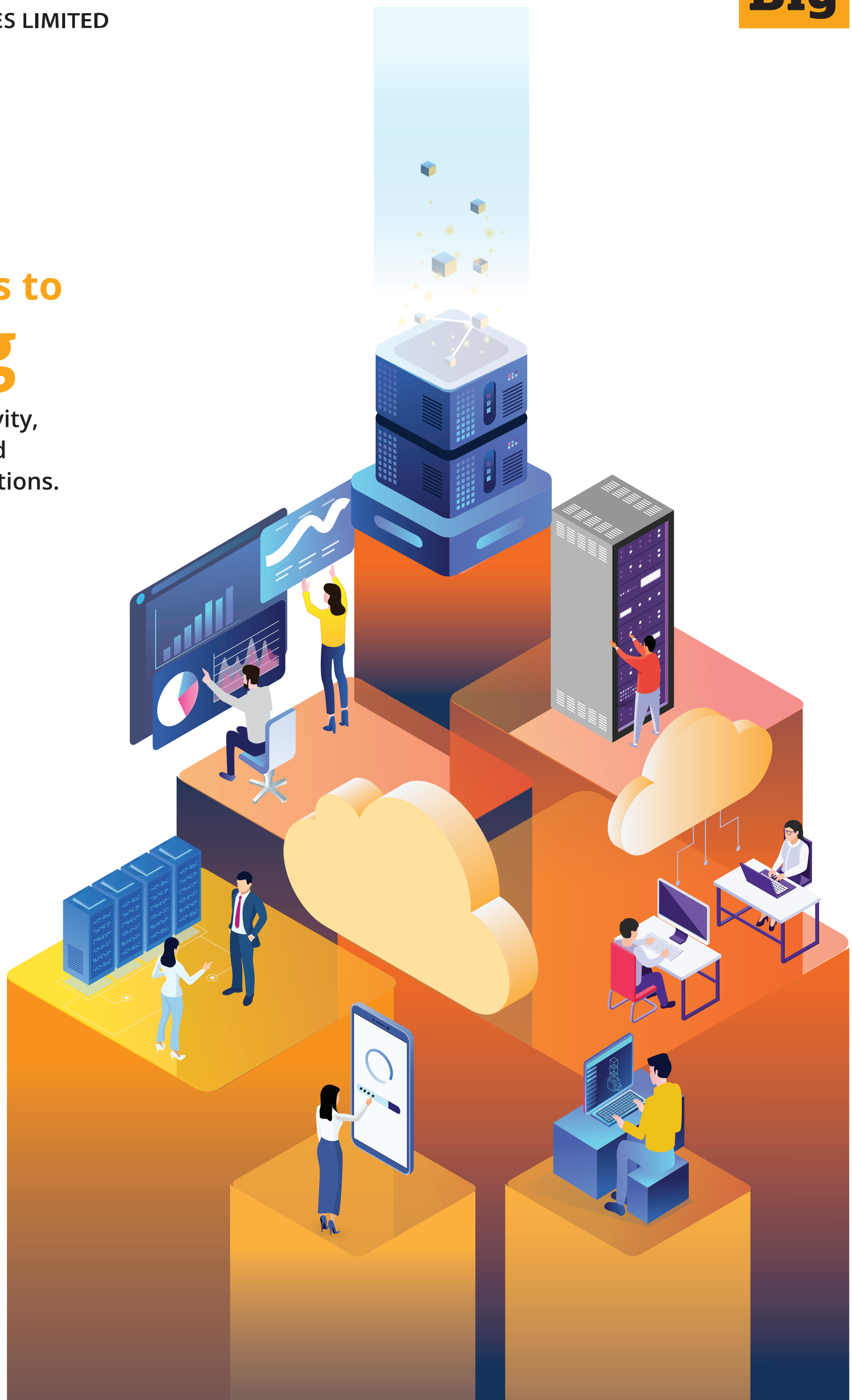
TATA

TATA TELESERVICES LIMITED

DO Big

# Enabling Enterprises to Do Big

Through connectivity, security, cloud and collaboration solutions.



ANNUAL REPORT 2020-21

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## Corporate Overview



## Statutory Reports



## Financial Statements



**In a world navigating through large-scale disruption and rapid change, enterprises are accelerating their digital transformation by several years to survive and thrive in the new normal. With our connectivity, security, cloud and collaboration offerings, we have been enabling businesses to simplify the transition effectively. Our deep understanding of businesses is reflected in our wide array of innovative products which drive digital inclusion.**

As the coronavirus pandemic altered the very way people work and interact, we empowered our customers to seamlessly move to a remote working environment, facilitating a culture of collaboration for today's anytime, anywhere, any device workforce. The expanding digital ecosystem, however, has brought in more pervasive cyber security risks. We are enabling our customers to harness the power of digital technologies and build a more connected and secure future.

# Who we are

Tata Teleservices Limited (TTSL) is a leading player in the connectivity and communication solutions market for enterprise customers. With services ranging from connectivity, collaboration, cloud, security, IoT and marketing solutions, we offer a comprehensive portfolio of ICT services for businesses in India under the brand name Tata Tele Business Services (TTBS).

TTBS provides integrated telecom solutions to small, medium & large enterprises which go beyond the purview of connectivity into offering one-stop-shop business solutions and managed services. Our solutions allow enterprises to be resilient and maintain business continuity in a flexible, scalable and secure manner.

We have a progressive approach of partnering with SMEs as technology enablers and subject matter experts to bring them at par with the fast-evolving tech landscape. Our objective is to provide products and services that significantly impact the competitiveness of our customers and enable them to DO BIG. We deliver customer delight with solutions through deeper understanding of unique customer needs.

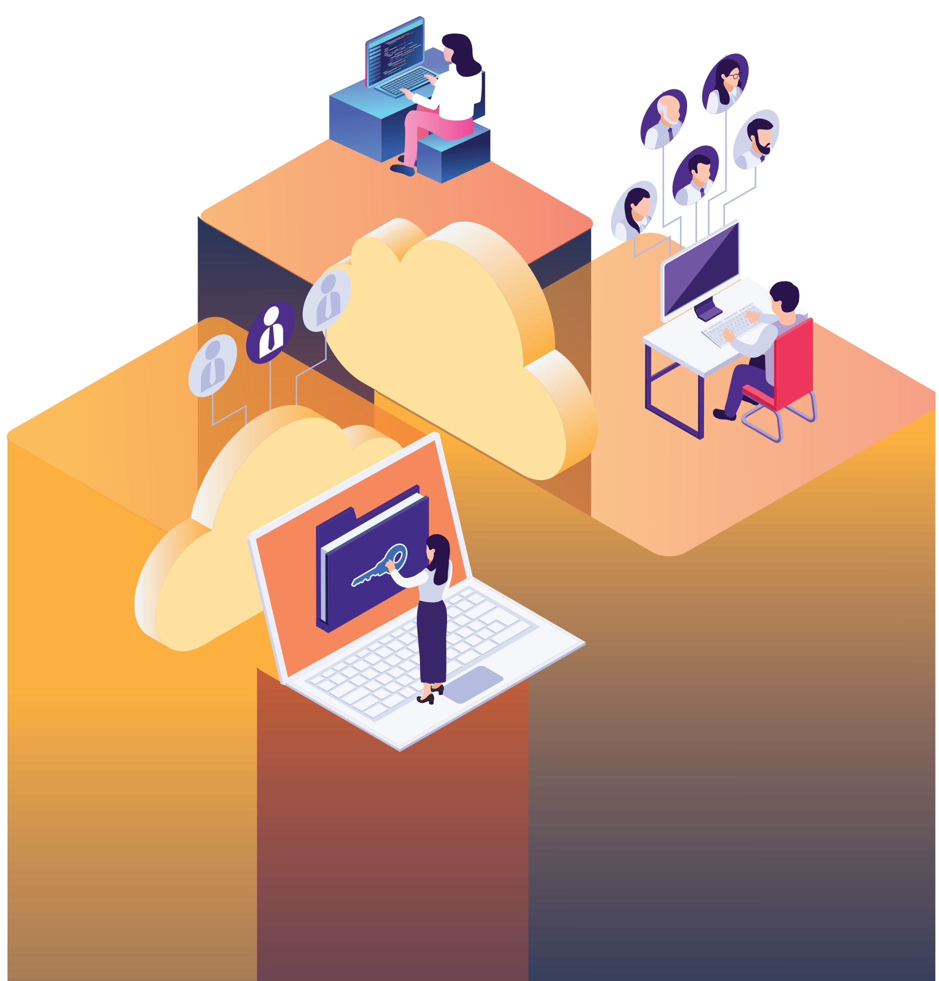
**Our solutions allow enterprises to be resilient and maintain business continuity in a flexible, scalable and secure manner.**

## Our promise

**Develop**
Develop deep understanding of the unique needs of our customers

**Deliver**
Deliver pioneering products & services of outstanding quality & value

**Delight**
Delight our customers with great experience at every touch point



# Board of Directors

Our Board steers the business towards sustainable growth, with the objective of mutual growth of our customers and company's long-term goals.

## Mr. Amur S Lakshminarayanan

*Chairman (Non-Executive)*

Mr. Lakshminarayanan is a longstanding member of the Institute of Electrical and Electronics Engineers (IEEE). He has over 35 years of experience in a broad range of leadership roles across regions and industries. He holds a Degree in Mechanical Engineering from BITS, Pilani and is an alumnus of London Business School. He is currently the Managing Director and Chief Executive Officer of Tata Communications Limited. Prior to joining Tata Communications, he was President and CEO of Tata Consultancy Services Japan, Ltd., Global Head of four P&L units (Telecom, Media & Information Services, HiTech and Utilities) and Head of UK & Europe business.

## Ms. Bharati Rao

*Independent Director*

Ms. Rao is a former banker and she has the distinction of being the first woman Deputy Managing Director of the State Bank of India (SBI). She has over 40 years of experience in banking and financial sector in companies. Ms. Rao has a post graduate degree in Economics from Madras University. She currently serves on the boards of companies like the SBI Capital Markets Ltd., SBI CAP Securities Ltd., Suprajit Engineering Ltd., Neuland Laboratories Ltd., Delphi – TVS Technologies Ltd. and Tata Teleservices Ltd.

## Dr. Narendra Damodar Jadhav

*Independent Director*

Dr. Jadhav is a renowned author, economist, educationist, social scientist and public speaker. He currently serves as a Member of Parliament (Nominated to Rajya Sabha by Hon President of India), and visiting faculty at four distinguished universities. Dr. Jadhav, in his four decades of public service, has served in key positions as Member of the Planning Commission and the National Advisory Council. He has also held the position of Vice-Chancellor at University of Pune and Principal Adviser and Chief Economist, Reserve Bank of India (RBI). During his 31-year association with the RBI, he also served in Advisory capacities at International Monetary Fund (IMF) and Governments of Afghanistan and Ethiopia. Dr. Jadhav holds a PhD in Economics from Indiana University, USA and has penned or edited 43 books, numerous reports and research papers. He is a recipient of 70 national and international awards, including four Honorary D-Litt Degrees, and the title of the Commander of the Order of Academic Palmes by the Government of France. He currently serves on the boards of companies like Jain Irrigation Systems Ltd., Sustainable Agro-commercial Finance Ltd., Dhani Services Ltd., Dhani Loans and Services Ltd., Tata Teleservices Ltd. and Tata Teleservices (Maharashtra) Ltd.

## Mr. Ankur Verma

*Non-Executive Director*

Mr. Verma has around 16 years of experience in Investment Banking, Capital Markets and Corporate Strategy. He is the Senior Vice President, Chairman's Office at Tata Sons Pvt. Ltd. Previously, he was Managing Director (Investment Banking Division) in Bank of America Merrill Lynch, and also Group Manager & Head, Business Planning in Infosys Technologies Limited – Corporate Planning Group. Mr. Verma has PGDM from IIM Calcutta, and is a B.E. in Mechanical Engineering. He currently serves on the boards of companies like Tata Capital Housing Finance Ltd., Tata Elxsi Ltd., Tata AutoComp Systems Ltd., Tata Sky Ltd., Tata Teleservices Ltd. and Tata Teleservices (Maharashtra) Ltd.

## Mr. N. Srinath

*Non-Executive Director*

Mr. Srinath joined the Tata Administrative Services in 1986. He has held positions in Project Management, Sales & Marketing, and Management in different Tata companies in the ICT sector over the past 35 years. Under his leadership, Tata Communications transformed from a monopoly, public sector undertaking into a global communications services provider offering advanced network, managed and cloud services to customers worldwide. In 2008 and 2009, Mr. Srinath was named as the world's eighth most influential telecom personality by the Global Telecoms Business magazine, as well as the 'Telecom Person of the Year' by the India-based Voice and Data magazine in 2008. He has a degree in Mechanical Engineering from IIT Chennai and a Management Degree from IIM Calcutta, specialising in Marketing and Systems. Mr. Srinath has joined as CEO of Tata Trusts with effect from April 1, 2020. He currently serves on the boards of companies like Tata Communications Ltd., Tata Industries Ltd., Tata Teleservices Ltd. and Tata Teleservices (Maharashtra) Ltd.

# Our Response to COVID-19

The COVID-19 pandemic has caused unprecedented disruption, affecting physical and financial health of millions globally. At TTSL we ensured safety and well-being of our employees. We also undertook multiple customer-centric initiatives to enable their business continuity with minimal disruption.

## Ensuring safety and well- being of our employees

We ensured the safety of our employees by strictly following the government guidelines in each of our offices. We launched SABAL, a company sponsored employee assistance program, which enabled Online/Telephone counselling, along with face-to-face counselling and enabled "Doctor on Call" facility for our employees and their family members.

With a specific employee safety and well-being policy, comprising of guidelines and standardised practices, based on robust processes, we formalised COVID Standard Operating Procedure and deployed it across all our locations. Special web-based training on COVID-19 awareness has also been imparted to on-roll employees.

## Customer-centric initiatives

We have ensured that all our critical processes, including service delivery and service assurance, function seamlessly through a mix of remote operations, use of digital tools and field engagements, wherever required. We have also augmented our Internet Gateway capacities in the initial days of the lockdown to ensure that our customers do not encounter a crunch whenever additional bandwidth is needed. We have received multiple appreciations from our customers about our service, network and how we have ensured continuity and quality during the COVID-19 lockdown. This has strengthened our teams' resolve to further scale up our efforts.

## Developing pioneering products and services

The pandemic gave rise to remote working environments and we made sure our customers were well equipped for this transition. We addressed the evolving needs of our customers with solutions to make their remote working experience pleasant, and to maintain business continuity while not compromising on efficiency and productivity.

Some of our prominent product launches are as below:

**Smartflo**
It is an anytime, anywhere, flexible suite of advanced cloud communication solutions for enterprises. It has been innovatively designed to support the new hybrid work culture. It allows uninterrupted connectivity between all stakeholders, internally within employees and externally with customers and vendors across platforms and touch points.

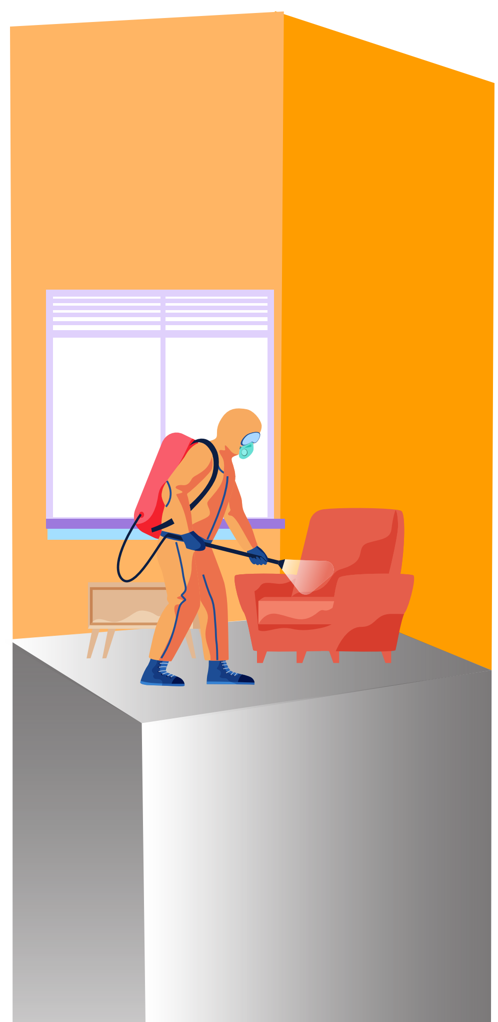
**Comprehensive Cyber Security Portfolio**
With the proliferation of digital ecosystems, and as the industry moves towards a digital 'new normal', cyber security incidents are becoming more pervasive. We launched a comprehensive security portfolio comprising of email security, endpoint security, web security, virtual firewall, and multifactor authentication to address these emerging needs of security solutions.

**Smart Internet Leased Line**
We launched Smart Internet Leased Line to resolve the customers' need of secure remote access in a distributed work environment. We bundled the best of internet and security features with convenience of manageability. It is a one-stop solution for customers' needs of bandwidth, manageability and security, while working from home.

**Ultra-Lola 3.0**
This is a technologically superior point-to-point offering, with latency in microseconds, which enables brokerage/financial institutions to process market data in real time.

**Hub Connect**
It is a unique high speed, cloud ready, secure, private and reliable point to multi-point connectivity, enabling cloud connect to prominent cloud service providers in a cost-effective manner with faster delivery timelines.

**Collaboration Solutions**
To address the continuous shift in modern workplace, where employees expect more openness, collaboration and flexibility in how they stay connected, we launched a host of plug and play collaboration solutions, such as web conferencing solutions, hosted interactive voice response ('HIVR'), and international bridging services ('IBS').



# Awards and Accolades

Our work excellence has been recognised and felicitated by the industry with numerous awards.

CIO Select Award

Integrated Telco-grade Cloud Communication Suite - Smartflo

2021

Digital Terminal Awards

Best Enterprise Service Provider Brand

2020

Telecom Lead Innovation Leaders

SmartOffice

2019

CII Customer Obsession Award

Customer Engagement

2019

e4M Indian Marketing Awards

Marketing to Unique Audience in B2B sector

2019

International Echo Awards

Meet4Solutions (Digital Platform)

2018

# CORPORATE DETAILS

## BOARD OF DIRECTORS

| | | |
|---|---|---|
| **Mr. Amur S. Lakshminarayanan** (w.e.f. November 5, 2020) | - | Chairman (Non-Executive) |
| **Ms. Bharati Rao** | - | Independent Director |
| **Dr. Narendra Damodar Jadhav** | - | Independent Director |
| **Mr. Ankur Verma** | - | Non-Executive Director |
| **Mr. N. Srinath** | - | Non-Executive Director |
| **Mr. Saurabh Agrawal** (upto November 5, 2020) | - | Non-Executive Director |

## KEY MANAGERIAL PERSONNEL

| | | |
|---|---|---|
| Mr. Harjit Singh | - | Chief Executive Officer |
| Mr. Ilangovan Gnanaprakasam | - | Chief Financial Officer |
| Mr. Rishabh Aditya | - | Company Secretary |

## SENIOR MANAGEMENT

| | | |
|---|---|---|
| Ms. Richa Tripathi | - | Chief Human Resources Officer |
| Mr. Ram Prasad Mamidi | - | Chief Information Officer |
| Mr. Pravir Dahiya | - | Senior Vice President - Network |

## STATUTORY AUDITORS

- M/s. Price Waterhouse Chartered Accountants LLP

## INTERNAL AUDITORS

ANB Solutions Private Limited

Ernst & Young LLP

## REGISTERED OFFICE

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

## CORPORATE OFFICE

D-26, TTC Industrial Area,
MIDC Sanpada, P.O. Turbhe,
Navi Mumbai - 400 703, Maharashtra

## CORPORATE IDENTITY NUMBER (CIN)

U74899DL1995PLC066685

Twenty Sixth Annual General Meeting of Tata Teleservices Limited will be held on Tuesday, June 29, 2021 at 1100 hours through Video Conferencing facility or Other Audio Visual Means

The Annual Report can be accessed at the Company's website www.tatateleservices.com

## LIST OF BANKS AND FINANCIAL INSTITUTIONS

| BANK NAME | FINANCIAL INSTITUTION |
|---|---|
| Axis Bank Ltd. | ICICI Prudential Asset Management Co. Ltd. |
| Bank of Baroda | HDFC Asset Management Co. Ltd. |
| Bank of India | Aditya Birla Sun life AMC Ltd. |
| Citibank | Axis Mutual Fund |
| Deutsche Bank | Tata Asset Management Ltd. |
| HDFC Bank | |
| ICICI Bank | |
| IDBI Bank | |
| IndusInd Bank Ltd. | |
| Oriental Bank of Commerce | |
| Punjab National Bank | |
| Standard Chartered Bank | |
| State Bank of India | |
| Syndicate Bank | |
| UCO Bank | |
| Union Bank of India | |
| Yes Bank Ltd. | |

# Notice

Notice is hereby given that the Twenty Sixth Annual General Meeting of Tata Teleservices Limited (the "Company") will be held on **Tuesday, June 29, 2021, at 1100 hours (IST)** through Video Conferencing facility or Other Audio-Visual Means to transact the following business:

## ORDINARY BUSINESS:

**1. Adoption of Accounts - Standalone**

To receive, consider and adopt the Audited Financial Statements of the Company for the financial year ended March 31, 2021 together with the Reports of the Board of Directors and the Auditors thereon.

**2. Adoption of Accounts - Consolidated**

To receive, consider and adopt the Audited Consolidated Financial Statements of the Company for the financial year ended March 31, 2021 together with the Report of the Auditors thereon.

**3.** To appoint a Director in place of Mr. Ankur Verma (DIN: 07972892), who retires by rotation and being eligible, offers himself for re-appointment.

## SPECIAL BUSINESS:

**4. Appointment of Mr. Amur S. Lakshminarayanan (DIN: 08616830) as Non-Executive Director**

To consider and, if thought fit, to pass the following resolution as an **Ordinary Resolution:**

"**RESOLVED THAT** Mr. Amur S. Lakshminarayanan (DIN: 08616830), who was appointed by the Board of Directors, based on the recommendation of the Nomination and Remuneration Committee, as an Additional Director of the Company effective November 5, 2020 and who holds office up to the date of this Annual General Meeting of the Company in terms of Section 161 and any other applicable provisions, if any, of the Companies Act, 2013 ('Act') (including any modification or re-enactment thereof) and Article 107 of the Articles of Association of the Company and who is eligible for appointment and has consented to act as a Director of the Company and in respect of whom the Company has received a notice in writing from a Member under Section 160(1) of the Act proposing his candidature for the office of Director of the Company, be and is hereby appointed as a Director of the Company liable to retire by rotation."

**5. Ratification of Remuneration of Cost Auditors**

To consider and, if thought fit, to pass the following resolution as an **Ordinary Resolution**:

"**RESOLVED THAT** pursuant to the provisions of Section 148(3) and other applicable provisions, if any, of the Companies Act, 2013 (including any statutory modification or re-enactment thereof for the time being in force) and the Companies (Audit and Auditors) Rules, 2014, as amended from time to time, the Company hereby ratifies the remuneration of ₹ 9,00,000/- (Rupees Nine Lakhs only), plus applicable tax and actual out of pocket expenses not exceeding 10% of the remuneration incurred in connection with the audit, payable to M/s. Sanjay Gupta & Associates, Cost Accountants, having Firm Registration Number 000212, who are appointed as Cost Auditors to conduct the audit of the cost records maintained by the Company for the financial year 2021-2022."

By order of the Board
For **Tata Teleservices Limited**

**Registered Office:**
Jeevan Bharati Tower I
10th Floor, 124, Connaught Circus
New Delhi – 110 001
CIN: U74899DL1995PLC066685
**Corporate Office:**
D-26, TTC Industrial Area, MIDC Sanpada, P.O. Turbhe, Navi Mumbai - 400 703
Website: www.tatateleservices.com
e-mail: rishabh.aditya@tatatel.co.in
Tel: +91 22 6661 5111
Fax:+91 22 6660 5517

**Rishabh Nath Aditya**
**Company Secretary**
(ICSI No. F3598)

Place: Mumbai
Date: June 2, 2021

## Notes:

1. In view of the ongoing COVID-19 pandemic, the Ministry of Corporate Affairs ("MCA") has vide its General Circular No. 20/2020 dated May 5, 2020 in relation to "Clarification on holding of Annual General Meeting (AGM) through video conferencing (VC) or other audio visual means (OAVM)" read with General Circular No. 14/ 2020 dated April 8, 2020 and the General Circular No. 17/ 2020 dated April 13, 2020, General Circular No. 33/2020 dated September 28, 2020 and General Circular No. 39/2020 dated December 31, 2020 in relation to "Clarification on passing of ordinary and special resolutions by companies under the Companies Act, 2013 and the rules made thereunder on account of the threat posed by COVID-19" and General Circular No. 02/2021 dated January 13, 2021 (collectively referred to as "MCA Circulars") permitted the holding of the AGM through VC / OAVM, without the physical presence of the Members at a common venue. In compliance with the provisions of the Companies Act, 2013 ("Act") and MCA Circulars, the 26th AGM of the Company is scheduled to be held through VC/OAVM on **Tuesday, June 29, 2021 at 1100 hours**. (IST). The deemed venue for the 26th AGM will be the Registered office of the Company at Jeevan Bharati Tower I, 10th Floor, 124, Connaught Circus, New Delhi – 110 001.

2. **PURSUANT TO THE PROVISIONS OF THE ACT, A MEMBER ENTITLED TO ATTEND AND VOTE AT THE AGM IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON HIS/HER BEHALF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. SINCE THIS AGM IS BEING HELD PURSUANT TO THE MCA CIRCULARS THROUGH VC OR OAVM, THE REQUIREMENT OF PHYSICAL ATTENDANCE OF MEMBERS HAS BEEN DISPENSED WITH. ACCORDINGLY, IN TERMS OF THE MCA CIRCULARS, THE FACILITY FOR APPOINTMENT OF PROXIES BY THE MEMBERS WILL NOT BE AVAILABLE FOR THIS AGM AND HENCE THE PROXY FORM, ATTENDANCE SLIP AND ROUTE MAP OF AGM ARE NOT ANNEXED TO THIS NOTICE.**

3. Institutional Investors, who are Members of the Company, are encouraged to attend the 26th AGM through VC/OAVM facility and vote through remote e-voting facility. Institutional Investors and Corporate Members intending to appoint their authorised representatives pursuant to Sections 112 and 113 of the Act, as the case maybe, to attend the AGM through VC or OAVM are requested to send a certified copy of the Board Resolution to the Company Secretary by e-mail at rishabh.aditya@tatatel.co.in.

4. The attendance of the Members attending the AGM through VC/ OAVM will be counted for the purpose of reckoning the quorum under Section 103 of the Act.

5. As per the provisions of Clause with "3.B.IV" of the General Circular No. 20/ 2020 dated May 5, 2020, the matters of Special Business as appearing at Item No. 4 and 5 of the Notice, are considered to be unavoidable by the Board and hence, forming part of this Notice.

6. The Explanatory Statement pursuant to Section 102 of the Act setting out material facts concerning the business under Item No. 4 and 5 of the Notice are annexed hereto. The relevant details, pursuant to Secretarial Standards on General Meetings issued by the Institute of Company Secretaries of India, in respect of Directors seeking appointment/re-appointment at this AGM are also annexed. Requisite declarations have been received from Directors for seeking appointment and re-appointment.

7. The Members can join the AGM in the VC/OAVM mode 30 minutes before and 15 minutes after the scheduled time of the commencement of the Meeting by clicking on the following link: https://bit.ly/3iaig9D

8. In line with the MCA Circular, the Notice of the 26th AGM along with the Annual Report for the financial year 2020-21 is being sent only through electronic mode to those Members whose email addresses are registered with the Company / Depositories. The Notice convening the 26th AGM and the Annual Report for financial year 2020-2021 has been uploaded on the website of the Company i.e. www.tatateleservices.com.

9. Members are requested to intimate changes, if any, pertaining to their name, postal address, e-mail address, telephone/mobile numbers, PAN, registering of nomination, power of attorney registration, Bank Mandate details, etc., to their DPs in case the shares are held in electronic form and to the Registrar at xlfield@gmail.com in case the shares are held in physical form, quoting their folio no. Further, Members may note that SEBI has mandated the submission of PAN by every participant in securities market.

10. As per the provisions of Section 72 of the Act, the facility for making nomination is available for the individual Members in respect of the shares held by them. Members who have not yet registered their nomination are requested to register the same by submitting Form No. SH-13. If a Member desires to cancel the earlier nomination and record a fresh nomination, he may submit the same in Form SH-14. Members are requested to submit the said form to their DP in case the shares are held in electronic form and to the Registrar at xlfield@gmail.com in case the shares are held in physical form, quoting your folio.

11. Members holding shares in physical form, in identical order of names, in more than one folio are requested to send to the Company or Registrar, the details of such folios together with the share certificates for consolidating their holdings in one folio. The share certificate will be returned to such Members after making requisite change.

12. The Register of Directors and Key Managerial Personnel and their shareholding, maintained under Section 170 of the Act, will be available electronically for inspection by the Members during the AGM. All documents referred to in the Notice will also be available for electronic inspection without any fee by the Members from the date of circulation of this Notice up to the date of AGM, i.e. Tuesday, June 29, 2021. Members seeking to inspect such documents can send an email to rishabh.aditya@tatatel.co.in.

13. To support the 'Green Initiative', and to receive the copies of AGM notice in case of AGM through VC/OAVM and other communication from the Company Members who have not yet registered their email addresses are requested to register the same with their DPs in case the shares are held by them in electronic form and with the Registrar in case the shares are held by them in physical form.

14. At the twenty-second AGM held on September 12, 2017 the Members approved appointment of Price Waterhouse Chartered Accountants LLP, (Firm Registration No. 012754N/N500016) as Statutory Auditors of the Company to hold office for a period of five years from the conclusion of that AGM till the conclusion of the twenty-seventh

AGM, subject to ratification of their appointment by Members at every AGM, if so, required under the Act. The requirement to place the matter relating to appointment of Statutory Auditors for ratification by Members at every AGM has been done away with by the Companies (Amendment) Act, 2017 with effect from May 7, 2018. Accordingly, no resolution is being proposed for ratification of appointment of Statutory Auditors at this AGM.

15. Members who need assistance in connection with using the technology before or during the AGM, may reach out to the Company officials at +91 9029011551 or +91 9223309614.

16. Since the Company is not required to conduct e-voting, the voting at the meeting shall be conducted through show of hands, unless demand for a poll is made by any Member in accordance with Section 109 of the Act. In case of a poll on any resolution at the AGM, members are requested to convey their vote by e-mail at rishabh.aditya@tatatel.co.in

17. The format of the Register of Members prescribed by the MCA under the Act requires the Company/Registrar to record additional details of Members, including their PAN details, e-mail address, bank details for payment of dividend etc. Members holding shares in physical form are requested to submit the filled in form to the Company at rishabh.aditya@tatatel.co.in or to the Registrar in physical mode, after restoring normalcy or in electronic mode at xlfield@gmail.com, as per instructions mentioned in the form. Members holding shares in electronic form are requested to submit the details to their respective DP only and not to the Company or Registrar.

18. Members who wish to inspect the relevant documents referred to in the Notice can send an email to rishabh.aditya@tatatel.co.in.

19. Members are encouraged to submit their questions in advance with regard to the financial statements or any other matter to be placed at the 26th AGM, from their registered email address, mentioning their name, DP ID and Client ID/Folio Number and mobile number, to reach the Company's e-mail address at rishabh.aditya@tatatel.co.in before 1500 hours (IST) on Friday, June 25, 2021. Queries that remain unanswered at the AGM will be appropriately responded by the Company at the earliest post the conclusion of the AGM.

20. To prevent fraudulent transactions, Members are advised to exercise due diligence and notify the Company of any change in address or demise of any Member as soon as possible. Members are also advised to not leave their demat account(s) dormant for long. Periodic statement of holdings should be obtained from the concerned Depository Participant and holdings should be verified from time to time.

## EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013 ("Act")

**Item No. 4**

The Board of Directors, on recommendation of the Nomination and Remuneration Committee, appointed Mr. Amur S. Lakshminarayanan (DIN: 08616830) as an Additional Director of the Company with effect from November 5, 2020 and he holds office up to the date of this Annual General Meeting pursuant to the provisions of Section 161 of the Companies Act, 2013 (the "Act"). The Company has received a notice pursuant to Section 160 of the Act proposing his candidature for the office of Director of the Company. Mr. Lakshminarayanan shall be liable to retire by rotation.

In compliance with the provisions of Sections 152 and 160 of the Act, the appointment of Mr. Lakshminarayanan as a Non-Executive Director of the Company is now being placed before the Members at the Annual General Meeting for their approval.

The brief profile of Mr. Lakshminarayanan is as under:

Mr. Lakshminarayanan has over 35 years of experience in a broad range of leadership roles across regions and industries. Through the course of his career, he has managed and developed scalable businesses, with deep understanding of the global technology market and enterprises growing digital needs.

Mr. Lakshminarayanan is currently the Managing Director and Chief Executive Officer of Tata Communications Limited. Prior to joining Tata Communications, he was President and CEO of Tata Consultancy Services Japan, Ltd. where he was in-charge of accelerating the company's market opportunity and developing the brand in the region. Other leadership positions within TCS also include: Global Head of four P&L units (Telecom, Media & Information Services, HiTech and Utilities) that grew to contribute a combined revenue of over $2.4b under his leadership. He had also held the position of Head of UK & Europe where he brought significant growth of the business, resulting in it being recognised as a major IT player locally in the market.

Mr. Lakshminarayanan has worked in USA, Hong Kong, Australia, UK, Japan and India. He holds a Degree in Mechanical Engineering from BITS, Pilani and is an alumnus of London Business School. He is also a longstanding member of IEEE.

Mr. Lakshminarayanan is also appointed as a Member of Nomination and Remuneration Committee of the Company. He does not hold any equity shares of the Company.

The details including the qualification and the list of companies in which Mr. Lakshminarayanan serves as Director and Member/Chairman of committees are stated in the annexure attached to the Notice.

The Nomination and Remuneration Committee and the Board commends the Ordinary Resolution set out at Item No. 4 of the Notice for approval of the Members.

None of the Directors or Key Managerial Personnel or their relatives, except Mr. Lakshminarayanan to the extent of his appointment, are in any way concerned or interested in passing of the resolution mentioned at Item No. 4 of the Notice.

**Item No. 5**

The Board of Directors at its meeting held on April 27, 2021, on recommendation of the Audit Committee, has approved appointment of M/s. Sanjay Gupta & Associates (Firm Registration Number 000212) as Cost Auditors of the Company for the Financial Year 2021-22 at a remuneration of ₹ 9,00,000/- (Rupees Nine Lakhs only), plus applicable tax and plus out of pocket expenses, not exceeding 10% of the remuneration, incurred in connection with the Cost Audit.

Pursuant to the provisions of Section 148 of the Act, read with Companies (Audit and Auditors) Rules, 2014, remuneration of Cost Auditor of the Company is required to be ratified and approved by the shareholders of the Company. Accordingly, the consent of the Shareholders by way of Ordinary Resolution is sought for the ratification of remuneration payable to M/s. Sanjay Gupta & Associates, Cost Accountants.

M/s. Sanjay Gupta & Associates, Cost Accountants, have certified that they are eligible for appointment as Cost Auditors, free from any disqualifications and are working independently and maintain arm's length relationship with the Company.

The Board commends the Resolution set out at Item No. 5 of the Notice for ratification and approval by the Shareholders as an Ordinary Resolution.

None of the Directors, Key Managerial Personnel and/or their relatives are in any way concerned or interested, financial or otherwise, in the proposed Resolution mentioned at Item No. 5 of the Notice.

By order of the Board
For **Tata Teleservices Limited**

**Registered Office:**
Jeevan Bharati Tower I
10th Floor, 124, Connaught Circus
New Delhi – 110 001
CIN: U74899DL1995PLC066685
**Corporate Office:**
D-26, TTC Industrial Area, MIDC Sanpada, P.O.
Turbhe, Navi Mumbai - 400 703
Website: www.tatateleservices.com
e-mail: rishabh.aditya@tatatel.co.in
Tel: +91 22 6661 5111
Fax:+91 22 6660 5517

**Rishabh Nath Aditya**
**Company Secretary**
(ICSI No. F3598)

Place: Mumbai
Date: June 2, 2021

## Details of the Directors seeking Appointment/Re-appointment at the 26th Annual General Meeting ("AGM")

[Pursuant to SS-2 – Secretarial Standards on General Meetings]

| Name of the Director | Mr. Amur S. Lakshminarayanan | Mr. Ankur Verma |
|---|---|---|
| **DIN** | 08616830 | 07972892 |
| Designation | Non-Executive Non-Independent Director | Non-Executive Non-Independent Director |
| Age | 60 | 45 |
| Qualifications | Degree in Mechanical Engineering from BITS, Pilani and is an alumnus of London Business School. He is also a longstanding member of IEEE | B.E. in Mechanical Engineering and PGDM from IIM, Calcutta |
| Experience | Over 35 years of experience in a broad range of leadership roles across regions and industries. Through the course of his career, he has managed and developed scalable businesses, with deep understanding of the global technology market and enterprises growing digital needs. | Senior Vice President, at Chairman's Office at Tata Sons Private Limited. Around 16 years of experience in Investment Banking, Capital Markets and Corporate Strategy. Previously, was Managing Director (Investment Banking Division) in Bank of America Merrill Lynch and prior to that he was Group Manager & Head, Business Planning in Infosys Technologies Limited - Corporate Planning Group |
| Terms and conditions of appointment / re-appointment | - Director in Non-executive capacity and hence he is not responsible for day-to- day affairs of the Company.<br>- After election,to be liable to retire by rotation | - Director in Non-executive capacity and hence he is not responsible for day-to-day affairs of the Company.<br>- Liable to retire by rotation |
| Details of the Remuneration sought to be paid | Refer 'Remuneration paid to the Directors' under "Directors' Report" | Refer 'Remuneration paid to the Directors' under "Directors' Report" |
| Remuneration last drawn | Refer 'Remuneration paid to the Directors' under "Directors' Report" | Refer 'Remuneration paid to the Directors' under "Directors' Report" |
| Date of first appointment on the Board | November 5, 2020 | June 1, 2018 |

<table>
<tr><th>Name of the Director</th><th colspan="2">Mr. Amur S. Lakshminarayanan</th><th colspan="2">Mr. Ankur Verma</th></tr>
<tr><td>Shareholding in the Company</td><td colspan="2">Nil</td><td colspan="2">NIL</td></tr>
<tr><td>Relationship with other Directors, Manager and other Key Managerial Personnel of the Company</td><td colspan="2">None</td><td colspan="2">None</td></tr>
<tr><td rowspan="2">Number of meetings of the Board attended during financial year 2020-2021</td><td>Held</td><td>Attended</td><td>Held</td><td>Attended</td></tr>
<tr><td>3</td><td>3</td><td>6</td><td>6</td></tr>
<tr><td>Other Directorships (All companies except of Foreign Companies to be mentioned)</td><td colspan="2">• Tata Communications Limited</td><td colspan="2">• Tata Capital Housing Finance Ltd.<br>• Tata Teleservices (Maharashtra) Ltd.<br>• Tata Sky Ltd.<br>• Tata Elxsi Ltd.<br>• Tata Autocomp Systems Ltd.</td></tr>
<tr><td>Memberships/Chairmanships of committees of other Boards</td><td colspan="2">Nil</td><td colspan="2">Audit Committee<br>• Tata Capital Housing Finance Ltd. (Member)<br>• Tata Teleservices (Maharashtra) Ltd. (Member)<br>• Tata Sky Ltd. (Member)<br>• Tata Elxsi Ltd. (Member)<br>Nomination & Remuneration Committee<br>Tata Teleservices (Maharashtra) Ltd. (Member)<br>Stakeholders Relationship Committee<br>Tata Teleservices (Maharashtra) Limited (Member)<br>Corporate Social Responsibility Committee<br>• Tata Capital Housing Finance Ltd. (Member)<br>• Tata Teleservices (Maharashtra) Limited (Member)<br>Risk Management Committee<br>Tata Capital Housing Finance Ltd. (Member)</td></tr>
</table>

XL Softech Systems Limited
Unit: Tata Teleservices Limited
3, Sagar Society, Road No.2, Banjara Hills,
Hyderabad - 500 034.
Phone : 040 23545913/14/15
Fax: 040 23553214
email: xlfield@gmail.com

## Updation of Shareholder Information in respect of shares held in physical mode

I / We request you to record the following information against my / our Folio No.:

**General Information:**

| | |
|---|---|
| Folio No.: | |
| Name of the first named Shareholder: | |
| PAN: * | |
| CIN/ Registration No.: * | |
| (applicable to Corporate Shareholders) | |
| Tel No. with STD Code: | |
| Mobile No.: | |
| Email Id: | |

*Self attested copy of the document(s) enclosed

**Bank Details:**

| | |
|---|---|
| IFSC:<br>(11 digit) | MICR:<br>(9 digit) |
| Bank A/c Type: | Bank A/c No.: * |
| Name of the Bank: | |
| Bank Branch Address: | |

* A blank cancelled cheque is enclosed to enable verification of bank details

I/We hereby declare that the particulars given above are correct and complete. If the transaction is delayed because of incomplete or incorrect information, I/We would not hold the Company/RTA responsible. I/We undertake to inform any subsequent changes in the above particulars as and when the changes take place. I/We understand that, the above details shall be maintained by you till I/We hold the securities under the above mentioned Folio No./beneficiary account.

Place:

Date:

Signature of Shareholder

# Directors' Report

Dear Members,

Your Directors present the 26th 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, 2021 and other accompanying reports, notes and certificates.

## COMPANY OVERVIEW

The Company holds Unified Licence ("UL") for access services in Andhra Pradesh, Delhi, Gujrat, Karnataka and Tamil Nadu circles and Unified Access Service Licences (UASL) in twelve circles and National Long Distance Service Licence. Tata Teleservices (Maharashtra) Limited ("TTML") a subsidiary company holds UL for access services in Mumbai and Maharashtra circles and category A national Internet Service Provider authorisation. The Company was earlier an integrated player providing both wireless (GSM, CDMA and 3G) and wireline services to Retail, Enterprise and Carrier customers in its license areas.

After the demerger, of Consumer Mobile Business ("CMB") of the Company to Bharti Airtel Limited ("Bharti") under a Scheme of Arrangement (the "Scheme"), effective July 1, 2019, the Company has been focusing on providing various wireline voice, data and managed telecom services to Enterprise customers. The Company may also explore opportunities to strategically restructure the residual business at an appropriate time.

The Company provides its range of products and services to about 9.12 lakh subscribers (plus TTML – about 7.14 lakh subscribers) as of March 2021. Its network consists of optical fibre transmission network in the country of about 115,000 kms. (plus TTML - about 17,000 kms. across Mumbai, Rest of Maharashtra and Goa).

## FINANCIAL RESULTS

The Company adopted Indian Accounting Standards ("Ind AS") from April 1, 2016, with transition date from April 1, 2015. Accordingly, the financial reports for current financial year 2020-21 and previous financial year 2019-20 have been prepared as per IND AS reporting framework.

The financial highlights of the Company for the year ended March 31, 2021 are as follows:

| Particulars | 2020-21 | 2019-20 |
|---|---|---|
| **Total Revenue** | **1,660** | **1,866** |
| Expenditure | 1,329 | 1,912 |
| **Earnings before interest, tax, depreciation and amortisation ('EBITDA')** | **331** | **(46)** |
| Finance & Treasury charges including foreign exchange impact | (2,108) | (1,547) |
| Depreciation/Amortisation | (445) | (484) |
| **Profit/(Loss) for the year before exceptional items and tax** | **(2,222)** | **(2,077)** |
| Exceptional Items | (6,679) | (11,248) |
| Share of profit/(loss) from associates | - | - |
| **Profit/(Loss) before tax from continuing operations** | **(8,901)** | **(13,325)** |
| Profit/(Loss) for the year from discontinuing operations | - | - |
| Taxes | - | - |
| **Profit/(Loss) after tax** | **(8,901)** | **(13,325)** |
| Minority interest/share of loss in associate | - | - |
| **Profit/(Loss) for the year** | **(8,901)** | **(13,325)** |
| Other comprehensive income | 17 | (20) |
| **Total comprehensive income** | **(8,884)** | **(13,346)** |

(Nos are not comparable as CMB business demerged w.e.f. 1st July 2019)

- The Company reported total revenue of ₹ 1,660 crores during the year under review, 11% decline over previous year.
- The Company reported 819.2% increase in EBITDA at ₹ 331 crores as against ₹ (46) crores in the previous year. The EBITDA margin improved to 20% from (2)% in the previous year.
- Based on assessment of its recoverable value, the Company has recorded Derivative Financial Assets valuation gain ₹ 192 crores, Impairment in the value of TTML investment/ICD/loan ₹ (403) crores, Gain on sale of ATC investment ₹ 82 crores, License Fee / Specturm Usage Charges (LF/SUC) on gain on sale of ATC investment ₹ (7) crores and AGR provision for LF/SUC ₹ (6,544) crores which have been recognised as exceptional items during the year.

## DIVIDEND AND APPROPRIATIONS

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

## KEY DEVELOPMENTS DURING 2020-21

**Company Initiatives**

With the COVID 19 pandemic imposing restrictions in the early part of last year, the company undertook multiple initiatives across Employee Safety & Well Being, Customer Centricity, New Product Launches and Digital engagement with customers.

- **Ensuring safety and well being of our employees**
  - Offices were made safe by implementing all prescribed protocols for sanitization and social distancing.
  - An employee wellbeing program called SABAL was launched which enabled Online/Telephone counselling. The program was made available to employees and their family members
  - A “Doctor on Call” facility was made available for our employees and family members
- **Customer Centricity Initiatives**

  The impact of COVID-19 on every aspect of life globally has been unprecedented. Today, we are looking at newer and transformed ways of living and doing business. Even as life around us continues to change, one thing that remains constant is our endeavor to provide our customers with uninterrupted services.

  1. To help our customers adapt and grow in these changing times, we have strengthened our suite of solutions targeted at improving efficiency and productivity of a distributed workforce.
     - We launched Smartflo, an advanced cloud communication suite which allows anytime, anywhere communication with a faster, smoother and more streamlined customer experience.
     - We launched a comprehensive suite of security solutions to ensure security while working remotely. We also provided Hosted IVR solutions, Audio and Web conferencing solutions, and International Bridging Services which enabled seamless collaboration and continuity of business.
  2. During the year gone by, we ensured that all our critical processes including service delivery and service assurance function seamlessly through a mix of remote operations, use of digital tools and field engagements, wherever required.
  3. We have also augmented our Internet Gateway capacities in the initial days of the lockdown to ensure that customers do not encounter a crunch whenever additional bandwidth is needed.

  We have received multiple appreciations from our customers about our service, network and how we have ensured continuity and quality during the COVID-19 lockdown. Our customers have rewarded our focus on customer centricity by continuing to grow business with us and by giving us high customer satisfaction scores.

  Furthermore, for providing best-in-class customer service, we continue to invest in:

  - Enhancing and Expanding our Network and Infrastructure.
  - Improvement in Network Resiliency and Uptimes.
  - Tools & Automation to simplify work processes.
  - Self Service Proliferation.
- **Developing pioneering products & services to address the evolving needs of customers as they accelerate their digital transformation journey.**

  The Company has strengthened its portfolio of enterprise grade solutions such as Cloud-based solutions, Collaboration solutions, IoT, Data Management and Cybersecurity solutions. These solutions appropriately address the needs arising out of a distributed and remote working environment and enable customers to maintain ‘business as usual’ mode while not compromising on efficiency and productivity. Some of our prominent product launches are as below:
- **Smartflo:** Smartflo is an anytime, anywhere, flexible suite of advanced cloud communication solutions for enterprises. It optimises connectivity, helps build operational resilience and enables businesses to deliver better customer experiences across channels. It has been innovatively designed to support today’s hybrid work culture. It allows uninterrupted connectivity between all stakeholders, internally within employees and externally with customers and vendors across platforms and touch points. Smartflo enables businesses to strengthen engagement with customers through seamless communication, anytime and anywhere. It allows business minds to go farther from their cubicles, to work better from anywhere they choose to.

- **Comprehensive Cyber Security Portfolio:** With the proliferation of digital ecosystems and as the industry moves towards a digital 'new normal', cyber security incidents are becoming more pervasive and require substantial amount of costs and efforts for enterprises to keep up with latest cybersecurity threats. We launched a comprehensive security portfolio comprising of Email Security, Endpoint Security, Web Security, Virtual Firewall and Multifactor Authentication to address the emerging need of security solutions. Enterprises especially in the Small & Medium segment can now reap benefits of a truly enterprise grade, SaaS based cyber security and protection.


- **Smart Internet Lease Line:** It is a one-stop solution for a customer needing bandwidth, manageability and security when working from home.
- **Ultra-Lola 3.0:** This is a technologically superior Point to Point offering with latency in microseconds, which enables Brokerage / Financial institutions to process market data in real time.
- **Hub Connect:** It is a unique high speed, cloud ready, secure, private and reliable point to multi-point connectivity enabling connectivity to prominent cloud services providers.
- **Collaboration Solutions:** In order to address the continuous shift in modern workplace, where employees expect more openness, collaboration and flexibility in how they stay connected, the Company launched a host of plug and play collaboration solutions which allows enterprises to improve their productivity and enables them to grow faster:
  - Web Conferencing Solutions: Web Conferencing Solution allows businesses with distributed workforce to conduct/ participate in reviews, collaborate effectively and exchange information in a secure data environment.
  - Hosted Interactive Voice Response ('HIVR'): It is a cloud-based voice application that allows businesses to efficiently connect with its customers. It offers best in class call connectivity, multiple level IVR facility and wide range of numbers to choose from. Enterprises can quickly set up a distributed call center with our HIVR and let agents work from remote locations.
  - International Bridging Services ('IBS'): This solution provides bridging facility to organisations so that they can connect to any international location or conference bridge. Our IBS gives enterprises the flexibility of getting their employees connected to international destinations without having ISD facility on their phones. It provides a centralised bridge facility for all conferencing needs in a cost effective and flexible manner.

**Digital Engagement Initiatives:** In order to continue and deepen its engagement with customer digitally the Company scaled up its digital properties like "Digital Do Big Forum" and "Digital Do Big Conclaves". In order to get industry leading views the Company launched "Do Big CXO Roundtable" where it reached out to Industry leaders to understand their perspective on business and their digital transformation. The Company's "Do Big Forum" & "Do Big Conclave" formats have received immense appreciation from customers.

## AWARDS & RECOGNITION

During the FY 2020-21, the Company won the "Best Enterprise Service Provider Brand 2020" at Digital Terminal Awards 2020.

Some of the other recognitions the Company has received in the past include

- Digital Marketing award for "Marketing to Unique Audience" in B2B sector at the e4M Indian Marketing Awards
- CII Customer Obsession Award for customer engagement
- TelecomLead Innovation Leader Award for SmartOffice™
- International Echo Awards for Meet4Solutions (Digital Platform)
- Global Marketing Excellence Award for Excellence in Content Marketing

## CORPORATE STRUCTURE

### Holding Company

Pursuant to the provisions of the Companies Act, 2013 (the "Act"), Tata Sons Private Limited is the holding company of the Company.

### Subsidiary Companies

As on March 31, 2021, the Company has four subsidiaries.

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 subsidiary companies are as follows:

**MMP Mobi Wallet Payment Systems Limited ("MMP") – Subsidiary Company**

MMP was in the business of providing mobile wallet services. MMP stopped the business with effect from November 29, 2017. MMP has surrendered its authorisation which was accepted by RBI on March 27, 2018. MMP has completely closed its operations. An amount of ₹ 3 crores approx. was unclaimed by the customers and retailers. During the year under review, MMP has performed tele-calling activity to contact these customers/retailers and inform regarding their outstanding balances. The grace period of two years stipulated by RBI to claim this amount got over on November 13, 2020, and the same has been communicated to RBI vide letter dated January 19, 2021. The Company is in the process of transferring balance standing in Escrow Account to Current Account. In line with Tata group ethos, MMP has decided to continue to entertain any claims from customers/retailers even beyond the grace period.

**NVS Technologies Limited ("NVS") – Subsidiary Company**
NVS was incorporated as a wholly owned subsidiary of the Company on September 12, 2014 to provide non-voice value added services. NVS has not yet commenced any operations.

**TTL Mobile Private Limited ("TTL Mobile") – Subsidiary Company**
TTL Mobile was formed in 2007 as a joint venture between the Company and Virgin Mauritius Investment Ltd. ("VMIL") and was offering Consultancy Services under a 'Consultancy Services Agreement' to facilitate the Company and TTML in offering certain mobile communications products and services to young customers under the Virgin Mobile Brand in India.

The Company, TTML and TTL Mobile mutually agreed to terminate the said Consultancy Services Agreement with effect from March 31, 2014. Accordingly, since FY 2014, 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 realisable values. Also, the VMIL and TTSL entered into Letter of Agreement dated March 31, 2016 for purchase of Virgin shareholding by TTSL. TTL Mobile has become wholly owned 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 TTL Mobile is no longer a going concern. TTL Mobile's net loss for the year under review is ₹ 20.85 crores as against net loss of ₹ 21.40 crores in the previous year. This is on account of interest cost on the instrument of Inter-Corporate Deposits issued by TTL Mobile to TTSL.

**Tata Teleservices (Maharashtra) Limited ("TTML") – Subsidiary Company**
TTML holds UL with authorisation for Access Services in Mumbai and Maharashtra circles and for Internet Service Category A National. TTML is one of the country's leading enablers of connectivity and communication solutions for businesses.

After completion of the demerger of the CMB, TTML is now largely focusing on providing various wireline voice, data and managed telecom services to Retail and Enterprise customers. TTML may also explore opportunities to strategically restructure these residual business lines at an appropriate time.

TTML currently provides its range of products and services to about 7.14 Lakh wireline subscribers as of March 31, 2021 and having optical fibre transmission network of about 17,000 kms. in Mumbai, Rest of Maharashtra and Goa.

On October 16, 2016, TTML had issued non-cumulative Redeemable Preference Shares (RPS) of ₹ 2,018 crores for a tenure of 23 months to TTSL with dividend of 0.1% per annum. The RPS, which were due for redemption in September 2020, were extended for a further period of 24 months. No dividend has been paid by TTML to TTSL on the RPS. As per provisions of the Act, TTSL is now entitled to additional voting rights of 26.26% in TTML. With this, TTSL's voting rights in TTML have increased from 48.30% to 74.56%. As a result of above, TTML is considered as a subsidiary in the consolidated financial statements of TTSL as per Ind AS. Accordingly, investment in equity shares of TTML have been reclassified from 'Investment in Associate' to 'Investment in Subsidiary' in TTSL financials from FY 2019.

In the year under review, TTML reported revenue of ₹ 1,055 crores, EBITDA of ₹ 500 crores and Net loss of ₹ 1,997 crores (after providing LF/SUC ₹ 780 crores as against revenue of ₹ 1,088 crores, EBITDA of ₹ 432 crores and Net Loss of ₹ 3,714 crores in the previous year.

## 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 2020-21.

Accordingly, pursuant to the provisions of Section 134 of the Act, 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, 2021, 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, 2021 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.

## SHARE CAPITAL

**Issue of Shares, Debentures and other Convertible securities**

During the financial year:

I. on June 24, 2020, 20,03,93,653, 0.1% Compulsorily Convertible Non-Cumulative Preference Shares ('CCPS') – Series- IV of ₹ 100/- each were converted into equity shares at ₹ 10/- per share resulting into issue of 200,39,36,530 new equity shares to Tata Sons Private Limited.

II. on November 10, 2020, 23,00,00,000, 0.1% Optionally Convertible Non-Cumulative Preference Shares ('OCPS') – Series- I, of ₹ 100/- each were converted into equity shares at ₹ 10/- per share resulting into issue of 230,00,00,000 new equity shares to Tata Sons Private Limited.

III. on March 17, 2021, 14,00,00,000, 0.1% Unsecured Optionally Convertible Debentures ('OCD') Series – II of ₹ 100/- each were converted into equity shares at ₹ 10/- per share resulting into issue of 230,00,00,000 new equity shares to Panatone Finvest Limited.

Consequently, the Company's paid-up capital as on March 31, 2021 was ₹ 46245,28,01,340/- comprising of equity of ₹ 12408,44,97,240/- and Compulsorily Convertible Non-Cumulative Preference Shares of ₹ 33836,83,04,100/-

## CORPORATE STRUCTURE – DIRECTORS AND KEY MANAGERIAL PERSONNEL

### BOARD OF DIRECTORS, MEETINGS AND ITS COMMITTEES

As on March 31, 2021, the Board of Directors of the Company (Board) comprised of 5 (Five) Directors and all of them were Non-Executive Directors. The Non-executive Directors include 2 (Two) Independent Directors. The composition of the Board is in conformity with the provisions of the Act.

### APPOINTMENT OF DIRECTOR

The Board, on recommendation of Nomination and Remuneration Committee, appointed Mr. Amur S. Lakshminarayanan (DIN:08616830) as an Additional Director in the category of Non-Independent Non-Executive Director with effect from November 5, 2020. Further, on December 9, 2020, Mr. Lakshminarayanan was elected as a Chairman of the Board of the Company.

Mr. Lakshminarayanan holds the office as an Additional Director till the ensuing 26th Annual General Meeting ("AGM"). The Company has received a notice in writing from a Member under Section 160(1) of the Act proposing candidature of Mr. Lakshminarayanan for the office of Director. The Nomination and Remuneration Committee and the Board recommends his appointment.

The relevant details of Mr. Lakshminarayanan forms part of the Notice convening 26th AGM. As he is not a Indian Citizen, in terms of the conditions of the telecom licenses held by the Company, Mr. Lakshminarayanan holding position as Chairman requires to be security vetted by Ministry of Home Affairs, Govt of India for which the Company has submitted an application which is pending clearance. Such security vetting is required to be done on yearly basis.

### RESIGNATION OF DIRECTOR

Mr. Saurabh Agrawal a Non-Independent Non-Executive Director of the Company resigned from the Board with effect from November 5, 2020 due to other preoccupations.

The Board places on record its sincere appreciation for the valuable contribution, support and guidance provided by Mr. Saurabh Agrawal during his tenure as a Non-Independent Non-Executive Director of the Company.

### 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. Ankur Verma retires by rotation at the ensuing AGM and being eligible offers himself for re-appointment.

The relevant details of Mr. Ankur Verma forms part of the Notice convening 26th AGM.

### INDEPENDENT DIRECTORS

The Independent Directors of the Company have given declarations and confirmed that they meet the criteria of 'Independence' as stipulated under the Act.

#### Meetings of the Board of Directors

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

During the financial year under review, 6 (Six) Board meetings were held viz. June 2, 2020; August 17, 2020; August 26, 2020; November 5, 2020; February 18, 2021 and March 23, 2021. The intervening gap between the meetings was within the period prescribed under the Act.

#### Committees of the Board

There are 3 (Three) Statutory Committees of the Board, details of which along with their terms of reference, composition and meetings of each Committee held during the financial year, are provided hereunder:

#### Audit Committee

The composition of Audit Committee of the Board is in conformity with the provisions of Section 177 of the Act. As on March 31, 2021, the Audit Committee comprised of 3 (Three) Members, all of them are Non-Executive Directors and 2 (Two) of whom are Independent Directors. The Audit Committee meetings were also attended by the Manager, Chief Financial Officer, Statutory Auditors and Internal Auditors. The functional heads are also invited as and when required. The Company Secretary acts as the Secretary to the Committee.

The Audit Committee met at least once in each quarter. During the financial year under review, 4 (Four) Audit Committee Meetings were held viz. June 2, 2020; August 26, 2020; November 5, 2020 and February 18, 2021.

The composition of the Audit Committee during the financial year under review was as follows:

| Name of the Member | Category |
|---|---|
| Ms. Bharati Rao | Independent, Non-Executive |
| Dr. Narendra Damodar Jadhav | Independent, Non-Executive |
| Mr. Ankur Verma | Non-Executive |

The key terms of reference of Audit Committee include appointment of Statutory and Internal Auditors, review of financial statements, review of quarterly/half yearly, annual results, review of internal audit plans and reports, review of internal controls, review of related party transactions, among others.

Financial Results, internal audit reports, fraud-related reports, half yearly results, management letters from Auditors, proposals and terms of appointment of Internal Auditors have been regularly placed before the Audit Committee for review during the financial year 2020-21.

During the financial year, there were no reportable recommendations of Audit Committee which were not accepted by the Board of Directors.

#### Nomination and Remuneration Committee

The Composition of Nomination and Remuneration Committee ("NRC") of the Board is in conformity with the provisions of Section 178 of the Act. As on March 31, 2021, NRC comprised of 4 (Four) Members, all of them were Non-executive Directors with 2 (Two) of them being Independent

Directors. During the financial year 2020-21, the Committee met on August 17, 2020.

The composition of the Committee during the financial year 2020-21 was as follows:

| Name of the Member | Category |
|---|---|
| Mr. Amur S. Lakshminarayanan (w.e.f. November 7, 2020) | Non-Executive |
| Ms. Bharati Rao | Independent, Non-Executive |
| Dr. Narendra Damodar Jadhav | Independent, Non-Executive |
| Mr. N. Srinath | Non-Executive |
| Mr. Saurabh Agrawal, Chairman (upto November 5, 2020) | Non-Executive |

The key terms of reference of Nomination and Remuneration Committee, inter alia, include identification of persons qualified to be appointed as Directors, Key Managerial Personnel and who may be appointed in Senior Management, recommending remuneration policy for them, evaluation of performance of Directors, etc.

**Corporate Social Responsibility Committee**

The Composition of Corporate Social Responsibility ("CSR") Committee of the Board is in conformity with the provisions of Section 135 of the Act. As on March 31, 2021, CSR Committee comprised of 3 (Three) Members. The Company did not make profits in FY 2020-21 and hence it does not have any budgeted CSR expenditure and therefore the Committee did not meet during the financial year 2020-21. As per recent amendment to the Act, the Company is no more required to have a separate CSR Committee.

The composition of the Committee during the financial year 2020-21 was as follows:

| Name of the Member | Category |
|---|---|
| Ms. Bharati Rao | Independent, Non-Executive |
| Dr. Narendra Damodar Jadhav | Independent, Non-Executive |
| Mr. N. Srinath | Non-Executive |

The terms of reference of CSR Committee are as follows:

i) To frame the CSR Policy, subject to the approval by the Board.

ii) To make the necessary and required modifications and variations in the CSR Policy, subject to the approval by the Board.

iii) To determine the amount to be expended towards the CSR activities, if any, subject to the minimum limits prescribed by the Act.

iv) To perform such other functions as may be necessary under any statutory or other regulatory requirements to be performed by the Committee and as delegated by the Board from time to time.

In addition to the above, some other Committees of the Board functioning during the year under review were as follows:

i) Finance Committee for inter alia considering and approval of the proposal for availing various loan / credit facilities and other treasury related matters within the powers delegated by the Board;

ii) Share/Warrant/ Debenture Allotment and Transfer Committee inter alia to issue and allot shares / debentures and transfer of shares / debentures.

**Board Evaluation**

The Board of Directors carried out an annual evaluation pursuant to the provisions of the Act.

The performance of the Board, the Committees, Individual Directors and the Chairman 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.

The above criteria are broadly based on the Guidance Note on Board Evaluation issued by the Securities and Exchange Board of India on January 5, 2017.

Mr. Amur S. Lakshminarayanan, Member of the NRC, was nominated for conducting one-on-one discussions with Directors to seek their feedback on the Board and other Directors.

The NRC also reviewed the performance of the individual Directors.

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. The Board also reviewed the performance of the Board as a whole, its Committees and individual Directors

The Board and the NRC reviewed the performance of individual Directors on the basis of criteria such as the contribution of the individual Director to the Board and Committee meetings like preparedness on the issues to be discussed, meaningful and constructive contribution and inputs in meetings, etc.

In the Board meeting that followed the meeting of the Independent Directors and meeting of NRC, the performance of the Board, its Committees and individual Directors was also discussed. Performance evaluation of Independent Directors was done by the entire Board, excluding the Independent Director being evaluated.

**Network**

Post demerger, the wireless network was dismantled, and network is being aligned on serving Enterprise Business. The focus would be optimisation/consolidation of locations as per business requirements.

**Safety**

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

To minimise and mitigate risks related to Fire Safety and Physical Security, the Company has taken up various safety initiatives that includes:

- First Aid and Fire Safety trainings for all on roll employees.
- Emergency Mock fire drills (day/night).
- Dissemination of Safety Guidelines, through Safety Awareness mailers and Videos / Safety SMS's (covering Do's & Don'ts).
- COVID SoP has been formalised and deployed across TTL locations.
- Due to the on-going pandemic, COVID Web Based Training has been imparted to all on-roll employees.

## 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.

### 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. 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 victimisation 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., https://corporate.tatateleservices.com/en-in/whistle-blower-policy.

### 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. The CSR policy of the Company is available at https://corporate.tatateleservices.com/Downloads/ttml/Policy-on-Corporate-Social.pdf

## 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 38 to the Standalone Financial Statement and Note 36 to the Consolidated Financial Statements 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 under review.

### Dividend & Appropriations

In view of absence of profit and 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 under review, within the meaning of Section 73 of the Act read with the Companies (Acceptance of Deposit) Rules, 2014. No amount on account of principal or interest on deposits from public was outstanding as on the date of the balance sheet.

### 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 under review, the Company has not received any complaints on sexual harassment.

### 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 at rishabh.aditya@tatatel.co.in.

### 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 optimise power consumption which resulted into substantive cost savings and reduction of carbon footprint. Some of the major projects undertaken during the year are:

- Network Optimisation – 1151 Tx locations switched off post Network Optimisation.
- 04 Core locations full surrender and 18 Core locations Space and Power optimisation
- Total space surrendered – Total 3.92 L Sq. ft

b. The initiative on energy conservation has resulted into reduction of 1.94 Million units of energy consumption, carbon foot-print reduction of 27,380 TCO2 for the financial year under review.

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

During the year under review, the Company under its existing power purchase agreements, purchased power generated through alternate sources as per details below:

Tamil Nadu: Sembcorp Green Infra Wind Farms Ltd. - Windmill Energy – Total 33 lac Units

Karnataka: Renew Power – Windmill Energy – Total 51 Lac Units.

**(iii) Capital Investment on Energy Conservation Equipment**

Nil.

**(B) Technology Absorption:**

The Company has not imported any new technology.

**(C) Foreign Exchange Earnings and Outgo:**

(₹ in Crores)

| Particulars | 2020 – 21 | 2019 – 20 |
|---|---|---|
| Earnings | 0.00 | 0.33 |
| Outgo | 9.98 | 11.24 |
| Capital Goods | 111.90 | 104.50 |

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

The Hon'ble Supreme Court ("SC") pronounced its Judgment dated October 24, 2019 ("Judgement"), dismissing the appeals of operators and allowing Department of Telecommunication's ("DoT") appeal in respect of the definition of Gross Revenue ("GR") and Adjusted Gross Revenue ("AGR") as defined in the Unified Access Service License Agreement.

As on March 31, 2020, TTSL had provided ₹ 7,976.60 crores towards LF, SUC, interest, penalty and interest on penalty as applicable arising out of the above SC judgement read with subsequent orders in this matter.

Subsequently, on July 20, 2020, SC passed an order agreeing with the statement relating to recoverable amount, filed by DoT as part of Modification Application and further ordered that there cannot be any re-assessment or recalculation of this amount.

On September 1, 2020, SC directed the Operators to pay 10% of the total dues as demanded by DoT, by March 31, 2021 and the balance in installments commencing April 1, 2021 upto March 31, 2031 payable by 31st March of every year. As directed by the SC, TTSL has furnished on September 28, 2020 an undertaking to DoT to make the payment of arrears as per the SC order. TTSL has made payment of ₹ 3,557.98 crores and will ensure ongoing compliance with the SC orders.

Consequently, without prejudice and on prudence, during the half year ended September 30, 2020, TTSL has recorded an incremental provision of ₹ 6750.25 crores to give effect to the differential amount between the amounts of AGR dues stated as final in the SC order as well as amounts for subsequent period, if any and the provision upto March 31, 2020. During the quarter ended March 31, 2021, TTSL has continued to recognise interest on AGR obligations. The amount has been recorded in compliance with the accounting standards, strictly without prejudice to TTSL's legal rights, claims, remedies and contentions available under law.

TTSL along with TTML on January 10, 2021 filed a joint application for direction/clarification of order dated September 1, 2020 wherein TTSL & TTML, inter- alia, have requested SC to allow TTSL & TTML to seek rectification of computational errors and erroneous disallowances in the amounts claimed by DoT. The said application is yet to be listed for hearing.

On March 27, 2021, TTSL along with TTML have filed Compliance Affidavit before SC.

On April 6, 2021, TTSL and TTML have also filed before SC the respective Undertakings which were submitted to DoT in terms of SC order dated September 1, 2020.

DoT has filed its Affidavit in compliance of the Order dated September 1, 2020 on April 7, 2021.

Further information and details of the provisions made are given in the Notes to accounts.

While there are other critical litigations including litigations relating to various demands made by DoT, except the AGR issue, there are no 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 Section 92(3) of the Act and Rule 12(1) of the Companies (Management and Administration) Rules, 2014, the extract of Annual Return for financial year 2020-2021 is available on the website of the Company at https://corporate.tatateleservices.com/en-in/annual-return.

**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.

During the year under review, the Company revised sitting fees to be paid to Non-Executive Directors from ₹ 50,000/- to ₹ 1,00,000/- w.e.f. August 17, 2020. Accordingly, the Company paid ₹ 50,000/- per meeting held prior to August 17, 2020 and ₹ 1,00,000/- per meeting held from August 17, 2020 onwards, to Non-Executive Directors for attending meetings of the Board or any Committee thereof. The Non-Executive Directors who are in the employment of any Tata companies, were paid sitting fees of ₹ 20,000/- per meeting for attending meetings of the Board or any Committee thereof.

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 does not have any Employee Stock Option Scheme. Further, none of the Directors of the Company is in receipt of any commission from the Company.

The details of remuneration/sitting fees paid by the Company to its Directors during the financial year under review are as follows:

| Name of the Director | Sitting Fees (Amount in ₹) |
|---|---|
| Mr. Amur S. Lakshminarayanan$ | 60,000 |
| Ms. Bharati Rao | 11,00,000 |
| Dr. Narendra Damodar Jadhav | 11,00,000 |
| Mr. Ankur Verma | 2,00,000 |
| Mr. N. Srinath | 1,40,000 |
| Mr. Saurabh Agrawal# | 1,00,000 |

$ Appointed as Director w.e.f. November 5, 2020

# Resigned as Director w.e.f. November 5, 2020

### Disclosure under Secretarial Standards

The Company is in compliance with the applicable Secretarial Standards.

### Credit Rating of Securities

The List of all credit ratings obtained by the Company along with any revisions thereto during the year, for all Debt instruments are given hereunder:

| | Bank Facilities | | Commercial Papers |
|---|---|---|---|
| Rating Agency | Long Term Rating | Short Term Rating | |
| CRISIL | AA- (Stable) | A1+ | A1+ |
| CARE | A+ (Stable) | A1+ | A1+ |

Further, there is no change in the credit rating as compared to the last financial year.

### Affirmations

All the Directors and senior management personnel have affirmed compliance with the Code of Conduct for the financial year under review.

### Frauds Reported by the Auditors

The Company's Statutory Auditors, Internal Auditors, Cost Auditors and Secretarial Auditors have not reported any instance of fraud during the period under review.

## 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 (FRN 012754N/N500016) as statutory auditors of the Company for a period of 5 years from conclusion of 22nd AGM till the conclusion of 27th AGM to be held in the year 2022.

### Cost Auditors

Section 148 of the Act read with Companies (Cost Record and Audit) Rules, 2014 (the "Rules"), requires every Telecommunication company to get its Cost Records audited by the Cost Accountants in Practice and file the Cost Audit Report with the Central Government within 180 days of closure of the financial year. Accordingly, the Company is required to maintain cost records.

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 2021-22. Members are requested to consider, approve and ratify the remuneration payable to M/s. Sanjay Gupta & Associates for the financial year 2021-22.

### Internal Auditors

The Board appointed Ernst & Young LLP and ANB Solutions Pvt. Ltd. as Internal Auditors of the Company for conducting internal audit of the Company for the financial year 2020-21.

### 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 Financial Year March 31, 2021. The Secretarial Audit Report in Form MR-3 is annexed as Annexure – IV to this Report.

## AUDITORS' OBSERVATIONS AND DIRECTORS' COMMENTS

The Auditors' Report for the financial year ended March 31, 2021 does not contain any qualification, reservation, adverse remark or disclaimer.

## ACKNOWLEDGEMENTS

The Directors wish to place on record their sincere appreciation for the assistance and continuous support extended by the Company's employees & their families, shareholders, customers, financial institutions, banks, vendors, dealers and investors for their continued support. The Directors also thank the Department of Telecommunications, the Central and State Governments and others associated with the activities of the Company for their co-operation.

The Directors mourn the loss of lives due to COVID-19 pandemic and are deeply grateful and have immense respect for every person who risked their lives and safety to fight this pandemic.

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

**Amur S. Lakshminarayanan**
**Chairman**
(DIN: 08616830)

Place: Mumbai
Date: June 2, 2021

# 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 percent. 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 percent. or more of the gross turnover of such firm;

(iii) holds together with his relatives two percent. 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 percent or more of its receipts from the company, any of its promoters, Directors or its holding, subsidiary or associate company or that holds two percent. or more of the total voting power of the company;

(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 bonafide 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**

**Amur S. Lakshminarayanan**
**Chairman**
(DIN: 08616830)

Place: Mumbai
Date: June 2, 2021

# 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 recognised 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 (organised 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 recognised 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 optimisation, where possible. The Company also provides all employees with a social security net (subject to limits) by covering medical expenses and hospitalisation 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**

**Amur S. Lakshminarayanan**
**Chairman**
(DIN: 08616830)

Place: Mumbai
Date: June 2, 2021

# Annexure – II

to the Directors' Report

## Annual Report on Corporate Social Responsibility ("CSR") 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, CSR 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.

Given the financial position of the Company, most of the activities were by way of volunteering by the employees of TTL and it tended to be mostly in locations where there was a critical mass of employees. Few volunteering activities undertake are as under:

**Volunteering –**
In the last year, TTL partnered with Tata Sustainability Group to participate in various volunteering projects and initiatives.

TTL employees, as part of the Tata ProEngage initiative, participated in 22 volunteering projects. Tata ProEngage is a part-time skill-based volunteering programme, where volunteers work in teams and use their skills to address problems identified by NGOs. Because of the pandemic situation, all volunteering projects were done online.

The following projects were undertaken by TTL as part of the Tata ProEngage initiative:

| Sr No | NGO | Project |
|---|---|---|
| 1. | ETASHA Society, New Delhi | Developing communication collaterals |
| 2. | Bright Future, Mumbai | Mentoring & conducting mock interviews for youth |
| 3. | Ratna Nidhi Charitable Trust, Mumbai | Mentoring differently-abled people |
| 4. | Antara, Kolkata | Revamping their website |
| 5. | Kotak Education Foundation, Mumbai | Mentoring youth members |
| 6. | Anudip Foundation, Mumbai | Conducting financial literacy sessions for youth |
| 7. | Ennoble Social Innovations, Mumbai | Setting up financial management processes |
| 8. | Chezuba, Hyderabad | Conducting a SWOT analysis for the NGO |
| 9. | The Vishwas And Anuradha Memorial Foundation, Pune | Creating legal contracts |
| 10. | Chezuba, Kolkata | Creating a business development strategy |
| 11. | Chezuba, Bangalore | Writing a fundraising proposal |
| 12. | Chezuba, Hyderabad | Conducting sessions on English & Telugu for students |
| 13. | Chezuba, Hyderabad | Creating a staff retention strategy |
| 14. | Chezuba, Ahmedabad | Conducting research on "Waste Management during COVID-19 pandemic" |
| 15. | Radha Laxmi Multipurpose Foundation, Nashik | Recording video lessons for children |
| 16. | Tata Steel Excellence Educational Program, Jamshedpur | Mentoring school leadership team |
| 17. | L V Prasad Eye Institute, Hyderabad | Conducting online sessions for visually impaired students |
| 18. | Udayan Care Pune | Mentoring Girls for Career Counselling |
| 19. | Chezuba, Hyderabad | Conducting a SWOT analysis |
| 20. | Chezuba, Hyderabad | Creating a Digital Marketing strategy |
| 21. | Chezuba, Hyderabad | Designing logos for products |
| 22. | Chezuba, Hyderabad | Writing a fundraising proposal |

Every year, in March, Tata employees celebrate our Founder Mr J N Tata's birth anniversary by participating in various volunteering initiatives. TTL employees participated in the following initiatives as part of the Tata Volunteering Week:

| NGO | Initiative |
|---|---|
| Kankura Masat Social Welfare Society, South 24 Pgs, West Bengal | Session on women health and hygiene |
| Kankura Masat Social Welfare Society, South 24 Pgs, West Bengal | Storytelling sessions for kids on an online platform |
| Manovikas Kendra Rehabilitation & Research Institute For The Handicapped | Storytelling sessions were recorded and shared with NGO partner for anytime use |
| Bhumi | Online Session on finance literacy for teenagers |
| Kankura Masat Social Welfare Society, South 24 Pgs, West Bengal | Online career counselling session for teenagers |
| Kankura Masat Social Welfare Society, South 24 Pgs, West Bengal | Online session on leadership skills for teachers |

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

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

1. **Composition of CSR Committee**

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

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

As per the recent amendment to the Act, the Company is no more required to have separate CSR Committee.

2. **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 three 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.

**COVID 19 Donation**

Employees donated a total amount of ₹ 23.5 Lakh towards COVID-19 Fund and TTL matched the contribution by putting in an equal amount.

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

**Amur S. Lakshminarayanan**
**Chairman**
(DIN: 08616830)

Place: Mumbai
Date: June 2, 2021

# 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:

| Name of Director | Ratio |
|---|---|
| Mr. Amur S. Lakshminarayanan$ | 0.05 |
| Ms. Bharati Rao | 0.95 |
| Dr. Narendra Damodar Jadhav | 0.95 |
| Mr. Ankur Verma | 0.17 |
| Mr. N. Srinath | 0.12 |
| Mr. Saurabh Agrawal# | 0.09 |

$ Appointed as Director w.e.f. November 5, 2020

# Resigned as Director w.e.f. November 5, 2020

b. Provision for Pension (Defined benefit plan)

During the year ended March 31, 2021, the Board of Directors approved the Special Retirement Benefit Scheme, granting certain Retirement Benefits, i.e monthly pension, medical benefits, compensation in lieu of housing to the Managing Director who retired in March 2020, as per the policy of the Company. Accordingly, based on the actuarial valuation, a charge of ₹ 16.69 crores has been recorded in the statement of Profit & Loss.

Further information and details are given in the Notes to accounts.

c. The percentage increase in remuneration of each Director, Chief Executive Officer, Manager, Chief Financial Officer, Company Secretary in the financial year:

| Directors, Chief Executive Officer, Manager, Chief Financial Officer and Company Secretary | % increase in remuneration in the financial year |
|---|---|
| Mr. Harjit Singh – Manager | 15% |
| Mr. Ilangovan G – Chief Financial Officer | 0% |
| Mr. Rishabh Nath Aditya – Company Secretary | 0% |

d. The percentage increase in the median remuneration of employees in the financial year: 0%

e. The number of permanent employees on the rolls of Company as on March 31, 2021: 1200.

f. The explanation on the relationship between average increase in remuneration and Company performance:

On an average, employees received an annual increase of 0%. However, Performance Pay paid to employees included the factor of the Company performance.

g. Comparison of the remuneration of the Key Managerial Personnel against the performance of the Company:

| | |
|---|---|
| Aggregate remuneration of Key Managerial Personnel ("KMP") in FY 2020-21 (₹ in Crores) | 4.64 |
| Revenue (₹ in Crores) | 1,662.95 |
| Remuneration of KMPs (as % of Revenue) | 0.28% |
| Profit before Tax (PBT) (₹ in Crores) | (8,876.26) |
| Remuneration of KMP (as % of PBT) | NA* |

* Since PBT is negative for the year

h. 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, 2021 | March 31, 2020 | % Change |
|---|---|---|---|
| Market capitalisation# (₹ in Crores) | NA | NA | NA |
| Price Earning Ratio* | NA | NA | NA |

# Paid up Equity share capital (market capitalisation 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.

i. 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).

j. 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 0% in case of employees other than managerial personnel.

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

| | Mr. Harjit Singh Manager & President Enterprise | Mr. Rishabh Nath Aditya Company Secretary | Mr. Ilangovan G. Chief Financial Officer |
|---|---|---|---|
| Remuneration in FY 2020-21 (₹ in Crores) | 1.83 | 0.79 | 2.01 |
| Revenue (₹ in Crores) | | 1,662.95 | |
| Remuneration as % of revenue | 0.1100% | 0.0475% | 0.1209% |
| Profit before Tax (PBT) (₹ in Crores) | | (8,876.26) | |
| Remuneration*(as % of PBT) | NA | NA | NA |

* Since PBT is negative for the year.

l. The key parameters for any variable component of remuneration availed by the Directors: None

m. 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.

n. 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**

**Amur S. Lakshminarayanan**
**Chairman**
(DIN: 08616830)

Place: Mumbai
Date: June 2, 2021

# Annexure – IV

**Form No. MR-3**

## SECRETARIAL AUDIT REPORT

**For the financial year ended 31st March, 2021**

Pursuant to Section 204(1) of the Companies Act, 2013 and 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 compliance 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 officers, agents and authorised 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, 2021, 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 the financial year ended on March 31, 2021 according to the provisions of:

(i) The Companies Act, 2013 ('the Act') and the rules made thereunder;

(ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder (during the period under review not applicable to the company);

(iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder (during the period under review not applicable to the company);

(iv) 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 (during the year under review not applicable to the Company);

(v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-

   (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 (during the period under review not applicable to the company);

   (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 (during the period under review not applicable to the company);

   (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 (during the period under review not applicable to the company);

   (d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 (during the period under review not applicable to the company);

   (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 (during the period under review not applicable to the Company);

   (f) 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 (during the period under review not applicable to the Company);

   (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 (during the period under review not applicable to the Company);and

   (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018 (during the period under review not applicable to the Company);

(vi) Telecom Regulatory Authority of India Act, 1997 with rules thereunder

(vii) The Indian Telegraph Act, 1885

(viii) The Indian Wireless Telegraphy Act, 1993

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

(i) Secretarial Standards issued by the Institute of Company Secretaries of India;

(ii) Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (applicable to the extent of Listed Commercial Papers on the National Stock Exchange and the Compliances as mentioned in circular issued by SEBI i.e. SEBI/HO/DDHS/DDHS/CIR/P/2019/115 dated 22nd October, 2019);

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

Majority decision is carried through while the dissenting members' view, if any are captured and recorded as part of the Minutes.

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

**We further report that** during the audit period the Company had no specific events / actions having a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc.

Note: Due to lockdown under COVID-19, Certification on this Form MR-3 is done on the basis of few documents are made available to us in electronic form (i.e. share drive on internet) by the Secretarial Team of the Company and such documents will be verified physically after the lockdown is lifted.

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

Atul Mehta
Partner
PCS No: 5782
CP No. : 2486

Place: Mumbai
Date: April 27, 2021

UDIN: F005782C000185381

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**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.

# Annexure A

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) Wherever 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 laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.

6) As regard the books, papers, forms, reports and returns filed by the Company under the provisions referred to in points vi, vii and viii of our Secretarial Audit Report in Form No. MR-3 the adherence and compliance to the requirements of the said regulations is the responsibility of management. Our examination was limited to checking the execution and timeliness of the filing of various forms, reports, returns and documents that need to be filed by the Company with various authorities under the said regulations. We have not verified the correctness and coverage of the contents of such forms, reports, returns and documents.

7) 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)

Atul Mehta
Partner
PCS No: 5782
CP No. : 2486

Place: Mumbai
Date: April 27, 2021

UDIN: F005782C000185381

# Independent Auditor's Report

To the Members of Tata Teleservices Limited

## Report on the audit of the Standalone financial statements

### Opinion

1. We have audited the accompanying standalone financial statements of Tata Teleservices Limited ("the Company"), which comprise the balance sheet as at March 31, 2021, and the statement of Profit and Loss (including Other Comprehensive Income), statement of changes in equity and statement of cash flows for the year then ended, and notes to the standalone financial statements, including a summary of significant accounting policies and other explanatory information.

2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("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, 2021, and total comprehensive loss (comprising of loss and other comprehensive income), changes in equity and its cash flows for the year then ended.

### Basis for opinion

3. We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Key audit matters

4. Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

| Key audit matter | How our audit addressed the key audit matter |
|---|---|
| **1. Accuracy of revenue recorded for telecommunication services given the complexity of the related IT systems**<br>(Refer notes 2.2 (d) and 23 to the standalone financial statements)<br>The Company's revenue from telecommunication services is recorded through complex automated (IT) structure wherein the data is processed through multiple systems, which requires periodic reconciliation controls to ensure completeness and accuracy.<br>There is an inherent risk around the accuracy of revenue recorded given the complexity of billing, rating and other relevant support systems and the impact of changing pricing models to revenue recognition (tariff structures, discounts etc.). | Our audit procedures included control testing and substantive procedures covering, in particular:<br>• Understanding and evaluating the relevant IT systems and design of key controls including procedures on testing of IT general controls by involving auditor's IT specialists.<br>• Testing operating effectiveness of key controls over:<br>a) Capturing and recording of revenue transactions;<br>b) Authorisation of rate changes and the input of this information to the billing systems;<br>c) Accuracy of calculation of amounts billed to customers;<br>• Testing the end-to-end reconciliation from rating and billing systems to the general ledger. The testing included validating material journals processed between the rating and billing system and general ledger;<br>• Performing tests on the accuracy of customer bill generation on a sample basis and testing of a sample of the credit notes issued;<br>• Testing cash receipts for a sample of customers back to the customer invoice.<br>Based on the procedures performed above, we did not find any material exceptions in the accuracy of telecommunication services revenue recognise during the year. |

| Key audit matter | How our audit addressed the key audit matter |
|---|---|
| **2. Assessment of contingent liabilities and provisions for litigations**<br><br>(Refer note 20 – "Provisions" and note 2.2 (r), 2.2 (aa) and 2.3 (iv) on Companies accounting policies with regard to provision and contingent liabilities.)<br><br>The Company has significant number of litigations related to Regulatory, Direct tax and Indirect tax matters which are under dispute with various authorities as more fully described in Note 36 to the standalone financial statements.<br><br>The Company exercises significant judgment to determine the possible outcome of these disputes and the necessity of recognising a provision against the same. The management's assessment is supported by advice obtained by them from independent legal/ tax consultants.<br><br>We considered this as a Key Audit Matter as the eventual outcome of litigations is uncertain and the positions taken by the Management are based on the application of significant judgement and estimation. Any unexpected adverse outcomes could significantly impact the Company's financial performance and financial position. | Our audit procedures included the following:<br><br>• Testing design and implementation of key controls surrounding litigation, regulatory and tax procedures and assessment of probable outflow;<br><br>• Discussing with the management and the Company's tax and regulatory department heads to understand significant matters under litigation;<br><br>• Obtaining and substantively testing evidences to support the management's assessment and rationale for provisions made or disclosures of contingent liabilities including correspondence with external legal consultants;<br><br>• Reviewing the minutes of board of directors' meetings in respect of discussions relating to litigations/legal matters;<br><br>• Reading external legal opinions obtained by management, where available;<br><br>• Evaluating independence, objectivity and competence of the management's tax/legal consultants;<br><br>• Monitoring and considering external information sources such as media reports to identify potential legal actions;<br><br>• Obtaining confirmations, where appropriate, of relevant third party legal representatives and discussing with them certain material litigation, if required;<br><br>• Testing that the adjustments arising on account of reassessment in estimates during the year are either due to changes occurred in the circumstances on which estimate was based or as a result of more information or more experience gained during the current year.<br><br>• Assessing management's conclusions through understanding precedents in similar cases;<br><br>• For Direct and Indirect tax litigations, involving auditors' tax experts to understand the current status of tax cases and monitoring changes in the disputes by reading external advice received by the Company;<br><br>• Performing detailed procedures on the underlying calculations supporting the provisions recorded and ensuring adequacy of disclosures made.<br><br>• Assessing the appropriateness of the disclosures made in standalone financial statements.<br><br>Based on the above procedures performed, we have not identified any significant exceptions relating to disclosure of contingent liabilities and accounting of provisions for litigations. |
| **3. Assessment of Going Concern as a basis of accounting:**<br><br>(Refer note 1.3 to the standalone financial statements)<br><br>The Company has significant accumulated losses and has incurred loss during the current and earlier years. Its net worth is eroded and the current liabilities exceed its current assets as at March 31, 2021. These conditions may create a doubt regarding the Company's ability to continue as a going concern.<br><br>However, the standalone financial statements have been prepared on a going concern basis in view of the financial support from the promoter company and the management's plan to generate cash flows through operations which would enable the Company to meet its financial obligations as and when they fall due.<br><br>We considered this to be a key audit matter because management's assessment is largely dependent on the support letter obtained from its Promoter Company. | Our audit procedures included the following:<br><br>• Obtaining the management assessment of appropriateness of Going Concern basis of accounting.<br><br>• Reading the minutes of board of directors' meetings for future business plans and discussing the same with the management to assess the Company's ability to meet its financial obligations in the foreseeable future.<br><br>• Assessed the actions taken by the management against the plans submitted during the previous year's going concern assessment.<br><br>• Verifying the support letter obtained by the Company from its Promoter indicating that Promoter will take necessary actions to organise 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.<br><br>• Verifying the financial ability of the Promoter Company to support the Company from the latest audited financial statements of the Promoter Company.<br><br>• Verifying that the Promoter Company has supported the Company in the past when the need arose.<br><br>Based on the above procedures, we noted the management assessment of going concern basis of accounting as appropriate. |

**Other Information**

5. The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Directors' Report and Other Information included in Annual Report, but does not include the standalone financial statements and our auditor's report thereon.

   Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

   In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

**Responsibilities of management and those charged with governance for the standalone financial statements**

6. The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act 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 financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

7. In preparing the standalone financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

**Auditor's responsibilities for the audit of the standalone financial statements**

8. Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

9. As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

   - Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
   - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to standalone financial statements in place and the operating effectiveness of such controls.
   - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
   - Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
   - Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

10. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

11. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

12. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

**Report on other legal and regulatory requirements**

13. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

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

    a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

    b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

    c) The Balance Sheet, the Statement of Profit and Loss (including other comprehensive income), the Statement of Changes in Equity and Cash Flow Statement dealt with by this Report are in agreement with the books of account.

    d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act.

    e) On the basis of the written representations received from the directors as on March 31, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2021 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 standalone 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 Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

        i. The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements – Refer Note 36 to the standalone financial statements;

        ii. The Company has long-term contracts including derivative contracts as at March 31, 2021 for which there were no material foreseeable losses;

        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, 2021;

        iv. The reporting on disclosures relating to Specified Bank Notes is not applicable to the Company for the year ended March 31, 2021.

15. The Company has paid/ provided for managerial remuneration in accordance with the requisite approvals mandated by the provision of Section 197 read with Schedule V to the Act.

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

**Nitin Khatri**
Partner
Membership No. 110282
UDIN: 21110282AAAABV8663

Place: Mumbai
Date: April 27, 2021

# Annexure A to Independent Auditor's Report

Referred to in paragraph 14(f) of the Independent Auditor's Report of even date to the members of Tata Teleservices Limited on the standalone financial statements for the year ended March 31, 2021.

## Report on the Internal Financial Controls with reference to standalone financial statements under Clause (i) of Sub-section 3 of Section 143 of the Act

1. We have audited the internal financial controls with reference to financial statements of Tata Teleservices Limited ("the Company") as of March 31, 2021 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 with reference to financial statements 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 with reference to financial statements 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 with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements, 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 with reference to financial statements.

## Meaning of Internal Financial Controls with reference to financial statements

6. A company's internal financial controls with reference to financial statements 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 controls with reference to financial statements 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 with reference to financial statements

7. Because of the inherent limitations of internal financial controls with reference to financial statements, 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 with reference to financial statements to future periods are subject to the risk that the internal financial control controls with reference to financial statements 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 with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at March 31, 2021, 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

**Nitin Khatri**
Partner
Membership No. 110282
UDIN: 21110282AAAABV8663

Place: Mumbai
Date: April 27, 2021

# Annexure B to Independent Auditor's Report

Referred to in paragraph 13 of the Independent Auditor's Report of even date to the members of Tata Teleservices Limited on the standalone financial statements for the year ended March 31, 2021.

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 Property, plant and equipment and Note 6 on Investment property to the standalone financial statements, are held in the name of the Company.

ii. The Company is in the business of rendering services, and consequently, does not hold any inventory. Therefore, the provisions of Clause 3(ii) of the said Order are not applicable to the Company.

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, duty of customs, cess, goods and service tax and other material statutory dues, as applicable, with the appropriate authorities. Also refer note 36 (h) to the financial statements regarding management's assessment on certain matters relating to provident fund.

(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 customs, duty of excise which have not been deposited on account of any dispute. The particulars of dues of income tax, value added tax, sales tax, service tax, goods and service tax as at March 31, 2021 which have not been deposited on account of a dispute, are as follows:

| Name of the Statute | Nature of Dues | Amount (₹ In Crores)# | Period to which the amount relates | Forum where the dispute is pending |
|---|---|---|---|---|
| Income Tax Act, 1961 | Income Tax | 117.88 | 2004-05 to 2008-09, 2012-13, 2013-14 | Assessing Officer |
| | | 55.52 | 2004-05 to 2010-11 | High Court |
| | | 13.16 | 2011-12 | Income Tax Appellate Tribunal |
| | | 9.65 | 2006-07 to 2008-09 | Commissioner of Income Tax (Appeals) |
| Central Sales Tax, Local Sales Tax , General Sales Tax act, 1962 | Sales Tax and Value Added Tax | 517.00 | 2002-03 to 2008-09 | Supreme Court |
| | | 49.59 | 1999-2000, 2004-05 to 2010-11 | High Court |
| | | 14.98 | 2005-06, 2007-08 to 2009-10 and 2011-12 | Customs Excise & Service Tax Appellate Tribunal |
| | | 6.63 | 2004-05 to 2016-17 | Adjudication Authority |
| | | 0.86 | 2004-05, 2006-07 to 2015-16 | Commissioner and Deputy Commissioner (Appeals) |
| Finance Act, 1994 (Service Tax) | Service Tax | 51.77 | 2011-12 to 2017-18 | Adjudication Authority |
| | | 31.09 | 2015-16 to 2017-18 | Additional Director General, DGGI (Adjudication) |
| | | 11.32 | 2002-03 to 2008-09 | Customs Excise & Service Tax Appellate Tribunal |
| | | 3.28 | 2004-05 to 2010-11 | Supreme Court |
| Goods and Service Tax Act, 2017 | Goods and Service Tax | 6.39 | 2017-18 | Adjudication Authority |
| | | 3.25 | 2017-18 | High Court |
| | | 2.24 | 2017-18 to 2018-19 | Appellate Authority |

# Of the above cases, total amount deposited in respect of Income Tax is ₹ 52.50 crores, Service Tax is ₹ 0.53 crores, Goods and Service Tax is ₹ 0.39 crores and Central Sales Tax, Local Sales tax is ₹ 16.76 crores.

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. The Company has not raised any moneys by way of initial public offer, further public offer (including debt instruments) and term loans. Accordingly, the provisions of Clause 3(ix) of the Order are not applicable to the Company.

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. Also refer paragraph 15 of our main audit report.

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.

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.

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

**Nitin Khatri**
Partner
Membership No. 110282
UDIN: 21110282AAAABV8663

Place: Mumbai
Date: April 27, 2021

# Standalone Balance Sheet

as at March 31, 2021

(₹ in crores)

| | Notes | As at March 31, 2021 | As at March 31, 2020 |
|---|---|---|---|
| **ASSETS** | | | |
| **Non-current assets** | | | |
| Property, plant and equipment | 3 | 1,391.56 | 1,456.78 |
| Right-of-use assets | 4 | 371.67 | 527.15 |
| Capital work-in-progress | 5 | 38.98 | 51.66 |
| Investment property | 6 | 123.03 | 126.08 |
| Intangible assets | 7 | 8.31 | 5.68 |
| Investment in subsidiaries | 8 | 170.05 | 170.05 |
| Financial assets | | | |
| Investments | 9 | 20.40 | 20.41 |
| Loans and other financial assets | 13 | 51.15 | 31.03 |
| Derivative financial assets | 17 | - | 3,994.20 |
| Income tax assets (net) | | 125.68 | 172.51 |
| Other non-current assets | 14 | 736.90 | 706.18 |
| **Total non-current assets** | | **3,037.73** | **7,261.73** |
| **Current assets** | | | |
| Financial assets | | | |
| Investments | 9 | 60.10 | - |
| Trade receivables | 10 | 119.89 | 252.22 |
| Cash and cash equivalents | 11 | 73.55 | 190.86 |
| Bank balances other than above | 12 | 20.01 | 32.08 |
| Loans and other financial assets | 13 | 109.21 | 990.61 |
| Derivative financial assets | 17 | 4,140.88 | 1,997.67 |
| Other current assets | 14 | 406.70 | 370.93 |
| | | **4,930.34** | **3,834.37** |
| Assets classified as held for sale | 22 | - | 2,137.62 |
| **Total current assets** | | **4,930.34** | **5,971.99** |
| **Total Assets** | | **7,968.07** | **13,233.72** |

# Standalone Balance Sheet

as at March 31, 2021

(₹ in crores)

| | Notes | As at March 31, 2021 | As at March 31, 2020 |
|---|---|---|---|
| **EQUITY AND LIABILITIES** | | | |
| **Equity** | | | |
| Share capital | 15 | 12,408.44 | 6,704.51 |
| Instruments entirely equity in nature | 16 | 29,616.28 | 29,616.28 |
| Other equity | 17 | (59,811.73) | (48,907.10) |
| **Total equity** | | **(17,787.01)** | **(12,586.31)** |
| **Non-current liabilities** | | | |
| Financial liabilities | | | |
| Borrowings | 18 | 14,228.00 | 9,704.28 |
| Lease liabilities | 35 | 234.87 | 382.43 |
| Provisions | 20 | 26.24 | 17.70 |
| Other non-current liabilities | 21 | 109.41 | 132.30 |
| **Total non-current liabilities** | | **14,598.52** | **10,236.71** |
| **Current liabilities** | | | |
| Financial liabilities | | | |
| Borrowings | 18 | 3,681.67 | 4,734.56 |
| Lease liabilities | 35 | 91.66 | 101.42 |
| Trade and other payables | | | |
| - Total outstanding dues of micro and small enterprises | 33 | 9.49 | 4.99 |
| - Total outstanding dues other than micro and small enterprises | | 599.68 | 749.26 |
| Other financial liabilities | 19 | 6,392.46 | 4,940.62 |
| Derivative financial liabilities | | 2.98 | - |
| Provisions | 20 | 229.03 | 4,893.95 |
| Other current liabilities | 21 | 149.59 | 158.52 |
| **Total current liabilities** | | **11,156.56** | **15,583.32** |
| **Total Equity and liabilities** | | **7,968.07** | **13,233.72** |

The accompanying notes form an integral part of these standalone financial statements

In terms of our report attached

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

**Nitin Khatri**
Partner
Membership Number: 110282
Place: Mumbai

Date: April 27, 2021

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

**Amur S. Lakshminarayanan**
Chairman
[DIN No: 08616830]
Place: Mumbai

**N Srinath**
Director
[DIN No: 00058133]
Place: Mumbai

**Ilangovan G**
Chief Financial Officer
Place: Chennai

**Rishabh Aditya**
Company Secretary
Place: Mumbai

Date: April 27, 2021

# Standalone Statement of Profit and Loss

**for the year ended March 31, 2021**

(₹ in crores)

| | Notes | For the year ended March 31, 2021 | For the year ended March 31, 2020 |
|---|---|---|---|
| **INCOME** | | | |
| Revenue from operations | 23 | 1,604.66 | 1,850.54 |
| Other income | 24 | 55.53 | 15.54 |
| **Total income** | | **1,660.19** | **1,866.08** |
| **EXPENSES** | | | |
| Employee benefit expense | 25 | 222.80 | 247.24 |
| Operating and other expenses | 26 | 1,106.63 | 1,664.83 |
| **Total expenses** | | **1,329.43** | **1,912.07** |
| | | | |
| **Earnings / (Loss) before interest, tax, depreciation and amortisation (EBITDA)** | | **330.76** | **(45.99)** |
| Depreciation and amortisation expense | 27 | (444.81) | (484.28) |
| Finance costs | 28 | (2,155.04) | (1,646.82) |
| Finance income | 29 | 38.62 | 74.81 |
| Profit on sale of investments | | 8.85 | 25.51 |
| **Loss before exceptional items and tax** | | **(2,221.62)** | **(2,076.77)** |
| Exceptional items (net) | 30 | (6,679.08) | (11,248.49) |
| **Loss before tax** | | **(8,900.70)** | **(13,325.26)** |
| **Tax expense** | | | |
| Current tax | | - | - |
| Deferred tax | 44 | - | - |
| **Loss after tax** | | **(8,900.70)** | **(13,325.26)** |
| **Other Comprehensive Income /(Loss)** | | | |
| A) Items that will not be reclassified to profit or loss | | | |
| Remeasurements of defined benefit plans | | 2.41 | (3.99) |
| B) Items that may be reclassified to profit or loss | | | |
| Effective portion of gains/(loss) on designated portion of hedging instruments in cash flow hedge | | 14.29 | (16.38) |
| **Total other comprehensive income/ (loss)** | | **16.70** | **(20.37)** |
| **Total Comprehensive loss for the year** | | **(8,884.00)** | **(13,345.63)** |
| **Loss per Equity share (Face value of ₹ 10 each)** | | | |
| Basic (in ₹) | 31 | (9.68) | (20.90) |
| Diluted (in ₹) | 31 | (9.68) | (20.90) |

The accompanying notes form an integral part of these standalone financial statements

In terms of our report attached

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

**Nitin Khatri**
Partner
Membership Number: 110282
Place: Mumbai

Date: April 27, 2021

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

**Amur S. Lakshminarayanan**
Chairman
[DIN No: 08616830]
Place: Mumbai

**N Srinath**
Director
[DIN No: 00058133]
Place: Mumbai

**Ilangovan G**
Chief Financial Officer
Place: Chennai

**Rishabh Aditya**
Company Secretary
Place: Mumbai

Date: April 27, 2021

# Standalone Cash Flow Statement

as at and for the year ended March 31, 2021

(₹ in crores)

| | For the year ended March 31, 2021 | For the year ended March 31, 2020 |
|---|---|---|
| **CASH FLOW FROM OPERATING ACTIVITIES** | | |
| Loss before tax | (8,900.70) | (13,325.26) |
| Adjustments for : | | |
| Depreciation and amortisation expenses | 444.81 | 484.28 |
| Exceptional items (net) | 6,670.81 | 7,433.51 |
| Finance costs | 2,155.04 | 1,646.82 |
| Finance income | (26.63) | (74.81) |
| Profit on sale of investments | (8.85) | (25.51) |
| (Gain)/ loss on financial assets mandatorily measured at FVTPL | (0.07) | 1.98 |
| (Gain)/ loss on disposal of property, plant and equipment / written off (Net) | (20.72) | 0.52 |
| Provision/liability no longer required written back | (6.03) | (0.32) |
| (Gain) on discontinuation of lease as per IND AS 116 | (26.03) | (6.73) |
| Foreign exchange (gain)/loss (net) | (0.71) | 1.09 |
| | **280.92** | **(3,864.43)** |
| **Movement in working capital:** | | |
| (Increase) / decrease in trade receivables | 132.33 | (0.35) |
| Decrease in financial assets | 85.01 | 24.05 |
| (Increase) in other assets | (64.83) | (107.96) |
| (Decrease) in trade payables | (489.43) | (139.38) |
| Increase / (decrease) in financial liabilities | 2.48 | (128.75) |
| (Decrease) in other liabilities | (26.92) | (9.52) |
| Increase in provisions | 10.22 | 41.85 |
| **Cash (used in) operations** | **(70.22)** | **(4,184.49)** |
| Taxes paid (net of refunds) | 46.83 | 39.68 |
| **NET CASH (USED IN) OPERATING ACTIVITIES (A)** | **(23.39)** | **(4,144.81)** |
| **CASH FLOW FROM INVESTING ACTIVITIES** | | |
| Payments for property, plant and equipment (including CWIP, capital advances and intangible assets) | (224.61) | (127.75) |
| Proceeds from disposal of property, plant and equipment | 15.46 | (0.03) |
| Finance income | 2.40 | 12.79 |
| Payments for purchase of investments | (4,154.77) | (15,020.53) |
| Proceeds from sale of investments | 4,103.59 | 15,636.96 |
| Loan repaid/(given) to related party | 6.94 | (824.40) |
| Repayment of loan by body corporate | 818.06 | - |
| Inter corporate deposits given to related party | (409.00) | (2,790.15) |
| Investment in bank deposits (having original maturity of more than three months) | (588.68) | (235.92) |
| Proceeds from maturity of bank deposits | 599.47 | 233.96 |
| Proceeds from sale of investment in ATC Telecom Infrastructure Private Limited | 2,220.07 | - |
| Advance received pursuant to the Scheme and related agreements (Refer Note 1.2) | - | 65.74 |
| **CASH GENERATED FROM / (USED IN) INVESTING ACTIVITIES (B)** | **2,388.93** | **(3,049.33)** |

# Standalone Cash Flow Statement

as at and for the year ended March 31, 2021

(₹ in crores)

| | For the year ended March 31, 2021 | For the year ended March 31, 2020 |
|---|---|---|
| **CASH FLOW FROM FINANCING ACTIVITIES** | | |
| Proceeds from of equity shares | - | 929.48 |
| Proceeds from compulsory convertible preference shares | - | 4,070.52 |
| Proceeds from borrowings | 9,106.79 | 20,723.65 |
| Repayment of borrowings | (10,959.38) | (18,039.00) |
| Payments of Lease liabilities - principal | (95.84) | (96.08) |
| Finance costs paid | (534.42) | (742.17) |
| **CASH (USED IN) /GENERATED FROM FINANCING ACTIVITIES (C)** | **(2,482.85)** | **6,846.40** |
| **NET (DECREASE) IN CASH AND CASH EQUIVALENTS (A + B + C)** | **(117.31)** | **(347.74)** |
| **CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR** | **190.86** | **538.60** |
| **CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR (Refer note 11)** | **73.55** | **190.86** |

**Non-cash investing and financing activities:**

In the previous year, pursuant to the Scheme and related agreements entered between the Company and Bharti, assets and liabilities pertaining to CMB undertaking have been transferred to Bharti. (Refer note 1.2).

The accompanying notes form an integral part of these standalone financial statements

In terms of our report attached

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

**Nitin Khatri**
Partner
Membership Number: 110282
Place: Mumbai

Date: April 27, 2021

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

**Amur S. Lakshminarayanan**
Chairman
[DIN No: 08616830]
Place: Mumbai

**N Srinath**
Director
[DIN No: 00058133]
Place: Mumbai

**Ilangovan G**
Chief Financial Officer
Place: Chennai

**Rishabh Aditya**
Company Secretary
Place: Mumbai

Date: April 27, 2021

# Statement of Changes in Equity

for the year ended March 31, 2021

## (A) Equity Share Capital

| | As at March 31, 2021 | | As at March 31, 2020 | |
|---|---|---|---|---|
| | No. crores | ₹ in crores | No. crores | ₹ in crores |
| **Equity Shares (refer note 15)** | | | | |
| At the beginning of the year | 670.45 | 6,704.51 | 577.50 | 5,775.03 |
| Issued during the year | 570.39 | 5,703.93 | 92.95 | 929.48 |
| **Outstanding at the end of the year** | **1,240.84** | **12,408.44** | **670.45** | **6,704.51** |

## (B) Instruments entirely equity in nature

| | As at March 31, 2021 | | As at March 31, 2020 | |
|---|---|---|---|---|
| | No. crores | ₹ in crores | No. crores | ₹ in crores |
| **Compulsory Convertible Non Cumulative Preference Shares (refer note 16)** | | | | |
| At the beginning of the year | 296.16 | 29,616.28 | 159.20 | 15,920.00 |
| Issued during the year | - | - | 136.96 | 13,696.28 |
| **Outstanding at the end of the year** | **296.16** | **29,616.28** | **296.16** | **29,616.28** |

## (C) Other Equity

(₹ in crores)

| | Equity component of compound financial instruments | Reserves & surplus | | | Cash flow /Cost of hedge reserve | CCPS application money pending allottment | Total Other Equity |
|---|---|---|---|---|---|---|---|
| | | Securities premium account | Capital reserve | Retained earnings | | | |
| **As at April 1, 2019** | **6,064.42** | **12,112.48** | **9.22** | **(53,187.46)** | **(0.98)** | **929.48** | **(34,072.84)** |
| Change in accounting policy | - | - | - | (91.43) | - | - | (91.43) |
| **Restated balance as at April 1, 2019** | **6,064.42** | **12,112.48** | **9.22** | **(53,278.89)** | **(0.98)** | **929.48** | **(34,164.27)** |
| Loss for the year | - | - | - | (13,325.26) | - | - | (13,325.26) |
| Other comprehensive loss for the year | - | - | - | (3.99) | (16.38) | - | (20.37) |
| **Total comprehensive loss** | **-** | **-** | **-** | **(13,329.25)** | **(16.38)** | | **(13,345.63)** |
| **Transactions with owners with their capacity as owners:** | | | | | | | |
| Add: OCD issued during the year (Refer note 17) | 489.77 | - | - | - | - | - | 489.77 |
| Add : CCPS Issued during the year (Refer note 17) | 732.74 | - | - | - | - | - | 732.74 |
| Less: OCD converted during the year (Refer note 17) | (1,690.23) | - | - | - | - | - | (1,690.23) |
| CCPS application money received during the year | - | - | - | - | - | 4,070.52 | 4,070.52 |
| CCPS alloted during the year | - | - | - | - | - | (5,000.00) | (5,000.00) |

# Statement of Changes in Equity

**for the year ended March 31, 2021**

## (C) Other Equity (contd.)

(₹ in crores)

| | Equity component of compound financial instruments | Reserves & surplus | | | Cash flow /Cost of hedge reserve | CCPS application money pending allottment | Total Other Equity |
|---|---|---|---|---|---|---|---|
| | | Securities premium account | Capital reserve | Retained earnings | | | |
| **As at March 31, 2020** | **5,596.70** | **12,112.48** | **9.22** | **(66,608.14)** | **(17.36)** | **-** | **(48,907.10)** |
| Loss for the year | - | - | - | (8,900.70) | - | - | (8,900.70) |
| Other comprehensive income for the year | - | - | - | 2.41 | 14.29 | - | 16.70 |
| **Total comprehensive loss for the year** | **-** | **-** | **-** | **(8,898.29)** | **14.29** | **-** | **(8,884.00)** |
| **Transactions with owners with their capacity as owners:** | | | | | | | |
| Less: CCPS converted during the year (Refer note 17) | (426.77) | - | - | (1,577.17) | - | - | (2,003.94) |
| Less: OCD converted during the year (Refer note 17) | (16.69) | - | - | - | - | - | (16.69) |
| **Balance as at March 31, 2021** | **5,153.24** | **12,112.48** | **9.22** | **(77,083.60)** | **(3.07)** | **-** | **(59,811.73)** |

The accompanying notes form an integral part of these standalone financial statements

In terms of our report attached

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

**Nitin Khatri**
Partner
Membership Number: 110282
Place: Mumbai

Date: April 27, 2021

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

**Amur S. Lakshminarayanan**
Chairman
[DIN No: 08616830]
Place: Mumbai

**N Srinath**
Director
[DIN No: 00058133]
Place: Mumbai

**Ilangovan G**
Chief Financial Officer
Place: Chennai

**Rishabh Aditya**
Company Secretary
Place: Mumbai

Date: April 27, 2021

# Notes to the standalone financial statements

**as at and for the year ended March 31, 2021**

## 1. Background

### 1.1 Nature of business

Tata Teleservices Limited (the 'Company' or 'TTSL'), part of the Tata Group, alongwith Tata Teleservices (Maharashtra) Limited ('TTML'), its subsidiary company, became a pan-India telecom operator in January 2005. The Company has Unified License (UL) with Access Service Authorisation in 5 Licensed Service Area and Unified Access Service License (UASL) in 12 Licensed Service area and National Long Distance ('NLD') license to provide the NLD services within India. The Company is focused on providing various wireline voice, data and managed telecom services. 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 – 110 001.

As at March 31, 2021, Tata Sons Private Limited, the holding company (Promoter) owns 74.94 % of the Company's equity share capital. These financial statements have been approved by the Company's Board of Directors on April 27, 2021.

The Commercial Papers of the Company are listed on National Stock Exchange in India.

### 1.2 Demerger of Consumer Mobile Business

The Scheme of Arrangement amongst TTSL, Bharti Airtel Limited ('BAL') and Bharti Hexacom Limited ('BHL'), (BAL and BHL together referred to as 'Bharti') and their respective shareholders and creditors ('Scheme') for transfer of the Consumer Mobile Business ('CMB') of TTSL to Bharti became effective on July 1, 2019.

Pursuant to the Scheme and related agreements entered between the Company and Bharti, assets and liabilities pertaining to CMB undertaking has been transferred to Bharti.

As per Scheme:

- All (and not each) Equity Shareholders of the Company have received 500 Redeemable Preference Shares (RPS) of BAL of face value ₹ 100 each and 500 RPS of BHL of face value ₹ 100 each in proportion to their shareholding on the effective date.
- All (and not each) CCPS Holders of the Company have received 10 RPS of BAL of face value ₹ 100 each and 10 RPS of BHL of face value ₹ 100 each in proportion to their shareholding on the effective date.
- All (and not each) OCPS Holders of the Company have received 10 RPS of BAL of face value ₹ 100 each and 10 RPS of BHL of face value ₹ 100 each in proportion to their shareholding on the effective date.

**Indemnification:**

Pursuant to the Scheme and other related agreements executed between the Company and Bharti, the Company has transferred certain assets and liabilities, including contingent liabilities, which are under indemnification. As agreed between the Company and Bharti, all indemnified liabilities and obligations shall be deemed to have been borne entirely by the Company and not by Bharti, and any payment default in relation to such obligation by the Company shall be governed by the relevant agreements. In relations to assets, Bharti shall promptly on receipt of any payments in relation to the indemnified assets (including any interest payments received thereof) from the third parties pay to the Company such amounts (net of any cost and taxes incurred in relation to such indemnified assets).

### 1.3 Going concern

The accumulated losses of the Company as of March 31, 2021 have exceeded its paid-up capital and reserves. The Company has incurred net loss for the year ended March 31, 2021 and the Company's current liabilities exceeded its current assets as at that date. The Company has obtained a support letter from its Promoter indicating that the Promoter will take necessary actions to organise for any shortfall in liquidity 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, these standalone financial statements have been prepared on that basis.

### 1.4 COVID-19 pandemic

The impact of the COVID-19 pandemic has been felt across the economy and business segments. With the relaxation of lockdown from June 2020 onwards, the demand for the Company's products and services have seen an uptick from June 2020. In preparation of these standalone financial statements, the Company has taken into account both the current situation and likely future developments and has considered internal and external source of information to arrive at its assessment. The Company has considered such impact to the extent known and available currently. However, the COVID-19 situation continues to evolve particularly with respect to the second wave in parts of the country since the beginning of April 2021 and the impact assessment of COVID-19 is a continuing process given the uncertainties associated with its nature and duration. Hence, the Company will continue to monitor any material changes to future economic conditions which may have any bearing on the Company's operations.

## 2. Significant accounting policies

### 2.1 Basis of preparation of Standalone financial statements

These standalone financial statement 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 (as amended)] 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.

# Notes to the standalone financial statements

as at and for the year ended March 31, 2021

These standalone financial statements are presented in Indian Rupees (₹) and all values are rounded to the nearest crores, except when otherwise indicated.

## 2.2 Summary of significant accounting policies

### a. Investments in subsidiaries and associates

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.

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

### b. Current and 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.

### c. Foreign Currencies

**Functional and Presentation Currency:**
Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The Company's financial statements are presented in Indian Rupees, which is also the Company's functional and presentation 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.

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 was 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 upon transfer of control of promised products or services to customer at the consideration which the Company has received or expects to receive in exchange of those products or services, net of any taxes / duties, discounts and process waivers. Revenue is recognised as and when each distinct performance obligation is satisfied.

Service revenues mainly pertain to usage, subscription and activation charges for voice, data, messaging and value added services. It also includes revenue from interconnection / roaming charges for usage of the Company's network by other operators for voice, data, messaging and signalling services. The Company recognises revenue from these services as they are provided. Usage charges are recognised based on actual usage. Subscription charges are recognised over the estimated customer relationship period or subscription pack validity period, whichever is lower. Revenues in excess of invoicing are classified as unbilled revenue which is grouped under other current financial assets whereas invoicing/collection in

# Notes to the standalone financial statements

as at and for the year ended March 31, 2021

excess of revenue are classified as Unearned revenue which is grouped under other current and non-current liabilities.

Service revenue from activation and installation for certain customers, and associated acquisition costs are amortised over the period of agreement/ lock in period since the date of activation of service.

The Company has entered into certain multiple-element revenue arrangements which involve the delivery or performance of multiple products, services or rights-of-use assets. At the inception of the arrangement, all the deliverables therein are evaluated to determine whether they represent distinct performance obligations, and if so, they are accounted for separately. Total consideration related to the multiple element arrangements is allocated to each performance obligation based on their standalone selling prices.

Deferred contract costs are incremental costs of obtaining a contract which are recognised as contract assets and amortised over average customer life. However, such incremental costs are recognised as expense if the amortisation period of the asset that the entity would have otherwise recognised is one year or less.

For accounting policy of interconnect revenues, refer note 2.2(f).

**e. Other Income**

**(i) Interest income**

The interest income is recognised using the Effective Interest Rate (EIR) method. For further details, refer note 2.2(u) on financial instruments.

**(ii) Dividend income**

Dividend income is recognised when the Company's right to receive the payment is established.

**f. Interconnect revenues and costs (Access charges)**

The Telecom Regulatory Authority of India (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 recognised as those on calls/SMS originating in another telecom operator network and terminating in the Company's network. These are recognised upon transfer of control of services being transferred over time. Interconnect cost is recognised 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 recognised in the standalone financial statements on a gross basis and included in service revenue and access charges in the statement of profit and loss, respectively.

**g. License entry fee and spectrum fees**

The license entry fee/spectrum fees has been recognised as an intangible asset and is amortised on straight line basis over the remaining license period 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. Fees paid for migration of the original license to the Unified license is amortised over the remaining period of the license for the respective circle from the date of migration to Unified licenses/ payment of the license fees on straight line basis. Fees paid for obtaining in-principle approval to use alternate technology under the existing Unified licenses has been recognised as an intangible asset and is amortised from the date of approval over the balance remaining period of the Unified licenses 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 as license fees 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 recognised.

An additional revenue share towards spectrum charges is computed at the rate specified by the Department of Telecom (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 recognised.

**h. 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 Other Comprehensive Income (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

# Notes to the standalone financial statements

as at and for the year ended March 31, 2021

tax liabilities relate to income taxes levied by the same tax authority.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the reporting date. Management periodically evaluates positions taken in tax returns with respect to tax incidence (if any) where applicable tax regulation is subject to interpretation and considers whether it is probable that a taxation authority will accept an uncertain tax treatment. The Company measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty.

**Deferred tax**

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the standalone 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.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

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.

**i. Property, plant and equipment ('PPE')**

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.

Fixtures and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

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:

# Notes to the standalone financial statements

as at and for the year ended March 31, 2021

| Particulars | Useful life (in years) As per the Company |
|---|---|
| Plant and Equipments | |
| Network Equipment | 12 |
| Outside Plant Cables | 18 |
| Air Conditioning Equipment | 6 |
| Generators | 6 |
| Electrical Equipments | 4-6 |
| Office Equipments | 3-5 |
| Buildings | 60 |
| Furniture and Fixtures | 3-6 |
| Vehicles | 5 |
| Leasehold Improvements | 9 |

**j. 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 it's 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 property have a useful life of 60 years.

**k. 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 capitalised as intangible assets at the amounts paid for acquiring the right and are amortised on straight line basis, over the period of lease term.

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.

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

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.

**l. Impairment of non-financial assets**

Non-financial assets which are subject to depreciation or amortisation 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 instatement of profit or loss account.

**m. Borrowing Cost**

Borrowing costs directly 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.

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.

# Notes to the standalone financial statements

as at and for the year ended March 31, 2021

**n. Leases**

**Company as a lessee**

The Company evaluates if an arrangement qualifies to be a lease as per the requirements of Ind AS 116. Identification of a lease requires significant judgment. The Company uses significant judgement in assessing the lease term (including anticipated renewals) and the applicable discount rate.

The Company determines the lease term as the non-cancellable period of a lease, together with both periods covered by an option to extend the lease if the Company is reasonably certain to exercise that option; and periods covered by an option to terminate the lease if the Company is reasonably certain not to exercise that option. In assessing whether the Company is reasonably certain to exercise an option to extend a lease, or not to exercise an option to terminate a lease, it considers all relevant facts and circumstances that create an economic incentive for the Company to exercise the option to extend the lease, or not to exercise the option to terminate the lease. The Company revises the lease term if there is a change in the non-cancellable period of a lease.

**i) Right-of-use assets**

The Company recognises a right-of-use asset and a lease liability at the lease commencement date except for short term leases which are less than 12 months and low value leases.

The right-of-use asset is initially measured at cost comprises the following -

a) the initial amount of the lease liability

b) any initial direct costs incurred less any lease incentives received.

The right-of-use assets is subsequently measured at cost less any accumulated depreciation, accumulated impairment losses, if any and adjusted for any remeasurement of the lease liability. The right-of-use assets are depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of right-of-use asset. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. Right-of-use assets are tested for impairment whenever there is any indication that their carrying amounts may not be recoverable. Impairment loss, if any, is recognised in the statement of profit and loss.

**ii) Lease liabilities**

Lease liabilities include the Net present value of the following lease payment:

a) Fixed payments, including in-substance fixed payments;

b) Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date.

c) Using the practical expedient maintenance charges are also included in the lease payments as it is not practical to separate maintenance cost from the lease rent. (In any agreement, where rent and maintenance are separately mentioned or identifiable, then such maintenance charges are not considered as a part of lease payments).

d) The exercise price of a purchase option if the company is reasonably certain to exercise that option, and

e) Payment of penalties for terminating the lease, if the company is reasonably certain to exercise that option.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, the lease payment are discounted using the interest rate implicit in the lease. If the rate cannot be readily determined, which is generally the case for lease in the company, the lessee's incremental borrowing rate is used, being the rate that the individual lessees would have to pay to borrow fund necessary to obtain an asset on similar value to the right-of-use asset in a similar economic environment with similar terms, security and condition.

The Company uses its incremental borrowing rate as the discount rate.

Lease payments also include an extension, purchase and termination option payments, if the Company is reasonably certain to exercise such options.

Lease liability and ROU asset have been separately presented in the Balance Sheet and lease payments have been classified as financing cash flows.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

The Company recognises the amount of the re-measurement of lease liability due to modification as an adjustment to the right-of-use asset and statement of profit and loss depending upon the nature of modification. Where the carrying amount of the right-of-use asset is reduced to zero and there is a further

# Notes to the standalone financial statements

**as at and for the year ended March 31, 2021**

reduction in the measurement of the lease liability, the Company recognises any remaining amount of the re-measurement in statement of profit and loss account.

iii) **Short-term leases and leases of low-value assets**
The Company applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). Lease payments on short-term leases are recognised on a straight-line basis as an expense in statement of profit and loss account over the lease term.

**Company as a lessor**
Lease income from operating leases where the Company is a lessor is recognised in income on a straight-line basis over the lease term. Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of the underlying asset and recognised as expense over the lease term on the same basis as lease income. The respective leased assets are included in the balance sheet based on their nature.

In 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.

**o. Inventories**
Inventories are valued at the lower of cost and net realisable 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 realisable 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 recognised 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 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 recognised at their fair value and subsequently measured at amortised cost using the effective interest method.

**r. 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.

**s. Employee benefits**

(i) **Post–employment obligation**
The Company has schemes of retirement benefits for provident fund and gratuity

1) 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.

# Notes to the standalone financial statements

as at and for the year ended March 31, 2021

2) 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. 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.

**(ii) Short-term and other long-term employee benefits**

A liability is recognised for benefits accruing to employees in respect of wages and salaries and annual leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Liabilities recognised in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Company in respect of services provided by employees upto the reporting date.

**(iii) 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.

**(iv) Pension**

Liability towards pension are provided using the projected unit credit method, with actuarial valuations being carried out at the end of each reporting period. Remeasurement, comprising actuarial gains and losses is reflected immediately in the consolidated balance sheet with charge or credit recognised in other comprehensive income in the period in which they occur. Remeasurement recognised in other comprehensive income is reflected in retained earnings and is not reclassified to the statement of profit and loss.

**t. 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, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

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

Level 1 - 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

# Notes to the standalone financial statements

as at and for the year ended March 31, 2021

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 categorised (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 minimising 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 amortised 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 amortised 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 realise 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. Even if an instrument meets the two requirements to be measured at amortised 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 recognising 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 and loss.

**De-recognition**

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

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

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of

# Notes to the standalone financial statements

as at and for the year ended March 31, 2021

the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

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

**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 unbilled revenue; and
- All lease receivables

Under the simplified approach, the Company does not track changes in credit risk. Rather, it recognises 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 and unbilled revenue. The provision matrix is based on its historically observed default rates over the expected life of the trade receivable and is adjusted for forward looking estimates. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

For 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.

**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 amortised cost using the Effective Interest Rate (EIR) method. Gains and losses are recognised in the statement of profit and loss when the liabilities are derecognised.

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.

# Notes to the standalone financial statements

**as at and for the year ended March 31, 2021**

Preference shares, which are mandatorily redeemable on a specific date, are classified as liabilities. The dividends on these preference shares are recognised in statement of profit or loss account 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 instrument. This amount is recorded as a liability on an amortised cost basis until converted on conversion or redemption. 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) issued by the Company is a financial instrument some of which are of entirely equity in nature and others are compound financial instruments that contains a financial liability component and an equity component. CCPS in the nature of compound financial instrument may also contain a hybrid element of embedded derivative. On the issue of such CCPS, the company fair values the financial liability and embedded derivative components and accounts for each separately at their fair values and the difference between the transaction price and these fair values is accounted as equity. Subsequently, the financial liability component is recognised at amortised cost while the embedded derivative is recognised 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.

**De-recognition**

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, unless it is in the nature of equity contribution by parent.

**(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. The legally enforceable right must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

**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 Other Comprehensive Income (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 unrecognised firm commitment.

**v. Non-current assets (or disposal group) held for sale**

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

# Notes to the standalone financial statements

**as at and for the year ended March 31, 2021**

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 recognised for any initial or subsequent write-down of the asset (or disposal group) to fair value less costs to sell. A gain is recognised 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 de-recognition.

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.

**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 statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts (including cash credit) as they are considered an integral part of the Company's cash management.

**x. 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.

**y. 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.

**z. Measurement of Earnings/Loss Before Interest, Tax, Depreciation and Amortisation (EBITDA/LBITDA)**

The Company has elected to present earnings before finance cost, finance income, profit on sale of current investments, exceptional items and depreciation and amortisation (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.

**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 Company or a present obligation that is not recognised 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 recognised because it cannot be measured reliably. The Company does not recognise a contingent liability but discloses its existence in the standalone financial statements.

**ab. 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.

**ac. 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."

**ad. Contributed equity**

Equity shares are classified as equity.

Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

**ae. New and amended standards adopted by the Company**

The company has applied the following amendments to Ind AS for the first time for their annual reporting period commencing April 1, 2020:

1. Definition of Material – amendments to Ind AS 1 and Ind AS 8
2. COVID-19 related concessions – amendments to Ind AS 116
3. Interest Rate Benchmark Reform – amendments to Ind AS 109 and Ind AS 107

The amendments listed above did not have any material impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

# Notes to the standalone financial statements

as at and for the year ended March 31, 2021

**af. Standards issued but Not yet effective**

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards. There is no such notification which would have been applicable from April 1, 2021.

## 2.3 Significant accounting estimates and assumptions

The estimates and judgements used in the preparation of the said standalone financial statements are continuously evaluated by the Company, and are based on historical experience and various other assumptions and factors (including expectations of future events), that may have financial impact on the Company and that are believed to be reasonable under the existing circumstances.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

In the following areas the management of the Company has made critical judgements and estimates:

**i) Impairment assessment 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. Also, Judgement is involved in determining the CGU and impairment testing.

**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. After considering market conditions, industry practice, technological developments and other factors, the Company determined that the current useful lives of its PPE remain appropriate. However, changes in economic conditions of the markets, competition and technology, among others, are unpredictable and they may significantly impact the useful lives of PPE and therefore the depreciation charges. Refer note 3(c).

**iii) Expected Credit Loss on Trade Receivable and unbilled revenue**

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 and unbilled revenue. 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 (Refer note 10).

**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 standalone financial statements. Contingent assets are neither recognised nor disclosed in the financial statements.

**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 IP vendors which became onerous due to closure of IP sites before the agreed lock in period. 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 standalone financial statement on a Going Concern basis in view of financial support from promoter company and assuming the cash flows generation from the continuation of operations, 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

# Notes to the standalone financial statements
as at and for the year ended March 31, 2021

**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(t)

**ix) Leases**

The Company evaluates if an arrangement qualifies to be a lease as per the requirements of Ind AS 116. The application of Ind AS 116 requires company to make judgements and estimates that affect the measurement of right-of-use assets and liabilities. The Company uses significant judgement in assessing the lease term and the applicable discount rate.

The Company determines the lease term as the non-cancellable period of a lease, together with both periods covered by an option to extend the lease if the Company is reasonably certain to exercise that option; and periods covered by an option to terminate the lease if the Company is reasonably certain not to exercise that option. In assessing whether the Company is reasonably certain to exercise an option to extend a lease, or not to exercise an option to terminate a lease, it considers all relevant facts and circumstances that create an economic incentive for the Company to exercise the option to extend the lease, or not to exercise the option to terminate the lease. The Company revises the lease term if there is a change in the relevant facts and circumstances. Estimates are required to determine the appropriate discount rate used to measure lease liabilities.

The Company cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment.

# Notes to the standalone financial statements

as at and for the year ended March 31, 2021

## 3. Property, plant and equipment (PPE)

(₹ in crores)

| Asset Group | Gross Block | | | |
|---|---|---|---|---|
| | As at April 1, 2020 | Addition during the year | Disposal | As at March 31, 2021 |
| Freehold land | 11.12 | - | - | 11.12 |
| Buildings | 44.76 | - | - | 44.76 |
| Plant and equipments | 4,094.32 | 251.64 | (84.99) | 4,260.97 |
| Furniture and Fixtures | 0.18 | - | - | 0.18 |
| Vehicles | 0.04 | - | - | 0.04 |
| Leasehold Improvements | 47.62 | 0.76 | (22.11) | 26.27 |
| **Total** | **4,198.04** | **252.40** | **(107.10)** | **4,343.34** |

(₹ in crores)

| Asset Group | Accumulated Depreciation | | | | Net Block |
|---|---|---|---|---|---|
| | As at April 1, 2020 | For the year | Disposal | As at March 31, 2021 | As at March 31, 2021 |
| Freehold land | - | - | - | - | 11.12 |
| Buildings | 1.40 | 0.85 | - | 2.25 | 42.51 |
| Plant and equipments | 2,701.81 | 309.73 | (84.78) | 2,926.76 | 1,334.21 |
| Furniture and Fixtures | 0.03 | 0.10 | - | 0.13 | 0.05 |
| Vehicles | 0.01 | - | - | 0.01 | 0.03 |
| Leasehold Improvements | 38.01 | 6.72 | (22.10) | 22.63 | 3.64 |
| **Total** | **2,741.26** | **317.40** | **(106.88)** | **2,951.78** | **1,391.56** |

(₹ in crores)

| Asset Group | Gross Block | | | | |
|---|---|---|---|---|---|
| | As at April 1, 2019 | Addition during the year | Disposal | Assets held for sale (Incl. other adjustments) (refer note 1.2) | As at March 31, 2020 |
| Freehold land | 11.12 | - | - | - | 11.12 |
| Buildings | 44.76 | - | - | - | 44.76 |
| Plant and equipments | 3,848.63 | 247.27 | (18.12) | 16.55 | 4,094.32 |
| Furniture and Fixtures | 1.07 | - | (0.89) | - | 0.18 |
| Vehicles | 0.02 | 0.02 | - | - | 0.04 |
| Leasehold Improvements | 51.97 | - | (4.35) | - | 47.62 |
| **Total** | **3,957.57** | **247.29** | **(23.36)** | **16.55** | **4,198.05** |

# Notes to the standalone financial statements

as at and for the year ended March 31, 2021

## 3. Property, plant and equipment (PPE) (contd.)

(₹ in crores)

| Asset Group | Accumulated Depreciation | | | | | | Net Block |
|---|---|---|---|---|---|---|---|
| | As at April 1, 2019 | For the year | Impairment loss recognised in statement of profit and loss | Disposal | Assets held for sale (Incl. other adjustments) (refer note 1.2) | As at March 31, 2020 | As at March 31, 2020 |
| Freehold land | - | - | - | - | - | - | 11.12 |
| Buildings | 0.55 | 0.85 | - | - | - | 1.40 | 43.36 |
| Plant and equipments | 2,376.02 | 339.83 | 3.72 | (17.63) | (0.13) | 2,701.81 | 1,392.51 |
| Furniture and Fixtures | 0.69 | 0.23 | - | (0.89) | - | 0.03 | 0.15 |
| Vehicles | 0.01 | - | - | - | - | 0.01 | 0.03 |
| Leasehold Improvements | 33.29 | 9.07 | - | (4.35) | - | 38.01 | 9.61 |
| **Total** | **2,410.56** | **349.98** | **3.72** | **(22.87)** | **(0.13)** | **2,741.25** | **1,456.78** |

**Note:**

a) For details of assets pledged refer note 18.

b) Refer note 36 for disclosure of contractual commitments for the acquisition of property, plant and equipment.

c) The company estimates the useful life of the Plant and Equipment to be maximum 18 years based on the expected technical obsolescence of such assets. However, the actual useful life may be shorter or longer than two years, depending on technical innovations and intensity of usage. If it were two years longer than the current useful life, the carrying amount for Plant & Machinery would be ₹ 1,397.50 crores as at 31 March 2021. If the useful life were estimated to be two years shorter than the current useful life, the carrying amount for Plant & Machinery would be ₹ 1,246.93 crores as at 31 March 2021.

## 4. Right-of-use assets

(₹ in crores)

| Asset Group | Gross Block | | | |
|---|---|---|---|---|
| | As at April 1, 2020 | Addition during the year | Disposal | As at March 31, 2021 |
| Building | 54.52 | 10.21 | (28.21) | 36.52 |
| Network sites | 443.95 | 13.71 | (56.82) | 400.84 |
| Indefeasible Rights of Use ('IRU') | 509.15 | - | - | 509.15 |
| **Total** | **1,007.62** | **23.92** | **(85.03)** | **946.51** |

(₹ in crores)

| Asset Group | Accumulated Depreciation | | | | Net Block |
|---|---|---|---|---|---|
| | As at April 1, 2020 | For the year | Disposal | As at March 31, 2021 | As at March 31, 2021 |
| Building | 11.18 | 10.41 | (10.02) | 11.57 | 24.95 |
| Network sites | 88.72 | 88.96 | (18.60) | 159.08 | 241.76 |
| Indefeasible Rights of Use ('IRU') | 380.57 | 23.62 | - | 404.19 | 104.96 |
| **Total** | **480.47** | **122.99** | **(28.62)** | **574.84** | **371.67** |

# Notes to the standalone financial statements

as at and for the year ended March 31, 2021

## 4. Right-of-use assets (contd.)

(₹ in crores)

| Asset Group | Gross Block | | | | |
|---|---|---|---|---|---|
| | As at April 1, 2019 | Ind AS 116 adjustment as on April 1, 2019 | Addition during the year | Disposal | As at March 31, 2020 |
| Building | - | 54.53 | - | (0.01) | 54.52 |
| Network sites | - | 434.16 | 79.03 | (69.24) | 443.95 |
| Indefeasible Rights of Use ('IRU')* | 483.55 | - | 25.60 | - | 509.15 |
| **Total** | **483.55** | **488.69** | **104.63** | **(69.25)** | **1,007.62** |

(₹ in crores)

| Asset Group | Accumulated Depreciation | | | | Net Block |
|---|---|---|---|---|---|
| | As at April 1, 2019 | Disposal | Assets held for sale (Incl. other adjustments) (refer note 1.2) | As at March 31, 2020 | As at March 31, 2020 |
| Building | - | 11.18 | - | 11.18 | 43.34 |
| Network sites | - | 92.98 | (4.26) | 88.72 | 355.23 |
| Indefeasible Rights of Use ('IRU')* | 355.96 | 24.61 | - | 380.57 | 128.58 |
| **Total** | **355.96** | **128.77** | **(4.26)** | **480.47** | **527.15** |

*As per IND AS 116, 'IRU' which was previously considered under Intangible assets is now considered as a part of ROU assets.

## 5. Capital work-in-progress

(₹ in crores)

| Asset Group | As at April 1, 2020 | Addition during the year | Consumption/ capitalisation | As at March 31, 2021 |
|---|---|---|---|---|
| Capital inventory [net of provision for obsolescence]* and Assets under construction | 51.66 | 198.40 | (211.08) | 38.98 |

(₹ in crores)

| Asset Group | As at April 1, 2019 | Addition during the year | Consumption/ capitalisation | As at March 31, 2020 |
|---|---|---|---|---|
| Capital inventory [net of provision for obsolescence]* and Assets under construction | 71.34 | 183.13 | (202.81) | 51.66 |

*Capital inventory mainly comprises of network equipments

## 6. Investment Property

(₹ in crores)

| Asset Group | Gross Block | | |
|---|---|---|---|
| | As at April 1, 2020 | Addition during the year | As at March 31, 2021 |
| Building | 142.09 | - | 142.09 |
| **Total** | **142.09** | **-** | **142.09** |

# Notes to the standalone financial statements
as at and for the year ended March 31, 2021

## 6. Investment Property (contd.)

(₹ in crores)

| Asset Group | Accumulated Depreciation | | | Net Block |
|---|---|---|---|---|
| | As at April 1, 2020 | For the year | As at March 31, 2021 | As at March 31, 2021 |
| Building | 16.01 | 3.05 | 19.06 | 123.03 |
| **Total** | **16.01** | **3.05** | **19.06** | **123.03** |

(₹ in crores)

| Asset Group | Gross Block | | |
|---|---|---|---|
| | As at April 1, 2019 | Addition during the year | As at March 31, 2020 |
| Building | 142.09 | - | 142.09 |
| **Total** | **142.09** | **-** | **142.09** |

(₹ in crores)

| Asset Group | Accumulated Depreciation | | | Net Block |
|---|---|---|---|---|
| | As at April 1, 2019 | For the year | As at March 31, 2020 | As at March 31, 2020 |
| Building | 12.96 | 3.05 | 16.01 | 126.08 |
| **Total** | **12.96** | **3.05** | **16.01** | **126.08** |

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

(₹ in crores)

| | March 31, 2021 | March 31, 2020 |
|---|---|---|
| Rental income derived from investment properties | 9.21 | **9.21** |
| Direct operating expenses (including repairs and maintenance) generating rental income | (4.30) | **(5.43)** |
| Profit arising from investment properties before depreciation and indirect expenses | **4.91** | **3.78** |
| Less : Depreciation | (3.05) | **(3.05)** |
| **Profit arising from investment properties before indirect expenses** | **1.86** | **0.73** |

### b. Fair value of investment

The fair value of investment property as on March 31, 2021 is ₹ 176.21 crores (March 31, 2020- ₹ 176.21 crores). The Company conducts independent valuation of properties at least annually. The best evidence of fair value is current prices in an active market for similar properties. Where such information is not available, the Company considers information from a variety of sources including:

- Current Prices in an active market for properties of different nature or recent prices of similar properties in less active market, adjusted to reflect those differences.
- Discounted cash flow projection based on reliable estimates of future cash flows.
- Capitalised income projection based upon a property's estimated net market income, and a capitalisation rate derived from an analysis of market evidence.

The fair value of investment properties have been determined by certified valuers. The main inputs used are location and locality, facilities and amenities, quality of construction, residual life of buildings, business potential, supply of demand, local nearby enquiry and market feedback of investigation. All resulting fair value estimates for investment properties are included in Level 3.

# Notes to the standalone financial statements

as at and for the year ended March 31, 2021

## 7. Intangible assets

(₹ in crores)

| Asset Group | Gross Block | | |
|---|---|---|---|
| | As at April 1, 2020 | Addition during the year | As at March 31, 2021 |
| License Fees | 20.00 | 4.00 | 24.00 |
| **Total** | **20.00** | **4.00** | **24.00** |

(₹ in crores)

| Asset Group | Accumulated Depreciation | | | Net Block |
|---|---|---|---|---|
| | As at April 1, 2020 | For the year | As at March 31, 2021 | As at March 31, 2021 |
| License Fees | 14.32 | 1.37 | 15.69 | 8.31 |
| **Total** | **14.32** | **1.37** | **15.69** | **8.31** |

(₹ in crores)

| Asset Group | Gross Block | | | |
|---|---|---|---|---|
| | As at April 1, 2019 | Addition during the year | Assets held for sale (Incl. other adjustments) (refer note 1.2) | As at March 31, 2020 |
| License Fees | - | - | 20.00 | 20.00 |
| **Total** | **-** | **-** | **20.00** | **20.00** |

(₹ in crores)

| Asset Group | Accumulated Depreciation | | | | Net Block |
|---|---|---|---|---|---|
| | As at April 1, 2019 | For the year | Assets held for sale (Incl. other adjustments) (refer note 1.2) | As at March 31, 2020 | As at March 31, 2020 |
| License Fees | - | 2.47 | 11.85 | 14.32 | 5.68 |
| **Total** | **-** | **2.47** | **11.85** | **14.32** | **5.68** |

## 8. Investment in subsidiaries

(₹ in crores)

| | As at March 31, 2021 | As at March 31, 2020 |
|---|---|---|
| **Investments in Equity Instruments** (Nos. in crores) | | |
| MMP Mobi Wallet Payment Systems Limited (MMP) (Unquoted)<br>7.10 (March 31, 2020 -- 7.10) Equity Shares of ₹ 10 each fully paid up | 71.00 | 71.00 |
| Add: Capital Contribution (refer note (a) below) | 4.06 | 4.06 |
| Less: Provision for diminution (refer note (a) below) | (75.06) | (75.06) |
| NVS Technologies Limited ( NVS) (Unquoted)<br>0.01 (March 31, 2020 -- 0.01) Equity Shares of ₹ 10 each fully paid up (refer note (b) below) | 0.10 | 0.10 |
| TTL Mobile Private Limited (TTL Mobile) (Unquoted)<br>46.01 (March 31, 2020 -- 46.01) Equity Shares of ₹ 10 each fully paid up (refer note (c) below) | 230.06 | 230.06 |
| Less: Provision for diminution (refer note (c) below) | (230.06) | (230.06) |
| Tata Teleservices (Maharashtra) Limited (TTML) (Quoted)<br>94.42 Equity Shares of ₹ 10 each fully paid up (refer note (d) below) | 2,042.18 | 2,042.18 |
| Add: Fair value adjustment of RPS (unquoted) | 366.43 | 366.43 |

# Notes to the standalone financial statements

as at and for the year ended March 31, 2021

## 8. Investment in subsidiaries (contd.)

(₹ in crores)

| | As at March 31, 2021 | As at March 31, 2020 |
|---|---|---|
| Add: Fair value adjustment of ICD (unquoted) | 1,831.33 | 1,776.28 |
| Add: Fair value adjustment of Loan given to TTML | 76.77 | 76.77 |
| Less: Provision for diminution | (4,146.76) | (4,091.71) |
| **Total** | **170.05** | **170.05** |
| | | |
| Aggregate value of Quoted Investment - at cost | **2,042.18** | **2,042.18** |
| Aggregate value of Quoted Investment - at market value | **1,331.29** | **169.95** |
| Aggregate value of Unquoted Investment - at cost | **305.22** | **305.22** |
| Aggregate provision for diminution in value of Investment | **(4,451.88)** | **(4,396.83)** |

**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. 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.

Board of Directors of the Company in its meeting dated November 6, 2018 waived the total receivable of ₹ 4.66 crores from MMP. During the year ended March 31, 2020 the Company has recovered an amount of ₹ 0.60 crores from MMP and the same is disclosed as exceptional item (refer note 30) in the statement of profit and loss with corresponding reversal of provision for diminution.

As at March 31, 2021, the Company's investment is ₹ 75.06 crores (March 31, 2020 – ₹ 75.06 crores) and TTSL holds 100 percent stake (March 31, 2020 - 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 ₹ 71 crores during the year ended March 31, 2017, ₹ 4.66 crores during the year ended March 31, 2019. During the year ended March 31, 2020 MMP has repaid ₹ 0.60 crores, resulting in reversal of provision for diminution of ₹ 0.60 crores. Therefore, the carrying value of the investment as at March 31, 2021 is Nil (March 31, 2020 - 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 as at the period end.

As at March 31, 2021, the Company has invested ₹ 0.10 crores as equity share capital (0.01 crores equity shares of ₹ 10 each) of NVS (March 31, 2020 – ₹ 0.10 crores). As at March 31, 2021, TTSL holds 99.99 percent stake (March 31, 2020 – 99.99 percent) in the equity share capital of NVS.

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

During the year ended March 31, 2018, the Company purchased 23.01 crores equity shares of TTL Mobile from Virgin Investments Mauritius Ltd for 1 GBP (equivalent ₹ 85) increasing its stake from 50 percent to 100 percent in the equity share capital of TTL mobile.

As at March 31, 2021, the company's investment is ₹ 230.06 crores (March 31, 2020 - ₹ 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 entire investments to the extent of ₹ 230.06 crores. Therefore the carrying value of the investment as at March 31, 2021 is Nil (March 31, 2020 – Nil).

(d) Tata Teleservices (Maharashtra) Limited ('TTML')

The Company holds 94.42 crores equity shares (March 31, 2020 – 94.42 crores) representing 48.30 per cent of the paid-up equity share capital of TTML (March 31, 2020 – 48.30 percent).

The Company has re-assessed the carrying value of its investment in equity of TTML and has provided for impairment in the value of its investment of ₹ 55.05 for the year ended March 31, 2021 (₹ 655.02 crores for the year ended March 31, 2020) and the same is disclosed as exceptional item (refer note 30) in the statement of profit and loss. The carrying value of the investment as at March 31, 2021 is reduced to ₹ 169.95 crores (₹ 169.95 crores as at March 31, 2020).

# Notes to the standalone financial statements

as at and for the year ended March 31, 2021

## 8. Investment in subsidiaries (contd.)

On October 16, 2016, TTML had issued non-cumulative Redeemable Preference Shares (RPS) of ₹ 2,018 crores for a tenure of 23 months to TTSL with dividend of 0.1% per annum. On September 18, 2018, RPS got extended for a further period of 24 months with an option to TTML to redeem at such earlier date as may be decided by the Board of Directors or Finance Committee of TTML. On September 18, 2020, RPS got extended for a further period of 24 months with an option to TTML to redeem at such earlier date as may be decided by the Board of Directors or Finance Committee of TTML.

No dividend has been paid by TTML to TTSL on the RPS. Pursuant to Section 47(2) of the Companies Act, 2013, with effect from October 17, 2018, TTSL is entitled to additional voting rights of 26.26% in respect of the RPS, as a result of which TTML became a subsidiary of TTSL. Accordingly, Investment in Equity shares of TTML has been considered as 'Investment in Subsidiary' with effect from October 17, 2018.

## 9. Investments

(₹ in crores)

| | As at March 31, 2021 | As at March 31, 2020 |
|---|---|---|
| **Non - Current Investments (Investment at fair value through profit and loss) (Nos. in crores)** | | |
| Andhra Pradesh Gas Power Corporation Limited (Unquoted)<br>0.03 (March 31, 2020 -- 0.03) Equity Shares of ₹ 10 each fully paid up (refer note (a) below) | 4.06 | 4.06 |
| Renew Wind Energy (Karnataka) Private Limited (Unquoted)<br>0.0004 (March 31, 2020 -- 0.0005) Equity Shares of ₹ 100 each fully paid up (refer note (c) below) | 0.04 | 0.05 |
| Green Infra Wind Farms Limited (Unquoted)<br>0.003 (March 31, 2020 -- 0.003) Equity Shares of ₹ 10 each fully paid up (refer note (b) below) | 0.03 | 0.03 |
| **Total (a)** | **4.13** | **4.14** |
| **Non - Current Investments (Investment at amortised cost) (Nos. in crores)** | | |
| Bharti Airtel Limited (Quoted)<br>0.05 (March 31, 2020 -- 0.05) Equity Shares of ₹ 5 each fully paid up | 16.27 | 16.27 |
| Bharti Airtel Limited (Unquoted)<br>0.000001 (March 31, 2020 -- 0.000001) Preference Shares of ₹ 100 each fully paid up* | - | - |
| Tata Teleservices (Maharashtra) Limited (Unquoted) 20.18 crores 0.1% Non Cumulative Reedemable Preference shares of ₹ 100 each fully paid up | 1,922.79 | - |
| Less: Provision for diminution | (1,922.79) | - |
| **Total (b)** | **16.27** | **16.27** |
| **Total (a+b)** | **20.40** | **20.41** |

*figures are below rounding off norms adopted by the company

(₹ in crores)

| | As at March 31, 2021 | As at March 31, 2020 |
|---|---|---|
| **Current Investments (Investment at fair value through profit and loss)** | | |
| Investment in mutual funds (Quoted) (Refer below mutual fund details) | **60.10** | **-** |
| **Current Investments (Investment at amortised cost)** | | |
| **Preference Shares** | | |
| Tata Teleservices (Maharashtra) Limited (Unquoted) Nil (March 31, 2020-20.18 crores) 0.1% Non Cumulative Reedemable Preference shares of ₹ 100 each fully paid up | - | 1,922.79 |
| Less: Provision for diminution | - | (1,922.79) |
| | **-** | **-** |
| | **60.10** | **-** |

# Notes to the standalone financial statements

as at and for the year ended March 31, 2021

## 9. Investments (contd.)

(₹ in crores)

| | As at March 31, 2021 | As at March 31, 2020 |
|---|---|---|
| Aggregate book value of Quoted Investment - at cost | **76.30** | **16.27** |
| Aggregate value of Quoted Investment - at market value | **85.96** | **20.67** |
| Aggregate value of Unquoted Investment - at cost | **1,926.92** | **1,922.79** |
| Aggregate provision for diminution in value of Investment | **(1,922.79)** | **(1,922.79)** |

| Details of Mutual funds | March 31, 2021 | | March 31, 2020 | |
|---|---|---|---|---|
| | Units (in crores) * | ₹ in Crores | Units (in crores) | ₹ in Crores |
| HDFC Liquid Fund - DP - Growth | 0.00 | 15.05 | - | - |
| ICICI Liquid Fund - DP - Growth | 0.08 | 25.05 | - | - |
| Aditya Birla Sun Life Liquid Fund - DP - Growth | 0.03 | 10.00 | - | - |
| Tata Liquid Fund - DP - Growth | 0.00 | 10.00 | - | - |
| **Total** | **0.11** | **60.10** | **-** | **-** |

*figures are below rounding off norms adopted by the company

(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. Out of the total investment of 0.0005 crores shares, 0.0001 crores shares were sold during the year.

(d) On October 16, 2016, TTML had issued non-cumulative Redeemable Preference Shares (RPS) of ₹ 2,018 crores for tenure of 23 months to TTSL with dividend of 0.1% per annum. On September 18, 2018, RPS got extended for a further period of 24 months with an option to TTML to redeem at such earlier date as may be decided by the Board of Directors or Finance Committee of TTML.

On September 18, 2020, RPS got extended for a further period of 24 months with an option to TTML to redeem at such earlier date as may be decided by the Board of Directors or Finance Committee of TTML. No dividend has been paid by TTML to TTSL on the RPS.

Pursuant to Section 47(2) of the Companies Act, 2013, with effect from October 17, 2018, TTSL is entitled to additional voting rights of 26.26% in respect of the RPS, as a result of which TTML became a subsidiary of TTSL.

As per Ind AS 32, the RPS has been considered as interest free loan and accordingly, the Company has recognised ₹ 366.43 crores (March 31, 2020 – ₹ 366.43 crores) as investment in equity. The Company has recognised income of ₹ Nil (March 31, 2020 – ₹ Nil) as interest income on the RPS, for the year ended. The total provision made in the books as at March 31, 2021 is ₹ 1,922.79 crores (March 31, 2020 – ₹ 1,922.79 crores) for impairment of investment in RPS.

(e) Pursuant to the Scheme of Arrangement to transfer the CMB undertaking of TTML to BAL, (TTML Scheme), TTSL received the following as consideration:

- 1 BAL equity share for every 2014 equity shares held in TTML; and
- 10 BAL Redeemable Preference Shares (RPS) to all (and not each) TTML RPS holder

The said consideration received under TTML Scheme has been recognised as distribution made by TTML to its shareholders and has been measured on initial recognition at ₹ 16.27 crores, being the fair value of BAL shares as on the Effective date of TTML Scheme (July 1, 2019), and the same is adjusted against the impairment loss in the value of investment in TTML equity.

# Notes to the standalone financial statements

as at and for the year ended March 31, 2021

## 10. Trade receivables

(₹ in crores)

| | As at March 31, 2021 | As at March 31, 2020 |
|---|---|---|
| Trade receivables from contract with customers | 373.10 | 490.44 |
| Trade receivables from contract with customers - related parties (Refer note 38) | 76.07 | 97.65 |
| Less: Loss allowance | (329.28) | (335.87) |
| | **119.89** | **252.22** |
| Current portion | 119.89 | 252.22 |
| **Break up** | | |
| Considered Good - Secured | - | - |
| Considered Good - Unsecured | 154.43 | 292.05 |
| Having significant increase in credit risk | - | - |
| Credit impaired | 294.74 | 296.04 |
| Less: Loss allowance | (329.28) | (335.87) |
| | **119.89** | **252.22** |

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

Nor any trade or other receivable are due from firms or private companies respectively in which any director is a partner, a director or a member.

Trade receivables are non-interest bearing and are generally on terms of 17 to 90 days.

The Company has used a practical expedient by computing the expected credit loss allowance for trade receivables based on a provision matrix. The provision matrix takes into account historical credit loss experience and adjusted for forward-looking information. The expected credit loss allowance is based on the ageing of the days the receivables are due and the rates as given in the provision matrix.

### Ageing of Receivables

(₹ in crores)

| Particulars | As at March 31, 2021 | As at March 31, 2020 |
|---|---|---|
| Not due | 71.71 | 43.00 |
| 0-90 days past due | 28.63 | 143.00 |
| 91-180 days past due | 2.30 | 78.44 |
| > 180 days | 346.53 | 323.65 |
| **Total** | **449.17** | **588.09** |

### Ageing of expected credit loss allowance

(₹ in crores)

| Particulars | As at March 31, 2021 | As at March 31, 2020 |
|---|---|---|
| Not due | - | - |
| 0-90 days past due | 1.30 | 17.52 |
| 91-180 days past due | 1.74 | 7.04 |
| > 180 days | 326.24 | 311.31 |
| **Total** | **329.28** | **335.87** |

# Notes to the standalone financial statements

as at and for the year ended March 31, 2021

## 10. Trade receivables (contd.)

### Movement in expected credit loss allowance

(₹ in crores)

| Particulars | As at March 31, 2021 | As at March 31, 2020 |
|---|---|---|
| Balance at the beginning of the year | 335.87 | 393.41 |
| Transferred to Bharti (Refer note 1.2) | - | (64.85) |
| Movement in expected credit loss allowance on trade receivables calculated at lifetime expected credit losses | (6.59) | 7.31 |
| **Balance at the end of the year** | **329.28** | **335.87** |

## 11. Cash and cash equivalents

(₹ in crores)

| | As at March 31, 2021 | As at March 31, 2020 |
|---|---|---|
| Cheques on hand | - | 0.30 |
| Balance with Banks in | | |
| Current Accounts | 29.34 | 26.22 |
| Cash credit accounts | 44.21 | 164.34 |
| | **73.55** | **190.86** |

## 12. Bank balances other than above

(₹ in crores)

| | As at March 31, 2021 | As at March 31, 2020 |
|---|---|---|
| Deposit with original maturity more than 3 months but less than 12 months | 15.87 | 31.98 |
| Deposit with original maturity more than 12 months and maturing within 12 months | 4.14 | 0.10 |
| | **20.01** | **32.08** |

The Company has pledged term deposits of ₹ 20.01 crores as of March 31, 2021 (₹ 32.08 crores as of March 31, 2020) to fulfil collateral requirements.

## 13. Loans and other financial assets

(₹ in crores)

| | Non current | | Current | |
|---|---|---|---|---|
| | As at March 31, 2021 | As at March 31, 2020 | As at March 31, 2021 | As at March 31, 2020 |
| **Loans** | | | | |
| Considered good - Secured | - | - | - | - |
| Considered good – Unsecured | - | - | - | 798.91 |
| Having significant increase in credit risk | - | - | - | - |
| Credit impaired | - | - | - | 6.30 |
| Less: Loss allowance | - | - | - | (6.30) |
| | **-** | **-** | **-** | **798.91** |
| **Other Financial Assets** | | | | |
| **Premises and other deposits (at amortised cost)** | | | | |
| Considered good – Secured | - | - | - | - |
| Considered good – Unsecured | 47.20 | 29.16 | 10.48 | 20.10 |
| Having significant increase in credit risk | - | - | - | - |
| Credit impaired | 5.80 | 6.80 | 2.91 | 1.91 |
| Less: Loss allowance | (5.80) | (6.80) | (2.91) | (1.91) |

# Notes to the standalone financial statements

as at and for the year ended March 31, 2021

## 13. Loans and other financial assets (contd.)

(₹ in crores)

| | Non current | | Current | |
|---|---|---|---|---|
| | As at March 31, 2021 | As at March 31, 2020 | As at March 31, 2021 | As at March 31, 2020 |
| **Others** | | | | |
| Bank deposits with more than 12 months maturity | 1.29 | - | - | - |
| **Unsecured, considered good** | | | | |
| Unbilled revenue | - | - | 74.57 | 120.47 |
| Insurance claim receivable | 2.66 | 1.87 | - | - |
| Receivables from third party | - | - | 24.16 | 51.13 |
| **Unsecured, considered doubtful** | | | | |
| Inter corporate deposits to related party | 3,356.50 | 5,454.32 | 5,454.33 | 3,002.56 |
| Loans and advances to related party | - | - | 204.95 | 204.95 |
| Less: Provisions for doubtful advances | (3,356.50) | (5,454.32) | (5,659.28) | (3,207.51) |
| | **51.15** | **31.03** | **109.21** | **191.70** |
| | **51.15** | **31.03** | **109.21** | **990.61** |

(a) 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.

(b) Security deposits represent amount paid for lease of premises and network sites and others.

(c) The Company has pledged bank deposits of ₹ 1.29 crores as of March 31, 2021 (Nil as of March 31, 2020) to fulfil collateral requirements.

(d) During the quarter ended June 30, 2019, the Company had given loan to TTML of ₹ 825.00 crores carrying an interest rate of 0.01% p.a., out of which loan amounting to ₹ 818.06 crores was transferred by TTML to BAL as on July 1, 2019. The said loan had been considered as interest free and accordingly, the Company had recognised ₹ 748.23 crores as investment in loan and ₹ 76.77 crores as investment in equity.

As at March 31, 2021, the Company has received repayment of the entire loan amount from TTML and from BAL. Consequently, the Company has recorded ₹ 6.30 crores as reversal of impairment of loan to TTML recorded during the previous year.

Further during the year ended March 31, 2021, the Company has subscribed Inter Corporate Deposits (ICD) in TTML of ₹ 409 crores carrying an interest rate of 0.1% p.a. The ICD has been considered as interest free and accordingly, the Company has recognised ₹ 353.95 crores as investment in ICD and ₹ 55.05 crores as investment in equity. The Company has made a provision of ₹ 353.95 crores for the year ended March 31, 2021 for impairment. The impairment is disclosed as exceptional item in the statement of profit and loss.

## 14. Other assets

(₹ in crores)

| | Non current | | Current | |
|---|---|---|---|---|
| | As at March 31, 2021 | As at March 31, 2020 | As at March 31, 2021 | As at March 31, 2020 |
| **Unsecured, considered good:** | | | | |
| Capital advances | 2.59 | 2.72 | - | - |
| Prepaid expenses | 45.38 | 59.09 | 49.19 | 20.83 |
| Advance to suppliers | - | - | 9.74 | 20.60 |
| Balance with government authorities | 333.91 | 286.50 | 347.52 | 329.13 |
| Advance paid under dispute* {net of provision for contingencies ₹ 4.06 crores (March 31, 2020 - ₹ 4.06 crores)} | 355.02 | 357.87 | - | - |
| Advances to employees | - | - | 0.25 | 0.37 |

# Notes to the standalone financial statements

as at and for the year ended March 31, 2021

## 14. Other assets (contd.)

(₹ in crores)

| | Non current | | Current | |
|---|---|---|---|---|
| | As at March 31, 2021 | As at March 31, 2020 | As at March 31, 2021 | As at March 31, 2020 |
| **Unsecured, considered doubtful:** | | | | |
| Advance to suppliers | - | - | 6.34 | 6.17 |
| Balance with government authorities | 0.15 | 0.15 | 13.54 | 12.79 |
| Less: Provision for doubtful advances | (0.15) | (0.15) | (19.88) | (18.96) |
| | **736.90** | **706.18** | **406.70** | **370.93** |

* includes amounts paid towards indemnification (Refer note 1.2)

## 15. Share capital

(₹ in crores)

| Particulars | As at March 31, 2021 | As at March 31, 2020 |
|---|---|---|
| **Authorised Share Capital (Nos. in crores)** | | |
| 5,263.00 (March 31, 2020 - 5,263.00) Equity Shares of ₹ 10 each | 52,630.00 | 52,630.00 |
| 63.00 (March 31, 2020 - 63.00) Compulsory Convertible Non-Cummulative Preference Shares (CCPS) of ₹ 100 each | 6,300.00 | 6,300.00 |
| 462.20 (March 31, 2020 - 462.20) preference shares of ₹ 100 each | 46,220.00 | 46,220.00 |
| **Total Authorised Share Capital** | **1,05,150.00** | **1,05,150.00** |
| | | |
| **Issued, Subscribed and Fully Paid Equity capital (Nos. in crores)** | | |
| 1,240.84 (March 31, 2020 - 670.45) Equity Shares of ₹ 10 each, fully paid up | 12,408.44 | 6,704.51 |
| | **12,408.44** | **6,704.51** |

### a. Reconciliation of Shares Outstanding at the beginning and at the end of the reporting period

| | As at March 31, 2021 | | As at March 31, 2020 | |
|---|---|---|---|---|
| | No Crores | ₹ in Crores | No Crores | ₹ in Crores |
| **Equity Shares** | | | | |
| At the beginning of the year | 670.45 | 6,704.51 | 577.50 | 5,775.03 |
| Issued during the year | 570.39 | 5,703.93 | 92.95 | 929.48 |
| **Outstanding at the end of the year** | **1,240.84** | **12,408.44** | **670.45** | **6,704.51** |

i. On June 24, 2020, the Company has issued 200.39 crores Equity Shares of ₹ 10 each to Tata Sons Private Limited by way of conversion of CCPS (Refer note 17)

ii. On Novemer 10, 2020, the Company has issued 230 crores Equity Shares of ₹ 10 each to Tata Sons Private Limited by way of conversion of OCPS (Refer note 17)

iii. On March 17, 2021, the Company has issued 140 crores Equity Shares of ₹ 10 each to Panatone Finvest Limited by way of conversion of OCD (Refer note 17)

# Notes to the standalone financial statements

as at and for the year ended March 31, 2021

## 15. Share capital (contd.)

### b. Details of shareholding holding more than 5% shares in the company

| | As at March 31, 2021 | | As at March 31, 2020 | |
|---|---|---|---|---|
| | No Crores | % holding in the class | No Crores | % holding in the class |
| **Equity shares of ₹ 10 each fully paid** | | | | |
| Tata Sons Private Limited (TSPL) | 929.88 | 74.94% | 499.49 | 74.50% |
| Tata Communication Limited | 59.82 | 4.82% | 59.82 | 8.92% |
| Tata Industries Limited | - | - | 33.85 | 5.05% |
| Panatone Finvest Limited | 189.52 | 15.27% | - | - |

### c. Terms / rights attached to equity shares

The Company has one class of equity shares having a par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share. The dividend whenever proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General meeting, except in case of interim dividends.

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.

### d. The Company during the preceding 5 years:

i) has not allotted equity shares pursuant to contracts without payment received in cash.

ii) has not issued equity shares by way of bonus shares.

iii) has not bought back any equity shares.

### e. Shares held by holding company and/or their subsidiaries/associates/joint venture

**Equity Shares (All nos. in crores)**

(₹ in crores)

| Particulars | As at March 31, 2021 | As at March 31, 2020 |
|---|---|---|
| **Tata Sons Private Limited, the holding company** | | |
| 929.88 (March 31, 2020- 499.49) Equity shares of ₹ 10 each fully paid | 9,298.80 | 4,994.87 |
| **Tata Communication Limited, Subsidiary of Tata Sons Private Limited** | | |
| 59.82 (March 31, 2020 - 59.82 ) Equity shares of ₹ 10 each fully paid | 598.21 | 598.21 |
| **The Tata Power Company Limited, Associate of Tata Sons Private Limited** | | |
| 1.66 (March 31, 2020 - 1.66) Equity shares of ₹ 10 each fully paid | 16.62 | 16.62 |
| **Tata Industries Limited, Joint venture of Tata Sons Private Limited** | | |
| Nil (March 31, 2020 - 33.85) Equity shares of ₹ 10 each fully paid | - | 338.51 |
| **Tata Steel Limited, Associate of Tata Sons Private Limited** | | |
| Nil (March 31, 2020 - 8.74) Equity shares of ₹ 10 each fully paid | - | 87.43 |
| **Tata Capital Financial Services Limited, Subsidiary of Tata Sons Private Limited** | | |
| Nil (March 31, 2020 - 6.23) Equity shares of ₹ 10 each fully paid | - | 62.25 |
| **Tata Chemicals Limited, Associate of Tata Sons Private Limited** | | |
| Nil (March 31, 2020 - 0.13) Equity shares of ₹ 10 each fully paid | - | 1.29 |
| **Tata Investment Corporation Limited, Subsidiary of Tata Sons Private Limited** | | |
| Nil (March 31, 2020 - 0.57) Equity shares of ₹ 10 each fully paid | - | 5.68 |
| **Panatone Finvest Limited, Subsidiary of Tata Sons Private Limited** 189.52 (March 31, 2020 - Nil) Equity shares of ₹ 10 each fully paid | 1,895.16 | - |
| | **11,808.79** | **6,104.86** |

# Notes to the standalone financial statements

as at and for the year ended March 31, 2021

## 15. Share capital (contd.)

### f. Reconciliation of the Compound Financial Instrument

| | As at March 31, 2021 | | As at March 31, 2020 | |
|---|---|---|---|---|
| | No Crores | ₹ in Crores | No Crores | ₹ in Crores |
| **i) 0.1% Compulsory Convertible Non-Cumulative Preference Shares*** | | | | |
| At the beginning of the year | 62.24 | 6,224.49 | 62.24 | 6,224.49 |
| Add: Issued during the year | - | - | - | - |
| Less: Converted during the year | (20.04) | (2,003.94) | - | - |
| **Outstanding at the end of the year** | **42.20** | **4,220.55** | **62.24** | **6,224.49** |
| | | | | |
| **ii) 0.1% Optionally Convertible Non-Cumulative Preference Shares*** | | | | |
| At the beginning of the year | 23.00 | 2,300.00 | 23.00 | 2,300.00 |
| Add: Issued during the year | - | - | - | - |
| Less: Converted during the year | (23.00) | (2,300.00) | - | - |
| **Outstanding at the end of the year** | **-** | **-** | **23.00** | **2,300.00** |
| | | | | |
| **iii) 0.1% Optionally Convertible Debentures*** | | | | |
| At the beginning of the year | 50.45 | 5,044.36 | 117.41 | 11,740.64 |
| Add: Issued during the year | - | - | 20.00 | 2,000.00 |
| Less: Converted during the year | (14.00) | (1,400.00) | (86.96) | (8,696.28) |
| **Outstanding at the end of the year** | **36.45** | **3,644.36** | **50.45** | **5,044.36** |

*Refer note 17 for terms of issue and conversion

## 16. Instruments entirely equity in nature

| | As at March 31, 2021 | | As at March 31, 2020 | |
|---|---|---|---|---|
| | No Crores | ₹ in Crores | No Crores | ₹ in Crores |
| Opening balance | 296.16 | 29,616.28 | 159.20 | 15,920.00 |
| Add: Issued during the year | | | | |
| 0.1% compulsory convertible non- cumulative preference shares of ₹ 100 each | - | - | 136.96 | 13,696.28 |
| **Closing balance** | **296.16** | **29,616.28** | **296.16** | **29,616.28** |

### a. Issued, Subscribed and Fully Paid compulsory convertible non-cumulative preference shares

(All nos in crores)

| Particulars | As at March 31, 2021 | As at March 31, 2020 |
|---|---|---|
| 296.16 (March 31, 2020 - 296.16) Compulsory Convertible Non-cumulative Preference Shares of ₹ 100 each, fully paid up | 29,616.28 | 29,616.28 |
| | **29,616.28** | **29,616.28** |

# Notes to the standalone financial statements

as at and for the year ended March 31, 2021

## 16. Instruments entirely equity in nature (contd.)

### b. Details of shareholding holding more than 5% shares in the company

| | As at March 31, 2021 | | As at March 31, 2020 | |
|---|---|---|---|---|
| | No Crores | % holding in the class | No Crores | % holding in the class |
| **Compulsory Convertible Non-cumulative Preference Shares of ₹ 100 each, fully paid up** | | | | |
| Tata Sons Private Limited | 296.16 | 100% | 296.16 | 100% |

### c. Shares held by holding company and/or their subsidiaries/associates/joint venture

**Compulsory Convertible Non-Cumulative Preference Shares**

(All nos in crores)

| | As at March 31, 2021 | As at March 31, 2020 |
|---|---|---|
| **Tata Sons Private Limited, the holding company** | | |
| 296.16 (March 31, 2020 - 296.16) Compulsory Convertible Non-Cumulative Preference Shares of ₹ 100 each, fully paid up | 29,616.28 | 29,616.28 |
| | **29,616.28** | **29,616.28** |

**Terms/Rights attached to Compulsory Convertible Non-Cumulative Preference Shares**

(i) TTSL has issued 0.1% Optionally Convertible Debentures ('OCD') – series II, aggregating 276.60 crores of ₹ 100 each to Tata Sons Private Limited and Panatone finvest limited on various dates between December 22, 2017 and January 10, 2019. For more details on the terms of OCD, refer "Terms of conversion/ redemption of Optionally Convertible Debentures" in Note 17. Pursuant to the contractual arrangement and on request of Tata Sons Private Limited , 159.20 crores OCDs are converted and new 159.20 crores 0.1 % Compulsory Convertible non-cumulative Preference Shares ('CCPS') of ₹ 100 each were allotted through various tranches during the previous year, which was approved by the Board of Directors on 10th January, 2019 and 6th March, 2019. The Company has classified the CCPS alloted on conversion of OCD as instruments entirely equity in nature

On June 30, 2019, the Company issued 86.96 crores Compulsory Convertible Non-Cumulative Preference Shares (Series 9-Tranche 3 CCPS) to Tata Sons Private Limited of ₹ 100 each. Pursuant to the contractual arrangement and on request of Tata Sons Private Limited, 86.96 crores OCDs are converted and new 86.96 crores 0.1 % Compulsory Convertible non-cumulative Preference Shares ('CCPS') of ₹ 100 each are allotted. The Company has classified the CCPS alloted on conversion as instruments entirely equity in nature.

Refer "Terms and rights of CCPS" issued as mentioned below.

(ii) On May 18, 2019, the Company issued 9.29 crores Compulsory Convertible Non-Cumulative Preference Shares (Series 8-Tranche 1 CCPS) to Tata Sons Private Limited of ₹ 100 each.

On August 7, 2019, the Company issued 40.71 crores Compulsory Convertible Non-Cumulative Preference Shares (Series 8-Tranche 2 CCPS) to Tata Sons Private Limited of ₹ 100 each.

Refer Terms and rights of CCPS issued as mentioned below.

**Terms and rights of CCPS issued:**

(i) CCPS would be compulsorily converted in to such number of equity shares of ₹ 10 each, at face value at the option of the CCPS holder at any time after 1 day from the date of allotment of CCPS but not later than 36 months from the date of allotment.

(ii) CCPS carry a non-cumulative right to receive dividend @ 0.1%.

# Notes to the standalone financial statements

as at and for the year ended March 31, 2021

## 16. Instruments entirely equity in nature (contd.)

(iii) The holders of CCPS –

a) carry a preferential right vis-à-vis the holders of equity shares of the Company with respect to payment of dividend and repayment in case of a winding up or repayment of capital;

b) would not be entitled to participate in the surplus funds;

c) would not be entitled to participate in the surplus assets and profits, on winding up, which may remain after the entire capital has been repaid.

## 17. Other Equity

### a) Equity component of Compound Financial Instruments

(₹ in crores)

| | As at March 31, 2021 | As at March 31, 2020 |
|---|---|---|
| Balance at beginning of the year | 5,596.70 | 6,064.42 |
| Add : Optionally convertible debentures Issued during the year (refer note C below) | - | 489.77 |
| Add : Equity portion on extension of CCPS (refer note A below) | - | 732.74 |
| Less : Optionally convertible debentures converted during the year (refer note C below) | - | (1,690.23) |
| Less: CCPS converted during the year (refer note A below) | (426.77) | - |
| Less: OCD converted during the year (refer note C below) | (16.69) | - |
| **Balance at the end of the year** | **5,153.24** | **5,596.70** |

The equity portion of compound financial instruments, is on account of dividend/ interest percentage being lower than effective market rate and is recorded in shareholders equity.

### b) Securities Premium account

(₹ in crores)

| | As at March 31, 2021 | As at March 31, 2020 |
|---|---|---|
| Balance at beginning of the year | 12,112.48 | 12,112.48 |
| **Balance at the end of the year** | **12,112.48** | **12,112.48** |

Securities premium reserve is used to record the premium on shares. The reserve is utilised in accordance with the provisions of the Companies Act , 2013.

# Notes to the standalone financial statements
as at and for the year ended March 31, 2021

## 17. Other Equity (contd.)

### c) Retained earnings

(₹ in crores)

| | As at March 31, 2021 | As at March 31, 2020 |
|---|---|---|
| Balance as per last financial statements | (66,608.14) | (53,187.46) |
| Add: Cumulative effect on opening retained earnings on adoption of Ind AS 116 | - | (91.43) |
| Less: CCPS converted during the year | (1,577.17) | - |
| Other comprehensive income / (loss) arising from measurement of defined benefit obligation net of income tax | 2.41 | (3.99) |
| Loss for the year | (8,900.70) | (13,325.26) |
| **Closing Balance** | **(77,083.60)** | **(66,608.14)** |

Retained earnings are the profits that the Company has earned till date, less any transfers to general reserve, dividends or other distributions paid to shareholders. Retained earnings includes re-measurement loss / (gain) on defined benefit plans, net of taxes that will not be reclassified to Statement of Profit and Loss. Retained earnings is a free reserve available to the Company.

### d) Cash flow / Cost of Hedge Reserve

(₹ in crores)

| | As at March 31, 2021 | As at March 31, 2020 |
|---|---|---|
| Balance as per last financial statement | (17.36) | (0.98) |
| Other comprehensive income/(loss) for the year | 14.29 | (16.38) |
| **Closing Balance** | **(3.07)** | **(17.36)** |

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

(₹ in crores)

| | As at March 31, 2021 | As at March 31, 2020 |
|---|---|---|
| Balance as per last financial statement | 9.22 | 9.22 |
| **Closing Balance** | **9.22** | **9.22** |

### f) CCPS Application money pending allotment

(₹ in crores)

| | As at March 31, 2021 | As at March 31, 2020 |
|---|---|---|
| Balance as per last financial statement | - | 929.48 |
| Add: Received during the year | - | 4,070.52 |
| Less: CCPS Allotted during the year | - | (5,000.00) |
| **Closing Balance** | - | - |
| | | |
| **Total Other Equity** | **(59,811.73)** | **(48,907.10)** |

# Notes to the standalone financial statements

as at and for the year ended March 31, 2021

## 17. Other Equity (contd.)

**A. Terms of conversion of Compulsory Convertible Non-Cumulative Preference Shares**

(i) The Company issued 10.25 crores and 9.95 crores Compulsory Convertible Non-Cumulative Preference Shares (Series 2 CCPS and Series 3 CCPS) to Tata Sons Private Limited of ₹ 100 each on March 31, 2015 and May 28, 2015 respectively. Series 2 CCPS and Series 3 CCPS carry a non-cumulative right to receive dividend @ 0.1%.

Each 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 and Series 3 CCPS , but not later than 36 months from the date of allotment i.e. March 31, 2018 and May 28, 2018.

Each Series 2 CCPS ans 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 subject to cap of ₹ 19 per equity shares or

II. ₹ 10 per equity share being the face value of shares

Based on request from holder of Series 2 CCPS and Series 3 CCPS and approval from the Board vide Circular resolution no. 209 dated December 26, 2017, the period of conversion was extended up to March 31, 2019, with an option to CCPS holder for conversion at any time after one day notice.

Further, based on request from holder of Series 2 CCPS and Series 3 CCPS and approval from the Board vide Circular resolution no. 219 dated March 1, 2019, the period of conversion was extended up to September 30, 2019, with an option to CCPS holder for conversion at any time after one day notice.

Further based on request from holder of Series 2 CCPS and Series 3 CCPS and approval from the Board vide Circular resolution no. 220 dated September 27, 2019, the period of conversion has been extended up to September 30, 2021, 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 4 CCPS) to Tata Sons Private Limited of ₹ 100 each. Series 3 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 3 CCPS but not later than 36 months from the date of allotment i.e. October 19, 2019.

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. ₹ 10 per equity share being the face value of equity shares

Further based on request from holder of Series 4 CCPS and approval from the Board vide Circular resolution no. 220 dated September 27, 2019, the period of conversion has been extended up to October 19, 2021, with an option to CCPS holder for conversion at any time after one day notice.

(iii) On April 26, 2017, the Company issued 20.04 crores Compulsory Convertible Non-Cumulative Preference Shares (Series 5 CCPS) to Tata Sons Private Limited of ₹ 100 each. Series 5 CCPS carry a non-cumulative right to receive dividend @ 0.1% p.a.

Each Series 5 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 5 CCPS but not later than 36 months from the date of allotment i.e. April 26, 2020.

Each Series 5 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. ₹ 10 per equity share (being the face value of equity shares

Basis the above conversion option the company has converted CCPS into equity shares of ₹ 10 each at the option of investor on June 24, 2020.

CCPS (Series 2, Series 3 and Series 4) has been considered as compound financial instrument and has been separated into three components basis the conversion will be exercised at the time of maturity of each CCPS series:

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) as on March 31, 2021 and March 31, 2020 is as follows:

(₹ in crores)

| | March 31, 2021 | March 31, 2020 |
|---|---|---|
| Equity Component of CCPS | 1,893.17 | 1,893.17 |
| Decrease in Equity Component on account of conversion to equity | (426.77) | - |
| Liability Component of CCPS | 4,015.06 | 5,652.01 |
| Derivative financial assets of CCPS (Refer note 40) | 4,140.88 | 5,952.50 |

The interest cost on CCPS for the year ended March 31, 2021 is ₹ 366.99 crores (March 31, 2020 – ₹ 349.42 crores).

As at March 31, 2021, the Company has accounted for derivative asset of ₹ 4,140.88 crores (March 31, 2020 – ₹ 5,952.50 crores) on the CCPS based on the fair market valuation as at that date and accounted for the gain on derivative part of CCPS as ₹ 192.33 crores (March 31, 2020 – ₹ 11.91 crores) in the statement of profit and loss account for the year ended March 31, 2021.

# Notes to the standalone financial statements

**as at and for the year ended March 31, 2021**

## 17. Other Equity (contd.)

**B. 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 ₹ 100 each at par to Tata Sons Private 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. OCPS shall be redeemed at par, if the holder does not exercise the conversion option.

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. ₹ 10 per equity share (being the face value of equity shares)

Basis the above conversion option, the Company has converted OCPS into equity shares of ₹ 10 each at the option of investor on November 10, 2020.

**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:

(₹ in crores)

| | March 31, 2021 | March 31, 2020 |
|---|---|---|
| Equity Component of OCPS | 612.34 | 612.34 |
| Liability Component of OCPS | - | 2,161.44 |

The interest cost on OCPS (Series I) for the year ended March 31, 2021 is ₹ 138.56 crores (March 31, 2020- ₹ 212.28 crores).

**C. Terms of conversion/ redemption of Optionally Convertible Debentures**

Optionally Convertible Debentures:

I. On May 11, 2018, the Company issued 14 crores 0.1% Optionally Convertible Debentures of ₹ 100 Series II each to Panatone Finvest Limited (Fellow Subsidiary).

II. On January 10, 2019, the Company issued 18.56 crores 0.1 % Optionally Convertible Debentures Series II of ₹ 100 each to Tata Sons Private Limited. Out of above, 2.12 crores Optionally Convertible Debentures are converted during the year ended March 31, 2020.

III. On August 7, 2019, the Company issued 20 crores 0.1% Optionally Convertible Debentures Series III of ₹ 100 each to Tata Sons Private 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. 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 ₹ 10 each.

Basis the above conversion option, the company has converted 14 crores OCD into 140 crores equity shares of ₹ 10 each at the option of investor on March 17, 2021.

OCD (Series II and Series III) 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 component of OCD (Series II and Series II) is as follows:

(₹ in crores)

| | March 31, 2021 | March 31, 2020 |
|---|---|---|
| Equity Component of OCD | 3,091.19 | 7,685.83 |
| Decrease in Equity Component on account of extinguishment of OCD | (16.69) | (4,594.64) |
| Liability Component of OCD | 3,288.83 | 4,236.50 |

The interest cost on OCD for the year ended March 31, 2021 is ₹ 435.62 crores (March 31, 2020 – ₹ 525.97 crores).

**Note:**

As the interest rate of OCD/CCPS/OCPS is lower than market rate, these have been considered as compound financial instruments and have been separated into equity component and liability component as per Ind AS 32. Interest on liability component of OCD/CCPS/OCPS has been recognised by applying effective interest rate (EIR) ranging from 7.46% to 10.36% p.a.

# Notes to the standalone financial statements

as at and for the year ended March 31, 2021

## 18. Financial Liabilities - Borrowings (at amortised cost)

(₹ in crores)

| | Non - Current portion | | Current Portion | |
|---|---|---|---|---|
| | As at March 31, 2021 | As at March 31, 2020 | As at March 31, 2021 | As at March 31, 2020 |
| **Secured:** | | | | |
| **Term Loan** | | | | |
| Indian rupee loan from banks | 1,773.70 | 513.51 | - | 738.53 |
| Foreign currency loan from banks | - | 1,301.72 | - | - |
| | **1,773.70** | **1,815.23** | **-** | **738.53** |
| **Unsecured:** | | | | |
| Deferred payment liability for LF and SUC* | 10,688.89 | - | 792.56 | - |
| Interest accrued but not due on borrowings | - | - | 0.37 | 0.98 |
| **Liability component of compound financial instruments (Nos. in crores)** | | | | |
| 36.45 crores (March 31, 2020 - 50.45 crores) 0.1% Optionally Convertible Debentures - of ₹ 100 each | 1,765.41 | 4,236.50 | 1,523.42 | - |
| 42.20 crores (March 31, 2020 - 62.24 crores) 0.1% Compulsory convertible preference shares of ₹ 100 each | - | 3,652.55 | 4,015.06 | 1,999.45 |
| Nil (March 31, 2020 - 23.00 crores) 0.1% Optionally convertible preference shares of ₹ 100 each | - | - | - | 2,161.45 |
| | **12,454.30** | **7,889.05** | **6,331.41** | **4,161.88** |
| Amount disclosed under the head "Other financial Liabilities" (refer note 19) | - | - | (6,331.41) | (4,900.41) |
| | **14,228.00** | **9,704.28** | **-** | **-** |

*towards indemnification (Refer note 1.2 and 30)

### Deferred payment liability for LF and SUC:

i) Terms of repayment : Refer note 30(g)

SC directed the Operators to pay 10% of the total outstanding amount claimed by DoT, on or before March 31, 2021. The balance is payable in installments commencing April 1, 2021 up to March 31, 2031 payable by 31st March of every year. In compliance of the SC order, the Company has already made payment of ₹ 3,557.98 crores during quarter ended on March 31, 2020.

ii) Interest rate : 8% p.a. simple interest

### Financial Liabilities - Short term borrowings

(₹ in crores)

| | As at March 31, 2021 | As at March 31, 2020 |
|---|---|---|
| **Unsecured** | | |
| Indian rupee loan from banks | - | 2,160.00 |
| Commercial Paper | 3,681.67 | 2,574.56 |
| | **3,681.67** | **4,734.56** |

### Undrawn borrowing facilities:

As at March 31, 2021, the company has undrawn committed borrowing facilities of ₹ 120.73 crores (March 31, 2020 – ₹ 298.34 crores).

### Compliance with Loan covenant:

**As at March 31, 2021**

The company does not have any financial covenant requirement for the outstanding loan as at March 31, 2021.

**As at March 31, 2020**

The company has met financial covenant requirement as per the respective borrowing arrangement with the lenders.

### Long term Borrowings

**a. Secured loans**

**As on March 31, 2021**

**Indian rupee loans from banks**

All the Indian rupee loan outstanding as on March 31, 2020 have been repaid during the year.

Medium Term Loan outstanding from ICICI Bank and IndusInd Bank are secured by way of first pari-passu charge on the movable (fixed and current) assets of the Company's enterprise, fixed wireline and broad band division excluding intangible assets and current and future investments in associate and subsidiary companies and Joint Ventures of the Company.

**Terms of repayment:-**

- Loan from bank is repayable at the end of 3 years by a bullet repayment from the date of drawdown.
- The maturity date of loan from ICICI Bank is Feb 17, 2024 and from IndusInd Bank is February 26, 2024.

**Interest rate :-**

- Interest on the ICICI Bank Loan is on ICICI-MCLR-3M + 0.05%

# Notes to the standalone financial statements

**as at and for the year ended March 31, 2021**

## 18. Financial Liabilities - Borrowings (at amortised cost) (contd.)

- Interest on the IndusInd Bank loan is on floating basis based on overnight MIBOR+an agreed spread. Interest rate to be reset at the end of every year. This floating rate has been hedged with Interest Rate Swap (IRS) at a fixed rate.

Refer note 3 for carrying amount of property, plant and equipment and intangible assets pledged as security by the Company.

**Foreign Currency loans from banks**
The company has repaid outstanding foreign currency loan during the year.

**As on March 31, 2020**

**i. Indian rupee loans from banks**

Medium Term Loan outstanding from IndusInd Bank and ICICI Bank are secured by way of first pari-passu charge on the fixed and current assets of the Company's enterprise, fixed wireline and broad band division excluding intangible assets and current and future investments in associate and subsidiary companies and Joint Ventures of the Company.

**Terms of repayment:-**

- Loan from bank is repayable at the end of 2 years by a bullet repayment from the date of drawdown.
- The maturity date of loan from IndusInd Bank is March 29, 2021 and from ICICI Bank is April 8, 2021

**Interest rate :-**

- Interest on the IndusInd Bank loan is on floating basis based on overnight MIBOR+an agreed spread, this floating rate has been hedged with Interest Rate Swap (IRS) at a fixed rate.
- Interest on the ICICI Bank Loan is on MCLR-1Yr + 0.8%

**ii. Foreign Currency loans from banks**

Medium Term Loan ( FCNR-B) from ICICI Bank (sub-limit of Rupee term loan covered in point i above) is secured by way of first pari-passu charge on the fixed and current assets of the Company's enterprise, fixed wireline and broad band division excluding intangible assets and current and future investments in associate and subsidiary companies and Joint Ventures of the Company.

**Terms of repayment:-**

- Loan from bank is repayable in 2 years in single instalment from the date of drawdown
- The maturity date of loan from ICICI Bank is April 8, 2021

**Interest rate :-**

- Interest on the ICICI Bank Loan is on USD 3M LIBOR + 3.05% which has been hedged against Coupon only Swap(CoS)

The Company has availed the moratorium of two months granted by Reserve Bank of India (vide circular DOR.No.BP.BC.47/21.04.048/2019-20 dated March 27, 2020) on payment of term loan installments falling due between April 1, 2020 and May 31, 2020.

Refer note 3 for carrying amount of property, plant and equipment and intangible assets pledged as security by the Company.

**b. Unsecured Loans**

**As on March 31, 2021**
For terms related to liability component of Compound financial instruments refer note 17

**As on March 31, 2020**
For terms related to liability component of Compound financial instruments refer note 17

**Short term Borrowings**

**a. Unsecured**
**As on March 31, 2021**
**Commercial paper**

**i) Terms of repayment:-**

- Commercial papers are fully repayable within 352 to 364 days from the date of Commercial Paper issuance.

**ii) Discount rate:-**

- Interest rate for commercial papers is in the range of 3.75% to 8.75% p.a.

**Short Term Loan**

- The Company has repaid all the outstanding loans during the year.

**As on March 31, 2020**
**Commercial paper**

**i) Terms of repayment:-**

- Commercial papers are fully repayable within 8 to 364 days from the date of Commercial Paper issuance.

**ii) Interest rate:-**

- Interest rate for commercial papers is in the range of 7.00% to 9.00% p.a.

**Short Term Loan**
The Company has availed unsecured Short Term loan from bank.

**i) Terms of repayment:-**

- Loan from bank is repayable at the end of one year from the date of drawdown
- The maturity date of loan from Standard Chartered Bank is February 17, 2021.

**ii) Interest rate:-**

- Rate for Initial 3 months from drawdown - 3 months T-Bill + 2.45%
- Rate for balance period – 1 month SBI MCLR + 0.5%

The Company has availed the moratorium of two months granted by Reserve Bank of India (vide circular DOR.No.BP.BC.47/21.04.048/2019-20 dated March 27, 2020) on payment of term loan instalments falling due between April 1, 2020 and May 31, 2020.

# Notes to the standalone financial statements

**as at and for the year ended March 31, 2021**

## 19. Other financial liabilities

(₹ in crores)

| | As at March 31, 2021 | As at March 31, 2020 |
|---|---|---|
| Current maturities of long-term debt (Refer note 18) | 792.56 | 738.53 |
| Interest accrued but not due on borrowings | 0.37 | 0.98 |
| Payables on purchase of fixed assets | 38.50 | 20.13 |
| Security deposits from customers | 17.04 | 16.20 |
| Advance from distributors | 5.51 | 3.88 |
| Liability component of Compound Financial Instruments (Refer note 18) | 5,538.48 | 4,160.90 |
| | **6,392.46** | **4,940.62** |

## 20. Provisions

(₹ in crores)

| | Non - Current portion | | Current Portion | |
|---|---|---|---|---|
| | As at March 31, 2021 | As at March 31, 2020 | As at March 31, 2021 | As at March 31, 2020 |
| Provision for contingencies * (net of amount paid ₹ 961.77 crores (March 31, 2020 - ₹ 4,519.75 crores) (Refer note 34(a)) | - | - | 49.60 | 4,468.21 |
| Provision for employee benefits | | | | |
| For gratuity (Refer note 34(e)) | 6.72 | 9.21 | 2.27 | - |
| For leave encashment (Refer note 34(e)) | - | - | 9.34 | 8.77 |
| For employee incentives | - | - | 29.55 | 31.54 |
| For Provident fund | - | - | 12.37 | 11.56 |
| For Pension (Refer note 34(e)) | 16.69 | - | - | - |
| Provision for asset retirement obligation (Refer note 34(d)) | 2.83 | 8.49 | - | - |
| Provision for foreseeable losses on long term contracts (Refer note 2.3 (v) and 34(b)) | - | - | 77.61 | 323.46 |
| Other provisions* (Refer note 34(c)) | - | - | 48.29 | 50.41 |
| | **26.24** | **17.70** | **229.03** | **4,893.95** |

* includes provision towards indemnification (Refer note 1.2)

## 21. Other liabilities

(₹ in crores)

| | Non - Current portion | | Current Portion | |
|---|---|---|---|---|
| | As at March 31, 2021 | As at March 31, 2020 | As at March 31, 2021 | As at March 31, 2020 |
| Unearned Income | 109.41 | 132.30 | 84.82 | 76.59 |
| Advance from customers | - | - | 32.47 | 35.96 |
| Statutory liabilities | - | - | 32.25 | 45.90 |
| Other payables to third party | - | - | 0.05 | 0.07 |
| | **109.41** | **132.30** | **149.59** | **158.52** |

# Notes to the standalone financial statements

**as at and for the year ended March 31, 2021**

## 22. Assets classified as held for sale

(₹ in crores)

| | As at March 31, 2021 | As at March 31, 2020 |
|---|---|---|
| **Investment in associates** | | |
| ATC Telecom Infrastructure Private Limited (Unquoted)<br>Nil (March 31, 2020 - 10.28 crores) Equity Shares of ₹ 10 each fully paid up | - | 2,137.62 |
| **Total assets classified as held for sale** | **-** | **2,137.62** |

### Investment in Associates

The Company had opted to measure the fair value of its investments in ATC Telecom Infrastructure Private Limited ('ATC') (erstwhile VIOM Networks Limited) as at the date of transition to Ind AS i.e. April 1, 2015, as its deemed cost, in accordance with Ind AS 101.

As at April 19, 2018, the Company's shareholding in ATC got diluted to 24.63% from 32.86% on account of issuance of shares by ATC to other shareholders pursuant to the scheme of amalgamation approved by NCLT between ATC and its fellow subsidiaries.

Further, the Company, after taking approval from the board of directors in its meeting dated August 14, 2018 and October 24, 2018 to sell its entire stake in ATC, exercised the first put option to sell 13% shareholding at ₹ 216 per share as per the terms of shareholders agreement (as amended) dated October 21, 2015. Post approval by DoT, the shares were sold on March 27, 2019 for a cash consideration of ₹ 2,480.02 crores (net of expenses of ₹ 0.90 crores) and gain on sale of ₹ 91.23 crores.

The remaining investment of 11.63% in ATC has been classified as 'asset held for sale' and recorded it at lower of its carrying amount and fair value less costs to sell. As at March 31, 2021, the carrying amount of the Company's investment is Nil (March 31, 2020 – ₹ 2,137.62 crores).

On April 1, 2019, the Company exercised the second put option to sell remaining 11.63% shareholding in ATC Telecom Infrastructure Private Limited ('ATC') (erstwhile VIOM Networks Limited) at ₹ 216 per share. Post approval by DoT, the shares were sold on December 16, 2020 for a cash consideration of ₹ 2,219.45 crores (net of expenses of ₹ 0.61 crores). Gain on sale of ₹ 81.84 crores and Licence Fee (LF) expenses on the said gain of ₹ 6.56 crores have been disclosed as exceptional items in the statement of profit and loss for the year ended March 31, 2021.

## 23. Revenue from operations

(₹ in crores)

| | For the year ended March 31, 2021 | For the year ended March 31, 2020 |
|---|---|---|
| **Telecommunication services** | | |
| Service revenue | 1,558.38 | 1,800.12 |
| Sale of traded goods | - | 0.46 |
| **Other Operating income** | | |
| Income from rendering of services | 28.92 | 36.55 |
| Infrastructure sharing | 17.36 | 13.41 |
| | **1,604.66** | **1,850.54** |

### Disaggregation of Revenue

(₹ in crores)

| **Revenue from operations** | For the year ended March 31, 2021 | For the year ended March 31, 2020 |
|---|---|---|
| Revenue from subscribers | 1,479.33 | 1,667.97 |
| Revenue from operators # | 57.37 | 109.93 |
| Other Revenue* | 59.21 | 67.30 |
| **Total Revenue as per Financial Statement** | **1,595.91** | **1,845.20** |

* Other Revenue excludes IRU Lease deferment of ₹ 8.75 crores which is covered under Ind AS 116 (March 31, 2020 - ₹ 5.34 crores)

# Revenue from operators comprises of revenue from Interconnect Usages and Roaming revenue (including Intra circle Roaming)

# Notes to the standalone financial statements

as at and for the year ended March 31, 2021

## 23. Revenue from operations (contd.)

### Contracts Assets and Liabilities

A contract asset is recorded when revenue is recognised in advance of the right to bill and receive consideration (i.e., additional services must be performed or a performance obligation must be satisfied in order to bill and receive consideration). The contract asset will decrease as services are billed. When consideration is received in advance of the delivery of services, a contract liability is recorded. Reductions in the contract liability will be recorded as we satisfy the performance obligations.

(₹ in crores)

| Contracts Assets and Liabilities | As at March 31, 2021 | As at March 31, 2020 |
|---|---|---|
| **Contract Assets** | | |
| Unbilled Revenue (refer note 13) | 74.57 | 120.47 |
| **Contract Liabilities** | | |
| Unearned Income (refer note 21) | 194.24 | 208.90 |

(₹ in crores)

| Revenue recognised in relation to contract liabilities | For the year ended March 31, 2021 | For the year ended March 31, 2020 |
|---|---|---|
| Revenue recognised that was included in the contract liability balance at the beginning of the year | 80.19 | 71.13 |

(₹ in crores)

| Performance obligations in respect of long term contracts | As at March 31, 2021 | As at March 31, 2020 |
|---|---|---|
| Aggregate amount of transaction value allocated to long term contracts that are partially or fully pending to be fulfilled as at reporting date | 40.90 | 65.26 |

The Company expects that around 42% (37% March 31, 2020) of the performance obligations pending in respect of these long term contracts will be recognised as revenue during the next reporting period with balance in future reporting periods thereafter.

Discount is offered to subscribers based on the tariff opted by the subscribers. No discount is offered other than plan. Accordingly, discount is part of the contract price. Revenue is recognised net of Discount and which is as per the contract price.

### Deferred customer contract acquisition costs

Costs to acquire customer contracts are generally deferred and amortised over the estimated economic life of the contracts, subject to an assessment of the recoverability of such costs. For contracts with an estimated amortisation period of less than one year, acquisition costs are expensed immediately. The closing balance of assets recognised from the costs incurred in respect of long term contracts amounts to ₹ 33.86 crores as at March 31, 2021 (₹ 36.04 crores as at March 31, 2020). During the year, in respect of such long term contracts, the company recognised ₹ 23.01 crores (March 31, 2020 ₹ 15.78 crores) as acquisition cost in the Statement of Profit and Loss.

# Notes to the standalone financial statements

as at and for the year ended March 31, 2021

## 24. Other income

(₹ in crores)

| | For the year ended March 31, 2021 | For the year ended March 31, 2020 |
|---|---|---|
| **Other income** | | |
| Provision/Liability no longer required written back | 6.03 | 0.32 |
| Miscellaneous Income | 1.72 | 8.49 |
| **Other gains** | | |
| Gain on financial assets mandatorily measured at FVTPL | 0.07 | - |
| Gain on discontinuation of lease as per IND AS 116 (Refer note 35) | 26.03 | 6.73 |
| Gain on disposal of property, plant and equipment / written off (net) | 20.72 | - |
| Foreign exchange gain (net) | 0.96 | - |
| | **55.53** | **15.54** |

## 25. Employee benefit expense

(₹ in crores)

| | For the year ended March 31, 2021 | For the year ended March 31, 2020 |
|---|---|---|
| Salaries and bonus | 203.08 | 219.11 |
| Gratuity (Refer note 34(e)) | 2.90 | 3.14 |
| Contribution to provident and other funds (Refer note 34(e)) | 6.74 | 7.99 |
| Staff welfare expenses | 10.08 | 17.00 |
| | **222.80** | **247.24** |

## 26. Operating and other expenses

(₹ in crores)

| | For the year ended March 31, 2021 | For the year ended March 31, 2020 |
|---|---|---|
| **Power and fuel** | | |
| Network | 125.26 | 162.08 |
| Others | - | - |
| | **125.26** | **162.08** |
| **Rent** | | |
| Network | - | 12.75 |
| Others | - | 28.67 |
| | **-** | **41.42** |
| **Interconnection and other access costs** | **222.48** | **416.78** |
| **License fees and spectrum charges** | **121.49** | **120.41** |
| **Other operating expenses** | | |
| Customer acquisition costs | 16.67 | 28.52 |
| Information technology solutions | 76.10 | 104.29 |
| Managed service charges | 0.39 | 14.23 |
| Annual maintenance charges | 31.67 | 46.92 |
| Repairs and maintenance: | | |
| - Plant and machinery - network | 167.47 | 255.53 |
| - Building | 7.25 | 9.37 |

# Notes to the standalone financial statements

as at and for the year ended March 31, 2021

## 26. Operating and other expenses (contd.)

(₹ in crores)

| | For the year ended March 31, 2021 | For the year ended March 31, 2020 |
|---|---|---|
| - Plant and machinery - others | 32.86 | 34.33 |
| - Others | 7.86 | 8.04 |
| Leaseline and bandwidth charges | 147.72 | 134.48 |
| Telecalling charges | 23.10 | 26.06 |
| Port charges | 12.72 | 26.57 |
| | **523.81** | **688.34** |
| **Other expenses** | | |
| Commission, incentives and content cost | 44.63 | 52.22 |
| Travel and conveyance | 0.47 | 11.97 |
| Insurance | 8.26 | 11.41 |
| Legal and professional fees | 28.44 | 55.39 |
| Advertisement and business promotion expenses | 21.25 | 29.69 |
| Directors sitting fees | 0.27 | 0.15 |
| Miscellaneous expenses | 10.27 | 70.88 |
| | **113.59** | **231.71** |
| **Other losses** | | |
| - Loss on financial assets mandatorily measured at FVTPL | - | 1.98 |
| - Loss on disposal of property, plant and equipment/ written off (Net) | - | 0.52 |
| - Foreign exchange loss (net) | - | 1.59 |
| | **-** | **4.09** |
| | **1,106.63** | **1,664.83** |

## 27. Depreciation and amortisation expense

(₹ in crores)

| | For the year ended March 31, 2021 | For the year ended March 31, 2020 |
|---|---|---|
| Depreciation on Property Plant and Equipment | 317.40 | 349.99 |
| Amortisation of Intangible assets | 1.37 | 2.47 |
| Depreciation on Investment Property | 3.05 | 3.05 |
| Depreciation on Right-of-use assets | 122.99 | 128.77 |
| | **444.81** | **484.28** |

## 28. Finance costs

(₹ in crores)

| | For the year ended March 31, 2021 | For the year ended March 31, 2020 |
|---|---|---|
| Interest expense | | |
| - On loans from banks/financial institutions | 484.05 | 419.11 |
| - On deferred payment liability and licence fees (Refer note 18 and 30) | 622.35 | 5.33 |
| - On unwinding of asset retirement obligation | 0.38 | 0.73 |
| - On liability component of Compound Financial Instruments | 941.17 | 1,087.67 |
| - On lease liabilities as per IND AS 116 (Refer note 35) | 38.33 | 52.80 |
| Guarantee commission | 12.58 | 12.08 |
| Other finance charges | 45.38 | 52.60 |
| Unwinding of borrowing cost | 10.80 | 16.50 |
| | **2,155.04** | **1,646.82** |

# Notes to the standalone financial statements

as at and for the year ended March 31, 2021

## 29. Finance income

(₹ in crores)

| | For the year ended March 31, 2021 | For the year ended March 31, 2020 |
|---|---|---|
| Interest income | | |
| - On bank deposits | 2.40 | 0.53 |
| - On income tax refund | 11.99 | 12.27 |
| Unwinding impact as per IND AS 109 on security deposits at amortised cost | 4.44 | 5.01 |
| Unwinding impact on loan given | 19.79 | 57.00 |
| | **38.62** | **74.81** |

## 30. Exceptional items (net)

(₹ in crores)

| | For the year ended March 31, 2021 | For the year ended March 31, 2020 |
|---|---|---|
| Impairment reversal of CMB assets [refer note (a) below] | - | (483.54) |
| Change in the value of derivative financial asset [refer note (b) below] | (192.33) | (11.91) |
| Impairment in the value of investment in Subsidiaries | | |
| TTML [refer note ( c ) below] | 55.05 | 655.02 |
| MMP | - | (0.60) |
| Impairment in the value of Loan to TTML/ Inter corporate deposit [ refer note (d) below ] | 347.65 | 2,319.96 |
| Restructuring cost [refer note (e) below] | - | 525.70 |
| Provision towards cases opted under LDRS [refer note (f) below] | - | 36.74 |
| Interest on GST liability towards LF/SUC payment to DoT | - | 2.34 |
| Gain on Sale of ATC investment [refer note 22] | (81.84) | - |
| LF/SUC on gain on sale of ATC investment [refer note 22] | 6.56 | - |
| Additional provision for LF/SUC [refer note (g) below] | 6,543.99 | 8,204.78 |
| | **6,679.08** | **11,248.49** |

(a) As at June 30, 2019, the Company had reviewed the recoverable amount of its CMB assets based on fair value less costs to sell and recorded Nil (₹ 483.54 crores for year ended March 31, 2020) as partial reversal of impairment recorded during the year ended March 31, 2018 and disclosed the same as an exceptional item for the year ended March 31, 2020.

(b) As at March 31, 2021, the Company has accounted for derivative asset of ₹ 4,140.88 crores (March 31, 2020 – ₹ 5,952.50 crores) on the CCPS based on the fair market valuation as at that date and accounted for the gain on derivative part of CCPS as ₹ 192.33 crores (March 31, 2020 – ₹ 11.91 crores) in the statement of profit and loss account for the year ended March 31, 2021.

(c) The Company has re-assessed the carrying value of its investment in equity of TTML and has provided for impairment in the value of its investment of ₹ 55.05 crores for the year ended March 31, 2021 (₹ 655.02 crores for the year ended March 31, 2020) and the same is disclosed as an exceptional item in the statement of profit and loss. The carrying value of the investment as at March 31, 2021 is ₹ 169.95 crores (₹ 169.95 crores as at March 31, 2020).

(d) During the year ended March 31, 2020, the Company has subscribed Inter Corporate Deposits (ICD) in TTML of ₹ 2,790.15 crores carrying an interest rate of 0.1% p.a. and Loan to TTML of ₹ 825 crores carrying an interest rate of 0.01% p.a., out of which loan amounting to ₹ 818.06 crores was transferred by TTML to BAL as on July 1, 2019.

The ICD and Loan have been considered as interest free and accordingly, the Company has recognised ₹ 3,061.88 crores as investment in ICD/Loan and ₹ 553.27 crores as investment in equity. The Company has made a provision of ₹ 2,319.95 crores (ICD ₹ 2,313.65 crores and Loan ₹ 6.30 crores) for the year ended March 31, 2020 for impairment.

As at March 31, 2021, the Company has received repayment of the entire loan amount from TTML and from BAL. Consequently, the Company has recorded ₹ 6.30 crores as reversal of impairment of loan to TTML recorded during the previous year.

Further during the year ended March 31, 2021, the Company has subscribed Inter Corporate Deposits (ICD) in TTML of ₹ 409 crores carrying an interest rate of 0.1% p.a. The ICD has been considered as

# Notes to the standalone financial statements

as at and for the year ended March 31, 2021

## 30. Exceptional items (net) (contd.)

interest free and accordingly, the Company has recognised ₹ 353.95 crores as investment in ICD and ₹ 55.05 crores as investment in equity. The Company has made a provision of ₹ 353.95 crores for the year ended March 31, 2021 for impairment. The impairment is disclosed as exceptional item in the statement of profit and loss.

(e) Restructuring cost of Nil (₹ 525.70 crores for the year ended March 31, 2020).

(f) Provision for settlement of cases opted under Legacy Dispute Resolution Scheme (LDRS) - Nil (₹ 36.74 crores for the year ended March 31, 2020).

(g) The Hon'ble Supreme Court ('SC') pronounced its Judgement on October 24, 2019 ('Judgement'), dismissing the appeals of operators and allowing Department of Telecommunication's (DoT) appeal in respect of the definition of Gross Revenue ('GR') and Adjusted Gross Revenue ('AGR') as defined in the Unified Access Service License Agreement.

As on March 31, 2020, TTSL had provided ₹ 7,976.60 crores towards LF, SUC, interest, penalty and interest on penalty as applicable arising out of the above SC judgement read with subsequent orders in this matter.

Subsequently, on July 20, 2020, SC passed an order agreeing with the statement relating to recoverable amount, filed by DoT as part of modification application and further ordered that there cannot be any re-assessment or recalculation of this amount.

On September 1, 2020, SC directed the Operators to pay 10% of the total dues as demanded by DoT, by March 31, 2021 and the balance in installments commencing April 1, 2021 upto March 31, 2031 payable by 31st March of every year. As directed by the SC, TTSL has furnished on September 28, 2020 an undertaking to DoT to make the payment of arrears as per the SC order. TTSL has made payment of ₹ 3,557.98 crores and will ensure ongoing compliance with the SC orders.

Consequently, without prejudice and on prudence, during the half year ended September 30, 2020, TTSL has recorded an incremental provision of ₹ 6,750.25 crores (including interest for ₹ 204.33 crores) to give effect to the differential amount between the amounts of AGR dues stated as final in the SC order as well as amounts for subsequent period, if any and the provision upto March 31, 2020. During the half year ended March 31, 2021, TTSL has continued to recognise interest on AGR obligations. The amount has been recorded in compliance with the accounting standards, strictly without prejudice to TTSL's legal rights, claims, remedies and contentions available under law.

TTSL alongwith Tata Teleservices (Maharashtra) Limited ('TTML') on January 10, 2021 filed a joint application for direction/ clarification of order dated September 1, 2020 wherein TTSL and TTML, inter-alia, have requested SC to allow TTSL and TTML to seek rectification of computational errors and erroneous disallowances in the amounts claimed by DoT. The said application is yet to be listed for hearing.

On March 27, 2021, TTSL along with TTML have filed Compliance Affidavit before SC as required under the AGR judgment. On April 6, 2021, TTSL and TTML have also filed before SC the respective Undertakings which were submitted to DoT in terms of SC order dated September 1, 2020. DoT has filed affidavit in compliance of the order dated September 1, 2020 in SC on April 7, 2021.

# Notes to the standalone financial statements

as at and for the year ended March 31, 2021

## 31. Loss per share

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

The following reflects the income/(loss) and share data used in the basic and diluted loss per share computations:

**Basic Loss per share**

(₹ in crores)

| | | March 31, 2021 | March 31, 2020 |
|---|---|---|---|
| i) | Loss after tax | (8,900.70) | (13,325.26) |
| ii) | Weighted average number of shares outstanding (in crores) | 919.96 | 637.69 |
| iii) | Nominal value of equity shares (in ₹ ) | 10.00 | 10.00 |
| iv) | Basic and diluted loss per share ( in ₹ ) | (9.68) | (20.90) |

**Diluted Loss per share**

The effect of CCPS (Series 2, Series 3, Series 4 and Series 5), OCPS (Series I) and OCD (Series II and III) has been anti-dilutive; hence, there is no change in basic and diluted loss per share.

## 32. Payment to Auditors (excluding GST)

(₹ in crores)

| | March 31, 2021 | March 31, 2020 |
|---|---|---|
| i) For audit fees | 1.45 | 1.82 |
| ii) For tax audit | 0.25 | 0.25 |
| iii) For other audit services | 0.65 | 2.62 |
| iv) For reimbursement of expenses | 0.02 | 0.40 |
| **Total** | **2.37** | **5.09** |

**33** The Company has certain dues to suppliers registered under Micro, Small and Medium Enterprises Development Act, 2006 ('MSMED Act'). The disclosures pursuant to the said MSMED Act are as follows:

(₹ in crores)

| SN | Particulars | March 31, 2021 | March 31, 2020 |
|---|---|---|---|
| 1 | Principal amount due to suppliers registered under the MSMED Act and remaining unpaid as at year end | 9.35 | 4.57 |
| 2 | Interest due to suppliers registered under the MSMED Act and remaining unpaid as at year end | 0.14 | 0.42 |
| 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 | - | - |
| | | **9.49** | **4.99** |

# Notes to the standalone financial statements

as at and for the year ended March 31, 2021

## 34. Movement in Provisions

### a) Provision for contingencies

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

(₹ in crores)

| Description | As at April 1, 2020 | Provision made/ (reversed) during the year | Payments adjusted against provision | Transferred to Deferred payment Liability/ Trade payable | As at March 31, 2021 |
|---|---|---|---|---|---|
| Provision for contingencies | 4,468.21 | 7,166.34 | (1.09) | (11,583.86) | 49.60 |

(₹ in crores)

| Description | As at April 1, 2019 | Provision made/ (reversed) during the year | Payments adjusted against provision | As at March 31, 2020 |
|---|---|---|---|---|
| Provision for contingencies | 43.85 | 8,204.78 | (3,780.42) | 4,468.21 |

Provision for contingencies is primarily towards the outstanding claims / litigations against the Company. The Company has evaluated the obligations through Probable, Possible and Remote (PPR) model and reassessed the estimates as a result of more information or experience gained and to reflect the current best estimate. In making the evaluation for PPR, the Company has taken into consideration the Industry perspective, legal and technical view, availability of documentation/ agreements, recent court judgments, interpretation of the matter, independent opinion from professionals (specific matters) etc.

### 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.

(₹ in crores)

| Description | As at April 1, 2020 | Provision made during the year | Transfer to Bharti Airtel (refer note 1.2) | Utilisation/ Reversal | As at March 31, 2021 |
|---|---|---|---|---|---|
| Provision for foreseeable loss on long term contracts | 323.46 | - | - | (245.85) | 77.61 |

(₹ in crores)

| Description | As at April 1, 2019 | Provision made during the year | Transfer to Bharti Airtel (refer note 1.2) | Utilisation/ Reversal | As at March 31, 2020 |
|---|---|---|---|---|---|
| Provision for foreseeable loss on long term contracts | 636.16 | 277.03 | (448.45) | (141.28) | 323.46 |

Provision for foreseeable loss on long term contracts pertains to true up and exit penalty provision on account of early exit from IP sites where lock in period is not completed.

### c) Other provisions

The following table sets forth the movement in other provisions:

(₹ in crores)

| Description | As at April 1, 2020 | Provision made/ (reversed) during the year | As at March 31, 2021 |
|---|---|---|---|
| Other provisions | 50.41 | (2.12) | 48.29 |

(₹ in crores)

| Description | As at April 1, 2019 | Provision towards indemnification (Refer note 1.2) | As at March 31, 2020 |
|---|---|---|---|
| Other provisions | - | 50.41 | 50.41 |

# Notes to the standalone financial statements

as at and for the year ended March 31, 2021

## 34. Movement in Provisions (contd.)

### d) 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.

(₹ in crores)

| Description | As at April 1, 2020 | Movement during the year | As at March 31, 2021 |
|---|---|---|---|
| Provision for asset retirement obligation | 8.49 | (5.66) | 2.83 |

(₹ in crores)

| Description | As at April 1, 2019 | Movement during the year | As at March 31, 2020 |
|---|---|---|---|
| Provision for asset retirement obligation | 7.76 | 0.73 | 8.49 |

### e) Gratuity and other post-employment benefit plans

The Company offers the following employee benefit schemes to its employees:

i. Gratuity (included as part of Note 25 Employee benefits expense)

ii. Short-term compensated absences (included as part of Note 25 Employee benefits expense)

iii. Provident fund (included as part of Note 25 Employee benefits expense)

iv. Contribution to other funds

v. Provision for pension

**(i) Gratuity**

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:

**Components of employer's expense**

(₹ in crores)

| | March 31, 2021 | March 31, 2020 |
|---|---|---|
| Service cost | 2.53 | 2.40 |
| Interest cost | 1.12 | 1.90 |
| Interest (Income) on plan assets | (0.75) | (1.16) |
| **Total expense recognised in employee benefit as per note 25** | **2.90** | **3.14** |

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.

# Notes to the standalone financial statements

as at and for the year ended March 31, 2021

## 34. Movement in Provisions (contd.)

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

(₹ in crores)

| | March 31, 2021 | March 31, 2020 |
|---|---|---|
| Actuarial loss due to demographic assumption changes in Defined Benefit Obligation (DBO) * | 0.16 | - |
| Actuarial (gain)/loss due to financial assumption changes in DBO | (0.83) | 0.80 |
| Actuarial loss due to experience on DBO | 1.56 | 0.68 |
| Return on plan assets greater than discount rate | (4.12) | (0.63) |
| **Total actuarial loss/(gain) included in OCI** | **(3.23)** | **0.85** |

*figures are below rounding off norm adopted by the Company.

The change in benefit obligation and funded status of the gratuity plan for the year ended March 31, 2021 is as follows:

(₹ in crores)

| | March 31, 2021 | March 31, 2020 |
|---|---|---|
| **Change in benefit obligation** | | |
| Benefit obligation at the beginning of the year | **23.66** | **34.55** |
| Service cost | 2.53 | 2.40 |
| Interest cost | 1.12 | 1.90 |
| Acquisition/Business Combination/Divestiture/Transfers | 0.11 | (7.54) |
| Benefits paid | (1.54) | (9.13) |
| Actuarial loss - Demographic assumptions | 0.16 | - |
| Actuarial (gain)/loss - Financial | (0.83) | 0.80 |
| Actuarial loss - Experience | 1.56 | 0.68 |
| **Benefit obligation at the end of the year** | **26.77** | **23.66** |
| **Change in fair value of plan assets** | | |
| Fair value of plan assets at beginning of year | 14.46 | 21.80 |
| Expected return on plan assets | 0.75 | 1.16 |
| Acquisition/Business Combination/Divestiture/Transfers | (0.01) | - |
| Actual contribution | - | - |
| Benefits paid | (1.54) | (9.13) |
| Return on plan assets | 4.12 | 0.63 |
| **Fair value of plan assets at end of year** | **17.78** | **14.46** |
| Actual return on plan assets | 4.87 | 1.79 |

**Net asset / (liability) recognised in the Balance Sheet**

(₹ in crores)

| | March 31, 2021 | March 31, 2020 |
|---|---|---|
| Present value of defined benefit obligation | 26.77 | 23.66 |
| Fair value of plan assets | 17.78 | 14.45 |
| Funded status [Surplus / (Deficit)] | (8.99) | (9.21) |
| Net liability recognised in the Balance Sheet | (8.99) | (9.21) |
| Current | 2.27 | - |
| Non-current | 6.72 | 9.21 |

# Notes to the standalone financial statements

as at and for the year ended March 31, 2021

## 34. Movement in Provisions (contd.)

(₹ in crores)

| Particulars | March 31, 2021 | March 31, 2020 |
|---|---|---|
| **Composition of the plan assets is as follows:** | | |
| Government of India Securities (funded with LIC of India and Tata AIA) | 100.00% | 100.00% |
| **Actuarial assumptions** | | |
| Discount rate | 5.50% | 5.50% |
| Expected return on plan assets | 5.50% | 5.50% |
| Attrition rate | 23.50% | 28.00% |
| Salary increase rate | 5.00% | 6.00% |
| Retirement age | 60 years | 60 years |
| Life Expectation (years) | Indian Assured Lives Mortality (2012-14) Ultimate | Indian Assured Lives Mortality (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 is around 3.90 years.

### Experience adjustment:

(₹ in crores)

| Gratuity | Year ended March 31, 2021 | Year ended March 31, 2020 | Year ended March 31, 2019 | Year ended March 31, 2018 | Year ended March 31, 2017 |
|---|---|---|---|---|---|
| Present value of DBO | 26.77 | 23.66 | 34.59 | 49.13 | 54.21 |
| Fair value of plan assets | 17.78 | 14.45 | 21.83 | 25.95 | 45.89 |
| Funded status [Surplus / (Deficit)] | (8.99) | (9.21) | (12.76) | (23.18) | (8.32) |
| Experience (gain) / loss adjustments on plan liabilities | 1.56 | 0.68 | 0.41 | (2.92) | 10.15 |
| Experience gain / (loss) adjustments on plan assets | 4.12 | 0.63 | 2.34 | (0.90) | 2.75 |

Significant actuarial assumptions for the determination of the defined obligation are discount rate, expected salary increase and mortality. The sensitivity analyses below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

(₹ in crores)

| Particulars | Effect on gratuity obligation | | |
|---|---|---|---|
| | Change in assumptions | March 31, 2021 | March 31, 2020 |
| Delta effect of change in Rate of discounting | +1% | (0.77) | (0.65) |
| | -1% | 0.83 | 0.70 |
| Delta effect of change in Rate of salary increase | +1% | 0.83 | 0.58 |
| | -1% | (0.78) | (0.54) |
| Delta effect of change in Rate of employee turnover | +1% | (0.01) | (0.02) |
| | -1% | 0.01 | 0.03 |

# Notes to the standalone financial statements
as at and for the year ended March 31, 2021

## 34. Movement in Provisions (contd.)

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.

Expected Cash Flows for the defined benefit obligation are as follows:

(₹ in crores)

| | March 31, 2021 | March 31, 2020 |
|---|---|---|
| Within the next 12 months | 8.70 | 6.59 |
| Between 1 to 2 years | 4.78 | 5.79 |
| Between 3 to 5 years | 9.59 | 11.94 |
| Between 6 to 10 years | 6.59 | 9.00 |

The average duration of the defined benefit plan obligation at the end of the reporting period is 3.9 years (March 31 2020: 3 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.

**(ii) Compensated absences**

The compensated absences cover the Company's liability for earned leave.

Total compensated absences provision as on March 31, 2021 is ₹ 9.34 crores (₹ 8.77 crores as on March 31, 2020) is presented as short-term provision, since the Company does not have an unconditional right to defer settlement for any of these obligations. Provision for compensated absences has been made on the basis of actuarial valuation carried out as at the balance sheet date.

**(iii) Provident fund**

Provident fund with respect to employees covered with the Government administered fund is a defined contribution scheme for which the Company has made a contribution of ₹ 1.88 crores (March 2020 – ₹ 2.27 crores) during the current year. Also, the Company makes contributions to the Tata Teleservices Provident Fund Trust which is treated as defined benefit plan and for which the Company has made a contribution of ₹ 4.85 crores (March 2020 – ₹ 5.68 crores) during the current year. In respect of provident fund management by the approved trust, the Company has an obligation to fund any shortfall on the yield of the trust's investments over the administered interest rates on an annual basis. There is no shortfall for year ended March 31, 2021.

Summary of the provident fund plan is as follows:

(₹ in crores)

| | March 31, 2021 | March 31, 2020 |
|---|---|---|
| **Components of net benefit cost** | | |
| Service cost | 4.85 | 6.92 |
| Interest cost | 24.12 | 19.50 |
| Expected return on plan assets | (24.82) | (20.28) |
| **Net cost** | **4.15** | **6.14** |

# Notes to the standalone financial statements
as at and for the year ended March 31, 2021

## 34. Movement in Provisions (contd.)

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

(₹ in crores)

| | March 31, 2021 | March 31, 2020 |
|---|---|---|
| Movement in Present Value of DBO | (16.51) | (21.05) |
| Movement in Fair value of plan assets | 17.32 | 24.19 |
| **Total actuarial loss/(gain) included in OCI** | **0.81** | **3.14** |

The change in benefit obligation and funded status of the Provident Fund plan is as follows:

(₹ in crores)

| | March 31, 2021 | March 31, 2020 |
|---|---|---|
| **Change in benefit obligation** | | |
| Benefit obligation at the beginning of the year | 290.12 | 311.17 |
| Service cost | 4.85 | 6.92 |
| Interest cost | 24.12 | 19.50 |
| Benefits paid | (25.67) | (40.29) |
| Actuarial (gain)/loss | (9.22) | 4.97 |
| Employee contributions | 8.08 | 9.50 |
| Transfer In | 2.19 | - |
| Settlements | (19.14) | (21.65) |
| Changes in the reserves | (1.72) | - |
| **Benefit obligation at the end of the year** | **273.61** | **290.12** |

(₹ in crores)

| | March 31, 2021 | March 31, 2020 |
|---|---|---|
| **Change in fair value of plan assets** | | |
| Fair value of plan assets at beginning of year | 278.56 | 302.75 |
| Expected return on plan assets | 24.82 | 20.28 |
| Employer Contribution | 4.85 | 5.71 |
| Transfer in | 2.19 | - |
| Employee contribution | 8.08 | 9.50 |
| Benefits paid | (25.67) | (40.29) |
| Asset gain/(loss) | (6.54) | (5.06) |
| Settlements | (19.14) | (21.65) |
| Less: Impairment of certain plan assets | (5.91) | 7.32 |
| **Fair value of plan assets at end of year** | **261.24** | **278.56** |

**Net asset / (liability) recognised in the Balance Sheet**

(₹ in crores)

| **Fund balance** | March 31, 2021 | March 31, 2020 |
|---|---|---|
| Defined benefit obligation | (273.61) | (290.12) |
| Fair value of plan assets | 261.24 | 278.56 |
| Funded status asset/(liability) | (12.37) | (11.56) |
| **Assets/(liability) recognised in Balance Sheet** | **(12.37)** | **(11.56)** |

# Notes to the standalone financial statements

as at and for the year ended March 31, 2021

## 34. Movement in Provisions (contd.)

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

(₹ in crores)

| Particulars | March 31, 2021 | March 31, 2020 |
|---|---|---|
| Discount rate | 4.70% | 5.50% |
| Expected return on Plan Assets (Internal Rate of Return on the portfolio of plan assets, given below) | 7.80% | 8.62% |
| Attrition rate | 23.50% | 28.00% |
| Interest rate guarantee | 8.50% | 8.50% |
| Retirement age | 60 years | 60 years |
| Life Expectation (years) | IALM (2012-14) 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 is around 2.38 years.

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

**Experience adjustment:**

(₹ in crores)

| Fund balance | March 31, 2021 | March 31, 2020 | March 31, 2019 | March 31, 2018 | March 31, 2017 |
|---|---|---|---|---|---|
| Present Value of DBO | 273.61 | 290.12 | 311.17 | 352.10 | 361.93 |
| Fair value of plan assets | 261.24 | 278.56 | 302.75 | 363.79 | 390.83 |
| Funded status [Surplus/(Deficit)] | (12.37) | (11.56) | (8.42) | 11.69 | 28.90 |
| Experience (gain) / loss adjustments on plan liabilities | (9.67) | 5.09 | 3.11 | 4.44 | (1.02) |
| Experience gain / (loss) adjustments on plan assets | (6.54) | (5.06) | 5.53 | (13.18) | 8.52 |

A quantitative sensitivity analysis for significant assumption as at March 31, 2021 is as shown below:

(₹ in crores)

| Particulars | Effect on fund obligation | | |
|---|---|---|---|
| | Change in assumptions | March 31, 2021 | March 31, 2020 |
| Discount rate | +50 basis points | 1.45 | (0.58) |
| | -50 basis points | (0.92) | 0.64 |
| Interest rate guarantee | +50 basis points | 1.48 | 7.70 |
| | -50 basis points | (0.93) | (4.86) |

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.

# Notes to the standalone financial statements

as at and for the year ended March 31, 2021

## 34. Movement in Provisions (contd.)

Expected Cash Flows for the defined benefit obligation are as follows:

(₹ in crores)

| | March 31, 2021 | March 31, 2020 |
|---|---|---|
| Within the next 12 months | 62.90 | 57.61 |
| Between 1 to 2 years | 50.41 | 44.25 |
| Between 3 to 5 years | 74.33 | 93.54 |
| Between 6 to 10 years | 37.64 | 95.79 |

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

(₹ in crores)

| **Major categories of plan assets as a percentage to total assets** | March 31, 2021 | March 31, 2020 |
|---|---|---|
| Government of India securities/Gilt Mutual Funds | 22.05% | 21.47% |
| State Government Securities | 37.76% | 31.38% |
| PSU Bonds | 27.14% | 33.14% |
| Private Sector Bonds/Equity/Mutual Funds | 13.05% | 14.01% |

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 in the immediate next year is ₹ 4.85 crores (March 31, 2020 – ₹ 5.71 crores).

**(iv) Contribution to other funds**

The Company makes Employee State Insurance Scheme contributions which are defined contribution plans, for qualifying employees. The Company recognised ₹ 0.01 crores for the year ended March 31, 2021 (₹ 0.04 crores for the year ended March 31, 2020) for Employee State Insurance Scheme contributions in the Statement of Profit and Loss. The contributions payable to these plans by the Company are at rates specified in the rules of the schemes.

**(v) Provision for Pension (Defined benefit plan)**

During the year ended March 31, 2021, the Board of Directors approved the Special Retirement Benefit Scheme, granting certain Retirement Benefits, i.e monthly pension, medical benefits, compensation in lieu of housing to the Managing Director who retired in March 2020, as per the policy of the Company. Accordingly, based on the actuarial valuation, a charge of ₹ 16.69 crores have been recorded in the statement of Profit & Loss.

The expenses for the above mentioned benefits have been disclosed under the following line items :

i) Pension, Compensation in lieu of Housing - under Salaries and bonus

ii) Post Retirement Medical Benefits - under Staff welfare expenses

**Significant actuarial assumptions used in accounting for the pension for the year are as below:**

| | |
|---|---|
| Discount rate (per annum) (%) | 7.00% |
| Pension Escalation rate every 3 years (%) | 21.07% |
| Mortality rate (Post retirement) | Indian Assured Lives Mortality Tables 2012-14 |

# Notes to the standalone financial statements

as at and for the year ended March 31, 2021

## 35. Disclosure pertaining to leases as per Ind AS 116

### A. Background of leasing activity:

The Company has lease contracts for various Network Sites, buildings and dark fibre (IRU) also. Company is using Network Sites for transmission and for in door network coverage purpose. The properties taken on lease are used as offices. The average lease period for the sites is 4 years with an average escalation of 3-5% per annum. The average lease period for properties is 2-3 years with an average escalation of 3-5%. Generally the company is restricted to sublet the sites taken on lease.

### B. Set out below are the carrying amounts of lease liabilities

(₹ in crores)

| | 2020-21 | 2019-20 |
|---|---|---|
| **Balance at the beginning of the year** | 483.85 | 571.55 |
| Additions | 20.86 | 79.03 |
| Deletion | (82.11) | (68.70) |
| Accretion of interest | 38.33 | 52.80 |
| Payments | (134.17) | (148.88) |
| Modification adjustment | (0.23) | (1.95) |
| **Balance at the end of the year** | **326.53** | **483.85** |
| Current | 91.66 | 101.42 |
| Non-current | 234.87 | 382.43 |

For maturity analysis of lease liabilities refer note 42

### C. Total cash outflow

The company has a total cash flow for leases of ₹ 162.02 crores for year ended March 31, 2021 (332.96 crores - March 31, 2020), out of which the amount paid against interest component is ₹ 38.33 crores (52.80 crores - March 31, 2020) and against principal is ₹ 95.84 crores (96.08 crores - March 31, 2020) for the sites considered for ROU and Lease Liability calculation, the balance payment is made for short term leases and variable rent.

### D. Amount recognised in Statement of Profit and Loss Account

(₹ in crores)

| Particulars | 2020-21 | 2019-20 |
|---|---|---|
| Depreciation charge on Right-of-use assets (Refer note 4) | 99.36 | 104.17 |
| Interest expense (included in finance costs) (Refer note 28) | 38.33 | 52.80 |
| Expenses relating to short term leases (included in other expenses) | 22.66 | 58.06 |
| Expenses relating to variable lease payments not included in lease liabilities (included in other expenses) | 5.19 | 3.56 |
| Gain on discontinuation of lease included in other income | 26.03 | 6.73 |

### E. Future Cash Outflows

(₹ in crores)

| Future cash outflows not reflected in the measurement of lease liabilities | 1 year or less | 1 to 5 years | Total |
|---|---|---|---|
| Future variable lease payments for 2020-21 | 0.09 | 0.20 | 0.29 |
| Future variable lease payments for 2019-20 | 3.73 | 12.36 | 16.09 |

The average escalation rate of 5% is used to calculate the future variable payments

**Additional information pertaining to variable lease payments**

The company has lease contracts for Network sites where a part of the total rent is variable. The additional rent paid during the year is ₹ 5.19 crores (3.56 crores - March 31, 2020).

# Notes to the standalone financial statements

as at and for the year ended March 31, 2021

## 35. Disclosure pertaining to leases as per Ind AS 116 (contd.)

### F. Additional information on short term and low value leases

Company had a leases of a building and MSC sites which are short term i.e. lease term of less then 1 year. These leases were short term lease and the company elected not to recognise right to use assets and lease liabilities for these leases. The lease payment of such leases are directly debited to Statement of Profit and Loss.

### G. Additional information on extension and termination option

Under IND AS 116, lease term is defined as non-cancellable period together with any renewal option or termination option with lessee if it is reasonably certain to exercise the option. Both these options with the Company are only considered for the purpose of determination of lease term and the options with lessor is ignored. Most of the lease contracts have an option of extension and termination on mutual concession. The company reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant change in circumstances within its control. Generally, the company assesses at lease commencement whether it is reasonably certain to exercise the options. The Company assesses the probability of options basis the review of the network design and the technology and business plans.

## 36. Commitments and contingencies

(₹ in crores)

| SN | Description | March 31, 2021 | March 31, 2020 |
|---|---|---|---|
| (i) | **Capital Commitment** | | |
| | Estimated value of contracts remaining to be executed on capital account and not provided for (net of advances) | 150.27 | 158.17 |
| (ii) | **Other Commitments** | | |
| | Indemnity given to others | 102.26 | 102.26 |
| (iii) | **Contingent Liabilities** | | |
| | Claims against the Company not acknowledged as debts* | 1,813.95 | 2,292.39 |
| | | **2,066.48** | **2,552.82** |

Claims against the Company not acknowledged as debts*

(₹ in crores)

| SN | Description | March 31, 2021 | March 31, 2020 |
|---|---|---|---|
| 1 | BSNL walky ADC [Refer para (a) below] | 150.28 | 137.64 |
| 2 | Revenue Share – LF/SUC demands [Refer Note 30(g)] | - | 683.13 |
| 3 | SMS Termination charges demanded by other operators [refer para (b) below] | 268.83 | 268.83 |
| 4 | DoT demands for EMF [refer para (c) below] | 15.21 | 15.21 |
| 5 | UASL rollout obligation (refer para (d) below) | 175.40 | 175.40 |
| 6 | Subscriber verification demand from Term Cell (refer para (e) below) | 259.72 | 214.07 |
| 7 | BSNL claims for interconnection [refer para (f) below] | 51.08 | 51.08 |
| 8 | Port Charges demanded to other operators | 250.77 | 245.50 |
| 9 | Service Tax demands | 97.47 | 65.04 |
| 10 | Sales Tax/VAT demands | 37.83 | 37.78 |
| 11 | Entry Tax demands | 83.36 | 82.63 |
| 12 | Entertainment Tax demands | 77.74 | 21.04 |
| 13 | Income tax demands | 196.21 | 161.16 |
| 14 | Other miscellaneous demands/claims | 150.05 | 133.88 |
| | | **1,813.95** | **2,292.39** |

*includes contingent liabilities towards indemnification (Refer Note 1.2)

# Notes to the standalone financial statements

as at and for the year ended March 31, 2021

## 36. Commitments and contingencies (contd.)

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 ₹ 651.04 crores (March 31, 2020- ₹ 651.04 crores) including interest of ₹ 294.55 crores (March 31, 2020- ₹ 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 dismissed the Petition 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 TDSAT order of April 15, 2010 which was admitted 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. The Company has received favorable order by TDSAT in respect of Gujarat circle on April, 4, 2019 basis which the Company has reduced Contingent liability by ₹ 44.88 crores including accumulated interest on unpaid amount. BSNL has challenged TDSAT's Judgment dated April 4, 2019 before Supreme Court in Civil Appeal No. 9090 of 2019. Supreme Court issued notice in BSNL's Appeal by Order dated November 25, 2019.

The total demands as at March 31, 2021 are ₹ 651.04 crores (March 31, 2020 ₹ 651.04 crores) including interest of ₹ 294.55 crores (March 31, 2020 – ₹ 294.55 crores). As at March 31, 2021, the Company has made on account payment under protest of ₹ 570.30 crores (March 31, 2020 –₹ 570.30 crores) against the total demands. .

As at March 31, 2021, the Company has provided ₹ 570.30 crores (March 31, 2020 – ₹ 570.30 crores) and excluded the demand in respect of Gujarat circle of ₹ 44.88 crores (March 31, 2020 – ₹ 44.88 crores). The balance amount of ₹ 35.85 crores (March 31, 2020 – ₹ 35.85 crores) together with accumulated interest on unpaid amount of ₹ 114.43 crores (March 31, 2020 – ₹ 101.79 crores) aggregating ₹ 150.28 crores (March 31, 2020 – ₹ 137.64 crores) has been disclosed as contingent liability.

(b) Bharti 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 are discriminatory. TDSAT vide its order dated August 30, 2012, 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 SC 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 favor. Total amount payable to the operator (net of access charges receivable by the Company) amounts to ₹ 422.05 crores (March 31, 2020 – ₹ 422.05 core) which has been fully provided by the Company. Amount paid under dispute as at March 31, 2021 amounts to ₹ 379.68 crores (March 31, 2020 – ₹ 379.68 crores).

Other operators have raised claims for SMS termination amounting to ₹ 268.83 crores (March 31, 2020 – ₹ 268.83 crores), which were challenged in TDSAT by the Company. During the year 2015-16, TDSAT has pronounced judgment 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 liabilities. Amount paid under dispute as at March 31, 2021 amounts to ₹ 8.13 crores (March 31, 2020 – ₹ 8.13 crores).

(c) 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, etc) amounting to ₹ 666.05 crores (March 31, 2020: ₹ 666.05 crores). The Company has responded to all SCN and demands stating the facts and made a provision ₹ 2.01 crores pertaining to radiation related demands and SCN. TTSL filed Telecom Petition no. 16 of 2015 to set aside Demand notice of ₹ 84.55 crores dated May 02, 2014, alleging deviation of EMF exposure norms of self certificates in Rajasthan Circle. The Company also challenged Demand Notes dated April 11, 2016 in Karnataka Circle alleging delay in submission of self certificates. Two joint petitions (out of 5) in TDSAT challenging the issue of (i) penalty for missing/improper/ absent signages on the cell sites (Petition No. 223 of 2014) and (ii) penalty for sharing operators to submit fresh self-certificate on up-gradation (Petition No 199 of 2015) are pending adjudication. TDSAT has directed DoT not to take any coercive measures for enforcement of the impugned demand notices/invocation of bank guarantee in the above two petitions.

# Notes to the standalone financial statements

as at and for the year ended March 31, 2021

## 36. Commitments and contingencies (contd.)

Based on TDSAT judgments, the company has assessed its position and disclosed ₹ 15.21 crores (March 31, 2020: ₹ 15.21 crores) as contingent liability .

(d) DoT has issued demand notes on March 15, 2018 of ₹ 25.45 crores and ₹ 149.95 crores followed by SCN issued earlier for delay in compliance of the 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 coercive 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. The Company has also challenged the Demand Notice dated September 16, 2019 vide TP No. 80 of 2019, whereby DoT has sought liquidated damages amounting to ₹ 28.30 crores (while ₹ 21 crores have been claimed for delay in meeting first phase of roll-out obligation within the specified time, ₹ 7.30 crores have been claimed in respect of the second phase roll-out obligation) for alleged default in complying with the first phase and second phase roll-out obligations in respect of dual (second) technology spectrum for Kerala, Odisha and UP (W) circles. TDSAT vide orders dated October 9, 2019 stayed the operation of the impugned demands. The company has disclosed entire amount of ₹ 175.40 crores (₹ 175.40 crores-March 31, 2020) as contingent liability.

(e) DoT has issued instruction to TERM Cell in each Licensed Service Area to conduct monthly audit to check compliance levels of subscriber verification norms. DoT has also issued circulars to impose penalty for non-compliances to its instructions observed during the monthly audits. Total penalty raised to TTSL on account of subscriber verification norms is ₹ 259.72 crores as at March 31, 2021. Some of these penalties have been challenged by TTSL in various High Courts and TDSAT. Based on legal opinion that the circulars are contrary to Section 20A of the Indian Telegraph Act, 1885, as the circulars prescribe penalties in excess of those prescribed under the Telegraph Act, the Company has disclosed the said demands as contingent liability.

Household Direct Exchange Lines (RDELs) installed in Rajasthan circle during the period 2005-2010 and raised penalty demands aggregating to ₹ 426.88 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.

Karnataka TERM Cell has imposed a penalty of ₹ 45.75 Crs in February 2020 for missing SIM Activation date and time field from eCAFs. The penalty is for the audit period from July 2017 to April 2019 for the activations which have happened from April 2017 to April 2018. The Company has made a representation with TERM Cell and DoT (HQ) saying that deviation is merely technical in nature and has no real impact or consequence as the date and time of activation are in any case mentioned in TTSL's subscriber database as mandated under the instructions and are readily available. DoT has issued an instruction to TERM Cell on 17.08.2020 to have a re-look on this issue. The TERM/DoT response are awaited. Based on above, the company has disclosed amount of ₹ 259.72 crores (₹ 214.07 crores - March 31, 2020) as contingent liability.

(f) BSNL, in 2001, issued letters to the Company and other operators seeking unilateral increase in interconnection access charges. The main contention of the operators is that the Regulations will prevail over the inter se agreements between the parties and Access and Port Charges should be in terms of the TRAI Regulations, which would override the Agreements. 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 ₹ 51.78 crores (March 31, 2020 – ₹ 51.78 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. Matter was tagged with the matter dealing with the TDSAT jurisdiction issue wherein interim order was pronounced on December 6, 2013 holding that TDSAT has no jurisdiction to entertain the challenge to TRAI regulation. Supreme Court also opined that the remaining five substantial questions of law shall be referred to the larger bench. The entire batch matters will now be listed before the larger Bench of Hon'ble Supreme Court. Supreme Court vide orders dated 29.02.2016 directed Registry to list the cases after the orders in the Review Petition (Civil) Nos.1409-1410 of 2014 in Civil Appeal No.5253 of 2010 and 5184 of 2010 are passed. The company has disclosed ₹ 51.08 crores (March 31, 2020 – ₹ 51.08 crores) as contingent liability after adjusting provision and payment amount of ₹ 0.70 crores.

(g) The Company received demands of ₹ 866.36 crores 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. 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 ₹ 198.20 crores (March 31, 2020 – ₹ 198.20 crores) for the period January 1, 2013 to December 31, 2018 under protest. Kolkata High Court disposed off the matter and permitted TTSL to approach TDSAT on March 12, 2019. TDSAT granted relief vide orders dated May 10, 2019 in terms of (a) setting aside the impugned decisions / orders dated 28.12.2012, 15.03.2013 and demands dated 20.03.2013, (b) held that the amount of ₹ 198.20 Cr. paid by TTSL for retaining 1.25 MHz CDMA spectrum beyond the startup spectrum in Delhi Circle was not legal and should be refunded back to TTSL within 2 months from the date of the order, and (c) directed payment of interest at rate of 8% per annum from the respective dates when the instalments were paid. DoT filed CA no. 6766/2019 seeking a stay of TDSAT orders dated May 10, 2019.

# Notes to the standalone financial statements

as at and for the year ended March 31, 2021

## 36. Commitments and contingencies (contd.)

The Company filed a Review Petition seeking declaration that DoT is not entitled to OTSC in view of the fact that TTSL had surrendered the spectrum. The Review Petition was dismissed by TDSAT orders dated August 30, 2019. The Company has challenged the TDSAT orders dated May 10, 2019 and August 30, 2019 vide Civil Appeal Diary No. 32001 of 2019 since TDSAT had not dealt with the fact of surrender of spectrum. TTSL's contention is that even if DoT is empowered to levy OTSC, OTSC cannot be levied on TTSL since TTSL has already surrendered the spectrum. The Supreme Court issued notice in the Appeals vide Order dated September 30, 2019. TTSL has filed its Reply to DoT's Appeal and DoT has also filed its Reply to TTSL's Appeal. Vide Order dated December 07, 2020, the Supreme Court passed an interim order to the effect of status quo being maintained regarding demands against each other. The matter has been listed for final hearing on April 22, 2021. Based on legal advice, the Company has considered the said demand as remote in nature.

(h) The Company has evaluated the impact of the Supreme Court (SC) judgement dated February 28, 2019 in case of Vivekananda Vidyamandir And Others Vs The Regional Provident Fund Commissioner (II) West Bengal and the related circular (Circular No. C-I/1(33)2019/Vivekananda Vidya Mandir/284) dated March 20, 2019 issued by the Employees' Provident Fund Organisation in relation to non-exclusion of certain allowances from the definition of basic wages of the relevant employees for the purposes of determining contribution to provident fund under the Employees' Provident Funds & Miscellaneous Provisions Act, 1952. In the assessment of the management which is supported by legal advice, the Company believes that the aforesaid judgement does not have material impact on the Company. The Company will continue to monitor and evaluate its position based on future events and developments.

(i) The Direct Tax Vivad se Vishwas Act, 2020 ('VSV Act' or 'VSV Scheme') was enacted as a benefit to assessee to reduce the pendency of litigation under the Income-tax Act, 1961 ('Act'). In this regard, the company has opted to settle certain open litigation/matters in accordance with the provisions of the subject VSV Act. The company has settled the penalty matters under section 271(1)(c) of the Act pending before the Commissioner of Income Tax ( Appeals) for AY 2006-07 and AY 2008-09 having the contingent liability of ₹ 2.91 crores under VSV. Accordingly, the contingent liability relating thereto has been reduced from overall contingent liabilities.

## 37. Segment Reporting

The Company is engaged in providing telecommunication services under Unified License. These, in the context of Ind AS 108 on "Segment reporting", are considered to constitute a single reportable segment. Further, the Company provide telecommunication services only in the Indian domestic market and accordingly secondary segment reporting disclosure are not required.

## 38. Related Party Transactions in terms of Ind AS 24

**List of Related parties**

**A Holding Company**

Tata Sons Private Limited

**B Investing Party of Holding Company**

Sir Dorabji Tata Trust
Sir Ratan Tata Trust

**C Subsidiaries**

MMP Mobi Wallet Payment Systems Limited
Tata Teleservices (Maharashtra) Limited
TTL Mobile Private Limited (formerly Virgin Mobile (India) Private Limited)
NVS Technologies Limited

**D Associate**

ATC Telecom Infrastructure Private Limited (Formerly known as Viom Networks Limited)
(ATC Infrastructure Services Private Limited has been amalgamated w.e.f September 27, 2019) (Upto December 16, 2020)

**E Subsidiaries, associate and joint venture companies of holding company with whom the Company had transactions**

**Associate Of Holding Company**

Conneqt Business Solutions Limited (formerly Tata Business Support Services Limited)
Tata Chemicals Limited
Tata Coffee Limited
Tata Consumer Products Limited (formerly Tata Global Beverages Limited)
Tata Marcopolo Motors Limited
Tata Metaliks Limited
TMF Holdings Limited (formerly Tata Motors Finance Limited)
Tata Motors Insurance Broking and Advisory Services Limited
Tata Motors Limited
Tata power Delhi Distribution Limited
Tata Power Solar Systems Limited
Tata Power Trading Company Limited
Tata Steel Limited
Tata Steel Downstream Products Limited (formerly Tata Steel Processing and Distribution Limited)
Tata Steel BSL Limited (formerly Bhushan Steel Limited) (under amalgamation)
Tata Steel Foundation
Tata Technologies Limited
Tatanet Services Limited
The Indian Hotels Company Limited
The Tata Power Company Limited

# Notes to the standalone financial statements

as at and for the year ended March 31, 2021

## 38. Related Party Transactions in terms of Ind AS 24 (contd.)

Titan Company Limited
Titan Engineering And Automation Limited
Nelco Limited
TCL Ceramics Limited (Formerly Tata Ceramics Limited) (w.e.f. January 4, 2020)
Trent Limited
Voltas Limited
Tata Elxsi Limited (upto November 30, 2020)
Roots Corporation Limited
Benares Hotels Limited

**Associate Of Fellow Subsidiary**

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

**Fellow Subsidiaries**

APTOnline Limited (Formerly APOnline Limited)
Automotive Stampings and Assemblies Limited
C-Edge Technologies Limited
Tata Advanced Materials Limited (merged with Tata Advanced Systems Limited w.e.f. May 31, 2019)
Infiniti Retail Limited
Mponline Limited
Taj Air Limited
Tata Advanced Systems Limited
Tata Asset Management Limited
Tata Autocomp Systems Limited
Tata Capital Financial Services Limited
Tata Capital Housing Finance Limited
Tata Capital Limited
Tata Communication Limited
Tata Communications (America) Inc.
Tata Communications Collaboration Services Private Limited
Tata Communications Payment Solutions Limited
Tata Communication SVCS Pte Limited (Formerly Tata Communications Services (Bermuda) Limited)
Tata Communications Transformation Services Limited
Tata Consultancy Services Limited
Tata Consulting Engineers Limited
Tata Housing Development Company Limited
Tata International Limited
Tata Realty and Infrastructure Limited
Tata Securities Limited
Tata SIA Airlines Limited
Tata Toyo Radiator Limited
Tata Value Homes Limited (Formerly known as Smart Value Homes Limited)
TCS e-Serve International Limited
TRIL Amritsar Projects Limited (formerly TRIF Amritsar Projects Limited) (upto December 09, 2019)
Tril Infopark Limited
Tata AIG General Insurance Company Limited
Panatone Finvest Limited
Tata Elxsi Limited (w.e.f. December 1, 2020)
Nova Integrated Systems Limited
Tata Medical And Diagnostics Limited (w.e.f. July 23, 2020)

**Joint venture of fellow subsidiary**

Tata AutoComp GY Batteries Private Limited (formerly Tata AutoComp GY Batteries Limited)
Tata Boeing Aerospace Limited
(formerly Tata Aerospace Limited)
Tata Lockheed Martin Aerostructures Limited
Tata Sikorsky Aerospace Limited (Formerly known as Tara Aerospace Systems Limited)
Smart Value Homes (New Project) LLP

**Joint Venture of Holding Company**

Tata SmartFoodz Limited (formerly SmartFoodz Limited)
Tata AIA Life Insurance Company Limited
Tata Industries Limited
Tata Sky Limited
Tata Sky Broadband Private Limited
Tata Advanced Materials Limited (upto May 30, 2019)

**F Post employment benefit plans of Company**
(Refer note 34(e) for transactions during the year)

Tata Teleservices Provident Fund
Tata Teleservices Gratuity Fund
Tata Teleservices Superannuation Fund

**G Key Management Personnel**

Mr. N.Srinath - Managing Director (upto March 31, 2020)/ Non-Executive Director (w.e.f. April 1, 2020)
Mr. Amur Swaminathan Lakshminarayanan - Chairman and Director (w.e.f. December 9, 2020)
Mr Harjit Singh- Manager (w.e.f August 17, 2020)
Ms. Bharati Rao- Independent Director-Non-Executive Director
Mr. Narendra Damodar Jadhav- Independent Director
Ms. Vibha Paul Rishi- Independent Director
(Resigned w.e.f. July 18, 2019)
Mr. Saurabh Agrawal- Non-Executive Director
(Upto November 5, 2020)
Mr. Ankur Verma- Non-Executive Director
Mr. Ilangovan G.- Chief Financial Officer

# Notes to the standalone financial statements

as at and for the year ended March 31, 2021

## 38. Related Party Transactions in terms of Ind AS 24 (contd.)

**Details of transactions with related parties for the year ended March 2021**

(₹ in crores)

| | Holding Company | Subsidiary | Associate | Fellow Subsidiaries | Associate of fellow subsidiary | Associate Of Holding Company | Joint venture of fellow subsidiary | Joint Venture of Holding Company | Key Managerial Personnel | Total |
|---|---|---|---|---|---|---|---|---|---|---|
| **1) Expenses** | | | | | | | | | | |
| Administrative and Other Expenses | 0.10 | 0.15 | 0.21 | 2.28 | - | 1.07 | - | 0.48 | | 4.29 |
| Advertisement and Business Promotion Expenses | - | - | - | - | - | - | - | 0.04 | | 0.04 |
| Customer Service and Call Centre Cost | - | - | - | 23.23 | - | - | - | - | | 23.23 |
| Interconnect and Other Access Cost | - | 0.14 | - | 13.89 | - | - | - | - | | 14.03 |
| Network Operation Cost | 0.14 | 27.22 | 331.71 | 373.13 | 3.51 | 1.42 | - | - | | 737.13 |
| Rent | - | 3.09 | - | - | - | 1.77 | - | - | | 4.86 |
| Managerial Remuneration* | - | - | - | - | - | - | - | - | 0.87 | 0.87 |
| Director Sitting Fees | - | - | - | - | - | - | - | - | 0.27 | 0.27 |
| Interest expense on CCPS / OCPS / OCD | 812.67 | - | - | 128.50 | - | - | - | - | | 941.17 |
| **2) Income** | | | | | | | | | | |
| Rent income | - | (1.95) | - | (6.21) | - | - | - | - | | (8.16) |
| Service Revenue | - | (10.42) | (0.09) | (189.45) | (0.19) | (6.56) | (0.25) | (56.44) | | (263.38) |
| Other operating income | - | (0.54) | - | (29.82) | - | - | - | - | | (30.36) |
| **3) Other Transactions** | | | | | | | | | | |
| Reimbursement of Expenses paid | - | 22.08 | - | - | - | - | - | - | | 22.08 |
| Reimbursement of Expenses Received | - | (23.35) | - | (0.31) | - | (0.15) | - | - | | (23.81) |
| Purchase of Fixed Asset | - | 1.73 | - | 0.43 | - | 0.04 | - | - | | 2.20 |
| Sale of Fixed Asset | - | (0.03) | - | - | - | - | - | - | | (0.03) |
| Issuance of equity shares by conversion of CCPS | (2,003.94) | - | - | - | - | - | - | - | | (2,003.94) |
| Issuance of equity shares by conversion of OCPS | (2,300.00) | - | - | - | - | - | - | - | | (2,300.00) |
| Issuance of equity shares by conversion of OCD | - | - | - | (1,400.00) | - | - | - | - | | (1,400.00) |
| **4) Loans** | | | | | | | | | | |
| ICD given (Refer note 8 and 13) | - | 409.00 | - | - | - | - | - | - | | 409.00 |
| Loan repayment received | - | (6.94) | - | - | - | - | - | - | | (6.94) |
| **5) Outstanding as at:** | | | | | | | | | | |
| Instrument entirely equity in nature (CCPS) (Refer note 16) | (29,616.28) | - | - | - | - | - | - | - | | (29,616.28) |
| Borrowings (Refer note 18 and 19) | (7,303.88) | - | - | - | - | - | - | - | | (7,303.88) |
| Trade Payables | (0.04) | (3.85) | (88.66) | (100.87) | (0.07) | (3.62) | - | - | | (197.11) |
| Trade Receivables | - | 15.89 | 0.41 | 56.47 | | 0.49 | 0.01 | 2.80 | | 76.07 |

In the table above, income receipts and liabilities are shown in brackets.

*As the liabilities for the gratuity, pension and compensated absences are provided on an actuarial basis, and calculated for the Company as a whole rather than each of the individual employees, the said liabilities pertaining specifically to KMP are not known and hence, not included in the above table.

## 38. Related Party Transactions in terms of Ind AS 24 (contd.)

**Details of transactions with related parties for the year ended March 2020**

(₹ in crores)

| | Holding Company | Subsidiary | Associate | Fellow Subsidiaries | Associate of fellow subsidiary | Associate Of Holding Company | Joint venture of fellow subsidiary | Joint Venture of Holding Company | Investing party of Holding Company | Key Managerial Personnel | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **1) Expenses** | | | | | | | | | | | |
| Administrative and Other Expenses | - | 0.85 | (0.21) | 4.10 | - | 0.02 | - | 0.48 | - | - | 5.24 |
| Advertisement and Business Promotion Expenses | - | - | - | - | - | - | - | 0.07 | - | - | 0.07 |
| Customer Service and Call Centre Cost | - | - | - | 55.15 | - | 0.11 | - | - | - | - | 55.26 |
| Interconnect and Other Access Cost | - | (0.10) | - | 30.64 | - | - | - | - | - | - | 30.54 |
| Network Operation Cost | - | 35.23 | 541.45 | 355.86 | 0.01 | 2.03 | - | - | - | - | 934.58 |
| Rent | - | 3.09 | 0.11 | 3.73 | - | 5.90 | - | - | - | - | 12.83 |
| Managerial Remuneration* | - | - | - | - | - | - | - | - | - | 16.08 | 16.08 |
| Director Sitting Fees | - | - | - | - | - | - | - | - | - | 0.15 | 0.15 |
| Interest expense on CCPS / OCPS / OCD | 966.39 | - | - | 121.29 | - | - | - | - | - | - | 1,087.68 |
| **2) Income** | | | | | | | | | | | |
| Rent income | - | (1.90) | - | - | - | - | - | - | - | - | (1.90) |
| Service Revenue | - | (30.17) | (0.14) | (176.07) | (0.30) | (7.23) | (0.27) | (29.92) | (0.01) | - | (244.11) |
| Other Income | - | - | - | (21.73) | - | - | - | - | - | - | (21.73) |
| **3) Other Transactions** | | | | | | | | | | | |
| Reimbursement of Expenses paid | - | 24.76 | - | 4.02 | - | 0.01 | - | - | - | - | 28.79 |
| Reimbursement of Expenses Received | - | (50.54) | - | (0.06) | - | - | - | - | - | - | (50.60) |
| Purchase of Fixed Asset | - | 0.48 | - | - | - | - | - | - | - | - | 0.48 |
| Issuance of new CCPS by conversion of OCD | (8,696.28) | - | - | - | - | - | - | - | - | - | (8,696.28) |
| Issuance of new CCPS | (5,000.00) | - | - | - | - | - | - | - | - | - | (5,000.00) |
| Issue of OCD by the Company | (2,000.00) | - | - | - | - | - | - | - | - | - | (2,000.00) |
| Issue of Equity Shares | (929.48) | - | - | - | - | - | - | - | - | - | (929.48) |
| Partial repayment of liability waived as Other Equity for MMP | - | (0.60) | - | - | - | - | - | - | - | - | (0.60) |
| **4) Loans** | | | | | | | | | | | |
| ICD given | - | 2,790.15 | - | - | - | - | - | - | - | - | 2,790.15 |
| Loan given** | - | 825.00 | - | - | - | - | - | - | - | - | 825.00 |
| **5) Outstanding as at:** | - | - | - | - | - | - | - | - | - | - | |
| Instrument entirely equity in nature (CCPS) | (29,616.28) | - | - | - | - | - | - | - | - | - | (29,616.28) |
| Borrowings | (10,795.14) | - | - | (1,254.82) | - | - | - | - | - | - | (12,049.96) |
| Trade Payables | - | (63.84) | (330.62) | (160.88) | (0.01) | 1.42 | - | 0.02 | - | - | (553.91) |
| Trade Receivables | - | 38.46 | 0.27 | 55.56 | (0.05) | 1.02 | 0.01 | 2.38 | - | - | 97.65 |

IIn the table above, income receipts and liabilities are shown in brackets.

*As the liabilities for the gratuity and compensated absences are provided on an actuarial basis, and calculated for the Company as a whole rather than each of the individual employees, the said liabilities pertaining specifically to KMP are not known and hence, not included in the above table.

**On July 1, 2019, pursuant to the Scheme of demerger of CMB, out of the loan of face value ₹ 825 crores, face value of loan amounting to ₹ 818.06 crores (amortised cost ₹ 743.11 crores) has been transferred on the same terms to Bharti Airtel Limited.

**Transactions with Key management personnel**

(₹ in crores)

| | March 31, 2021 | March 31, 2020 |
|---|---|---|
| Short term employee benefits | 0.82 | 15.87 |
| Post-employment benefits | 0.05 | 0.21 |
| Directors sitting fee | 0.27 | 0.15 |
| **Total** | **1.14** | **16.23** |

# Notes to the standalone financial statements

as at and for the year ended March 31, 2021

## 39. Hedging activities and derivatives

### Derivatives not designated as hedging instruments

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

### Hedge disclosures

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

| Particulars | Notional amount (USD in Millions) | | Fair value assets/(liabilities) (₹ Cr) | |
|---|---|---|---|---|
| | March 31, 2021 | March 31, 2020 | March 31, 2021 | March 31, 2020 |
| Forwards contracts | 1.95 | 0.53 | 0.09 | (0.01) |
| ICICI Bank loan - Forward Contracts | - | 172.49 | - | 54.43 |
| **Total** | **1.95** | **173.02** | **0.09** | **54.42** |

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

| Particulars | Notional amount (USD in Millions) | |
|---|---|---|
| | March 31, 2021 | March 31, 2020 |
| Trade Payables | - | 0.10 |
| **Total** | **-** | **0.10** |

### Interest rate Swap Contract

Using Interest rate swap contracts, the Company agrees to exchange floating rate of interest rate to fixed rate on agreed principal amounts. Such contracts enable the Company to mitigate the interest rate risk on borrowings. Such Contracts are settled on quarterly, semi-annual and on annual basis. The terms of the interest rate swaps generally match the terms of the underlying exposure. In cases where any hedge ineffectiveness arises, it is recognised through profit or loss. Interest Rate Swaps measured at fair value through OCI are designated as hedging instruments in cash flow hedges of floating rate borrowings.

| Interest rate swaps - hedged | Notional amount (USD in Millions) | | Fair value assets/(liabilities) (₹ Cr) | |
|---|---|---|---|---|
| | March 31, 2021 | March 31, 2020 | March 31, 2021 | March 31, 2020 |
| ICICI Bank Loan | - | 172.49 | - | (14.30) |

| Interest rate swaps - hedged | Notional amount (₹ Cr) | | Fair value assets/(liabilities) (₹ Cr) | |
|---|---|---|---|---|
| | March 31, 2021 | March 31, 2020 | March 31, 2021 | March 31, 2020 |
| IndusInd Bank | 795.00 | 742.50 | (3.07) | (0.75) |

Hedge effectiveness is determined at the inception of the hedge relationship, and through periodic prospective effectiveness assessment to ensure that an economic relationship exists between the hedged item and hedging instrument. There was no recognised ineffectiveness during the year ended March 31, 2021 (for the year ended March 31, 2020: ₹ NIL).

### Movement in Cash Flow Hedge Reserve and Cost of Hedge Reserve

(₹ in crores)

| Cash Flow Hedge Reserve | Amount |
|---|---|
| **As at 31.03.2019** | **(0.98)** |
| Add: Change in fair value of Interest rate swaps | (3.83) |
| **As at 31.03.2020** | **(4.81)** |
| Add: Change in fair value of Interest rate swaps | 1.74 |
| **Closing** | **(3.07)** |

(₹ in crores)

| Cash Flow Hedge Reserve | Amount |
|---|---|
| **As at 31.03.2019** | **-** |
| Add: Change in Fair Value of Forward contracts and Interest rate swaps | (12.55) |
| **As at 31.03.2020** | **(12.55)** |
| Add: Change in Fair Value of Forward contracts and Interest rate swaps | 12.55 |
| **Closing** | **-** |

# Notes to the standalone financial statements

as at and for the year ended March 31, 2021

## 39. Hedging activities and derivatives (contd.)

(₹ in crores)

| Cash Flow Hedge Reserve | Amount |
|---|---|
| **As at 31.03.2019** | - |
| Add: Change in Fair Value of Forward contracts and Interest rate swaps | (12.55) |
| **As at 31.03.2020** | **(12.55)** |
| Add: Change in Fair Value of Forward contracts and Interest rate swaps | 12.55 |
| **Closing** | - |

## 40. Fair Values of financial assets and liabilities

The significant accounting policies, including the criteria for recoginition, 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 comparsion by class of the carrying amountsand fair value of the company's financial instruments.

**Financial Assets & Liabilities**

(₹ in crores)

| | Fair Value | | Carrying Value | |
|---|---|---|---|---|
| | March 31, 2021 | March 31, 2020 | March 31, 2021 | March 31, 2020 |
| **Financial Assets** | | | | |
| **Fair Value through Profit & Loss (FVTPL)** | | | | |
| Investments | 64.23 | 4.14 | 64.23 | 4.14 |
| Derivative Financial Assets | 4,140.88 | 5,991.87 | 4,140.88 | 5,991.87 |
| **Amortised Cost** | | | | |
| Trade receivables | 119.89 | 252.22 | 119.89 | 252.22 |
| Cash and cash equivalents | 73.55 | 190.86 | 73.55 | 190.86 |
| Other Bank balances | 20.01 | 32.08 | 20.01 | 32.08 |
| Loans and Advances | 160.36 | 1,021.64 | 160.36 | 1,021.64 |
| Investments | 16.27 | 16.27 | 16.27 | 16.27 |
| | **4,595.19** | **7,509.08** | **4,595.19** | **7,509.08** |
| **Financial Liabilities** | | | | |
| **Fair Value through Profit & Loss (FVTPL)** | | | | |
| Derivative Financial Liabilities- Others | 2.98 | - | 2.98 | - |
| **Amortised Cost** | | | | |
| Borrowings | 17,909.67 | 14,438.84 | 17,909.67 | 14,438.84 |
| Lease Liabilities | 326.52 | 483.85 | 326.52 | 483.85 |
| Trade payables | 609.16 | 754.25 | 609.16 | 754.25 |
| Other current financial liabilities | 6,392.46 | 4,940.62 | 6,392.46 | 4,940.62 |
| | **25,240.79** | **20,617.56** | **25,240.79** | **20,617.56** |

The carrying amounts of trade receivables, trade payables, capital creditors, short term borrowings and cash and cash equivalents are considered to be the same as their fair value, due to their short-term nature.

The fair value for loans, security deposits and investment in preference shares were calculated based on cash flows discounted using a current lending rate. They are classified as level 3 fair values in fair value hierarchy due to the inclusion of unobservable inputs including counterparty credit risk.

The fair values of non-current borrowings are based on discounted cash flows using a current borrowing rate. They are classified as level 3 fair values hierarchy due to the use of unobservable inputs, including own credit risk.

For financial assets and liabilities that are measured at fair value, the carrying amounts are equal to the fair values.

For fair value of Investment and derivative financial assets/liabilities, the following methods and assumptions are used to estimate the fair values:

a) The fair values of the FVTPL financial assets (investments in mutual funds) are derived from quoted market prices in active markets.

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 3.60% to 3.63% and volatility assumed between 42% to 46%.

c) The other derivative assets/liabilities are basis the valuation received from the banks.

# Notes to the standalone financial statements
as at and for the year ended March 31, 2021

## 40. Fair Values of financial assets and liabilities (contd.)

d) The current and non-current portion of derivative assets and liabilities as disclosed above is as follows:

(₹ in crores)

| Particulars | 31-Mar-21 | 31-Mar-20 |
|---|---|---|
| Derivative Assets- Non current | - | 3,994.20 |
| Derivative Assets- Current | 4,140.88 | 1,997.67 |
| Derivative Liabilities- Current | 2.98 | - |

## 41. 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)

(₹ in crores)

| | | March 31, 2021 | March 31, 2020 |
|---|---|---|---|
| **Financial Assets** | | | |
| **FVTPL** | | | |
| Quoted Investments | Level 1 | 60.10 | - |
| Derivative financial assets | Level 2 | 4,140.88 | 5,991.87 |
| Unquoted Investments | Level 3 | 4.13 | 4.14 |
| | | **4,205.11** | **5,996.01** |
| **Financial Liabilities** | | | |
| **FVTPL** | | | |
| Derivative financial liabilities Others | Level 2 | 2.98 | - |
| | | **2.98** | **-** |

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, 2021 and March 31, 2020, there were no transfers between Levels of fair value measurements.

# Notes to the standalone financial statements

as at and for the year ended March 31, 2021

## 42. Financial Risk Management objectives and polices

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 (₹), 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.

**a) 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 supplier's credit and foreign currency trade payables.

ii. 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.

**i. 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 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.

As at March 31, 2021, the Company has variable rate borrowings of ₹ 1,773.70 crores (₹ 4,713.75 crores as at March 31, 2020), out of which net exposure to interest rate risk is ₹ 982.16 crores (₹ 2,673.51 crores as at March 31,2020) after considering the effect of derivative instruments.

The sensitivity analysis below have been determined based on floating rate rupee liabilities that are not hedged by derivative instruments, 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, 2021 would increase and decrease by ₹ 4.92 crores (increase and decrease by ₹ 12.12 crores as at March 31, 2020).

**ii. 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 and principal only swaps 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%. As at March 31, 2021 the company has no unhedged foreign currency exposure (USD 0.10 million as at March 31, 2020) and hence the impact of foreign currency fluctuation is Nil.

# Notes to the standalone financial statements

as at and for the year ended March 31, 2021

## 42. Financial Risk Management objectives and polices (contd.)

### b) Credit risk

**Financial assets**

The Company maintains exposure in cash and cash equivalents, investment in mutual funds, term deposits with banks, security deposits with counter-parties, loans to third parties. Individual risk limits are set for each counterparty based on financial position, credit rating and past experience. Credit limits and concentration of exposures are actively monitored by the Company.

The Company's maximum exposure to credit risk as at March 31, 2021 and March 31, 2020 is the carrying value of each class of financial assets as disclosed in the standalone financial statements.

**Trade receivables**

Trade receivables and unbilled revenue are typically unsecured and are derived from revenue earned from customers. Trade receivables of the Company consist of a large number of customers, spread across diverse industries and geographical areas and hence the Company has minimal concentration of credit risk of its customers. Credit risk has been managed by the Company through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of customers to which the Company grants credit terms in the normal course of business. On account of adoption of Ind AS 109, the Company uses expected credit loss model to assess the impairment loss or gain. The Company uses a provision matrix and forward looking information and an assessment of the credit risk over the expected life of the financial asset to compute the expected credit loss allowance for trade receivables.

The Company's maximum exposure to credit risk for the components of the balance sheet at March 31, 2021 and March 31, 2020 is the carrying amounts as disclosed in Note 10.

### c) 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. Also, refer note 1.3 on going concern.

Note below sets out details of additional undrawn facilities that the Company has at its disposal to further reduce liquidity risk.

As at March 31, 2021, the company has undrawn committed borrowing facilities of ₹ 120.73 crores (March 31, 2020 – ₹ 298.34 crores) towards working capital limits expiring within a year and renewable at discretion of the banks

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.

**Liquidity and Interest Risk Table**

The following tables detail the Company's remaining contractual maturity for its financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The tables include both interest and principal cash flows. The contractual maturity is based on the earliest date on which the Company may be required to pay.

# Notes to the standalone financial statements

**as at and for the year ended March 31, 2021**

## 42. Financial Risk Management objectives and polices (contd.)

The table below provides details regarding the contractual maturities of financial liabilities including estimated interest payments as at March 31, 2021;

(₹ in crores)

| Particulars | Carrying amount | Upto 1 year | 1-3 year | 3-5 year | 5+ year | Total contracted cash flows |
|---|---|---|---|---|---|---|
| **Financial Liabilities:** | | | | | | |
| **Non-Derivative Liabilities:** | | | | | | |
| Non-Current Borrowings (including interest accrued but not due)*# | 14,228.00 | 129.05 | 7,446.81 | 3,422.14 | 8,555.36 | 19,553.36 |
| Current Borrowings (including interest accrued but not due)* | 3,681.67 | 3,865.00 | - | - | - | 3,865.00 |
| Lease Liabilities | 326.52 | 124.68 | 252.54 | - | - | 377.22 |
| Trade and other payables | 609.16 | 609.16 | - | - | - | 609.16 |
| Other financial liabilities | 6,392.46 | 7,637.40 | - | - | - | 7,637.40 |
| **Total Non-Derivative Liabilities** | **25,237.81** | **12,365.29** | **7,699.35** | **3,422.14** | **8,555.36** | **32,042.14** |
| **Derivative Liabilities:** | | | | | | |
| Forwards | (0.09) | (0.09) | - | - | - | (0.09) |
| Interest Rate Swap | 3.07 | 3.07 | - | - | - | 3.07 |
| **Total Derivative Liabilities** | **2.98** | **2.98** | **-** | **-** | **-** | **2.98** |

*It includes contractual interest payment based on interest rate prevailing at the end of the reporting period after adjustment for the impact of interest swaps, over the tenure of the borrowings.

#The interest rate is floating for the loan taken from ICICI and IndusInd Bank forming part of Non-current borrowings, therefore an average rate of 7.25% is considered for arriving at Contracted Cash flows.

The table below provides details regarding the contractual maturities of financial liabilities including estimated interest payments as at March 31, 2020;

(₹ in crores)

| Particulars | Carrying amount | Upto 1 year | 1-3 year | 3-5 year | 5+ year | Total contracted cash flows |
|---|---|---|---|---|---|---|
| **Financial Liabilities:** | | | | | | |
| **Non-Derivative Liabilities:** | | | | | | |
| Non-Current Borrowings (including interest accrued but not due)* | 9,704.28 | - | 9,087.51 | 2,000.83 | - | 11,088.34 |
| Current Borrowings (including interest accrued but not due)* | 4,734.56 | 5,012.40 | - | - | - | 5,012.40 |
| Lease Liabilities | 483.85 | 143.17 | 141.81 | 298.58 | - | 583.56 |
| Trade and other payables | 754.25 | 754.25 | - | - | - | 754.25 |
| Other financial liabilities | 4,940.62 | 5,278.51 | - | - | - | 5,278.51 |
| **Total Non-Derivative Liabilities** | **20,617.56** | **11,188.33** | **9,229.32** | **2,299.41** | **-** | **22,717.06** |

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

There are no significant concentrations of credit risk, whether through exposure to individual customers, specific industry sectors and/or regions. Further, 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.

# Notes to the standalone financial statements

as at and for the year ended March 31, 2021

## 43. Net debt reconciliation

(₹ in crores)

| Particulars | As at March 31, 2021 | As at March 31, 2020 |
|---|---|---|
| **Borrowings** | | |
| Current borrowings | 3,681.67 | 4,734.56 |
| Non-current borrowings (including current maturities of long term debts) | 20,559.03 | 14,603.70 |
| Interest accrued but not due | 0.37 | 0.98 |
| **Total Borrowings** | **24,241.07** | **19,339.24** |
| Cash and cash equivalents | 73.55 | 190.86 |
| Current investments | 60.10 | - |
| | **133.65** | **190.86** |
| **Total Net Debt** | **24,107.42** | **19,148.38** |

(₹ in crores)

| | Cash and cash equivalents | Current investments | Total Borrowings | Total Net Debt |
|---|---|---|---|---|
| **Net debt as at March 31, 2019** | **538.60** | **594.82** | **27,498.37** | **26,364.95** |
| Cash flows | (347.74) | (592.84) | 2,684.65 | 3,625.23 |
| Interest expense | - | - | 1,531.71 | 1,531.71 |
| Interest paid | - | - | (689.37) | (689.37) |
| Other non-cash movements | | | | |
| - Fair value adjustments | - | (1.98) | - | 1.98 |
| - Transferred to Bharti (Refer note 1.2) | - | - | (3,457.55) | (3,457.55) |
| - Conversion of OCD into equity instruments | - | - | (8,696.29) | (8,696.29) |
| - Transfer to Equity Component | - | - | 467.72 | 467.72 |
| **Net debt as at March 31, 2020** | **190.86** | **-** | **19,339.24** | **19,148.38** |
| Cash flows | (117.31) | 60.03 | (1,852.59) | (1,795.31) |
| Interest expense | - | - | 2,078.66 | 2,078.66 |
| Interest paid | - | - | (496.09) | (496.09) |
| Other non-cash movements | | | | |
| - Fair value adjustments | - | 0.07 | - | (0.07) |
| - Conversion of CCPS into equity | - | - | (2,003.94) | (2,003.94) |
| - Conversion of OCPS into equity | - | - | (2,300.00) | (2,300.00) |
| - Conversion of OCD into equity | - | - | (1,400.00) | (1,400.00) |
| - Transfer from Equity Component | - | - | 16.69 | 16.69 |
| - Deferred payment liability for LF and SUC | - | - | 10,859.10 | 10,859.10 |
| **Net debt as at March 31, 2021** | **73.55** | **60.10** | **24,241.07** | **24,107.42** |

# Notes to the standalone financial statements

as at and for the year ended March 31, 2021

## 44. Deferred taxes

No provision for current Tax expense is required to be made as there is taxable losses arisen for the current financial year on the basis of computation of total income made by the company. There would be carried forward of business loss and unabsorbed depreciation which will aggravate the accumulated business loss and unabsorbed forward brought forward from last year and effectively, there will be tax loss carried forward situation. Since, it is not probable that the company will generate future taxable profits; no deferred tax asset has been recognised on unused tax losses. Accordingly, the Company has restricted recognition of deferred tax asset to the extent of deferred tax liability.

Given that uncertainty over future taxable profits available for set off against unabsorbed depreciation and unabsorbed business losses, the Company has not recognised deferred tax assets of ₹ 12,142.88 crores (March 31, 2020 ₹ 7,686.64) in respect of unabsorbed depreciation and business losses amounting to ₹ 34,753.53 crores (March 31, 2020 ₹ 21,999.54 crores) in aggregate which can be carried forward against future taxable income. Tax losses carry forward for which no deferred tax assets were recorded amounted to:

(₹ in crores)

| Particulars | As at March 31, 2021 | As at March 31, 2020 |
|---|---|---|
| Expiring within 1 year | - | - |
| Expiring within 1 to 5 years | - | - |
| Expiring within 5 to 8 years | 16,543.95 | 4,315.76 |
| Expiring without limitation | 18,209.58 | 17,683.78 |
| **Total** | **34,753.53** | **21,999.54** |

The tax rate for March 2021 was 34.94% (March 2020: 34.94%)

## 45. Capital management

The Company manages its capital to ensure that will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The capital structure of the Company includes issued net debt (borrowings as detailed in note 18 and 19 offset by cash and bank balances and current investments) and total equity of the Company.

The gearing ratio at the end of the reporting period was as follows:

(₹ in crores)

| Particulars | As at March 31, 2021 | As at March 31, 2020 |
|---|---|---|
| Debt* | 24,241.07 | 19,339.24 |
| **Net debt** | 24,241.07 | 19,339.24 |
| Equity share capital | 12,408.44 | 6,704.51 |
| Instruments entirely equity in nature | 29,616.28 | 29,616.28 |
| Other equity | (59,811.73) | (48,907.10) |
| Total Equity | (17,787.01) | (12,586.31) |
| Net debt to equity ratio | (1.36) | (1.54) |

*Debt is defined as non-current and current borrowings (excluding derivatives, financial guarantee contracts and lease liabilities) including current maturities of long term debt and interest accrued but not due.

# Notes to the standalone financial statements

**as at and for the year ended March 31, 2021**

## 46. Social Security Code

The Code on Social Security, 2020 ('Code') relating to employee benefits during employment and post-employment benefits received Presidential assent in September 2020. The Ministry of Labour and Employment has released draft rules for the Code on November 13, 2020 and has invited suggestions from stakeholders which are under active consideration by the Ministry. Implementation of the code has been deferred by the Government of India. The Company has done initial assessment based on the current understanding of the provisions in the new code. A detailed assessment will be done once detailed rules are framed and the effective date of implementation is notified. The Company will record any related impact in the period the Code becomes effective.

**47.** Previous period figures have been regrouped/reclassified where necessary, to conform with current period's presentation for the purpose of comparability.

In terms of our report attached

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

**Nitin Khatri**
Partner
Membership Number: 110282
Place: Mumbai

Date: April 27, 2021

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

**Amur S. Lakshminarayanan**
Chairman
[DIN No: 08616830]
Place: Mumbai

**N Srinath**
Director
[DIN No: 00058133]
Place: Mumbai

**Ilangovan G**
Chief Financial Officer
Place: Chennai

**Rishabh Aditya**
Company Secretary
Place: Mumbai

Date: April 27, 2021

# Independent Auditor's Report

To the Members of Tata Teleservices Limited

## Report on the Audit of the Consolidated Financial Statements

### Opinion

1. We have audited the accompanying consolidated financial statements of Tata Teleservices Limited (hereinafter referred to as the 'Holding Company") and its subsidiaries (Holding Company and its subsidiaries together referred to as "the Group") (refer Note 1.1 and 2.2 to the attached consolidated financial statements), which comprise the Consolidated Balance Sheet as at March 31, 2021, and the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Statement of Changes in Equity and the Consolidated Cash Flows Statement for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information prepared based on the relevant records. (hereinafter referred to as "the consolidated financial statements").

2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ("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 as at March 31, 2021, of consolidated total comprehensive loss (comprising of loss and other comprehensive income), consolidated changes in equity and its consolidated cash flows for the year then ended.

### Basis for opinion

3. We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in India in terms of the Code of Ethics issued by ICAI and the relevant provisions of the Act, and we have fulfilled our other ethical responsibilities in accordance with these requirements. 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 sub-paragraph 14 of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our opinion.

### Key audit matters

4. Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

| Key audit matter | How our audit addressed the key audit matter |
|---|---|
| **1. Accuracy of revenue recorded for telecommunication services given the complexity of the related IT systems**<br><br>(Refer notes 2.3 (d) and 22 to the consolidated financial statements)<br><br>The Group's revenue from telecommunication services is recorded through complex automated (IT) structure wherein the data is processed through multiple systems, which requires periodic reconciliation controls to ensure completeness and accuracy.<br><br>There is an inherent risk around the accuracy of revenue recorded given the complexity of rating, billing and other relevant support systems and the impact of changing pricing models to revenue recognition (tariff structures, discounts etc.). | Our audit procedures included control testing and substantive procedures covering, in particular:<br><br>• Understanding and evaluating the relevant IT systems and design of key controls including procedures on testing of IT general controls by involving auditors' IT specialists;<br><br>• Testing operating effectiveness of key controls over:<br><br>a) Capturing and recording of revenue transactions;<br><br>b) Authorisation of rate changes and the input of this information to the billing systems;<br><br>c) Accuracy of calculation of amounts billed to customers;<br><br>• Testing the end-to-end reconciliation from rating and billing systems to the general ledger. The testing included validating material journals processed between the rating and billing system and general ledger;<br><br>• Performing tests on the accuracy of customer bill generation on a sample basis and testing of a sample of the credit notes issued;<br><br>• Testing cash receipts for a sample of customers back to the customer invoice.<br><br>Based on the procedures performed above, we did not find any material exceptions in the accuracy of telecommunication services revenue recognised during the year. |

| Key audit matter | How our audit addressed the key audit matter |
|---|---|
| **2. Assessment of contingent liabilities and provisions for litigations**<br><br>(Refer note 19 – "Provisions" and note 34 – "Contingent Liabilities" and note 2.3(r), 2.3(aa), 2.4(iv) on Companies accounting policies with regard to provision and contingent liabilities.)<br><br>The Group has significant number of litigations related to Regulatory, Direct tax and Indirect tax matters which are under dispute with various authorities as more fully described in Note 34 to the consolidated financial statements. The Group exercises significant judgment to determine the possible outcome of these disputes and the necessity of recognising a provision against the same. The management's assessment is supported by advice obtained by them from independent legal/ tax consultants.<br><br>We considered this as a Key Audit Matter as the eventual outcome of litigations is uncertain and the positions taken by the Management are based on the application of significant judgement and estimation. Any unexpected adverse outcomes could significantly impact the Group's financial performance and financial position. | Our audit procedures included the following:<br><br>• Testing design and implementation of key controls surrounding litigation, regulatory and tax procedures and assessment of probable outflow;<br>• Discussing with the management and the Company's tax and regulatory department heads to understand significant matters under litigation;<br>• Obtaining and substantively testing evidences to support the management's assessment and rationale for provision made or disclosures of contingent liabilities, including correspondence with external legal consultants;<br>• Reviewing the minutes of board of directors' meetings in respect of discussions relating to litigations/legal matters;<br>• Reading external legal opinions obtained by management, where available;<br>• Evaluating independence, objectivity and competence of the management's tax/legal consultants;<br>• Monitoring and considering external information sources such as media reports to identify potential legal actions;<br>• Obtaining confirmations, where appropriate, of relevant third party legal representatives and discussing with them certain material litigation, if required;<br>• Testing that the adjustments arising on account of reassessment in estimates during the year are either due to changes occurred in the circumstances on which estimate was based or as a result of more information or more experience gained during the current year;<br>• Assessing management's conclusions through understanding precedents in similar cases;<br>• For Direct and Indirect tax litigations, involving auditors' tax experts to understand the current status of tax cases and monitoring changes in the disputes by reading external advice received by the Group;<br>• Performing detailed procedures on the underlying calculations supporting the provisions recorded and ensuring adequacy of disclosures made;<br>• Assessing the appropriateness of the disclosures made in consolidated financial statements.<br><br>Based on the above procedures performed, we have not identified any significant exceptions relating to disclosure of contingent liabilities and accounting of provisions for litigations. |
| **3. Assessment of Going Concern as a basis of accounting:**<br><br>(Refer note 1.3 to the consolidated financial statements)<br><br>The Group has significant accumulated losses and has incurred loss during the current and earlier years. Its net worth is eroded and the current liabilities exceed its current assets as at that March 31, 2021. These conditions may create a doubt regarding the Group's ability to continue as a going concern.<br><br>However, the consolidated financial statements have been prepared on a going concern basis in view of the financial support from the promoter company and the management's plan to generate cash flows through operations which would enable the Group to meet its financial obligations as and when they fall due.<br><br>We considered this to be a key audit matter because management's assessment is largely dependent on the support letter obtained from its Promoter Company. | Our audit procedures included the following:<br><br>• Obtaining the management assessment of appropriateness of Going Concern basis of accounting;<br>• Reading the minutes of board of directors' meetings for discussion on future business plans and discuss the same with the management to assess the Group's ability to meet its financial obligations in the foreseeable future;<br>• Assessed the actions taken by the management against the plans submitted during the previous year's going concern assessment;<br>• Verifying the support letter obtained by the Group from its Promoter indicating that Promoter will take necessary actions to organise for any shortfall in liquidity in these Companies that may arise to meets its financial obligations and timely repayment of debt during the period of 12 months from the balance sheet date;<br>• Verifying the financial ability of the Promoter Company to support the Group from the latest audited financial statements of the Promoter Company;<br>• Verifying that the promoter company has supported the Group in the past when the need arose.<br><br>Based on the above procedures, we noted the management assessment of going concern basis of accounting is appropriate. |

## Other Information

5. The Holding Company's Board of Directors is responsible for the other information. The other information comprises the information included in the director's report and other information in annual report, but does not include the consolidated financial statements and our auditor's report thereon.

   Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

   In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed and the reports of the other auditors as furnished to us (Refer paragraph 14 below), we conclude that there is a material misstatement of this other information, we are required to report that fact.

   We have nothing to report in this regard.

## Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

6. The Holding Company's Board of Directors is responsible for the preparation and presentation of these consolidated financial statements in term of the requirements of the Act that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows, and changes in equity of the Group in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

7. In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group are responsible for assessing the ability of the Group and of its associates and jointly controlled entities to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

8. The respective Board of Directors of the companies included in the Group are responsible for overseeing the financial reporting process of the Group.

## Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

9. Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

10. As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

    - Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

    - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Holding company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.

    - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

    - Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group and its associates and jointly controlled entities to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements of which we are the independent auditors. For the other entities included in the consolidated financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

11. We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

12. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

13. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

**Other Matters**

14. We did not audit the financial statements of one subsidiary whose financial statements reflect total assets of ₹ 0.08 crores and net assets of ₹ 0.07 crores as at March 31, 2021, total revenue of ₹ Nil, total comprehensive loss (comprising of loss and other comprehensive income) of ₹ 0.01 crores and net cash outflows amounting to ₹ 0.01 crores for the year ended on that date, as considered in the consolidated financial statements. This financial statement have been audited by other auditors whose reports have been furnished to us by the Management, and our opinion on the consolidated financial statements insofar as it relates to the amounts and disclosures included in respect of this subsidiary and our report in terms of sub-section (3) of Section 143 of the Act including report on Other Information insofar as it relates to the aforesaid subsidiary is based solely on the reports of the other auditors.

    Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matter with respect to our reliance on the work done and the reports of the other auditors.

**Report on Other Legal and Regulatory Requirements**

15. 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 financial statements.

    b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.

    c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including other comprehensive income), Consolidated Statement of Changes in Equity and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account and records maintained for the purpose of preparation of the consolidated financial statements.

    d) In our opinion, the aforesaid consolidated financial statements comply with the 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, 2021 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies incorporated in India, none of the directors of the Group companies incorporated in India is disqualified as on March 31, 2021 from being appointed as a director in terms of Section 164(2) of the Act.

    f) With respect to the adequacy of internal financial controls with reference to consolidated financial statements of the Group 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 Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

i. The consolidated financial statements disclose the impact, if any, of pending litigations on the consolidated financial position of the Group– Refer Note 34 to the consolidated financial statements;

ii. The Group had long-term contracts including derivative contracts as at March 31, 2021 for which there were no material foreseeable losses;

iii. During the year ended March 31, 2021, 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 incorporated in India;

iv. The reporting on disclosures relating to Specified Bank Notes is not applicable to the Group for the year ended March 31, 2021.

16. The Holding 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. The subsidiaries incorporated in India have not paid / provided any managerial remuneration to any director during the year. The provisions of Section 197 read with Schedule V to the Act are applicable only to public companies. Accordingly, reporting under Section 197(16) of the Act is not applicable to one subsidiary which is a private company.

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

**Nitin Khatri**
Partner
Membership No. 110282
UDIN: 21110282AAAABW3285

Place: Mumbai
Date: April 27, 2021

# Annexure A to Independent Auditor's Report

Referred to in paragraph 15(f) of the Independent Auditors' Report of even date to the members of Tata Teleservices Limited on the consolidated financial statements for the year ended March 31, 2021.

## Report on the Internal Financial Controls with reference to financial statements 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, 2021, we have audited the internal financial controls with reference to financial statements of Tata Teleservices Limited (hereinafter referred to as "the Holding Company") and its subsidiary 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, 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 with reference to financial statements, 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 with reference to financial statements 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 with reference to financial statements 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 with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements, 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 with reference to financial statements.

## Meaning of Internal Financial Controls with reference to financial statements

6. A company's internal financial control with reference to financial statements 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 with reference to financial statements 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 with reference to financial statements

7. Because of the inherent limitations of internal financial controls with reference to financial statements, 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 with reference to financial statements to future periods are subject to the risk that the internal financial control with reference to financial statements 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, which are companies incorporated in India, have, in all material respects, an adequate internal financial controls system with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at March 31, 2021, 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.

## 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 with reference to financial statements insofar as it relates to one subsidiary company, which is company incorporated in India, is based on the corresponding reports of the auditors of such company incorporated in India. Our opinion is not qualified in respect of this matter

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

**Nitin Khatri**
Partner
Membership No. 110282
UDIN: 21110282AAAABW3285

Place: Mumbai
Date: April 27, 2021

# Consolidated Balance Sheet

as at March 31, 2021

(₹ in crores)

| | Notes | As at March 31, 2021 | As at March 31, 2020 |
|---|---|---|---|
| **ASSETS** | | | |
| **Non-current assets** | | | |
| Property, plant and equipments | 3 | 2,067.87 | 2,134.35 |
| Right-of-use assets | 4 | 522.88 | 740.59 |
| Capital work-in-progress | 5 | 68.28 | 90.84 |
| Investment Property | 6 | 20.30 | 20.80 |
| Intangible assets | 7 | 10.92 | 8.43 |
| Financial Assets: | | | |
| Investments | 8 | 20.40 | 20.41 |
| Loans and other financial assets | 12 | 64.34 | 42.15 |
| Derivative financial assets | 16 | - | 3,994.20 |
| Income tax assets (Net) | | 129.98 | 176.50 |
| Other non-current assets | 13 | 887.14 | 880.71 |
| **Total non-current assets** | | **3,792.11** | **8,108.98** |
| **Current assets** | | | |
| Financial Assets: | | | |
| Investments | 8 | 133.58 | 3.14 |
| Trade receivables | 9 | 174.05 | 279.76 |
| Cash and cash equivalents | 10 | 117.15 | 275.99 |
| Bank balances other than above | 11 | 23.90 | 35.48 |
| Loans and other financial assets | 12 | 172.82 | 1,072.48 |
| Derivative financial assets | 16 | 4,140.88 | 1,998.03 |
| Income tax assets (Net) | | 40.43 | 78.77 |
| Other current assets | 13 | 599.12 | 601.08 |
| | | **5,401.93** | **4,344.73** |
| Assets classified as held for sale | 21 | - | 2,220.07 |
| **Total current assets** | | **5,401.93** | **6,564.80** |
| **Total Assets** | | **9,194.04** | **14,673.78** |

# Consolidated Balance Sheet

as at March 31, 2021

(₹ in crores)

| | Notes | As at March 31, 2021 | As at March 31, 2020 |
|---|---|---|---|
| **EQUITY AND LIABILITIES** | | | |
| **Equity** | | | |
| Share capital | 14 | 12,408.44 | 6,704.51 |
| Instruments entirely equity in nature | 15 | 29,616.28 | 29,616.28 |
| Other equity | 16 | (57,370.81) | (46,331.55) |
| **Equity attributable to owners of the Company** | | **(15,346.09)** | **(10,010.76)** |
| Non-controlling Interest | | (9,559.78) | (9,036.71) |
| **Total Equity** | | **(24,905.87)** | **(19,047.47)** |
| **Non-current liabilities** | | | |
| Financial liabilities | | | |
| Borrowings | 17 | 18,710.26 | 10,148.68 |
| Lease liabilities | 33 | 337.10 | 536.20 |
| Provisions | 19 | 28.99 | 22.27 |
| Other non-current liabilities | 20 | 126.41 | 151.50 |
| **Total non-current liabilities** | | **19,202.76** | **10,858.65** |
| **Current liabilities** | | | |
| Financial Liabilities | | | |
| Borrowings | 17 | 6,772.22 | 9,065.92 |
| Lease Liabilities | 33 | 126.26 | 141.29 |
| Trade and other payables | | | |
| - Total outstanding dues of micro and small enterprises | 31 | 13.03 | 8.60 |
| - Total outstanding dues other than micro and small enterprises | | 837.94 | 949.32 |
| Other financial liabilities | 18 | 6,634.96 | 5,704.70 |
| Derivative financial liabilities | | 2.98 | 0.70 |
| Provisions | 19 | 284.66 | 6,754.86 |
| Other current liabilities | 20 | 225.10 | 237.21 |
| **Total current liabilities** | | **14,897.15** | **22,862.60** |
| **Total equity and liabilities** | | **9,194.04** | **14,673.78** |

The accompanying notes are an integral part of these consolidated financial statements.

In terms of our report attached

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

**Nitin Khatri**
Partner
Membership Number: 110282
Place: Mumbai

Date: April 27, 2021

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

**Amur S. Lakshminarayanan**
Chairman
[DIN No: 08616830]
Place: Mumbai

**N Srinath**
Director
[DIN No: 00058133]
Place: Mumbai

**Ilangovan G**
Chief Financial Officer
Place: Chennai

**Rishabh Aditya**
Company Secretary
Place: Mumbai

Date: April 27, 2021

# Consolidated Statement of Profit and Loss

for the year ended March 31, 2021

(₹ in crores)

| | Notes | For the year ended March 31, 2021 | For the year ended March 31, 2020 |
|---|---|---|---|
| **INCOME** | | | |
| Revenue from operations | 22 | 2,614.42 | 2,865.42 |
| Other income | 23 | 66.79 | 25.62 |
| **Total Income** | | **2,681.21** | **2,891.04** |
| **EXPENSES** | | | |
| Employee benefit expenses | 24 | 272.17 | 306.36 |
| Operating and other expenses | 25 | 1,578.66 | 2,197.86 |
| **Total expenses** | | **1,850.83** | **2,504.22** |
| **Earnings before interest, tax, depreciation and amortisation (EBITDA)** | | 830.38 | 386.82 |
| Depreciation and amortisation expense | 26 | (611.00) | (676.70) |
| Finance cost | 27 | (2,702.23) | (2,189.86) |
| Finance income | 28 | 49.52 | 80.57 |
| Profit on sale of investments | | 10.79 | 43.67 |
| **Loss before exceptional items and tax** | | **(2,422.54)** | **(2,355.50)** |
| Exceptional items (net) | 29 | (7,138.03) | (10,704.39) |
| **Loss before tax** | | **(9,560.57)** | **(13,059.89)** |
| Current tax | | - | - |
| Deferred tax | 43 | - | - |
| **Tax expense** | | - | - |
| **Loss after tax from continuing operations (A)** | | **(9,560.57)** | **(13,059.89)** |
| Profit from discontinued operations before tax | | 0.73 | 0.38 |
| Tax expense of discontinued operations | | - | - |
| **Profit after tax from discontinued operations (B)** | 45 | **0.73** | **0.38** |
| **Loss after tax (A+B)** | | **(9,559.84)** | **(13,059.51)** |
| **Other Comprehensive Income/(Loss)** | | | |
| a) Items that will not be reclassified to profit or loss | | | |
| Remeasurements of defined benefit plans | | 3.16 | (4.25) |
| b) Items that will be reclassified to profit or loss | | | |
| Effective portion of gains/(loss) on designated portion of hedging instruments in cash flow hedge | | 14.99 | (15.47) |
| **Total other comprehensive Income/(Loss) (a+b)** | | **18.15** | **(19.72)** |
| **Total Comprehensive loss for the year** | | **(9,541.69)** | **(13,079.23)** |

# Consolidated Statement of Profit and Loss

for the year ended March 31, 2021

(₹ in crores)

| | Notes | For the year ended March 31, 2021 | For the year ended March 31, 2020 |
|---|---|---|---|
| Loss attributable to: | | | |
| Owners of the Company | | (8,527.55) | (11,139.32) |
| Non-controlling Interest | | (1,032.29) | (1,920.19) |
| | | **(9,559.84)** | **(13,059.51)** |
| Other Comprehensive Income/(Loss) attributable to: | | | |
| Owners of the Company | | 17.40 | (20.06) |
| Non-controlling Interest | | 0.75 | 0.34 |
| | | **18.15** | **(19.72)** |
| Total Comprehensive Loss attributable to: | | | |
| Owners of the Company | | (8,510.15) | (11,159.38) |
| Non-controlling Interest | | (1,031.54) | (1,919.85) |
| | | **(9,541.69)** | **(13,079.23)** |
| Total Comprehensive Loss attributable to Owners of the Company arising from: | | | |
| Continuing Operations- Loss | | (8,510.88) | (11,159.76) |
| Discontinued Operations- Income | | 0.73 | 0.38 |
| | | **(8,510.15)** | **(11,159.38)** |
| **Loss per equity share (Face value of ₹ 10 each) from continuing operations attributable to Owners of the Company** | | | |
| Basic (in ₹) | 30 | (9.28) | (17.47) |
| Diluted (in ₹) | 30 | (9.28) | (17.47) |
| **Profit per equity share (Face value of ₹ 10 each) from discontinued operations attributable to Owners of the Company** | | | |
| Basic (in ₹)* | 30 | - | - |
| Diluted (in ₹)* | 30 | - | - |
| **Loss per equity share (Face value of ₹ 10 each) from continuing and discontinued operations attributable to Owners of the Company** | | | |
| Basic (in ₹) | 30 | (9.28) | (17.47) |
| Diluted (in ₹) | 30 | (9.28) | (17.47) |
| *figures are below rounding off norms adopted by the Group | | | |

The accompanying notes are an integral part of these consolidated financial statements.

In terms of our report attached

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

**Nitin Khatri**
Partner
Membership Number: 110282
Place: Mumbai

Date: April 27, 2021

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

**Amur S. Lakshminarayanan**
Chairman
[DIN No: 08616830]
Place: Mumbai

**N Srinath**
Director
[DIN No: 00058133]
Place: Mumbai

**Ilangovan G**
Chief Financial Officer
Place: Chennai

**Rishabh Aditya**
Company Secretary
Place: Mumbai

Date: April 27, 2021

# Consolidated Cash Flow Statement

as at and for the year ended March 31, 2021

(₹ in crores)

| | For the year ended March 31, 2021 | For the year ended March 31, 2020 |
|---|---|---|
| **CASH FLOW FROM OPERATING ACTIVITIES** | | |
| Profit/(Loss) before tax from : | | |
| Continuing operations | (9,560.57) | (13,059.89) |
| Discontinued operations | 0.73 | 0.38 |
| **Loss before tax including discontinued operations** | **(9,559.84)** | **(13,059.51)** |
| Adjustments for : | | |
| Depreciation and amortisation expense | 611.00 | 676.70 |
| Exceptional items (net) | 7,129.15 | 6,220.78 |
| Finance cost | 2,702.23 | 2,189.86 |
| Finance Income | (49.52) | (80.57) |
| Profit on sale of investments | (10.79) | (43.67) |
| (Gain)/ Loss on financial assets mandatorily measured at FVTPL | (0.19) | 9.09 |
| (Gain) on disposal of property, plant and equipment / written off (Net) | (21.36) | (1.57) |
| (Gain)/ loss on derivatives not designated in hedge accounting relationship | 0.36 | (0.60) |
| Provision/Liability no longer required written back | (7.41) | (0.32) |
| (Gain) on discontinuation of lease as per IND AS 116 | (30.43) | (11.36) |
| Foreign exchange (gain)/ loss (net) | (0.40) | 1.67 |
| | **762.80** | **(4,099.50)** |
| **Movement in working capital:** | | |
| Decrease in Trade receivables | 105.71 | 9.22 |
| Decrease in Financial assets | 101.71 | 16.84 |
| (Increase) in Other assets | (3.10) | (415.77) |
| Increase / (Decrease) in Trade payables | (511.92) | 36.13 |
| Increase / (Decrease) in Financial liabilities | 3.82 | (129.40) |
| (Decrease) in Other liabilities | (31.69) | (18.07) |
| Increase in Provisions | 14.89 | 44.03 |
| Cash generated from/(used in) operations | **442.22** | **(4,556.52)** |
| Taxes paid (net of refunds) | 84.86 | 15.35 |
| **NET CASH GENERATED FROM / (USED IN) OPERATING ACTIVITIES (A)** | **527.08** | **(4,541.17)** |
| **CASH FLOW FROM INVESTING ACTIVITIES** | | |
| Payments for property, plant and equipment (including CWIP, Capital advances and Intangible assets) | (338.40) | (200.68) |
| Proceeds from disposal of property, plant and equipment | 16.99 | 0.50 |
| Finance Income | 24.78 | 12.82 |
| Payments for purchase of investments | (4,945.98) | (18,228.92) |
| Proceeds from sale of investments | 4,826.52 | 19,464.85 |
| Loan repaid by body corporate | 818.71 | - |
| Investment in bank deposits (having original maturity of more than three months) | (589.97) | - |
| Proceeds from maturity of bank deposits | 600.26 | (1.49) |
| Proceeds from Sale of Investment in ATC Telecom Infrastructure Private Limited | 2,220.07 | - |
| Advance received pursuant to the Scheme and related agreements (Refer Note 1.2) | - | 66.93 |
| **NET CASH GENERATED FROM INVESTING ACTIVITIES (B)** | **2,632.98** | **1,114.01** |

# Consolidated Cash Flow Statement

as at and for the year ended March 31, 2021

(₹ in crores)

| | For the year ended March 31, 2021 | For the year ended March 31, 2020 |
|---|---|---|
| **CASH FLOW FROM FINANCING ACTIVITIES** | | |
| Proceeds from issue of Equity shares | - | 929.48 |
| Proceeds from issue of CCPS | - | 4,070.52 |
| Proceeds from borrowings | 24,016.26 | 45,990.58 |
| Repayment of borrowings | (26,299.60) | (46,501.17) |
| Payments of Lease liabilities - Principal | (134.56) | (133.79) |
| Finance cost paid | (901.00) | (1,362.51) |
| **NET CASH GENERATED FROM / (USED IN) FINANCING ACTIVITIES (C)** | **(3,318.90)** | **2,993.11** |
| **NET (DECREASE) IN CASH AND CASH EQUIVALENTS (A + B + C)** | **(158.84)** | **(434.05)** |
| **CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR** | **275.99** | **710.04** |
| **CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR (Refer note 10)** | **117.15** | **275.99** |

**Non-cash investing and financing activities:**

In previous year, pursuant to the Scheme and related agreements entered between the Company and BAL, assets and liabilities pertaining to CMB undertaking have been transferred to BAL. (Refer note 1.2).

The accompanying notes form an integral part of these consolidated financial statements

In terms of our report attached

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

**Nitin Khatri**
Partner
Membership Number: 110282
Place: Mumbai

Date: April 27, 2021

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

**Amur S. Lakshminarayanan**
Chairman
[DIN No: 08616830]
Place: Mumbai

**N Srinath**
Director
[DIN No: 00058133]
Place: Mumbai

**Ilangovan G**
Chief Financial Officer
Place: Chennai

**Rishabh Aditya**
Company Secretary
Place: Mumbai

Date: April 27, 2021

# Consolidated Statement of Changes in Equity

for the year ended March 31, 2021

## (A) Equity Share Capital

| | As at March 31, 2021 | | As at March 31, 2020 | |
|---|---|---|---|---|
| | No. crores | ₹ in crores | No. crores | ₹ in crores |
| **Equity Shares** | | | | |
| At the beginning of the year | 670.45 | 6,704.51 | 577.50 | 5,775.03 |
| Issued during the year (Refer note 14) | 570.39 | 5,703.93 | 92.95 | 929.48 |
| **Outstanding at the end of the year** | **1,240.84** | **12,408.44** | **670.45** | **6,704.51** |

## (B) Instruments entirely equity in nature

| | As at March 31, 2021 | | As at March 31, 2020 | |
|---|---|---|---|---|
| | No. crores | ₹ in crores | No. crores | ₹ in crores |
| **Compulsory Convertible Non Cumulative Preference Shares** | | | | |
| At the beginning of the year | 296.16 | 29,616.28 | 159.20 | 15,920.00 |
| Issued during the year (Refer note 15) | - | - | 136.96 | 13,696.28 |
| **Outstanding at the end of the year** | **296.16** | **29,616.28** | **296.16** | **29,616.28** |

## (C) Other Equity

(₹ in crores)

| | Attributable to owners of Tata Teleservices Limited | | | | | | | Non-controlling interest | Total |
|---|---|---|---|---|---|---|---|---|---|
| | | Reserves & surplus | | | | | | | |
| | Equity component of compound financial instruments | Securities premium account | Retained earnings | Capital Reserve on Consolidation | Cash flow/ Cost of hedge reserve | CCPS application money pending allottment | Total Other Equity | | |
| **Balance as at March 31, 2019** | 6,064.42 | 12,304.47 | (53,292.19) | 898.73 | (1.76) | 929.48 | (33,096.85) | (7,661.85) | (40,758.70) |
| Change in accounting policy | - | - | (103.16) | - | - | - | (103.16) | (12.56) | (115.72) |
| **Restated balance as at April 1,2019** | 6,064.42 | 12,304.47 | (53,395.35) | 898.73 | (1.76) | 929.48 | (33,200.01) | (7,674.41) | (40,874.42) |
| Loss for the year | - | - | (11,139.32) | - | - | - | (11,139.32) | (1,920.19) | (13,059.51) |
| Other comprehensive (loss)/ income for the year | - | - | (4.12) | - | (15.94) | - | (20.06) | 0.34 | (19.72) |
| Total comprehensive loss for the year | - | - | (11,143.44) | - | (15.94) | - | (11,159.38) | (1,919.85) | (13,079.23) |
| Adjustment for Non controlling Interest in TTML | - | - | (574.96) | - | - | - | (574.96) | 574.96 | - |
| Consideration to Non controlling interest pursuant to the scheme of demerger of CMB [Refer note 1.2 and 29(f)] | - | - | - | - | - | - | - | (17.41) | (17.41) |

# Consolidated Statement of Changes in Equity

for the year ended March 31, 2021

## (C) Other Equity (contd.)

(₹ in crores)

| | Attributable to owners of Tata Teleservices Limited | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | Reserves & surplus | | | | | | | |
| | Equity component of compound financial instruments | Securities premium account | Retained earnings | Capital Reserve on Consolidation | Cash flow/ Cost of hedge reserve | CCPS application money pending allottment | Total Other Equity | Non-controlling interest | Total |
| **Transactions with the owners in their capacity as owners:** | | | | | | | | | |
| Issue of Optionally convertible debentures (OCD) during the year (Refer note 16) | 489.77 | - | - | - | - | - | 489.77 | - | 489.77 |
| Issue of CCPS during the year (Refer note 16) | 732.74 | - | - | - | - | - | 732.74 | - | 732.74 |
| Less: OCD converted during the year (Refer note 16) | (1,690.23) | - | - | - | - | - | (1,690.23) | - | (1,690.23) |
| CCPS application money received during the year | - | - | - | - | - | 4,070.52 | 4,070.52 | - | 4,070.52 |
| CCPS alloted during the year | - | - | - | - | - | (5,000.00) | (5,000.00) | - | (5,000.00) |
| **Balance as at March 31, 2020** | 5,596.70 | 12,304.47 | (65,113.75) | 898.73 | (17.70) | - | (46,331.55) | (9,036.71) | (55,368.26) |
| Loss for the year | - | - | (8,527.55) | - | - | - | (8,527.55) | (1,032.29) | (9,559.84) |
| Other comprehensive income for the year | - | - | 2.77 | - | 14.63 | - | 17.40 | 0.75 | 18.15 |
| **Total comprehensive loss for the year** | - | - | (8,524.78) | - | 14.63 | - | (8,510.15) | (1,031.54) | (9,541.69) |
| Adjustment for Non controlling Interest in TTML | - | - | (508.48) | - | - | - | (508.48) | 508.48 | - |
| **Transactions with the owners in their capacity as owners:** | | | | | | | | | |
| Less: CCPS converted during the year (Refer note 16) | (426.77) | - | (1,577.17) | - | - | - | (2,003.94) | - | (2,003.94) |
| Less : OCD converted during the year (Refer note 16) | (16.69) | - | - | - | - | - | (16.69) | - | (16.69) |
| **Balance as at March 31, 2021** | **5,153.24** | **12,304.47** | **(75,724.18)** | **898.73** | **(3.07)** | **-** | **(57,370.81)** | **(9,559.77)** | **(66,930.58)** |

The accompanying notes are an integral part of these consolidated financial statements.

In terms of our report attached

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

**Nitin Khatri**
Partner
Membership Number: 110282
Place: Mumbai

Date: April 27, 2021

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

**Amur S. Lakshminarayanan**
Chairman
[DIN No: 08616830]
Place: Mumbai

**N Srinath**
Director
[DIN No: 00058133]
Place: Mumbai

**Ilangovan G**
Chief Financial Officer
Place: Chennai

**Rishabh Aditya**
Company Secretary
Place: Mumbai

Date: April 27, 2021

# Notes to the consolidated financial statements

as at and for the year ended March 31, 2021

## 1. Background

### 1.1 Nature of business

Tata Teleservices Limited ('TTSL' or 'The Company'), part of the Tata Group, became a pan-India telecom operator in January 2005. TTSL together with its subsidiaries (referred to as the Group) are listed below:

| Name of the companies | Percentage Holding | |
|---|---|---|
| | March 31, 2021 | March 31, 2020 |
| **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') | 100.00% | 100.00% |
| Tata Teleservices (Maharashtra) Limited ('TTML') | 48.30% | 48.30% |
| **Associate** | | |
| ATC Telecom Infrastructure Private Limited ('ATC') | - | 11.63% |

Tata Teleservices Limited (the 'Company' or 'TTSL'), part of the Tata Group, alongwith Tata Teleservices (Maharashtra) Limited ('TTML'), its subsidiary company, became a pan-India telecom operator in January 2005. The Company has Unified License ('UL') with Access Service Authorisation in 5 Licensed Service Area and Unified Access Service License (UASL) in 12 Licensed Service area and National Long Distance ('NLD') license to provide the NLD services within India. The Company is focused on providing various wireline voice, data and managed telecom services. 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 – 110 001.

Tata Teleservices (Maharashtra) Limited ('the Company' or 'TTML') part of the Tata Group, having its registered office at "D-26, TTC Industrial Area, MIDC Sanpada, P.O. Turbhe, Navi Mumbai - 400 703", was incorporated on March 13, 1995. The Company is a licensed telecommunications services provider. The Company presently holds Unified Licenses ('UL') with Access Service authorisation for Mumbai and Maharashtra Licensed Service Area and Internet Services authorisation for ISP Category 'A' – National service area. The Company is focused on providing various wire line voice, data and managed telecom services. As at March 31, 2021, Tata Teleservices Limited, the holding company owns 48.30% of Company's equity shares and Tata Sons Private Limited, the ultimate holding company owned 19.58% of the Company's equity share capital. The equity shares of the Company are listed on Bombay Stock Exchange ('BSE') and National Stock Exchange ('NSE') and the Commercial Papers are listed on National Stock Exchange in India.

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. During the previous year, MMP published newspaper advertisements giving notice to its customers to claim their outstanding balances and submitted closure request to RBI, based on which RBI approved the closure vide its letter dated November 14, 2018 with a grace period of two years for the customers to claim their outstanding balances. During the year the MMP has performed tele-calling activity to contact the Customers and inform regarding their outstanding balances. The said grace period of two years got over on November 13, 2020, and the same has been communicated to RBI vide letter dated January 19, 2021.

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 ('VIML') 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 VIML 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.

On December 16, 2020 the Group exercised the put option and sold its share holding (11.63%) in ATC Telecom Infrastructure Private Limited (ATC) as a result it ceases to be the Associate of the Group

### 1.2 Demerger of Consumer Mobile Business

The Scheme of Arrangement amongst Bharti Airtel Limited ('BAL') and Bharti Hexacom Limited ('BHL') (BAL and BHL together referred to as 'Bharti') and TTSL and amongst Bharti Airtel Limited and Tata Teleservices (Maharashtra) Limited ('TTML'), and their respective shareholders and creditors ('Scheme') for transfer of the Consumer Mobile Business ('CMB') of TTML and TTSL to Bharti became effective on July 1, 2019.

Pursuant to the Scheme and related agreements entered between TTSL and Bharti, assets and liabilities pertaining to CMB undertaking of TTSL have been transferred to Bharti. As per TTSL Scheme:

- All (and not each) Equity Shareholders of TTSL have received 500 Redeemable Preference Shares (RPS) of BAL of face value ₹ 100 each and 500 RPS of BHL of face value ₹ 100 each in proportion to their shareholding on the effective date.
- All (and not each) CCPS Holders of TTSL have received 10 RPS of BAL of face value ₹ 100 each and 10 RPS of BHL of face value ₹ 100 each in proportion to their shareholding on the effective date.
- All (and not each) OCPS Holders of TTSL have received 10 RPS of BAL of face value ₹ 100 each and 10 RPS of BHL of face value ₹ 100 each in proportion to their shareholding on the effective date.

Pursuant to the Scheme and related agreements entered between TTML and BAL, assets and liabilities pertaining to CMB undertaking of TTML have been transferred to BAL. As per TTML Scheme:

- Equity Shareholders of TTML have received 1 BAL Equity share against 2014 shares held on the effective date

# Notes to the consolidated financial statements

as at and for the year ended March 31, 2021

- All (and not each) Redeemable Preference Shares (RPS) Holders of TTML have received 10 RPS of BAL of face value ₹ 100 each in proportion to their shareholding on the effective date.

**Indemnification:**

Pursuant to the Scheme and other related agreements executed between TTSL, TTML and Bharti, the Group has transferred certain assets and liabilities, including contingent liabilities, which are under indemnification. As agreed between the Group and Bharti, all indemnified liabilities and obligations shall be deemed to have been borne entirely by Group and not by Bharti, and any payment default in relation to such obligation by the Group shall be governed by the relevant agreements. In relations to assets, Bharti shall promptly on receipt of any payments in relation to the indemnified assets (including any interest payments received thereof) from the third parties pay to the Group such amounts (net of any cost and taxes incurred in relation to such indemnified assets).

### 1.3 Going concern

The accumulated losses of the Group as of March 31, 2021 have exceeded its paid-up capital and reserves. The Group has incurred net loss for the year ended March 31, 2021 and the Group's current liabilities exceeded its current assets as at that date. The Group has obtained a support letter from its Promoter indicating that the Promoter will take necessary actions to organise for any shortfall in liquidity during the period of 12 months from the balance sheet date.

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

### 1.4 COVID-19 pandemic

The impact of the COVID-19 pandemic has been felt across the economy and business segments. With the relaxation of lockdown from June 2020 onwards, the demand for the Group's products and services have seen an uptick from June 2020. In preparation of these consolidated financial statements, the Group has taken into account both the current situation and likely future developments and has considered internal and external source of information to arrive at its assessment. The Group has considered such impact to the extent known and available currently. However, the COVID-19 situation continues to evolve particularly with respect to the second wave in parts of the country since the beginning of April 2021 and the impact assessment of COVID-19 is a continuing process given the uncertainties associated with its nature and duration. Hence, the Group will continue to monitor any material changes to future economic conditions which may have any bearing on the Group's operations.

## 2. Significant accounting policies

### 2.1 Basis of preparation of Consolidated 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 (as amended)] 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.

These consolidated financial statements are presented in Indian Rupees ("₹") 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 Company and its subsidiaries as at March 31, 2021. 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,

# Notes to the consolidated financial statements

as at and for the year ended March 31, 2021

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 subsidiaries are prepared for the same reporting period as the Group and wherever necessary, adjustments are made to bring the accounting policies in line with those of the Group.

**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.

(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 and 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 in 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 and 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

(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:**

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Indian rupee (₹), which is Group's functional and presentation currency.

# Notes to the consolidated financial statements

as at and for the year ended March 31, 2021

**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

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 was 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 subsidiaries and associates**

An entity is termed as a subsidiary if the Group controls the entity. 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.

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.

The Group's investments in its associate (other than those classified as assets held for sale) are accounted for using the equity method. Under the equity method, the investment in an associate 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 since the acquisition date. Goodwill relating to the associate 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 equals or exceeds its interest in the associate (which includes any long term interest that, in substance, form part of the Group's net investment in the associate), 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. If the associate 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 is shown on the face of the statement of profit and loss.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value, and then recognises the loss as 'Share of profit of associates' in the statement of profit or loss.

The Group has accounted for its investment in subsidiaries and associates at cost less, impairment, if any as per Ind AS 36. Refer note 2.3(l) for further details on impairment of non-financial assets.

Refer note 2.3(v) - 'Non current assets (or disposal group) held for sale' for accounting policy on investments in associate classified as assets held for sale.

**d. Revenue**

Revenue is recognised upon transfer of control of promised products or services to customer at the consideration which the Group has received or expects to receive in exchange of those products or services, net of any taxes / duties, discounts and process waivers. Revenue is recognised as and when each distinct performance obligation is satisfied.

Service revenues mainly pertain to usage, subscription and activation charges for voice, data, messaging and value added services. It also includes revenue from interconnection / roaming charges for usage of the Group's network by other operators for voice, data, messaging and signalling services. The Group recognises revenue from these services as they are provided. Usage charges are recognised based on actual usage. Subscription charges are recognised over the estimated customer relationship period or subscription pack validity period, whichever is lower. Revenues in excess of invoicing are classified as unbilled revenue which is grouped under other current financial assets whereas invoicing/collection in excess of revenue are classified as Unearned revenue which is grouped under other current and non-current liabilities.

Service revenue from activation and installation for certain customers, and associated acquisition costs are amortised over the period of agreement/ lock in period since the date of activation of service.

# Notes to the consolidated financial statements
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The Group has entered into certain multiple-element revenue arrangements which involve the delivery or performance of multiple products, services or rights-of-use assets. At the inception of the arrangement, all the deliverables therein are evaluated to determine whether they represent distinct performance obligations, and if so, they are accounted for separately. Total consideration related to the multiple element arrangements is allocated to each performance obligation based on their standalone selling prices.

Deferred contract costs are incremental costs of obtaining a contract which are recognised as contract assets and amortised over average customer life. However, such incremental costs are recognised as expense if the amortisation period of the asset that the entity would have otherwise recognised is one year or less.

For accounting policy of interconnect revenues, refer note 2.3(f).

**e. Other Income**

**(i) Interest income**
The interest income is recognised using the Effective Interest Rate (EIR) method. For further details, refer note 2.3(u) on financial instruments.

**(ii) Dividend income**
Dividend income is recognised when the Group's right to receive the payment is established.

**f. Interconnect revenues and costs (Access charges)**
The Telecom Regulatory Authority of India (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 Group 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 Group receives certain interconnection charges from other operators for all calls and SMS terminating in its network.

Accordingly, interconnect revenues are recognised as those on calls/SMS originating in another telecom operator network and terminating in the Group's network. These are recognised upon transfer of control of services being transferred over time. Interconnect cost is recognised as charges incurred on termination of calls/SMS originating from the Group's network and terminating on the network of other telecom operators. The interconnect revenue and costs are recognised in the consolidated financial statements on a gross basis and included in service revenue and access charges in the statement of profit and loss, respectively.

**g. License entry fee and spectrum fees**
The license entry fee/spectrum fees has been recognised as an intangible asset and is amortised on straight line basis over the remaining license period 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.

Fees paid for migration of the original license to the Unified license is amortised over the remaining period of the license for the respective circle from the date of migration to Unified licenses/ payment of the license fees on straight line basis.

Fees paid for obtaining in-principle approval to use alternate technology under the existing Unified licenses has been recognised as an intangible asset and is amortised from the date of approval over the balance remaining period of the Unified licenses 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 as license fees and spectrum charges 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 recognised. An additional revenue share towards spectrum charges is computed at the rate specified by the Department of Telecom (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 recognised.

**h. 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 Other Comprehensive Income (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 current tax assets and current tax liabilities relate to income taxes levied by the same tax authority.

# Notes to the consolidated financial statements

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The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the company and its subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and considers whether it is probable that a taxation authority will accept an uncertain tax treatment. The group measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty.

**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.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

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.

**i. Property, plant and equipment ('PPE')**

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.

Fixtures and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

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 assets are as follows:

# Notes to the consolidated financial statements
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| Particulars | Useful life (in years) As per the Company |
|---|---|
| Plant and Equipments | |
| Network Equipment | 12 |
| Outside Plant cables | 18 |
| Air Conditioning Equipment | 6 |
| Generators | 6 |
| Electrical Equipments | 4-6 |
| Office Equipments | 3-5 |
| Buildings | 60 |
| Furniture and Fixtures | 3-6 |
| Vehicles | 5 |
| Leasehold Improvements | 9 |

j. **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 it's 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.

k. **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 capitalised as intangible assets at the amounts paid for acquiring the right and are amortised 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 capitalisation 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(g).

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.

l. **Impairment of non-financial assets**

Non-financial assets which are subject to depreciation or amortisation 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.

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.

m. **Borrowing Cost**

Borrowing costs directly 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.

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

# Notes to the consolidated financial statements

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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**

**Group as a lessee**

The Group evaluates if an arrangement qualifies to be a lease as per the requirements of Ind AS 116. Identification of a lease requires significant judgment. The Group uses significant judgement in assessing the lease term (including anticipated renewals) and the applicable discount rate.

The Group determines the lease term as the non-cancellable period of a lease, together with both periods covered by an option to extend the lease if the Group is reasonably certain to exercise that option; and periods covered by an option to terminate the lease if the Group is reasonably certain not to exercise that option. In assessing whether the Group is reasonably certain to exercise an option to extend a lease, or not to exercise an option to terminate a lease, it considers all relevant facts and circumstances that create an economic incentive for the Group to exercise the option to extend the lease, or not to exercise the option to terminate the lease. The Group revises the lease term if there is a change in the non-cancellable period of a lease.

**i) Right-of-use assets**

The Group recognises a right-of-use asset and a lease liability at the lease commencement date except for short term leases which are less than 12 months and low value leases.

The right-of-use asset is initially measured at cost comprises the following -

a) the initial amount of the lease liability

b) any initial direct costs incurred less any lease incentives received.

The right-of-use assets is subsequently measured at cost less any accumulated depreciation, accumulated impairment losses, if any and adjusted for any remeasurement of the lease liability. The right-of-use assets are depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of right-of-use asset. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. Right of-use assets are tested for impairment whenever there is any indication that their carrying amounts may not be recoverable. Impairment loss, if any, is recognised in the statement of profit and loss.

**ii) Lease liabilities**

Lease liabilities include the Net present value of the following lease payment:

a) Fixed payments, including in-substance fixed payments;

b) Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date.

c) Using the practical expedient maintenance charges are also included in the lease payments as it is not practical to separate maintenance cost from the lease rent. (In any agreement, where rent and maintenance are separately mentioned or identifiable, then such maintenance charges are not considered as a part of lease payments).

d) The exercise price of a purchase option if the Group is reasonably certain to exercise that option, and

e) Payment of penalties for terminating the lease, if the Group is reasonably certain to exercise that option.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, the lease payment are discounted using the interest rate implicit in the lease. If the rate cannot be readily determined, which is generally the case for lease in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessees would have to pay to borrow fund necessary to obtain an asset on similar value to the right-of-use asset in a similar economic environment with similar terms, security and condition.

Generally, the Group uses its incremental borrowing rate as the discount rate.

Lease payments also include an extension, purchase and termination option payments, if the Group is reasonably certain to exercise such options.

Lease liability and ROU asset have been separately presented in the Balance Sheet and lease payments have been classified as financing cash flows.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a

# Notes to the consolidated financial statements

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change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

The Group recognises the amount of the re-measurement of lease liability due to modification as an adjustment to the right-of-use asset and statement of profit and loss depending upon the nature of modification. Where the carrying amount of the right-of-use asset is reduced to zero and there is a further reduction in the measurement of the lease liability, the Group recognises any remaining amount of the re-measurement in statement of profit and loss.

iii) **Short-term leases and leases of low-value assets**

The Group applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). Lease payments on short-term leases are recognised on a straight-line basis as an expense in Profit or loss over the lease term

**Group as a lessor**

Lease income from operating leases where the Group is a lessor is recognised in income on a straight-line basis over the lease term. Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of the underlying asset and recognised as expense over the lease term on the same basis as lease income. The respective leased assets are included in the balance sheet based on their nature.

In 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.

**o. Inventories**

Inventories are valued at the lower of cost and net realisable 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 realisable 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 recognised 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 recognised 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.

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. Employee benefits**

(i) **Post–employment obligation**

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

1) 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 Group makes contributions to the Tata Teleservices Provident Fund Trust which is treated as defined benefit plan. The Group has an obligation to make good the shortfall, if any, between the return from the

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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.

2) 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. 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 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.

**(ii) Short-term and other long-term employee benefits**

A liability is recognised for benefits accruing to employees in respect of wages and salaries and annual leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Liabilities recognised in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Group in respect of services provided by employees upto the reporting date.

**(iii) Compensated absences**

Liability for compensated absences is in accordance with the rules 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.

**(iv) Pension**

Liability towards pension are provided using the projected unit credit method, with actuarial valuations being carried out at the end of each reporting period. Remeasurement, comprising actuarial gains and losses is reflected immediately in the consolidated balance sheet with charge or credit recognised in other comprehensive income in the period in which they occur. Remeasurement recognised in other comprehensive income is reflected in retained earnings and is not reclassified to the statement of profit and loss.

**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.

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, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

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

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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 categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the 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 minimising 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 amortised 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 amortised 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 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 realise 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. Even if an instrument meets the two requirements to be measured at amortised 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 recognising 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 and loss.

**De-recognition**

A financial asset (or, where applicable, a part of a financial asset or part of a Group of similar financial assets) is primarily derecognised (i.e. removed from the Group's statement of financial position) when:

- The rights to receive cash flows from the asset have expired, or

# Notes to the consolidated financial statements

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

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

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

**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 unbilled revenue; and
- All lease receivables

Under the simplified approach, the Group does not track changes in credit risk. Rather, it recognises 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 and unbilled revenue. The provision matrix is based on its historically observed default rates over the expected life of the trade receivable and is adjusted for forward looking estimates. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

For 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

# Notes to the consolidated financial statements

as at and for the year ended March 31, 2021

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 amortised cost using the Effective Interest Rate (EIR) method. Gains and losses are recognised in the statement of profit and loss when the liabilities are derecognised.

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 instrument. This amount is recorded as a liability on an amortised cost basis until converted on conversion or redemption. 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) issued by TTSL is a financial instrument some of which are of entirely equity in nature and compound financial instruments that contains a financial liability component and an equity component. CCPS in the nature of compound financial instrument may also contain a hybrid element of embedded derivative. On the issue of such CCPS, the Group fair values the financial liability and embedded derivative components and accounts for each separately at their fair values and the difference between the transaction price and these fair values is accounted as equity. Subsequently, the financial liability component is recognised at amortised cost while the embedded derivative is recognised at fair value through profit or 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.

**De-recognition**

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, unless it is in the nature of equity contribution by parent.

**(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. The legally enforceable right must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Group or the counterparty.

**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 Other Comprehensive Income (OCI) in the cash flow hedge reserve, while any ineffective portion is recognised immediately in the statement of profit and loss.

# Notes to the consolidated financial statements

as at and for the year ended March 31, 2021

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 unrecognised firm commitment.

**v. Non-current assets (or disposal group) held for sale**

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 recognised for any initial or subsequent write-down of the asset (or disposal group) to fair value less costs to sell. A gain is recognised 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 de-recognition.

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.

**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 statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts (including cash credit) as they are considered an integral part of the Group's cash management.

**x. 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.

**y. Segment reporting**

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

**z. Measurement of Earnings/Loss Before Interest, Tax, Depreciation and Amortisation (EBITDA/LBITDA)**

The Group has elected to present earnings before finance cost, finance income, profit on sale of current investments, exceptional items and depreciation and amortisation (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 recognised 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 recognised because it cannot be measured reliably. The Group does not recognise a contingent liability but discloses its existence in the consolidated financial statements.

**ab. 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.

**ac. 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."

**ad. Contributed equity**

Equity shares are classified as equity.

Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

# Notes to the consolidated financial statements

as at and for the year ended March 31, 2021

**ae. New and amended standards adopted by the Group**

The Group has applied the following amendments to Ind AS for the first time for their annual reporting period commencing April 1, 2020:

1. Definition of Material – amendments to Ind AS 1 and Ind AS 8
2. COVID-19 related concessions – amendments to Ind AS 116
3. Interest Rate Benchmark Reform – amendments to Ind AS 109 and Ind AS 107

The amendments listed above did not have any material impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

**af. Standards issued but Not yet effective**

Ministry of Corporate Affairs (""MCA"") notifies new standard or amendments to the existing standards. There is no such notification which would have been applicable from April 1, 2021.

## 2.4 Significant accounting estimates and assumptions

The estimates and judgements used in the preparation of the said financial statements are continuously evaluated by the Group, and are based on historical experience and various other assumptions and factors (including expectations of future events), that may have financial impact on the Group and that are believed to be reasonable under the existing circumstances.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods

In the following areas the management of the Group has made critical judgements and estimates:

**i) Impairment assessment 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. Also, Judgement is involved in determining the CGU and impairment testing.

**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. After considering market conditions, industry practice, technological developments and other factors, the Group determined that the current useful lives of its PPE remain appropriate. However, changes in economic conditions of the markets, competition and technology, among others, are unpredictable and they may significantly impact the useful lives of PPE and therefore the depreciation charges. Refer note 3(c).

**iii) Expected Credit Loss on Trade Receivable and unbilled revenue**

Trade receivables do not carry any interest and are stated at their nominal value as reduced by provision for impairment. The Group uses a provision matrix to determine impairment loss allowance on the portfolio of trade receivables and unbilled revenue. 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 (Refer note 9).

**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 consolidated financial statements. Contingent assets are neither recognised nor disclosed in the financial statements.

**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 IP vendors which became onerous due to closure of IP sites before the agreed lock in period. 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.

# Notes to the consolidated financial statements

as at and for the year ended March 31, 2021

**vi) Going concern**

The Group prepares the consolidated financial statement on a Going Concern basis in view of financial support from promoter Group and assuming the cash flows generation from the continuation of operations, 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 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 [Refer note 32(e)]

**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).

**ix) Leases**

The Group evaluates if an arrangement qualifies to be a lease as per the requirements of Ind AS 116. The application of Ind AS 116 requires Group to make judgements and estimates that affect the measurement of right-of-use assets and liabilities. The Group uses significant judgement in assessing the lease term and the applicable discount rate.

The Group determines the lease term as the non-cancellable period of a lease, together with both periods covered by an option to extend the lease if the Group is reasonably certain to exercise that option; and periods covered by an option to terminate the lease if the Group is reasonably certain not to exercise that option. In assessing whether the Group is reasonably certain to exercise an option to extend a lease, or not to exercise an option to terminate a lease, it considers all relevant facts and circumstances that create an economic incentive for the Group to exercise the option to extend the lease, or not to exercise the option to terminate the lease. The Group revises the lease term if there is a change in the relevant facts and circumstances. Estimates are required to determine the appropriate discount rate used to measure lease liabilities.

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment

# Notes to the consolidated financial statements

as at and for the year ended March 31, 2021

## 3. Property, plant and equipment (PPE)

### FY 20-21

(₹ in crores)

| Asset Group | Gross Block | | | |
|---|---|---|---|---|
| | As at April 1, 2020 | Addition during the year | Disposal | As at March 31, 2021 |
| Freehold land | 11.29 | - | - | 11.29 |
| Buildings | 61.39 | 3.89 | (2.01) | 63.27 |
| Plant and equipments | 7,490.16 | 366.16 | (104.58) | 7,751.74 |
| Furniture and Fixtures | 83.93 | 0.93 | (3.92) | 80.94 |
| Vehicles | 0.24 | - | - | 0.24 |
| Leasehold Improvements | 47.62 | 0.76 | (22.11) | 26.27 |
| **Total** | **7,694.63** | **371.74** | **(132.62)** | **7,933.75** |

(₹ in crores)

| Asset Group | Accumulated Depreciation | | | | Net Block |
|---|---|---|---|---|---|
| | As at April 1, 2020 | For the year | Disposal | As at March 31, 2021 | As at March 31, 2021 |
| Freehold land | - | - | - | - | 11.29 |
| Buildings | 5.11 | 3.25 | (2.01) | 6.35 | 56.92 |
| Plant and equipments | 5,433.16 | 425.78 | (102.32) | 5,756.62 | 1,995.12 |
| Furniture and Fixtures | 83.78 | 0.21 | (3.92) | 80.07 | 0.87 |
| Vehicles | 0.21 | - | - | 0.21 | 0.03 |
| Leasehold Improvements | 38.01 | 6.72 | (22.10) | 22.63 | 3.64 |
| **Total** | **5,560.27** | **435.96** | **(130.35)** | **5,865.88** | **2,067.87** |

### FY 19-20

(₹ in crores)

| Asset Group | Gross Block | | | | |
|---|---|---|---|---|---|
| | As at April 1, 2019 | Addition during the year | Disposal | Assets held for sale (Incl. other adjustments) (refer note 1.2) | As at March 31, 2020 |
| Freehold land | 11.29 | - | - | - | 11.29 |
| Buildings | 61.39 | - | - | - | 61.39 |
| Plant and equipments | 7118.07 | 383.78 | (28.83) | 17.14 | 7,490.16 |
| Furniture and Fixtures | 85.52 | - | (1.59) | - | 83.93 |
| Vehicles | 0.22 | 0.02 | - | - | 0.24 |
| Leasehold Improvements | 51.97 | - | (4.35) | - | 47.62 |
| **Total** | **7,328.46** | **383.80** | **(34.77)** | **17.14** | **7,694.63** |

# Notes to the consolidated financial statements

as at and for the year ended March 31, 2021

## 3. Property, plant and equipment (PPE) (contd.)

(₹ in crores)

| Asset Group | Accumulated Depreciation | | | | | | Net Block |
|---|---|---|---|---|---|---|---|
| | As at April 1, 2019 | For the year | Impairment loss recognised in statement of profit and loss | Disposal | Assets held for sale (Incl. other adjustments) (refer note 1.2) | As at March 31, 2020 | As at March 31, 2020 |
| Freehold land | - | - | - | - | - | - | 11.29 |
| Buildings | 3.99 | 1.12 | - | - | - | 5.11 | 56.28 |
| Plant and equipments | 4,983.65 | 474.66 | 2.73 | (28.33) | 0.46 | 5,433.17 | 2,056.99 |
| Furniture and Fixtures | 85.14 | 0.23 | - | (1.59) | - | 83.78 | 0.15 |
| Vehicles | 0.21 | - | - | - | - | 0.21 | 0.03 |
| Leasehold Improvements | 33.29 | 9.07 | - | (4.35) | - | 38.01 | 9.61 |
| **Total** | **5,106.28** | **485.08** | **2.73** | **(34.27)** | **0.46** | **5,560.28** | **2,134.35** |

**Note:**

a) For details of assets pledged refer note 17

b) Refer note 34 for disclosure of contractual commitments for the acquisition of property, plant and equipment.

c) The Group estimates the useful life of the Plant and Equipment to be maximum 18 years based on the expected technical obsolescence of such assets. However, the actual useful life may be shorter or longer than two years, depending on technical innovations and intensity of usage. If it were two years longer than the current useful life, the carrying amount for Plant & Machinery would be ₹ 2,084.94 crores as at March 31, 2021. If the useful life were estimated to be two years shorter than the current useful life, the carrying amount for Plant & Machinery would be ₹ 1,865.70 crores as at March 31, 2021.

## 4. Right-of-use assets

**FY 20-21**

(₹ in crores)

| Asset Group | Gross Block | | | |
|---|---|---|---|---|
| | As at April 1, 2020 | Addition during the year | Disposal | As at March 31, 2021 |
| Building | 64.13 | 10.21 | (28.42) | 45.92 |
| Network sites | 650.05 | 22.01 | (85.55) | 586.51 |
| Indefeasible Rights of Use ('IRU') | 676.10 | - | - | 676.10 |
| **Total** | **1,390.28** | **32.22** | **(113.97)** | **1,308.53** |

(₹ in crores)

| Asset Group | Accumulated Depreciation | | | | Net Block |
|---|---|---|---|---|---|
| | As at April 1, 2020 | For the year | Disposal | As at March 31, 2021 | As at March 31, 2021 |
| Building | 14.28 | 12.54 | (10.02) | 16.80 | 29.12 |
| Network sites | 133.36 | 128.11 | (26.86) | 234.61 | 351.90 |
| Indefeasible Rights of Use ('IRU') | 502.05 | 32.19 | - | 534.24 | 141.86 |
| **Total** | **649.69** | **172.84** | **(36.88)** | **785.65** | **522.88** |

# Notes to the consolidated financial statements

as at and for the year ended March 31, 2021

## 4. Right-of-use assets (contd.)

**FY 19-20**

(₹ in crores)

| Asset Group | Gross Block | | | | |
|---|---|---|---|---|---|
| | As at April 1, 2019 | Ind AS 116 adjustment as on April 1, 2019 | Addition during the year | Disposal | As at March 31, 2020 |
| Properties | - | 64.14 | - | (0.01) | 64.13 |
| Network sites | - | 602.56 | 144.62 | (97.13) | 650.05 |
| Indefeasible Rights of Use ('IRU') | 639.22 | - | 36.88 | - | 676.10 |
| **Total** | **639.22** | **666.70** | **181.50** | **(97.14)** | **1,390.28** |

(₹ in crores)

| Asset Group | Accumulated Depreciation | | | | Net Block |
|---|---|---|---|---|---|
| | As at April 1, 2019 | Disposal | Assets held for sale (Incl. other adjustments) (refer note 1.2) | As at March 31, 2020 | As at March 31, 2020 |
| Properties | - | 14.28 | - | 14.28 | 49.85 |
| Network sites | - | 140.39 | (7.03) | 133.36 | 516.69 |
| Indefeasible Rights of Use ('IRU') | 468.76 | 33.29 | - | 502.05 | 174.05 |
| **Total** | **468.76** | **187.96** | **(7.03)** | **649.69** | **740.59** |

As per IND AS 116, 'IRU' which was previously considered under Intangible assets is now considered as a part of ROU assets (Refer note 33)

## 5. Capital work-in-progress

(₹ in crores)

| Particulars | As at April 1, 2020 | Additions | Consumption/ Capitalisation | As at March 31, 2021 |
|---|---|---|---|---|
| Capital inventory [net of provision for obsolescence] * and Assets under construction | 90.84 | 284.30 | (306.86) | 68.28 |

| Particulars | As at April 1, 2019 | Additions | Consumption/ Capitalisation | As at March 31, 2020 |
|---|---|---|---|---|
| Capital inventory [net of provision for obsolescence]* and Assets under construction | 99.21 | 302.57 | (310.94) | 90.84 |

*Other capital inventory mainly comprises of network equipment

## 6. Investment Property

**FY 20-21**

(₹ in crores)

| Asset Group | Gross Block | | |
|---|---|---|---|
| | As at April 1, 2020 | Addition during the year | As at March 31, 2021 |
| Building | 32.19 | - | 32.19 |
| **Total** | **32.19** | **-** | **32.19** |

# Notes to the consolidated financial statements

as at and for the year ended March 31, 2021

## 6. Investment Property (contd.)

(₹ in crores)

| Asset Group | Accumulated Depreciation | | | Net Block |
|---|---|---|---|---|
| | As at April 1, 2020 | For the year | As at March 31, 2021 | As at March 31, 2021 |
| Building | 11.39 | 0.50 | 11.89 | 20.30 |
| **Total** | **11.39** | **0.50** | **11.89** | **20.30** |

**FY 19-20**

(₹ in crores)

| Asset Group | Gross Block | | |
|---|---|---|---|
| | As at April 1, 2019 | Addition during the year | As at March 31, 2020 |
| Building | 32.19 | - | 32.19 |
| **Total** | **32.19** | **-** | **32.19** |

(₹ in crores)

| Asset Group | Accumulated Depreciation | | | Net Block |
|---|---|---|---|---|
| | As at April 1, 2019 | For the year | As at March 31, 2020 | As at March 31, 2020 |
| Building | 10.89 | 0.50 | 11.39 | 20.80 |
| **Total** | **10.89** | **0.50** | **11.39** | **20.80** |

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

(₹ in crores)

| | March 31, 2021 | March 31, 2020 |
|---|---|---|
| Rental income derived from investment properties | 9.21 | **9.21** |
| Direct operating expenses (including repairs and maintenance) generating rental income | (4.30) | **(5.43)** |
| Profit arising from investment properties before depreciation and indirect expenses | **4.91** | **3.78** |
| Less : Depreciation | (0.50) | **(0.50)** |
| **Profit arising from investment properties before indirect expenses** | **4.41** | **3.28** |

### b. Fair value of investment

The fair value of investment property as on March 31, 2021 is ₹ 176.21 crores (March 31, 2020- ₹ 176.21 crores). The Group conducts independent valuation of properties at least annually. The best evidence of fair value is current prices in an active market for similar properties. Where such information is not available, the Group considers information from a variety of sources including:

- Current Prices in an active market for properties of different nature or recent prices of similar properties in less active market, adjusted to reflect those differences.
- Discounted cash flow projection based on reliable estimates of future cash flows.
- Capitalised income projection based upon a property's estimated net market income, and a capitalisation rate derived from an analysis of market evidence.

The fair value of investment properties have been determined by certified valuers. The main inputs used are location and locality, facilities and amenities, quality of construction, residual life of buildings, business potential, supply of demand, local nearby enquiry and market feedback of investigation. All resulting fair value estimates for investment properties are included in Level 3.

# Notes to the consolidated financial statements

as at and for the year ended March 31, 2021

## 7. Intangible assets

### FY 20-21

(₹ in crores)

| Asset Group | Gross Block | | |
|---|---|---|---|
| | As at April 1, 2020 | Addition during the year | As at March 31, 2021 |
| License Fees | 25.00 | 4.00 | 29.00 |
| Computer Software | 29.64 | 0.18 | 29.82 |
| **Total** | **54.64** | **4.18** | **58.82** |

(₹ in crores)

| Asset Group | Accumulated Depreciation | | | Net Block |
|---|---|---|---|---|
| | As at April 1, 2020 | For the year | As at March 31, 2021 | As at March 31, 2021 |
| License Fees | 16.63 | 1.59 | 18.22 | 10.78 |
| Computer Software | 29.58 | 0.10 | 29.68 | 0.14 |
| **Total** | **46.21** | **1.69** | **47.90** | **10.92** |

### FY 19-20

(₹ in crores)

| Asset Group | Gross Block | | | |
|---|---|---|---|---|
| | As at April 1, 2019 | Addition during the year | Assets held for sale (Incl. other adjustments) (refer note 1.2) | As at March 31, 2020 |
| License Entry fees | - | - | 25.00 | 25.00 |
| Computer Software | 29.54 | 0.10 | - | 29.64 |
| **Total** | **29.54** | **0.10** | **25.00** | **54.64** |

(₹ in crores)

| Asset Group | Accumulated Depreciation | | | | | Net Block |
|---|---|---|---|---|---|---|
| | As at April 1, 2019 | For the year | Impairment loss recognised in statement of profit and loss | Assets held for sale (Incl. other adjustments) (refer note 1.2) | As at March 31, 2020 | As at March 31, 2020 |
| License Entry fees | - | 3.09 | (3.31) | 16.85 | 16.63 | 8.37 |
| Computer Software | 29.51 | 0.07 | - | - | 29.58 | 0.06 |
| **Total** | **29.51** | **3.16** | **(3.31)** | **16.85** | **46.21** | **8.43** |

# Notes to the consolidated financial statements

as at and for the year ended March 31, 2021

## 8. Investments

(₹ in crores)

| | As at March 31, 2021 | As at March 31, 2020 |
|---|---|---|
| **Non - Current Investments (Investment at fair value through profit and loss) (Nos. in crores)** | | |
| Andhra Pradesh Gas Power Corporation Limited (Unquoted)<br>0.03 (March 31, 2020 - 0.03) Equity Shares of ₹ 10 each fully paid up (Refer note a below) | 4.06 | 4.06 |
| Renew Wind Energy (Karnataka) Private Limited (Unquoted)<br>0.0004 (March 31, 2020 - 0.0005) Equity Shares of ₹ 100 each fully paid up (Refer note c below) | 0.04 | 0.05 |
| Green Infra Wind Farms Limited (Unquoted)<br>0.003 (March 31, 2020 - 0.003) Equity Shares of ₹ 10 each fully paid up (Refer note b below) | 0.03 | 0.03 |
| **Total (a)** | **4.13** | **4.14** |
| **Non - Current Investments (Investment at amortised cost) (Nos. in crores)** | | |
| Bharti Airtel Limited (Quoted)<br>0.05 (March 31, 2020 - 0.05) Equity Shares of ₹ 5 each fully paid up (Refer note d below) | 16.27 | 16.27 |
| Bharti Airtel Limited (Unquoted)<br>0.000001 (March 31, 2020 - 0.000001) Preference Shares of ₹ 100 each fully paid up* (Refer note d below) | - | - |
| **Total (b)** | **16.27** | **16.27** |
| **Total (a+b)** | **20.40** | **20.41** |

*figures are below rounding off norms adopted by the Group

(₹ in crores)

| | As at March 31, 2021 | As at March 31, 2020 |
|---|---|---|
| **Current Investments (Investment at fair value through profit and loss)** | | |
| Investment in mutual funds (Quoted) (Refer below mutual fund details) | 133.58 | 3.14 |
| | **133.58** | **3.14** |
| Aggregate book value of Quoted Investment - at cost | **149.17** | **19.04** |
| Aggregate value of Quoted Investment - at market value | **161.40** | **23.81** |
| Aggregate value of Unquoted Investment - at cost | **4.13** | **4.14** |

| Mutual funds | March 31, 2021 | | March 31, 2020 | |
|---|---|---|---|---|
| | Units (in Mns) | ₹ Crores | Units (in Mns) | ₹ Crores |
| HDFC Liquid Fund-Direct plan - Growth | 0.04 | 15.05 | - | - |
| ICICI Liquid Plan-Direct Plan - Growth | 0.82 | 25.05 | - | - |
| ICICI Prudential Liquid - Growth | 0.33 | 10.07 | - | - |
| Axis Liquid Fund - Direct Plan - Growth | 0.09 | 10.03 | - | - |
| Aditya Birla Sun Life Liquid Fund - DP - Growth | 0.30 | 10.00 | - | - |
| Birla Sun Life Cash Plus-Direct Plan Growth | - | 20.00 | - | - |
| Tata Liquid Fund - Direct Plan - Growth | 0.13 | 43.38 | 0.01 | 3.14 |
| **Total** | **1.71** | **133.58** | **0.01** | **3.14** |

# Notes to the consolidated financial statements

as at and for the year ended March 31, 2021

## 8. Investments (contd.)

(a) The investment in Andhra Pradesh Gas Power Corporation Limited (APGPCL) entitles the Groups to tariff benefit on 1 MW of power drawn from APGPCL.

(b) The investment in Green Infra Wind Farms Limited (GIWFL) entitles th Group to tariff benefit on power drawn from GIWFL.

(c) The investment in Renew Wind Energy (Karnataka) Private Limited (RWEPL) entitles the Group to procure 2.4 MW of power for its own use. Out of the total investment of 0.0005 crores shares, 0.0001 crores shares were sold during the year.

(d) Pursuant to the Scheme of Arrangement to transfer the CMB undertaking of TTML to BAL, (TTML Scheme), TTSL received the following as consideration:

- 1 BAL equity share for every 2014 equity shares held in TTML; and
- 10 BAL Redeemable Preference Shares (RPS) to all (and not each) TTML RPS holder

The said consideration received under TTML Scheme has been measured on initial recognition at ₹ 16.27 crores, being the fair value of BAL shares as on the Effective date of TTML Scheme (July 1, 2019).

## 9. Trade receivables

(₹ in crores)

| | As at March 31, 2021 | As at March 31, 2020 |
|---|---|---|
| Trade receivables from contract with customers | 265.39 | 388.33 |
| Trade receivables from contract with customers - related parties (Refer note 36) | 94.93 | 84.26 |
| Less: Loss allowance | (186.27) | (192.83) |
| | **174.05** | **279.76** |
| Current portion | 174.05 | 279.76 |
| Non-current portion | - | - |
| **Break up** | | |
| Considered Good - Secured | - | - |
| Considered Good - Unsecured | 222.42 | 333.13 |
| Having significant increase in credit risk | - | - |
| Credit impaired | 137.90 | 139.46 |
| Less: Loss allowance | (186.27) | (192.83) |
| | **174.05** | **279.76** |

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

Nor any trade or other receivable are due from firms or private companies respectively in which any director is a partner, a director or a member.

Trade receivables are non-interest bearing and are generally on terms of 17 to 90 days.

The Group has used a practical expedient by computing the expected credit loss allowance for trade receivables based on a provision matrix. The provision matrix takes into account historical credit loss experience and adjusted for forward-looking information. The expected credit loss allowance is based on the ageing of the days the receivables are due and the rates as given in the provision matrix.

# Notes to the consolidated financial statements

as at and for the year ended March 31, 2021

## 9. Trade receivables (contd.)

### Ageing of Receivables

(₹ in crores)

| Particulars | As at March 31, 2021 | As at March 31, 2020 |
|---|---|---|
| Not due | 107.33 | 63.43 |
| 0-90 days past due | 28.07 | 110.69 |
| 91-180 days past due | 14.87 | 105.14 |
| > 180 days | 210.05 | 193.33 |
| **Total** | **360.32** | **472.59** |

### Ageing of expected credit loss allowance

(₹ in crores)

| Particulars | As at March 31, 2021 | As at March 31, 2020 |
|---|---|---|
| Not due | - | - |
| 0-90 days past due | 2.82 | 21.52 |
| 91-180 days past due | 6.79 | 10.16 |
| > 180 days | 176.66 | 161.15 |
| **Total** | **186.27** | **192.83** |

### Movement in expected credit loss allowance

(₹ in crores)

| Particulars | As at March 31, 2021 | As at March 31, 2020 |
|---|---|---|
| Balance at the beginning of the year | 192.83 | 267.07 |
| Movement in expected credit loss allowance on trade receivables calculated at lifetime expected credit losses | (6.56) | 1.04 |
| Transferred to Bharti (Refer note 1.2) | - | (80.60) |
| Other movements | - | 5.32 |
| **Balance at the end of the year** | **186.27** | **192.83** |

## 10. Cash and cash equivalents

(₹ in crores)

| | As at March 31, 2021 | As at March 31, 2020 |
|---|---|---|
| Cheques on hand | - | 0.31 |
| Balance with Banks: | | |
| in Current Accounts | 46.42 | 200.05 |
| in Escrow Accounts | 0.02 | 0.03 |
| in Cash credit accounts | 70.71 | 75.60 |
| | **117.15** | **275.99** |

Balance in escrow account was required to be maintained till November 13, 2020 for the settlement of customer balance as per Reserve Bank of India guidelines on pre-paid payment instruments. The Group is in the process of transferring balance in Escrow Account to Current Account.

# Notes to the consolidated financial statements

as at and for the year ended March 31, 2021

## 11. Bank balances other than above

(₹ in crores)

| | As at March 31, 2021 | As at March 31, 2020 |
|---|---|---|
| Deposit with original maturity more than 3 months but less than 12 months | 16.23 | 32.05 |
| Deposit with original maturity more than 12 months and maturing within 12 months | 4.14 | 0.10 |
| Bank deposits in escrow accounts | 3.53 | 3.33 |
| | **23.90** | **35.48** |

The Group has pledged short-term deposits of ₹ 20.29 crores as of March 31, 2021 (₹ 32.08 crores as of March 31, 2020) to fulfil collateral requirements.

Balance in escrow account was required to be maintained till November 13, 2020 for the settlement of customer balance as per Reserve Bank of India guidelines on pre-paid payment instruments. The Company is in the process of transferring balance in Escrow Account to Current Account.

## 12. Loans and other financial assets

(₹ in crores)

| | Non current | | Current | |
|---|---|---|---|---|
| | As at March 31, 2021 | As at March 31, 2020 | As at March 31, 2021 | As at March 31, 2020 |
| **Loans** | | | | |
| Considered Good - Secured | - | - | - | - |
| Considered good – Unsecured | - | - | - | 798.91 |
| Having significant increase in credit risk | - | - | - | - |
| Credit impaired | - | - | - | - |
| Less: Loss allowance | - | - | - | - |
| | **-** | **-** | **-** | **798.91** |
| **Other Financial Assets** | | | | |
| **Premises and other deposits (at amortised cost)** | | | | |
| Considered good – Secured | - | - | - | - |
| Considered good – Unsecured | 60.35 | 40.00 | 12.43 | 23.06 |
| Having significant increase in credit risk | - | - | - | - |
| Credit impaired | 15.92 | 16.47 | 3.55 | 2.97 |
| Less: Loss allowance | (15.92) | (16.47) | (3.55) | (2.97) |
| **Others** | | | | |
| Bank deposits with more than 12 months maturity | 1.33 | 0.28 | - | - |
| **Unsecured, considered good** | | | | |
| Unbilled revenue | - | - | 131.49 | 192.91 |
| Insurance claims receivable | 2.66 | 1.87 | 2.57 | 0.19 |
| Interest receivable | - | - | 0.08 | 0.08 |
| Receivables from third party | - | - | 26.25 | 57.33 |
| | **64.34** | **42.15** | **172.82** | **273.57** |
| | **64.34** | **42.15** | **172.82** | **1,072.48** |

(a) 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.

(b) Security deposits represent amount paid for lease of premises and network sites and others.

(c) The Group has pledged bank deposits of ₹ 1.33 crores as of March 31, 2021 (₹ 0.28 crores as of March 31, 2020) to fulfil collateral requirements.

# Notes to the consolidated financial statements

as at and for the year ended March 31, 2021

## 12. Loans and other financial assets (contd.)

(d) During the quarter ended June 30, 2019, the TTSL had given loan to TTML of ₹ 825.00 crores carrying an interest rate of 0.01% p.a., out of which loan amounting to ₹ 818.06 crores was transferred by TTML to BAL as on July 1, 2019. The said loan had been considered as interest free and accordingly, the Group had recognised ₹ 748.23 crores as investment in loan and ₹ 76.77 crores as investment in equity. As at September 30, 2020, the Group has received repayment of the entire loan amount from BAL.

## 13. Other current assets

(₹ in crores)

| | Non current | | Current | |
|---|---|---|---|---|
| | As at March 31, 2021 | As at March 31, 2020 | As at March 31, 2021 | As at March 31, 2020 |
| **Unsecured, considered good:** | | | | |
| Capital advances | 3.16 | 3.58 | - | - |
| Prepaid expenses | 60.95 | 73.56 | 64.75 | 35.53 |
| Advance to suppliers | - | - | 11.11 | 22.93 |
| Balance with government authorities | 336.96 | 307.29 | 522.94 | 540.56 |
| Advance paid under dispute* [(net of provision for contingencies ₹ 8.90 crores (March 31, 2020 - ₹ 7.23 crores)] | 486.07 | 496.28 | - | 1.54 |
| Advances to employees | - | - | 0.32 | 0.42 |
| Other advances | - | - | - | 0.10 |
| **Unsecured, considered doubtful:** | | | | |
| Advance to suppliers | - | - | 8.79 | 7.71 |
| Advance paid under dispute (net of provision) | 0.05 | - | - | 0.05 |
| Balance with government authorities | 6.40 | 0.15 | 13.54 | 19.04 |
| Less: Provision for doubtful advances | (6.45) | (0.15) | (22.33) | (26.80) |
| | **887.14** | **880.71** | **599.12** | **601.08** |

* includes amounts paid towards indemnification (Refer note 1.2)

## 14. Equity share capital

(₹ in crores)

| Particulars | As at March 31, 2021 | As at March 31, 2020 |
|---|---|---|
| **Authorised Share Capital (Nos. in crores)** | | |
| 5,263.00 (March 31, 2020 - 5,263.00) Equity Shares of ₹ 10 each | 52,630.00 | 52,630.00 |
| 63.00 (March 31, 2020 - 63.00) Compulsory Convertible Non-Cumulative Preference Shares (CCPS) of ₹ 100 each | 6,300.00 | 6,300.00 |
| 462.20 (March 31, 2020 - 462.20) preference shares of ₹ 100 each | 46,220.00 | 46,220.00 |
| **Total Authorised Share Capital** | **1,05,150.00** | **1,05,150.00** |
| **Issued, Subscribed and Fully Paid Equity capital (Nos. in crores)** | | |
| 1,240.84 (March 31, 2020 - 670.45) Equity Shares of ₹ 10 each, fully paid up | 12,408.44 | 6,704.51 |
| | **12,408.44** | **6,704.51** |

# Notes to the consolidated financial statements

as at and for the year ended March 31, 2021

## 14. Equity share capital (contd.)

### a. Reconciliation of Shares Outstanding at the beginning and at the end of the reporting year

| | As at March 31, 2021 | | As at March 31, 2020 | |
|---|---|---|---|---|
| | No Crores | ₹ in Crores | No Crores | ₹ in Crores |
| **Equity Shares** | | | | |
| At the beginning of the year | 670.45 | 6,704.51 | 577.50 | 5,775.03 |
| Issued during the year | 570.39 | 5,703.93 | 92.95 | 929.48 |
| **Outstanding at the end of the year** | **1,240.84** | **12,408.44** | **670.45** | **6,704.51** |

On June 24, 2020, TTSL has issued 200.39 crores Equity Shares of ₹ 10 each to Tata Sons Private Limited by way of conversion of series 4 CCPS.
On Novemer 10, 2020, TTSL has issued 230 crores Equity Shares of ₹ 10 each to Tata Sons Private Limited by way of conversion of OCPS (Refer note 16)
On March 17, 2021, TTSL has issued 140 crores Equity Shares of ₹ 10 each to Panatone Finvest Ltd by way of conversion of OCD (Refer note 16)

### b. Details of shareholding holding more than 5% shares in the company

| | As at March 31, 2021 | | As at March 31, 2020 | |
|---|---|---|---|---|
| | No Crores | % holding in the class | No Crores | % holding in the class |
| **Equity shares of ₹ 10 each fully paid** | | | | |
| Tata Sons Private Limited (TSPL) | 929.88 | 74.94% | 499.49 | 74.50% |
| Tata Communication Limited | 59.82 | 4.82% | 59.82 | 8.92% |
| Tata Industries Limited | - | 0.00% | 33.85 | 5.05% |
| Panatone Finvest Limited | 189.52 | 15.27% | - | - |

### c. Terms / rights attached to equity shares

The Group has only one class of equity shares having par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share. The dividend whenever proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General meeting, except in case of interim dividends. 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.

### d. The Group during the preceding 5 years:

i) has not allotted equity shares pursuant to contracts without payment received in cash.

ii) has not issued equity shares by way of bonus shares.

iii) has not bought back any equity shares.

### e. Shares held by holding company and/or their subsidiaries/associates/joint venture

**Equity Shares (All nos. in crores)**

(₹ in crores)

| Particulars | As at March 31, 2021 | As at March 31, 2020 |
|---|---|---|
| **Tata Sons Private Limited, the holding company** | | |
| 929.88 (March 31, 2020- 499.49) Equity shares of ₹ 10 each fully paid | 9,298.80 | 4,994.87 |
| **Tata Communication Limited, Subsidiary of Tata Sons Private Limited** | | |
| 59.82 (March 31, 2020 - 59.82 ) Equity shares of ₹ 10 each fully paid | 598.21 | 598.21 |

# Notes to the consolidated financial statements
as at and for the year ended March 31, 2021

## 14. Equity share capital (contd.)

(₹ in crores)

| Particulars | As at March 31, 2021 | As at March 31, 2020 |
|---|---|---|
| **The Tata Power Company Limited, Associate of Tata Sons Private Limited** | | |
| 1.66 (March 31, 2020 - 1.66) Equity shares of ₹ 10 each fully paid | 16.62 | 16.62 |
| **Tata Industries Limited, Joint venture of Tata Sons Private Limited** | | |
| Nil (March 31, 2020 - 33.85) Equity shares of ₹ 10 each fully paid | - | 338.51 |
| **Tata Steel Limited, Associate of Tata Sons Private Limited** | | |
| Nil (March 31, 2020 - 8.74) Equity shares of ₹ 10 each fully paid | - | 87.43 |
| **Tata Capital Financial Services Limited, Subsidiary of Tata Sons Private Limited** | | |
| Nil (March 31, 2020 - 6.23) Equity shares of ₹ 10 each fully paid | - | 62.25 |
| **Tata Chemicals Limited, Associate of Tata Sons Private Limited** | | |
| Nil (March 31, 2020 - 0.13) Equity shares of ₹ 10 each fully paid | - | 1.29 |
| **Tata Investment Corporation Limited, Subsidiary of Tata Sons Private Limited** | | |
| Nil (March 31, 2020 - 0.57) Equity shares of ₹ 10 each fully paid | - | 5.68 |
| **Panatone Finvest Limited, Subsidiary of Tata Sons Private Limited** | | |
| 189.52 (March 31, 2020 - Nil) Equity shares of ₹ 10 each fully paid | 1,895.16 | - |
| | **11,808.79** | **6,104.86** |

### f. Reconciliation of the Compound Financial Instrument

| | As at March 31, 2021 | | As at March 31, 2020 | |
|---|---|---|---|---|
| | No Crores | ₹ in Crores | No Crores | ₹ in Crores |
| **a) 0.1% Compulsory Convertible Non-Cumulative Preference Shares*** | | | | |
| At the beginning of the year | 62.24 | 6,224.49 | 62.24 | 6,224.49 |
| Less: Converted during the year | (20.04) | (2,003.94) | - | - |
| **Outstanding at the end of the year** | **42.20** | **4,220.55** | **62.24** | **6,224.49** |
| **b) 0.1% Optionally Convertible Non-Cumulative Preference Shares*** | | | | |
| At the beginning of the year | 23.00 | 2,300.00 | 23.00 | 2,300.00 |
| Less: Converted during the year | (23.00) | (2,300.00) | - | - |
| **Outstanding at the end of the year** | **-** | **-** | **23.00** | **2,300.00** |
| **c) 0.1% Optionally Convertible Debentures*** | | | | |
| At the beginning of the year | 50.45 | 5,044.36 | 117.41 | 11,740.64 |
| Add: Issued during the year | - | - | 20.00 | 2,000.00 |
| Less: Converted during the year | (14.00) | (1,400.00) | (86.96) | (8,696.28) |
| **Outstanding at the end of the year** | **36.45** | **3,644.36** | **50.45** | **5,044.36** |

*Refer note 16 for terms of issue and conversion

# Notes to the consolidated financial statements

as at and for the year ended March 31, 2021

## 15. Instruments entirely equity in nature

| | As at March 31, 2021 | | As at March 31, 2020 | |
|---|---|---|---|---|
| | No Crores | ₹ in Crores | No Crores | ₹ in Crores |
| Opening balance | 296.16 | 29,616.28 | 159.20 | 15,920.00 |
| **Add:** Issued during the year 0.1% Optionally Convertible Non-Cumulative Preference Shares of 100 each | - | - | 136.96 | 13,696.28 |
| Closing balance | **296.16** | **29,616.28** | **296.16** | **29,616.28** |

### a. Issued, Subscribed and Fully Paid compulsory convertible non-cumulative preference shares (Nos. in crores)

(₹ in crores)

| Particulars | As at March 31, 2021 | As at March 31, 2020 |
|---|---|---|
| 296.16 (March 31, 2020 - 296.16) Compulsory Convertible Non-cumulative Preference Shares of ₹ 100 each, fully paid up | 29,616.28 | 29,616.28 |
| | **29,616.28** | **29,616.28** |

### b. Details of shareholding holding more than 5% shares in the company

| | As at March 31, 2021 | | As at March 31, 2020 | |
|---|---|---|---|---|
| | No Crores | % holding in the class | No Crores | % holding in the class |
| **Compulsory Convertible Non-cumulative Preference Shares of ₹ 100 each, fully paid up** | | | | |
| Tata Sons Private Limited | 296.16 | 100% | 296.16 | 100% |

### c. Shares held by holding company and/or their subsidiaries/associates/joint venture

**Compulsory Convertible Non-Cumulative Preference Shares (All Nos. in crores)**

(₹ in crores)

| Particulars | As at March 31, 2021 | As at March 31, 2020 |
|---|---|---|
| **Tata Sons Private Limited, the holding company** | | |
| 296.16 (March 31, 2020 - 296.16) Compulsory Convertible Non-cumulative Preference Shares of ₹ 100 each, fully paid up | 29,616.28 | 29,616.28 |
| | **29,616.28** | **29,616.28** |

**Terms/Rights attached to Compulsory Convertible Non-Cumulative Preference Shares**

(i) TTSL has issued 0.1% Optionally Convertible Debentures ('OCD') – series II, aggregating 276.60 crores of ₹ 100 each to Tata Sons Private Limited and Panatone finvest limited on various dates between December 22, 2017 and January 10, 2019. For more details on the terms of OCD, refer "Terms of conversion/ redemption of Optionally Convertible Debentures" in Note 17. Pursuant to the contractual arrangement and on request of Tata Sons Private Limited , 159.20 crores OCDs are converted and new 159.20 crores 0.1 % Compulsory Convertible non-cumulative Preference Shares ('CCPS') of ₹ 100 each were allotted through various tranches during the previous year, which was approved by the Board of Directors on January 10, 2019 and March 6, 2019. TTSL has classified the CCPS alloted on conversion of OCD as instruments entirely equity in nature

On June 30, 2019, the Company issued 86.96 crores Compulsory Convertible Non-Cumulative Preference Shares (Series 9-Tranche 3 CCPS) to Tata Sons Private Limited of ₹ 100 each. Pursuant to the contractual arrangement and on request of Tata Sons Private Limited, 86.96 crores OCDs are converted and new 86.96 crores 0.1 % Compulsory Convertible non-cumulative Preference Shares ('CCPS') of ₹ 100 each are allotted. The Company has classified the CCPS alloted on conversion as instruments entirely equity in nature.

# Notes to the consolidated financial statements

as at and for the year ended March 31, 2021

## 15. Instruments entirely equity in nature (contd.)

Refer "Terms and rights of CCPS issued" as mentioned below.

(ii) On May 18, 2019, TTSL issued 9.29 crores Compulsory Convertible Non-Cumulative Preference Shares (Series 8-Tranche 1 CCPS) to Tata Sons Private Limited of ₹ 100 each.

On August 7, 2019, TTSL issued 40.71 crores Compulsory Convertible Non-Cumulative Preference Shares (Series 8-Tranche 2 CCPS) to Tata Sons Private Limited of ₹ 100 each.

Refer "Terms and rights of CCPS issued" as mentioned below.

**Terms and rights of CCPS issued:**

(i) CCPS would be compulsorily converted in to such number of equity shares of ₹ 10 each, at face value at the option of the CCPS holder at any time after 1 day from the date of allotment of CCPS but not later than 36 months from the date of allotment.

(ii) CCPS carry a non-cumulative right to receive dividend @ 0.1%.

(iii) The holders of CCPS –

a) carry a preferential right vis-à-vis the holders of equity shares of the Company with respect to payment of dividend and repayment in case of a winding up or repayment of capital;

b) would not be entitled to participate in the surplus funds;

c) would not be entitled to participate in the surplus assets and profits, on winding up, which may remain after the entire capital has been repaid.

## 16. Other Equity

### a) Equity component of Compound Financial Instruments

(₹ in crores)

| | As at March 31, 2021 | As at March 31, 2020 |
|---|---|---|
| Balance as per the last financial statements | 5,596.70 | 6,064.42 |
| Add : Optionally convertible debentures Issued during the year (Refer note C below) | - | 489.77 |
| Add : Equity portion on extension of CCPS (Refer note A below) | - | 732.74 |
| Less : Optionally convertible debentures converted during the year (Refer note C below) | (16.69) | (1,690.23) |
| Less: CCPS converted during the year (Refer note A below) | (426.77) | - |
| **Closing balance** | **5,153.24** | **5,596.70** |

The equity portion of compound financial instruments, is on account of dividend/ interest percentage being lower than effective market rate and is recorded in shareholders equity.

### b) Securities Premium account

(₹ in crores)

| | As at March 31, 2021 | As at March 31, 2020 |
|---|---|---|
| Balance as per the last financial statements | 12,304.47 | 12,304.47 |
| **Closing balance** | **12,304.47** | **12,304.47** |

Securities premium reserve is used to record the premium on shares. The reserve is utilised in accordance with the provisions of the Companies Act , 2013.

# Notes to the consolidated financial statements
as at and for the year ended March 31, 2021

## 16. Other Equity (contd.)

### c) Retained earnings

(₹ in crores)

| | As at March 31, 2021 | As at March 31, 2020 |
|---|---|---|
| Balance as per last financial statements | (65,113.75) | (53,292.19) |
| Cumulative effect on opening retained earnings on adoption of Ind AS 116 | - | (103.16) |
| CCPS converted during the year | (1,577.17) | |
| Other comprehensive income arising from measurement of defined benefit obligation net of income tax | 2.77 | (4.12) |
| Loss for the year | (8,527.55) | (11,139.32) |
| Adjustment for Non controlling Interest in TTML | (508.48) | (574.96) |
| **Closing balance** | **(75,724.18)** | **(65,113.75)** |

Retained earnings are the profits that the Group has earned till date, less any transfers to general reserve, dividends or other distributions paid to shareholders. Retained earnings includes re-measurement loss / (gain) on defined benefit plans, net of taxes that will not be reclassified to Statement of Profit and Loss. Retained earnings is a free reserve available to the Group.

### d) Cash flow / Cost of Hedge Reserve

(₹ in crores)

| | As at March 31, 2021 | As at March 31, 2020 |
|---|---|---|
| Balance as per last financial statements | (17.70) | (1.76) |
| Other comprehensive income/(loss) for the year | 14.63 | (15.94) |
| **Closing balance** | **(3.07)** | **(17.70)** |

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)

(₹ in crores)

| | As at March 31, 2021 | As at March 31, 2020 |
|---|---|---|
| **Capital Reserve on Consolidation*** | **898.73** | **898.73** |

*Capital Reserve arising on business combination of entities under common control (TTML)

### f) CCPS application money pending allotment

(₹ in crores)

| | As at March 31, 2021 | As at March 31, 2020 |
|---|---|---|
| Balance as per last financial statement | - | 929.48 |
| Add: Received during the year | - | 4,070.52 |
| Less: CCPS Allotted during the year | | (5,000.00) |
| **Closing balance** | **-** | **-** |
| **Total Other Equity** | **(57,370.81)** | **(46,331.55)** |

# Notes to the consolidated financial statements

as at and for the year ended March 31, 2021

## 16. Other Equity (contd.)

### A. Terms of conversion of Compulsory Convertible Non-Cumulative Preference Shares

(i) The TTSL issued 10.25 crores and 9.95 crores Compulsory Convertible Non-Cumulative Preference Shares (Series 2 CCPS and Series 3 CCPS) to Tata Sons Private Limited of ₹ 100 each on March 31, 2015 and May 28, 2015 respectively. Series 2 CCPS and Series 3 CCPS carry a non-cumulative right to receive dividend @ 0.1%.

Each 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 and Series 3 CCPS , but not later than 36 months from the date of allotment i.e. March 31, 2018 and May 28, 2018.

Each Series 2 CCPS ans 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 subject to cap of ₹ 19 per equity shares or

II. ₹ 10 per equity share being the face value of shares

Based on request from holder of Series 2 CCPS and Series 3 CCPS and approval from the Board vide Circular resolution no. 209 dated December 26, 2017, the period of conversion was extended up to March 31, 2019, with an option to CCPS holder for conversion at any time after one day notice.

Further, based on request from holder of Series 2 CCPS and Series 3 CCPS and approval from the Board vide Circular resolution no. 219 dated March 1, 2019, the period of conversion was extended up to September 30, 2019, with an option to CCPS holder for conversion at any time after one day notice.

Further based on request from holder of Series 2 CCPS and Series 3 CCPS and approval from the Board vide Circular resolution no. 220 dated September 27, 2019, the period of conversion has been extended up to September 30, 2021, with an option to CCPS holder for conversion at any time after one day notice.

(ii) On October 19, 2016, the TTSL issued 22.01 crores Compulsory Convertible Non-Cumulative Preference Shares (Series 4 CCPS) to Tata Sons Private Limited of ₹ 100 each. Series 3 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 3 CCPS but not later than 36 months from the date of allotment i.e. October 19, 2019.

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. ₹ 10 per equity share being the face value of equity shares

Further based on request from holder of Series 4 CCPS and approval from the Board vide Circular resolution no. 220 dated September 27, 2019, the period of conversion has been extended up to October 19, 2021, with an option to CCPS holder for conversion at any time after one day notice.

(iii) On April 26, 2017, the TTSL issued 20.04 crores Compulsory Convertible Non-Cumulative Preference Shares (Series 5 CCPS) to Tata Sons Private Limited of ₹ 100 each. Series 5 CCPS carry a non-cumulative right to receive dividend @ 0.1% p.a.

Each Series 5 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 5 CCPS but not later than 36 months from the date of allotment i.e. April 26, 2020.

Each Series 5 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. ₹ 10 per equity share (being the face value of equity shares

Basis the above conversion option the TTSL has converted CCPS into equity shares of ₹ 10 each at the option of investor on June 24, 2020.

CCPS (Series 2, Series 3 and Series 4) has been considered as compound financial instrument and has been separated into three components basis the conversion will be exercised at the time of maturity of each CCPS series:

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) as on March 31, 2021 and March 31, 2020 is as follows:

(₹ in crores)

| | March 31, 2021 | March 31, 2020 |
|---|---|---|
| Equity Component of CCPS (Includes equity portion on extension of CCPS ₹ 732.74 crores) | 1,893.17 | 1,893.17 |
| Decrease in Equity Component on account of conversion to equity | (426.77) | - |
| Liability Component of CCPS | 4,015.06 | 5,652.01 |
| Derivative financial assets of CCPS (Refer note 38) | 4,140.88 | 5,952.50 |

The interest cost on CCPS for the year ended March 31, 2021 is ₹ 366.99 crores (March 31, 2020 – ₹ 349.42 crores).

As at March 31, 2021, the TTSL has accounted for derivative asset of ₹ 4,140.88 crores (March 31, 2020 – ₹ 5,952.50 crores) on the CCPS based on the fair market valuation as at that date and accounted for the gain on derivative part of CCPS as ₹ 192.33 crores (March 31, 2020 – ₹ 11.91 crores) in the statement of profit and loss account for the year ended March 31, 2021.

# Notes to the consolidated financial statements

as at and for the year ended March 31, 2021

## 16. Other Equity (contd.)

**B. Terms of conversion/ redemption of Optionally Convertible Non-Cumulative Preference Shares**

On November 7, 2017, the TTSL issued 23 crores Optionally Convertible Non-Cumulative Preference Shares – Series I ('OCPS') of a face value of ₹ 100 each at par to Tata Sons Private 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. OCPS shall be redeemed at par, if the holder does not exercise the conversion option.

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. ₹ 10 per equity share (being the face value of equity shares)

Basis the above conversion option, the TTSL has converted OCPS into equity shares of ₹ 10 each at the option of investor on November 10, 2020.

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:

(₹ in crores)

| | March 31, 2021 | March 31, 2020 |
|---|---|---|
| Equity Component of OCPS | 612.34 | 612.34 |
| Liability Component of OCPS | - | 2,161.44 |

The interest cost on OCPS (Series I) for the year ended March 31, 2021 is ₹ 138.56 crores (March 31, 2020- ₹ 212.28 crores).

**C. Terms of conversion/ redemption of Optionally Convertible Debentures**

Optionally Convertible Debentures:

I. On May 11, 2018, the TTSL issued 14 crores 0.1% Optionally Convertible Debentures of ₹ 100 Series II each to Panatone finvest limited (Fellow Subsidiary).

II. On January 10, 2019, the TTSL issued 18.56 crores 0.1 % Optionally Convertible Debentures Series II of ₹ 100 each to Tata Sons Private Limited. Out of above, 2.12 crores Optionally Convertible Debentures are converted during the year ended March 31, 2020.

III. On August 7, 2019, the TTSL issued 20 crores 0.1% Optionally Convertible Debentures Series III of ₹ 100 each to Tata Sons Private 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. 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 ₹ 10 each

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

a. the equity component

b. the debt component

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. 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 ₹ 10 each

OCD (Series II and Series III) 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 component of OCD (Series II and Series III) is as follows:

(₹ in crores)

| | March 31, 2021 | March 31, 2020 |
|---|---|---|
| Equity Component of OCD | 3,091.19 | 7,685.83 |
| Decrease in Equity Component on account of extinguishment of OCD | (16.69) | (4,594.64) |
| Liability Component of OCD | 3,288.83 | 4,236.50 |

The interest cost on OCD for the year ended March 31, 2021 is ₹ 435.62 crores (March 31, 2020 – ₹ 525.97 crores).

**Note:**

As the interest rate of OCD/CCPS/OCPS is lower than market rate, these have been considered as compound financial instruments and have been separated into equity component and liability component as per Ind AS 32. Interest on liability component of OCD/CCPS/OCPS has been recognised by applying effective interest rate (EIR) ranging from 7.46% to 10.36% p.a.

# Notes to the consolidated financial statements

as at and for the year ended March 31, 2021

## 17. Financial Liabilities - Borrowings (at amortised cost)

### Long term borrowing

(₹ in crores)

| | Non - Current portion | | Current Portion | |
|---|---|---|---|---|
| | As at March 31, 2021 | As at March 31, 2020 | As at March 31, 2021 | As at March 31, 2020 |
| **Secured:** | | | | |
| **Term Loan** | | | | |
| Indian rupee loan from banks | 3,767.92 | 957.91 | 36.00 | 1,478.91 |
| Foreign currency loan from banks | - | 1,301.72 | - | - |
| | **3,767.92** | **2,259.63** | **36.00** | **1,478.91** |
| **Unsecured:** | | | | |
| Deferred payment liability for LF and SUC* | 13,176.93 | - | 977.07 | - |
| Interest accrued but not due on borrowings | - | - | 0.41 | 1.42 |
| **Liability component of compound financial instruments (Nos. in crores)** | | | | |
| 36.44 (March 31, 2020 - 50.44) 0.1% Optionally Convertible Debentures - of ₹ 100 each | 1,765.41 | 4,236.50 | 1,523.42 | - |
| 42.20 (March 31, 2020 - 62.24) 0.1% Compulsory convertible preference shares of ₹ 100 each | - | 3,652.55 | 4,015.06 | 1,999.45 |
| Nil (March 31, 2020 - 23.00) 0.1% Optionally convertible preference shares of ₹ 100 each | - | - | - | 2,161.44 |
| | **14,942.34** | **7,889.05** | **6,515.96** | **4,162.31** |
| Amount disclosed under the head Other financial Liabilities (refer note 18) | - | - | (6,551.96) | (5,641.22) |
| | **18,710.26** | **10,148.68** | **-** | **-** |

*towards indemnification (Refer note 1.2 and 29)

### Financial Liabilities - Short term borrowings

(₹ in crores)

| | As at March 31, 2021 | As at March 31, 2020 |
|---|---|---|
| **Secured** | | |
| Vendor financing | - | 7.60 |
| **Unsecured** | | |
| Indian rupee loan from banks | - | 2,800.00 |
| Commercial Paper | 6,772.22 | 6,258.32 |
| | **6,772.22** | **9,065.92** |

# Notes to the consolidated financial statements

as at and for the year ended March 31, 2021

## 17. Financial Liabilities - Borrowings (at amortised cost) (contd.)

**Undrawn borrowing facilities:**
As at March 31, 2021, the Group has undrawn committed borrowing facilities of ₹ 448.62 crores (March 31, 2020 – ₹ 701.34 crores).

**Compliance with Loan covenant:**
As at March 31, 2021, Group does not have any financial covenant requirement for the outstanding loan.

As at March 31, 2020, Group has met financial covenant requirement as per the respective borrowing arrangement with the lenders.

**Deferred payment liability for LF and SUC:**

i) **Terms of repayment : Refer note 29(e)**
SC directed the Operators to pay 10% of the total outstanding amount claimed by DoT, on or before March 31, 2021. The balance is payable in installments commencing April 1, 2021 up to March 31, 2031 payable by 31st March of every year. In compliance of the SC order, the Company has already made payment of ₹ 4,197.37 crores during quarter ended on March 31, 2020.

ii) **Interest rate : 8% p.a. simple interest**

**Long term Borrowings**

a. **Secured loans**

**As on March 31, 2021**

i. **Indian rupee loans from banks**
All the Indian rupee loans outstanding as on March 31, 2020 have been repaid during the year

Medium Term Loan outstanding from ICICI Bank and IndusInd Bank are secured by way of first pari-passu charge on the movable (fixed and current) assets of the Group's enterprise, fixed wireline and broad band division excluding intangible assets and current and future investments in associate and subsidiary companies and Joint Ventures of the Group.

Terms of repayment:-

- Loan from bank is repayable at the end of 3 years by a bullet repayment from the date of drawdown.
- The maturity date of loan from ICICI Bank is April 8, 2021, February 4, 2024 and February 17, 2024 and from IndusInd Bank is February 26, 2024.

Interest rate :-

- Interest on the ICICI Bank Loan is on ICICI-MCLR-3M + 0.05%
- Interest on the ICICI Bank Loan is on MCLR-1Yr + 0.8%
- Interest on the IndusInd Bank loan is on floating basis based on overnight MIBOR+ an agreed spread. Interest rate to be reset at the end of every year. This floating rate has been hedged with Interest Rate Swap (IRS) at a fixed rate.

Refer note 3 for carrying amount of property, plant and equipment and intangible assets pledged as security by the Company.

ii. **Foreign Currency loans from banks**
The Group has repaid outstanding foreign currency loan during the year.

**As on March 31, 2020**

i. **Indian rupee loans from banks**
Medium Term Loan outstanding from IndusInd Bank and ICICI Bank are secured by way of first pari-passu charge on the fixed and current assets of the Group's enterprise, fixed wireline and broad band division excluding intangible assets and current and future investments in associate and subsidiary companies and Joint Ventures of the Group.

Terms of repayment:-

- Loan from bank is repayable at the end of 2 years by a bullet repayment from the date of drawdown.
- The maturity date of loan from IndusInd Bank is March 27, 2021 and March 29, 2021 respectively and from ICICI Bank is April 8, 2021

Interest rate :-

- Interest on the IndusInd Bank loan is on floating basis based on overnight MIBOR+an agreed spread, this floating rate has been hedged with Interest Rate Swap (IRS) at a fixed rate.
- Interest on the ICICI Bank Loan is on MCLR-1Yr + 0.8%

The Group has availed the moratorium of three months granted by Reserve Bank of India (vide circular

DOR.No.BP.BC.47/21.04.048/2019-20 dated March 27, 2020) on payment of term loan installments falling due between March 1, 2020 and May 31, 2020

# Notes to the consolidated financial statements

as at and for the year ended March 31, 2021

## 17. Financial Liabilities - Borrowings (at amortised cost) (contd.)

ii. **Foreign Currency loans from banks**

Medium Term Loan ( FCNR-B) from ICICI Bank (sub-limit of Rupee term loan covered in point i above) is secured by way of first pari-passu charge on the fixed and current assets of the Group's enterprise, fixed wireline and broad band division excluding intangible assets and current and future investments in associate and subsidiary companies and Joint Ventures of the Group.

Terms of repayment:-

- Loan from bank is repayable in 2 years in single instalment from the date of drawdown
- The maturity date of loan from ICICI Bank is April 8, 2021

Interest rate :-

- Interest on the ICICI Bank Loan is on USD 3M LIBOR + 3.05% which has been hedged against Coupon only Swap(CoS)

The Group has availed the moratorium of two months granted by Reserve Bank of India (vide circular DOR.No.BP.BC.47/21.04.048/2019-20 dated March 27, 2020) on payment of term loan installments falling due between April 1, 2020 and May 31, 2020.

Refer note 3 for carrying amount of property, plant and equipment and intangible assets pledged as security by the Group.

b. **Unsecured Loans**

**As on March 31, 2021**
For terms related to liability component of Compound financial instruments refer note 16

**As on March 31, 2020**
For terms related to liability component of Compound financial instruments refer note 16

**Short term Borrowings**

a. **Unsecured Loans**

**As on March 31, 2021**
For terms related to liability component of Compound financial instruments refer note 16

**As on March 31, 2020**
For terms related to liability component of Compound financial instruments refer note 16

**Short term Borrowings**

a. **Unsecured**

**As on March 31, 2021**

**Commercial paper**

i) Terms of repayment:-

- Commercial papers are fully repayable within 90 to 364 days from the date of Commercial Paper Issuance.

ii) Discount rate:-

- Interest rate for commercial papers is in the range of 3.75% to 8.75% p.a.

**Short Term Loan**

- The Group has repaid all the outstanding loans during the year.

**As on March 31, 2020**

**Commercial paper**

i) Terms of repayment:-

- Commercial papers are fully repayable within 8 to 364 days from the date of Commercial Paper Issuance.

ii) Interest rate:-

- Interest rate for commercial papers is in the range of 7.00% to 9.00% p.a.

**Short Term Loan**

The Group has availed unsecured Short Term loan from bank.

i) Terms of repayment:-

- Loan from bank is repayable at the end of one year from the date of drawdown.
- The maturity date of loan from Standard Chartered Bank is February 17, 2021.

ii) Interest rate:-

- Rate for Initial 3 months from drawdown - 3 months T-Bill + 2.45%
- Rate for balance period – 1 month SBI MCLR + 0.5%

The Group has availed the moratorium of two months granted by Reserve Bank of India (vide circular DOR. No.BP.BC.47/21.04.048/2019-20 dated March 27, 2020) on payment of term loan instalments falling due between April 1, 2020 and May 31, 2020.

# Notes to the consolidated financial statements

as at and for the year ended March 31, 2021

## 18. Other financial liabilities

(₹ in crores)

| | As at March 31, 2021 | As at March 31, 2020 |
|---|---|---|
| Current maturities of long-term debt (Refer note 17) | 1,013.07 | 1,478.91 |
| Interest accrued but not due on borrowings | 0.41 | 1.42 |
| Payables on purchase of fixed assets | 47.77 | 32.08 |
| Deposit from customers | 25.93 | 23.73 |
| Advance from distributors* | 8.91 | 7.28 |
| Other payables to third party | 0.39 | 0.39 |
| Liability component of Compound Financial Instruments (Refer note 17) | 5,538.48 | 4,160.89 |
| | **6,634.96** | **5,704.70** |

* includes wallet balance with distributors, retailers and customer.

## 19. Provisions

(₹ in crores)

| | Non - Current portion | | Current Portion | |
|---|---|---|---|---|
| | As at March 31, 2021 | As at March 31, 2020 | As at March 31, 2021 | As at March 31, 2020 |
| Provision for contingencies (net of amount paid ₹ 1,796.47 crores (March 31, 2020 - ₹ 5,349.61 crores) [Refer note 32(a)] | - | - | 74.99 | 6,277.48 |
| Provision for employee benefits: | | | | |
| For gratuity [Refer note 32 (e)] | 8.70 | 11.82 | 2.84 | - |
| For leave encashment [Refer note 32 (e)] | - | - | 11.71 | 10.84 |
| For employee incentives | - | - | 35.19 | 31.54 |
| For Provident fund | - | - | 12.37 | 11.56 |
| For Pension [Refer note 32(e)] | 16.69 | - | - | - |
| Provision for asset retirement obligation (site restroration cost) [Refer note 32(d)] | 3.60 | 10.45 | - | - |
| Provision for foreseeable losses on long term contracts [Refer note 32(b)] | - | - | 97.04 | 370.80 |
| Other provisions* [Refer note 32(c)] | - | - | 50.52 | 52.64 |
| | **28.99** | **22.27** | **284.66** | **6,754.86** |

* includes provision towards indemnification (Refer note 1.2)

## 20. Other current liabilities

(₹ in crores)

| | Non - Current portion | | Current Portion | |
|---|---|---|---|---|
| | As at March 31, 2021 | As at March 31, 2020 | As at March 31, 2021 | As at March 31, 2020 |
| Unearned Income | 126.41 | **151.50** | 130.77 | 122.61 |
| Advance from customers | - | - | 49.99 | 55.57 |
| Statutory liabilities | - | - | 44.29 | 58.96 |
| Other payables to third party | - | - | 0.05 | 0.07 |
| | **126.41** | **151.50** | **225.10** | **237.21** |

# Notes to the consolidated financial statements
as at and for the year ended March 31, 2021

## 21. Assets classified as held for sale

(₹ in crores)

| | As at March 31, 2021 | As at March 31, 2020 |
|---|---|---|
| **Assets classified as held for sale (Nos. in crores)** | | |
| **Investment in associates** | | |
| ATC Telecom Infrastructure Pvt Limited (Unquoted)<br>Nil (March 31, 2020 - 10.28) Equity Shares of ₹ 10 each fully paid up | - | 2,220.07 |
| **Total assets classified as held for sale** | **-** | **2,220.07** |

### Investment in Associates

The Group had opted to measure the fair value of its investments in ATC Telecom Infrastructure Private Limited ('ATC') (erstwhile VIOM Networks Limited) as at the date of transition to Ind AS i.e. April 1, 2015, as its deemed cost, in accordance with Ind AS 101.

As at April 19, 2018, the Group's shareholding in ATC got diluted to 24.63% from 32.86% on account of issuance of shares by ATC to other shareholders pursuant to the scheme of amalgamation approved by NCLT between ATC and its fellow subsidiaries.

Further, the Group, after taking approval from the board of directors in its meeting dated August 14, 2018 and October 24, 2018 to sell its entire stake in ATC, exercised the first put option to sell 13% shareholding at ₹ 216 per share as per the terms of shareholders agreement (as amended) dated October 21, 2015. Post approval by DoT, the shares were sold on March 27, 2019 for a cash consideration of ₹ 2,480.02 crores (net of expenses of ₹ 0.90 crores) and gain on sale of ₹ 91.23 crores.

The remaining investment of 11.63% in ATC has been classified as 'asset held for sale' and recorded it at lower of its carrying amount and fair value less costs to sell. As at March 31, 2021, the carrying amount of the Company's investment is Nil (March 31, 2020 – ₹ 2,220.07 crores).

On April 1, 2019, the Group exercised the second put option to sell remaining 11.63% shareholding in ATC Telecom Infrastructure Private Limited ('ATC') (erstwhile VIOM Networks Limited) at ₹ 216 per share. Post approval by DoT, the shares were sold on December 16, 2020 for a cash consideration of ₹ 2,219.45 crores (net of expenses of ₹ 0.61 crores).

## 22. Revenue from operations

(₹ in crores)

| | For the year ended March 31, 2021 | For the year ended March 31, 2020 |
|---|---|---|
| **Telecommunication services** | | |
| Service revenue | 2,548.46 | 2,789.69 |
| Sale of traded goods | - | 0.65 |
| **Other Operating income** | | |
| Income from rendering of services | 44.87 | 55.01 |
| Infrastructure sharing | 21.09 | 20.07 |
| | **2,614.42** | **2,865.42** |

### Disaggregation of Revenue

(₹ in crores)

| **Revenue from operations** | For the year ended March 31, 2021 | For the year ended March 31, 2020 |
|---|---|---|
| Revenue from subscribers | 2,430.95 | 2,628.19 |
| Revenue from operators # | 93.83 | 137.15 |
| Other Revenue* | 80.42 | 94.27 |
| **Total Revenue as per Financial Statement** | **2,605.20** | **2,859.61** |

* Other Revenue excludes IRU Lease deferment of ₹ 9.22 crores which is covered under Ind AS 116 (March 31, 2020 - ₹ 5.81 crores)

\# Revenue from operators comprises of revenue from Interconnect Usages and Roaming revenue (including Intra circle Roaming)

# Notes to the consolidated financial statements

as at and for the year ended March 31, 2021

## 22. Revenue from operations (contd.)

### Contract Assets and Liabilities

A contract asset is recorded when revenue is recognised in advance of the right to bill and receive consideration (i.e., additional services must be performed or a performance obligation must be satisfied in order to bill and receive consideration). The contract asset will decrease as services are billed. When consideration is received in advance of the delivery of services, a contract liability is recorded. Reductions in the contract liability will be recorded as we satisfy the performance obligations.

(₹ in crores)

| Contracts Assets and Liabilities | As at March 31, 2021 | As at March 31, 2020 |
|---|---|---|
| **Contract Assets** | | |
| Unbilled Revenue (refer note 12) | 131.49 | 192.91 |
| **Contract Liabilities** | | |
| Unearned Income (refer note 20) | 257.18 | 274.11 |

(₹ in crores)

| Revenue recognised in relation to contract liabilities | For the year ended March 31, 2021 | For the year ended March 31, 2020 |
|---|---|---|
| Revenue recognised during the year that was included in the contract liability balance at the beginning of the year | 128.05 | 114.49 |

(₹ in crores)

| Performance obligations in respect of long term contracts | As at March 31, 2021 | As at March 31, 2020 |
|---|---|---|
| Aggregate amount of transaction value allocated to long term contracts that are partially or fully pending to be fulfilled as at reporting date | 60.53 | 90.15 |

The Group expects that around 42.50% (37% March 31, 2020) of the performance obligations pending in respect of these long term contracts will be recognised as revenue during the next reporting period with balance in future reporting periods thereafter.

Discount is offered to subscribers based on the tariff opted by the subscribers. No discount is offered other than plan. Accordingly, discount is part of the contract price. Revenue is recognised net of Discount and which is as per the contract price.

### Deferred customer contract acquisition costs

Costs to acquire customer contracts are generally deferred and amortised over the estimated economic life of the contracts, subject to an assessment of the recoverability of such costs. For contracts with an estimated amortisation period of less than one year, acquisition costs are expensed immediately. The closing balance of assets recognised from the costs incurred in respect of long term contracts amounts to ₹ 51.81 crores as at March 31, 2021 (₹ 56.39 crores as at March 2020). During the year, in respect of such long term contracts, the Group recognised ₹ 36.02 crores (₹ 24.86 crores as at March 31, 2020 ) as acquisition cost in the Statement of Profit and Loss.

## 23. Other income

(₹ in crores)

| | For the year ended March 31, 2021 | For the year ended March 31, 2020 |
|---|---|---|
| **Other income** | | |
| Provision/Liability no longer required written back | 7.41 | 0.32 |
| Miscellaneous Income | 5.85 | 12.37 |
| **Other gain** | | |
| Gain on disposal of property, plant and equipment/ written off (Net) | 21.36 | 1.57 |
| Gain on financial assets mandatorily measured at FVTPL | 0.19 | - |
| Gain on discontinuation of lease as per IND AS 116 (Refer note 33) | 30.43 | 11.36 |
| Foreign exchange gain, net | 1.55 | - |
| | **66.79** | **25.62** |

# Notes to the consolidated financial statements

as at and for the year ended March 31, 2021

## 24. Employee benefit expense

(₹ in crores)

| | For the year ended March 31, 2021 | For the year ended March 31, 2020 |
|---|---|---|
| Salaries and bonus | 247.48 | 272.65 |
| Gratuity [refer note 32(e)] | 3.59 | 3.70 |
| Contribution to provident and other funds [refer note 32(e)] | 8.60 | 9.94 |
| Staff welfare expenses | 12.50 | 20.07 |
| | **272.17** | **306.36** |

## 25. Operating and other expenses

(₹ in crores)

| | For the year ended March 31, 2021 | For the year ended March 31, 2020 |
|---|---|---|
| **Power and fuel** | | |
| Network | 154.69 | 208.68 |
| Others | - | - |
| | **154.69** | **208.68** |
| **Rent** | | |
| Network | - | 12.75 |
| Others | - | 29.45 |
| | **-** | **42.20** |
| **Interconnection and other access costs** | 353.03 | 511.16 |
| **License fees and spectrum charges** | 197.88 | 194.20 |
| **Other operating expenses** | | |
| Customer acquisition costs | 26.93 | 42.21 |
| Information technology solutions | 95.84 | 129.62 |
| Cost of goods sold | - | 5.54 |
| Managed service charges | 0.52 | 17.95 |
| Repairs and maintenance: | | |
| - Annual maintenance charges | 41.19 | 57.59 |
| - Plant and machinery - network | 167.47 | 362.36 |
| - Building | 8.84 | 11.20 |
| - Plant and machinery - others | 98.56 | 34.33 |
| - Others | 12.36 | 12.18 |
| Leaseline and bandwidth charges | 191.57 | 172.78 |
| Telecalling charges | 37.37 | 41.39 |
| Port charges | 15.46 | 32.39 |
| | **696.11** | **919.54** |
| **Other expenses** | | |
| Commission, incentives and content cost | 82.18 | 91.73 |
| Insurance | 9.30 | 12.70 |
| Legal and professional fees | 36.29 | 70.68 |
| Advertisement and business promotion expenses | 29.68 | 48.40 |
| Travel and conveyance | 1.24 | 15.05 |
| Directors sitting fees | 0.71 | 0.39 |
| Miscellaneous expenses | 17.19 | 71.81 |
| | **176.59** | **310.76** |

# Notes to the consolidated financial statements
as at and for the year ended March 31, 2021

## 25. Operating and other expenses (contd.)

(₹ in crores)

| | For the year ended March 31, 2021 | For the year ended March 31, 2020 |
|---|---|---|
| **Other losses** | | |
| Loss on financial assets mandatorily measured at FVTPL | - | 9.28 |
| Foreign exchange loss, net | - | 2.04 |
| Loss on derivatives not designated in hedge accounting relationship | 0.36 | - |
| | **0.36** | **11.32** |
| | **1,578.66** | **2,197.86** |

## 26. Depreciation and amortisation expense

(₹ in crores)

| | For the year ended March 31, 2021 | For the year ended March 31, 2020 |
|---|---|---|
| Depreciation on Property Plant & Equipment | 435.96 | 485.08 |
| Amortisation of intangible assets | 1.69 | 3.16 |
| Depreciation on Investment Property | 0.50 | 0.50 |
| Amortisation on Right-of-use assets | 172.85 | 187.96 |
| | **611.00** | **676.70** |

## 27. Finance costs

(₹ in crores)

| | For the year ended March 31, 2021 | For the year ended March 31, 2020 |
|---|---|---|
| Interest: | | |
| - On loans from banks/financial institutions | 862.81 | 902.96 |
| - On unwinding of asset retirement obligation | 0.49 | 0.83 |
| - On deferred payment liability and license fees | 768.58 | 27.77 |
| - On liability component of Compound Financial Instruments (Refer note 17) | 941.17 | 1,087.83 |
| - On lease liability as per IND AS 116 (refer note 33) | 54.22 | 73.47 |
| - On other Loans | 0.01 | 0.13 |
| Guarantee commission | 12.58 | 12.08 |
| Other Finance charges | 51.57 | 68.29 |
| Unwinding of borrowing cost | 10.80 | 16.50 |
| | **2,702.23** | **2,189.86** |

## 28. Finance income

(₹ in crores)

| | For the year ended March 31, 2021 | For the year ended March 31, 2020 |
|---|---|---|
| Interest income on: | | |
| - Bank deposits | 4.03 | 0.55 |
| - Income Tax Refund | 20.75 | 12.27 |
| Unwinding impact as per IND AS 109 on security deposits at amortised cost | 4.95 | 10.75 |
| Unwinding impact on loan given | 19.79 | 57.00 |
| | **49.52** | **80.57** |

# Notes to the consolidated financial statements

as at and for the year ended March 31, 2021

## 29. Exceptional items (net)

(₹ in crores)

| | For the year ended March 31, 2021 | For the year ended March 31, 2020 |
|---|---|---|
| Change in the value of derivative financial asset [refer note (a) below] | (192.33) | (11.91) |
| Provision for disputed service tax demands | - | 7.05 |
| Loss on disposal of CMB [refer note (f) below] | - | 91.27 |
| Restructuring cost [refer note (c) below] | - | 572.49 |
| Provision towards cases opted under LDRS [refer note (d) below] | - | 38.14 |
| Interest on GST liability towards LF/SUC payment to DoT | - | 3.23 |
| LF/SUC on gain on sale of ATC investment [ refer note 21] | 6.56 | - |
| Additional provision for LF/SUC [refer note (e) below] | 7,323.80 | 10,672.13 |
| Impairment reversal of CMB assets [refer note (b) below] | - | (668.01) |
| | **7,138.03** | **10,704.39** |

(a) As at March 31, 2021, the Group has accounted for derivative asset of ₹ 4,140.88 crores (March 31, 2020 – ₹ 5,991.87 crores) on the CCPS based on the fair market valuation as at that date and accounted for the gain on derivative part of CCPS as ₹ 192.33 crores (March 31, 2020 – ₹ 11.91 crores) in the statement of profit and loss account for the year ended March 31, 2021.

(b) As at June 30, 2019, the Group had reviewed the recoverable amount of its CMB assets based on fair value less costs to sell and recorded Nil (₹ 668.01 crores for year ended March 31, 2020) as partial reversal of impairment recorded during the year ended March 31, 2018 and disclosed the same as an exceptional item for the year ended March 31, 2020 and Nil for the year ended March 2021.

(c) Restructuring cost of ₹ Nil (₹ 572.49 crores for the year ended March 31, 2020).

(d) Provision for settlement of cases opted under Legacy Dispute Resolution Scheme (LDRS) - Nil (₹ 38.14 crores for the year ended March 31, 2020)

(e) The Hon'ble Supreme Court ('SC') pronounced its Judgement on October 24, 2019 ('Judgement'), dismissing the appeals of operators and allowing Department of Telecommunication's (DoT) appeal in respect of the definition of Gross Revenue ('GR') and Adjusted Gross Revenue ('AGR') as defined in the Unified Access Service License Agreement.

As at March 31, 2020, Group had provided ₹ 10,399.97 crores towards LF, SUC, interest, penalty and interest on penalty as applicable arising out of the above SC judgement read with subsequent orders in this matter.

Subsequently, on July 20, 2020, SC passed an order agreeing with the statement relating to recoverable amount, filed by DoT as part of modification application and further ordered that there cannot be any re-assessment or recalculation of this amount.

On September 1, 2020, SC directed the Operators to pay 10% of the total outstanding amount claimed by DoT, on or before March 31, 2021 and the balance in installments commencing April 1, 2021 upto March 31, 2031 payable by 31st March of every year. As directed by the SC, Group has furnished on September 28, 2020 an undertaking to make the payment of arrears as per the SC order. Group has made payment of ₹ 4,197.37 crores and will ensure ongoing compliance with the SC orders.

Consequently, without prejudice and on prudence, during the half year ended September 30, 2020, Group has recorded an incremental provision of ₹ 7,577.53 crores (including interest for ₹ 252.02 crores) to give effect to the differential amount between the amounts of AGR dues stated as final in the SC order as well as amounts for subsequent period, if any and the provision upto March 31, 2020. During the half year ended March 31, 2021, Group has continued to recognise interest on AGR obligations. The amount has been recorded in compliance with the accounting standards, strictly without prejudice to Group's legal rights, claims, remedies and contentions available under law.

Group on January 10, 2021 filed a joint application for direction/ clarification of order dated September 1, 2020 wherein Group, inter-alia, have requested SC to allow Group to seek rectification of computational errors and erroneous disallowances in the amounts claimed by DoT. The said application is yet to be listed for hearing.

# Notes to the consolidated financial statements

as at and for the year ended March 31, 2021

## 29. Exceptional items (net) (contd.)

On March 27, 2021, Group have filed Compliance Affidavit before SC as required under the AGR judgment. On April 6, 2021, Group have also filed before SC the respective Undertakings which were submitted to DoT in terms of SC order dated September 1, 2020. DoT has filed affidavit in compliance of the order dated September 1, 2020 in SC on April 7, 2021.

(f) As on the Effective date of the Scheme (July 1, 2019), the Group has charged to profit and loss ₹ 91.27 crores in compliance with Ind AS provisions on account of the following:

i. Pursuant to the loan agreement dated June 29, 2019 executed between TTML and Tata Teleservices Limited ('TTSL'), TTML has borrowed ₹ 825 crores from TTSL as per terms and conditions mentioned in the said agreement and measured the loan at its fair value and classified it between debt amounting to ₹ 748.23 crores and equity amounting to ₹ 76.77 crores. As at June 30, 2019, the carrying value of the debt component of the loan was ₹ 749.41 crores at amortised cost using the EIR (Effective Interest Rate) method. On July 1, 2019, pursuant to the Scheme of arrangement, out of the said loan of face value ₹ 825 crores, face value of loan amounting to ₹ 818.06 crores (amortised cost ₹ 743.11 crores) has been transferred on the same terms to BAL and the differential amount of ₹ 74.95 crores (being adjustment arising out of ₹ 76.77 crores recognised as equity on initial recognition), has been disclosed as an exceptional item for the year ended March 31, 2020.

ii. Equity shares of BAL received by the shareholders of TTML pursuant to the Scheme of demerger of CMB has been recognised as distribution made by TTML to its Shareholders and has been measured at ₹ 33.68 crores, being the fair value of BAL shares as on July 1, 2019, the Effective date of the Scheme, as against the fair value of BAL shares considered as per the Scheme (₹ 50 crores) and the differential amount of ₹ 16.32 crores being fair value adjustment of the consideration to the Shareholders has been disclosed as an exceptional item for the year ended March 31, 2020.

## 30. Loss per share

Basic loss per share amounts are calculated by dividing the loss 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 loss per share computations:

**Basic Loss per share**

| Particulars | Units | March 31, 2021 | March 31, 2020 |
|---|---|---|---|
| Loss from continuing operations | ₹ in Crores | (8,528.28) | (11,139.70) |
| Profit from discontinued operations | ₹ in Crores | 0.73 | 0.38 |
| loss for the year after tax | ₹ in Crores | (8,527.55) | (11,139.32) |
| Weighted average number of shares outstanding | Nos. in Crores | 919.41 | 637.69 |
| Nominal value of Equity Shares (in ₹ ) | | 10.00 | 10.00 |
| **Loss Per Share** | | | |
| Basic from continuing operations | in ₹ | (9.28) | (17.47) |
| Basic from discontinued operations | in ₹ | - | - |
| Basic from continuing and discontinued operations | in ₹ | (9.28) | (17.47) |

**Diluted Loss per share**

The effect of CCPS (Series 2, Series 3, Series 4 and Series 5), OCPS (Series I) and OCD (Series II and III) has been anti-dilutive, hence there is no change in basic and diluted loss per share.

# Notes to the consolidated financial statements

as at and for the year ended March 31, 2021

**31.** The Group has certain dues to suppliers registered under Micro, Small and Medium Enterprises Development Act, 2006 ('MSMED Act'). The disclosures pursuant to the said MSMED Act are as follows:

(₹ in crores)

| SN | Particulars | March 31, 2021 | March 31, 2020 |
|---|---|---|---|
| 1 | Principal amount due to suppliers registered under the MSMED Act and remaining unpaid as at year end | 12.84 | 8.03 |
| 2 | Interest due to suppliers registered under the MSMED Act and remaining unpaid as at year end | 0.19 | 0.57 |
| 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 | - | - |
| | | 13.03 | 8.60 |

## 32. Movement in Provisions

### a) Provision for contingencies

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

(₹ in crores)

| Description | As at April 1, 2020 | Provision made/ (reversed) during the year | Payments adjusted against provision | Transferred to Deffered payment Liability/ Trade payable | As at March 31, 2021 |
|---|---|---|---|---|---|
| Provision for contingencies | 6,277.48 | 8,094.16 | (3.98) | (14,292.67) | 74.99 |

(₹ in crores)

| Description | As at April 1, 2019 | Provision made/ (reversed) during the year | Payments adjusted against provision | Transferred to Deffered payment Liability/ Trade payable | As at March 31, 2020 |
|---|---|---|---|---|---|
| Provision for contingencies | 65.16 | 10,679.18 | (4,466.86) | - | 6,277.48 |

Provision for contingencies is primarily towards the outstanding claims / litigations against the Group. The Group has evaluated the obligations through Probable, Possible and Remote (PPR) model and reassessed the estimates as a result of more information or experience gained and to reflect the current best estimate. In making the evaluation for PPR, the Group has taken into consideration the Industry perspective, legal and technical view, availability of documentation/ agreements, recent court judgments, interpretation of the matter, independent opinion from professionals (specific matters) etc.

### 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:

(₹ in crores)

| Description | As at April 1, 2020 | Provision during the year | Transfer to BAL (Refer note 1.2) | Actualisation/ (Reversal) | As at March 31, 2021 |
|---|---|---|---|---|---|
| Provision for foreseeable loss on long term contracts | 370.80 | - | - | (273.76) | 97.04 |

# Notes to the consolidated financial statements
as at and for the year ended March 31, 2021

## 32. Movement in Provisions (contd.)

(₹ in crores)

| Description | As at April 1, 2019 | Provision during the year | Transfer to BAL (Refer note 1.2) | Actualisation/ (Reversal) | As at March 31, 2020 |
|---|---|---|---|---|---|
| Provision for foreseeable loss on long term contracts | 835.27 | 303.38 | (583.61) | (184.24) | 370.80 |

Provision for foreseeable loss pertain to true up and exit penalty provision on account of early exit from IP sites where lock in period is not completed

### c) Other provisions

The following table sets forth the movement in other provisions:

(₹ in crores)

| Description | As at April 1, 2020 | Provision made/ (reversed) during the year | As at March 31, 2021 |
|---|---|---|---|
| Other provisions | 52.64 | (2.12) | 50.52 |

(₹ in crores)

| Description | As at April 1, 2019 | Provision towards indemnification (Refer note 1.2) | As at March 31, 2020 |
|---|---|---|---|
| Other provisions | - | 52.64 | 52.64 |

### d) 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.

(₹ in crores)

| Description | As at April 1, 2020 | Movement during the year | As at March 31, 2021 |
|---|---|---|---|
| Provision for asset retirement obligation | 10.45 | (6.85) | 3.60 |

(₹ in crores)

| Description | As at April 1, 2019 | Movement during the year | As at March 31, 2020 |
|---|---|---|---|
| Provision for asset retirement obligatio | 9.62 | 0.83 | 10.45 |

### e) Gratuity and other post-employment benefit plans

The Group offers the following employee benefit schemes to its employees:

i. Gratuity (included as part of Note 24 Employee benefits expense)

ii. Long-term compensated absences (included as part of Note 24 Employee benefits expense)

iii. Provident fund (included as part of Note 24 Employee benefits expense)

iv. Contribution to other funds

v. Provision for pension

# Notes to the consolidated financial statements
as at and for the year ended March 31, 2021

## 32. Movement in Provisions (contd.)

**(i) Gratuity**

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 Group in the form of a qualifying insurance policy.

Summary of the gratuity plan is as follows:

**Components of net benefit cost**

(₹ in crores)

| Particulars | March 31, 2021 | March 31, 2020 |
|---|---|---|
| Service cost | 3.08 | 2.83 |
| Interest cost | 1.36 | 2.21 |
| Interest (Income) on plan assets | (0.85) | (1.34) |
| **Net gratuity cost as per note 24** | **3.59** | **3.70** |

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):

(₹ in crores)

| Particulars | March 31, 2021 | March 31, 2020 |
|---|---|---|
| Actuarial gain due to demographic assumption changes in Defined Benefit Obligation (DBO) | 0.25 | 0.02 |
| Actuarial (gain)/loss due to financial assumption changes in DBO | (1.03) | 0.98 |
| Actuarial loss due to experience on DBO | 1.48 | 0.70 |
| Return on plan assets greater than discount rate | (4.68) | (0.59) |
| **Total actuarial loss/(gain) included in OCI** | **(3.98)** | **1.11** |

The change in benefit obligation and funded status of the gratuity plan is as follows:

(₹ in crores)

| Particulars | March 31, 2021 | March 31, 2020 |
|---|---|---|
| **Change in benefit obligation** | | |
| Benefit obligation at the beginning of the year | **28.79** | **40.22** |
| Service cost | 3.08 | 2.83 |
| Interest cost | 1.36 | 2.21 |
| Acquisition/Business Combination/Divestiture/Transfers | 0.11 | (8.23) |
| Benefits paid | (1.85) | (9.94) |
| Actuarial gain - Demographic assumptions | 0.25 | 0.02 |
| Actuarial (gain)/loss - Financial | (1.03) | 0.98 |
| Actuarial loss - Experience | 1.48 | 0.70 |
| **Benefit obligation at the end of the year** | **32.19** | **28.79** |
| **Change in fair value of plan assets** | | |
| Fair value of plan assets at beginning of year | 16.98 | 24.99 |
| Expected return on plan assets | 0.85 | 1.34 |
| Acquisition/Business Combination/Divestiture/Transfers | (0.01) | - |
| Benefits paid | (1.85) | (9.95) |
| Actuarial gain | 4.68 | 0.59 |
| **Fair value of plan assets at end of year** | **20.65** | **16.97** |
| Actual return on plan assets | 5.53 | 1.93 |

# Notes to the consolidated financial statements
as at and for the year ended March 31, 2021

## 32. Movement in Provisions (contd.)

**Net liability recognised in the Balance Sheet**

(₹ in crores)

| Particulars | March 31, 2021 | March 31, 2020 |
|---|---|---|
| Present value of defined benefit obligation | 32.19 | 28.79 |
| Fair value of plan assets | 20.65 | 16.97 |
| Funded status (Deficit) | (11.54) | (11.82) |
| Net liability recognised in the Balance Sheet | (11.54) | (11.82) |
| Current | 2.84 | - |
| Non-current | 8.70 | 11.82 |

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

(₹ in crores)

| Particulars | March 31, 2021 | March 31, 2020 |
|---|---|---|
| Discount rate | 5.50% | 5.50% |
| Expected return on plan assets (as declared by LIC) | 5.50% | 5.50% |
| Attrition rate | 23.50% | 28.00% |
| Salary increase rate | 5.00% | 6.00% |
| Retirement age | 60 years | 60 years |
| Life Expectation (years) | IALM (2012-14) 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 is around 3.90 years

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

**Experience adjustment:**

(₹ in crores)

| Gratuity | Year ended March 31, 2021 | Year ended March 31, 2020 | Year ended March 31, 2019 | Year ended March 31, 2018 | Year ended March 31, 2017 |
|---|---|---|---|---|---|
| Present value of DBO | 32.19 | 28.79 | 40.26 | 56.51 | 62.65 |
| Fair value of plan assets | 20.65 | 16.97 | 25.02 | 30.70 | 51.36 |
| Funded status [Surplus / (Deficit)] | (11.54) | (11.82) | (15.24) | (25.81) | (11.29) |
| Experience (gain) / loss adjustments on plan liabilities | 1.48 | 0.71 | 0.07 | (3.48) | 10.42 |
| Experience gain / (loss) adjustments on plan assets | 4.68 | 0.59 | 2.42 | (0.36) | 3.02 |

Significant actuarial assumptions for the determination of the defined obligation are discount rate, expected salary increase and mortality. The sensitivity analyses below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

# Notes to the consolidated financial statements

**as at and for the year ended March 31, 2021**

## 32. Movement in Provisions (contd.)

(₹ in crores)

| Particulars | Effect on gratulity obligation | | |
|---|---|---|---|
| | Change in assumptions | March 31, 2021 | March 31, 2020 |
| Delta effect of change in Rate of discounting | -1% | 1.03 | 0.85 |
| | +1% | (1.00) | (0.81) |
| Delta effect of change in Rate of salary increase | -1% | (1.01) | (0.67) |
| | +1% | 1.03 | 0.70 |
| Delta effect of change in Rate of employee turnover | -1% | (0.01) | 0.03 |
| | +1% | (0.03) | (0.02) |

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 major categories of plan assets are as below:

| Major categories of plan assets as a percentage to total assets: | March 31, 2021 | March 31, 2020 |
|---|---|---|
| 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:**

(₹ in crores)

| Particulars | March 31, 2021 | March 31, 2020 |
|---|---|---|
| Within the next 12 months | 9.84 | 7.98 |
| Between 1 to 2 years | 5.72 | 7.02 |
| Between 3 to 5 years | 11.64 | 14.58 |
| Between 6 to 10 years | 8.42 | 11.21 |

The average duration of the defined benefit plan obligation at the end of the reporting period is 3.9 years (March 31, 2020: 3 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.

**(ii) Compensated absences**

The compensated absences cover the Group₹s liability for earned leave.

Total compensated absences provision as on March 31, 2021 is ₹ 11.71 crores (₹ 10.84 crores as on March 31, 2020) that is presented as short-term provision, since the Group does not have an unconditional right to defer settlement for any of these obligations. Provision for compensated absences has been made on the basis of actuarial valuation carried out as at the balance sheet date.

**(iii) Provident fund**

Provident fund with respect to employees covered with the Government administered fund is a defined contribution scheme for which the Group has made a contribution of ₹ 1.88 crores (March 31, 2020 – ₹ 2.27 crores) during the current year. Also, the Group makes contributions to the Tata Teleservices Provident Fund Trust which is treated as defined benefit plan and for which the Group has made a contribution of ₹ 4.85 crores (March 31, 2020 – ₹ 5.68 crores) during the current year. In respect of provident fund management by the approved trust, the Company has an obligation to fund any shortfall on the yield of the trust's investments over the administered interest rates on an annual basis. There is no shortfall for the year ended March 31, 2021.

# Notes to the consolidated financial statements

as at and for the year ended March 31, 2021

## 32. Movement in Provisions (contd.)

Summary of TTSL provident fund plan is as follows:

(₹ in crores)

| Particulars | March 31, 2021 | March 31, 2020 |
|---|---|---|
| **Components of net benefit cost** | | |
| Service cost | 4.85 | 6.92 |
| Interest cost | 24.12 | 19.50 |
| Expected return on plan assets | (24.82) | (20.28) |
| **Net cost** | **4.15** | **6.14** |

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

(₹ in crores)

| Particulars | March 31, 2021 | March 31, 2020 |
|---|---|---|
| Movement in Present Value of DBO | (16.51) | (21.04) |
| Movement in Fair value of plan assets | 17.32 | 24.19 |
| **Total actuarial loss/(gain) included in OCI** | **0.81** | **3.15** |

The change in benefit obligation and funded status of the Provident Fund plan is as follows:

(₹ in crores)

| Particulars | March 31, 2021 | March 31, 2020 |
|---|---|---|
| **Change in benefit obligation** | | |
| Benefit obligation at the beginning of the year | 290.12 | 311.17 |
| Service cost | 4.85 | 6.92 |
| Interest cost | 24.12 | 19.50 |
| Benefits paid | (25.67) | (40.29) |
| Actuarial (gain)/loss - Demographic assumptions | - | 0.46 |
| Actuarial (gain)/loss - Financial | 0.45 | (0.58) |
| Actuarial (gain)/loss experience | (9.67) | 5.09 |
| Employee contributions | 8.08 | 9.50 |
| Transfer In | 2.19 | - |
| Settlements | (19.14) | (21.65) |
| Changes in the reserves | (1.72) | - |
| **Benefit obligation at the end of the year** | **273.60** | **290.12** |

(₹ in crores)

| Particulars | March 31, 2021 | March 31, 2020 |
|---|---|---|
| **Change in fair value of plan assets** | | |
| Fair value of plan assets at beginning of year | 278.56 | 302.75 |
| Expected return on plan assets | 24.82 | 20.28 |
| Employer Contribution | 4.85 | 5.71 |
| Transfer in | 2.19 | - |
| Employee contribution | 8.08 | 9.50 |
| Benefits paid | (25.67) | (40.29) |
| Asset gain/(loss) | (6.54) | (5.06) |
| Settlements | (19.14) | (21.65) |
| Less: Impairment of certain plan assets | (5.91) | 7.32 |
| **Fair value of plan assets at end of year** | **261.24** | **278.56** |
| Actual return on plan assets | 18.28 | 15.22 |

# Notes to the consolidated financial statements
as at and for the year ended March 31, 2021

## 32. Movement in Provisions (contd.)

**Net asset / (liability) recognised in the Balance Sheet**

(₹ in crores)

| Fund balance | March 31, 2021 | March 31, 2020 |
|---|---|---|
| Defined benefit obligation | (273.61) | (290.12) |
| Fair value of plan assets | 261.24 | 278.56 |
| Funded status (Deficit) | (12.37) | (11.56) |
| **Net liability recognised in Balance Sheet** | **(12.37)** | **(11.56)** |

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

(₹ in crores)

| Particulars | March 31, 2021 | March 31, 2020 |
|---|---|---|
| Discount rate | 4.70% | 5.50% |
| Expected return on Plan Assets (Internal Rate of Return on the portfolio of plan assets, given below) | 7.80% | 8.62% |
| Attrition rate | 23.50% | 28.00% |
| Interest rate guarantee | 8.50% | 8.50% |
| Retirement age | 60 years | 60 years |
| Life Expectation (years) | IALM (2012-14) 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.

**Experience adjustment:**

(₹ in crores)

| Fund balance | March 31, 2021 | March 31, 2020 | March 31, 2019 | March 31, 2018 | March 31, 2017 |
|---|---|---|---|---|---|
| Present Value of DBO | 273.61 | 290.12 | 311.17 | 352.10 | 361.93 |
| Fair value of plan assets | 261.24 | 278.56 | 302.75 | 363.79 | 390.83 |
| Funded status [Surplus/(Deficit)] | (12.37) | (11.56) | (8.42) | 11.69 | 28.90 |
| Experience (gain) / loss adjustments on plan liabilities | (9.67) | 5.09 | 3.11 | 4.44 | (1.02) |
| Experience gain / (loss) adjustments on plan assets | (6.54) | (5.06) | 5.53 | (13.18) | 8.52 |

A quantitative sensitivity analysis for significant assumption as at March 31, 2021 is as shown below:

(₹ in crores)

| Particulars | Effect on fund obligation | | |
|---|---|---|---|
| | Change in assumptions | March 31, 2021 | March 31, 2020 |
| Discount rate | +50 basis points | 1.45 | (0.58) |
| | -50 basis points | (0.92) | 0.64 |
| Interest rate guarantee | +50 basis points | 1.48 | 7.70 |
| | -50 basis points | (0.93) | (4.86) |

# Notes to the consolidated financial statements

as at and for the year ended March 31, 2021

## 32. Movement in Provisions (contd.)

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.

Expected Cash Flows for the defined benefit obligation are as follows:

(₹ in crores)

| | March 31, 2021 | March 31, 2020 |
|---|---|---|
| Within the next 12 months | 62.90 | 57.61 |
| Between 1 to 2 years | 50.41 | 44.25 |
| Between 3 to 5 years | 74.33 | 93.54 |
| Between 6 to 10 years | 37.64 | 95.79 |

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

(₹ in crores)

| Major categories of plan assets as a percentage to total assets | March 31, 2021 | March 31, 2020 |
|---|---|---|
| Government of India securities/Gilt Mutual Funds | 22.05% | 21.47% |
| State Government Securities | 37.76% | 31.38% |
| PSU Bonds | 27.14% | 33.14% |
| Private Sector Bonds/Equity/Mutual Funds | 13.05% | 14.01% |

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, 2021 is ₹ 4.85 crores (March 31, 2020 – ₹ 5.71 crores).

**(iv) Contribution to other funds**

The Group makes Provident Fund, Employee State Insurance Scheme and Labor Welfare fund contributions which are defined contribution plans, for qualifying employees. The Group recognised ₹ 1.86 crores for the year ended March 31, 2021 (₹ 1.95 crores for the year ended March 31, 2020) for contribution towards Provident and other funds, ₹ 0.01 crores for the year ended March 31, 2021 (₹ 0.04 crores for the year ended March 31, 2020) for Employee State Insurance Scheme contributions and ₹ Nil for the year ended March 31, 2021 (Nil for the year ended March 31, 2020) for Labour Welfare fund contribution in the Statement of Profit and Loss. The contributions payable to these plans by the Group are at rates specified in the rules of the schemes.

**(v) Provision for Pension (Defined benefit plan)**

During the year ended March 31, 2021, the Board of Directors approved the Special Retirement Benefit Scheme, granting certain Retirement Benefits, i.e monthly pension, medical benefits, compensation in lieu of housing to the Managing Director who retired in March 2020, as per the policy of the Group. Accordingly, based on the actuarial valuation, a charge of ₹ 16.69 crores have been recorded in the statement of Profit & Loss.

The expenses for the above mentioned benefits have been disclosed under the following line items :

i) Pension, Compensation for Housing - under "Salaries and bonus"

ii) Post Retirement Medical Benefits - under "Staff welfare expenses"

**Significant actuarial assumptions used in accounting for the pension for the year are as below:**

| | |
|---|---|
| Discount rate (per annum) (%) | 7.00% |
| Pension Escalation rate every 3 years (%) | 21.07% |
| Mortality rate (Post retirement) | Indian Assured Lives Mortality Tables 2012-14 |

# Notes to the consolidated financial statements

as at and for the year ended March 31, 2021

## 33. Disclosure pertaining to leases as per Ind AS 116

### A. Background of leasing activity:

The Group has lease contracts for various Network Sites, buildings and dark fibre (IRU) also. Group is using Network Sites for transmission and for in door network coverage purpose. The properties taken on lease are used as offices. The average lease period for the sites is 4 years with an average escalation of 3-5% per annum. The average lease period for properties is 2-3 years with an average escalation of 3-5%. Generally the Group is restricted to sublet the sites taken on lease.

### B. Set out below are the carrying amounts of lease liabilities

(₹ in crores)

| | 2020-21 | 2019-20 |
|---|---|---|
| **Balance at the beginning of the year** | 677.49 | 765.07 |
| Additions | 27.86 | 144.50 |
| Deletion | (106.46) | (96.87) |
| Accretion of interest | 54.22 | 73.47 |
| Payments | (188.79) | (207.26) |
| Modification adjustment | (0.96) | (1.42) |
| **Balance at the end of the year** | **463.36** | **677.49** |
| Current | 126.26 | 141.29 |
| Non-current | 337.10 | 536.20 |

For maturity analysis of lease liabilities refer note 40

### C. Total cash outflow

The Group has a total cash flow for leases of ₹ 226.57 crores in 2020-21, out of which the amount paid against interest component is ₹ 54.22 crores and against principal is ₹ 134.56 crores for the sites considered for ROU and Lease Liability calculation, the balance payment is made for short term leases and variable rent.

### D. Amount recognised in Statement of Profit and Loss Account

(₹ in crores)

| Particulars | 2020-21 | 2019-20 |
|---|---|---|
| Depreciation charge on Right-of-use assets (Refer note 4) | 140.65 | 154.67 |
| Interest expense (included in finance costs) (Refer note 27) | 54.22 | 73.47 |
| Expenses relating to short term leases (included in other expenses) | 28.72 | 72.87 |
| Expenses relating to variable lease payments not included in lease liabilities (included in other expenses) | 9.07 | 6.70 |
| Gain on discontinuation of lease included in other income | 30.43 | 11.36 |

### E. Future Cash Outflows

(₹ in crores)

| Future cash outflows not reflected in the measurement of lease liabilities | 1 year or less | 1 to 5 years | Total |
|---|---|---|---|
| Future variable lease payments for 2020-21 | 4.89 | 10.52 | 15.12 |
| Future variable lease payments for 2019-20 | 7.04 | 23.30 | 30.34 |

The average escalation rate of 5% is used to calculate the future variable payments

**Additional information pertaining to variable lease payments**

The Group has lease contracts for Network sites where a part of the total rent is variable. The additional rent paid during the year is ₹ 9.07 crores (6.70 crores - March 31, 2020).

# Notes to the consolidated financial statements

as at and for the year ended March 31, 2021

## 33. Disclosure pertaining to leases as per Ind AS 116 (contd.)

### F. Additional information on short term and low value leases

Group had a leases of a building, MSC sites and CMB sites which are short term i.e. lease term of less then 1 year. These leases were short term lease and the Group elected not to recognise right to use assets and lease liabilities for these leases. The lease payment of such leases are directly debited to Statement of Profit and Loss.

### G. Additional information on extension and termination option

Under IND AS 116, lease term is defined as non-cancellable period together with any renewal option or termination option with lessee if it is reasonably certain to exercise the option. Both these options with the Group are only considered for the purpose of determination of lease term and the options with lessor is ignored. Most of the lease contracts have an option of extension and termination on mutual concession. The Group reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant change in circumstances within its control. Generally, the Group assesses at lease commencement whether it is reasonably certain to exercise the options. The Group assesses the probability of options basis the review of the network design and the technology and business plans.

## 34. Commitments and contingencies

(₹ in crores)

| SN | Description | March 31, 2021 | March 31, 2020 |
|---|---|---|---|
| A | **Capital Commitment** | | |
| | Estimated value of contracts remaining to be executed on capital account and not provided for (net of advances) | 195.71 | 219.42 |
| B | **Other Commitments** | | |
| | Indemnity given to others | 102.26 | 102.26 |
| C | **Contingent Liabilities** | | |
| | Claims against the Group not acknowledged as debts* | | |
| | - TTSL [refer note 34(i)] | 1,813.95 | 2,292.39 |
| | - TTML [refer note 34(ii)] | 882.95 | 1,156.33 |
| | - TTL Mobile (Income tax matters) | 8.43 | 8.43 |
| | | **3,003.30** | **3,778.83** |

### i Taxes, duties and other demands of TTSL

Claims against the Group not acknowledged as debts*

(₹ in crores)

| SN | Description | March 31, 2021 | March 31, 2020 |
|---|---|---|---|
| 1 | BSNL walky ADC [Refer para (a) below] | 150.28 | 137.64 |
| 2 | Revenue Share - License Fees (LF) [Refer note 29(e)] | - | 683.13 |
| 3 | SMS Termination charges demanded by other operators [refer para (d) below] | 268.83 | 268.83 |
| 4 | DoT demands for EMF [refer para (c) below] | 15.21 | 15.21 |
| 5 | UASL rollout obligation (refer para (d) below) | 175.40 | 175.40 |
| 6 | Subscriber verification demand from Term Cell (refer para (e) below) | 259.72 | 214.07 |
| 7 | BSNL claims for interconnection [refer para (f) below] | 51.08 | 51.08 |
| 8 | Port Charges demanded to other operators | 250.77 | 245.50 |
| 9 | Service Tax demands | 97.47 | 65.04 |
| 10 | Sales Tax/VAT demands | 37.83 | 37.78 |
| 11 | Entry Tax demands | 83.36 | 82.63 |
| 12 | Entertainment Tax demands | 77.74 | 21.04 |
| 13 | Income tax demands | 196.21 | 161.16 |
| 14 | Other miscellaneous demands/claims | 150.05 | 133.88 |
| | | **1,813.95** | **2,292.39** |

*includes contingent liabilities towards indemnification (Refer Note 1.2)

# Notes to the consolidated financial statements

**as at and for the year ended March 31, 2021**

## 34. Commitments and contingencies (contd.)

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 ₹ 651.04 crores (March 31, 2020- ₹ 651.04 crores) including interest of ₹ 294.55 crores (March 31, 2020- ₹ 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 dismissed the Petition 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 was admitted 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. TTSL has received favorable order by TDSAT in respect of Gujarat circle on April, 4, 2019 basis which TTSL has reduced Contingent liability by ₹ 44.88 crores including accumulated interest on unpaid amount. BSNL has challenged TDSAT's Judgment dated April 4, 2019 before Supreme Court in Civil Appeal No. 9090 of 2019. Supreme Court issued notice in BSNL's Appeal by Order dated November 25, 2019.

The total demands as at March 31, 2021 are ₹ 651.04 crores (March 31, 2020 ₹ 651.04 crores) including interest of ₹ 294.55 crores (March 31, 2020 – ₹ 294.55 crores). As at March 31, 2021, TTSL has made on account payment under protest of ₹ 570.30 crores (March 31, 2020 –₹ 570.30 crores) against the total demands. .

As at March 31, 2021, TTSL has provided ₹ 570.30 crores (March 31, 2020 – ₹ 570.30 crores) and excluded the demand in respect of Gujarat circle of ₹ 44.88 crores (March 31, 2020 – ₹ 44.88 crores). The balance amount of ₹ 35.85 crores (March 31, 2020 – ₹ 35.85 crores) together with accumulated interest on unpaid amount of ₹ 114.43 crores (March 31, 2020 – ₹ 101.79 crores) aggregating ₹ 150.28 crores (March 31, 2020 – ₹ 137.64 crores) has been disclosed as contingent liability.

(b) Bharti 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 are discriminatory. TDSAT vide its order dated August 30, 2012, 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 SC 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 favor. Total amount payable to the operator (net of access charges receivable by TTSL) amounts to ₹ 422.05 crores (March 31, 2020 – ₹ 422.05 core) which has been fully provided by TTSL. Amount paid under dispute as at March 31, 2021 amounts to ₹ 379.68 crores (March 31, 2020 – ₹ 379.68 crores).

Other operators have raised claims for SMS termination amounting to ₹ 268.83 crores (March 31, 2020 – ₹ 268.83 crores), which were challenged in TDSAT by TTSL. During the year 2015-16, TDSAT has pronounced judgment 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 liabilities. Amount paid under dispute as at March 31, 2021 amounts to ₹ 8.13 crores (March 31, 2020 – ₹ 8.13 crores).

(c) 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, etc) amounting to ₹ 666.05 crores (March 31, 2020: ₹ 666.05 crores).TTSL has responded to all SCN and demands stating the facts and made a provision ₹ 2.01 crores pertaining to radiation related demands and SCN. TTSL filed Telecom Petition no. 16 of 2015 to set aside Demand notice of ₹ 84.55 crores dated May 02, 2014, alleging deviation of EMF exposure norms of self certificates in Rajasthan Circle. TTSL also challenged Demand Notes dated April 11, 2016 in Karnataka Circle alleging delay in submission of self certificates. Two joint petitions (out of 5) in TDSAT challenging the issue of (i) penalty for missing/improper/absent signages on the cell sites (Petition No. 223 of 2014) and (ii) penalty for sharing operators to submit fresh self-certificate on up-gradation (Petition No 199 of 2015) are pending adjudication. TDSAT has directed DoT not to take any coercive measures for enforcement of the impugned demand notices/invocation of bank guarantee in the above two petitions.

Based on TDSAT judgments, TTSL has assessed its position and disclosed ₹ 15.21 crores (March 31, 2020: ₹ 15.21 crores) as contingent liability.

# Notes to the consolidated financial statements

**as at and for the year ended March 31, 2021**

## 34. Commitments and contingencies (contd.)

(d) DoT has issued demand notes on March 15, 2018 of ₹ 25.45 crores and ₹ 149.95 crores followed by SCN issued earlier for delay in compliance of the 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 coercive action. TTSL based on the data available and internal assessment, believes that the demand will be quashed and hence, disclosed the demand as contingent liability. TTSL has also challenged the Demand Notice dated September 16, 2019 vide TP No. 80 of 2019, whereby DoT has sought liquidated damages amounting to ₹ 28.30 crores (while ₹ 21 crores have been claimed for delay in meeting first phase of roll-out obligation within the specified time, ₹ 7.30 crores have been claimed in respect of the second phase roll-out obligation) for alleged default in complying with the first phase and second phase roll-out obligations in respect of dual (second) technology spectrum for Kerala, Odisha and UP (W) circles. TDSAT vide orders dated October 9, 2019 stayed the operation of the impugned demands. TTSL has disclosed entire amount of ₹ 175.40 crores (March 31, 2020 ₹ 175.40 crores) as contingent liability.

(e) DoT has issued instruction to TERM Cell in each Licensed Service Area to conduct monthly audit to check compliance levels of subscriber verification norms. DoT has also issued circulars to impose penalty for non-compliances to its instructions observed during the monthly audits. Total penalty raised to TTSL on account of subscriber verification norms is ₹ 259.72 crores as at March 31, 2021 Some of these penalties have been challenged by TTSL in various High Courts and TDSAT. Based on legal opinion that the circulars are contrary to Section 20A of the Indian Telegraph Act, 1885, as the circulars prescribe penalties in excess of those prescribed under the Telegraph Act, TTSL has disclosed the said demands as contingent liability.Household Direct Exchange Lines (RDELs) installed in Rajasthan circle during the period 2005-2010 and raised penalty demands aggregating to ₹ 426.88 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.Karnataka TERM Cell has imposed a penalty of ₹ 45.75 Crs in February 2020 for missing SIM Activation date and time field from eCAFs. The penalty is for the audit period from July 2017 to April 2019 for the activations which have happened from April 2017 to April 2018. TTSL has made a representation with TERM Cell and DoT (HQ) saying that deviation is merely technical in nature and has no real impact or consequence as the date and time of activation are in any case mentioned in TTSL's subscriber database as mandated under the instructions and are readily available. DoT has issued an instruction to TERM Cell on August 17, 2020 to have a re-look on this issue. The TERM/DoT response are awaited. Based on above, TTSL has disclosed amount of ₹ 259.72 crores (March 31, 2020 ₹ 214.07 crores) as contingent liability.

(f) BSNL, in 2001, issued letters to TTSL and other operators seeking unilateral increase in interconnection access charges. The main contention of the operators is that the Regulations will prevail over the inter se agreements between the parties and Access and Port Charges should be in terms of the TRAI Regulations, which would override the Agreements. 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 ₹ 51.78 crores (March 31, 2020 – ₹ 51.78 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. Matter was tagged with the matter dealing with the TDSAT jurisdiction issue wherein interim order was pronounced on December 6, 2013 holding that TDSAT has no jurisdiction to entertain the challenge to TRAI regulation. Court also opined that the remaining five substantial questions of law shall be referred to the larger bench. The entire batch matters will now be listed before the larger Bench of Hon'ble Supreme Court. Supreme Court vide orders dated 29.02.2016 directed Registry to list the cases after the orders in the Review Petition (Civil) Nos.1409-1410 of 2014 in Civil Appeal No.5253 of 2010 and 5184 of 2010 are passed.TTSL has disclosed ₹ 51.08 crores (March 31, 2020 – ₹ 51.08 crores) as contingent liability after adjusting provision and payment of ₹ 0.70 crores (March 31, 2020 – ₹ 0.70 crores).

(g) TTSL received demands of ₹ 866.36 crores 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. TTSL responded to DoT, intimating about its decision to retain only one block spectrum in Delhi Circle and surrender the balance spectrum. In the opinion of TTSL, inter-alia, the above demand amounts to alteration of financial terms of the licenses issued in the past and therefore, TTSL 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. TTSL has paid ₹ 198.20 crores (March 31, 2020 – ₹ 198.20 crores) for the period January 1, 2013 to December 31, 2018 under protest. Kolkata High Court disposed off the matter and permitted TTSL to approach TDSAT on March 12, 2019. TDSAT granted relief vide orders dated May 10, 2019 in terms of (a) setting aside the impugned decisions / orders dated December 28, 2012, March 15, 2013 and demands dated March 20, 2013, (b) held that the amount of ₹ 198.20 Cr. paid by TTSL for retaining 1.25 MHz CDMA spectrum beyond the startup spectrum in Delhi Circle was not legal and should be refunded back to TTSL within 2 months from the date of the order, and (c) directed payment of interest at rate of 8% per annum from the respective dates when the instalments were paid. DoT filed CA no. 6766/2019 seeking a stay of TDSAT orders dated May 10,

# Notes to the consolidated financial statements

as at and for the year ended March 31, 2021

## 34. Commitments and contingencies (contd.)

2019. TTSL filed a Review Petition seeking declaration that DoT is not entitled to OTSC in view of the fact that TTSL had surrendered the spectrum. The Review Petition was dismissed by TDSAT orders dated August 30, 2019. TTSL has challenged the TDSAT orders dated May 10, 2019 and August 30, 2019 vide Civil Appeal Diary No. 32001 of 2019 since TDSAT had not dealt with the fact of surrender of spectrum. TTSL's contention is that even if DoT is empowered to levy OTSC, OTSC cannot be levied on TTSL since TTSL has already surrendered the spectrum. The Supreme Court issued notice in the Appeals vide Order dated September 30, 2019. TTSL has filed its Reply to DoT's Appeal and DoT has also filed its Reply to TTSL's Appeal. Vide Order dated December 07, 2020, the Supreme Court passed an interim order to the effect of status quo being maintained regarding demands against each other. The matter has been listed for final hearing on April 22, 2021. Based on legal advice, TTSL has considered the said demand as remote in nature.

(h) The Direct Tax Vivad se Vishwas Act, 2020 ('VSV Act' or 'VSV Scheme') was enacted as a benefit to assessee to reduce the pendency of litigation under the Income-tax Act, 1961 ('Act'). In this regard, TTSL has opted to settle certain open litigation/matters in accordance with the provisions of the subject VSV Act. TTSL has settled the penalty matters under section 271(1)(c) of the Act pending before the Commissioner of Income Tax ( Appeals) for AY 2006-07 and AY 2008-09 having the contingent liability of ₹ 2.91 Crs under VSV. Accordingly, the contingent liability relating thereto has been reduced from overall contingent liabilities.

### ii Taxes, duties and other demand of TTML

(₹ in crores)

| SN | Description | March 31, 2021 | March 31, 2020 |
|---|---|---|---|
| 1 | Claims against the Company not acknowledged as debt (refer notes below) | | |
| | -Telecom regulatory matters | 331.78 | 575.01 |
| | -Others | 260.95 | 257.66 |
| 2 | Disputed service tax demands [refer note (e)] | 286.34 | 319.78 |
| 3 | Disputed sales tax demands [refer note (e)] | 3.88 | 3.88 |
| | **Total** | **882.95** | **1,156.33** |

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) issued demand notices to pay Access Deficit Charge (ADC) aggregating ₹ 166.90 crores, including interest, for the period November 14, 2004 up to February 28, 2006. 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. TDSAT disallowed TTML's petition and held that ADC was payable on such calls. TTML 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 TTML 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.

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. On April 15, 2010, TDSAT confirmed BSNL demands for period up to August 25, 2005 and gave BSNL liberty to lodge its claim for a further period up to February 28, 2006. 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 stay was not granted. Supreme Court had asked for details / break up of demands which have been filed. Based on the legal advice available with TTML, the penalty clause invoked by BSNL does not apply and TTML is entitled to seek refund of ₹ 50.73 crores, the excess ADC amount paid to BSNL along with interest.

Out of the aforesaid ₹ 166.90 crores, TTML has till date provided for amounts aggregating ₹ 111.61 crores. The balance amounts aggregating ₹ 55.30 crores have been disclosed as Contingent Liability.

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.

Payments made under dispute till date aggregates ₹ 111.61 crores in relation to the above.

There are similar claims raised by other operators of ₹ 3.29 crores, provision of ₹ 2.68 crores has been made and ₹ 0.61 Crores has been disclosed as Contingent Liability.

(b) A demand for ₹ 290.17 crores for start up spectrum beyond 2.5MHz, being a one time 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 installments aggregating ₹ 119.58 crores for spectrum retained and also completed the surrender of spectrum in Mumbai and Maharashtra under protest. The DoT filed a Reply. TTML has to file a Rejoinder and an application

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as at and for the year ended March 31, 2021

## 34. Commitments and contingencies (contd.)

for modification of the prayer clause in view of payments being made by TTML. The matter has been tagged with similar writs filed by other operators for Hearing and was last listed on February 04, 2020, where Bharti Airtel Limited sought deferment. The matter was due to taken up on March 17, 2020 but in view of the outbreak of COVID-19, the matter has been adjourned. Based on legal advice, TTML has considered the said demand as remote in nature.

(c) DoT has issued instruction to TERM Cell in each Licensed Service Area to conduct monthly audit to check compliance levels of subscriber verification norms. DoT has also issued circulars to impose penalty for non-compliances to its instructions observed during the monthly audits. Total penalty raised to TTML on account of subscriber verification norms is ₹ 268.84 crores till March 31, 2020. Some of these penalties have been challenged by TTML in various High Courts and TDSAT. Based on legal opinion that the circulars are contrary to Section 20A of the Indian Telegraph Act, 1885, as the circulars prescribe penalties in excess of those prescribed under the Telegraph Act, TTML has disclosed the said demands as contingent liability.

Out of the aforesaid amount of ₹ 268.84 crores, TTML has till date provided for amounts aggregating ₹ 3.69 crores. The balance amounts aggregating ₹ 265.15 crores have been disclosed as Contingent Liability.

(d) Bharti raised invoices/demands on TTML for period since June 2009 in respect of SMS terminating on its network based on the interconnection agreement between TTML and the operator. TTML disputed on the grounds that the charges are not reasonable, are discriminatory and that the said quantum of 0.10 paisa as SMS TC is not cost based. TDSAT vide its order dated August 30, 2012, 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 SC directed TTML to pay the above amount on a condition that any amounts paid by TTML would be refunded back with interest in the event the matter is adjudged in TTML's favor. Total amount payable to the operator (net of access charges receivable by TTML) amounts to ₹ 72.40 crores (March 31, 2020 – ₹ 72.40 crores) which has been fully provided by TTML. Amount paid under dispute as at March 31, 2021 amounts to ₹ 66.38 crores (March 31, 2020 – ₹ 66.38 crores).

Other operators have raised claims for SMS termination amounting to ₹ 53.21 crores (March 31, 2020 – ₹ 53.21 crores), which were challenged in TDSAT by TTML. During the year 2015-16, TDSAT has pronounced judgment with respect to SMS termination charges in two of the cases and one is still pending. TTML 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 that the arrangement between the parties was based on the principle of Bill & Keep 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 liabilities.

(e) DoT has issued demand notes on March 15, 2018 of ₹ 7 crores covering GSM Services for the circle of Maharashtra and ₹ 3.70 crores covering CDMA services in Mumbai and Maharashtra followed by SCN issued earlier for alleged delay in compliance of the first year roll out obligation of CDMA and GSM services as per License Agreements. TTML has challenged the demand in TDSAT. TDSAT has stayed the demand and restrained DOT from taking coercive action including encashment of Bank Guarantee. TTML based on the data available and internal assessment, believes that the demand will be quashed and hence, disclosed the demand as contingent liability.

(f) TTML, as a lessee of the property known as Al-aqmar Trust, Pune, has been receiving demand notices from Pune Municipal Corporation (PMC) since 1998, in its erstwhile name Hughes Ispat Ltd. PMC had raised its original demand for the year 1998 unilaterally fixing the Annual Rateable Value (ARV) at ₹ 1.10 crores. In the Municipal Appeal filed by TTML in 1998 against the demand, the Small Causes Court in Pune vide its judgment of 28th July 2003 set aside all the demands of PMC until 2003. The Court also directed the PMC to issue special notice to TTML, provide hearing and then fix the ARV, which direction has not yet been followed by PMC. PMC preferred a Writ Petition before the High Court of Bombay in 2004 against the said Judgment. The High Court did not grant any stay in favour of PMC in 2004 and dismissed the Writ Petition on July 3, 2019 for default on the part of PMC. In the meanwhile, the demands raised by PMC for the subsequent years post 2003 were also challenged by TTML in 2007 in the Court in Pune, which held in 2013 in favour of TTML and the case filed by TTML in 2015 is pending for disposal before the Civil Court in Pune. The demand challenged in 2015 is for ₹ 11.83 crores, which includes alleged arrears with penalty from the year 2003 till 2015 and the entire demand has been stayed by an Order of Injunction by the Court, which Order shall continue to be in force in favour of TTML until disposal of the suit. Despite the Court Orders, PMC continued to raise demands in defiance of the Orders for the year 2019-20 for ₹ 80.76 crores and for ₹ 0.29 crores, which were suitably responded by TTML on 24th April 2019 and on 29th May 2019 citing the Court Orders.

Recently, PMC in its website had posted three (3) Demand Notices towards property tax against three (3) property IDs of Al-aqmar property for ₹ 124.46 crores, ₹ 1.27 crores and ₹ 0.45 crores, which included the arrears from the year 2003 that were covered under previous Orders of the Courts. TTML moved the Civil Court, Pune again in February 2021 and obtained an Order of Injunction in March 2021 restraining PMC from giving effect to / demanding taxes of the three bills posted on its officials website and from recovering the amount by adopting any coercive methods and also restraining PMC from raising or issuing any further demand notices, property tax bills and from posting the same on its official website or publishing the same in any newspaper or other mode of communication, against TTML until disposal of the suit and has asked PMC to try to remove from the website uploaded bills concerning TTML, if possible.

# Notes to the consolidated financial statements

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## 34. Commitments and contingencies (contd.)

Based on legal advice, TTML has fair chance of success in this case. Accordingly, TTML has disclosed ₹ 80 crores as contingent liability basis the previous demands as of 2019-20. TTML has not taken into consideration the latest amounts posted in PMC websites as the probability of outflow is assessed to be remote.

(g) The Direct Tax Vivad se Vishwas Act, 2020 ('VSV Act' or 'VSV Scheme') was enacted as a benefit to assessee to reduce the pendency of litigation under the Income-tax Act, 1961 ('Act'). In this regard, TTML has opted to settle certain open litigation/matters in accordance with the provisions of the subject VSV Act and there is no corresponding impact on contingent liabilities on account of settlement of subject matters.

**iii Provident fund (PF) matter**

The Group has evaluated the impact of the Supreme Court (SC) judgement dated February 28, 2019 in case of "Vivekananda Vidyamandir And Others Vs The Regional Provident Fund Commissioner (II) West Bengal" and the related circular (Circular No. C-I/1(33)2019/Vivekananda Vidya Mandir/284) dated March 20, 2019 issued by the Employees' Provident Fund Organisation in relation to non-exclusion of certain allowances from the definition of "basic wages" of the relevant employees for the purposes of determining contribution to provident fund under the Employees' Provident Funds & Miscellaneous Provisions Act, 1952. In the assessment of the management which is supported by legal advice, the Group believes that the aforesaid judgement does not have material impact on the Group. The Group will continue to monitor and evaluate its position based on future events and developments.

## 35. Segment Reporting

The Group is engaged in providing telecommunication services under Unified License. These, in the context of Ind AS 108 on "Segment reporting", are considered to constitute a single reportable segment. Further, the Group provide telecommunication services only in the Indian domestic market and accordingly secondary segment reporting disclosure are not required.

## 36. Related Party Transactions in terms of Ind AS 24

**List of Related parties**

**A Holding Company**

Tata Sons Private Limited

**B Investing Party of Holding Company**

Sir Dorabji Tata Trust
Sir Ratan Tata Trust

**C Subsidiaries**

MMP Mobi Wallet Payment Systems Limited
Tata Teleservices (Maharashtra) Limited
TTL Mobile Private Limited (formerly Virgin Mobile (India) Private Limited)
NVS Technologies Limited

**D Associate**

ATC Telecom Infrastructure Private Limited (Formerly known as Viom Networks Limited)
(ATC Infrastructure Services Private Limited has been amalgamated w.e.f September 27, 2019) (Upto December 16, 2020)

**E Subsidiaries, associate and joint venture companies of holding company with whom the Company had transactions**

**Associate Of Holding Company**

Conneqt Business Solutions Limited (formerly Tata Business Support Services Limited)
Tata Chemicals Limited
Tata Coffee Limited
Tata Consumer Products Limited (formerly Tata Global Beverages Limited)
Tata Marcopolo Motors Limited
Tata Metaliks Limited
TMF Holdings Limited (formerly Tata Motors Finance Limited)
Tata Motors Insurance Broking and Advisory Services Limited
Tata Motors Limited
Tata power Delhi Distribution Limited
Tata Power Solar Systems Limited
Tata Power Trading Company Limited
Tata Steel Limited
Tata Steel Downstream Products Limited (formerly Tata Steel Processing and Distribution Limited)
Tata Steel BSL Limited (formerly Bhushan Steel Limited) (under amalgamation)
Tata Steel Foundation
Tata Technologies Limited
Tatanet Services Limited
The Indian Hotels Company Limited
The Tata Power Company Limited
Titan Company Limited
Titan Engineering And Automation Limited
Nelco Limited
TCL Ceramics Limited (Formerly Tata Ceramics Limited) (w.e.f. January 4, 2020)
Trent Limited
Voltas Limited
Tata Elxsi Limited (upto November 11, 2020)
Roots Corporation Limited
Benares Hotels Limited
Jaguar Land Rover India Limited

**Associate Of Fellow Subsidiary**

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

**Fellow Subsidiaries**

APTOnline Limited (Formerly APOnline Limited)
Automotive Stampings and Assemblies Limited

# Notes to the consolidated financial statements

as at and for the year ended March 31, 2021

## 36. Related Party Transactions in terms of Ind AS 24 (contd.)

C-Edge Technologies Limited
Tata Advanced Materials Limited (merged with Tata Advanced Systems Limited w.e.f. May 31, 2019)
Infiniti Retail Limited
Mponline Limited
Taj Air Limited
Tata Advanced Systems Limited
Tata Asset Management Limited
Tata Autocomp Systems Limited
Tata Capital Financial Services Limited
Tata Capital Housing Finance Limited
Tata Capital Limited
Tata Communication Limited
Tata Communications (America) Inc.
Tata Communications Collaboration Services Private Limited
Tata Communications Payment Solutions Limited
Tata Communication SVCS Pte Limited (Formerly Tata Communications Services (Bermuda) Limited)
Tata Communications Transformation Services Limited
Tata Consultancy Services Limited
Tata Consulting Engineers Limited
Tata Housing Development Company Limited
Tata International Limited
Tata Realty and Infrastructure Limited
Tata Securities Limited
Tata SIA Airlines Limited
Tata Toyo Radiator Limited
Tata Value Homes Limited (Formerly known as Smart Value Homes Limited)
TCS e-Serve International Limited
TRIL Amritsar Projects Limited (formerly TRIF Amritsar Projects Limited) (upto December 9, 2019)
Tril Infopark Limited
Tata AIG General Insurance Company Limited
Panatone Finvest Limited
Tata Elxsi Limited (w.e.f. December 1, 2020)
Nova Integrated Systems Limited
Tata Medical And Diagnostics Limited (w.e.f. July 23, 2020)
Maha Online Limited
Tata Investment Corporation Limited
Tata Petrodyne Limited (up to January 20, 2020)
Tata Trustee Company Limited
TCE Consulting Engineers Limited
Tata Autocomp Hendrickson Suspensions Private Limited (w.e.f. January 1, 2020)
TRIL Urban Transport Private Limited
Tata International DLT Private Limited (w.e.f. December 31, 2020)

**Joint venture of fellow subsidiary**

Tata AutoComp GY Batteries Private Limited (formerly Tata AutoComp GY Batteries Limited)
Tata Boeing Aerospace Limited (formerly Tata Aerospace Limited)
Tata Lockheed Martin Aerostructures Limited
Tata Sikorsky Aerospace Limited (Formerly known as Tara Aerospace Systems Limited)
Smart Value Homes (New Project) LLP
Sector 113 Gatevida Developers Private Limited (Formerly Known as Lemon Tree Land & Developers Private Limited)
Tata Ficosa Automotive Systems Private Limited (Formerly known as Tata Ficosa Automotive Systems Limited)
Tata International DLT Private Limited (Upto December 30, 2020)

**Joint Venture of Holding Company**

Tata SmartFoodz Limited (formerly SmartFoodz Limited)
Tata AIA Life Insurance Company Limited
Tata Industries Limited
Tata Sky Limited
Tata Sky Broadband Private Limited
Tata Advanced Materials Limited (upto May 30, 2019)

**F Post employment benefit plans of Company**

(Refer note 32(e) for transactions during the year)

Tata Teleservices Provident Fund
Tata Teleservices Gratuity Fund
Tata Teleservices Superannuation Fund
Tata Teleservices (Maharashtra) Gratuity Fund
Tata Teleservices (Maharashtra) Superannuation Fund

**G Key Management Personnel**

Mr. N.Srinath - Managing Director (upto March 31, 2020)/ Non-Executive Director (w.e.f. April 1, 2020)
Mr. Amur Swaminathan Lakshminarayanan - Chairman and Additional Director (w.e.f. December 9, 2020)
Mr Harjit Singh- Manager (w.e.f August 17, 2020)
Ms. Bharati Rao- Independent Director-Non-Executive Director
Mr. Narendra Damodar Jadhav- Independent Director
Ms. Vibha Paul Rishi- Independent Director (Resigned w.e.f. July 18, 2019)
Mr. Saurabh Agrawal- Non-Executive Director (Upto November 5, 2020)
Mr. Ankur Verma- Non-Executive Director
Mr. Ilangovan G.- Chief Financial Officer

# Notes to the consolidated financial statements

as at and for the year ended March 31, 2021

## 36. Related Party Transactions in terms of Ind AS 24 (contd.)

**Details of transactions with related parties for the year ended March 2021**

(₹ in crores)

| | Holding company | Associate | Fellow subsidiaries | Associate of fellow subsidiary | Associate of holding company | Joint venture of fellow subsidiary | Joint venture of holding company | Investing party of holding company | Key managerial personnel | Total |
|---|---|---|---|---|---|---|---|---|---|---|
| **1) Expenses :** | | | | | | | | | | |
| Customer service and call centre cost | - | - | 39.51 | - | 0.07 | - | - | - | - | 39.58 |
| Advertisement and business promotion expenses | - | - | - | - | - | - | 0.04 | - | - | 0.04 |
| Network operation cost | 0.14 | 384.02 | 498.49 | 7.94 | 4.86 | - | - | - | - | 895.45 |
| Administrative and other expenses | 0.10 | 0.21 | 3.32 | - | 1.07 | - | 0.59 | - | - | 5.29 |
| Rent | - | - | - | - | 1.77 | - | - | - | - | 1.77 |
| Interconnect and other access costs | - | - | 16.12 | - | - | - | - | - | - | 16.12 |
| Directors sitting fees | - | - | - | - | - | - | - | - | 0.45 | 0.45 |
| Managerial remuneration* | - | - | - | - | - | - | - | - | 0.87 | 0.87 |
| Interest expense on liability component of Compound Financial Instruments: | 812.67 | - | 128.50 | - | - | - | - | - | - | 941.17 |
| **2) Income :** | | | | | | | | | | |
| Rent income | - | - | (6.66) | - | - | - | - | - | - | (6.66) |
| Service revenue | (0.03) | (0.09) | (320.44) | (0.28) | (16.74) | (0.28) | (60.33) | (0.09) | - | (398.28) |
| Other operating income | - | - | (47.77) | - | - | - | - | - | - | (47.77) |
| **3) Other Transactions** | | | | | | | | | | |
| Reimbursement of expenses paid | - | - | - | - | - | - | - | - | - | - |
| Reimbursement of expenses received | - | - | (0.31) | - | (0.15) | - | (0.04) | - | - | (0.50) |
| Sale of fixed assets | - | - | - | - | - | - | - | - | - | - |
| Purchase of fixed asset | - | - | 1.75 | - | 1.90 | - | - | - | - | 3.65 |
| Issuance of equity shares by conversion of CCPS | (2,003.94) | - | - | - | - | - | - | - | - | (2,003.94) |
| Issuance of equity shares by conversion of OCPS | (2,300.00) | - | - | - | - | - | - | - | - | (2,300.00) |
| Issuance of equity shares by conversion of OCD | - | - | (1,400.00) | - | - | - | - | - | - | (1,400.00) |
| **4) Outstanding as at :** | | | | | | | | | | |
| Borrowings | (7,303.88) | - | - | - | - | - | - | - | - | (7,303.88) |
| Trade receivables | 0.00 | 0.41 | 90.04 | 0.01 | 0.98 | 0.01 | 3.48 | 0.00 | - | 94.93 |
| Trade payables | (0.04) | (105.12) | (147.67) | (0.07) | (4.26) | (0.00) | - | - | - | (257.16) |
| Instrument entirely equity in nature (CCPS) | (29,616.28) | - | - | - | - | - | - | - | - | (29,616.28) |

In the table above, income receipts and liabilities are shown in brackets.

# Notes to the consolidated financial statements
as at and for the year ended March 31, 2021

## 36. Related Party Transactions in terms of Ind AS 24 (contd.)

**Details of transactions with related parties for the year ended March 2020**

(₹ in crores)

| March 31, 2020 | Holding company | Associate | Fellow subsidiaries | Associate of fellow subsidiary | Associate of holding company | Joint venture of fellow subsidiary | Joint venture of holding company | Investing party of holding company | Key managerial personnel | Total |
|---|---|---|---|---|---|---|---|---|---|---|
| **1) Expenses** | | | | | | | | | | |
| Administrative and Other Expenses | - | (0.21) | 5.66 | - | 0.20 | - | 0.62 | - | - | 6.27 |
| Advertisement and Business Promotion Expenses | - | - | - | - | - | - | 0.11 | - | - | 0.11 |
| Customer Service and Call Centre Cost | - | - | 65.59 | - | (0.01) | - | - | - | - | 65.58 |
| Interconnect and Other Access Cost | - | - | 52.22 | - | - | - | - | - | - | 52.22 |
| Network Operation Cost | 0.01 | 655.63 | 485.53 | 0.01 | 7.76 | - | - | - | - | 1,148.94 |
| Rent | - | 0.11 | 3.89 | - | 5.90 | - | - | - | - | 9.90 |
| Managerial Remuneration* | - | - | - | - | - | - | - | - | 16.08 | 16.08 |
| Director Sitting Fees | - | - | - | - | - | - | - | - | 0.26 | 0.26 |
| Interest expense on CCPS / OCPS / OCD | 966.39 | - | 121.29 | - | - | - | - | - | - | 1,087.68 |
| 2) Income | | | | | | | | | | |
| Rent income | - | - | (1.36) | - | - | - | - | - | - | (1.36) |
| Service Revenue | (0.05) | (0.15) | (285.38) | (0.37) | (17.21) | (0.35) | (33.52) | (0.09) | - | (337.12) |
| **Other Income** | - | - | (26.42) | - | - | - | - | - | - | (26.42) |
| 3) Other transactions | | | | | | | | | | |
| Reimbursement of Expenses paid | - | - | 4.15 | - | 0.01 | - | - | - | - | 4.16 |
| Reimbursement of Expenses Received | - | - | (0.06) | - | - | - | - | - | - | (0.06) |
| Purchase of Fixed Asset | - | - | 0.01 | - | 1.83 | - | - | - | - | 1.84 |
| Sale of Fixed Assets | - | - | - | - | (0.15) | - | - | - | - | (0.15) |
| Issuance of new CCPS by conversion of OCD | (8,696.28) | - | - | - | - | - | - | - | - | (8,696.28) |
| Issuance of new CCPS | (5,000.00) | - | - | - | - | - | - | - | - | (5,000.00) |
| **Issue of OCD by the Company** | (2,000.00) | - | - | - | - | - | - | - | - | (2,000.00) |
| Issue of Equity Shares | (929.48) | - | - | - | - | - | - | - | - | (929.48) |
| **4) Outstanding as at:** | | | | | | | | | | |
| Instrument entirely equity in nature (CCPS) | (29,616.28) | - | - | - | - | - | - | - | - | (29,616.28) |
| Borrowings | (10,795.14) | - | (1,254.82) | - | - | - | - | - | - | (12,049.96) |
| Trade Payables | - | (393.42) | (227.60) | (0.01) | 0.35 | - | 0.02 | - | - | (620.66) |
| Trade Receivables | - | 0.28 | 79.67 | (0.05) | 1.82 | 0.02 | 2.52 | - | - | 84.26 |

In the table above, income receipts and liabilities are shown in brackets.

**Transaction with key management personnel**

(₹ in crores)

| Particulars | March 31, 2021 | March 31, 2020 |
|---|---|---|
| Short term employee benefits | 0.82 | 15.87 |
| Post-employment benefits | 0.05 | 0.21 |
| Directors sitting fee | 0.45 | 0.26 |
| **Total** | **1.32** | **16.34** |

*As the liabilities for the gratuity, pension and compensated absences are provided on an actuarial basis, and calculated for the Group as a whole rather than each of the individual employees, the said liabilities pertaining specifically to KMP are not known and hence, not included in the above table.

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## 37. Hedging activities and derivatives

### Derivatives not designated as hedging instruments

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

### Hedge disclosures

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

| Particulars | Notional amount (USD in Millions) | | Fair value assets/(liabilities) (₹ Cr) | |
|---|---|---|---|---|
| | March 31, 2021 | March 31, 2020 | March 31, 2021 | March 31, 2020 |
| Forwards contracts | 1.99 | **1.88** | 0.09 | 0.35 |
| ICICI Bank loan - Forward Contracts | - | 172.49 | - | 54.43 |
| **Total** | **1.99** | **174.37** | **0.09** | **54.78** |

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

| Particulars | Notional amount (USD in Millions) | |
|---|---|---|
| | March 31, 2021 | March 31, 2020 |
| Trade Payables | - | **0.10** |
| **Total** | **-** | **0.10** |

### Interest rate Swap Contract

Using Interest rate swap contracts, the Group agrees to exchange floating rate of interest rate to fixed rate on agreed principal amounts. Such contracts enable the Group to mitigate the interest rate risk on borrowings. Such Contracts are settled on quarterly, semi-annual and on annual basis. The terms of the interest rate swaps generally match the terms of the underlying exposure. In cases where any hedge ineffectiveness arises, it is recognised through profit or loss. Interest Rate Swaps measured at fair value through OCI are designated as hedging instruments in cash flow hedges of floating rate borrowings.

| Interest rate swaps - hedged | Notional amount (USD in Millions) | | Fair value assets/(liabilities) (₹ Cr) | |
|---|---|---|---|---|
| | March 31, 2021 | March 31, 2020 | March 31, 2021 | March 31, 2020 |
| ICICI Bank Loan | - | 172.49 | - | (14.30) |

| Interest rate swaps - hedged | Notional amount (₹ Cr) | | Fair value assets/(liabilities) (₹ Cr) | |
|---|---|---|---|---|
| | March 31, 2021 | March 31, 2020 | March 31, 2021 | March 31, 2020 |
| IndusInd Bank | 795.00 | 1,485.00 | (3.07) | (1.45) |

Hedge effectiveness is determined at the inception of the hedge relationship, and through periodic prospective effectiveness assessment to ensure that an economic relationship exists between the hedged item and hedging instrument. There was no recognised ineffectiveness during the year ended March 31, 2021(for the year ended March 31, 2020: ₹ Nil).

### Movement in Cash Flow Hedge Reserve and Cost of Hedge Reserve

(₹ in crores)

| Cash Flow Hedge Reserve | Amount |
|---|---|
| **As at 31.03.2019** | **(1.76)** |
| Add: Change in fair value of Interest rate swaps | (3.39) |
| **As at 31.03.2020** | **(5.15)** |
| Add: Change in fair value of Interest rate swaps | 2.08 |
| **Closing balance as at 31.03.2021** | **(3.07)** |

(₹ in crores)

| Cost of Hedge Reserve | Amount |
|---|---|
| **As at 31.03.2019** | **-** |
| Add: Change in fair value of Forward contracts and Interest rate swaps | (12.55) |
| **As at 31.03.2020** | **(12.55)** |
| Add: Change in fair value of Forward contracts and Interest rate swaps | 12.55 |
| **Closing balance as at 31.03.2021** | **-** |

# Notes to the consolidated financial statements

as at and for the year ended March 31, 2021

## 38. Fair Values of financial assets and liabilities

The significant accounting policies, including the criteria for recoginition, 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 consolidated financial statements. Set out below, is a comparsion by class of the carrying amountsand fair value of the Group's financial instruments.

**Financial Assets & Liabilities**

(₹ in crores)

| | Fair Value | | Carrying Value | |
|---|---|---|---|---|
| | March 31, 2021 | March 31, 2020 | March 31, 2021 | March 31, 2020 |
| **Financial Assets** | | | | |
| **Fair Value through Profit & Loss (FVTPL)** | | | | |
| Investments | 137.71 | 7.28 | 137.71 | 7.28 |
| Derivative Financial Assets: | | | | |
| CCPS | 4,140.88 | 5,992.23 | 4,140.88 | 5,992.23 |
| **Amortised Cost** | | | | |
| Investments | 16.27 | 16.27 | 16.27 | 16.27 |
| Trade receivables | 174.05 | 279.76 | 174.05 | 279.76 |
| Cash and cash equivalents | 117.15 | 275.99 | 117.15 | 275.99 |
| Bank balances other than above | 23.90 | 35.48 | 23.90 | 35.48 |
| Loans and other financial assets | 237.16 | 1,114.63 | 237.16 | 1,114.63 |
| | **4,847.12** | **7,721.64** | **4,847.12** | **7,721.64** |
| **Financial Liabilities** | | | | |
| **Fair Value through Profit & Loss (FVTPL)** | | | | |
| Derivative Financial Liabilities | 2.98 | 0.70 | 2.98 | 0.70 |
| **Amortised Cost** | | | | |
| Borrowings | 25,482.48 | 19,214.60 | 25,482.48 | 19,214.60 |
| Lease liabilities | 463.36 | 677.49 | 463.36 | 677.49 |
| Trade payables | 850.97 | 957.92 | 850.97 | 957.92 |
| Other current financial liabilities | 6,634.96 | 5,704.70 | 6,634.96 | 5,704.70 |
| | **33,434.75** | **26,555.41** | **33,434.75** | **26,555.41** |

The carrying amounts of trade receivables, trade payables, capital creditors, short term borrowings and cash and cash equivalents are considered to be the same as their fair value, due to their short-term nature.

The fair value for loans, security deposits and investment in preference shares were calculated based on cash flows discounted using a current lending rate. They are classified as level 3 fair values in fair value hierarchy due to the inclusion of unobservable inputs including counterparty credit risk.

The fair values of non-current borrowings are based on discounted cash flows using a current borrowing rate. They are classified as level 3 fair values hierarchy due to the use of unobservable inputs, including own credit risk.

For financial assets and liabilities that are measured at fair value, the carrying amounts are equal to the fair values.

For fair value of Investment and derivative financial assets/liabilities, the following methods and assumptions are used to estimate the fair values:

a) The fair values of the FVTPL financial assets (investments in mutual funds) are derived from quoted market prices in active markets.

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 The rate of interest assumed between 3.60% to 3.63% and volatility assumed between 42% to 46%.

c) The other derivative assets/liabilities 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:

(₹ in crores)

| Particulars | 31-Mar-21 | 31-Mar-20 |
|---|---|---|
| Derivative Assets- Non current | - | 3,994.20 |
| Derivative Assets- Current | 4,140.88 | 1,998.03 |
| Derivative Liabilities- Current | 2.98 | 0.70 |

# Notes to the consolidated financial statements

**as at and for the year ended March 31, 2021**

## 39. 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)

(₹ in crores)

| | | March 31, 2021 | March 31, 2020 |
|---|---|---|---|
| **Financial Assets** | | | |
| **FVTPL** | | | |
| Quoted Investments | Level 1 | 133.58 | 3.14 |
| Derivative financial assets | Level 2 | 4,140.88 | 5,992.23 |
| Unquoted Investments | Level 3 | 4.13 | 4.14 |
| | | **4,278.59** | **5,999.51** |
| **Financial Liabilities** | | | |
| **FVTPL** | | | |
| Derivative financial liabilities | Level 2 | 2.98 | 0.70 |
| | | **2.98** | **0.70** |

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, 2021 and March 31, 2020, there were no transfers between Levels of fair value measurements.

## 40. Financial Risk Management objectives and polices

The risk management objective of the Group 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 Group are denominated in its functional currency (₹), any foreign exchange fluctuation affects the profitability of the Group and its financial position. Hedging provides stability to the financial performance by estimating the amount of future cash flows and reducing volatility.

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

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

**a) Market risk**

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates. The Group 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 supplier's credit and foreign currency trade payables.

ii. Interest rate swaps to mitigate risk of rising interest rate.

There has been no change to the Group's exposure to market risks or the manner in which these risks are managed and measured

# Notes to the consolidated financial statements

as at and for the year ended March 31, 2021

## 40. Financial Risk Management objectives and polices (contd.)

i. **Interest rate risk management**

The Group is exposed to interest rate risk because it borrows funds at both fixed and floating interest rates. The floating interest rate risk on borrowing is managed by the Group 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 Group's exposures to interest rate financial liabilities are detailed in the liquidity risk management section of this note.

As at March 31, 2021, the Group has variable rate borrowings of ₹ 3,803.92 crores (₹ 6,538.54 crores as at March 31, 2020), out of which net exposure to interest rate risk is ₹ 3012.38 (₹ 3,757.91 crores as at March 31,2020) after considering the effect of derivative instruments.

The sensitivity analysis below have been determined based on floating rate rupee liabilities that are not hedged by derivative instruments, 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 Group's loss/other comprehensive income and equity for the year ended March 31, 2021 would increase by ₹ 15.10 crores and decrease by ₹ 15.10 crores (March 31, 2020 increase and decrease by ₹ 17.17 crores).

ii. **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 Group 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 and principal only swaps 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 upto 100% of its underlying liabilities due within next one year. For the balance underlying liabilities the Group hedge ranges from 0-50%. As at March 31, 2021 the Group has no unhedged foreign currency exposure (USD 0.10 million as at March 31, 2020) and hence the impact of foreign currency fluctuation is Nil.

### b) Credit risk

**Financial assets**

The Group maintains exposure in cash and cash equivalents, investment in mutual fund, term deposits with banks, security deposits with counter-parties, loans to third parties. Individual risk limits are set for each counterparty based on financial position, credit rating and past experience. Credit limits and concentration of exposures are actively monitored by the Group.

The Group's maximum exposure to credit risk as at March 31, 2021 and March 31, 2020 is the carrying value of each class of financial assets as disclosed in the consolidated financial statements.

**Trade receivables**

Trade receivables and unbilled revenue are typically unsecured and are derived from revenue earned from customers. Trade receivables of the Group consist of a large number of customers, spread across diverse industries and geographical areas and hence the Group has minimal concentration of credit risk of its customers. Credit risk has been managed by the Group through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of customers to which the Group grants credit terms in the normal course of business. On account of adoption of Ind AS 109, the Group uses expected credit loss model to assess the impairment loss or gain. The Group uses a provision matrix and forward looking information and an assessment of the credit risk over the expected life of the financial asset to compute the expected credit loss allowance for trade receivables.

The Group's maximum exposure to credit risk for the components of the balance sheet at March 31, 2021 and March 31, 2020 is the carrying amounts as disclosed in Note 9.

### c) 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 Group's short-, medium- and long-term funding and liquidity management requirements. The Group 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. Also refer note 1.3 on going concern.

Note below sets out details of additional undrawn facilities that the Group has at its disposal to further reduce liquidity risk.

As at March 31, 2021, the Group has undrawn committed borrowing facilities of ₹ 448.62 crores (March 31, 2020 – ₹ 700.96 crores) towards working capital limits expiring within a year and renewable at discretion of the banks

The table below provides details regarding the contractual maturities of financial liabilities including estimated interest payments.

# Notes to the consolidated financial statements

as at and for the year ended March 31, 2021

## 40. Financial Risk Management objectives and polices (contd.)

**As at March 31, 2021**

(₹ in crores)

| 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:** | | | | | | |
| **Non-Derivative Liabilities:** | | | | | | |
| Non-Current Borrowings (including interest accrued but not due)* | 18,710.25 | 274.05 | 10,511.67 | 4,218.84 | 10,547.09 | 25,551.65 |
| Current Borrowings (including interest accrued but not due)* | 6,772.22 | 7,020.00 | - | - | - | 7,020.00 |
| Lease Liabilities | 463.35 | 176.67 | 359.58 | - | - | 536.25 |
| Trade and other payables | 850.94 | 850.94 | - | - | - | 850.94 |
| Other financial liabilities | 6,634.97 | 8,361.90 | - | - | - | 8,361.90 |
| **Total Non-Derivative Liabilities** | **33,431.73** | **16,683.56** | **10,871.25** | **4,218.84** | **10,547.09** | **42,320.74** |
| **Derivative Liabilities:** | | | | | | |
| Forwards | (0.09) | (0.09) | - | - | - | (0.09) |
| Interest Rate Swap | 3.07 | 3.07 | - | - | - | 3.07 |
| **Total Derivative Liabilities** | **2.98** | **2.98** | **-** | **-** | **-** | **2.98** |

*It includes contractual interest payment based on interest rate prevailing at the end of the reporting period after adjustment for the impact of interest swaps, over the tenure of the borrowings.

**As at March 31, 2020**

(₹ in crores)

| 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:** | | | | | | |
| **Non-Derivative Liabilities:** | | | | | | |
| Non-Current Borrowings (including interest accrued but not due) | 10,148.68 | - | 9,533.37 | 2,000.83 | - | 11,534.20 |
| Current Borrowings (including interest accrued but not due) | 9,065.92 | 9,432.35 | - | - | - | 9,432.35 |
| Lease Liabilities | 677.49 | 199.73 | 201.56 | 416.39 | - | 817.68 |
| Trade and other payables | 957.92 | 957.93 | - | - | - | 957.93 |
| Other financial liabilities | 5,704.71 | 6,132.11 | - | - | - | 6,132.11 |
| **Total Non-Derivative Liabilities** | **26,554.72** | **16,722.12** | **9,734.93** | **2,417.22** | **-** | **28,874.27** |
| **Derivative Liabilities:** | | | | | | - |
| Interest Rate Swap | 0.70 | 0.70 | - | - | - | 0.70 |
| **Total Derivative Liabilities** | **0.70** | **0.70** | **-** | **-** | **-** | **0.70** |

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

There are no significant concentrations of credit risk, whether through exposure to individual customers, specific industry sectors and/or regions. Further, the Group's policies and procedures include specific guidelines to whereby maximum bank wise limits are set upto which the Group can hedge with each of the banks.

# Notes to the consolidated financial statements

as at and for the year ended March 31, 2021

## 41. Net debt reconciliation

(₹ in crores)

| | As at March 31, 2021 | As at March 31, 2020 |
|---|---|---|
| **Borrowings** | | |
| Current borrowings | 6,772.22 | 9,065.92 |
| Non-current borrowings (including current maturities of long term debt ) | 25,261.81 | 15,788.48 |
| Interest accrued but not due | 0.41 | 1.42 |
| **Total Borrowings** | **32,034.44** | **24,855.82** |
| Cash and cash equivalents | 117.15 | 275.99 |
| Current investments | 133.58 | 3.14 |
| | **250.73** | **279.13** |
| **Total Net Debt** | **31,783.71** | **24,576.69** |

(₹ in crores)

| | Cash and cash equivalents | Current investments | Total Borrowings | Total Net Debt |
|---|---|---|---|---|
| **Net debt as at March 31, 2019** | 710.04 | 1,206.40 | 37,093.91 | 35,177.47 |
| Cash flows | (434.05) | (1,194.17) | (510.59) | 1,117.63 |
| Interest expense | - | - | 2,054.06 | 2,054.06 |
| Interest paid | - | - | (1,289.04) | (1,289.04) |
| - Fair value adjustments | | (9.09) | - | 9.09 |
| - Transferred to Bharti | - | - | (4,263.95) | (4,263.95) |
| - Conversion of OCD into equity instruments | - | - | (8,696.29) | (8,696.29) |
| - Adjustments for equity component of compound financial instruments | - | - | 467.72 | 467.72 |
| **Net debt as at March 31, 2020** | **275.99** | **3.14** | **24,855.82** | **24,576.69** |
| Cash flows | (158.84) | 130.25 | (2,283.34) | (2,254.75) |
| Interest expense | - | - | 2,612.36 | 2,612.36 |
| Interest paid | - | - | (848.57) | (848.57) |
| Other non-cash movements: | | | | |
| - Fair value adjustments | - | 0.19 | - | (0.19) |
| - Conversion of CCPS into equity | - | - | (2,003.94) | (2,003.94) |
| - Conversion of OCPS into equity | - | - | (2,300.00) | (2,300.00) |
| - Conversion of OCD into equity | - | - | (1,400.00) | (1,400.00) |
| - Transfer from Equity Component | - | - | 16.69 | 16.69 |
| - Deferred payment liability for LF/SUC | - | - | 13,385.42 | 13,385.42 |
| **Net debt as at March 31, 2021** | **117.15** | **133.58** | **32,034.44** | **31,783.71** |

## 42 Payment to Auditors (excluding GST)

(₹ in crores)

| | April 1, 2020 to March 31, 2021 | April 1, 20219 to March 31, 2020 |
|---|---|---|
| For audit fees | 2.00 | 2.43 |
| For tax audit | 0.31 | 0.31 |
| For other audit services | 0.88 | 3.18 |
| For reimbursement of expenses | 0.02 | 0.50 |
| **Total** | **3.21** | **6.42** |

# Notes to the consolidated financial statements

as at and for the year ended March 31, 2021

## 43. Deferred taxes

No provision for current Tax expense is required to be made as there is taxable losses arisen for the current financial year on the basis of computation of total income made by the Group. There would be carried forward of business loss and unabsorbed depreciation which will aggravate the accumulated business loss and unabsorbed forward brought forward from last year and effectively, there will be tax loss carried forward situation. Since, it is not probable that the Group will generate future taxable profits; no deferred tax asset has been recognised on unused tax losses. Accordingly, the Group has restricted recognition of deferred tax asset to the extent of deferred tax liability.

Given that uncertainty over future taxable profits available for set off against unabsorbed depreciation and unabsorbed business losses, the Group has not recognised deferred tax assets of ₹ 18,683.06 crores (March 31, 2020 ₹ 10,858.60 crores) in respect of unabsorbed depreciation and business losses amounting to ₹ 53,515.91 crores (March 31, 2020 ₹ 31,077.95 crores) in aggregate which can be carried forward against future taxable income. Tax losses carry forward for which no deferred tax assets were recorded amounted to:

(₹ in crores)

| Particulars | As at March 31, 2021 | As at March 31, 2020 |
|---|---|---|
| Expiring within 1 year | - | 6.98 |
| Expiring within 1 to 5 years | 189.89 | 284.55 |
| Expiring within 5 to 8 years | 29,182.28 | 6,961.38 |
| Expiring without limitation | 24,143.74 | 23,825.03 |
| **Total** | **53,515.91** | **31,077.94** |

The applicable tax rate of March 2021 is 34.94% for TTSL and TTML and 25.17% for TTLMPL and MMP (for March 2020: 34.94%). The consolidated figure of deferred tax asset considered above for the subject year has been arrived at using the same.

## 44. Disclosure pursuant to Schedule III to the Companies Act 2013

### Year ended March 31, 2021

(₹ in crores)

| 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 | 71% | (17,787.01) | 82% | (7,868.41) | 92% | 16.70 | 82% | (7,851.71) |
| **Subsidiaries** | | | | | | | | |
| Tata Teleservices (Maharashtra) Limited | (10%) | 2,440.11 | 7% | (659.87) | 4% | 0.70 | 7% | (659.17) |
| MMP Mobi Wallet Payment Systems Limited* | 0% | 0.30 | 0% | 0.07 | - | - | 0% | 0.07 |
| TTL Mobile Private Limited* | 0% | 0.67 | 0% | 0.67 | - | - | 0% | 0.67 |
| NVS Technologies Limited* | 0% | (0.16) | 0% | (0.01) | - | - | 0% | (0.01) |
| **Non-controlling Interests in all subsidiaries** | | | | | | | | |
| Tata Teleservices (Maharashtra) Limited | 38% | (9,559.78) | 11% | (1,032.29) | 4% | 0.75 | 11% | (1,031.54) |
| **Total** | **100%** | **(24,905.87)** | **100%** | **(9,559.84)** | **100%** | **18.15** | **100%** | **(9,541.69)** |

Investment in associate not consolidated as per equity method with effect from October 24, 2018, as the Group had classified the investment in ATC as asset held for sale. Company has sold the investment in ATC on December 16, 2020 (Refer note 21)

# Notes to the consolidated financial statements

as at and for the year ended March 31, 2021

## 44. Disclosure pursuant to Schedule III to the Companies Act 2013 (contd.)

**Year ended March 31, 2020**

(₹ in crores)

| 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 | 66% | (12,608.19) | 87% | (11,402.60) | 103% | (20.37) | 87% | (11,422.97) |
| **Subsidiaries** | | | | | | | | |
| Tata Teleservices (Maharashtra) Limited | (14%) | 2,588.87 | (2%) | 262.91 | (2%) | 0.31 | (2%) | 263.22 |
| MMP Mobi Wallet Payment Systems Limited* | 0% | 0.82 | 0% | 0.20 | - | - | 0% | 0.20 |
| TTL Mobile Private Limited* | 0% | 7.90 | 0% | 0.18 | - | - | 0% | 0.18 |
| NVS Technologies Limited* | 0% | (0.15) | 0% | (0.01) | - | - | 0% | (0.01) |
| **Non-controlling Interests in all subsidiaries** | | | | | | | | |
| Tata Teleservices (Maharashtra) Limited | 47% | (9,036.71) | 15% | (1,920.19) | (2%) | 0.34 | 15% | (1,919.85) |
| **Total** | **100%** | **(19,047.46)** | **100%** | **(13,059.51)** | **100%** | **(19.72)** | **100%** | **(13,079.23)** |

*figures are below rounding off norms adopted by the Group

## 45. Discontinued Operations

(₹ in crores)

| Particulars | For the year ended March 31, 2021 | For the year ended March 31, 2020 |
|---|---|---|
| **A. Results of discontinued operations** | | |
| Other Income | 0.95 | 0.54 |
| Other Expenses | (0.22) | (0.16) |
| **Profit before tax from discontinued operations** | **0.73** | **0.38** |
| **Profit after tax from discontinued operations** | **0.73** | **0.38** |
| **B. Cash flows from discontinued operations** | | |
| **Net cash generated/(used in):** | | |
| - Operating activities | (0.22) | 1.09 |
| - Investing activities | 0.20 | 0.23 |
| - Financing activities | - | (0.42) |
| **Net cash flows for the year** | **(0.02)** | **0.90** |

# Notes to the consolidated financial statements

as at and for the year ended March 31, 2021

## 46. Capital management

The Group manages its capital to ensure that will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The capital structure of the Group includes issued net debt (borrowings as detailed in note 17 and 18 offset by cash and bank balances and current investments) and total equity of the Group.

The gearing ratio at the end of the reporting period was as follows:

(₹ in crores)

| Particulars | As at March 31, 2021 | As at March 31, 2020 |
|---|---|---|
| Debt* | 32,034.44 | 24,855.82 |
| Equity share capital | 12,408.44 | 6,704.51 |
| Instruments entirely equity in nature | 29,616.28 | 29,616.28 |
| Other equity | (57,370.81) | (46,331.55) |
| **Total Equity** | **(15,346.09)** | **(10,010.76)** |
| Net debt to equity ratio | (2.09) | (2.48) |

*Debt is defined as non-current and current borrowings (excluding derivatives, financial guarantee contracts and lease liabilities) including current maturities of long term debt and interest accrued but not due.

The Group does not have any financial covenant requirement for the loan outstanding as at March 31, 2021 (As at March 31, 2020, the Group has met financial covenant requirement as per the respective borrowing arrangement with the lenders.)

## 47. Social Security Code

The Code on Social Security, 2020 ('Code') relating to employee benefits during employment and post-employment benefits received Presidential assent in September 2020. The Ministry of Labour and Employment has released draft rules for the Code on November 13, 2020 and has invited suggestions from stakeholders which are under active consideration by the Ministry. Implementation of the code has been deferred by the Government of India. The Group has done initial assessment based on the current understanding of the provisions in the new code. A detailed assessment will be done once detailed rules are framed and the effective date of implementation is notified. The Group will record any related impact in the period the Code becomes effective.

**48.** Previous period figures have been regrouped/reclassified where necessary, to conform with current period's presentation for the purpose of comparability.

In terms of our report attached

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

**Nitin Khatri**
Partner
Membership Number: 110282
Place: Mumbai

Date: April 27, 2021

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

**Amur S. Lakshminarayanan**
Chairman
[DIN No: 08616830]
Place: Mumbai

**N Srinath**
Director
[DIN No: 00058133]
Place: Mumbai

**Ilangovan G**
Chief Financial Officer
Place: Chennai

**Rishabh Aditya**
Company Secretary
Place: Mumbai

Date: April 27, 2021

# 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 ₹ In Crores)

| | | | | | |
|---|---|---|---|---|---|
| **1** | **Sl. No.** | **(a)** | **( b)** | **(c)** | **(d)** |
| **2** | **Name of the subsidiary** | **Tata Teleservices (Maharashtra) Limited** | **TTL Mobile Private Limited (formerly Virgin Mobile India Private Limited)** | **MMP Mobi Wallet Payment Systems Limited** | **NVS Technologies Limited** |
| **3** | The date since when subsidiary was acquired | October 17, 2018 | November 10, 2017 | July 13, 2010 | September 12, 2014 |
| **4** | Reporting period for the subsidiary concerned, if different from the holding company's reporting period | N.A | N.A | N.A | N.A |
| **5** | Reporting currency | ₹ | ₹ | ₹ | ₹ |
| **6** | Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries. | N.A | N.A | N.A | N.A |
| **7** | Share Capital | 1,954.93 | 460.11 | 71.00 | 0.10 |
| **8** | Reserves & Surplus | (20,445.81) | (1,042.90) | (70.70) | (0.16) |
| **9** | Total Assets | 1,508.98 | 9.76 | 3.98 | 0.08 |
| **10** | Total Liabilities | 19,999.86 | 592.55 | 3.68 | 0.14 |
| **11** | Investments | 70.23 | 3.25 | - | - |
| **12** | Turnover | 1,043.66 | - | - | - |
| **13** | Profit / (Loss) before taxation | (1,996.69) | (20.85) | 0.07 | (0.01) |
| **14** | Provision for taxation | - | - | - | - |
| **15** | Profit / (Loss) after taxation | (1,996.69) | (20.85) | 0.07 | (0.01) |
| **16** | Proposed Dividend | - | - | - | - |
| **17** | % of shareholding | 48.30% | 100% | 100% | 100% |

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

**Ankur Verma**
Director
[DIN No: 07972892]

**N Srinath**
Director
[DIN No: 00058133]

Place: Mumbai
Date: April 27, 2021

**Ilangovan G**
Chief Financial Officer

**Rishabh Aditya**
Company Secretary

**Note:**

1. **Names of subsidiaries which are yet to commence operations :**
   NVS Technologies Limited
2. **Names of subsidiaries which have been liquidated or sold during the year :**
   Not Applicable
3. **The figures shown herein above are as per the representation in respective company's audited financials**

# 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 "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 ₹ In Crores)

| Name of Associates/Joint Ventures | Not applicable |
|---|---|
| **1. Latest audited Balance Sheet Date** | - |
| **2. Date on which the Associate or Joint Venture was associated or acquired** | - |
| **3. Reporting currency** | - |
| **4. Shares of Associate/Joint Ventures held by the company on the year end** | - |
| Number | - |
| Amount of Investment in Associates/Joint Venture | - |
| Extent of Holding % | - |
| **5. Description of how there is significant influence** | Not applicable |
| **6. Reason why the associate/joint venture is not consolidated** | Not applicable |
| **7. Networth attributable to Shareholding as per latest audited Balance Sheet** | - |
| **8. Profit / (Loss) for the year** | |
| i. Considered in Consolidation | Not applicable |
| ii. Not Considered in Consolidation | |

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

**Ankur Verma**
Director
[DIN No: 07972892]

**N Srinath**
Director
[DIN No: 00058133]

Place: Mumbai
Date: April 27, 2021

**Ilangovan G**
Chief Financial Officer

**Rishabh Aditya**
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 :**
   ATC Telecom Infrastructure Private Limited

TATA TELESERVICES LIMITED

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