Sistema Smart Technologies Limited

ANNUAL REPORT

2019-20

Contents

DIRECTORS' PROFILE

Sergey Savchenko
Chairman

Mr. Sergey Savchenko, aged 62 years, is the Chairman of the Company. He holds a PhD degree in Economics and a Masters' degree in Economics from the Lomonosov Moscow State University and an MBA from Duke University, Fuqua Business School in the United States. He currently heads Sistema Asia Pte. Ltd. as its CEO and is also a director on the boards of Sistema Asia Fund Pte. Ltd. and Sistema Asia Capital Pte. Ltd. He has more than 30 years' rich experience with different companies encompassing Finance, Investment, Economics and Management fields. Mr. Sergey Savchenko has been associated with the Company since September 2008. Prior to joining Sistema Asia Pte. Ltd., he served the Company as its CEO (from September 2015 to September 2018) and as its CFO (from September 2008 to September 2015). Before joining the Company in 2008, he was the Deputy CEO in Investment Group "Aton". From 1990-1999 he worked with Bain Link (Moscow Office of Bain & Co.) During 1999-2007, he worked on various positions involving Finance, Investment & Economics, with PJSFC Sistema, including financial director and VP-Finance of the Group.

Bharat Patel
Director

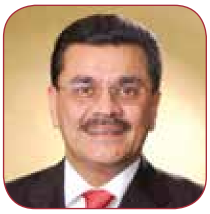
Mr. Bharat V Patel, aged 75 years, holds MA in Economics from the University of Notre Dame, USA and MBA in Marketing from the University of Michigan, USA. He is the former Chairman of Procter & Gamble Hygiene and Health Care Ltd., and presently in the Executive Committee or Boards of Indian Society of Advertisers (ISA), World Federation of Advertisers (WFA), Advertising Standards Council of India (ASCI) and Broadcast Audience Research Council (BARC). He has over 40 years of varied experience in the field of advertising, marketing, sales, exports and operations.

Larisa Gorbatova
Director

Mrs. Larisa Gorbatova, aged 55 years, graduated in 1986 from the economic faculty of the Moscow State University named after M. Lomonosov. In 1990 she received a PhD in Economics in the same faculty. From 1991 to 1995 she served as a senior research fellow in the All-Russian Institute of the Agricultural Economy. In 1995 she was appointed Head of Financial Information and Statistics Department in the Federal Commission on the Securities Market (FCSM). In 1998 she joined International Accounting Standards Committee based in London, UK, working in the position of International Accounting Fellow. Upon returning from London she served as a Head of the Financial Information and Reporting Division at FCSM. From 2001 to 2002 she served as a Deputy Head of the Accounting Methodology Department in the Russian Ministry of Finance. From 2002 to 2004 she served as a Chief Researcher in the Center for Securities Market Development. From 2004 to 2007 she served as Head of IFRS Reporting in the Polyus / Polyus Gold OJSC. In 2007 she joined Sistema OJSFC as Head of Corporate Reporting Department, where she stays presently at the position of Managing Director of International Reporting. She is also on the Boards of Directors of Bashkirian Power Grid Company JSC and Sistema Finance.

Neera Sharma
WTD (CEO)

Mrs. Neera Sharma, aged 47 years, is the Chief Executive Officer of the Company. She earned a Bachelors' degree in law from the Panjab University in 1997 and also completed her MBA in Finance from Amity Business School in 2004. She has completed her Post Graduate Program in Management for Executives (UCLA PGPX) from University of California Los Angeles in July 2019. Neera has strong functional expertise and a well-rounded legal experience of nearly two decades having worked with leading companies like DCM Limited, HCL, Idea Cellular limited, Emaar MGF Land Private Limited, HFCL Infotel and Dishnet Wireless Limited (Aircel). She has been associated with the Company since 2008 and as the Chief Legal Officer, advises the Company on the entire gamut of Legal, regulatory and Compliance matters. She has a sound commercial acumen, a strong grip on technical issues, comfortable with cost-benefit analysis and can conduct highly productive meetings while keeping them reasonably brief. She has been conferred with the prestigious General Counsel of the Year Award in 2016 by Legal Era and has been facilitated with Women Leadership Excellence Awards in Telecommunications by Time Ascent in 2018.



Vikram Kaushik
Director

Mr. Vikram Kaushik has over 40 years of experience in managing consumer-facing businesses. He earned his Master's degree from St. Stephen's College in Delhi and joined Hindustan Unilever as a Management trainee. He worked for Unilever for more than 16 years on different product categories both in India and in Asia, Europe and Africa.

After a short stint as Managing Director of a leading advertising agency he returned to consumer marketing as Vice President Marketing and Exports at Britannia, a joint venture with Groupe Danone and India's largest foods company. In 2000, he became a Director on the Board of Colgate Palmolive and was responsible for a major turnaround for the brand Colgate in India.

Thereafter, as the founder MD & CEO of Tata Sky from 2004 till his retirement in December 2010 he played a pioneering role in establishing the DTH (satellite television) industry in India. He has been an advisor to Pricewaterhouse (2011-2016).

Mr. Kaushik was also an advisor on brand strategy to Voltas, a leading Tata Group company from 2011-2017. He has served on the Board of Prasar Bharati, India's public service broadcaster and was appointed as member of the Sub-Committee for Innovation in Media under the aegis of the Prime Minister's Office and the I&B Ministry. He was member of the Pitroda Committee on Restructuring Public Service Broadcasting. He was also on the Board of several companies including Guernsey-based India Capital Growth Fund in the UK (2011-2016) and Vaibhav Global Limited, a global telemarketing company selling jewellery (2012-2016). He has also served as a Member of the Broadcast Committee of the Confederation of Indian Industry and as a member of the Convergence Committee of FICCI.

Mr. Kaushik also mentors two new technology startups in Bangalore in the TV and broadband space.

In 2016 he became a Fellow of the Advanced Leadership Initiative at Harvard. Since his return from Harvard in 2017 he is working across markets and categories in India and overseas.

He is on the Board of Hemas the leading FMCG business in Srilanka. He is also a part of a global 'Purpose Alliance' with lead practitioners and works across markets with large brands and businesses to discover and amplify their Higher Purpose.

Mr. Oleg Dzenenko
Director

Mr. Oleg Dzenenko, aged about 31 years, studied International Economic from Plekhanov Russian University of Economics and from Moscow International Higher Business School MIRBIS between 2005-2010. In his initial years of employment, Mr. Dzenenko worked with BBDO Group, Price Waterhouse Coopers and EVLI. He served as Deputy Head of Corporate Finance Department in the Promsvyazbank from 2012-2014. In 2014 he joined Sistema, where he presently serving at the position of Investment Director.

DIRECTORS' REPORT

Dear Members,

Your Directors have pleasure in presenting the Twenty-fifth (25th) Annual Report on the business and operations of the Company together with Audited Financial Statement for the financial year ended 31st March 2020.

FINANCIAL SUMMARY AND HIGHLIGHTS

(Amount in Rs. Million)

Particulars	**Current Year March 31, 2020**	**Previous Year March 31, 2019**
Income		
Revenue	141	118
Other Income	205	568
Total Income	**346**	**686**
Expenditure		
Purchase of stock in trade	43	23
Selling, General and Other Operating cost	324	643
Total Operating Expenditure	**367**	**666**
Earning/(loss) before finance and depreciation expenses (EBITDA).	**(21)**	**20**
Finance Expenses	20,187	17,851
Depreciation and Amortization	5	6
Exceptional item	590	
Net Loss	**(20,803)**	**(17,837)**
Net Loss for the year	(20,803)	(17,837)
Re-measurement gain/(loss) on defined benefit plans	(0)	(0)
Re-measurement gain/(loss) on investment	-	(998)
Total Comprehensive loss for the year	**(20,803)**	**(18,835)**

STATE OF COMPANY'S AFFAIRS

During the year ended March 31, 2020, your Company recorded a service revenue of Rs. 141 million as against a service revenue of Rs. 118 million in the previous year. The revenue has increased by Rs. 23 million from previous fiscal.

Your Company's Earning/(loss) before finance and depreciation expenses ("EBITDA") for the year ended 31st March 2020 stood at Rs. 21 million (Loss) as against an EBITDA profit of Rs. 20 million during the last year. The Net Loss for the year increased to Rs. 20,803 million as against Net Loss of Rs. 17,837 during previous fiscal. The losses have increased mainly due to increase in finance cost (interest accrued on financial liability portion of Redeemable preference shares) and exceptional item.

DIVIDEND

In view of the losses incurred during the year under review, your Directors do not recommend any dividend on equity shares.

SHARE CAPITAL

There has been no change in equity share capital of the Company during the financial year 2019-20. The breakup of equity share capital along with foreign and Indian holding is as under:-

Name of the Shareholders	**As at 31 March 2020**		**As at 31 March 2019**	
	No. in millions	**% holding in the class**	**No. in millions**	**% holding in the class**
Equity shares of Rs 10 each, fully paid				
Sistema PJSFC, the holding company	1810	76%	1810	76%
Russian Federation	547	23%	547	23%
Others	36	2%	36	2%
Total	**2394**	**100%**	**2394**	**100%**

As your company operates in services sector, 100% FDI is allowed under the automatic route.

MANAGEMENT DISCUSSION AND ANALYSIS

A detailed report on Management Discussion and Analysis on the business of the Company, Discussion and Analysis of Company's Financial Statements and Operational Performance, Opportunities, Risks and Threats, etc., is presented in a separate section and forms part of this Directors' Report.

CORPORATE GOVERNANCE

The basic philosophy of Corporate Governance in the Company is to achieve business excellence and dedicate itself for increasing long-term shareholders' value. The Company is committed to maximum transparency in all its dealings and places prominence on business ethics.

Being an unlisted entity, the legal provisions of Corporate Governance such as relevant provisions of the LODR are not applicable to the Company. However, the Company voluntarily follows the standards of Corporate Governance which are, to the extent possible, in line with the internationally accepted standards of Best Practices. The Company is committed to establish best practices of Corporate Governance and to this end the Board has already approved the Company's Corporate Governance Strategy and the same is being implemented in a phased manner.

In furtherance of its quest for adoption of best corporate governance practices, your Company has taken initiatives of voluntarily publishing reports on Corporate Governance and Management Discussion and Analysis in the Annual Report. These Reports are annexed and form part of this Directors' Report.

Further, following information as are required to be disclosed in the Board's Report have been included in the Corporate Governance Report which form an integral part of Directors' report:

- Statement indicating the manner in which formal annual evaluation has been made by the Board of its own performance and that of its committees and individual directors.
- Number of Board Meetings held during the year.
- Statement relating to Development and Implementation of Risk Management Policy including identification of key risks.
- Details of Establishment of Vigil Mechanism.
- Details of Remuneration Policy.

CORPORATE SOCIAL RESPONSIBILITY

Your Company is committed to make a difference within the communities where it operates and takes up an active responsibility to empower local communities to help them achieve their ambitions. The Company believes in making its contribution towards progressive socio-economic change, especially in the fields of Health and Education.

The Corporate Social Responsibility Committee of the Company presently comprises of Mr. Sergey Savchenko - Director, Mr. Vikram Kaushik - Non Executive Independent Director and Mr. Bharat Patel - Non Executive Independent Director. CSR Committee of the Board has developed a CSR Policy in the fields of Health, Education and eradicating hunger.

The contents of the CSR Policy are described in brief, in the following para.

The vision of CSR policy states that SSTL empowers people to pursue their purpose in a modern networked world. The policy is a comprehensive tool-kit for planning and execution of CSR projects. The policy takes into account the needs of local communities in India and also draws inspiration from Sistema's philosophy of 'Lift To The Future'. The execution framework of the CSR Policy has been extended to include philanthropic activities as well as contribution towards disaster relief.

The Company has also adopted Corporate Social Responsibility Strategy to address the CSR issue effectively and to ensure that business is conducted with an innate sense of Social Responsibility.

The provisions of Section 135 of the Companies Act 2013 read with Companies (Corporate Social Responsibility Policy) Rules, 2014, the provisions requiring mandatory spend of 2% of Average Net Profit on the CSR Activities is not applicable on the Company as the Company has not earned any profits during immediately preceding 3 financial years.

However, the absence of profits has not been an impediment in the CSR activities of the Company. Various steps taken by the company pursuant to CSR policy are described in detail in following paras.

During the year under review, a voluntary blood donation camp was set up by Sadbhavna Foundation in association with Rotary Blood Bank, India's largest and most modern blood bank. Many employees volunteered and contributed to this noble cause.

Your Company also donated School kits including school bags, notebooks and pen pencils which were distributed in a Government School in small village of Rajasthan. Further, shoes were distributed as prizes to the underprivileged children. Employee volunteerism was the key aspect of these programs as some of the SSTL employees associated with Sabhavana Foundation chose to personally visit the schools to distribute the school kits and the prizes.

An annual report on the CSR activities in prescribed format has also been attached as Annexure- A to this Report.

SUBSIDIARY COMPANY

Your Company has one wholly owned subsidiary, namely, Sistema Internet Services Limited (previously known as 'Shyam Internet Services Limited').

During the year under review, no other company became or ceased to be the subsidiary Company, Joint Venture Company or Associate of your Company.

BOARD OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

During the financial year ended March 31, 2020, the composition of the Board of Directors was changed and w.e.f. close of working hours on January 10, 2020, Mr. Ilya Kosolapov resigned from the Directorship of the Company. In view of the change to the composition of the Board of Directors the composition of the various Committees was also changed.

Further, Mr. Archit Sood was appointed as the Company Secretary of the Company w.e.f. 01.04.2019.

In the 24th Annual General Meeting of the Company held on September 25, 2019, Mr. Bharat V Patel (DIN 00060998) and Mr. Vikram Kaushik (DIN 00020529) were re-appointed as Independent Directors of the Company for a second term of five consecutive years commencing from the date of the 24th Annual General Meeting up to the conclusion of the 29th Annual General Meeting of the Company.

Except as mentioned above, no other Directors or Key Managerial Personnel were appointed/re-appointed or resigned during the financial year.

Subsequently, the composition of the Board of Directors was changed and with effect from 07.05.2020, Mr. Oleg Dzenenko was appointed as an Additional Director on the board of the Company.

Further, in the Board Meeting held on July 29, 2020, the re-appointment of Mrs. Neera Sharma as the CEO (Whole Time Director) of the Company for a further period of two (2) years from 01.11.2020 up to 31.10.2022 was approved.

Further, pursuant to the provisions of Section 149 of the Companies Act, 2013, all Independent Directors have given declarations that they meet the criteria of independence as laid down under Section 149(6) of the Companies Act, 2013.

EXTRACT OF ANNUAL RETURN

The extract of the Annual Return in prescribed Form MGT-9 is annexed with this report as Annexure-B.

DIRECTORS' RESPONSIBILITY STATEMENT

As required under the provisions of Section 134 (5) of the Companies Act, 2013, the Directors confirm that:

(a) in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;

(b) the directors had 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 and of the profit and loss of the company for that period;

(c) the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;

(d) the directors had prepared the annual accounts on a going concern basis; and

(e) the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

AUDITORS

As per the provisions of Section 139 of the Companies Act, 2013 and rules framed thereunder, the Members of the Company in 21st Annual General Meeting of the Company approved the appointment of M/s. Deloitte Haskins & Sells, Chartered Accountants (Registration No. 015125N), as the Statutory Auditors of the Company for a term of five years i.e. from the conclusion of 21st Annual General Meeting till the conclusion of 26th Annual General Meeting of the Company. Pursuant to amendments in Section 139 of the Companies Act, 2013, the requirements to place the matter relating to such appointment for ratification by members at every annual general meeting has been omitted with effect from May 7, 2018.

AUDITORS' REPORT

M/s. Deloitte Haskins & Sells, Chartered Accountants (Registration No. 015125N) were appointed as Auditors of the Company, for a term of 5 (five) consecutive years, at the 21st Annual General Meeting of the Company held on September 29, 2016. They have confirmed that they are not disqualified from continuing as Auditors of the Company.

The auditors have drawn attention towards accumulated losses and negative net worth, the Company has incurred net losses and cash losses during the current and previous years. These conditions indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. However, the standalone financial statements of the Company have been prepared on a going concern basis.

The Company is evaluating number of business options and started providing strategic and operational management services on long term contract basis.

Further, the redemption of the RPS shall start from the year 2022-23. In this regard, the Company shall utilise the available funds at the time of redemption. Further as per the terms of the agreement the parties may mutually decide to extend the redemption period (upto 20 years). Further, both the companies are evaluating option of either conversion to equity/ merger of both the companies/ redemption (fully or partially).

The above observation has been suitably explained by management in the financial statements.

The auditors have further drawn attention towards the uncertainties related to estimation of liability due to matter being under litigation which is pending at Hon'ble Supreme Court and the legal outcome of the Department of Telecommunications demand with respect to license fees and spectrum usage charges on Adjusted Gross Revenue.

The Company is representing its legal position in Supreme Court and DOT. The next hearing of Litigation before the Hon'ble Supreme Court is on 10th August 2020.

The Company, without prejudice and given that matter is still being considered by Hon'ble Supreme Court, has recognized additional estimated provision of Rs. 590 Mn during the year and has been presented as exceptional item. The Company expects no additional financial liability in this matter.

The other observation in the Auditor's Report and the comments made by Auditors are self-explanatory and the same has been explained by the management in the financial statements.

COST AUDITORS

The requirement of Cost Audit as specified under section 148 of the Companies Act, 2013 is not applicable to the Company.

SECRETARIAL AUDITORS AND SECRETARIAL AUDIT REPORT

In compliance of the Section 204 of the Companies Act 2013, the Board had appointed M/s. DWIVEDI & ASSOCIATES as the Secretarial Auditor to conduct the Secretarial Audit of the Company for the financial year ending 31st March 2020. The Secretarial Audit Report for the financial year 2019-20 is attached as Annexure–C. The Secretarial Audit Report does not contain any qualification, reservation, adverse remark or disclaimer.

SIGNIFICANT AND MATERIAL ORDERS PASSED BY REGULATORS OR COURTS

During the financial year 2019-20, there were no significant or material orders passed by the Regulators or Courts or Tribunals impacting the going concern status and operations of the Company in the future.

COMPLIANCE WITH SECRETARIAL STANDARDS

Your Company has complied with Secretarial Standards issued by the Institute of Company Secretaries of India on Board and General Meetings.

PARTICULARS OF CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS & OUTGO

Particulars with respect to Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo, as per Information required under section 134(3)(m) of the Companies Act, 2013 read with Rule 8 of the Companies (Accounts) Rules, 2014 are given below:

a) Conservation of Energy

Your Company being a service provider requires minimal energy consumption and every effort has been made to ensure the optimal use of energy, avoid waste and conserve energy as far as possible.

b) Technology Absorption, Adaptation and Innovation

The Company has not imported technical know-how. Your Company has not established any separate R&D facilities.

c) Foreign Exchange Earnings & Outgo

The details of earning and expenditures incurred in foreign exchange are as under:

(Rupees in Million)

Earning in Foreign Currency (on accrual-basis)	**March 31, 2020**	**March 31, 2019**
Revenue from sales and services	4	238
TOTAL	**4**	**238**

(Rupees in Million)

Expenditure in Foreign Currency (on accrual-basis)	**March 31, 2020**	**March 31, 2019**
Sales and marketing expenses	-	0
Salaries, wages and bonus	11	11
Other Services	0	1
TOTAL	**11**	**12**

PARTICULARS OF EMPLOYEES

A statement of particulars of employees as required in accordance with the provisions of Section 197 (12) of the Companies Act, 2013 read with Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 as amended from time to time is annexed as Annexure-D and forms part of this report.

DEPOSITS

The Company has not accepted any deposit covered under chapter V of the Companies Act 2013.

PARTICULARS OF CONTRACTS AND ARRANGEMENTS WITH RELATED PARTIES

There were no contracts or arrangements entered into by the Company which attract the provisions of the Section 188 of the Companies Act, 2013. However, all the transactions with related parties were at arm's length basis and entered in the ordinary course of business by the Company. All such transactions were periodically placed before the Audit Committee for its approval.

Particular of contracts and arrangements with related parties as required pursuant to Section 134 of the Companies Ac 2013 read with Rule 3 of the Companies (Accounts) Rules 2014 are given in in prescribed form AOC- 2 and attached to this report as Annexure-E.

GENERAL DISCLOSURE

- Company has not granted any loan, guarantee or made any investment under Section 186 of the Companies Act, 2013.
- In view of the losses incurred during the year, Board does not propose to transfer any amount to any reserves.
- No material changes and commitments occurred between the end of financial year 2019-20 and the date of this report which may affect the financial position of the Company.
- No significant and material order has been passed by the regulator/court/tribunal which may impact the going concern and company's operations in future.
- The Company has laid down adequate internal financial controls over financial reporting to be followed by the Company and such internal financial controls were operating effectively.

ACKNOWLEDGEMENT

Your Directors place on record their gratitude to Bankers, Financial Institutions, Vendors, Dealers and Business Associates for the assistance, co-operation and encouragement they have extended to the Company.

Your Directors also wish to place on record their sincere thanks and appreciation for the continuing support and valuable assistance received from Sistema JSFC and the Russian Federation as major shareholders in ensuring an excellent all around operational performance.

The Directors wish to convey their appreciation to all of the Company's employees for their enormous personal efforts as well as their collective contribution to the Company's performance. The Directors are also thankful to the shareholders for their continued patronage.

For and on behalf of the Board
Sd/-
Sergey Savchenko
CHAIRMAN
DIN: 02891905

Place: Singapore
Date: July 29, 2020

ANNEXURE - A

Annual Report on Corporate Social Responsibility (CSR) Activities

[Pursuant to clause (o) of sub-section (3) of section 134 of the Act and Rule 9 of the Companies (Corporate Social Responsibility) Rules, 2014]

1.	A brief outline of the Company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs.	:	The Focus of the Company, through its CSR initiatives is toward community healthcare, internet enabled learning (Mission Education), corporate philanthropy and disaster relief.
2.	The Composition of the CSR Committee.	:	The Committee comprises of 3 Directors - Mr. Sergey Savchenko - Director, Mr.Vikram Kaushik - Non Executive Independent Director and Mr. Bharat Patel - Non Executive Independent Director.
3.	Average net profit of the company for last three financial years	:	Nil
4.	Prescribed CSR Expenditure (two per cent of the amount as in item 3 above)	:	Not Applicable as Company does not have profits during immediately preceding 3 financial years.
5.	a) Details of CSR spent during the financial year.	:	Not Applicable
	b) Total amount to be spent for the financial year; Amount unspent, if any;	:	Not Applicable
	c) Manner in which the amount spent during the financial year is detailed below	:	Not Applicable

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
S. No	**CSR project or activity identified**	**Sector in which the Project is covered**	**Projects or programs (1) Local area or other (2) Specify the State and district where projects or programs was undertaken**	**Amount outlay (budget) project or programs wise**	**Amount spent on the projects or programs Sub – heads: (1) Direct expenditure on projects or programs (2) Overheads**	**Cumulative expenditure upto to the reporting period**	**Amount spent : Direct or through implementing agency**
1	-	-	-	-	-	-	-
2	-	-	-	-	-	-	-
	TOTAL	-	-	-	-	-	-

6. In case the Company has failed to spend the two per cent of the average net profit of the last three financial years or any part thereof, the company shall provide the reasons for not spending the amount in its Board report.

   The provisions requiring mandatory spend of 2% of Average Net Profit on the CSR Activities is not applicable on the Company as the Company has not earned any profits during immediately preceding 3 financial years.

7. The responsibility statement of the CSR Committee:

"The implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the Company."

Sd/-	**Sd/-**
Neera Sharma	**Sergey Savchenko**
Chief Executive Officer	**CHAIRMAN**
DIN: 00975300	DIN: 02891905

Place: Singapore
Date: July 29, 2020

ANNEXURE - B

EXTRACT OF ANNUAL RETURN

as on the financial year ended on March 31, 2020

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

I. REGISTRATION AND OTHER DETAILS:

(I)	CIN	U74110RJ1995PLC017779
(II)	Registration Date	20.04.1995
(III)	Name of the Company	Sistema Smart Technologies Ltd.
(IV)	Category/Sub-Category of the Company	Company having share capital
(V)	Address of the Registered office and contact details	121, Doctors Colony, Near DCM Ajmer Road, Jaipur 302021, Rajasthan, India. Ph: 0141-4919958
(VI)	Whether listed company Yes/No	NO
(VII)	Name, Address and Contact details of Registrar and Transfer Agent	**Kfin Technologies Pvt.. Ltd.** Karvy Selenium Tower B, Plot No 31 & 32, Gachibowli, Financial District, Nanakramguda, Serilingampally Hyderabad – 500 008 Tel No.: 040-67162222 Fax No.:040-23420814 E-mail ID : einward.ris@kfintech.com

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY:

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

Sl.No.	Name and Description of main products/services	NIC Code of the Product/ service	% to total turnover of the company
1	Other Business Support Service Activities	82990	100%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES:

Name and address of the company	Sistema Internet Services Limited 36, 2nd Floor, Gola Market,Near, Golcha Cinema, Darya Ganj New Delhi 110002	Sistema JSFC 13, Mokhovaya Street, Moscow -125009, Russia.
CIN	U74999DL2000PLC10562	Not Applicable (Foreign Company)
Holding/ subsidiary/associate	Subsidiary	Holding
% of shares held	100%	75.62%
Applicable Section	Section 2(87)(ii)	Section 2(46)

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

i) Category-wise Share Holding:

Category of Shareholders	No. of Shares held at the beginning of the year [As on 31-March-2019]				No. of Shares held at the end of the year [As on 31-March-2020]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/ HUF	0	1826	1826	0	0	0	0	0.00	0.00
b) Central Govt									
c) State Govt(s)									
d) Bodies Corp.									
e) Banks / FI									
f) Any other									
Total shareholding of Promoter (A)	**0**	**1826**	**1826**	**0**	**0**	**0**	**0**	**0.00**	**0.00**
(2) FOREIGN									
(a)NRIs-Individuals									
(b)Other-Individuals									
(c)Bodies Corporate	2357602318	0	2357602318	98.48	2357602318	0	2357602318	98.48	0.00
(d)Banks/Fi									
(e)Any Others									
Sub-Total A(2)	**2357602318**	**0**	**2357602318**	**98.48**	**2357602318**	**0**	**2357602318**	**98.48**	**98.48**
Total A=A(1)+A(2)	**2357602318**	**1826**	**2357604144**	**98.48**	**2357602318**	**0**	**2357602318**	**98.48**	**98.48**
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	0	23026	23026	0	0	23026	23026	0.00	0.00
b) Banks / FI	29019	0	29019	0	29019	0	29019	0.00	0.00
c) Central Govt									
d) State Govt(s)									
e) Venture Capital Funds									
f) Insurance Companies									
g) FIIs	3795	7	3802	0.00	3795	7	3802	0.00	0.00
h) Foreign Venture Capital Funds									
i) Others (specify)									
Sub-total (B)(1):-	**32814**	**23033**	**55847**	**0.00**	**32814**	**23033**	**55847**	**0.00**	**0.00**
2. Non-Institutions									
a) Bodies Corp.									
i) Indian	4214859	794	4215653	0.18	4118405	794	4119199	0.18	0.00
ii) Overseas									
iii) Others (Share Swap Demat A/C)	0	0	0	0.00					
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	16970854	974083	17944937	0.75	16995530	973845	17969375	0.75	0.00
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	13920025	156219	14076244	0.59	13979575	156219	14135794	0.59	0.00
c) Others (specify)									
Non Resident Indians	149995	0.00	149995	0.01	164287	0	164287	0.00	0.00
Overseas Corporate Bodies	4764	0.00	4764	0.00	4764	0	4764	0.00	0.00
Foreign Banks	794	0.00	794	0.00	794	0	794	0.00	0.00
Clearing Members	10798	0.00	10798	0.00	10798	0	10798	0.00	0.00
Trusts	2779	0.00	2779	0.00	2779	0	2779	0.00	0.00
Foreign Bodies									
Sub-total (B)(2):-	**35274868**	**1131096**	**36405964**	**1.52**	**35276932**	**1130858**	**36407790**	**1.52**	**0.00**
Total Public Shareholding (B)=(B)(1)+ (B)(2)	**35307682**	**1154129**	**36461811**	**1.52**	**35309746**	**1153891**	**36463637**	**1.52**	**0.00**
C. Shares held by Custodian for GDRs & ADRs	**0**	**0**	**0**	**0.00**	**0**	**0**	**0**	**0.00**	**0.00**
Grand Total (A+B+C)	**2392910000**	**1155955**	**2394065955**	**100.00**	**2392912064**	**1153891**	**2394065955**	**100.00**	**0.00**

ii) Shareholding of Promoters:

SN	Shareholder's Name	Shareholding at the beginning of the year 2019 [As on 31-March-2019]			Shareholding at the end of the year 2020 [As on 31-March-2020]			% change in shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1	JOINT STOCK FINANCIAL CORPORATION SISTEMA	1810289400	75.62%	0.00	1810289400	75.62%	0.00	0.00

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

SN	Particulars	Shareholding at the beginning of the year 2019 [As on 31-March-2019]		Cumulative Shareholding during the year 2020 [As on 31-March-2020]	
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares
1	JOINT STOCK FINANCIAL CORPORATION SISTEMA	1810289400	75.62%	1810289400	75.62%

iv) Shareholding Pattern of top ten Shareholders:

(Other than Directors, Promoters and Holders of GDRs and ADRs):

SN	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year 2019 [As on 31-March-2019]		Cumulative Shareholding during the Year 2020 [As on 31-March-2020]	
		No. of Shares	% of total Shares of the company	No. of Shares	% of total Shares of the company
1	FEDERAL AGENCY FOR STATE PROPERTY MANAGEMENT	547312918	22.86	547312918	22.86
2	ISHVAM PORTFOLIO PVT LTD	562892	0.02	562892	0.02
3	SUDHA ASHWIN SHAH	547066	0.02	547066	0.02
4	ASHWIN SHANTILAL SHAH	516100	0.02	516100	0.02
5	KAMLESH HARSHAD SHAH	516100	0.02	516100	0.02
6	JINDAL SECURITIES PVT LTD	463282	0.02	463282	0.02
7	SUSHIL KUMAR GUPTA	422500	0.02	422500	0.02
8	NARENDER KUMAR ARORA	329851	0.01	329851	0.01
9	DHANPATI DEVI	262528	0.01	262528	0.01
10	VIJAY GUPTA	260227	0.01	260227	0.01

v) Shareholding of Directors and Key Managerial Personnel:

SN	Shareholding of each Directors and each Key Managerial Personnel	Shareholding at the beginning of the year 2019		Cumulative Shareholding during the Year 2020	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	Vinay Mittal	101	0	101	0
2	Neera Sharma	1	0	1	0
3	Archit Sood	1	0	1	0

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding / accrued but not due for payment:

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	-	1,53,13,82,28,023	-	1,53,13,82,28,023
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	**-**	**1,53,13,82,28,023**	**-**	**1,53,13,82,28,023**
Change in Indebtedness during the financial year				
• Addition	84,04,57,849	20,20,85,50,032	-	21,04,90,07,881
• Reduction	9,35,61,128	79,64,38,357	-	88,99,99,485
Net Change	**74,68,96,721**	**19,41,21,11,675**	**-**	**20,15,90,08,396**
Indebtedness at the end of the financial year				
i) Principal Amount	72,00,00,000	1,72,55,03,39,698	-	1,73,27,03,39,698
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	2,68,96,721	-	-	2,68,96,721
Total (i+ii+iii)	**74,68,96,721**	**1,72,55,03,39,698**	**-**	**1,73,29,72,36,419**

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

Sl. No.	Particulars of Remuneration	Neera Sharma	Total Amount
1.	Gross salary		
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act,1961	Rs. 20,489,013	Rs. 20,489,013
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-
	(c) Profits in lieu of salary under section 17(3) Income- tax Act,1961	-	-
2.	Stock Option	-	-
3.	Sweat Equity	-	-
4.	Commission- as % of profit - others, specify.	-	-
5.	Others, please specify	-	-
	Total (A)	**Rs. 20,489,013**	**Rs. 20,489,013**
	Ceiling as per the Act	Not Applicable	Not Applicable

B. Remuneration to other directors:

Sl. No.	Particulars of Remuneration	Name of Directors		Total Amount
		Vikram Kaushik	Bharat Patel	
1.	Independent Directors - Fee for attending board committee meetings - Commission - Others, please specify	Rs. 800,000 -	Rs.800,000 -	Rs. 1,600,000 -
	Total (1)	Rs. 800,000	Rs. 800,000	Rs. 1,600,000
2.	Other Non-Executive Directors	-	-	-
	- Fee for attending board committee meetings	-	-	-
	- Commission	-	-	-
	Total (2)	**-**	**-**	**-**
	Total (B)=(1+2)	**Rs. 800,000**	**Rs. 800,000**	**Rs. 1,600,000**
	Total Managerial Remuneration	Rs. 800,000	Rs. 800,000	Rs. 1,600,000
	Overall Ceiling as per the Act	Not Applicable	Not Applicable	Not Applicable

C. Remuneration to Key Managerial Personnel Other than MD/Manager/WTD:

Sl. No.	Particulars of Remuneration	Key Managerial Personnel		Total Amount
		Archit Sood Company Secretary	**Vinay Mittal CFO**	
1.	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 (c) Profits in lieu of salary under section17(3) Income-tax Act,1961	 8,042,034 39,600 -	 13,032,426 32,400 -	 21,074,460 72,000 -
2.	**Stock Option**	-	-	-
3.	Sweat Equity	-	-	-
4.	Commission	-	-	-
5.	**Others, please specify**	-	-	-
	Total (C)	**8,081,634**	**13,064,826**	**21,146,460**
	Ceiling as per the Act	Not Applicable	Not Applicable	Not Applicable

VII. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES: NIL

Type	**Section of Companies Act**	**Brief Description**	**Details of Penalty/ Punishment/ Compounding Fee Imposed**	**Authority (RD/NCLT / Court)**	**Appeal made, if any**
A. COMPANY					
Penalty					
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-
B.DIRECTORS	-	-	-	-	-
Penalty					
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-
C. OTHER OFFICERS IN DEFAULT					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-

For and on behalf of the Board

Sd/-
Sergey Savchenko
CHAIRMAN
DIN: 02891905

Place: Singapore
Date: July 29, 2020

ANNEXURE - C

SECRETARIAL AUDIT REPORT

For the financial year ended on 31st March, 2020

[Pursuant to section 204(1) of the Companies Act, 2013 and rule No. 9 of the Companies (Appointment and Remuneration of Personnel) Rules, 2014]

To,
The Members,
Sistema Smart Technologies Limited
(Earlier known as Sistema Shyam Teleservices Limited)
121, Doctors Colony near DCM Ajmer Road
Jaipur, Rajasthan 302021

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

Based on our verification of **Sistema Smart Technologies Limited's** books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives, during the conduct of Secretarial Audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2020 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 **Sistema Smart Technologies Limited** ("the Company") for the financial year ended on 31st March, 2020, according to the provisions of:

i) The Companies Act, 2013 (the Act) and the rules made there under;

ii) The Depositories Act, 1996 and the Regulations and Bye-Laws framed there under; and

iii) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External commercial Borrowings.

We have also examined compliance with the applicable clauses of the Secretarial Standards issued by the Institute of Company Secretaries of India.

During the period under review, the Company has complied with the provision of the Act, rules, Regulation, Guidelines, etc. mentioned above.

We further report that:-

The Board of Directors of the Company is duly constituted with proper balance of Executive Director, Non-Executive Directors and Independent Directors.

Adequate notice has been given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent properly before the scheduled meeting, 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' views 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.

For DWIVEDI & ASSOCIATES
COMPANY SECRETARIES

Sd/-
CS AWANISH K. DWIVEDI
PARTNER
FCS- 8055, CP No.- 9080

Place: New Delhi
Date: 15/06/2020

This report is to be read with our letter of even date which is annexed as **Annexure-I** and forms an integral part of this report.

ANNEXURE - I

To,
The Members,
Sistema Smart Technologies Limited
(Earlier known as Sistema Shyam Teleservices Limited)
121, Doctors Colony near DCM Ajmer Road
Jaipur, Rajasthan 302021

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

1. Management 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 the events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedure on test basis.
6. The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For DWIVEDI & ASSOCIATES
COMPANY SECRETARIES

Sd/-
CS AWANISH K. DWIVEDI
PARTNER
FCS- 8055, CP No.- 9080

Place: New Delhi
Date: 15/06/2020

ANNEXURE - D

Information as per Section 197 (12) of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, as amended and forming part of the Directors Report of Sistema SmartTechnologies Limited for the Financial Year ended March 31, 2020

S. No.	Name	Age (in years)	Designation	Annual Gross Earning (Rs.)	Qualification	Experience	Date of Commencement of Employment / Joining	Previous Employment
PART A : Particular of Employeees who are in employment for whole year and in receipt of Annual Remuneration of Rs. 102.00 lacs or more								
1	Neera Sharma	47	Chief Executive Officer	20,489,013	L.L.B/MBA	24	01-11-2017	Dishnet Wireless Ltd (Aircel)
2	Vinay Mittal	48	Chief Finance Officer	13,060,026	CA	25	01-11-2017	Tata Teleservices Ltd
PART B : Particular of Employeees who are in employment for part of the year and received monthly Remuneration of Rs. 8.50 lacs or more								
NIL								

For and on behalf of the Board

Sd/-
Sergey Savchenko
CHAIRMAN
DIN: 02891905

Place: Singapore
Date: July 29, 2020

ANNEXURE - E

Form No. AOC-2

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto

1. 1. Details of contracts or arrangements or transactions not at arm's length basis - **NIL**

Name(s) of the related party and nature of relationship	Nature of contracts/ arrange-ments/ transactions	Duration of the con-tracts / ar-rangement / transactions	Salient terms of the contracts or arrangements or transactions including the value, if any	Justification for entering into such contracts or arrange-ments or transactions	date(s) of approval by the Board	Amount paid as advances, if any:	Date on which the special resolution was passed in general meeting as required under first proviso to section 188
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-

2. Details of material contracts or arrangement or transactions at arm's length basis

Name(s) of the relat-ed party and nature of relationship	Nature of contracts/ar-rangements /transactions	Duration of the con-tracts / arrangem-ents/ trans- actions	Salient terms of the contracts or ar-rangements or transactions including the value, if any	Date(s) of approv-al by the Board / Audit Committee	Amount paid as advances, if any:
Insitel Services Private Ltd.	Interest on loan	Apr-19 to Mar-20	Payment - As per Agreement, Taxes extra as applicable Value : INR 78 Mn	AC/25.06.2019	NIL
Sistema Asia Pte.Ltd	Share Service center for Finance, Legal, HR and IT	Apr-19 to Mar-20	Payment - As per Agreement, Taxes extra as applicable. Value: INR 2.20 Mn	AC/25.06.2019	NIL
SACAP India Private Limited	Share Service center for Finance, Legal, HR and IT	Apr-19 to Mar-20	Payment - As per Agreement, Taxes extra as applicable. Value: INR 1.50 Mn.	AC/25.06.2019	NIL
Sistema Asia Capital Pte Limited	Share Service center for Finance, Legal, HR and IT	Apr-19 to Mar-20	Payment - As per Agreement, Taxes extra as applicable, TDS on Vendor Account. Value: INR 1.50 Mn.	AC/25.06.2019	NIL
Sistema Business Scaler-ator Private Limited	Share Service center for Finance, Legal, HR and IT	Apr-19 to Mar-20	Payment - As per Agreement, Taxes extra as applicable, TDS on Vendor Account. Value: INR 5.60 Mn.	AC/25.06.2019	NIL

For and on behalf of the Board

Sd/-
Sergey Savchenko
CHAIRMAN
DIN: 02891905

Place: Singapore
Date: July 29, 2020

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

SSTL has identified System Integration in ICT domain as one of the business lines and has been exploring business opportunities therein. In this regard, SSTL has established partnerships with major OEMs of ICT domain and is targeting to brand its footprint as an emerging system integrator / ICT by establishing partnerships with multiple OEMs to rollout the different level of projects in Government/ PSUs sector.

Further, the Company has also been engaged in providing sales, distribution and marketing services to various start-ups in India for scaling up their businesses in India.

DISCUSSION & ANALYSIS ON FINANCIAL STATEMENT AND OPERATIONAL PERFORMANCE

Overview

During the year ended 31 March 2020, the Company has incurred a loss of Rs. 20,803 million (2019- Rs. 18,835 million). The losses have increased mainly due to increase in finance cost (interest accrued on financial liability portion of Redeemable preference shares) and exceptional item.

Key Financial & Operational Highlights for the financial year 2019-20

I. Financial Condition

1. Net Worth

The negative net-worth of the Company has increased from Rs. 151,083 million in previous financial year to Rs. 171,886 million in current financial year i.e. as at 31 March 2020. The increased in negative net-worth is mainly due to interest charged on financial liability portion of Redeemable preference shares.

2. Share Capital

During the financial year there is no change in the capital structure of the Company.

3. Secured and Unsecured Loan

(Rupees in Million)

Facility	March 31, 2020	March 31, 2019
Unsecured loans	172,550	153,138
Secured loans	720	-
Total	**173,270**	**153,138**

The increase in unsecured loan is on account of interest accrued on redeemable preference shares of Rs. 20,062 million and increase in secured loan is of Rs. 720 million on account of conversion of loan from unsecured to secured loan during the year from fellow subsidiary.

4. Tangible Assets

Decrease in tangible assets is due to assets classified as held for sale during the year of Rs. 32 million and depreciation charged during the year is Rs. 4 million.

5. Implementation of Ind-AS 116

MCA has notified Ind-AS 116 which replace existing lease standard, Ind-As 17. As per the said standard company has classified Right of use assets ("RoU") for leased assets of Rs. 4 million.

6. Provision

There is increase in provision mainly due to liability created on AGR during the year of Rs. 590 million as exception item.

II. Results of Operations

The Earning/(loss) before finance and depreciation expenses ("EBITDA") of the Company during the current financial year has decreased. EBITDA (loss) is 21 million as against EBITDA (profit) of Rs. 20 million in previous year.

Revenues from operations

Revenue from operations have increased from Rs. 118 million in previous financial year to Rs. 141 million in the current financial year i.e. 2019-20 mainly on account of increase in revenue from sale of goods and increase in revenue from sales and marketing services.

Other Income

Other income has decreased from Rs. 568 million in the previous financial year to Rs. 205 million in the current financial year due to interest income and gain from sale of assets in previous year.

Finance and Treasury Charges

Finance expenses are mainly on account of interest accrued on Redeemable preference shares classified as financial liability.

Employee benefit Expenses

Employee benefit expenses have decreased from Rs. 349 million in previous financial year to Rs.157 million (in the current financial year) on account of decrease in employee strength for sale and marketing services provided to start ups.

PRODUCTS AND SERVICES

SSTL has identified System Integration in ICT domain as one of the business lines and has been exploring business opportunities therein. In this regard, SSTL has established partnerships with major OEMs of ICT domain and is targeting to brand its footprint as an emerging system integrator / ICT by establishing partnerships with multiple OEMs to rollout the different level of projects in Government/ PSUs sector.

Further, the Company has also been engaged in providing sales, distribution and marketing services to various start-ups in India for scaling up their businesses in India.

HUMAN RESOURCES

At SSTL, our HR mission has been to uphold organization goals by fostering a positive and engaging work environment while identifying and responding to the fast-changing business scenarios.

We have successfully undertaken some of the key initiatives around changed organization focus to achieve our core HR objectives for the period.

Business priorities and talent acquisition strategy was re-prioritized. It was ensured that the staffing level was > 90% to achieve the desired results.

All HR operational policies and processes were reviewed, modified and re-aligned to the new organizational context and rolled out to employees for adherence.

Taking a step further, Performance Linked Incentive (PLI) policy, and KPI Structure, for each position was defined for the reporting period.

SSTL Organization structure was reviewed at regular intervals and the manpower optimization exercise was carried out in phased manner to keep the OPEX with the defined limits.

In line with the industry practice exercise of Performance Management System was successfully carried out. Merit compensation increase was within range of average increase forecasted for the period. As part of the performance evaluation exercise the fulfillment levels on KPIs were assessed and payout of PLI was made to all eligible employees as per the PLI policy approved by the Board of Directors for the assessment period.

Conclusion

The HR functional plan has been aligned to the organization's changing requirements with the increased focus on ensuring the availability of required headcount with desired skills at the right time.

Internal Control Systems

The Company has in place systems of internal control designed to provide reasonable assurance with regard to the effectiveness and efficiency of operations, reliability of financial reporting and compliance with applicable laws and regulations.

The internal audit adopts a risk-based audit methodology, which is aligned with the risk profile of the Company to ensure that the relevant controls addressing those risks are reviewed on a rotational basis. The scope of audit is extended to all of SSTL's operations and third-party service providers. The Company had outsourced the audit work to a third-party audit firms for the financial year 2019-20. The deliverables of appointed audit firm are measured and evaluated against performance KPI's (Key Performance Indicators) approved by the Audit Committee to ensure that reasonable assurance is provided on the end-to-end spectrum of the areas/ processes defined in the agreed scope of work. The audit methodology takes into account factors like company risk profile, company strategy, influence of regulators/legislation; vulnerability to fraud, cost materiality and results of previous audits to ensure all critical processes gets covered. The Audit Committee does a regular review of the Audit Reports and also reviews update on the status of critical audit issues pending for resolution, which are submitted by the Internal Auditors. The Committee also meets the Company's statutory auditors to ascertain, inter alia, their views on the adequacy of internal control systems in the Company and keeps the Board of Directors informed of major observations, if any.

The Anti-Corruption Policy of SSTL has been developed in accordance with Code of Conduct, charters, policies, rules and regulations adopted by SSTL and in conformance with the legal and statutory framework of Anti-Corruption Legislation prevalent in India and to additionally comply with the provisions of UK Bribery Act (if and when applicable). The Policy reflects the commitment of SSTL and its management for high ethical standards doing open and fair business for improving the corporate culture, following the best practices of corporate governance and supporting the business reputation at the appropriate level.

The Company has also set up a robust enterprise risk management framework across the organization. This facilitates identification, assessment, communication and management of risk(s) in an effective manner

The Company has in place adequate tools, defined business procedures and policies, ensuring orderly and efficient conduct of its business, including adherence to the Company's policies, safeguarding of its assets, prevention and detection of frauds and errors, accuracy and completeness of accounting records, and timely preparation of reliable financial information.

SSTL has designed Internal Control over Financial Statement (ICFR) framework to comply with the requirements of section 134 and 143 of Companies Act 2013, and 'Guidance Note on Audit of Internal Financial Controls Over Financial Reporting' released by the Institute of Chartered Accountants of India (ICAI) and the effectiveness of same is reported by statutory auditors in the annual report.

Opportunities

The Company is keen in exploring the Indian ICT (information and communication technology) sector which is expected grow rapidly on account of increasing internet penetration in the country.

Risks and Threats

In the current scenario, the immediate risk as well as threat to the Company is growth of its revenues so as to reach a reasonable scale of business.

Future Outlook

Short Term: In the short run SSTL will look to maximizing shareholder value by focusing on the resolution of ongoing disputes including the disputes relating to the release of the bank guarantees furnished to the Department of Telecommunication and the adjusted gross revenue.

Medium Term: The Company is continuously evaluating its option to identify potential value creation opportunities for its shareholders.

Cautionary Statement

Statements in the Management Discussion and Analysis Report describing the Company's objectives, projections, estimates, expectations may constitute a "forward-looking statement" within the meaning of applicable laws. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to the Company's operations include economic conditions affecting demand/supply and price conditions in the domestic markets in which the Company operates, changes in the Government Regulations, tax laws and other statutes and other related / incidental factors.

For and on behalf of the Board

Sd/-
Sergey Savchenko
CHAIRMAN
DIN: 02891905

Place: Singapore
Date: July 29, 2020

REPORT ON CORPORATE GOVERNANCE

GOVERNANCE PHILOSOPHY

Corporate Governance is a tool by which an organization can control and direct its affairs towards attainment of set objectives maximizing the welfare of its stakeholders. The Company ("SSTL") is committed to maintain the highest standards of Corporate Governance and implements several best Corporate Governance practices as prevalent globally, which are over and above the statutory requirements. Your Company's affairs are managed in a fair and transparent manner, this is very important to gain and retain the trust of our stakeholders.

Your Company always makes efforts to develop and improve the processes and procedures, which are part of Corporate Governance regime in order to gain the confidence of stakeholders and to promote the principles of transparency, integrity and accountability in the working and culture of the organization and to keep the level of Corporate Governance matching with Industry standards.

I. BOARD OF DIRECTORS

The Board of SSTL is broad based and has eminent personalities having experience in distinguished industries. It is managed through an optimum mix of Executive, Non-Executive and Independent Directors in conformance with the best standards and practices. The Board of Directors of SSTL comprises of notable professionals possessing unparalleled industry experience and knowledge having diverse backgrounds and expertise in the fields of strategy, technology, finance, economics, entrepreneurship, legal and general management.

The Board's composition, nature of directorship & attendance of the Directors at last Annual General Meeting along with the details of their directorships in other companies during the financial year 2019-20 are given as under:

Name of the Director	Nature of Directorship	Date of Joining the Board	Attendance At the Last AGM	Directorship In other Companies
Mr. Sergey Savchenko	Director (Chairman)	14.09.18	Yes	6
*Mr. Ilya Kosolapov	Director	14.09.18	Yes	-
Mrs. Larisa Gorbatova	Director	25.04.18	Yes	2
Mr. Vikram Kaushik	Independent Director	13.07.11	Yes	1
Mr. Bharat V Patel	Independent Director	13.07.11	-	3
Mrs. Neera Sharma	Whole-Time Director	1.11.17	Yes	8

*Ceased to be a Director w.e.f. the close of working hours on January 10, 2020.

Board Meetings and Attendance

During the financial year ended March 31, 2020, the Board of Directors met 4 times on the following dates and the maximum time gap between any two meetings has been less than 120 days. Besides the regular Board Meetings, urgent important issues are decided through circulation resolutions which are confirmed in the next Board Meeting.

Dates on which the Board Meeting(s) were held:

I.	June 25, 2019	III.	September 25, 2019
II.	August 20, 2019	IV.	January 10, 2020

The details of attendance of each Director at the Board Meetings held during the financial year 2019-20 are as under:

Name of Directors	Sergey Savchenko	Ilya Kosolapov	Neera Sharma	Larisa Gorbatova	Vikram Kaushik	Bharat Patel
Board Meetings Attended	4	3	4	4	3	3

Note: Mr. Ilya Kosolapov ceased to be director w.e.f. the close of working hours on January 10, 2020.

Information availability to the Board

The Company provides all the information in advance related to businesses of each meeting to all the members of Board for their review and for discussions and decisions at the meeting. Such information is submitted as part of the agenda material of the meetings well in advance and also by way of presentation during the meeting. All major agenda items are backed by comprehensive background information to enable the Board to take erudite decisions. The information which could not be circulated in advance is tabled directly at the meeting. The Board has absolute access to all the relevant information and also the managers of the Company. Apart from the information made available at the time of meetings, the Board also periodically reviews various reports and information on the progress of the Company. Such information is supplied to the Board at certain intervals and also on request from time to time.

Advance Planning of the Meetings

Planning of meetings of the Board as well as Board's Committee is done in advance to adjudge and decide the matters and affairs which are to be placed and reviewed before the members on the basis of priority and importance. Advance planning also provides an aid to the Board members to schedule and plan their calendar events accordingly. The schedule of meetings also includes the primary agenda for each meeting. The Board approves such calendar schedules in the last meeting of every calendar year for the Board and Committee Meetings of next calendar year. To the extent possible and convenient to Board Members, the Board and Committees follow the calendar schedules approved for Meetings. In addition to the planned calendar meetings, the Company also holds special meetings to discuss the urgent business issues and the Board Members have also been very indulgent for such special meetings as is evident from the attendance of Directors in Board Meetings. The agenda of the meeting is pre-circulated with presentations, detailed notes, supporting documents and executive summary.

Performance Evaluation Process

The Board's Performance Evaluation process was initiated by distributing a self- assessment questionnaire to each Board Member. Based on the response to questionnaires received from Board Members, a summary report was prepared including the results of all analyzed criteria, areas of improvement and a certain action plan for the same. The results of the evaluation process were summarized with complete confidentiality and placed before the Board for its review and the suggestions for the improvement in the working procedures of the Board of Directors. The suggestions advised by the Board members are being implemented, to the maximum extent possible, with co-ordination of all concerned.

II. DIRECTORS' COMMITTEES

The Board has constituted Audit Committee, Nomination and Remuneration Committee, Stakeholders' Relationship and Share Transfer Committee, Corporate Conduct and Ethics Committee, Corporate Social Responsibility Committee and Borrowing & Investment Committee in compliance with applicable provisions of the Companies Act, 2013.

Committees focus on specific areas and make well-versed decisions within the authority delegated. Each Committee of the Directors is guided by its well defined Charter, which defines the composition, scope and powers of the Committee. The charters of the Committees have been aligned in accordance with the scope and functions as prescribed under the applicable provisions of the Companies Act, 2013. The Chairman of the Committee in consultation with Company Secretary determines the frequency of the Committee meetings. The Committees also make specific recommendations to the Board on various matters from time-to time. All observations, recommendations and decisions of the Committees are placed before the Board for information or for approval. The Board reviews the performance of the Committees exhaustively on annual basis and imparts necessary directions for improving the performance of the Committees.

Audit Committee

Audit Committee plays an important role in the Company's financial integrity. The Audit Committee presently comprises of the following Board Members: Ms. Larisa Gorbatova, Mr. Bharat Patel, & Mr. Vikram Kaushik, Ms. Larisa Gorbatova being the Chairman of the Committee. Ms. Gorbatova has sound financial knowledge as well as several years of experience in the industry. Mr. Archit Sood, the Company Secretary of the Company, is the Secretary of the Committee.

In Committee Meetings, detailed discussions are held on various matters e.g. financial results, budgets, related party transactions, internal audit and internal control, etc. The Head of various functions and other senior management members are invited to present their reports on the respective issues being discussed in the committee meetings and to have detailed interactions with the committee members on all important issues. The Internal Auditors and Statutory Auditors are also invited to attend the meeting of the Audit Committee and participate in discussions on their respective issues.

Key responsibilities of the Audit Committee

➢	Financial Reporting and Disclosure process.	➢	Overseeing the Vigil Mechanism.
➢	Appointment, re-appointment or removal of the Statutory Auditor, Internal Auditors and Cost Auditor.	➢	Adequacy of the internal control systems and internal audit function.
➢	Examination of Annual Financial Statements and all aspects related thereto including qualification in Draft Auditors' Report.	➢	Internal Audit Reports and follow up action.
➢	Quarterly financial statements and Policies.	➢	Nature and scope of Statutory Audit.
➢	Review and monitor the auditor's independence and performance and effectiveness of audit process.	➢	Related Party Transactions.
➢	Budgets and Business Plans of the Company and matters related thereto.	➢	Legal/ regulatory matters having significant impact on the Company's financial statements.
		➢	Carrying out any other function as may be related and important in view of the Audit Committee members.

Audit Committee Meetings and Attendance

During the financial year 2019-20, the Audit Committee met 4 times i.e. on:

I. June 25, 2019

II. August 20, 2019

III. September 25, 2019

IV. January 10, 2020

The details of meetings attended by each Committee Member during the financial year 2019-20 are as under:

Members	Larisa Gorbatova	Vikram Kaushik	Bharat Patel
Status	Chairperson	Member	Member
No. of Meetings Attended	4	3	3

Nomination and Remuneration Committee

During the financial year 2019-20, the Nomination and Remuneration Committee of Directors was re-constituted with effect from January 11, 2020. Presently, it comprises of: Mr.Vikram Kaushik (Independent Director), Mr. Bharat Patel (Independent Director), and Mr. Sergey Savchenko, Mr. Vikram Kaushik being the Chairman of the Committee. Mr. Archit Sood, Company Secretary of the Company, is Co-ordinator of the Committee.

Key Responsibilities of Nomination & Remuneration Committee

- To shortlist and select nominees on the Board and to recommend their names to the Board of Directors for appointment, re-appointment.
- To formulate the criteria for determining qualifications, positive attributes and independence of directors.
- To recommend to the Board Remuneration Policy relating to remuneration for the directors, key managerial personnel and other employees and to review the overall Remuneration structure/ Remuneration policy.
- To shortlist and select candidates for the position of CEO and to recommend their names to Board of Directors for appointment as CEO along with proposed remuneration.
- To lay down criteria for qualification and to approve the selection/ appointment(s)/ KPIs/ performance/ remuneration/ promotion/ resignation(s) and termination(s) of personnel for the position of National Heads/CXOs/Circle COOs ("Management Personnel").

Committee Meetings and Attendance

During the financial year 2019-20 the said Committee met 3 times i.e. on:

I. June 25, 2019

II. August 20, 2019

III. January 10, 2020

The details of meetings attended by each Committee Member are as under:

Members	Vikram Kaushik	Bharat Patel	Ilya Kosolapov*	Sergey Savchenko**
Status	Chairman	Member	Member	Member
No. of Meetings Attended	3	3	2	-

*Ceased to be a member with effect from close of working hours on January 10, 2020
** Inducted as member with effect from January 11, 2020.

Corporate Conduct & Ethics Committee

In order to develop an effective corporate conduct system and ethics standards which correspond with international recognized standards, the Company had constituted a Corporate Conduct & Ethics Committee on October 18, 2011. Presently it comprises of Mr. Sergey Savchenko as Chairman of the Committee, Mr.Vikram Kaushik (Independent Director), Mr. Bharat v Patel (Independent Director) and Mrs. Neera Sharma as its members. Mr. Archit Sood, the Company Secretary of the Company is the Secretary of the Committee.

The Committee is responsible for formulation of proposal and recommendations to Board of Directors for developing and implementing effective corporate conduct and ethics, Monitoring and supervising of functioning of executive level Disciplinary Committees as well as disciplinary proceedings conducted by the said committees, Reviewing Code of Conduct for Board members and Senior Management Personnel and Code of Conduct for employees and Reviewing policies, documents, processes, procedures, strategies, guidelines relating to corporate conduct, corporate culture, ethics and disciplines. The main function of the Committee is to review the periodical reports of the respective Executive Level Disciplinary Committee and to provide directions and suggestions thereon.

Meeting and Attendance Details

During the financial year 2019-20, the Corporate Conduct & Ethics Committee met once i.e. on June 25, 2019. The details of meeting attended by each Committee Member are as under:

Members	Sergey Savchenko	Neera Sharma	Bharat V. Patel	Vikram Kaushik
Status	Chairman	Member	Member	Member
No. of Meetings Attended	1	1	1	1

STAKEHOLDERS' RELATIONSHIP AND SHARE TRANSFER COMMITTEE

The Committee has a charter, which is aligned in accordance with Section 178 of the Companies Act, 2013. The Committee deals with matters relating to transfer & transmission of shares, issue of duplicate share certificates, shares dematerialized & rematerialized, redressal of investor's grievance and all other matters related to the shares, share capital and investors complaints and correspondence. The Committee meetings are held on regular intervals to consider the matter pertaining to share transfer and investors grievances.

The Committee comprises of Mr. Vikram Kaushik Mr. Bharat Patel and Mr. Sergey Savchenko as its members with Mr. Vikram Kaushik as its Chairman. Mr. Archit Sood, Company Secretary is the Secretary of the Committee.

Meeting and Attendance Details

During the financial year 2019-20, the Stakeholders' Relationship & Share Transfer Committee met three (3) times on the following dates: August 20, 2019, September 25, 2019 and January 10, 2020. The details of meetings attended by each Committee Member are as under:

Members	Vikram Kaushik	Sergey Savchenko	Bharat V. Patel
Status	Chairman	Member	Member
No. of Meetings Attended	2	3	2

CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

In order to comply with the provisions of Section 135 of the Companies Act, 2013 and related Rules, a committee on Corporate Social Responsibility (CSR) had been constituted to recommend and monitor the expenditure on CSR plans, projects and programs as specified in the CSR Policy. The Committee presently comprises of Mr. Sergey Savchenko, Mr. Vikram Kaushik and Mr. Bharat Patel with Mr. Sergey Savchenko being the Chairman of the Committee.

Meeting and Attendance Details

During the financial year 2019-20, the CSR Committee met once i.e. on June 25, 2019. The details of meeting attended by each Committee Member are as under:

Members	Sergey Savchenko	Bharat Patel	Vikram Kaushik
Status	Chairman	Member	Member
No. of Meetings Attended	1	1	1

BORROWING & INVESTMENT COMMITTEE

During the Financial Year 2019-20, the Borrowing & Investment Committee was re-constituted with effect from January 11, 2020. The Committee presently comprises of Mr. Sergey Savchenko (as Chairman of the Committee), Mrs. Larisa Gorbatova and Mrs. Neera Sharma. During the financial year 2019-20, two meetings were held on August 07, 2019, September 25, 2019 respectively. The details of meeting attended by each Committee members are as under.

Members	Sergey Savchenko	*Ilya Kosolapov	Neera Sharma	Larisa Gorbatova**
Status	Chairman	Member	Member	Member
No. of Meetings Attended	2	2	1	-

*Ceased to be a member with effect from close of working hours on January 10, 2020.

**Inducted as a member with effect from January 11, 2020.

III. REMUNERATION TO DIRECTORS

The Company is not making any payment to the Non-Executive Directors as remuneration except sitting fee i.e. Rs.1,00,000/- for attending each meeting of Board of Directors and Rs.50,000/- for attending each meeting of the Committee of the Board. The total remuneration paid to Mrs. Neera Sharma Whole-Time Director designated as CEO, during the financial year 2019-20 was Rs. Rs.20.49 million in accordance with the approval of shareholders of the Company.

Performance criteria for Executive Directors, entitled for Performance Linked Incentive (PLI), are determined by the Human Resources policy & Nomination and Remuneration Committee. The tenure of office of Mrs. Neera Sharma is up to 31 October 2020. In case the services of Mrs. Neera Sharma are terminated by the Company involuntarily before the term, she shall be paid one-time compensation equal to one months' fixed salary and PLI on pro rata basis for the completed period.

IV. DISCLOSURES

A. Compliance with Laws

The Company is complying with all applicable laws with due diligence. No penalties or strictures were imposed on the Company by Ministry of Corporate Affairs or any statutory authority on any matter related to corporate laws. The Audit Committee periodically reviews compliance reports of applicable laws as prepared by the management as well as steps taken by the Company to rectify instances of non-compliance, if any.

B. Related Party Transactions

There were no contracts or arrangements entered into by the Company which attract the provisions of Section 188 of the Companies Act, 2013. However, all the transactions with related parties were at arm's length basis and entered in the ordinary course of business by the Company. All such transactions were periodically placed before the Audit Committee for its approval.

Details of each proposed related party transactions are placed before the Audit Committee with detailed justification for its prior approval. Further, it is also ensured that the transaction with related parties are on arms' length basis with due consideration of various business exigencies such as synergy in operation and industry specialization, etc. The established processes applicable in the Company for all kind of procurements are also equally applied to related party transactions.

C. Code of Conduct

In compliance with the Code of Conduct for Board Members and Senior Management Personnel adopted by the Company, all the Board Members and Senior Management Personnel have affirmed the compliance with the 'Code of Conduct' for the financial year ended March 31, 2020 by furnishing a certificate to this effect. A declaration to this effect signed by Mrs. Neera Sharma, Whole Time Director as on July 29, 2020 (designated as 'Chief Executive Officer' of the Company) forms part of this report as Annexure - I.

D. Vigil Mechanism / Whistle Blower Policy

The Company has a Vigil Mechanism named as Whistle Blower Policy for Directors and employees to report genuine concern in accordance with the manner and procedure as prescribed therein and it provides adequate safeguards against victimization of persons who use such mechanism. The Directors, employees, vendors or any other person covered under the Whistle Blower Mechanism, have direct access to the Chairman of the Audit Committee in appropriate or exceptional cases as per provisions of the Whistle Blower Policy and Charter of Audit Committee.

E. Remuneration Policy

The Company has adopted a Remuneration Policy based on the recommendations of the Nomination & Remuneration Committee of the Company. The Policy has been framed in accordance with the applicable provisions of the Companies Act, 2013 and rules framed thereunder and the Articles of Association of the Company. The Policy includes the provisions relating to remuneration of Board of Directors, Key Managerial Personnel and other employees in general. Remuneration Policy of the Company is enclosed herewith Annexure -III.

F. Other Disclosures

- There is no Inter-se relationship between Directors of the Company.
- During the year there are no material financial and commercial transactions of senior management, where they may have had personal interest, and which had potential conflict with the interest of the Company at large.
- The Independent Directors have submitted a declaration confirming that they meet the criteria of independence and do not have any material pecuniary relationship or transaction with the Company, its Promoters, Directors, Senior Management, Holding Company or Subsidiary Company.

V. ENTERPRISE RISK MANAGEMENT (ERM)

All the clauses of Companies Act, 2013 relating to risk management became effective w.e.f. April 1, 2014. Existing Risk Management Policy was amended to ensure compliance with the new Company Law and the policy was also reviewed and approved by the senior management of the company. In addition, risk management continued taking new initiatives including re-visiting emerging risks which could have significant impact on the company and laid down a robust process to monitor key risks and prioritize relevant action plans to mitigate them.

During the year, ERM team continued monitoring of various key parameters including progress, reflecting increase / reduction of risk impact and also reported the result in Risk management Committee, Management Committee, Audit Committee, BoD and obtained approval of the key risk's profile and mitigation plan thereof.

Progress of mitigation actions and their effectiveness were reviewed and discussed with the Risk Management Committee, duly approved by Audit Committee and Board from time to time. This resulted in strengthening the risk and control framework and hence reducing the overall risk impact.

In 2020-21, Enterprise Risk management plans to continue its focus on key risks which may threaten the existence of the organization in addition to coordinating for mitigation of other key risks. It is also working towards improving the accuracy and efficiency of data analysis and business modeling, in order to identify risks more precisely before its occurrence.

VI. TRAINING OF BOARD MEMBERS

The Company believes that the Board must be continuously empowered with the knowledge of the latest developments in the Company's business and the external environment affecting the industry as a whole. To this end, the Directors were given reports/ information/ presentations on the global business environment, as well as all business areas of the Company including business strategy, risks and opportunities. Directors are also updated on changes / developments in the domestic / global corporate and industry scenario including those pertaining to statutes / legislation and economic environment. Additionally, all new directors inducted into the Board from time to time are given an orientation to familiarize them with the Operations, Financial Performance, Organizational structure, Board Procedures, Code of Conduct and Process for Board's Self-Appraisal.

VII. CEO AND CFO CERTIFICATION

The CEO and CFO Certificate on the Annual Accounts and Internal Controls of the Company for the financial year ended March 31, 2020 is appended as Annexure - II and forms an integral part of this Report. The requirement of obtaining and publishing this certificate is applicable only for listed companies, however in its quest for establishing fair and transparent best practices the Company has voluntarily taken this initiative.

VIII. DISCLOSURE UNDER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

The Company has in place "Prevention of Sexual Harassment Policy" in line with the requirements of The Sexual Harassment of Women at the Workplace (Prevention, Prohibition & Redressal) Act, 2013, which is applicable to all employees of the Company and a committee named as "Prevention of Sexual Harassment Committee" has been set up to redress the complaints received regarding sexual harass¬ment.

Summary of sexual harassment complaints received and disposed of during the period starting with April 1, 2019 to March 31, 2020

- No. of complaints received: Nil
- No. of complaints disposed of: Nil

IX. SHAREHOLDER AND GENERAL INFORMATION

A. Means of Communication

Good Governance can only be achieved by timely disclosure of consistent, comparable, relevant and reliable information on corporate financial performance. The Company has established systems and procedures to disseminate relevant information to all its stakeholders.. All official press releases are posted on the requisite forums. An analysis of the various means of dissemination of information in the year under review is produced hereunder:

Press Releases	All press releases concerning the business operations of the Company and other media news are also displayed on the internet.
Annual Report	Annual Reports are circulated to all the members and others like Auditors,, etc.

B. Details of last 3 General Meetings

(i) Annual General Meetings

Year	Date & Time	Venue	Special Business Item Resolution Passed
2016-17	28.12.2017 10:00 A.M.	Hotel Hilton, Plot No. 42, Geejgarh House, Hawa Sadak, Jaipur- 302006, Rajasthan, India	➢ Appointment of Mr. Sergey Savchenko as Director liable to retire by rotation. ➢ Appointment of Mrs. Neera Sharma as Director liable to retire by rotation. ➢ Approval for excess payment of PLI to Mr. Sergey Savchenko, Whole Time Director of the Company. ➢ Approval for excess payment of PLI and remuneration to Mrs. Neera Sharma, Whole Time Director of the Company. ➢ Appointment of Mr. Sergey Savchenko as Whole Time Director and approval of his remuneration. ➢ Appointment of Mrs. Neera Sharma as Whole Time Director and approval of her remuneration. ➢ Approval of Remuneration of M/s. Sanjay Gupta & Associates, Cost Auditors for the FY 2017-18.
2017-18	28.12.2018 10:00 A.M.	Hotel Fortune Select Metropolitan, Near Nehru Sahkar Bhawan, C-Scheme Bais Godam Circle, Jaipur.	➢ Appointment of Mr. Ilya Kosolapov as Ordinary Director liable to retire by rotation. ➢ Approval for excess payment of remuneration to Mr. Sergey Savchenko, Whole Time Director of the Company. ➢ Approval for excess payment of remuneration to Mrs. Neera Sharma, Whole Time Director of the Company. ➢ Appointment of Mrs. Neera Sharma as CEO (Whole Time Director) and approval of her remuneration
2018-19	25.09.2019 10:00 A.M.	Hotel Fortune Select Metropolitan, Near Nehru Sahkar Bhawan, C-Scheme Bais Godam Circle, Jaipur.	➢ Re-appointment of Mr. Bharat v Patel (Din 00060998) as an independent Director of the Company ➢ Re-appointment of Mr. Vikram Kaushik (Din 00020529) as an independent Director of the Company. ➢ Approval for excess payment of remuneration to Mr. Sergey Savchenko, Director of the Company. ➢ Approval for excess payment of remuneration to Mrs. Neera Sharma, Whole Time Director of the Company.

ii) Extraordinary General Meetings

Year	Date & Time	Venue	Special Resolution Passed
2008-09	22.01.2009 10:30 A.M.	Hotel Pink Pearl 10th Mile, Mahapura, Ajmer Road, Jaipur	- Change in the name of the Company from Shyam Telelink Limited to Sistema Shyam TeleServices Limited. - Appointment of Mr. Vsevolod Rozanov as Whole Time Director of the Company and fixation of his remuneration.
2009-10	10.12.2009 11:00 A.M.	Hotel Fortune Select Metropolitan, Near Nehru Sahkar Bhawan, C-Scheme Bais Godam Circle, Jaipur.	- Offer, issue and allotment on preferential allotment basis upto 22,85,94,900 equity shares to existing promoter companies. - Offer, issue and allotment on preferential allotment basis upto 66,27,45,100 to Federal Agency for State Property Management (Rosimushchestvo) of Russian Federation.
2011-12	30.03.2012 11:00 A.M.	Hotel Marriott, Ashram Marg, Near Jawahar Circle, Jaipur.	- Alteration in Articles of Association of the Company to incorporate the power to issue Preference Shares. - Authorisation to the Board to issue upto 6,000,000,000 preference shares.

C. Details of ensuing Annual General Meeting

Day: Tuesday **Date:** September 8, 2020; **Time:** 02:00 PM.

Venue: Through audio visual means as allowed by the Ministry of Corporate Affairs.

D. Financial Calendar

Accounting Year: April 01, 2019 to March 31, 2020.

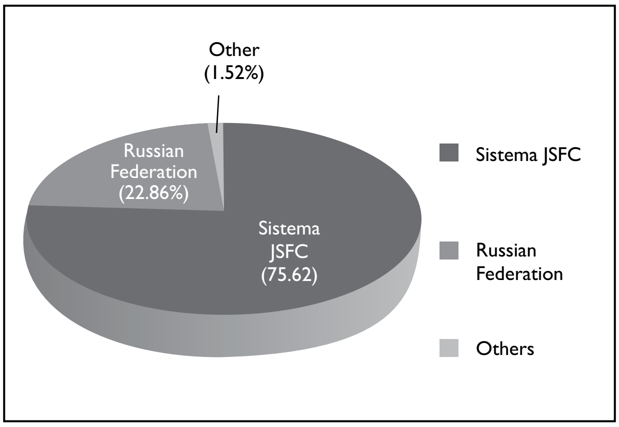
E. Share Capital

As on March 31, 2020, the total Preference Share Capital of the Company consists of 14,169,400, 0.01% Non-Convertible Non-Cumulative Fully Redeemable Preference Shares of Rs.10/-each. The allotment of Preference Shares was done by the Directors at the meetings of Share Allotment Committee held from time to time, duly authorized in this behalf.

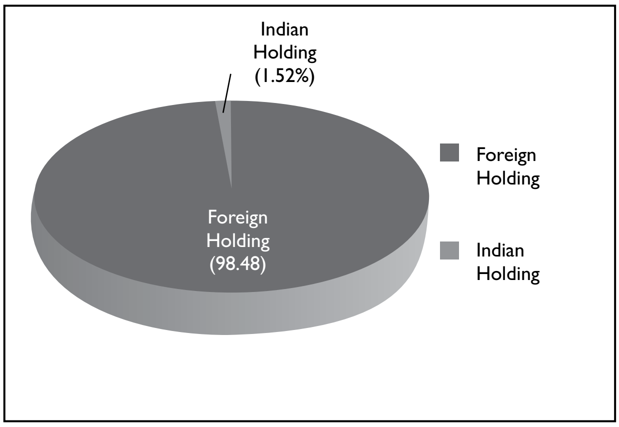
F. Shareholding Pattern as at March 31, 2020

EQUITY SHARE CAPITAL

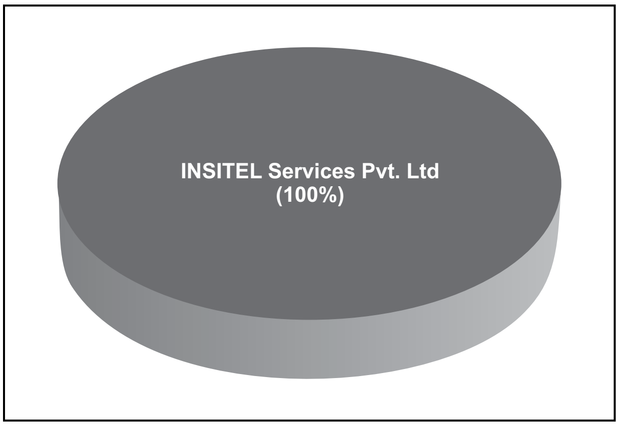
Shareholding



Indian Vs Foreign Shareholding



PREFERENCE SHARE CAPITAL



G. Distribution of Shareholding as on 31.03.2020

A. Equity Share Capital

Category (Shares)	No. of Shareholders	% of Total Shareholders	No. of Shares	% of Total Shares
1 - 100	2032	12.48	60319	0.00
101 - 500	3489	21.44	1094132	0.05
501 - 1000	5386	33.09	4199826	0.18
1001 - 5000	4315	26.51	9291958	0.39
5001 - 10000	558	3.43	3968667	0.17
10001 - 20000	273	1.68	3783016	0.16
20001 - 30000	90	0.55	2154523	0.09
30001 - 40000	44	0.27	1519096	0.06
40001 - 50000	15	0.09	665904	0.03
50001 - 100000	45	0.28	3173434	0.13
100001 - 500000	23	0.14	4410604	0.18
500001 and above	6	0.04	2359744476	98.57
TOTAL:	**16276**	**100.00**	**2394065955**	**100.00**

B. Preference Share Capital

Category (Shares)	No. of Shareholders	% of Total Shareholders	No. of Shares	% of Total Shares
1 - 14169400	1	100	14169400	100
TOTAL	**1**	**100**	**14169400**	**100**

H. Categories of Shareholders as on 31.03.2020

A. Equity Share Capital

	Category	No. of Shares	%
(A)	**PROMOTERS**		
	Indian Promoters		
	Foreign Promoters	1810289400	75.62
(B)	Federal Agency of State Property Management of Russian Federation **(Rosimushchestvo)**	547312918	22.86
(C)	**NON-PROMOTER**		
	FIIs/NRIs/ Foreign Banks/OCBs	173647	0.01
	FIs/Mutual Funds/UTI/Banks/Body Corporates	4171244	0.17
	Others (Res.Individuals)	32118746	1.34
	TOTAL	**2394065955**	**100.00**

B. Preference Share Capital

	Category	No. of Shares	%
(A)	**Body Corporate (Indian)**		
	INSITEL Services Private Limited	14169400	100.00
	TOTAL	**14169400**	**100.00**

I. Physical Holding vs. Holding in Dematerialized Form:

As on 31st March, 2020, 99.95% of Equity shares are held in dematerialized form and the rest 0.05% in physical form. The Break-up of Physical vs. Demat shares is as listed below:

Category	No. of Shareholders	% of total Shareholders	No. of Shares Held	% of Shareholding
PHYSICAL	1121	6.89	1153891	0.05
DEMAT:				
NSDL	10795	66.32	2381362752	99.47
CDSL	4360	26.79	11549312	0.48
Total	**16276**	**100.00**	**2394065955**	**100.00**

J. International Security Identification Number (ISIN)

Security	ISIN
EQUITY SHARES OF RS. 10/- EACH	INE159D01010

K. Address for Correspondence for Share Related Matters:

KFin Technologies Private Limited (Registrar & Transfer Agent)

Delhi Office:	Hyderabad Office:
KFin Technologies Private Limited 305, New Delhi House, 27 Barakhamba Road, Connaught Place, New Delhi-110001 Tel No. : 011-43681700 Fax No. : 011-46381710 E-mail ID: delhi@kfintech.com	**KFin Technologies Private Limited** Karvy Selenium Tower B, Plot No 31 & 32, Gachibowli, Financial District, Nanakramguda, Serilingampally Hyderabad – 500 008 Tel No.: 040-67162222 Fax No.:040-23420814 E-mail ID : einward.ris@kfintech.com

L. Address for Investors Correspondence:

Company Secretary and Compliance Officer

Corporate Office:	Registered Office :
Sistema Smart Technologies Limited 334, Udyog Vihar, Phase-IV, Gurgaon -122001, Haryana Email :cssstl@sistema.co.in Ph : 0124-4812500 Fax No. : 0124-4812825	**Sistema Smart Technologies Limited** 121, Doctors Colony, Near DCM Ajmer Road, Jaipur 302021 Rajasthan Email : cssstl@sistema.co.in Ph : 0141-4919958

Note: The Corporate Governance Report states the facts/figures as of March 31, 2020.

ANNEXURE - I

ANNUAL DECLARATION BY CEO ON ADHERENCE TO THE SSTL'S CODE OF CONDUCT

I, Neera Sharma, Chief Executive Officer of Sistema Smart Technologies Limited ("the Company") (formerly known as 'Sistema Shyam Teleservices Limited') hereby confirm that the Company has adopted a comprehensive Code of Conduct ("Code") for its Board members and Senior Management Personnel.

I hereby confirm that all the Board Members and the Senior Management Personnel of the Company have affirmed compliance with the Code of Conduct of the Company for the financial year ended 31st March, 2020 by submitting Annual Compliance Certificate as required in terms of the Code of Conduct adopted by the Company.

Sd/-
Neera Sharma
Chief Executive Officer
DIN: 00975300

Place: Gurugram
Date: July 29, 2020

ANNEXURE - II

CEO & CFO Certification

We, Neera Sharma, Chief Executive Officer and Vinay Mittal, Chief Financial Officer of Sistema Smart Technologies Limited (formerly known as 'Sistema Shyam Teleservices Limited') hereby certify that:

1. We have reviewed the Financial Statements and Cash Flow Statement for the year ended 31st March, 2020 and to the best of our knowledge and belief:
   a) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
   b) these statements together present a true and fair view of the Company's affairs and are in compliance with existing Accounting Standards, applicable laws and regulations.
2. To the best of our knowledge and belief, no transactions entered into by the Company during the year ended 31st March, 2020 are fraudulent, illegal or violative of the Company's code of conduct.
3. We accept responsibility for establishing and maintaining internal controls for financial reporting and we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting.
4. There has not been any significant change in internal control over financial reporting during the year under reference;
5. There has not been any significant change in accounting policies during the year requiring disclosure in the notes to the financial statements; and
6. We are not aware of any instance during the year of significant fraud with involvement therein of the management or any employee having a significant role in the Company's internal control system over financial reporting.

Sd/-
Neera Sharma
Chief Executive Officer
DIN: 00975300

Sd/-
Vinay Mittal
Chief Financial Officer
PAN: AAKPM6793L

Place: Gurugram
Date: July 29, 2020

ANNEXURE - III

REMUNERATION POLICY

The Remuneration Policy of Sistema Smart Technologies Limited ("SSTL") (formerly known as 'Sistema Shyam Teleservices Limited') has been framed in accordance with the applicable provisions of the Companies Act, 2013 and rules framed thereunder and the Articles of Association of the Company. The Policy includes the provisions relating to remuneration of Board of Directors, Key Managerial Personnel and other employees in general.

The Policy has been formulated by the Nomination & Remuneration Committee of the Company and will be recommended to the Board of Directors of the Company for its approval for implementation.

REMUNERATION PAYABLE TO BOARD OF DIRECTORS

The Company does not pay any remuneration to the Board of Directors other than Whole Time Director designated as Chief Executive Officer and Independent Directors of the Company.

REMUNERATION PAYABLE TO INDEPENDENT DIRECTORS

The Independent Directors of the Company are not paid any remuneration other than sitting fee for their services for attending a Board Meeting or a meeting of the Committee constituted by the Board in accordance with the approval of Nomination & Remuneration Committee and Board of Directors of the Company and that shall be the sum as may be fixed by the Directors in accordance with the limits as may be prescribed/ approved by the Central Government from time to time under Companies Act, 2013 and the rules framed thereunder including amendments thereof.

The Board of Directors has fixed an amount of Rs. 1,00,000/- and Rs. 50,000/- as payment of sitting fee to Independent Directors for attending a Board Meeting or a meeting of the Committee constituted by the Board, respectively.

The Company will make all arrangements for Independent Directors including accommodation arrangements, travel arrangements etc. for attending the Board, Committee and Shareholders' meetings of the Company.

The criteria for selection and appointment of Independent Director(s) have been provided in Annexure "A" of this Policy. The criteria of appointment and selection of Independent Director(s) provides the positive attributes, qualities and qualifications, a potential candidate must possess to hold the position of Independent Director of SSTL.

REMUNERATION PAYABLE TO WHOLE TIME DIRECTOR DESIGNATED AS CHIEF EXECUTIVE OFFICER

The remuneration package of the Chief Executive Officer is decided by the Nomination and Remuneration Committee subject to approval of Board of Directors and shareholders of the Company in accordance the requirements and limits as stipulated under the Companies Act, 2013 and / or other applicable laws as in force at the time of his/her appointment. The remuneration paid is determined keeping in view the industry benchmark, the relative performance of the Company to the industry performance and review of remuneration packages of managerial personnel of other organizations.

The elements of the remuneration package of the Chief Executive Officer comprises of salary, perquisites & allowances comprising of Company maintained accommodation or house rent allowance, personnel allowance, leave travel allowance, club membership / facilities, use of chauffeur driven Company car, telecommunication facilities at residence and other perquisites and allowances including Company's contribution to provident fund, gratuity and leave encashment facilities in accordance with rules of the Company.

The annual increments and performance incentive of the Chief Executive Officer are linked to his performance and are considered by the Nomination & Remuneration Committee and recommended to the Board of Directors for its approval as well as to members, wherever necessary, for their approval.

REMUNERATION PAYABLE TO KEY MANAGERIAL PERSONNEL (OTHER THAN WHOLE-TIME DIRECTOR) AND SENIOR MANAGERIAL PERSONNEL

In case of Key Managerial Personnel (other than Whole-Time Director) and Senior Managerial Personnel, the remuneration paid is determined keeping in view the industry benchmark, the relative performance of the Company to the industry performance and review of remuneration packages of senior executive of other organizations. Perquisites and retirement benefits are paid according to the Company policy as applicable to senior executives of the Company, subject to prescribed statutory ceiling.

The appointment and remuneration of Key Managerial Personnel (other than Whole-Time Director) and Senior Managerial Personnel are decided by the Nomination and Remuneration Committee and recommended to the Board of Directors for its approval.

The annual increments and performance incentive are linked to their performance and are considered by the Nomination & Remuneration Committee and recommended to the Board of Directors for its approval.

The detailed document regulating the policy of personnel compensation and their revisions (for different staff categories) is already in place.]

REMUNERATION PAYABLE TO OTHER EMPLOYEES

The remuneration of employees largely consists of basic salary, perquisites, bonus and performance linked incentives. The components of the total remuneration vary for different levels and are governed by the industry pattern, qualification & experience / merits, performance of each employee.

The overall remuneration pattern of the employees is reviewed by the Nomination and Remuneration Committee on periodical basis. The overall annual increments and performance linked incentive are considered and reviewed by the Nomination & Remuneration Committee and recommended to the Board of Directors for its approval.

Annexure-A of Remuneration Policy

CRITERIA FOR APPOINTMENT AND SELECTION OF INDEPENDENT DIRECTORS

The Nomination & Remuneration Committee, while evaluating the potential candidate(s) for the position of Independent Director(s), will consider a variety of personal attributes, including experience, intellect, foresight, judgment and transparency, and will ensure that these attributes match with the requirements as set out by the Board. Broadly, the attributes and qualities of the Independent Director(s) consist of the following:

1. Independent Directors must be capable of taking fair decisions without being influenced.
2. Independent Directors are expected to balance the decision-making process of the Board by constructively challenging the Company's strategy and exercise due diligence.
3. Independent Directors should possess the requisite business and industry expertise in the domain, in which SSTL operates.
4. Independent Directors should be competent enough to work effectively like a team member as well as leader with the other directors of the Board and committees.
5. Independent Directors should contribute constructively in the Board's deliberations.

Apart from the attributes and qualities as illustrated above, the Independent Director(s) must also comply with the following criteria / requirements as contemplated under the provisions of the Companies Act, 2013:

1. An independent director shall possess appropriate skills, experience and knowledge in one or more fields of finance, law, management, sales, marketing, administration, research, corporate governance, technical operations or other disciplines related to the company's business.
2. The Independent Directors must fulfill the requirements as provided in the definition of Independent Director as given below: **Definition of Independent Director (As per Section 149 of the Companies Act, 2013)**

"An independent director in relation to a company, means a director other than a managing director or a whole-time director or a nominee director,—

(a) who, in the opinion of the Board, is a person of integrity and possesses relevant expertise and experience;

(b) (i) who is or was not a promoter of the company or its holding, subsidiary or associate company; (ii) who is not related to promoters or directors in the company, its holding, subsidiary or associate company;

(c) who has or had no pecuniary relationship with the company, its holding, subsidiary or associate company, or their promoters, or directors, during the two immediately preceding financial years or during the current financial year;

(d) none of whose relatives has or had pecuniary relationship or transaction with the company, its holding, subsidiary or associate company, or their promoters, or directors, amounting to two per cent. or more of its gross turnover or total income or fifty lakh rupees or such higher amount as may be prescribed, whichever is lower, during the two immediately preceding financial years or during the current financial year;

(e) who, neither himself nor any of his relatives—

(i) holds or has held the position of a key managerial personnel or is or has been employee of the company or its holding, subsidiary or associate company in any of the three financial years immediately preceding the financial year in which he is proposed to be appointed;

(ii) is or has been an employee or proprietor or a partner, in any of the three financial years immediately preceding the financial year in which he is proposed to be appointed, of—

(A) a firm of auditors or company secretaries in practice or cost auditors of the company or its holding, subsidiary or associate company; or

(B) any legal or a consulting firm that has or had any transaction with the company, its holding, subsidiary or associate company amounting to ten per cent. or more of the gross turnover of such firm;

(iii) holds together with his relatives two per cent. or more of the total voting power of the company; or

(iv) is a Chief Executive or director, by whatever name called, of any non-fit organization that receives twenty-five per cent. or more of its receipts from the company, any of its promoters, directors or its holding, subsidiary or associate company or that holds two per cent. or more of the total voting power of the company.

INDEPENDENT AUDITORS' REPORT

To

The Members of Sistema Smart Technologies Limited

Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the accompanying standalone financial statements of **Sistema Smart Technologies Limited** (Formerly known as Sistema Shyam Teleservices Limited) ("the Company"), which comprise the Balance Sheet as at March 31, 2020, and the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Cash Flow and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

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 Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2020, and its loss, total comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing specified under section 143(10) of the Act (SAs). Our responsibilities under those Standards are further described in the Auditor's Responsibility for the Audit of the standalone 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 (ICAI) 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 made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Material uncertainty related to Going Concern

We draw attention to Note 1 (b) to the standalone financial statements, which indicates that the Company has accumulated losses and its net worth has been fully eroded, the Company has incurred net losses and cash losses during the current and previous years. These conditions, as set forth in Note 1(b), indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. However, the standalone financial statements of the Company have been prepared on a going concern basis for the reasons stated in the said Note.

Our opinion is not modified in respect of this matter

Emphasis of Matter

We draw your attention to note 29(b) of the standalone Ind AS financial statements, which describes the uncertainties related to estimation of licence fees and spectrum usage charges on Adjusted Gross Revenue (AGR Liability) due to matter being subjudice and is pending at the Hon'ble Supreme Court and transfer of AGR liability to RCOM under merger scheme.

Our opinion is not modified in respect of this matter

Information Other than the Standalone financial statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in Management Discussion and Analysis, Board's Report including Annexures to Board's Report and Corporate Governance 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 information, we are required to report that fact. We have nothing to report in this regard.

Management's Responsibility for the Standalone financial statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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 Responsibility for the Audit of the standalone financial statements

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.

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 financial 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 system 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 the 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.

Materiality is the magnitude of misstatements in the standalone financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the standalone financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the standalone financial statements.

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.

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.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit, 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 Cash Flow and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.

    d) The matter described Under Material uncertainty related to Going Concern section above, in our opinion, may have an adverse effect on the functioning of the Company.

    e) In our opinion, the aforesaid financial statements comply with the Ind AS specified under Section 133 of the Act.

    f) On the basis of the written representations received from the directors as on 31st March, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2020 from being appointed as a director in terms of Section 164(2) of the Act.

    g) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.

    h) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended, in our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.

i) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:

   i. The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements.

   ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

   iii. There were no amount which were required to be transferred, to the Investor Education and Protection Fund by the Company.

2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For Deloitte Haskins & Sells
Chartered Accountants
(Firm's Registration No. 015125N)

Vikas Khurana
(Partner)
(Membership No. 503760)
UDIN: 20503760AAAAAH2624

Place: Gurugram
Date: July 29, 2020

Report on Internal Financial Controls Over Financial Reporting

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

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

Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of **Sistema Smart Technologies Limited** (Formerly known as Sistema Shyam Teleservices Limited) ("the Company") as of March 31, 2020 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to 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 Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting of the Company based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2020, based on internal financial control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For Deloitte Haskins & Sells
Chartered Accountants
(Firm's Registration No. 015125N)

Vikas Khurana
(Partner)
(Membership No. 503760)
UDIN: 20503760AAAAAH2624

Place: Gurugram
Date: July 29, 2020

ANNEXURE B TO THE INDEPENDENT AUDITOR'S REPORT

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

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment.

(b) The Company has a program of verification of property, plant and equipment to cover most of the items in a phased manner over a period of three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the program, certain property, plant and equipment were physically verified by the Management during the year. According to the information and explanations given to us, no material discrepancies were noticed on such verification.

(c) According to the information and explanations given to us and the records examined by us and based on the examination of the registered sale deed and ownership documents provided, we report that, the title deeds, comprising all the immovable properties of land and buildings which are freehold (disclosed as "Property, Plant and Equipment" in the financial statements) are in the name of the Company.

(ii) The Company does not have any inventory and hence reporting under clause (ii) of the Companies (Auditor's Report) Order, 2016 (CARO 2016) is not applicable.

(iii) The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Companies Act, 2013.

(iv) The Company has not granted any loans, made investments or provided guarantees under Sections 185 and 186 of the Companies Act, 2013, hence, reporting under clause (iv) of the CARO 2016 is not applicable.

(v) According to the information and explanations given to us, the Company has not accepted any deposit during the year.

(vi) Having regard to the nature of the Company's business / activities, the maintenance of cost records has not been specified by the Central Government under section 148(1) of the Companies Act, 2013.

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

(a) The Company has been regular in depositing undisputed statutory dues, including Provident Fund, Income-tax, Goods and Service tax, Customs Duty, cess and other material statutory dues applicable to it to the appropriate authorities. Also, refer to the note 29(a) in the financial statement regarding management assessment on certain matters relating to the provident fund.

(b) There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Goods and Service tax, Customs Duty, cess and other material statutory dues in arrears as at March 31, 2020 for a period of more than six months from the date they became payable.

(c) There are no dues of Customs Duty and Excise Duty which have not been deposited as on March 31, 2020 on account of disputes. Details of dues of Income-tax, Sales Tax, Service Tax and Value Added Tax which have not been deposited as on March 31, 2020 on account of disputes are given below:

Name of Statute	Nature of Dues	Forum where the Dispute is pending	Period to which the amount pertains	Amount Involved* (Rs. In million)	Amount Unpaid (Rs. In million)
Income Tax Act, 1961	Income Tax	Income Tax Appellate Tribunal	2010-11 2011-12 2012-13	109.72	27.14
Kerala Commercial Tax Act, 2003	VAT	High Court	2011-12 2015-16	37.94	37.94
Rajasthan Commercial Tax Act, 2003	CST	Commercial taxes officer Rajasthan	2014-15 2015-16 2016-17 2017-18	8.16	8.16
Rajasthan Commercial Tax Act, 2003	VAT	Commercial taxes officer Rajasthan	2016-17 2017-18	1.07	1.07
Bihar Value Added Tax Act, 2005	VAT	Commercial Taxes Tribunal, Bihar	2011-12 2012-13	2.77	1.92
Bihar Value Added Tax Act, 2005	VAT	Joint Commissioner (Appeal)	2014-15	16.00	11.20
Finance Act, 1994 (Service tax provisions)	Service Tax	Custom, Excise, Service tax Appellate Tribunal	2008-09 to 2013-14	381.76	291.88

*amount as per demand orders including interest and penalty wherever quantified in the order.

The following matters, which have been excluded from the table above, have been decided in favour of the Company but the department has preferred appeals at higher levels. The details are given below:

Name of Statute	Nature of Dues	Forum where Department has preferred appeals	Period to which the amount relates	Amount Involved* (Rs. in million)	Amount Unpaid (Rs. In million)
Rajasthan VAT VAT Act, 2003	VAT	Tax Board	2007-08 to 2009-10	2.33	1.43

*amount as per demand orders including interest and penalty wherever quantified in the order.

(viii) The Company has not taken any loans or borrowings from financial institutions, banks and government or has not issued any debentures. Hence reporting under clause (viii) of the Order is not applicable to the Company.

(ix) In our opinion and according to the information and explanations given to us, Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) or by way of term loans during the year, hence reporting under clause (ix) of the CARO 2016 Order is not applicable.

(x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company by its officers or employees has been noticed or reported during the year.

(xi) In our opinion and according to information and explation provided to us, the company has paid/ provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Companies Act, 2013.

(xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the CARO 2016 Order is not applicable.

(xiii) In our opinion and according to the information and explanations given to us, the Company is in compliance with Section 188 and 177 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements etc. as required by the applicable accounting standards.

(xiv) During the year the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause (xiv) of CARO 2016 is not applicable to the Company.

(xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or directors of its holding, subsidiary company or persons connected with him and hence provisions of Section 192 of the Companies Act, 2013 are not applicable.

(xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934 and hence, reporting under clause (xvi) of CARO 2016 is not applicable to the Company.

For Deloitte Haskins & Sells
Chartered Accountants
(Firm's Registration No. 015125N)

Vikas Khurana
(Partner)
(Membership No. 503760)
UDIN: 20503760AAAAAH2624

Place: Gurugram
Date: July 29, 2020

Standalone Balance Sheet as at 31 March 2020

(All amounts in Rupees million, except per share amounts unless stated otherwise)

Particulars	Notes	As at 31 March 2020	As at 31 March 2019
ASSETS			
Non-current assets			
Property, plant and equipment	**3**	4	39
Capital work-in-progress (Refer note 33)	**3**	-	0
Right of use assets	**3(a)**	3	-
Financial assets			
Investment	**4**		
Investment in subsidiary		-	-
Loans	**5**	-	-
Other non current financial assets	**6**	451	-
Non-current tax assets (net)		217	200
Other non current assets	**7**	113	82
		788	**321**
Current assets			
Financial assets			
Trade receivables	**8**	27	45
Cash and cash equivalents	**9**	9	95
Other bank balances	**10**	2,216	2,722
Loans	**5**	7	13
Other current financial assets	**6**	59	96
Other current assets	**7**	69	95
		2,387	**3,066**
Assets classified as held for sale (Refer note 33)	**3 (b)**	32	0
		2,420	**3,066**
Total Assets		**3,207**	**3,387**
EQUITY AND LIABILITIES			
Equity			
Equity share capital	**11**	23,940	23,940
Other equity	**12**	(195,826)	(175,023)
		(171,886)	**(151,083)**
Non-current liabilities			
Financial liabilities			
Borrowings	**13**	172,550	152,488
Provisions	**14**	15	9
		172,565	**152,497**
Current liabilities			
Financial liabilities			
Borrowings	**13**	720	650
Trade payables	**15**		
Total outstanding dues of micro enterprises and small enterprises		-	-
Total outstanding dues of trade payables other than micro enterprises and small enterprises		889	1,006
Lease liability	**16 (a)**	1	-
Other current financial liabilities	**16**	34	15
Provisions	**14**	874	290
Other current liabilities	**17**	10	12
		2,528	**1,973**
Total Equity and Liabilities		**3,207**	**3,387**
See accompanying notes to the financial statements	**1-36**		
In terms of our report attached			

For Deloitte Haskins & Sells
Chartered Accountants

Vikas Khurana
Partner

Place : Gurugram
Date : July 29, 2020

For and on behalf of the Board of Directors

Sergey Savchenko
Chairman
DIN - 02891905

Neera Sharma
Whole Time Director & CEO
DIN - 00975300

Vinay Mittal
Chief Financial Officer

Archit Sood
Company Secretary
ACS-18169

Place : Singapore
Date : July 29, 2020

Statement of Profit and Loss for the year ended 31 March 2020

(All amounts in Rupees million, except per share amounts unless stated otherwise)

Particulars	Notes	For the year ended 31 March 2020	For the year ended 31 March 2019
Income			
Revenue from operations	**18**	141	118
Other income	**19**	205	568
Total income (I)		**346**	**686**
Expenses			
Purchase of stock in trade		43	23
Employee benefit expense	**20**	157	349
Depreciation	3	5	6
Finance cost	21	20,187	17,851
Other expenses	22	167	294
Total expenses (II)		**20,559**	**18,523**
Loss before exceptional item and tax (III= I-II)		**(20,213)**	**(17,837)**
Exceptional item (net) (IV)	**29 (b)**	590	-
Loss before tax (V=III-IV)		**(20,803)**	**(17,837)**
Tax expense:			
(1) Current tax		-	-
(2) Deferred tax		-	-
Loss for the year		**(20,803)**	**(17,837)**
Other comprehensive income/ (loss)			
Items that will not be reclassified to profit or loss in subsequent periods			
Remeasurement gains/ (lossess) on defined benefit plans (refer note 33)	**12**	(0)	(0)
Remeasurement gains/(lossess) on Investment	**12**	-	(998)
Income tax relating to these items		-	-
Total other comprehensive income/ (loss)		**(0)**	**(998)**
Total Comprehensive Income/ (loss) for the year, net of tax		**(20,803)**	**(18,835)**
Earnings/(loss) per equity share	**23**		
(1) Basic		(8.69)	(7.45)
(2) Diluted		(8.69)	(7.45)
See accompanying notes forming part of the financial statements	**1-36**		
In terms of our report attached			

For Deloitte Haskins & Sells
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Partner

Place : Gurugram
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Company Secretary
ACS-18169

Place : Singapore
Date : July 29, 2020

Standalone Statement of Cash Flows for the year ended 31 March 2020

(All amounts in Rupees million, except per share amounts unless stated otherwise)

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
A. Cash flows from operating activities:		
Net loss before tax and exceptional item	(20,213)	(17,837)
Adjustments for:		
Depreciation expense	5	6
Interest income	(184)	(204)
Finance costs	20,140	17,762
Liabilities written back	(20)	(82)
Unrealised foreign exchange loss/ (gain), net	(1)	4
Loss/(gain) on sale of property, plant and equipment and write off	(1)	(50)
Operating cash flow before changes in assets and liabilities	**(274)**	**(401)**
Movement in working capital :		
- (Increase)/decrease in trade receivables	20	(20)
- (Increase)/decrease in other receivables (current- non current)	4	8
- Increase/(decrease) in trade payables and financial liabilities	(98)	(125)
- Increase/(decrease) in other liabilities (current- non current)	(3)	(11)
- Increase/(decrease) in provisions	(0)	(1,058)
Cash generated from operations	**(351)**	**(1,607)**
Income taxes (paid)/ refund	(17)	193
Net cash flow from / (used in) operating activities	**(368)**	**(1,414)**
B. Cash flows from investing activities:		
Payments for property, plant and equipment	(1)	(28)
Proceeds from sale of property, plant and equipment	1	51
Proceeds from maturity of bank balances not considered as cash and cash equivalents	2	(2)
Proceeds from sale of investment in RCOM	-	3,207
Interest received	216	172
(Increase)/decrease in margin money deposit	52	(857)
Net cash flow from / (used in) investing activities	**270**	**2,543**
C. Cash flows from financing activities:		
Payment of lease liability	(1)	-
Proceeds from current borrowings	160	900
Repayments of current borrowings	(90)	(1,970)
Interest and other finance charges paid	(57)	(58)
Net cash flow from / (used in) financing activities	**12**	**(1,128)**
Net increase / (decrease) in cash and cash equivalents during the year	**(86)**	**1**
Add : Cash and cash equivalents as at the beginning of the year	**95**	**94**
Cash and cash equivalents as at the end of the year (refer note 9)	**9**	**95**

See accompanying notes forming part of the financial statements **1-36**

In terms of our report attached

For Deloitte Haskins & Sells
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Place : Gurugram
Date : July 29, 2020

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ACS-18169

Place : Singapore
Date : July 29, 2020

Standalone Statement of Changes in Equity for the year ended 31 March 2020

(All amounts in Rupees million, except per share amounts unless stated otherwise)

	Equity share capital	Equity component of Redeemable Preference Shares	Equity share capital			
			Capital reserve	Investment revaluation reserve	Retained earnings	Total equity
As at 31 March 2018	23,940	60,378	6,804	964	(224,334)	(132,248)
Profit/ (loss) for the year	-	-	-	-	(17,837)	(17,837)
Other comprehensive income/ (loss)	-	-	-	(998)	(0)	(998)
Total comprehensive income/ (loss) for the year	**-**	**-**	**-**	**(998)**	**(17,837)**	**(18,835)**
As at 31 March 2019	**23,940**	**60,378**	**6,804**	**(34)**	**(242,171)**	**(151,083)**
As at 1 April 2019	**23,940**	**60,378**	**6,804**	**(34)**	**(242,171)**	**(151,083)**
Profit/ (loss) for the year	-	-	-	-	(20,803)	(20,803)
Other comprehensive income/ (loss)	-	-	-	-	(0)	(0)
Total comprehensive income/ (loss) for the year	**-**	**-**	**-**	**-**	**(20,803)**	**(20,803)**
As at 31 March 2020	**23,940**	**60,378**	**6,804**	**(34)**	**(262,974)**	**(171,886)**

See accompanying notes forming part of the financial statements **1-36**

In terms of our report attached

For Deloitte Haskins & Sells
Chartered Accountants

Vikas Khurana
Partner

Place : Gurugram
Date : July 29, 2020

For and on behalf of the Board of Directors

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Company Secretary
ACS-18169

Place : Singapore
Date : July 29, 2020

Notes to Standalone financial statements for the year ended 31 March 2020

(All amounts in Rupees million, except per share amounts unless stated otherwise)

1) Background

(a) *Corporate Information*

Sistema Smart Technologies Limited ('the Company' or 'SSTL'), was incorporated on 20 April 1995. The name of the Company has been changed from Sistema Shyam TeleServices Limited to Sistema Smart Technologies Limited ('SSTL') with effect from 28 September 2018.

The shareholding of Sistema PJSFC ('SISTEMA') and Russian Federation are 75.62% and 22.86% respectively. Sistema continues to be the holding company of SSTL.

Currently the Company is engaged in the business of providing managed services and sale of equipment.

The financial statements were authorized for issue in accordance with the resolution of the directors dated 29 July 2020.

(b) During the year ended 31 March 2020, the Company has incurred a loss of Rs 20,803 (2019- 18,835) and cash loss of Rs. 146 (2019-128). Accumulated loss of Rs 262,974 as on that date (2019- 242,171) and has a negative net worth of Rs 171,886 after adjusting accumulated losses.

The Company is evaluating number of business options and started providing strategic and operational management services on long term contract basis.

Further, as indicated in note 13 (a), the redemption of the RPS shall start from the year 2022-23. In this regard, the Company shall utilise the available funds at the time of redemption. Further as per the terms of the agreement the parties may mutually decide to extend the redemption period (upto 20 years). Further, both the companies are evaluating option of either conversion to equity/ merger of both the companies/ redemption (fully or partially). In any event INSITEL Services Private Limited will not initiate liquidation of SSTL for recovery of amount due on redemption of RPS.

In view of above, these financial statements have been prepared using the going concern assumption.

2) Significant accounting policies

2.1) Statement of compliance

The financial statements of the Company have been prepared in accordance with accounting standards ('Ind ASs') notified under the Companies (Indian accounting standards) rules, 2015 as amended.

2.2) Basis of preparation

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time.

The financial statements are prepared on historical cost basis, except for certain financial assets and liabilities that are measured at fair value as required under relevant Ind AS.

The financial statements are presented in millions of Indian Rupees, which is the Company's functional and presentation currency and all amounts are rounded to the nearest million, except per share, per debenture amounts unless stated otherwise.

2.3) Summary of significant accounting policies

The accounting policies adopted are consistent with those of the previous financial year.

(a) Current versus non-current classification

The Company presents assets and liabilities in Balance Sheet based on current/non-current classification.

An asset is classified as current when it is:

(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.

(All amounts in Rupees million, except per share amounts unless stated otherwise)

A liability is current when:

(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

The Company classifies all other liabilities 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.

(b) Foreign currencies

The Company's financial statements are presented in INR, which is also the Company's functional currency. All the items included in the financial statements are measured using that functional currency.

Transactions and balances

Transactions in foreign currencies are initially recorded by the Company at their respective functional currency spot rates at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Exchange differences arising on settlement or translation of monetary items are recognised in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

(c) Fair value measurement

The Company measures financial instruments at fair value at each Balance Sheet date.

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

(i) In the principal market for the asset or liability, or

(ii) In the absence of a principal market, in the most advantageous market for the asset or liability

(iii) 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 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

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

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

(All amounts in Rupees million, except per share amounts unless stated otherwise)

(d) Revenue recognition

Service revenues

Ind AS 115, 'Revenue from Contracts with Customers' is applicable with effect from 1 April 2018. Based on the evaluation of existing contracts, the effect on transition to Ind AS 115 is insignificant.

Revenue from the sale of products or services is recognized upon transfer of control to customers. Revenue is measured at the amount of consideration which the Company expects to be entitled to in exchange for transferring distinct goods or services to a customer as specified in the contract, excluding amounts collected on behalf of third parties (for example, taxes and duties collected on behalf of the government). A receivable is recognized upon satisfaction of performance obligations as per the Contracts

Sale of goods:

Revenue from products are recognised when the significant risks and rewards of ownership have been transferred to the buyer, continuing managerial involvement usually associated with ownership and effective control have ceased, the amount of revenue can be measured reliably, it is probable that economic benefits associated with the transaction will flow to the Company and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

The Company collects Goods and service tax on behalf of the government and therefore, it is not an economic benefit owing to the Company, hence it is excluded from revenue.

Interest income

Interest income is recognised on a time proportion basis taking into account the amount outstanding and the applicable effective interest rate. Interest income is included under the head 'other income' in the Statement of Profit and Loss.

For all financial instruments measured at amortised cost, interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset. When calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) but does not consider the expected credit losses.

(e) Taxes

(i) Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, by the reporting date, in the countries where the Company operates and generates taxable income.

(ii) Deferred tax

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

Deferred tax liabilities are recognised for all taxable temporary differences to the extent it is probable that taxable profits will be available against which those deductible temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

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

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

(f) Property, plant and equipment ('PPE')

Property, plant and equipment, Capital work in progress is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. 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. The carrying amount of the replaced part is derecognised. All other repair and maintenance costs are recognised in profit or loss 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.

Refer to note 24 regarding provision and significant accounting judgements, estimates & assumptions for further information about the recorded asset retirement obligation.

(All amounts in Rupees million, except per share amounts unless stated otherwise)

In respect of accounting periods commencing on or after 7 December 2006 exchange differences arising on reporting of the long term foreign currency monetary items at rates different from those at which they were initially recorded during the period or reported in the previous financial statements are added to or deducted from the cost of the asset and are depreciated over the balance life of the asset, if these monetary items pertain to the acquisition of a depreciable fixed asset.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets as follows:

	Years
Freehold land is not depreciated	
Leasehold improvements	Period of lease or 10 years, whichever is lower
Buildings	20
Plant and equipment	3 to 6
Computers	3
Furniture and fixtures	6
Office equipment	5
Vehicles	5

Depreciation on PPE has been provided as per the useful life prescribed in Schedule II to the Companies Act 2013 other than in respect of building, plant and equipment, furniture and fixtures and vehicles, in whose case the life of the assets has been assessed based on technical advice, taking into account the nature, the estimated usage, operating conditions of the asset, past history of replacement, anticipated technological changes and maintenance practices etc.

An item of PPE and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the Statement of Profit and Loss when the asset is derecognised.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

PPE individually costing less than rupees five thousand are fully depreciated in the year of acquisition.

(g) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an qualifying asset that necessarily takes a substantial period of time to get ready for its intended use or sale, including interest attributable to the funding of license fees with respect to new circles up to the date of commencement of commercial operations, are capitalised as part of the cost of the 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.

(h) Leases

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Company recognizes right-of-use asset representing its right to use the underlying asset for the lease term at the lease commencement date. The cost of the right-of-use asset measured at inception shall comprise of the amount of the initial measurement of the lease liability adjusted for any lease payments made at or before the commencement date less any lease incentives received, plus any initial direct costs incurred. 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 asset is depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset. Right-of-use (ROU) 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.

Company as a lessee

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 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 discount rate is generally based on the incremental borrowing rate calculated as the weighted average rate specific to the portfolio of leases with similar characteristics."

(All amounts in Rupees million, except per share amounts unless stated otherwise)

The Company recognises the amount of the re-measurement of lease liability as an adjustment to the right-of-use asset. 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 Company recognizes any remaining amount of the re-measurement in statement of profit and loss.

The Company may elect not to apply the requirements of Ind AS 116 to leases for which the underlying asset is of low value. The lease payments associated with these leases are recognized as an expense on a straight-line basis over the lease term.

Company as a lessor

Lease rentals under operating lease are recognised as income on a straight-line basis over the lease term. In case the payments to the lessor are structured to increase in line with the general expected inflation to compensate for the lessor's expected inflationary cost increases, then straight lining of operating lease rentals is not required.

Transition to Ind AS 116

Ministry of Corporate Affairs ("MCA") through Companies (Indian Accounting Standards) Amendment Rules, 2019 and Companies (Indian Accounting Standards) Second Amendment Rules, has notified Ind AS 116 Leases which replaces the existing lease standard, Ind AS 17 leases, and other interpretations. Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both lessees and lessors. It introduces a single, on-balance sheet lease accounting model for lessees.

Effective 1 April 2019, the Company adopted Ind AS 116 "Leases" and applied the standard to Lease contracts existing on 1 April 2019 using the modified retrospective method and no cumulative adjustment is there which needs to be adjusted with retained earnings, on the date of initial application. Consequently, the Company recorded the lease liability at the present value of the lease payments discounted at the incremental borrowing rate and the right of use asset at its carrying amount as if the standard had been applied since the commencement date of the lease, but discounted at the Company's incremental borrowing rate at the date of initial application. Comparatives as at and for the year ended 31 March 2019 have not been retrospectively adjusted and therefore will continue to be reported under the accounting policies included in the audited financial statements for the year ended 31 March 2019.

For transition, the Company has elected not to apply the requirements of Ind AS 116 to leases for which the underlying asset is of low value on a lease-by-lease basis. On transition, the adoption of the new standard resulted in recognition of Right of use asset (ROU) equivalent to lease liability adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the balance sheet immediately before the date of initial application amounting to Rs. 4. In the statement of profit and loss account for the current period, the nature of expenses in respect of operating leases has changed from lease rent to depreciation cost for the right-to-use asset and finance cost for interest accrued on lease liability.

(i) Impairment of non-financial assets

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets.

When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. 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. Impairment losses of continuing operations are recognised in the Statement of Profit and Loss.

(j) Provisions

General

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. When the Company expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. 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.

(All amounts in Rupees million, except per share amounts unless stated otherwise)

Contingencies

Provision in respect of litigation relating to claims assessment, fines, penalties etc. are recognised when it is probable that a liability has been incurred, and the amount can be estimated reliably. Such provisions are not discounted to their present value and are determined based on management's estimation of the obligation required to settle the obligation at Balance Sheet date. These are reviewed at Balance Sheet date and adjusted to reflect management's current estimates.

(k) Retirement and other employee benefits

Short-term employee benefits

Short term employee benefits are recognised in the year at undiscounted amount of benefits expected to be paid in exchange of related services.

Long-term employee benefits

Defined contribution plan

Provident fund and employees' state insurance schemes

All employees of the Company are entitled to receive benefits under the provident fund, which is a defined contribution plan. Both the employee and the employer make monthly contributions to the plan at a predetermined rate of the employees' basic salary. These contributions are made to the fund administered and managed by the Government of India.

The Company recognises contribution payable to both these schemes as an expense, when an employee renders the related service. The Company has no further obligations under these plans beyond its monthly contributions.

Defined benefit plan

Gratuity

The Company provides for gratuity obligations through a defined benefit retirement plan (the 'Gratuity Plan') covering all employees. The gratuity plan provides a lump sum payment to vested employees at retirement or termination of employment based on the respective employee salary and years of employment with the Company. The Company provides for the gratuity plan based on actuarial valuations in accordance with Ind AS 19 'Employee Benefits'. The cost of providing benefits under the defined benefit plan is determined using the Projected Unit Credit Method.

Re-measurements, comprising of actuarial gains and losses, the effect of changes in the asset ceiling (excluding amounts included in net interest on the net defined benefit liability) is recognised immediately in the Balance Sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur.

Re-measurements are recognised in OCI and are not reclassified to profit or loss in subsequent periods.

Past service costs are recognised in profit or loss on the earlier of:

(i) The date of the plan amendment or curtailment, and

(ii) The date that the Company recognises related restructuring costs

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:

(i) Service costs comprising current service costs. past-service costs, gains and losses on curtailments and non-routine settlements; and

(ii) Net interest expense or income

Other long term employee benefit

Compensated absences

The Company has provided for the liability at year end on account of unavailed earned leave as per the actuarial valuation as per the Projected Unit Credit Method.

(l) 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.

(All amounts in Rupees million, except per share amounts unless stated otherwise)

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.

Investment in equity instruments at fair value through other comprehensive income ('FVTOCI')

On initial recognition, the Company can make an irrevocable election to present the subsequent changes in fair value in other comprehensive income pertaining to investments in equity instruments. This election is not permitted if the equity investment is held for trading. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the 'Reserve for equity instruments through other comprehensive income'. The cumulative gain or loss is not reclassified to profit or loss on disposal of the instruments.

A financial assets is held for trading if

- It has been acquired principally for the purpose of selling it in the near term; or
- On initial recognition it is part of the portfolio of identified financial instruments that the Company has to swap with Companies shares.

Financial assets at fair value through profit or loss (FVTPL)

Investment in equity instrument are classified as at FVTPL, unless the Company irrevocably elects on initial recognition to present subsequent change in fair value in other comprehensive income for investments in equity instruments.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any gains or losses arising on remeasurement recognised in profit or loss.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

(i) Debt instruments at amortised cost

(ii) Debt instruments at fair value through other comprehensive income (FVTOCI)

(iii) Debt instruments, derivatives and equity instruments at fair value through profit or loss (FVTPL)

(iv) Equity instruments measured at fair value through other comprehensive income (FVTOCI)

Debt instruments at amortised cost

A 'debt instrument' is measured at the amortised cost if both the following conditions are met:

(i) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows. and

(ii) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate ('EIR') method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in other income in the Statement of Profit and Loss. The losses arising from impairment are recognised in the 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 de-recognised (i.e. removed from the Company's Balance Sheet) when:

(i) The contractual rights to receive cash flows from the asset have expired, or

(ii) 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.

Impairment of financial assets

In accordance with Ind AS 109, the Company applies expected credit loss ('ECL') model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

(All amounts in Rupees million, except per share amounts unless stated otherwise)

(i) Financial assets that are debt instruments are measured at amortised cost e.g., deposits, trade receivables

(ii) Lease receivables

(iii) Trade receivables or any contractual right to receive cash or another financial asset

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

(i) Trade receivables or contract revenue receivables; and

(ii) All lease receivables resulting from transactions

The application of simplified approach does not require the Company to track changes in credit risk.

Receivables are stated net of provision for doubtful debts.

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.

The Company's financial liabilities include trade and other payables, loans and borrowings.

Subsequent measurement

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

Financial liabilities at fair value through profit or loss

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.

Gains or losses on liabilities held for trading are recognised in the Statement of Profit and Loss.

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition 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.

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 derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the Statement of Profit and Loss.

This category generally applies to borrowings. For more information refer Note 13.

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.

Preference shares

The Company had issued Non-Cumulative Non-Convertible Redeemable Preference Shares (RPS) in multiple tranches. Each Non-Cumulative Non-Convertible Redeemable Preference Share carry non-cumulative preferential dividend @ 0.01% p.a. RPS are redeemable upon the completion of ten years from the respective date of issue at the issue price (face value including issue premium) along with redemption premium per annum. Further, any variation (extension or reduction) in the tenure is subject to the mutual agreement of both parties and extension shall not exceed twenty years from the respective date of issue.

(All amounts in Rupees million, except per share amounts unless stated otherwise)

RPS that are treated as financial liability in accordance with the requirements of Ind AS 32, are initially recognised at fair value and subsequently measured at amortised cost using effective interest rate method (EIR), considering premium on redemption.

Cash and cash equivalents

Cash and cash equivalent 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 an 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 as they are considered an integral part of the Company's cash management.

(m) Earnings per share

The earnings considered in ascertaining the Company's Earnings per Share ('EPS') comprise the net profit / (loss) for the year. The number of shares used in computing basic EPS is the weighted average number of equity shares outstanding during the year. The number of shares used in computing diluted earnings per share comprises the weighted average number of shares considered for deriving basic earnings per share and also the weighted average number of shares, if any which would have been used in the conversion of all dilutive potential equity shares.

(n) Segment reporting

The Company's primary operating business is organised and managed according to the nature of services which is managed services. The analysis of geographical segment is based on the area in which the Company operates.

3) Property, plant and equipment

	Freehold land	Building	Plant and equipment	Computers	Furniture and fixtures	Office equipment	Vehicles	Total	Capital work in progress
Cost									
At 31 March 2018	2	44	8	2	-	3	3	62	-
Additions (refer note 33)	-	-	1	0	0	0	-	1	0
Disposals (refer note 33)	-	-	(1)	(0)	-	(0)	-	(1)	-
Reclassified as held for sale (refer note 3(b) & 33)	-	-	-	-	-	(0)	-	(0)	-
At 31 March 2019	**2**	**44**	**8**	**2**	**0**	**3**	**3**	**62**	**0**
Additions (refer note 33)	-	-	1	0	-	-	-	1	-
Disposals (refer note 33)	-	-	(0)	(0)	-	(1)	(0)	(1)	(0)
Reclassified as held for sale (refer note 3(b)	(2)	(44)	-	-	-	-	-	(46)	-
At 31 March 2020	**-**	**-**	**9**	**2**	**0**	**2**	**3**	**16**	**-**
Accumulated Depreciation									
At 31 March 2018	-	8	3	1	-	3	3	18	-
Depreciation charge for the year (refer note 33)	-	3	3	0	-	0	0	6	-
Eliminated on disposals of assets (refer note 33)	-	-	(1)	(0)	-	(0)	-	(1)	-
Eliminated on reclassification as held for sale (refer note 33)	-	-	-	-	-	(0)	-	(0)	-
At 31 March 2019	**-**	**11**	**5**	**1**	**-**	**3**	**3**	**23**	**-**
Depreciation charge for the year (refer note 33)	-	3	1	0	0	0	0	4	-
Eliminated on disposals of assets (refer note 33)	-	-	(0)	(0)	-	(1)	(0)	(1)	-
Eliminated on reclassification as held for sale (refer note 33)	-	(14)	-	-	-	-	-	(14)	-
At 31 March 2020	**-**	**-**	**6**	**1**	**0**	**2**	**3**	**12**	**-**
Net Carrying Amount									
At 31 March 2019 (refer note 33)	2	33	3	1	0	0	0	39	0
At 31 March 2020 (refer note 33)	-	-	3	1	0	0	0	4	-

(All amounts in Rupees million, except per share amounts unless stated otherwise)

a) Right of use assets

	Leasehold land	Building	Total
Cost or deemed cost			
Balance as at 1 April 2019	2	2	4
Additions	-	-	-
At 31 March 2020	**2**	**2**	**4**
Accumulated Amortisation			
Balance as at 1 April 2019	-	-	-
Depreciation charge during the year (refer note 33)	0	1	1
At 31 March 2020	**0**	**1**	**1**
Net Carrying Amount			
At 31 March 2020	2	1	3

b) Assets classified as held for sale

During the year, The Company has decided and approved to dispose of certain immovable properties, accordingly, the immovable properties have been classified as a held for sale.

The proceeds of disposal are expected to exceed the net carrying amount of the relevant immovable properties; accordingly, no impairment loss has been recognized on the classification of these immovable properties as held for sale.

4. Investments

	As at 31 March 2020	As at 31 March 2019
Investment measured at cost		
In equity shares of subsidiary company		
Unquoted, fully paid up		
Sistema internet services limited (SISL)		
750,000 (2019- 750,000) equity shares of Rs 10 each	8	8
Less: Provision on investment	(8)	(8)
Total investment at cost	**-**	**-**
Aggregate amount of unquoted investment	8	8
Aggregate provision on investment	(8)	(8)

5. Loans

	As at 31 March 2020	As at 31 March 2019
Unsecured, considered good	**7**	**13**
Less: Allowance for credit losses	-	-
Net security deposits	**7**	**13**
Total current	7	13
Total non-current	-	-
	7	**13**

(All amounts in Rupees million, except per share amounts unless stated otherwise)

6. Other financial assets

	As at 31 March 2020	As at 31 March 2019
Unsecured, considered good		
Bank deposits (with more than 12 months maturity)	451	-
Unbilled revenue	2	7
Interest accrued on fixed deposits	57	89
Total	**510**	**96**
Total current	59	96
Total non-current	451	-
	510	**96**

7. Other assets

	As at 31 March 2020	As at 31 March 2019
Non- current		
Unsecured, considered good		
Prepaid expenses	17	-
Balances with government authorities (other than income tax)	96	82
Total	**113**	**82**
Current		
Unsecured, considered good		
Advances for value to be received (refer note 33)	0	1
Prepaid expenses	39	22
Balances with government authorities (other than income tax)	30	70
Prepayment for leasehold land	-	2
Total	**69**	**95**

8. Trade receivables

	As at 31 March 2020	As at 31 March 2019
Trade receivables	33	43
Less: Allowance for credit losses	(7)	(6)
	26	37
Receivables from related parties (refer note 31)	70	72
Less: Allowance for credit losses	(69)	(64)
Total trade receivables	**27**	**45**

Break-up for trade receivables

	As at 31 March 2020	As at 31 March 2019
Secured, considered good	-	-
Unsecured, considered good	27	45
Doubtful	76	70
	103	115
Less: Allowance for credit losses	(76)	(70)
Total trade receivables	**27**	**45**

(All amounts in Rupees million, except per share amounts unless stated otherwise)

9. Cash and cash equivalents

For the purpose of the Statement of Cash Flow, cash and cash equivalents includes cash on hand and in banks. Cash and cash equivalents at the end of the reporting period as shown in the Statement of Cash Flow can be reconciled to the related item in the Balance Sheet as follow:

	As at 31 March 2020	As at 31 March 2019
Balance with banks:		
On current accounts	4	82
Deposits with original maturity of less than three months	5	13
Cash on hand (refer note 33)	0	0
Total cash and cash equivalents	**9**	**95**

10. Other bank balances

	As at 31 March 2020	As at 31 March 2019
Deposits with maturity of more than three months but less than twelve months	-	2
Margin money deposits	2,216	2,720
Total other bank balances	**2,216**	**2,722**

11. Share Capital

a) Authorised share capital

	Equity shares		Preference shares	
	No. in millions	**Amount**	**No. in millions**	**Amount**
At 31 March 2018	19,000	190,000	6,000	60,000
Increase/(Decrease) during the year	-	-	-	-
At 31 March 2019	19,000	190,000	6,000	60,000
Increase/(Decrease) during the year	-	-	-	-
At 31 March 2020	19,000	190,000	6,000	60,000

Terms/rights attached to equity shares

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

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

The preference share is having a par value of Rs 10 per share.

b) Issued equity share capital

Issued equity capital

	No. in millions	Amount
Equity shares of Rs 10 each issued, subscribed and fully paid		
At 31 March 2018	2,394	23,940
At 31 March 2019	2,394	23,940
At 31 March 2020	2,394	23,940

c) Shares held by the holding company and their subsidiaries

Out of equity shares issued by the Company, shares held by its holding company and their subsidiaries are as below:

	As at 31 March 2020	As at 31 March 2019
SISTEMA PJSFC, holding company		
1,810,289,400 [31 March 2019: 1,810,289,400] equity shares of Rs 10 each	18,103	18,103

(All amounts in Rupees million, except per share amounts unless stated otherwise)

d) Details of shareholders holding more than 5% equity shares in the Company

Name of the Shareholders	As at 31 March 2020 No. in millions	As at 31 March 2020 % holding in the class	As at 31 March 2019 No. in millions	As at 31 March 2019 % holding in the class
Equity shares of Rs 10 each, fully paid				
Sistema PJSFC, the holding company	1810	76%	1810	76%
Russian Federation	547	23%	547	23%

12) Other equity

Particulars	As at 31 March 2018	Profit/ (loss) for the year	OCI	As at 31 March 2019	Profit/ (loss) for the year	OCI	As at 31 March 2020
Equity component of Redeemable Preference Shares	60,378	-	-	60,378	-	-	60,378
Capital reserve	6,804	-	-	6,804	-	-	6,804
Retained earnings (refer note 33)	(224,334)	(17,837)	(0)	(242,171)	(20,803)	(0)	(262,974)
Investment revaluation reserve	964	-	(998)	(34)	-	-	(34)
Total	**(156,188)**	**(17,837)**	**(998)**	**(175,023)**	**(20,803)**	**(0)**	**(195,826)**

* refer note 12 (b).

Nature of reserves

a) **Equity component of Non-Cumulative Non-convertible Redeemable Preference Shares ('RPS'):-** As per Ind AS 109, the RPS have been recorded at fair value. The differential amount (i.e. difference between the transaction price and the fair value) has been considered as other equity. The Company has not issued any RPS during the current financial year and previous financial year. Total preference shares issued till 31 March 2020 (14,169,400 of Rs. 10 each (total issued value Rs 142)) are classified as financial liability as well as other equity (refer note 13(a)).

b) **Retained earnings: -** Retained earnings are the profits/losses that the Company has earned/incurred till date, less any transfers to general reserve, dividends or other distributions paid to shareholders.

c) **Capital reserve: -** The gain on cancellation of own equity share has been routed through other equity (other component of equity) and shown under capital reserve.

d) **Investment revaluation reserve: -** Investment revaluation reserve is the profit/(loss) on investment in equity instrument measured at FVTOCI.

13) Borrowings

	Effective rate of interest	Maturity date	Foot note	As at 31 March 2020	As at 31 March 2019
Non-current borrowings					
Unsecured					
From other parties					
Non Cumulative Non-convertible Redeemable Preference Shares of Rs 10 each fully paid-up from related party (fellow subsidiary)	11.84% to 14.86%	2022-2027	13 (a)	172,550	152,488
Total non-current borrowings				172,550	152,488
Less: Amount clubbed under "Other current financial liabilities"				-	-
Net non-current borrowings				152,488	134,785
Current borrowings					
Secured					
From other parties					
Term loan - from related party (fellow subsidiary)	10.00%	2020	13 (b)	720	-
Unsecured					
From other parties					
Term loan - from related party (fellow subsidiary)	12.00%	2019	13 (b)	-	650
Total current borrowings				720	650
Aggregated secured loans				720	-
Aggregated unsecured loans				172,550	153,138

(All amounts in Rupees million, except per share amounts unless stated otherwise)

a) Non-Cumulative Non-Convertible Redeemable Preference Shares of Rs 10 each fully paid-up ('RPS')

The RPS are redeemable upon the completion of ten years from the respective date of issue at the issue price (face value including issue premium) along with redemption premium per annum as mentioned below:

Face value of tranches		Year of receipt	Redemption premium (p.a.)
Prefernce share capital	Prefernce share premium		
44	43,856	2012-13	9.77%
16	16,084	2012-13	9.63%
15	14,773	2013-14	9.63%
4	4,070	2013-14	9.80%
15	15,457	2013-14	9.87%
4	4,305	2014-15	9.87%
22	21,898	2015-16	9.95%
12	12,233	2016-17	9.89%
3	2,568	2016-17	9.87%
2	2,027	2016-17	9.76%
2	1,911	2017-18	9.76%
2	2,371	2017-18	9.65%

As per Ind AS 109, the RPS have been recorded at fair value. The differential amount (i.e. difference between the transaction price and the fair value) has been considered as other equity.

The Company has issued RPS of Rs.141,694 (including security premium) till 31 March 2020. The Company need to repay RPS including redemption premium in the following years: -

Year	Amount (Rs. Mn)
2022-23	118,395
2023-24	67,840
2024-25	8,563
2025-26	43,730
2026-27	33,469
2027-28	8,444

b) Loan from fellow subsidiary

On 25 October 2018, the fellow subsidiary had sanctioned a short term loan facility ("Facility") of Rs. 1,300 to the Company. The Facility initially carried an interest rate @ 12% Per Annum and was repayable upon completion of twelve months from the date of disbursement i.e. on 24.10.2019.

During the current financial year, the Fellow Subsidiary has extended the term of the Facility for a further period of twelve months up to 24.10.2020 at a revised interest rate of 10% per annum and subject to creation of security. The outstanding amount under the Facility is Rs. 720 (2018-19 Rs. 650) at the end of the current financial year.

The Facility is secured by way of first charge on all present and future movable assets of the Company including book debts, cash and bank balances (except for the fixed deposits provided as security under other facilities), inventory, security deposit & actionable claims and is repayable 24 October 2020.

The security in respect of Facility has been duly created on 25 June 2020 in accordance with the understanding between the Company and the fellow subsidiary.

(All amounts in Rupees million, except per share amounts unless stated otherwise)

14) Provision

	Provision for employee benefits-Compensated absences (refer note 28)	Provision for employee benefits-Gratuity (refer note 28)	Provision for contingencies	Total
At 31 March 2018	5	1	1,351	1,357
Additional provision during the year	8	1	17	26
Interest accretion (refer note 34)	0	-	-	0
Provision utilised/adjusted during the year	(4)	-	(1,080)	(1,084)
At 31 March 2019	9	2	288	299
Additional provision during the year	6	2	590	598
Interest accretion	1	-	-	1
Provision utilised/adjusted during the year	(2)	-	(7)	(9)
At 31 March 2020	**14**	**4**	**871**	**889**
Current Year				
Total current	**2**	**1**	**871**	**874**
Total non-current	**12**	**3**	**-**	**15**
Previous Year				
Total current	2	0	288	290
Total non-current	7	2	-	9

15 Trade payables

	As at 31 March 2020	As at 31 March 2019
Trade payables	889	1,006
Total	**889**	**1,006**

16) Other current financial liabilities

	As at 31 March 2020	As at 31 March 2019
Other current financial liabilities at amortised cost		
Interest accrued but not due	27	6
Sundry creditors for capital goods	7	9
Total	**34**	**15**

16(a) Lease liabilities

	As at 31 March 2020	As at 31 March 2019
Balance as at 1 April 2019	2	-
Additions during the year	-	-
Deletions during the year	-	-
Interest accrued during the year (refer not 33)	0	-
Payments	(1)	-
Balance as at 31 March 2020	**1**	**-**

As per Ind-AS 116 operating lease rent has been charged to depreciation cost for the right of use assets and finance cost for interest accrued on lease liability.

(All amounts in Rupees million, except per share amounts unless stated otherwise)

17) Other current liabilities

	As at 31 March 2020	As at 31 March 2019
Statutory dues	8	12
Other liability	2	-
Total	**10**	**12**

18 Revenue from operations (net)

	For the year ended 31 March 2020	For the year ended 31 March 2019
Sale of Goods	59	33
Service revenue	82	85
Total	**141**	**118**

19 Other income

	For the year ended 31 March 2020	For the year ended 31 March 2019
Interest income earned on financial assets that are not designated as at fair value through profit or loss		
-Interest income	184	204
-Other financial assets carried at amortised cost (refer note 33)	(0)	0
Other non-operating income		
-Profit/(loss) on sale of fixed assets	1	50
-Other non-operating income	-	1
-Liability write back	20	82
-Sale of equipment	-	231
Total	**205**	**568**

20 Employee benefit expense

	For the year ended 31 March 2020	For the year ended 31 March 2019
Salaries, wages and bonus	144	334
Contribution to provident and other funds	8	9
Staff welfare expenses	5	6
Total	**157**	**349**

Defined contribution Plans

Particulars	**31 March 2020**	**31 March 2019**
Employer's contribution to provident fund	6	7

(All amounts in Rupees million, except per share amounts unless stated otherwise)

21 Financial costs

	For the year ended 31 March 2020	For the year ended 31 March 2019
Interest on borrowings	20,139	17,761
Other interest expense	1	1
Total interest expense	20,140	17,762
Bank charges and commission	47	89
Interest on lease liability (refer note 33)	0	-
Total	**20,187**	**17,851**

22 Other expenses

	For the year ended 31 March 2020	For the year ended 31 March 2019
Power and fuel	5	2
Rent**	16	21
Insurance (refer note 33)	0	0
Infrastructure sharing expenses	-	2
Telphone expenses	1	1
Network managed services	19	2
Advertisement and marketing expenses	-	1
Sales expenses	10	15
Travelling and conveyance expenses	14	21
IT support and services expenses	3	5
Customer service and call centre expenses	2	1
Legal and professional fees	70	134
Rates and taxes	10	64
Auditors' remuneration*	2	3
Allowances for credit losses/ advances	7	-
Provision for contingencies	-	17
Net loss/ (gain) on foreign currency transaction and translation	(1)	4
Miscellaneous expenses	9	1
	167	**294**

* Payment to Auditors

	For the year ended 31 March 2020	For the year ended 31 March 2019
As Auditor:		
Audit fee	2	2
In other capacity:		
Other services (certification fees) (refer note 33)	0	1
Reimbursement of expenses (refer note 33)	0	0
	2	**3**

** As per Ind-AS 116 operating lease rent has been charged to depreciation cost for the right of use assets and finance cost for interest accrued on lease liability. Rent expense recorded for short term lease for the year ended 31 March 2020.

(All amounts in Rupees million, except per share amounts unless stated otherwise)

23) Earnings/(loss) Per Share (EPS)

Basic EPS amounts are calculated by dividing the profit/(loss) for the year attributable to equity shareholders of the Company by the weighted average number of equity shares outstanding during the year.

Diluted EPS amounts are calculated by dividing the profit/(loss) for the year attributable to the equity shareholders of the Company by weighted average number of equity shares outstanding during the year plus the weighted average number of equity shares that would be issued on conversion of all the dilutive potential equity shares into equity shares.

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

	For the year ended 31 March 2020	For the year ended 31 March 2019
Profit/(Loss) attributable to equity shareholders of the Company	(20,803)	(17,837)
(Loss) attributable to equity shareholders of the Company (A)	**(20,803)**	**(17,837)**
Weighted average number of equity shares in calculating basic EPS (No. in millions) (B)	2,394	2,394
Weighted average number of equity shares in calculating diluted EPS (No. in millions) (C)	2,394	2,394
Loss per equity share in Rs		
Earning per share		
Basic earnings per share (A/B)	(8.69)	(7.45)
Diluted earnings per share (A/C)	(8.69)	(7.45)

24) Significant accounting judgements, estimates and assumptions

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

Estimates and assumptions

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

Property, plant and equipment

The useful lives, residual values and depreciation method of PPE are reviewed, and adjusted appropriately at-least as at each reporting date so as to ensure that the method and period of depreciation are consistent with the expected pattern of economic benefits from these assets. Refer note 2(f) and note 3 for the estimated useful life and carrying value of property, plant and equipment respectively.

Impairment of non-financial assets

The carrying amounts of the Company's non-financial assets are reviewed for impairment at each Balance Sheet date if there is any indication of impairment based on internal and external factors. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit (CGU) is the greater of the assets value in use and its fair value less costs to sell. 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 or CGU. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset.

(All amounts in Rupees million, except per share amounts unless stated otherwise)

An impairment loss is recognised wherever the carrying amount of an asset or CGU exceeds its estimated recoverable amount and are recognised in Statement of Profit and Loss. After impairment, depreciation is provided on the revised carrying amount of the assets over its remaining useful life.

Impairment losses recognised in previous period are assessed at each Balance Sheet date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Going Concern

Based on the revised business model after demerger of telecom business, the Company is confident that it would be able to arrange funds for long term and operations. Refer Note 1(b) for detailed disclosure on going concern assumption of the Company.

Taxes

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

Defined benefit plans (gratuity) and compensated absences

The cost of the defined benefit gratuity plan and the present value of the gratuity obligation and leave encashment 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 Balance Sheet date.

The parameter most subject to change is the discount rate. In determining the appropriate discount rate for plans operated in India, the management considers the interest rates of government bonds in currencies consistent with the currencies of the post-employment benefit obligation.

The mortality rate is based on publicly available mortality tables for the specific countries. Those mortality tables tend to change only at interval in response to demographic changes. Future salary increases and gratuity increases are based on expected future inflation rates for the respective countries.

Further details about gratuity and compensated absences obligations are given in Note 28.

Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the Balance Sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the discounted cash flow model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk, volatility and discount rates. Changes in assumptions about these factors could affect the reported fair value of financial instruments. See Note 13 and 25 for further disclosures.

As per Ind AS 109, the RPS have been recorded at fair value. The differential amount (i.e. difference between the transaction price and the fair value) has been considered as other equity. For determination of fair value, the discount rate has been calculated based on risk free rate along with adjustment for credit spread and illiquidity premium.

Provision for contingencies

The Company provide for the contingencies when it has a present obligation as a result of past event, it is more likely than not that an outflow of resources will be required to settle the obligation as described in Note 14 in respect of which a reliable estimate can be made. Provision for contingencies are not discounted to its present value and are determined based on best estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates.

(All amounts in Rupees million, except per share amounts unless stated otherwise)

25) Fair values

The carrying value of the Company's financial instruments by categories by as follows:

	Measured at amortised Cost*	
	As at 31 March 2020	As at 31 March 2019
Financial assets		
At Amortised cost		
Security Deposits	7	13
Trade receivables	27	45
Cash and cash equivalents	9	95
Other bank balances	2,216	2,722
Other financial assets	59	96
Total	**2,318**	**2,965**
Financial liabilities		
Non- current borrowings	172,550	152,488
Current borrowings	720	650
Trade payables	889	1,006
Interest accrued but not due	27	6
Sundry creditors for capital goods	7	9
Total	**174,193**	**154,159**

*The carrying value of above financial assets and financial liabilities approximate its fair value.

Fair values

The management assessed that the fair values of short term financial assets and liabilities significantly approximate their carrying amounts largely due to the short-term maturities of these instruments. The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The Company determines fair values of financial assets and financial liabilities by discounting contractual cash inflows / outflows using prevailing interest rates of financial instruments with similar terms. The initial measurement of financial assets and financial liabilities is at fair value. Further, the subsequent measurement of all financial assets and financial liabilities is at amortised cost, using the effective interest method.

Discount rates used in determining fair value

The interest rate used to discount estimated future cash flows, where applicable, are based on the incremental borrowing rate of the borrower which in case of financial liabilities is the weighted average cost of borrowings of the Company and in case of financial assets is the average market rate of similar credit rated instrument.

Fair value of financial assets and financial liabilities is the amount that would be received to sell an asset or paid to transfer a liability in orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique.

Fair value hierarchy

All financial instruments for which fair value is recognised or disclosed 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 whole:

Level 1: quoted (unadjusted) prices in active market for identical assets and liabilities.

Level 2: valuation techniques for which the lowest level of input that has a significant effect on the fair value measurement are observable, either directly or indirectly.

Level 3: valuation techniques for which the lowest level of input that has a significant effect on the fair value measurement is not based on observable market data.

(All amounts in Rupees million, except per share amounts unless stated otherwise)

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

	Level 1	Level 2	Level 3
At 31 March 2020			
Financial assets	-	-	2,284
Financial liability	-	-	174,193
At 31 March 2019			
Financial assets	-	-	2,913
Financial liability	-	-	154,159

There have been no transfers between Level 1 and Level 2 during the year.

26) Capital management

The objective of the Company's capital management structure is to ensure that there remains sufficient liquidity within the Company to carry out business. The Company monitors the long term cash flow requirements of the business in order to assess the requirement for changes to the capital structure to meet that objective and to maintain flexibility.

The Company manages its capital structure and makes adjustments to it, in light of changes to economic conditions. To maintain or adjust the capital structure, the Company may return capital, issue new shares for cash, repay debt, put in place new debt facilities as appropriate.

No changes were made in the objectives, policies or processes during the year ended 31 March 2020.

The Company has Rs 720 borrowings as at 31 March 2020 (2019: Rs 650). Undrawn borrowing available as at 31 March 2020 is Rs 580 (2019: Rs 650).

27) Derivative instruments

The Company has not taken any derivative instruments during the current year / previous year.

28) Employee Benefits:

Defined Benefit Plans

Gratuity:

The employee's gratuity fund scheme managed by the Company is a defined benefit plan. The present value of obligation is determined based on actuarial valuation using Projected Unit Credit Method (PUC). The plan liability is the actuarial present value of the projected accrued benefits as of the beginning and end of the period for active members.

Changes in the defined benefit obligation and fair value of plan assets as at 31 March 2020:

	Gratuity cost charged to profit or loss					Remeasurement gains/(losses) in other comprehensive income						
	01-Apr-19	Service cost	Net interest expense	Sub-total included in profit or loss (Note 20)	Benefits paid	Return on plan assets (excluding amounts included in net interest expense)	Actuarial changes arising from changes in demographic assumptions	Actuarial changes arising from changes in financial assumptions	Experience adjustments	Sub-total included in OCI	Contributions by employer	31-Mar-20
Defined benefit obligation	(3)	(2)	(0)	(2)	1	-	0	0	(0)	(0)	-	(4)
Benefit liability	**(3)**			**(2)**						**(0)**	**-**	**(4)**

Changes in the defined benefit obligation and fair value of plan assets as at 31 March 2019:

	Gratuity cost charged to profit or loss					**Remeasurement gains/(losses) in other comprehensive income**						
	01-Apr-18	**Service cost**	**Net interest expense**	**Sub-total included in profit or loss (Note 20)**	**Benefits paid**	**Return on plan assets (excluding amounts included in net interest expense)**	**Actuarial changes arising from changes in demographic assumptions**	**Actuarial changes arising from changes in financial assumptions**	**Experience adjustments**	**Sub-total included in OCI**	**Contributions by employer**	**31-Mar-19**
Defined benefit obligation	(2)	(2)	(0)	(2)	1	-	0	(0)	(0)	(0)	-	(3)
Benefit liability	**(2)**			**(2)**						**(0)**	**-**	**(3)**

(All amounts in Rupees million, except per share amounts unless stated otherwise)

The principal assumptions used in determining gratuity for the Company's plans are shown below:

Particulars	**31 March 2020**	**31 March 2019**
Discounting rate	6.8%	7.7%
Future salary increase	7.0%	8.0%
Expected rate of return on plan assets	Nil	Nil
Retirement age (years)	60	60
Mortality table	100% of IALM (2012 - 14)	100% of IALM (2006 - 08)
Ages	**Withdrawal Rate (%)**	
Up to 30 years	6	6
From 31 to 44 years	37	33
Above 44 years	3	6

The discount rate is generally based upon the market yields available on government bonds at the accounting date with a term that matches the liabilities and the salary growth rate takes account of inflation, seniority, promotion and other relevant factors on long term basis.

A quantitative sensitivity analysis for significant assumption as at 31 March 2020 is as shown below:

Assumptions	**Discount rate**		**Future salary increases**	
Sensitivity level	0.5% increase	0.5% decrease	0.5% increase	0.5% decrease
Impact on defined obligation (refer note 33)	0	0	0	0

A quantitative sensitivity analysis for significant assumption as at 31 March 2019 is as shown below:

Assumptions	**Discount rate**		**Future salary increases**	
Sensitivity level	0.5% increase	0.5% decrease	0.5% increase	0.5% decrease
Impact on defined obligation (refer note 33)	0	0	0	0

The sensitivity analysis above has been determined based on a method that extrapolates the impact on defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period.

Other long-term employee benefits

Compensated absences:

Compensated absences expense recognised in salaries, wages and bonus for the year ended 31 March 2020 and 31 March 2019 are as follow:

Particulars	**31 March 2020**	**31 March 2019**
Current service cost	6	8
Interest cost (refer note 33)	1	0
Actuarial (gain) / loss (refer note 33)	0	1
Net Cost	**7**	**9**

The principal assumptions used in determining obligations are shown below:

Particulars	**31 March 2020**	**31 March 2019**
Discounting rate	6.8%	7.7%
Future salary increase	7.0%	8.0%
Retirement age (years)	60	60
Mortality table	100% of IALM (2012 - 14)	100% of IALM (2006 - 08)
Ages	**Withdrawal Rate (%)**	
Up to 30 years	6	6
From 31 to 44 years	37	33
Above 44 years	3	6

The principal assumptions are discount rate and salary growth rate. The discount rate is generally based upon the market yields available on Government bonds at the accounting date with a term that matches the liabilities and the salary growth rate takes account of inflation, seniority, promotion and other relevant factors on long term basis.

(All amounts in Rupees million, except per share amounts unless stated otherwise)

Reconciliation of opening and closing balances of obligations.

Particulars	**31 March 2020**	**31 March 2019**
Change in Projected Benefit Obligation (PBO)		
PBO at beginning of year	9	5
Current service cost	6	8
Interest cost	1	0
Benefits paid	(2)	(5)
Actuarial (gain) / loss	0	1
Projected benefit obligation at year end	**14**	**9**

29) Contingent Liabilities

	As at 31 March 2020	**As at 31 March 2019**
Matter under litigation		
Income tax	-	263
Value added tax	57	57
Service tax	596	650
Others	244	242
	897	**1,212**

The management believes that the outcome of these contingencies will be favorable and that a loss is not probable.

a) Provident fund

In view of recent Hon'ble Supreme Court of India Judgement, in the case of "Regional Provident Fund Commissioner (II) Vs Vivekananda Vidyamandir, West Bengal in relation to non-exclusion of certain allowance from the definition of "Wages" of the relevant employees for the purpose of determining contribution to provident fund under the Employees Provident Fund & Miscellaneous provision Act, 1952, the Company has obtained legal opinion in the matter. In terms of legal opinion, there are various interpretational issues and thus the Company is in the process of evaluating the impact.

Other Disputed matters not considered as Contingent Liabilities

b) License fee and Spectrum Usage charges Matter (AGR)

During earlier years, the DoT had raised demands for payment of license fees, spectrum usages charges ("SUC") and interest (interest on principal and interest on penalty)/penalty thereon for various financial years on account of difference in interpretation of Adjusted Gross Revenue ("AGR") and other assessment related matters. The Company had contested these demands by filing petition/s with the Hon'ble TDSAT. In its Order dated 23 April 2015, the Hon'ble TDSAT set aside all the demands under dispute and directed to the DoT to rework demands for the license fees and SUC payable by the Company in light of the findings, observations and directions made in the Order. The DOT had approached the Honorable Supreme court against the order of Hon'ble TDSAT.

During the year, the Hon'ble Supreme Court on 24 October 2019 passed the judgment (AGR Judgement') on cross appeals against the Hon'ble TDSAT judgment dated 23 April 2015, wherein it has held that the definition of Gross Revenue under Clause 19 of the UASL is all encompassing and comprehensive. Hon'ble Supreme Court has further held that the Gross Revenue definition shall prevail over the Accounting Standards and is binding on the parties to the contract / License Agreement. The Hon'ble Supreme Court has then dealt with different heads of revenue / inflow and has held that these will fall within the definition of Adjusted Gross Revenue. Further, the Hon'ble Supreme Court has upheld the levy of interest, penalty and interest on penalty stating that the levy is as per the terms and conditions of the License Agreement.

Per the details filed by the DoT dated 23 July 2019, the demand of DOT on Company is Rs. 3,019, which includes AGR liability related to 9 operating circles transferred to RCOM as well as liability for 21 Quashed licenses of 2012. The Company has computed the interest on the above AGR liability, based on the DoT demands received till date and estimation for periods for which demands have not been raised by DoT up to 31 March 2020.

As per SCHEME approved by High Court of Mumbai and Rajasthan, DOT letter dated 20 October 2017 approving SCHEME and legal opinion obtained by the Company, AGR liability up to Rs. 2,214 for quashed licenses in 2012 and complete AGR liability for 9 operating circles has been transferred to RCOM in lieu of the assets transferred by Company under SCHEME.

The Company, without prejudice and given that matter is still being considered by Hon'ble Supreme Court has recognized additional estimated provision of Rs. 590 during the year and has been presented as exceptional item. The Company expects no additional financial liability in this matter.

(All amounts in Rupees million, except per share amounts unless stated otherwise)

c) One Time Spectrum charges ('OTSC')

During 2014-15, DoT issued Show Cause Notice of Rs 6,369 towards One Time Spectrum Charges to the Company for continuation of its services, post cancellation of its 21 telecom licenses, from 2 February 2012 till closure of services in 13 service areas and till last valid date of the licenses in 8 service areas where the Company secured spectrum in the auction conducted by the DoT in March 2013 and new licenses. The Company has submitted its reply to the DoT on 6 January 2015. Subsequently, the DoT has issued a demand notice dated 22 September 2016 of Rs 6,369 and interest thereon of Rs 1,836. The Company has filed a petition in Hon'ble TDSAT. While matter was pending with Hon'ble TDSAT, the DoT, vide its letter dated 14 February 2017, revised its demand to Rs 5,849 and interest thereon of Rs 3,416 and further revised the demand, vide its letter dated 13 June 2017, to Rs 5,849 and interest thereon of Rs 3,699. TDSAT vide its final order dated 10 May 2018 has allowed petition of Company and directed DOT to issue revised demand as per Order. Based on above order, DOT has revised its demand to Rs. 1078 and the same has been paid by Company.

DOT has filed Appeal before Hon'ble Supreme Court against TDSAT judgment. Appeal is pending in Hon'ble Supreme Court.

d) Liquidated Damages ('LD')

The Company received a Show Cause Notice ('SCN') dated 17 June 2016 issued by DoT for Liquidated Damages ('LD') in respect of non-fulfillment of roll out obligations of GSM spectrum of Rajasthan Circle. SSTL has filed its detailed response dated 1 July 2016 to the SCN with DOT. Since there are no separate roll-out obligations under the UASL and the GSM spectrum granted to SSTL was an additional spectrum granted under the existing UASL and does not entail any new roll-out obligations other than as explicitly stated in the UASL. The DoT served a demand vide its letter dated 25 November 2016 of Rs 140. The Company has filed a petition in Hon'ble TDSAT to challenge the demand.

Further, the Company received the demand notices from DoT of Rs 653 in 2010/2011 for LD for non-fulfillment of roll out obligations under the License and the Company has paid (paid under protest) amount of Rs. 594 against the said demand notes. TDSAT vide its order dated 13 January 2012 ordered the quashing of above demands and directed the DoT to re-compute fresh demands based on the directions given in the Order. The matter is pending before Hon'ble Supreme Court of India. During the year 2016-17, the Company has received the revised demand notices of Rs. 791 from DoT in respect of LD for non-fulfillment of roll out obligations under the License based on above judgement but without considering the procedural delay in various approvals.

Based its assessment, the Company does not foresee and further liability. During the previous financial year 2017-18 the Company has transferred the liability for above dispute of Rs. 247 to RCOM as per SCHEME.

e) Claims from IP (Infrastructure provider) Vendors

Certain passive infrastructure vendors ('the Vendors') raised claims amounting to Rs 1,868 (2019 – 1,868) and interest thereon due to premature termination of the respective service contracts by the Company as a result of discontinuation of operations in the thirteen telecom circles in pursuance of the Order issued by the Hon'ble Supreme Court of India related to cancellation of Company's Telecom Licenses. These Vendors served notices invoking the dispute resolution mechanism as per the respective service contracts and the matters were referred to the Arbitral Tribunals for adjudication. The Arbitral Tribunals decided the matters in favor of the Company rejecting the claims for premature termination (exit charges) of service contracts. The vendors subsequently filed appeals before the Hon'ble Delhi High Court challenging the orders passed by the Arbitral Tribunals. These appeals are pending before the Hon'ble High Court. The Company has transferred the liability, if any, for above disputes of Rs 1,446 to RCOM as per SCHEME and accordingly has not been disclosed as contingent liability.

30) Related party transactions

List of related Party

(i) Name of related party where control exists

Relation	**Name of the related party**
Holding company	Sistema PJSFC
Subsidiary company	Sistema Internet Services Limited (SISL) (Formerly known as Shyam Internet Services Limited)

(ii) Names of other related parties with whom transactions have taken place during the year

Relation	**Name of the related party**
Key management personnel ('KMP')	-Neera Sharma (Whole Time Director & CEO) -Bharat V Patel (Independent Director) - Vikram Kaushik (Independent Director)

(iii) List of fellow subsidiaries is as below :

(where transactions have taken place during the year)

- Sistema Asia Pte. Limited
- Sistema Asia Capital Pte. Limited
- INSITEL Services Private Limited
- SACAP India Private Limited (Formerly STS Services India Private Limited)

Notes to Standalone financial statements for the year ended 31 March 2020
(All amounts in Rupees million, except per share amounts unless stated otherwise)

Transaction with related parties

Particulars	Year	Nature of relationship										
		Holding Co	Subsidiary Co	Fellow Subsidiaries					KMP**			
		Sistema PJSFC	SISL	Mobile Telesystems PJSC	Sistema Asia Capital Pte. Ltd.	Sistema Asia Pte. Ltd.	INSITEL Services Private Limited	SACAP India Private Limited	Bharat V Patel	Vikram Kaushik	Sergey Savchenko	Neera Sharma
Loan repayment	2019-20	-	-	-	-	-	90	-	-	-	-	-
	2018-19	-	-	-	-	-	1,970	-	-	-	-	-
Loan taken	2019-20	-	-	-	-	-	160	-	-	-	-	-
	2018-19	-	-	-	-	-	900	-	-	-	-	-
Rental Income	2019-20	-	-	-	-	-	-	-	-	-	-	-
	2018-19	-	-	-	-	-	1	-	-	-	-	-
Brand fees (refer note 33)	2019-20	-	-	-	-	-	-	-	-	-	-	-
	2018-19	-	-	0	-	-	-	-	-	-	-	-
Managerial remuneration	2019-20	-	-	-	-	-	-	-	-	-	-	21
	2018-19	-	-	-	-	-	-	-	-	-	66	31
Lease rental	2019-20	-	-	-	-	-	-	-	-	-	-	-
	2018-19	-	-	-	-	-	3	-	-	-	-	-
Interest on loan (refer note 2(n) and 13 (a))	2019-20	-	-	-	-	-	20,139#	-	-	-	-	-
	2018-19	-	-	-	-	-	17,761#	-	-	-	-	-
Business Support Services (Income)	2019-20	-	-	-	-	-	-	-	-	-	-	-
	2018-19	-	-	-	-	4	-	-	-	-	-	-
Shared Service centre fee/ Support Service fee (Income)	2019-20	-	-	-	1	2	-	3	-	-	-	-
	2018-19	-	-	-	1	1	-	1	-	-	-	-
Director's sitting fees	2019-20	-	-	-	-	-	-	-	1	1	-	-
	2018-19	-	-	-	-	-	-	-	1	1	-	-
Allowance for credit losses on trade receivables	2019-20	-	-	-	-	5	-	-	-	-	-	-
	2018-19	-	-	-	-	-	-	-	-	-	-	-

During the current and previous financial year, the Company has not issued any RPS. Interest on loan (INSITEL Services Private Limited) consist of interest provided on borrowing part of Redeemable Preference Shares of Rs. 20,062 (2019 Rs. 17,703).

Notes to Standalone financial statements for the year ended 31 March 2020
(All amounts in Rupees million, except per share amounts unless stated otherwise)

Balance Outstanding

Particulars	Year	Nature of relationship					
		Subsidiary Co	Fellow Subsidiaries			KMP**	
		SISL	INSITEL Services Private Limited	Sistema Asia Capital Pte. Ltd.	Sistema Asia Pte. Ltd.	Neera Sharma	Neera Sharma
Loan outstanding	31-Mar-2020	-	720	-	-	-	
	31-Mar-2019	-	650	-	-	-	
Redeemable Preference Share (refer note 2(n) and 13 (a))	31-Mar-2020	-	141,694	-	-	-	
	31-Mar-2019	-	141,694	-	-	-	
Interest on liability portion of RPS (refer note 2(n) and 13 (a))	31-Mar-2020	-	91,236	-	-	-	
	31-Mar-2019	-	71,174	-	-	-	
Interest Accrued but not due	31-Mar-2020	-	27	-	-	-	
	31-Mar-2019	-	-	-	-	-	
Amount recoverable/ Trade receivable	31-Mar-2020	64	-	1	5	-	
	31-Mar-2019	64	-	-	9	-	
Allowance for credit losses on trade receivables	31-Mar-2020	64	-	-	5	-	
	31-Mar-2019	64	-	-	-	-	

Terms and conditions of transactions with related parties

The services provided and received from related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and interest free (except for loans and redeemable preference share) and settlement occurs in cash.

**The remuneration to the KMP does not include the provisions made for gratuity, compensated absences as they are determined on an actuarial basis for the Company as a whole. Performance link incentive is included in KMP remuneration only when amount became due for payment on fulfilling certain conditions.

PJSFC Sistema, holding company, has given corporate guarantee to certain lenders for non fund facilities availed by the Company.

(All amounts in Rupees million, except per share amounts unless stated otherwise)

31) Financial risk management objectives and policies

The Company's principal financial liabilities, other than derivatives, comprise loans and borrowings, trade and other payables. The main purpose of these financial liabilities is to finance the group's operations. The Company's principal financial assets include loans, trade and other receivables, and cash and cash equivalents that derive directly from its operations.

Impact of COVID-19 (Global pandemic)

The Company on the basis of their assessment believes that the probability of the occurrence of their forecasted transactions is not impacted by COVID-19 pandemic.

The Company is exposed to market risk, credit risk and liquidity risk. The Company's senior management oversees the management of these risks under appropriate policies and procedures.

(a) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, foreign currency risk and price risk. Financial instruments affected by market risk include, interest bearing loans and borrowings and fixed deposits.

The sensitivity analysis has been prepared on the basis that the amount of net debt, the ratio of fixed to floating interest rates of the debt and the proportion of financial instruments are all constant.

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

The sensitivity of the relevant profit or loss item is the effect of the assumed changes in respective market risks. This is based on the financial assets and financial liabilities held as on reporting date.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's long-term debt obligations with floating interest rates.

As the Company has no significant interest-bearing assets, the income and operating cash flows are substantially independent of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's long-term debt obligations with floating interest rates, which are included in interest bearing loans and borrowings in these financial statements.

Fair value sensitivity analysis for fixed rate instruments

The Company does not have any fixed rate financial assets and liabilities at fair value through profit and loss. Therefore, a change in interest rates at the reporting date would not affect profit or loss and neither would it affect the equity.

Foreign currency risk

The Indian Rupee is the Company's most significant currency. As a consequence, the Company's results are presented in Indian Rupee and exposures are managed against Indian Rupee accordingly. Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities (when revenue or expense is denominated in a foreign currency). The year end foreign currency exposures that have not been hedged are Rs 1 (USD .01 Mn) [31 March 2019: Rs 9 (USD .14 Mn)]. The Company has not entered into any derivative arrangements during the year.

The following table demonstrates the sensitivity in the USD to the functional currency of the Company, with all other variable held constant. The impact on the Company's net loss is due to changes in the fair value of monetary assets and liabilities.

Particulars	**Effect on loss before tax (increase)/ decrease**
For the year ended 31 March 2020	
INR appreciates 5% against USD	(0.05)
INR depreciates 5% against USD	0.05
For the year ended 31 March 2019	
INR appreciates 5% against USD	(0.47)
INR depreciates 5% against USD	0.47

(b) Credit risk

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

(All amounts in Rupees million, except per share amounts unless stated otherwise)

Credit risk has always been managed by the Company through credit approvals, establishing credit limits and continuously monitoring the credit worthiness 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.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

Particulars	Note	As at 31 March 2020	As at 31 March 2019
Security deposits (current and non - current)	5	7	13
Trade receivables	8	27	45
Other current financial assets	6	510	96
Total		**544**	**154**

The ageing of financial assets at the reporting date was:

Particulars	As at 31 March 2020	As at 31 March 2019
Not past due	517	109
Past due 0-30 days	4	29
Past due 31-90 days	9	4
Past due 90 days-one year	11	10
More than one year	3	2
Total	**544**	**154**

Movement of allowance for financial assets

Particulars	As at 31 March 2020	As at 31 March 2019
Opening allowance for financial assets	70	70
Add: Addition in allowances during the year (Refer note 33)	6	0
Less: Write off during the year	-	-
Less: Adjusted during the year	-	-
Closing allowance for impairment in financial assets	**76**	**70**

(c) Liquidity risk

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

The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of short term and long-term loans and borrowings. The Company manages liquidity risk by maintaining adequate reserves, banking facilities, and reserve borrowing facilities, by continuously forecast and actual cash flows, and by matching the maturity profile of financial assets and liabilities.

The following are the contractual maturities of the financial liabilities, including estimated interest payments as at 31 March 2020:

	Carrying amount	Contractual cash flows	On demand	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
Trade payables	889	889	-	889	-	-	-	889
Lease Liability	1	1	-	0	1	-	-	1
Borrowings								
Non Cumulative Non-convertible Redeemable Preference Shares	172,550	280,441	-	-	-	194,798	85,643	280,441
Loan from fellow subsidiary (secured)	720	720	-	-	720	-	-	720
Other financial liabilities								
Interest accrued but not due	27	27	-	27	-	-	-	27
Sundry creditors for capital goods	7	7	-	7	-	-	-	7
	174,194	**282,085**	**-**	**923**	**721**	**194,798**	**85,643**	**282,085**

(All amounts in Rupees million, except per share amounts unless stated otherwise)

The following are the contractual maturities of the financial liabilities, including estimated interest payments as at 31 March 2019:

	Carrying amount	Contractual cash flows	On demand	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
Trade payables	1,006	1,006	-	1,006	-	-	-	1,006
Borrowings								
Non Cumulative Non-convertible Redeemable Preference Shares	152,488	280,441	-	-	-	186,235	94,206	280,441
Loan from fellow subsidiary (unsecured)	650	650	-	-	650	-	-	650
Other financial liabilities								
Interest accrued but not due	6	6	6	-	-	-	-	6
Sundry creditors for capital goods	9	9	-	9	-	-	-	9
	154,159	**282,112**	**6**	**1,015**	**650**	**186,235**	**94,206**	**282,112**

32) Income taxes

Deferred tax

The Company has incurred losses during the year and earlier years. Since it is not probable that taxable profit will be available against which the temporary difference can be utilised, the Company has not recognised any deferred tax assets resulting from the carried forward tax losses and unabsorbed depreciation. Further, no deferred tax liabilities on amount recognised directly in equity and other temporary timing differences have been recognised as it would be set off against these deferred tax assets.

33) Details of rounded off amounts

The financial statements are presented in million. Those items which are required to be disclosed and which are not represented in the financial statements due to rounding off to nearest million are given as follows:

Note	Description	As at 31 March 2020	As at 31 March 2019
BS	Capital work-in-progress	-	0.121
BS	Assets classified as held for sale	-	0.120
PL	Remeasurement gains/ (lossess) on defined benefit plans	(0.286)	(0.438)
Cash flow	Payments for property, plant and equipment	0.057	-
3	Office equipment_Additions	-	0.009
	Computers_Additions	0.136	0.138
	Furniture and fixtures_Additions	-	0.196
	Capital work in progress_Additions	-	0.121
	Computers_disposals of assets	(0.142)	(0.230)
	Office equipment_disposals of assets	-	(0.026)
	Plant and equipment_disposals of assets	(0.033)	-
	Vehicles_disposals of assets	(0.377)	-
	Capital work-in-progress_disposals of assets	(0.121)	-
	Office equipment_Reclassified as held for sale	-	(0.129)
	Furniture and fixtures_depreciation	0.033	-
	Computers_depreciation	0.502	0.471
	Office equipment_depreciation	0.078	0.133
	Vehicles_depreciation	0.019	0.075
	Computers_Eliminated on disposals of assets	(0.142)	(0.230)
	Office equipment_Eliminated on disposals of assets	-	(0.026)
	Plant and equipment_Eliminated on disposals of assets	(0.033)	-
	Vehicles_Eliminated on disposals of assets	(0.321)	-
	Office equipment_Eliminated on reclassification as held for sale	-	(0.080)
	Furniture and fixtures_Closing balance	0.164	0.196
	Vehicles_Closing balance	0.170	0.145
	Office equipment_Closing balance	0.399	0.077
	Capital work in progress_Closing balance	-	0.121
3(a)	Right of use assets		
	Depreciation charge during the year	0.026	-

(All amounts in Rupees million, except per share amounts unless stated otherwise)

Note	Description	As at 31 March 2020	As at 31 March 2019
7	Advances for value to be received_Other current assets	0.298	-
9	Cash on hand	0.065	0.178
12	Other equity		
	Retained earnings	(0.286)	(0.438)
14	Provision		
	Interest accretion_Compensated absences	-	0.358
16(a)	Lease liabilities		
	Interest accrued during the year	0.134	
19	-Other financial assets carried at amortised cost	(0.003)	0.003
22	Other expenses		
	Insurance	0.084	0.038
	Other services (certification fees)_Payment to auditors	0.490	-
	Reimbursement of expenses_Payment to auditors	0.027	0.115
28	Impact on defined obligation		
	Discount rate (0.5% increase)	(0.134)	(0.071)
	Discount rate (0.5% decrease)	0.142	0.075
	Future salary increase (0.5% increase)	0.141	0.074
	Future salary increase (0.5% decrease)	(0.134)	(0.071)
	Compensated absences:		
	Interest cost	-	0.358
	Actuarial (gain) / loss	0.431	-
30	Related party transactions		
	Mobile Telesystems PJSC_Brand fees	-	0.425
	Addition in allowance during the year_Movement of allowances	-	0.025

34) Segment reporting

The Company is engaged in business providing managed services. This is the only activity performed and is thus also the main source of risks and returns. Accordingly, the Company has a single reportable segment. Further, as the Company operate in only one geographical segment namely, India hence the relevant disclosures as per Ind AS 108 are not applicable to the Company.

35) Recent accounting developments

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 1 April 2020.

36) Details of due of Income-Tax, Sales Tax, Value added tax and Service tax which have not been deposited as on 31 March 2020 on account of disputes are given below:

S.No.	Name of the Statute	Nature of Dues	Period to which the amount relates	Total Disputed Amount	Amount not deposited	Forum where the dispute is pending
1	Income Tax Act, 1961	Income Tax	2010-11, 2011-12 and 2012-13	109.72	27.14	Income Tax Appellate Tribunal
2	Kerala Commercial Tax Act, 2003	VAT	2011-12 & 2015-16	37.94	37.94	Hon'ble High Court
3	Rajasthan Commercial Tax Act, 2003	CST	2014-15, 2015-16, 2016-17 & 2017-18	8.16	8.16	Commercial taxes officer Rajasthan
4	Rajasthan Commercial Tax Act, 2003	VAT	2016-17 & 2017-18	1.07	1.07	Commercial taxes officer Rajasthan
5	Bihar Value Added Tax, 2005	VAT	2011-12, 2012-13	2.77	1.93	Commercial taxes tribunal Bihar
6	Bihar Value Added Tax, 2005	VAT	2014-15	16.00	11.19	Joint Commissioner (JCCT) Appeal.
7	Finance Act, 1994 (Service tax provisions)	Service Tax	2008-09, 2009-10, 2010-11 & 2013-14	381.76	291.88	Custom, Excise, Service Tax Appellate Tribunal

(All amounts in Rupees million, except per share amounts unless stated otherwise)

The following matters have been decided in favour of the Company, although the department has preferred appeals at higher levels:

S.No.	Name of the Statute	Nature of Dues	Period to which the amount pertains	Total Disputed Amount	Amount not deposited	Forum where the dispute is pending
1	Rajasthan VAT Act, 2003	VAT	2007-08 to 2009-10	2.33	1.43	Tax Board

For and on behalf of the Board of Directors

Sergey Savchenko
Chairman
DIN - 02891905

Neera Sharma
Whole Time Director & CEO
DIN - 00975300

Vinay Mittal
Chief Financial Officer

Archit Sood
Company Secretary
ACS-18169

Place : Singapore
Date : July 29, 2020

INDEPENDENT AUDITORS' REPORT

To

To The Members of Sistema Smart Technologies Limited

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of **Sistema Smart Technologies Limited** (Formerly known as Sistema Shyam Teleservices Limited) ("the Holding Company"/ ("the Company") and its subsidiary (the Holding Company and its subsidiary together referred to as "the Group"), which comprise the Consolidated Balance Sheet as at March 31, 2020, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Statement of Cash Flows and the Consolidated Statement of Changes in Equity for the year then ended on that date, and a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to and based on the consideration of reports of the other auditors on separate financial statements of subsidiaries referred to in the Other Matters section below, 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 Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at March 31, 2020, consolidated loss, consolidated total comprehensive loss, consolidated cash flows and its consolidated changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the consolidated financial statements in accordance with the Standards on Auditing specified under section 143(10) of the Act (SAs). Our responsibilities under those Standards are further described in the Auditor's Responsibility for the Audit of the consolidated financial statements section of our report. We are independent of the Group in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the consolidated financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matters section below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Material uncertainty related to Going Concern

We draw attention to Note 1 (b) to the consolidated financial statements, which indicates that the Group has accumulated losses and its net worth has been fully eroded, the Group has incurred net losses and cash losses during the current and previous years. These conditions, as set forth in Note 1(b), indicate the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern. However, the consolidated financial statements of the Group have been prepared on a going concern basis for the reasons stated in the said Note.

Our opinion is not modified in respect of this matter.

Emphasis of Matter

We draw your attention to note 28(b) of the consolidated Ind AS financial statements, which describes the uncertainties related to estimation of licence fees and spectrum usage charges on Adjusted Gross Revenue (AGR Liability) due to matter being subjudice and is pending at the Hon'ble Supreme Court and transfer of AGR liability to RCOM under merger scheme.

Our opinion is not modified in respect of this matter.

Information Other than the Consolidated Financial Statements and Auditor's Report Thereon

The Holding Company's Board of Directors is responsible for the other information. The other information comprises the information included in Management Discussion and Analysis, Board's Report including annexures to the Board's Report but does not include the consolidated financial statements, standalone 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 during the course of our 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.

Management's Responsibility for the Consolidated Financial Statements

The Holding 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 consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and consolidated changes in equity of the Group in accordance with the Ind AS and other accounting principles generally accepted in India. 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 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 consolidated financial statement 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.

In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group is responsible for assessing the Group'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 management either intends to liquidate or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the group are also responsible for overseeing the financial reporting process of the Group.

Auditor's Responsibility for the Audit of the Consolidated Financial Statements

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.

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 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 financial 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 system 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 the 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 Group'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 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 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 or business activities included in the consolidated financial statements, which have been audited by the 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.

Materiality is the magnitude of misstatements in the consolidated financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the consolidated financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the consolidated financial statements.

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.

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.

Other Matters

We did not audit the financial statements of a subsidiary whose financial statements reflect total assets of Rs. 9 million as at March 31, 2020 and total revenues of Rs. 1 million for the year ended on that date, as considered in the respective standalone financial statements of the Company included in the Group. The financial statement of the subsidiary have been audited by the other auditors whose reports have been furnished to us by the management, and our opinion in so far as it relates to the amounts and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of the subsidiary and our report in terms of sub section (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiary is based solely on the report of other auditor.

Our opinion on the consolidated financial statements above, and our report on other legal and regulatory requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the report of other auditor and the financial statements certified by the management.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit and on the consideration of the report of the other auditor on separate financial statements of the subsidiary company incorporated in India, referred in the Other Matters paragraph above 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), the Consolidated Cash Flows Statement and Consolidated Statement of Changes in Equity dealt with by this report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.

d) The matter described Under Material uncertainty related to Going Concern section above, in our opinion, may have an adverse effect on the functioning of the Group.

e) In our opinion, the aforesaid consolidated financial statements comply with the Ind AS specified under Section 133 of the Act.

f) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2020 taken on record by the Board of Directors of the Company and the reports of the statutory auditor of subsidiary company incorporated in India, none of the directors of the Group Companies are disqualified as on March 31, 2020 from being appointed as a director in terms of Section 164(2) of the Act.

g) With respect to the adequacy of the internal financial controls over financial reporting and the operating effectiveness of such controls, refer to our separate Report in "Annexure A", which is based on the auditors' report of the Holding Company and subsidiary company, incorporated in India. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of internal financial controls over financial reporting of those companies.

h) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended, in our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Holding Company to its directors during the year is in accordance with the provisions of section 197 of the act.

i) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:

i. The Group has disclosed the impact of pending litigations on its financial position in its consolidated financial statements.

ii. The Group did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company and its subsidiary company.

For Deloitte Haskins & Sells
Chartered Accountants
(Firm's Registration No. 015125N)

Vikas Khurana
(Partner)
(Membership No. 503760)
UDIN: 20503760AAAAAH2624

Place: Gurugram
Date: July 29, 2020

Report on Internal Financial Controls Over Financial Reporting

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

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

Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

In conjunction with our audit of the consolidated Ind AS financial statements of the Company as of and for the year ended March 31, 2020, we have audited the internal financial controls over financial reporting of Sistema Smart Technologies Limited (Formerly known as Sistema Shyam Teleservices Limited) (herein referred to as "Holding Company") and its subsidiary company, which are companies incorporated in India as of that date.

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the Holding company and its subsidiary company, which are companies incorporated in India, is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the respective Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to 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 Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Holding company and its subsidiary company which is company incorporated in India, based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by other auditor of the subsidiary company which is company incorporated in India, in terms of their report referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting of the Holding company and its subsidiary company which is company incorporated in India.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, to the best of our information and according to the explanations given to us, and based on the consideration of the report of other auditor referred to in the Other Matters paragraph below, the Holding company and its subsidiary company which is company incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2020, based on internal financial control over financial reporting criteria established by the respective companies 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

Our aforesaid report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting in so far as it relates to subsidiary company which is company incorporated in India, is based solely on the corresponding reports of the auditors of such company incorporated in India.

Our opinion is not modified in respect of the above matters.

For Deloitte Haskins & Sells
Chartered Accountants
(Firm's Registration No. 015125N)

Vikas Khurana
(Partner)
(Membership No. 503760)
UDIN: 20503760AAAAAH2624

Place: Gurugram
Date: July 29, 2020

Consolidated Balance Sheet as at 31 March 2020

(All amounts in Rupees million, except per share amounts unless stated otherwise)

Particulars	Notes	As at 31 March 2020	As at 31 March 2019
ASSETS			
Non-current assets			
Property, plant and equipment	3	4	39
Capital work-in-progress (Refer note 33)	3	-	0
Right of use assets	3(a)	3	-
Financial assets			
Investment			
Investment in subsidiary		-	-
Loans	4	-	-
Other non current financial assets	5	451	-
Non-current tax assets (net)		217	200
Other non current assets	6	113	82
		788	**321**
Current assets			
Financial assets			
Trade receivables	7	27	45
Cash and cash equivalents	8	12	102
Other bank balances	9	2,221	2,722
Loans	4	7	13
Other current financial assets	5	59	96
Current tax assets (net)		-	1
Other current assets	6	69	96
		2,395	**3,075**
Assets classified as held for sale (Refer note 33)	3 (b)	32	0
		2,427	**3,075**
Total Assets		**3,215**	**3,396**
EQUITY AND LIABILITIES			
Equity			
Equity share capital	10	23,940	23,940
Other equity	11	(195,818)	(175,015)
		(171,878)	**(151,075)**
Non-current liabilities			
Financial liabilities			
Borrowings	12	172,550	152,488
Provisions	13	15	9
		172,565	**152,497**
Current liabilities			
Financial liabilities			
Borrowings	12	720	650
Trade payables	14		
Total outstanding dues of micro enterprises and small enterprises		-	-
Total outstanding dues of trade payables other than micro enterprises and small enterprises		889	1,007
Lease liability	15 (a)	1	-
Other current financial liabilities	15	34	15
Provisions	13	874	290
Other current liabilities	16	10	12
		2,528	**1,974**
Total Equity and Liabilities		**3,215**	**3,396**
See accompanying notes to the financial statements	1-35		
In terms of our report attached			

For Deloitte Haskins & Sells
Chartered Accountants

Vikas Khurana
Partner

Place : Gurugram
Date : July 29, 2020

For and on behalf of the Board of Directors

Sergey Savchenko
Chairman
DIN - 02891905

Neera Sharma
Whole Time Director & CEO
DIN - 00975300

Vinay Mittal
Chief Financial Officer

Archit Sood
Company Secretary
ACS-18169

Place : Singapore
Date : July 29, 2020

Consolidated Statement of Profit and Loss for the year ended 31 March 2020

(All amounts in Rupees million, except per share amounts unless stated otherwise)

Particulars	Notes	For the year ended 31 March 2020	For the year ended 31 March 2019
Income			
Revenue from operations	**17**	141	118
Other income	**18**	206	569
Total income (I)		**347**	**687**
Expenses			
Purchase of stock in trade		43	23
Employee benefit expense	**19**	157	349
Depreciation	3	5	6
Finance cost	20	20,187	17,851
Other expenses	21	168	294
Total expenses (II)		**20,560**	**18,523**
Loss before exceptional item and tax (III= I-II)		**(20,213)**	**(17,836)**
Exceptional item (net) (IV)	**28 (b)**	590	-
Loss before tax (V=III-IV)		**(20,803)**	**(17,836)**
Tax expense:			
(1) Current tax		-	-
(2) Deferred tax		-	-
Loss for the year		**(20,803)**	**(17,836)**
Other comprehensive income/ (loss)			
Items that will not be reclassified to profit or loss in subsequent periods			
Remeasurement gains/ (lossess) on defined benefit plans (refer note 33)	**11**	(0)	(0)
Remeasurement gains/(lossess) on Investment	**11**	-	(998)
Income tax relating to these items		-	-
Total other comprehensive income/ (loss)		**(0)**	**(998)**
Total Comprehensive Income/ (loss) for the year, net of tax		**(20,803)**	**(18,834)**
Earnings/(loss) per equity share	**22**		
(1) Basic		(8.69)	(7.45)
(2) Diluted		(8.69)	(7.45)
See accompanying notes forming part of the financial statements	**1-35**		
In terms of our report attached			

For Deloitte Haskins & Sells
Chartered Accountants

Vikas Khurana
Partner

Place : Gurugram
Date : July 29, 2020

For and on behalf of the Board of Directors

Sergey Savchenko
Chairman
DIN - 02891905

Neera Sharma
Whole Time Director & CEO
DIN - 00975300

Vinay Mittal
Chief Financial Officer

Archit Sood
Company Secretary
ACS-18169

Place : Singapore
Date : July 29, 2020

Consolidated Statement of Cash Flows for the year ended 31 March 2020

(All amounts in Rupees million, except per share amounts unless stated otherwise)

Particulars		For the year ended 31 March 2020	For the year ended 31 March 2019
A.	**Cash flows from operating activities:**		
	Net loss before tax and exceptional item	(20,213)	(17,836)
	Adjustments for:		
	Depreciation expense	5	6
	Interest income	(185)	(205)
	Finance costs	20,140	17,762
	Liabilities written back	(20)	(82)
	Unrealised foreign exchange loss/ (gain), net	(1)	4
	Loss/(gain) on sale of property, plant and equipment and write off	(1)	(50)
	Operating cash flow before changes in assets and liabilities	**(275)**	**(401)**
	Movement in working capital :		
	- (Increase)/decrease in trade receivables	20	(20)
	- (Increase)/decrease in other receivables (current- non current)	4	7
	- Increase/(decrease) in trade payables and financial liabilities	(98)	(125)
	- Increase/(decrease) in other liabilities (current- non current)	(3)	(11)
	- Increase/(decrease) in provisions	(0)	(1,058)
	Cash generated from operations	**(352)**	**(1,608)**
	Income taxes (paid)/ refund	(16)	196
	Net cash flow from / (used in) operating activities	**(368)**	**(1,412)**
B.	**Cash flows from investing activities:**		
	Payments for property, plant and equipment	(1)	(28)
	Proceeds from sale of property, plant and equipment	1	51
	Proceeds from maturity of bank balances not considered as cash and cash equivalents	2	(2)
	Proceeds from sale of investment in RCOM	-	3,210
	Interest received	217	173
	(Increase)/decrease in margin money deposit	47	(857)
	Net cash flow from / (used in) investing activities	**266**	**2,547**
C.	**Cash flows from financing activities:**		
	Payment of lease liability	(1)	-
	Proceeds from current borrowings	160	900
	Repayments of current borrowings	(90)	(1,970)
	Interest and other finance charges paid	(57)	(58)
	Net cash flow from / (used in) financing activities	**12**	**(1,128)**
	Net increase / (decrease) in cash and cash equivalents during the year	**(90)**	**7**
	Add : Cash and cash equivalents as at the beginning of the year	**102**	**95**
	Cash and cash equivalents as at the end of the year (refer note 8)	**12**	**102**

See accompanying notes forming part of the financial statements **1-35**

In terms of our report attached

For Deloitte Haskins & Sells
Chartered Accountants

Vikas Khurana
Partner

Place : Gurugram
Date : July 29, 2020

For and on behalf of the Board of Directors

Sergey Savchenko
Chairman
DIN - 02891905

Neera Sharma
Whole Time Director & CEO
DIN - 00975300

Vinay Mittal
Chief Financial Officer

Archit Sood
Company Secretary
ACS-18169

Place : Singapore
Date : July 29, 2020

Consolidated Statement of Changes in Equity for the year ended 31 March 2020

(All amounts in Rupees million, except per share amounts unless stated otherwise)

	Equity share capital		Equity share capital			
	Equity share capital	**Equity component of Redeemable Preference Shares**	**Capital reserve**	**Investment revaluation reserve**	**Retained earnings**	**Total equity**
As at 31 March 2018	23,940	60,378	6,804	964	(224,327)	(132,241)
Profit/ (loss) for the year	-	-	-	-	(17,836)	(17,836)
Other comprehensive income/ (loss)	-	-	-	(998)	(0)	(998)
Total comprehensive income/ (loss) for the year	**-**	**-**	**-**	**(998)**	**(17,836)**	**(18,834)**
As at 31 March 2019	**23,940**	**60,378**	**6,804**	**(34)**	**(242,163)**	**(151,075)**
As at 1 April 2019	**23,940**	**60,378**	**6,804**	**(34)**	**(242,163)**	**(151,075)**
Profit/ (loss) for the year	-	-	-	-	(20,803)	(20,803)
Other comprehensive income (loss)	-	-	-	-	(0)	(0)
Total comprehensive income/ (loss) for the year	**-**	**-**	**-**	**-**	**(20,803)**	**(20,803)**
As at 31 March 2020	**23,940**	**60,378**	**6,804**	**(34)**	**(262,966)**	**(171,878)**

See accompanying notes forming part of the financial statements **1-35**
In terms of our report attached

For Deloitte Haskins & Sells
Chartered Accountants

Vikas Khurana
Partner

Place : Gurugram
Date : July 29, 2020

For and on behalf of the Board of Directors

Sergey Savchenko
Chairman
DIN - 02891905

Neera Sharma
Whole Time Director & CEO
DIN - 00975300

Vinay Mittal
Chief Financial Officer

Archit Sood
Company Secretary
ACS-18169

Place : Singapore
Date : July 29, 2020

Notes to Consolidated financial statements for the year ended 31 March 2020

(All amounts in Rupees million, except per share amounts unless stated otherwise)

1) Background

(a) *Corporate Information*

Sistema Smart Technologies Limited ('the Group' or 'SSTL'), was incorporated on 20 April 1995. The name of the Group has been changed from Sistema Shyam TeleServices Limited to Sistema Smart Technologies Limited ('SSTL') with effect from 28 September 2018.

The shareholding of Sistema PJSFC ('SISTEMA') and Russian Federation are 75.62% and 22.86% respectively. Sistema continues to be the holding company of SSTL.

Currently the Group is engaged in the business of providing managed services and sale of equipment.

The Subsidiary Sistema Internet Services Limited formerly known as Shyam Internet Services Limited ('SISL') was in the business of internet services. SISL has been granted category 'B' License on 18 December 2003 by Department of Telecommunication for a period of 16 years for providing internet services in the state of Rajasthan. During the last financial year SISL has surrendered its license and close the operation w.e.f 31 December 2017.

SSTL and its subsidiary (SISL) hereinafter refer to as 'the Group'.

The financial statements were authorized for issue in accordance with the resolution of the directors dated 29 July 2020.

(b) During the year ended 31 March 2020, the Group has incurred a loss of Rs 20,803 (2019- 18,834) and cash loss of Rs. 146 (2019-128). Accumulated loss of Rs 262,966 as on that date (2019- 242,163) and has a negative net worth of Rs 171,878 after adjusting accumulated losses.

The Group is evaluating number of business options and started providing strategic and operational management services on long term contract basis.

Further, as indicated in note 12 (a), the redemption of the RPS shall start from the year 2022-23. In this regard, the Group shall utilise the available funds at the time of redemption. Further as per the terms of the agreement the parties may mutually decide to extend the redemption period (upto 20 years). Further, both the companies are evaluating option of either conversion to equity/ merger of both the companies/ redemption (fully or partially). In any event INSITEL Services Private Limited will not initiate liquidation of SSTL for recovery of amount due on redemption of RPS.

In view of above, these financial statements have been prepared using the going concern assumption.

2) Significant accounting policies

2.1) Statement of compliance

The financial statements of the Group have been prepared in accordance with accounting standards ('Ind ASs') notified under the Companies (Indian accounting standards) rules, 2015 as amended.

2.2) Basis of preparation

The financial statements of the Group have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time.

The financial statements are prepared on historical cost basis, except for certain financial assets and liabilities that are measured at fair value as required under relevant Ind AS.

The financial statements are presented in millions of Indian Rupees, which is the Group's functional and presentation currency and all amounts are rounded to the nearest million, except per share, per debenture amounts unless stated otherwise.

2.3) Summary of significant accounting policies

The accounting policies adopted are consistent with those of the previous financial year.

(a) Current versus non-current classification

The Group presents assets and liabilities in Balance Sheet based on current/non-current classification.

An asset is classified as current when it is:

(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.

(All amounts in Rupees million, except per share amounts unless stated otherwise)

A liability is current when:

(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

The Group classifies all other liabilities 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

The Group's financial statements are presented in INR, which is also the Group's functional currency. All the items included in the financial statements are measured using that functional currency.

Transactions and balances

Transactions in foreign currencies are initially recorded by the Group at their respective functional currency spot rates at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Exchange differences arising on settlement or translation of monetary items are recognised in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

(c) Fair value measurement

The Group measures financial instruments at fair value at each Balance Sheet date.

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

(i) In the principal market for the asset or liability, or

(ii) In the absence of a principal market, in the most advantageous market for the asset or liability

(iii) 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 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

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 financial statements 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.

(All amounts in Rupees million, except per share amounts unless stated otherwise)

(d) Revenue recognition

Service revenues

Ind AS 115, 'Revenue from Contracts with Customers' is applicable with effect from 1 April 2018. Based on the evaluation of existing contracts, the effect on transition to Ind AS 115 is insignificant.

Revenue from the sale of products or services is recognized upon transfer of control to customers. Revenue is measured at the amount of consideration which the Group expects to be entitled to in exchange for transferring distinct goods or services to a customer as specified in the contract, excluding amounts collected on behalf of third parties (for example, taxes and duties collected on behalf of the government). A receivable is recognized upon satisfaction of performance obligations as per the Contracts

Sale of goods:

Revenue from products are recognised when the significant risks and rewards of ownership have been transferred to the buyer, continuing managerial involvement usually associated with ownership and effective control have ceased, the amount of revenue can be measured reliably, it is probable that economic benefits associated with the transaction will flow to the Group and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

The Group collects Goods and service tax on behalf of the government and therefore, it is not an economic benefit owing to the Group, hence it is excluded from revenue.

Interest income

Interest income is recognised on a time proportion basis taking into account the amount outstanding and the applicable effective interest rate. Interest income is included under the head 'other income' in the Statement of Profit and Loss.

For all financial instruments measured at amortised cost, interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset. When calculating the effective interest rate, the Group estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) but does not consider the expected credit losses.

(e) Taxes

(i) Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, by the reporting date, in the countries where the Group operates and generates taxable income.

(ii) Deferred tax

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

Deferred tax liabilities are recognised for all taxable temporary differences to the extent it is probable that taxable profits will be available against which those deductible temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

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

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

(f) Property, plant and equipment ('PPE')

Property, plant and equipment, Capital work in progress is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. 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. The carrying amount of the replaced part is derecognised. All other repair and maintenance costs are recognised in profit or loss 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.

Refer to note 23 regarding provision and significant accounting judgements, estimates & assumptions for further information about the recorded asset retirement obligation.

(All amounts in Rupees million, except per share amounts unless stated otherwise)

In respect of accounting periods commencing on or after 7 December 2006 exchange differences arising on reporting of the long term foreign currency monetary items at rates different from those at which they were initially recorded during the period or reported in the previous financial statements are added to or deducted from the cost of the asset and are depreciated over the balance life of the asset, if these monetary items pertain to the acquisition of a depreciable fixed asset.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets as follows:

	Years
Freehold land is not depreciated	
Leasehold improvements	Period of lease or 10 years, whichever is lower
Buildings	20
Plant and equipment	3 to 6
Computers	3
Furniture and fixtures	6
Office equipment	5
Vehicles	5

Depreciation on PPE has been provided as per the useful life prescribed in Schedule II to the Companies Act 2013 other than in respect of building, plant and equipment, furniture and fixtures and vehicles, in whose case the life of the assets has been assessed based on technical advice, taking into account the nature, the estimated usage, operating conditions of the asset, past history of replacement, anticipated technological changes and maintenance practices etc.

An item of PPE and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the Statement of Profit and Loss when the asset is derecognised.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

PPE individually costing less than rupees five thousand are fully depreciated in the year of acquisition.

(g) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an qualifying asset that necessarily takes a substantial period of time to get ready for its intended use or sale, including interest attributable to the funding of license fees with respect to new circles up to the date of commencement of commercial operations, are capitalised as part of the cost of the 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.

(h) Leases

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Group recognizes right-of-use asset representing its right to use the underlying asset for the lease term at the lease commencement date. The cost of the right-of-use asset measured at inception shall comprise of the amount of the initial measurement of the lease liability adjusted for any lease payments made at or before the commencement date less any lease incentives received, plus any initial direct costs incurred. 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 asset is depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset. Right-of-use (ROU) 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.

Company as a lessee

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 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 discount rate is generally based on the incremental borrowing rate calculated as the weighted average rate specific to the portfolio of leases with similar characteristics."

(All amounts in Rupees million, except per share amounts unless stated otherwise)

The Group recognises the amount of the re-measurement of lease liability as an adjustment to the right-of-use asset. 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 recognizes any remaining amount of the re-measurement in statement of profit and loss.

The Group may elect not to apply the requirements of Ind AS 116 to leases for which the underlying asset is of low value. The lease payments associated with these leases are recognized as an expense on a straight-line basis over the lease term.

Company as a lessor

Lease rentals under operating lease are recognised as income on a straight-line basis over the lease term. In case the payments to the lessor are structured to increase in line with the general expected inflation to compensate for the lessor's expected inflationary cost increases, then straight lining of operating lease rentals is not required.

Transition to Ind AS 116

Ministry of Corporate Affairs ("MCA") through Companies (Indian Accounting Standards) Amendment Rules, 2019 and Companies (Indian Accounting Standards) Second Amendment Rules, has notified Ind AS 116 Leases which replaces the existing lease standard, Ind AS 17 leases, and other interpretations. Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both lessees and lessors. It introduces a single, on-balance sheet lease accounting model for lessees.

Effective 1 April 2019, the Group adopted Ind AS 116 "Leases" and applied the standard to Lease contracts existing on 1 April 2019 using the modified retrospective method and no cumulative adjustment is there which needs to be adjusted with retained earnings, on the date of initial application. Consequently, the Group recorded the lease liability at the present value of the lease payments discounted at the incremental borrowing rate and the right of use asset at its carrying amount as if the standard had been applied since the commencement date of the lease, but discounted at the Group's incremental borrowing rate at the date of initial application. Comparatives as at and for the year ended 31 March 2019 have not been retrospectively adjusted and therefore will continue to be reported under the accounting policies included in the audited financial statements for the year ended 31 March 2019.

For transition, the Group has elected not to apply the requirements of Ind AS 116 to leases for which the underlying asset is of low value on a lease-by-lease basis. On transition, the adoption of the new standard resulted in recognition of Right of use asset (ROU) equivalent to lease liability adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the balance sheet immediately before the date of initial application amounting to Rs. 4. In the statement of profit and loss account for the current period, the nature of expenses in respect of operating leases has changed from lease rent to depreciation cost for the right-to-use asset and finance cost for interest accrued on lease liability.

(i) Impairment of non-financial assets

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets.

When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. 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. Impairment losses of continuing operations are recognised in the Statement of Profit and Loss.

(j) Provisions

General

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. When the Group expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. 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.

(All amounts in Rupees million, except per share amounts unless stated otherwise)

Contingencies

Provision in respect of litigation relating to claims assessment, fines, penalties etc. are recognised when it is probable that a liability has been incurred, and the amount can be estimated reliably. Such provisions are not discounted to their present value and are determined based on management's estimation of the obligation required to settle the obligation at Balance Sheet date. These are reviewed at Balance Sheet date and adjusted to reflect management's current estimates.

(k) Retirement and other employee benefits

Short-term employee benefits

Short term employee benefits are recognised in the year at undiscounted amount of benefits expected to be paid in exchange of related services.

Long-term employee benefits

Defined contribution plan

Provident fund and employees' state insurance schemes

All employees of the Group are entitled to receive benefits under the provident fund, which is a defined contribution plan. Both the employee and the employer make monthly contributions to the plan at a predetermined rate of the employees' basic salary. These contributions are made to the fund administered and managed by the Government of India.

The Group recognises contribution payable to both these schemes as an expense, when an employee renders the related service. The Group has no further obligations under these plans beyond its monthly contributions.

Defined benefit plan

Gratuity

The Group provides for gratuity obligations through a defined benefit retirement plan (the 'Gratuity Plan') covering all employees. The gratuity plan provides a lump sum payment to vested employees at retirement or termination of employment based on the respective employee salary and years of employment with the Group. The Group provides for the gratuity plan based on actuarial valuations in accordance with Ind AS 19 'Employee Benefits'. The cost of providing benefits under the defined benefit plan is determined using the Projected Unit Credit Method.

Re-measurements, comprising of actuarial gains and losses, the effect of changes in the asset ceiling (excluding amounts included in net interest on the net defined benefit liability) is recognised immediately in the Balance Sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur.

Re-measurements are recognised in OCI and are not reclassified to profit or loss in subsequent periods.

Past service costs are recognised in profit or loss on the earlier of:

(i) The date of the plan amendment or curtailment, and

(ii) The date that the Group recognises related restructuring costs

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:

(i) Service costs comprising current service costs. past-service costs, gains and losses on curtailments and non-routine settlements; and

(ii) Net interest expense or income

Other long term employee benefit

Compensated absences

The Group has provided for the liability at year end on account of unavailed earned leave as per the actuarial valuation as per the Projected Unit Credit Method.

(l) 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.

(All amounts in Rupees million, except per share amounts unless stated otherwise)

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.

Investment in equity instruments at fair value through other comprehensive income (‘FVTOCI’)

On initial recognition, the Group can make an irrevocable election to present the subsequent changes in fair value in other comprehensive income pertaining to investments in equity instruments. This election is not permitted if the equity investment is held for trading. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the ‘Reserve for equity instruments through other comprehensive income’. The cumulative gain or loss is not reclassified to profit or loss on disposal of the instruments.

A financial assets is held for trading if

- It has been acquired principally for the purpose of selling it in the near term; or
- On initial recognition it is part of the portfolio of identified financial instruments that the Group has to swap with Companies shares.

Financial assets at fair value through profit or loss (FVTPL)

Investment in equity instrument are classified as at FVTPL, unless the Group irrevocably elects on initial recognition to present subsequent change in fair value in other comprehensive income for investments in equity instruments.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any gains or losses arising on remeasurement recognised in profit or loss.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

(i) Debt instruments at amortised cost

(ii) Debt instruments at fair value through other comprehensive income (FVTOCI)

(iii) Debt instruments, derivatives and equity instruments at fair value through profit or loss (FVTPL)

(iv) Equity instruments measured at fair value through other comprehensive income (FVTOCI)

Debt instruments at amortised cost

A 'debt instrument' is measured at the amortised cost if both the following conditions are met:

(i) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows. and

(ii) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (‘EIR’) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in other income in the Statement of Profit and Loss. The losses arising from impairment are recognised in the 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 de-recognised (i.e. removed from the Group's Balance Sheet) when:

(i) The contractual rights to receive cash flows from the asset have expired, or

(ii) 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.

Impairment of financial assets

In accordance with Ind AS 109, the Group applies expected credit loss (‘ECL’) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

(All amounts in Rupees million, except per share amounts unless stated otherwise)

(i) Financial assets that are debt instruments are measured at amortised cost e.g., deposits, trade receivables

(ii) Lease receivables

(iii) Trade receivables or any contractual right to receive cash or another financial asset

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

(i) Trade receivables or contract revenue receivables; and

(ii) All lease receivables resulting from transactions

The application of simplified approach does not require the Group to track changes in credit risk.

Receivables are stated net of provision for doubtful debts.

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.

The Group's financial liabilities include trade and other payables, loans and borrowings.

Subsequent measurement

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

Financial liabilities at fair value through profit or loss

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.

Gains or losses on liabilities held for trading are recognised in the Statement of Profit and Loss.

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition 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.

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 derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the Statement of Profit and Loss.

This category generally applies to borrowings. For more information refer Note 12.

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.

Preference shares

The Group had issued Non-Cumulative Non-Convertible Redeemable Preference Shares (RPS) in multiple tranches. Each Non-Cumulative Non-Convertible Redeemable Preference Share carry non-cumulative preferential dividend @ 0.01% p.a. RPS are redeemable upon the completion of ten years from the respective date of issue at the issue price (face value including issue premium) along with redemption premium per annum. Further, any variation (extension or reduction) in the tenure is subject to the mutual agreement of both parties and extension shall not exceed twenty years from the respective date of issue.

(All amounts in Rupees million, except per share amounts unless stated otherwise)

RPS that are treated as financial liability in accordance with the requirements of Ind AS 32, are initially recognised at fair value and subsequently measured at amortised cost using effective interest rate method (EIR), considering premium on redemption.

Cash and cash equivalents

Cash and cash equivalent 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 an 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 as they are considered an integral part of the Group's cash management.

(m) Earnings per share

The earnings considered in ascertaining the Group's Earnings per Share ('EPS') comprise the net profit / (loss) for the year. The number of shares used in computing basic EPS is the weighted average number of equity shares outstanding during the year. The number of shares used in computing diluted earnings per share comprises the weighted average number of shares considered for deriving basic earnings per share and also the weighted average number of shares, if any which would have been used in the conversion of all dilutive potential equity shares.

(n) Segment reporting

The Group's primary operating business is organised and managed according to the nature of services which is managed services. The analysis of geographical segment is based on the area in which the Group operates.

3) Property, plant and equipment

	Freehold land	Building	Plant and equipment	Computers	Furniture and fixtures	Office equipment	Vehicles	Total	Capital work in progress
Cost									
At 31 March 2018	2	44	8	2	-	3	3	62	-
Additions (refer note 33)	-	-	1	0	0	0	-	1	0
Disposals (refer note 33)	-	-	(1)	(0)	-	(0)	-	(1)	-
Reclassified as held for sale (refer note 3(b) & 33)	-	-	-	-	-	(0)	-	(0)	-
At 31 March 2019	**2**	**44**	**8**	**2**	**0**	**3**	**3**	**62**	**0**
Additions (refer note 33)	-	-	1	0	-	-	-	1	-
Disposals (refer note 33)	-	-	(0)	(0)	-	(1)	(0)	(1)	(0)
Reclassified as held for sale (refer note 3(b)	(2)	(44)	-	-	-	-	-	(46)	-
At 31 March 2020	**-**	**-**	**9**	**2**	**0**	**2**	**3**	**16**	**-**
Accumulated Depreciation									
At 31 March 2018	-	8	3	1	-	3	3	18	-
Depreciation charge for the year (refer note 33)	-	3	3	0	-	0	0	6	-
Eliminated on disposals of assets (refer note 33)	-	-	(1)	(0)	-	(0)	-	(1)	-
Eliminated on reclassification as held for sale (refer note 33)	-	-	-	-	-	(0)	-	(0)	-
At 31 March 2019	**-**	**11**	**5**	**1**	**-**	**3**	**3**	**23**	**-**
Depreciation charge for the year (refer note 33)	-	3	1	0	0	0	0	4	-
Eliminated on disposals of assets (refer note 33)	-	-	(0)	(0)	-	(1)	(0)	(1)	-
Eliminated on reclassification as held for sale (refer note 33)	-	(14)	-	-	-	-	-	(14)	-
At 31 March 2020	**-**	**-**	**6**	**1**	**0**	**2**	**3**	**12**	**-**
Net Carrying Amount									
At 31 March 2019 (refer note 33)	2	33	3	1	0	0	0	39	0
At 31 March 2020 (refer note 33)	-	-	3	1	0	0	0	4	-

(All amounts in Rupees million, except per share amounts unless stated otherwise)

a) Right of use assets

	Leasehold land	Building	Total
Cost or deemed cost			
Balance as at 1 April 2019	2	2	4
Additions	-	-	-
At 31 March 2020	**2**	**2**	**4**
Accumulated Amortisation			
Balance as at 1 April 2019	-	-	-
Depreciation charge during the year (refer note 33)	0	1	1
At 31 March 2020	**0**	**1**	**1**
Net Carrying Amount			
At 31 March 2020	2	1	3

b) Assets classified as held for sale

During the year, The Group has decided and approved to dispose of certain immovable properties, accordingly, the immovable properties have been classified as a held for sale.

The proceeds of disposal are expected to exceed the net carrying amount of the relevant immovable properties; accordingly, no impairment loss has been recognized on the classification of these immovable properties as held for sale.

4. Loans

	As at 31 March 2020	As at 31 March 2019
Unsecured, considered good	**7**	**13**
Less: Allowance for credit losses	-	-
Net security deposits	**7**	**13**
Total current	7	13
Total non-current	-	-
	7	**13**

5. Other financial assets

	As at 31 March 2020	As at 31 March 2019
Unsecured, considered good		
Bank deposits (with more than 12 months maturity)	451	-
Unbilled revenue	2	7
Interest accrued on fixed deposits	57	89
Total	**510**	**96**
Total current	59	96
Total non-current	451	-
	510	**96**

(All amounts in Rupees million, except per share amounts unless stated otherwise)

7. Other assets

	As at 31 March 2020	As at 31 March 2019
Non- current		
Unsecured, considered good		
Prepaid expenses	17	-
Balances with government authorities (other than income tax)	96	82
Total	**113**	**82**
Current		
Unsecured, considered good		
Advances for value to be received (refer note 33)	0	1
Prepaid expenses	39	22
Balances with government authorities (other than income tax)	30	71
Prepayment for leasehold land	-	2
Total	**69**	**96**

7. Trade receivables

	As at 31 March 2020	As at 31 March 2019
Trade receivables	33	42
Less: Allowance for credit losses	(7)	(6)
	26	36
Receivables from related parties (refer note 29)	6	9
Less: Allowance for credit losses	(5)	-
Total trade receivables	**27**	**45**

Break-up for trade receivables

	As at 31 March 2020	As at 31 March 2019
Secured, considered good	-	-
Unsecured, considered good	27	45
Doubtful	12	6
	39	51
Less: Allowance for credit losses	(12)	(6)
Total trade receivables	**27**	**45**

8. Cash and cash equivalents

For the purpose of the Statement of Cash Flow, cash and cash equivalents includes cash on hand and in banks. Cash and cash equivalents at the end of the reporting period as shown in the Statement of Cash Flow can be reconciled to the related item in the Balance Sheet as follow:

	As at 31 March 2020	As at 31 March 2019
Balance with banks:		
On current accounts	4	82
Deposits with original maturity of less than three months	8	20
Cash on hand (refer note 33)	0	0
Total cash and cash equivalents	**12**	**102**

9. Other bank balances

	As at 31 March 2020	As at 31 March 2019
Deposits with maturity of more than three months but less than twelve months	-	2
Margin money deposits	2,221	2,720
Total other bank balances	**2,221**	**2,722**

(All amounts in Rupees million, except per share amounts unless stated otherwise)

10. Share Capital

a) Authorised share capital

	Equity shares		Preference shares	
	No. in millions	**Amount**	**No. in millions**	**Amount**
At 31 March 2018	19,000	190,000	6,000	60,000
Increase/(Decrease) during the year	-	-	-	-
At 31 March 2019	19,000	190,000	6,000	60,000
Increase/(Decrease) during the year	-	-	-	-
At 31 March 2020	19,000	190,000	6,000	60,000

Terms/rights attached to equity shares

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

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

The preference share is having a par value of Rs 10 per share.

b) Issued equity share capital

Issued equity capital

	No. in millions	**Amount**
Equity shares of Rs 10 each issued, subscribed and fully paid		
At 31 March 2018	2,394	23,940
At 31 March 2019	2,394	23,940
At 31 March 2020	2,394	23,940

c) Shares held by the holding company and their subsidiaries

Out of equity shares issued by the Group, shares held by its holding company and their subsidiaries are as below:

	As at 31 March 2020	**As at 31 March 2019**
SISTEMA PJSFC, holding company		
1,810,289,400 [31 March 2019: 1,810,289,400] equity shares of Rs 10 each	18,103	18,103

d) Details of shareholders holding more than 5% equity shares in the Company

	As at 31 March 2020		As at 31 March 2019	
Name of the Shareholders	**No. in millions**	**% holding in the class**	**No. in millions**	**% holding in the class**
Equity shares of Rs 10 each, fully paid				
Sistema PJSFC, the holding company	1810	76%	1810	76%
Russian Federation	547	23%	547	23%

11) Other equity

Particulars	**As at 31 March 2018**	**Profit/ (loss) for the year**	**OCI**	**As at 31 March 2019**	**Profit/ (loss) for the year**	**OCI**	**As at 31 March 2020**
Equity component of Redeemable Preference Shares	60,378	-	-	60,378	-	-	60,378
Capital reserve	6,804	-	-	6,804	-	-	6,804
Retained earnings (refer note 33)	(224,327)	(17,836)	(0)	(242,163)	(20,803)	(0)	(262,966)
Investment revaluation reserve	964	-	(998)	(34)	-	-	(34)
Total	**(156,181)**	**(17,836)**	**(998)**	**(175,015)**	**(20,803)**	**(0)**	**(195,818)**

(All amounts in Rupees million, except per share amounts unless stated otherwise)

Nature of reserves

a) **Equity component of Non-Cumulative Non-convertible Redeemable Preference Shares ('RPS'):-** As per Ind AS 109, the RPS have been recorded at fair value. The differential amount (i.e. difference between the transaction price and the fair value) has been considered as other equity. The Group has not issued any RPS during the current financial year and previous financial year. Total preference shares issued till 31 March 2020 (14,169,400 of Rs. 10 each (total issued value Rs 142)) are classified as financial liability as well as other equity (refer note 12(a)).

b) **Retained earnings: -** Retained earnings are the profits/losses that the Group has earned/incurred till date, less any transfers to general reserve, dividends or other distributions paid to shareholders.

c) **Capital reserve: -** The gain on cancellation of own equity share has been routed through other equity (other component of equity) and shown under capital reserve.

d) **Investment revaluation reserve: -** Investment revaluation reserve is the profit/(loss) on investment in equity instrument measured at FVTOCI.

12) Borrowings

	Effective rate of interest	Maturity date	Foot note	As at 31 March 2020	As at 31 March 2019
Non-current borrowings					
Unsecured					
From other parties					
Non Cumulative Non-convertible Redeemable Preference Shares of Rs 10 each fully paid-up from related party (fellow subsidiary)	11.84% to 14.86%	2022-2027	12 (a)	172,550	152,488
Total non-current borrowings				172,550	152,488
Less: Amount clubbed under "Other current financial liabilities"				-	-
Net non-current borrowings				172,550	152,488
Current borrowings					
Secured					
From other parties					
Term loan - from related party (fellow subsidiary)	10.00%	2020	12 (b)	720	-
Unsecured					
From other parties					
Term loan - from related party (fellow subsidiary)	12.00%	2019	12 (b)	-	650
Total current borrowings				720	650
Aggregated secured loans				720	-
Aggregated unsecured loans				172,550	153,138

a) **Non-Cumulative Non-Convertible Redeemable Preference Shares of Rs 10 each fully paid-up ('RPS')**

The RPS are redeemable upon the completion of ten years from the respective date of issue at the issue price (face value including issue premium) along with redemption premium per annum as mentioned below:

Face value of tranches		Year of receipt	Redemption premium (p.a.)
Prefernce share capital	Prefernce share premium		
44	43,856	2012-13	9.77%
16	16,084	2012-13	9.63%
15	14,773	2013-14	9.63%
4	4,070	2013-14	9.80%
15	15,457	2013-14	9.87%
4	4,305	2014-15	9.87%
22	21,898	2015-16	9.95%
12	12,233	2016-17	9.89%
3	2,568	2016-17	9.87%
2	2,027	2016-17	9.76%
2	1,911	2017-18	9.76%
2	2,371	2017-18	9.65%

(All amounts in Rupees million, except per share amounts unless stated otherwise)

As per Ind AS 109, the RPS have been recorded at fair value. The differential amount (i.e. difference between the transaction price and the fair value) has been considered as other equity.

The Group has issued RPS of Rs.141,694 (including security premium) till 31 March 2020. The Group need to repay RPS including redemption premium in the following years: -

Year	Amount (Rs. Mn)
2022-23	118,395
2023-24	67,840
2024-25	8,563
2025-26	43,730
2026-27	33,469
2027-28	8,444

b) Loan from fellow subsidiary

On 25 October 2018, the fellow subsidiary had sanctioned a short term loan facility ("Facility") of Rs. 1,300 to the Company. The Facility initially carried an interest rate @ 12% Per Annum and was repayable upon completion of twelve months from the date of disbursement i.e. on 24.10.2019.

During the current financial year, the Fellow Subsidiary has extended the term of the Facility for a further period of twelve months up to 24.10.2020 at a revised interest rate of 10% per annum and subject to creation of security. The outstanding amount under the Facility is Rs. 720 (2018-19 Rs. 650) at the end of the current financial year.

The Facility is secured by way of first charge on all present and future movable assets of the Company including book debts, cash and bank balances (except for the fixed deposits provided as security under other facilities), inventory, security deposit & actionable claims and is repayable 24 October 2020.

The security in respect of Facility has been duly created on 25 June 2020 in accordance with the understanding between the Company and the fellow subsidiary.

13) Provision

	Provision for employee benefits- Compensated absences (refer note 28)	Provision for employee benefits- Gratuity (refer note 28)	Provision for contingencies	Total
At 31 March 2018	5	1	1,351	1,357
Additional provision during the year	8	1	17	26
Interest accretion (refer note 33)	0	-	-	0
Provision utilised/adjusted during the year	(4)	-	(1,080)	(1,084)
At 31 March 2019	**9**	**2**	**288**	**299**
Additional provision during the year	6	2	590	598
Interest accretion	1	-	-	1
Provision utilised/adjusted during the year	(2)	-	(7)	(9)
At 31 March 2020	**14**	**4**	**871**	**889**
Current Year				
Total current	**2**	**1**	**871**	**874**
Total non-current	**12**	**3**	**-**	**15**
Previous Year				
Total current	2	0	288	290
Total non-current	7	2	-	9

14 Trade payables

	As at 31 March 2020	As at 31 March 2019
Trade payables	889	1,007
Total	**889**	**1,007**

(All amounts in Rupees million, except per share amounts unless stated otherwise)

15) Other current financial liabilities

	As at 31 March 2020	As at 31 March 2019
Other current financial liabilities at amortised cost		
Interest accrued but not due	27	6
Sundry creditors for capital goods	7	9
Total	**34**	**15**

15(a) Lease liabilities

	As at 31 March 2020	As at 31 March 2019
Balance as at 1 April 2019	2	-
Additions during the year	-	-
Deletions during the year	-	-
Interest accrued during the year (refer note 33)	0	-
Payments	(1)	-
Balance as at 31 March 2020	**1**	**-**

As per Ind-AS 116 operating lease rent has been charged to depreciation cost for the right of use assets and finance cost for interest accrued on lease liability.

16) Other current liabilities

	As at 31 March 2020	As at 31 March 2019
Statutory dues	8	12
Other liability	2	-
Total	**10**	**12**

17 Revenue from operations (net)

	For the year ended 31 March 2020	For the year ended 31 March 2019
Sale of Goods	59	33
Service revenue	82	85
Total	**141**	**118**

18 Other income

	For the year ended 31 March 2020	For the year ended 31 March 2019
Interest income earned on financial assets that are not designated as at fair value through profit or loss		
-Interest income	185	205
-Other financial assets carried at amortised cost (refer note 33)	(0)	0
Other non-operating income		
-Profit/(loss) on sale of fixed assets	1	50
-Other non-operating income	0	1
-Liability write back	20	82
-Sale of equipment	-	231
Total	**206**	**569**

(All amounts in Rupees million, except per share amounts unless stated otherwise)

19 Employee benefits expense

	For the year ended 31 March 2020	For the year ended 31 March 2019
Salaries, wages and bonus	144	334
Contribution to provident and other funds	8	9
Staff welfare expenses	5	6
Total	**157**	**349**

Defined contribution Plans

Particulars	31 March 2020	31 March 2019
Employer's contribution to provident fund	6	7

20 Financial costs

	For the year ended 31 March 2020	For the year ended 31 March 2019
Interest on borrowings	20,139	17,761
Other interest expense	1	1
Total interest expense	20,140	17,762
Bank charges and commission	47	89
Interest on lease liability (refer note 33)	0	-
Total	**20,187**	**17,851**

21 Other expenses

	For the year ended 31 March 2020	For the year ended 31 March 2019
Power and fuel	5	2
Rent**	16	21
Insurance (refer note 33)	0	0
Infrastructure sharing expenses	-	2
Telphone expenses	1	1
Network managed services	19	2
Advertisement and marketing expenses	-	1
Sales expenses	10	15
Travelling and conveyance expenses	14	21
IT support and services expenses	3	5
Customer service and call centre expenses	2	1
Legal and professional fees	70	134
Rates and taxes	11	64
Auditors' remuneration*	2	3
Allowances for credit losses/ advances	7	-
Provision for contingencies	-	17
Net loss/ (gain) on foreign currency transaction and translation	(1)	4
Miscellaneous expenses	9	1
	168	**294**

* Payment to Auditors

	For the year ended 31 March 2020	For the year ended 31 March 2019
As Auditor:		
Audit fee	2	2
In other capacity:		
Other services (certification fees) (refer note 33)	0	1
Reimbursement of expenses (refer note 33)	0	0
	2	**3**

** As per Ind-AS 116 operating lease rent has been charged to depreciation cost for the right of use assets and finance cost for interest accrued on lease liability. Rent expense recorded for short term lease for the year ended 31 March 2020.

(All amounts in Rupees million, except per share amounts unless stated otherwise)

22) Earnings/(loss) Per Share (EPS)

Basic EPS amounts are calculated by dividing the profit/(loss) for the year attributable to equity shareholders of the Group by the weighted average number of equity shares outstanding during the year.

Diluted EPS amounts are calculated by dividing the profit/(loss) for the year attributable to the equity shareholders of the Group by weighted average number of equity shares outstanding during the year plus the weighted average number of equity shares that would be issued on conversion of all the dilutive potential equity shares into equity shares.

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

	For the year ended 31 March 2020	For the year ended 31 March 2019
Profit/(Loss) attributable to equity shareholders of the Company	(20,803)	(17,836)
(Loss) attributable to equity shareholders of the Company (A)	**(20,803)**	**(17,836)**
Weighted average number of equity shares in calculating basic EPS (No. in millions) (B)	2,394	2,394
Weighted average number of equity shares in calculating diluted EPS (No. in millions) (C)	2,394	2,394
Loss per equity share in Rs		
Earning per share		
Basic earnings per share (A/B)	(8.69)	(7.45)
Diluted earnings per share (A/C)	(8.69)	(7.45)

23) Significant accounting judgements, estimates and assumptions

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

Estimates and assumptions

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

Property, plant and equipment

The useful lives, residual values and depreciation method of PPE are reviewed, and adjusted appropriately at-least as at each reporting date so as to ensure that the method and period of depreciation are consistent with the expected pattern of economic benefits from these assets. Refer note 2(f) and note 3 for the estimated useful life and carrying value of property, plant and equipment respectively.

Impairment of non-financial assets

The carrying amounts of the Group's non-financial assets are reviewed for impairment at each Balance Sheet date if there is any indication of impairment based on internal and external factors. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit (CGU) is the greater of the assets value in use and its fair value less costs to sell. 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 or CGU. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset.

(All amounts in Rupees million, except per share amounts unless stated otherwise)

An impairment loss is recognised wherever the carrying amount of an asset or CGU exceeds its estimated recoverable amount and are recognised in Statement of Profit and Loss. After impairment, depreciation is provided on the revised carrying amount of the assets over its remaining useful life.

Impairment losses recognised in previous period are assessed at each Balance Sheet date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Going Concern

Based on the revised business model after demerger of telecom business, the Group is confident that it would be able to arrange funds for long term and operations. Refer Note 1(b) for detailed disclosure on going concern assumption of the Group.

Taxes

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

Defined benefit plans (gratuity) and compensated absences

The cost of the defined benefit gratuity plan and the present value of the gratuity obligation and leave encashment 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 Balance Sheet date.

The parameter most subject to change is the discount rate. In determining the appropriate discount rate for plans operated in India, the management considers the interest rates of government bonds in currencies consistent with the currencies of the post-employment benefit obligation.

The mortality rate is based on publicly available mortality tables for the specific countries. Those mortality tables tend to change only at interval in response to demographic changes. Future salary increases and gratuity increases are based on expected future inflation rates for the respective countries.

Further details about gratuity and compensated absences obligations are given in Note 27.

Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the Balance Sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the discounted cash flow model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk, volatility and discount rates. Changes in assumptions about these factors could affect the reported fair value of financial instruments. See Note 12 and 24 for further disclosures.

As per Ind AS 109, the RPS have been recorded at fair value. The differential amount (i.e. difference between the transaction price and the fair value) has been considered as other equity. For determination of fair value, the discount rate has been calculated based on risk free rate along with adjustment for credit spread and illiquidity premium.

Provision for contingencies

The Group provide for the contingencies when it has a present obligation as a result of past event, it is more likely than not that an outflow of resources will be required to settle the obligation as described in Note 13 in respect of which a reliable estimate can be made. Provision for contingencies are not discounted to its present value and are determined based on best estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates.

(All amounts in Rupees million, except per share amounts unless stated otherwise)

24) Fair values

The carrying value of the Group's financial instruments by categories by as follows:

	Measured at amortised Cost*	
	As at 31 March 2020	**As at 31 March 2019**
Financial assets		
At Amortised cost		
Security Deposits	7	13
Trade receivables	27	45
Cash and cash equivalents	12	102
Other bank balances	2,221	2,722
Other financial assets	59	96
Total	**2,326**	**2,978**
Financial liabilities		
Non- current borrowings	172,550	152,488
Current borrowings	720	650
Trade payables	889	1,007
Interest accrued but not due	27	6
Sundry creditors for capital goods	7	9
Total	**174,193**	**154,160**

*The carrying value of above financial assets and financial liabilities approximate its fair value.

Fair values

The management assessed that the fair values of short-term financial assets and liabilities significantly approximate their carrying amounts largely due to the short-term maturities of these instruments. The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The Group determines fair values of financial assets and financial liabilities by discounting contractual cash inflows / outflows using prevailing interest rates of financial instruments with similar terms. The initial measurement of financial assets and financial liabilities is at fair value. Further, the subsequent measurement of all financial assets and financial liabilities is at amortised cost, using the effective interest method.

Discount rates used in determining fair value

The interest rate used to discount estimated future cash flows, where applicable, are based on the incremental borrowing rate of the borrower which in case of financial liabilities is the weighted average cost of borrowings of the Group and in case of financial assets is the average market rate of similar credit rated instrument.

Fair value of financial assets and financial liabilities is the amount that would be received to sell an asset or paid to transfer a liability in orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique.

Fair value hierarchy

All financial instruments for which fair value is recognised or disclosed 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 whole:

Level 1: quoted (unadjusted) prices in active market for identical assets and liabilities.

Level 2: valuation techniques for which the lowest level of input that has a significant effect on the fair value measurement are observable, either directly or indirectly.

Level 3: valuation techniques for which the lowest level of input that has a significant effect on the fair value measurement is not based on observable market data.

(All amounts in Rupees million, except per share amounts unless stated otherwise)

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

	Level 1	Level 2	Level 3
At 31 March 2020			
Financial assets	-	-	2,292
Financial liability	-	-	174,193
At 31 March 2019			
Financial assets	-	-	2,920
Financial liability	-	-	154,160

There have been no transfers between Level 1 and Level 2 during the year.

25) Capital management

The objective of the Group's capital management structure is to ensure that there remains sufficient liquidity within the Group to carry out business. The Group monitors the long term cash flow requirements of the business in order to assess the requirement for changes to the capital structure to meet that objective and to maintain flexibility.

The Group manages its capital structure and makes adjustments to it, in light of changes to economic conditions. To maintain or adjust the capital structure, the Group may return capital, issue new shares for cash, repay debt, put in place new debt facilities as appropriate.

No changes were made in the objectives, policies or processes during the year ended 31 March 2020.

The Group has Rs 720 borrowings as at 31 March 2020 (2019: Rs 650). Undrawn borrowing available as at 31 March 2020 is Rs 580 (2019: Rs 650).

26) Derivative instruments

The Group has not taken any derivative instruments during the current year / previous year.

27) Employee Benefits:

Defined Benefit Plans

Gratuity:

The employee's gratuity fund scheme managed by the Group is a defined benefit plan. The present value of obligation is determined based on actuarial valuation using Projected Unit Credit Method (PUC). The plan liability is the actuarial present value of the projected accrued benefits as of the beginning and end of the period for active members.

Changes in the defined benefit obligation and fair value of plan assets as at 31 March 2020:

	Gratuity cost charged to profit or loss					Remeasurement gains/(losses) in other comprehensive income						
	01-Apr-19	Service cost	Net interest expense	Sub-total included in profit or loss (Note 19)	Benefits paid	Return on plan assets (excluding amounts included in net interest expense)	Actuarial changes arising from changes in demographic assumptions	Actuarial changes arising from changes in financial assumptions	Experience adjustments	Sub-total included in OCI	Contributions by employer	31-Mar-20
Defined benefit obligation	(3)	(2)	(0)	(2)	1	-	0	0	(0)	(0)	-	(4)
Benefit liability	**(3)**			**(2)**						**(0)**	**-**	**(4)**

Changes in the defined benefit obligation and fair value of plan assets as at 31 March 2019:

	Gratuity cost charged to profit or loss					**Remeasurement gains/(losses) in other comprehensive income**						
	01-Apr-18	**Service cost**	**Net interest expense**	**Sub-total included in profit or loss (Note 19)**	**Benefits paid**	**Return on plan assets (excluding amounts included in net interest expense)**	**Actuarial changes arising from changes in demographic assumptions**	**Actuarial changes arising from changes in financial assumptions**	**Experience adjustments**	**Sub-total included in OCI**	**Contributions by employer**	**31-Mar-19**
Defined benefit obligation	(2)	(2)	(0)	(2)	1	-	0	(0)	(0)	(0)	-	(3)
Benefit liability	**(2)**			**(2)**						**(0)**	**-**	**(3)**

(All amounts in Rupees million, except per share amounts unless stated otherwise)

The principal assumptions used in determining gratuity for the Group's plans are shown below:

Particulars	31 March 2020	31 March 2019
Discounting rate	6.8%	7.7%
Future salary increase	7.0%	8.0%
Expected rate of return on plan assets	Nil	Nil
Retirement age (years)	60	60
Mortality table	100% of IALM (2012 - 14)	100% of IALM (2006 - 08)
Ages	**Withdrawal Rate (%)**	
Up to 30 years	6	6
From 31 to 44 years	37	33
Above 44 years	3	6

The discount rate is generally based upon the market yields available on government bonds at the accounting date with a term that matches the liabilities and the salary growth rate takes account of inflation, seniority, promotion and other relevant factors on long term basis.

A quantitative sensitivity analysis for significant assumption as at 31 March 2020 is as shown below:

Assumptions	Discount rate		Future salary increases	
Sensitivity level	0.5% increase	0.5% decrease	0.5% increase	0.5% decrease
Impact on defined obligation (refer note 33)	0	0	0	0

A quantitative sensitivity analysis for significant assumption as at 31 March 2019 is as shown below:

Assumptions	Discount rate		Future salary increases	
Sensitivity level	0.5% increase	0.5% decrease	0.5% increase	0.5% decrease
Impact on defined obligation (refer note 33)	0	0	0	0

The sensitivity analysis above has been determined based on a method that extrapolates the impact on defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period.

Other long-term employee benefits

Compensated absences:

Compensated absences expense recognised in salaries, wages and bonus for the year ended 31 March 2020 and 31 March 2019 are as follow:

Particulars	31 March 2020	31 March 2019
Current service cost	6	8
Interest cost (refer note 33)	1	0
Actuarial (gain) / loss (refer note 33)	0	1
Net Cost	**7**	**9**

The principal assumptions used in determining obligations are shown below:

Particulars	31 March 2020	31 March 2019
Discounting rate	6.8%	7.7%
Future salary increase	7.0%	8.0%
Retirement age (years)	60	60
Mortality table	100% of IALM (2012 - 14)	100% of IALM (2006 - 08)
Ages	**Withdrawal Rate (%)**	
Up to 30 years	6	6
From 31 to 44 years	37	33
Above 44 years	3	6

The principal assumptions are discount rate and salary growth rate. The discount rate is generally based upon the market yields available on Government bonds at the accounting date with a term that matches the liabilities and the salary growth rate takes account of inflation, seniority, promotion and other relevant factors on long term basis.

(All amounts in Rupees million, except per share amounts unless stated otherwise)

Reconciliation of opening and closing balances of obligations.

Particulars	**31 March 2020**	**31 March 2019**
Change in Projected Benefit Obligation (PBO)		
PBO at beginning of year	9	5
Current service cost	6	8
Interest cost	1	0
Benefits paid	(2)	(5)
Actuarial (gain) / loss	0	1
Projected benefit obligation at year end	**14**	**9**

28) Contingent Liabilities

	As at 31 March 2020	**As at 31 March 2019**
Matter under litigation		
Income tax	-	263
Value added tax	57	57
Service tax	596	650
Others	244	242
	897	**1,212**

The management believes that the outcome of these contingencies will be favorable and that a loss is not probable.

a) Provident fund

In view of recent Hon'ble Supreme Court of India Judgement, in the case of "Regional Provident Fund Commissioner (II) Vs Vivekananda Vidyamandir, West Bengal in relation to non-exclusion of certain allowance from the definition of "Wages" of the relevant employees for the purpose of determining contribution to provident fund under the Employees Provident Fund & Miscellaneous provision Act, 1952, the Group has obtained legal opinion in the matter. In terms of legal opinion, there are various interpretational issues and thus the Group is in the process of evaluating the impact.

Other Disputed matters not considered as Contingent Liabilities

b) License fee and Spectrum Usage charges Matter (AGR)

During earlier years, the DoT had raised demands for payment of license fees, spectrum usages charges ("SUC") and interest (interest on principal and interest on penalty)/penalty thereon for various financial years on account of difference in interpretation of Adjusted Gross Revenue ("AGR") and other assessment related matters. The Company had contested these demands by filing petition/s with the Hon'ble TDSAT. In its Order dated 23 April 2015, the Hon'ble TDSAT set aside all the demands under dispute and directed to the DoT to rework demands for the license fees and SUC payable by the Company in light of the findings, observations and directions made in the Order. The DOT had approached the Honorable Supreme court against the order of Hon'ble TDSAT.

During the year, the Hon'ble Supreme Court on 24 October 2019 passed the judgment (AGR Judgement') on cross appeals against the Hon'ble TDSAT judgment dated 23 April 2015, wherein it has held that the definition of Gross Revenue under Clause 19 of the UASL is all encompassing and comprehensive. Hon'ble Supreme Court has further held that the Gross Revenue definition shall prevail over the Accounting Standards and is binding on the parties to the contract / License Agreement. The Hon'ble Supreme Court has then dealt with different heads of revenue / inflow and has held that these will fall within the definition of Adjusted Gross Revenue. Further, the Hon'ble Supreme Court has upheld the levy of interest, penalty and interest on penalty stating that the levy is as per the terms and conditions of the License Agreement.

Per the details filed by the DoT dated 23 July 2019, the demand of DOT on Company is Rs. 3,019, which includes AGR liability related to 9 operating circles transferred to RCOM as well as liability for 21 Quashed licenses of 2012. The Company has computed the interest on the above AGR liability, based on the DoT demands received till date and estimation for periods for which demands have not been raised by DoT up to 31 March 2020.

As per SCHEME approved by High Court of Mumbai and Rajasthan, DOT letter dated 20 October 2017 approving SCHEME and legal opinion obtained by the Company, AGR liability upto Rs. 2,214 for quashed licenses in 2012 and complete AGR liability for 9 operating circles has been transferred to RCOM in lieu of the assets transferred by Company under SCHEME.

The Company, without prejudice and given that matter is still being considered by Hon'ble Supreme Court has recognized additional estimated provision of Rs. 590 during the year and has been presented as exceptional item. The Company expects no additional financial liability in this matter.

(All amounts in Rupees million, except per share amounts unless stated otherwise)

c) One Time Spectrum charges ('OTSC')

During 2014-15, DoT issued Show Cause Notice of Rs 6,369 towards One Time Spectrum Charges to the Company for continuation of its services, post cancellation of its 21 telecom licenses, from 2 February 2012 till closure of services in 13 service areas and till last valid date of the licenses in 8 service areas where the Company secured spectrum in the auction conducted by the DoT in March 2013 and new licenses. The Company has submitted its reply to the DoT on 6 January 2015. Subsequently, the DoT has issued a demand notice dated 22 September 2016 of Rs 6,369 and interest thereon of Rs 1,836. The Company has filed a petition in Hon'ble TDSAT. While matter was pending with Hon'ble TDSAT, the DoT, vide its letter dated 14 February 2017, revised its demand to Rs 5,849 and interest thereon of Rs 3,416 and further revised the demand, vide its letter dated 13 June 2017, to Rs 5,849 and interest thereon of Rs 3,699. TDSAT vide its final order dated 10 May 2018 has allowed petition of Company and directed DOT to issue revised demand as per Order. Based on above order, DOT has revised its demand to Rs. 1078 and the same has been paid by Company.

DOT has filed Appeal before Hon'ble Supreme Court against TDSAT judgment. Appeal is pending in Hon'ble Supreme Court.

d) Liquidated Damages ('LD')

The Group received a Show Cause Notice ('SCN') dated 17 June 2016 issued by DoT for Liquidated Damages ('LD') in respect of non-fulfillment of roll out obligations of GSM spectrum of Rajasthan Circle. SSTL has filed its detailed response dated 1 July 2016 to the SCN with DOT. Since there are no separate roll-out obligations under the UASL and the GSM spectrum granted to SSTL was an additional spectrum granted under the existing UASL and does not entail any new roll-out obligations other than as explicitly stated in the UASL. The DoT served a demand vide its letter dated 25 November 2016 of Rs 140. The Group has filed a petition in Hon'ble TDSAT to challenge the demand.

Further, the Group received the demand notices from DoT of Rs 653 in 2010/2011 for LD for non-fulfillment of roll out obligations under the License and the Group has paid (paid under protest) amount of Rs. 594 against the said demand notes. TDSAT vide its order dated 13 January 2012 ordered the quashing of above demands and directed the DoT to re-compute fresh demands based on the directions given in the Order. The matter is pending before Hon'ble Supreme Court of India. During the year 2016-17, the Group has received the revised demand notices of Rs. 791 from DoT in respect of LD for non-fulfillment of roll out obligations under the License based on above judgement but without considering the procedural delay in various approvals.

Based its assessment, the Group does not foresee and further liability. During the previous financial year 2017-18 the Group has transferred the liability for above dispute of Rs. 247 to RCOM as per SCHEME.

e) Claims from IP (Infrastructure provider) Vendors

Certain passive infrastructure vendors ('the Vendors') raised claims amounting to Rs 1,868 (2019 – 1,868) and interest thereon due to premature termination of the respective service contracts by the Company as a result of discontinuation of operations in the thirteen telecom circles in pursuance of the Order issued by the Hon'ble Supreme Court of India related to cancellation of Company's Telecom Licenses. These Vendors served notices invoking the dispute resolution mechanism as per the respective service contracts and the matters were referred to the Arbitral Tribunals for adjudication. The Arbitral Tribunals decided the matters in favor of the Company rejecting the claims for premature termination (exit charges) of service contracts. The vendors subsequently filed appeals before the Hon'ble Delhi High Court challenging the orders passed by the Arbitral Tribunals. These appeals are pending before the Hon'ble High Court. The Company has transferred the liability, if any, for above disputes of Rs 1,446 to RCOM as per SCHEME and accordingly has not been disclosed as contingent liability.

30) Related party transactions

List of related Party

(i) Name of related party where control exists

Relation	**Name of the related party**
Holding company	Sistema PJSFC
Subsidiary company	Sistema Internet Services Limited (SISL) (Formerly known as Shyam Internet Services Limited)

(ii) Names of other related parties with whom transactions have taken place during the year

Relation	**Name of the related party**
Key management personnel ('KMP')	-Neera Sharma (Whole Time Director & CEO) -Bharat V Patel (Independent Director) - Vikram Kaushik (Independent Director)

(iii) List of fellow subsidiaries is as below :

(where transactions have taken place during the year)

- Sistema Asia Pte. Limited
- Sistema Asia Capital Pte. Limited
- INSITEL Services Private Limited
- SACAP India Private Limited (Formerly STS Services India Private Limited)

Notes to Consolidated financial statements for the year ended 31 March 2020
(All amounts in Rupees million, except per share amounts unless stated otherwise)

Transaction with related parties

Particulars	Year	Nature of relationship									
		Holding Co	Fellow Subsidiaries					KMP**			
		Sistema PJSFC	Mobile Telesystems PJSC	Sistema Asia Capital Pte. Ltd.	Sistema Asia Pte. Ltd.	INSITEL Services Private Limited	SACAP India Private Limited	Bharat V Patel	Vikram Kaushik	Sergey Savchenko	Neera Sharma
Loan repayment	2019-20	-	-	-	-	90	-	-	-	-	-
	2018-19	-	-	-	-	1,970	-	-	-	-	-
Loan taken	2019-20	-	-	-	-	160	-	-	-	-	-
	2018-19	-	-	-	-	900	-	-	-	-	-
Rental Income	2019-20	-	-	-	-	-	-	-	-	-	-
	2018-19	-	-	-	-	1	-	-	-	-	-
Brand fees (refer note 33)	2019-20	-	-	-	-	-	-	-	-	-	-
	2018-19	-	0	-	-	-	-	-	-	-	-
Managerial remuneration	2019-20	-	-	-	-	-	-	-	-	-	21
	2018-19	-	-	-	-	-	-	-	-	66	31
Lease rental	2019-20	-	-	-	-	-	-	-	-	-	-
	2018-19	-	-	-	-	3	-	-	-	-	-
Interest on loan (refer note 2(n) and 12 (a))	2019-20	-	-	-	-	20,139#	-	-	-	-	-
	2018-19	-	-	-	-	17,761#	-	-	-	-	-
Business Support Services (Income)	2019-20	-	-	-	-	-	-	-	-	-	-
	2018-19	-	-	-	4	-	-	-	-	-	-
Shared Service centre fee/ Support Service fee (Income)	2019-20	-	-	1	2	-	3	-	-	-	-
	2018-19	-	-	1	1	-	1	-	-	-	-
Director's sitting fees	2019-20	-	-	-	-	-	-	1	1	-	-
	2018-19	-	-	-	-	-	-	1	1	-	-
Allowance for credit losses on trade receivables	2019-20	-	-	-	5	-	-	-	-	-	-
	2018-19	-	-	-	-	-	-	-	-	-	-

During the current and previous financial year, the Group has not issued any RPS. Interest on loan (INSITEL Services Private Limited) consist of interest provided on borrowing part of Redeemable Preference Shares of Rs. 20,062 (2019 Rs. 17,703).

Notes to Consolidated financial statements for the year ended 31 March 2020
(All amounts in Rupees million, except per share amounts unless stated otherwise)

Balance Outstanding

Particulars	Year	Nature of relationship			
		Fellow Subsidiaries			KMP**
		INSITEL Services Private Limited	Sistema Asia Capital Pte. Ltd.	Sistema Asia Pte. Ltd.	Neera Sharma
Loan outstanding	31-Mar-2020	720	-	-	-
	31-Mar-2019	650	-	-	-
Redeemable Preference Share (refer note 2(n) and 12 (a))	31-Mar-2020	141,694	-	-	-
	31-Mar-2019	141,694	-	-	-
Interest on liability portion of RPS (refer note 2(n) and 12 (a))	31-Mar-2020	91,236	-	-	-
	31-Mar-2019	71,174	-	-	-
Interest Accrued but not due	31-Mar-2020	27	-	-	-
	31-Mar-2019	-	-	-	-
Amount recoverable/ Trade receivable	31-Mar-2020	-	1	5	-
	31-Mar-2019	-	-	9	-
Allowance for credit losses on trade receivables	31-Mar-2020	-	-	5	-
	31-Mar-2019	-	-	-	-

Terms and conditions of transactions with related parties

The services provided and received from related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and interest free (except for loans and redeemable preference share) and settlement occurs in cash.

** The remuneration to the KMP does not include the provisions made for gratuity, compensated absences as they are determined on an actuarial basis for the Group as a whole. Performance link incentive is included in KMP remuneration only when amount became due for payment on fulfilling certain conditions.

PJSFC Sistema, holding company, has given corporate guarantee to certain lenders for non fund facilities availed by the Group.

(All amounts in Rupees million, except per share amounts unless stated otherwise)

30) Financial risk management objectives and policies

The Group's principal financial liabilities, other than derivatives, comprise loans and borrowings, trade and other payables. The main purpose of these financial liabilities is to finance the group's operations.The Group's principal financial assets include loans, trade and other receivables, and cash and cash equivalents that derive directly from its operations.

Impact of COVID-19 (Global pandemic)

The Group on the basis of their assessment believes that the probability of the occurrence of their forecasted transactions is not impacted by COVID-19 pandemic.

The Group is exposed to market risk, credit risk and liquidity risk. The Group's senior management oversees the management of these risks under appropriate policies and procedures.

(a) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, foreign currency risk and price risk. Financial instruments affected by market risk include, interest bearing loans and borrowings and fixed deposits.

The sensitivity analysis has been prepared on the basis that the amount of net debt, the ratio of fixed to floating interest rates of the debt and the proportion of financial instruments are all constant.

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

The sensitivity of the relevant profit or loss item is the effect of the assumed changes in respective market risks. This is based on the financial assets and financial liabilities held as on reporting date.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term debt obligations with floating interest rates.

As the Group has no significant interest-bearing assets, the income and operating cash flows are substantially independent of changes in market interest rates.The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term debt obligations with floating interest rates, which are included in interest bearing loans and borrowings in these financial statements.

Fair value sensitivity analysis for fixed rate instruments

The Group does not have any fixed rate financial assets and liabilities at fair value through profit and loss. Therefore, a change in interest rates at the reporting date would not affect profit or loss and neither would it affect the equity.

Foreign currency risk

The Indian Rupee is the Group's most significant currency. As a consequence, the Group's results are presented in Indian Rupee and exposures are managed against Indian Rupee accordingly. 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's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when revenue or expense is denominated in a foreign currency).The year end foreign currency exposures that have not been hedged are Rs 1 (USD .01 Mn) [31 March 2019: Rs 9 (USD .14 Mn)]. The Group has not entered into any derivative arrangements during the year.

The following table demonstrates the sensitivity in the USD to the functional currency of the Group, with all other variable held constant. The impact on the Group's net loss is due to changes in the fair value of monetary assets and liabilities.

Particulars	Effect on loss before tax (increase)/ decrease
For the year ended 31 March 2020	
INR appreciates 5% against USD	(0.05)
INR depreciates 5% against USD	0.05
For the year ended 31 March 2019	
INR appreciates 5% against USD	(0.47)
INR depreciates 5% against USD	0.47

(b) Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments. Credit risk is managed by company's established policy, procedures and control relating to customer credit risk management.

(All amounts in Rupees million, except per share amounts unless stated otherwise)

Credit risk has always been managed by the Group through credit approvals, establishing credit limits and continuously monitoring the credit worthiness 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.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

Particulars	Note	As at 31 March 2020	As at 31 March 2019
Security deposits (current and non - current)	4	7	13
Trade receivables	7	27	45
Other current financial assets	5	510	96
Total		**544**	**154**

The ageing of financial assets at the reporting date was:

Particulars	As at 31 March 2020	As at 31 March 2019
Not past due	517	109
Past due 0-30 days	4	29
Past due 31-90 days	9	4
Past due 90 days-one year	11	10
More than one year	3	2
Total	**544**	**154**

Movement of allowance for financial assets

Particulars	As at 31 March 2020	As at 31 March 2019
Opening allowance for financial assets	5	5
Add: Addition in allowances during the year (Refer note 33)	2	0
Less: Write off during the year	-	-
Less: Adjusted during the year	-	-
Closing allowance for impairment in financial assets	**7**	**5**

(c) Liquidity risk

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

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of short term and long-term loans and borrowings. The Group manages liquidity risk by maintaining adequate reserves, banking facilities, and reserve borrowing facilities, by continuously forecast and actual cash flows, and by matching the maturity profile of financial assets and liabilities.

The following are the contractual maturities of the financial liabilities, including estimated interest payments as at 31 March 2020:

	Carrying amount	Contractual cash flows	On demand	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
Trade payables	889	889	-	889	-	-	-	889
Lease Liability	1	1	-	0	1	-	-	1
Borrowings								
Non Cumulative Non-convertible Redeemable Preference Shares	172,550	280,441	-	-	-	194,798	85,643	280,441
Loan from fellow subsidiary (secured)	720	720	-	-	720	-	-	720
Other financial liabilities								
Interest accrued but not due	27	27	-	27	-	-	-	27
Sundry creditors for capital goods	7	7	-	7	-	-	-	7
	174,194	**282,085**	**-**	**923**	**721**	**194,798**	**85,643**	**282,085**

(All amounts in Rupees million, except per share amounts unless stated otherwise)

The following are the contractual maturities of the financial liabilities, including estimated interest payments as at 31 March 2019:

	Carrying amount	Contractual cash flows	On demand	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
Trade payables	1,007	1,007	-	1,007	-	-	-	1,007
Borrowings								
Non Cumulative Non-convertible Redeemable Preference Shares	152,488	280,441	-	-	-	186,235	94,206	280,441
Loan from fellow subsidiary (unsecured)	650	650	-	-	650	-	-	650
Other financial liabilities								
Interest accrued but not due	6	6	6	-	-	-	-	6
Sundry creditors for capital goods	9	9	-	9	-	-	-	9
	154,160	**282,113**	**6**	**1,016**	**650**	**186,235**	**94,206**	**282,113**

31) Income taxes

Deferred tax

The Group has incurred losses during the year and earlier years. Since it is not probable that taxable profit will be available against which the temporary difference can be utilised, the Group has not recognised any deferred tax assets resulting from the carried forward tax losses and unabsorbed depreciation. Further, no deferred tax liabilities on amount recognised directly in equity and other temporary timing differences have been recognised as it would be set off against these deferred tax assets.

32) Information with respect to 100% subsidiary as at 31 March 2020

Particulars	**SISL**
Share capital	8
Reserves and surplus	(62)
Total assets	9
Total liabilities	64
Turnover (total revenue)	1
Profit before taxation	0
Profit after taxation	0

33) Details of rounded off amounts

The financial statements are presented in million. Those items which are required to be disclosed and which are not represented in the financial statements due to rounding off to nearest million are given as follows:

Note	**Description**	**As at 31 March 2020**	**As at 31 March 2019**
BS	Capital work-in-progress	-	0.121
BS	Assets classified as held for sale	-	0.120
PL	Remeasurement gains/ (lossess) on defined benefit plans	(0.286)	(0.438)
Cash flow	Payments for property, plant and equipment	0.057	-
3	Office equipment_Additions	-	0.009
	Computers_Additions	0.136	0.138
	Furniture and fixtures_Additions	-	0.196
	Capital work in progress_Additions	-	0.121
	Computers_disposals of assets	(0.142)	(0.230)
	Office equipment_disposals of assets	-	(0.026)
	Plant and equipment_disposals of assets	(0.033)	-
	Vehicles_disposals of assets	(0.377)	-
	Capital work-in-progress_disposals of assets	(0.121)	-
	Office equipment_Reclassified as held for sale	-	(0.129)
	Furniture and fixtures_depreciation	0.033	-
	Computers_depreciation	0.502	0.471
	Office equipment_depreciation	0.078	0.133

(All amounts in Rupees million, except per share amounts unless stated otherwise)

Note	Description	As at 31 March 2020	As at 31 March 2019
	Vehicles_depreciation	0.019	0.075
	Computers_Eliminated on disposals of assets	(0.142)	(0.230)
	Office equipment_Eliminated on disposals of assets	-	(0.026)
	Plant and equipment_Eliminated on disposals of assets	(0.033)	-
	Vehicles_Eliminated on disposals of assets	(0.321)	-
	Office equipment_Eliminated on reclassification as held for sale	-	(0.080)
	Furniture and fixtures_Closing balance	0.164	0.196
	Vehicles_Closing balance	0.170	0.145
	Office equipment_Closing balance	0.399	0.077
	Capital work in progress_Closing balance	-	0.121
3(a)	Right of use assets		
	Depreciation charge during the year	0.026	-
6	Advances for value to be received_Other current assets	0.298	-
8	Cash on hand	0.065	0.178
11	Other equity		
	Retained earnings	(0.286)	(0.438)
13	Provision		
	Interest accretion_Compensated absences	-	0.648
15(a)	Lease liabilities		
	Interest accrued during the year	0.134	
18	-Other financial assets carried at amortised cost	(0.003)	0.003
21	Other expenses		
	Insurance	0.084	0.038
	Other services (certification fees)_Payment to auditors	0.490	-
	Reimbursement of expenses_Payment to auditors	0.027	0.115
27	Impact on defined obligation		
	Discount rate (0.5% increase)	(0.134)	(0.071)
	Discount rate (0.5% decrease)	0.142	0.075
	Future salary increase (0.5% increase)	0.141	0.074
	Future salary increase (0.5% decrease)	(0.134)	(0.071)
	Compensated absences:		
	Interest cost	-	0.358
	Actuarial (gain) / loss	0.431	-
29	Related party transactions		
	Mobile Telesystems PJSC_Brand fees	-	0.425
	Addition in allowance during the year_Movement of allowances	-	0.025

34) Segment reporting

The Group is engaged in business providing managed services. This is the only activity performed and is thus also the main source of risks and returns. Accordingly, the Group has a single reportable segment. Further, as the Group operate in only one geographical segment namely, India hence the relevant disclosures as per Ind AS 108 are not applicable to the Group.

35) Recent accounting developments

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 1 April 2020.

For and on behalf of the Board of Directors

Sergey Savchenko
Chairman
DIN - 02891905

Neera Sharma
Whole Time Director & CEO
DIN - 00975300

Vinay Mittal
Chief Financial Officer

Archit Sood
Company Secretary
ACS-18169

Place : Singapore
Date : July 29, 2020

Form AOC - I

Information with respect to 100% Subsidiary – Sistema Internet Services Limited (Formerly, Shyam Internet Services Limited)

(as required under first proviso to sub-section (3) of section 129)

Statement containing salient feature of the financial statement of subsidiary

Part "A"

1.	Name of subsidiary	Sistema Internet Services Ltd. (SISL)
2.	Reporting Period	1 April 19 to 31 March 20
		(Amount in Rs. Million)
3.	Share capital	8
4.	Reserves and surplus	(62)
5.	Total assets	9
6.	Total liabilities	64
7.	Turnover (total revenue)	1
8.	Profit before taxation	0
9.	Provision for taxation	Nil
10.	Profit before taxation	0
11.	Proposed dividend	Nil
12.	% of shareholding	100%

Part "B"

As the company does not have any Associates and Joint Ventures, therefore information required in Part "B" is not applicable to the company.

For and on behalf of the Board of Directors

Sergey Savchenko
Chairman
DIN - 02891905

Neera Sharma
Whole Time Director & CEO
DIN - 00975300

Vinay Mittal
Chief Financial Officer
PAN – AAKPM6793L

Archit Sood
Company Secretary
ACS-18169

Place : Singapore
Date : July 29, 2020

NOTICE OF 25TH ANNUAL GENERAL MEETING

Notice is hereby given that the 25th Annual General Meeting of the members of Sistema Smart Technologies Limited (previously known as Sistema Shyam Teleservices Limited) will be held at 2:00 P. M. IST on Tuesday, the 8th day of September, 2020 through Video Conferencing ("VC") / Other Audio Visual Means ("OAVM"), in light of the COVID-19 crisis and in accordance with the Circular no. 14/2020 dated April 8, 2020 read with Circular no. 17/2020 dated April 13, 2020 and Circular no. 20/2020 dated May 5, 2020 issued by the Ministry of Corporate Affairs, Government of India ('MCA Circulars') to transact the following businesses:

ORDINARY BUSINESS

1. a) To receive, consider and adopt the Standalone Audited Financial Statements of the Company for the financial year ended on 31st March 2020 together with the Directors' Report and the Auditors' Report thereon.

   b) To receive, consider and adopt the Consolidated Audited Financial Statements of the Company for the financial year ended on 31st March 2020 together with the Auditors' Report thereon.

2. To appoint a Director in place of Mrs. Larisa Gorbatova (DIN: 06620138) who retires by rotation and being eligible, offers herself for re-appointment.

SPECIAL BUSINESS

3. To consider and, if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution**:

   "RESOLVED THAT Mr. Oleg Dzenenko (DIN: 08698001) who was appointed as an Additional Director of the Company by the Board of Directors w.e.f. May 07, 2020 and who holds office until the date of this Annual General Meeting, and in respect of whom the Company has received from a member a notice in writing under Section 160 of the Companies Act, 2013 proposing the candidature of Mr. Oleg Dzenenko for the office of the Director of the Company, be and is hereby appointed as Director of the Company whose period of office shall be liable to determination for retirement by rotation."

4. To consider and, if thought fit, to pass with or without modification(s), the following resolution as a **Special Resolution**:

   "RESOLVED THAT pursuant to the provisions of Section 197 and 198 of the Companies Act, 2013 read with Schedule V of the Companies Act, 2013, as amended up to date, approval of the members of the Company be and is hereby accorded for the payment of excess Performance Linked Incentive ("PLI") of Rs.16,80,119/- (Rupees sixteen lakhs eighty thousand one hundred and nineteen only) to Mrs. Neera Sharma (DIN:00975300), Whole Time Director designated as CEO of the Company, for the calendar year 2019, which is in excess of maximum amount of upto 100% of her Gross Fixed Salary as approved by the shareholders at Annual General Meeting held on December 28, 2018.'

   'RESOLVED FURTHER THAT any of the Directors and Mr. Archit Sood, Company Secretary of the Company, be and are hereby severally authorized to sign, execute, authenticate and file necessary forms, applications, declarations, and to take all other necessary steps and actions for and on behalf of the Company as may be required and as may be deemed fit and appropriate to give effect to the aforesaid resolution."

5. To consider and, if thought fit, to pass with or without modification(s), the following resolution as a **Special Resolution**:

   "RESOLVED THAT pursuant to the provisions of Sections 196, 197, 203 and other applicable provisions, if any, of the Companies Act, 2013 read with Schedule V and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modifications or re-enactments thereof, for time being in force) approval be and is hereby accorded for the re-appointment of Mrs. Neera Sharma (DIN:00975300) as "Whole Time Director" (designated as 'Chief Executive Officer') of the Company for a period of two (2) years with effect from November 1, 2020 up to October 31, 2022, on the terms and conditions as set out herein below with liberty to the Board of Directors to alter, vary and modify the terms and conditions of the said re-appointment, in such manner as may be agreed to between the Board of Directors and Mrs. Neera Sharma:

	DESCRIPTION	AMOUNT IN INR
1.	**FIXED ANNUAL SALARY (GROSS)**	INR 9,600,713
2.	**PERFORMANCE LINKED INCENTIVE**	Up to 100% of Annual Fixed Salary, subject to Board of Directors decision and approval in line with the approved PLI Policy
3.	**PERQUISITES AND BENEFITS:**	
a.	**LEASED ACCOMODATION / HOUSE RENT ALLOWANCE**	She shall be provided with paid Leased Accommodation / House Rent Allowance with an annual limit of INR 1,370,000
b.	**PERSONAL LIFE / ACCIDENT INSURANCE COVERAGE**	For an amount the annual premium of which does not exceed INR 900,000
c.	**MEDICAL INSURANCE COVERAGE**	For self and her family for an amount the annual premium of which does not exceed INR 150,000
d.	**COMPANY'S CAR WITH DRIVER**	Company will provide AC car with Fuel, Maintenance and Driver for business need / official duties
e.	**OTHER BENEFITS AND ALLOWANCES**	She shall be entitled for all other benefits and allowances as may be available to her as per policy of the Company. However, the value of such benefits/allowances shall not exceed INR 4,390,428 per annum.
4.	**COMPENSATION FOR INVOLUNTARY TERMINATION OF SERVICES**	In case services are terminated by the Company involuntary before the term, the incumbent shall be paid one time compensation equal to one month's fixed salary and PLI on pro rata basis for the completed period.
5.	**TERMINAL BENEFITS:** A. Company's contributions towards Provident Fund as per PF Act and the rules of the Company. B. Gratuity: in accordance with the Scheme as applicable as per the rules of the Company.	
	(**Note:** All amounts are mentioned in INR Gross of Tax subject to deduction of all taxes applicable as per Indian Tax Laws amended from time to time by Government of India)	

'RESOLVED FURTHER THAT in the event of loss or inadequacy of profits in any financial year during the currency of tenure of Mrs. Neera Sharma, as Whole Time Director (designated as 'Chief Executive Officer'), the remuneration and perquisites as approved by the Board, from time to time, with in the aforesaid limits be paid to her as minimum remuneration.'

'RESOLVED FURTHER THAT any Director or Mr. Archit Sood, Company Secretary of the Company be and are hereby authorized individually to file necessary forms, documents, returns etc. with the Registrar of Companies or Government Authorities and to take all such steps as may be necessary, proper or expedient to give effect to the aforesaid resolution."

By Order of the Board
For Sistema Smart Technologies Limited

Sd/-
Archit Sood
Company Secretary
Membership No.: ACS18169

Place : Gurugram
Date : July 29, 2020

NOTES

1. An Explanatory Statement pursuant to Section 102(1) of the Companies Act, 2013 relating to the Special Business to be transacted at the Annual General Meeting ("AGM") is annexed hereto. The Board of Directors of the Company at its meeting held on 29th July, 2020 considered that the special business under Item Nos. 3 to 5, being considered unavoidable, be transacted at the 25th AGM of the Company. Relevant documents referred to in the accompanying Notice calling the AGM will be made available for electronic inspection by the Members upon sending the email to the Company at cssstl@sistema.co.in upto the date of the AGM. The said documents will be available for electronic inspection for the Members without any fee.

2. In view of the continuing Covid-19 pandemic, the Ministry of Corporate Affairs ("MCA") has vide it's circular dated May 5, 2020 read with circulars dated April 8, 2020 and April 13, 2020 (collectively referred to as "MCA Circulars") permitted the holding of the "AGM" through Video Conferencing (VC) / Other Audio-Visual Means (OAVM), without the physical presence of the Members at a common venue. Accordingly, in compliance with the provisions of the Act and MCA Circulars, the AGM of the Company is being held through VC / OAVM. Hence, Members can attend and participate in the AGM through VC/OAVM only.

3. 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 the AGM is being held in accordance with the MCA Circulars through VC, the facility for appointment of proxies by the Members will not be available. However, Corporate Members are entitled to appoint authorised representatives to attend the AGM through VC/ OAVM and participate thereat and cast their votes through e-voting.

4. The Company has engaged the services of M/s KFin Technologies Private Limited (Kfintech), Registrars and Transfer Agents (RTA), to provide video conferencing facility and e-voting facility for the AGM

5. In compliance with the aforesaid MCA Circulars, Notice of the AGM along with the Annual Report 2019-20 is being sent only through electronic mode to those Members whose e-mail addresses are registered with the Company, RTA or CDSL / NSDL ("Depositories"). Members may note that the Notice and Annual Report 2019-20 will also be available on the website of Kfintech at www.kfintech.com.

6. Members whose email address are not registered can register the same in the following manner:

   (i) Members holding share(s) in physical mode can register their e-mail addresses on the Kfintech website at https://karisma.kfintech.com/emailreg by providing the requisite details of their holdings and documents for registering their e-mail address. Post successful registration of the email address, the shareholder would get soft copy of the notice and the procedure for e-voting along with the User ID and Password to enable e-voting for this AGM. In case of any queries, shareholder may write to einward.ris@kfintech.com & evoting@kfintech.com or contact Mr. Lakshmana Murthy, Senior Manager of KFin Technologies Private Limited at 040-67162222 or at 1800 345 4001 (Toll Free);

   (ii) Members holding share(s) in electronic mode are requested to register / update their e-mail address with their respective Depository Participants "DPs" for receiving all communications from the Company electronically.

7. 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 Companies Act, 2013.

8. Since the AGM will be held through VC/ OAVM facility, the route map, proxy form and attendance slip are not annexed in this Notice.

9. In case of joint holders attending the Meeting, the joint holder who is highest in the order of names will be entitled to vote at the Meeting.

10. Members holding shares in physical form are requested to furnish bank details, e-mail address, change of address etc. to the Company's Registrar & Share Transfer Agents: KFin Technologies Private Limited, Selenium Tower B, Plot Nos. 31-32, Financial District, Nanakramguda, Serilingampally Mandal, Hyderabad 500 032, so as to reach them latest by Tuesday, September 01, 2020, in order to take note of the same. In respect of members holding shares in electronic mode, the details as would be furnished by the Depositories as at the close of the aforesaid date will be considered by the Company. Hence, Members holding shares in demat mode should update their records at the earliest

11. Instructions for attending the AGM through VC/ OAVM are as under:

   a) Members will be provided with a facility to attend the AGM through video conferencing platform provided by Kfintech. Members may access the same at https://evoting.kfintech.com/ by using the remote e-voting credentials. The said credentials will be sent to the registered email ID by Kfintech. The link for AGM will be available after login, where the EVENT and the name of the company can be selected. Please note that the members who do not have the User ID and Password for e-Voting or have forgotten the User ID and Password may retrieve the same by following the remote e-Voting instructions mentioned in the notice.

   b) Facility of joining the AGM through VC / OAVM shall open 15 minutes before the time scheduled for the AGM and Members who may like to express their views or ask questions during the AGM may register themselves as Speaker by clicking on the "speaker Registration" after logging at https://emeetings.kfintech.com by using e-voting login credentials 48 hours before start of the AGM. Facility of joining AGM may be closed on expiry of 15 minutes from the schedule time of the AGM. Only those Members who register themselves as Speaker will be allowed to express views/ask questions during the AGM. The Company reserves the right to restrict the number of questions and number of speakers, as appropriate for smooth conduct of the AGM.

   c) Members who would like to express their views/ask questions during the meeting may log into https:// evoting.kfintech.com/ and click on "AGM Questions" and post their queries/views/questions in the window provided by mentioning the name, demat account number/folio number, email id and mobile number. The "AGM Questions" window shall be activated during the remote e-voting period and shall be closed 24 hours before the AGM.

d) Facility of joining the AGM through VC / OAVM shall be available for 1000 members on first come first served basis. However, the participation of members holding 2% or more shares, promoters, and Institutional Investors, directors, key managerial personnel, chairpersons of Audit Committee, Stakeholders Relationship Committee, Nomination and Remuneration Committee and Auditors are not restricted on first come first serve basis.

e) Members who need technical assistance before or during the AGM, can contact with Mr. Lakshmana Murthy of Kfintech at einward.ris@kfintech.com & evoting@kfintech.com or call at 040- 67162222 or at 1800 345 4001 (Toll Free).

f) Members are encouraged to join the Meeting through Laptops for better experience. Further Members will be required to use Internet with a good speed to avoid any disturbance during the meeting. Please note that Members connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to fluctuation in their respective network. It is therefore recommended to use stable Wi-Fi or LAN connection to mitigate any kind of aforesaid glitches.

INSTRUCTIONS FOR E-VOTING:

12 Pursuant to Section 108 of the Companies Act, 2013, read with Rule 20 of the Companies (Management and Administration) Rules, 2014 as amended from time to time and Secretarial Standard on General Meetings (SS-2) issued by the Institute of Company Secretaries of India, the Members are provided with the facility to cast their vote electronically, through the e-Voting services provided by KFintech on all the resolutions set forth in this Notice.

13. The Facility for voting through electronic voting system shall also be made available at the meeting and members attending the meeting who have not already cast their vote may exercise their vote through evoting during the AGM.

14. The Members who have cast their vote by remote e-voting shall not be entitled to cast their vote again at the AGM.

15. The voting period begins at 9:00 A.M. on 05.09.2020 and ends at 5:00 P.M. on 07.09.2020. During this period shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of 01.09.2019 may cast their vote electronically. The e-voting module shall be disabled for voting thereafter.

16. The instructions for members for remote e-voting are as under:

(i) Open your web browser during the voting period and navigate to https://evoting.kfintech.com.

(ii) Enter the login credentials (i.e., user–id & password) sent by Kfintech. Your folio/DP/Client ID will be your User –ID.

(iii) Now, fill up the following details in the appropriate boxes.

Enter	For Members holding shares in Demat Form	For Members holding shares in Physical Form
User-ID	a) For NSDL: - 8 Character DP ID followed by 8 digits Client ID. b) For CDSL: - 16 digits Beneficiary ID.	Event no. followed by Folio Number registered with the Company.
Password	Your Unique Password sent via email forwarded through the electronic notice.	Your Unique Password sent via email forwarded through the electronic notice.
Captcha	Enter the Verification code i.e., Please enter the alphabets and numbers in the exact way as they are displayed for security reasons.	Enter the Verification code i.e., Please enter the alphabets and numbers in the exact way as they are displayed for security reasons.

After entering these details appropriately, click on "SUBMIT" tab.

(iv) Please contact toll free No.1-800-34-54-001 for any clarifications.

(v) After entering these details appropriately, click on "LOGIN".

(vi) Members holding shares in Demat/Physical form will now reach Password change menu wherein they are required to mandatorily change their login password in the new password field. The new password has to be minimum eight characters consisting of at least one upper case (A-Z), one lower case (a-z), one numeric value (0-9) and a special character. Kindly note that this password can be used by the Demat holders for voting for resolution of any other Company on which they are eligible to vote, provided that Company opts for e-voting through KFintech e-Voting platform. System will prompt you to change your password and update any contact details like mobile number, email ID etc. on 1st login. You may also enter the Secret Question and answer of your choice to retrieve your password in case you forget it. It is strongly recommended not to share your password with any other person and take utmost care in keeping your password confidential.

(vii) You need to login again with the new credentials.

(viii) On successful login, system will prompt to select the 'Event' i.e., 'Company Name'.

(ix) If you are holding shares in Demat form and have logged on to https://evoting.kfintech.com and casted your vote earlier for any company, then your existing login id and password are to be used.

(x) On the voting page, you will see Resolution Description and against the same the option 'FOR/AGAINST /ABSTAIN' for voting. Enter the number of shares (which represents number of votes) under 'FOR/AGAINST/ABSTAIN' or alternatively you may partially enter any number in 'FOR' and partially in 'AGAINST', but the total number in 'FOR/AGAINST' taken together should not exceed your total shareholding. If the shareholders do not want to cast, select 'ABSTAIN'.

(xi) After selecting the resolution you have decided to vote on, click on 'SUBMIT'. A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL' and accordingly modify your vote.

(xii) Once your 'CONFIRM' your vote on the resolution, you will not be allowed to modify your vote.

(xiii) Members can cast their vote online till they have voted on all the Resolutions till the end of the voting period.

(xiv) Corporate/ Institutional Members (corporate/FIs/FIIs/Trust/Mutual Funds/Banks, etc.) are required to send scan (PDF format) of the relevant Board Resolution to the Scrutinizer through email to awanishcorporate@gmail.com with copy to evoting@kfintech.com. The file scanned image of the Board Resolution should be in the naming format "Corporate Name_ Event no."

(xv) The Company has appointed Mr. Awanish Dwivedi, Practicing Company Secretary, of Dwivedi & Associates, who in the opinion of the Board is a duly qualified person, as a Scrutinizer who will collate the electronic voting process in a fair and transparent manner. The Scrutinizer shall within a period of three working days from the date of conclusion of the shareholders meeting, submit his report after consolidation of e-voting and the votes in the shareholders meeting, cast in favour of or against, if any, to the Chairman of the Company. Results will be uploaded on the KFIntech's website.

By Order of the Board
For Sistema Smart Technologies Limited

Sd/-
Archit Sood
Company Secretary
Membership No.: ACS18169

Place : Gurugram
Date : July 29, 2020

ANNEXURE TO NOTICE

EXPLANATORY STATEMENT UNDER SECTION 102 OF THE COMPANIES ACT, 2013

Item No. 3

The Board of Directors of the Company, at its meeting held on May 06, 2020, appointed Mr. Oleg Dzenenko (DIN: 08698001) as an Additional Director of the Company. Pursuant to the provisions of Section 161(1) of the Companies Act, 2013 the tenure of Mr. Oleg Dzenenko (DIN: 08698001) as an Additional Director expires at the date of this Annual General Meeting.

The Company has received a written notice from member under Section 160 of the Companies Act, 2013 along with requisite deposit proposing the candidature of Mr. Oleg Dzenenko (DIN: 08698001) for the office of the director of the Company.

The Board also considers it desirable that the appointment of Mr. Oleg Dzenenko (DIN: 08698001) as Director be regularized by his appointment as Ordinary Director under Section 152 of the Companies Act, 2013 liable to retire by rotation.

Mr. Oleg Dzenenko (DIN: 08698001) is not disqualified from being appointed as a Director in terms of Section 164 of the Companies Act, 2013 and has given his consent to act as Director of the Company.

In the opinion of the Board, Mr. Oleg Dzenenko (DIN: 08698001) fulfils the criteria and the conditions as prescribed under the Companies Act, 2013 for appointment as Director and therefore, your Directors recommend the resolution proposed at Item No. 3 for the approval of shareholders.

Mr. Oleg Dzenenko (DIN: 08698001) is interested in the resolution set out at Item No. 3 of the Notice with regard to his appointment.

Except as mentioned above, none of the Directors, Key Managerial Personnel or their relatives, is concerned or interested in the proposed resolution

Item No. 4

The shareholders, at the Annual General Meeting ("AGM") of the Company held on December 28, 2018, approved the appointment and remuneration of Mrs. Neera Sharma (DIN:00975300) as Whole Time Director designated Chief Executive Officer of the Company. However, the Board of Directors, approved the payment of excess PLI of **Rs.16,80,119/- (Rupees sixteen lakhs eighty thousand one hundred and nineteen only)** to Mrs. Neera Sharma (DIN:00975300), Whole Time Director of the Company, for the calendar year 2019 (i.e. January 1, 2019 to December 31, 2019), which is in excess of her Salary / Remuneration as approved by the shareholders at the Annual General Meeting of the Company held on December 28, 2018. The payment of above-mentioned excess of **Rs.16,80,119/- (Rupees sixteen lakhs eighty thousand one hundred and nineteen only)** to Mrs. Neera Sharma was recommended by the Nomination and Remuneration Committee at its meeting held on January 10, 2020.

In terms of Section 197 and 198 of the Companies Act, 2013 and rules made thereunder read with Schedule V of the Companies Act, 2013 as amended up to date, the payment of excess remuneration for the calendar year to Mrs. Neera Sharma requires the approval of the shareholders by means of a special resolution to be passed at the general meeting.

Your Directors, therefore, solicit the approval of the members for payment of excess PLI of **Rs.16,80,119/- (Rupees sixteen lakhs eighty thousand one hundred and nineteen only)** for the calendar year 2019 to Mrs. Neera Sharma and recommend the resolution proposed at Item No. 4 for the approval of the shareholders by way of a Special Resolution.

None of the Directors, Key Managerial Personnel, or their relatives, except Mrs. Neera Sharma, to whom the resolution relates, is concerned or interested in the proposed resolution.

Item No. 5

Mrs. Neera Sharma (DIN: 00975300) was appointed as CEO (Whole-Time Director) of the Company w.e.f. September 17, 2018 till October 31, 2020 pursuant to the approval of the Shareholder accorded in the Annual General Meeting held on December 28, 2018. As the term of her appointment will expire on October 31, 2020, the Board of Directors in its meeting held on July 29, 2020, approved the re-appointed of Mrs. Neera Sharma as CEO (Whole-Time Director) of the Company for a further period of two years i.e. from November 1, 2020 to October 31, 2022. Further, at the same meeting, the Board also approved the remuneration / terms and conditions for her re-appointment as Whole-time Director (CEO). The terms and conditions as set out in the resolution given under item no.5 were also approved by the Nomination & Remuneration Committee at its meeting held on July 29, 2020, subject to the approval of Shareholders in General Meeting.

Information / Profile of Mrs. Neera Sharma, Whole Time Director

Mrs. Neera Sharma (DIN: 00975300), aged 47 years, graduated from Punjab University, India in 1994. She also holds LLB (Professional) from Punjab University (1997). She has completed her Post Graduate Program in Management for Executives (UCLA PGPX) from University of California Los Angeles in July 2019. She has around 22 years' rich experience in Legal field with different companies encompassing a gamut of various industries. Before joining the Company in 2008, she had been rendering her services as Assistant General Manager-Legal with Dishnet Wireless Ltd. She started her career in 1997 as a Senior Executive-Legal with DCM Group and thereafter worked with HFCL Infotel Ltd., HCL Comnet Ltd., Idea Cellular Ltd., and Emaar MGF Land Pvt. Ltd. before joining Dishnet Wireless Ltd. in 2007.

The remuneration payable to the appointee by the Company is given in the resolution, which is quite reasonable and also acceptable to the appointee keeping in view the comparative remuneration profile in similar industry in India.

Mrs. Neera Sharma has no pecuniary relationship with the Company and no relationship with its managerial personnel, either directly / indirectly. Mrs. Neera Sharma also does not hold any shares in the Company as a shareholder.

General and Other Information including Company Business and Growth Plan

After exit from Telecom business, SSTL identified System Integration in ICT domain as one of the business lines and has been exploring business opportunities therein. In this regard, SSTL has established partnerships with major OEMs of ICT domain and is targeting to brand its footprint as an emerging system integrator / ICT by establishing partnerships with multiple OEMs to rollout the different level of projects in Government/ PSUs sector.

Further, the Company has also been engaged in providing sales, distribution and marketing services to various start-ups in India for scaling up their businesses in India.

However, there are still lot of legal and regulatory uncertainties and issues which need to be looked into both strategically and operationally on a day-to-today basis. This necessitates very close monitoring of the legal and regulatory environment, which are very crucial and sensitive areas for the future development of the Company. Keeping this in view, it was thought fit to re-appoint Mrs. Neera Sharma as a CEO (Whole-Time Director) of the Company for a further period of two years. This will help in continued streamlined reporting to the Board as well as expert guidance availability for the Board members for better clarity and for taking strategic decisions on a timely basis. In view of the above, it became indispensable to re-appoint Mrs. Neera Sharma as the CEO of the Company.

As Mrs. Neera Sharma is having enormous experience and expertise in field of Legal function, therefore, it was deemed proper to re-appoint her as CEO of the Company. Mrs. Neera Sharma has a wealth of operational experience, legal acumen and inspirational leadership needed to provide direction to the Company on legal / regulatory matters. Accordingly, the Board of Directors, keeping in view the current business profile of the Company and the number and sensitivity of pending legal cases, and further based on the recommendation of the Nomination and Remuneration Committee (meeting dated July 29, 2020), at its Meeting held on July 29, 2020 approved the re-appointment of Mrs. Neera Sharma as CEO (Whole Time Director) of the Company for a further period of two (2) years starting from November 1, 2020, subject to the approval of shareholders by way of a special resolution in the Annual General Meeting.

Foreign Investment in Company

As on date, SISTEMA Joint Stock Financial Corporation (SISTEMA JSFC), of Russia, as a strategic investor in the business of the Company, holds 75.62% of the aggregate paid up equity share capital of the Company.

The Board of Directors believes that the Company shall be certainly benefited by the immense and versatile experience of Mrs. Sharma in legal field.

Mrs. Neera Sharma does not have any pecuniary relationship directly/ indirectly with the Company. Further, Mrs. Sharma is not related to any Key Managerial Personnel.

Your Directors recommend passing of the resolution as a special resolution.

None of the Directors, Key Managerial Personnel or their relatives, except Mrs. Sharma to whom the resolution relates, is concerned or interested in the proposed resolution.

By Order of the Board
For Sistema Smart Technologies Limited

Sd/-
Archit Sood
Company Secretary
Membership No.: ACS18169

Place : Gurugram
Date : July 29, 2020

Details of Directors retiring by rotation seeking re-election and appointment as Directors at this Annual General Meeting:

Name of Directors	Brief Resume and Directorship Details
Mrs. Larisa Gorbatova (DIN: 06620138)	Mrs. Larisa Gorbatova, aged 55 years, graduated in 1986 from the economic faculty of the Moscow State University named after M. Lomonosov. In 1990 she received a PhD in Economics in the same faculty. From 1991 to 1995 she served as a senior research fellow in the All-Russian Institute of the Agricultural Economy. In 1995 she was appointed Head of Financial Information and Statistics Department in the Federal Commission on the Securities Market (FCSM). In 1998 she joined International Accounting Standards Committee based in London, UK, working in the position of International Accounting Fellow. Upon returning from London she served as a Head of the Financial Information and Reporting Division at FCSM. From 2001 to 2002 she served as a Deputy Head of the Accounting Methodology Department in the Russian Ministry of Finance. From 2002 to 2004 she served as a Chief Researcher in the Center for Securities Market Development. From 2004 to 2007 she served as Head of IFRS Reporting in the Polyus / Polyus Gold OJSC. In 2007 she joined Sistema OJSFC as Head of Corporate Reporting Department, where she stays presently at the position of Managing Director of International Reporting. She is also on the Boards of Directors of Bashkirian Power Grid Company JSC and Sistema Finance JSC. Mrs. Larisa Gorbatova is not related with any other Director or Key Managerial Personnel of the Company. Mrs. Larisa Gorbatova does not hold any shares in the Company. She has attended 4 (four) Board Meetings held during the financial year 2019-20. Mrs. Larisa Gorbatova is also on the Board of following other companies: (1) Sistema Finance JSC (2) Bashkirian Power Grid Company JSC
Mr. Oleg Dzenenko (DIN: 08698001)	Mr. Oleg Dzenenko, aged about 31 years, studied International Economic from Plekhanov Russian University of Economics and from Moscow International Higher Business School MIRBIS between 2005-2010. In his initial years of employment, Mr. Dzenenko worked with BBDO Group, Price Waterhouse Coopers and EVLI. He served as Deputy Head of Corporate Finance Department in the Promsvyazbank from 2012-2014. In 2014 he joined Sistema, where he presently serving at the position of Investment Director. He is also a director on the board of Arenza-Pro, LLC, Russia. Mr. Oleg Dzenenko is not related with any other Director or Key Managerial Personnel of the Company. Mr. Oleg Dzenenko does not hold any shares in the Company. He has not attended any Board Meeting held during the financial year 2019-20 as he was inducted on the board on 07.05.2020. Mr. Oleg Dzenenko is also on the Board of following other companies: (1) LLC Arenza Pro, Russia
Mrs. Neera Sharma (DIN: 00975300)	Mrs. Neera Sharma, aged 47 years, is the Chief Executive Officer of the Company. She earned a Bachelors' degree in law from the Panjab University in 1997 and also completed her MBA in Finance from Amity Business School in 2004. She has completed her Post Graduate Program in Management for Executives (UCLA PGPX) from University of California Los Angeles in July 2019. Neera has strong functional expertise and a well-rounded legal experience of nearly two decades having worked with leading companies like DCM Limited, HCL, Idea Cellular limited, Emaar MGF Land Private Limited, HFCL Infotel and Dishnet Wireless Limited (Aircel). She has been associated with the Company since 2008 and as the Chief Legal Officer, advises the Company on the entire gamut of Legal, regulatory and Compliance matters. She has a sound commercial acumen, a strong grip on technical issues, comfortable with cost-benefit analysis and can conduct highly productive meetings while keeping them reasonably brief. She has been conferred with the prestigious General Counsel of the Year Award in 2016 by Legal Era and has been facilitated with Women Leadership Excellence Awards in Telecommunications by Time Ascent in 2018Mrs. Neera Sharma is not related with any other Director or Key Managerial Personnel of the Company. Mrs. Neera Sharma holds one (1) share in the Company. She has attended 4 (four) Board Meetings held during the financial year 2019-20. Mrs. Neera Sharma is also on the Board of following other companies: (1) Mahabuddhi Trading Private Limited (2) Tigers Cricedu India Private Limited (3) Brand Conversations Private Limited (4) Indian Tigers Sports Company Private Limited (5) INSITEL Services Private Limited (6) Sistema Internet Services Limited (7) Dea Consulting Private Limited (8) Indian Tigers Trading and Logistics Private Limited (9) Sistema Financial Technologies Private Limited

Notes

CORPORATE INFORMATION

COMPANY SECRETARY
Archit Sood

CHIEF FINANCIAL OFFICER
Vinay Mittal

REGISTERED OFFICE
121, Doctors Colony
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Fax : 91-0124-4812825
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CIN: U74110RJ1995PLC017779

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SECRETARIAL AUDITORS
DWIVEDI & ASSOCIATES
Company Secretaries
A-62,Basement ,Defence Colony
New Delhi-110024

REGISTRAR & TRANSFER AGENT
KFin Technologies Private Limited
Karvy Selenium Tower B, Plot No. 31 &32,
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Nanakramguda, Serilingampally,
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Tel. No. 040-67161500
Fax No.: 040-23311968
E-mail ID: einward.ris@kfintech.com

DEPOSITORIES
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4th Floor, Trade World,
Kamla Mills Compound,
Senapati Bapat Marg, Lower Parel,
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Tel.: 91-22-24994200
Fax: 91-22-66608035/24976351

Central Depository Services (India) Ltd.
Marathon Futurex A-Wing,
25th Floor, N.M. Joshi Marg, Lower Parel,
Mumbai - 400 013, India
Tel.: 91-22-22723333-3224
Fax: 91-22-22723199/22722072

BANKERS
ICICI Bank Ltd.
Central Bank of India
Syndicate Bank
Bank of Baroda
Kotak Mahindra Bank Ltd.
Yes Bank Ltd.
SBER Bank
SBI Bank

Note:

1. Name of the Company changed from 'Sistema Shyam Teleservices Limited', to "SISTEMA SMART TECHNOLOGIES LIMITED" w.e.f. September 28, 2018 vide approved letter from the Office of Registrar of Companies, Rajasthan, Jaipur.
2. Name of the Company's subsidiary changed from 'Shyam Internet Services Limited' to "SISTEMA INTERNET SERVICES LIMITED" w.e.f. August 29, 2018 vide approval letter from the Office of the Registrar of Companies, Delhi.

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Sistema Smart Technologies Limited

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