

Company Registration No. 05272339 (England and Wales)

TATA COMMUNICATIONS (UK) LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021



TATA COMMUNICATIONS (UK) LIMITED

COMPANY INFORMATION

Directors	Indranil Sapre Kim Bybjerg Troy Reynolds Alison Lyndsay Mark Weait	 (Appointed 21 July 2020) (Appointed 21 July 2020) (Resigned 22 July 2020) (Resigned 22 July 2020)
------------------	--	--

Company number	05272339
-----------------------	----------

Registered office	Vintners Place 68 Upper Thames Street London EC4V 3BJ
--------------------------	--

Auditor	SPW (UK) LLP Chartered Accountants 51 New Cavendish Street London W1G 9TG
----------------	---

TATA COMMUNICATIONS (UK) LIMITED

CONTENTS

	Page
Strategic report	1 - 8
Directors' report	9 - 14
Independent auditor's report	15 - 18
Profit and loss account	19
Statement of comprehensive income	20
Balance sheet	21
Statement of changes in equity	22
Notes to the financial statements	23 - 36

TATA COMMUNICATIONS (UK) LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 MARCH 2021

The directors present their report and financial statements of Tata Communications (UK) Limited ("the Company") for the year ended 31 March 2021.

Fair review of the business

In today's digital economy, Tata Communications is positioning itself as a digital ecosystem enabler assisting enterprises globally in their digital transformation journeys.

We enable the digital transformation of enterprises, including 300 of the Fortune 500 companies, by enabling borderless growth, boosting product innovation and customer experience, improving productivity and efficiency, building agility and managing risk.

With our solutions oriented approach, proven managed service capabilities and cutting-edge infrastructure, we drive the next level of intelligence powered by our platforms, solutions and services including next generation connectivity; mobility and IoT; collaboration; cloud, edge and security; NetFoundry™, and voice.

We power over 30% of the world's internet routes, connecting businesses to 80% of the world's cloud giants and 4 out of 5 mobile subscribers. Our global network is built on the world's largest wholly owned subsea fibre network which underpins the internet backbone. Over the last 25 years, enterprise-enabled services have been essential to the adoption of digital services in the country.

From utility to transformation, connectivity is an essential fabric of sustenance for the economy. Tata Communications is committed to enabling industry leaders in this New World of Communications™, with our unique promise of delivering Secure Connected Digital Experiences. Our goal is to enable enterprises to adopt new digital working models, accelerate their time to market and drive agility and resilience, giving them the tools to innovate, invent, and redefine their employee, customer and supply chain experience.

We are simplifying the design and management of digital solutions for our customers and provide them the ability to concentrate on their core business with ease by unlocking opportunities that digital transformation provides.

Along with our globally established subsidiaries and associate companies, we serve customers in more than 190 countries and additional dependent territories worldwide leveraging our technology capabilities and partnerships.

Macroeconomic Overview picture

COVID-19 pandemic dominated the Financial Year 2020-21. The global economy registered a contraction of 3.3% (IMF – World Economic Outlook, April 2021). It was the additional fiscal support and the vaccine, developed later in the year that helped the global economy recover comparatively. With major economies contributing to an estimated loss in global Gross Domestic Product (GDP) of US\$ 3.94 trillion, it is imperative that countries constantly reassess their strategies and create prudent policies to emerge from the prolonged health crisis and continue revitalising their economies. Organisations have looked to ramp up the digital capabilities of their workforce. Increased collaboration within companies and remote working are boosting productivity, presenting a long-term solution to the question of performance and bringing an economic benefit for both employers and employees.

The overall outlook is looking up with easing lockdown restrictions globally and businesses adapting to the new way of working. International response to COVID-19 outbreak has been centred around vaccines being available and immunising the population. Effectiveness of policy response by Governments will determine the speed of recovery of economies around the world. While the impact on economies, sectors and businesses continues to evolve by the day, one thing is certain - this crisis is accelerating an already growing trend towards digitalisation. Therefore, for Governments looking to drive economic recovery after the pandemic, supporting such digital transformation will be key. As most people continue to work remotely, there is an increased dependency on digitalisation which is coming to life through a combination of policy making, technological innovation and adapting to the 'new normal' across major economies.

TATA COMMUNICATIONS (UK) LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

Industry Overview and Customer Landscape

The digital ecosystem comprises the entire technology spectrum in digital transformation. This includes independent software vendors, system integrators, IT consultants, product Original Equipment Manufacturers ('OEMs'), value-added-resellers, cloud service providers, Software-as-a-Service ('SaaS') companies, right through to telecom providers. As the world evolved through the ages, there has been increased digitalisation and technology adoption. Both have played a pivotal role in the evolution and success of businesses. Today, as people and enterprises become more and more agile, intelligent and connected, they learn and adopt new ways of connecting with each other.

Hyper-connectivity enabled by technology has been the bedrock for people, businesses and Governments in managing the COVID-19 crisis. The pandemic has propelled rapid developments in technology to track critical information. While people have returned, as have local communities, it is technology that is playing a pivotal role to return to a more global or virtual world. Technology is enabling the contact-free economy, through applications such as online retail, telemedicine, and social distancing delivery methods such as click and collect. Technology is enabling disruptions in industries to imagine new business. New employment opportunities are being created in these sectors. With a greater dependence on technology, there is a heightened need for cybersecurity. Consequentially, an even higher focus on digital transformation within organisations is only natural. Digital ecosystem has emerged as the driver of business growth, opening opportunities for enterprises by enabling borderless growth, boosting product innovation and customer experience, improving productivity and efficiency, building agility and managing risk and improving resilience through decentralisation. However, this ecosystem can be complex for businesses to collaborate manage and derive maximum value from. Different pieces of the digital "jigsaw" need to be connected to work effectively and efficiently. And it will be an environment that will continue to grow in complexity against requirements of today such as network transformation – the crucial foundation of any digital business, cloud deployment and collaboration, mobility and Internet of Things (IoT) and security solutions.

An increase in adoption of advanced technologies like Artificial Intelligence (AI) / Machine Learning (ML) and automation in operations is going to optimise costs and provide new use cases and solutions to businesses. Enterprises will increasingly depend on trusted partners that can see the whole picture, connecting and enabling this ecosystem and delivering the transformative outcomes it knows are most valuable to their business.

BUSINESS SEGMENTS: VOICE AND DATA SERVICES

With the endeavour to diversify our presence in the digital ecosystem as well as sustain our long-term growth, we continue to capitalise on emerging opportunities and new possibilities by investing in newer business segments. This enables us to mitigate the risk of being over-dependent on a concentrated portfolio or any one geography. Leveraging the shift to cloud-first, internet-first strategies, we are innovating across our portfolio to offer solutions that are tailored to this new digital-first world. With revenues categorised and spread across the segments of voice and data services, we drive the next level of intelligence powered by our platforms, solutions and services including Next Generation Connectivity; Mobility and IoT; Collaboration; Cloud, Edge and Security; NetFoundry™, and Voice.

The COVID-19 pandemic forced businesses around the world to adapt suddenly to survive the huge disruption. In response to this, we launched a suite of solutions to help customers navigate the situation -- Secure Connected Digital Experience, Broadband on Demand, DC inter-connectivity etc.

PLATFORMS, SOLUTIONS AND SERVICES

With our solution- oriented approach and proven managed service capabilities and cutting-edge infrastructure, Tata Communications drives the next level of intelligence powered by our platforms, solutions and services to help customers stay ahead of their competition by embracing digital transformation and adopting cutting-edge technology.

TATA COMMUNICATIONS (UK) LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

All Tata Communications' platforms, solutions and services are underpinned by our global network. It includes one of the most advanced and largest subsea fibre cable networks, which shares around 30% of the world's Internet routes, connects businesses to 80% of the world's clouds, and enables businesses to reach more than 190 countries and territories.

Our proven managed service capabilities, solutions oriented approach and cutting-edge infrastructure, we power the next level of intelligence with our platforms, solutions and services including next generation connectivity; mobility & IoT; cloud, Edge and security; collaboration; Netfoundry, and voice.

(A) DATA SERVICES

We are a data services industry leader in India and an emerging challenger globally.

(i) Connectivity services portfolio

- Service Provider data

Tata Communications is one of the world's leading wholesale providers of data, IP and mobile signalling services. The Tata Communications Global Network (TGN) and our investments in multiple consortium submarine cables enable us to provide seamless global connectivity services across all major business hubs. 4 out of 5 mobile subscribers worldwide are provided direct connectivity coverage.

- Enterprise data

Our network services address four broad categories of connectivity needs for enterprise customers: Ethernet, dedicated point-to-point connectivity (IPL or NPL), Internet (IP-based) connectivity, multi-location connectivity through Global Virtual Private Networks (GVPN), IZO™ WAN (which encompasses hybrid WAN connectivity, IZO™ SD-WAN and Cloud Connect services) and IZO™ Private Connect (connecting enterprise WAN to cloud), enabling enterprises to transform their network to adopt cloud, internet and software-defined services. Tata Communications has been recognised as 'Leader' in the 2021 Gartner Magic Quadrant for Network Services (Global) for the eighth year in a row.

This portfolio also includes Video Connect, our flagship fibre based global media transport network to over 300 media hotspots across 125 cities supporting broadcast quality real-time video, optimised for enterprise demands. This dedicated media network promises the highest quality of service, with built-in redundancy and flexibility across all major video formats. Its scale and interoperability makes it future-ready, and the managed services layer give customers peace of mind.

(ii) Internet of Things (IoT) – Innovation data services portfolio

Platform enabling intelligent, agnostic and network independent global cellular connectivity.

Tata Communications MOVE™ combines access to pervasive cellular connectivity with over 600 mobile networks across more than 190 countries, coupled with a programmatic API based Platform as a Service communications model. It is now well established as a leading multi-network connectivity platform for cellular based IoT services. The service has gained significant customer adoption and grown strongly since its launch in 2017. Among our customers are leading global airlines who leverage our platform - with global mobility coverage optimised to airline destinations, for digital transformation programs that include projects like Electronic Flight Bag (EFB), ancillary programs containing passenger connectivity, smart aircraft updates, etc.

(iii) Collaboration services - Growth data services portfolio

Tata Communications provides unified communications and collaboration solutions for enterprises, as well as communications service providers. Riding on the core capabilities of voice calling; SIP trunking; conferencing (voice, data, web, video); and cloud-based Contact Centre as a Service (InstaCC), Tata Communications has evolved into an enabler of cloud strategies and digital transformation - delivering secure and connected digital customer and employee experience.

TATA COMMUNICATIONS (UK) LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

Our global Unified Communications as a Service (UCaaS) offerings provide comprehensive solution design, transition, and managed services around Microsoft Teams, Cisco Webex Teams, and hybrid collaboration solutions, to meet an organisation's collaboration needs.

Microsoft Teams Global Managed Services is a carrier-grade, cloud based, end-to-end UCaaS solution. It provides global reach and a guaranteed service level agreement for consistent quality of service. Tata Communications offers a one partner, one vendor solution for optimised delivery and managed outcomes.

Tata Communications is one of only five Cisco partners that can offer the entire Cisco Collaboration Platform and Cisco Powered Solutions on a global scale. From 'video everywhere' capabilities to fully-managed meetings and calls, we deliver enhanced performance and ensure low latency for the optimum collaboration experience.

(iv) Cloud, Edge and Security - Growth data services portfolio

Tata Communications IZO™ Cloud Platform is the most comprehensive platform of its type available today. A unique combination of innovative hardware and intelligent software topped with our industry awarded managed services, our cloud platform solution is designed to bring together an agile IT ecosystem with hybrid multi-cloud environments, security and network.

IZO™ Cloud Platform includes: IZO™ Private Cloud, IZO™ Cloud Storage, IZO™ Managed Cloud, IZO™ Cloud Containers, IZO™ Cloud Analytics and Disaster Recovery.

As part of our long-term commitment to offering global security services that are cloud-delivered we have established ourselves as a strategic partner for enterprises to manage cyber risks, globally. Our state-of-the-art advanced Cyber Security Response Centres (CSRCs) help deliver a comprehensive portfolio of cyber security services. These services help simplify complexities, manage cyber risks and evolve security maturity.

(v) NetFoundry™

NetFoundry™, a software and business developed as part of Tata Communications Shape the Future innovation and entrepreneurship programme, became an independent subsidiary within Tata Communications with effect from September 2019.

The NetFoundry™ platform eliminates complexity and cost of traditional business networking. It spurs innovation by enabling customers to programmatically embed private networking into their applications and solutions, with application providers, cloud and system integrators, managed service providers and leading-edge businesses enabling them to deliver applications across end points and the cloud, with zero trust security and optimised performance, and without relying on configuration, private circuits or custom hardware.

(B) VOICE SERVICES

Tata Communications continues to be one of the largest players worldwide in the wholesale voice industry. Despite the global decline of this market, we continue to hold the leading position in this business.

VERTICAL INDUSTRIES

AUTOMOTIVE

With the introduction of driver assistance services, Vehicle to everything (V2X), autonomous vehicles and a range of infotainment and extended ecosystem connectivity models, the automotive industry is opening new territory in driver experience and commercial service interactions. Tata Communications MOVE™ Intelligent Connected Vehicle Platform provides a cloud-based platform, to connect and manage vehicle assets and enable real-time data connections across the world.

TATA COMMUNICATIONS (UK) LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

Fast Facts:

- Tata Communications MOVETM Intelligent Connected Vehicle Platform delivering the highest levels of control, visibility and reporting.
- Quality of service metrics and monitoring to furnish the highest customer experience.
- Enabling 122 markets for automotive sector

MEDIA AND ENTERTAINMENT SERVICES (MES)

Tata Communications MES is a comprehensive platform for global media supply chain workflow including contribution, processing and distribution. Our presence spans the world to allow end-to-end content delivery at any scale. Our technologies enable consistency, reliability and speed of content dispersal via our core product areas, namely, Video Connect and Cloud Based Media Ecosystem.

Tata Communications offers customised video network transmission solutions and managed services to the media and entertainment industry. Our strategy in this space is to create the world's richest, connected, open media ecosystem providing business-to-business video services, cloud-based services and flexible, modular, managed services.

Tata Communications' world-leading Video Connect Network and cloud-based Media Ecosystem enables the entire content pipeline from origination to distribution and connects content producers with technology providers, distributors and consumers.

Tata Communications has supported global distribution of:

- Over 9,000 live events
- 700 TV channels
- 60,000 hours of live events
- Reaching 2bn+ sports fans across various broadcast platforms

Principal risks and uncertainties

The digital ecosystem is an operating environment that continues to be highly competitive and increasingly complex for customers to navigate owing to the following factors:

- Hyper-scale cloud services providers such as Amazon, Microsoft, Google, etc. are evolving into the traditional telecom industry with bundled cloud and network offerings. These technology companies are increasingly investing in the underlying infrastructure.
- System Integrators (SIs) too, are competing with telecom players for overseeing customer relationships as they continue to grow their managed services portfolio.
- Product OEMs (Original Equipment Manufacturers) are particularly active in the overlay services play like SD-WAN.
- Pure-play technology vendors are offering services directly to enterprises in niche areas.

As a digital ecosystem enabler, Tata Communications places the customer's business needs at the heart of everything and brings it together into a cohesive solution across varied components, thus, precluding the need to deal with various components individually.

TATA COMMUNICATIONS (UK) LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

STATEMENT UNDER SECTION 172

The Companies (Miscellaneous Reporting) Regulations 2018 ('2018 MRR') require Directors to explain how they considered the interests of key stakeholders and the broader matters set out in section 172(1) (A) to (F) of the Companies Act 2006 ('S172') while performing their duties to promote the success of the Company under S172. The Company's policies seek to focus on enhancement of long-term shareholder value without compromising on integrity, social obligations and regulatory compliances. The Company operates within accepted standards of propriety, fair play and justice and aims at creating a culture of openness in relationships between itself and its stakeholders. This philosophy of the Company has been further strengthened through the Tata Code of Conduct, Tata Business Excellence Model and Tata Code for Prevention of Insider Trading. The Tata Code of Conduct (TCoC) is a comprehensive written code which is applicable to all employees including the Managing and Executive Directors. The Code lays emphasis amongst other things, on the integrity at workplace and in business practices, honest and ethical personal conduct, diversity, fairness and respect etc. The TCoC is augmented by a number of policies that help strengthen governance practices at the Company. These policies include the Anti Bribery and Anti-Corruption Policy, Gifts and Hospitality Policy, Whistle Blower Policy and the Prevention of Sexual Harassment at Workplace Policy. The Company believes in "Zero Tolerance" to any ethical violations, in all forms or manner.

The members of the Company's Board of Directors are persons of competence and integrity. Besides experience and leadership qualities, they have a significant degree of commitment towards the Company and devote adequate time to the meetings and preparation. The Directors are briefed on their statutory duties, update on regulatory matters, the existing business structure, the existing strategy with key risks and opportunities for the business. The Board meets at regular intervals to discuss and decide on the business of the Company and are provided with detailed papers which highlight relevant stakeholder considerations and other factors considered relevant to the matter under consideration. The Board exhibits strong operational oversight with regular presentations in every quarterly meetings. The Board meetings are pre-scheduled to help them plan their schedule and ensure meaningful participation in the meetings. Only in case of special and urgent business, if the need arises, the Board's approval is taken by passing resolutions through circulation or by calling Board meetings at short notice, as permitted by law.

The Company's key stakeholders are our employees, customers, distributors and suppliers. The Company has in place the following framework to ensure Directors have regard to our key stakeholders and those other matters referenced in section 172(1) in their decision-making:

Section 172 (1) (A) 'The likely consequences of any decision in the long-term

The Directors understand the business and challenging economic environment in which the business operates. The Board review business performance against budget every quarter which helps in monitoring against these strategic priorities. Various inputs are regularly taken from specialists within the business, external advisors etc. on various matters which may impact the business and these advices are then translated to actionable plans which helps the directors to reassess and re-prioritise the strategic objectives, if required. All strategic priorities are within the Company's framework for risk management. This collaborative approach by the Board, the key employees and external advisors helps to promote the long-term success of the Company. Ultimately board decisions are taken in the best interest of the long-term financial success of the company.

Section 172 (1) (B) 'The interests of the employees of the Company:

The Board promote engagement with its global workforce through many of its existing practices such as communication through the intranet, webinars, employee surveys and town halls. The Directors recognise that the success of achieving the strategic priorities depends on attracting, retaining and motivating employees. The directors ensure that we remain a responsible employer by ensuring benchmarked pay packages and benefits to the employees' health, safety and workplace environment. Details of the same are available in the Directors Report. The Directors factor the implications of decisions on employees and the wider workforce, where relevant and feasible. The Directors recognise that our pensioners, though no longer employees, also remain important stakeholders.

TATA COMMUNICATIONS (UK) LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

The directors, through the HR department, have built an ecosystem focussed on employee safety, productivity and wellness. In addition, to counter the COVID-19 pandemic, various additional safety features were swiftly implemented. These included demarcation of areas so that social distancing norms could be observed, ensure adequate availability of medical materials such as sanitisers/masks for those employees who needed to come into work and also facilitate work from home options.

Section 172 (1) (C) 'The need to foster the Company's business relationships with suppliers, customers and others:

The Directors believe that the objectives of the Company can be achieved by having strong relationships with our customers, suppliers, distributors, Governments and others who have some association with the business of the Company. The Company has a strong framework to manage the relationship across various stakeholders which ensures:

- Partnering with customers to understand the new evolving needs and trends;
- Working alongside with suppliers to ensure delivery of products and services essential for operations of the Company;
- Partnering with The Directors from time-to-time to receive various information updates on a variety of topics including the use of externally sourced supplier-customer ranking surveys that indicate how these stakeholders have been engaged.

Section 172 (1) (D) 'The impact of the Company's operations on the community and the environment':

The Company believes in adding value to the community in which it operates the business and contributes time, skills and money either directly or through non-government organisations. The Company pursues a programme to reduce impact of its operations on the environment and comply with applicable environment laws. The Company also supports various community initiatives across various international markets.

Section 172 (1) (E) 'The desirability of the Company maintaining a reputation for high standards of business conduct':

The Company has necessary policies in place to ensure continued compliance with legal and regulatory requirements and good industry practice. These policies and standards are communicated to all stakeholders to ensure the highest ethical and business standards are being followed across the business units. The vigil mechanism followed at Tata Communications enables employees to report their concerns about unethical behaviour, actual or suspected fraud or violation of the code of conduct /business ethics. The vigil mechanism provides for adequate safeguards against victimisation of employee(s) who avail this mechanism. Any reporting of concerns raised are brought to the notice of the management team for implementing the necessary remedial measures.

Sec 172 (1) (F) 'The need to act fairly as between members of the Company:

The key objectives for all decisions taken by the Directors are:

- to promote the success of the company and serve the best interest of the Company; and
- to decide the best course of action and deliver long term strategic objectives after evaluating all relevant factors and after taking into consideration the impact to all stakeholders.

TATA COMMUNICATIONS (UK) LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

Financial Performance

As shown in the company's profit and loss account on page 19, the Company has reported turnover of \$223,461,480 (2020 - \$258,874,269) and cost of sales of \$146,511,023 (2020 - \$155,625,934). The Company made a net profit of \$8,733,752 (2020 - \$3,091,185) for the year. The balance sheet on page 21 of the financial statements shows the Company's financial position at the year end.

On behalf of the board

DocuSigned by:



205B0C6EB18449D...

Indranil Sapre

Director

23 June 2021

TATA COMMUNICATIONS (UK) LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2021

The directors have pleasure in presenting their annual report and financial statements of Tata Communications (UK) Limited (the 'Company') for the year ended 31 March 2021.

Principal activities

The principal activity of the Company continued to be provision of telecommunications related value-added services as well as selling and leasing bandwidth on undersea cable systems. The Company forms an integral part of Tata Communications Limited group's global telecommunications business.

Directors

The directors who held office up to the date of signature of the financial statements are as follows:

- (i) Indranil Sapre;
- (ii) Kim Bybjerg; and
- (iii) Troy Reynolds.

Results and dividends

The results for the year are set out on page 19.

During the year, no dividend was declared and paid by the Company. The Board of Directors do not recommend payment of final dividend for the year.

Company overview and future developments

In today's digital economy, Tata Communications is positioning itself as a digital ecosystem enabler assisting enterprises globally in their digital transformation journeys.

Through our global digital presence, we enable the digital transformation of enterprises, including 300 of the Fortune 500 companies, helping businesses by enabling borderless growth, boosting product innovation and customer experience, improving productivity and efficiency, building agility and managing risk.

With our solutions oriented approach, proven managed service capabilities and cutting-edge infrastructure, we drive the next level of intelligence powered by our platforms, solutions and services including next generation connectivity; mobility and IoT; collaboration; cloud, edge and security; NetFoundry™, and voice.

We power over 30% of the world's internet routes, connecting businesses to 80% of the world's cloud giants and 4 out of 5 mobile subscribers. Our global network is built on the world's largest wholly owned subsea fibre network which underpins the internet backbone. Over the last 25 years, enterprise-enabled services have been essential to the adoption of digital services in the country.

From utility to transformation, connectivity is an essential fabric of sustenance for the economy. Tata Communications is committed to enabling industry leaders in this New World of Communications™, with our unique promise of delivering Secure Connected Digital Experiences. Our goal is to enable enterprises to adopt new digital working models, accelerate their time to market and drive agility and resilience, giving them the tools to innovate, invent, and redefine their employee, customer and supply chain experience.

We are simplifying the design and management of digital solutions for our customers and provide them the ability to concentrate on their core business with ease by unlocking opportunities that digital transformation provides.

Along with our globally established subsidiaries and associate companies, we serve customers in more than 190 countries and additional dependent territories worldwide leveraging our technology capabilities and partnerships.

TATA COMMUNICATIONS (UK) LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

We are working closely with our customers to create complex solutions that cut across products and deliver it seamlessly; aggregating the capabilities we have and bringing it to the core, in order to deliver real value and superior experience to our customers.

We plan to generate investments in services through leading technological innovations and seek to enhance the existing offerings and optimise our assets. Through these innovations, we estimate an increase in demand for our services and expansion of our market presence as well.

Financial risk management

The directors have considered the risks attached to the Company's financial instruments which principally comprise operating debtors, operating creditors and loans to and from other group companies. The Company's activities expose it to a number of financial risks including cash flow risk, credit risk and liquidity risk.

Cash flow risk

The Company's activities expose it primarily to the financial risks of changes in foreign currency exchange rates, predominantly the Sterling and the Euro. The Company maintains bank accounts in Sterling, US Dollar and Euro. Holding cash in currencies other than the company's functional currency exposes the company to translation risk on these balances; however, foreign currency gains / losses only crystallise in the event that amounts are sold / purchased for US Dollar.

Credit risk

The Company's principal financial assets are bank balances, and trade and other receivables.

The company's credit risk is primarily attributable to its trade. The amounts presented in the balance sheet are net of allowances for doubtful receivables. The company routinely monitors its exposure to any one counter party and makes an allowance for doubtful receivables based on experience and considering changes in credit quality of the receivable from the date the credit was granted up to the reporting date.

Companies operating in the telecommunications sector, including customers of the company, have in recent past suffered reduced profit margins as well as significant financial pressures. If any of the major carriers that the company does business with encounters financial difficulties or files for bankruptcy, the company may be unable to recover amounts owed to it.

Liquidity risk

The Company manages its liquidity risk through holding cash balances in readily available bank accounts, and through cash collection efforts on receivables to match with expenditure requirements on trade payables and other liabilities. In addition, the Company is part of a larger group that has treasury operations which the Company can call upon if required. The Directors' assessment of going concern, which has been applied in the preparation of the accompanying financial statements, is provided in note 23 to the financial statements.

Employee consultation

The company's policy is to consult and discuss with employees through various events and meetings, matters likely to affect employees' interests. Information of matters of concern to employees is given through information bulletins and reports which seek to achieve a common awareness on the part of all employees of the financial and economic factors affecting Tata Communications performance.

TATA COMMUNICATIONS (UK) LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

Streamlined Carbon and Energy Report (SCER)

The Company is pleased to report on our energy and carbon report for the financial year ended 31st March 2021. In line with the Greenhouse Gas Protocol (GHG) Corporate Accounting and Reporting Standard, the Company continues to reduce our consumed energy and greenhouse gas (GHG) emissions.

The global covid pandemic has affected our consumption and working patterns during the financial year, however, we maintain a strong focus on energy and carbon reduction. The Company maintains scope 1 & 2 emissions, which are generated from our offices, landing, satellite stations and company owned or operated vehicles. The Company also maintain scope 3 emissions from electricity transmission, distribution and grey fleet emissions (personal cars used for business mileage claimed through expenses).

The Company has devised a strategy to reduce carbon emissions and energy which includes the following:

- a. Maintaining a focus on electric vehicles;
- b. Review metering for our sites to determine load patterns;
- c. Continue to review energy policies and our behaviour with it; and
- d. Adopting behavioural change measures where possible.

The Company has been impacted by the covid pandemic during the financial year under review. However, it has a longstanding commitment to tackling climate change. As per the calculations done by the independent counsel, the Company has calculated carbon footprint for our current financial year is 2,596.12 tCO₂e, whilst energy consumption was 15,709,962.02 kWh (15,710 MWh).

The Company has reported all its emission sources under the Companies Act 2006 (Strategic Report and Director's Reports) Regulations 2013 as required which have been calculated and reported in line with the GHG Protocol Corporate Accounting and Reporting Standard (revised edition) and emission factors from the UK Government's GHG Conversion Factors for Company Reporting 2020 (reference "Introduction guidance"). The reporting period is the financial year 2020 / 2021, the same as that covered by our Annual Report and Financial Statements. The boundaries of the GHG inventory are defined using the operational control approach. In general, the emissions reported are the same as those which would be reported based on a financial control boundary

Emissions have reduced this year by 36.35% as a result of internal good practice in relation to our approach to energy consumption but also due to the impact of the covid pandemic.

The disclosures required under SECR are provided in the table below.

With the impact of covid, the Company has been restricted in its approach to energy due to a change in working patterns, however, the Company has taken following efficiency measures:

- a. Replaced aging office equipment with energy-efficient products;
- b. Expanded video conferencing and online meetings (as opposed to F2F meetings);
- c. Upgraded lighting portfolio where appropriate; and
- d. Modernization of facility infrastructure systems.

Our objectives for the year ended 31 March 2022 are as follows:

- a. To consider replacing our aging Uninterruptible Power Supply units;
- b. Finalise sub-metering at our premises;
- c. To consider the recovery of wasted heat from our data centres;
- d. Continual review of existing operational and office equipment and company policies;
- e. Reviewing supply contracts to determine feasibility of renewable energy; and
- f. Continual review and assessment of the Energy Savings Opportunity Scheme (ESOS) recommendations.

TATA COMMUNICATIONS (UK) LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

GHG emissions and energy use data (SECR)

Particulars	FY 2021	FY 2020
Energy consumption used to calculate emissions kWh	Scope 1 : 10,015 kWh Scope 2 : 15,692,238 kWh Scope 3 : 7,709 kWh	Scope 1 : 39,245 kWh Scope 2 : 19,283,686 kWh Scope 3 : 92,049 kWh
Emissions from combustion of fuel for transport purposes (Scope 1)	9.71	10.04
Emissions from business travel in rental cars or employee-owned vehicles where company is responsible for purchasing the fuel (Scope 3)	8.57	23.27
Emissions from generation of electricity that is consumed in a transmission and distribution system for which the company does not own or control (Scope 3) / tCO ₂ e	204.14	316.59
Emissions from purchased electricity (Scope 2, location-based)	2,373.70	3,729.06
Total gross CO ₂ e based on above	2,596.12	4,078.96
Intensity ratio: tCO ₂ e gross figure based on average floor area during the financial year	0.01	0.02
Methodology	Emission sources have been reported, under the Companies Act 2006 (Strategic Report and Director's Reports) Regulations 2013 as required. Emissions have been calculated and reported in line with the GHG Protocol Corporate Accounting and Reporting Standard (revised edition) and emission factors from the UK Government's GHG Conversion Factors for Company Reporting 2020 (reference "Introduction guidance").	Emission sources reported under the Companies Act 2006 (Strategic Report and Director's Reports) Regulations 2013 as required. Emissions have been calculated and reported in line with the GHG Protocol Corporate Accounting and Reporting Standard (revised edition) and emission factors from the UK Government's GHG Conversion Factors for Company Reporting 2020 (reference "Introduction guidance").

TATA COMMUNICATIONS (UK) LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

Methodology (continued)

The reporting period is the financial year 2020 / 2021, the same as that covered by our Annual Report and Financial Statements. The boundaries of the GHG inventory are defined using the operational control approach. In general, the emissions reported are the same as those which would be reported based on a financial control boundary.

Energy consumption is derived from multiple sources including energy invoices, half-hourly data, vehicle mileage and landlord-provided energy consumption information.

The reporting period is the financial year 2019 / 2020, the same as that covered by the Annual Report and Financial Statements. The boundaries of the GHG inventory are defined using the operational control approach. In general, the emissions reported are the same as those which would be reported based on a financial control boundary.

Energy consumption (kWh) derives predominantly from half-hourly data and landlord data.

Auditor

The auditor, SPW (UK) LLP, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

Statement of directors' responsibilities

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

TATA COMMUNICATIONS (UK) LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

Statement of disclosure to auditor

Directors of the Company are aware that as on date of this report there is no relevant audit information of which auditors of the Company are unaware. Directors have taken all necessary steps to make themselves aware of all relevant audit information and to establish that auditors of the Company are aware of that information.

On behalf of the board

DocuSigned by:

205B0C6EB16449D...
Indranil Sapre
Director
23 June 2021

TATA COMMUNICATIONS (UK) LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF TATA COMMUNICATIONS (UK) LIMITED

Opinion

We have audited the financial statements of Tata Communications (UK) Limited (the 'company') for the year ended 31 March 2021 which comprise the Profit And Loss Account, the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. 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 ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. 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.

TATA COMMUNICATIONS (UK) LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF TATA COMMUNICATIONS (UK) LIMITED

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of our audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the directors' report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the directors are 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 the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the 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 ISAs (UK) 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 financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

The objectives of our audit, in respect to detecting irregularities including fraud, are;

to identify and assess the risks of material misstatement of the financial statements due to fraud;

to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud, through designing and implementing appropriate responses;

and to respond appropriately to fraud or suspected fraud identified during the audit. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

TATA COMMUNICATIONS (UK) LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF TATA COMMUNICATIONS (UK) LIMITED

The audit team obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are those that relate to the reporting framework (FRS102 and the Companies Act 2006), the relevant UK tax compliance regulations and Data Protection Regulation (GDPR).

We understood how the company complies with laws and regulations by making enquiries of management, internal audit, those responsible for legal and compliance procedures. We made enquiries through our review of board minutes and internal controls process documentation and considered the results of our audit procedures. We obtained confirmation from the company that there have been no breaches of laws and regulations, specifically Telecommunications laws and Ofcom regulations.

We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur by meeting with management to discuss areas where we considered there was susceptibility to fraud. We considered the internal controls that the company has implemented to address any risks identified, or to prevent, deter and detect fraud, and how senior management monitor them.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management and in-house legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance

The key audit areas identified at planning included revenue recognition, accounting estimates, transfer pricing and testing manual journals. We planned and designed our work to provide reasonable assurance that the financial statements were free from fraud or error. However due to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected an irregularity or fraud that could result in a material misstatement in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

TATA COMMUNICATIONS (UK) LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF TATA COMMUNICATIONS (UK) LIMITED

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.



Shirish Shah (Senior Statutory Auditor)
For and on behalf of SPW (UK) LLP

Chartered Accountants
Statutory Auditor
51 New Cavendish Street
London
W1G 9TG

23 June 2021

TATA COMMUNICATIONS (UK) LIMITED**PROFIT AND LOSS ACCOUNT****FOR THE YEAR ENDED 31 MARCH 2021**

	Notes	2021 \$	2020 \$
Turnover	3	223,461,480	258,874,269
Cost of sales		(146,511,023)	(155,625,934)
Gross profit		76,950,457	103,248,335
Administrative expenses		(67,737,970)	(99,111,386)
Other operating income		1,023,157	1,706,475
Operating profit	4	10,235,644	5,843,424
Interest receivable and similar income	7	27,935	129,293
Interest payable and similar expenses	8	(1,529,827)	(2,881,532)
Profit before taxation		8,733,752	3,091,185
Tax on profit	9	-	-
Profit for the financial year		8,733,752	3,091,185

The Profit And Loss Account has been prepared on the basis that all operations are continuing operations.

TATA COMMUNICATIONS (UK) LIMITED**STATEMENT OF COMPREHENSIVE INCOME**
FOR THE YEAR ENDED 31 MARCH 2021

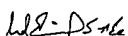
	2021	2020
	\$	\$
Profit for the year	8,733,752	3,091,185
Other comprehensive income	-	-
Total comprehensive income for the year	<u>8,733,752</u>	<u>3,091,185</u>

TATA COMMUNICATIONS (UK) LIMITED**BALANCE SHEET****AS AT 31 MARCH 2021**

	Notes	2021 \$	\$	2020 \$	\$
Fixed assets					
Intangible assets	10	1,504,010		1,290,442	
Tangible assets	11	51,372,286		55,775,273	
Investments	12	156,552		156,552	
		<u>53,032,848</u>		<u>57,222,267</u>	
Current assets					
Debtors	13	46,345,538	44,462,228		
Cash at bank and in hand		817,357	575,528		
		<u>47,162,895</u>	<u>45,037,756</u>		
Creditors: amounts falling due within one year	14	(63,409,230)	(69,708,027)		
Net current liabilities		<u>(16,246,335)</u>	<u>(24,670,271)</u>		
Total assets less current liabilities		<u>36,786,513</u>	<u>32,551,996</u>		
Creditors: amounts falling due after more than one year	15	(92,262,708)	(95,006,662)		
Provisions for liabilities					
Provisions	16	7,209,343	8,964,624		
		<u>(7,209,343)</u>	<u>(8,964,624)</u>		
Net liabilities		<u>(62,685,538)</u>	<u>(71,419,290)</u>		
Capital and reserves					
Called up share capital	18	10,530,005	10,530,005		
Share premium account	19	12,288,418	12,288,418		
Other reserves	20	(12,288,420)	(12,288,420)		
Profit and loss reserves		(73,215,541)	(81,949,293)		
Total equity		<u>(62,685,538)</u>	<u>(71,419,290)</u>		

The financial statements were approved by the board of directors and authorised for issue on 23 June 2021 and are signed on its behalf by:

DocuSigned by:



20580C6EB16449D...

Indranil Sapre

Director**Company Registration No. 05272339**

TATA COMMUNICATIONS (UK) LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2021

	Notes	Share capital \$	Share premium account \$	Other reserves \$	Profit and loss reserves \$	Total \$
Balance at 1 April 2019		10,530,005	12,288,418	(12,288,420)	(85,040,478)	(74,510,475)
Period ended 31 March 2020:						
Profit for the year		-	-	-	3,091,185	3,091,185
Balance at 31 March 2020		10,530,005	12,288,418	(12,288,420)	(81,949,293)	(71,419,290)
Period ended 31 March 2021:						
Loss for the year		-	-	-	8,733,752	8,733,752
Balance at 31 March 2021		10,530,005	12,288,418	(12,288,420)	(73,215,541)	(62,685,538)

TATA COMMUNICATIONS (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

1 Accounting policies

Company information

Tata Communications (UK) Limited is a private company limited by shares incorporated in England and Wales (05272339). The registered office is Vintners Place, 68 Upper Thames Street, London, EC4V 3BJ.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements have been prepared on the historical cost convention. The principal accounting policies adopted are set out below.

Functional currency and presentation currency

The financial statements of the company are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the financial statements, the company's functional and presentational currency is US Dollars (\$).

Transactions and balances

In preparing the financial statements, transactions in currencies other than the functional currency (foreign currencies) are recognised at the spot rate at the dates of the transactions, or at an average rate where this rate approximates the actual rate at the date of the transaction. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Exchange differences are recognised in profit or loss in the period in which they arise.

The company is a wholly-owned subsidiary of Tata Communications (Netherlands) BV and its financial performance is included in the consolidated financial statements of Tata Communications Limited (TCL), which are publicly available at www.tatacommunications.com. Consequently, the company has taken advantage of the requirements of FRS102 Section 7 Statement of Cash Flows and Section 3 Financial Statement Presentation paragraph 3.17(d).

1.2 Going concern

The directors have at the time of approving the financial statements, as explained in note 23, a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

TATA COMMUNICATIONS (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

1 Accounting policies

(Continued)

1.3 Turnover

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the Company and the turnover can be reliably measured, regardless of when the payment is being made. Turnover is measured at the fair value of the consideration received or receivable net of VAT and is reduced for estimated customer credit notes and other similar allowances.

Type of services and recognition criteria are as follows:

- i) Turnover from Voice is recognised at the end of each month based upon minutes of traffic carried during the period
- ii) Turnover from Data is recognised over the period of the respective arrangements based on contracted fee schedules. For the sale of equipment (ancillary to Data), turnover is recognised when the significant risks and rewards of ownership and control over the goods have been passed to the buyer and/or the performance obligation as contracted with the customer has been fulfilled.
- iii) Contracts are unbundled into separately identifiable components and the consideration is allocated to those identifiable components on the basis of their relative fair values. Turnover is recognised for respective components either at the point in time or over time on satisfaction of the performance obligation.
- iv) Bandwidth capacity sale under IRU arrangements is treated as Turnover from operations. These arrangements do not have any significant financing component and are recognised on a straight line basis over the term of the relevant IRU arrangement.
- v) Turnover / Cost Recovery in respect of annual maintenance service charges is recognised over the period for which services are provided.
- vi) Income from dark fibre contracts are considered as Turnover from operations and are recognised over the period of the contract.
- vii) Turnover from telecommunication network management and support services are derived based on unit-priced contracts. Turnover is recognised as the related services are performed, in accordance with the specific terms of the contract with the customers.

1.4 Intangible fixed assets other than goodwill

Intangible assets are measured at cost less accumulated amortisation and any accumulated impairment losses.

The company's intangible assets consist of computer software. Costs incurred on application development of internal use computer software are capitalised. Capitalisation is commenced when the preliminary stage is complete, funding is committed, and it is probable that the project will be completed and the software will perform the function intended. Upgrades and enhancements that result in additional functionality are capitalised. Costs of ongoing maintenance, support and training activities are expensed as incurred. Computer software is amortised using the straight-line method, over its estimated useful lives of 3 to 5 years.

TATA COMMUNICATIONS (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

1 Accounting policies

(Continued)

1.5 Tangible fixed assets

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment, together with all directly attributable costs, including the estimated cost of dismantling and removing the asset and restoring the site, to the extent that it is recognised as a provision under FRS 102 "Section 17 Property, Plant and Equipment".

Freehold land is not depreciated. Depreciation is provided on all other tangible fixed assets, at rates calculated to write off the cost, less estimated residual value, of each asset on a straight-line basis over its expected useful life, as follows:

Buildings	15 to 25 years
Leasehold improvements	Lesser of useful life or term of lease (in years)
Plant and machinery:-	
Telecommunications equipment	3 to 20 years
Computers	3 to 6 years
Furniture and fixtures	8 to 15 years

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

1.6 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. 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). Where 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.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell 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 for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

1.7 Cash and cash equivalents

Cash at bank and in hand are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts.

TATA COMMUNICATIONS (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

1 Accounting policies

(Continued)

1.8 Financial assets

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Loans and receivables

Trade debtors, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment.

Interest is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial. The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the debt instrument to the net carrying amount on initial recognition.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

TATA COMMUNICATIONS (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

1 Accounting policies

(Continued)

1.9 Financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Other financial liabilities

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

Derecognition of financial liabilities

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

1.10 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs.

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recognised in profit or loss immediately, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

1.11 Provisions

Provisions are recognised when the company has a legal or constructive present obligation as a result of a past event, it is probable that the company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting end date, taking into account the risks and uncertainties surrounding the obligation. Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value. When a provision is measured at present value, the unwinding of the discount is recognised as a finance cost in profit or loss in the period in which it arises.

TATA COMMUNICATIONS (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

1 Accounting policies

(Continued)

1.12 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.13 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.14 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leases asset are consumed.

2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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 where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

3 Turnover

An analysis of the company's turnover is as follows:

	2021	2020
	\$	\$
Turnover		
Voice revenue	95,505,804	127,414,848
Data revenue	127,585,921	127,555,278
Transfer pricing	369,755	3,904,143
	<u>223,461,480</u>	<u>258,874,269</u>

TATA COMMUNICATIONS (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

4 Operating profit	2021	2020
	\$	\$
Operating profit for the year is stated after charging/(crediting):		
Exchange losses	103,987	238,591
Auditors' remuneration:		
- statutory audit	175,000	175,000
- statutory audit excess provision/(reversal)	-	(55,000)
- other services	83,812	61,659
Depreciation of owned tangible fixed assets	11,458,734	12,840,050
Profit on disposal of tangible fixed assets	4,702,259	1,048,085
Amortisation of intangible assets	626,465	769,945
Operating lease charges	6,616,058	9,122,527

5 Employees

The average monthly number of persons employed by the company during the year was:

	2021	2020
	Number	Number
Sales and customer services	76	99
Administrative	21	28
Operations	123	145
	<u>220</u>	<u>272</u>

Their aggregate remuneration comprised:

	2021	2020
	\$	\$
Wages and salaries - cost of sales	4,677,216	5,244,521
Wages and salaries - administrative expenses	27,771,937	33,484,398
Pension costs	1,588,380	1,979,916
	<u>34,037,533</u>	<u>40,708,835</u>

6 Directors' remuneration

	2021	2020
	\$	\$
Total amount for the year	<u>671,865</u>	<u>1,253,305</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 3 (2020 - 3).

TATA COMMUNICATIONS (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

6 Directors' remuneration (Continued)

Total remuneration, excluding pension contributions, of the highest-paid director amounted to \$298,858 (2020 - \$577,373)

7 Interest receivable and similar income	2021 \$	2020 \$
Interest receivable from group companies	27,935	129,293
	<u>27,935</u>	<u>129,293</u>

8 Interest payable and similar expenses	2021 \$	2020 \$
Amounts payable to group companies	1,293,493	2,490,873
Amounts capitalised against fixed assets	-	-
On amounts payable charged to profit and loss	1,293,493	2,490,873
Finance charge arising on unwinding of discount	236,333	390,659
	<u>1,529,826</u>	<u>2,881,532</u>

9 Taxation

The actual charge for the year can be reconciled to the expected charge for the year based on the profit or loss and the standard rate of tax as follows:

	2021 \$	2020 \$
Profit before taxation	<u>8,733,752</u>	<u>3,091,185</u>
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2020: 19.00%)	1,659,413	587,325
Utilisation of tax losses from prior years	<u>(1,659,413)</u>	<u>(587,325)</u>
Taxation charge for the year	<u>-</u>	<u>-</u>

TATA COMMUNICATIONS (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

10 Intangible fixed assets

	Software \$
Cost	
At 1 April 2020	14,559,645
Additions	840,033
Disposals	(36,561)
At 31 March 2021	15,363,117
Amortisation and impairment	
At 1 April 2020	13,269,203
Amortisation charged for the year	626,465
Disposals	(36,561)
At 31 March 2021	13,859,107
Carrying amount	
At 31 March 2021	1,504,010
At 31 March 2020	1,290,442

Included above is computer software in the course of construction of \$749,510 (2020: \$39,431) which is not yet subject to amortisation.

11 Tangible fixed assets

	Land and buildings Freehold \$	Land and buildings Leasehold \$	Plant and machinery - \$	Total \$
Cost				
At 1 April 2020	3,543,590	8,631,165	164,539,716	176,714,471
Additions/transfers in/adjustments	-	-	8,329,693	8,329,693
Disposals and transfers out	(1,153,206)	-	(4,850,692)	(6,003,898)
At 31 March 2021	2,390,384	8,631,165	168,018,717	179,040,266
Depreciation and impairment				
At 1 April 2020	1,739,287	5,843,170	113,356,741	120,939,198
Depreciation charged in the year	76,625	602,863	10,779,246	11,458,734
Disposals/transfers/adjustments	(654,203)	-	(4,075,749)	(4,729,952)
At 31 March 2021	1,161,709	6,446,033	120,060,238	127,667,980
Carrying amount				
At 31 March 2021	1,228,675	2,185,132	47,958,479	51,372,286
At 31 March 2020	1,804,303	2,787,995	51,182,975	55,775,273

TATA COMMUNICATIONS (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

11 Tangible fixed assets

(Continued)

Included in plant and machinery are assets in the course of construction of \$1,614,129 (2020 - \$604,041) which are not yet subject to depreciation. The amount of contractual commitments for the acquisition of property, plant and equipment as at year end is \$1,092,816 (2020 - \$2,827,784).

12 Fixed asset investments

	2021 \$	2020 \$
Investments in group companies	156,552	156,552
	<u>156,552</u>	<u>156,552</u>
Movements in fixed asset investments		
		\$
Cost or valuation		
At 1 April 2020 & 31 March 2021		156,552
		<u>156,552</u>
Carrying amount		
At 31 March 2021		156,552
		<u>156,552</u>
At 31 March 2020		156,552
		<u>156,552</u>

13 Debtors

	2021 \$	2020 \$
Amounts falling due within one year:		
Trade debtors	26,798,389	28,920,482
Amounts due from group undertakings	7,725,104	6,719,463
Other debtors	178,427	431,635
Prepayments and accrued income	9,483,260	7,013,548
	<u>44,185,180</u>	<u>43,085,128</u>
	<u>44,185,180</u>	<u>43,085,128</u>
Amounts falling due after more than one year:		
Prepayments and accrued income	2,160,358	1,377,100
	<u>2,160,358</u>	<u>1,377,100</u>
Total debtors	<u>46,345,538</u>	<u>44,462,228</u>

TATA COMMUNICATIONS (UK) LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 MARCH 2021****14 Creditors: amounts falling due within one year**

	2021	2020
	\$	\$
Trade creditors	26,158,852	19,752,046
Amounts owed to group undertakings	4,728,137	8,219,022
Taxation and social security	1,271,321	2,483,510
Other creditors	321,536	3,639,860
Accruals and deferred income	30,929,384	35,613,589
	<u>63,409,230</u>	<u>69,708,027</u>

Amounts owed to group undertakings that represent long term loans are presented as falling due after more than one year, the comparative amount has also been amended to reflect the long term portion. Previously the entire amount owed to group undertakings was presented as falling due within one year.

15 Creditors: amounts falling due after more than one year

	2021	2020
	\$	\$
Amounts owed to group undertakings	42,026,742	39,671,647
Rent escalation equalisation on leases	2,335,384	2,586,045
Accruals and deferred income	47,900,582	52,748,970
	<u>92,262,708</u>	<u>95,006,662</u>

Amounts owed to group undertakings that represent long term loans are presented as falling due after more than one year, the comparative amount has also been amended to reflect the long term portion. Previously the entire amount owed to group undertakings was presented as falling due within one year.

16 Provisions for liabilities

	2021	2020
	\$	\$
Asset retirement obligations	2,163,506	3,728,994
Dilapidation provisions	5,045,837	5,235,630
	<u>7,209,343</u>	<u>8,964,624</u>

TATA COMMUNICATIONS (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

16 Provisions for liabilities

(Continued)

Movements on provisions:

	Asset retirement obligations	Dilapidation provisions	Total
	\$	\$	\$
At 1 April 2020	3,728,994	5,235,630	8,964,624
Additional provisions in the year	5,191	-	5,191
Reversal of provision	(1,597,911)	(378,920)	(1,976,831)
Unwinding of discount	27,232	189,127	216,359
At 31 March 2021	2,163,506	5,045,837	7,209,343

The dilapidation provisions are for leased property where there are obligations to restore the properties to a specified condition, upon expiry of the lease.

The asset retirement obligations are related to the company's obligation to dismantle undersea cable systems when they are decommissioned, or at the end of their respective useful economic lives.

17 Retirement benefit schemes

	2021	2020
	\$	\$
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	1,588,380	1,979,916

The company operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

18 Share capital

	2021	2020
	\$	\$
Ordinary share capital		
Issued and fully paid		
6,500,003 (2020 - 6,500,003) ordinary shares of \$1.62 each	10,530,005	10,530,005

19 Share premium

	2021	2020
	\$	\$
At 1 April 2020	12,288,418	12,288,418
At 31 March 2021	12,288,418	12,288,418

TATA COMMUNICATIONS (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

20 Other reserves

	2021 \$	2020 \$
At 1 April 2020	(12,288,420)	(12,288,420)
At 31 March 2021	(12,288,420)	(12,288,420)

The other reserves and the share premium as per note 19 above, arose from the merger of this company with fellow subsidiaries VSNL (UK) Limited and Teleglobe International Limited on 1 April 2007. The fellow subsidiaries had transferred all their trade, assets and liabilities to the company for \$2.

21 Financial commitments

At 31 March 2021 the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2021 \$	2020 \$
<i>Lease commitments - Land and buildings</i>		
Within one year	7,868,910	6,930,489
Between two and five years	25,477,311	24,765,363
After five years	472,325	2,573,690

TATA COMMUNICATIONS (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

22 Ultimate controlling party and related party transactions

The company is a wholly-owned subsidiary of Tata Communications (Netherlands) BV, a company incorporated in the Netherlands which is a wholly-owned subsidiary of Tata Communications International Pte Limited (TCIPL), a company incorporated in Singapore. The company's ultimate parent company is Tata Communications Limited (TCL), a company incorporated in India. TCL is a public company traded on the Indian Stock Exchange. Tata Sons Private Limited (TSPL), a company incorporated in India, being the controlling entity of TCL, is the ultimate controlling party.

Some of the company's transactions and arrangements are between members of the group and the effect of these on the basis determined between the parties is reflected in these financial statements.

The Company concluded the following transactions at exchange value with the related parties in the normal course of business.

Related party transactions with group companies	2021 \$	2020 \$
Turnover	2,212,863	3,711,026
Cost of Sales	19,908,244	5,911,551
Administrative expenses	1,722,124	(470,585)
Other income	1,012,709	1,132,188
Amounts due from group undertakings	7,725,104	6,719,463
Amounts owed to group undertakings	46,754,931	47,890,669

23 Going concern

The company made a profit for the year of \$8,733,752 (2020: \$3,091,185) and there is a shareholders' deficit of \$62,685,538 (2020: \$71,419,290) and net current liabilities of \$16,246,335 (2020: \$24,670,271).

The company meets its day-to-day working capital requirements from existing cash resources, from revenue generated from the telecommunication services it provides and from taking advantage of credit periods offered by other Tata Communications group companies who provide services to the company. The company is a wholly-owned subsidiary of Tata Communications (Netherlands) BV and its ultimate parent company is Tata Communications Limited, a company incorporated in India. The company has received a letter of support from Tata Communications Limited that it will provide financial support to the company in such amounts and at such times in order to enable the company to meet its obligations as and when required, for a period of at least twelve months from the date of approval of these financial statements.

As a result of the above and after making enquiries, the directors have a reasonable expectation that the company will have access to adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.