 2017 and thereafter got adjourned. This shall come up for hearing in due course.

- b. TTML had received a demand letter dated March 17, 2008 from Wireless Planning Commission division (WPC) of Department of Telecommunications (DoT) for Rs.8.38 crores, being a demand for spectrum charges for the period from April 1, 2005 to February 29, 2008. This demand was subsequently revised to Rs.184.69 crores by DoT, vide its demand letters dated July 3, 2008, for the period from October 1, 1998 to June 30, 2008 which was further increased to Rs. 266.00 crores vide letter dated February 28, 2009. The amount was again revised to Rs. 259.70 crores vide letter dated November 25, 2009 for the extended period till November 30, 2009. TTML had represented to WPC various items of differences mentioned in the demand orders, vide letter dated September 24, 2008. Though TTML had received a revised demand of Rs. 111.25 crores from DoT on January 3, 2013, Hon'ble TDSAT vide its order dated August 25, 2010 has held that TTML should be given credit for all payments made on producing proof and no penalty should be levied and only simple interest should be charged. TTML has been following up the matter with WPC and had also filed an execution petition before Hon'ble TDSAT on April 27, 2012. TDSAT has asked TTML to file the application as a miscellaneous petition which was filed and has been admitted. TTML has filed its reply to the revised demand note. The demand is not in line with TDSAT order mentioned above. The WPC has additionally raised in March 2013, demands for the financials years 2009-10, 2010-11 and 2011-12 aggregating Rs. 11.26 crores. TTML has sought details from WPC on the aforesaid demands. The matter came up for hearing on January 13, 2016 and the Hon'ble TDSAT deferred the demand until the disposal of Civil Appeal pending before the Hon'ble Supreme Court for a similar case by another operator.

TTML in March 2014 paid Rs. 15.47 crores computing the liability without penalty and simple interest on the principal amount. For remaining demand aggregating to Rs. 105.90 crores, TTML has till date provided Rs 7.91 crores (March 31, 2017 - Rs. 7.91 crores). Rs. 51.01 crores ((March 31, 2017 - Rs.99.13 crores) have been disclosed as contingent liability and amount pertaining to penalty of Rs.46.98 crores has been considered as remote.



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- c. The definition of Adjusted Gross Revenue (AGR) does not specifically include capital gain from sale of shares/securities and does not specifically allow exemption for bad debts in computation of License Fees (LF) payable to the Government. The TDSAT had vide its Order dated August 30, 2007, held that income from sale of securities is not related to licensed activity and hence should not attract LF and that bad debts written off, waivers and discounts are actual monies lost by service providers and hence should be deducted from AGR. The DoT had filed an appeal in SC against the aforesaid TDSAT Order.

TTML has considered Rs.154.86 crores, being the LF on profit on sale of investment and bad debts written off during an earlier year, as contingent liability and has also made payment of the same to DoT under protest. Without prejudice to the position that LF is not payable, TTML had made provision of Rs. 154.86 crores thereafter.

The SC vide its Order dated October 11, 2011 has set aside the Order passed by TDSAT and has given leave to the licensees to approach TDSAT in case if specific demands have been raised by DoT not in accordance with the License Agreement.

Prior to the aforesaid judgment, TTML had received provisional assessment orders from DoT, against which applications were filed with the TDSAT in line with the aforesaid judgment and further the replies and rejoinders were also filed by DoT and TTML respectively. TDSAT restrained DoT from taking any coercive steps for enforcement of any impugned demands without its permission.

TDSAT commenced final hearing in the matter in May 2014 and pronounced its judgment in April 2015, wherein the impugned demands have been set aside by the Tribunal and it has directed the DoT to rework the license fee payable for the duration which was challenged. DoT has filed an appeal against the TDSAT judgment dated April 23, 2015 in Supreme Court. TTML has filed an appeal against the TDSAT judgment dated April 23, 2015 before the Supreme Court wherein certain line items which have been included as part of AGR by TDSAT are being challenged. The matter had come up for hearing in Hon'ble Supreme Court on February 29, 2016 wherein the Hon'ble Supreme Court has said that DoT could continue to raise the demands as per its understanding, however, the same will not be enforced till its final decision on the matter. The matter was last listed on April 24, 2018 and is on board for hearing.

- d. Till date, TTML has received show-cause cum demand notice from DoT for the financial year 2006-07, 2007-08, 2008-09 and 2009-10 of Rs 1,681.28 crores (including interest and penalty). The revised demand includes disallowance of PSTN related call charges, additions as per Special audit for the financial year 2006-07, 2007-08 and additions as per C&AG audit report of 2016 for the financial year 2006-07, 2007-08, 2008-09 and 2009-10.

TTML has responded to the DoT that the amount added in Adjusted Gross Revenue as per the revised demand letters are part of appeal filed at Hon'ble Supreme Court against the TDSAT order of April 23, 2015. The matter had come up for hearing in Hon'ble Supreme Court on February 29, 2016 wherein the Hon'ble Supreme Court has said that DoT could continue to raise the demands as per its understanding, however, the same will not be enforced till its final decision. In the interim, TTML has disclosed Rs 800.47 crores as Contingent liability.

Further, TTML has submitted the documents required by DoT for the deduction of PSTN related call charges, service tax and sales tax and believes that it has the necessary information to substantiate its claims and therefore is confident that these demands would be withdrawn. Accordingly, the amount of Rs. 880.81 crores including interest and penalty is not disclosed as Contingent liability.

- e. A demand for Rs. 290.17 crores for start-up spectrum beyond 2.5MHz, being a onetime spectrum charges claimed for the period from January 1, 2013 till the date of expiry of the license, was received from the DoT. TTML has filed a writ petition in the Bombay High Court against the demand and obtained a stay order. TTML has undertaken (written to DoT conveying its intent) to surrender 1.25 MHz of CDMA spectrum after retaining 1.25 MHz of spectrum over and above start up spectrum of 2.5 MHz in Mumbai and to surrender the spectrum beyond 2.5 MHz in Maharashtra. Pursuant thereto, TTML has paid under protest all four instalments aggregating Rs. 119.58 crores for spectrum retained and also completed the surrender of spectrum in Mumbai and Maharashtra under protest.



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iii. ATC to the extent of holding company's share i.e. 32.86% [March 31, 2017 – 32.86%]

Description	100%		As Associate (TTSL share)	
	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
Income Tax (refer (a) below)	133.09	133.09	43.73	43.73
Indirect Tax :				
-Sales Tax / VAT / Entry Tax (refer (b) below)	374.83	363.84	123.17	119.56
-Service Tax (refer (c) below)	773.91	713.74	254.31	234.53
Other legal matters (Civil, criminal and writ petition)	60.17	32.55	19.77	10.70
Property Taxes and Municipal Charges (refer (d) below)				
Stamp Duty (refer (e) below)	25.09	25.09	8.24	8.24
Total	1,367.09	1,268.31	449.22	416.76

- Income Tax cases represent amount demanded against the assessment year 2006-07, 2008-09, 2010-11, 2012-13, 2013-15 and 2014-15. The amount relates to various matters relating to deductions of tax at source, depreciation claim and minimum alternate tax (MAT).
- Sales tax/VAT/Entry tax demand mainly represents dispute with tax authorities on applicability of sales tax/VAT/ entry tax, where stay orders have been received at various levels in several states.
- Service Tax amount represents demand notices and show cause notices received in relation to input credit taken on Tower, Shelters and other related assets, for period upto March 2015. ATC has preferred an appeal for Rs 625.02 (March 31, 2017 Rs 625.02)(excluding penalties and interest as may be imposed) which have been appropriately replied to. Also, a sum of Rs. 159.53 relating to period April 2015 to June 30, 2017 (March 31, 2017: Rs 137.24) have been availed and utilised, is shown as contingent liability, which is in line with above demands and notices.
- In the matter of levy of property tax on towers, the Hon'ble Supreme Court (SC) of India, on December 16, 2016, set aside the judgement of Gujarat High Court and clarified that, though tower is certainly not a 'building' in common parlance, but for purposes of taxes on lands and buildings, tower will be building and thus tower is amenable to property tax.

At the same time, Supreme Court allowed the Companies to go back to appropriate forums to agitate the issue of retrospectively and quantum. Thus allowing ATC a window to legally object to the demands of the municipalities. ATC considers the exposure of these amounts as not quantifiable mainly in view of the retrospective application and method of computation.

During the period, ATC has reassessed its estimate of provision for property tax on the basis of actual demand notes received during the period which has resulted in a reversal of Rs 37.68 (net of charge for the period Rs.54.78). Provision at the end of the period is Rs. 197.86 (March 31, 2017 Rs 280.87) net of expected recovery of Rs 150.92 (March 31, 2017 Rs 131.53) as per MSA in respect of these contingencies.

- It includes Rs 14.60 crores (March 31, 2016 Rs 14.60 crores and April 01, 2015 : 14.60 crores) against which ATC had preferred an appeal with the Hon'ble Supreme Court and obtained stay order against the order of Hon'ble High Court of Allahabad in respect of demand from State of U.P. for stamp duty on certain leave and license agreements.

In addition, ATC received 144 notices in the State of Madhya Pradesh, proceedings are pending in appropriate collectors' courts. 2 cases have been decided against ATC. ATC has filed writ petition and obtained a 'no coercive action' order. The contingent liability for State of Madhya Pradesh is Rs 10.49 (March 31, 2017 Rs 10.49).



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- f. During the year, two customers of ATC have stopped making payments to ATC. In respect of one of the customer, ATC stopped rendering services and filed a legal case for recovery. Subsequent to the year-end, ATC has also filed legal case for recovery from another customer who has also filed an application for bankruptcy to NCTL in February 2018 which has since been admitted by NCLT. Due to such uncertainties involved in recovery of dues from these customers, the management has created provision for expected loss aggregating Rs. 206.59. Having regard to the status of these matters, evaluation of legal advice obtained by ATC and the fact that the amounts are contractually obligated, the management is confident of recovering remaining outstanding from these customers.

37 One Time Spectrum Fees

The Group received demands from DoT for payment of one-time spectrum fees for additional CDMA spectrum held beyond 2.5MHz in all its circles for the period from January 1, 2013 till the expiry of the initial terms of the respective licenses. The Group responded to DoT, intimating about its decision to retain only one block spectrum in Delhi Circle and surrender the balance spectrum. The demand with respect to the spectrum retained by the Group is of Rs 195.09 crores, which is payable in instalments over the balance term of the license. In the opinion of the Group, inter-alia, the above demand amounts to alteration of financial terms of the licenses issued in the past and therefore, the Group has filed a Writ Petition before Hon'ble Kolkata High Court challenging the decision to levy one-time spectrum charge and has subsequently, obtained a stay against the demand. The Group has paid Rs 198.18 crores (March 31, 2017 – Rs 165.15 crores) for the period January 1, 2013 to December 31, 2018 [including interest of Rs 66.16 crores (March 31, 2017 – Rs 60.48 crores)], under protest, pending the judgment with respect to its petition, for the spectrum retained in Delhi.

On May 24, 2013, DoT has asked the Group to surrender the spectrum unconditionally and pay one-time fee for the spectrum held for proportionate period (i.e. from January 1, 2013 to the date of surrender). An application is also filed before Hon'ble Kolkata High Court seeking direction to be issued to DoT for accepting surrender of spectrum as and when surrendered without imposing any condition and without prejudice to the rights and contentions of the Group. The same was allowed by Hon'ble Kolkata High Court vide order dated August 2, 2013 and four months' time was granted for the same. The Group has completed surrender of spectrum under protest, as on November 30, 2013.

38 Related Party Transactions

A Holding Company

Tata Sons Limited (w.e.f. October 31, 2017)

B Entities having significant influence

Tata Sons Limited (upto October 31, 2017)

NTT DoCoMo (upto October 31, 2017)

- C Subsidiaries, associate and joint venture companies of holding company and entities having significant influence with whom the Group has had transactions.**

Fellow Subsidiary

E-Nxt Financial Limited

Infiniti Retail Limited

Tata Consultancy Services Limited

Tata Consulting Engineers Limited

Tata Sky Limited

Advinus Therapeutics Limited

Taj Air Limited

Tata Industries Limited

Tata Advanced Systems Limited

Tata Autocomp Systems Limited

Tata Capital Limited



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Tata Housing Development Company Limited
Tata International Limited
Tata Petrodyne Limited
Tata Realty And Infrastructure Limited
Tata Aia Life Insurance Company Limited
Tata Asset Management Limited
Tata Aig General Insurance Company Limited
Tata Sia Airlines Limited
Tata Limited
Mponline Limited
Lemon Tree Land & Developers Private Limited
Tata Capital Financial Services Limited
Tc Travel And Services Limited
C-Edge Technologies Limited
Smart Value Homes (New Project) LLP
Tata Capital Housing Finance Limited
Tata Interactive Systems
Tata Securities Limited
Tata Unistore Limited (Formerly Tata Industrial Services Limited)
TCS E-Serve International Limited
Tril Amritsar Projects Limited
Aptonline Limited (Formerly Aponline Limited)
Kriday Realty Private Limited
Tata Value Homes Limited
Tril Infopark Limited
Tata Advanced Materials Limited

Associate

Tata Teleservices (Maharashtra) Limited
ATC Telecom Infrastructure Private Limited

Fellow Associate

Tata Business Support Services Limited
Tata Elxsi Limited
Tata Motors Limited
The Indian Hotels Company Limited
The Tata Power Company Limited
Titan Company Limited.
Trent Limited.
Voltas Limited
Tata Steel Limited
Tata Chemicals Limited
Tata Global Beverages Limited

Associate of fellow subsidiary (w.e.f. October 31, 2017)

Tata Communication Limited
Tata Enterprises Ag



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Joint Venture of fellow subsidiary (w.e.f. October 31, 2017)

Tata Toyo Radiator Limited

Tata Autocomp Gy Batteries Private Limited

Tata Boeing Aerospace Limited

Tata Lockheed Martin Aerostructures Limited

Tata Sikorsky Aerospace Limited

D Key Management Personnel

Mr. N.Srinath - Managing Director

Ms. Bharati Rao- Non-Executive Independent Director

Mr. Gopichand Katragadda- Non-Executive Director

Mr. Narendra Damodar Jadhav- Non-Executive Director

Ms. Vibha Paul Rishi- Non-Executive Director

Mr. Saurabh Agrawal- Non-Executive Independent Director (w.e.f August 14, 2017)

Mr. Ishaat Husain (retired w.e.f September 2, 2017)

Mr. Ankur Verma (w.e.f June 1, 2018)



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March 31, 2017	Associates	Joint venture	Entities having significant influence	Subsidiaries of entities having significant influence	Associate of entities having significant influence	Key managerial personnel	Total
Transactions during the year							
Purchase of fixed assets	0.21	-	-	0.14	0.12	-	0.47
Sale of fixed assets	4.27	-	-	-	-	-	4.27
Issue of CCPS	-	-	2,200.69	-	-	-	2,200.69
Investment made in equity instruments	-	-	-	-	-	-	-
Investment in RPS	2,018.00	-	-	-	-	-	2,018.00
Share application money pending allotment	-	-	2,003.94	-	-	-	2,003.94
Security deposit received	-	-	-	-	-	-	-
Service revenue	250.36	0.03	0.13	90.95	14.07	-	355.54
Other income	1.38	-	-	0.05	0.01	-	1.44
Finance cost	(1.00)	-	-	-	-	-	(1.00)
Rent - network	900.95	-	-	(1.26)	0.47	-	900.16
Power & fuel - network	528.80	-	-	-	1.67	-	530.47
Access charges	53.21	-	0.00	-	-	-	53.21
Purchase of goods	0.43	-	-	-	-	-	0.43
Information technology solutions	-	-	-	128.07	-	-	128.07
Professional and legal fees	-	-	-	1.14	0.05	-	1.19
Repair and maintenance	5.13	(0.00)	-	4.32	8.55	-	18.00
Managerial remuneration	-	-	-	-	-	4.59	4.59
Director sitting fees	-	-	-	-	-	0.28	0.28
Telecalling charges	-	-	-	20.33	-	-	20.33
Leaseline and bandwidth charges	9.03	-	-	-	-	-	9.03
Communication expenses	0.23	-	-	-	-	-	0.23
Commission, incentive and content Cost	0.30	-	-	10.88	0.09	-	11.27
Expenses incurred by us on behalf of related party	48.51	0.10	-	-	-	-	48.61
Expenses incurred by related party on behalf of us	24.13	0.07	0.02	-	0.08	-	24.30
Miscellaneous expenses	18.47	-	0.86	6.04	2.21	-	27.58
Provision for diminution	207.15	0.13	-	-	-	-	207.28
Outstanding balances							
Trade receivables	27.90	178.37	0.17	9.84	1.97	-	218.25
Other receivables	0.07	-	0.00	0.15	0.23	-	0.45
Other current liabilities	231.23	0.58	0.79	45.80	3.57	-	281.97
Inter corporate deposit	-	204.95	-	-	-	-	204.95
Investment in equity instruments	2,506.78	230.06	-	-	-	-	2,736.84
Provision for diminution/doubtful debts & advances	1,557.21	613.95	-	-	-	-	2,171.16
Investment in RPS	2,018.00	-	-	-	-	-	2,018.00
Share application money pending allotment	-	-	2,003.94	-	-	-	2,003.94
Security deposit given	138.12	-	-	0.22	0.30	-	138.64



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Transactions with Key management personnel

	March 31, 2018	March 31, 2017
Short term employee benefits	4.15	4.44
Post-employment benefits	0.16	0.15
Directors sitting fee	0.18	0.28
Total	4.49	4.87

39 Hedging activities and derivatives

Derivatives not designated as hedging instruments

TTSL uses foreign exchange forward contracts, cross currency swaps ('CCS'), interest rate swaps to manage some of its exposures. The foreign exchange forward contracts and cross currency swaps are not designated as cash flow hedges and are entered into for periods consistent with foreign currency exposure of the underlying transactions.

Hedge disclosures

The current status of hedging of derivative instruments is given below:

Particulars	Notional amount (USD Cr)		Fair value assets*	
	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
Forwards contracts	0.28	33.72	0.13	(120.56)
Cross currency swap	-	13.77	-	266.72
Total	0.28	47.49	0.13	146.16

* the figures as disclosed above are without credit risk assigned to lenders

The terms of the interest rate swaps generally match the terms of the underlying exposure. In cases where any hedge ineffectiveness arises, it is recognized through profit or loss.

The foreign currency exposure that are not hedged by derivative instruments:

Particulars	Notional amount (USD Cr)	
	March 31, 2018	March 31, 2017
Trade Payables	0.66	0.67
Foreign currency loans from banks	-	20.05
Total	0.66	20.72

Interest Rate Swaps measured at fair value through OCI are designated as hedging instruments in cash flow hedges of floating rate external commercial borrowings.

Using Interest rate swap contracts, the Group agrees to exchange floating rate of interest rate in USD to fixed rate in USD on agreed principal amounts. Such contracts enable the Group to mitigate the interest rate risk on foreign currency borrowings. Such Contracts are settled on semi-annual basis. Details are listed below:

Interest rate swaps - hedged	Notional amount (USD Cr)		Fair value assets*	
	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
External commercial borrowings (ECB)	-	53.96	-	167.13

* the figures as disclosed above are without credit risk assigned to lenders

Interest rate swaps - unhedged (USD Mn)	March 31, 2018	March 31, 2017
External commercial borrowings (ECB)	-	4.90

The net change in value of the hedged items used as the basis for recognizing hedge ineffectiveness for the period is Rs. 4.01 crores (for the year ended March 31, 2017: Rs. 4.81 crores).



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The balance in the cash flow hedge reserve for continuing hedges is Nil as at March 31, 2018 due to settlement of derivative contracts during the current financial year (as at March 31, 2017: Rs. 36.76 crores). The net hedging gain/(loss) recognized for the period in other comprehensive income in respect of cash flow hedges is Rs. (36.76) crores (for the year ended March 31, 2017: Rs. 36.76 crores)

40 Fair Values of financial assets and liabilities

The significant accounting policies, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial assets, financial liability and equity instrument are disclosed in note 2.3.(t) to the financial statements. Set out below, is a comparison by class of the carrying amounts and fair value of the Group's financial instruments, other than those with carrying amounts that are reasonable approximations of fair values:

Financial Assets & Liabilities

	Fair Value		Carrying Value	
	As at March 31, 2018	As at March 31, 2017	As at March 31, 2018	As at March 31, 2017
Financial Assets				
Fair Value through Profit & Loss (FVTPL)				
Investments	262.35	2,209.28	262.35	2,209.28
Derivative Financial Assets:				
CCPS	5,633.28	356.28	5,633.28	356.28
Others	0.13	277.11	0.13	277.11
Amortised Cost				
Trade receivables	271.23	481.38	271.23	481.38
Cash and cash equivalents	42.03	82.91	42.03	82.91
Other Bank balances	20.72	238.83	20.72	238.83
Investments	-	1,731.93	-	1,731.93
Loans and Advances	169.28	189.66	169.28	189.66
	6,399.02	5,567.38	6,399.02	5,567.38
Financial Liabilities				
Fair Value through Profit & Loss (FVTPL)				
Derivative Financial Liabilities- Others	-	120.58	-	120.58
Amortised Cost				
Borrowings	31,452.50	25,893.71	31,452.50	25,893.71
Trade payables	1,279.17	1,400.64	1,279.17	1,400.64
Other current financial liabilities	2,694.34	9,206.12	2,694.34	9,206.12
	35,426.01	36,621.05	35,426.01	36,621.05

The management assessed that fair value of cash and cash equivalents, trade receivables, trade payables, borrowings and other current liabilities approximate their carrying amounts mainly due to the short-term maturities of these instruments.

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

- a) The fair values of the remaining FVTPL financial assets (investments in mutual funds) are derived from quoted market prices in active markets.



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- b) The fair value of CCPS derivative component is based on valuation from certified valuer. The valuer has used binomial lattice model. The rate of interest assumed between 6.42% to 6.65% and volatility assumed between 48% to 53%.
- c) The other derivative assets are basis the valuation received from the banks.
- d) The current and non-current portion of derivative assets and liabilities as disclosed above is as follows:

Particulars	March 31, 2018		March 31, 2017	
	CCPS	Others	CCPS	Others
Derivative Assets- Non current	3,743.27	-	-	146.88
Derivative Assets- Current	1,889.98	0.13	356.28	130.22
Derivative Liabilities- Non current	-	-	-	67.99
Derivative Liabilities- Current	-	-	-	52.58

41 Fair value hierarchy

The following table provides the fair value measurement hierarchy of the Group's assets and liabilities.

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 consists of the following three levels.

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

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

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 disclosures are required)

		As at March 31, 2018	As at March 31, 2017
Financial Assets			
FVTPL			
Quoted Investments	Level 1	258.21	2,205.14
Derivative financial assets	Level 2	5,633.41	633.39
Unquoted Investments	Level 3	4.14	4.14
		<u>5,895.76</u>	<u>2,842.67</u>
Financial Liabilities			
FVTPL			
Derivative financial liabilities	Level 2	-	120.58
		-	<u>120.58</u>

The financial assets categorised as Level 3 pertain to unquoted investments in equity instruments of an entity in the normal course of business to obtain savings in electricity expenses. Thus, the management believes that the carrying value is a fair approximation of the fair value.

The fair values of the financial assets and financial liabilities included in the level 2 category above have been determined in accordance with generally accepted pricing models based on a discounted cash-flow analysis, with the most significant inputs being the discount rate that reflects the credit risk of counter parties.



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approved risk management policy parameters using forward foreign exchange contracts, principal only swaps contracts, cross currency interest rate swap contracts.

The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's foreign currency borrowing and interest thereon. When a derivative is entered into for the purpose of being a hedge, the Group negotiates the terms of those derivatives to match the terms of the hedged exposure.

The Group is having risk management policy which provides the guidelines for managing the currency risk exposure. Accordingly, the Group hedges up to 100% of its underlying liabilities due within next one year. For the balance underlying liabilities the Group hedge ranges from 0-50%.

The carrying amounts of the Group's foreign currency denominated monetary liabilities at the end of the reporting period

Currency (In Crs)	Liabilities as at	
	March 31, 2018	March 31, 2017
USD	0.87	64.78
EURO	0.01	0.01
AUD	0.07	-

Foreign currency sensitivity

The following table details the Group's sensitivity to a 5% increase and decrease in the INR against the relevant foreign currencies. 5% is the sensitivity rate represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 5% change in foreign currency rates. The sensitivity analysis includes external loans and vendors. A positive number below indicates increase in profit or equity where the INR strengthens by 5% against the relevant currency. For a 5% weakening of the INR against the relevant currency, there would be a comparable impact on the profit, capitalization. However there is no impact on equity.

Particulars	Change in USD rate	Effect on loss before tax	Effect on capitalization
March 31, 2018	+ 5 %	(2.80)	-
March 31, 2017	+ 5 %	(30.19)	(179.79)

Credit risk

Credit risk refers to the risk that a counter-party will default on its contractual obligations resulting in financial loss to the Group. Trade Receivables consist of a large number of customers, spread across diverse industries and geographical areas. Ongoing credit evaluation is performed on the financial condition of accounts receivable. The Group does not hold any collateral or other credit enhancement to cover its credit risk associated with its financial assets. On account of adoption of Ind AS 109, the Group uses provision matrix to compute the expected credit loss allowance for trade receivables. The provision matrix takes into account available external and internal credit risk factors. The credit risk on liquid funds and derivative financial instrument is limited because the counter parties are Asset Management companies/ banks with high credit-ratings assigned by ratings agencies.

Financial instruments and cash deposits

Credit risk from balances with banks and financial institutions is managed by the Group's treasury department in accordance with the Group's policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counter party. Counter party credit limits are reviewed by TTSL's Board of Directors on regular basis, and may be updated throughout the year subject to approval of TTSL's Finance Committee. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through counterparty's potential failure to make payments.

The Group's maximum exposure to credit risk for the components of the balance sheet at March 31, 2018 and March 31, 2017 is the carrying amounts as illustrated in Note 13:



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Liquidity risk

Ultimate responsibility for liquidity risk management rests with the management and board of directors, which has established an appropriate liquidity risk management framework for the management of TTSL's short-, medium- and long-term funding and liquidity management requirements. TTSL manages liquidity risk by maintaining adequate banking facilities and reserve borrowing facilities (i.e. cash credit, bank loans, bill discounting, buyers credit and suppliers credit), by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities. Note below sets out details of additional undrawn facilities that TTSL has at its disposal to further reduce liquidity risk.

At March 31, 2018, TTSL has undrawn committed borrowing facilities of Rs. 355.68 crores (March 31, 2017 - Rs 607.33 crores).

The table below summarises the maturity profile of TTSL's financial liabilities (including liabilities directly associated with assets held for sale) based on contractual undiscounted payments.

As at March 31, 2018

Particulars	Carrying amount	Due in 1st year	Due in 2nd year	Due in 3rd to 5th year	Due after 5th year	Total contracted cash flows
Financial Liabilities:						
Trade and other payables	1,279.17	1,279.17				1,279.17
Long term borrowings & interest thereon	21,389.64	-	2,937.48	19,259.33	2,994.94	25,191.75
Short term borrowings & interest thereon	12,047.25	12,047.25				12,047.25
Other financial liabilities	2,694.33	2,694.33				2,694.33
Derivative liabilities:						
Forwards	-	-				-
Interest Rate Swap	-	-				-
Total	37,410.39	16,020.75	2,937.48	19,259.33	2,994.94	41,212.50

As at March 31, 2017

Particulars	Carrying amount	Due in 1st year	Due in 2nd year	Due in 3rd to 5th year	Due after 5th year	Total contracted cash flows
Financial Liabilities:						
Trade and other payables	1,400.64	1,400.64	-	-	-	1,400.64
Long Borrowings & interest thereon	25,017.05	-	4,278.46	10,926.12	9,812.47	25,017.05
Short Borrowings & interest thereon	876.66	876.66				876.66
Other financial liabilities	9,206.12	9,206.12				9,206.12
Derivative liabilities:						
Forwards	120.59	52.58	33.42	23.89	10.71	120.59
Interest Rate Swap	-	-				-
Total	36,621.06	11,536.00	4,311.88	10,950.01	9,823.18	36,621.06

The disclosed financial derivative instruments in the above table are the gross undiscounted cash flows. However, those amounts may be settled gross or net.

Excessive risk concentration

In order to avoid excessive concentrations of risk, the Group's policies and procedures include specific guidelines to whereby maximum bank wise limits are set up to which the Group can hedge with each of the banks.



TATA TELESERVICES LIMITED
NOTES TO THE CONSOLIDATED IND AS FINANCIAL STATEMENTS AS AT AND FOR
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(All amounts in Rupees Crores unless stated otherwise)

43 Capital management

The Group manages its capital to ensure it will be able to continue as a going concern while maximizing the return to shareholders through the optimization of the debt and equity balance. The capital structure of the Group includes issued net debt (borrowings as detailed in note 17) offset by cash and bank balances and current investments and total equity of the Group.

- a. The Group manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. The Group monitors capital using a gearing ratio, which is net debt divided by total equity.

The gearing ratio at the end of the reporting period was as follows:

Particulars	As at March 31, 2018	As at March 31, 2017
Debt*	25,751.88	25,893.71
Cash and bank balances (including current investments)	320.96	2,526.79
Net debt	25,430.92	23,366.92
Equity**	(17,441.75)	(8,012.28)
Net debt to equity ratio	(1.46)	(2.92)

*Debt is defined as long-term and short-term borrowings (excluding derivatives and financial guarantee contracts).

** Equity represents the total of net worth, liability component of CCPS, derivative assets of CCPS.

As at March 31, 2018, TTSL has met financial covenant requirement as per the respective borrowing arrangement with the lenders.

44 Segment Reporting

The group's chief operating decision maker examines group performance and are managed separately according to the nature of products and services provided by the Group. The reporting segments of the Group are as below:

The Group operates in three business segments:

- Telecom services: These services cover voice and data telecom services provided through wireless technology (2G/3G) in India across 17 telecom circles. This includes the captive national long distance networks which primarily provide connectivity to the telecom service business in India.
- Passive Infrastructure (PI): providing sites to telecom operators – shown as discontinued operations.
- Others: providing internet access services, m-commerce related and non-voice services

Transactions between segments are accounted on agreed terms on arm's length basis and have been eliminated at the Group level.

The Group caters only to the need of Indian markets representing a singular economic environment with similar risk and rewards and hence there are no geographical information to be reported.

There are no single customers representing major revenue for each of the respective years, hence not reported.



TATA TELESERVICES LIMITED
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(All amounts in Rupees Crores unless stated otherwise)

Description	Mobile services		Others		Eliminations/Adjustments		Consolidated	
	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
Revenue from external customers	5,324.56	9,465.52	(87.50)	(71.02)	-	-	5,237.06	9,394.50
Inter segment revenue	-	0.17	86.42	86.42	-	(0.17)	86.42	86.42
Total revenues	5,324.56	9,465.69	(1.08)	15.40	-	(0.17)	5,323.48	9,480.92
Segment results	(900.85)	1,140.53	6.24	(4.60)	-	(1.25)	(894.61)	1,134.68
Finance income	394.35	396.65	-	2.15	-	-	394.35	398.80
Finance cost	(3,278.00)	(3,347.28)	-	0.00	-	-	(3,278.00)	(3,347.28)
Depreciation and amortisation	(1,086.01)	(1,847.46)	2.55	(0.56)	-	-	(1,083.46)	(1,848.02)
Profit / (loss) before tax	(4,870.51)	(3,657.56)	8.79	(3.01)	-	(1.25)	(4,861.72)	(3,661.82)
Provision for tax	-	-	-	-	-	-	-	-
Exceptional items	(12,759.26)	(959.49)	-	(18.00)	985.73	7,022.56	(11,773.53)	6,045.08
Profit from discontinued operations	-	-	-	-	(5.55)	33.81	(5.55)	33.81
Profit / (loss) after tax	(17,629.77)	(4,617.05)	8.79	(21.01)	980.18	7,055.13	(16,640.80)	2,417.07
Share of profit/(loss) in non-controlling interest	-	-	-	-	-	(15.86)	-	(15.86)
Share of loss in associate	-	-	-	-	(496.06)	(293.71)	(496.06)	(293.71)
Profit / (loss) after tax and non-controlling interest	(17,629.77)	(4,617.06)	8.79	(21.01)	484.12	6,745.56	(17,136.86)	2,107.50
Other segment Items								
Capital expenditure	726.89	1,437.43	-	0.04	-	-	726.89	1,437.47
Segment assets	17,161.37	25,963.26	964.40	69.58	(111.25)	(639.93)	18,014.52	25,392.91
Segment liabilities	42,184.52	37,616.02	14.98	26.64	(6.88)	(0.93)	42,192.62	37,641.73

The segment assets in unallocated categories pertains to passive infrastructure services. (Refer note 25)



TATA TELESERVICES LIMITED
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45 Deferred taxes

The Group has temporary differences for unabsorbed losses and unabsorbed depreciation of Rs 38,761.69 crores, out of which deferred tax asset has been recognized only to the extent of deferred tax liability of Rs 1,920.06 crores representing temporary differences relating to the fair value changes of investment in associate and depreciation. The Group has no opening and closing deferred tax assets and liabilities. The deferred tax is on the balance temporary difference for unabsorbed losses and unabsorbed depreciation which will expire during the period 2019 to 2026.

Since, it is not probable that the Group will generate future taxable profits; no deferred tax asset has been recognized on unused tax losses. Accordingly, the Group has restricted recognition of deferred tax asset to the extent of deferred tax liability.

46 Reclassification/ restatement

TTSL has made certain changes, including corrections to the presentation as compared to earlier years as they believe that these changes provide a reliable and more relevant information of the business of TTSL. Further, TTSL has assessed the impact of such changes on its 2017 standalone financial statements and Balance sheet as at the beginning of the preceding year i.e. April 1, 2016. Had these corrections been reflected in the above mentioned consol financial statements, the impact would have been as follows:

Statement of Profit and Loss:

Particulars	Note No	For the year ended March 31, 2017			Reference Note
		As Originally Reported	Restatement	As Restated	
Revenue from operations	23	9,423.70	65.13	9,488.83	(i)
Other Income	24	258.14	(266.05)	(7.91)	(i), (ii), (iii)
Finance income	32	292.94	(69.47)	223.47	(ii)
Profit on sale of current investments		-	175.33	175.33	(ii)
Foreign exchange, net		(95.04)	95.04	-	(iii)
Change in the value of derivative financial assets		818.10	(818.10)	-	(iv)
Exceptional Items	33	5,226.98	818.10	6,045.08	(iv)

- i. Commission income of Rs. 65.13 crores which pertains to Service revenue of TTSL has been classified from other income to revenue from operations.
- ii. Profit on sale of current investments of Rs 175.33 crs have been reclassified from finance income and disclosed separately in PL below EBITDA. Gain on fair value of financial asset of Rs 4.06 crs have been reclassified from finance income to other income. Interest on Income Tax Refund of Rs 109.91 crs has been reclassified from other income to finance income.
- iii. Foreign exchange loss of Rs. 95.04 crores is reclassified to other Income.
- iv. Changes in value of derivative financial assets of Rs. 818.10 crores reclassified to exceptional items.



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(All amounts in Rupees Crores unless stated otherwise)

Balance sheet:

Particulars	Note No	As at March 31, 2017			Reference Note
		As Originally Reported	Restatement	As Restated	
Financial Liabilities					
Deferred payment obligation	17	3,592.62	291.60	3,884.22	(i)
Right to spectrum, earmarked pending allotment		-	583.20	583.20	(i)
Other non-current assets	13	724.47	(291.60)	432.87	(i)
Investment in associates and joint venture	7	6,615.40	(1,731.93)	4,883.47	(ii)
Trade and Other Payables	18	1,738.15	(337.51)	1,400.64	(iii), (v)
Other Financial Liabilities	19	9,048.70	157.42	9,206.12	(iii), (v)
Provisions	20	259.71	180.12	439.83	(iii)
Trade Receivables	9	505.84	(24.46)	481.38	(iv)
Other non current liabilities	21	125.78	(24.46)	101.32	(iv)
Financial Assets:					
Investments (Non Current)	8	4.14	1,731.93	1,736.07	(ii)

- i. The Government of India ('GoI') issued Letters of Intent for earmarking the spectrum won by TTSL in Andhra Pradesh in the auctions conducted during October 2016. As per the payment options available, TTSL has chosen the deferred payment option. TTSL was required to pay upfront payment of Rs 291.60 crores for spectrum which was previously presented as Capital Advance and the balance amount of Rs 291.60 under the EMI scheme offered by the DoT was disclosed as capital commitment. TTSL restated the comparative numbers for the year ended March 31, 2017 by reclassifying the capital advance amounting to Rs. 291.6 crores to Right to spectrum, earmarked pending allotment and also the balance amount of Rs. 291.60 crores has been disclosed as Deferred Payment Liability with the corresponding increase in Right to spectrum, earmarked pending allotment.
- ii. During the previous year, Company had invested through 0.1% Non-Cumulative Redeemable Preference shares (RPS) in TTML. The debt component of RPS included under "Investment in an associate, joint venture and subsidiaries" amounting to Rs. 1731.93 Crores have been reclassified to "Financial Assets", since it is a financial assets as per Ind AS 109.
- iii. Provision made for contingency in relation to ongoing litigations are provision made under Ind AS 37 and is not in the nature of financial liabilities. Accordingly, such provision previously included under "trade and other payables" amounting to Rs.140.53 crores and under "other financial liabilities" amounting to Rs.30.37 crores as at March 31, 2017 have been reclassified under the head "Provisions" and that there is no impact on total current liabilities.
- iv. Exit charges liability previously included under "Income received in advance" under "Other current liabilities" amounting to Rs 24.46 Crs have been reclassified against corresponding amount of Exit Charges receivable included under Trade receivables.
- v. Capital creditors previously included under trade and other payables amounting to Rs 187.78 crs have been reclassified to other current liabilities and that there is no impact on total current liabilities.
- vi. The other related disclosures have been updated in the relevant notes.



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NOTES TO THE CONSOLIDATED IND AS FINANCIAL STATEMENTS AS AT AND FOR
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(All amounts in Rupees Crores unless stated otherwise)

Balance sheet:

Particulars	Notes	April 01, 2016			Reference
		As Originally Reported	Restatement	As Restated	
Trade receivables	9	924.39	(3.91)	920.48	(iii)
Trade and other payables	18	2,749.68	(442.51)	2,307.17	(i), (ii)
Other financial liabilities	19	7,679.34	270.09	7,949.43	(i), (ii), (iii)
Provisions	20	355.03	168.51	523.54	(i)

- i. Provision made for contingency in relation to ongoing litigations are provision made under Ind AS 37 and is not in the nature of financial liabilities. Accordingly, such provision previously included under "trade and other payables" amounting to Rs.140.53 crores and under "other financial liabilities" amounting to Rs.27.98 crores as at April 01, 2016 have been reclassified under the head "Provisions" and that there is no impact on total current liabilities.
- ii. Capital creditors previously included under trade and other payables amounting to Rs 301.98 crs have been reclassified to other current financial liabilities and that there is no impact on total current liabilities.
- iii. Exit charges liability previously included under "Income received in advance" under "Other financial liabilities" amounting to Rs 3.91 Crores have been reclassified against corresponding amount of Exit Charges receivable included under Trade receivables.



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(All amounts in Rupees Crores unless stated otherwise)

47 Disclosure pursuant to Schedule III to the Companies Act 2013 for the year ended March 31, 2018 and March 31, 2017

March 31, 2018

Name of the entity	Net Assets i.e. total assets minus total liabilities		Share in profit or (loss)		Share in other comprehensive income		Share in total comprehensive income	
	As % of consolidated net assets	Amount	As % of consolidated profit or loss	Amount	As % of consolidated profit or loss	Amount	As % of consolidated profit or loss	Amount
Parent								
Tata Teleservices Limited	125%	(30,184.15)	96%	(16,429.57)	100%	(34.59)	96%	(16,464.16)
Subsidiaries								
MMP Mobi Wallet Payment Systems Limited	0%	2.46	0%	(6.31)	0%	-	0%	(6.31)
NVS Technologies Limited	0%	(0.17)	0%	-	0%	-	0%	-
TTL Mobile Private Limited [w.e.f. Nov 10, 2017]	0%	7.32	1%	(204.92)	0%	-	1%	(204.92)
Associates (investment as per the equity method)								
Tata Teleservices (Maharashtra) Limited	0%	-	4%	(664.73)	0%	-	4%	(664.73)
ATC Telecom Infrastructure Private Limited	-25%	5,996.43	-1%	168.67	0%	-	-1%	168.67
Joint Ventures (investment as per the equity method)								
TTL Mobile Private Limited [upto Nov 9, 2017]	0%	-	0%	-	0%	-	0%	-
Total	100%	(24,178.10)	100%	(17,136.86)	100%	(34.59)	100%	(17,171.45)



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(All amounts in Rupees Crores unless stated otherwise)

March 31, 2017

Name of the entity	Net Assets i.e. total assets minus total liabilities		Share in profit or (loss)		Share in other comprehensive income		Share in total comprehensive income	
	As%of consolidated net assets	Amount	As%of consolidated profit or loss	Amount	As%of consolidated profit or loss	Amount	As%of consolidated profit or loss	Amount
Parent								
Tata Teleservices Limited	141%	(17,230.64)	114%	2,404.65	101%	27.17	114%	2,431.82
Subsidiaries								
ATC Telecom Infrastructure Private Limited [upto April 20, 2016]	-	-	2%	33.80	0%	-	2%	33.64
MMP Mobi Wallet Payment Systems Limited	0%	3.92	-1%	(14.86)	-1%	(0.16)	-1%	(14.86)
Tata Internet Services Limited	-1%	94.35	0%	(6.51)	0%	-	0%	(6.51)
NVS Technologies Limited	0%	0.08	0%	(0.01)	0%	-	0%	(0.01)
Non-controlling Interests in all subsidiaries								
ATC Telecom Infrastructure Private Limited [upto April 20, 2016]	0%	-	-1%	(15.86)	0%	-	-1%	(15.86)
Associates (investment as per the equity method)								
Tata Teleservices (Maharashtra) Limited	0%	-	-17%	(366.43)	0%	-	-17%	(366.43)
ATC Telecom Infrastructure Private Limited [w.e.f. April 21, 2016]	-40%	4,883.47	3%	72.72	0%	-	3%	72.72
Joint Ventures (investment as per the equity method)								
TTL Mobile Private Limited [upto Nov 9, 2017]	0%	-	0%	-	0%	-	0%	-
Total	100%	(12,248.82)	100%	2,107.50	100%	27.01	100%	2,134.52



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48 Specified bank notes

The disclosure requirements relating to holdings as well as dealings in Specified Bank Notes (SBN) were applicable for the period from 8 November 2016 to 30 December 2016 which are not relevant to these standalone financial statements for the year ended March 31, 2018.

Note on SBN given in the audited financial statements for the year ended March 31, 2017 has been reproduced below.

The Central Government vide its notification no S.O. 3407(E) dated November 8, 2016, declared that Specified Bank Notes (SBN) shall cease to be legal tender with effect from November 9, 2016. However, subsequently, the Central Government vide its notification no S.O. 3544(E) dated November 24, 2016, allowed telecom companies to accept Specified Bank Notes towards prepaid mobile top-up to a limit of Rs 500 per top-up from November 25, 2016 to December 15, 2016. Further, on March 30, 2017, the Ministry of Corporate Affairs has issued notification no G.S.R 308(E) dated March 30, 2017 amending the provisions of the Companies Act, 2013 and mandating every company to provide details of Specified Bank Notes held / transacted during the period of November 8, 2016 to December 30, 2016. This section makes disclosures pursuant to such requirement.

Particulars	SBNs	Other denomination notes	Total
Closing cash in hand as on 08.11.2016*	2.21	0.52	2.73
(+) Permitted receipts**	0.57	47.93	48.50
(+) Non Permitted receipts	3.57	-	3.57
(-) Permitted payments	-	-	-
(-) Amount deposited in Banks***	6.35	47.37	53.72
Closing cash in hand as on 30.12.2016	-	1.07	1.07

*This amount reflects the sum of all "cash in hand" as recorded in the books of TTSL based on the information received from Company owned and Franchisee stores. TTSL had, as a measure of good governance practice and to ensure due diligence, as a one-time measure, mandated its employees to record and report the cash denomination for the closing balance on November 8, 2016. TTSL is in the process of reconciling the data so collected with bank records for the same period. TTSL had also issued strict instructions to employees to not accept any Specified Bank Notes with immediate effect.

** This amount reflects the sum of all cash received by TTSL in the Specified Bank Notes of Rs. 500 between the period of November 25, 2016 and December 15, 2016. The Central Government had, vide its Notification dated November 24, 2016, allowed use of currency notes of denomination of Rs. 500 towards payment for prepaid mobile top-up, up to a limit of Rs. 500 per top-up for the period between midnight of November 24, 2016 and up to and including December 15, 2016. Accordingly, the permitted receipts of the Specified Bank Notes represent the amounts received pursuant to such permitted transactions. This amount is as per information provided to TTSL by the banks. TTSL had issued specific instructions for maintaining a record of, and tracking the collection of such Specified Bank Notes. TTSL is in the process of verifying and reconciling to the extent possible this information.



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(All amounts in Rupees Crores unless stated otherwise)

*** This reflects the information received from the banks of TTSL, based on the request made by TTSL for the purposes of complying with the provisions of the Companies Act, 2013. The figures set out herein reflect the Specified Bank Notes and other notes of other denominations as received by the specified banks at the branch from the cash management agencies contracted by the banks for collecting the cash from TTSL's stores on behalf of the banks. As a matter of company-wide business practice, the cash management agencies appointed by banks, collect, on a daily basis, the cash from the stores of TTSL on behalf of the banks. The cash management agencies provide a manually generated receipt to the stores of the cash and the denomination collected by them from the stores. The amounts reflected herein may not reflect the amounts stated in such receipts issued by the cash management agencies to TTSL's representatives at the stores. TTSL is in the process of reconciling this information against such manually generated receipts.

We have identified discrepancies in the cash denominations in (a) the closing balance maintained by TTSL on November 8, 2016, as well as the cash received and generated by TTSL between November 8, 2016 to December 30, 2016 and (b) the amounts shown as received by the banks at their branches as reflected in above table. While the total amount of cash has been reconciled, the discrepancies remain in the denominations of such bank notes. Accordingly, we have initiated an exercise, and an external agency is being appointed, to investigate the matter, identify the discrepancies, and validate and reconcile the differences. Given that TTSL has over 1,300 stores across all India and the records are maintained physically, TTSL had no pre-existing systems to track these, the reconciliation exercise has not been fully completed and is expected to be completed by the end of the next quarter.

49. Net Debt Reconciliation

	As at March 31, 2018	As at March 31, 2017
Net debt		
Non-current borrowings (including current maturities of long term debt and liabilities directly associated with assets classified as held for sale)	23,821.43	31,668.25
Current borrowings	12,047.25	876.66
Interest accrued but not due	0.08	118.91
	35,868.76	32,663.82
Cash and cash equivalents	37.57	81.27
Current investments	258.21	2,205.14
	295.78	2,286.41
Total Net debt	35,572.98	30,377.41

	Cash and cash equivalents (including bank overdraft)	Current investments	Total Borrowings	Total Net Debt
Net debt as at March 31, 2017	81.27	2,205.14	32,663.82	30,377.41
Cash flows	(43.70)	(1,948.80)	6,170.25	8,162.75
Foreign exchange adjustments	-	-	(163.99)	(163.99)
Interest expense	-	-	3,278.00	3,278.00
Interest paid	-	-	(2,188.30)	(2,188.30)
Other non-cash movements				
- Fair value adjustments	-	1.87	(3,250.80)	(3,252.67)
- Notional Interest/ DRE	-	-	568.31	568.31
- Finance Set up cost	-	-	(1,208.53)	(1,208.53)
Net debt as at March 31, 2018	37.57	258.21	35,868.76	35,572.98



50 Standards issued but not yet effective

In March 2018, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) (Amendments) Rules, 2018, notifying Ind AS 115, 'Revenue from Contracts with Customers.' Ind AS 115, Revenue from contracts with customers deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised when a customer obtains control of a promised good or service and thus has the ability to direct the use and obtain the benefits from the good or service in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services.

- (i) A new five-step process must be applied before revenue can be recognised:
- i. Identify contracts with customers
 - ii. Identify the separate performance obligation
 - iii. Determine the transaction price of the contract
 - iv. Allocate the transaction price to each of the separate performance obligations, and
 - v. Recognise the revenue as each performance obligation is satisfied.

The new standard is mandatory for financial years commencing on or after 1 April 2018 and early application is not permitted. The standard permits either a full retrospective or a modified retrospective approach for the adoption.

We have established an implementation team to implement the standard update related to the recognition of revenue from contracts with customers. We are currently evaluating the existing revenue contracts to determine revenue recognition under the new standard. Additionally, we are in the process of identifying and implementing changes to our processes to meet the standard's updated reporting and disclosure requirements, as well as evaluating the internal control changes, if any, during the implementation and continued application of the new standard.

- (ii) The MCA has notified Appendix B to Ind AS 21, Foreign currency transactions and advance consideration. The appendix clarifies how to determine the date of transaction for the exchange rate to be used on initial recognition of a related asset, expense or income where an entity pays or receives consideration in advance for foreign currency-denominated contracts.

For a single payment or receipt, the date of the transaction should be the date on which the entity initially recognises the non-monetary asset or liability arising from the advance consideration (the prepayment or deferred income/contract liability). If there are multiple payments or receipts for one item, date of transaction should be determined as above for each payment or receipt.

The appendix can be applied:

- retrospectively for each period presented applying Ind AS 8;
- prospectively to items in scope of the appendix that are initially recognized
- on or after the beginning of the reporting period in which the appendix is first applied (i.e 1 April 2018 for entities with March year-end); or
- from the beginning of a prior period reporting presented as comparative information (i.e. 1 April 2017 for entities with March year-end).

The effect on the consolidated financial statements is being evaluated by the Group.



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The Group intends to adopt the amendments prospectively to items in scope of the appendix that are initially recognised on or after the beginning of the reporting period in which the appendix is first applied (i.e. from 1 April 2018).

There are no other standards that are not yet effective and that would be expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

As per our report of even date

For Price Waterhouse Chartered Accountants LLP
ICAI Firm Registration No.: 012754N/ N500016
Chartered Accountants

Sharmila A. Karve
Partner
Membership no. 043229

For and on Behalf of the Board of Directors

Ankur Verma
Director
[DIN No. 07972892]

N Srinath
Managing Director
[DIN No. 00058133]

Anuraag Srivastava
Chief Financial Officer
Man VJ

Pravin Jogani
Assistant Company Secretary

Place: Mumbai
Date: June 01, 2018

Place: Mumbai
Date: June 01, 2018

Form AOC-I

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures

Part "A": Subsidiaries

(Information in respect of each subsidiary to be presented with amounts in Rs. In Crores)

For the year ended March 31, 2018

1	SI. No.	(a)	(b)	(c)
2	Name of the subsidiary	TTL Mobile Private Limited (formerly Virgin Mobile India Private Limited)	MMP Mobi Wallet Payment Systems Limited	NVS Technologies Limited
3	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	N.A	N.A	N.A
4	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries.	N.A	N.A	N.A
5	Share Capital	460.11	71.00	0.10
6	Reserves & Surplus	(979.55)	(74.84)	(0.13)
7	Total Assets	8.42	9.90	0.08
8	Total Liabilities	527.86	13.74	0.11
9	Investments	2.75	5.21	-
10	Turnover	-	0.53	-
11	Profit / (Loss) before taxation	(16.74)	(5.56)	(0.00)
12	Provision for taxation	-	-	-
13	Profit / (Loss) after taxation	(16.74)	(5.56)	(0.00)
14	Proposed Dividend	-	-	-
15	% of shareholding	100%	100%	100%

For and on Behalf of the Board of Directors

Ankur Verma
Director
[DIN No: 07972892]

N Srinath
Managing Director
[DIN No: 00058133]

Place: Mumbai
Date: June 01, 2018

Anuraag Srivastava
Chief Financial Officer

Pravin Jogani
Assistant Company Secretary

Note:

- Names of subsidiaries which are yet to commence operations :
NVS Technologies Limited
- Names of subsidiaries which have been liquidated or sold during the year :
Not Applicable
- The figures shown herein above are as per the representation in respective company's audited financials

Part "B": Associates and Joint Ventures

Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures

(Information in respect of each Associates/Joint Venture to be presented with amounts in Rs. In Crores)

For the year ended March 31, 2018

Name of Associates/Joint Ventures	Tata Teleservices (Maharashtra) Limited	ATC Telecom Infrastructure Private Limited
1. Latest audited Balance Sheet Date	March 31, 2018	March 31, 2018
2. Shares of Associate/Joint Ventures held by the company on the year end		
Number ^(refer Note-3)	944,174,817	217,638,273
Amount of Investment in Associates/Joint Venture ^(refer Note-4)	3,066.96	4,526.40
Extend of Holding %	48.30%	32.86%
3. Description of how there is significant influence	More than 20% shareholding	More than 20% shareholding
4. Reason why the associate/joint venture is not consolidated	Consolidated	Consolidated
5. Networth attributable to Shareholding as per latest audited Balance Sheet	Negative networth	1,623.78
6. Profit / (Loss) for the year		
i. Considered in Consolidation	(664.73)	168.67
ii. Not Considered in Consolidation	(4,088.67)	-

For and on Behalf of the Board of Directors

Ankur Verma
Director
[DIN No: 07972892]

N Srinath
Managing Director
[DIN No: 00058133]

Place: Mumbai
Date: June 01, 2018

Anuraag Srivastava
Chief Financial Officer

Pravin Jogani
Assistant Company Secretary

Note:

1. Names of associates or joint ventures which are yet to commence operations : Not applicable

2. Names of associates or joint ventures which have been liquidated or sold during the year : Not applicable

3. Number of shares of Tata Teleservices (Maharashtra) Limited does not include 20.18 crores 0.1% Non-Cumulative Redeemable Preference Shares (RPS) of Rs 100 each amounting to Rs.2,018 crores issued to the Company during the year ended March 31, 2017.

4. Amount of Investment in Associates/Joint Venture includes amount recognised as Investment in equity as per Ind AS 32 - Rs.658.35 crores in respect of the Inter Corporate Deposits (ICD) and Rs.366.43 crores in respect of the RPS issued by Tata Teleservices (Maharashtra) Limited to the Company.

LEADERSHIP WITH TRUST

SINCE 1868

₹
656,973
CRORE
REVENUE

600
MILLION+
CONSUMERS

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

- Jamsetji Tata



695,699
EMPLOYEES

₹
27,346
CRORE
PROFIT
AFTER TAX

3.98
MILLION
SHAREHOLDERS

150+
COUNTRIES

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

150
YEARS

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

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

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



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