TATA COMMUNICATIONS

TATA

ANNUAL REPORT 2011-2012

A New World of Communications

Being part of Tata Communication is being part of...

7,770 Employees

30% Outside India

40 Nationalities

35 Average age

A global workforce

A global vision

Emerging markets INDIA, CHINA, AFRICA, MIDDLE EAST

NEW WORLD OF COMMUNICATIONS

Tata Communications creates a New World of Communications to drive our customers' leadership, leveraging IP technology in future markets

Converged IP solutions

Managed Services

A global position

#1 Enterprise data in India

#1 Wholesale LD voice in India

#1 Wholesale international voice

#1 Wholesale connectivity global

Tata Communications Limited

TWENTY SIXTH ANNUAL REPORT 2011-12

CONTENTS

Annual General Meeting on Friday, 27 July 2012, at MC Ghia Hall, Kalaghoda Mumbai at 11.00 a.m.
As a measure of economy, copies of the Annual Report will not be distributed at the Annual General Meeting.
Shareholders are requested to kindly bring their copies to the meeting.

CORPORATE DETAILS

BOARD OF DIRECTORS

Mr. Subodh Bhargava (Chairman) (Independent)
Mr. Vinod Kumar (Managing Director and Group CEO)
Mr. N. Srinath (Panatone Nominee)
Mr. Kishor A. Chaukar (Panatone Nominee)
Mr. Amal Ganguli (Independent)
Mr. S. Ramadorai (Panatone Nominee)
Mr. Arun Gandhi (Panatone Nominee)
Dr. Ashok Jhunjhunwala (Panatone Nominee)
Dr. Uday B. Desai (Independent)
Mr. Ajay Kumar Mittal (Government Nominee)
Mr. Saurabh Kumar Tiwari (Government Nominee)

Mr. Satish Ranade	Company Secretary & Chief Legal Officer
Mr. Sanjay Baweja	Chief Financial Officer
REGISTERED OFFICE	VSB, Mahatma Gandhi Road, Fort, Mumbai – 400 001.
CORPORATE OFFICE	Plot No. C21& C36, 'G' Block, Bandra Kurla Complex, Mumbai – 400 098.
BANKERS	Bank of America Citibank Inc. Deustche Bank Development Bank of Singapore Dhanlakshmi Bank Ltd. HDFC Bank Ltd. Hongkong & Shanghai Banking Corporation ICICI Bank Ltd. Indian Overseas Bank Indusind Bank Ltd. Kotak Mahindra Bank Ltd. Royal Bank of Scotland State Bank of India Standard Chartered Bank Vijaya Bank Yes Bank Ltd
LEGAL ADVISORS	ANS Law Associates, Mumbai Khaitan & Co., Mumbai Mulla & Mulla and Craigie Blunt & Caroe, Mumbai
STATUTORY AUDITORS	S.B. Billimoria & Co., Chartered Accountants
REGISTRARS & TRANSFER AGENTS	Sharepro Services (India) Pvt. Ltd. 13 AB, Samhita Warehousing Complex, 2nd Floor, Near Sakinaka Telephone Exchange, Andheri Kurla Road Andheri (East), Mumbai - 400 072.

NOTICE

NOTICE is hereby given that the Twenty Sixth Annual General Meeting of Tata Communications Limited will be held at 1100 hours on Friday, 27 July 2012, at MC Ghia Hall, Bhogilal Hargovindas Building, Second Floor, 18/20 Kaikhushru Dubash Road, Kalaghoda, Mumbai – 400023 to transact the following business:

Ordinary Business

1. To receive, consider and adopt the Balance Sheet of the Company as on 31 March 2012, the audited Profit and Loss Account for the year ended on that date, the Auditors' Report thereon and the Report of the Board of Directors.

2. To declare dividend for the financial year 2011-12.

3. To appoint a Director in place of Mr. Amal Ganguli who retires by rotation at this Annual General Meeting and being eligible offers himself for re-appointment.

4. To appoint a Director in place of Mr. S. Ramadorai who retires by rotation at this Annual General Meeting and being eligible offers himself for re-appointment.

5. To appoint a Director in place of Dr. Ashok Jhunjhunwala who retires by rotation at this Annual General Meeting and being eligible offers himself for re-appointment.

Special Business

6. To consider and, if thought fit, to pass with or without modification the following Resolution as a **Special Resolution**:

   "RESOLVED THAT pursuant to Section 224 A and other applicable provisions, if any, of the Companies Act, 1956, M/s. S.B. Billimoria & Co., Chartered Accountants be and are hereby appointed Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to examine and audit the accounts of the Company for the financial year 2012-13 on such remuneration as may be mutually agreed upon between the Board of Directors and the Auditors, plus reimbursement of service tax, travelling and out of pocket expenses."

   "RESOLVED FURTHER THAT the Auditors of the Company be and are hereby authorized to carry out (either themselves or through qualified associates) the audit of the Company's accounts maintained at all its branches and establishments (whether now existing or acquired during the financial year ending 31 March 2013) wherever in India or abroad."

By Order of the Board of Directors
Satish Ranade
Company Secretary

Dated : 28 June 2012
Registered Office :
VSB, M.G. Road, Fort, Mumbai - 400 001.

NOTES :

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER. THE INSTRUMENT APPOINTING A PROXY SHOULD, HOWEVER, BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.

2. Members who hold shares in dematerialized form are requested to bring their DP ID and Client ID numbers for easy identification of attendance at the meeting.

3. The statement of material facts pursuant to Section 173 (2) of the Companies Act, 1956, setting out the material facts in respect of the business under Item No. 6 is annexed hereto.

4. Details regarding the persons proposed to be appointed as Directors and their brief resume have been given in the annexure attached to the Notice.

5. This may be taken as notice of declaration of dividend for 2011-12 in accordance with Article 93 of Articles of Association of the Company in respect of dividend for that year when declared.

6. Registers of members and transfer books of the Company shall remain closed from 18 July 2012 to 27 July 2012 (both days inclusive) for the purpose of ascertaining eligibility to dividend.

7. The dividend as recommended by the Board of Directors, if declared at this Annual General Meeting, shall be paid on or after Tuesday the 31 July 2012.

   (i) to those shareholders whose names appear on the Company's Register of Members after giving effect to all valid share transfers in physical form lodged with the Registrar & Transfer Agents (R&T Agents) of the Company on or before Tuesday, 17 July 2012.

   (ii) in respect of shares held in electronic form, to those "deemed members" whose names appear in the statements of beneficial ownership furnished by National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) as at the end of business on Tuesday, 17 July 2012. In respect of shares held in demat mode, the dividend will be paid on the basis of beneficial ownership as per details to be furnished by NSDL and CDSL for this purpose.

8. Pursuant to the provisions of Section 205A(5) of the Companies Act, 1956, dividends which remain unclaimed in the unpaid dividend account for a period of seven years from the date of transfer of the same, will be transferred to the Investor Education and Protection Fund established by the Central Government. The Members and Shareholders who have not encashed their dividend warrant(s) so far for the financial year ended 31 March 2005 or any subsequent financial years are requested to make their claim to the R & T Agents of the Company. According to the provisions of the Act, no claims shall lie against the said Fund or the Company for the amounts of dividend so transferred nor shall any payment be made in respect of such claims. The summary of the unpaid dividend for the past years and the date on which the outstanding amount shall be transferred to Investor Education and Protection Fund on the dates as given in the table below.

Date of AGM	**Balance as on 31 March 2012(₹)**	**Dividend for the year**	**Transfer to Investor Education & Protection Fund**
14 September 2005	944,994.00	2004-05	14 October 2012
13 September 2006	782,190.00	2005-06	13 October 2013
2 August 2007	651,442.00	2006-07	2 September 2014
2 August 2008	739,381.50	2007-08	2 September 2015
7 August 2009	729,729.00	2008-09	7 September 2016
6 August 2010	Nil	2009-10	Not Applicable
11 October 2011	541,450.00	2010-11	11 November 2018
Total	**4,389,186.50**		

9. Consequent upon the introduction of Section 109A of the Companies Act, 1956, shareholders are entitled to make nomination in respect of shares held by them in physical form. Shareholders desirous of making nominations are requested to send their requests in Form No. 2B in duplicate (which will be made available on request) to the R & T Agents of the Company.

10. Members are requested to notify any change in their addresses immediately, in any event not later than Tuesday, 17 July 2012, so as to enable us to dispatch the dividend warrants at the correct addresses:

    a) In case of physical shares to the R & T Agents, M/s Sharepro Services India Private Limited, 13 AB, Samhita Warehousing Complex, 2nd Floor, Near Sakinaka Telephone Exchange, Andheri Kurla Road, Andheri East, Mumbai - 400 072.

    b) In case of shares held in demat form to their depositary participants (DPs).

11. The Ministry of Corporate Affairs (vide circular nos.17/2011 and 18/2011 dated 21 April 2011 and 29 April 2011 respectively), has undertaken a 'Green Initiative in Corporate Governance' and allowed companies to share documents with its shareholders through an electronic mode. A recent amendment to the Listing Agreement with the Stock Exchanges permits companies to send soft copies of the Annual Report to all those shareholders who have registered their email address for the said purpose. Members are requested to support this Green Initiative by registering / updating their email addresses for receiving electronic communications.

Annexure to the Notice dated 28 June 2012

The Statement of Material Facts pursuant to Section 173 (2) of the Companies Act, 1956.

In respect of Item No. 6

M/s. S. B. Billimoria & Co., Chartered Accountants were appointed as the statutory auditors of the Company at the Twenty Fifth Annual General Meeting of the Company held on 11 October 2011 and hold office till the conclusion of the Twenty Sixth Annual General Meeting. Since the Government of India continues to hold not less than 25% of the subscribed share capital of the Company, the appointment of the auditors of the Company is required to be approved by a Special Resolution pursuant to Section 224A of the Companies Act, 1956.

None of the Directors are interested in the resolution.

The Directors recommend the resolution.

By Order of the Board of Directors
Satish Ranade
Company Secretary

Dated :28 June 2012
Registered Office:
VSB, M.G. Road, Fort,
Mumbai - 400 001.

Details of Directors Seeking Appointment / Re-Appointment at the 26th Annual General Meeting

Particulars	Mr. Amal Ganguli	Mr. S. Ramadorai	Dr. Ashok Jhunjhunwala
Date of Birth	17 October 1939	6 October 1944	22 June 1953
Date of Appointment	17 July 2006	28 June 2007	25 October 2008
Qualifications	Fellow of the Institute of Chartered Accountants in England and Wales, Fellow of Institute of Chartered Accountants of India, member of New Delhi Chapter of Institute of Internal Auditors, Florida, USA, Alumnus of IMI, Geneva.	B.Sc.,BS in electronics from Bangalore, MS in Computer Science from University of California – UCLA, USA.	B.Tech degree from IIT, Kanpur, MS and Ph.D degrees from the University of Maine
Expertise in Specific Functional Area	Accounting and Audit	General Management	General Management
Directorships held in other Public Companies (excluding foreign and private companies)	13	15	7
Memberships/Chairmanships of Committees in other Public Companies	10	8	5
Shareholding In TCL	NIL	NIL	NIL

DIRECTORS' REPORT

Dear Shareholders,

The directors are pleased to present the 26th annual report and audited accounts of Tata Communications Limited (TCL) for the financial year ended 31 March 2012.

PERFORMANCE

The key financial parameters of your Company during the year under review are given in table below:

	2011-12 (₹ in Crores)	2011-12 (USD in Million)*	2010-11 (₹ in Crores)	2010-11 (USD in Million)*
Consolidated income	14340.85	2818.01	12185.21	2394.42
Consolidated EBIDTA	1791.49	352.03	1225.27	240.77
Consolidated profit/(loss) after exceptional items and before tax	(718.02)	(141.09)	(706.70)	(138.87)
Consolidated Profit/(loss) after tax	(794.65)	(156.15)	(776.90)	(152.66)
Standalone total income	4270.87	839.24	3802.48	747.20
Standalone Profit before tax	265.12	52.10	154.04	30.27
Standalone Profit after tax	171.34	33.67	162.56	31.94

** All conversion from Indian rupees to US Dollars in the above table as also elsewhere in this report are based on the noon buying rate in New York City for cable transfers in foreign currencies as certified by the Federal Reserve Bank of New York for custom purposes which was ₹50.89 per USD 1.00 on 31 March 2012.*

The consolidated net loss includes ₹ 737.47 Crores (USD 144.91 million) from the Company's holding in Neotel, South Africa. Neotel is in its gestation phase, requiring investments to establish the required capabilities. Neotel will continue to need support for some more time before it turns profitable. The consolidated net loss also includes increases in other non-cash costs viz. depreciation on account of significant capitalisation done over the past two years. Your Company remains confident that its strategy is sound and that the direction that the Company is taking will be beneficial to the Company and its stakeholders as we move forward.

Dividend

The directors are pleased to recommend a dividend of ₹2 (USD 0.04) per share (₹2 per share dividend previous year) for the financial year ended 31 March 2012 subject to approval of the Shareholders at the Annual General Meeting.

COMPANY STRATEGY AND DIRECTION

Strategy Overview

Your Company continues to develop and execute its strategy to be a global provider of communication solutions, predominantly targeting business customers. Your Company's strategy continues to be focused on creating a portfolio of communication and IT infrastructure services to leverage the trends shaping our chosen business segments. The key trends that we aim to address are:

- The growth of emerging new market economies, with an emphasis on India, Asia, the Middle East and Africa;
- The growth of IP and cloud-based communication and IT solutions; and
- The shift towards managed services, which allows our client businesses to focus on their core competencies.

Your Company has been investing in the underlying infrastructure to support the growing role of the internet in the lives of consumers and businesses, the increased penetration of more powerful end-user devices such as smart-phones, tablets etc., and a more globally connected and collaborative business environment. This infrastructure includes long distance networks, metro networks, international submarine cables, data centres and virtual private network nodes.

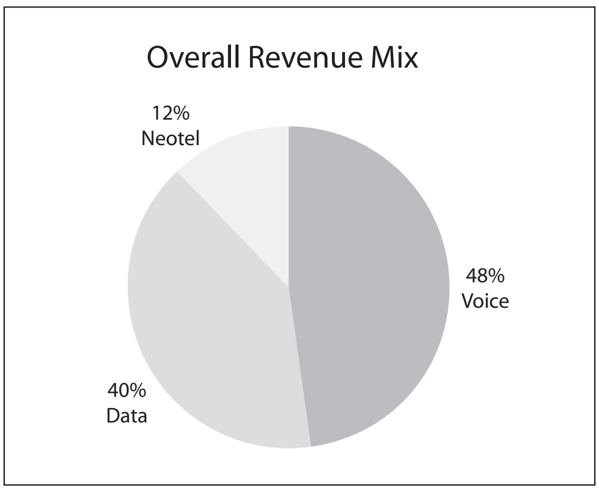
REVIEW OF OPERATIONS

Geographical presence

Your Company continues to grow its business in both India and globally. The revenue distribution between India and the rest of the world was 24% and 76% respectively in 2011-2012.

Segment and Product Distribution

Your Company maintains a healthy blend of revenues across its various products and segments. During 2011-12, voice services contributed 48% to revenues, data services contributed 40% and Neotel contribution grew considerably to 12% of the total revenue. Within the data services segment, the contribution to revenue by the two segments i.e. service providers and enterprises were fairly balanced with 49% and 51% of the total respectively.



Highlights of Segment Operations

Global Voice

During the year, Tata Communications' international long distance voice traffic grew 13.40% from 41.19 billion minutes in 2010-11 to 46.72 billion minutes in 2011-12. National long distance voice traffic in India decreased by 18% to 8.55 billion minutes in 2011-12. However, gross margins from voice declined 5% to US Cents 0.45 per minute, from US Cents 0.47 per minute a year earlier.

Global Data

Tata Communications' data portfolio continued to expand during 2011-12, and the launch of cloud computing solutions in India and Asia marked an entry into a fast-growing market segment. Revenues from this business segment were well-balanced between India 50% and the rest of the world 50%; and between service providers 51% and enterprises 49%. The Company's strategy of expanding into managed services is beginning to show results, with managed services contributing 25% to the global data services segment.

Neotel (Proprietary) Ltd.

Neotel was set up as South Africa's (SA) Second National Operator (SNO) in 2005-2006. The Company was selected by the South African Government as a strategic partner to participate with a 26% effective stake and provide best practice, cost effective telecommunication solutions to South African businesses and consumers through the use of innovative technologies. Over the last three years, the Company has increased its effective stake in Neotel to 64.10% by acquiring shares from other partners in the joint venture, thereby assuming a position of a majority shareholder in Neotel.

Neotel today employs almost 1000 people and offers communication services to the wholesale, enterprise and consumer segments in South Africa. Neotel runs South Africa's first next generation network and the country's first CDMA network. During the course of 2011-12, Neotel had several major achievements including a 25% year on year growth in its revenues and turning profitable at the operating (EBITDA) level. Neotel increased its business customers by 92% to 2400 and retail customers by 100% to about 100,000.

Customer Satisfaction

In the highly competitive Indian and global telecom markets, one of the biggest sources of sustainable advantage is superior customer experience. Tata

Communications has made steady progress in this area, with the Company's customer satisfaction ratings in 2011-12 standing at the 87th percentile of the global peer set. The Company is making ongoing investments in improving systems and processes as well as in strengthening people training and a customer centric culture.

HUMAN RESOURCES

Tata Communications companies together employed 7954 people as on 31 March 2012 (7667 on 31 March, 2011). Of these, 2276 (2410 in the previous year) were located outside India. With people of about 40 nationalities on the rolls, the workforce profile is diverse and multicultural. The Company seeks to hire, train and retain the best talent available globally to enable efficient and effective performance in a competitive marketplace. At Tata Communications, employees are encouraged to live the vision and values adopted by the Company. The compensation and employee benefit practices of Tata Communications are designed to be competitive in the respective geographies where we operate. Employee relations continued to be harmonious at all our locations, through continuous dialogue and openness.

AWARDS AND RECOGNITION

The Company's transformational initiatives are being recognised in India and abroad. During the year, the Company earned several prestigious recognitions, including:

Awards from Analysts

- Hosted Contact Center Service Provider of the Year by Frost & Sullivan 2011 India IT & Telecom Excellence Awards
- Enterprise Data Service Provider of the Year by Frost & Sullivan 2011 India IT & Telecom Excellence Awards
- IPX+ framework is ranked third (tied) in innovation across all aspects of the wholesale telecom business, first in terms of go-to-market strategy in Ovum's Wholesale Innovation Analyzer 2011

Awards from Press and Industry

- Global Wholesale Telecommunications Award - Capacity Awards 2011; Best Global Offering
- Best Long Distance Operator (India) Tele.net Telecom Operator Awards 2011
- Best Wholesale International Telecom Asia Award 2011
- Best APAC Wholesale Ethernet Service, APAC 2011 - MEF Carrier Ethernet Service Provider Awards 2011
- Best Business Service, APAC 2011 - MEF Carrier Ethernet Service Provider Awards 2011
- APAC Service Provider of the Year 2011 (Ethernet and Telepresence) - Cisco Partner Summit 2011

CONTINUOUS IMPROVEMENT

In order to be able to respond quickly to customers, your Company continues with various initiatives to compete effectively, and to improve organisational flexibility and efficiency.

Business Excellence

Your Company has developed and deployed a Continuous Improvement methodology (QUICK), designed in partnership with Tata Quality Management Services, to serve as a model for continuous improvement.

Your Company continues to transform itself in tandem with market and regulatory changes, using the framework of the Tata Business Excellence Model (TBEM), which covers areas such as leadership, strategy, customer and market focus, knowledge management, human resources, process management, customer service and social responsibility. Your Company participated in the TBEM external assessment and crossed the score of 500 and bagged the Tata group award for active promotion of TBEM.

Your Company has received TL 9000 certification for Quality Management for three years, commencing 31 March 2010, for the India region and from 6 July 2011 for its Singapore office. Ten out of thirteen key office premises across India have received ISO 14001 certification for environment management on 1 April 2011 for a period of three years.

Our Global Managed Services Operations Centre (MSOC) at Chennai, all ten data centres in India and seven data centres at international locations (totalling seventeen) have received ISO 20000 and ISO 27001 certifications through until 26 March 2014.

Compliance with SOX

Pursuant to its listing on the New York Stock Exchange, Tata Communications has been complying with section 404 of the Sarbanes Oxley Act, 2002 (SOX). SOX sets forth requirements for internal control over financial reporting and its documentation. For the current fiscal year, in addition to the management's own assessment of the effectiveness of such internal control, the Company's external auditors are also required to issue an opinion on effectiveness of internal control over financial reporting in respect of all material aspects by the management.

Enterprise Risk Management

Your Company has established an enterprise-wide risk management (ERM) framework to optimise the identification and management of risks globally, as well as to comply with clause 49 of the listing agreement with Indian stock exchanges. In line with your Company's commitment to delivering sustainable value, this framework aims to provide an integrated and organised approach for evaluating and managing risks.

Risk-based Internal Audit

The risk assessments performed under the ERM exercise are a key input for the annual internal audit programme, which covers the Company's various businesses and functions. This approach provides adequate assurance to the management that the right areas are covered under the audit plan.

PENDING MATTERS OF SIGNIFICANCE

Premature Termination of Monopoly and Compensation

As reported earlier, the Government of India (GoI) had allowed other players into the International Long Distance (ILD) business from 1 April 2002, terminating the Company's exclusivity two years ahead of schedule. The GoI gave the Company a compensation package vide communication dated 7 September 2000; wherein, the GoI also gave an assurance that it would consider additional compensation, if found necessary, on a detailed review when undertaken.

However, vide its letter dated 18 January, 2002, issued just before the disinvestment of the Company, the GoI issued a further dispensation and unilaterally declared that the conditions stated in its said letter of 18 January 2002 were to be treated as full and final settlement of every sort of claim against the premature ILD de-monopolisation. The Company filed a claim in the Bombay High Court in 2005. The Bombay High Court, on 7 July, 2010, ruled that it did not have the jurisdiction to entertain this suit, in view of the provisions of the Telecom Regulatory Authority of India Act, 1997 (TRAI). Since the Company holds a different opinion, it has preferred an appeal before a division bench of the Bombay High Court on various grounds including that the compensation granted was in breach of promise from the Government, acting as a policy maker and not as a licensor under the Indian Telegraph Act as also the dispute did not relate to the provision of telecommunication services as envisioned under the TRAI and the suit was not under, pursuant to and consequent upon the license then granted to the Company. The appeal has been admitted by the Bombay High Court.

Surplus Land

Under the terms of the share purchase and shareholders' agreements (SHA) signed between the GoI and the strategic partner (the parties) at the time of disinvestment, it was agreed that certain identified lands would be demerged into a separate company. It was further provided that if, for any reason, the Company cannot hive off or demerge the land into a separate entity, alternative courses that were also stipulated in the SHA would be explored. A draft scheme of demerger was presented to the board in April 2005, which was forwarded to the GoI with the Board's observations. The Board / management have been exploring other alternatives also with the GoI and Panatone. The Company has been regularly following up the matter with the GoI and has addressed several communications to both GoI and Panatone highlighting the urgency for resolution and also the need for non-debt funding.

The land identified for demerger at different locations measured 773.13 acres, and carried a book value of ₹ 0.164 crores (USD 0.04 million). As reported earlier, the VSNL Employees Cooperative Housing Society, Chennai (society) had moved the Hon'ble Delhi High Court in respect of their long pending issue of the transfer of 32.5 acres of land situated at Padianallur, Chennai, which was part of the identified surplus land. According to the order of the Hon'ble High Court and as per the advice of the GoI, the process of transferring the said land to the Society was completed in July 2009. The strategic partner has written to the GoI to exclude the 32.5 acres of land so transferred to the society, from the 773.13 acres mentioned in the SHA as the land identified to be demerged. The current balance of surplus land is 740.63 acres having a book value of ₹ 0.163 crores (USD 0.04 million).

Minimum Public Shareholding

On 4 June 2010, the Central Government amended the Securities Contracts (Regulation) Rules, 1956 and inserted Rule 19A to the Securities Contracts (Regulation) Rules, 1957 ("SCRR"). Pursuant to the said amendment all listed companies (except public sector companies) are required to maintain a minimum threshold level of public holding to the extent of 25% within a period of 3 years from the commencement of the Securities Contracts (Regulation) (Amendment) Rules, 2010, i.e. before 3 June 2013. This provision was incorporated in the Listing Agreement by inserting Clause 40A in the Listing Agreement.

Under the present regulations, the 'public shareholding' as referred to under SCRR and Listing Agreement excludes the shares held by the promoters and promoter group as well as the equity shares held by custodian against depositary receipts issued overseas. The public shareholding of the Company for the purpose of SCRR and the Listing Agreement is about 17.69% which is below the required level of 25%. The Company is in discussion with the promoters, the Stock Exchanges and the Securities and Exchange Board of India (SEBI) to decide on the course to become compliant with the minimum public shareholding requirement of SCRR and the Listing Agreement.

STATUTORY INFORMATION AND DISCLOSURES

Fixed Deposits

The Company has not accepted nor does it hold any public deposits.

Non-convertible Debentures (NCDs)

The Company had ₹1150 crores (USD 225.98 million) of outstanding NCDs as on 31 March 2012. The trust deeds for the debentures issued by the Company will be available for the inspection by the members at the Company's registered office during normal working hours, 21 days before the date of the 26th Annual General Meeting.

The Company redeemed long term secured and unsecured debentures amounting to ₹800 crores (USD 157.20 million) in 2011-12. All debentures issued by the Company were rated AA+.

Particulars of Employees

The provisions of Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, require the Company to provide certain details about the employees who were in receipt of remuneration of not less than ₹0.60 crores (USD 0.13 million) during the year ended 31 March 2012 or not less than ₹0.05 crores (USD 0.01 million) per month, during any part of the said year.

The Company had 53 such employees employed during the year ended 31 March 2012. According to the provisions of section 219(1)(b)(iv) of the Companies Act, 1956, the Directors' Report being sent to the shareholders does not include this annexure. The Annexure regarding the Particulars of Employees under section 217(2A) of the Companies Act, 1956 will be available for inspection by any member at the registered office of the Company during working hours, for 21 days before the date of the AGM.

R & D, Technology Absorption and Foreign Exchange Earnings

The Company has invested in developing new products and services adopting latest technologies such as content delivery network (CDN), cloud computing, telepresence and wimax. There are no particulars to be disclosed pertaining to the year under review, in respect of expenditure on Research & Development (R&D) and technology absorption as required under Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988. For the purpose of Form 'C' under the said rules, foreign exchange earnings were equivalent to ₹1036.72crores (USD 203.72 million) and foreign exchange outgo was equivalent to ₹531.96 crores (USD 104.53 million).

Auditors' Report

There are no qualifications in the report of the statutory auditors for the year 2011-12.

Subsidiaries

The statement pursuant to section 212 of the Companies Act, 1956 containing details of the Company's subsidiaries, forms part of the Annual Report. The consolidated financial statements of the Company and its subsidiaries, prepared in accordance with accounting standard 21 (AS 21) prescribed by the Institute of Chartered Accountants of India, form part of the annual report and accounts.

The accounts statements of the subsidiaries will be provided on request to any shareholder wishing to have a copy, on receipt of such request addressed to the deputy company secretary at the Company's registered office.

These documents will also be available for inspection by any shareholder at the Company's registered office and will be available on the Company's website.

The Board of Directors

The board of directors of the Company at present consists of 11 directors.

In accordance with the provisions of the Companies Act, 1956 and the Company's Articles of Association, Mr. Amal Ganguli, Mr. S Ramadorai and Dr. Ashok Jhunjhunwala retire by rotation at the ensuing annual general meeting and being eligible, offer themselves for reappointment.

None of the Company's directors is disqualified from being appointed as a director as specified in Section 274 of the Companies Act, 1956 as amended by the Companies (Amendment) Act, 2000. For details about the directors, please refer to point 2 of the Report on Corporate Governance.

Corporate Governance

Pursuant to Clause 49 of the listing agreement with the stock exchanges, the Management Discussion and Analysis, Corporate Governance Report and Auditors' Certificate regarding compliance with conditions of corporate governance form part of the directors' report.

Looking Ahead

In the coming years, your Company will continue to focus on its strategy of providing communication solutions and IT infrastructure services to service providers and enterprise customers, in India and globally, with a focus on developing differentiated capabilities in emerging new markets. It is expected that the demand for the Company's services will remain strong, but we will continue to face increased competition and pressure on pricing and margins.

Your Company will have to manage a two-pronged strategy of driving revenue growth from new markets and services, while continuing to improve the cost structure of its operations. It is expected that your Company will show improving financial performance, based on the strength of demand for communication services in our globally connected world and based on the ability to leverage the sound investments made over the past several years.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 217(2AA) of the Companies Act, 1956, the directors, based on the representations received from the operating management, confirm that:

- In the preparation of the annual accounts, the applicable accounting standards have been followed and there are no material departures;
- They have consulted the Statutory Auditors in the selection of the accounting policies and have applied them consistently and made judgements 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 of the Company for that period;
- They have taken proper and sufficient care, to the best of their knowledge and ability, for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- They have prepared the annual accounts on a going concern basis.
- All Board members and senior management personnel have affirmed compliance with the stipulated code of conduct.

ACKNOWLEDGMENTS

The directors would like to express their thanks to all our valued customers, vendors and other business associates around the world for their support and confidence in the Company and its services. The directors also recognise, commend and thank all the employees globally for their dedication and commitment. The directors appreciate the support of various ministries and departments of the Government of India, including the Department of Telecommunications and the Information & Broadcasting Ministry as well as the governments and regulators of the various countries in which Tata Communications operates. The directors are also grateful to the Company's other stakeholders and partners including its shareholders, promoters (strategic partner and GoI), bankers and solicitors for their continued support.

On behalf of the Board of Directors

Subodh Bhargava
Chairman

Dated: 21 May 2012

Registered Office:
VSB, MG Road, Fort,
Mumbai – 400001.

ANNEXURE 1: MANAGEMENT DISCUSSION AND ANALYSIS

Macro Economic Situation

During the year under review, the global economy recovered slightly from the crisis of the previous year, with business spending on IT and Communications growing by a global average of roughly 3%. While the developed markets, especially in Europe showed weakness in their domestic economies, large multi-national companies from these countries, posted improvement in earnings, largely due to their expansion into emerging markets.

Telecom Industry Situation

The telecom industry continued to see surge in demand, largely due to growth of broadband internet access, increasing proliferation of smart mobile devices and the growth of video traffic on consumer and business networks. However, the growth in traffic continues to face the countervailing pressure of severe price erosion, especially for basic voice and connectivity services. This has been further exacerbated by competition from next generation service providers. The industry also witnessed consolidation, especially amongst B2B space.

Global Telecom Market

The global telecom market grew by more than 6% year on year in 2011-12 to USD 2,146 billion. Telecom services accounted for ~79% of the total market while mobile devices accounted for ~12% and telecom infrastructure was ~9%. Despite the healthy growth in 2011-12, the total telecom market is expected to grow at a CAGR of ~2% over the next five years. The slow rate of growth is largely due to the on-going economic concerns. In 2011-12 the Company's addressable market in voice witnessed slight decline because of declining call rates while the data market showed healthy growth. In future we expect the Company's addressable market to continue to grow at a healthy pace.

Indian Telecom Market

The Indian telecom market grew to ₹170,854 crores (USD 34 billion) in 2011-12, with the addressable market for Tata Communications being ₹64,925 crores (USD 13 billion). The major factors driving growth in the Indian market are increased penetration of mobile services, growth in consumer broadband services and increased adoption of network services by Indian businesses. In the financial year 2011-12, the Indian International Long Distance (ILD) voice market had eight major operators and a total market size of 73 billion minutes (including both incoming and outgoing), of which your Company's market share was ~20%. The country's National Long Distance (NLD) voice market size was 311 billion minutes during the year and consisted of 11 major operators. Your Company's share in NLD market was ~3%. The Indian enterprise data market size was ₹7,209 crores in financial year 2011-12, with your Company having ~20% market share. Your Company also had ~20% market share in the ₹2,008 crore Indian data centre market.

Company Segmentation

Being largely a B2B (business-to-business) player, your Company serves two segments of customers: service providers and enterprise customers.

In the service provider segment, your Company provides an integrated set of services including wholesale voice, domestic and international data connectivity, Internet backbone connectivity (also known as IP transit), value-added roaming services for mobile operators and carrier-specific business process outsourcing services.

In the enterprise segment, your Company principally offers a comprehensive suite of connectivity, IT infrastructure and managed communication solutions for businesses seeking voice, data and video connectivity between their distributed offices, within India or globally. These services are aimed at improving the operational efficiencies of business through the adoption of latest networking and IT technologies, on a managed solutions basis. Your Company continues to build industry specific solutions, with a current focus on Banking & Financial Services industry and the Media and Entertainment industry.

SEGMENTWISE PERFORMANCE

The Company classifies its operations into three main business segments – Global Voice Solutions, Global Data and Managed Services and Neotel (its subsidiary in South Africa).

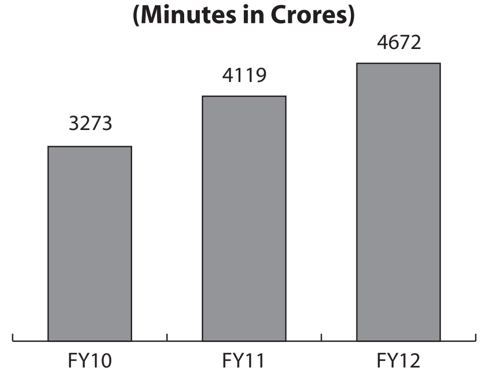
Global Voice Solutions

International Long Distance (ILD)

Tata Communications remains the leading provider of international wholesale voice communication services globally, with over 1600 direct and bilateral relationships with leading international voice telecommunication providers.

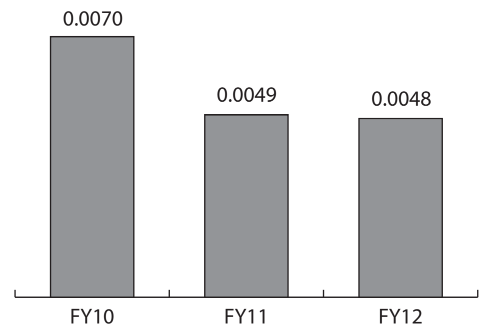
During 2011-12, the Company handled 4672 crore minutes of international voice traffic globally, a growth of 13.41% over the previous year. Traffic to and from India has grown from about 1306 crore minutes in 2010-11 to about 1744 crore minutes in the year. The Company believes that its scale, reach, innovative solutions, expertise and strong business relationships give it the required edge to compete in this space. This enabled your Company to maintain its gross margins or net revenue per minute (NRPM) in 2011-12 in spite of declining revenue trends in the industry.

Global Voice Traffic Handled (Minutes in Crores)



During the past year, the company was successful in acquiring more traffic directly from mobile operators and next-generation service providers. This helped counter the decline in overall market prices in the wholesale space. The Company continues to grow its leadership position in the wholesale international voice business while maintaining focus on margins and cash flows from this mature business.

ILD NRPM IN USD



NRPM – Net Revenue Per Minute; ILD – International Long Distance

The Company is also capitalising on the growing trend of outsourcing by telecom operators to manage their international voice services. The Company offers innovative and flexible solutions like infrastructure sharing, customised distribution models, traffic management, destination management and traffic aggregation to answer various challenges faced by telecom operators.

National Long Distance (NLD)

Increased mobile penetration has resulted in significant growth in the NLD traffic within India. However, greater competition through the issue of new NLD licences, along with other regulatory initiatives, has reduced the gap between NLD and local tariffs. The Company's NLD traffic has decreased from 1039 crore minutes in 2010-11 to 855 crore minutes in 2011-12. Further, the contribution of Net Revenues from the India NLD business declined from ₹213 crores to ₹132 crores, due to the steep price erosion in this area.

Global Data and Managed Services

Carrier Data

Tata Communications is one of the world's leading wholesale provider of data, IP and mobile signalling services. The Company leverages its global submarine cable network and global points of presence (POPs) to provide high-speed bandwidth connectivity to other telecom operators and Internet Service Providers (ISPs) worldwide. During the past year, the

Company upgraded capacity on all routes, by a cumulative 1333 Gigabits. The Company also announced the completion of two major cable projects – TGN-Eurasia, connecting India to Europe and TGN-Gulf, connecting five Middle Eastern countries to the Company's global network. TGN-Eurasia also completes Tata Communications' fully-owned fiber ring around the world, making it the only player in the world with this unique competitive capability. Tata Communications is one of the world's leading carriers of Internet traffic and is a global Tier 1 IP provider with an over four Terabit per second (Tbps) meshed network built on 10G backbones. Traffic on the IP-transit network grew by 33.3% over the past year.

Tata Communications is also a leading provider of mobile signalling services to mobile operators worldwide. Its offerings include signalling conversion and managed roaming services. During the past year, the Company introduced services to enable Mobile Operators to interconnect with each other and with application stores through the latest Internetwork Packet Exchange (IPX) standards.

Enterprise Data

Tata Communications offers a full range of customised and managed communication solutions tailored to the needs of enterprise customers. In addition to international and national private leased circuits (IPLCs and NPLCs), the Company offers Virtual Private Networks and associated managed services, Ethernet services, Internet access, managed hosting, cloud-based services etc. The Company also provides other value-added offerings such as collaboration and conferencing services, managed security services, and other professional services.

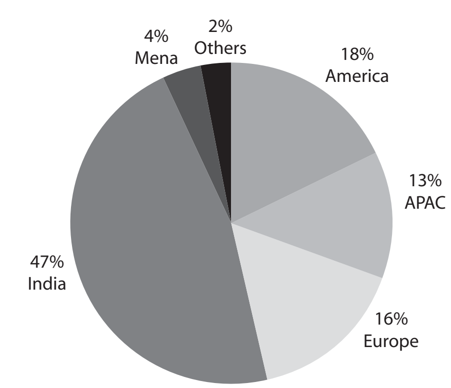
The Company continues to expand the reach of its services by directly entering select new markets, as well as through partnerships with regional / local operators and also offers its services through indirect channels catering to small and medium enterprises in India and some select international markets.

Tata Communications is one of the largest players in the data centre business in India, with facilities in many of the major commercial centres. The Company also provides data center services around the world, with the key countries being USA, UK and Singapore.

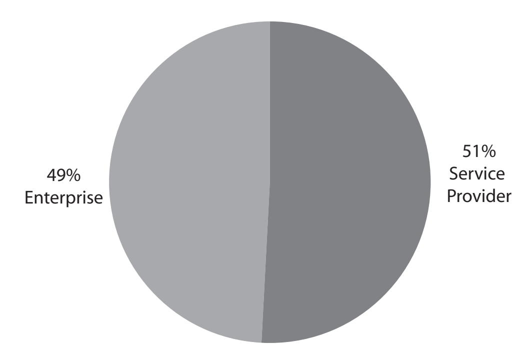
The Company is a leading provider of collaboration services like managed telepresence for large and medium sized businesses. This service provides "virtual meetings" using simple and life-like telepresence endpoints, which provide enhanced collaboration across global companies and markets, reducing travel and raising productivity. In order to encourage greater use of the service, Tata Communications had launched public, pay-per-use telepresence rooms. Tata Communications currently manages 41 telepresence public rooms around the world, up from 32 last year. The Company also provides a standalone global telepresence exchange service that enables telepresence rooms to be interconnected regardless of the network or service provider they belong to.

Tata Communications Banking InfraSolutions Limited (TCBIL) is a 100% subsidiary of the Company, providing electronic payment and managed ATM services to both public and private banks in India.

GLOBAL DATA REVENUES BY GEOGRAPHY



GLOBAL DATA REVENUES BY SEGMENT



During the last year, TCBIL reached the milestone of managing over 10,000 ATMs, making it one of the largest player in this growing market in India.

The Company offers customized network solutions to the Media and Entertainment industry. During the course of the last year, the Company has delivered 50 additional channels and supported 31 events globally through its Video Connect offering.

ORGANISATIONAL RESTRUCTURING

Consolidating Subsidiaries

The Company had six direct and 38 indirect subsidiaries as on 31 March 2012. As reported earlier, a process had been initiated to reduce this number to the extent feasible, through appropriate restructuring. The aim is to have no more than one operating entity in each country subject to regulatory and business needs.

Global Structure

Tata Communications has structured itself into global business units and global shared service functions, to enable it to operate optimally in its different customer segments and markets spread across the world.

Several initiatives are being implemented within the framework of this structure to improve customer experience, define and create a common company culture, tighten corporate identity and branding and implement the next generation network architecture for converged services, and enhance operating efficiency in other respects.

Corporate Sustainability Initiatives

Tata Communications believes in the need to enhance the quality of life of people and to serve the communities where it operates. As a member of the Tata Council for Community Initiatives, the Company has been constantly learning from group initiatives and improving its processes and policies to serve society better. The Company's principles of corporate sustainability are based on the premises of creating sustainable value for enhancing, human, social, natural and economic capital. It lays great importance on being accountable to all its stakeholders. As part of the TAAP (Tata Affirmative Action Programme) initiatives, aimed at providing support to the marginalized sections of the community, Tata Communications implemented several programmes addressing three major drivers of social equilibrium: education, employability and entrepreneurship development. Empowering people at the base of the pyramid with education, employment and entrepreneurship will lead to augmenting the purchasing power in the hands of the millions and create a win-win situation where the business can flourish alongside thriving and prospering neighbourhoods.

Entrepreneurship: In partnership with Entrepreneurship Development Institute of India (EDII), Ahmedabad the Company has been running a successful entrepreneurship development model called micro-EDP (Entrepreneurship Development Programme) since 2008-09. This is a unique programme wherein potential entrepreneurs from the scheduled castes and scheduled tribes (SC/ST) communities are trained to become successful entrepreneurs at a micro level.

During the year 2011-12, four EDPs were conducted at Chennai, Delhi, Kolkata and Mumbai. A total of 118 socially and economically under-privileged candidates have successfully completed the training in these EDPs. Out of them, 63 candidates have already started their own micro-enterprises by 31 March 2012.

Employability: The objective is to enhance employability by training as many youths and women from the SC/ST communities as possible in fields like computer hardware and networking, web designing, Tally, desktop publishing, mobile tower maintenance, mobile phone repairing etc. so that they are either gainfully employed (wage employment) or self-employed. Such training is done through partnerships with NGOs and efforts are also made to ensure that maximum number of such trained people get employed/start earning.

During the year 2011-12, Company provided vocational training in IT related skills to 980 socio-economically disadvantaged youth, making them employable. As on 31 March 2012, more than 50% of them have already been gainfully employed.

Educational assistance: During the year 2011-12 the Company supported socio-economically disadvantaged students in pursuing their higher education. The approach was two-fold: to stop drop-outs of SC/ST students and to enhance their academic ability qualitatively. In partnership with Foundation for Academic Excellence & Achievement (FAEA, New Delhi) and Sardar Patel College of Engineering (SPCE), Mumbai, the Company supported around 150 engineering students in their academic endeavours. This includes sustainability support scholarships to students and remedial coaching in various subjects.

The Company encourages a culture of volunteering to contribute to socio-economic development. During the year, employee volunteers have participated in many socially useful activities including organizing events at slums and orphanages, teaching blind students, participating in blood donation camps and caring for mentally challenged children etc. The Company is sensitive towards environmental and ecological concerns arising out of its operations. Carbon footprint mapping and reduction are an important part of the business agenda of the Company. The Company believes in "green" IT infrastructures and is constantly improving its data centres and operations to become more and more energy efficient. All the major establishments of the Company in India are ISO14001 compliant.

Management of Business Ethics (MBE)

The Company aims to be recognized in a sustained manner for being ethical and value driven in all its endeavours. It actively promotes demonstration of this behaviour by its employees and other stakeholders through a series of activities and processes within the framework of the Tata Code of Conduct. The Company has put in place the necessary structures and processes, to implement and improve ethical standards and practices in the organization. All new recruits are provided an overview of the Tata Code of Conduct and the Company's Whistleblower Policy as part of their induction process. To internalize the code of conduct and sustain the momentum, the Company conducts employee seminars, compliance training and ethics awareness workshops at frequent intervals. During the course of last year, the Company ran a major campaign to get all employees re-certified for the Tata Code of Conduct. Relevant personnel are also provided training on compliance with the Foreign Corrupt Practices Act (FCPA) of the US with which the Company must comply by virtue of its US listing. The Company understands that a strong commitment to ethics is critical to the long term success of business and believes that any success not achieved ethically is no success at all. In order to inculcate the ethical value system deep into the minds of the employees, the Company has launched a Web Based Training Module on the Tata Code of Conduct available to all its employees globally. It has helped to create a better understanding and awareness about our value system among our global workforce.

REGULATORY DEVELOPMENTS

On 31 May 2011, the DoT issued an amendment to the licensing conditions, doing away with the requirement of obtaining security clearance before placing purchase orders for telecom equipment. Network security has now been made the responsibility of the service providers, for which the DoT has prescribed the requisite measures; the Company is taking all the steps outlined.

The Government of India approved on 31 May 2012, a new Telecom Policy aiming to boost transparency and revive growth in the Indian telecom industry. The Company expects that when implemented, the new telecom policy will be helpful to the telecom operators to serve their customers better.

The regulatory scenario in other geographies across the world, where your Company operates through its subsidiaries, did not see any major policy changes impacting the Company's business.

RISKS AND CONCERNS

Like all businesses, Tata Communications is exposed to certain risks and concerns in the course of its business:

Price Reductions

Reductions in prices for communications services, both voice and data, in India and worldwide, have had and are expected to continue to have an adverse effect. It is likely that the prices for communications services will generally continue to decrease as competition increases, as capacity is augmented, and disruptive technologies are introduced. The recent economic downturn globally has led to a slowdown in customer uptake and put increasing downward pressure on prices as customers seek to reduce costs.

Key Customers – Service Providers

Business with other carriers and service providers represents a large proportion of the Company's total business. Several carriers that the Company does business with, have in the recent past suffered from reduced profit margins and other significant financial pressures. Market restructuring through acquisitions and mergers or through carriers exiting the international wholesale business continues. This could lead to realignment among the various players in the industry. Some of these changes could negatively impact the Company's business. Further, if any of the major carriers that the Company does business with encounters sudden financial difficulties or files for bankruptcy, the Company may be unable to recover amounts due to it.

Technology Risk

Technology is continuously changing in the telecommunications industry, and service providers need to ensure that they are constantly bringing new services and technologies to market in order to be able to compete effectively. The Company continuously develops, tests and introduces new communications services so that it can compete for new customers and in new segments of the communications business.

Sometimes, the introduction of new services has dependencies on external vendors. If the Company is not able to complete successfully the development and introduction of new services, including new managed services, in a timely manner, the business could be adversely affected. Intellectual property management and protection is becoming increasingly important in global businesses. It is important to be able to source, either through internal development, or acquisition or licensing, the necessary intellectual property rights on a cost-effective basis to maintain and grow operations. In addition, the Company must be vigilant in protecting its own intellectual property rights through appropriate filings and other actions under patent, copyright, trademark and trade secret laws in various jurisdictions worldwide. Any impediment in this process could harm the business.

Operating Risks

The Company must be able continuously to increase the traffic of voice, Internet, data, and video transmissions on its global network in order to realize the anticipated cash flow, operating efficiencies and cost benefits of this network, particularly since certain of the costs (such as repairs and maintenance) are fixed. Any one of several factors could adversely impact ongoing operations, including:

- The technical infrastructure is vulnerable to damage, interruptions or failures which may result in reduced traffic and consequently revenues and cause harm to the Company's reputation because of failure in fulfilling commitments under significant contracts.
- Inability to hire and retain an adequate number of qualified personnel or to source the right equipment and technology.
- Acquisitions have been key to the Company's growth and successful integration of acquired businesses is important to realize the full value of investments made.
- The operations are global and any terrorist activities or other acts of violence or war that impact business continuity, would adversely affect results.

Lack of End-Customer Ownership

In the long distance voice business in India, Tata Communications is a wholesale operator and does not have an access licence. The Company is dependent on access providers to route National Long Distance and International Long Distance calls of their customers through the Company's networks. This inherent nature of the business poses some risk. Several of these access operators in India have taken NLD and ILD licences and started operations as competitors in the long distance and other markets, thus shrinking the addressable market.

The Tata group company, Tata Teleservices Ltd. (in which the Company has an equity stake) and its subsidiary Tata Teleservices (Maharashtra) Ltd. (together called TTL) hold access licences in almost all the telecom circles in India. The Company and TTL have been working together to leverage each other's strengths. However, these efforts may not provide the desired results.

Regulatory Environment

The Company has interests in a large number of countries and territorial waters throughout the world and must comply with an extensive range of requirements that are meant to regulate and supervise the licensing, construction and operation of telecommunications networks and services. These requirements are likely to increase with further overseas expansion. In particular, there are agencies which regulate and supervise the allocation of frequency spectrum and which monitor and enforce regulation and competition laws that apply to the telecommunications industry. Legal and regulatory decisions and changes in the regulatory environment in the jurisdictions in which the Company does business could have adverse effects.

The tariffs charged by telecommunication service providers in India are subject to TRAI regulations. The Company periodically renegotiates interconnect agreements with various domestic mobile service operators and basic telecom service providers and settlement rates with international carriers, resulting in the revision of rates from time to time depending on market conditions. Such revisions could be adverse and have a material effect on Tata Communications' operations and financial condition.

Funding

The Company has made, and will continue to need, capital investments in new telecommunications projects, which may stretch liquidity and create execution risks. Operations and profitability may be adversely affected if the funding required for the plans is relatively more expensive or delayed.

As of 31 March 2012, the outstanding principal amount of debt was approximately ₹1357.29 crores (USD 266.71 million) for the Company on a standalone basis and ₹8052.56 crores (USD 1582.35 million) (excluding Neotel) on a consolidated basis. Considering the current capital expenditure requirements, the Company may need to resort to additional debt financing and working capital lines of credit as the possibility of raising equity funding is limited at this juncture. This may increase the debt servicing obligations. In the long run, unless the Company is able to explore equity funding in the near future, its ability to raise additional debt funding may be restricted. This, in turn, could adversely affect the capital expenditure programme in the long run. The weakening of the rupee against the dollar will have an adverse effect on the cost of foreign currency indebtedness in India.

Changing Economic Conditions

Downturns in the Indian, regional and global economies could have a material adverse effect on the Company's business prospects. Tata Communications' operations and investments as well as rights to undersea cable capacity extending to other countries, exposes the Company to risks inherent in international operations. These include:

- General economic, social and political conditions;
- The difficulty of enforcing agreements and collecting receivables through certain foreign legal systems;
- Foreign currency exchange rate fluctuations, which could adversely affect the results of operations and the value of international assets and investments, although the Company partially hedges its foreign exchange risk;
- Foreign earnings may be subject to withholding tax requirements or the imposition of tariffs, exchange controls or other restrictions;
- Difficulties in obtaining licences or interconnection arrangements on acceptable terms.

Key Disputes and Litigation

Over the past fiscal years, the Company has made certain tax holiday and expense claims based on its understanding of the tax laws, as reinforced by legal precedent and advice received from external tax counsel. In some cases, the Indian Tax Authorities have not accepted the claims and in a few instances have levied penalties. The disallowances/penalties have been challenged under the applicable legal provisions. The appeals, are at various stages of adjudication. If all of the disputes were to be decided against the Company, this could have adverse financial implications.

TDSAT

As reported earlier, in the year 2005, the Company along with several other service providers had challenged before Telecom Disputes Settlement & Appellate Tribunal (TDSAT), the definition of "gross revenue" and "adjusted gross revenue" (AGR) as applied by the DoT for levying licence fees, as being unfair and beyond the scope and powers of the DoT.

The final verdict was rendered by the TDSAT on 30 August 2007, broadly in line with several of the contentions of the Company. However the industry and the Company are not satisfied on two issues, viz. (i) the date of applicability of the TDSAT verdict, which according to the Company should be the date from which the licence fee based on a revenue sharing regime came into effect, and not from the date of filing the petition in TDSAT (May, 2005 in the case of the Company) as ordered by the TDSAT and (ii) deductibility of charges passed on to other service providers for leasing bandwidth, port charges, etc., which was disallowed by TDSAT. The Company and also several other telecom operators have challenged TDSAT's order of 30 August 2007 on the above two issues in the Supreme Court of India. As reported earlier, the DoT has also filed an appeal in the apex court against the judgement of the TDSAT.

Both the appeals are pending and this matter is subjudice. The Company had also separately filed a petition in the TDSAT in the matter of applicability of penal provisions under the international and national long distance licence agreements in respect of the charging of penalty and interest on penalty. The TDSAT, by its judgment of 11 February 2010, has allowed the petitions filed by the Company, striking down the clause imposing penalty. As a consequence, the Company became entitled to a refund of ₹115.73 crores (USD 25.98 million), the penalty realised by the DOT in January 2008 and interest thereon. On filing of the execution petition in TDSAT in January 2012, TDSAT has passed the order in May 2012 directing DOT to refund ₹115.73 crores along with interest. Accordingly, DOT has refunded to the company an amount of ₹226.23 crores (₹115.73 crores plus interest) in June 2012.

International Operations

A large part of the Company's consolidated revenues are generated through its operations in international markets. Integrating acquisitions and managing operations in diverse international locations is very critical to the success of Tata Communications' business plans.

A list of additional "risk factors" which could impact the business of the Company and its profitability are more fully set forth in the Company's Form 20-F, which is filed annually with the U.S. Securities and Exchange Commission and can be found at the following web link: <http://secfilings.nyse.com/files.php?symbol= TCL>.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

Tata Communications has a well-developed internal control system and has also implemented a SAP system for Enterprise Resource Planning. Internal control systems including those for the newly acquired businesses are continuously reviewed and improved. The financial authority at various management levels is clearly defined in the delegation of powers. Technical and financial operations are controlled by state-of-the-art technology and systems. The accounts of the Company are subjected to internal and statutory audit.

CAUTIONARY STATEMENT

Statements in the directors' report and management discussion and analysis describing the Company's objectives, projections, estimates and expectations may be 'forward-looking statements' within the meaning of applicable securities laws and regulations. Actual results could differ substantially or 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 and overseas markets in which the Company operates, changes in government regulations, policies, tax laws and other incidental factors. Further, the Company retains the flexibility to respond to fast-changing market conditions and business imperatives. Therefore, the Company may need to change any of the plans and projections that may have been outlined in this report, depending on market conditions.

REPORT ON CORPORATE GOVERNANCE FOR THE YEAR 2011-12

(In accordance with clause 49 of the listing agreement with Indian stock exchanges)

Corporate governance is about promoting corporate fairness, transparency and accountability. The corporate governance structure specifies the distribution of rights and responsibilities of the board, managers, shareholders and other stakeholders, and spells out the rules and procedures for making decisions on corporate affairs.

1. CORPORATE GOVERNANCE PHILOSOPHY AND PRACTICE

The Company as a Tata Company follows fair, transparent and ethical governance practices. The Company has adopted a Code of Conduct based on the Tata Code of Conduct for its employees including the Managing Director, as also a Code of Conduct for its Non-Executive Directors. Both these Codes are available on the Company's website.

The Company believes that, though total business risk elimination is not possible, it can be minimized by consistently developing and following the best practices of Corporate Governance. To this end, the Company focuses on developing and implementing higher standards of accountability to enable optimum returns to all stakeholders. The Company is installing new state-of-the art systems including integrated financial accounting and budgeting systems and a systematic process of training and development which enhances the quality of its personnel.

The Company's operations and accounts are audited at three levels: an internal audit; a statutory audit by an Indian accounting firm under Indian accounting requirements and their restatement as per the US GAAP by an internationally recognized accounting firm. The Company is in compliance with the requirements of the revised guidelines on corporate governance stipulated under Clause 49 of the Listing Agreements with the Stock Exchanges in India. Besides, the Company, being listed on the New York Stock Exchange, has an obligation to comply with the stringent rules and regulations of the Sarbanes-Oxley Act, 2002 (SOX). The Company believes that achieving SOX compliance will, inter-alia, further enhance its financial reporting structure.

The Company communicates regularly with its shareholders through bulletins, presentations and meetings with analysts and investors.

2. BOARD OF DIRECTORS

The Company is managed exclusively by and under the directions of the Board. The composition of the Board is governed by the applicable laws and regulations and the Articles of Association of the Company. The powers delegated by the Board to the Managing Director and by the Managing Director to the subordinate officers are documented in the Delegation of Powers (DoP). The DoP is reviewed periodically.

Ten out of eleven directors are non-executive directors, forming more than half of the total number of directors.

The Company has three independent directors and one executive director.

As reported to the Indian Stock Exchanges, the Company has as its Chairman a non-executive director (Independent Director) and hence as per Clause 49(IA) of the Listing Agreement at least one-third of the Board should comprise of independent directors. In

February 2002, when the Government of India transferred 25% of its stake in the Company to the Strategic Partner, a Shareholders Agreement and a Share Purchase Agreement were signed and the said agreements sets forth the rights of the Strategic Partner and the Government to nominate directors on the Board of the Company. The relevant clauses from the agreements were incorporated in the Memorandum and Articles of Association of the Company. Under the Articles of Association and in accordance with the agreements referred above, the Board is to be comprised of 12 directors, four of which must be independent directors and the Government and the Strategic Partner are entitled to recommend two independent directors each.

As on the date of this Report, the Board comprised of 11 directors out of which three were independent directors thus falling below the stipulated requirement of having one third of the directors as independent directors. Two out of the three independent directors on the Board were recommended by the Strategic Partner and the remaining one independent director was recommended by the Government. Since June 2011, the Government is in the process of recommending the name of the other independent director. The Company has been requesting the Government time and again to recommend the name of one more independent director. The Government vide its letter dated 27 April 2012 has intimated that the process for recommending the name of another independent director is being pursued vigorously for completing formalities to obtain approvals within the Government.

The Company is awaiting recommendation of a name from the Government for appointment as independent director on the Board of the Company. Till such time the recommendation of name of one more independent director is received from the Government and the Board appoints one more independent director, the Company would not be compliant with Clause 49(IA)(ii) of the Listing Agreement i.e. to have one third of the directors as independent directors.

None of the directors hold directorships in more than the permissible number of companies under the applicable provisions. Similarly, none of the directors on the board's sub-committees hold membership of more than ten committees of boards, nor is any director a chairman of more than five committees of boards.

Mr. PV Kalyanasundaram, who was indicated by the Government of India and appointed as an independent director, ceased to be a director w.e.f 20 May 2011. Dr. V.R.S Sampath, who was indicated by the Government of India and appointed as an independent director, ceased to be a director w.e.f 2 June 2011. On the recommendation of the government, the board has appointed Mr. Uday B. Desai as an independent director w.e.f. 6 June 2011. W.e.f 9 August 2011, Mr. AK Mittal, Senior Deputy Director General (AS), DoT was appointed as a government nominee director in place of Mr. AK Srivastava, then Deputy Director General (AS); and Mr. Saurabh Tiwari, Deputy Director General (LF.II), DoT was appointed as a government nominee director in place of Mr. Shahbaz Ali.

The names and categories of the directors on the board, their attendance at board meetings during the year and at the last annual general meeting, and the number of directorships and committee memberships held by them in other companies as of 31 March 2012 (with Directorships updated as of 15 June 2012) are given below:

Name	Category	Board Meetings during the tenure from 1 April 2011 till 31 March 2012		Attendance at the last AGM (11 Oct 2011)	No. of Directorships in Indian Public Companies including Tata Communications Ltd.		No. of Committee Positions held in Public Companies including Tata Communications Ltd.		No. of Shares held as on 31 March 2012
		Held	Attended		Chairman	Member	Chairman	Member	
Directors in Office (as on 15 June 2012)									
Mr. Subodh Bhargava [Chairman]	Independent Non Executive	12	12	Yes	2	7	2	4	NIL
Mr. Vinod Kumar MD & Group CEO	Not Independent Executive	12	12	Yes	NIL	1	NIL	NIL	NIL
Mr. N. Srinath	Not Independent Non Executive	12	11	Yes	NIL	6	NIL	2	NIL
Mr. Kishor A. Chaukar	Not Independent Non Executive	12	11	Yes	4	11	1	6	NIL
Mr. Amal Ganguli	Independent Non Executive	12	10	Yes	NIL	11	6	4	NIL
Mr. S. Ramadorai	Not Independent Non Executive	12	5	Yes	8	6	4	6	NIL
Mr. Arun Gandhi	Not Independent Non Executive	12	6	No	NIL	11	2	4	NIL
Dr. Ashok Jhunjhunwala	Not Independent Non Executive	12	11	Yes	NIL	7	1	4	NIL
Dr. Uday B Desai [w.e.f. 6 June 2011]	Independent Non Executive	8	8	Yes	NIL	1	NIL	2	NIL
Mr. AK Mittal [1] [w.e.f. 9 August 2011]	Not Independent Non Executive	8	2	No	NIL	1	NIL	1	NIL
Mr. Saurabh Tiwari [1] [w.e.f. 9 August 2011]	Not Independent Non Executive	8	6	Yes	NIL	1	NIL	1	NIL
Directors who ceased to be Directors during 1 April 2011 till 31 March 2012									
Mr. Shahbaz Ali [1] [till 9 August 2011]	Not Independent Non Executive	5	3	NA	NA	NA	NA	NA	NA
Mr. AK Srivastava[1] [till 9 August 2011]	Not Independent Non Executive	5	0	NA	NA	NA	NA	NA	NA
Mr. PV Kalyanasundaram [till 20 May 2011]	Independent Non Executive	3	0	NA	NA	NA	NA	NA	NA
Dr. VRS Sampath [till 2 June 2011]	Independent Non Executive	4	2	NA	NA	NA	NA	NA	NA

[1] Nominee director of the Government of India.

Notes :

(a) None of the directors is related to any other director.

(b) None of the directors has any business relationship with the Company

(c) None of the directors received any loans and advances from the Company during the year.

(d) The information as required under Annexure IA to Clause 49 is being made available to the board.

(e) Apart from Directors' Remuneration and sitting fees, the Company did not have any pecuniary relationship or transactions with non-executive directors during 2011-12.

(f) The detailed resume of each director and the details of the directors proposed to be appointed / reappointed at the 26th Annual General Meeting are published elsewhere in the annual report.

(g) The gap between two board meetings did not exceed four months. The dates on which the 12 board meetings were held are as follows:

7/8 Apr 2011	27-Apr-11	21-May-11	29-May-11
09-Aug-11	30-Aug-11	11-Oct-11	09-Nov-11
12/13 Dec 2011	25-Jan-12	01-Mar-12	26/27 Mar 12

3. AUDIT COMMITTEE

The audit committee consists of four members. The Chairman of the committee is Mr. Amal Ganguli, an independent director, who is Fellow of the Institute of Chartered Accountants in England and Wales, Fellow of Institute of Chartered Accountants of India, Member of New Delhi Chapter of Institute of Internal Auditors, Florida, USA. Mr. Amal Ganguli has been the Chairman of the Audit Committee since 19 October 2006.

The other members of the committee are Mr. Subodh Bhargava, Independent Director, Dr. Uday B Desai, Independent Director and Mr. Saurabh Tiwari, Government Nominee Director. Mr. Satish Ranade, Company Secretary and Chief Legal Officer is the audit committee's Secretary. Mr. PV Kalyanasundaram ceased to be a director w.e.f 20 May 2011and consequently ceased to be a member of the Audit Committee. Dr. Uday B. Desai was appointed as a director w.e.f. 6 June 2011 and was also appointed as a member of the Audit Committee. Mr. Shahbaz Ali ceased to be a member of the Audit Committee w.e.f. 9 August 2011 and Mr. Saurabh Tiwari was appointed as a member of the Audit Committee w.e.f. that date.

The audit committee has adequate powers and detailed terms of reference to play an effective role as required under the provisions of the Companies Act, 1956 and clause 49 of Company's listing agreement with the stock exchanges.

Attendance at the Audit Committee Meetings

Name	**No. of Audit Committee Meetings during 2011-12**	
	Held during Tenure	Attended
Mr. Amal Ganguli [Chairman]	7	7
Mr. Subodh Bhargava	7	7
Dr. Uday B. Desai [w.e.f. 6 June 2011]	5	5
Mr. Saurabh Tiwari [w.e.f. 9 August 2011]	3	3
Directors who ceased to be Directors during 1 April 2011 till 31 March 2012		
Mr. PV Kalyanasundaram [till 20 May 2011]	0	0
Mr. Shahbaz Ali [Till 9 August 2011]	2	2

At the Annual General Meeting held on 11 October 2011, the Chairman of the Audit Committee, Mr. Amal Ganguli was present. During the last financial year, the Audit Committee held seven meetings and not more than four months had elapsed between any two meetings. The dates of meetings of the Audit Committee are as follows:

07-Apr-11 29-May-11 09-Aug-11 30-Aug-11

11-Oct-11 09-Nov-11 25-Jan-12

4. REMUNERATION COMMITTEE

a) Constitution and Terms of Reference

The Remuneration Committee consists of three members. On 9 August 2011, the Board reconstituted the Remuneration Committee with Mr. Kishor Chaukar, Mr. Subodh Bhargava and Mr. AK Mittal as the members on the Committee. Mr. Satish Ranade, Company Secretary and Chief Legal Officer is the Remuneration Committee's Convener. The meeting of the Remuneration Committee was held on 29 May 2011 during the financial year 2011-12.

The broad terms of reference of the Remuneration Committee are to review the performance of the Whole-time Directors, after considering the Company's performance and recommend to the Board remuneration including salary, perquisites and commission to be paid to the Company's Whole-time Directors within the overall ceilings approved by the shareholders.

b) Remuneration Policy

The distribution of commission amongst the non-executive directors (NEDs) is placed before the Board. The commission to NEDs is proposed to be distributed broadly on the basis of their attendance and contribution at the Board and Committee meetings as well as the time spent on operational matters other than at the meetings.

The Company paid sitting fees of ₹ 20000/- per meeting to the non-executive directors for attending the meetings of the Board and Audit Committee. The Company paid sitting fees of ₹ 10000/- per meeting to the non-executive directors for attending the meetings of the Committees of the Board other than the Audit Committee.

The Company pays remuneration by way of salary, perquisites and allowances (fixed component) and commission (variable component) to the whole time director. Salary is paid within the range approved by the shareholders. Annual increments, recommended by the Remuneration

Committee are approved by the Board. Within the prescribed ceiling, the perquisites package is approved by the remuneration committee.

Commission is calculated with reference to net profits of the Company in a particular financial year and is determined by the Board of Directors at the end of the financial year based on the recommendations of the remuneration committee, subject to overall ceilings stipulated in Sections 198 and 309 of the Companies Act, 1956. Specific amount payable to the whole-time director is based on the performance criteria laid down by the Board which broadly takes in to account the profits earned by the Company for that year.

c) **Table of commission and sitting fees to the non-executive directors for the year 2011-12 are as follows:**

(Amount in ₹ '000)

Name of the Director	Commission	Sitting Fees
Mr. Subodh Bhargava Chairman	**619**	**390**
Mr. N. Srinath	**190**	**230**
Mr. Kishor A. Chaukar	**272**	**330**
Mr. Amal Ganguli	**413**	**360**
Mr. S. Ramadorai	**83**	**100**
Mr. Arun Gandhi	**99**	**120**
Dr. Ashok Jhunjhunwala	**190**	**230**
Dr. Uday B Desai [w.e.f. 6 June 2011]	**272**	**330**
Mr. AK Mittal * [w.e.f. 9 August 2011]	**33**	**NIL**
Mr. Saurabh Tiwari * [w.e.f. 9 August 2011]	**165**	**NIL**
Directors who ceased to be Directors during 1 April 2011 till 31 March 2012		
Mr. Shahbaz Ali * [till 9 August 2011]	**116**	**NIL**
Mr. AK Srivastava * [till 9 August 2011]	**NIL**	**NIL**
Mr. PV Kalyanasundaram [till 20 May 2011]	**NIL**	**NIL**
Dr. VRS Sampath [till 2 June 2011]	**50**	**60**

** The Government Directors have informed the Company that they shall not accept any Sitting Fees and commission as their Directorships are considered to be part of their official duty.*

d) The details of remuneration to the whole-time director during the year 2011-12 are as follows:

(Amount in ₹)

Name	Salary	Perquisites & Allowances	Commission*
Mr. Vinod Kumar MD & Group CEO	57,16,662	93,33,338	135,00,000
Total	**57,16,662**	**93,33,338**	**135,00,000**

** Commission is paid during Financial Year 2012-13.*

5. INVESTOR GRIEVANCE COMMITTEE

The committee consists of three members. On 9 August 2011, the Board reconstituted the Investor Grievance Committee with Mr. Kishor Chaukar as its Chairman and Dr. UB Desai and Mr. AK Mittal as the members. During the financial year 2011-12, the Committee held four meetings on 29 May 2011, 9 August 2011, 9 November 2011 and 1 March 2012. Mr. Satish Ranade, Company Secretary and Chief Legal Officer is the convener of the Investor Grievance Committee.

The details of grievances received from the shareholders during the year and their status on 31 March 2012 is given below:

Sr. No.	Nature of Complaints	No. of Complaints	
		Received	**Pending**
1.	SEBI/Stock Exchange Complaint	1	NIL
2.	Direct/Miscellaneous/ Other Complaint	NIL	NIL
	TOTAL	**1**	**NIL**

This committee has been delegated the powers to approve the issue of Duplicate Share Certificates and approve transfer/transmission of shares. The Registrar and Transfer Agents have been authorised to issue Duplicate Share Certificates and approve transfer/ transmission up to a maximum of 500 shares per folio, limited only to routine day-to-day work.

As the shares of the Company are under compulsory dematerialized trading for all investors, this delegation is considered adequate. All the shares received for transfer till 31 March 2012 has been duly processed.

6. ETHICS AND COMPLIANCE COMMITTEE

In accordance with the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992, as amended, the Board of Directors of the Company adopted the "Tata Communications Code

Of Conduct For Prevention of Insider Trading and Code of Corporate Disclosure Practices" to be followed by "Directors", "Designated Employees", "Designated Persons" and "Insiders". The code is based on the principle that Directors, Designated Employees, Designated Persons and Insiders should not have undue advantage over other shareholders, in their personal security transactions, due to their possible advance knowledge of Price Sensitive Information. The code, therefore, seeks to ensure timely and adequate disclosure of Price Sensitive Information to the investor community by the Company to enable them to take informed investment decisions with regard to the Company's securities.

In terms of the said code, an Ethics and Compliance Committee was constituted in 2003. On 9 August 2011, the Board reconstituted the Ethics and Compliance Committee with Mr. Kishor Chaukar as its Chairman and Dr. UB Desai and Mr. Saurabh Tiwari as its members. Mr. Satish Ranade, Company Secretary and Chief Legal Officer is the convener of the Committee. Four meetings of the committee were held during the year 2011-12 on 29 May 2011, 9 August 2011, 9 November 2011 and 1 March 2012.

7. GENERAL BODY MEETINGS

The location and time of the last three general body meetings are as follows:

Meeting Date	Location, Description and Type of Resolutions	Voting
11 October 2011	The 25th Annual General Meeting was held at 1100 hours at MC Ghia Hall, Bhogilal Hargovindas Building, Second Floor, 18/20 Kaikhushru Dubash Marg, Kalaghoda, Mumbai 400023. There were Eleven resolutions (2 special and 9 ordinary).	All the resolutions were put to vote by show of hands and were carried unanimously.
27 April 2011	An Extraordinary General Meeting was held at 1000 hours on Wednesday, at MC Ghia Hall, Bhogilal Hargovindas Building, Second Floor, 18/20 Kaikhushru Dubash Marg, Kalaghoda, Mumbai – 400023 to seek consent of Shareholders to the Scheme of Amalgamation (Scheme) of Tata Communications Internet Services Limited (TCISL) the wholly owned subsidiary of Tata Communications Limited (TCL) with its parent, TCL. There was one resolution. (1 Special Resolution)	Polling was conducted by the Chairman. 99.9999% of the shareholders present voted in favour and 0.0001% voted against the resolution. Resolution passed by majority.
6 August 2010	The 24th Annual General Meeting was held at 1100 hours at MC Ghia Hall, Bhogilal Hargovindas Building, Second Floor, 18/20 Kaikhushru Dubash Marg, Kalaghoda, Mumbai 400023. There were Five resolutions (1 special and 4 ordinary).	All the resolutions were put to vote by show of hands and were carried unanimously.
7 August 2009	The 23rd Annual General Meeting was held at 1100 hours at MC Ghia Hall, Bhogilal Hargovindas Building, Second Floor, 18/20 Kaikhushru Dubash Marg, Kalaghoda, Mumbai 400023. There were Seven resolutions (1 special and 6 ordinary).	All the resolutions were put to vote by show of hands and were carried unanimously.

8. DISCLOSURES

i) There were no significant related-party transactions of the Company with its promoters, directors or management, their subsidiaries or relatives that may have potential conflict with the interest of the Company at large. Note number **34** of the Notes on Accounts may also be referred to in this respect. No non-compliance notice has been issued and no penalties or strictures have been imposed on the Company by SEBI, any stock exchange or any statutory authority on any matter related to capital markets during the last three years.

ii) The Company has adopted a Whistle Blower Policy and has established necessary mechanisms for employees to report concerns about unethical behaviour. No person has been denied access to the Audit Committee.

iii) SECRETARIAL AUDIT

A qualified practicing Company Secretary carried out quarterly secretarial audit to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and the total issued and listed capital.

The audits confirm that the total issued/paid-up capital is in agreement with the total number of shares in physical form and the total number of dematerialized shares held with NSDL and CDSL.

iv) The Company fulfilled the following non-mandatory requirements:

a. The Company has setup a Remuneration Committee. Please see the paragraph on Remuneration Committee.

b. The Auditor's Report on the financial statements of the Company is unqualified.

9. MEANS OF COMMUNICATION

Company's quarterly results are ordinarily published in the Free Press Journal and Navshakti among others, and are also hosted on Company's website: www.tatacommunications.com. The Company's press releases, details of significant developments and investor updates are also made available on the website.

The Company generally holds a press conference/investors' meet after the half-yearly results are taken on record by the board relating to the period ending 30 September and 31 March every year.

The management discussion and analysis forms part of the directors' report and is included in the annual report for the year 2011-12. Segmental information may be referred to in Note number 33 of the Notes on Accounts.

10. SHAREHOLDER INFORMATION

DATE AND VENUE OF THE AGM

The Twenty Sixth Annual General Meeting of the Company will be held at 1100 hours on Friday, 27 July 2012, at MC Ghia Hall, Bhogilal Hargovindas Building, Second Floor, 18/20 Kaikhushru Dubash Road Marg, Kalaghoda, Mumbai - 400023.

FINANCIAL CALENDAR

Fiscal year ended	:	31 March 2012
Annual General Meeting	:	27 July 2012

KEY FINANCIAL REPORTING DATES FOR THE FINANCIAL YEAR 2012-13

First quarter ending 30 June 2012	:	On or before 14 August 2012
Second quarter ending 30 September 2012	:	On or before 14 November 2012
Third quarter ending 31 December 2012	:	On or before 14 February 2013
Fourth quarter ending 31 March 2013	:	On or before 29 May 2013.

BOOK CLOSURE DATES FOR THE PURPOSE OF DIVIDEND

The Company's register of members and share transfer books will remain closed from 18 July 2012 to 27 July 2012 (both days inclusive).

DIVIDEND POLICY

Company believes in enhancing shareholders returns every year and in line with this company has constantly endeavored to maintain the Dividend Payout Ratio at broadly same levels every year. However, there are various constraints that may impact on a firm's decision to pay out earnings in the form of dividends.

- Cash flow constraints
- Contractual constraints
- Legal constraints
- Tax considerations
- Return considerations

The board recommends dividends at its discretion. The factors that may be considered by the Board before making any recommendations for the dividend include, but are not limited to, future expansion plans and capital requirements, profits earned during the financial year, overall financial conditions, cost of raising funds from alternate sources, liquidity and cash flow position and applicable taxes including tax on dividend as well as exemptions under tax laws available to various categories of investors from time to time, and money market conditions.

DIVIDEND PAYMENT

The Board has recommended payment of 20% dividend i.e. ₹2 per share for the Financial Year 2011-12.

LISTING ON STOCK EXCHANGES IN INDIA AND LISTING FEES

The Company's shares are listed on the Bombay Stock Exchange (BSE) and National Stock Exchange (NSE) in India.

Annual listing fees as due to each of the above stock exchanges for 2011-12 have been paid.

LISTING ON STOCK EXCHANGE OUTSIDE INDIA

The Company's ADRs are listed on the New York Stock Exchange (NYSE) and have been traded on the NYSE since 15 August 2000. The annual listing fee payable to the NYSE is being paid regularly.

DEPOSITORY BANK FOR ADR HOLDERS

The Bank of New York Mellon, 101, Barclays Street, 22nd Floor West, New York, NY 10286, Telephone: +1 (212) 815 8365, Facsimile: +1 (212) 571 3050.

Local Address : The Bank of New York Mellon, 3, North Avenue, Maker Maxity, Premises No.35 & 36, 3rd Floor, Bandra Kurla Complex, Bandra (East), Mumbai – 400051. Telephone: (022) 30282301, Facsimile: (022) 67703917.

CUSTODIAN FOR THE DEPOSITORY IN INDIA

ICICI Bank Limited, Securities Markets Services, 1st Floor, Empire Complex, 414 Senapati Bapat Marg, Lower Parel, Mumbai – 400013. Telephone: 91-22-6667 2026, 6667 2030. Facsimile: 91-22-6667 2779/2740.

STOCK CODE

Bombay Stock Exchange	:	500483
National Stock Exchange	:	TATACOMM
New York Stock Exchange	:	TCL
ISIN No. for equity shares	:	INE151A01013
ISIN No. for ADRs	:	US8765641050
CUSIP No. for ADRs	:	876564105

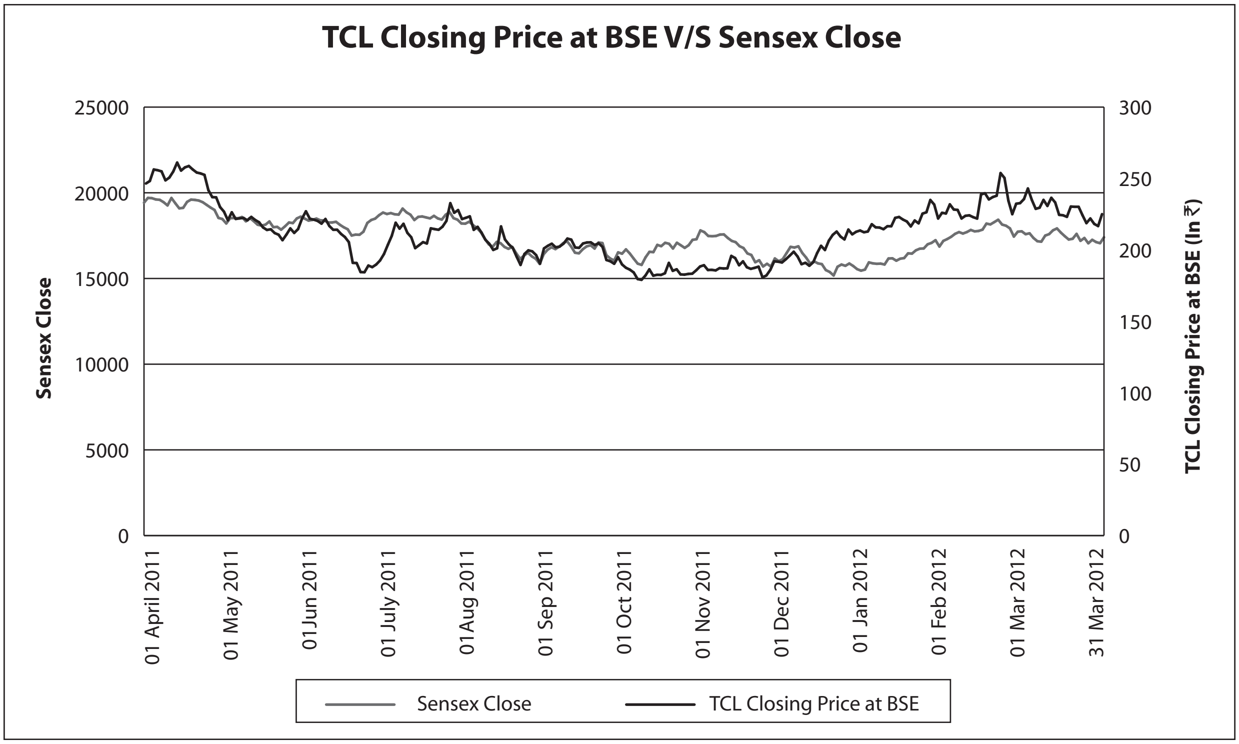
STOCK MARKET DATA RELATING TO SHARES LISTED IN INDIA

Monthly high and low quotations and volume of shares traded at BSE, NSE and NYSE for 2011-12 are:

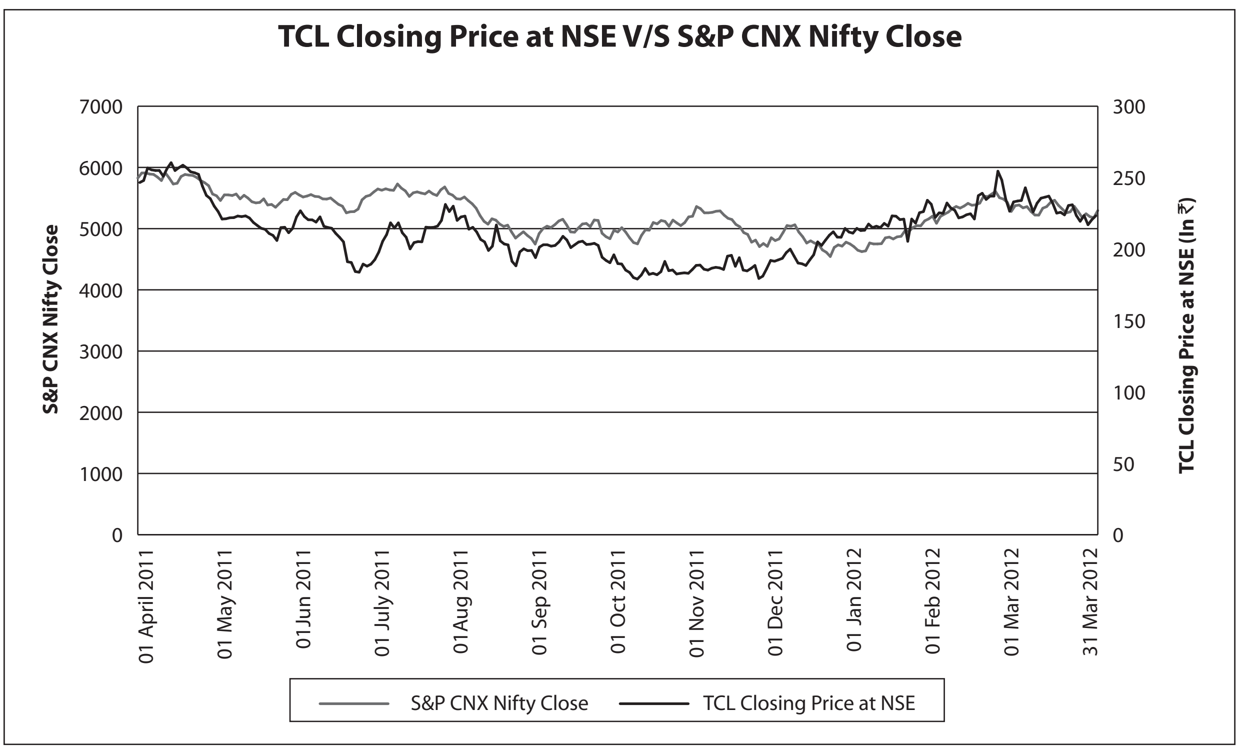
Month	BSE Share Price (In ₹)			NSE Share Price (In ₹)			NYSE ADR Price (in USD)		
	High	Low	Average Volume	High	Low	Average Volume	High	Low	Average Volume
Apr-11	263.75	236.00	60600	265.90	236.05	241100	11.75	10.80	51100
May-11	242.10	199.70	20300	242.00	200.00	116700	10.89	9.24	46200
Jun-11	233.40	182.15	60500	236.00	182.10	282200	10.09	8.11	57800
Jul-11	234.75	196.10	78000	234.40	196.25	376200	10.47	8.97	49200
Aug-11	227.35	185.30	42400	235.00	185.10	272700	10.11	8.08	57300
Sep-11	213.75	185.50	22500	213.70	179.00	171900	8.95	7.12	58500
Oct-11	192.00	178.50	20300	194.60	176.00	182300	8.18	6.92	78800
Nov-11	202.25	176.30	38300	202.25	166.65	205300	8.37	6.74	63000
Dec-11	217.00	185.10	33500	217.30	185.35	205800	8.14	7.20	50500
Jan-12	237.35	210.15	28100	238.95	205.40	189400	9.69	8.10	48500
Feb-12	263.20	220.40	118400	263.35	220.25	571600	10.24	8.98	60900
Mar-12	245.20	212.10	37900	245.30	210.10	252200	9.79	8.45	33800

SHARE TRANSFER SYSTEM

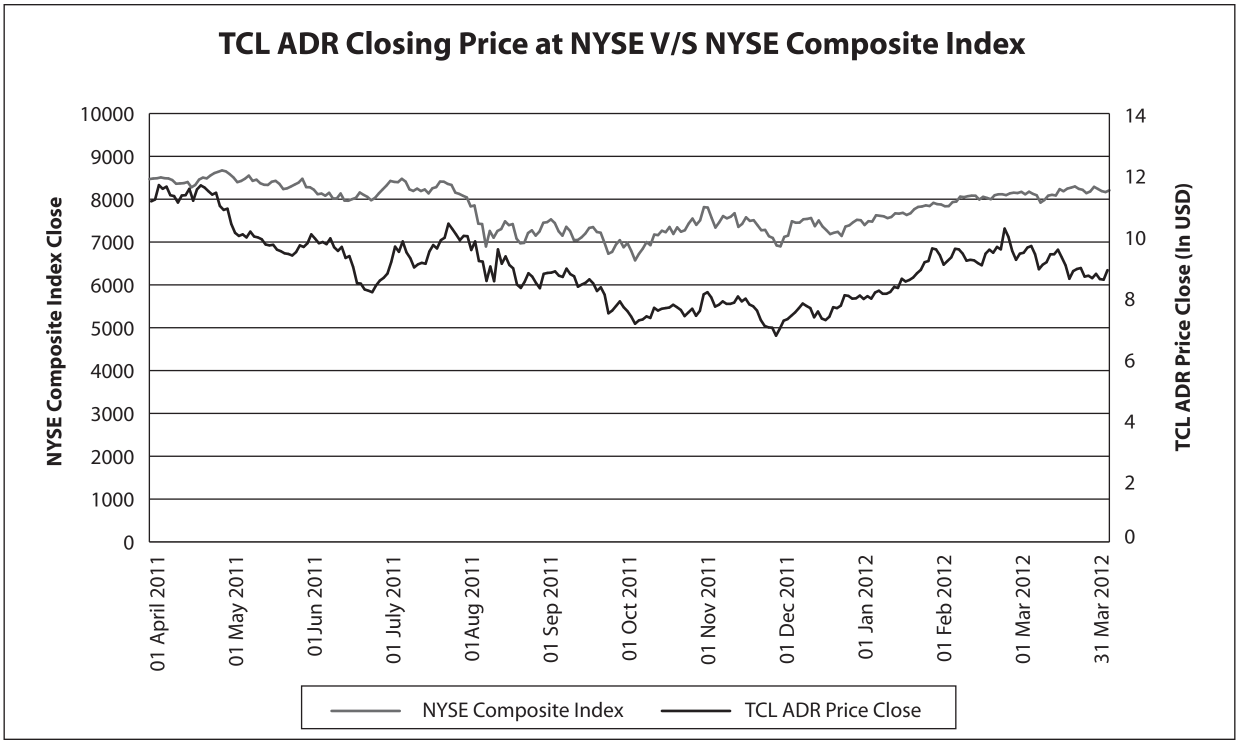
Share transfers in physical form can be lodged with the R&T agents of the Company. The transfers are normally processed within 15 days from the date of receipt if the documents are complete in all respects. The Investor Grievances Committee is empowered to approve the share transfers. However, in the interests of shareholder friendliness, the R&T Agents have been empowered to approve the share transfers up to 500 shares per folio per transfer.



TCL Closing Price at BSE V/S Sensex Close
25000
20000
15000
10000
5000
0
Sensex Close
300
250
200
150
100
50
0
TCL Closing Price at BSE (In ₹)
01 April 2011
01 May 2011
01 Jun 2011
01 July 2011
01 Aug 2011
01 Sep 2011
01 Oct 2011
01 Nov 2011
01 Dec 2011
01 Jan 2012
01 Feb 2012
01 Mar 2012
31 Mar 2012
Sensex Close
TCL Closing Price at BSE



TCL Closing Price at NSE V/S S&P CNX Nifty Close
7000
6000
5000
4000
3000
2000
1000
0
S&P CNX Nifty Close
300
250
200
150
100
50
0
TCL Closing Price at NSE (In ₹)
01 April 2011
01 May 2011
01 Jun 2011
01 July 2011
01 Aug 2011
01 Sep 2011
01 Oct 2011
01 Nov 2011
01 Dec 2011
01 Jan 2012
01 Feb 2012
01 Mar 2012
31 Mar 2012
S&P CNX Nifty Close
TCL Closing Price at NSE



DISTRIBUTION OF SHAREHOLDING

	Number of Shareholders	
Number of ordinary shares held	**31.03.2012**	31.03.2011
1 to 500	**64469**	67010
501 to 1000	**1417**	1413
1001 to 10000	**1427**	1383
Over 10000	**157**	122
Total	**67470**	69928

CATEGORIES OF SHAREHOLDERS AS OF 31 MARCH

Category	Number of Shareholders		Voting Strength (Percentage)		Number of Shares Held	
	2012	2011	2012	2011	2012	2011
PROMOTERS						
Tata Group						
Panatone Finvest Limited	**2**	**2**	**31.10**	**31.10**	**88626654**	**88626654**
Tata Sons Limited	**5**	**5**	**14.22**	**14.22**	**40533297**	**40533297**
The Tata Power Company Limited	**1**	**1**	**4.71**	**4.71**	**13422037**	**13422037**
Tata Steel Limited	**0**	**0**	**0.00**	**0.00**	**0**	**0**
Tata Industries Limited	**0**	**0**	**0.00**	**0.00**	**0**	**0**
Central Government	**1**	**1**	**26.12**	**26.12**	**74446885**	**74446885**
NON-PROMOTERS						
Indian Public Financial Institutions	**35**	**35**	**11.00**	**12.06**	**31354565**	**34383699**
Indian Nationalised Banks	**7**	**7**	**0.10**	**0.10**	**284936**	**274936**
Foreign Financial Institutions	**61**	**56**	**1.74**	**1.32**	**4945208**	**3769654**
Foreign companies (shares held by The Bank of New York as depository for ADRs)	**2**	**2**	**6.16**	**7.00**	**17559620**	**19940924**
Non-resident individuals / Overseas Corporate Bodies	**1026**	**1036**	**0.10**	**0.09**	**277074**	**270172**
Other Indian Bodies Corporate	**1135**	**1212**	**0.83**	**0.50**	**2368836**	**1432931**
Public	**65195**	**67571**	**3.92**	**2.77**	**11180888**	**7898811**
Total	**67470**	**69928**	**100**	**100**	**285000000**	**285000000**

Dematerialisation of Shares and Liquidity

Approx 99.93% of the Company's share capital available in the market is dematerialised as on 31 March 2012. The Company's shares are regularly traded on the Stock Exchange Mumbai and the National Stock Exchange, as is evident from the table containing stock market data.

Outstanding ADRs

8,779,810 ADRs (each representing two ordinary share of the Company) are outstanding as of 31 March 2012. In respect of these ADRs, the option to convert into shares is alive.

SHARE CAPITAL HISTORY

Details of share capital history since incorporation is as follows:

Dates	Particulars of Issue	Number of Shares	Total Number of Shares	Nominal Value of Shares (₹)
19.03.1986	Allotted as Purchase consideration for assets & liabilities of OCS	126	126	126,000
01.04.1986	Allotted as Purchase consideration for assets & liabilities of OCS	+599,874	600,000	600,000,000
March 1991	Shares of ₹ 1000/- each subdivided into shares of ₹ 10/- each	NIL	60,000,000	600,000,000
06.02.1992	Bonus of 1:3 issued to Government of India.	+20,000,000	80,000,000	800,000,000
Jan-Feb 1992	12 million shares disinvested in favour of Indian Financial Institutions by GOI @ ₹ 123/- per share	NIL	80,000,000	800,000,000
1994-1995	2,382,529 Shares transferred to disinvested parties as bonus shares	NIL	80,000,000	800,000,000
27.03.1997	Raised its share capital by way of GDR Issue, and also GOI Divested 39 lakh shares in GDR markets @ US$13.93 per GDR equivalent to ₹ 1000 per share.	+12,165,000	92,165,000	921,650,000
04.04.1997	Raised its capital by way of GDR Issue Green Shoe option @ US$13.93 per GDR equivalent ₹ 1000 per share.	+2,835,000	95,000,000	950,000,000
Feb. 1999	10million shares divested by GOI in GDR markets @ US$9.25 per GDR equivalent to ₹ 786.25 per share.	NIL	95,000,000	950,000,000
May 1999	396,991 shares Divested by GOI by way of offer of shares to employees @ ₹ 294 per share locked in for a period of 3 years.	NIL	95,000,000	950,000,000
Sept 1999	10,lakh shares Divested by GOI in domestic markets @ ₹ 750 per share.	NIL	95,000,000	950,000,000
15.08.2000	Listing of ADRs on New York Stock Exchange	NIL	95,000,000	950,000,000
24.11.2000	Bonus shares in the ratio of 2:1.	+190,000,000	285,000,000	2,850,000,000
27.09.2001	Declared dividend @ 500% i.e. ₹ 50/- per share at 15th AGM.	NIL	285,000,000	2,850,000,000
January 2002	Paid special interim Dividend of 750% i.e. ₹ 75/- per share	NIL	285,000,000	2,850,000,000
13.02.2002	25% Stake transferred to Tata Group's investment vehicle Panatone Finvest Ltd. Government's holding reduced to 27.97% from 52.97%. Ceased to be a Government of India Enterprise	NIL	285,000,000	2,850,000,000
21.02.2002	5,264,555 shares Divested by GOI by way of offer of shares to employees @ ₹ 47.85 per share locked in for a period of 1 year.	NIL	285,000,000	2,850,000,000
10.04.2002	Open Offer by Panatone Finvest Limited in accordance with SEBI guidelines to acquire upto 57 million shares @ ₹ 202/- per share	NIL	285,000,000	2,850,000,000
08.06.2002	Open offer complete with Panatone holding total of 128,249,910 shares including 57 million shares as above.	NIL	285,000,000	2,850,000,000

Plant Locations

In view of the nature of the Company's business viz. telecommunications services and other value added services, the Company operates from various offices in India. The Company has no manufacturing facility.

Address for Correspondence

Registered Office
VSB, Mahatma Gandhi Road,
Fort, Mumbai - 400 001.
Tel : +91 (22) 6657 8765
Fax : +91 (22) 6639 5162
Email : help@tatacommunications.com
Website : www.tatacommunications.com

Corporate Office
Plot No. C-21 and C-36, G Block,
Bandra Kurla Complex, Bandra (East)
Mumbai – 400 098.
Tel : +91 (22) 6657 8765
Fax : +91 (22) 6639 5162
Email : help@tatacommunications.com
Website : www.tatacommunications.com

Compliance Officer
Mr. Satish Ranade
Company Secretary & Chief Legal Officer
Plot No. C-21 and C-36, G Block,
Bandra Kurla Complex, Bandra (East)
Mumbai – 400 098.
Tel : +91 (22) 6657 8765
Fax : +91 (22) 6725 1962
Email : satish.ranade@tatacommunications.com

Any shareholder complaints/queries may be addressed to:

Registrar and Transfer Agents
M/s. Sharepro Services (India) Pvt. Ltd.
Unit : Tata Communications Limited
13 AB, Samhita Warehousing Complex,
2nd Floor, Near Sakinaka Telephone Exchange,
Andheri Kurla Road, Andheri (East),
Mumbai – 400072.
Tel : +91 (22) 2851 1872, 6772 0300/400.
Fax : +91 (22) 2659 1586, 2850 8927.
E-mail : sharepro@shareproservices.com

Any queries relating to financial statements of the Company may be addressed to:
Investor Relations Cell
Tata Communications Limited
VSB, MG Road,
Fort, Mumbai - 400 001.
Tel : +91 (22) 6657 8765
Fax: +91 (22) 6639 5162
Email: investor.relations@tatacommunications.com

SECRETARY RESPONSIBILITY STATEMENT

The Company Secretary & Chief Legal Officer confirms that the company has:

(i) maintained all the books of account and statutory registers required under the Companies Act,1956 ("the Act") and the rules made thereunder;

(ii) filed all the forms and returns and furnished all the necessary particulars to the Registrar of Companies and/or authorities as required by the Act;

(iii) issued all notices required to be given for convening of board meetings and the general meeting, within the time limit, if any, prescribed by law;

(iv) conducted the board meetings and annual general meeting as per the Act;

(v) complied with all the requirements relating to the minutes of the proceedings of the meetings of the directors and the shareholders;

(vi) made due disclosures required under the Act including those required in pursuance of the disclosures made by the directors;

(vii) obtained all the necessary approvals of directors, shareholders, the central government and other authorities as per the requirements;

(viii) effected share transfers and dispatched the certificates within the statutory time limit;

(ix) paid dividend amounts to the shareholders and transferred unpaid dividend amounts, if applicable, to the general revenue account of the central government or the investor education and protection fund within the time limit prescribed;

(x) complied with the applicable requirements of the listing agreement entered into with the stock exchanges in India except for requisite number of independent directors as required under Clause 49(IA)(ii) of Listing Agreement for the reasons explained in the 'Report on Corporate Governance for the Year 2011-12' and complied with the applicable requirements of the New York Stock Exchange.

The Company has also complied with other statutory requirements under the Companies Act, 1956 and other related statutes in force.

Satish Ranade
Company Secretary
& Chief Legal Officer

Dated: 21 May 2012

CHIEF EXECUTIVE OFFICER (CEO) AND CHIEF FINANCIAL OFFICER (CFO) CERTIFICATION FOR THE YEAR 2011-12

As required under Clause 49(V) of the Listing Agreement with Indian Stock Exchanges, the undersigned hereby confirm the following:

a) We have reviewed financial statements and the cash flow statement for the year and that to the best of our knowledge and belief:

   i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;

   ii) 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.

b) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's code of conduct.

c) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.

d) We have indicated to the Auditors and the Audit Committee the following:

   i) significant changes in internal control over financial reporting during the year, if any;

   ii) significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements, if any; and

   iii) There have been no instances of fraud of which we have become aware.

Place: Mumbai	Sanjay Baweja	Vinod Kumar
Dated: 21 May 2012	Chief Financial Officer	Managing Director
		& Group CEO

DECLARATION REGARDING COMPLIANCE BY BOARD MEMBERS AND SENIOR MANAGEMENT PERSONNEL WITH THE COMPANY'S CODE OF CONDUCT

This is to confirm that the Company has adopted a Code of Conduct for its Board Members and senior management of the Company.

I confirm that the Company has in respect of the financial year ended 31 March 2012, received from the senior management team of the Company and the Members of the Board a declaration of compliance with the Code of Conduct as applicable to them.

Place: Mumbai	Satish Ranade	Vinod Kumar
Dated: 21 May 2012	Company Secretary	Managing Director
	& Chief Legal Officer	& Group CEO

AUDITORS' CERTIFICATE ON COMPLIANCE WITH THE CONDITIONS OF CORPORATE GOVERNANCE UNDER CLAUSE 49 OF THE LISTING AGREEMENTS

To the Members of

TATA COMMUNICATIONS LIMITED

We have examined the compliance with the conditions of Corporate Governance by TATA COMMUNICATIONS LIMITED ('the Company), for the year ended on 31 March, 2012, as stipulated in Clause 49 of the Listing Agreement of the said Company with stock exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the Company's Management. Our examination has been limited to a review of the procedures and the implementation thereof, adopted by the Company for ensuring compliance with the conditions of corporate governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us and the representations made by the Directors and the Management, we certify that the Company has complied with the conditions of corporate governance as stipulated in the above mentioned Listing Agreement, except that:

The strength of independent directors of the Company for most part of the year was less than one third of the strength of Board of Directors of the Company, as is required by Clause 49(IA)(ii) of Listing agreement, for the reasons explained in paragraph 2 of the Company's 'REPORT ON CORPORATE GOVERNANCE FOR THE YEAR 2011-12'.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

For **S. B. BILLIMORIA & CO.**
Chartered Accountants
(Registration No. 101496W)

Saira Nainar
Partner
Membership No: 040081

Mumbai, 28 June, 2012

AUDITORS' REPORT

TO THE MEMBERS OF TATA COMMUNICATIONS LIMITED

1. We have audited the attached Balance Sheet of TATA COMMUNICATIONS LIMITED ("the Company") as at 31 March, 2012, the Statement of Profit and Loss and the Cash Flow Statement of the Company for the year ended on that date, both annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.

2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and the disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by the Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

3. As required by the Companies (Auditor's Report) Order, 2003 (CARO) issued by the Central Government in terms of Section 227(4A) of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.

4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that:

   (i) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

   (ii) 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;

   (iii) the Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this report are in agreement with the books of account;

   (iv) in our opinion, the Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this report are in compliance with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956;

   (v) in our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

      (a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31 March, 2012;

      (b) in the case of the Statement of Profit and Loss, of the profit of the Company for the year ended on that date and

      (c) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

5. On the basis of the written representations received from the Directors as on 31 March, 2012 taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31 March, 2012 from being appointed as a director in terms of Section 274(1)(g) of the Companies Act, 1956.

For **S. B. BILLIMORIA & CO.**
Chartered Accountants
(Registration No. 101496W)

Saira Nainar
Partner
(Membership No. 040081)

MUMBAI, 21 May, 2012

ANNEXURE TO THE AUDITORS' REPORT

(Referred to in paragraph 3 of our report of even date)

(i) Having regard to the nature of the Company's business/ activities/ result for the year, clauses (x), (xiii), (xiv) and (xviii) of CARO are not applicable to the Company.

(ii) In respect of its fixed assets:

(a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) According to the information and explanations given to us, the fixed assets were physically verified by the management in accordance with the programme of verification, which in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. According to information and explanation given to us, no material discrepancies were noticed on such verification

(c) The fixed assets disposed off during the year, in our opinion, do not constitute substantial part of fixed assets of the Company and such disposal has, in our opinion, not affected the going concern status of the Company.

(iii) In respect of its inventory:

(a) As explained to us, the stocks of stores and spares have been verified by the Management in accordance with the programme of verification. In our opinion, the frequency of verification is reasonable.

(b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of stocks followed by the Management are reasonable and adequate in relation to the size of the Company and the nature of its business.

(c) In our opinion and according to the information and explanations given to us, the Company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and book records were not material having regard to the size of the operations of the Company.

(iv) In respect of unsecured loans granted by the Company to companies covered in the Register maintained under Section 301 of the Companies Act, 1956 and according to the information and explanations given to us:

(a) During the year, the Company has granted unsecured interest-bearing loans aggregating ₹ 773.04 crores to four wholly owned subsidiaries listed in the register maintained under Section 301 of the Companies Act, 1956. At the year end, the loans granted to the four subsidiaries aggregate ₹ 880.75 crores. The maximum balance outstanding during the year was ₹ 1,535.13 crores.

(b) The rate of interest and other terms and conditions of such loans are, in our opinion, *prima facie* not prejudicial to the interests of the Company.

(c) The receipts of principal amounts and interest have been as per stipulations.

(d) There are no overdue amounts and hence the provisions of sub-clause (d) of clause 4(iii) of CARO are not applicable to the Company.

(e) During the year the Company has not taken any interest-bearing loan from a wholly owned subsidiary listed in the register maintained under Section 301 of the Companies Act, 1956. The maximum amount of loan outstanding during the year was ₹ 20 crores.

(f) In our opinion, the rate of interest and other terms and conditions on which the loan was taken from companies listed in the register maintained under Section 301 of the Companies Act, 1956 are not, *prima facie*, prejudicial to the interest of the Company.

(g) In the case of loans taken from companies, parties listed in the register maintained under Section 301, the Company has been regular in repaying the principal amounts as stipulated and in the payment of interest.

(v) In our opinion and according to the information and explanations given to us, there is adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of inventory and fixed assets and the sale of goods and services. We have not observed any continuing major weakness in the internal control systems.

(vi) In respect of contracts or arrangements entered in the Register maintained in pursuance of Section 301 of the Companies Act, 1956, to the best of our knowledge and belief and according to the information and explanations given to us:

(a) The particulars of contracts or arrangements referred to Section 301 that need to be entered in the Register maintained under the said Section have been so entered.

(b) Where each of such transaction is in excess of ₹ 5 lakhs in respect of any party, the transactions have been made at prices which are *prima facie* reasonable having regard to the prevailing market prices at the relevant time.

(vii) According to the information and explanations given to us, the Company has not accepted any deposit from the public during the year. In respect of unclaimed deposits, the Company has complied with the provisions of Sections 58A & 58AA or any other relevant provisions of the Companies Act, 1956.

(viii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.

(ix) We have broadly reviewed the books of account and records maintained by the Company relating to telecommunication activities pursuant to the Rules made by the Central Government for the maintenance of cost records under Section 209(1)(d) of the Companies Act, 1956 and are of the opinion that *prima facie*, the prescribed accounts and records have been made and maintained. We have, however, not made a detailed examination of the records with a view to determining whether they are accurate or complete.

(x) (a) According to the information and explanations given to us in respect of statutory dues, the Company is generally regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income tax, Wealth tax, Sales tax, Customs duty, Excise Duty, Service tax, Cess and other material statutory dues applicable to it.

(b) According to the information and explanations given to us, no undisputed amounts payable in respect of Provident fund, Investor Education and Protection Fund, Employees' state insurance, Income tax, Sales tax, Customs duty, Excise duty and cess were in arrears, as at 31 March, 2012 for a period of more than six months from the date they became payable.

(c) According to the information and explanations given to us, details of dues of Sales tax, Service tax, Cess and Income tax which have not been deposited as on 31 March, 2012 on account of any dispute are given below:

Particulars	Nature of Dues	Period to which the amount relates	Forum where the dispute is pending	Amount (₹ in crores)
Sales Tax	Levy of sales tax on telecommunications service	FY 2006-07, 2007-08, 2008-09	Joint Commissioner of Commercial Taxes	74.94
Central Sales Tax	Levy of CST on interstate purchase	FY 2005-06, 2006-07, 2007-08	Joint Commissioner of Commercial Taxes	2.79
VAT	Levy of sales tax on telecommunications service	FY 2008-09	Joint Commissioner of Commercial Taxes	0.11
Cess	Cess	FY 2005-06 to 2008-09	Navi Mumbai Municipal Corporation	1.14
Income Tax Act	Penalty on Disallowance on Depreciation	AY 2004-05	Income Tax Apellate Tribunal	1.37
Income Tax Act	Demand notice	AY 2007-08	Income Tax Apellate Tribunal	197.18
Income Tax Act	Tax deducted at Source	AY 2008-09, AY 2009-10	TDS Officer	0.01
Income Tax Act	Tax deducted at Source	AY 2007-08, AY 2008-09, AY 2009-10, AY 2010-11, AY 2011-12	Rectification Application Before TDS officers	1.29
Income Tax Act	Tax deducted at Source	AY 2007-08, AY 2008-09, AY 2009-10, AY 2010-11, AY 2011-12	Commissioner of Income-tax (Appeals)	52.97

(xi) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to financial institutions or banks or debenture holders.

(xii) In our opinion and according to the information and explanations given to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

(xiii) In our opinion and according to the information and explanations given to us, the terms and conditions on which the Company has given guarantee for loans taken by others from banks or financial institutions are not *prima facie* prejudicial to the interest of the Company.

(xiv) In our opinion and according to the information and explanations given to us, the term loans have been applied for the purposes for which they were obtained.

(xv) In our opinion and according to the information and explanations given to us and on an overall examination of the Balance Sheet, short-term funds aggregating to ₹ 716.38 crores have, *prima facie*, been used for long term purposes.

(xvi) According to the information and explanations given to us and the records examined by us, security/ charges have been created in respect of secured debentures issued.

(xvii) During the year covered by our report, the Company has not raised any money by way of public issues.

(xviii) To the best of our knowledge and belief and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company was noticed or reported during the year.

For **S. B. BILLIMORIA & CO.**
Chartered Accountants
(Registration No. 101496W)

Saira Nainar
Partner
(Membership No. 040081)

MUMBAI, 21 May, 2012

BALANCE SHEET AS AT 31 MARCH, 2012

	Note No.	As at 31 March 2012 ₹ in crores	*As at 31 March 2011 ₹ in crores*
I EQUITY AND LIABILITIES			
(1) Shareholders' funds			
(a) Share capital	3	285.00	*285.00*
(b) Reserves and surplus	4	6,851.97	*6,722.48*
(2) Non-current liabilities			
(a) Long-term borrowings	5	825.00	*1,231.14*
(b) Deferred tax liabilities (net)	6	16.42	*125.93*
(c) Other long-term liabilities	7	384.08	*336.38*
(d) Long-term provisions	8	127.68	*95.14*
(3) Current liabilities			
(a) Short-term borrowings	9	125.83	*175.29*
(b) Trade payables	10	1,195.04	*1,030.63*
(c) Other current liabilities	11	1,096.90	*1,355.85*
(d) Short-term provisions	12	99.25	*94.07*
Total		**11,007.17**	***11,451.91***
II ASSETS			
(1) Non-current assets			
(a) Fixed assets	13		
(i) Tangible assets		4,661.10	*4,696.71*
(ii) Intangible assets		90.90	*108.48*
(iii) Capital work-in-progress		303.34	*220.22*
(b) Non-current investments	14	1,788.27	*1,788.11*
(c) Long-term loans and advances	15	2,761.30	*3,002.07*
(d) Other non-current assets	16	8.08	*8.08*
(2) Current assets			
(a) Current investments	17	-	*44.71*
(b) Inventories - stores and spares		0.45	5.34
(c) Trade receivables	18	709.94	*612.62*
(d) Cash and bank balances	19	53.32	*430.77*
(e) Short-term loans and advances	20	469.99	*340.11*
(f) Other current assets	21	160.48	*194.69*
Total		**11,007.17**	***11,451.91***

See accompanying notes forming part of the financial statements

In terms of our report attached
For S. B. BILLIMORIA & CO.
Chartered Accountants

SAIRA NAINAR
Partner

MUMBAI
DATED: 21 May, 2012

For and on behalf of the Board

SUBODH BHARGAVA
Chairman

VINOD KUMAR
Managing Director & Group CEO

SANJAY BAWEJA
Chief Financial Officer

SATISH RANADE
Company Secretary & Chief Legal Officer

MUMBAI
DATED: 21 May, 2012

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH, 2012

		Note No.	Year ended 31 March 2012 ₹ in crores	*Year ended 31 March 2011 ₹ in crores*
I	Revenue from operations		4,091.77	*3,611.77*
II	Other Income	24	179.10	*190.71*
III	**Total Revenue (I + II)**		**4,270.87**	***3,802.48***
IV	**Expenses:**			
	Network and transmission expenses	25	1,736.50	*1,548.36*
	Employee benefits	26	622.24	*520.46*
	Operating and other expenses	27	745.06	*686.93*
	Finance costs	28	194.87	*211.93*
	Depreciation and amortization (net of transfer from Capital Reserve)	13	707.08	659.65
	Total Expenses		**4,005.75**	***3,627.33***
V	**Profit before exceptional items and taxes (III-IV)**		**265.12**	***175.15***
VI	**Exceptional Items**			
	Interest on income tax refund		-	*(4.04)*
	Fixed assets written-off		-	*25.15*
VII	**Profit before taxes (V - VI)**		**265.12**	***154.04***
VIII	**Tax expense:**			
	Current tax expense		136.15	*68.08*
	Current tax expense relating to prior years (net of deferred tax of ₹ 64.02 crores)		3.12	-
	Deferred tax		(45.49)	*(76.60)*
IX	**Profit for the year (VII - VIII)**		**171.34**	***162.56***
	Earnings per share (of ₹ 10 each)			
	Basic/ Diluted earnings per share (₹)	32	**6.01**	***5.70***

See accompanying notes forming part of the financial statements

In terms of our report attached
For S. B. BILLIMORIA & CO.
Chartered Accountants

SAIRA NAINAR
Partner

MUMBAI
DATED: 21 May, 2012

For and on behalf of the Board

SUBODH BHARGAVA
Chairman

VINOD KUMAR
Managing Director & Group CEO

SANJAY BAWEJA
Chief Financial Officer

SATISH RANADE
Company Secretary & Chief Legal Officer

MUMBAI
DATED: 21 May, 2012

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH, 2012

		Year ended 31 March 2012 ₹ in crores	*Year ended 31 March 2011 ₹ in crores*
CASH FLOWS FROM OPERATING ACTIVITIES			
1	**PROFIT BEFORE EXTRA ORDINARY ITEMS AND TAX**	**265.12**	***175.15***
	Adjustments for:		
	Depreciation and amortization expense	707.08	*659.65*
	Profit on sale of fixed assets (net)	(6.60)	*(2.19)*
	Interest income	(28.65)	*(28.54)*
	Finance cost	194.87	*211.93*
	Profit on sale of current investments (net)	(35.91)	*(3.18)*
	Dividend income from non-current investments	(18.76)	*(1.68)*
	Forex fluctuation on loans to subsidiaries	(149.65)	*24.82*
	Provisions for doubtful trade receivables	24.36	*19.56*
	Provisions for doubtful advances	5.17	*-*
	Fixed assets written down	4.51	*4.14*
	Investment in joint venture written off	-	*0.04*
	Bad debts written off	-	*3.11*
	OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	**961.54**	***1,062.81***
	Inventories - stores and spares	4.89	*(4.09)*
	Trade receivables	(121.68)	*(137.89)*
	Other current assets	26.56	*14.51*
	Short-term and long-term loans and advances	(88.49)	*128.81*
	Trade payables, other liabilities and provisions	390.49	*(393.70)*
	Earmarked funds	(1.84)	*(0.11)*
	Cash generated from operations before exceptional items and tax	**1,171.47**	***670.34***
	Interest on income tax refunds	-	*4.04*
	Cash generated from operations before exceptional items	**1,171.47**	***674.38***
	Income tax refund (net)	40.96	*144.28*
	NET CASH FROM OPERATING ACTIVITIES	**1,212.43**	***818.66***
2	**CASH FLOWS FROM INVESTING ACTIVITIES**		
	Purchase of fixed assets	(723.51)	*(606.46)*
	Proceeds from sale of fixed assets	7.34	*7.32*
	Purchase of non-current investments	(0.16)	*(132.23)*
	Proceeds from sale of current investments (net)	80.62	*391.60*
	Proceeds from sale of non-current investment	-	*77.47*
	Loans given to subsidiaries during the year	(752.26)	*(602.26)*
	Loans repaid by subsidiaries during the year	905.34	*963.35*
	Inter corporate deposits given during the year	(140.00)	*-*
	Inter corporate deposits matured during the year	130.00	*-*
	Dividend income from subsidiaries	18.76	*1.68*
	Fixed deposits (net)	-	*0.50*
	Interest received	15.43	*34.07*
	NET CASH FROM/ (USED IN) INVESTING ACTIVITIES	**(458.44)**	***135.04***
3	**CASH FLOWS FROM FINANCING ACTIVITIES**		
	Proceeds from short-term borrowings	51.02	*906.05*
	Repayment of short-term borrowings	(100.48)	*(849.50)*
	Proceeds from long-term borrowings	-	*6.32*
	Repayment of long-term borrowings	(808.23)	*(486.81)*
	Dividends paid including dividend tax	(64.05)	*(0.09)*
	Finance cost	(211.55)	*(211.60)*
	NET CASH FLOW USED IN FINANCING ACTIVITIES	**(1,133.29)**	***(635.63)***
	NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	**(379.30)**	***318.08***
	CASH AND CASH EQUIVALENTS AS AT THE BEGINNING OF THE YEAR	**422.61**	***102.26***
	CASH AND CASH EQUIVALENTS PURSUANT TO MERGER **	**-**	***2.27***
	CASH AND CASH EQUIVALENTS AS AT THE END OF THE YEAR(Refer note 19)	**43.31**	***422.61***

Note :

Figures in brackets represent outflows.

* * Cash and cash equivalents as at the beginning of the year pursuant to merger with Tata Communications Internet Services Limited as approved by Bombay High Court

In terms of our report attached

For S. B. BILLIMORIA & CO.
Chartered Accountants

SAIRA NAINAR
Partner

MUMBAI
DATED: 21 May, 2012

For and on behalf of the Board

SUBODH BHARGAVA
Chairman

VINOD KUMAR
Managing Director & Group CEO

SANJAY BAWEJA
Chief Financial Officer

SATISH RANADE
Company Secretary & Chief Legal Officer

MUMBAI
DATED: 21 May, 2012

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2012

1. **Corporate information:**

   TATA Communications Limited ("the Company") was incorporated on 19 March 1986. The Government of India vide its letter No. G-25015/6/86OC dated 27 March 1986, transferred all the assets and liabilities of the Overseas Communications Service (OCS) (part of the Department of Telecommunications, Ministry of Communications) as appearing in the Balance Sheet as at 31 March 1986 to the Company with effect from 01 April 1986. As per the letter No. G-25015/6/86-OC dated 23 October 2001 of Government of India, Department of Telecommunications, there was no requirement to register a formal transfer deed or deed of sale in the matter of such transfer of assets. During the year 2007-08, the Company changed its name to Tata Communications Limited and the fresh certificate of incorporation consequent upon the change of name was issued by the Registrar of Companies, Maharashtra on 28 January 2008.

2. **Significant accounting policies**

   a. Basis of preparation of financial statements

   The financial statements are prepared under the historical cost convention, on an accrual basis of accounting in accordance with the accounting principles generally accepted in India ('Indian GAAP') and comply with the Companies (Accounting Standards) Rules, 2006 (as amended) and relevant provisions of Companies Act, 1956 ('the Act').

   b. Use of estimates

   The preparation of the financial statements requires the management of the Company to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures relating to the contingent liabilities as at the date of financial statements and reported amounts of income and expenses during the period. Examples of such estimates include provisions for doubtful trade receivables and advances, employee benefits, provision for income taxes, impairment of assets and useful lives of fixed assets.

   c. Fixed assets

   i. Fixed assets are stated at cost of acquisition or construction, less accumulated depreciation/ amortization and impairment loss, if any. Cost includes inward freight, duties, taxes and all incidental expenses incurred to bring the assets to their present location and condition.

   ii. Intangible assets in the nature of Indefeasible Rights of Use (IRUs) for international and domestic telecommunication circuits are classified under fixed assets. IRU agreements in respect of these intangibles transfer substantially all the risks and rewards of ownership.

   iii. Jointly owned assets are capitalised in proportion to the Company's ownership interest in such assets.

   iv. Costs of borrowing related to the acquisition or construction of fixed assets that are attributable to the qualifying assets are capitalised as part of the cost of such asset. All other borrowing costs are recognized as expenses in the periods in which they are incurred.

   d. Depreciation/ amortization

   Depreciation/ Amortization is provided on the straight line method (SLM), at the rates and in the manner prescribed in Schedule XIV to the Companies Act, 1956 except as follows:

Tangible and Intangible assets	Rates of depreciation/period of Amortization
i. Plant and Machinery	
- Land cables	6.33%
- Earth station and switches	7.92%
- Other networking equipments	11.88%
- Customer premises cables and equipments	19.00%

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2012 *(Contd.)*

ii.	Indefeasible Rights of Use (IRU's)	Life of IRU or period of agreement, whichever is lower.
iii.	Leasehold Land	Over the lease period
iv.	Goodwill	Over a period of 60 months
v.	Leasehold Improvements	Over the lease period

These rates are not less than those prescribed under Schedule XIV to the Companies Act, 1956.

e. Impairment

At each balance sheet date, the Company reviews the carrying amounts of its fixed assets to determine whether there is any indication that those assets suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. The recoverable amount is the higher of an asset's net selling price and value in use. In assessing the value in use, the estimated future cash flows expected from the continuing use of the asset and from its ultimate disposal are discounted to their present values using a pre-determined discount rate that reflects the current market assessments of the time value of money and risks specific to the asset.

f. Operating leases

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

Rental income and rental expenses on assets given or obtained under operating lease arrangements are recognized on a straight line basis over the term of the lease.

The initial direct costs relating to operating leases are recorded as expenses as they are incurred.

g. Investments

Long-term investments are valued at cost less provision for other than temporary diminution in value.

Current investments comprising investments in mutual funds are stated at the lower of cost or market value, determined on an individual investment basis.

h. Inventories

Inventories are valued at the lower of cost or net realizable value. Cost includes all expenses incurred to bring the inventory to its present location and condition. Cost is determined on a weighted average basis.

i. Employee benefits

i. Short term employee benefits

The undiscounted amount of short term employee benefits expected to be paid in exchange for services rendered by employees is recognized during the period when the employee renders the service. These benefits include compensated absences such as paid annual leave and performance incentives payable within twelve months.

ii. Post employment benefits

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

For defined benefit schemes, the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at each balance sheet date. Actuarial gains and losses are recognized in full in the Statement of Profit and Loss for the period in which they occur. Past service cost is recognized immediately to the extent that the benefits are already vested, and otherwise is amortized on a straight-line basis over the average period until the benefits become vested.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2012 *(Contd.)*

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

j. Revenue recognition

i. Revenues from Global Voice Services (GVS) are recognized at the end of each month based upon minutes of traffic completed in such month.

ii. Revenues from Global Data Managed Services (GDMS) are recognized over the period of the respective arrangements based on contracted fee schedules.

iii. Revenues from right to use of fibre capacity provided based on IRU are recognized over the period of such arrangements.

iv. Revenues from Internet Telephony services are recognized based on usage.

v. Revenue on account of subscription for providing internet access and broadband services is recognized on accrual basis in the year in which the access is provided. In cases where services are provided through a cable operator, revenue is shared between the cable operator, master distributor and the Company in terms of the agreement.

vi. Revenue on account of registration fees for providing internet access is recognized in the year in which access is provided.

vii. Transactions with providers of telecommunication services such as buying, selling, swapping and/or exchange of traffic are accounted for as non-monetary transactions depending on the terms of the agreements entered into with such telecommunication service providers.

viii. Dividends from investments are recognized when the right to receive payment is established and no significant uncertainty as to measurability or collectability exists. Interest on bank deposits is recognized on accrual basis.

k. Taxation

i. Current tax expense is determined in accordance with the provisions of the Income Tax Act, 1961. Deferred tax assets and liabilities are measured using the tax rates, which have been enacted or substantively enacted at the balance sheet date. Deferred tax expense or benefit is recognized on timing differences being the differences between taxable incomes and accounting incomes that originate in one period and are capable of reversing in one or more subsequent periods.

ii. In the event of unabsorbed depreciation and carry forward of losses, deferred tax assets are recognized only to the extent that there is virtual certainty that sufficient taxable income will be available to realize these assets. In other situations, deferred tax assets are recognized only to the extent that there is reasonable certainty that sufficient future taxable income will be available to realize these assets.

iii. Provision for current income taxes and advance taxes paid in respect of the same jurisdiction are presented in the balance sheet after offsetting on an assessment year basis.

l. Foreign currency transactions and translations

i. Foreign currency transactions are converted into Indian Rupees at rates of exchange approximating those prevailing at the transaction dates or at the average exchange rate for the month in which the transaction occurs. Foreign currency monetary assets and liabilities are translated to Indian Rupees at the closing rates prevailing on the balance sheet date. Exchange differences on foreign currency transactions are recognized in the Statement of Profit and Loss. Exchange difference arising on a monetary item that, in substance, forms part of an enterprise's net investments in a non-integral foreign operation are accumulated in a foreign currency translation reserve.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2012 *(Contd.)*

ii. Premium or discount on forward contracts are amortized over the life of such contracts and recognized in the Statement of Profit and Loss. Forward contracts outstanding as at the balance sheet date are stated at exchange rates prevailing at the reporting date and any gains or losses are recognized in the Statement of Profit and Loss. Profit or loss arising on cancellation or enforcement/exercise of forward exchange is recognized in the Statement of Profit and Loss in the period of such cancellation or enforcement/exercise.

m. Earnings per share

Basic earnings per share are calculated by dividing the net profit or loss for the year attributable to equity shareholders (after deducting preference dividends and attributable taxes) by the weighted average number of equity shares outstanding during the year. The weighted average number of equity shares outstanding during the year is adjusted for events if any of bonus issue to existing shareholders and share split.

n. Contingent liabilities and provisions

Provisions are recognized in respect of present probable obligations, the amount of which can be reliably estimated. Contingent Liabilities are disclosed in respect of possible obligations that may arise from past events whose existence and crystallization is confirmed by the occurrence or non-occurrence of one or more uncertain future events not within the control of the Company.

o. Derivative financial instruments

Gains and losses on hedging instruments designated as hedges of the net investments in foreign operations are recognized in foreign currency translation reserve to the extent that the hedging relationship is effective. The premium or discount on such hedging instruments does not form part of the hedging relationship and hence they are marked to market at the balance sheet date. Gains and losses relating to hedge ineffectiveness are recognized immediately in the Statement of Profit and Loss. Gains and losses accumulated in the foreign currency translation reserve are transferred to the Statement of Profit and Loss when the foreign operation is disposed off.

3. **Share capital**

(₹ in crores)

		As at 31 March 2012	*As at 31 March 2011*
a.	**Authorized:**		
	400,000,000 (2011:300,000,000) Equity shares of ₹ 10 each	400.00	*300.00*
b.	**Issued, Subscribed and Paid up:**		
	285,000,000 (2011:285,000,000) Equity shares of ₹ 10 each, fully paid up	285.00	*285.00*

a. **Authorized:**

The authorized capital of the Company increased from ₹ 300.00 crores to ₹ 400.00 crores during 2011-12 due to the Ministry of Corporate Affairs giving effect to the merger of 100% subsidiary VSNL Broadband Limited into the Company which was approved in December 2007 by the Company and the Bombay High Court in April 2009.

b. **Issued, Subscribed and Paid up:**

There was no movement in the Issued, Subscribed and Paid up share capital of the Company during the current and past five financial years.

c. **Terms/ rights attached to equity shares:**

The Company has only one class of equity shares with a face value of ₹ 10 per share. Each shareholder of equity shares is entitled to one vote per share at any General Meeting of Shareholders. The Company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2012 *(Contd.)*

The Board of Directors have recommended a dividend of ₹ 2(2011: ₹ 2) per share for the year ended 31 March 2012.

d. The following table sets forth information regarding shareholding of 5% or more in the Company:

	As at 31 March 2012		*As at 31 March 2011*	
	No of shares	Percentage	*No of shares*	*Percentage*
Panatone Finvest Limited	88,626,654	31.10%	*88,626,654*	*31.10%*
Government of India	74,446,885	26.12%	*74,446,885*	*26.12%*
Tata Sons Limited	40,533,297	14.22%	*40,533,297*	*14.22%*
Life Insurance Corporation of India	10,322,979	3.62%	*24,895,197*	*8.74%*
Bank of New York Mellon as depository to Company's ADR issue	17,559,620	6.16%	*19,940,924*	*7.00%*

4. **Reserves and surplus**

(₹ in crores)

			As at 31 March 2012	*As at 31 March 2011*
a.	**Capital Reserve** (Refer i)			
	Opening balance		207.38	*207.24*
	Less: Depreciation on gifted assets transferred to Statement of Profit and Loss		(0.46)	*(0.42)*
			206.92	*206.82*
	Add: Adjustments pursuant to the merger of Tata Communications Internet Services Limited as approved by Bombay High Court (Refer iii)		-	*0.56*
	Closing balance	**(a)**	**206.92**	***207.38***
b.	**Debenture Redemption Reserve**			
	Opening balance		1,018.11	*457.34*
	Add: Transferred from surplus in Statement of Profit and Loss (Refer note 5i and 5ii)		512.63	*560.77*
	Less: Transfer to General Reserve on redemption of debentures (Refer note 5i and 5ii)		(800.00)	-
	Closing balance	**(b)**	**730.74**	***1,018.11***
c.	**Securities Premium Account**			
	Opening balance		725.01	*725.01*
	Closing balance	**(c)**	**725.01**	***725.01***
d.	**General Reserve**			
	Opening balance		3,360.74	*3,426.79*
	Add: Transferred from surplus in Statement of Profit and Loss		12.85	*12.19*
	Add: Transferred from Debenture Redemption Reserve (Refer 5i and 5ii)		800.00	-
	Less: Amalgamation adjustment deficit of Tata Communications Internet Services Limited set off against General Reserve (Refer iii)		-	*(78.24)*
	Closing balance	**(d)**	**4,173.59**	***3,360.74***
e.	**Foreign Exchange Translation Reserve**			
	Opening balance		-	-
	Add: Effect of foreign exchange rate variations during the year (Refer ii)		22.59	-
	Closing balance	**(e)**	**22.59**	-

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2012 *(Contd.)*

			As at 31 March 2012	*As at 31 March 2011*
				(₹ in crores)
f.	**Surplus in Statement of Profit and Loss**			
	Opening balance		1,411.24	*2,179.40*
	Add: Profit for the year		171.34	*162.56*
	Less: Proposed Dividend (Refer note 3c)		(57.00)	*(57.00)*
	Tax on Dividend (net of dividend tax credit ₹ 2.27 crores)		(6.98)	*(9.25)*
	General Reserve		(12.85)	*(12.19)*
	Debenture Redemption Reserve (Refer note 5i and 5ii)		(512.63)	*(560.77)*
	Carried forward losses on account of merger of Tata Communications Internet Services Limited (Refer iii)		-	*(291.51)*
	Closing balance	**(f)**	**993.12**	***1,411.24***
	Total	**(a+b+c+d+e+f)**	**6,851.97**	***6,722.48***

i. Capital Reserve includes ₹ 205.22 crores in respect of foreign exchange gains on unutilized proceeds from Global Depository Receipts credited to Capital Reserve ₹ 203.70 crores in 2000-01 and ₹ 1.52 crores in 2001-02.

ii. Consequent to increasing the stake in Neotel Pty Ltd through VSNL SNOSPV Pte Ltd., effective 11th April 2011, the Company assessed the cash flow projection of Neotel operation and designated the loans given to SNOSPV as a part of net investment in non-integral foreign operation. Accordingly the Company has accounted for the effects of revaluation of loans in foreign exchange translation reserve as per AS - 11 on "Accounting for effects of changes in Foreign Exchange Rates". An amount of ₹ 22.59crores of foreign exchange gain (net of forward cover loss of ₹ 100.80 crores on this loan) has been transferred to foreign exchange translation reserve.

iii. The Board of Directors of the Company at its meeting held on 31 January 2011 had approved the merger of the Company's wholly owned subsidiary, Tata Communications Internet Services Limited (TCISL) with the Company with effect from 1 April 2010. The Company had obtained the consent of the shareholders for the merger at the Extraordinary General Meeting held on 27 April 2011.

In accordance with the final order dated 20 August 2011 of the Bombay High Court, the financial statements were revised to reflect the merger of TCISL with the Company effective 01 April 2010.

In accordance with the said Scheme, the Company accounted for the amalgamation as one in the nature of a merger under the pooling-of-interest method. Consequently:

- All the assets, debts, liabilities and obligations of TCISL were vested in the Company with effect from 1 April 2010 and recorded at their respective book values.
- The net asset value of TCISL as on the date of amalgamation was ₹ 15.28 crores as against the investment of the Company of ₹ 384.47 crores. The excess of the cost of investment of ₹ 369.19 crores was adjusted against the General Reserve to the extent of ₹ 78.24 crores, ₹ 0.56 crores against Capital Reserve and ₹ 291.51 crores against the opening balance in Statement of Profit and Loss.
- Consequent to the merger there has been a reduction in the current tax expense of ₹ 37.97 crores and increase in deferred tax benefit of ₹ 39.65 crores in the year 2010-11.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2012 *(Contd.)*

5. **Long-term borrowings**

	As at 31 March 2012	*As at 31 March 2011*
		(₹ in crores)
I. Debentures		
a. Secured		
Taxable Rated Secured Non-Convertible Redeemable Debentures(Refer i.)		
50, 11.25% Rated Debentures of face value ₹ 10 lakhs each	5.00	*5.00*
550, 11.20% Rated Debentures of face value ₹ 10 lakhs each	55.00	*55.00*
1,900, 11.00% Rated Debentures of face value ₹ 10 lakhs each	190.00	*190.00*
6,000 (2011: 10,000), 11.70% Rated Debentures of face value ₹ 10 lakhs each [Repayable ₹ 400 crores within one year (2011: ₹ 400 crores)]	600.00	*1,000.00*
b. Unsecured		
Taxable Rated Unsecured Non-Convertible Redeemable Debentures(Refer ii.)		
1500, 9.85% Rated Debentures of face value ₹ 10 lakhs each	150.00	*150.00*
1500, 9.50% Rated Debentures of face value ₹ 10 lakhs each	150.00	*150.00*
4000, 7.74% Rated Debentures of face value ₹ 10 lakhs each [Fully redeemed during the year]	-	*400.00*
II Term Loan – Unsecured		
From bank (rate of interest 9% p.a, repayable by June 2014)	75.00	*75.00*
From Others (rate of interest 5.95% to 6.90% p.a, repayable by July 2012)	6.46	*14.69*
	1,231.46	***2,039.69***
Less: Current maturities of long term borrowings	(406.46)	*(808.55)*
	825.00	***1,231.14***

i. **Secured Debentures**

During the year 2008-09, the Company issued Taxable Rated Secured Non-convertible Redeemable Debentures in demat form for cash at par on private placement basis aggregating ₹ 1,250 crores, IDBI Trusteeship Services Limited has been appointed as trustee to the debenture issue.

- **Nature of Security**

  ₹ 1,000 crores, 11.70% debentures (face value of ₹ 1,000,000 each) are secured by a first legal mortgage and charge on the Company's immovable property being the free hold land at Mouje Maharajpura, Gujarat and Plant and machinery.

  ₹ 250 crores, debentures (interest ranging from 11.00% to 11.25%, face value of ₹ 1,000,000 each) are secured by a first legal mortgage and charge on the Company's free hold land at Perambur Barracks, Chennai and Plant and machinery.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2012 *(Contd.)*

- **Redemption Terms**

The outstanding debentures are due for redemption as given below:

Date of redemption as per terms of issue	6,000, 11.70% Debentures	1,900, 11.00% Debentures	550, 11.20% Debentures	50, 11.25% Debentures
		₹ in crores		
23 January 2019	-	-	-	5
23 January 2016	-	-	55	-
23 July 2014	-	190	-	-
25 November 2013	200	-	-	-
25 November 2012	400	-	-	-
Total	**600**	**190**	**55**	**5**

For facilitating the above redemptions, the Company has created a Debenture Redemption Reserve of ₹ 605.19 crores (2011: ₹ 734.64 crores), an amount of ₹ 270.55 crores (2011: ₹ 316.07 crores) has been appropriated during the current year.

During the year, 4000, 11.70% debentures aggregating ₹ 400 crores were redeemed as per terms of issue and consequently debenture redemption reserve of ₹ 400 crores created to facilitate the redemption of above debentures has been transferred to General reserve.

ii. **Unsecured Debentures**

During the year 2009-10, the Company issued Taxable Rated Unsecured Non-Convertible Redeemable Debentures of face value ₹ 1,000,000 each, in demat form for cash at par on private placement basis aggregating ₹ 700 crores.

- **Redemption Terms:**

The outstanding debentures are due for redemption as given below:

Date of redemption as per terms of issue	1500, 9.50% Debentures	1500, 9.85% Debentures
	₹ in crores	
02 July 2019	-	150
08 June 2014	150	-
Total	**150**	**150**

For facilitating the above redemptions, the Company has created a Debenture Redemption Reserve of ₹ 125.55 crores (2011: ₹ 283.47 crores), an amount of ₹ 242.08 crores (2011: ₹ 244.70 crores) has been appropriated during the current year.

During the year 4000, 7.74% debenture aggregating ₹ 400 crores were redeemed as per terms of issue and consequently debenture redemption reserve of ₹ 400 crores created to facilitate the redemption of above debenture has been transferred to General reserve.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2012 *(Contd.)*

6. **Deferred tax liabilities (net)**

A. Major components of deferred tax asset and liability consist of the following:

(₹ in crores)

		As at 31 March 2012	*As at 31 March 2011*
Deferred tax liability arising out of timing differences on:			
Difference between accounting and tax depreciation/ amortization		244.22	*257.07*
Total deferred tax liabilities	**(A)**	**244.22**	***257.07***
Deferred tax assets arising out of timing differences on:			
Provision for doubtful trade receivables		55.94	*45.59*
Provision for Leave encashment		19.81	*14.44*
Provision for Bonus		2.60	*3.74*
Expenditure incurred on NLD license fees		15.37	*17.08*
Expenditure disallowed u/s. 40 (a) (ia)		71.97	*15.37*
Unearned income and deferred revenues		9.73	*11.03*
Interest received on provisional income-tax assessment		18.71	*7.81*
Interest accrued on Secured Debenture issued to Public Financial Institutions		15.16	*15.07*
Revaluation loss on buyers credit		10.04	-
Others		8.47	*1.01*
Total deferred tax assets	**(B)**	**227.80**	***131.14***
Deferred tax liabilities (net)	**(A - B)**	**16.42**	***125.93***

(₹ in crores)

		As at 31 March 2012	*As at 31 March 2011*
7.	**Other long-term liabilities**		
a.	Deferred revenue	372.34	*336.38*
b.	Trade payables	11.74	-
		384.08	***336.38***

(₹ in crores)

		As at 31 March 2012	*As at 31 March 2011*
8.	**Long-term provisions**		
a.	Provision for employee benefits (Refer note 29)		
	Provision for Compensated absences	53.38	*37.82*
	Provision for Post-employment medical benefits	48.29	*39.91*
	Others (Pension and Super annuation)	16.50	*7.90*
b.	Provision for contingencies (Refer note 36)	9.25	*9.25*
c.	Others	0.26	*0.26*
		127.68	***95.14***

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2012 *(Contd.)*

9. **Short-term borrowings**

		As at 31 March 2012	*(₹ in crores)* *As at 31 March 2011*
Short Term Loans (Unsecured)			
a.	From Banks (rate of interest – 0.97% to 3.07% p.a repayable by April 2012 to February 2013)	125.83	*155.29*
b.	From Subsidiary – Tata Communications Transformation Services Limited (rate of interest – 9% p.a)	-	*20.00*
		125.83	***175.29***

10. **Trade payables**

		As at 31 March 2012	*(₹ in crores)* *As at 31 March 2011*
a.	Network and transmission expenses payable	242.32	*296.64*
b.	Dues to micro and small enterprises (Refer note 42)	0.15	*0.25*
c.	Payables to related parties	102.30	*38.95*
d.	Payable for other supplies	761.08	*617.42*
e.	Accrued payroll	89.19	*77.37*
		1,195.04	***1,030.63***

11. **Other current liabilities**

		As at 31 March 2012	*(₹ in crores)* *As at 31 March 2011*
a.	Current maturities of long term borrowings (Refer note 5)	406.46	*808.55*
b.	Deferred revenues and advances received from customers	137.43	*166.23*
c.	Interest accrued but not due on loans:		
	i. from banks	53.45	*70.02*
	ii. from subsidiary Tata Communications Transformation Services Limited	-	*0.11*
d.	License fees payable	63.55	*63.26*
e.	Deposits from customers and contractors	40.42	*48.48*
f.	Government of India account	20.57	*20.57*
g.	Unpaid dividend (Refer I)	0.44	*0.51*
h.	Other liabilities	374.58	*178.12*
		1,096.90	***1,355.85***

I. There are no dividends due and outstanding for a period exceeding seven years.

12. **Short-term provisions**

		As at 31 March 2012	*(₹ in crores)* *As at 31 March 2011*
a.	Provision for employee benefits (Refer note 29)		
	Provision for Gratuity	6.85	*3.58*
	Provision for Compensated absences	6.64	*2.96*
	Provision for Post-employment medical benefits	3.71	*5.48*
b.	Provision for proposed dividend	57.00	*57.00*
c.	Tax on dividend	9.25	*9.25*
d.	Provision for taxes (net of advance taxes)	8.70	*8.70*
e.	Provision for cables	7.10	*7.10*
		99.25	***94.07***

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2012 *(Contd.)*

13. **Fixed assets**

i. Tangible assets

(₹ in crores)

	Freehold Land	Leasehold Land	Leasehold Improve-ments	Building	Plant and Machinery	Furniture and Fixtures	Office Equipment	Computers	Motor Vehicles	Total
Gross Block										
At 1 April 2010	15.27	203.04	-	454.44	5,534.14	111.79	82.98	271.38	1.04	6,674.08
Additions	-	-	-	80.86	646.00	10.69	6.89	9.51	-	753.95
Additions on amalgamations	-	-	0.72	-	605.21	9.70	1.49	24.66	0.30	642.08
Disposals	-	-	-	-	(21.58)	(0.29)	(0.03)	(3.14)	(0.56)	(25.60)
Adjustments	-	(0.51)	-	-	(177.53)	-	-	-	-	(178.04)
At 31 March 2011	**15.27**	**202.53**	**0.72**	**535.30**	**6,586.24**	**131.89**	**91.33**	**302.41**	**0.78**	**7,866.47**
Additions	-	-	-	10.39	610.27	7.74	2.76	9.12	-	640.28
Disposals	-	-	-	(0.72)	(0.67)	(0.56)	(0.06)	(0.52)	(0.21)	(2.74)
Adjustments	(0.11)	-	-	-	(11.90)	(2.89)	(2.98)	(7.89)	-	(25.77)
At 31 March 2012	**15.16**	**202.53**	**0.72**	**544.97**	**7,183.94**	**136.18**	**91.05**	**303.12**	**0.57**	**8,478.24**
Accumulated Depreciation										
At 1 April 2010	-	13.40	-	54.72	1,966.47	48.47	16.04	169.41	0.98	2,269.49
Depreciation/ Amortization	-	2.58	0.03	7.94	568.55	8.10	4.11	28.84	0.02	620.17
Additions on amalgamations	-	-	0.68	-	429.59	4.71	0.40	16.69	0.25	452.32
Disposals	-	-	-	-	(19.05)	(0.18)	(0.01)	(0.53)	(0.51)	(20.28)
Adjustments	-	-	-	-	(151.95)	-	-	0.01	-	(151.94)
At 31 March 2011	**-**	**15.98**	**0.71**	**62.66**	**2,793.61**	**61.10**	**20.54**	**214.42**	**0.74**	**3,169.76**
Depreciation/ Amortization	-	2.57	0.01	9.51	615.03	9.61	5.04	28.87	0.01	670.65
Disposals	-	-	-	(0.41)	(0.55)	(0.48)	(0.04)	(0.43)	(0.19)	(2.10)
Adjustments	-	-	-	-	(9.13)	(2.49)	(2.19)	(7.36)	-	(21.17)
At 31 March 2012	**-**	**18.55**	**0.72**	**71.76**	**3,398.96**	**67.74**	**23.35**	**235.50**	**0.56**	**3,817.14**
Net Block										
At 31 March 2011	**15.27**	**186.55**	**0.01**	**472.64**	**3,792.63**	**70.79**	**70.79**	**87.99**	**0.04**	**4,696.71**
At 31 March 2012	**15.16**	**183.98**	**-**	**473.21**	**3,784.98**	**68.44**	**67.70**	**67.62**	**0.01**	**4,661.10**
Capital work in progress										
At 31 March 2011										**220.22**
At 31 March 2012										**303.34**

a. Freehold land includes
- ₹ 0.16 crores (2011: ₹ 0.16 crores) identified as surplus land.
- ₹ 0.06 crores (2011: ₹ 0.06 crores) in respect of which lease agreement has not been executed/registered.

b. Leasehold land includes:
Land in Srinagar of ₹ 0.03 crores (2011: ₹ 0.03 crores) in respect of which conveyance is not done and lease deed is not available.

c. Gross block of buildings includes:
- ₹ 32.75 crores (2011: ₹ 32.75 crores) for flats at Mumbai and ₹ Nil (2011: ₹ 1.03 crores) for office space at New Delhi in respect of which agreements have not been executed.

d. Gross block and accumulated depreciation of plant and machinery includes indefeasible rights of use(IRUs) for domestic and international telecommunication circuits of ₹ 357.12 crores (2011: ₹ 345.46 crores) and ₹ 157.69 crores (2010: ₹ 134.57 crores) respectively. The life of IRUs has been estimated at the lower of the life of the cables or the period of the IRU agreements.

e. Gross Block and Accumulated Depreciation of Plant and machinery include proportionate amounts towards share of assets held jointly with other enterprises of ₹ 996.99 crores (2011: ₹ 919.57 crores) and ₹ 337.26 crores (2011: ₹ 279.50 crores) respectively.

f. Finance cost capitalised during the year is ₹ 5.66 crores (2011: ₹ 15.88 crores) in respect of capital expenditure.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2012 *(Contd.)*

ii. Intangible assets

(₹ in crores)

Gross Block	Goodwill	Software	Total
At 1 April 2010	-	146.86	146.86
Additions	-	31.31	31.31
Additions on amalgamations	113.14	32.23	145.37
At 31 March 2011	**113.14**	**210.40**	**323.54**
Additions	-	19.31	19.31
At 31 March 2012	**113.14**	**229.71**	**342.85**
Accumulated Amortization			
At 1 April 2010	-	46.66	46.66
Depreciation/ Amortization	2.97	36.93	39.90
Additions on amalgamations	110.17	18.33	128.50
At 31 March 2011	**113.14**	**101.92**	**215.06**
Depreciation/ Amortization	-	36.89	36.89
At 31 March 2012	**113.14**	**138.81**	**251.95**
Net Block			
At 31 March 2011	**-**	**108.48**	**108.48**
At 31 March 2012	**-**	**90.90**	**90.90**

14. **Non-current investments**

	As at 31 March 2012 No of shares	**As at 31 March 2012** ₹ in crores	*As at 31 March 2011* No of shares	*As at 31 March 2011* ₹ in crores
Investment (at Cost)				
a Fully Paid Equity Shares (Unquoted)				
i. In subsidiaries				
Tata Communications Lanka Limited (Equity shares of LKR 10 each)	13,661,422	7.41	*13,661,422*	*7.41*
Tata Communications International Pte. Ltd. *(Equity shares of US$ 1 each) (Refer I)	110,810,000	474.23	*110,810,000*	*474.23*
VSNL SNOSPV Pte. Ltd. * (Equity shares of US$ 1.00 each) (Refer I)	769,333	3.29	*769,333*	*3.29*
Tata Communications Transformation Services Limited (Equity shares of ₹ 10 each)	500,000	0.50	*500,000*	*0.50*

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NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2012 *(Contd.)*

			As at 31 March 2012		*As at 31 March 2011*	
			No of shares	**₹ in crores**	***No of shares***	***₹ in crores***
	Tata Communications Banking InfraSolutions Limited(Equity shares of ₹ 10 each)		75,000,000	75.00	*75,000,000*	*75.00*
	S&A Internet Services Private Limited (Equity shares of ₹10 each)		10,000	0.01	*10,000*	*0.01*
	TCNL 1 BV (Equity shares of Euro 1 each)		5,400	0.04	-	-
	Sub total	**(i)**		**560.48**		***560.44***
ii.	**In Joint Ventures**					
	United Telecom Limited (Equity shares of NRS 100 each)		5,731,900	35.82	*5,731,900*	*35.82*
	Sub total	**(ii)**		**35.82**		***35.82***
iii.	**Others**					
	Tata Teleservices Ltd. * (Equity shares of ₹ 10 each)		439,863,622	933.75	*439,863,622*	*933.75*
	New ICO Global Communications (Holdings) Limited (Class A common stock of US$ 0.01 each)		680,373	0.01	*680,373*	*0.01*
	Green Infra Wind Farms Limited (Equity shares of ₹ 10 each)		78,000	0.08	*60,000*	*0.06*
	Green Infra Wind Generation Limited (Equity shares of ₹ 10 each)		108,000	0.10	-	-
	Sub total	**(iii)**		**933.94**		***933.82***
b.	**Fully Paid Preference Shares (Unquoted)**					
i.	**In subsidiaries**					
	Tata Communications International Pte. Ltd * (Cumulative convertible redeemable Preference Shares of US$ 1 each) (Refer I)		30,955,250	139.32	*30,955,250*	*139.32*
	VSNL SNOSPV Pte. Ltd * (Cumulative convertible redeemable Preference shares of US $ 1 each) (Refer I)		24,680,000	118.71	*24,680,000*	*118.71*
	Sub total	**(iv)**		**258.03**		***258.03***
	Total	**(i+ii+iii+iv)**		**1,788.27**		***1,788.11***
	Book value of unquoted investments			**1,788.27**		***1,788.11***

* Equity investments on these companies are subject to certain restrictions on transfer as per the terms of individual contractual agreements

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2012 *(Contd.)*

I. The Company has an investment of ₹ 474.23 crores (2011: ₹ 474.23 crores) in equity shares and ₹ 139.32 crores (2011: ₹ 139.32 crores) in preference shares of Tata Communications International Pte. Ltd ("TCIPL"), ₹ 3.29 crores (2011: ₹ 3.29 crores) in equity shares and ₹ 118.71 crores (2011: ₹ 118.71 crores) in preference shares of VSNL SNOSPV Pte. Ltd ("SNOSPV") wholly owned subsidiaries. In the opinion of the management, having regard to the nature of these subsidiaries' businesses and future business projections, there is no diminution, other than temporary in the value of investments despite significant accumulated losses.

15. **Long-term loans and advances**

(₹ in crores)

			As at 31 March 2012	***As at 31 March 2011***
I	Unsecured - Considered good			
	a.	Capital advances	2.65	*0.55*
	b.	Loans to related parties	880.67	*840.63*
	c.	Advance tax (net of provisions)	1,670.91	*1,915.16*
	d.	License fees paid under protest (Refer note 31)	115.73	*115.73*
	e.	Other advances/ receivables	54.45	*41.05*
	f.	Prepaid expenses	12.38	*68.00*
	g.	Deposits withpublic bodies	0.56	*2.41*
	h.	Other deposits	23.95	*18.54*
II	Unsecured – Doubtful			
	a.	Doubtful advances	11.54	*7.99*
		Less: Provision for doubtful advances	(11.54)	*(7.99)*
			2,761.30	***3,002.07***

16. **Other non-current assets**

(₹ in crores)

		As at 31 March 2012	***As at 31 March 2011***
a.	Pension contributions recoverable from Government of India (net) (Refer i)	7.44	*7.44*
b.	NLD license fees reimbursement recoverable from Government of India	0.64	*0.64*
		8.08	***8.08***

i. As at 31 March 2012 the proportionate share of pension obligations and payments of ₹ 61.15 crores (2011: ₹ 61.15 crores) to the erstwhile Overseas Communications Service ("OCS") employees was recoverable from the Government of India ("the Government"). Pursuant to discussions with the Government, the Company had made a provision of ₹ 53.71 crores (2011: ₹ 53.71 crores) resulting in a net amount due from the Government towards its share of pension obligations of ₹ 7.44 crores (2011: ₹ 7.44 crores).

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2012 *(Contd.)*

17. **Current investments**

	As at 31 March 2012 No of units	As at 31 March 2012 ₹ in crores	*As at 31 March 2011 No of units*	*As at 31 March 2011 ₹ in crores*
Investments in Mutual Funds (Unquoted)				
Liquid Growth Plan				
Kotak Floater-Short Term-Growth	-	-	*11,851,076*	*19.00*
Franklin Tempelton Treasury management account Super Institutional Plan – Growth	-	-	*26,382*	*3.80*
DSP Black Rock FMP-3M series 33- Growth	-	-	*5,110,950*	*5.11*
Kotak Floater Short Term Growth	-	-	*1,642,488*	*2.62*
Kotak Quarterly Interval Plan Series 10 Growth	-	-	*4,500,467*	*5.00*
JM High Liquidity Fund - Super Institutional Plan - Growth (94)	-	-	*665,919*	*1.00*
Reliance Liquid Fund – Growth	-	-	*4,150,826*	*6.09*
Reliance Liquid Fund - Cash plan-Growth	-	-	*1,320,621*	*2.09*
Total		-		***44.71***
Book value of unquoted investments		-		***44.71***

18. **Trade receivables- Unsecured**

(₹ in crores)

	As at 31 March 2012	*As at 31 March 2011*
Trade receivables outstanding for a period exceeding six months from the date they were due for payment		
Considered good	27.21	*128.76*
Doubtful	158.89	*133.56*
	186.10	***262.32***
Less: Provision for doubtful trade receivables	**(158.89)**	***(133.56)***
	27.21	***128.76***
Other trade receivables		
Considered good	682.73	*483.86*
Doubtful	3.17	*4.15*
	685.90	***488.01***
Less: Provision for doubtful trade receivables	(3.17)	*(4.15)*
	682.73	***483.86***
	709.94	***612.62***

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2012 *(Contd.)*

19. **Cash and bank balances**

(₹ in crores)

	As at 31 March 2012	*As at 31 March 2011*
Cash and Cash Equivalents:		
Cash on hand	0.06	*0.07*
Cheques on hand	9.63	*318.16*
Remittances in transit	2.76	*0.02*
Current accounts with scheduled banks	30.86	*19.39*
Deposit accounts with scheduled banks	-	*84.96*
	43.31	***422.60***
Other Bank Balances:		
Earmarked funds	10.01	*8.17*
Cash and Bank Balances	**53.32**	***430.77***

20. **Short-term loans and advances**

(₹ in crores)

	As at 31 March 2012	*As at 31 March 2011*
I Unsecured – Considered good		
a. Loans and advances to related parties	21.82	*61.87*
b. Loans and advances to employees	2.28	*0.56*
c. Prepaid expenses	92.69	*41.01*
d. Sundry Deposits	21.85	*12.30*
e. Service tax recoverable	257.26	*163.97*
f. Advance to Contractors and vendors	10.90	*7.31*
g. Other advances	63.19	*53.09*
	469.99	***340.11***

21. **Other current assets**

(₹ in crores)

	As at 31 March 2012	*As at 31 March 2011*
a. Interest receivable (Refer i)	3.04	*10.70*
b. Unbilled revenue	135.83	*155.69*
c. Unamortized premium on forward contracts	3.24	*11.49*
d. Others	18.37	*16.81*
	160.48	***194.69***

i. Interest receivable includes interest due from subsidiaries of ₹ 1.97crores (2011: ₹ 10.70 crores)

22. Revenue from Operations for the current year includes ₹ Nil (2011: ₹ 25.60 crores) pertaining to previous years.

23. The Company had entered into an agreement with effect from 1 January 2007 with one of its customers for carriage of NLD traffic for a period of two years. In view of disputes between the parties, the agreement was truncated with effect from July 2008. The matter was referred to conciliation in the earlier period and an award in favour of the Company of ₹ 29 crores was made leaving the modalities of settlement to the parties. During the previous year based on the settlement reached with the carrier, ₹ 26.54 crores was recorded in Revenue from Operations of ₹ 2.46 crores was recorded in Other Income.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2012 *(Contd.)*

24. **Other income**

(₹ in crores)

		Year Ended 31 March 2012	***Year Ended 31 March 2011***
a.	Interest Income		
	i. Bank Deposits [Tax deducted at source ₹ 0.07 crores (2011: ₹ 0.05 crores)]	0.97	*0.56*
	ii. Others (Refer I)[Tax deducted at source ₹ 0.10 crores (2011: ₹ 4.16 crores)]	27.68	*27.98*
b.	Dividend Income from investment in subsidiaries	18.76	*1.68*
c.	Profit on sale of current investments (net)	35.91	*3.18*
d.	Profit on sale of fixed assets (net)	6.60	*2.19*
e.	Rent	10.56	*18.64*
f.	Exchange gain (net)	26.96	*18.42*
g.	Provisions/liabilities no longer required - written back	2.48	*67.78*
h.	Interest on income tax refund	10.15	-
i.	Other	39.03	*50.28*
		179.10	***190.71***

I. Interest on others includes ₹ 25.99 crores (2011: ₹ 27.87 crores) from subsidiaries.

25. **Network and transmission expenses**

(₹ in crores)

		Year Ended 31 March 2012	***Year Ended 31 March 2011***
a.	Charges for use of transmission facilities	1,593.36	*1,405.06*
b.	Royalty and license fee to Department of Telecommunications	119.94	*102.42*
c.	Rent of satellite channels	11.07	*20.48*
d.	Rent of landlines	12.13	*20.40*
		1,736.50	***1,548.36***

26. **Employee benefits**

(₹ in crores)

		Year Ended 31 March 2012	***Year Ended 31 March 2011***
a.	Salaries and related costs	534.97	*450.17*
b.	Contributions to provident, gratuity and other funds	39.65	*28.71*
c.	Staff welfare expenses	47.62	*41.58*
		622.24	***520.46***

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2012 *(Contd.)*

27. ***Operating and other expenses***

(₹ in crores)

		Year Ended 31 March 2012	*Year Ended 31 March 2011*
a.	Consumption of stores	22.40	*7.94*
b.	Light and power	130.32	*127.72*
c.	Repairs and Maintenance:		
	i. Buildings	16.43	*14.25*
	ii. Plant and Machinery	139.12	*137.81*
	iii. Others	0.74	*6.48*
d.	Bad Debts written off	-	*3.11*
e.	Provision for doubtful trade receivables	24.36	*19.56*
f.	Provision for doubtful advances	5.17	*-*
g.	Rent	19.94	*35.82*
h.	Rates and taxes	17.73	*13.22*
i.	Travelling expenses	26.73	*23.88*
j.	Telephone expenses	13.62	*14.07*
k.	Printing, postage and stationery	3.39	*4.11*
l.	Legal and professional fees	45.39	*31.34*
m.	Advertising and publicity	24.14	*14.66*
n.	Commissions	14.89	*25.87*
o.	Services rendered by agencies	120.59	*106.62*
p.	Insurance	7.98	*10.52*
q.	Donations	0.58	*-*
r.	Loss on sale of fixed assets (net)	-	*0.01*
s.	Other expenses	111.54	*89.94*
		745.06	***686.93***

28. **Finance costs**

(₹ in crores)

	Year Ended 31 March 2012	*Year Ended 31 March 2011*
Interest on loans (Refer i)	10.33	*19.29*
Interest on Debentures	188.16	*204.61*
Other Interest	2.04	*3.91*
Less: Interest capitalisation	(5.66)	*(15.88)*
	194.87	***211.93***

i. Interest on loans includes interest on loan from Tata Communications Transformation Services Limited aggregating ₹ 0.27 crores (2011: ₹ 0.11 crores)

29. **Employee Benefits**

i. Defined Contribution Plan - Provident Fund:

The Company makes contributions towards a provident fund under a defined contribution retirement benefit plan for qualifying employees. The provident fund is administered by the Trustees of the Tata Communications Employees' Provident Fund Trust and by the Regional Provident Fund Commissioner. Under this scheme, the Company is required to contribute a specified percentage of payroll cost to fund the benefits.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2012 *(Contd.)*

The Rules of the Company's Provident Fund administered by theTrust require that if the Board of Trustees are unable to pay interest at the rate declared for Employees' Provident Fund by the Government under para 60 of the Employees' Provident Fund Scheme, 1952 for the reason that the return on investment is less or for any other reason, then the deficiency shall be made good by the Company. Having regard to the assets of the Fund and the return on the investments, the Company does not expect any deficiency in the foreseeable future. There has also been no such deficiency since the inception of the Fund.

Provident fund contributions amounting to ₹ 19.05 crores (2011: ₹17.85 crores) have been charged to the Statement of Profit and Loss.

ii. Defined Benefit Plan

Gratuity:

The Company makes annual contributions under the Employees Gratuity scheme to a fund administered by Trustees covering all eligible employees. The plan provides for lump sum payments to vested employees at retirement, death while in employment or on termination of employment of an amount equivalent to 15 days salary for each completed year of service or part thereof in excess of six months. Vesting occurs upon completion of five years of service.

Medical Benefit:

The Company reimburses domiciliary and hospitalization expenses not exceeding specified limits incurred by eligible and qualifying employees and their dependent family members under the Tata Communications Employee's Medical Reimbursement Scheme. The scheme provides for cashless hospitalization where the claims are directly settled by the Company.

Pension Plan:

The Company's pension obligations relate to certain employees transferred to the Company from the Overseas Communications Service ("OCS")an erstwhile department of Ministry of Commerce, Government of India. The Company purchases life annuity policies from an insurance company to settle such pension obligations. During the year the Company has incurred a charge of ₹ 14.24 crores (2011: ₹ 7.00 crores) to meet the additional pension obligation on account of increase in Dearness Allowance.

The details in respect of the status of funding and the amounts recognized in the Company's financial statements for the year ended 31 March 2012 for these defined benefit schemes are as under:

(₹ in crores)

		Gratuity (Funded) As at 31 March			Medical Benefits (Unfunded) As at 31 March		
		2012	***2011***	***2010***	**2012**	***2011***	***2010***
I	**Change in the defined benefit obligation**						
	Liability at the beginning of the period	52.44	*45.52*	*32.71*	45.39	*43.17*	*35.68*
	Adjustment on account of merger	-	*2.02*	-	-	-	-
	Current service cost	4.16	*3.98*	*2.84*	0.55	*3.96*	*4.45*
	Past service cost	-	-	*13.07*	-	-	-
	Interest cost	4.12	*3.07*	*2.58*	3.46	*3.56*	*2.68*
	Liability transferred from / (to) other companies	(1.04)	-	*0.14*	-	-	-
	Actuarial (gain) / loss on obligations	1.52	*1.87*	*(3.59)*	9.40	*1.90*	*5.91*
	Benefits paid	(2.85)	*(4.02)*	*(2.23)*	(6.80)	*(7.20)*	*(5.55)*
	Liability at the end of the period	**58.35**	***52.44***	***45.52***	**52.00**	***45.39***	***43.17***

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2012 *(Contd.)*

(₹ in crores)

		Gratuity (Funded) As at 31 March			Medical Benefits (Unfunded) As at 31 March		
		2012	***2011***	***2010***	**2012**	***2011***	***2010***
II	**Change in Fair Value of Assets**						
	Opening Fair Value of Plan Assets	48.86	*33.65*	*30.09*	-	-	-
	Adjustment on account of merger	-	*0.44*	-	-	-	-
	Expected Return on Plan Assets	3.85	*2.66*	*2.52*	-	-	-
	Employer's contribution	3.48	*13.80*	*2.51*	-	-	-
	Transfer (to) / from other company	(1.04)	*0.01*	*0.14*	-	-	-
	Actuarial Gain / (Loss)	(0.80)	*2.32*	*0.62*	-	-	-
	Benefits paid	(2.85)	*(4.02)*	*(2.23)*	-	-	-
	Closing Fair Value of Plan Assets	**51.50**	***48.86***	***33.65***	-	-	-

(₹ in crores)

		As at 31 March			As at 31 March		
		2012	***2011***	***2010***	**2012**	***2011***	***2010***
III	**Amount recognized in the balance sheet**						
	Liability at the end of the period	58.35	*52.44*	*45.52*	52.00	*45.39*	*43.17*
	Fair value of plan assets at the end of the period	(51.50)	*(48.86)*	*(33.65)*	-	-	-
	Net (asset)/ liability in the balance sheet	**6.85**	***3.58***	***11.87***	**52.00**	***45.39***	***43.17***
	Current liability	6.85	*3.58*		3.71	*5.48*	
	Non current liability	-	-		48.29	*39.91*	

(₹ in crores)

		As at 31 March			As at 31 March		
		2012	***2011***	***2010***	**2012**	***2011***	***2010***
IV	**Expenses recognized in the Statement of Profit and Loss**						
	Current service cost	4.16	*3.98*	*2.84*	0.55	*3.96*	*4.45*
	Past service cost	-	-	*13.07*	-	-	-
	Interest cost	4.12	*3.07*	*2.58*	3.46	*3.56*	*2.68*
	Expected return on plan assets	(3.85)	*(2.66)*	*(2.52)*	-	-	-
	Net actuarial loss /(gain) to be recognized	2.32	*(0.45)*	*(4.21)*	9.40	*1.90*	*5.91*
	Expense recognized in the Statement of Profit and Loss	**6.75**	***3.94***	***11.76***	**13.41**	***9.42***	***13.04***

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2012 *(Contd.)*

(₹ in crores)

	Gratuity (Funded) As at 31 March			Medical Benefits (Unfunded) As at 31 March		
	2012	***2011***	***2010***	**2012**	***2011***	***2010***
V Categories of plan assets as a percentage of total plan assets						
Corporate bonds	-	-	-	-	-	-
State Government	-	-	-	-	-	-
Insurer Managed Funds	100%	*100%*	*100 %*	-	-	-
Total	**100%**	***100%***	***100%***	-	-	-

The Company's policy and objective for plan assets management is to maximize return on plan assets to meet future benefit payment requirements while at the same time accepting a low level of risk. The asset allocation for plan assets is determined based on the investment criteria approved under the Income Tax Act, 1961 and is also subject to other exposure limitations.

	As at 31 March			As at 31 March		
	2012	***2011***	***2010***	**2012**	***2011***	***2010***
VI Principal Actuarial assumptions :						
Discount rate	8.50%	*8.25%*	*8.25%*	8.50%	*8.25%*	*8.25%*
Expected return on plan assets	8.00%	*8.00%*	*8.00%*	-	-	-
Increase in compensation cost	6% to 10%	*6.00%*	*6.00%*	6% to 10%	*6.00%*	*6.00%*
Health care cost increase rate	-	-	-	2.00%	*2.00%*	*2.00%*
Attrition rate	3% to 15%	*2.00%*	*2.00%*	3% to 15%	*2.00%*	*2.00%*

The estimates of future compensation cost considered in the actuarial valuation take account of inflation, seniority, promotion and other relevant factors.

(₹ in crores)

	Gratuity (Funded) As at 31 March			
	2012	***2011***	***2010***	***2009***
VII Experience adjustment				
Defined Benefit obligation	(58.35)	*(52.44)*	*(45.52)*	*(32.71)*
Plan assets	51.50	*48.86*	*33.65*	*30.09*
Surplus / (deficit)	(6.85)	*(3.58)*	*(11.87)*	*(2.62)*
Exp. Adj. on Plan Liabilities gain / (loss)	6.68	*(1.87)*	*1.20*	*2.00*
Exp. Adj. on Plan Assets gain/ (loss)	(0.80)	*2.32*	*0.62*	*(2.00)*
Actuarial gain/ (loss) due to change of assumptions	(8.19)	-	-	-

VIII Effect of change in Assumed Health Care Cost Trend Rate. A one – percentage – point change in assumed health care cost trend rates would have the following effects:

(₹ in crores)

	31 March 2012		*31 March 2011*		*31 March 2010*	
	Increase	**Decrease**	***Increase***	***Decrease***	***Increase***	***Decrease***
Effect on service cost	0.09	0.07	*0.39*	*0.39*	*0.44*	*0.48*
Effect on interest cost	0.90	0.70	*0.35*	*0.35*	*0.26*	*0.27*
Effect on post employment benefit obligation	1.25	1.09	*3.74*	*3.97*	*4.71*	*4.62*

The Company expects to contribute ₹ 6.85 crores (2011: ₹ 4.75 crores) towards employer's contribution for funded defined benefit plans in financial year 2012-13.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2012 *(Contd.)*

IX. Leave plan and Compensated absences

Eligible employees can carry forward and encash leave on death, permanent disablement and resignation subject to maximum accumulation of 300 days.

The liability for leave encashment and compensated absences as at the year end is ₹ 60.02 crores (2011: ₹ 40.78 crores).

The estimates of future compensation cost considered in the actuarial valuation take account of inflation, seniority, promotion and other relevant factors.

30. **Auditors remuneration:**

(Included in operating and other expenses)

(₹ in crores)

	Year Ended 31 March 2012	*Year Ended 31 March 2011*
Auditor's remuneration and expenses		
i. Audit fees	1.15	*1.15*
ii. Tax Audit fees	0.20	*0.20*
iii. Other professional services	0.57	*0.66*
iv. For reimbursement of expenses	0.14	*0.03*
v. Service tax *	0.21	*0.19*

Auditors' remuneration excludes fees of ₹8.57 crores (2011: ₹ 10.29 crores) payable/ paid for professional services to a firm of chartered accountants in which some partners of the firm of statutory auditors are partners.

* Service tax credit has been availed

31. In January 2008, an amount of ₹ 290 crores was paid to the Department of Telecommunications (DoT) under protest, towards payment of licence fees, interest and penalty demanded by DoT before issue of certain licences to the Company. Against this, the Company carried a provision of ₹ 174.15 crores for licence fees and interest thereon which has been set off against the payment of ₹ 290 crores for the presentation in the financial statements. The Company has filed a petition in the Honourable Supreme Court of India challenging the judgement of The Telecom Disputes Settlement Appellate Tribunal (TDSAT) relating to the computation of licence fee.

Additionally, the Company has also filed a petition with TDSAT challenging applicability of penal provisions under International Long Distance (ILD) and National Long Distance (NLD) licence agreements, whereby DoT claimed penalty and interest on penalty amounting to ₹ 115.73 crores (included in aforesaid ₹ 290 crores). Consequently, the amount of ₹115.73 crores was reflected as an asset in the books since 31 March 2009.

During the year 2009-10, TDSAT accepted the Company's position and decided in favour of the Company. However, DoT has filed an appeal in the Honourable Supreme Court of India challenging the judgement of TDSAT relating to the waiver of penalty and interest on penalty. A claim of ₹ 115.73crores alongwith interest was raised upon DoT in financial year 2009-10 based on this TDSAT order, which DoT has refused. The Company filed an appeal in TDSAT in financial year 2010-11 against this order of DoT which had been allowed in favour of the Company by TDSAT in financial year 2011-12. Pending implementation of this order by DoT, the Company had further filed execution petition in TDSAT in financial year 2011- 12. TDSAT heard the matter and the ruling is awaited.

32. **Earnings per share**

(₹ in crores)

		As at 31 March 2012	*As at 31 March 2011*
Net Profit after tax attributable to the equity shareholders	(A)	171.34	*162.56*
Number of equity shares outstanding at the end of the year		285,000,000	*285,000,000*
Weighted average number of shares outstanding during the year	(B)	285,000,000	*285,000,000*
Basic and diluted earnings per share (₹ per equity share of ₹ 10 each)	(A/B)	6.01	*5.70*

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2012 *(Contd.)*

33. **Segment Reporting**

a. Business Segments

The Company's reportable business segments are Global Voice Solutions (GVS) and Global Data and Managed Services (GDMS). The composition of the reportable segments is as follows:

Global Voice Solutions (GVS)

GVS includes international and national long distance voice services

Global Data and Managed Services(GDMS)

GDMS includes corporate data transmission services, data centers, virtual private network signaling and roaming services, television and other network and managed services.

(₹ in crores)

	Year ended 31 March 2012		
	GVS	**GDMS**	**Total**
Revenue from Operations	1,271.42	2,820.35	4,091.77
Segment Results	87.50	2,189.81	2,277.31
Unallocable expenses (net)			1,968.15
Non Cash Expenses (unallocable)			44.04
Profit before tax			**265.12**
Tax expense (net)			93.78
Profit for the year			**171.34**

(₹ in crores)

	Year ended 31 March 2011		
	GVS	***GDMS***	***Total***
Revenue from Operations	*1,013.87*	*2,597.90*	*3,611.77*
Segment Results	*(49.30)*	*2,054.65*	*2,005.35*
Unallocable expenses (net)			*1,800.91*
Non Cash Expenses (unallocable)			*29.29*
Profit before tax and exceptional items			***175.15***
Exceptional Expenses (Net)			*21.11*
Profit before tax			***154.04***
Tax expense (net)			*(8.52)*
Profit for the year			***162.56***

i. Revenues and interconnect charges are directly attributable to the segments. Space segment utilization charges, rent of landlines and other network and transmission costs are allocated based on utilization of satellite and landlines. License fee for GVS and GDMS have been allocated based on net revenues from these services. Segment result is segment revenues less segment expenses. Depreciation and certain other costs cannot be allocated to segments.

ii. Telecommunication services are provided utilizing the Company's assets which do not generally make a distinction between the types of services. As a result, fixed assets are used interchangeably between segments. Fixed assets and liabilities cannot be allocated to segments.

b. Geographical Segments

The secondary reportable segments are Geographical and revenues have been allocated to countries based on location of the customers as follows:

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2012 *(Contd.)*

Segment revenues by Geographical Market

(₹ in crores)

	As at 31 March 2012	***As at 31 March 2011***
India	2,972.89	*2,862.72*
United Kingdom	125.15	*81.53*
United States of America	155.30	*64.54*
Netherlands*	451.47	*197.07*
Others	386.96	*405.91*
	4,091.77	***3,611.77***

* Netherlands include amounts recorded as revenues from Tata Communication (Netherlands) BV of ₹418.78 crores (2011: ₹167.39 crores). Tata Communication (Netherlands) BV is a Central contracting party and a transfer pricing administrator for inter-company transactions between Tata Communications Limited and its international subsidiaries.

Pursuant to acquisitions of Tyco Global Network ("TGN") and Teleglobe ("TLGB"), the Company from 1 April 2006 adopted the Residual Profits Split Method ("RPSM") for recording transactions pertaining to International Telecommunications Services under its Transfer Pricing Policy. This policy governs the majority of the transactions between the Company and its international subsidiaries. The Company's subsidiary in the Netherlands is designated as the Central Contracting Party ("CCP") and Transfer Pricing Administrator ("TPA").

34. **Related party transactions**

i. Names of related parties and nature of relationship

Sr. No	**Category of related parties**	**Names**
a.	Investing Parties (Promoters)	Panatone Finvest Limited
		Tata Sons Limited
b.	Subsidiaries (Held Directly)	Tata Communications Banking InfraSolutions Limited
		Tata Communications Transformation Services Limited
		Tata Communications International Pte. Ltd.
		VSNL SNOSPV Pte Ltd
		S&A Internet Services Private Limited
		Tata Communications Lanka Limited
c.	Subsidiaries (Held Indirectly)	Tata Communications (Australia) Pty Limited
		Tata Communications (Belgium) SPRL
		Tata Communications Services (Bermuda) Limited
		Tata Communications (Bermuda) Limited
		Tata Communications (Canada) Limited
		Tata Communications (America) Inc.#
		Tata Communications Services (America) Inc. *(Upto 31 March 2011) #*
		Tata Communications (Middle East) FZ-LLC

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2012 *(Contd.)*

Sr. No	Category of related parties	Names
		Tata Communications (UK) Limited
		Tata Communications (France) SAS
		Tata Communications Deutschland GmbH
		Tata Communications (Guam) LLC
		Tata Communications (Hong Kong) Limited
		Tata Communications (Hungary) LLC
		Tata Communications (Ireland) Limited
		TCPoP Communication GmbH
		Tata Communications (Malaysia) Sdn. Bhd. *(Date of incorporation :29 March 2012)*
		Tata Communications (New Zealand) Limited *(Date of incorporation :15 March 2012)*
		Tata Communications (Taiwan) Limited
		Tata Communications (Italy) S.r.l
		Tata Communications (Japan) KK
		ITXC IP Holdings S.a r.lz
		Tata Communications (Nordic) AS
		Tata Communications (Poland) Sp. Zoo
		Tata Communications (Portugal) Unipessoal LDA
		Tata Communications (Portugal) Instalacao E Manutencao De Redes LDA
		Tata Communications (Puerto Rico) Inc
		VSNL International (ITXC) Corp. *(Merged with Tata Communications (America) Inc. on 30 March 2012)*
		Tata Communications (Russia) LLC
		Tata Communications Services (International) Pte. Ltd.
		Tata Communications (Spain) S.L *(Formerly known as Videsh Sanchar Nigam Spain Srl)*
		Tata Communications (Sweden) AB
		Tata Communications (Switzerland) GmbH
		Tata Communications (Netherlands) B.V.
		BitGravity Inc. *(Subsidiary w.e.f 16 February 2011)*
		Neotel (Pty) Ltd. *(Subsidiary w.e.f 11 April 2011)*
		SEPCO Communications Pty Ltd. *(Subsidiary w.e.f 11 April 2011)*
		Neotel Business Support Services (Pty) Ltd. *(held through Neotel Pty Ltd)*
		TCNL1 B.V. *(Date of incorporation :31 March 2012)*
		TCNL2 B.V. *(Date of incorporation :31 March 2012)*

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2012 *(Contd.)*

Sr. No	Category of related parties	Names
d	Joint Venture	United Telecom Limited Cochin Submarine Cable Depot (India) Private Limited *(Liquidated on 27 December 2011)*
e	Joint Venture / Associate of wholly owned subsidiary	SEPCO Communications Pty Ltd. *(Held through VSNL SNOSPV Pte Ltd.) (till 11 April 2011)* Neotel (Pty) Ltd. *(Held through VSNL SNOSPV Pte Ltd.)(till 11 April 2011)* Number Portability Company (Pty) Ltd. *(Held through Neotel (Pty) Ltd.)*
f	Key Managerial Personnel	
	Mr. N. Srinath	Managing Director and Chief Executive Officer TCL Group *(till 31 January 2011)*
	Mr Vinod Kumar	Managing Director and Group CEO *(w.e.f 1 February 2011)*

 # Tata Communications Services (America) Inc. (TCSAI), Tata Communications (US) Inc.(TCUI) has been merged with Tata Communications (America) Inc. (TCAI) w.ef 1 April 2011, hence balances and transactions of TCSAI and TCUI have been combined as those of TCAI for financial year 2011-12 and 2010-11 respectively.

ii. Summary of transactions and balances with related parties

(₹ in crores)

Particulars	Investing Company	Subsidiaries	Key Managerial Personnel	Joint Ventures	Joint Ventures/ Associates of wholly owned subsidiary	Total
Transactions during the year						
Dividend paid	**25.84**					**25.84**
	-					-
BEBP Expenses	**9.96**					**9.96**
	8.64					*8.64*
Revenue from Operations	**1.49**	**534.30**		**5.15**		**540.94**
	1.10	*310.73*		*9.19*	*15.19*	*336.21*
Network and Transmission expenses		**20.84**		**71.98**		**92.82**
		12.81		*67.67*	*4.08*	*84.56*
Purchase of Fixed Assets		**54.64**				**54.64**
		0.01				*0.01*
Sale of Fixed Assets		**0.03**				**0.03**
		-				-
Services rendered		**26.31**				**26.31**
		21.51				*21.51*
Services received	**0.13**	**30.79**				**30.92**
	-	*16.99*				*16.99*
Equity capital contribution		**@**				**@**
		73.64		*(0.04)*		*73.60*
Interest Income		**25.99**				**25.99**
		27.87				*27.87*
Dividend Income		**18.76**				**18.76**
		1.68				*1.68*
Loan given / Forex Adjustments		**773.04**				**773.04**
		603.36				*603.36*

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2012 *(Contd.)*

Sr. No	Category of related parties	Names
d	Joint Venture	United Telecom Limited Cochin Submarine Cable Depot (India) Private Limited *(Liquidated on 27 December 2011)*
e	Joint Venture / Associate of wholly owned subsidiary	SEPCO Communications Pty Ltd. *(Held through VSNL SNOSPV Pte Ltd.) (till 11 April 2011)* Neotel (Pty) Ltd. *(Held through VSNL SNOSPV Pte Ltd.)(till 11 April 2011)* Number Portability Company (Pty) Ltd. *(Held through Neotel (Pty) Ltd.)*
f	Key Managerial Personnel	
	Mr. N. Srinath	Managing Director and Chief Executive Officer TCL Group *(till 31 January 2011)*
	Mr Vinod Kumar	Managing Director and Group CEO *(w.e.f 1 February 2011)*

 # Tata Communications Services (America) Inc. (TCSAI), Tata Communications (US) Inc.(TCUI) has been merged with Tata Communications (America) Inc. (TCAI) w.ef 1 April 2011, hence balances and transactions of TCSAI and TCUI have been combined as those of TCAI for financial year 2011-12 and 2010-11 respectively.

ii. Summary of transactions and balances with related parties

(₹ in crores)

Particulars	Investing Company	Subsidiaries	Key Managerial Personnel	Joint Ventures	Joint Ventures/ Associates of wholly owned subsidiary	Total
Transactions during the year						
Dividend paid	**25.84**					**25.84**
	-					-
BEBP Expenses	**9.96**					**9.96**
	8.64					*8.64*
Revenue from Operations	**1.49**	**534.30**		**5.15**		**540.94**
	1.10	*310.73*		*9.19*	*15.19*	*336.21*
Network and Transmission expenses		**20.84**		**71.98**		**92.82**
		12.81		*67.67*	*4.08*	*84.56*
Purchase of Fixed Assets		**54.64**				**54.64**
		0.01				*0.01*
Sale of Fixed Assets		**0.03**				**0.03**
		-				-
Services rendered		**26.31**				**26.31**
		21.51				*21.51*
Services received	**0.13**	**30.79**				**30.92**
	-	*16.99*				*16.99*
Equity capital contribution		**@**				**@**
		73.64		*(0.04)*		*73.60*
Interest Income		**25.99**				**25.99**
		27.87				*27.87*
Dividend Income		**18.76**				**18.76**
		1.68				*1.68*
Loan given / Forex Adjustments		**773.04**				**773.04**
		603.36				*603.36*

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2012 *(Contd.)*

(₹ in crores)

Particulars	**Investing Company**	**Subsidiaries**	**Key Managerial Personnel**	**Joint Ventures**	**Joint Ventures/ Associates of wholly owned subsidiary**	**Total**
Loan repaid		**905.34**				**905.34**
		961.73				*961.73*
Advances given by the Company/ repaid to the Company		**204.80**		**1.55**		**206.35**
		58.51		*1.62*	*@*	*60.13*
Advances repaid to/ taken from the Company/ Forex Adjustments		**296.88**		**0.05**		**296.94**
		26.11		*0.06*		*26.17*
Managerial Remuneration			**11.03**			**11.03**
			4.79			*4.79*
Finance Cost		**0.27**				**0.27**
		0.11				*0.11*
Balances as at 31 March 2012						
Receivables	**0.41**	**241.56**				**241.97**
	0.35	*205.15*			*13.51*	*219.01*
Payables	**9.96**	**76.74**	**5.63**	**15.60**		**107.93**
	8.64	*17.30*	*2.11*	*14.96*	*0.42*	*43.43*
Loans Given		**880.67**				**880.67**
		840.63				*840.63*
Advance Receivable		**21.82**		**-**		**21.82**
		56.64		*@*	*2.34*	*58.99*
Advance Payable		**1.08**				**1.08**
		2.21				*2.21*
Loan taken		**-**				**-**
		20.00				*20.00*
Loan repaid		**20.00**				**20.00**
		-				*-*
Interest Accrued-other deposits		**1.97**				**1.97**
		9.50				*9.50*
Guarantees on behalf of subsidiaries		**9,304.20**				**9,304.20**
		6,493.82				*6,493.82*
Letter of Comfort on behalf of subsidiaries		**1,694.52**				**1,694.52**
		1,238.36				*1,238.36*
Interest accrued		**-**				**-**
		0.11				*0.11*

Note: *@ represents transaction of amount less than ₹ 50,000/-*

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2012 *(Contd.)*

(₹ in crores)

iii. Details of material transactions with related parties

	Investing Company	Subsidiaries	Key Managerial Personnel	Joint Ventures	Joint Ventures/ Associates of wholly owned subsidiary	Total
Dividend paid						
Panatone Finvest Limited	**17.73**					**17.73**
	-					-
Tata Sons Limited	**8.11**					**8.11**
	-					-
BEBP Expenses						
Tata Sons Limited	**9.96**					**9.96**
	8.64					*8.64*
Revenue from Operations						
Tata Communications (Netherlands) BV		**418.78**				**418.78**
		167.39				*167.39*
Tata Communications (America) Inc.		**59.19**				**59.19**
		93.78				*93.78*
Network and Transmission expenses						
Tata Communications (Netherlands) BV		**14.11**				**14.11**
		4.16				*4.16*
United Telecom Limited				**71.98**		**71.98**
				67.67		*67.67*
Tata Communications (America) Inc.		-				-
		8.65				*8.65*
Purchase of Fixed Assets						
Tata Communications International Pte. Ltd		**0.14**				**0.14**
		0.01				*0.01*
Tata Communications (Bermuda) Ltd		**50.59**				**50.59**
		-				-
Sale of Fixed Assets						
Tata Communications International Pte. Ltd		**0.01**				**0.01**
		-				-
Tata Communications (UK) Ltd		**0.01**				**0.01**
		-				-

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2012 *(Contd.)*

(₹ in crores)

	Investing Company	Subsidiaries	Key Managerial Personnel	Joint Ventures	Joint Ventures/ Associates of wholly owned subsidiary	Total
Tata Communications (America) Inc		**0.01**				**0.01**
		-				-
Services rendered						
Tata Communications (Netherlands) BV		**3.17**				**3.17**
		5.14				*5.14*
Tata Communications International Pte. Ltd.		**16.88**				**16.88**
		10.15				*10.15*
Tata Communications Transformation Services Limited		**3.03**				**3.03**
		3.79				*3.79*
Services received						
Tata Communications Transformation Services Limited		**30.79**				**30.79**
		16.99				*16.99*
Equity capital contribution						
Tata Communications Banking InfraSolutions Limited		-				-
		74.95				*74.95*
Interest Income						
Tata Communications International Pte. Ltd.		**5.43**				**5.43**
		12.61				*12.61*
VSNL SNOSPV Pte. Ltd.		**20.02**				**20.02**
		12.96				*12.96*
Dividend Income						
Tata Communications Lanka Limited		**4.76**				**4.76**
		1.68				*1.68*
Tata Communications Transformation Services Limited		**14.00**				**14.00**
		-				-
Loan given / Forex Adjustments						
Tata Communications International Pte. Ltd.		**452.21**				**452.21**
		152.42				*152.42*

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2012 *(Contd.)*

(₹ in crores)

	Investing Company	Subsidiaries	Key Managerial Personnel	Joint Ventures	Joint Ventures/ Associates of wholly owned subsidiary	Total
VSNL SNOSPV Pte. Ltd.		**274.98**				**274.98**
		423.57				*423.57*
Loan repaid						
Tata Communications International Pte. Ltd.		**601.87**				**601.87**
		775.60				*775.60*
VSNL SNOSPV Pte. Ltd.		**275.87**				**275.87**
		153.19				*153.19*
Advances given by the Company/repaid to the Company						
Tata Communications (Bermuda) Ltd		**74.32**				**74.32**
		0.07				*0.07*
Tata Communications Transformation Services Limited		**51.43**				**51.43**
		7.18				*7.18*
Tata Communications International Pte Ltd		**51.55**				**51.55**
		12.42				*12.42*
Tata Communications (America) Inc.		**8.76**				**8.76**
		10.16				*10.16*
Tata Communications (Canada) Ltd		**3.48**				**3.48**
		8.75				*8.75*
Advances repaid to/ taken from the Company/ Forex Adjustments						
Tata Communications (America) Inc.		**18.02**				**18.02**
		16.25				*16.25*
Tata Communications International Pte Ltd		**60.48**				**60.48**
		0.68				*0.68*
Tata Communications Transformation Services Limited		**48.14**				**48.14**
		6.03				*6.03*
Tata Communications (Bermuda) Ltd		**125.06**				**125.06**
		@				@

TATA

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2012 *(Contd.)*

(₹ in crores)

	Investing Company	Subsidiaries	Key Managerial Personnel	Joint Ventures	Joint Ventures/ Associates of wholly owned subsidiary	Total
Managerial Remuneration						
N. Srinath			**-**			**-**
			1.81			*1.81*
Vinod Kumar *			**11.03**			**11.03**
			2.98			*2.98*
Finance Cost						
Tata Communications Transformation Services Limited		**0.27**				**0.27**
		0.11				*0.11*
Receivables						
Tata Communications (Netherlands) BV		**181.98**				**181.98**
		58.22				*58.22*
Tata Communications International Pte. Ltd.		**11.18**				**11.18**
		27.28				*27.28*
Tata Communications (America) Inc.		**26.45**				**26.45**
		98.55				*98.55*
Payables						
Tata Communications (Canada) Ltd		**6.42**				**6.42**
		6.75				*6.75*
Tata Communications Transformation Services Limited		**16.75**				**16.75**
		4.12				*4.12*
United Telecom Limited				**15.60**		**15.60**
				14.96		*14.96*
Tata Sons Limited	**9.96**					**9.96**
	8.64					*8.64*
Tata Communications (America) Inc.		**-**				**-**
		6.37				*6.37*
Tata Communications (Bermuda) Ltd		**50.59**				**50.59**
		-				*-*
Loans Given						
Tata Communications International Pte. Ltd.		**92.66**				**92.66**
		193.42				*193.42*
VSNL SNOSPV Pte Ltd.		**768.64**				**768.64**
		646.09				*646.09*

* includes remuneration paid by subsidiary.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2012 *(Contd.)*

(₹ in crores)

	Investing Company	Subsidiaries	Key Managerial Personnel	Joint Ventures	Joint Ventures/ Associates of wholly owned subsidiary	Total
Advance Receivable						
Tata Communications Transformation Services Limited		**6.17**				**6.17**
		2.88				*2.88*
VSNL SNOSPV Pte.Ltd.		**0.72**				**0.72**
		22.31				*22.31*
Neotel Pty Ltd		**2.45**				**2.45**
					2.34	*2.34*
Tata Communications International Pte. Ltd		**4.32**				**4.32**
		13.01				*13.01*
Tata Communications Banking InfraSolutions Limited		**4.38**				**4.38**
		2.59				*2.59*
Tata Communications (America) Inc.		**0.26**				**0.26**
		8.23				*8.23*
Advance Payable						
Tata Communications (Japan) KK		-				-
		0.44				*0.44*
Tata Communications Lanka Ltd		**0.19**				**0.19**
		-				-
Tata Communications (America) Inc.		**-**				**-**
		1.44				*1.44*
Tata Communications (Canada) Ltd		**0.74**				**0.74**
		-				-
Tata Communications (Spain) S.L		**0.13**				**0.13**
		-				-
Loan repaid						
Tata Communications Transformation Services Limited		**20.00**				**20.00**
		-				-
Loan taken						
Tata Communications Transformation Services Limited		-				-
		20.00				*20.00*

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2012 *(Contd.)*

(₹ in crores)

	Investing Company	Subsidiaries	Key Managerial Personnel	Joint Ventures	Joint Ventures/ Associates of wholly owned subsidiary	Total
Interest Accrued-other deposits						
VSNL SNOSPV Pte. Ltd		-				-
		6.19				*6.19*
Tata Communications International Pte. Ltd.		**1.60**				**1.60**
		3.21				*3.21*
Tata Communications Banking InfraSolutions Limited		**0.25**				**0.25**
		@	-			*@*
Guarantees on behalf of subsidiaries						
Tata Communications (Netherlands) BV		**1,787.12**				**1,787.12**
		602.10				*602.10*
Tata Communications International Pte. Ltd.		**6,996.83**				**6,996.83**
		5,762.53				*5,762.53*
Letter of Comfort on behalf of subsidiaries						
Tata Communications (Netherlands) BV		**509.15**				**509.15**
		446.00				*446.00*
Tata Communications (Bermuda) Limited		**941.93**				**941.93**
		669.00				*669.00*
Interest accrued						
Tata Communications Transformation Services Limited		-				-
		0.11				*0.11*

Note: *@ represents transaction of amounts less than ₹ 50,000/-*

35. **Operating lease arrangements**

Operating lease payments represent rentals payable by the Company for certain buildings and satellite channels.

a. As lessee:

(₹ in crores)

	As at 31 March 2012	*As at 31 March 2011*
Minimum lease payments under operating leases recognized as expense in the year	5.20	*10.06*

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2012 *(Contd.)*

At the balance sheet date, minimum lease payments under non-cancellable operating leases fall due as follows:

(₹ in crores)

	As at 31 March 2012	***As at 31 March 2011***
Due not later than one year	2.59	*5.57*
Due later than one year but not later than five years	0.28	*2.37*
Later than five years	-	*@*
	2.87	***7.94***

Note: *@ represents amounts less than ₹ 50,000/-*

b. As lessor:

i. The Company has leased under operating lease arrangements certain Indefeasible Rights of Use ("IRU") with gross carrying amount and accumulated depreciation of ₹ 87.02 crores (2011: ₹ 84.33 crores) and ₹ 39.90 crores (2011: ₹ 33.30 crores) respectively as at 31 March 2012. Depreciation expense of ₹ 6.60 crores (2011: ₹ 5.50 crores) in respect of these assets has been charged in the Statement of Profit and Loss for the Year ended 31 March 2012.

In case of certain lease agreements aggregating ₹ 457.45 crores (2011: ₹ 380.85 crores) for the year ended 31 March 2012, the gross block, accumulated depreciation and depreciation expense of the assets given on IRU basis cannot be identified as these assets are not exclusively leased. The lease rentals associated with such IRU arrangements for the year ended 31 March 2012 amount to ₹ 27.95 crores (2011: ₹ 10.65 crores).

In respect of IRU arrangements, rental income of ₹ 34.62 crores (2011: ₹ 17.50 crores) has been recognized in the Statement of Profit and Loss for the year ended 31 March 2012.

Future lease rental receipts will be recognized in the Statement of Profit and Loss of subsequent years as follows:

(₹ in crores)

	As at 31 March 2012	***As at 31 March 2011***
Due not later than one year	39.97	*33.17*
Due later than one year but not later than five years	142.76	*123.81*
Later than five years	212.16	*196.66*
	394.89	***353.64***

36. **Provision for Contingencies:**

(₹ in crores)

	As at 31 March 2012			***As at 31 March 2011***		
	Asset Retirement Obligation	**Others**	**Total**	***Asset Retirement Obligation***	***Others***	***Total***
Opening Balance	0.25	9.00	9.25	*0.26*	*9.00*	*9.26*
Addition	-	-	-	-	-	-
Utilization	-	-	-	*(0.01)*	-	*(0.01)*
Provision written back	-	-	-	-	-	-
Closing Balance	**0.25**	**9.00**	**9.25**	***0.25***	***9.00***	***9.25***

a. The provision for Asset Retirement Obligation has been recorded in the books of the Company in respect of undersea cables and switches owned by the Company.

b. Others include amounts provided towards claims made by a creditor of the Company.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2012 *(Contd.)*

37. **Contingent Liabilities and Commitments:**

a. Contingent Liabilities:

		As at 31 March 2012	*(₹ in crores)* *As at 31 March 2011*
i.	Guarantees given on behalf of subsidiaries (Refer 1)	9,304.20	*6,493.82*
ii.	Claims for taxes on income (Refer 2)		
	- Income tax disputes where department is in appeal against the Company.	469.93	*1,009.60*
	- Income tax disputes where the Company has a favourable decision in other assessment years for the same issue	-	*1.79*
	- Income tax disputes other than above	1,899.35	*1,696.91*
iii.	Claims for other taxes	78.99	*123.30*
iv.	Other claims	425.89	*468.59*

1. Guarantees given on behalf of subsidiaries:

   The guarantees have been provided in the ordinary course of business and no liability on the Company is expected to materialize in this respect.

2. Significant claims by the revenue authorities in respect of income tax matters relate to deductions claimed under Section 80 IA of the Income Tax Act, 1961 from Assessment years 1996-97 onwards and disallowed by the revenue authorities. The Company has contested the disallowances and has preferred appeals which are pending.

3. The Company has taken appropriate professional advice in respect of the claims / appeals and has taken all necessary steps to protect its interest. Based on expert opinion, no provision is required in respect of these claims / appeals.

b. Commitments:

i. Capital Commitments:

Estimated amount of contracts remaining to be executed on capital account, not provided for and loan commitments to wholly owned subsidiaries amount to₹ 4,395.78 crores (2011: ₹ 2,772.94 crores).

ii. Other Commitments:

1. As on 31 March 2012, the Company has issued Letters of Comfort for the credit facility agreements in respect of various subsidiaries:

Name of the Subsidiary	As at 31 March 2012	*(₹ in crores)* *As at 31 March 2011*
Tata Communications Transformation Services Ltd (TCTSL)	30.55	*26.76*
Tata Communications International Pte. Ltd (TCIPL)	50.92	*44.60*
VSNL SNOSPV Ltd	9.97	-
Tata Communications (Netherland) Ltd	509.15	*446.00*
Tata Communications (Bermuda) Ltd	941.93	*669.00*
Tata Communications Banking InfraSolutions Ltd (TCBIL)	152.00	*52.00*

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2012 *(Contd.)*

The Company has undertaken to the lenders of TCTSL and TCIPL that it shall retain full management control so long as amounts are due to the lenders.

2. The Company has issued a support letter to Tata Communications International Pte Limited (TCIPL), aggregating ₹ 1,866.75 crores (2011: ₹ 1,245.71 crores) for providing financial support enabling, in turn, TCIPL to issue such support letters to certain subsidiaries with negative net worth as at 31 March 2012 in various geographies in order that they may continue as going concerns.

   The letters of comfort / support mentioned in 1 and 2 above have been provided in the ordinary course of business and no liability on the Company is expected to materialize in these respects

3. During the year 2008-09, in terms of the agreements entered into between Tata Teleservices Ltd. ("TTSL"), Tata Sons Ltd. ("TSL") and NTT DoCoMo, Inc. of Japan (Strategic Partner - SP), TSL gave an option to the Company to sell 36,542,378 equity shares in TTSL to the SP, as part of a secondary sale of 253,163,941 equity shares effected along with a primary issue of 843,879,801 shares by TTSL to the SP.

   If certain performance parameters and other conditions are not met, should the SP decide to divest its entire shareholding in TTSL, acquired under the primary issue and the secondary sale, and should TSL be unable to find a buyer for such shares, the Company is obligated to acquire the shareholding of the SP, at the higher of fair value or 50 percent of the subscription purchase price, in proportion of the number of shares sold by the company to the aggregate of the secondary shares sold to the SP, or if the SP divests the shares at a lower price pay a compensation representing the difference between such lower sale price and the price referred to above.

   Further, in the event of breach of the representations and warranties (other than title and tax) and covenants not capable of specific performance, the Company is liable to reimburse TSL, on a pro rata basis, up to a maximum sum of ₹ 548.50 crores. The exercise of the option by SP being dependent on several variables, the liability, if any, in this respect is remote and indeterminable.

38. **Supplementary statutory information**

(₹ in crores)

	As at 31 March 2012	***As at 31 March 2011***
a. Value of imports calculated on CIF basis (on accrual basis)		
i. Stores and Spares	1.66	*1.35*
ii. Capital Goods	150.84	*132.74*
b. Earnings in Foreign Currency		
i. Revenue from operations	1,008.58	*830.97*
ii. Interest income	12.76	*25.83*
iii. Dividend income	4.76	*1.68*
iv. Other income	10.62	*26.77*
	1,036.72	***885.25***

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2012 *(Contd.)*

(₹ in crores)

		As at 31 March 2012	*As at 31 March 2011*
c.	*Expenditure in foreign currency (on accrual basis)*		
i.	Charges for use of transmission facilities	396.79	*374.85*
ii.	Rent of satellite channels	4.44	*7.72*
iii.	Administrative lease charges	-	*1.25*
iv.	Repairs and maintenance	87.79	*90.96*
v.	Legal and professional fees	9.21	*5.14*
vi.	Finance costs	2.62	*0.98*
vii.	Others	31.11	*2.47*
		531.96	***483.37***

39. **Value of imported and indigenous stores/ spared consumed**

(₹ in crores)

	As at 31 March 2012		*As at 31 March 2011*	
Item	**Value**	**Percentage**	***Value***	***Percentage***
Imported	1.29	5.76	*0.19*	*2.40*
Indigenous	21.10	94.24	*7.73*	*97.60*
	22.39	**100.00**	***7.92***	***100.00***

40. United Telecom Limited ("UTL") is a Joint Venture between the Company, Mahanagar Telephone Nigam Limited, Telecommunications Consultant India Limited and Nepal Ventures Private Limited. The Company has 26.66 percent equity ownership in UTL. UTL operates basic telephony services in Nepal based on Wireless-in-local loop technology. The Company's share in income, expenses, assets and liabilities of UTL based on management accounts for the year ended 31 March 2012 and year ended 31 March 2011 are as follows:

(₹ in crores)

	As at 31 March 2012	*As at 31 March 2011*
Income	19.64	*21.97*
Expenses	18.69	*19.09*
Assets	38.05	*33.08*
Liabilities	14.11	*19.44*

41. **Net Dividend remitted to non-resident shareholders in foreign currency**

The Company has not remitted any amount in foreign currencies on account of dividends during the year. The particulars of final dividends for the year ended 31 March 2011paid to non – resident shareholders are as under:

	As at 31 March 2012	*As at 31 March 2011*
Number of non – resident shareholders	1,117	*1,175*
Number of shares held by them	23,327,150	*23,606,875*
Year to which the dividend relates	2010-2011	-
Amount remitted net of tax	4.67	-

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2012 *(Contd.)*

42. **Micro and Small Enterprises**

According to information available with the management, on the basis of intimation received from suppliers regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act), the Company has amounts due to Micro and Small Enterprises under the said Act as at 31 March 2012 as follows :

(₹ in crores)

			As at 31 March 2012	*As at 31 March 2011*
a.	i.	Principal amount remaining unpaid to any supplier beyond scheduled date as at the year end	0.14	-
	ii.	Interest on (a)(i) above	-	-
b.	i.	The amount of principal paid beyond the appointed date	0.41	@
	ii.	The amount of interest paid beyond the appointed date	-	@
c.		Amount of interest due and payable on delayed payments	0.01	@
d.		Amount of interest accrued and due as at the year end	0.01	@
e.		Total outstanding dues of micro and small enterprises	0.15	*0.25*

Note: *@ represents amount less than₹ 50,000/-*

43. **Disclosure as required under clause 32 of Listing Agreement**

Amounts of loans and advances in the nature of loans outstanding from subsidiaries during the year ended 31 March 2012

(₹ in crores)

Name of the Company	Outstanding as at 31 March 2012	Maximum amount outstanding during the year	Investment in shares of the Company No of shares	Investment in shares of subsidiaries of the Company No of shares
Tata Communications International Pte Ltd *(Refer i)*	**95.65**	**532.02**	-	-
	207.29	*831.76*	-	-
VSNL SNOSPV Pte. Ltd	**769.36**	**1,026.90**	-	*(Refer ii)*
	668.40	*820.51*	-	-
Tata Communications Transformation Services Limited	**6.11**	**6.11**	-	-
	2.95	*5.45*		
Tata Communications Banking InfraSolutions Limited	**22.53**	**28.33**	-	-
	2.60	*56.21*		
Tata Communications Lanka Ltd.	-	**0.05**	-	-
	0.05	*0.05*	-	-
S & A Internet Services Private Limited	**1.25**	**1.25**	-	-
	1.14	*1.26*		

i. Tata Communications International Pte Ltd which is a wholly owned subsidiary of the Company has investments in 35 subsidiaries as at 31 March 2012.

ii. VSNL SNOSPV Pte Ltd has made the following investments in equity and preference shares of its subsidiaries: 1,017,363,620 in Neotel Pty Ltd and and 1,343,468,261 in SEPCO Communications Pty Ltd.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2012 *(Contd.)*

44. **Derivative Transactions**

The Company uses forward exchange contracts and currency options to hedge its exposure in foreign currency and interest rates. The information on derivative instrument is as follows:

		As at 31 March 2012	
		(Amount in USD millions)	***(Amount in ₹ crores)***
a.	*Outstanding derivatives instruments*		
	i. Forward exchange contracts (Sell)	89.00*	423.80
b.	*Foreign exchange currency exposures not covered by derivative instruments*		
	i. Amount receivable on account of export of goods and loan and interest charges(net)	136.93*	697.19
	ii. Creditors payable on account of services , loan payable and interest charges and other foreign currency expenditure	72.27	367.94

* Loan given to SNOSPV of USD 150.97 million is included in uncovered foreign currency exposures above (bii) and this is treated as net investment in the books. Forward exchange of USD 78 million is outstanding against SNOSPV loan exposure.

		As at 31 March 2011	
		(Amount in USD millions)	***(Amount in ₹ crores)***
a.	*Outstanding derivatives instruments*		
	i. Forward exchange contracts (Sell)	*146.00*	*651.16*
b.	*Foreign exchange currency exposures not covered by derivative instruments*		
	i. Amount receivable on account of export of goods and loan and interest charges(net)	*108.94*	*485.88*
	ii. Creditors payable on account of services , loan payable and interest charges and other foreign currency expenditure	*86.68*	*386.59*

45. These financial statements have been prepared to comply with the Revised Schedule VI of the Companies Act, 1956 and the previous year figures have been regrouped/ rearranged as necessary to make them comparable with those of the current year.

For and on behalf of the Board

SUBODH BHARGAVA
Chairman

VINOD KUMAR
Managing Director & Group CEO

SANJAY BAWEJA
Chief Financial Officer

SATISH RANADE
Company Secretary & Chief Legal Officer

MUMBAI
DATED: 21 May, 2012

CONSOLIDATED FINANCIAL STATEMENTS 2011-12

AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

TO THE BOARD OF DIRECTORS OF TATA COMMUNICATIONS LIMITED

1) We have audited the attached Consolidated Balance Sheet of TATA COMMUNICATIONS LIMITED ("the Company"), its subsidiaries and jointly controlled entities (the Company, its subsidiaries and jointly controlled entities constitute "the Group") as at 31 March, 2012, the Statement of Profit and Loss and the Consolidated Cash Flow Statement of the Group for the year ended on that date, both annexed thereto. The Consolidated Financial Statements include investments in associates accounted on the equity method in accordance with Accounting Standard 23 (Accounting for Investments in Associates in Consolidated Financial Statements) and the jointly controlled entities accounted in accordance with Accounting Standard 27 (Financial Reporting of Interests in Joint Ventures) as notified under the Companies (Accounting Standards) Rules, 2006. These financial statements are the responsibility of the Company's Management and have been prepared on the basis of the separate financial statements and other information regarding components. Our responsibility is to express an opinion on these Consolidated Financial Statements based on our audit.

2) We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and the disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by the Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

3) (a) We did not audit the financial statements of certain subsidiaries whose financial statements reflect total assets of ₹ 2,772.29 crores as at 31 March, 2012, total revenues of ₹ 1,723.78 crores and net cash inflow amounting to ₹ 63.68 crores for the year then ended and the share of loss of associate of ₹ 5.41 crores for the year ended on that date as considered in the Consolidated Accounts. These financial statements and other financial information have been audited by other auditors whose reports have been furnished to us and our opinion in so far as it relates to the amounts included in respect of these subsidiaries and associate are based solely on the reports of the other auditors.

(b) As stated in note 34, the financial statements of certain subsidiaries and joint ventures which represents total assets of ₹ 970. 95 crores as at 31 March 2012, total revenue of ₹ 85.84 crores and net cash inflow amounting to ₹ 17.82 crores for the year then ended have been incorporated in the consolidated financial statements on the basis of unaudited financial statement as provided by the management of those subsidiaries, joint ventures and associate.

4) We report that the Consolidated Financial Statements have been prepared by the Company in accordance with the requirements of Accounting Standard 21 (Consolidated Financial Statements), Accounting Standard 23 (Accounting for Investment in Associates in Consolidated Financial Statements) and Accounting Standard 27 (Financial Reporting of Interests in Joint Ventures) as notified under the Companies (Accounting Standards) Rules, 2006.

5) Subject to the matter referred to in paragraph 3 (b) above, based on our audit and on consideration of the separate audit reports on the individual financial statements of the Company, and the aforesaid subsidiaries and associates, and to the best of our information and according to the explanations given to us, in our opinion, the Consolidated Financial Statements give a true and fair view in conformity with the accounting principles generally accepted in India:

(i) in the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at 31 March, 2012;

(ii) in the case of the Consolidated Statement of Profit and Loss, of the loss of the Group for the year ended on that date and

(iii) in the case of the Consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

For S. B. BILLIMORIA & Co
Chartered Accountants
(Registration No.101496W)

Saira Nainar
Partner
(Membership No.040081)

MUMBAI, 21 May, 2012

CONSOLIDATED BALANCE SHEET AS AT 31 MARCH, 2012

Particulars	Note No.	As at 31 March, 12 ₹ in crores	*As at 31 March, 11 ₹ in crores*
I EQUITY AND LIABILITIES			
(1) Shareholders' funds			
(a) Share capital	4	285.00	*285.00*
(b) Reserves and surplus	5	1,997.30	*3,306.84*
(2) Minority Interest		9.23	*6.83*
(3) Non-current liabilities			
(a) Long-term borrowings	6	9,469.27	*5,256.03*
(b) Deferred tax liabilities (Net)	7	47.17	*136.52*
(c) Other long term liabilities	8	3,388.57	*2,645.90*
(d) Long-term provisions	9	247.80	*187.15*
(4) Current liabilities			
(a) Short-term borrowings	10	1,106.52	*1,261.11*
(b) Trade payables	11	3,840.85	*3,288.56*
(c) Other current liabilities	12	1,951.10	*3,346.97*
(d) Short-term provisions	13	149.58	*128.71*
TOTAL		**22,492.39**	***19,849.62***
II ASSETS			
(1) Non-current assets			
(a) Fixed assets	14		
(i) Tangible assets		12,893.15	*9,775.99*
(ii) Intangible assets		533.75	*500.49*
(iii) Capital work-in-progress		1,099.12	*1,979.64*
(iv) Intangible assets under development		49.77	*58.81*
(b) Goodwill on consolidation		776.90	*78.60*
(c) Non-current investments	15	758.71	*753.31*
(d) Deferred tax assets (net)	7	1.91	*11.83*
(e) Long-term loans and advances	16	2,632.54	*2,943.57*
(f) Other non-current assets	17	8.08	*107.27*
(2) Current assets			
(a) Current investments	18	-	*91.19*
(b) Inventories	19	22.42	*15.78*
(c) Trade receivables	20	2,377.06	*1,902.93*
(d) Cash and bank balances	21	306.08	*721.92*
(e) Short-term loans and advances	22	789.45	*522.37*
(f) Other current assets	23	243.45	*385.92*
TOTAL		**22,492.39**	***19,849.62***

See accompanying notes forming part of financial statements

In terms of our report attached
For S.B. BILLIMORIA & CO.
Chartered Accountants
SAIRA NAINAR
Partner

MUMBAI
DATED: 21 May, 2012

For and on behalf of the Board

SUBODH BHARGAVA
Chairman

VINOD KUMAR
Managing Director & Group CEO

SANJAY BAWEJA
Chief Financial Officer

SATISH RANADE
Company Secretary & Chief Legal Officer

MUMBAI
DATED: 21 May, 2012

CONSOLIDATED STATEMENT OF PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH, 2012

		Note No.	Year ended 31 March, 12 ₹ in crores	*Year ended 31 March, 11 ₹ in crores*
I	Revenue from operations		14,196.05	*11,931.99*
II	Other Income	25	144.80	*253.22*
III	**Total Revenue (I + II)**		**14,340.85**	***12,185.21***
IV	**Expenses:**			
	Network and transmission expenses	26	7,893.61	*7,127.77*
	Employee benefits expense	27	2,119.91	*1,605.98*
	Operating and other expenses	28	2,391.04	*1,972.97*
	Finance costs	29	834.27	*569.77*
	Depreciation and amortization expense (net of transfer from Capital Reserve)	14	1,820.04	*1,548.30*
	Total Expenses		**15,058.87**	***12,824.79***
V	**Loss before exceptional items and taxes (III-IV)**		**(718.02)**	***(639.58)***
VI	**Exceptional Items:**			
	Severence cost		-	*46.01*
	Interest on Income tax refund		-	*(4.04)*
	Fixed asset written off		-	*25.15*
VII	**Loss before taxes (V-VI)**		**(718.02)**	***(706.70)***
VIII	**Tax Expenses**			
	Current tax expense		59.39	*92.23*
	Deferred tax benefit		(16.75)	*(101.01)*
	Tax expense relating to prior years (net of deferred tax of ₹ 64.02 crores)		3.12	-
	MAT Credit entitlement		20.19	-
IX	**Loss before minority interest (VII-VIII)**		**(783.97)**	***(697.92)***
	Minority interest		(6.50)	*105.62*
	Share in loss of associates (net)		(4.18)	*(184.60)*
X	**Net Loss for the year**		**(794.65)**	***(776.90)***
	Earning per share (of ₹ 10 each)			
	Basic/Diluted earnings per share (₹)	35	**(27.88)**	***(27.26)***

See accompanying notes forming part of the financial statements

In terms of our report attached
For S.B. BILLIMORIA & CO.
Chartered Accountants
SAIRA NAINAR
Partner

For and on behalf of the Board

SUBODH BHARGAVA
Chairman

VINOD KUMAR
Managing Director & Group CEO

SANJAY BAWEJA
Chief Financial Officer

SATISH RANADE
Company Secretary & Chief Legal Officer

MUMBAI
DATED: 21 May, 2012

MUMBAI
DATED: 21 May, 2012

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH, 2012

		Year ended 31 March, 2012 ₹ In crores	*Year ended 31 March, 2011 ₹ In crores*
1	**CASH FLOWS FROM OPERATING ACTIVITIES**		
	LOSS BEFORE TAXES AND EXCEPTIONAL ITEMS	**(718.02)**	***(639.58)***
	Adjustments for:		
	Depreciation and amortisation expenses	1,820.04	*1,548.30*
	Loss on sale of fixed assets (net)	4.24	*15.60*
	Interest income	(5.41)	*(52.13)*
	Interest expense	834.27	*569.77*
	Provision for trade receivables	30.73	*34.77*
	Bad debts written off	40.04	*30.98*
	Provision for contingency	7.65	*5.71*
	Provision for doubtful advances	5.17	-
	Provision for obsolesence	7.42	-
	Dividend income/profit on sale of current investments	(37.93)	*(4.96)*
	Profit on sale of long-term investments	-	*(16.06)*
	CEC Termination fees along with interest	-	*(9.00)*
	OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	**1,988.20**	***1,483.40***
	Inventories	(2.21)	*26.10*
	Trade receivables	(425.66)	*1.06*
	Other current assets, loans and advances	(390.13)	*(230.28)*
	Earmarked funds	(1.83)	*(0.20)*
	Trade payables, other liabilities and provisions	914.77	*(172.38)*
	Adjustment of translation differences on working capital	(353.32)	*(7.92)*
	Cash generated from operations before tax and exceptional items	**1,729.82**	***1,099.78***
	Interest on income tax refunds	-	*4.04*
	Cash generated from operations before taxes	**1,729.82**	***1,103.82***
	Income tax refunds (net)	10.66	*102.60*
	NET CASH FLOW FROM OPERATING ACTIVITIES	**1,740.48**	***1,206.42***
2	**CASH FLOWS FROM INVESTING ACTIVITIES**		
	Purchase of fixed assets	(2,200.68)	*(1,709.97)*
	Additional Stake purchased in Bit Gravity, net of cash	-	*(30.82)*
	Additional Stake purchased in SEPCO Communications (Pty) Limited, net of cash (Refer Note 30)	(25.11)	-
	Payment to 2TC for Loan in SEPCO Communications (Pty) Limited	(143.85)	-
	Proceeds from sale of ATG shares	-	*16.06*
	Purchase of non-current investments	(0.12)	*(2.65)*
	Net sale of current investments (net of mutual funds dividend reinvested)	129.14	*365.52*
	Inter corporate deposits given	(140.00)	-
	Inter corporate deposits matured	130.00	-
	Proceeds from sale of fixed assets	21.48	*8.28*
	Refund of amount paid towards Joint Venture with China Enterprise Communications	-	*74.80*
	Dividend income from current investments	-	*0.06*
	Fixed deposits (net)	1.19	*0.26*
	Investment in equity / preference shares in Neotel	-	*(40.08)*
	Interest received	4.21	*10.13*
	NET CASH USED IN INVESTING ACTIVITIES	**(2,223.74)**	***(1,308.41)***
3	**CASH FLOWS FROM FINANCING ACTIVITIES**		
	Proceeds from Short Term Borrowings	2,191.02	*1,781.74*
	Repayment of Short Term Borrowings	(2,457.75)	*(717.08)*
	Proceeds from Long Term Borrowings	2,464.27	*3,091.48*
	Repayment of Long Term Borrowings	(1,736.35)	*(3,045.58)*
	Proceeds from issue of preference shares to minority shareholders of a subsidiary	433.63	-
	Dividends paid including dividend tax	(66.25)	*(0.09)*
	Dividends paid to minority	(0.52)	*(0.18)*
	Interest paid	(775.20)	*(562.59)*
	NET CASH FLOW FROM FINANCING ACTIVITIES	**52.85**	***547.70***
	NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	**(430.41)**	***445.71***
	CASH AND CASH EQUIVALENTS AS AT THE BEGINNING OF THE YEAR	**704.66**	***257.37***
	Exchange difference on translation of foreign currency cash and cash equivalents	3.72	*1.58*
	CASH AND CASH EQUIVALENTS AS AT THE END OF THE YEAR	**277.97**	***704.66***

Notes :

i. Figures in brackets represents outflows

ii. The profit before taxes and exceptional items does not include fixed assets written off of ₹ 25.15 crores disclosed as exceptional item in the Statement of profit and loss for the year ended 31 March, 2011

In terms of our report attached
For S.B.BILLIMORIA & CO.
Chartered Accountants
SAIRA NAINAR
Partner

For and on behalf of the Board

SUBODH BHARGAVA
Chairman

VINOD KUMAR
Managing Director & Group CEO

SANJAY BAWEJA
Chief Financial Officer

SATISH RANADE
Company Secretary & Chief Legal Officer

MUMBAI
DATED: 21 May, 2012

MUMBAI
DATED: 21 May, 2012

Notes to the consolidated financial statements for the year ended 31 March, 2012

1. Corporate information

TATA Communications Limited ("the Company") was incorporated on 19 March, 1986. The Government of India vide its letter No.G-25015/6/86OC dated 27 March, 1986, transferred all the assets and liabilities of the Overseas Communications Service (OCS) (part of the Department of Telecommunications, Ministry of Communications) as appearing in the Balance Sheet as at 31 March, 1986 to the Company with effect from 01 April, 1986. As per the letter no. G-25015/6/86-OC dated 23 October, 2001 of Government of India, Department of Telecommunications, there was no requirement to register a formal transfer deed or deed of sale in the matter of such transfer of assets. During the year 2007-08, the Company changed its name to Tata Communications Limited and the fresh certificate of incorporation consequent upon the change of name was issued by the Registrar of Companies, Maharashtra on 28 January, 2008.

2. Significant accounting policies

a. *Basis of preparation of financial statements*

The consolidated financial statements of Tata Communications Limited (the Company), its subsidiaries and jointly controlled entities ("the Group") are prepared under the historical cost convention, on the accrual basis of accounting in accordance with the accounting principles generally accepted in India ('Indian GAAP') and comply with the Companies (Accounting Standards) Rules, 2006 (as amended) and relevant provisions of the Companies Act, 1956 ('the Act').

b. *Principles of consolidation*

The financial statements of the subsidiary companies used in the consolidation are drawn up to the same reporting date as of the Company.

The consolidated financial statements have been prepared on the following basis:

i) The financial statements of the Company and its subsidiary companies have been combined on a line-by-line basis by adding together like items of assets, liabilities, income and expenses. Inter-company balances and transactions, and unrealized profits or losses have been fully eliminated.

ii) The results of subsidiaries acquired during the year are included in the Statement of Consolidated Profit and Loss from the date of acquisition.

iii) The consolidated financial statements include the interest in joint ventures which has been accounted as per the 'proportionate consolidation' method as per Accounting Standard 27 - 'Financial Reporting of Interests in Joint Ventures' . Unrealized profits and losses have been eliminated to the extent of the Company's share in the joint ventures.

iv) The consolidated financial statements include the interest in associates which has been accounted as per "Equity Accounting" Method as per Accounting Standard 23 –"Accounting for investments in Associates in Consolidated Financial Statements".

v) The excess of cost to the Company of its investment in a subsidiary company / joint venture over its share of the equity of the subsidiary company / joint venture at the date on which the investment in the subsidiary company / joint venture is made is recognized as 'Goodwill' being an asset in the consolidated financial statements. Where the share of equity in the subsidiary companies / joint venture as on date of investment, is in excess of cost of investment of the Company, it is recognized as `Capital Reserve' and shown under the head `Reserves and Surplus', in the consolidated financial statements.

vi) Minority interest in the net assets of consolidated subsidiaries consists of the amount of equity attributable to the minority shareholders at the dates on which investments are made by the Company in the subsidiary companies and further movements in their share in the equity, subsequent to the dates of investments.

vii) Losses applicable to the minority in excess of the minority's interest in the subsidiaries equity are allocated against the majority interest except to the extent that the minority has a binding obligation and is able to make an additional investment to cover the losses.

Notes to the consolidated financial statements for the year ended 31 March, 2012 *(Contd.)*

c. ***Use of estimates***

The preparation of financial statements requires the management of the Company to make estimates and assumptions that affect the reported balances of assets and liabilities and disclosures relating to the contingent liabilities as at the date of the financial statements and reported amounts of income and expenses during the period. Examples of such estimates include provisions for doubtful trade receivables and advances, employee benefit obligations, provision for income taxes, provision for cable restoration, impairment of assets, asset retirement obligation and useful lives of fixed assets.

d. ***Fixed assets***

i. Fixed assets are stated at cost of acquisition or construction less accumulated depreciation and impairment loss, if any. Cost includes freight, duties, taxes, salaries and employee benefits directly related to the construction or development of the asset and all incidental expenses incurred to bring the assets to their present location and condition.

ii. Intangible assets in the nature of Indefeasible Rights of Use (IRUs) for international and domestic telecommunication circuits are classified under fixed assets. IRU agreements in respect of these intangibles transfer substantially all the risks and rewards of ownership.

iii. Jointly owned assets are capitalised in proportion to the Company's ownership interest in such assets.

iv. Costs of borrowing related to the acquisition or construction of fixed assets that are attributable to the qualifying assets are capitalised as part of the cost of such asset. All other borrowing costs are recognized as an expense in the periods in which they are incurred.

v. Consideration for purchase of business in excess of the value of net assets acquired is recognized as goodwill.

vi. Internally developed computer software, and license fees have been classified as intangible assets.

vii. Assets acquired pursuant to an agreement for exchange of similar assets are recorded at the net book value of the asset given up, with an adjustment for any balancing receipt or payment of cash or any other form of consideration.

e. ***Depreciation and amortization***

Depreciation other than on freehold land and capital work-in progress is charged over the periods set out below so as to write-off the cost of the asset on a straight line basis over the estimate useful lives, at the following rates:

a)	Leasehold land	Lease period
b)	Leasehold improvements	Lease period
c)	Buildings	1.64% to 6.67%
d)	Plant and Machinery	
	(i) Indefeasible Rights of Use (IRU's)	Life of IRU or period of agreement, whichever is lower
	(ii) Other plant and machinery	4.75% to 33.33%
e)	Furniture and fixtures	6.33% to 33.33%
f)	Office equipment	4.75% to 33.33%
g)	Computers	10.00% to 33.33%
h)	Motor vehicles	9.50%
i)	Goodwill on purchase of business	60/120 months
j)	Intangibles	
	(i) Internally developed computer software	17.14% to 33.33%
	(ii) License fees	4.00%

f. *Leases*

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

Rental income and rental expenses on assets given or obtained under operating lease arrangements are recognized on a straight - line basis over the term of the relevant lease.

The initial direct costs relating to operating leases are recorded as expenses as they are incurred.

Assets given under finance lease are recognized at an amount equal to the net investment in the lease and the finance income is based on a constant rate of return on the outstanding net investment.

Assets acquired under lease where the Company has substantially all the risks and rewards of ownership are classified as finance lease. Such leases are capitalised at the inception of the lease at lower of the fair value or the present value of the minimum lease payments and a liability is created for an equivalent amount. Each lease rental paid is allocated between the liability and the interest cost so as to obtain a constant periodic rate of interest on the outstanding liability for each year.

g. *Impairment*

At each balance sheet date, the Company reviews the carrying amounts of its fixed assets and goodwill included in each cash generating unit to determine whether there is any indication that those assets suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. Recoverable amount is the higher of an asset's net selling price and value in use. If the recoverable amount of the cash generating unit is less than the carrying amount of the unit the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other asset of the unit pro-rata on the basis of the carrying value of each asset in the unit. An impairment loss recognized for goodwill is not reversed in the subsequent period unless there are changes in external events.

h. *Asset Retirement Obligation ("ARO")*

The Company's ARO relate to the removal of cable systems and switches when they will be retired. Provision is recognized based on management's best estimate of the eventual costs that relate to such obligation and is adjusted to the cost of such assets. The estimated costs are based on historical cost information, industry factors and technical estimates received from consortium members of the cable systems.

i. *Investments*

Long-term investments are valued at cost less provision other than temporary diminution in value. Current investments comprising investments in mutual funds are stated at the lower of cost or fair value, determined on an individual investment basis. The acquisition cost of an investment acquired in exchange, or part exchange, for another asset is determined based on the fair value of the asset given up.

j. *Inventories*

Inventories are valued at the lower of cost or net realizable value. Cost includes all expenses incurred to bring the inventory to its present location and condition. Cost is determined on a weighted average basis.

k. *Employee Benefits*

i) Short-term employee benefits

The undiscounted amount of short term employee benefits expected to be paid in exchange for services rendered by employees is recognized during the period when the employee renders the service. These benefits include compensated absences such as paid annual leave and performance incentives payable within twelve months.

Notes to the consolidated financial statements for the year ended 31 March, 2012 *(Contd.)*

ii) Post-employment benefits

Contributions to defined contribution retirement benefit schemes are recognized as an expense when employees have rendered services entitling them to the contributions.

For defined benefit schemes, the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at each balance sheet date. Actuarial gains and losses are recognized in full in the Statement of Profit and Loss for the period in which they occur. Past service cost is recognized immediately to the extent that the benefits are already vested, and otherwise is amortized on a straight-line basis over the average period until the benefits become vested.

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

l. ***Revenue recognition***

i) Revenues from Global Voice Services (GVS) are recognized at the end of each month based upon minutes of traffic completed in such month.

ii) Revenues from Global Data Managed Services (GDMS) are recognized over the period of the respective arrangements based on contracted fee schedules.

iii) Revenues from right to use of fibre capacity provided based on IRU are recognized over the period of such arrangements.

iv) Revenues from Internet Telephony services are recognized based on usage.

v) Transactions with providers of telecommunication services such as buying, selling, swapping and/or exchange of traffic are accounted for as non-monetary transactions depending on the terms of the agreements entered into with such telecommunication service providers.

vi) Revenues from providing infrastructure managed and incidental services to banking sector are recognised on the basis of the contract with the customer at the end of each month based upon the following:

a) On the basis of number of transactions in such month.

b) On the basis of fixed service charge for the number of days of usage in such month.

c) One time service charges are recognised as revenue at the time of commissioning of service.

vii) Dividend from investments is recognized when the right to receive payment is established and no significant uncertainty as to measurability or collectability exists.

m. ***Taxation***

Current income tax expense comprises taxes on income from operations in India and foreign tax jurisdictions. Income tax payable in India is determined in accordance with the provisions of the Income Tax Act, 1961.Tax expense relating to overseas operations is determined in accordance with tax laws applicable in countries where such operations are domiciled.

Deferred tax expense or benefit is recognized on timing differences being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax assets and liabilities are measured using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax assets in respect of unabsorbed depreciation and carry forward tax losses are recognized only to the extent that there is virtual certainty that there will be sufficient future taxable income available to realize

Notes to the consolidated financial statements for the year ended 31 March, 2012 *(Contd.)*

these assets. All other deferred tax assets in respect of other timing differences are recognized if there is a reasonable certainty that sufficient future taxable income will be available to realize such assets.

Advance taxes and provisions for current income taxes are presented in the balance sheet after off-setting income tax provision and advance taxes paid in respect of the same tax jurisdiction and where the Group intends to settle the asset and liability on a net basis.

The Group offsets deferred tax assets and deferred tax liabilities relating to taxes on income levied by the same governing tax authorities.

n. ***Foreign currency transactions and translations***

i) Foreign currency transactions of Tata Communications Ltd and its Indian subsidiaries are converted into Indian Rupees at rates of exchange approximating those prevailing at the transaction dates. Foreign currency monetary assets and liabilities are translated to Indian Rupees at the closing rate prevailing on the balance sheet date. Exchange differences, on foreign currency transactions are recognized in the Statement of Profit and Loss. Exchange difference arising on a monetary item that, in substance, forms part of an enterprise's net investments in a non-integral foreign operation are accumulated in a foreign currency translation reserve.

ii) Forward exchange contracts (other than referred in (o)(ii) below):

Premium or discount on forward contracts is amortized over the life of such contracts and is recognized in the Statement of Profit and Loss. Forward contracts outstanding as at the balance sheet date are stated at exchange rate prevailing at the reporting date and any gains or losses are recognized in the Statement of Profit and Loss. Profit or loss arising on cancellation or enforcement/exercise of a forward exchange is recognized in the Statement of Profit and Loss in the period of such cancellation or enforcement/exercise.

iii) For the purpose of consolidation of foreign subsidiaries and joint ventures, income and expenses are translated at average rates and the assets and liabilities are stated at closing rate. The net impact of such change is disclosed under exchange translation reserve.

o. ***Derivative financial instruments***

i) The Group enters into forward contracts and interest rate swaps to manage its exposure on foreign exchange rate risk and interest rate risk globally. Exposures to currency and interest rate risk are monitored on an on-going basis and the Group endeavours to keep the net exposure at acceptable levels.

In respect of Interest rate swaps that are designated as cash flow hedges, the effective portion of the fair value of the interest rate swaps are carried to Hedge Fluctuation Reserve which will be recycled to the Statement of Profit and Loss in the accounting period in which the interest expense is being recognized. The fair value of interest rate swaps that are not designated under a hedging relationship would be recorded in the Statement of Profit and Loss.

ii) Mark-to-market gains and losses on hedging instruments designated as hedges of the net investments in non-integral foreign operations are recognized in foreign currency translation reserve to the extent that the hedging relationship is effective. Gains and losses relating to hedge ineffectiveness are recognized immediately in the Statement of Profit and Loss. Gains and losses accumulated in the foreign currency translation reserve are included in the income statement when the foreign operation is disposed of.

p. ***Earning Per Share***

Basic earnings per share are calculated by dividing the net profit or loss for the year attributable to equity shareholders (after deducting preference dividends and attributable taxes) by the weighted average number of equity shares outstanding during the year. The weighted average number of equity shares outstanding during the year is adjusted for events of bonus issue if any, to existing shareholders and share split.

Notes to the consolidated financial statements for the year ended 31 March, 2012 *(Contd.)*

q. ***Contingent Liabilities and Provision***

Provisions are recognized in respect of present probable obligations, the amount of which can be reliably estimated. Contingent Liabilities are disclosed in respect of possible obligations that may arise from past events whose existence and crystallization is confirmed by the occurrence or non-occurrence of one or more uncertain future events not within the control of the Company.

3. Particulars of subsidiaries, associate and joint ventures are as follows:

	Country of Incorporation	Percentage of voting power As at 31 March, 2012	Percentage of voting power As at 31 March, 2011
Subsidiaries (held directly)			
Tata Communications Transformation Services Limited	India	100.00	100.00
Tata Communications Lanka Limited	Sri Lanka	90.00	90.00
S&A Internet Services Private Limited	India	100.00	100.00
Tata Communications International Pte. Limited	Singapore	100.00	100.00
VSNL SNOSPV Pte. Limited.	Singapore	100.00	100.00
Tata Communications Banking InfraSolutions Limited	India	100.00	100.00
Subsidiaries (held indirectly)			
Tata Communications (Bermuda) Limited	Bermuda	100.00	100.00
Tata Communications (Netherlands) BV	Netherlands	100.00	100.00
Tata Communications (Hong Kong) Limited	Hong Kong	100.00	100.00
ITXC IP Holdings S.A.R.L.	Luxembourg	100.00	100.00
Tata Communications (America) Inc.	United States of America	100.00	100.00
Tata Communications Services (International) Pte Limited (Formerly known as Teleglobe Asia Pte Ltd)	Singapore	100.00	100.00
Tata Communications (Canada) Limited	Canada	100.00	100.00
Tata Communications (Belgium) S.P.R.L.	Belgium	100.00	100.00
Tata Communications (Italy) SRL	Italy	100.00	100.00
Tata Communications (Portugal) Unipessoal LDA	Portugal	100.00	100.00
Tata Communications (France) SAS	France	100.00	100.00
Tata Communications (Nordic) AS	Norway	100.00	100.00
Tata Communications (Guam) L.L.C.	Guam	100.00	100.00
Tata Communications (Portugal) Instalacao E Manutencao De Redes LDA	Portugal	100.00	100.00
Tata Communications (Australia) Pty Limited	Australia	100.00	100.00
Tata Communications Services (Bermuda) Limited	Bermuda	100.00	100.00
Tata Communications (Puerto Rico) Inc.	Puerto Rico	100.00	100.00
VSNL International (ITXC) Corp. (Merged with Tata Communications (America) Inc. on 30 March, 2012)	United States of America	-	100.00
Tata Communications (Poland) Sp.z.o.o	Poland	100.00	100.00

Notes to the consolidated financial statements for the year ended 31 March, 2012 *(Contd.)*

	Country of Incorporation	Percentage of voting power	
		As at 31 March, 2012	As at 31 March, 2011
Tata Communications (Japan) KK.	Japan	100.00	100.00
Tata Communications (UK) Limited	United Kingdom	100.00	100.00
Tata Communications Deutschland GMBH	Germany	100.00	100.00
Tata Communications (Middle East) FZ-LLC	United Arab Emirates	100.00	100.00
Tata Communications (Hungary) LLC	Hungary	100.00	100.00
Tata Communications (Ireland) Limited	Ireland	100.00	100.00
Tata Communications (Russia) LLC	Russia	99.90	99.90
Tata Communications (Switzerland) GmbH	Switzerland	100.00	100.00
Tata Communications (Sweden) AB	Sweden	100.00	100.00
TCPoP Communication GmbH	Austria	100.00	100.00
Tata Communications (Taiwan) Limited	Taiwan	100.00	100.00
Bit Gravity Inc	United States of America	99.99	99.99
Tata Communications (Malaysia) Sdn. Bhd. (Date of incorporation: 29 March, 2012)	Malaysia	100.00	-
Tata Communications (New Zealand) Limited (Date of incorporation: 15 March, 2012)	New Zealand	100.00	-
Tata Communications (Spain) S.L (Formerly known as Videsh Sanchar Nigam Spain Srl)	Spain	100.00	-
NEOTEL (Pty) Ltd. (61.50%, w.e.f. 11 April, 2011 and 2.60%, w.e.f. 31 March, 2012)	South Africa	64.10	-
SEPCO Communications (Pty) Limited. (67.66%, w.e.f. 11 April, 2011 and 4.10%, w.e.f. 31 March, 2012)	South Africa	71.76	
Neotel Business Support Services (Pty) Ltd (NBSS).	South Africa	100.00	-
TCNL1 B.V. (Date of incorporation :31 March, 2012)	Netherlands	100.00	-
TCNL 2 B.V. (Date of incorporation: 31 March, 2012)	Netherlands	100.00	-
Joint Ventures			
United Telecom Limited	Nepal	26.66	26.66
SEPCO Communications (Pty) Limited. (Till 10 April, 2011) (Held through VSNL SNOSPV Pte Limited)	South Africa	-	43.16
Cochin Submarine Cable Depot (India) Private Limited (Liquidated on 27 December, 2011)	India	-	40.00
Associate			
NEOTEL (Pty) Ltd.	South Africa	-	27.00
(Held through VSNL SNOSPV Pte Limited) till 10 April, 2011			
Number Portability Company (Pty) Ltd. (Held through Neotel (Pty) Ltd.)	South Africa	12.30	9.80

Notes to the consolidated financial statements for the year ended 31 March, 2012 *(Contd.)*

4. Share capital

(₹ in crores)

		As at 31 March, 2012	*As at 31 March, 2011*
a.	**Authorized:**		
	400,000,000 (2011:300,000,000) Equity shares of ₹ 10 each	400.00	*300.00*
b.	**Issued, Subscribed and Paid up:**		
	285,000,000 (2011:285,000,000) Equity shares of ₹ 10 each, fully paid up	285.00	*285.00*

a. **Authorized:**

The authorized capital of the Company increased from ₹ 300.00 crores to ₹ 400.00 crores during 2011-12 due to the Ministry of Corporate Affairs giving effect to the merger of 100% subsidiary VSNL Broadband Limited into the Company which was approved in December 2007 by the Company and the Bombay High Court in April, 2009.

b. **Issued, Subscribed and Paid up:**

There was no movement in the Issued, Subscribed and Paid up share capital of the Company during the current and past five financial year.

c. **Terms/ rights attached to equity shares:**

The Company has only one class of equity shares with a face value of ₹ 10 per share. Each shareholder of equity shares is entitled to one vote per share at any General Meeting of Shareholders. The holders of ADRs do not have voting rights. The Company declares and pays dividends in Indian rupees.

The Board of Directors have recommended a dividend of ₹ 2.00 (2011: ₹ 2.00) per share for the year ended 31 March 2012.

d. **The following table sets forth information regarding shareholding of 5% or more in the Company:**

	As at 31 March, 2012		*As at 31 March, 2011*	
	No of shares	**Percentage**	***No of shares***	***Percentage***
Panatone Finvest Limited	88,626,654	31.10%	*88,626,654*	*31.10%*
Government of India	74,446,885	26.12%	*74,446,885*	*26.12%*
Tata Sons Limited	40,533,297	14.22%	*40,533,297*	*14.22%*
Life Insurance Corporation of India	10,322,979	3.62%	*24,895,197*	*8.74%*
Bank of New York Mellon as depository to Company's ADR issue	17,559,620	6.16%	*19,940,924*	*7.00%*

Notes to the consolidated financial statements for the year ended 31 March, 2012 *(Contd.)*

5. Reserve and surplus

(₹ in crores)

		As at 31 March, 2012	*As at 31 March, 2011*
a)	**Capital Reserve** (refer i)		
	Opening balance	219.83	*218.91*
	Less: Depreciation on Gifted Assets, transferred to Statement of Profit and Loss	(0.46)	*(0.42)*
	Add: Translation Adjustments	0.56	*0.78*
	Add: Adjustment pursuant to the merger of Tata Communications Internet Services Limited as approved by Bombay High Court (refer ii)	-	*0.56*
	Add: Adjustment pursuant to consolidation of Neotel Pty. Ltd. (refer iv)	(13.01)	*-*
	Closing balance	**206.92**	***219.83***
b)	**Securities Premium**		
	Opening balance	725.01	*725.01*
	Closing balance	**725.01**	***725.01***
c)	**General Reserve**		
	Opening balance	3,360.73	*3,426.78*
	Add: Transferred from Debenture Redemption Reserve	800.00	*-*
	Add: Transferred from Statement of Profit and Loss	13.86	*12.19*
	Less: Amalgamation adjustment deficit of Tata Communications Internet Services Limited set off against General Reserve (refer ii)	-	*(78.24)*
	Closing balance	**4,174.59**	***3,360.73***
d)	**Debenture Redemption Reserve**		
	Opening balance	1,018.11	*457.34*
	Less: Transferred to General Reserve on redemption of Debentures	(800.00)	*-*
	Add: Transferred from surplus in Statement of Profit and Loss	512.63	*560.77*
	Closing balance	**730.74**	***1,018.11***
e)	**Hedge Fluctuation Reserve**		
	Opening balance	(3.05)	*-*
	Add: Changes in fair value during the year	2.99	*(3.05)*
	Closing balance	**(0.06)**	***(3.05)***

Notes to the consolidated financial statements for the year ended 31 March, 2012 *(Contd.)*

(₹ in crores)

		As at 31 March, 2012	*As at 31 March, 2011*
f)	**Deficit in the Statement of Profit and Loss**		
	Opening balance	(1,938.97)	*(551.98)*
	Add: Loss for the year	(794.65)	*(776.90)*
	Add: Adjustment pursuant to the merger of Tata Communications Internet Services Limited as approved by Bombay High Court (refer ii)	-	*29.12*
	Less :- Proposed Dividend (refer note 4 (c))	57.00	*57.00*
	Tax on Dividend	9.25	*9.25*
	General Reserve	13.86	*12.19*
	Transfer to Debenture Redemption Reserve	512.63	*560.77*
	Closing balance	**(3,326.36)**	***(1,938.97)***
g)	**Foreign Exchange Translation Reserve (net)**		
	Opening balance	(74.82)	*(26.16)*
	Add: Translation loss on *net investment in non integral foreign operations* (refer iii)	(143.31)	*-*
	Add: Exchange translation adjustment	(295.41)	*(48.66)*
	Closing balance	**(513.54)**	**(74.82)**
	TOTAL (a to g)	**1,997.30**	***3,306.84***

i. Capital Reserve includes ₹ 205.22 crores in respect of foreign exchange gains on unutilized proceeds from Global Depository Receipts credited to Capital Reserve ₹ 203.70 crores in 2000-01and ₹ 1.52 crores in 2001-02.

ii. The Board of Directors of the Company at its meeting held on 31 January, 2011 had approved the merger of the Company's wholly owned subsidiary, Tata Communications Internet Services Limited (TCISL) with the Company with effect from 01 April, 2010. The Company had obtained the consent of the shareholders for the merger at Extraordinary General Meeting held on 27 April, 2011.

In accordance with the final order dated 20 August, 2011 of the Bombay High Court, the financial statements were revised to reflect the merger of TCISL with the Company effective 01 April, 2010.

In accordance withthe said Scheme:

- All the assets, debts, liabilities and obligations of TCISL have been vested in the Company with effect from 01 April, 2010 and have been recorded at their respective book values.
- The net asset value of TCISL as on the date of amalgamation was ₹ 15.28 crores as against the investment of the Company of ₹ 384.47 crores. The excess of the cost of investment of ₹ 369.19 crores was adjusted against the general reserve to the extent of ₹ 78.24 crores, ₹ 0.56 crores against capital reserve and ₹ 291.51 crores against the opening balance in Statement of profit & loss .
- Consequent to the merger there has been a reduction in the current tax expense of ₹ 37.97 crores and increase in deferred tax benefit of ₹ 39.65 crores for the year 2011-12.
- Goodwill on consolidation amounting to ₹ 48.54 crores have been derecognized in consolidated accounts pursuant to the merger.

Notes to the consolidated financial statements for the year ended 31 March, 2012 *(Contd.)*

iii. During the year the Company has designated the loans given to VSNL SNOSPV Pte Ltd. and Neotel (Pty) Ltd. as part of net investment in non-integral foreign operations. Accordingly, an amount of ₹ 143.31 crores net foreign exchange losses (inclusive of forward cover loss of ₹ 100.80 crores) have been recorded to foreign exchange translation reserve.

iv. During the year on account of acquisition of additional stake in SPECO Communications Pty Limited w.e.f 11 April 2011 (refer note 30). SEPCO along with Neotel has been consolidated into the Company's financial statements from the aforesaid date as a result group's share in capital reserve recognised for acquisition made during 2008-09 has been adjusted against goodwill on consolidation.

6. Long term borrowings

(₹ in crores)

	As at 31 March, 2012	*As at 31 March, 2011*
a) DEBENTURES		
I) Secured rated taxable non-convertible redeemable debentures (refer note i)		
50, 11.25% Rated taxable debentures of face value ₹ 10 lakhs each	5.00	*5.00*
550, 11.20% Rated taxable debentures of face value ₹ 10 lakhs each	55.00	*55.00*
1,900, 11.00% Rated taxable debentures of face value ₹ 10 lakhs each	190.00	*190.00*
6,000 (2011: 10,000), 11.70% Rated taxable debentures of face value ₹ 10 lakhs each	600.00	*1,000.00*
II) Unsecured rated taxable non-convertible redeemable debentures (refer note ii)		
1,500 9.85% Rated taxable debentures of face value ₹ 10 lakhs each	150.00	*150.00*
1,500 9.50% Rated taxable debentures of face value ₹ 10 lakhs each	150.00	*150.00*
Nil (2011: 4,000), 7.74% Rated taxable debentures of face value ₹ 10 lakhs each	-	*400.00*
b) TERM LOANS (refer note iii)		
From Banks	8,722.54	*4,814.92*
From Others	102.71	*439.34*
TOTAL	**9,975.25**	***7,204.26***
Less: Current maturities of long-term borrowings	505.98	*1,948.23*
Long-term Borrowings, net of current portion	**9,469.27**	***5,256.03***

i) Secured debentures

During the year 2008-09, the Company issued Taxable Rated Secured Redeemable Non-convertible Debentures in demat form for cash at par on private placement basis aggregating ₹ 1,250 crores. IDBI Trusteeship Services Limited has been appointed as trustee to the debenture issue.

Notes to the consolidated financial statements for the year ended 31 March, 2012 *(Contd.)*

Nature of Security

₹ 1,000 crores, 11.70% debentures (face value of ₹ 1,000,000 each) are secured by a first legal mortgage and charge on the Company's immovable property being the free hold land at Mouje Maharajpura, Gujarat and Plant and machinery.

₹ 250 crores, debentures (interest ranging from 11.00% to 11.25%, face value of ₹ 1,000,000 each) are secured by a first legal mortgage and charge on the Company's free hold land at Perambur Barracks, Chennai and Plant and machinery.

Redemption Terms

The outstanding debentures are due for redemption as given below:

(₹ in crores)

Date of redemption as per terms of issue	6,000, 11.70% Debentures	1,900, 11.00% Debentures	550, 11.20% Debentures	50, 11.25% Debentures
23 January, 2019				5
23 January, 2016			55	
23 July, 2014		190		
25 November, 2013	200			
25 November, 2012	400			
Total	**600**	**190**	**55**	**5**

For facilitating the above redemptions, the Company has created a Debenture Redemption Reserve of ₹ 605.19 crores (2011: ₹ 734.64 crores), an amount of ₹ 270.55 (2011: ₹ 316.07 crores) has been appropriated during the current year.

During the year, 4,000, 11.70% debentures aggregating ₹ 400 crores were redeemed as per the terms of issue and consequently debenture redemption reserve of ₹ 400 crores created to facilitate the redemption of above debentures has been transferred to general reserve.

ii) Unsecured debentures

During the year 2009-10, the Company has issued, Taxable Rated Unsecured, Non-convertible Redeemable Debentures of face value ₹ 1,000,000 each, in demat form for cash at par on a private placement basis aggregating ₹ 700 crores.

Redemption Terms

The outstanding debentures are due for redemption as given below:

(₹ in crores)

Date of redemption as per terms of issue	1500, 9.50% Debentures	1500, 9.85% Debentures
02 July, 2019		150
08 June, 2014	150	
Total	**150**	**150**

For facilitating the above redemptions, the Company has created a Debenture Redemption Reserve of ₹ 125.55 crores (2011: ₹ 283.47 crores), an amount of ₹ 242.08 (2011: ₹ 244.70 crores) has been appropriated during the current year.

During the year, 4000, 7.74% debentures aggregating ₹ 400 crores were redeemed as per terms of issue and consequently debenture redemption reserve of ₹ 400 crores created to facilitate the redemption of above debenture has been transferred to general reserve.

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Notes to the consolidated financial statements for the year ended 31 March, 2012 *(Contd.)*

iii) Terms of Loan from Bank and Others

(₹ in crores)

Loan from	Nature	Amount	Rate of Interest	Maturities	Nature of Securities
Bank	Secured	93.02	12.73%	September 2020	Land & Building
Bank	Secured	529.87	3M JIBAR + 6.00%	March 2020	refer note (a)
Bank	Secured	243.69	3M JIBAR + 2.50%	March 2020	refer note (a)
Bank	Secured	132.80	3M JIBAR + 6.75%	March 2020	refer note (a)
Bank	Secured	1,897.04	3M JIBAR + 4.75%	September 2016 - March 2018	refer note (a)
Bank	Secured	132.80	10.78%	September 2016	refer note (a)
		3,029.22			
Bank	Unsecured	527.05	LIBOR plus 0.65%	September 2012 - September 2021	N.A.
Bank	Unsecured	186.88	LIBOR plus 1.35%	September 2012 - March 2020	N.A.
Bank	Unsecured	50.92	LIBOR plus 3.75%	November 2014 - November 2016	N.A.
Bank	Unsecured	254.60	LIBOR plus 4.70%	July 2014 - July 2016	N.A.
Bank	Unsecured	3,895.37	LIBOR plus 2.90%	December 2013 - December 2015	N.A.
Bank	Unsecured	41.31	9.45% Fixed	September 2015	N.A.
Bank	Unsecured	25.69	10.00% Fixed	September 2015	N.A.
Bank	Unsecured	75.00	9.00%	June 2014	N.A.
Bank	Unsecured	636.50	LIBOR plus 4.00%	January 2014	N.A.
		5,693.32			
Others	Unsecured	85.47	3.95% Fixed	December 2012 - December 2016	N.A.
Others	Unsecured	6.46	5.95% to 6.90%	July 2012	N.A.
Others	Unsecured	10.78	4.00% Fixed	July 2012	N.A.
		102.71			

a. The loan of ₹ 2,936.20 crores facility is from a consortium of banks, namely Nedbank Limited, The Development Bank of Southern Africa (DBSA) Limited, Investec Bank Limited, Infrastructure Finance Corporation Limited (INCA), Industrial Development Corporation of South Africa (IDC), State Bank Limited of India and Deutsche Investitions - und Entwicklungsgesellschaft mbH (DEG). Investec Bank Limited and Nedbank Limited act on behalf of the consortium of lenders as joint mandated lead arrangers (MLA's). The financing was purely on a "Project recourse" basis without any shareholder recourse or guarantees. The facility is made up of senior debt, subordinated debt and an IDC Mezzanine facility. The details of securities are as follows:

Notes to the consolidated financial statements for the year ended 31 March, 2012 *(Contd.)*

i. Ceded rights of Neotel

All rights, claims, entitlements, benefits of other interest including without limitation to debts, insurance proceeds, project revenues, receivables and accounts, ceded agreements, debts, incorporeal, equity guarantees, amounts owing to the Company under any loan agreement, mortgage and notarial bonds excluding the consumer deposit account and Neotel's share in NBSS are ceded to the consortium of lenders.

ii. Ceded rights of NBSS

All rights, claims, entitlements, benefits of other interest including without limitation to debts, insurance proceeds, project revenues, receivables and accounts, ceded agreements, debts, incorporeal, equity guarantees, amounts owing to the Company under any loan agreement, mortgage and notarial bonds are ceded to the consortium of lenders.

In terms of the Long Term Finance Common Terms Agreement (LFCTA), Neotel is obliged to meet specific financial covenants on a quarterly basis. During the current year Neotel breached two consecutive covenants. The breaches have been cured by the Neotel shareholders. As a result of the further funding of up to ₹ 664.00 crores by the Neotel shareholders, the lenders have permanently waived the two consecutive covenant breaches as at 31 March, 2012.

7. Deferred tax liabilities/(assets) (net):

Major components of deferred tax assets and liabilities consist of the following

A. Major components of deferred tax asset and liability consist of the following:

(₹ in crores)

	As at 31 March, 2012	*As at 31 March, 2011*
Deferred tax liability arising out of timing differences on:		
Difference between accounting and tax depreciation	356.79	*357.34*
Total deferred tax liability (A)	**356.79**	***357.34***
Deferred tax assets arising out of timing differences on:		
Provision for doubtful debts	56.56	*53.28*
Provision for Leave encashment	20.64	*14.93*
Provision for Bonus	3.18	*14.20*
Expenditure incurred on NLD license fees	15.37	*17.08*
Expenditure disallowed u/s. 40 (a) (ia)	71.97	*15.37*
Carry Forward net operating losses	20.12	*10.28*
Unearned income and deferred revenues	67.99	*80.89*
Interest received on provisional income-tax assessment	18.71	*7.81*
Interest accrued on Secured Debenture issued to Public Financial Institutions	15.16	*15.07*
Forex Revaluation / realization loss	10.47	-
Others	11.36	*3.74*
Total deferred tax assets (B)	**311.53**	***232.65***
Net deferred tax (asset)/ liabilities (A - B)	**45.26**	***124.69***
Deferred tax liabilities(net)	47.17	*136.52*
Deferred tax (assets)(net)	(1.91)	*(11.83)*

Notes to the consolidated financial statements for the year ended 31 March, 2012 *(Contd.)*

		As at 31 March, 2012	*As at 31 March, 2011*
			(₹ in crores)
B.	**Statement of Deferred tax charge for the year:**		
	Opening Deferred tax liability	124.69	*198.12*
	Add: Adjustments to current income tax provisions	-	*27.42*
	Add: Revaluation of opening deferred tax liabilities	1.34	*0.16*
	Add/ (Less): Current year deferred tax adjusted	(16.75)	*(101.01)*
	Add/ (Less): Deferred tax benefit related to prior years	(64.02)	*-*
	Closing Deferred tax (asset)/ liability	**45.26**	***124.69***

8. Other long term liabilities

(₹ in crores)

		As at 31 March, 2012	*As at 31 March, 2011*
a.	Unearned Revenues	3,218.72	*2,519.68*
b.	Derivative Liabilities	44.84	*34.04*
c.	Trade Payable	13.13	*-*
d.	Others (lease liability, etc.)	111.88	*92.18*
	TOTAL	**3,388.57**	***2,645.90***

9. Long term provisions

(₹ in crores)

		As at 31 March, 2012	*As at 31 March, 2011*
a.	Provisions for employees benefits (refer note 31)		
	- Compensated absences	61.18	*43.93*
	- Pension	47.95	*29.85*
	- Gratuity	0.85	*0.97*
	- Post-employment medical benefit	48.30	*39.91*
b.	Provision for contingencies (refer note 32)	89.26	*72.23*
c.	Provision for warranty	0.26	*0.26*
	TOTAL	**247.80**	***187.15***

10. Short term borrowings (unsecured)

(₹ in crores)

	As at 31 March, 2012	*As at 31 March, 2011*
LOANS		
From Banks (rate of interest – 0.97% to 12.00% pa repayable by April 2012 to February 2013)	1,106.52	*1,261.11*
TOTAL	**1,106.52**	***1,261.11***

Notes to the consolidated financial statements for the year ended 31 March, 2012 *(Contd.)*

11. Trade payables

(₹ in crores)

		As at 31 March, 2012	*As at 31 March, 2011*
a.	Network and transmission costs payable	1,528.23	*1,463.10*
b.	Payables to related parties	-	*48.97*
c.	Accrued payroll	321.33	*258.08*
d.	Dues of micro and small enterprises	0.41	*0.32*
e.	Payable for other supplies	1,990.88	*1,518.09*
	TOTAL	**3,840.85**	***3,288.56***

12. Other current liabilities

(₹ in crores)

		As at 31 March, 2012	*As at 31 March, 2011*
a.	Current maturities of long term borrowings	505.98	*1,948.23*
b.	License fees payable	69.65	*73.25*
c.	Interest accrued but not due	66.87	*87.57*
d.	Unearnedrevenues and advances received from customers	758.98	*934.10*
e.	Government of India current account	20.57	*20.57*
f.	Unpaid dividend	0.44	*0.51*
g.	Other Liabilities	528.61	*282.74*
	TOTAL	**1,951.10**	***3,346.97***

13. Short term provisions

(₹ in crores)

		As at 31 March, 2012	*As at 31 March, 2011*
a.	Provisions for employees benefits		
	- Compensated absences	49.51	*26.59*
	- Gratuity	6.90	*3.60*
	- Post-employment medical benefit	3.71	*5.47*
b.	Proposed dividend	57.00	*57.00*
c.	Provision for dividend tax	9.25	*9.25*
d.	Provision for tax	16.11	*19.70*
e.	Provision for cables	7.10	*7.10*
	TOTAL	**149.58**	***128.71***

Notes to the consolidated financial statements for the year ended 31 March, 2012 *(Contd.)*

14. **Fixed assets**

a. Tangible assets

(₹ in crores)

	Freehold Land	Leasehold Land	Leasehold Improvements	Building	Plant and Machinery	Furniture and Fixtures	Office Equipment	Computers	Motor Vehicles	Total
Gross block (cost or valuation)										
At 1 April, 2010	65.97	213.37	97.47	615.68	12,410.77	146.82	105.13	534.16	1.78	14,191.15
Additions	7.65	-	35.68	104.38	1,173.03	13.81	11.01	91.99	0.14	1,437.69
Disposals	-	-	(1.32)	(2.07)	(13.09)	(1.65)	(0.04)	(20.59)	(0.61)	(39.37)
Adjustments	-	3.53	6.77	(12.01)	(205.85)	0.49	2.86	10.56	0.01	(193.64)
At 31 March, 2011	**73.62**	**216.90**	**138.60**	**705.98**	**13,364.86**	**159.47**	**118.96**	**616.12**	**1.32**	**15,395.83**
Additions	1.66	-	19.95	12.34	3,181.29	13.05	8.63	50.07	-	3,286.99
Additions on acquisition	10.19	-	26.96	80.14	1,118.73	11.78	0.10	57.13	0.08	1,305.11
Disposals	(0.41)	-	(4.06)	(2.60)	(14.80)	(0.58)	(0.11)	(0.52)	(0.21)	(23.29)
Adjustments	7.15	2.04	(40.93)	70.31	788.99	8.92	(11.95)	(5.79)	0.03	818.77
At 31 March, 2012	**92.21**	**218.94**	**140.52**	**866.17**	**18,439.07**	**192.64**	**115.63**	**717.01**	**1.22**	**20,783.41**
Accumulated Depreciation										
At 1 April, 2010	-	13.40	49.69	95.29	3,980.31	63.41	22.49	275.84	1.40	4,501.83
Depreciation	-	2.58	18.10	13.10	1,233.50	11.91	6.64	120.27	0.11	1,406.21
Disposals	-	-	(0.59)	(2.07)	(11.34)	(1.38)	(0.01)	(15.71)	(0.54)	(31.64)
Adjustments	-	5.99	(5.61)	(2.94)	(252.56)	(0.61)	0.47	(1.30)	-	(256.56)
At 31 March, 2011	**-**	**21.97**	**61.59**	**103.38**	**4,949.91**	**73.33**	**29.59**	**379.10**	**0.97**	**5,619.84**
Depreciation	-	2.81	23.84	17.45	1,455.47	16.52	7.14	125.54	0.12	1,648.89
Additions on acquisition	-	-	5.87	9.73	332.44	5.12	0.08	29.31	0.06	382.61
Disposals	-	-	(3.52)	(0.87)	(2.89)	(0.48)	(0.05)	(0.43)	(0.19)	(8.43)
Adjustments	-	0.86	(14.86)	26.25	263.53	1.99	(2.92)	(27.52)	0.02	247.35
At 31 March, 2012	**-**	**25.64**	**72.92**	**155.94**	**6,998.46**	**96.48**	**33.84**	**506.00**	**0.98**	**7,890.26**
Net Block										
At 31 March, 2011	**73.62**	**194.93**	**77.01**	**602.60**	**8,414.95**	**86.14**	**89.37**	**237.02**	**0.35**	**9,775.99**
At 31 March, 2012	**92.21**	**193.30**	**67.60**	**710.23**	**11,440.61**	**96.16**	**81.79**	**211.01**	**0.24**	**12,893.15**
Capital Work in progress										
At 31 March 2011										1,979.64
At 31 March 2012										**1,099.12**

Notes to the consolidated financial statements for the year ended 31 March, 2012 *(Contd.)*

b. Intangible assets

(₹ in Crores)

Intangibles	Software	License fees	Goodwill	Total
Gross block (cost or valuation)				
At 1 April, 2010	495.92	7.41	667.05	1,170.38
Additions	105.27	-	-	105.27
Disposals	-	-	-	-
Adjustments	2.33	(0.09)	(5.33)	(3.09)
At 31 March, 2011	**603.52**	**7.32**	**661.72**	**1,272.56**
Additions	167.33	-	-	167.33
Additions on acquisition	77.42	9.37	-	86.79
Disposals	-	-	-	-
Adjustments	37.57	0.21	77.74	115.52
At 31 March, 2012	**885.84**	**16.90**	**739.46**	**1,642.20**
Accumulated Amortization				
At 1 April, 2010	248.48	3.78	383.55	635.81
Amortization Expense	104.83	0.16	35.00	139.99
Disposals	-	-	-	-
Adjustments	(0.82)	0.31	(3.22)	(3.73)
At 31 March, 2011	**352.49**	**4.25**	**415.33**	**772.07**
Amortization Expense	115.08	0.41	54.31	169.80
Additions on acquisition	55.33	5.59	-	60.92
Disposals	-	-	-	-
Adjustments	44.94	0.12	60.60	105.66
At 31 March, 2012	**567.84**	**10.37**	**530.24**	**1,108.45**
Net Block				
At 31 March, 2011	**251.03**	**3.07**	**246.39**	**500.49**
At 31 March, 2012	**318.00**	**6.53**	**209.22**	**533.75**
Intangible assets under development				
At 31 March 2011				**58.81**
At 31 March 2012				**49.77**

Notes:

1. Freehold Land includes:
   a. ₹ 0.16 crores (2011: ₹ *0.16* crores) identified as Surplus land.
   b. ₹ 0.06 crores (2011: ₹ *0.06* crores) in respect of which lease agreement has not been executed/ registered.
2. Leasehold land includes:
   Land in Srinagar of ₹ 0.03 crores (2011: ₹ 0.03 crores) in respect of which conveyance is not done and lease deed is not available.
3. Gross block of buildings includes:
   a. ₹ 32.75 crores (2011: ₹ *32.75* crores) for flats at Mumbai and ₹ Nil (2011: ₹ *1.03* crores) for office space at New Delhi in respect of which agreements have not been executed.
4. Gross Block and Accumulated Depreciation of Plant and machinery includes Indefeasible Rights of Use (IRUs) for domestic and international telecommunication circuits of ₹ 2,300.83 crores (2011: ₹ *1,891.18* crores) and ₹ 819.62 crores (2011: ₹ *615.08* crores) respectively.
5. The difference between Depreciation as per schedule of tangible assets and intangible assets of ₹ 1,818.69 crores (2011: ₹ *1,546.20* crores) and net amount charged to the Statement of Profit and Loss is ₹ 1,820.04 crores (2011: ₹ *1,548.30* crores) is on account of goodwill amortization of ₹ 1.80 crores (2011: ₹ *1.81* crores), depreciation charged to the Statement of Profit and Loss of ₹ Nil (2011: ₹ *0.74* crores) for service contract under progress for one of the subsidiaries. Decreased on account of depreciation on gifted assets transferred to Capital reserve of ₹ 0.46 crores (2011: ₹ *0.42* crores).
6. Finance cost capitalisedduring the year is ₹ 45.13 crores (2011: ₹ *65.58* crores) in respect of capital expenditure.

Notes to the consolidated financial statements for the year ended 31 March, 2012 *(Contd.)*

15. Non-Current Investments

	As at 31 March, 2012	*As at 31 March, 2011*
		(₹ in crores)
Trade Investments - Long Term (At Cost) (Unquoted)		
A. Fully Paid Equity Shares		
(a) Tata Teleservices Ltd.	748.03	*748.03*
(b) New ICO Global Communications (Holdings) Limited	0.01	*0.01*
(c) Wmode Inc.	2.87	*2.50*
(d) Green Infra Wind Generation Limited	0.10	-
(e) Green Infra Wind Farms Limited	0.08	*0.06*
	751.09	***750.60***
B. Investment in Associates		
(a) Equity Shares in Neotel (at cost) (refer note 30)	-	*88.42*
Less: Share in Loss	-	*(88.42)*
(b) Preference Shares in Neotel (at cost) (refer note 30)	-	*118.12*
Less: Share in Loss	-	*(118.12)*
Total Investment in Neotel	-	-
(c) Equity shares in Number Portability Company Pty. Ltd. (at cost)	2.71	*2.83*
Add: Increase due to consolidation of Neotel Pty. Ltd.	3.65	-
Add: Share in Profit (loss)	1.26	*(0.12)*
	7.62	***2.71***
TOTAL (A+B)	**758.71**	***753.31***

16. Long term loans and advances

	As at 31 March, 2012	*As at 31 March, 2011*
		(₹ in crores)
A) Unsecured, considered good		
i. Deposits:		
a. with public bodies	14.21	*2.41*
b. with others	40.39	*20.41*
ii. Capital advances	3.28	*0.55*
iii. Loans and advances to related parties	-	*415.62*
iv. Prepaid pension assets	190.50	*181.40*
v. Prepaid expenses	350.41	*233.21*
vi. Advance payment of taxes (net of provision)	1,742.87	*1,918.59*
vii. Licensefees paid under protest (refer i)	115.73	*115.73*
viii. Others	175.15	*55.65*
B) Unsecured doubtful		
Doubtful advances	11.54	*7.99*
Less - Provision for doubtful advances	(11.54)	*(7.99)*
TOTAL	**2,632.54**	***2,943.57***

Notes to the consolidated financial statements for the year ended 31 March, 2012 *(Contd.)*

i. In January 2008, an amount of ₹ 290.00 crores was paid to the Department of Telecommunications (DoT) under protest, towards payment of licence fees, interest and penalty demanded by DoT before issue of certain licences to the Company. Against this, the Company carried a provision of ₹ 174.15 crores for licence fees and interest thereon which has been set off against the payment of ₹ 290.00 crores for the presentation in the financial statements. The Company has filed a petition in the Honourable Supreme Court of India challenging the judgement of The Telecom Disputes Settlement Appellate Tribunal (TDSAT) relating to the computation of licence fee.

Additionally, the Company has also filed a petition with TDSAT challenging applicability of penal provisions under International Long Distance (ILD) and National Long Distance (NLD) licence agreements, whereby DoT claimed penalty and interest on penalty amounting to ₹ 115.73 crores (included in aforesaid ₹ 290.00 crores). Consequently, the amount of ₹ 115.73 crores was reflected as an asset in the books since 31 March 2009.

During the year 2009-10, TDSAT accepted the Company's position and decided in favour of the Company. However, DoT has filed an appeal in the Honourable Supreme Court of India challenging the judgement of TDSAT relating to the waiver of penalty and interest on penalty. A claim of ₹ 115.73 crores alongwith interest was raised upon DoT in financial year 2009-10 based on this TDSAT order, which DoT has refused. The Company filed an appeal in TDSAT in financial year 2010-11 against this order of DoT which had been allowed in favour of the Company by TDSAT in financial year 2011-12. Pending implementation of this order by DoT, the Company had further filed execution petition in TDSAT in financial year 2011- 12. TDSAT heard the matter and the ruling is awaited.

17. Other non-current assets

(₹ in crores)

		As at 31 March, 2012	*As at 31 March, 2011*
a.	Interest receivable	-	*99.19*
b.	Pension contributions recoverable from Government of India (net) (Refer i)	7.44	*7.44*
c.	NLD license fees reimbursement recoverable from Government of India	0.64	*0.64*
	TOTAL	**8.08**	***107.27***

i. As at 31 March, 2012 the proportionate share of pension obligations and payments of ₹ 61.15 crores (2011: ₹ 61.15 crores) to the erstwhile Overseas Communications Service ("OCS") employees was recoverable from the Government of India ("the Government"). Pursuant to discussions with the Government, the Company had made a provision of ₹ 53.71 crores (2011: ₹ 53.71 crores) resulting in a net amount due from the Government towards its share of pension obligations of ₹ 7.44 crores (2011: ₹ 7.44 crores).

18. Current investments

(₹ in crores)

	As at 31 March, 2012	*As at 31 March, 2011*
Investments in mutual funds	-	*91.19*
TOTAL	**-**	***91.19***

Notes to the consolidated financial statements for the year ended 31 March, 2012 *(Contd.)*

19. Inventories

		As at 31 March, 2012	*As at 31 March, 2011*
			(₹ in crores)
a)	Equipments for resale	0.08	*0.08*
	Less: Provision for obsolescence	(0.08)	*(0.08)*
		-	*-*
b)	Consumable stores and spares	36.35	*18.69*
	Less: Provision for obsolescence	(13.93)	*(2.91)*
	TOTAL	**22.42**	***15.78***

20. Trade receivables

	As at 31 March, 2012	*As at 31 March, 2011*
		(₹ in crores)
Unsecured, considered good	2,377.06	*1,902.93*
Unsecured, considered doubtful	498.41	*355.45*
Less: Provision for doubtful trade receivables	(498.41)	*(355.45)*
TOTAL	**2,377.06**	***1,902.93***

21. Cash and bank balances

		As at 31 March, 2012	*As at 31 March, 2011*
			(₹ in crores)
a.	Cash in Hand	0.15	*0.69*
b.	Cheques in Hand	13.10	*317.75*
c.	Remittances in transit	10.19	*0.02*
d.	Current accounts with banks	178.43	*244.83*
e.	Deposit accounts held with banks	76.10	*141.37*
	Cash and cash equivalents	277.97	*704.66*
f.	Deposits with original maturity over three months	-	*1.20*
g.	Deposit accounts held as margin money	18.10	*7.88*
h.	Earmarked Funds	10.01	*8.18*
	TOTAL	**306.08**	***721.92***

22. Short term loans and advances

			As at 31 March, 2012	*As at 31 March, 2011*
				(₹ in crores)
I)	Unsecured, considered good			
	a.	Advances to related parties	0.94	*9.19*
	b.	Loans and advances to employees	5.78	*7.51*
	c.	Sundry deposits	25.84	*29.18*
	d.	Prepaid expenses	349.35	*216.77*
	e.	Service tax recoverable	273.68	*177.63*
	f.	Other advances	133.86	*82.09*
		TOTAL	**789.45**	***522.37***

Notes to the consolidated financial statements for the year ended 31 March, 2012 *(Contd.)*

23. Other current assets

(₹ in crores)

		As at 31 March, 2012	*As at 31 March, 2011*
a.	Interest receivable	3.04	*1.60*
b.	Unamortized premium on forward contracts	3.34	*11.51*
c.	Unbilled revenue	189.76	*148.41*
d.	Others (refer i)	47.31	*224.40*
	TOTAL	**243.45**	***385.92***

i. Others include minority interest of ₹ 26.18 crores recoverable (net of loans payable) from minority interest holder of Neotel (Pty.) Ltd. as per shareholders' agreement.

24. The Company had entered into an agreement with effect from 1 January, 2007 with one of its customers for carriage of NLD traffic for a period of two years In view of disputes between the parties, the agreement was truncated with effect from July, 2008. The matter was referred to Conciliation in the earlier period and an award in favor of the Company of ₹ 29.00 crores were made leaving the modalities of settlement to the parties. During the previous year based on the settlement reached with the carrier, ₹ 26.54 crores were recorded in Revenue from operations and interest income of ₹ 2.46 crores were recorded in other income.

25. Other income

(₹ in crores)

		Year ended 31 March, 2012	*Year ended 31 March, 2011*
Dividend income from current investments		-	*0.34*
Interest Income:			
a)	On Bank deposits (Tax deducted at source ₹ 0.07 crores (2011: ₹ 0.05 crores))	10.24	*6.65*
b)	On Other loans and advances (Tax deducted at source ₹ 0.10 crores (2011: ₹ NIL))	5.32	*45.48*
	Profit on sale of current investments (net)	37.93	*4.61*
	Profit on sale of fixed assets (net)	0.36	*-*
	Profit from sale of long term investment	-	*16.06*
	Rent	6.60	*14.77*
	Exchange gain (net)	34.06	*31.26*
	Provisions / Liabilities no longer required written back	0.90	*67.95*
	Other income	49.39	*66.10*
	TOTAL	**144.80**	***253.22***

i. During the year 2010-11, the Company withdrew its advances against equity in joint venture with China Enterprise Communications Limited. The amount contributed of ₹ 65.80 crores ($ 14 million) was refunded to the Company along with termination fee of ₹ 9.00 crores ($ 2 million) and is included in other income above.

Notes to the consolidated financial statements for the year ended 31 March, 2012 *(Contd.)*

26. Network and transmission expenses

(₹ in crores)

	As at 31 March, 2012	*As at 31 March, 2011*
Charges for use of transmission facilities	7,676.28	*6,958.01*
Royalty and license fee to Department of Telecommunications	150.46	*132.59*
Rent of satellite channels	58.68	*35.93*
Administrative lease charges	8.19	*1.24*
TOTAL	**7,893.61**	***7,127.77***

27. Employee benefit

(₹ in crores)

	Year ended 31 March, 2012	*Year ended 31 March, 2011*
Salaries and related costs	1,765.37	*1,362.81*
Contribution to provident, gratuity and other funds	254.55	*168.20*
Staff welfare expenses	99.99	*74.97*
TOTAL	**2,119.91**	***1,605.98***

28. Operating and other expenses

(₹ in crores)

	Year ended 31 March, 2012	*Year ended 31 March, 2011*
Consumption of stores	55.06	*21.71*
Light and power	251.28	*223.95*
Repairs and Maintenance:		
- Buildings	35.97	*29.36*
- Plant and Machinery	607.48	*493.37*
- Others	6.73	*19.03*
Bad Debts written off	40.04	*30.98*
Provision for trade receivables	30.73	*34.77*
Provision for doubtful advances	5.17	-
Rent	255.29	*276.53*
Rates and taxes	62.58	*65.05*
Travelling expenses	95.08	*80.36*
Telephone expenses	45.77	*42.25*
Printing, postage and stationery	19.43	*15.10*
Legal and professional fees	167.35	*106.48*
Advertising and publicity	119.69	*66.81*
Commissions	42.24	*43.48*
Services rendered by agencies	205.82	*194.22*
Insurance	22.47	*19.65*
Donations	0.62	*0.37*
Loss on sale of fixed assets (net)	-	*15.60*
Other expenses	322.24	*193.90*
TOTAL	**2,391.04**	***1,972.97***

Notes to the consolidated financial statements for the year ended 31 March, 2012 *(Contd.)*

29. Finance cost

		(₹ in crores)
	Year ended 31 March, 2012	***Year ended 31 March, 2011***
Interest on:		
- Bank loans	313.30	*228.82*
- Debentures	188.16	*204.61*
- Others	377.94	*201.92*
Less: Interest expense capitalised	(45.13)	*(65.58)*
TOTAL	**834.27**	***569.77***

30. On April 11, 2011, the SEPCO Group (SEPCO and Neotel collectively referred to as SEPCO Group) became a subsidiary as the Company through its wholly owned subsidiary VSNL SNOSPV Pty Ltd acquired an additional equity ownership interest in SEPCO of 24.50% for a cash consideration of ₹ 81.70 crores. As a result of this additional acquisition, the Company's equity ownership interest in SEPCO increased from 43.16% to 67.66% and effective holding in Neotel Pty Limited increase from 49.01% to 61.50%. On consolidation of SEPCO Group from aforesaid date the Company recognized Goodwill of ₹ 689.75 crores, including on previously held effective equity interest of 49.01% in Neotel. The Consolidated financial statement for current year includes ₹ 1,723.78 crores of revenue, net loss of ₹ 602.25 crores for the period from 11 April, 2011 to 31 March, 2012 and net liabilities of ₹ 925.78 crores as at 31 March, 2012 in respect of Neotel.

Further SEPCO Group has made capital calls during the year from all of its shareholders and minority shareholders has not subscribed to these capital calls as a result of non-subscription by minority, their holding stand diluted. As result of dilution the Company's effective equity ownership interest in Neotel increased from 61.50% to 64.10%.

31. Employee Benefits:

(A) Domestic

Retirement Benefits

(a) Defined Contribution plan

- **Provident Fund**

The Company and its Indian subsidiaries make contribution towards provident fund under a defined contribution retirement benefit plan for qualifying employees. The provident fund is administered by the Trustees of the Tata Communications Employees' Provident Fund Trust. Under this scheme, the Company is required to contribute a specified percentage of payroll cost to fund the benefits. For certain subsidiaries contribution is paid to The Provident Fund Commissioner.

The Rules of the Company's Provident Fund administered by the Trust require that if the Board of Trustees are unable to pay interest at the rate declared for Employees' Provident Fund by the Government under para 60 of the Employees' Provident Fund Scheme, 1952 for the reason that the return on investment is less or for any other reason, then the deficiency shall be made good by the Company. Having regard to the assets of the Fund and the return on the investments, the Company does not expect any deficiency in the foreseeable future. There has also been no such deficiency since the inception of the Fund.

Provident fund contributions amounting to ₹ 22.21 crores (2011: ₹ 20.04 crores) have been charged to the Statement of Profit and Loss.

Notes to the consolidated financial statements for the year ended 31 March, 2012 *(Contd.)*

(b) Defined Benefit Plans

- **Gratuity**

The Company makes annual contributions under the Employee's Gratuity scheme to a fund administered by trustees covering all eligible employees. The plan provides for lump sum payment to vested employees at retirement, death while in employment or on termination of employment of an amount equivalent to 15 days salary payable for each completed year of service or part thereof in excess of six months. Vesting occurs upon completion of five years of service. For certain subsidiaries gratuity plan is unfunded.

- **Medical Benefit**

The Company reimburses domiciliary and hospitalization expenses not exceeding specified limits incurred by eligible and qualifying employees and their dependent family members under the Tata Communication employee's medical reimbursement scheme. The scheme provides for cashless hospitalization where the claims are directly settled by the Company.

- **Pension Plan**

The Company's pension obligation relate to certain employees transferred to the Company from the Overseas Communications Service (OCS). The Company purchases life annuity policies from an insurance company to settle such pension obligation. During the year the Company has incurred a charge of ₹ 14.24 crores (2011: ₹ 7.00 crores) to meet the additional pension obligation on account of increase in Dearness Allowance.

The details in respect of status of funding and the amounts recognized in the Company's financial statement as at 31 March, 2012, 2011 and 2010 for these defined benefit schemes are as under:

i) Change in the defined benefit obligation

(₹ in crores)

Particulars	**Gratuity (Funded) As at 31 March, 2012**	**Gratuity (Unfunded) As at 31 March, 2012**	**Medical Benefits (Unfunded) As at 31 March, 2012**
Liability at the beginning of the year	52.45	1.70	45.39
Current service cost	4.47	0.06	0.55
Interest cost	4.24	0.01	3.46
Others	1.55	(1.55)	-
Actuarial (gain) / loss on obligations	1.79	0.15	9.41
Benefits paid	(2.86)	-	(6.80)
Liability at the end of the period	**61.64**	**0.37**	**52.01**

Notes to the consolidated financial statements for the year ended 31 March, 2012 *(Contd.)*

(₹ in crores)

Particulars	***Gratuity (Funded) As at 31 March, 2011***	***Gratuity (Unfunded) As at 31 March, 2011***	***Medical Benefits (Unfunded) As at 31 March, 2011***
Liability at the beginning of the period	*45.95*	*2.95*	*43.17*
Current service cost	*3.98*	*0.38*	*3.96*
Interest cost	*3.07*	*0.13*	*3.56*
Others	*1.60*	*(1.60)*	-
Actuarial (gain) / loss on obligations	*1.87*	*0.23*	*1.90*
Benefits paid	*(4.02)*	*(0.39)*	*(7.20)*
Liability at the end of the period	***52.45***	***1.70***	***45.39***

(₹ in crores)

Particulars	***Gratuity (Funded) As at 31 March, 2010***	***Gratuity (Unfunded) As at 31 March, 2010***	***Medical Benefits (Unfunded) As at 31 March, 2010***
Liability at the beginning of the period	*33.35*	*1.36*	*35.68*
Current service cost	*2.92*	*0.54*	*4.45*
Past service cost	*13.21*	*0.60*	-
Interest cost	*2.64*	*0.14*	*2.68*
Liability transferred from / (to) other companies	*0.14*	*0.11*	-
Others	*(0.27)*	-	
Actuarial (gain) / loss on obligations	*(3.78)*	*0.27*	*5.90*
Benefits paid	*(2.26)*	*(0.07)*	*(5.54)*
Liability at the end of the period	*45.95*	*2.95*	*43.17*

ii) Change in Fair Value of Assets

(₹ in crores)

Particulars	**Gratuity (Funded)**		
	As at 31 March, 2012	***As at 31 March, 2011***	***As at 31 March, 2010***
Opening Fair Value of Plan Assets	48.86	*34.09*	*30.29*
Expected Return on Plan Assets	3.95	*2.66*	*2.56*
Employer's contribution	5.04	*13.80*	*2.76*
Transfer (to) / from other company	-	*0.01*	*0.14*
Actuarial Gain / (Loss)	(0.73)	*2.32*	*0.60*
Benefits paid	(2.86)	*(4.02)*	*(2.26)*
Closing Fair Value of Plan Assets	**54.26**	***48.86***	***34.09***

Notes to the consolidated financial statements for the year ended 31 March, 2012 *(Contd.)*

iii) Amount recognized in the balance sheet

(₹ in crores)

Particulars	**Gratuity (Funded) As at 31 March, 2012**	**Gratuity (Unfunded) As at 31 March, 2012**	**Medical Benefits (Unfunded) As at 31 March, 2012**
Present value of funded obligations	61.64	-	-
Fair value of plan assets	(54.26)	-	-
Present value of Unfunded obligations	-	0.37	52.01
Net (asset)/ liability in the balance sheet	**7.38**	**0.37**	**52.01**

(₹ in crores)

Particulars	***Gratuity (Funded) As at 31 March, 2011***	***Gratuity (Unfunded) As at 31 March, 2011***	***Medical Benefits (Unfunded) As at 31 March, 2011***
Present value of funded obligations	*52.45*	-	-
Fair value of plan assets	*(48.86)*	-	-
Present value of Unfunded obligations	-	*1.70*	*45.39*
Net (asset)/ liability in the balance sheet	***3.59***	***1.70***	***45.39***

(₹ in crores)

Particulars	***Gratuity (Funded) As at 31 March, 2010***	***Gratuity (Unfunded) As at 31 March, 2010***	***Medical Benefits (Unfunded) As at 31 March, 2010***
Present value of funded obligations	*45.95*	-	-
Fair value of plan assets	*(34.09)*	-	-
Present value of Unfunded obligations	-	*2.95*	*43.17*
Net (asset)/ liability in the balance sheet	***11.86***	***2.95***	***43.17***

iv) Expenses recognized in the Statement of Profit and Loss

(₹ in crores)

Particulars	**Gratuity (Funded)**	**Gratuity (Unfunded)**	**Medical Benefits (Unfunded)**
	Year ended 31 March, 2012		
Current service cost	4.47	0.06	0.55
Interest cost	4.24	0.01	3.46
Expected return on plan assets	(3.95)	-	-
Net actuarial loss /(gain) to be recognized	2.52	0.15	9.41
Expense recognized in the Statement of Profit and Loss	**7.28**	**0.22**	**13.42**

Notes to the consolidated financial statements for the year ended 31 March, 2012 *(Contd.)*

(₹ in crores)

Particulars	***Gratuity (Funded)***	***Gratuity (Unfunded)***	***Medical Benefits (Unfunded)***
	Year ended 31 March, 2011		
Current service cost	*3.98*	*0.38*	*3.96*
Interest cost	*3.07*	*0.13*	*3.56*
Expected return on plan assets	*(2.66)*	*-*	*-*
Net actuarial loss /(gain) to be recognized	*(0.45)*	*0.23*	*1.90*
Expense recognized in the Statement of Profit and Loss	***3.94***	***0.74***	***9.42***

(₹ in crores)

Particulars	***Gratuity (Funded)***	***Gratuity (Unfunded)***	***Medical Benefits (Unfunded)***
	Year ended 31 March, 2010		
Current service cost	*2.92*	*0.54*	*4.45*
Past service cost	*13.21*	*0.60*	*-*
Interest cost	*2.64*	*0.14*	*2.68*
Expected return on plan assets	*(2.56)*	*-*	*-*
Net actuarial loss /(gain) to be recognized	*(4.38)*	*0.27*	*5.90*
Expense recognized in the Statement of Profit and Loss	***11.83***	***1.55***	***13.03***

v) Categories of plan assets as a percentage of total plan assets

	As at 31 March, 2012	***As at 31 March, 2011***	***As at 31 March, 2010***
Corporate bonds	-	*-*	*-*
State Government	-	*-*	*-*
Insurer Managed Funds	100%	*100%*	*100%*
Total	**100.00%**	***100.00%***	***100.00%***

The Company's policy and objective for plan assets management is to maximize return on plan assets to meet future benefit payment requirements while at the same time accepting a low level of risk. The asset allocation for plan assets is determined based on the investment criteria approved under the Income Tax Act, 1961 and is also subject to other exposure limitations.

vi) Principal Actuarial assumptions

	Gratuity (Funded)		
	As at 31 March, 2012	***As at 31 March, 2011***	***As at 31 March, 2010***
Discount rate	8.50%	*8.25%*	*8.25%*
Expected return on plan assets	8.00%	*8.00%*	*8.00%*
Increase in compensation cost	6.00% to 10.00%	*6.00%*	*6.00%*
Attrition Rate	3.00% to 15.00%	*2.00%*	*2.00%*

Notes to the consolidated financial statements for the year ended 31 March, 2012 *(Contd.)*

	Gratuity (Unfunded)		
	As at 31 March, 2012	***As at 31 March, 2011***	***As at 31 March, 2010***
Discount rate	8.50%	*8.25%*	*8.00%-8.25%*
Increase in compensation cost	6.00% to 10.00%	*6.00%*	*6.00%*

	Medical Benefits (Unfunded)		
	As at 31 March, 2012	***As at 31 March, 2011***	***As at 31 March, 2010***
Discount rate	8.50%	8.25%	8.25%
Increase in compensation cost	6.00% to 10.00%	6.00%	6.00%
Health care cost increase rate	2.00%	2.00%	2.00%
Attrition Rate	3.00% to 15.00%	2.00%	2.00%

The estimates of future compensation cost considered in the actuarial valuation take account of inflation, seniority, promotion and other relevant factors.

vii) Experience Adjustment

(₹ in crores)

Particulars	Gratuity (Funded)			
	As at 31 March, 2012	***As at 31 March, 2011***	***As at 31 March, 2010***	***As at 31 March, 2009***
Defined Benefit Obligation	61.64	*52.45*	*45.95*	*33.35*
Plan assets	54.26	*48.86*	*34.09*	*30.29*
Surplus / (deficit)	(7.38)	*(3.59)*	*(11.86)*	*(3.06)*
Exp. Adj. on Plan Liabilities (loss)/ gain	6.73	*(1.87)*	*1.39*	*(2.01)*
Exp. Adj. on Plan Assets gain/ (loss)	(0.73)	*2.32*	*0.60*	*1.99*
Actuarial Gain/(Loss) due to change on assumptions	(8.52)	-	-	-

(₹ in crores)

Particulars	Gratuity (Unfunded)			
	As at 31 March, 2012	***As at 31 March, 2011***	***As at 31 March, 2010***	***As at 31 March, 2009***
Defined Benefit Obligation	0.37	*1.70*	*2.95*	*1.36*
Surplus / (deficit)	(0.37)	*(1.70)*	*(2.95)*	*(1.36)*
Exp. Adj. on Plan Liabilities (loss)/ gain	(0.11)	*(0.23)*	*(0.27)*	*(0.20)*
Actuarial Gain/(Loss) due to change on assumptions	(0.04)	-	-	-

Notes to the consolidated financial statements for the year ended 31 March, 2012 *(Contd.)*

viii) Effect of change in Assumed Health Care Cost Trend Rate. A one – percentage – point change in assumed health care cost trend rates would have the following effects:

(₹ in crores)

Particulars	31 March, 2012		*31 March, 2011*		*31 March, 2010*	
	Increase	Decrease	*Increase*	*Decrease*	*Increase*	*Decrease*
Effect on service cost	0.09	0.07	*0.39*	*0.39*	*0.44*	*0.48*
Effect on interest cost	0.90	0.70	*0.35*	*0.35*	*0.26*	*0.27*
Effect on post-employment benefit obligation	1.25	1.09	*3.74*	*3.97*	*4.71*	*4.62*

The Company expects to contribute ₹ 7.39 crores (2011: ₹ 4.75 crores) towards employer's contribution for funded defined benefit plans in financial year 2012-13.

ix) **Leave Plan and Compensated absences**

Eligible employees can carry forward and encash leave on death, permanent disablement and resignation subject to maximum accumulation of 300 days.

The liability for leave encashment and compensated absences as at the year end is ₹ 64.60 crores (2011: ₹ 42.68 crores).

The estimates of future compensation cost considered in the actuarial valuation take account of inflation, seniority, promotion and other relevant factors.

(B) International

(a) Defined Contribution plans

The Group makes contribution to defined contribution retirement benefit plans under the provisions of section 401(k) of the Internal Revenue Code for USA employees, a Registered Retirement Savings Plan ("RRSP") for Canadian employees and a Group Stakeholder Pension plan ("GSPP") for UK employees. An amount of ₹ 16.00 crores (2011: ₹ 15.31 crores) is charged to Statement of Profit and Loss for the year ended 31 March, 2012.

In addition to above the Group has made a contribution of ₹ 30.98 crores (2011: ₹ 14.17 crores) to Momentum group on the "Funds at Work" platform in respect of SEPCO.

(b) Defined Benefit Pension Plans

Pension

The Company has both a contributory and non-contributory defined benefit pension plans covering certain of its employees in Canada. The Company also has an unfunded Supplemental Employee Retirement Plan ("SERP") covering certain senior executives in Canada, closed on 13 February, 2006. The plan provides for defined benefit based on years of service and final average salary.

Health and Life insurance

The Group also assumed a post-retirement health care and life insurance plan.

The details in respect of status of funding and the amounts recognized in the Company's financial statement as at 31 March, 2012 for these defined benefit schemes are as under:

Notes to the consolidated financial statements for the year ended 31 March, 2012 *(Contd.)*

i) Changes in the defined benefit obligation:

(₹ in crores)

	Pension Plans			Health care and Life insurance Plans
	Contributory	**Non-contributory**	**SERP**	
	As at 31 March, 2012	**As at 31 March, 2012**	**As at 31 March, 2012**	**As at 31 March, 2012**
Projected defined benefit obligation, beginning of the year (01 April, 2011)	388.07	347.92	14.69	6.99
Current Service cost	2.41	7.19	0.53	0.22
Interest cost	23.22	21.17	0.93	0.42
Benefits paid	(26.53)	(21.28)	-	(0.60)
Actuarial (gain)/loss	31.26	74.10	2.73	1.02
Effect of foreign exchange rate changes	72.15	67.85	2.91	1.33
Projected benefit obligation at the end of the year	**490.58**	**496.95**	**21.79**	**9.38**

(₹ in crores)

	Pension Plans			*Health care and Life insurance Plans*
	Contributory	***Non-contributory***	***SERP***	
	As at 31 March, 2011	***As at 31 March, 2011***	***As at 31 March, 2011***	***As at 31 March, 2011***
Projected defined benefit obligation, beginning of the year (01 April, 2010)	*387.05*	*347.64*	*13.17*	*7.70*
Current Service cost	*1.95*	*6.80*	*0.51*	*0.20*
Interest cost	*21.81*	*19.94*	*0.79*	*0.44*
Benefits paid	*(23.92)*	*(19.28)*	-	*(0.76)*
Actuarial (gain)/loss	*10.44*	*1.12*	*0.58*	*(0.43)*
Effect of foreign exchange rate changes	*(9.26)*	*(8.30)*	*(0.36)*	*(0.16)*
Projected benefit obligation at the end of the year	***388.07***	***347.92***	***14.69***	***6.99***

Notes to the consolidated financial statements for the year ended 31 March, 2012 *(Contd.)*

(₹ in crores)

	Pension Plans			Health care and Life insurance Plans
	Contributory	**Non-contributory**	**SERP**	
	As at 31 March, 2010	***As at 31 March, 2010***	***As at 31 March, 2010***	***As at 31 March, 2010***
Projected defined benefit obligation, beginning of the year (01 April, 2009)	*283.70*	*238.02*	*7.84*	*7.33*
Current Service cost	*1.70*	*5.88*	*0.34*	*0.10*
Interest cost	*23.55*	*20.04*	*0.70*	*0.60*
Benefits paid	*(22.65)*	*(21.09)*	*-*	*(0.95)*
Actuarial (gain)/loss	*73.79*	*81.77*	*3.50*	*(0.04)*
Effect of foreign exchange rate changes	*26.96*	*23.02*	*0.79*	*0.66*
Projected benefit obligation at the end of the year	***387.05***	***347.64***	***13.17***	***7.70***

ii) Changes in the fair value of plan assets for pension plans

(₹ in crores)

	Pension Plans	
	Contributory As at 31 March, 2012	**Non-Contributory As at 31 March, 2012**
Fair value of plan assets, beginning of the year	510.65	406.73
Actual return on plan assets	25.05	20.32
Contributions	-	16.44
Benefits paid	(26.53)	(21.28)
Actuarial gain / (loss)	43.20	31.85
Effect of foreign exchange rate changes	95.06	76.54
Fair value of plan assets, end of the year	**647.43**	**530.60**

(₹ in crores)

	Pension Plans	
	Contributory As at 31 March, 2011	***Non-Contributory As at 31 March, 2011***
Fair value of plan assets, beginning of the year	*500.95*	*373.68*
Actual return on plan assets	*27.05*	*20.79*
Contributions	*-*	*23.57*
Benefits paid	*(23.92)*	*(19.28)*
Actuarial gain / (loss)	*18.81*	*17.87*
Effect of foreign exchange rate changes	*(12.24)*	*(9.90)*
Fair value of plan assets, end of the year	***510.65***	***406.73***

Notes to the consolidated financial statements for the year ended 31 March, 2012 *(Contd.)*

(₹ in crores)

	Pension Plans	
	Contributory	***Non-Contributory***
	As at 31 March, 2010	***As at 31 March, 2010***
Fair value of plan assets, beginning of the year	*440.95*	*317.06*
Actual return on plan assets	*25.37*	*18.59*
Contributions	*-*	*17.52*
Benefits paid	*(22.65)*	*(21.09)*
Actuarial gain / (loss)	*17.11*	*12.48*
Effect of foreign exchange rate changes	*40.17*	*29.12*
Fair value of plan assets, end of the year	***500.95***	***373.68***

iii) The amounts recognized in the Balance sheet is as follows:

(₹ in crores)

	Pension Plans			**Health care and Life insurance Plans**
	Contributory	**Non-contributory**	**SERP**	
	As at 31 March, 2012	**As at 31 March, 2012**	**As at 31 March, 2012**	**As at 31 March, 2012**
Present value of funded obligations	490.58	496.95	-	-
Fair value of plan assets	(647.43)	(530.60)	-	-
Present value of unfunded obligations	-	-	21.79	9.38
Net (asset)/liability in balance sheet	**(156.85)**	**(33.65)**	**21.79**	**9.38**

(₹ in crores)

	Pension Plans			***Health care and Life insurance Plans***
	Contributory	**Non-contributory**	**SERP**	
	As at 31 March, 2011	***As at 31 March, 2011***	***As at 31 March, 2011***	***As at 31 March, 2011***
Present value of funded obligations	*388.07*	*347.92*	*-*	*-*
Fair value of plan assets	*(510.65)*	*(406.73)*	*-*	*-*
Present value of unfunded obligations	*-*	*-*	*14.70*	*6.99*
Net (asset)/liability in balance sheet	***(122.58)***	***(58.81)***	***14.70***	***6.99***

Notes to the consolidated financial statements for the year ended 31 March, 2012 *(Contd.)*

(₹ in crores)

	Pension Plans			Health care and Life insurance Plans
	Contributory	**Non-contributory**	**SERP**	
	As at 31 March, 2010	***As at 31 March, 2010***	***As at 31 March, 2010***	***As at 31 March, 2010***
Present value of funded obligations	*387.05*	*347.64*	-	-
Fair value of plan assets	*(500.95)*	*(373.68)*	-	-
Present value of unfunded obligations	-	-	*13.17*	*7.70*
Net (asset)/liability in balance sheet	***(113.90)***	***(26.04)***	***13.17***	***7.70***

iv) The components of pension expense recognized in the Statement of Profit and Loss for the year ended 31 March, 2012, 2011 and 2010:

(₹ in crores)

	Year ended 31 March, 2012	***Year ended 31 March, 2011***	***Year ended 31 March, 2010***
Current service cost	10.35	*9.47*	*8.02*
Interest cost	45.74	*42.98*	*44.89*
Actual return on plan assets	(45.37)	*(47.84)*	*(43.96)*
Net Actuarial loss/(gain) recognized	34.06	*(24.97)*	*125.62*
Effect of foreign exchange rate changes(Net)	(6.09)	*2.05*	*(39.03)*
Amortization of experience (gain)	(0.10)	-	-
Total	**38.59**	***(18.31)***	***95.54***

v) Categories of plan assets as a percentage of total plan assets:

Category of assets	**As at 31 March, 2012 Contributory**	**As at 31 March, 2012** ***Non-contributory***	**As at 31 March, 2011 Contributory**	**As at 31 March, 2011** ***Non-contributory***
Debt securities	90.00%	80.00%	89.00%	76.00%
Equity securities	10.00%	20.00%	10.00%	19.00%
Short term investments	-	-	1.00%	5.00%
Total	**100.00%**	**100.00%**	**100.00%**	**100.00%**

The Company uses an active management style to manage short-term securities, Canadian equities and international equities. Canadian bonds, US equities and the asset mix are managed passively. To accomplish this, the Company has entrusted this task to a professional investment manager. The management mandate defines the targeted asset allocation and the parameters for evaluating the manager performance.

Notes to the consolidated financial statements for the year ended 31 March, 2012 *(Contd.)*

vi) The assumptions used for the pension plans and the other benefit plans on a weighted-average basis are as follows:

Assumptions	As at 31 March, 2012	*As at 31 March, 2011*	*As at 31 March, 2010*
Discount rate used for benefit costs	5.50%	*5.75%*	*8.00%*
Discount rate used for benefit obligations	4.50%	*5.50%*	*5.75%*
Expected long-term return on plan assets	4.50%	*5.50%*	*5.50%*
Inflation	2.00%	*2.25%*	*2.25%*
Rate of compensation increase	3.00%	*3.25%*	*3.25%*
Asset valuation method	Market Value	*Market Value*	*Market Value*

vii) The health care cost trend rate has a significant effect on the amounts reported. The assumed health care trend rate used to determine the accumulated post-retirement benefit obligation calculated as at 31 March, 2012 is 8.94% (2011: 9.30%). A one-percentage-point change in assumed health care cost trend rates would have the following effects:

(₹ in crores)

	31 March, 2012		*31 March, 2011*		*31 March, 2010*	
	Increase	Decrease	*Increase*	*Decrease*	*Increase*	*Decrease*
Effect on service cost	0.05	0.04	*0.04*	*0.03*	*0.02*	*0.01*
Effect on interest cost	0.04	0.04	*0.04*	*0.03*	*0.04*	*0.04*
Effect on post-employment benefit obligation	0.97	0.84	*0.67*	*0.59*	*0.61*	*0.54*

The Group expects to contribute ₹ 23.25 crores (2011: ₹ 15.77 crores) to its defined benefit plans in 2012-13.

The estimate salary and future increases, considered in actuarial valuation, taken into account inflation, seniority, promotion and other relevant factors.

viii) Leave Plan and Compensated absences

The liability for leave encashment and compensated absences as at the year end is ₹ 46.09 crores (2011: ₹ 27.84 crores)

32. Provision for contingencies:

(₹ in crores)

	31 March, 2012			*31 March, 2011*		
	Asset Retirement Obligation ("ARO") (refer i)	Others (refer ii)	Total	Asset Retirement Retirement ("ARO") (refer i)	Others (refer ii)	Total
Balance as at beginning of the year	63.23	9.00	72.23	*54.59*	*9.00*	*63.59*
Provision made during the year	7.65	-	7.65	*5.71*	-	*5.71*
Payment made during the year	-	-	-	*(0.01)*	-	*(0.01)*
Liability incurred in current year	-	-	-	*3.56*	-	*3.56*
Effect of change in foreign exchange rate	9.38	-	9.38	*(0.62)*	-	*(0.62)*
Balance as at end of the year	**80.26**	**9.00**	**89.26**	***63.23***	***9.00***	***72.23***

Notes to the consolidated financial statements for the year ended 31 March, 2012 *(Contd.)*

i. The provision for ARO has been recorded in the books of the Group in respect of undersea cables, switches and leased equipments.

ii. Others include amounts provided towards claims made by creditors of the Group.

33. Auditors remuneration

(included in operating and other expenses)

(₹ in crores)

		Year ended 31 March, 2012	*Year ended 31 March, 2011*
i.	Audit Fees	1.25	*1.22*
ii.	Tax Audit Fees	0.21	*0.21*
iii.	Other professional services	0.60	*0.69*
iv.	For reimbursement of expenses	0.15	*0.03*
v.	Service Tax*	0.22	*0.20*

Auditors' remuneration excludes fees of ₹ 8.78 crores (2011: ₹ 10.43 crores) payable / paid for professional services to a firm of chartered accountants in which some partners of the firm of statutory auditors are partners.

*Service tax credit has been availed.

34. Financial Statements for the following companies considered in the consolidated financial statements are based on management accounts and are therefore unaudited:

(₹ in crores)

	Total Assets included in Consolidation	Total Revenues included in Consolidation	Cash flows included in Consolidation
Subsidiaries:			
VSNL SNOSPV Pte Ltd.	823.80	-	(1.21)
S&A Internet Services Pvt. Ltd.	0.96	0.03	0.04
SEPCO (Pty.) Ltd. (Standalone)	0.02	-	@
Tata Communications Lanka Limited	108.12	71.54	19.63
Total	932.90	71.57	18.46
Joint Ventures:			
United Telecom Ltd.	38.05	14.27	(0.64)

@ represents transaction of amount less than ₹50,000/-

35. Earnings per share

(₹ in crores)

		Year ended 31 March, 2012	*Year ended 31 March, 2011*
Net (Loss) after tax attributable to the equity shareholders	(A)	(794.65)	*(776.90)*
Number of equity shares outstanding at the end of the year		285,000,000	*285,000,000*
Weighted average number of shares outstanding during the year	(B)	285,000,000	*285,000,000*
Basic and diluted earnings per share (₹ per equity share of ₹ 10 each)	(A/B)	(27.88)	*(27.26)*

Notes to the consolidated financial statements for the year ended 31 March, 2012 *(Contd.)*

36. Segment reporting

Business segments

Effective 11 April, 2011, the Company's reportable business segments have been re-aligned into Global Voice Solutions (GVS), Global Data and Managed Services (GDMS), South Africa Operations (SAO) and Others to reflect change in the Company's Business and Organization Structure. Accordingly, all network and managed services in the Company and its subsidiaries have been aligned to GDMS, GVS, SAO and Joint Ventures have been aligned to Others.

The composition of the reportable segments is as follows:

a. GVS: includes International and National Long Distance Voice services.

b. GDMS: includes corporate data transmission services data centers, virtual private network, signaling and roaming services, television and other network and managed services

c. SAO: are carried out by the Company's subsidiary Neotel Pty ltd. and offer wholesale international voice and data transit, enterprise business solution services for the wholesale and corporate market, telephony and data services for retail customers in South Africa

d. Others: primarily comprise of a joint venture business.

(₹ in crores)

	Year ended 31 March, 2012				
	GVS	**GDMS**	**SAO**	**Others**	**Total**
Revenue from operations	6,811.80	5,646.16	1,723.78	14.31	14,196.05
Segment Results	1,177.44	4,271.63	(177.47)	(2.04)	5,269.56
Finance Cost					(834.27)
Other Un-allocable Expenses (Net)					(5,077.25)
Non-Cash Expenses (Un-allocable)					(76.06)
Loss before exceptional and extraordinary items and tax					(718.02)
Exceptional Items					-
Loss before extraordinary items and tax					(718.02)
Tax (expense)/benefits (Net)					(65.95)
Loss after tax before Minority interest					(783.97)
Minority interest					(6.50)
Share in loss of associates					(4.18)
Net Loss					**(794.65)**

Notes to the consolidated financial statements for the year ended 31 March, 2012 *(Contd.)*

(₹ in crores)

	Year ended 31 March, 2011				
	GVS	*GDMS*	*SAO*	*Others*	*Total*
Revenue from operations	*6,525.89*	*4,794.62*	*594.38*	*17.10*	*11,931.99*
Segment Results	*1,014.17*	*3,556.63*	*(270.59)*	*3.72*	*4,303.93*
Finance Cost					*(569.77)*
Other Unallocable Expenses (Net)					*(4,295.06)*
Non Cash Expenses (Unallocable)					*(78.68)*
Loss before exceptional and extraordinary items and tax					*(639.58)*
Exceptional Items (includes non-cash expenses of ₹25.15 crores)					*(67.12)*
Loss before extraordinary items and tax					*(706.70)*
Tax (expense)/benefits (Net)					*8.78*
Loss after tax before Minority interest					*(697.92)*
Minority interest					*105.62*
Share in loss of associates					*(184.60)*
Net Loss					***(776.90)***

i). Revenues and interconnect charges are directly attributable to the segments. Space segment utilization charges, rent of landlines and other network and transmission costs are allocated based on utilization of satellite and landlines. License fee for GVS and GDMS have been allocated based on net adjusted gross revenues from these services. Segment result is segment revenues less segment expenses. Depreciation and certain other costs cannot be allocated to GVS, GDMS and others segments, are classified as unallocable expenses.

ii). Telecommunication services are provided utilizing the Group assets which do not generally make a distinction between the types of services. As a result, fixed assets are used interchangeably between segments. Fixed assets and liabilities cannot be allocated to segments.

Geographical Segment:

The secondary reportable segments are Geographical and revenues have been allocated to countries based on location of the customers as follows:

(₹ in crores)

	Year ended 31 March, 2012	***Year ended 31 March, 2011***
India	3,473.31	*3,081.23*
United States of America	1,934.61	*1,779.66*
United Kingdom	1,514.83	*1,282.80*
South Africa	1,664.10	*727.75*
Canada	556.17	*587.64*
Germany	264.58	*358.65*
Netherlands	156.50	*115.46*
Spain	184.59	*210.85*
Saudi Arabia	261.37	*213.57*
France	284.19	*162.28*
Hong Kong	142.43	*172.80*
United Arab Emirates	143.45	*123.00*
Singapore	290.66	*231.97*
Bermuda	66.85	*79.05*
Others	3,258.41	*2,805.28*
	14,196.05	***11,931.99***

Notes to the consolidated financial statements for the year ended 31 March, 2012 *(Contd.)*

37. Related Party Disclosures

(a) List of related parties and relationship:

Sr. No	Category of related parties	Names
i)	Investing party (Promoters)	Panatone Finvest Limited Tata Sons Limited
ii)	Key Managerial Personnel:	Mr. N.Srinath - Managing Director and Chief Executive Officer Group (till 31 January, 2011) Mr. Vinod Kumar - Managing Director & Group CEO (w.e.f 01 February, 2011)
iii)	Joint Ventures:	United Telecom Ltd. SEPCO Communications Pty. Ltd. (including its direct and indirect subsidiaries - Neotel(Pty)Ltd.and Neotel Business Support Services (Pty.) Ltd.(till 10 April,2011) Cochin Submarine Cable Depot (India) Private Limited (liquidated on 27 December, 2011)
iv)	Associates:	Neotel (Pty.) Ltd (till 10 April,2011) Bit Gravity Inc (Till 15February, 2011)

(b) Related party transactions

i. Summary of transactions with related parties.

(₹ in crores)

Transactions	Investing Company	Key Managerial Personnel	Joint Ventures / Associates	Total
Dividend Paid				
Panatone Finvest Limited	**17.73**	**-**	**-**	**17.73**
	-	-	-	-
Tata Sons Limited	**8.11**	**-**	**-**	**8.11**
	-	-	-	-
Total	**25.84**	**-**	**-**	**25.84**
	-	-	-	-
BEBP Expenses	-			
Tata Sons Limited	**12.33**	**-**	**-**	**12.33**
	11.17	-	-	*11.17*
Total	**12.33**	**-**	**-**	**12.33**
	11.17	-	-	*11.17*
Revenues from operations				
Tata Sons Limited	**8.11**	**-**	**-**	**8.11**
	1.10	-	-	*1.10*
United Telecom Limited	**-**	**-**	**4.69**	**4.69**
	-	-	*7.51*	*7.51*

Notes to the consolidated financial statements for the year ended 31 March, 2012 *(Contd.)*

(₹ in crores)

	Investing Company	Key Managerial Personnel	Joint Ventures / Associates	Total
Bit Gravity Inc	**-**	**-**	**-**	**-**
	-	*-*	*3.12*	*3.12*
Neotel Pty Ltd.	**-**	**-**	**-**	**-**
	-	*-*	*55.85*	*55.85*
Total	**8.11**	**-**	**4.69**	**12.80**
	1.10	*-*	*66.48*	*67.58*
Network and transmission expenses	-	-		
United Telecom Limited	**-**	**-**	**52.79**	**52.79**
	-	*-*	*49.63*	*49.63*
Bit Gravity Inc	**-**	**-**	**-**	**-**
	-	*-*	*1.43*	*1.43*
Neotel Pty Ltd.	**-**	**-**	**-**	**-**
	-	*-*	*49.15*	*49.15*
Total	**-**	**-**	**52.79**	**52.79**
	-	*-*	*100.20*	*100.20*
Services received				
Neotel Pty Ltd.	**-**	**-**	**-**	**-**
	-	*-*	*0.56*	*0.56*
Tata Sons Limited	**0.13**	**-**	**-**	**0.13**
	0.01	*-*	*-*	*0.01*
Total	**0.13**	**-**	**-**	**0.13**
	0.01	*-*	*0.56*	*0.57*
Interest Income				
SEPCO Communications Pty. Ltd.	**-**	**-**	**-**	**-**
	-	*-*	*18.62*	*18.62*
Neotel Pty Ltd.	**-**	**-**	**-**	**-**
	-	*-*	*21.55*	*21.55*
Total	**-**	**-**	**-**	**-**
	-	*-*	*40.17*	*40.17*
Loan given (Net)	-			
SEPCO Communications Pty. Ltd.	**-**	**-**	**-**	**-**
	-	*-*	*73.89*	*73.89*
Neotel Pty Ltd.	**-**	**-**	**-**	**-**
	-	*-*	*79.28*	*79.28*
Total	**-**	**-**	**-**	**-**
	-	*-*	*153.16*	*153.16*
Managerial Remuneration				
Vinod Kumar	**-**	**11.03**	**-**	**11.03**
	-	*13.05*	*-*	*13.05*
N. Srinath	**-**	**-**	**-**	**-**
	-	*1.81*	*-*	*1.81*
Total	**-**	**11.03**	**-**	**11.03**
	-	*14.86*	*-*	*14.86*

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Notes to the consolidated financial statements for the year ended 31 March, 2012 *(Contd.)*

(₹ in crores)

	Investing Company	Key Managerial Personnel	Joint Ventures / Associates	Total
Balances				
Receivables				
Tata Sons Limited	**0.41**	**-**	**-**	**0.41**
	0.35	*-*	*-*	*0.35*
United Telecom Limited	**-**	**-**	**0.56**	**0.56**
	-	*-*	*0.36*	*0.36*
Neotel Pty Ltd.	**-**	**-**	**-**	**-**
	-	*-*	*76.12*	*76.12*
Bit Gravity Inc	**-**	**-**	**-**	**-**
	-	*-*	*-*	*-*
SEPCO Communications Pty. Ltd.	**-**	**-**	**-**	**-**
	-	*-*	*43.43*	*43.43*
Total	**0.41**	**-**	**0.56**	**0.97**
	0.35	*-*	*119.91*	*120.26*
Payables				
Neotel Pty Ltd.	**-**	**-**	**-**	**-**
	-	*-*	*83.07*	*83.07*
Managerial Remuneration				
Vinod Kumar	**-**	**5.63**	**-**	**5.63**
	-	*4.55*	*-*	*4.55*
N. Srinath	**-**	**-**	**-**	**-**
	-	*0.85*	*-*	*0.85*
Bit Gravity Inc	**-**	**-**	**-**	**-**
	-	*-*	*-*	*-*
United Telecom Limited	**-**	**-**	**11.66**	**11.66**
	-	*-*	*10.90*	*10.90*
Tata Sons Limited	**12.52**	**-**	**-**	**12.52**
	11.13	*-*	*-*	*11.13*
Total	**12.52**	**5.63**	**11.66**	**29.81**
	11.13	*5.40*	*93.97*	*110.50*
Loans Given				
SEPCO Communications Pty. Ltd.	**-**	**-**	**-**	**-**
	-	*-*	*206.19*	*206.19*
Neotel Pty Ltd.	**-**	**-**	**-**	**-**
	-	*-*	*252.92*	*252.92*
Total	**-**	**-**	**-**	**-**
	-	*-*	*459.11*	*459.11*
Advance Receivable				
Neotel Pty Ltd.	**-**	**-**	**-**	**-**
	-	*-*	*1.33*	*1.33*
Total	**-**	**-**	**-**	**-**
	-	*-*	*1.33*	*1.33*

i. Figures in *italic* are in respect of the previous year
ii. The un-eliminated portion of transactions and balances with joint ventures has been disclosed for purpose of related party disclosures.

Notes to the consolidated financial statements for the year ended 31 March, 2012 *(Contd.)*

38. Operating lease arrangements:

(a) As lessee:

(₹ in crores)

	Year ended 31 March, 2012	*Year ended 31 March, 2011*
Minimum lease payments under operating leases recognized as expense in the year	482.94	387.82

At the balance sheet date, minimum lease payments under non- cancellable operating leases fall due as follows:

(₹ in crores)

	Year ended 31 March, 2012	*Year ended 31 March, 2011*
Due not later than one year	340.98	*278.66*
Due later than one year but not later than five years	1,117.26	*899.96*
Later than five years	733.43	*688.97*
	2,191.67	***1,867.59***

Operating lease payments represent rentals payable by the Company for certain buildings, satellite channels, office equipments, computer equipments and certain circuit capacities.

The minimum future lease payments have not been reduced by minimum operating sublease rentals of ₹ 25.87 crores (2011: ₹ 2.82 crores) due in the future under non-cancellable subleases for certain buildings, which primarily commenced in November, 2011 and extend until December, 2020. ₹ 4.60 crores (2011: ₹ 8.66 crores) was recognized in the current year as minimum sublease rental against the same.

(b) As lessor:

The Company has leased under operating lease arrangements certain Indefeasible Right of Use (IRU) with gross carrying amount and accumulated depreciation of ₹ 50.45 crores (2011: ₹ 50.45 crores) and ₹ 24.99 crores (2011: ₹ 21.62 crores) respectively as at 31 March, 2012. Depreciation expense of ₹ 3.37 crores (2011: ₹ 3.37 crores) in respect of these assets has been charged to the Statement of Profit and Loss for the year ended 31 March, 2012.

In case of certain lease arrangements aggregating ₹ 457.45 crores (2011: ₹ 380.85 crores) for the year ended 31 March, 2012, the gross block, accumulated depreciation and depreciation expenses of the assets given on IRU basis cannot be identified as these assets are not exclusively leased. The lease rentals associated with such IRU arrangements for the year ended 31 March, 2012 amount to ₹ 27.95 crores (2011: ₹ 10.65 crores).

In respect of the above, rental income of ₹ 31.65 crores (2011: ₹ 14.65 crores) has been recognized in the Statement of Profit and Loss for the year ended 31 March, 2012.

Future lease rental receipts will be recognized in the Statement of Profit and Loss of subsequent years as follows:

(₹ in crores)

	Year ended 31 March, 2012	*Year ended 31 March, 2011*
Not later than one year	37.07	*30.32*
Later than one year but not later than five years	130.70	*112.41*
Later than five years	199.92	*182.41*
	367.69	***325.14***

Notes to the consolidated financial statements for the year ended 31 March, 2012 *(Contd.)*

39. Finance Lease arrangements:

As Lessee

As on 31 March, 2012, assets under finance leases with gross carrying amount and accumulated depreciation of ₹ 130.95 crores (2011: ₹ 119.32 crores) and ₹ 96.65 crores (2011: ₹ 79.69 crores) respectively, are included in the total fixed assets. The net carrying amount of each class of asset under finance leases is as follows:

(₹ in crores)

	Gross carrying amount As at 31 March,		**Accumulated Depreciation As at 31 March,**		**Net carrying amount As at 31 March,**	
	2012	***2011***	**2012**	***2011***	**2012**	***2011***
Building	46.21	*40.71*	22.04	*17.70*	24.17	*23.01*
Plant and Machinery	68.54	*60.35*	60.06	*45.78*	8.48	*14.57*
Furniture and Fixtures	4.23	*4.23*	2.58	*2.18*	1.65	*2.05*
Computers	11.97	*14.03*	11.97	*14.03*	-	-
	130.95	***119.32***	**96.65**	***79.69***	**34.30**	***39.63***

40. Contingent Liabilities, Capital Commitments and Operating Commitments

A. Contingent Liabilities*:*

(₹ in crores)

	As at 31 March, 2012	***As at 31 March, 2011***
1. Claims for taxes on income (refer i)		
(a) Income tax disputes where the department is in appeal against the Company	469.93	*1,009.60*
(b) Income tax disputes where the Company has a favorable decision in other assessment year for the same issue	-	*1.79*
(c) Income tax disputes other than the above	1,905.52	*1,696.91*
2. Claims for other taxes	79.99	*123.30*
3. Other claims	490.12	*512.05*

i) Significant claims by the revenue authorities in respect of income tax matters relate to:

a. Deductions claimed under Section 80 IA of the Income Tax Act, 1961 from Assessment years 1996-97 onwards and disallowed by the revenue authorities. The Company has contested the disallowances and has preferred appeals which are pending.

b. The Company has taken appropriate professional advice in respect of the claims / appeals and has taken all necessary steps to protect its interest. Based on expert opinion, no provision is required in respect of these claims / appeals.

ii) In April, 2010, the Company voluntarily disclosed to the U.S. Department of Justice and the U.S. Securities and Exchange Commission the results of an internal investigation conducted by outside counsel for the Company relating to the activities of a reseller of the Company. The internal investigation found evidence that the reseller may have offered and made improper payments to officials of a government purchaser in a Southeast Asian country in connection with the resale of the Company's products. The investigation also found evidence that the Company's sales consultant in the country was aware of the reseller's potentially improper activities. Such activities may have violated the U.S. Foreign Corrupt Practices Act. The investigation did not reveal any prior involvement or knowledge regarding these activities by any officer or director of the Company or its subsidiary.

Notes to the consolidated financial statements for the year ended 31 March, 2012 *(Contd.)*

The Company has taken remedial action, including terminating its relationship with the sales consultant and with the reseller. The Company cannot predict the ultimate consequences of these matters at this time, nor can we reasonably estimate the potential liability, if any, related to these matter However, based on the facts currently known, we do not believe that these matters will have a material adverse effect on our business, financial condition, results of operations or cash flow.

iii) The subsidiaries of the Company in various geographies are routinely party to suits for collection, commercial disputes, claims from customers and/or suppliers over reconciliation of payments for voice minutes, circuits, Internet bandwidth and/or access to the public switched telephone network, leased equipment, and claims from estates of bankrupt companies alleging that we received preferential payments from such companies prior to their bankruptcy filings. While management currently believes that resolving such suits and claims, individually or in aggregate, will not have a material adverse impact on the Company's financial position, the FCPA investigations noted above are subject to inherent uncertainties and management's view of this matter may change in the future. Were an unfavourable final outcome to occur, such an outcome could have a material adverse impact on the Company's financial position and results of operations for the period in which the effect becomes reasonably estimable.

B. Capital commitments

Estimated amount of contracts remaining to be executed on capital account and not provided for ₹ 697.51 crores (2011: ₹ 1,224.75 crores).

C. Operating commitments

Estimated amount of contracts remaining to be executed on operating expenses and not provided for ₹ 204.10 crores.

41. United Telecom Limited (UTL) is a Joint Venture between the Company, Mahanagar Telephone Nigam Limited, Telecommunications Consultant India Limited and Nepal Ventures Private Limited. The Company has 26.66 per cent equity ownership in UTL. UTL operates basic telephony services in Nepal based on Wireless-in-local loop technology.

The Company's share in income, expenses, assets and liabilities based on the uniform accounting policy adopted by the Company and after inter-company eliminations based on management accounts for the year ended 31 March, 2012 and 31 March, 2011 are as follows:

(₹ in crores)

	As at 31 March, 2012	***As at 31 March, 2011***
I **LIABILITIES**		
(1) **Non-current liabilities**		
(a) Deferred tax liabilities (Net)	2.59	*3.18*
(2) **Current liabilities**		
(a) Short-term borrowings	0.88	*9.15*
(b) Trade payables	13.49	*16.73*
(c) Other current liabilities	1.18	*2.05*
Total Current liabilities	15.55	*27.93*
TOTAL	**18.14**	***31.11***

Notes to the consolidated financial statements for the year ended 31 March, 2012 *(Contd.)*

				As at 31 March, 2012	*As at 31 March, 2011*
					(₹ in crores)
II	**ASSETS**				
	(1)	**Non-current assets**			
		(a)	Fixed assets		
			(i) Tangible assets	27.45	*30.76*
			(ii) Capital work-in-progress	0.25	*0.52*
			Total Fixed assets	27.70	*31.28*
		(b)	Long-term loans and advances	0.07	*0.07*
		Total Non-current assets		27.77	*31.35*
	(2)	**Current assets**			
		(a)	Inventories - Stores and Spares	1.01	*1.19*
		(b)	Trade receivables	3.37	*2.60*
		(c)	Cash and Bank Balances	2.19	*2.83*
		(d)	Short-term loans and advances	3.72	*11.30*
		Total Current assets		10.29	*17.92*
	TOTAL			**38.06**	***49.27***

(₹ in crores)

		As at 31 March, 2012	*As at 31 March, 2011*
INCOME			
1	Traffic Revenue	14.27	17.07
2	Other Income	0.19	0.33
Total Income		**14.46**	**17.40**
EXPENDITURE:			
3	Network Cost	16.34	13.34
4	Other expenses	6.87	6.00
5	Employee benefits expense	1.01	1.02
6	Finance Costs	0.83	1.48
7	Depreciation and amortization expense	5.95	5.74
Total Expenditure		**31.00**	**27.58**
	CONTINGENT LIABILITIES		
	(i) Claims for other Taxes	-	-
	(ii) Other Claims	24.77	-

Notes to the consolidated financial statements for the year ended 31 March, 2012 *(Contd.)*

42. As at 31 March, 2011, the Company through it's wholly owned subsidiary, VSNL SNOSPV Pte. Ltd., has 43.16 percent ownership in the issued and paid-up share capital of the Joint Venture SEPCO Communications (Pty) Ltd. (Sepco)

SEPCO is an investment company which has acquired 51 percent controlling stake in the issued and paid-up share capital of Neotel (Pty.) Ltd, the licensed second network operator in South Africa.The Company's share in income, expenses, assets and liabilities based on the uniform accounting policy adopted by the Company and after inter-company eliminations for the year ended 31 March, 2011 are as follows:

	(₹ in crores) **As at 31 March, 2011**
LIABILITIES	
(1) **Non-current liabilities**	
(a) Long-term borrowings	463.57
(b) Other Long term liabilities	26.86
Total Non-current liabilities	490.43
(2) **Current liabilities**	
(a) Trade payables	189.56
(b) Other current liabilities	1,199.98
(c) Short-term provisions	11.93
Total Current liabilities	1,401.47
TOTAL	**1,891.90**
ASSETS	
(1) **Non-current assets**	
(a) **Fixed assets**	
(i) Tangible assets	676.58
(ii) Intangible assets	19.40
(iii) Capital work-in-progress	195.28
Total Fixed assets	891.26
(b) Non-current investments	2.71
(c) Deferred tax assets (net)	-
(d) Long-term loans and advances	31.21
Total non-current assets	**925.18**
(2) **Current assets**	
(a) Inventories - Stores and Spares	8.99
(b) Trade receivables	50.41
(c) Cash and Bank Balances	28.93
(d) Short-term loans and advances	36.45
(e) Other current assets	223.83
Total current assets	348.61
TOTAL	**1,273.79**

Notes to the consolidated financial statements for the year ended 31 March, 2012 *(Contd.)*

			(₹ in crores) *As at* **31 March, 2011**
I	**INCOME**		
	1	Traffic Revenue	594.38
	2	Other Income	2.62
	Total Income		**597.00**
II	**EXPENSES:**		
	1	Network Cost	364.03
	2	Employee benefits expense	152.46
	3	Finance Costs	163.10
	4	Depreciation and amortization expense	119.95
	5	Other expenses	228.53
	Total Expenses		**1,028.07**

CONTINGENT LIABILITIES

(i)	Claims for other Taxes	-
(ii)	Other Claims	-

Neotel became subsidiary during the year and hence only previous year figures are provided.

43. Derivative transactions

The Company uses forward exchange contracts and interest rate swaps to hedge its exposure in foreign currency and interest rates.The information on derivative instruments outstanding as at 31 March, 2012 is as follows;

(a) Outstanding forward contracts and options as on 31 March, 2012

	Amount (Foreign Currency in millions)	**Buy / Sell**	**Amount (₹ in crores)**
Forward Exchange Contracts (Net)			
USD/ INR	91.00	Sell	463.33
AUD/ INR	0.61	Sell	3.23
GBP/ INR	0.96	Sell	7.81
GBP/ USD	4.90	Sell	39.95
Euro/ USD	3.00	Sell	20.39
USD/ZAR	13.00	Buy	66.19

(b) Interest Rate Swaps ('IRS') to hedge against fluctuations in interest rate changes as at 31 March, 2012

The Company uses interest rate swaps to manage the market risks associated to interest rate movements relating to its variable-rate long-term debt. As of 31 March, 2012 the company had interest rate swaps amounting to ₹ 1,326.67 crores (US$ 267.61 million) and ₹ 2,797.41 crores (ZAR 4,212.96 million)to convert the variable interest rate of its long term debt to fixed rate.

IRS of ₹ 1,326.67 crores (US$ 267.61 million) are designated as cash flow hedges. These hedges are highly effective as on 31 March, 2012 and changes in its fair values are recorded in the hedge fluctuation reserve. IRS of ₹ 2,797.41 crores (ZAR 4,212.96 million) are not designated as hedges for accounting purposes even though these are economic hedges. Changes in its fair values are recorded in the statement of profit and loss.

Notes to the consolidated financial statements for the year ended 31 March, 2012 *(Contd.)*

44. Statement pursuant to Sec.212(8) of the Companies Act, 1956 relating to subsidiaries companies

(₹ in crores)

Sl. No.	Name of the subsidiary company	Reporting currency	Share Capital	Reserves and surplus	Total Assets	Total Liabilities	Investment Details (except in case of investment in the subsidiaries)	Total Turnover	Profit before Taxation	Provision for Taxation	Profit after Taxation	Proposed Dividend
1	Tata Communications Banking Infra Solutions Limited	INR	75.00	(66.14)	186.94	178.08	-	169.96	(39.18)	-	(39.18)	-
2	Tata Communications Transformation Services Limited	INR	0.50	45.47	96.62	50.65	-	134.68	15.00	4.78	10.22	-
3	S&A Internet Services Pvt. Ltd.	INR	0.01	(0.67)	0.96	1.62	-	0.03	(0.15)	-	(0.15)	-
4	VSNL SNOSPV Pte Ltd	USD	121.99	(79.76)	2,083.47	2,041.24	-	-	55.89	(9.31)	65.20	-
5	Tata Communications Lanka Limited	LKR	8.24	83.87	141.60	49.49	-	182.82	32.57	3.44	29.13	-
6	Neotel Business Support Services (Pty) Ltd	ZAR	0.00	(0.53)	151.56	152.09	-	124.57	18.66	0.28	18.38	-
7	SEPCO Communications (Pty) Limited.	ZAR	1,257.15	325.00	1,582.25	0.10	-	-	(0.05)	(0.01)	(0.03)	-
8	NEOTEL (Pty) Ltd.	ZAR	1,997.63	(2,807.72)	3,647.37	4,457.46	7.63	1,829.77	(778.70)	-	(778.70)	-
9	Tata Communications (Netherlands) BV	USD	915.45	(424.62)	8,932.45	8,441.62	-	1,576.66	19.11	-	19.11	-
10	Tata Communications (UK) Limited	USD	129.58	(430.77)	731.24	1,032.43	-	1,335.25	(71.26)	-	(71.26)	-
11	Tata Communications (Bermuda) Ltd.	USD	0.06	(1,590.58)	4,560.95	6,151.47	-	189.68	(433.87)	-	(433.87)	-
12	Tata Communications Services (Bermuda) Ltd.	USD	54.03	174.37	256.78	28.39	2.88	438.64	380.03	-	380.03	-
13	Tata Communications (France) SAS	USD	103.82	(25.97)	292.24	214.38	-	279.23	(11.44)	-	(11.44)	-
14	Tata Communications (America) Inc.	USD	1,186.04	(610.85)	4,183.94	3,608.75	-	2,654.30	(40.38)	(38.91)	(1.48)	-
15	Tata Communications Deutschland GmbH	USD	0.17	10.53	607.11	596.41	-	535.19	6.14	(0.06)	6.21	-
16	Tata Communications (Nordic) AS	USD	0.08	(4.71)	1.52	6.15	-	3.57	(0.07)	-	(0.07)	-
17	Tata Communications Spain SL (Formerly known as Videsh Sanchar Nigam Spain Srl)	USD	97.44	(54.73)	403.34	360.63	-	152.14	6.67	-	6.67	-
18	Tata Communications (HongKong) Limited	USD	40.84	(4.76)	349.09	313.00	-	122.98	(8.31)	(0.98)	(7.33)	-
19	Tata Communications (Poland) SPZ OO	USD	0.08	3.03	12.50	9.39	-	9.61	1.18	(0.99)	2.17	-
20	Tata Communications (International) Pte. Ltd.	USD	721.80	401.01	2,966.64	1,843.83	-	450.20	(30.20)	0.02	(30.21)	-
21	Tata Communications Services (International) Pte. Ltd.	USD	1.76	1.28	9.41	6.38	-	-	3.54	(0.00)	3.54	-
22	ITXC IP Holdings SARL	USD	0.08	81.53	120.17	38.56	-	0.09	6.76	0.04	6.72	-
23	Tata Communications (Sweden) AB	USD	0.08	0.08	2.34	2.19	-	1.80	0.18	0.20	(0.02)	-
24	Tata Communications (Portugal) Instalacao E Manutencao De Redes LDA	USD	309.13	(328.01)	108.90	127.78	-	19.51	(1.16)	0.02	(1.18)	-
25	Tata Communications (Portugal) Unipessoal LDA	USD	7.09	(4.60)	2.51	0.02	-	-	0.08	-	0.08	-
26	Tata Communications (Belgium) SPRL	USD	13.88	(1.87)	18.09	6.07	-	6.23	(0.58)	0.14	(0.73)	-
27	Tata Communications (Guam) LLC	USD	-	30.20	55.71	25.51	-	22.52	6.18	-	6.18	-
28	Tata Communications (Hungary) LLC	USD	0.32	(0.49)	2.54	2.71	-	1.07	0.28	-	0.28	-
29	Tata Communications (Canada) LTD	USD	277.59	(593.39)	2,494.17	2,809.98	-	3,308.33	(154.75)	-	(154.75)	-
30	Tata Communications (Italy) srl	USD	30.63	(16.73)	88.23	74.33	-	114.92	0.40	0.46	(0.06)	-
31	Tata Communications (Australia) Pty. Ltd.	USD	1.82	2.04	28.30	24.44	-	53.63	0.21	(0.02)	0.23	-
32	Tata Communications (Middile East) FZ-LLC	USD	0.07	(14.98)	1.02	15.93	-	-	(8.86)	-	(8.86)	-
33	Tata Communications (Russia) LLC	USD	0.00	18.27	22.51	4.24	-	13.92	1.98	0.63	1.35	-
34	Tata Communications (Switzerland) GmbH	USD	2.42	0.24	9.68	7.02	-	3.33	(0.12)	(0.30)	0.18	-
35	Tata Communications (Ireland) Ltd.	USD	0.00	(0.27)	1.34	1.62	-	1.15	(0.05)	0.12	(0.17)	-
36	TCPoP Communications GmbH	USD	0.23	(0.15)	1.12	1.04	-	0.43	(0.04)	(0.02)	(0.02)	-
37	Tata Communications (Taiwan) Ltd.	USD	0.04	(0.31)	1.64	1.92	-	2.97	0.93	-	0.93	-
38	Tata Communications (Japan) KK	USD	18.47	138.38	579.21	422.36	-	116.07	0.50	9.42	(8.91)	-
39	Bit Gravity INC	USD	12.86	(52.07)	44.61	83.83	-	81.83	16.94	0.17	16.77	-
40	Tata communications(Puerto Rico)INC	USD	0.00	(0.89)	0.04	0.93	-	0.08	(0.05)	-	(0.05)	-
41	TCNL 1 B.V. (Date of incorporation: 31 March, 2012)	USD	0.12	-	0.12	-	-	-	-	-	-	-
42	TCNL 2.B.V (Date of incorporation: 31 March, 2012)	USD	0.12	-	0.12	-	-	-	-			
43	Tata Communications (New Zealand) Limited (Date of incorporation: 15 March, 2012) (refer i)	USD	-	-	-	-	-	-	-	-	-	-
44	Tata Communications (Malaysia) SdnBhd (Date of incorporation: 29 March, 2012) (refer i)	USD	-	-	-	-	-	-	-	-	-	-

i) These subsidiaries are incorporated in month of March, 2012. As this is the first year of incorporation the first set of financials will be published for the financial year ended March 31, 2013

Notes to the consolidated financial statements for the year ended 31 March, 2012 *(Contd.)*

45. These financial statements have been prepared to comply with the Revised Schedule VI of the Companies Act, 1956 and the previous year figures have been regrouped / rearranged as necessary to make them comparable with those of the current year.

For and on behalf of the Board

SUBODH BHARGAVA
Chairman

VINOD KUMAR
Managing Director & Group CEO

SANJAY BAWEJA
Chief Financial Officer

SATISH RANADE
Company Secretary & Chief Legal Officer

MUMBAI
DATED: 21 May, 2012

MR. SUBODH BHARGAVA
CHAIRMAN

Mr. Subodh Bhargava, born in 1942, holds a Degree in Mechanical Engineering from IIT, Roorkee. He started his career with Balmer Lawrie & Co., Kolkata before joining the Eicher group of companies in Delhi in 1975. On 31 March 2000, he retired as the Group Chairman and Chief Executive and is now the Chairman Emeritus, Eicher group.

He is the past President of CII and the Association of Indian Automobile Manufacturers; and the Vice President of the Tractor Manufacturers Association. Over several years, he has been a key spokesperson for Indian industry, contributing to and influencing government policy while simultaneously working with industry to evolve new responses to the changing environment.

He was a member of the Insurance Tariff Advisory Committee, the Economic Development Board of the government of Rajasthan. He was also the chairman of the National Accreditation Board for Certifying Bodies (NABCB) under the aegis of the Quality Council of India (QCI).

Mr. Bhargava has been closely associated with technical and management education in India. He was the Chairman of the Board of Apprenticeship Training and Member of the Board of Governors of IIT, Roorkee; The Indian Institute of Foreign Trade, New Delhi; Indian Institute of Management, Indore; the Entrepreneurship Development Institute of India, Ahmedabad.

He is currently on the Board of Governors of IIM Lucknow, IIM, Kashipur and other Institutions for Engineering and Business Management Education; the Centre for Policy Research; Member, Technology Development Board, Ministry of Science & Technology, Govt. of India.

He has been conferred with the first IIT Roorkee Distinguished Alumnus Award in 2005 by Indian Institute of Technology, Roorkee and the Gaurav Shri Award in 2011 by Agra University. He has also been recognized as the “Best Independent Director 2011” by Asian Center for Corporate Governance and Sustainability.

Mr. Bhargava is the Chairman of Tata Communications Limited; TRF Ltd; Tata Communications International Pte Ltd and also Advisory Board, Wartsila India Limited and Director on the boards of several Indian Corporates such as Tata Steel Limited; Tata Motors Limited; Larsen & Toubro Ltd. etc.

MR. VINOD KUMAR
MANAGING DIRECTOR & GROUP CEO

Mr. Vinod Kumar is Managing Director of Tata Communications Limited and CEO of Tata Communications Limited Group, part of the $83.5 billion Tata Companies.

Mr. Kumar joined Tata Communications in April 2004, just when the company was embarking on its international growth. He was closely associated with the acquisitions of TGN and Teleglobe and assumed responsibility as Managing Director of the company’s international operations. Subsequently, he was promoted to Chief Operating Officer, whilst managing the Global Data Business Unit as well as the Engineering and Operations functions. Mr. Kumar was also appointed as a non-executive director on the Board of Tata Communications Limited in February 2007. In February 2011, Mr. Kumar was appointed as the Managing Director and Group CEO of Tata Communications Limited.

Mr. Kumar has been at the forefront of Tata Communications’ shift away from traditional network services towards managed services and recently, cloud computing.

With over 20 years of experience in the global telecom industry, Mr. Kumar has an impressive track record in developing business strategies and creating fast growth organizations across the world.

Prior to Tata Communications, he was Senior Vice President of Asia Netcom, responsible for generating top-line growth including strategy formulation, product marketing and sales. He was actively involved in the financial restructuring and eventual asset sale of Asia Global Crossing to China Netcom, resulting in the formation of Asia Netcom.

In 1999, Mr. Kumar joined WorldCom Japan as Chief Executive Officer. Prior to this, he held various senior positions in Global One in the United States and Asia where he has had major responsibilities in market management, sales, marketing, product management, multinational account management and operations.

Mr. Kumar is a Member on the Board of Economic Development Board (EDB), the lead government agency responsible for planning and executing strategies to enhance Singapore's position as a global business centre and grow the Singapore economy. Mr. Kumar is also a Member on the Governing Council of Human Capital Leadership Institute (HCLI) in Singapore, a premier institution for raising human capital management capabilities in Asia.

Mr. Kumar was born in 1965 and graduated with honours in Electrical and Electronic Engineering from the Birla Institute of Technology and Science in India.

MR. N. SRINATH
DIRECTOR

Mr. N. Srinath, born in 1962, has a degree in Mechanical Engineering from IIT (Chennai) and a Management Degree from IIM (Kolkata), specialising in Marketing and Systems.

Since joining the Tata Administrative Services in 1986, Mr. Srinath has held positions in Project Management, Sales & Marketing, and Management in different Tata companies in the ICT sector over the last 25 years.

On completing his probation with the TAS in 1987, Mr. Srinath joined Tata Honeywell, a start-up in the business of process control systems, as Project Executive working till late 1988 on securing various statutory approvals and funding necessary for the project. He then moved to Tata Industries as Executive Assistant to the Chairman, an assignment he handled till March 1992. In that period, he was also part of the team that set up Tata Information Systems (later Tata IBM). From June 1992 to February 1998 he handled a number of assignments in Tata Information Systems Limited in Sales & Marketing to enterprise customers in the banking, retail, petroleum and process manufacturing sectors.

In March 1998, Mr. Srinath returned to Tata Industries as General Manager (Projects) responsible for overseeing the project implementation of Tata Teleservices fixed line telecom service in the state of Andhra Pradesh. In April 1999, he took over as the Chief Operating Officer of Tata Teleservices responsible for Sales, Customer Service, Networks and Information Technology. From late 2000 till February 2002, he was the Chief Executive Officer of Tata Internet Services, a start-up Internet services business serving retail and enterprise customers.

Mr. Srinath joined Tata Communications (then known as VSNL) in 2002 as Director (Operations) when the Tata Group was selected as the strategic partner at the company. He was appointed as the Managing Director of Tata Communications Limited & CEO of the Tata Communications global group of companiesin February 2007. Under his leadership, Tata Communications has transformed from a monopoly, public sector undertaking into a global communications services provider offering advanced network, managed and cloud services to customers worldwide.

Mr. Srinath has received several recognitions in the telecom industry. He was named the 'Telecom CEO of the Year' in Asia by the leading publishing group Telecom Asia in the 2006 edition of their awards. The Institute of Economic Studies (IES), a research oriented organisation, conferred its Udyog Rattan Award on Mr. Srinath in November 2006. In 2008 and 2009, Mr. Srinath was named as the world's eighth most influential telecom personality by the Global Telecoms Business magazine as well as the 'Telecom Person of the Year' by the India-based Voice and Data magazine in 2008.

Since 1 February 2011 he has been appointed as the Managing Director of Tata Teleservices Limited one of India's leading mobile service providers.

MR.KISHOR A. CHAUKAR
DIRECTOR

Mr. Kishor A. Chaukar (65), currently the Managing Director of Tata Industries Limited (TIL), is a post-graduate in Management from the Indian Institute of Management at Ahmedabad.

TIL is the smaller of the two principal holding companies of the Tata Group, India's largest and best-known conglomerate. TIL acts as the new projects promotion arm of the Group, and spearheads the entry of the Group in the emerging, high-tech and sunrise sectors of the economy.

In his capacity as Managing Director of TIL, Mr. Chaukar is responsible for enhancing the value and interest of TIL in TIL divisions and in companies where TIL has made investments and/or has sponsored. One of the tasks performed in the quest for this value enhancement is to provide strategic direction to these companies.

Mr. Chaukar is a member of the Group Corporate Centre, which is engaged in strategy formulation at the House of Tata. He also chairs the Tata Council for Community Initiatives (TCCI) - the nodal forum of the Group on matters related to corporate sustainability.

Mr. Chaukar is a member of the Board and Advisory Board of several national and international organizations in the Corporate Sustainability and Human Rights space, viz. Social Accountability International, New York, Shell Foundation Breathing Space India Advisory Board – New Delhi, and the Tata Memorial Centre – Mumbai.

Mr. Chaukar was previously the Managing Director of ICICI Securities & Finance Company Ltd. (July 1993 to October 1998), and a member of the Board of Directors of ICICI Ltd. from 9 February 1995 to 15 October 1998. His other experiences include a long stint in Bhartiya Agro Industries Foundation, an NGO engaged in rural development and Godrej Soaps Ltd.

MR. AMAL GANGULI
DIRECTOR

Mr. Amal Ganguli, born in 1939, is a fellow member of the Institute of Chartered Accountants of India and the Institute of Chartered Accountants in England and Wales and a member of the New Delhi Chapter of The Institute of Internal Auditors, Florida, USA. He was the Chairman and Senior Partner of Pricewaterhouse Coopers (PWC), India till his retirement on 31 March 2003. Besides his qualifications in the area of accounting and auditing, Mr.Ganguli is an alumnus of IMI, Geneva.

Mr. Ganguli, trained in the UK to become a Chartered Accountant. He was seconded as a Partner to PWC, UK/USA for a year in 1972-73. During his career spanning over 40 years, Mr.Ganguli's range of work included International Tax advice and planning, cross border investments, Corporate mergers and re-organizations, financial evaluation of projects, management, operational and statutory audit and consulting projects funded by International funding agencies. In the course of his professional career, he has dealt with a variety of clients including US AID, World Bank, ADB, NTPC, Alcatel, GE, Hindustan Lever, STC, Hewlett Packard and IBM.

Mr. Ganguli is a member of the Board of Directors of several companies such as Hughes Communications India Limited, HCL Technologies Limited, New Delhi Television Limited, Century Textiles and Industries Limited, Aricent Technologies (Holdings) Ltd, AVTEC Ltd, ICRA Ltd, Maruti Suzuki India Ltd and others.

Mr. Ganguli is a member of Audit Committees of HCL Technologies Limited, Century Textiles and Industries Limited, and ICRA Ltd. He is chairman of the Audit Committee of New Delhi Television Ltd, Tata Communications Ltd and Maruti Suzuki India Ltd.

MR. S. RAMADORAI
DIRECTOR

In February 2011, Mr. S.Ramadorai stepped into public service when the Indian Government appointed him as the Advisor to the Prime Minister in the National Skill Development Council, in the rank of Cabinet Minister. The Council, which is headed by the Prime Minister, seeks to develop a strategy for Skill Development at the National level with a view to address the skill deficit.

Mr. Ramadorai, continues as the Vice - Chairman of Tata Consultancy Services Ltd, a company he has been associated with, for the past 39 years. He took over as CEO in 1996 when the company's revenues were at USD 155 million and has since then led the company through some of its most exciting phases, including its going public in 2004. In October 2009, he stepped down as CEO, leaving a USD 6 billion global IT services company to his successor, while he took over the mantle of Vice Chairmanship of the company. Today, the company's revenues stand at USD 10.17 billion for year ended 31 March 2012, with an employee base of over 238,583 of the world's best trained IT consultants in 42 countries.

Mr. Ramadorai is also the Chairman of other Tata companies - Tata Elxsi Ltd, Tata Technologies Ltd, CMC Ltd and CRL Ltd. He is on the Boards of a number of non-Tata companies and educational institutions - Hindustan Unilever Limited, Bombay Stock Exchange and the MIT Sloan School of Management (EMSAB).

In recognition of Mr. Ramadorai's commitment and dedication to the IT industry he was awarded the Padma Bhushan (India's third highest civilian honour) in January 2006. In April 2009, he was awarded the CBE (Commander of the Order of the British Empire) by Her Majesty Queen Elizabeth II for his contribution to the Indo-British economic relations.

His academic credentials include a Bachelor's degree in Physics from Delhi University (India), a Bachelor of Engineering degree in Electronics and Telecommunications from the Indian Institute of Science, Bangalore (India) and a Master's degree in Computer Science from the University of California – UCLA (USA). In 1993, Mr.Ramadorai attended the Sloan School of Management's highly acclaimed Senior Executive Development Program.

MR. ARUN GANDHI
DIRECTOR

Mr. Arunkumar Ramanlal Gandhi, born in 1943, is a director on the Board of Tata Sons Ltd. and is a member of the Group Corporate Centre of the Tata Companies. He is a fellow member of the Institute of Chartered Accountants in England and Wales and the Institute of Chartered Accountants of India. He is an associate member of the Chartered Institute of Taxation, London.

Prior to joining Tata Sons, he was with M/s N. M. Raiji & Co., Chartered Accountants. He joined the firm as a partner in July 1969 and in 1993 became a senior partner. The firm has more than 60 years of professional standing. He joined Tata Sons Ltd as an Executive Director on 18 August 2003 and continued in that position till 17 August 2008.

Mr. Gandhi has been assisting the Tata Group in acquiring diverse assets and companies across the globe. This has enabled the Tata Group to acquire critical assets, resources and access to world class R&D facilities.

In the course of his professional career, Mr. Gandhi has worked on numerous mergers and acquisitions both cross border and domestic transactions.

Mr. Gandhi has been a member of various committees constituted by industry forums and regulatory bodies such as SEBI's Takeover Panel Exemption Committee and the Institute of Chartered Accountants of India's Accounting Standards Board among various others.

DR. ASHOK JHUNJHUNWALA
DIRECTOR

Dr. Ashok Jhunjhunwala, born in 1953, received his B.Tech degree from IIT, Kanpur, and his MS and Ph.D degrees from the University of Maine. From 1978 to 1981, he was with Washington State University as Assistant Professor. Since 1981, he has been teaching at IIT, Madras, where he leads the Telecommunications and Computer Networks group (TeNeT). This group works with industry in the development of technologies relevant in India. It has incubated several technology companies which work in partnership with TeNeT group to develop Telecom and Banking products for Indian Urban and Rural Markets. He chairs Rural Technology Business Incubator (RTBI) at IIT Madras and Mobile Payment Forum of India (MPFI).

Dr. Jhunjhunwala has been awarded the Padma Shri in the year 2002. He has been awarded Shanti Swarup Bhatnagar Award in 1998, Dr. Vikram Sarabhai Research Award for the year 1997, Millennium Medal in Indian Science Congress in the year 2000 and H.K. Firodia for "Excellence in Science and Technology" for the year 2002, Shri Om Prakash Bhasin Foundation Award for Science & Technology for the year 2004, Awarded Jawaharlal Nehru Birth Centenary Lecture Award by INSA for the year 2006, IBM Innovation and Leadership Forum Award by IBM for the year 2006, recently awarded Honorary Doctorate by the Blekinge Institute of Technology Sweden and Excellence in Science and Technology Award. He is a Fellow of World Wireless Research Forum, IEEE and Indian academies including INAE, IAS, INSA and NAS.

Dr. Jhunjhunwala is a Director in the Board of many other companies such as TTML, Polaris, 3i Infotech, Sasken, Tejas, Exicom and others. He is a member of Prime Minister's Scientific Advisory Committee.

PROF. UDAY B. DESAI
DIRECTOR

Prof. Uday B. Desai received the B. Tech. degree from Indian Institute of Technology, Kanpur, India, in 1974, the M.S. degree from the State University of New York, Buffalo, in 1976, and the Ph.D. degree from The Johns Hopkins University, Baltimore, U.S.A., in 1979, all in Electrical Engineering.

Since June 2009 he is the Director of IIT Hyderabad. From 1979 to 1984 he was an Assistant Professor in the School of Electrical Engineering and Computer Science Department at Washington State University, Pullman, WA, U.S.A., and an Associate Professor at the same place from 1984 to 1987. From 1987 to May 2009 he was a Professor in the Electrical

Engineering Department at the Indian Institute of Technology - Bombay. He was Dean of Students at IIT-Bombay from August 2000 to July 2002. He has held Visiting Associate Professor's position at Arizona State University, Purdue University, and Stanford University. He was a visiting Professor at EPFL, Lausanne during the summer of 2002. From July 2002 to June 2004 he was the Director of HP-IITM R and D Lab. at IIT-Madras.

His research interest is in wireless communication, cyber physical systems and statistical signal processing. He is also interested in multimedia, image and video processing, artificial neural networks, computer vision, and wavelet analysis. He is the Editor of the book "Modeling and Applications of Stochastic Processes" (Kluwer Academic Press, Boston, U.S.A. 1986) and co-editor of Second Asian Applied Computing Conference, Springer Verlag (2004). He is also a co-author of three books "A Bayesian Approach to Image Interpretation", "Multifractal based Network Modeling"; "Multihop Mobile Wireless Networks"; "Video shot Boundary Detection", and "Capacity Enhancement and Interface Mitigation and Interference Mitigation in Multiuser UWB: Capacity Enhancement and Interference Mitigation in Multiuser Ultra Wideband (UWB) Systems".

Prof. Desai is a senior member of IEEE, a Fellow of INSA (Indian National Science Academy), Fellow of Indian National Academy of Engineering (INAE), and a Fellow of The Institution of Electronic & Telecommunication Engineers (IETE). He is the recipient of J C Bose Fellowship. He is also the recipient of the Excellence in Teaching Award from IIT-Bombay for 2007. He is on the Technology Advisory Board of Microsoft Research Lab. India. He is also on the advisory board of several startups. He is chair of the working group on Convergence Communication and Broadband Technologies of Department of Electronics and Information Technology, Ministry of Communication and Information Technology. He is on the governing council and boards of several academic institutions. . He is one of the founding members of COMSNETS and also Society for Cancer Research and Communication. He was the Chair for IEEE Bombay Section 2006-2008. He was also on the Visitation Panel for University of Ghana.

MR. AJAY KUMAR MITTAL
DIRECTOR,

Mr. A.K. Mittal did his Graduation in Engineering in Electronics and Communications in 1976 from the University of Roorkee (now one of the Indian Institutes of Technology). He also holds a Diploma in Management. After working in the R&D wing of Indian Telephone Industries Ltd. for about two and a half years, he joined Indian Telecom Service in the erstwhile Posts & Telegraphs Department (now Department of Telecommunications) in February 1979, and was posted as Assistant Divisional Engineer- Telecom. In 1981, he was given charge of setting up the ground segment of New Delhi Satellite Earth Station located at Sikandrabad (U.P) for INSAT – 1 series of satellites where he commissioned and then operated SCPC, FDM-FDMA Systems for voice communication as well as TV up linking, Radio up linking, meteorological data up linking and reception systems etc. He also set up the Network Operations Control Centre (NOCC) for INSAT. Later he was involved in setting up earth stations in remote and hilly areas of some states. As Assistant Director General (Satellite Planning) in the Department of Telecommunication Headquarter in 1987, he was involved in planning of satellite communication systems. Thereafter, as Director Telecommunications, he was responsible for operations and maintenance of a large Optical Fiber, Microwave, Coaxial and Satellite Communication Network in the State of U.P.

In 1991, as Director in the Headquarter of Department of Telecom, he handled regulation and tariffing of telecommunications services. He was responsible for activities relating to opening up of telecom sector for competition 1991 onwards. This included invitation of bids for basic services, mobile services, radio paging services etc. He remained in this position for over 6 years. Subsequently, from 1998 onwards, as General Manager in U.P. (West) Circle of Department of Telecommunications, he headed the Operations and Maintenance Wing, responsible for making policies in respect of operations of all types of services and ensuring that services are maintained as per desired Q.o.S.

He was deputed to the Headquarters of BSNL, a public sector unit under Ministry of Communications, as Deputy Director General (Network Management) in the year 2000 where for a period of about 7 years; he was in-charge of management of BSNL's international and national long distance switching and transmission network. During this period, he set up Network Management Systems, overlay managed signalling network, KU Band VSAT Network and country-wide Managed Leased Line Network. He was also a member of the core team responsible for planning and implementation of Indo-Srilanka Submarine Cable System. Later, for a period of over two years, while on deputation to BSNL, he worked as General Manager (Mobile Network Planning and Operations) in J&K State.

Currently, he is working as Senior Deputy Director General in DoT headquarters looking after policy on licencing of Access Services and related matters as well as implementation of telecom security related policies.

MR. SAURABH KUMAR TIWARI
DIRECTOR

Mr. Saurabh K Tiwari, born in 1967, holds a Master's degree in Political Science with a Certificate of Merit from the University of Allahabad. He completed his MBA with specialisation in Finance from National Institute of Financial Management, an autonomous body under Ministry of Finance, Govt. of India. He has recently completed LLB from the Delhi University. Besides being a Fellow of the University Grants Commission, he has taught Political Philosophy in the Post Graduate Classes of the University of Allahabad for two years.

After clearing the Civil Services Examination in 1993, he joined the Indian P&T Accounts and Finance Service. He has wide ranging work experience in the Government of India and PSUs. He has handled the Central Area of MTNL, Delhi which provides service to the elite of India including the President, Prime Minister, Union Council of Ministers, Embassies, High Commissions and the Central Business District. He has also served as the Financial Advisor to various units of the Indian Air Force including the Central Air Command, Bamrauli.

He was instrumental in designing and implementing the software for the revision of pension of more than 2 million Defence Pensioners, spread throughout the country, as per the recommendations of the Sixth Pay Commission. His current assignment as Deputy Director General (Licensing Finance), Department of Telecom, Govt. of India involves assessment of revenue to the tune of Rs.181 thousand crore annually resulting in collection of Rs.11,300/- crores (approx.) in the form of licence fee – the single largest contributor to the non-tax revenue of the Union.

He has attended various trainings and seminars in India and abroad. Besides, he has been a regular faculty in various Training Institutes. Mr. Tiwari has exemplary leadership qualities. He has been the General Secretary of the Indian P&T Accounts and Finance Service Officers' Association for almost a decade now (except for 2 years). An avid sportsperson, he has won various awards in games like Athletics, Volleyball, Football, Badminton, Cricket and Tennis.

NOTES

Tata Communications Limited

Registered office : VSB, M.G. Road, Fort, Mumbai - 400 001.

TWENTY SIXTH ANNUAL GENERAL MEETING - 27TH JULY, 2012 AT 1100 HRS.

ATTENDANCE SLIP

I, Mr/Mrs./Miss...LF/Client ID. No ....hereby record my presence at the 26th Annual General Meeting of Tata Communications Limited at the M. C. Ghia Hall, Kalaghoda, Mumbai - 400 023.

....

Signature of the Shareholder or Proxy

Notes: 1. Please fill this Attendance Slip and hand it over at the entrance of the hall.

2. SHAREHOLDERS ARE REQUESTED TO BRING THEIR COPIES OF THE NOTICE DOCUMENT WITH THEM.

Tata Communications Limited

Registered office : VSB, M.G. Road, Fort, Mumbai - 400 001.

PROXY

I/We ....(LF/Client ID. No..................................)

(Address)..being a Member/Members of Tata Communications Limited, do hereby appoint .... of ....or/failing him ....of ....as my/our proxy in my/our absence to attend and vote for me/us on my/our behalf at the 26th Annual General Meeting of the Company to be held at 1100 Hrs on Friday, the 27th July, 2012, and at any adjournment thereof.

IN WITNESS whereof I/We have set my/our hand/hands this..................day of.........................2012.

Please affix 1.00 Re. Revenue Stamp

(Signature of the Shareholder across the stamp)

Note : 1. A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself, and a proxy need not be a Member.

2. A One Rupee Revenue Stamp should be fixed to this and it should then be signed by the Member.

3. The instrument appointing the proxy and the power of attorney or other authority, if any, under which it is signed, or a copy of that power of authority duly certified by a notary or other proper authority, shall be deposited at the Registered Office of the Company not later than forty-eight hours before the time for the holding of the Meeting, in default, the instrument of proxy shall not be treated as valid.

TATA COMMUNICATIONS

TATA

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Tata Communications Limited
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Block G, Bandra Kurla Complex
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Singapore 534103
Registration Number: 20040025G

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Registered in England and Wales
Registered number 052 72 339

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Tata Communications Deutschland GmbH
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Registry Court: AG Frankfurt am Main
Commercial
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The New World
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