TATA COMMUNICATIONS

A New World of Communications

Annual Report 2012-2013

www.tatacommunications.com | @tata_comm
http://tatacommunications-newworld.com | www.youtube.com/tatacomms

Being part of Tata Communications
is being part of...

A global workforce

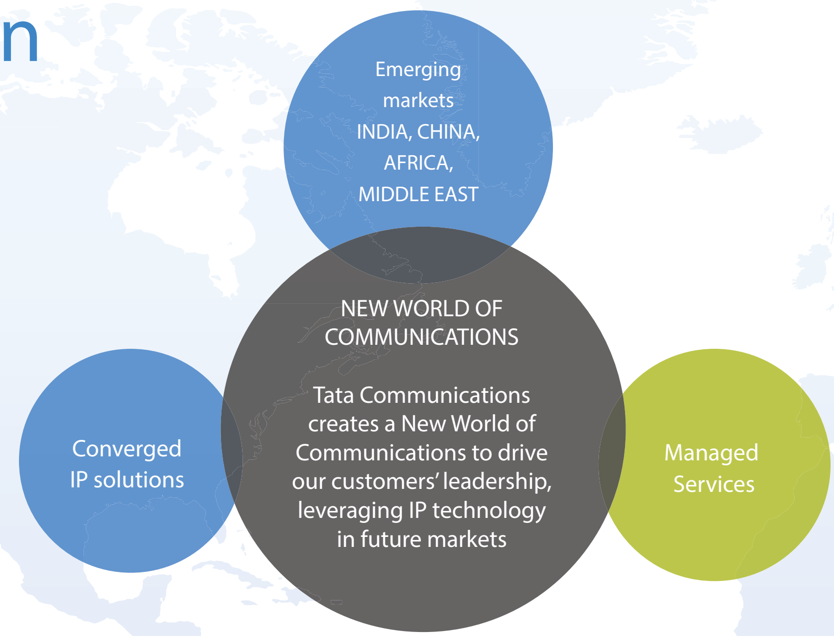
7,700
Employees

30%
Outside India

40
Nationalities

36
Average age

A global vision



A global position

#1 Enterprise data in India

#1 International wholesale voice

#1 Wholesale connectivity globally

www.tatacommunications.com | @tata_comm
http://tatacommunications-newworld.com | www.youtube.com/tatacomms

Tata Communications Limited

TWENTY SEVENTH ANNUAL REPORT 2012-13

CONTENTS

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)
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

Axis Bank	Indian Bank
ANZ Bank	ICICI Bank Ltd.
Bank of America	Indian Overseas Bank
Citibank Inc.	Indusind Bank Ltd.
Deustche Bank	Kotak Mahindra Bank Ltd.
Development Bank of Singapore (DBS)	Royal Bank of Scotland
HDFC Bank Ltd.	State Bank of India
Hongkong & Shanghai Banking Corporation (HSBC)	Standard Chartered Bank
ING Vysya 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.
Tel : (022) 2851 1872, 67720300/400.
Fax : (022) 26591586, 28508927.
E-mail : sharepro@shareproservices.com

NOTICE

NOTICE is hereby given that the Twenty Seventh Annual General Meeting of Tata Communications Limited will be held at 1100 hours on Friday, 26 July 2013, at NSE Auditorium, Ground Floor, National Stock Exchange of India Ltd., Exchange Plaza, Plot no. C/1, G Block, Bandra-Kurla Complex, Bandra (E), Mumbai - 400 051 to transact the following business:

Ordinary Business

1. To receive, consider and adopt the Balance Sheet of the Company as on 31 March 2013, 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 2012-2013.
3. To appoint a Director in place of Mr. Srinath Narasimhan 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. Subodh Bhargava 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 Mr. Kishor Chaukar who retires by rotation at this Annual General Meeting and being eligible offers himself for reappointment.

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 2013-14 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 2014) wherever in India or abroad."

By Order of the Board of Directors
Satish Ranade
Company Secretary

Dated : 24 June 2013
Registered Office :
VSB, Fort,
M.G. Road, 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 2012-13 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 19 July 2013 to 26 July 2013 (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 30 July 2013.

   (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 Thursday, 18 July 2013.

   (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 Thursday, 18 July 2013. 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 2006 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 Mar 2012 (₹)**	**Dividend for the year**	**Transfer to Investor Education & Protection Fund**
13 Sept 2006	771,673.50	2005-06	14 Oct 2013
2 Aug 2007	638,653.00	2006-07	2 Sept 2014
2 Aug 2008	723,501.00	2007-08	2 Sept 2015
7 Aug 2009	704,070.00	2008-09	7 Sept 2016
6 August 2010	NIL	NIL Dividend	Not Applicable
11 October 2011	509,398.00	2010-11	11 October 2018
27 July 2012	563,178.00	2011-12	27 July 2019
Total	**3,910,473.50**		

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 Thursday, 18 July 2013, 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 - 400072.

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

Annexure to the Notice dated 24 June 2013

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 Sixth Annual General Meeting of the Company held on 27 July 2012 and hold office till the conclusion of the Twenty Seventh 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 resolutions.

By Order of the Board of Directors
Satish Ranade
Company Secretary

Dated : 24 June 2013
Registered Office:
VSB, Fort
M.G. Road, Mumbai - 400 001.

Details of Directors Seeking Appointment / Re-Appointment at the 27th Annual General Meeting

Particulars	**Mr. Srinath Narasimhan**	**Mr. Subodh Bhargava**	**Mr. Kishor Chaukar**
Date of Birth	8 July 1962	30 March 1942	1 August 1947
Date of Appointment	13 February 2002	15 May 2002	1 July 2002
Qualifications	B.E. (Mech), MBA	B.E. (Mech)	BA (Eco) – Karnataka University, PGDBA (Indian Institute of Management, Ahmedabad), DEA – Rural Economics – University of Dijon, France.
Expertise in Specific Functional Area	General Management	General Management	General Management
Directorships held in other Public Companies (excluding foreign and private companies)	5	7	12
Memberships/Chairmanships of Committees in other Public Companies	2	5	7
Shareholding In TCL	NIL	NIL	NIL

DIRECTORS' REPORT

Dear Shareholders,

The directors are pleased to present the 27th annual report and audited accounts of Tata Communications Limited (TCL) for the financial year ended 31 March 2013.

PERFORMANCE

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

	2012-13 (₹ in Crores)	2012-13 (USD in Million)*	2011-12 (₹ in Crores)	2011-12 (USD in Million)*
Consolidated income	17,439.54	3,198.74	*14,340.85*	*2,630.38*
Consolidated EBIDTA	2059.72	377.79	*1,791.49*	*328.59*
Consolidated profit/(loss) after exceptional items and before tax	(430.71)	(79.00)	*(718.02)*	*(131.70)*
Consolidated Profit/(loss) after tax	(623.21)	(114.31)	*(794.65)*	*(145.75)*
Standalone total income	4,796.34	879.74	*4,270.87*	*783.36*
Standalone Profit before tax	656.69	120.45	*265.12*	*48.63*
Standalone Profit after tax	475.24	87.17	*171.34*	*31.43*

* *All conversions from Indian rupees to US dollars in the above table and 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 ₹ 54.52 per USD on 31 March 2013.*

The consolidated net loss includes ₹ 246.90 crores (USD 45.29 million) from the Company's holding in Neotel Pty Ltd (Neotel), South Africa. As a high-potential new business, Neotel needs investments to establish its capabilities. While it has already turned profitable at the operating level, it will require support for a while longer before it becomes fully profitable. The consolidated net loss also includes increase in other non-cash costs, that is, depreciation, because of significant capitalisation done. The Company remains confident that its current strategy and future direction are working to the best advantage of all stakeholders. The Company expects to achieve improved financial performance, based on the strong demand for communication services in a globally connected world and its own ability to leverage the extensive investments it has made over the past several years.

Dividend

The directors are pleased to recommend a dividend of ₹ 3 (USD 0.05) per share (₹ 2 per share dividend previous year) for the financial year ended 31 March 2013, subject to the approval of the shareholders at the Annual General Meeting.

OPERATIONS

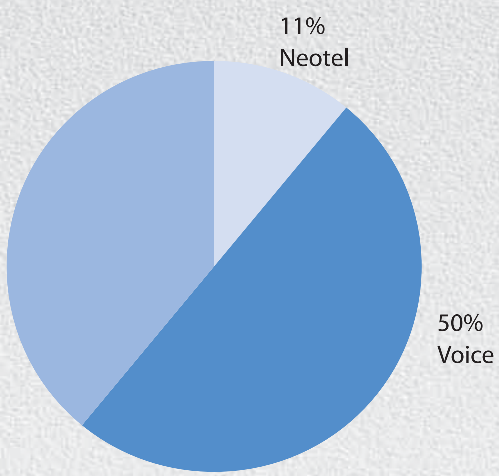
Geographical Presence

In recent years, the Company has established a strong presence not just in India, but globally. As a result, while 24% of the Company's revenues in 2012-13 came from India, the rest of the world contributed 76%.

Segment and Product Distribution

The Company's revenues are now broadly diversified across its various products and segments. During 2012-

13, voice services contributed 50% to revenues, while 39% came from data services and 11% from Neotel. Within the data services segment, revenues are well distributed between its two segments of service providers and enterprises, which contributed 46% and 54% of the total respectively.



Global Voice

In the voice business, the trend of the past few years continues, as overall volumes continue to grow, although margins are declining. During the year, the Company's international long distance voice traffic grew 14% from 46.72 billion minutes in 2011-12 to 53.4 billion minutes in 2012-13. National long distance voice traffic in India decreased by 2.5% to 8.35 billion minutes in 2012-13. The gross margins from the voice business fell 11% to US cents 0.003 per minute, from US cents 0.0034 per minute in the previous year.

Global Data

The launch of cloud computing solutions in India and Asia enabled the Company to grow its data portfolio to build the presence in this high growth business. The global data business achieved a healthy revenue mix between India 51% and the rest of the world 49%; and between service providers 51% and enterprises 49%. The Company's strategy of expanding into managed services continues to pay off, as managed services now contribute 29% to the global data services segment.

Neotel

Neotel, a subsidiary of the Company in South Africa, though still in its gestation period, continues to achieve growth. During the course of 2012-13, Neotel, had several major achievements: its revenues grew 12% year-on-year growth and it turned profitable at the operating (EBIT) level. After achieving an EBITDA profit the year before, Neotel grew that profit 531% during the course of 2012-13. Neotel increased its business customers by 29% to just short of 3,000 and retail customers by 152% to about 152,000. Neotel today employs approximately 1,000 people.

Customer Satisfaction

The Company believes that providing an excellent customer experience generates a crucial sustainable advantage and has made this an important focus area. In 2012-13, the Company's customer loyalty ratings stood at the 84th percentile of its global peer set. In order to create a customer-centric culture, the Company is improving existing processes for faster service deployment and support to customers, investing in a customer portal that enables customer interaction, initiating programmes around "Customer Voice" and acting on the feedback received, and strengthening its people through multi-skilling and leadership training.

HUMAN RESOURCES

The Company worldwide has a multicultural workforce, with people of about 40 nationalities on the rolls. 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.

Business Excellence

The 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. The Company participated in the TBEM external assessment and crossed the score of 500 and bagged the Tata group award for active promotion of TBEM. The 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 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 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

The 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 the 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.

Hiving-off of Indian Data Centre Business

The Company's Board of Directors has, in its meeting held on 1 March 2013, approved a proposal to hive-off the Company's Indian Data Centre (IDC) business into a wholly-owned subsidiary on a 'going concern' basis, subject to obtaining approval of the shareholders and creditors of both the companies, and subject to receipt of necessary approval from relevant regulatory authorities and from the Bombay High Court. The intention of this move is to bring more focus and specialization to the IDC business and to maximize overall shareholder value. The proposal is now in the hands of the Bombay High Court for approval.

Delisting from The New York Stock Exchange

The Company's Board of Directors has approved a proposal to delist its American Depositary Receipts (ADRs), from the New York Stock Exchange (NYSE) and to terminate its ADR programme. The Company has derived a number of important benefits from its NYSE listing since 2000 including the financial reporting discipline which has been implemented to comply with U.S. reporting requirements. The Company is committed to continuing the highest standards of corporate governance and internal controls and will continue to be subject to the comprehensive reporting and governance requirements of the Indian Stock Exchanges. The Company's decision to delist from the NYSE, deregister with the SEC and terminate its ADR program does not call into question the Company's strategic vision for the US which has been one of its core markets in its overall global strategy and will continue to be so, moving forward.

The Board reached this decision after considering the recent low trading volume of the Company's ADRs on the NYSE, compliance with the Securities and Exchange Board of India's (SEBI) mandate on minimum public shareholding, and the associated costs of maintaining the listing and related obligations. The Company will now concentrate all trading of its ordinary shares on the Bombay Stock Exchange (BSE) and the National Stock Exchange of India Limited (NSE) in India.

On 28 May 2013, the Company filed Form 25 with the U.S. Securities and Exchange Commission confirming its intent to delist and deregister its ADR Program. Consequent to the filing, the delisting of the ADRs from the New York Stock Exchange has become effective at the close of business of 7 June 2013. As a consequence of the delisting becoming effective, termination of the Deposit Agreement under which the ADRs were issued will become effective on 14 July 2013. Holders of the Company's ADRs can surrender their ADRs to the Depositary in exchange for the underlying ordinary shares in the Company at any time prior to 13 August 2013.

PENDING MATTERS OF SIGNIFICANCE

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 (MPS) 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.

Consequent to completion of ADR delisting process and the promoter's divestment of 1.15% stake in accordance with the letter dated 29 May 2013 from Securities and Exchange Board of India (SEBI), the Company will be fully compliant of the MPS requirement.

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.

To accomplish demerger of surplus land in accordance with such scheme of demerger, the strategic partner formed Hemisphere Properties India Limited (HPIL) sometime in 2005-06. It is understood that the agreement for acquisition of 51.12% shares in HPIL (which will hold the demerged/surplus land) has been finalized and on the date of the report the agreement is awaiting execution. On execution of the agreement, HPIL will become a Government Company. The letter also stated that the scheme of arrangement of demerger of surplus land would be placed shortly before the boards of the Company and HPIL.

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).

Premature Termination of Monopoly and Compensation

As reported earlier, the Government of India 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 for hearing admitted by the Bombay High Court, is yet to come up.

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 ₹ 550 crores (USD 100.88 million) of outstanding NCDs as on 31 March 2013. The trust deeds for the debentures issued by the Company will be available for inspection by the members at the Company's registered office during normal working hours, 21 days before the date of the 27th Annual General Meeting.

The Company redeemed long term secured and unsecured debentures amounting to ₹ 600 crores (USD 110.05 million) in 2012-13. 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 2013 or not less than ₹ 0.05 crores (USD 0.01 million) per month, during any part of the said year.

The Company had 51 such employees employed during the year ended 31 March 2013. 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 ₹ 1,250.52 crores (USD 229.36 million) and foreign exchange outgo was equivalent to ₹ 485.51 crores (USD 89.05 million).

Auditors' Report

There are no qualifications in the report of the statutory auditors for the year 2012-13.

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

Mr. Arun Gandhi, non-executive director, resigned as Director from the Board of the Company, effective from the end of business hours of 15 March 2013. The Board of

Directors of the Company at present consists of 10 directors. The Company has received a letter from Panatone Finvest Limited which was placed before the Board of Directors in May 2013. The letter recommended appointment of Mr. Bharat Vasani on the Board of the Company in the stead of Mr Arun Gandhi who earlier resigned from the Board. The Board decided that as per the requirement of the operating licences of the Company, Mr. Vasani would be appointed on the Board as an additional director only after receiving necessary Government clearance.

In accordance with the provisions of the Companies Act, 1956 and the Company's Articles of Association, Mr. Srinath Narasimhan, Mr. Subodh Bhargava and Mr. Kishor Chaukar 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.

Pursuant to Clause 55 of the listing agreement with the stock exchanges, Business Responsibility Reports have been included elsewhere in this Annual Report.

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 thank every one of the Company's customers, business associates and other stakeholders globally for their valuable contribution to the Company's growth and success. The directors also recognise and appreciate the passion and commitment of all the employees of the Company around the world. 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, Tata Sons and its group companies; 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: 30 June, 2013

Registered Office:
VSB, MG Road, Fort,
Mumbai – 400 001.

ANNEXURE 1: MANAGEMENT DISCUSSION AND ANALYSIS

Macro Economic Situation

2012-13 was a challenging year for the Indian economy, which experienced its worst slowdown in nearly a decade on the back of global stagnation and domestic macro-economic fiscal imbalances. The year started with news that the expansion in the previous year's fourth quarter GDP had dropped to 5.5%. That, coupled with low growth, a high fiscal and current account deficit, persistent high inflation, ballooning subsidies and pessimistic business sentiment added to the slowdown. About half way through the financial year, the Indian Government intervened with measures like reducing oil and fertilizer subsidies and steps to attract foreign direct investment (FDI) and strengthen the rupee. However, economic conditions and the business atmosphere remain largely unchanged due to uncertainty about the results of these reforms. Sources of funding continued to be scarce and borrowing costs remained high during the year.

During last year, the global economy had recovered slightly from the crisis of the earlier year. Nevertheless, the International Monetary fund (IMF), in the update of its World Economic Outlook, lowered the world GDP growth projections for 2013 and 2014, given renewed setbacks in the Eurozone and the risk of excessive fiscal consolidation in the United States. In particular, the Eurozone faced considerable fiscal strain in the face of an austerity driven recession during 2012, and there was little respite from contraction in manufacturing activity. Indian exports to the Eurozone, which constitute around 17% of total exports, were also impacted due to the decreasing demand from that region. Moreover, although the US government was able to formulate a solution to mitigate a dreaded fiscal cliff, near-term risks persist. This makes the global environment in the coming years more uncertain and challenging for exporters.

Telecom Industry Situation

The Indian telecom sector and subscriber base have witnessed tremendous growth over the past decade, catalysed by increasing fixed and mobile network coverage and a competition-induced decline in tariffs. Demand has surged, largely due to these factors, as well as the growth of broadband Internet access, a rapid proliferation of smart mobile devices and higher levels of video traffic on consumer and business networks. The key factors which are likely to fuel growth are a growing subscriber base, mobile applications and technologically advanced end-user devices that will drive exponential growth in Internet usage. However, the growth in traffic is accompanied by 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 among business-to-business (B2B) players.

Global Telecom Market

In 2012-13, the global telecom market grew marginally, by approximately 3% year-on-year, to USD 2.207 trillion. Telecom services accounted for 78% of the total market while mobile devices accounted for 16% and telecom infrastructure for 6%. The low single-digit growth rate of the past fiscal year is expected to continue over the next four years as well, with the total telecom market expected to grow at a compounded annual growth rate (CAGR) of only 4%, largely due to on-going economic concerns. During 2012-13, the Company's addressable market in voice services witnessed a slight decline because of declining call rates while the data market showed healthy growth. In the future, we expect the Company's addressable market to continue to grow at an attractive pace.

Indian Telecom Market

In 2012-13, the Indian telecom market grew to ₹ 170,854 crores (USD 34 billion), of which Tata Communications' addressable market was ₹ 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. The Company leads the market in several segments. In the financial year 2012-13, the Indian International Long Distance (ILD) voice market had eight major operators, a total inbound market size of 83 billion minutes and outbound market size of 6 billion minutes. The Company's market share was 24% in inbound traffic and 18% in outbound traffic. The country's National Long Distance (NLD) voice market size was 351 billion minutes during the year and consisted of 11 major operators. The Company's NLD addressable market size was 15 billion minutes, of which its market share was 55%. In 2012-13, the Company had a 19% market share of the ₹ 7,835 crores Indian enterprise data market. The Company also had a 27% market share in the ₹ 2,250 crore Indian data centre market.

COMPANY STRATEGY AND DIRECTION

Business Strategy

Today, Tata Communications is the world's largest carrier of international wholesale voice traffic and carries 20% of the world's Internet traffic directly over its network. It has over 15 terabits of international bandwidth lit capacity and owns over 1 million square feet of data centre and colocation space across 42 global locations. It is also the world's largest signalling provider, the 5th-largest and fastest-growing Tier 1 IP backbone, and the largest Ethernet provider. Tata Communications owns and operates the world's only wholly-owned fibre optic sub-sea network ring around the globe, the Tata Communications' Global Network (TGN), which consists of 210,000 kilometres of terrestrial and subsea network fibre. The TGN reaches countries representing 99.7% of the world's GDP and has significant depth in key emerging markets.

The Company believes that these capabilities equip us with unique competitive advantages to execute our vision, which is to deliver a new world of communications to advance the reach and leadership of our customers. Our strategy is to build leading-edge IP-leveraged solutions, based on our advanced global infrastructure and leadership position in India. The Company provides differentiated choices of network and IT Infrastructure services to Service Providers, and large Enterprise customers, in both established and emerging markets.

In the coming years, the Company will continue with its strategy of providing managed services globally with a B2B focus. The Company expects that the demand for its services will remain strong, but that it will continue to face increased competition and pressure on pricing and margins. Therefore, Tata Communications has a three-pronged strategy of driving revenue growth from new markets, investing in services and technology innovation, while continuing to improve the cost structure of its operations.

Continuing Leadership in India

Currently, the Company has leading market shares in voice and data transmission in India. In the international long distance (ILD) voice business, the Company commands approximately 24% market share in the ILD inbound segment. In enterprise data services, the Company is a market leader, with a 19% market share. In May 2012, it won the Enterprise Data Service Provider of the Year award from Frost & Sullivan India, a leading telecommunications and technology research firm. Tata Communications is now specifically addressing the needs of the enterprise segment in India with solutions that give access to agnostic Internet services along with a variety of Internet-enabled content applications and managed services.

Adapting the Business Model to a Changing Environment

The ILD voice industry is in a major transition, as voice traffic shifts from traditional carriers (i.e. fixed-line operators) to emerging mobile providers, OTT players and cable operators. This shift in the ownership of end-user subscribers coincides with a technology shift from a minutes-based unit model to a multi-media model. Even as the industry continues to consolidate, ILD voice traffic is expected to grow, with a renewed focus on customer support and quality of service. The Company is therefore focused on developing solutions and technology to cater to new-age communication requirements, continuing to automate much of its systems and processes to better support the wholesale business, and restructuring the organisation to better penetrate those segments that are expected to experience the highest growth rate in the coming years. In June 2013, Mr. Vinod Kumar, Managing Director & Group CEO of the Company, was awarded “The CEO of the Year” at the Asia Communications Award Ceremony held in Singapore.

Differentiated Enterprise Offerings

Tata Communications will further strengthen its position in the market by continuing to develop and introduce new products and services catering to the needs of corporate customers, such as Unified Communication, Hosted Contact Center, Mobile Broadband enablement, Content Delivery Infrastructure as a Service (IaaS), and other managed products and services.

Continuing Investment in Global Infrastructure

The Company will continue to invest in its global network, the Tata Global Network, or TGN, extending from developed markets to the world’s fastest-growing emerging economies. To that end, during fiscal year 2012-13, the Company launched a subsea cable system connecting several countries in the Middle East to Mumbai, India. That was closely followed by the completion of the world's first round-the-world fibre optic cable network, with the official launch of the TGN cable in Eurasia. The complete cable ring now connects Europe to India, through Egypt, bringing increased capacity, resilience and enhanced communications links to not only the Middle East, but onward to the rest of the world via the TGN. The Company also enhanced bandwidth and flexibility to carriers and enterprises around the world with the deployment of optical technology on its TGN cable linking New York to London. This new development of expansions and upgrades to the TGN allows Tata Communications to offer a truly global network through its world-wide cable network. The cable network boasts significant depth in key emerging markets, including China, India, South Africa and the Gulf region. The global reach of TGN, is used to run the company's global Tier 1 IP network that currently covers nearly 20% of the world's Internet routes, reaching over 240 countries and territories.

Strategic Overseas Expansion, Greenfield Ventures and Acquisitions

The Company believes that its leading Indian market position, growing service offerings and deployment of leading-edge technologies, together give it substantial competitive advantages in emerging and under-served markets.

In line with this strategy, Tata Communications has penetrated several global markets. The Company entered the South African market in 2008 as a strategic partner to Neotel and had increased its effective holding in Neotel to 64.10% by March 2012 and 67.32% by 31 December 2012. The Company also holds IRU capacity on the privately owned SEACOM cable system, which has landing sites in South Africa, Mozambique, Tanzania and Kenya in Africa; in Mumbai, India; and in Marseille, France. The Company is also actively pursuing joint provisioning agreements in key African countries.

In Asia, in March 2012, the Company launched the TGN-Eurasia system, connecting Europe, India, the Gulf and the Middle East with the rest of the world. This cable system completed the Company's wholly owned round-the-world fibre optic cable network ring. In the Middle East and North Africa, the Company is a major investor in two cable systems that serve the region—namely SEA-ME-WE3 and SEA-ME-WE4—and is the landing party for those systems in India.

As part of its expansion in the Middle East, the Company completed construction of the TGN Gulf and Eurasia cable systems in collaboration with several major telecommunications operators in the Middle East. The Company also has a number of commercial network joint telecommunications provisioning agreements in Pakistan, Bahrain, Kuwait, Oman, Saudi Arabia, Egypt, Morocco, Turkey and the UAE for providing telecommunication services.

Achieving Synergies with Other IT and Telecom Companies

Achieving synergies with other players in IT and Telecom sector enables the Company to access their existing customer bases and gives it the opportunity to share infrastructure costs. Accordingly, the Company continues to identify synergies and potential opportunities with other Group companies. In particular, the Company has collaborated with TCS, a leading IT services company, on several occasions to jointly provide TCS customers a broad range of end-to-end IT and telecom solutions. The Company has also leveraged synergy opportunities with TTSL on network and field operations thereby avoiding overlapping requirements and achieving higher volumes enabling savings.

SEGMENTWISE PERFORMANCE

Company Segmentation

Tata Communications' business and revenues are well-diversified across business segments, customer profiles and geographies. Being largely a B2B player, the Company serves two segments of customers: service providers and enterprise customers.

In the service provider segment, the 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, the Company's main offering comprises a comprehensive suite of connectivity, IT infrastructure and managed communication and collaboration 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 the latest networking and IT technologies, on a managed solutions basis. Tata Communications also continues to build industry specific solutions, with a current focus on Banking & Financial Services and Media and Entertainment.

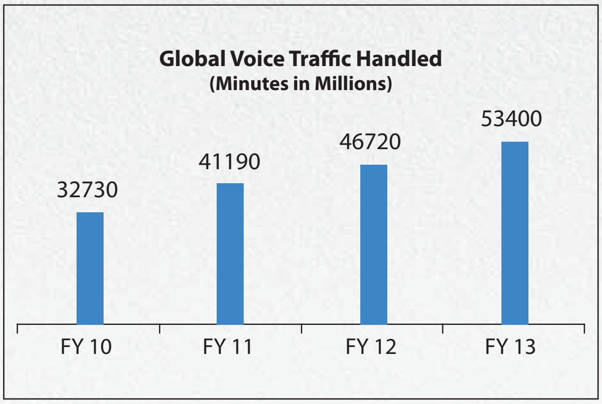
The Company classifies its operations into three main business segments – Global Voice Solutions, Global Data and Managed Services and Neotel (its subsidiary in South Africa).

Global Voice Solutions

International Long Distance (ILD)

Tata Communications is the world's largest carrier of international wholesale traffic, with the most advanced intelligent routing platform to provide quality voice services. It has over 1,600 direct and bilateral relationships with leading international voice telecommunication providers. The wholesale international voice business is a mature and increasingly commoditized one, and the Company's strategy is to grow its leadership position and take advantage of increasing traffic volumes while protecting margins and cash flows.

During 2012-13, the Company handled approximately 53400 million minutes of international voice traffic globally, a growth of 14% over the previous year. During the year, traffic to and from India grew from about approximately 17440 million minutes in 2011-12 to about approximately 22200 million minutes. Despite the declining revenue trends in the industry, the Company was able to maintain its gross margins or net revenue per minute (NRPM) in 2012-13. During the past year, the Company was able to acquire more traffic directly from mobile operators and next-generation service providers, which helped counter the decline in overall market prices.



The Company derives substantial competitive advantages from its long presence and expertise in this business, extensive investments, innovations, scale, reach and strong business relationships. In November 2012 Tata Communications won the Best Asian Wholesale Carrier Award at the 2012 Capacity Awards, which recognise wholesale players who have established themselves at the forefront of the wholesale telecom industry by applying innovative processes and strategies.

During the past year, the Company has also made significant investments in its network service offering to meet the needs of customers globally. For instance, it has implemented a continuous Mean Opinion Score voice quality testing and tracking tool to ensure consistent quality across its network, and a direct transit service to improve roaming quality and enable end-to-end HD voice. The Company was successful in acquiring more traffic directly from mobile operators and next-generation service providers (Retail Service Providers), resulting in a year-on-year increase of 28% traffic from Retail Service Providers.

All these advantages are allowing the Company to acquire several important multinational customers. For example, in February 2013, it announced a strategic voice solutions agreement with European provider UPC Wholesale, under which Tata Communications will provide UPC access to its IP voice switching platform and associated support systems. This allows UPC to centralise its voice business and offer carriers one single point of contact to do voice business for the ten different countries in which UPC is active.

National Long Distance (NLD)

NLD traffic within India is growing quickly, aided by greater mobile penetration. Greater competition and regulatory initiatives have resulted in falling NLD tariffs. The Company holds a 55% market share in this business. The Company's NLD traffic has decreased from 8.55 billion minutes in 2011-12 to 8.3 billion minutes in 2012-13. Further, the contribution of net revenues from the India NLD business declined 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 providers of data, Internet protocol (IP) and mobile signalling services. It carries 20% of the world's

Internet traffic directly over its network and has over 15 terabits of international bandwidth lit capacity. Tata Communications owns and operates the world's only wholly-owned fibre optic sub-sea network ring around the globe, the Tata Communications' Global Network (TGN). During the past fiscal year, the Company launched the TGN cable in Eurasia, completing the global TGN network. The Company also launched a subsea cable system connecting several countries in the Middle East to Mumbai, India and deployed optical technology on the TGN cable linking New York to London. In January 2013, the Company announced the launch of 100 gigabits per second-enabled services on its TGN-Atlantic (TGN-A) subsea cable system - from New York to London. The upgrade will deliver bandwidth and provide flexibility to carriers and enterprises to scale their network seamlessly and meet their increasing capacity demands. It will be instrumental in increasing carrier network performance and paves the way for further upgrades leading to a multifold increase in availability of bandwidth across the TGN.

The TGN now consists of 210,000 kilometres of terrestrial and subsea network fibre and reaches countries representing 99.7% of the world's GDP. The Company leverages this unparalleled network to provide high-speed bandwidth connectivity to other telecom operators and Internet Service Providers (ISPs) worldwide.

Tata Communications has the world's largest mobile signalling inter-provider network and is supporting mobile network operators (MNOs) around the globe with one of the industry's widest reaching service offerings for mobile broadband enablement. It has an extensive portfolio of mobile services, including IPX+ connectivity, voice, messaging, roaming and signalling. With the accelerated growth in mobile data, MNOs are looking for ways to generate increased revenue, reduce customer churn and ensure service continuity even as they migrate to 4G. Tata Communications' managed services simplify the interconnection of MNO communities, ensuring smoother end-to-end service delivery and management across networks, resulting in quality and efficiency gains. During the past year, the Company has introduced several innovations in these areas.

For example, in February 2013, the Company expanded its managed services for MNOs, with three new solutions. The Virtual Private Roaming Hub delivers increased efficiencies by consolidating roaming operations across a community of MNOs, creating economies of scale. The LTE Roaming service ensures service continuity while simplifying roaming interconnection across MNOs moving to 4G/LTE. The Managed SMS Firewall protects MNO networks against fraud and spam generated by international text messaging.

In February 2013, the Company also announced the world's first cloud-based policy management solution, the Hosted Policy Engine, which is a pre-integrated policy management solution that enforces traffic optimisation and monetisation policies in real-time, based on subscriber usage patterns across 2.5G, 3G, 4G and Wi-Fi networks. This allows MNOs to create differentiated mobile data services quickly and with significantly less capital investment.

Enterprise Data

The enterprise data business has a high-potential and is growing fast. Over the past few years, Tata Communications has ramped up its capabilities and offerings so that today, it is a leading player in this space globally, with an extensive suite of services. Tata Communications offers a full range of customised and managed communication solutions tailored to the needs of enterprise customers. Apart from 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, partnering with regional / local operators, and using indirect channels catering to small and medium enterprises. During the past year, it has introduced several new innovations and acquired a number of new clients.

Tata Communications has been an aggressive early-mover in the Ethernet space. Currently, it is the world's largest Ethernet provider, offering the largest multipoint-to-multipoint service network in the market. In June 2012, the Company launched a low latency network which will seamlessly connect major financial capitals in Asia, the United Kingdom and the United States. The network is the first low latency service that offers a pure multipoint Ethernet platform. The network will enable financial firms to execute a high frequency trade between locations, such as London and Hong Kong or New York and Singapore, in milliseconds, through a single network and single supplier model, offering up to 35% savings on circuit and operations costs.

Meanwhile, in September 2012, the Company was chosen by Cargotec, the world's leading provider of cargo handling solutions for ships, ports, terminals and local distribution, to deliver Wide Area Network connectivity through a fully managed, end-to-end Multiprotocol Label Switching (MPLS) network to over 150 Cargotec sites globally, spanning 50 countries across Europe, Asia, Middle East, Americas and the Africas. Cargotec said it chose Tata Communications for its comprehensive round-the-world network.

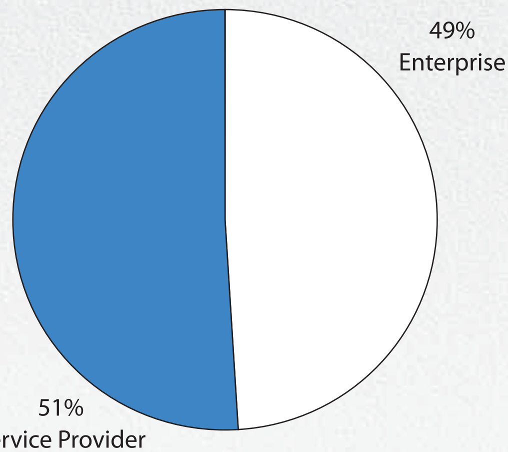
Tata Communications is one of the largest players in the data centre business in India, with facilities in many of the major commercial cities. The Company also provides data centre services globally, in key countries including USA, UK and Singapore. It now owns over 1 million square feet of data centre and colocation space across 42 global locations.

The Company is a leading provider of collaboration services for medium sized businesses. This service provides "virtual meetings" using simple and life-like telepresence endpoints, which enable enhanced collaboration across global companies and markets, reducing travel and raising productivity. Tata Communications has one of the world's widest-reaching telepresence networks via intercarrier agreements and the largest public telepresence room footprint, providing 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 currently manages 36 telepresence public rooms around the world. In February 2013, the Company signed a new interconnection agreement with AT&T. With this latest in a series of interprovider agreements, Tata Communications' Global Meeting Exchange™ network provides connections to most of today's major providers of telepresence services, offering customers unprecedented reach for their business video networks.

Such initiatives have helped the Company gain traction and market recognition for its seamless connectivity capabilities and cutting-edge network services amongst multinationals worldwide. Analyst firm Gartner included Tata Communications in the Leaders Quadrant of its Magic Quadrant for Asia Pacific Network Service Providers (NSP) 2012, which evaluates NSPs on their completeness of vision and execution ability. The inclusion in the Leaders Quadrant indicates that the Company provides mature offerings, has the vision necessary to maintain its market position and has a large satisfied customer base and high market visibility.

Tata Communications Banking InfraSolutions Limited changed its name and style to "Tata Communications Payment Solutions Limited" (TCPSL) during the year. TCPSL is a 100% subsidiary of the Company, providing electronic payment and managed ATM services to both public and private banks in India. In August 2012, TCPSL emerged as the largest ATM managed services provider in India as it signed a milestone contract to deploy and manage, over two years, nearly 14,000 ATMs for all public sector banks across Tamil Nadu & Puducherry, West Bengal & Andaman & Nicobar and Andhra Pradesh. With this, TCPSL became India's largest managed ATM services provider, with almost 27,000 contracted ATMs nationwide within just three years of operation. Around 50% of the total rollout would be in semi urban and rural locations and the rest in metro and urban markets. In addition, TCPSL is India's first ATM operator to be granted the RBI's final authorisation to install and run a network of 15,000 White Labelled ATMs (WLAs) in a three year period starting June 2013. Under this license TCPSL will be able to setup and operate ATMs under its own brand name as opposed to the brand name of a customer bank. This is a totally new paradigm in the Indian ATM market and TCPSL is a front runner in this initiative. Apart from the ATM business TCPSL is also a leader in the Point of Sale (POS) transaction processing space with over 55% of the nation's POS traffic carried over its NAC network. TCPSL also manages over 12,000 POS terminals installed at merchant locations in India.

GLOBAL DATA REVENUES BY SEGMENT



Tata Communications also offers customized network solutions to the media and entertainment industry. Video accounts for an estimated 50% of annual increase in global Internet traffic and is a key future growth driver. The Company's strategy to create the world's richest, connected, open video ecosystem includes business-to-business video services, cloud-based services and flexible, modular, managed services. In July 2012 the Company extended its Video Connect Network into Nigeria through a partnership with Main One Cable Company, Nigeria's premier provider of broadband Internet services. The Video Connect service will allow broadcast and production companies in Nigeria to distribute their live video content worldwide as well as enhance international broadcasters' reach into this key emerging region.

ORGANISATIONAL RESTRUCTURING

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 Social Responsibility (CSR)

Tata Communications believes in the need to enhance the quality of life of people and to serve the communities where it operates and accordingly undertaken a number of CSR activities. 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 in which potential entrepreneurs from the scheduled castes and scheduled tribes (SC/ST) communities are trained to become successful entrepreneurs. The Company has undertaken a long term project with EDII to train and develop potential small time entrepreneurs with the appropriate abilities.

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, 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 the maximum number of such trained people get employed/start earning.

During 2012-2013, Company provided life skills training and vocational training to 125 disadvantaged and vulnerable youth to enhance their employability skills.

Educational assistance: During 2012-13 the Company supported socio-economically disadvantaged students in pursuing their higher education. The approach was two-fold: to stop dropouts of SC/ST students and to enhance their academic ability qualitatively. In partnership with Foundation for Academic Excellence & Achievement (FAEA, New Delhi) and College of Engineering Pune, the Company supported around 60 engineering students in their academic endeavours. During the year 2012-13, the Company has partnered with Stree Mukti Sanghatana a Non-for-Profit organisation made up of women rag-pickers for managing the entire waste-disposal Management in Mumbai offices.

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 organising 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. All the major establishments of the Company in India are ISO14001 compliant.

REGULATORY DEVELOPMENTS

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 the 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 introduces new communications services so that it can compete for new customers and in new segments of the communications business. 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. The Company relies on a combination of in-house development and third party technology licensing and/or acquisition to bring the new communications services and technology to market. In either case, it is important that the Company is able to obtain any necessary third party intellectual property rights covering the new communications services on a cost- effective basis. If another person holds the technology that is necessary for us to provide our services, under a patent, we may have to negotiate a licence for the use of that technology. The Company may not be able to negotiate such a licence at a price that is acceptable. The existence of such patents, or our inability to negotiate a licence and that, too, at an acceptable cost, for any such technology, could effectively hinder our ability to provide services and offer products using that particular technology. It is often not possible to determine what the necessary intellectual property rights are until a third party levies an intellectual property rights violation claim against the Company.

To the extent that the Company is subject to litigation or other claims regarding the ownership of intellectual property, this litigation could:

- Be time consuming and expensive;
- Divert attention and resources away from our daily business;
- Impede or prevent delivery of our products and services (through injunctive or other equitable relief); and

- Require us to pay significant royalties, licensing fees and damages.

In addition, the Company must be vigilant in protecting its own intellectual property rights through appropriate government 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 realise 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 that 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 realise 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.

Tata Teleservices Ltd. (in which the Company has an equity stake) and its subsidiary Tata Teleservices (Maharashtra) Ltd. (together referred to as 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 produce the desired results.

The international wholesale voice business also depends heavily on third parties who own organic traffic. To mitigate the risks of losing traffic, the Company has taken an action to build traffic from retail service providers (RSP) such as Mobile Network Operators, Over The Top players.

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 2013, the outstanding principal amount of debt was approximately ₹ 774.7 crores (USD 142.09 million) for the Company on a standalone basis and

₹ 9367.97 crores (USD 1,718.26 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 raise equity funding, 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

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. Downturns in the Indian, regional and global economies could have a material adverse effect on the Company's business prospects. Risks 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 had 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 sought to levy penalties. The disallowances/penalties have been challenged under the applicable legal provisions. The appeals are at various stages of adjudication. Though no such appeal has been finally decided against the Company, in the unlikely event of all of the disputes culminating in judgments 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 interpreted by the DoT for levying licence fees.

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 were 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. The Company also filed a separate appeal in the Supreme Court detagging its case, the grounds of appeal being different from other players. The DoT has also filed an appeal in the apex court against the judgement of the TDSAT. The Supreme Court in its judgement has set aside the TDSAT judgement dated 30 August 2007 in so far as the industry is concerned. Further, due to such detagging, both the appeals of the Company as well as DoT are pending before the Supreme Court.

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.

Regulatory Matters

The Company holds several telecom licences in India. Though the Company always follows and observes the licensing terms and conditions, the licensor while conducting its periodical inspections at the customer premises or otherwise, may come to a conclusion that certain breaches to licence conditions have happened. This may result in issuance of notices to the customer and the Company by the licensor and levy of penalties by the licensor. Although, the Company may challenge penalties, if levied by the licensor arising out of such notices, it cannot be said with certainty that the Company will be able to defend itself against all such notices.

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.

INTERNAL CONTROL SYSTEMS AND THEIRADEQUACY

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 2012-13

(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'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 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.

Nine out of ten 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 10 directors out of which 3 are 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 29 May 2013 has intimated that the process for recommending the name of another independent director is underway and efforts are being made to fill up the said post at the earliest.

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. Arun Gandhi, non-executive director resigned as Director from the Board of the Company, effective from the end of business hours of 15 March 2013.

The Company has received a letter from Panatone Finvest Limited which was placed before the Board of Directors in May 2013. The letter recommended appointment of Mr. Bharat Vasani on the Board of the Company in the stead of Mr Arun Gandhi who earlier resigned from the Board. The Board decided that as per the requirement of the operating licences of the Company, Mr. Vasani would be appointed on the Board as an additional director only after receiving necessary Government clearance.

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 2013 are given below:

Name	Category	Board Meetings during the tenure from 1 April 2012 till 31 March 2013		Attendance at the last AGM (27 July 2012)	No. of Directorships in Indian Public Companies including Tata Communications Limited		No. of Committee Positions held in Public Companies including Tata Comm		No. of Shares held as on 31 March 2013
		Held	Attended		Chairman	Member	Chairman	Member	
Directors in Office (as on 26 June 2013)									
Mr. Subodh Bhargava [Chairman]	Independent Non Executive	8	8	Yes	2	6	2	3	NIL
Mr. Vinod Kumar MD & Group CEO	Not Independent Executive	8	8	Yes	NIL	1	NIL	NIL	NIL
Mr. N. Srinath	Not Independent Non Executive	8	6	Yes	NIL	6	NIL	2	NIL
Mr. Kishor A. Chaukar	Not Independent Non Executive	8	8	Yes	3	9	1	6	NIL
Mr. Amal Ganguli	Independent Non Executive	8	7	Yes	NIL	12	4	6	NIL
Mr. S. Ramadorai	Not Independent Non Executive	8	3	No	7	7	1	7	NIL
Dr. Ashok Jhunjhunwala	Not Independent Non Executive	8	8	Yes	NIL	7	1	5	NIL
Dr. Uday B Desai	Independent Non Executive	8	8	Yes	NIL	1	NIL	2	NIL
Mr. AK Mittal [1]	Not Independent Non Executive	8	2	No	NIL	1	NIL	1	NIL
Mr. Saurabh Kumar Tiwari [1]	Not Independent Non Executive	8	7	Yes	NIL	1	NIL	1	NIL
Directors who ceased to be Directors during 1 April 2012 till 31 March 2013									
Mr. Arun Gandhi [w.e.f. end of business hours of 15 March 2013]	Not Independent Non Executive	8	7	Yes	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 2012-13.

(f) The detailed resume of each director and the details of the directors proposed to be appointed / reappointed at the 27th 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 8 board meetings were held are as follows:

21 May 2012	12 July 2012*	26 July 2012	6 October 2012
6 November 2012	4&5 December 2012	9 February 2013	1 March 2013

* Informal meeting of directors held through telepresence for looking into business plan of Neotel.

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 Secretary to the committee.

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 2012-13	
	Held during Tenure	Attended
Mr. Amal Ganguli [Chairman]	7	7
Mr. Subodh Bhargava	7	7
Dr. Uday B. Desai	7	7
Mr. Saurabh Tiwari	7	7

At the Annual General Meeting held on 27 July 2012, 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:

21 May 2012	12 July 2012	26 July 2012	6 Oct 2012
6 Nov 2012	4&5 Dec 2012	9 Feb 2013	1 Mar 2013

4. REMUNERATION COMMITTEE

a) Constitution and Terms of Reference

The Remuneration Committee consists of three members namely Mr. Kishor Chaukar, Mr. Subodh Bhargava and Mr. A. K. Mittal. Mr. Satish Ranade, Company Secretary and Chief Legal Officer is the Remuneration Committee's Convener. The meeting of the Remuneration Committee was held on 21 May 2012 during the financial year 2012-13 which was attended by all the three members.

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.

CORRIGENDUM

HQ/CS/27AGM/15175

16 July 2013

Dear Shareholder,

The Annual Report of Tata Communications Limited for the financial year 2012-13 for Annual General Meeting to be held on 26 July 2013 has already been mailed to you. After printing and mailing the Annual Report we discovered an inadvertent error in the commission figures mentioned in table of commission and sitting fees under Paragraph 4 (c) on page 27 of the Annual Report. The corrected table is given below:

(Amount in ₹ `000)

Name of Director	Commission	Sitting Fee
Mr. Subodh Bhargava	680	310
Mr. N Srinath	173	140
Mr. Kishor Chaukar	358	270
Mr. Amal Ganguli	544	320
Mr. S. Ramadorai	74	60
Dr. Ashok Jhunjhunwala	247	200
Dr. Uday B. Desai	494	400
Mr. AK Mittal *	87	NIL
Mr. Saurabh Kumar Tiwari *	408	NIL
Directors who ceased to be directors during 1 April 2012 till 31 March 2013		
Mr. Arun Gandhi	185	150

** 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.*

We sincerely apologize for the inadvertent error despite making all possible efforts to ensure error free Annual Reports.

Kindly bear with us.

Thanking you,
Yours faithfully,

For Tata Communications Limited

Sd/-
(Satish Ranade)
Company Secretary

TATA COMMUNICATIONS
Tata Communications Limited
Plot C 21 & C 36 'G' Block Kurla Complex Vidayanagri PO Mumbai 400 098 India
Regd. Office VSB Mahatma Gandhi Road Fort Mumbai 400 001 India
Tel + 91 22 6657 8765 Fax + 91 22 6639 5162 Website www.tatacommunications.com

BOOK POST

If undelivered, please return to:

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 – 400 072.

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 and perquisites package recommended by the Remuneration Committee is approved by the Board within the overall ceilings approved by the shareholders.

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 2012-13 are as follows:

(Amount in ₹ '000)

Name of the Director	Commission	Sitting Fees
Mr. Subodh Bhargava Chairman	675	310
Mr. N. Srinath	221	140
Mr. Kishor A. Chaukar	307	270
Mr. Amal Ganguli	564	320
Mr. S. Ramadorai	172	60
Dr. Ashok Jhunjhunwala	221	200
Dr. Uday B Desai	491	400
Mr. AK Mittal *	233	NIL
Mr. Saurabh Kumar Tiwari *	282	NIL
Directors who ceased to be Directors during 1 April 2012 till 31 March 2013		
Mr. Arun Gandhi	86	150

* 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 2012-13 is as follows:

(Amount in ₹)

Name	Salary	Perquisites & Allowances	Commission*
Mr. Vinod Kumar MD & Group CEO	56,34,996	92,00,004	145,00,000
Total	**56,34,996**	**92,00,004**	**145,00,000**

* Commission is paid during Financial Year 2013-14.

5. INVESTOR GRIEVANCE COMMITTEE

The Investor Grievance Committee consists of Mr. Kishor Chaukar as its Chairman, Dr. UB Desai and Mr. AK Mittal as the members. During the financial year 2012-13, the Committee held four meetings on 21 May 2012, 26 July 2012, 6 November 2012 and 9 February 2013. 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 2013 is given below:

		No. of Complaints	
Sr. No.	**Nature of Complaints**	**Received**	**Pending**
1.	SEBI/Stock Exchange Complaint	5	NIL
2.	Direct/Miscellaneous/ Other Complaint	2	NIL
	Total	7	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 2013 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 trades in the securities of the companies as they may be privy to unpublished Price Sensitive Information. The code, therefore, mandates the Company to ensure timely and adequate disclosure of Price Sensitive Information to the investor community for taking informed investment decisions with regard to the Company's securities.

The Ethics and Compliance Committee consists of Mr. Kishor Chaukar as its Chairman, 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 2012-13 on 21 May 2012, 26 July 2012, 6 November 2012 and 9 February 2013.

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
27 July 2012	The 26th 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 Six resolutions (1 special resolution and 5 ordinary resolutions).	All the resolutions were put to vote by show of hands and were carried unanimously.
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 resolutions and 9 ordinary resolutions).	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 – 400001 to seek consent of Shareholders to the Scheme of Amalgamation of Tata Communications Internet Services Limited the wholly owned subsidiary of Tata Communications Limited with its parent. 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. The resolution was passed by majority.

Meeting Date	Location, Description and Type of Resolutions	Voting
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 resolution and 4 ordinary resolutions).	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 2012-13. Segmental information may be referred to in Note number 33 of the Notes to Accounts.

10 SHAREHOLDER INFORMATION

Date and Venue of the AGM

The Twenty Seventh Annual General Meeting of the Company will be held at 1100 hours on Friday, 26 July 2013, at NSE Auditorium, Ground Floor, National Stock Exchange of India Ltd., Exchange Plaza, Plot no. C/1, G Block, Bandra-Kurla Complex, Bandra (E), Mumbai - 400 051.

Financial Calendar

Fiscal year ended : 31 March 2013
Annual General Meeting : 26 July 2013

Key Financial Reporting Dates for the Financial Year 2013-14

First quarter ending 30 June 2013	:	On or before 14 August 2013
Second quarter ending 30 September 2013	:	On or before 14 November 2013
Third quarter ending 31 December 2013	:	On or before 14 February 2013
Fourth quarter ending 31 March 2014	:	on or before 29 May 2014.

Book Closure Dates for the Purpose of Dividend

The Company's register of members and share transfer books will remain closed from 19 July 2013 to 26 July 2013 (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 30% dividend i.e. ₹ 3 per share for the Financial Year 2012-13. The dividend as recommended by the Board of Directors, if declared at this Annual General Meeting, shall be paid on or after Tuesday the 30 July 2013.

Listing on Stock Exchanges inIndia and listing fees

The Company's shares are listed on the stock exchanges at Mumbai (BSE) and National Stock Exchange (NSE) in India. Annual listing fees as due to each of the above stock exchanges for 2012-13 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 Company's Board of Directors having taken into account the recent low trading volume of its ADRs on the NYSE, the compliance with the Securities and Exchange Board of India ("SEBI") mandate on minimum public shareholding and the associated costs of maintaining the listing and related obligations, in its Meeting held on 5 May 2013 has approved delisting its ADRs, from the NYSE and to terminate its ADR program. However, under the year under review, the Company has complied with the requirements of the Sarbanes Oxley Act (SOX) and the corporate audit processes are aligned to SOX standards. The Internal Audit function has conducted statutory and SOX audits verifying the compliance process for the Financial Year 2012-13. The annual listing fee payable to the NYSE has been paid regularly.

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.

Dematerialisation of Shares and Liquidity

Approximately 99.94% of the Company's share capital available in the market is dematerialised as on 31 March 2013. 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

7083975 ADRs (each representing two ordinary share of the Company) are outstanding as of 31 March 2013.

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 Maxcity, Premises No.35 & 36, 3rd Floor, Bandra Kurla Complex, Bandra (East), Mumbai – 400051. Telephone: +9122 30282301, Facsimile: +9122 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

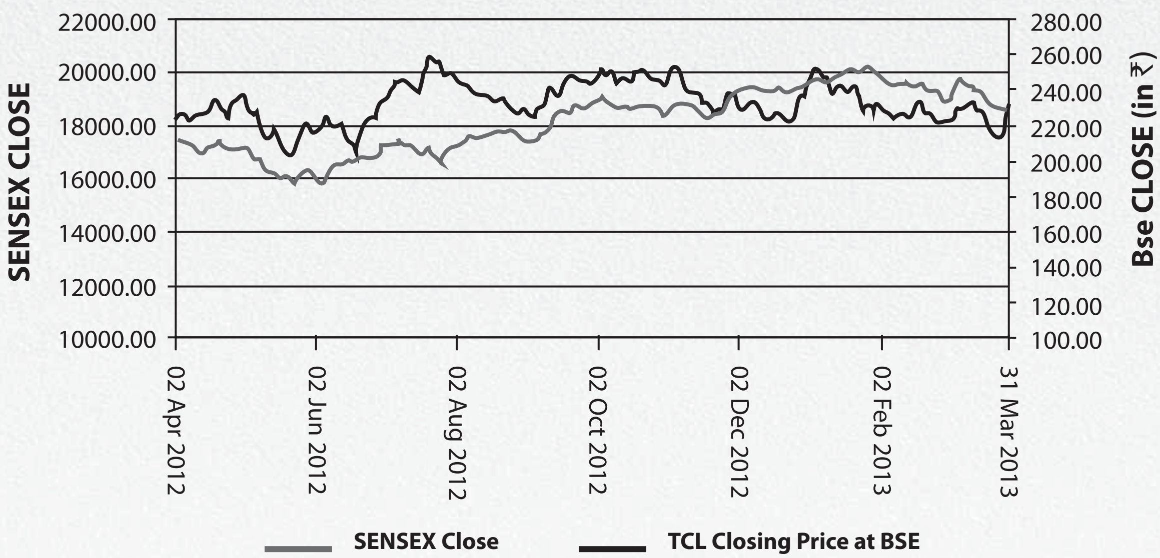
Bombay Stock Exchange	:	500483
National Stock Exchange	:	TATACOMM
ISIN No. for equity shares	:	INE151A01013

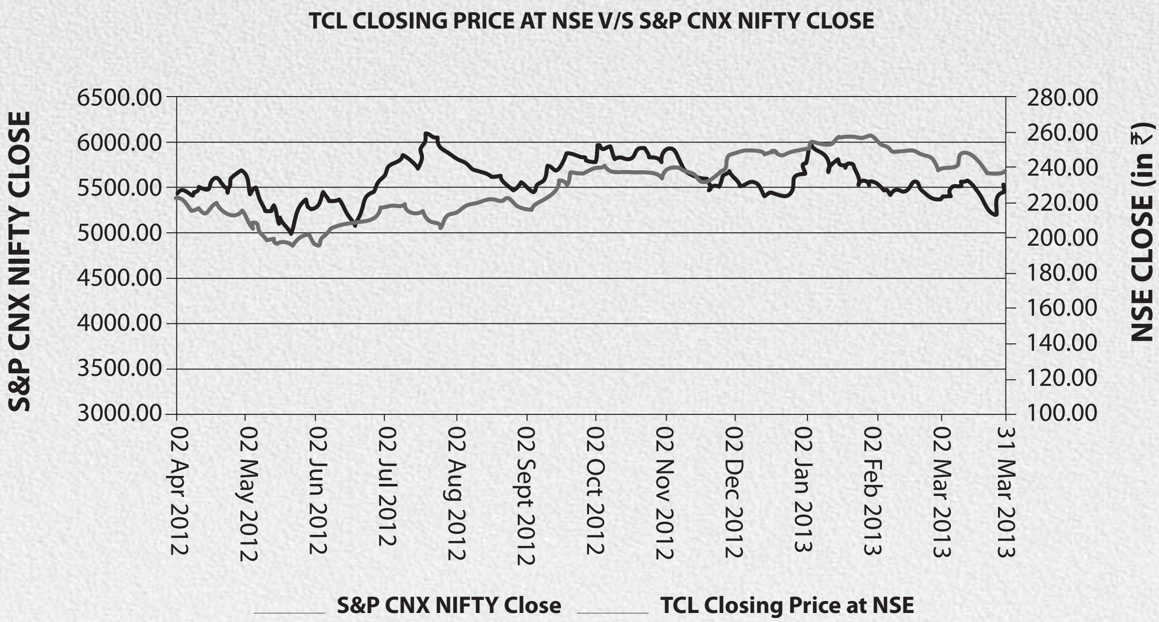
STOCK MARKET DATA RELATING TO SHARES LISTED IN INDIA

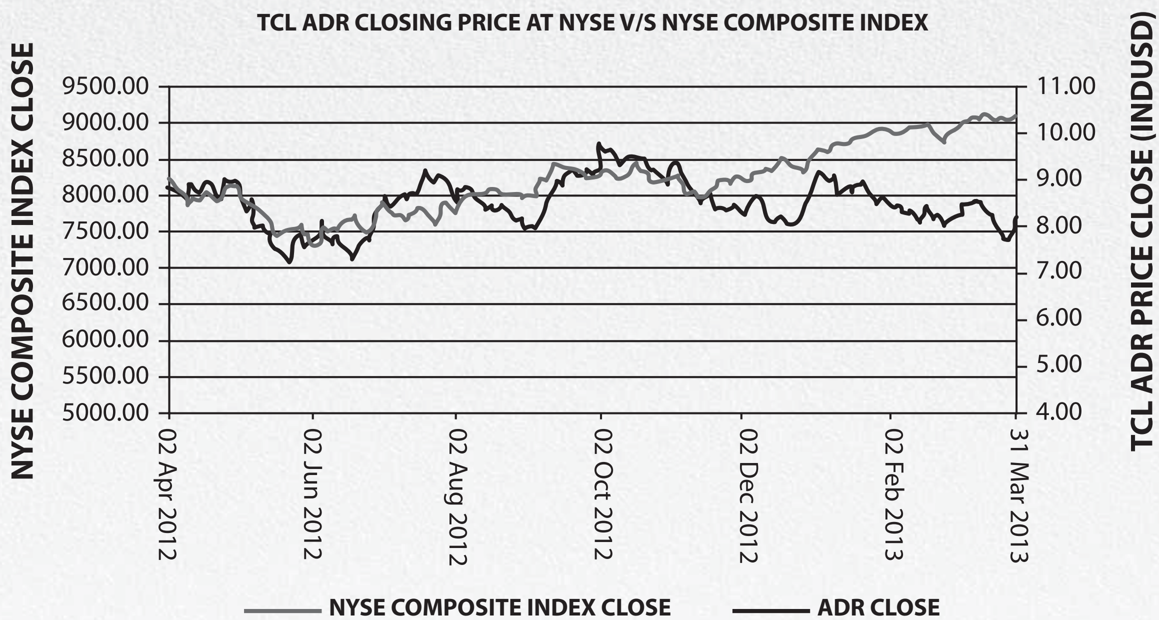
Monthly high and low quotations and volume of shares traded at BSE, NSE and NYSE for 2012-13 are:

	BSE Share Price (In ₹)			NSE Share Price (In ₹)			NYSE ADR Price (in USD)		
Month	High	Low	Avg Volume	High	Low	Avg Volume	High	Low	Avg Volume
Apr-12	240.30	210.10	27600	242.30	215.15	199100	9.05	8.47	22500
May-12	240.35	190.65	20400	242.55	197.45	140000	9.07	7.12	34400
Jun-12	234.90	201.60	26200	234.95	201.00	242400	8.31	7.24	19200
Jul-12	266.35	232.00	57900	265.95	227.20	367200	9.25	8.27	14500
Aug-12	251.20	225.60	14900	251.45	225.15	91700	8.90	7.93	11800
Sep-12	257.00	224.00	17100	256.80	224.05	140900	9.40	7.88	20800
Oct-12	256.25	240.10	12600	257.05	239.90	104300	9.86	8.85	13000
Nov-12	256.15	224.30	25500	270.00	221.20	156600	9.40	8.20	25500
Dec-12	241.95	220.00	32400	242.00	220.10	279500	8.74	7.97	24800
Jan-13	257.75	225.05	37900	257.80	224.65	329700	9.29	8.40	29700
Feb-13	248.40	218.10	13800	235.50	218.00	168600	8.67	8.01	46400
Mar-13	239.40	209.10	12000	239.90	208.10	128700	8.62	7.68	35000

TCL CLOSING PRICE AT BSE V/S SENSEX CLOSE




TCL CLOSING PRICE AT NSE V/S S&P CNX NIFTY CLOSE
S&P CNX NIFTY CLOSE
6500.00
6000.00
5500.00
5000.00
4500.00
4000.00
3500.00
3000.00
NSE CLOSE (in ₹)
280.00
260.00
240.00
220.00
200.00
180.00
160.00
140.00
120.00
100.00
02 Apr 2012
02 May 2012
02 Jun 2012
02 Jul 2012
02 Aug 2012
02 Sept 2012
02 Oct 2012
02 Nov 2012
02 Dec 2012
02 Jan 2013
02 Feb 2013
02 Mar 2013
31 Mar 2013
S&P CNX NIFTY Close
TCL Closing Price at NSE


TCL ADR CLOSING PRICE AT NYSE V/S NYSE COMPOSITE INDEX
NYSE COMPOSITE INDEX CLOSE
9500.00
9000.00
8500.00
8000.00
7500.00
7000.00
6500.00
6000.00
5500.00
5000.00
TCL ADR PRICE CLOSE (INDUSD)
11.00
10.00
9.00
8.00
7.00
6.00
5.00
4.00
02 Apr 2012
02 Jun 2012
02 Aug 2012
02 Oct 2012
02 Dec 2012
02 Feb 2013
31 Mar 2013
NYSE COMPOSITE INDEX CLOSE
ADR CLOSE

DISTRIBUTION OF SHAREHOLDING

	Number of Shareholders	
Number of ordinary shares held	**31.03.2013**	**31.03.2012**
1 to 500	58455	64469
501 to 1000	1292	1417
1001 to 10000	1319	1427
Over 10000	143	157
TOTAL	**61209**	**67470**

CATEGORIES OF SHAREHOLDERS AS OF 31 MARCH

Category	Number of Shareholders		Voting Strength (Percentage)		Number of Shares Held	
	2013	**2012**	**2013**	**2012**	**2013**	**2012**
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 Iron & Steel Company Limited	0	0	0	0	0	0
Tata Industries Limited	0	0	0	0	0	0
Central Government	1	1	26.12	26.12	74446885	74446885
NON-PROMOTERS						
Indian Public Financial Institutions	45	35	11.76	11.00	33508269	31354565
Indian Nationalised Banks	5	7	0.05	0.10	144936	284936
Foreign Financial Institutions	65	61	3.72	1.74	10613516	4945208
Foreign companies (shares held by The Bank of New York as depository for ADRs)	2	2	4.97	6.16	14167950	17559620
Non-resident individuals / Overseas Corporate Bodies	945	1026	0.12	0.10	344140	277074
Other Indian Bodies Corporate	989	1135	0.48	0.83	1379566	2368836
Others	59149	65195	2.74	3.92	7812750	11180888
TOTAL	**61209**	**67470**	**100**	**100**	**285000000**	**285000000**

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 @ USD13.93 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 @ USD13.93 per GDR equivalent ₹ 1000 per share.	+2,835,000	95,000,000	950,000,000
Feb. 1999	10 million shares divested by GoI in GDR markets @ USD9.25 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 15 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. Govt holdings reduced to 27.97% from 52.97% Ceases to be a Government of India Enterprise	NIL	285,000,000	2,850,000,000
21.02.2002	5264555 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
10.04.02	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
08.06.02	Open offer complete with Panatone holding total of 128249910 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, 67720300/400.
Fax : +91 22 26591586, 28508927.
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 66578765
Fax: +91 22 66395162
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) filled 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 2012-13' 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 corporate statutes in force.

Satish Ranade

Dated: 31March 2013

Company Secretary
& Chief Legal Officer

CHIEF EXECUTIVE OFFICER (CEO) AND CHIEF FINANCIAL OFFICER (CFO) CERTIFICATION FOR THE YEAR 2012-2013

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
Date : 28 May 2013	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 March 31, 2013, 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
Date: 31 Mar 2013	Company Secretary & Chief Legal Officer	Managing Director & 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, 2013, 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 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 2012-13'.

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)

R. A. Banga

Partner

Mumbai, 27 June, 2013

Membership No: 37915

BUSINESS RESPONSIBILITY REPORT

Section A: General Information about the Company

1. **Corporate Identity Number (CIN) of the Company:** L64200MH1986PLC039266
2. **Name of the Company:** Tata Communications Limited
3. **Registered address:** VSB, Mahatma Gandhi Road, Fort, Mumbai – 400001.
4. **Website:** www.tatacommunications.com
5. **E-mail id:** help@tatacommunications.com
6. **Financial Year reported:** 1 April 2012 to 31 March 2013
7. **Sector(s) that the Company is engaged in (industrial activity code-wise):**
8. **List three key products/services that the Company manufactures/provides (as in balance sheet):**
   a) Global Voice Solutions (GVS) and
   b) Global Data Managed Services (GDMS)
9. **Total number of locations where business activity is undertaken by the Company**
   i. **Number of International Locations (Provide details of major 5) :** As on 31 March 2013, the Company has 45 subsidiaries in 31 countries.
   ii. **Number of National Locations:** The Company has offices in all major cities in India.
10. **Markets served by the Company - Local/State/ National/International/**

    The Company along with its subsidiaries provides telecommunications services across the globe.

Section B: Financial Details of the Company

1. **Paid up Capital (INR) :** ₹ 285 crores
2. **Total Turnover (INR):**

	Standalone ₹ in Crores	Consolidated ₹ in Crores
Revenue from telecommunication services	4,416.12	17,212.95
Other Income	380.22	226.59
Total Turnover	**4,796.34**	**17,439.54**

3. **Total profit after taxes (INR):**

	Standalone ₹ in Crores	Consolidated ₹ in Crores
Profit / (loss) after taxes	475.24	(623.31)

4. **Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%)**

   Tata Communications annually allocates ₹2 crores to Community development projects.

5. **List of activities in which expenditure in 4 above has been incurred:-**
   a. Entrepreneurship
   b. Education and Life Skills Development
   c. Education
   d. Social Development and Environment concerns
   e. Health care support
   f. Social Consciousness

Section C: Other Details

1. **Does the Company have any Subsidiary Company/ Companies?**

   Yes

2. **Do the Subsidiary Company/Companies participate in the BR Initiatives of the parent company? If yes, then indicate the number of such subsidiary company(s)**

   The BR initiatives are driven by the parent company and all the subsidiaries contribute towards such initiatives as and when required.

3. **Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities? [Less than 30%, 30-60%, More than 60%]**

   The Company does not make it mandatory for its suppliers/distributors to participate in its BR initiatives.

Section D: BR Information

1. **Details of Director/Directors responsible for BR**

   a) **Details of the Director/Director responsible for implementation of the BR policy/policies**

   - DIN Number: 01204665
   - Name: Vinod Kumar
   - Designation: Managing Director & Group CEO

b) **Details of the BR head**

S. No.	Particulars	Details
1.	DIN Number (if applicable)	NA
2.	Name	Aadesh Goyal
3.	Designation	Executive Vice President & Global Head of HR, Human Resources
4.	Telephone number	+91 22 66505274
5.	e-mail id	aadesh.goyal@tatacommunications.com

2. **Principle-wise (as per NVGs) BR Policy/policies (Reply in Y/N)**

S. No.	Questions	P1	P2	P 3	P4	P5	P6	P7	P8	P9
1.	Do you have a policy/policies for....	Y	Y	Y	Y	Y	Y	Y	Y	Y
2.	Has the policy being formulated in consultation with the relevant stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
3.	Does the policy conform to any national /international standards? If yes, specify? (50 words)	Y	Y	Y	Y	Y	Y	Y	Y	Y
4.	Has the policy being approved by the Board?	Y	Y	Y	Y	Y	Y	Y	Y	Y
	Is yes, has it been signed by MD/owner/CEO/appropriate Board Director?	Y	Y	Y	Y	Y	Y	Y	Y	Y
5.	Does the company have a specified committee of the Board/ Director/Official to oversee the implementation of the policy?	Y	Y	Y	Y	Y	Y	Y	Y	Y
6.	Indicate the link for the policy to be viewed online?	http://www.tatacommunications.com/downloads/investors/Business_Responsibility_Policies.pdf								
7.	Has the policy been formally communicated to all relevant internal and external stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
8.	Does the company have in-house structure to implement the policy/policies.	Y	Y	Y	Y	Y	Y	Y	Y	Y
9.	Does the Company have a grievance redressal mechanism related to the policy/policies to address stakeholders' grievances related to the policy/policies?	Y	Y	Y	Y	Y	Y	Y	Y	Y
10.	Has the company carried out independent audit/evaluation of the working of this policy by an internal or external agency?	N	N	N	N	N	N	N	N	N

2a. If answer to S.No. 1 against any principle, is 'No', please explain why: (Tick up to 2 options)

S. No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1.	The company has not understood the Principles									
2.	The company is not at a stage where it finds itself in a position to formulate and implement the policies on specified principles									
3.	The company does not have financial or manpower resources available for the task									
4.	It is planned to be done within next 6 months									
5.	It is planned to be done within the next 1 year	☑	☑	☑	☑	☑	☑	☑	☑	☑
6.	Any other reason (please specify)									

3. Governance related to BR

- **Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the Company. Within 3 months, 3-6 months, Annually, More than 1 year**

  Yearly

- **Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?**

  No

Section E: Principle-wise performance

Principle 1

1. Does the policy relating to ethics, bribery and corruption cover only the company? Yes/No.

No

Does it extend to the Group/Joint entries/ Suppliers/Contractors/NGOs/Others?

All companies in Tata Communications Group are covered by the policy.

2. How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management? If so, provide details thereof, in about 50 words or so.

Given below are the statistics of the Whistle Blower cases received and actioned during financial year 2012-13:

Financial Year	Complaints reported, investigated and closed	Complaints found to be valid and actioned
2012-13	13	8
Total	**13**	8

Principle 2

1. List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and/or opportunities.

The Company is in the business of providing telecommunications services. The Company believes that it must work toward "taking less." The Company is moving ahead with the following Objective;

- Reducing Company's own footprint
- Influencing Company's customers and suppliers to encourage them to reduce their footprints
- Engaging with Company's employees to help reduce their personal footprints

In consonance with the Tata Group's initiatives on the Greening front, the Company has imbibed the Group's vision and strives to:

- be the benchmark in their segment of industry on the carbon footprint, for their plants and operations.
- engage actively in climate change advocacy and the shaping of regulations in different business sectors.

The Company accordingly has been incorporating 'green' perspective in all key organizational processes.

2. **For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product(optional):**

   i. **Reduction during sourcing / production distribution achieved since the previous year throughout the value chain?**

   ii. **Reduction during usage by consumers (energy, water) has been achieved since the previous year?**

The company is concerned about the energy efficiency and continuously updates its Power Usage Effectiveness (PUE) data which is an indication of efficiency of its data centers. The same is reviewed and monitored as Carbon Footprint (CFP) reduction plan by the Board. As a company it is actively engaged in securing and investing in renewable energy resources and as of FY 13, the total quantum of energy procured from renewable sources is 23 Million units which is 11% of its annual energy bill.

The Company is also an ISO14000 compliant organization with regular audits and all our processes are aligned with respect to the safe disposal of wastes and all our emission are within the limits prescribed by the Central Pollution Control Board (CPCB) and State Pollution Control Board (SPCB).

The Company has taken an aggressive target to reduce Carbon Foot print in a major way as follows:

- In FY 2012 ~15 Million units of wind power was used and achieved reduction of 12600 MT of carbon.
- In FY 2013 ~24 Million units of wind power was used and achieved ~20160 MT of carbon reduction.

3. **Does the company have procedures in place for sustainable sourcing (including transportation)**?

   i. **If yes, what percentage of your inputs was sourced sustainably? Also, provide details thereof, in about 50 words or so.**

   The Company has strategies and green initiatives to address the global environment issues. The Company is in the process of publishing Carbon Foot Print (CFP) for its operations and shall be on public domain by Q3 of FY14 with Carbon Disclosure Project. The Company's efforts to restore the environment cover the Company and also extend to the group and associates like suppliers and contractors.

4. **Has the company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work? If yes, what steps have been taken to improve their capacity and capability of local and small vendors?**

   The Company is engaged in the business of providing international telecommunications services. The criteria for procurement of goods and services are reliability, quality and price.

5. **Does the company have a mechanism to recycle products and waste? If yes what is the percentage of recycling of products and waste (separately as <5%, 5-10%, >10%). Also, provide details thereof, in about 50 words or so.**

   The Company's nature of business is such that it does not result in significant emissions or creation of significant process wastes. The Company's products and initiatives are also aimed to enable customers worldwide to leverage our communications solutions to reduce their own company's carbon footprint. As a responsible corporate as also part of Tata Group, the Company is committed to bringing efficiencies in our Greening efforts. The Company's efforts to restore the environment cover the Company and also extend to the group and associates like suppliers and contractors.

Principle 3

1. **Please indicate the Total number of employees.**

   The Company along with its subsidiaries employ 7673 people as on 31 March 2013.

2. **Please indicate the Total number of employees hired on temporary/contractual/ casual basis.**

   Onroll Employees - 7673

   Offroll Employees – 1801

   Total Employees - 9474

3. **Please indicate the Number of permanent women employees.**

   1382 permanent women employees (18% of total onroll employees).

4. **Please indicate the Number of permanent employees with disabilities.**

   Tata Communications Limited provides equal opportunities to all its employees and all qualified applicants for employment without regard to their race, caste, religion, colour, ancestry, marital status, sex, age, nationality and different ability status.

5. **Do you have an employee association that is recognized by management.**

Yes.

6. **What percentage of your permanent employees are members of this recognized employee association?**

5.8% of the total onroll employees are members of employee association.

7. **Please indicate the Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year.**

S. No.	Category	No of complaints filed during the financial year	No of complaints pending as on end of the financial year
1.	Child labour/ forced labour/ involuntary labour	NIL	NIL
2.	Sexual harassment	NIL	NIL
3.	Discriminatory employment	NIL	NIL

8. What percentage of your under mentioned employees were given safety & skill up-gradation training in the last year?

- **Permanent Employees**
- **Permanent Women Employees**
- **Casual/Temporary/Contractual Employees**
- **Employees with Disabilities**

The Company conducts safety training such as fire drills for all its employees periodically. The Company has in place a structured training program for its employees.

Principle 4

1. **Has the company mapped its internal and external stakeholders? Yes/No**

The Company plans to commission a specialized organization in near future to map its stakeholders from vulnerable and disadvantaged and marginalized section.

2. **Out of the above, has the company identified the disadvantaged, vulnerable & marginalized stakeholders.**

Presently the Company has identified through baseline surveys some of the disadvantaged and marginalized stakeholders in and around its larger operations in India.

3. **Are there any special initiatives taken by the company to engage with the disadvantaged, vulnerable and marginalized stakeholders. If so, provide details thereof, in about 50 words or so.**

Tata Communications believes in creating a roster of shared values for the organization's eco-system comprising of its employees, customers and communities at large. This belief is expected to lead to an equitable upliftment of all the communities in geographies the Company operates in.

Currently there are 4 special initiatives the Company has undertaken for the upliftment of disadvantaged and marginalized communities in and around its larger operations. The initiatives are as under:

a) The Company has undertaken a long term project with Entrepreneurship Development Institute of India, with an objective to train and develop potential small time Entrepreneurs with Entrepreneurship abilities. The programme basically aims at professionally training the identified 90 disadvantaged entrepreneurs from Pune, impart them with 2 months customized Entrepreneurship Development Programme in the area of Communications, help and support them for two years to undergo the process of establishing and running business, for promoting establishment of business enterprises. The programme will not only positively impact the trained entrepreneurs, but also generate employment and impact many more lives. Pune being one of the Company's largest operations, the project impacts many of its marginalized and deserving stakeholders.

b) The Company has undertaken a short term project with NIIT Foundation in Delhi. Through the project the Company imparts life skills training to 125 disadvantaged and vulnerable youth to enhance their employability skills. The project aims at training in the field of IT and ensuring employment in the organized or unorganized sectors to all the beneficiaries trained.

c) The Company has partnered with various academic Institutes in the field of Engineering to provide scholarships to meet their educational and livelihood requirements. All these students belong to extremely poor socio-economic background. The students supported through scholarships and other life skills programmes are one of our major current and future stakeholders.

d) The Company has partnered with Stree Mukti Sanghatana a Not-for-Profit organization made up of women rag-pickers for managing the entire waste-disposal Management in all the Company's Mumbai offices. This is reflection of our commitment towards being socially and environmentally responsible. the Company is strongly committed towards connecting the dots and building up the entire eco-system compromising of all its stakeholders. the Company regularly and actively engages its employees in all its community development initiatives in and around its operations as a part of Employees Volunteering programme.

Principle 5

1. **Does the policy of the company on human rights cover only the company or extend to the Group/Joint Ventures/Suppliers/Contractors/NGOs/Others?**

   The Company's policy on human rights covers the Company and its subsidiaries.

2. **How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?**

   None

Principle 6

1. **Does the policy related to Principle 6 cover only the company or extends to the Group/Joint Ventures/Suppliers/Contractors/NGOs/others.**

   Yes, it covers the company & also extends to the group and our associates like suppliers and contractors subject to it being limited to the Company's contracts and arrangements.

2. **Does the company have strategies/ initiatives to address global environmental issues such as climate change, global warming, etc? Y/N. If yes, please give hyperlink for webpage etc.**

   Yes. The Company has strategies and green initiatives to address the global environment issues. The Company is in the process of publishing CFP for its operations and shall be on public domain by Q3 of FY 14 with Carbon Disclosure Project.

3. **Does the company identify and assess potential environmental risks? Y/N**

   Yes. The environment risk and consequential issues arising out of it are part of our risk mitigation.

4. **Does the company have any project related to Clean Development Mechanism? If so, provide details thereof, in about 50 words or so. Also, if Yes, whether any environmental compliance report is filed?**

   No, the Company does not have any current project on Clean Development Mechanism.

5. **Has the company undertaken any other initiatives on - clean technology, energy efficiency, renewable energy, etc. Y/N. If yes, please give hyperlink for web page etc.**

   Yes. The company is concerned about the energy efficiency and continuously updates its Power Usage Effectiveness (PUE) data which is an indication of efficiency of its data centers. The same is reviewed and monitored as CFP reduction plan by the Board of the Company. The Company is actively engaged in securing and investing in renewable energy resources and as of FY 13, the total quantum of energy procured from renewable sources is 23 Million units which is 11% of its annual energy bill.

6. **Are the Emissions/Waste generated by the company within the permissible limits given by CPCB/SPCB for the financial year being reported?**

   Yes, the Company is ISO14000 compliant with regular audits and all processes are aligned with respect to the safe disposal of wastes and all emissions are within the limits prescribed by the Central Pollution Control Board (CPCB) and State Pollution Control Board (SPCB).

7. **Number of show cause/ legal notices received from CPCB/SPCB which are pending (i.e. not resolved to satisfaction) as on end of Financial Year.**

   There are no show cause notices issued by any statutory authorities for non -compliances from CPCB/ SPCB.

Principle 7

1. **Is your company a member of any trade and chamber or association? If Yes, Name only those major ones that your business deals with.**

   The Company participates in the stakeholder consultations with the Department of Telecom, Government of India, Telecom Regulatory Authority of India including interactions between industry associations like FICCI, ISPAI and relevant Ministries (Department of Telecom, Department of Information Technology, Ministry of Home Affairs) to support long term policy formulation in the Telecom sector as well to deal with the critical operational/business issues being consulted upon by the relevant Authorities.

2. **Have you advocated/lobbied through above associations for the advancement or improvement of public good? Yes/No; if yes specify the broad areas (drop box: Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy security, Water, Food Security, Sustainable Business Principles, Others)**

In order to bring transparency in its decision making process, the Telecom Regulatory Authority of India has evolved a consultative process wherein on important issues pertaining to Telecom sector, Consultation Papers are issued by it eliciting response from the stakeholders including Tata Communications Ltd. The Consultation Paper post the response from all the stakeholders is followed by an Open House discussion wherein all the stakeholders put forward their views on the issues involved in the consultation. Tata Communications Ltd. participates in all such consultation processes which are relevant to its line of business and put forth its view in a fair and transparent manner.

The Company also gives its inputs to the Government as and when the same is called for. The participated in the DoT consultation process for the formulation of new Telecom Policy which was finally unveiled by the Government in the year 2012.

The Company performs the function of policy advocacy in a transparent and responsible manner while engaging with all the Authorities and while doing so it takes into account both its Corporate as well as the larger national interest.

Principle 8

1. **Does the company have specified programmes/ initiatives/projects in pursuit of the policy related to Principle 8? If yes details thereof.**

Yes the company has specified programmes/ initiatives/ projects in pursuit of Principle – 8.. The initiatives are as under:

a) The Company has undertaken a long term project with Entrepreneurship Development Institute of India, with an objective to train and develop potential small time Entrepreneurs with Entrepreneurship abilities. The programme basically aims at professionally training the identified 90 disadvantaged entrepreneurs from Pune, impart them with 2 months customized Entrepreneurship Development Programme in the area of Communications, help and support them for two years to undergo the process of establishing and running business, for promoting establishment of business enterprises. The programme will not only positively impact the trained entrepreneurs, but also generate employment and impact many more lives. Pune being one of the Company's largest operations the project impacts many of its marginalized and deserving stakeholders.

b) The Company has undertaken a short term project with NIIT Foundation in Delhi, which happens to be the Company's one of Business operations. Through the project the Company imparts life skills training to 125 disadvantaged and vulnerable youth to enhance their employability skills. The project aims at training in the field of IT and ensuring employment in the organized or unorganized sectors to all the beneficiaries trained.

c) The Company has partnered with various academic Institutes in the field of Engineering to provide scholarships to meet their educational and livelihood requirements. All these students belong to extremely poor socio-economic background. The students supported through scholarships and other life skills programmes are one of our major current and future stakeholders.

d) The Company has partnered with Stree Mukti Sanghatana a Not-for-Profit organization made up of women rag-pickers for managing the entire waste-disposal Management in all the Company's Mumbai offices. This is reflection of our commitment towards being socially and environmentally responsible. the Company is strongly committed towards connecting the dots and building up the entire eco-system compromising of all its stakeholders. the Company regularly engages its employees in all its community development initiatives as a part of Employees Volunteering programme.

2. **Are the programmes/projects undertaken through in-house team/own foundation/external NGO/ government structures/any other organization?**

   The programmes/projects are undertaken by external NGOs and other organizations.

3. **Have you done any impact assessment of your initiative?**

   The impact assessment are conducted by the implementing partners and shared with Tata Communications.

4. **What is your company's direct contribution to community development projects- Amount in INR and the details of the projects undertaken.**

   Tata Communications annually allocates ₹ 2 crores to Community development projects. The Company believes in creating a roster of shared values for the organization's eco-system comprising of its employees, customers and communities at large. This belief is expected to lead to an equitable upliftment of all the communities in geographies the Company operates in.

   Currently there are 6 special initiatives the Company has undertaken for the upliftment of disadvantaged and marginalized communities in and around its larger operations. The initiatives are as under:

   a) Entrepreneurship: the Company has undertaken a long term project with Entrepreneurship Development of India in 2012-14, with an objective to train and develop potential small time Entrepreneurs with Entrepreneurship abilities. The programme basically aims at professionally training the identified 90 disadvantaged entrepreneurs from Pune, impart them with 2 months customized Entrepreneurship Development Programme in the area of Communications, help and support them for two years to undergo the process of establishing and running business, for promoting establishment of business enterprises. The programme will not only positively impact the trained entrepreneurs, but also generate employment and impact many more lives. Pune being one of the Company's largest operations, this project has helped many of its marginalized and deserving stakeholders.

   b) Education and Life Skills development: the Company has undertaken short term projects in 2011-12 and 2012-13 with NIIT Foundation in Delhi, which is be the Company's one of Business operations. The Company imparts life skills training to 125 disadvantaged and vulnerable youth to enhance their employability skills through this project. The project aims at training in the field of IT and ensuring employment in the organized or unorganized sectors to all the beneficiaries trained.

   c) Education: the Company has partnered in 2011-12 and 2012-13 with various academic Institutes in the field of Engineering to provide scholarships to meet their educational and livelihood requirements. The scholarships are also provided to students form weaker sections through Foundation for Academic excellence and Access. All these students belong to extremely poor socio-economic background. The students supported through scholarships and other life skills programmes are one of our major current and future stakeholders.

   d) Social Development & Environment concerns: the Company has partnered with "Stree Mukti Sanghatana" a Non-for-Profit organization made up of women rag-pickers for managing the entire waste-disposal Management in all the Company's Mumbai offices. This is reflection of our commitment towards being socially and environmentally responsible. the Company is strongly committed towards connecting the dots and building up the entire eco-system compromising of all its stakeholders. the Company regularly engages its employees in all its community development initiatives as a part of Employees Volunteering programme.

   e) Healthcare support – the Company has supported TATA Medical centre, Hospital in Kolkata in increasing the number of Beds for poor and needy cancer affected patients in the year 2012-13.

   f) Social Consciousness and Employees Volunteering: the Company supported over 500 households in 2012-13 by way of providing solar lamps. These houses are located in very difficult terrains and have no access to infrastructure and electricity. The solar lamps have been useful in improving the living conditions of the existing communities and have increased the performance of students in the schools.

The Company employees have been actively engaged in various socially responsible initiatives annually.

The employees have been volunteering since 2011 in cleaning Beaches post Ganesh immersion annually. Employees have been the ambassadors of community development in the Company.

5. **Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in 50 words, or so.**

   The Company's community development projects are based on the model of community ownership. Majority of the long term projects are envisaged, identified and executed with a delivery model which is later adopted by the community. The Entrepreneurship development programme for the weaker entrepreneur sections and the life skills development programmes for the youth are self-sustainable projects. The students' scholarships programme aims at making the students independent and capable of earning decent livelihood.

Principle 9

1. **What percentage of customer complaints/consumer cases are pending as on the end of financial year.**

   The Company is engaged in the business of providing national and international telecommunications services hence this is not applicable .

2. **Does the company display product information on the product label, over and above what is mandated as per local laws? Yes/No/N.A. /Remarks(additional information)**

   The Company being in the business of providing telecommunications services, the same is not applicable.

3. **Is there any case filed by any stakeholder against the company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behaviour during the last five years and pending as on end of financial year. If so, provide details thereof, in about 50 words or so.**

   There are no cases pending against the Company regarding unfair trade practices, abuse of dominant position or anti-competitive practices.

4. **Did your company carry out any consumer survey/ consumer satisfaction trends?**

   Customer satisfaction surveys are conducted once every year.

Financial Statements

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF TATA COMMUNICATIONS LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of **TATA COMMUNICATIONS LIMITED** ("the Company"), which comprise the Balance Sheet as at 31 March, 2013 and the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956 ("the Act") and in accordance with the accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

(a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31 March, 2013;

(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.

Report on Other Legal and Regulatory Requirements

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

2. As required by Section 227(3) of the Act, we report that:

   (a) 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.

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

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

   (d) In our opinion, the Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement comply with the Accounting Standards referred to in Section 211(3C) of the Act.

   (e) On the basis of the written representations received from the directors as on 31 March, 2013 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March, 2013 from being appointed as a director in terms of Section 274(1)(g) of the Act.

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

R. A. BANGA
Partner
(Membership No. 037915)

MUMBAI, 28 May, 2013

ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT

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

(i) Having regard to the nature of the Company's business/ activities/ result during the year, clauses (x), (xiii), (xiv) and (xviii) of paragraph 4 of the Order 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) The Company has a program of verification of fixed assets to cover all the items in a phased manner over a period of 3 years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the program, certain fixed assets were physically verified by the Management during the year. According to the information and explanations given to us, no material discrepancies were noticed on such verification.

(c) The fixed assets disposed off during the year, in our opinion, do not constitute substantial part of fixed assets of the Company.

(iii) In respect of its inventory:

(a) As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals.

(b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the Management were 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 has maintained proper records of its inventories and no material discrepancies were noticed on physical verification.

(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 ₹ 249.26 crores to two wholly owned subsidiaries. At the year end, the loans granted to the two subsidiaries aggregated ₹ 180.20 crores and the maximum balance outstanding during the year was ₹ 1048.95 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 receipt 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 loans secured or unsecured, from companies, firms or other parties covered in the Register maintained under Section 301 of the Companies Act, 1956.

(v) In our opinion and according to the information and explanations given to us, having regard to the explanation that certain items purchased and sold are of special nature and their prices cannot be compared with alternative quotation, 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 for the sale of goods and services. During the course of our audit, we have not observed any major weakness in such internal control system.

(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 needed 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, and having regard to our comment in para (v) above, 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 deposits from the public during the year. In respect of unclaimed deposits, the Company has complied with the provisions of Sections 58A and 58AA or any other relevant provisions of the Companies Act, 1956.

(viii) In our opinion, the Company has an adequate 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 has generally been 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, 2013 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 income-tax, sales tax, wealth tax, service tax, custom duty, excise duty and cess which have not been deposited as on 31 March, 2013 on account of any dispute are given below:

Name of Statute	Nature of Dues	Forum where the dispute is pending	Period to which the amount relates	Amount involved (₹ in crores)
Sales Tax Laws	Sales Tax	West Bengal Commercial Tax Appellate and Revision Board	FY 2006-07	0.02
Central Sales Tax Laws	Central Sales Tax	West Bengal Commercial Tax Appellate and Revision Board	FY 2006-07, 2007-08	1.08
VAT Act	VAT	Joint Commissioner of Commercial Taxes	FY 2009-10	0.18
Income Tax Act	Income Tax	Income Tax Appellate Tribunal	AY 2004-05	1.37
Income Tax Act	Income Tax	Income Tax Appellate Tribunal	AY 2007-08	152.19
Income Tax Act	Income Tax	Income Tax Appellate Tribunal	AY 2008-09	174.59
Income Tax Act	Income Tax	Commissioner of Income-tax (Appeals)	AY 2010-11	22.74
Income Tax Act	Income Tax	Commissioner of Income-tax (Appeals)	AY 2007-08 - AY 2012-13	49.06
Income Tax Act	Income Tax	TDS Officer	AY 2008-09	0.01
Income Tax Act	Income Tax	Rectification Application Before TDS officers	AY 2006-07, AY 2008-09 - AY 2012-13	0.47

Out of the above amounts aggregating ₹ 401.71 crores, ₹ 296.01 crores have been stayed for recovery by the relevant authorities.

(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 guarantees 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 by the Company during the year 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 of the Company, funds raised on short term basis have *prima facie* not been used during the year for long term investment.

(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)

R. A. BANGA
Partner
(Membership No. 037915)

MUMBAI, 28 May, 2013

BALANCE SHEET AS AT 31 MARCH, 2013

		Note No.	As at 31 March, 2013 ₹ in crores	*As at 31 March, 2012 ₹ in crores*
A	**EQUITY AND LIABILITIES**			
	(1) Shareholders' funds			
	(a) Share capital	3	285.00	*285.00*
	(b) Reserves and surplus	4	7,231.42	*6,851.97*
			7,516.42	***7,136.97***
	(2) Non-current liabilities			
	(a) Long-term borrowings	5	625.00	*825.00*
	(b) Deferred tax liabilities (net)	6	-	*16.42*
	(c) Other long-term liabilities	7	391.56	*384.08*
	(d) Long-term provisions	8	122.16	*127.68*
			1,138.72	***1,353.18***
	(3) Current liabilities			
	(a) Short-term borrowings	9	149.70	*125.83*
	(b) Trade payables	10	1,248.30	*1,202.14*
	(c) Other current liabilities	11	537.17	*952.69*
	(d) Short-term provisions	12	110.52	*85.30*
			2,045.69	***2,365.96***
	Total		**10,700.83**	***10,856.11***
B	**ASSETS**			
	(1) Non-current assets			
	(a) Fixed assets	13		
	(i) Tangible assets		4,694.91	*4,661.10*
	(ii) Intangible assets		138.54	*90.90*
	(iii) Capital work-in-progress		174.66	*303.34*
			5,008.11	***5,055.34***
	(b) Non-current investments	14	2,030.51	*1,788.27*
	(c) Deferred tax assets (net)	6	8.71	-
	(d) Long-term loans and advances	15	1,683.02	*2,761.94*
	(e) Other non-current assets	16	8.08	*8.08*
			3,730.32	***4,558.29***
	(2) Current assets			
	(a) Current investments	17	462.41	-
	(b) Inventories - stores and spares		4.20	*0.45*
	(c) Trade receivables	18	861.02	*845.77*
	(d) Cash and bank balances	19	328.62	*53.32*
	(e) Short-term loans and advances	20	285.85	*318.31*
	(f) Other current assets	21	20.30	*24.63*
			1,962.40	***1,242.48***
	Total		**10,700.83**	***10,856.11***

See accompanying notes forming part of the financial statements

In terms of our report attached

For S. B. BILLIMORIA & CO.
Chartered Accountants

R. A. BANGA
Partner

MUMBAI
DATED: 28 May, 2013

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: 28 May, 2013

STATEMENT OF PROFIT AND LOSS FOR THE PERIOD ENDED 31 MARCH, 2013

		Note No.	Year ended 31 March, 2013 ₹ in crores	*Year ended 31 March, 2012 ₹ in crores*
I	Revenue from telecommunication services		4,416.12	*4,091.77*
II	Other Income	22	380.22	*179.10*
III	**Total Revenue (I + II)**		**4,796.34**	***4,270.87***
IV	**Expenses:**			
	Network and transmission	23	1,963.20	*1,736.50*
	Employee benefits	24	639.46	*622.24*
	Operating and other expenses	25	813.25	*745.06*
	Finance cost	26	119.69	*194.87*
	Depreciation and amortization (net of transfer from Capital Reserve)	13	762.40	*707.08*
	Total Expenses		**4,298.00**	***4,005.75***
V	**Profit before exceptional items and taxes (III-IV)**		**498.34**	***265.12***
VI	**Exceptional Items (loss) / gain**	27	158.35	-
VII	**Profit before tax (V+VI)**		**656.69**	***265.12***
VIII	**Tax expense:**			
	(a) Current tax		206.58	*203.29*
	(b) Deferred tax		(25.13)	*(109.51)*
IX	**Profit for the year (VII - VIII)**		**475.24**	***171.34***
	Earnings Per Share (of ₹ 10 each)			
	Basic/ Diluted earnings per share (₹)	31	**16.68**	***6.01***

See accompanying notes forming part of the financial statements

In terms of our report attached

For S. B. BILLIMORIA & CO.
Chartered Accountants

R. A. BANGA
Partner

MUMBAI
DATED: 28 May, 2013

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: 28 May, 2013

CASH FLOW STATEMENT FOR THE PERIOD ENDED 31 MARCH, 2013

		Year Ended 31 March, 2013 ₹ in crores	*Year Ended 31 March, 2012 ₹ in crores*
CASH FLOWS FROM OPERATING ACTIVITIES			
1	**PROFIT BEFORE TAX**	**656.69**	***265.12***
	Adjustments for:		
	Depreciation and amortisation expense	762.40	*707.08*
	Profit on sale of fixed assets (net) (Refer note 3)	(193.18)	*(6.60)*
	Interest income	(39.17)	*(28.65)*
	Finance cost	119.69	*194.87*
	Gain on current investments	(15.73)	*(35.91)*
	Dividend income from subsidiaries	(31.16)	*(18.76)*
	Exchange fluctuation on Loans to Subsidiaries	98.40	*(149.65)*
	Provisions for doubtful trade receivables	26.16	*24.36*
	Provisions for doubtful advances	0.93	*5.17*
	Fixed assets written down	-	*4.51*
	OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	**1,385.03**	***961.54***
	Changes in working capital:		
	Adjustments for (increase) / decrease in operating assets:		
	Inventories	(3.75)	*4.89*
	Trade receivables	(41.41)	*34.01*
	Short-term loans and advances	22.47	*(119.89)*
	Long-term loans and advances	113.02	*31.38*
	Other current assets	2.52	*(129.11)*
	Adjustments for increase / (decrease) in operating liabilities:		
	Trade payables	32.89	*145.18*
	Other current liabilities	16.42	*159.89*
	Other long-term liabilities	7.48	*47.70*
	Short-term provisions	(7.75)	*5.18*
	Long-term provisions	(5.52)	*32.54*
	Cash generated from operations before tax and exceptional items	**1,521.40**	***1,173.31***
	Income tax refund (net)	74.05	*40.96*
	NET CASH FROM OPERATING ACTIVITIES	**1,595.45**	***1,214.27***
2	**CASH FLOWS FROM INVESTING ACTIVITIES**		
	Purchase of fixed assets	(722.02)	*(723.51)*
	Proceeds from sale of fixed assets	197.34	*7.34*
	Purchase of non-current investments (Refer Note 2)	(220.24)	*(0.16)*
	Purchase of current investments	(4,829.40)	*(4,802.92)*
	Proceeds from sale of current investments	4,382.72	*4,883.54*
	Loans given to subsidiaries during the year	(519.57)	*(752.26)*
	Loans repaid by subsidiaries during the year (Refer Note 2)	1,107.90	*905.34*
	Inter corporate deposits given during the year	(60.00)	*(140.00)*
	Inter corporate deposits matured during the year	70.00	*130.00*
	Dividend income from subsidiaries	31.16	*18.76*
	Interest received	41.00	*15.43*
	Earmarked funds	(0.84)	*(1.84)*
	NET CASH FROM/ (USED IN) INVESTING ACTIVITIES	**(521.95)**	***(460.28)***
3	**CASH FLOWS FROM FINANCING ACTIVITIES**		
	Proceeds from short-term borrowings	489.62	*51.02*
	Repayment of short-term borrowings	(470.78)	*(100.48)*
	Repayment of long-term borrowings	(606.46)	*(808.23)*
	Dividends paid including dividend tax	(66.30)	*(64.05)*
	Finance cost	(145.12)	*(211.55)*
	NET CASH FLOW USED IN FINANCING ACTIVITIES	**(799.04)**	***(1,133.29)***
	NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	274.46	*(379.30)*
	CASH AND CASH EQUIVALENTS AS AT THE BEGINNING OF THE YEAR	43.31	*422.61*
	CASH AND CASH EQUIVALENTS AS AT THE END OF THE YEAR (Refer note 19 - Cash and bank balances)	**317.77**	***43.31***

Notes:

1. Figures in brackets represents outflows.
2. In the current year, loan to Tata Communications Payment Solutions Limited (TCPSL) amounting to ₹ 22 crores was converted to equity share capital.
3. Profit on sale of Fixed Assets includes profit on sale of land and building in Chennai which is included as part of exceptional items amounting to ₹ 189.62 crores.

In terms of our report attached

For S. B. BILLIMORIA & CO.
Chartered Accountants

R. A. BANGA
Partner

MUMBAI
DATED: 28 May, 2013

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: 28 May, 2013

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2013

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 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. During the year 2007-08, the Company changed its name from Videsh Sanchar Nigam Limited to Tata Communications Limited.

The Company offers international and national voice and data transmission services, selling and leasing of bandwidth on undersea cable systems, internet dial up and broadband services, and other value-added services comprising mainly-mobile global roaming and signaling services, transponder lease, data centers, telex and telegraph and television uplinking.

2. Significant accounting policies

a. Basis of preparation of financial statements

The financial statements have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards notified under of the Companies (Accounting Standards) Rules, 2006 (as amended) and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared on an accrual basis under the historical cost convention and as a going concern. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.

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.

The management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognized in the periods in which the results are known / materialize.

c. Cash flow statement

Cash flows are reported using the indirect method, whereby profit / (loss) before extraordinary items and tax is adjusted for the effects of transactions of a non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

d. Fixed assets

i. Tangible and intangible 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. 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 capitalized 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 capitalized as part of the cost of such asset. All other borrowing costs are recognized as expenses in the periods in which they are incurred.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2013 *(Contd.)*

v. Capital work-in-progress includes projects under which tangible fixed assets are not yet ready for their intended use and are carried at cost, comprising direct cost, directly attributable cost and attributable interest.

vi. 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/ 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 where the depreciation rate is higher than the prescribed rate in Schedule IV to the Companies Act, 1956:

Tangible and Intangible assets	**Rates of Depreciation/ Period of Amortization**
i. Plant and Machinery	
- Land cables	6.33%
- Sea cables (Refer note 13 (i) (g))	4.75% to 6.33%
- Earth station and switches	7.92%
- Other networking equipments	11.88%
- Customer premises cables and equipments	19.00%
- Batteries (Refer note 13 (i) (g))	23.75%
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. Software	Over a period of 6 years
vi. Leasehold Improvements	Over the lease period

f. 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.

g. 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.

h. Investments

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

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

i. 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.

j. *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.

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.

k. *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. Certain 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.

l. *Other income*

i. 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.

ii. Guarantee fees are accrued over the period in which the Company has provided the respective guarantees.

m. *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.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2013 *(Contd.)*

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

n. 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.

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.

o. 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.

p. Contingent liabilities and provisions

A provision is recognized when the Company has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. Provisions (excluding retirement benefits) are not discounted to their present value and are determined based on the best estimate of the amount required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates. Contingent liabilities are disclosed in the notes. Contingent assets are not recognized in the financial statements.

q. 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 of.

3. Share capital

(₹ in crores)

	As at 31 March 2013	***As at 31 March 2012***
a. Authorized:		
400,000,000 (2012:400,000,000) Equity shares of ₹ 10 each	400.00	*400.00*
b. Issued, Subscribed and Paid up:		
285,000,000 (2012:285,000,000) 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 financial year 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. The holders of American Depositary Receipts ("ADRs") do not have voting rights.

Subsequent to the year end the company announced its intention to delist its American Depositary Shares ("ADSs"), as evidenced by ADRs, from the New York Stock Exchange ("NYSE") and to terminate its ADR program.

The Board of Directors have recommended a dividend of ₹ 3 (2012: ₹ 2) per share for the year ended 31 March 2013.

d. Number of shares held by each shareholder holding more than 5% of the issued share capital:

	As at 31 March 2013		*As at 31 March 2012*	
	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%*
Bank of New York Mellon as depository to Company's ADR issue	14,107,950	4.97%	*17,559,620*	*6.16%*

4. Reserves and surplus

(₹ in crores)

	As at 31 March 2013	***As at 31 March 2012***
a. Capital Reserve (Refer i)		
Opening balance	206.92	*207.38*
Less: Depreciation on gifted assets transferred to Statement of Profit and Loss	(0.45)	*(0.46)*
Closing balance	**206.47**	***206.92***
b. Debenture Redemption Reserve		
Opening balance	730.74	*1,018.11*
Add: Transferred from Surplus in Statement of Profit and Loss (Refer note 5i and 5ii)	219.39	*512.63*
Less: Transfer to General Reserve on redemption of debentures (Refer note 5i and 5ii)	(600.00)	*(800.00)*
Closing balance	**350.13**	***730.74***

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2013 *(Contd.)*

(₹ in crores)

		As at 31 March 2013	*As at 31 March 2012*
c.	**Securities Premium**		
	Opening balance	725.01	*725.01*
	Closing balance	**725.01**	***725.01***
d.	**General Reserve**		
	Opening balance	4,173.59	*3,360.74*
	Add: Transferred from Surplus in Statement of Profit and Loss	47.52	*12.85*
	Add: Transferred from Debenture Redemption Reserve (Refer note 5i and 5ii)	600.00	*800.00*
	Closing balance	**4,821.11**	***4,173.59***
e.	**Foreign Exchange Translation Reserve**		
	Opening balance	22.59	-
	Add: Effect of foreign exchange rate variations during the year (Refer ii)	3.88	*22.59*
	Closing balance	**26.47**	***22.59***
f.	**Surplus in Statement of Profit and Loss**		
	Opening balance	993.12	*1,411.24*
	Add: Profit for the year	475.24	*171.34*
	Less: Proposed Dividend (Refer note 3c)	(85.50)	*(57.00)*
	Tax on Dividend (net of dividend tax credit ₹ 0.81 crores (2012: ₹ 2.27 crores))	(13.72)	*(6.98)*
	General Reserve	(47.52)	*(12.85)*
	Debenture Redemption Reserve (Refer note 5i and 5ii)	(219.39)	*(512.63)*
	Closing balance	**1,102.23**	***993.12***
	Total (a+b+c+d+e+f)	**7,231.42**	***6,851.97***

i. Capital Reserve includes ₹ 205.22 crores in respect of foreign exchange gains on unutilized proceeds from Global Depository Receipts in earlier years.

ii. The Company has accounted for the effects of revaluation of loans given to VSNL SNOSPV Pte. Ltd. which forms part of net investments in non-integral foreign opertaions in foreign exchange translation reserve as per Accounting Standard - 11 on "Accounting for effects of changes in Foreign Exchange Rates".

5. Long-term borrowings

(₹ in crores)

	As at 31 March 2013	*As at 31 March 2012*
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*
Nil (2012: 6,000), 11.70% Rated Debentures of face value ₹ 10 lakhs each [Repayable ₹ Nil within one year (2012: ₹ 400 crores)]	-	*600.00*
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*
II Term Loan – Unsecured		
From bank	75.00	*75.00*
(rate of interest 9% p.a, repayable by June 2014)		
From Others	-	*6.46*
(rate of interest 5.95% to 6.90% p.a, repayable by July 2012)		
	625.00	***1,231.46***
Less: Current maturities of long term borrowings	-	*(406.46)*
	625.00	***825.00***

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. The debenture has been fully redeemed during the year and the charge on assets is released.

  ₹ 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, 2013 *(Contd.)*

- **Redemption Terms**

The outstanding debentures are due for redemption as given below:

Date of redemption as per terms of issue	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	-	-
Total	**190**	**55**	**5**

For facilitating the above redemptions, the Company has created a debenture redemption reserve of ₹ 179.60 crores (2012: ₹ 605.19 crores), and an amount of ₹ 174.41 crores (2012: ₹ 270.55 crores) has been appropriated during the current year.

During the year, 4,000 (2012: 4,000) 11.70% debentures aggregating ₹ 400 crores (2012: ₹ 400 crores) were redeemed as per terms of issue and consequently debenture redemption reserve of ₹ 400 crores (2012: ₹ 400 crores) created to facilitate the redemption of above debentures has been transferred to General reserve.

In addition to the above, 2,000 11.70% debentures aggregating ₹ 200 crores were prepaid during the year and consequently debenture redemption reserve of ₹ 200 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 ₹ 170.53 crores (2012: ₹ 125.55 crores), an amount of ₹ 44.98 crores (2012: ₹ 242.08 crores) has been appropriated during the current year.

During the previous year 4,000, 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.

6. Deferred tax liabilities/ (assets) (net)

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

(₹ in crores)

		As at 31 March 2013	*As at 31 March 2012*
Deferred tax liability arising out of timing differences on:			
Difference between accounting and tax depreciation/ amortization		240.41	*244.22*
Total deferred tax liabilities	**(A)**	**240.41**	***244.22***
Deferred tax assets arising out of timing differences on:			
Provision for doubtful trade receivables		65.42	*55.94*
Provision for leave encashment		22.76	*19.81*
Provision for bonus		2.52	*2.60*
Expenditure incurred on NLD license fees		14.31	*15.37*
Expenditure disallowed u/s. 40 (a) (ia)		88.32	*71.97*
Unearned income and deferred revenues		8.84	*9.73*
Interest received on provisional income-tax assessment		19.64	*18.71*
Interest accrued on secured debenture issued to Public Financial Institutions		13.07	*15.16*
Revaluation loss on buyers credit		8.70	*10.04*
Others		5.54	*8.47*
Total deferred tax assets	**(B)**	**249.12**	***227.80***
Deferred tax liabilities/ (assets) (net)	**(A - B)**	**(8.71)**	***16.42***

7. Other long-term liabilities

(₹ in crores)

		As at 31 March 2013	*As at 31 March 2012*
a.	Deferred revenue	376.28	*372.34*
b.	Trade payables	15.28	*11.74*
		391.56	***384.08***

8. Long-term provisions

(₹ in crores)

		As at 31 March 2013	*As at 31 March 2012*
a.	Provision for employee benefits (Refer note 28)		
	Provision for compensated absences	57.18	*53.38*
	Provision for post-employment medical benefits	52.85	*48.29*
	Provision for pension benefits	3.13	*16.49*
b.	Provision for contingencies (Refer note 35)	9.00	*9.25*
c.	Others	-	*0.27*
		122.16	***127.68***

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2013 *(Contd.)*

9. Short-term borrowings

	As at 31 March 2013	*As at 31 March 2012*
Short Term Loans (Unsecured)		
From banks	149.70	*125.83*
(rate of interest – 1.09 % to 2.60 %)		
	149.70	***125.83***

10. Trade payables

(₹ in crores)

		As at 31 March 2013	*As at 31 March 2012*
a.	Network and transmission expenses payable	1,123.11	*1,010.50*
b.	Dues to micro and small enterprises (Refer note 41)	0.72	*0.15*
c.	Payables to related parties	32.62	*102.30*
d.	Accrued payroll	91.85	*89.19*
		1,248.30	***1,202.14***

11. Other current liabilities

(₹ in crores)

		As at 31 March 2013	*As at 31 March 2012*
a.	Current maturities of long term borrowings (Refer note 5)	-	*406.46*
b.	Deferred revenues and advances received from customers	145.01	*137.43*
c.	Interest accrued but not due on loans from banks	28.01	*53.45*
d.	License fees payable	64.25	*63.55*
e.	Deposits from customers and contractors	39.44	*40.42*
f.	Government of India account	20.57	*20.57*
g.	Unpaid dividend (Refer I)	0.39	*0.44*
h.	Statutory liabilities		
	- Service tax payable	202.89	*129.59*
	- Other taxes	19.41	*23.12*
i.	Gratuity (Refer note 28)	7.48	*6.85*
j.	Forward contracts (includes losses on mark to market)	-	*57.47*
k.	Other liabilities	9.72	*13.34*
		537.17	***952.69***

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

12. Short-term provisions

			(₹ in crores)
		As at 31 March 2013	***As at 31 March 2012***
a.	Provision for employee benefits (Refer note 28)		
	Provision for compensated absences	6.76	*6.64*
	Provision for post-employment medical benefits	3.91	*3.71*
b.	Provision for proposed dividend	85.50	*57.00*
c.	Tax on dividend	13.72	*9.25*
d.	Provision for taxes (net of advance taxes)	-	*8.70*
e.	Provision for others	0.63	*-*
		110.52	***85.30***

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2013 *(Contd.)*

13. Fixed assets

i. 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										
At 1 April 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***
Additions	-	-	-	3.56	717.14	11.68	9.11	24.35	-	765.84
Disposals	(0.01)	-	-	(3.63)	(13.49)	(0.93)	(0.02)	(3.01)	-	(21.09)
Adjustments	-	-	-	0.05	(1.83)	0.12	0.52	0.90	-	(0.24)
At 31 March 2013	**15.15**	**202.53**	**0.72**	**544.95**	**7,885.76**	**147.05**	**100.66**	**325.36**	**0.57**	**9,222.75**
Accumulated Depreciation										
At 1 April 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***
Depreciation/ Amortization	-	2.57	-	8.84	668.19	7.74	4.54	27.40	0.01	719.29
Disposals	-	-	-	(2.05)	(3.21)	(0.68)	(0.02)	(2.43)	-	(8.39)
Adjustments	-	-	-	-	(0.16)	0.01	0.02	(0.07)	-	(0.20)
At 31 March 2013	**-**	**21.12**	**0.72**	**78.55**	**4,063.78**	**74.81**	**27.89**	**260.40**	**0.57**	**4,527.84**
Net Block										
At 31 March 2012	***15.16***	***183.98***	***-***	***473.21***	***3,784.98***	***68.44***	***67.70***	***67.62***	***0.01***	***4,661.10***
At 31 March 2013	**15.15**	**181.41**	**-**	**466.40**	**3,821.98**	**72.24**	**72.77**	**64.96**	**-**	**4,694.91**

a. Freehold land includes ₹ 0.16 crores (2012: ₹ 0.16 crores) identified as surplus land.

b. Gross block of buildings includes:

- ₹ 32.75 crores (2012: ₹ 32.75 crores) for flats at Mumbai in respect of which agreements have not been executed.

c. Gross block and accumulated depreciation of plant and machinery includes Indefeasible Rights of Use (IRUs) for domestic and international telecommunication circuits of ₹ 406.91 crores (2012: ₹ 357.12 crores) and ₹ 198.37 crores (2012: ₹ 157.69 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.

d. Gross block and accumulated depreciation of plant and machinery include proportionate amounts towards share of assets held jointly with other enterprises of ₹ 1,013.98 crores (2012: ₹ 996.99 crores) and ₹ 401.73 crores (2012: ₹ 337.26 crores) respectively.

e. Finance cost capitalized during the year is ₹ 7.59 crores (2012: ₹ 5.66 crores) in respect of capital expenditure.

f. During the year, the Company has evaluated the economic useful life of under sea cables and has extended the useful life of under sea cables from 17 years 11 months to 20 years and batteries from 8 years to 4 years. This has resulted in a lower depreciation charge by ₹ 0.36 crores (2012: ₹ Nil).

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2013 *(Contd.)*

ii. Intangible assets

(₹ in crores)

	Goodwill	Software	Total
Gross Block			
At 1 April 2011	113.14	210.40	323.54
Additions	-	19.31	19.31
At 31 March 2012	***113.14***	***229.71***	***342.85***
Additions	-	90.67	90.67
Adjustments	-	0.55	0.55
At 31 March 2013	**113.14**	**320.93**	**434.07**
Accumulated Amortization			
At 1 April 2011	**113.14**	**101.92**	**215.06**
Depreciation/ Amortization	-	36.89	36.89
At 31 March 2012	**113.14**	**138.81**	***251.95***
Depreciation/ Amortization	-	43.56	43.56
Adjustments	-	0.02	0.02
At 31 March 2013	**113.14**	**182.39**	**295.53**
Net Block			
At 31 March 2012	-	***90.90***	***90.90***
At 31 March 2013	-	**138.54**	**138.54**

14. Non-current investments

	As at 31 March, 2013		***As at 31 March, 2012***	
	No of shares	**₹ in crores**	***No of shares***	***₹ 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*
Tata Communications Payment Solutions Limited (formerly known as Tata Communications Banking InfraSolutions Limited) (Equity shares of ₹ 10 each)	317,000,000	317.00	*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 Euro1 each)	5,400	0.04	*5,400*	*0.04*
Subtotal (i)		**802.48**		***560.48***

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2013 *(Contd.)*

		As at 31 March, 2013		*As at 31 March, 2012*	
		No of shares	**₹ in crores**	***No of shares***	***₹ in crores***
ii.	**In Joint Venture**				
	United Telecom Limited (Equity shares of NRS 100 each)	5,731,900	35.82	*5,731,900*	*35.82*
	Subtotal (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	*78,000*	*0.08*
	Green Infra Wind Generation Limited (Equity shares of ₹ 10 each)	108,000	0.10	*108,000*	*0.10*
	ReNew Wind Energy (Karnataka) Pvt Ltd (Equity shares of ₹ 10 each) (Purchased during the year)	240,000	0.24	-	-
	Subtotal (iii)		**934.18**		***933.94***
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*
	Subtotal (iv)		**258.03**		***258.03***
	Total (i+ii+iii+iv)		**2,030.51**		***1,788.27***
	Book value of unquoted investments		**2,030.51**		***1,788.27***

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

I. The Company has an investment of ₹ 474.23 crores (2012: ₹ 474.23 crores) in equity shares and ₹ 139.32 crores (2012: ₹ 139.32 crores) in preference shares of Tata Communications International Pte. Ltd ("TCIPL"), ₹ 3.29 crores (2012: ₹ 3.29 crores) in equity shares and ₹ 118.71 crores (2012: ₹ 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 2013	*As at 31 March 2012*
I	Unsecured - Considered good			
	a.	Capital advances	3.89	*2.65*
	b.	Loans to related parties	180.85	*880.67*
	c.	Advance tax (net of provisions ₹ 5,609.13 crores (2012: ₹ 5,476.10 crores))	1,390.28	*1,670.91*
	d.	Amount paid under protest		
		- License fees (Refer note 30)	-	*115.73*
		- Others	25.58	*-*
	e.	Prepaid expenses	3.91	*12.38*
	f.	Deposits		
		- With public bodies	1.22	*1.20*
		- Others	26.67	*23.95*
	g.	Other advances/ receivables	50.62	*54.45*
II	Unsecured – Doubtful			
	a.	Doubtful advances	13.11	*12.17*
		Less: Provision for doubtful advances	(13.11)	*(12.17)*
			1,683.02	***2,761.94***

16. Other non-current assets

(₹ in crores)

		As at 31 March 2013	*As at 31 March 2012*
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 2013 the proportionate share of pension obligations and payments of ₹ 61.15 crores (2012: ₹ 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 (2012: ₹ 53.71 crores) resulting in a net amount due from the Government towards its share of pension obligations of ₹ 7.44 crores (2012: ₹ 7.44 crores).

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2013 *(Contd.)*

17. Current investments

	As at 31 March, 2013		*As at 31 March, 2012*	
	No of units	**₹ in crores**	***No of units***	***₹ in crores***
Investments in Mutual Funds (Unquoted)				
Liquid Growth Plan				
Kotak Floater - ST - Direct –Growth	520,774	100.00	-	-
ICICI Prudential Ultra Short Term Plan - Direct – Growth	63,577,861	75.38	-	-
SBI Magnum Insta Cash - Cash Plan- Direct	251,060	65.00	-	-
Religare Ultra Short Term Fund -Direct – Growth	310,234	50.28	-	-
Axis Treasury Advantage Fund - Direct – Growth	385,531	50.19	-	-
DSP Blackrock Liquidity Fund - Direct – Growth	208,685	35.00	-	-
IDFC Ultra Short Term Fund - Direct –Growth	15,417,060	25.06	-	-
Templeton India Ultra Short Bond Fund - Super IP - Direct- Growth	186,134	25.00	-	-
DSP Blackrock Money Manager Fund - Direct- Growth	103,726	16.50	-	-
Templeton India Ultra Short Bond Fund - Super IP - Direct- Growth	6,549,346	10.00	-	-
DWS Ultra Short Term Fund - Institutional Plan - Direct Growth	7,193,831	10.00	-	-
Total		**462.41**		**-**
Book value of unquoted investments		**462.41**		-

18. Trade receivables - Unsecured

		(₹ in crores)
	As at 31 March, 2013	***As at 31 March, 2012***
Trade receivables outstanding for a period exceeding six months from the date they were due for payment		
Considered good	64.08	*27.91*
Doubtful	175.44	*158.89*
	239.52	***186.80***
Less: Provision for doubtful trade receivables	(175.44)	*(158.89)*
	64.08	***27.91***
Other trade receivables		
Considered good	796.94	*817.86*
Doubtful	9.53	*3.17*
	806.47	***821.03***
Less: Provision for doubtful trade receivables	(9.53)	*(3.17)*
	796.94	***817.86***
	861.02	***845.77***

19. Cash and bank balances

(₹ in crores)

		As at 31 March 2013	*As at 31 March 2012*
Cash and Cash Equivalents:			
a.	Cash on hand	0.05	*0.06*
b.	Cheques on hand	7.13	*9.63*
c.	Remittances in transit	0.87	*2.76*
d.	Current accounts with scheduled banks	73.17	*30.86*
e.	Deposit accounts with scheduled banks	236.55	*-*
		317.77	***43.31***
Other Bank Balances:			
a.	Unpaid dividend	0.41	*0.44*
b.	Deposit accounts with scheduled banks (maturity of 1 year)	10.44	*9.57*
	Cash and Bank Balances	**328.62**	***53.32***

20. Short-term loans and advances

(₹ in crores)

		As at 31 March 2013	*As at 31 March 2012*
	Unsecured – Considered good		
a.	Loans and advances to related parties	40.88	*21.82*
b.	Loans and advances to employees	4.49	*2.28*
c.	Prepaid expenses	80.01	*92.69*
d.	Deposits with suppliers	7.03	*21.85*
e.	Service tax recoverable	132.07	*106.21*
f.	Advance to contractors and vendors	3.44	*10.90*
g.	Other advances	17.93	*62.56*
		285.85	***318.31***

21. Other current assets

(₹ in crores)

		As at 31 March 2013	*As at 31 March 2012*
a.	Interest receivable (Refer i)	1.21	*3.04*
b.	Unamortized premium on forward contracts	0.46	*3.24*
c.	Others	18.63	*18.35*
		20.30	***24.63***

i. Interest receivable includes interest due from subsidiaries of ₹ 0.12 crores (2012: ₹ 1.97 crores)

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2013 *(Contd.)*

22. Other income

(₹ in crores)

			Year Ended 31 March 2013	*Year Ended 31 March 2012*
a.	Interest Income			
	i.	Bank deposits [Tax deducted at source ₹ 0.13 crores (2012: ₹ 0.07 crores)]	1.61	*0.97*
	ii.	Refund of license fees (Refer note 30)	110.51	*-*
	iii.	Others (Refer I) [Tax deducted at source ₹ 0.35 crores (2012: ₹ 0.10 crores)]	37.56	*27.68*
b.	Dividend income from investment in subsidiaries		31.16	*18.76*
c.	Profit on sale of current investments		15.73	*35.91*
d.	Profit on sale of fixed assets (net)		3.56	*6.60*
e.	Rent		11.37	*10.56*
f.	Exchange gain (net)		15.43	*26.96*
g.	Provisions/ liabilities no longer required - written back		7.69	*2.48*
h.	Interest on income tax refund		8.65	*10.15*
i.	Guarantee income from subsidiaries		117.92	*21.39*
j.	Others		19.03	*17.64*
			380.22	***179.10***

I. Interest on others includes ₹ 36.46 crores (2012: ₹ 25.99 crores) from subsidiaries.

23. Network and transmission

(₹ in crores)

		Year Ended 31 March 2013	*Year Ended 31 March 2012*
a.	Charges for use of transmission facilities	1,776.16	*1,593.36*
b.	Royalty and license fee to Department of Telecommunications	166.74	*119.94*
c.	Rent of satellite channels	1.75	*11.07*
d.	Rent of landlines	18.55	*12.13*
		1,963.20	***1,736.50***

24. Employee benefits

(₹ in crores)

		Year Ended 31 March 2013	*Year Ended 31 March 2012*
a.	Salaries and related costs	556.23	*534.97*
b.	Contributions to provident, gratuity and other funds	36.64	*39.65*
c.	Staff welfare expenses	46.59	*47.62*
		639.46	***622.24***

25. Operating and other expenses

(₹ in crores)

		Year Ended 31 March 2013	*Year Ended 31 March 2012*
a.	Consumption of stores	20.82	*22.40*
b.	Light and power	167.31	*130.32*
c.	Repairs and Maintenance:		
	i. Buildings	18.58	*16.43*
	ii. Plant and machinery	135.85	*139.12*
	iii. Others	0.56	*0.74*
d.	Provision for doubtful trade receivables	22.91	*24.36*
e.	Provision for doubtful advances	0.94	*5.17*
f.	Rent	16.86	*19.94*
g.	Rates and taxes	18.36	*17.73*
h.	Travelling	30.25	*26.73*
i.	Telephone	16.30	*13.62*
j.	Printing, postage and stationery	3.52	*3.39*
k.	Legal and professional fees	42.38	*45.39*
l.	Advertising and publicity	22.33	*24.14*
m.	Commissions	18.29	*14.89*
n.	Services rendered by agencies	169.23	*120.59*
o.	Insurance	7.82	*7.98*
p.	Donations	0.55	*0.58*
q.	Other expenses	100.39	*111.54*
		813.25	***745.06***

26. Finance costs

(₹ in crores)

	Year Ended 31 March 2013	*Year Ended 31 March 2012*
Interest on loans	9.39	*10.33*
Interest on debentures	112.63	*188.16*
Other interest	5.26	*2.04*
Less: Interest capitalized	(7.59)	*(5.66)*
	119.69	***194.87***

27. Exceptional items

(₹ in crores)

		Year Ended 31 March 2013	*Year Ended 31 March 2012*
a.	Staff optimization (cost)/ income (Refer i)	(31.27)	-
b.	Gain/ (Loss) on sale of fixed assets (net) (Refer ii)	189.62	-
		158.35	**-**

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2013 *(Contd.)*

i. As part of its initiative to enhance the long-term efficiency of the business, during the year the Company undertook organisational changes to align to the Company's current and prospective business requirements. These changes involved certain positions in the Company becoming redundant and the Company incurred a one time charge of ₹ 18.73 crores (2012: ₹ Nil) and a further a one time cost of ₹ 12.54 crores (2012: ₹ Nil) towards other related initiatives.

ii. During the year, the Company sold part of land and building at Chennai for a consideration of ₹ 192.30 crores (2012: ₹ Nil) resulting in a profit on sale of fixed assets of ₹ 189.62 crores (2012: ₹ Nil).

28. 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.

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 ₹ 20.68 crores (2012: ₹ 19.05 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.

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 ₹ 8.09 crores (2012: ₹ 14.24 crores) to meet the additional pension obligation on account of increase in Pension and 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 2013 for these defined benefit schemes are as under:

(₹ in crores)

		Gratuity (Funded) As at 31 March		Medical Benefits (Unfunded) As at 31 March	
		2013	***2012***	**2013**	***2012***
I	**Change in the defined benefit obligation**				
	Liability at the beginning of the period	58.35	*52.44*	52.00	*45.39*
	Current service cost	4.58	*4.16*	0.63	*0.55*
	Interest cost	4.57	*4.12*	4.03	*3.46*
	Liability transferred from / (to) other companies	(4.62)	*(1.04)*	-	-
	Actuarial (gain) / loss on obligations	4.06	*1.52*	9.40	*9.40*
	Benefits paid	(9.23)	*(2.85)*	(9.30)	*(6.80)*
	Liability at the end of the period	**57.71**	***58.35***	**56.76**	***52.00***

(₹ in crores)

		As at 31 March		As at 31 March	
		2013	***2012***	**2013**	***2012***
II	**Change in Fair Value of Assets**				
	Opening fair value of plan assets	51.50	*48.86*	-	-
	Expected return on plan assets	4.03	*3.85*	-	-
	Employer's contribution	6.92	*3.48*	-	-
	Transfer (to) / from other company	(4.29)	*(1.04)*	-	-
	Actuarial gain / (loss)	1.30	*(0.80)*	-	-
	Benefits paid	(9.23)	*(2.85)*	-	-
	Closing fair value of plan assets	**50.23**	***51.50***	**-**	**-**

(₹ in crores)

		As at 31 March		As at 31 March	
		2013	***2012***	**2013**	***2012***
III	**Amount recognized in the balance sheet**				
	Liability at the end of the period	57.71	*58.35*	56.76	*52.00*
	Fair value of plan assets at the end of the period	(50.23)	*(51.50)*	-	-
	Net (asset)/ liability in the balance sheet	**7.48**	***6.85***	**56.76**	***52.00***
	Current liability	7.48	*6.85*	3.91	*3.71*
	Non-current liability	-	-	52.85	*48.29*

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2013 *(Contd.)*

(₹ in crores)

		Gratuity (Funded) As on 31 March		Medical Benefits (Unfunded) As on 31 March	
		2013	***2012***	**2013**	***2012***
IV	**Expenses recognized in the Statement of Profit and Loss**				
	Current service cost	4.58	*4.16*	0.63	*0.55*
	Interest cost	4.57	*4.12*	4.03	*3.46*
	Expected return on plan assets	(4.03)	*(3.85)*	-	-
	Net actuarial loss /(gain) to be recognized	2.76	*2.32*	9.40	*9.40*
	Expense recognized in the Statement of Profit and Loss	**7.88**	***6.75***	**14.06**	***13.41***

(₹ in crores)

		As on 31 March		As on 31 March	
		2013	***2012***	**2013**	***2012***
V	**Categories of plan assets as a percentage of total plan assets**				
	Corporate bonds	-	-	-	-
	State Government	-	-	-	-
	Insurer Managed Funds	100%	*100%*	-	-
	Total	**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.

(₹ in crores)

		As at 31 March		As at 31 March	
		2013	***2012***	**2013**	***2012***
VI	**Principal Actuarial assumptions :**				
	Discount rate	8.00%	*8.50%*	8.00%	*8.50%*
	Expected return on plan assets	8.00%	*8.00%*	-	-
	Increase in compensation cost	6% to 10%	*6% to 10%*	6% to 10%	*6% to 10%*
	Health care cost increase rate	-	-	2.00%	*2.00%*
	Attrition rate	3% to 15%	*3% to 15%*	3% to 15%	*3% to 15%*

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

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2013 *(Contd.)*

(₹ in crores)

		Gratuity (Funded) As at 31 March				
		2013	***2012***	***2011***	***2010***	***2009***
VII	**Experience adjustment**					
	Defined benefit obligation	(57.71)	*(58.35)*	*(52.44)*	*(45.52)*	*(32.71)*
	Plan assets	50.23	*51.50*	*48.86*	*33.65*	*30.09*
	Surplus / (deficit)	(7.48)	*(6.85)*	*(3.58)*	*(11.87)*	*(2.62)*
	Exp. adj. on plan liabilities gain / (loss)	(1.87)	*6.68*	*(1.87)*	*1.20*	*2.00*
	Exp. adj. on plan assets gain/ (loss)	1.30	*(0.80)*	*2.32*	*0.62*	*(2.00)*
	Actuarial gain/ (loss) due to change of assumptions	(2.19)	*(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, 2013		*31 March, 2012*	
	Increase	**Decrease**	***Increase***	***Decrease***
Effect on service cost	0.01	-	*0.09*	*0.07*
Effect on interest cost	0.11	0.09	*0.90*	*0.70*
Effect on post employment benefit obligation	1.25	1.09	*1.25*	*1.09*

The Company expects to contribute ₹ 7.48 crores (2012: ₹ 6.85 crores) towards employer's contribution for funded defined benefit plans in financial year 2013-14.

IX. Leave plan and Compensated absences

Leave unavailed of by eligible employees may be carried forward/ encashed by them / their nominees in the event of death or permanent disablement or resignation, subject to a maximum carry forward/ encashment of leave for 300 days.

The liability for leave encashment and compensated absences as at the year end is ₹ 63.94 crores (2012: ₹ 60.02 crores)

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

29. Auditors remuneration:

(Included in operating and other expenses)

(₹ in crores)

	Auditor's remuneration and expenses (excluding service tax)	**Year Ended 31 March 2013**	***Year Ended 31 March 2012***
i.	Audit fees	1.40	*1.15*
ii.	Tax audit fees	0.30	*0.20*
iii.	Other professional services	1.37	*0.57*
iv.	For reimbursement of expenses	0.11	*0.14*

The above fees exclude ₹ 0.65 crores (2012: ₹ Nil) with respect to audit and related services rendered for financial year 2011-12

Auditors' remuneration excludes fees of ₹ 7.77 crores (2012: ₹ 8.57 crores) payable/ paid for professional services to a firm of chartered accountants in which some partners of the firm of statutory auditors are partners.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2013 *(Contd.)*

30. In January 2008, an amount of ₹ 290 crores was paid to the Department of Telecommunications (DoT) under protest, towards payment of license fees, interest and penalty demanded by DoT before issue of certain licenses to the Company. Against this, the Company carried a provision of ₹ 174.15 crores for license 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 Supreme Court of India challenging the judgement of The Telecom Disputes Settlement Appellate Tribunal (TDSAT) relating to the computation of license fee.

Additionally, the Company has also filed a petition with TDSAT challenging the applicability of penal provisions under International Long Distance (ILD) and National Long Distance (NLD) license 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 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 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, on 9 May 2012, decided the execution petition in favour of the Company and directed DoT to refund the ₹ 115.72 crores being penalty and interest on penalty, along with interest till date of payment. Accordingly DoT, on 7 June 2012 refunded an amount of ₹ 226.23 crores (2012: ₹ Nil) to the Company, including interest of ₹ 110.51 crores (2012: ₹ Nil) which is included in Other Income because the Company based on legal opinion and position in law is confident that its position will sustain in Supreme Court.

31. Earnings per share

(₹ in crores)

		As at 31 March 2013	*As at 31 March 2012*
Net Profit after tax attributable to the equity shareholders	(A)	475.24	*171.34*
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)		16.68	*6.01*

32. 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 2013		
	GVS	GDMS	Total
Revenue from telecommunication services	1,193.11	3,223.01	**4,416.12**
Segment results	(144.23)	2,512.73	**2,368.50**
Unallocable expenses (net)			1,684.72

(₹ in crores)

	Year ended 31 March 2013		
	GVS	**GDMS**	**Total**
Non-cash expenses (unallocable)			27.09
Profit before tax (including exceptional gain)			**656.69**
Tax expense (net)			181.45
Profit for the year			**475.24**

(₹ in crores)

	Year ended 31 March 2012		
	GVS	***GDMS***	***Total***
Revenue from telecommunication services	*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***

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:

Segment revenues by Geographical Market

(₹ in crores)

	As at 31 March 2013	***As at 31 March 2012***
India	3,429.23	*2,972.89*
United Kingdom	95.10	*125.15*
United States of America	186.38	*155.30*
Netherlands*	387.42	*451.47*
Others	317.99	*386.96*
	4,416.12	***4,091.77***

* Netherlands includes amounts recorded as revenues from Tata Communication (Netherlands) BV of ₹ 385.80 crores (2012: ₹ 418.78 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.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2013 *(Contd.)*

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").

All of the segment assets are located in India or in International territorial waters.

33. 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 Payment Solutions Limited *(formerly known as 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.
		Tata Communications (Middle East) FZ-LLC
		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

Sr. No	Category of related parties	Names
		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.
		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)*
d	Joint Venture	United Telecom Limited
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 Vinod Kumar	Managing Director and Group CEO

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2013 *(Contd.)*

ii. Summary of transactions and balances with related parties

(₹ in crores)

Particulars	Investing Company	Subsidiaries	Key Management Personnel	Joint Ventures	Total
Transactions during the year					
Dividend paid	**25.84**				**25.84**
	25.84				*25.84*
Brand equity expenses	**9.77**				**9.77**
	9.96				*9.96*
Revenue from telecommunication services	**2.14**	**509.51**		**3.28**	**514.93**
	1.49	*534.30*		*5.15*	*540.94*
Network and transmission		**18.78**		**34.51**	**53.29**
		20.84		*71.98*	*92.82*
Purchase of fixed assets		**0.38**			**0.38**
		54.64			*54.64*
Sale of fixed assets		**2.04**			**2.04**
		0.03			*0.03*
Services rendered		**6.38**			**6.38**
		4.92			*4.92*
Services received	**0.05**	**46.08**			**46.13**
	0.13	*30.79*			*30.92*
Equity capital contribution		**242.00**			**242.00**
		@			@
Interest income		**36.46**			**36.46**
		25.99			*25.99*
Dividend income		**31.16**			**31.16**
		18.76			*18.76*
Guarantee income		**117.92**			**117.92**
		21.39			*21.39*
Loan given		**519.57**			**519.57**
		752.26			*752.26*
Loan repaid		**1,129.90**			**1,129.90**
		905.34			*905.34*
Loan taken from subsidiary		**127.00**			**127.00**
		-			-
Loan repaid to subsidiary		**127.00**			**127.00**
		20.00			*20.00*

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

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2013 *(Contd.)*

(₹ in crores)

Particulars	Investing Company	Subsidiaries	Key Management Personnel	Joint Ventures	Total
Advances given by the Company/repaid to the Company		**292.05**		**@**	**292.05**
		204.80		*1.55*	*206.35*
Advances repaid to/ taken from the Company		**258.04**		**-**	**258.04**
		296.88		*0.05*	*296.93*
Managerial remuneration			**11.49**		**11.49**
			11.03		*11.03*
Finance costs		**0.25**			**0.25**
		0.27			*0.27*
Balances as at 31 March 2013					
Receivables	**0.61**	**206.66**			**207.27**
	0.41	*241.56*			*241.97*
Payables	**9.77**	**17.24**	**5.78**	**5.33**	**38.12**
	9.96	*76.74*	*5.63*	*15.60*	*107.93*
Loans given		**180.85**			**180.85**
		880.67			*880.67*
Advance receivable		**40.87**		**0.01**	**40.88**
		21.82			*21.82*
Advance payable		**0.28**			**0.28**
		1.08			*1.08*
Interest accrued-other deposits		**0.12**			**0.12**
		1.97			*1.97*
Guarantees on behalf of subsidiaries		**11,836.69**			**11,836.69**
		9,304.20			*9,304.20*
Letter of comfort on behalf of subsidiaries		**3,535.29**			**3,535.29**
		1,694.52			*1,694.52*

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

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2013 *(Contd.)*

iii. Details of material transactions with related parties

(₹ in crores)

Particulars	Investing Company	Subsidiaries	Key Management Personnel	Joint Ventures	Total
Dividend paid					
Panatone Finvest Limited	**17.73**				**17.73**
	17.73				*17.73*
Tata Sons Limited	**8.11**				**8.11**
	8.11				*8.11*
Brand equity expenses					
Tata Sons Limited	**9.77**				**9.77**
	9.96				*9.96*
Revenue from telecommunication services					
Tata Communications (Netherlands) BV		**385.94**			**385.94**
		418.78			*418.78*
Tata Communications (America) Inc.		**47.51**			**47.51**
		59.19			*59.19*
Network and transmission					
Tata Communications (Netherlands) BV		**6.87**			**6.87**
		14.11			*14.11*
United Telecom Limited				**34.51**	**34.51**
				71.98	*71.98*
Neotel Pty Ltd		**11.91**			**11.91**
		-			-
Purchase of fixed assets					
BitGravity Inc.		**0.36**			**0.36**
		0.01			*0.01*
Tata Communications (Bermuda) Ltd		**-**			**-**
		50.59			*50.59*
Sale of fixed assets					
Tata Communications International Pte. Ltd		**0.02**			**0.02**
		0.01			*0.01*
Tata Communications (UK) Ltd		**0.01**			**0.01**
		0.01			*0.01*
Tata Communications (America) Inc		**-**			**-**
		0.01			*0.01*

(₹ in crores)

Particulars	Investing Company	Subsidiaries	Key Management Personnel	Joint Ventures	Total
Tata Communications Transformation Services Limited		**0.35**			**0.35**
		-			-
Tata Communications Payment Solutions Limited (formerly known as Tata Communications Banking InfraSolutions Limited)		**1.66**			**1.66**
		-			-
Services rendered					
Tata Communications Payment Solutions Limited (formerly known as Tata Communications Banking InfraSolutions Limited)		**2.73**			**2.73**
		1.88			*1.88*
Tata Communications Transformation Services Limited		**3.65**			**3.65**
		3.03			*3.03*
Guarantee income					
Tata Communications (Netherlands) BV		**26.26**			**26.26**
		3.17			*3.17*
Tata Communications International Pte. Ltd.		**88.55**			**88.55**
		16.88			*16.88*
Services received					
Tata Communications Transformation Services Limited		**45.65**			**45.65**
		30.79			*30.79*
Equity capital contribution					
Tata Communications Payment Solutions Limited (formerly known as Tata Communications Banking InfraSolutions Limited) #		**242.00**			**242.00**
		-			-
Interest income					
Tata Communications International Pte. Ltd.		**4.05**			**4.05**
		5.43			*5.43*
VSNL SNOSPV Pte. Ltd.		**30.24**			**30.24**
		20.02			*20.02*
Dividend income					
Tata Communications Lanka Limited		**26.16**			**26.16**
		4.76			*4.76*
Tata Communications Transformation Services Limited		**5.00**			**5.00**
		14.00			*14.00*

 # includes ₹ 22 crores loan repaid converted into Equity capital

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2013 *(Contd.)*

(₹ in crores)

Particulars	Investing Company	Subsidiaries	Key Management Personnel	Joint Ventures	Total
Loan given					
Tata Communications International Pte. Ltd.		**167.48**			**167.48**
		446.01			*446.01*
Tata Communications Payment Solutions Limited (formerly known as Tata Communications Banking InfraSolutions Limited)		**270.20**			**270.20**
		45.75			*45.75*
VSNL SNOSPV Pte. Ltd.		**81.78**			**81.78**
		260.40			*260.40*
Loan repaid					
Tata Communications International Pte. Ltd.		**80.95**			**80.95**
		601.87			*601.87*
VSNL SNOSPV Pte. Ltd.		**759.92**			**759.92**
		275.87			*275.87*
Tata Communications Payment Solutions Limited (formerly known as Tata Communications Banking InfraSolutions Limited) #		**288.36**			**288.36**
		27.60			*27.60*
Loan taken from subsidiary					
Tata Communications Payment Solutions Limited (formerly known as Tata Communications Banking InfraSolutions Limited)		**127.00**			**127.00**
		-			-
Loan repaid to subsidiary					
Tata Communications Payment Solutions Limited (formerly known as Tata Communications Banking InfraSolutions Limited)		**127.00**			**127.00**
		-			-
Tata Communications Transformation Services Limited		**-**			**-**
		20.00			*20.00*
Advances given by the Company/repaid to the Company					
Tata Communications (Bermuda) Ltd		**-**			**-**
		74.32			*74.32*
Tata Communications Transformation Services Limited		**18.04**			**18.04**
		51.43			*51.43*

 # includes ₹ 22 crores loan repaid converted into Equity capital

(₹ in crores)

Particulars	Investing Company	Subsidiaries	Key Management Personnel	Joint Ventures	Total
Tata Communications International Pte Ltd		**127.02**			**127.02**
		51.55			*51.55*
Tata Communications (Netherlands) BV		**39.24**			**39.24**
		5.79			*5.79*
Tata Communications Payment Solutions Limited (formerly known as Tata Communications Banking InfraSolutions Limited)		**39.09**			**39.09**
		3.48			*3.48*
Advances repaid to/ taken from the Company					
Tata Communications (Netherlands) BV		**31.72**			**31.72**
		10.70			*10.70*
Tata Communications International Pte Ltd		**108.86**			**108.86**
		60.48			*60.48*
Tata Communications Transformation Services Limited		**16.23**			**16.23**
		48.14			*48.14*
Tata Communications (Bermuda) Limited		**-**			**-**
		125.06			*125.06*
Tata Communications Payment Solutions Limited (formerly known as Tata Communications Banking InfraSolutions Limited)		**30.81**			**30.81**
		2.00			*2.00*
Managerial remuneration					
Vinod Kumar $			**11.49**		**11.49**
			11.03		*11.03*
Finance costs					
Tata Communications Transformation Services Limited		**-**			**-**
		0.27			*0.27*
Tata Communications Payment Solutions Limited (formerly known as Tata Communications Banking InfraSolutions Limited)		**0.25**			**0.25**
		-			*-*
Receivables					
Tata Communications (Netherlands) BV		**104.95**			**104.95**
		181.98			*181.98*
Tata Communications International Pte. Ltd.		**22.14**			**22.14**
		11.18			*11.18*

$ includes remuneration paid by subsidiary

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2013 *(Contd.)*

(₹ in crores)

Particulars	Investing Company	Subsidiaries	Key Management Personnel	Joint Ventures	Total
Tata Communications (America) Inc.		**27.77**			**27.77**
		26.45			*26.45*
Payables					
Tata Communications Transformation Services Limited		**13.62**			**13.62**
		16.75			*16.75*
United Telecom Limited				**5.33**	**5.33**
				15.60	*15.60*
Tata Sons Limited	**9.77**				**9.77**
	9.96				*9.96*
Tata Communications Bermuda Limited		**-**			**-**
		50.59			*50.59*
Vinod Kumar $			**5.78**		**5.78**
			5.63		*5.63*
Loans given					
Tata Communications International Pte. Ltd.		**169.52**			**169.52**
		92.66			*92.66*
VSNL SNOSPV Pte Ltd.		**10.68**			**10.68**
		768.64			*768.64*
Advance receivable					
Tata Communications Transformation Services Limited		**1.81**			**1.81**
		6.17			*6.17*
Tata Communications (Netherlands) BV		**9.58**			**9.58**
		2.07			*2.07*
Neotel Pty Ltd		**0.18**			**0.18**
		2.45			*2.45*
Tata Communications International Pte. Ltd		**22.48**			**22.48**
		4.32			*4.32*
Tata Communications Payment Solutions Limited (formerly known as Tata Communications Banking InfraSolutions Limited)		**5.58**			**5.58**
		4.38			*4.38*
Advance payable					
Tata Communications Lanka Ltd		**-**			**-**
		0.19			*0.19*

$ includes remuneration paid by subsidiary

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2013 *(Contd.)*

(₹ in crores)

Particulars	Investing Company	Subsidiaries	Key Management Personnel	Joint Ventures	Total
Tata Communications (Canada) Limited		**0.26**			**0.26**
		0.74			*0.74*
Tata Communications (Spain) S.L		-			-
		0.13			*0.13*
Interest accrued-other deposits					
Tata Communications Payment Solutions Limited (formerly known as Tata Communications Banking InfraSolutions Limited)		-			-
		0.25			*0.25*
Tata Communications International Pte. Ltd.		@			@
		1.60			*1.60*
Guarantees on behalf of subsidiaries					
Tata Communications (Netherlands) BV		**3,844.80**			**3,844.80**
		1,787.12			*1,787.12*
Tata Communications International Pte. Ltd.		**7,522.32**			**7,522.32**
		6,996.83			*6,996.83*
Letter of comfort on behalf of subsidiaries					
Tata Communications (Netherlands) BV		**1,793.06**			**1,793.06**
		509.15			*509.15*
Tata Communications (Bermuda) Limited		**1,005.20**			**1,005.20**
		941.93			*941.93*
Tata Communications Payment Solutions Limited (formerly known as Tata Communications Banking InfraSolutions Limited)		**402.00**			**402.00**
		152.00			*152.00*

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

34. 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 2013	*As at 31 March 2012*
Minimum lease payments under operating leases recognized as expense in the year	0.31	*5.20*

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2013 *(Contd.)*

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

(₹ in crores)

	As at 31 March 2013	*As at 31 March 2012*
Due not later than one year	0.16	*2.59*
Due later than one year but not later than five years	0.02	*0.28*
Later than five years	-	-
	0.18	***2.87***

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 (2012: ₹ 87.02 crores) and ₹ 45.57 crores (2012: ₹ 39.90 crores) respectively as at 31 March 2013. Depreciation expense of ₹ 5.67 crores (2012: ₹ 6.60 crores) in respect of these assets has been charged in the Statement of Profit and Loss for the Year ended 31 March 2013.

In case of certain lease agreements aggregating ₹ 513.79 crores (2012: ₹ 457.45 crores) for the year ended 31 March 2013, 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 2013 amount to ₹ 37.83 crores (2012: ₹ 27.95 crores).

In respect of IRU arrangements, rental income of ₹ 44.73 crores (2012: ₹ 34.62 crores) has been recognized in the Statement of Profit and Loss for the year ended 31 March 2013.

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 2013	*As at 31 March 2012*
Due not later than one year	43.87	*39.97*
Due later than one year but not later than five years	154.80	*142.76*
Later than five years	206.64	*212.16*
	405.31	***394.89***

35. Provision for Contingencies:

(₹ in crores)

	As at 31 March 2013			***As at 31 March 2012***		
	Asset Retirement Obligation	**Others**	**Total**	***Asset Retirement Obligation***	***Others***	***Total***
Opening Balance	0.25	9.00	9.25	*0.25*	*9.00*	*9.25*
Addition	-	-	-	-	-	-
Utilization	0.25	-	0.25	-	-	-
Provision written back	-	-	-	-	-	-
Closing Balance	**-**	**9.00**	**9.00**	***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.

36. Contingent Liabilities and Commitments:

a. Contingent Liabilities:

		As at 31 March 2013	*As at 31 March 2012*
			(₹ in crores)
i.	Guarantees given on behalf of subsidiaries	11,836.69	*9,304.20*
ii.	Claims for taxes on income (Refer 1)		
	- Income tax disputes where department is in appeal against the Company.	457.08	*469.93*
	- Other disputes related to income tax	2,067.27	*1,899.35*
iii.	Claims for other taxes	1.28	*78.99*
iv.	Other claims (Refer 2)	691.83	*425.89*
v.	Also Refer 4		

1. Claims for taxes on income:

   Significant claims by the revenue authorities in respect of income tax matters relate to disallowance of deductions claimed section 80 IA of the Income Tax Act, 1961 from Assessment years 1996-97 onwards and transfer pricing adjustments carried out by revenue authorities. The Company has contested the disallowances/ adjustments and has preferred appeals which are pending.

2. Other claims:

   i. Telecom Regulatory Authority of India ("TRAI") reduced the Access Deficit Charge ("ADC") rates effective 1 April 2007. All telecom services providers including National Long Distance ("NLD") and International Long Distance ("ILD") operators in India are bound by the TRAI regulations; accordingly the Company has recorded the cost relating to ADC at revised rates as directed by TRAI. However, BSNL continued to bill at the ADC rate applicable prior to 1 April 2007. BSNL had filed an appeal against the TRAI Interconnect Usage Charges ("IUC") regulation of reduction in ADC and currently this matter is pending with the Supreme Court. The possible liability on Company is ₹ 311.84 crores (2012: ₹ 311.84 crores).

   ii. On 19 February 2013, DoT issued license fee demand for financial year 2006-07 and 2007-08, based on special audit reports of auditors appointed by DoT. The total demand is for ₹ 193.05 crores, being ₹ 92.86 crores for financial year 2006-07 and ₹100.19 crores for financial year 2007-08, including ₹ 102.06 crores, being interest as on 28 February 2013. The Company has challenged the said demand notice in the Madras High Court which has vide its orders dated 1 March 2013, granted a stay-order against the said demand. Further, the Company is also contesting a license fee claim of ₹ 101.24 crores (2012: ₹ 83.40 crores) (including interest and penalty) for financial year 2005-06. However, the said demand notice includes the items which are already the subject-matter of petitions/appeals, pending for hearing in the Supreme Court of India, for the previous years.

   iii. Other claims of ₹ 85.70 crores (2012: ₹ 30.65 crores) mainly pertains to routine suits for collection, commercial disputes, claims from customers and/or suppliers and claims from Employee State Insurance Corporation (ESIC).

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.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2013 *(Contd.)*

4. 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 by TTSL by 31 March 2014 and should the SP decide to divest its entire shareholding in TTSL, and TSL is 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, subject to compliance with applicable exchange control regulations, or should the SP decide to divest its entire shareholding in TTSL and TSL is unable to find a buyer for such shares and the SP divests the shares at a lower price, subject to compliance with applicable exchange control regulations, the Company is obliged to pay a compensation representing the difference between such lower sale price and the price referred to above in proportion of the number of shares sold by the company to the aggregate of the secondary shares sold to the SP.

Under the above mentioned agreements with SP, TSL and TTSL have jointly and severally agreed to indemnify SP within the agreed limits against claims arising on account of any failure of certain warranties provided by TSL and TTSL to be true and correct in all respects (amount not determinable) and in respect of specified contingent liabilities (Company's share ₹ 41.70 crores). The Company is liable to reimburse TSL, on a pro-rata basis.

5. Future cash flows in respect of above matters are determinable only on receipt of judgements/ decisions pending at various forums/ authorities.

b. Commitments:

i. Capital Commitments:

Estimated amount of contracts remaining to be executed on capital account, not provided for amount to ₹ 108.80 crores (2012: ₹ 105.66 crores).

ii. Other Commitments:

1. As on 31 March 2013, the Company has issued Letters of Comfort for the credit facility agreements in respect of various subsidiaries:

(₹ in crores)

Name of the Subsidiary	**As at 31 March 2013**	***As at 31 March 2012***
Tata Communications Transformation Services Ltd (TCTSL)	32.60	*30.55*
Tata Communications International Pte. Ltd (TCIPL)	-	*50.92*
VSNL SNOSPV Pte. Ltd	302.44	*9.97*
Tata Communications (Netherland) Ltd	1,793.06	*509.15*
Tata Communications (Bermuda) Ltd	1,005.20	*941.93*
Tata Communications Payment Solutions Limited (formerly known as Tata Communications Banking InfraSolutions Limited) (TCPSL)	402.00	*152.00*

The Company has undertaken to the lenders of TCPSL 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 ₹ 2,547.22 crores (2012: ₹ 2,453.08 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 2013 in various geographies in order that they may continue as going concerns.

3. The Company has given loan commitments to other wholly owned subsidiaries aggregating ₹ 2,784.70 crores (2012: ₹ 1,837.03 crores) as at 31 March 2013.

37. Supplementary statutory information

(₹ in crores)

			As at 31 March 2013	*As at 31 March 2012*
a.	*Value of imports calculated on CIF basis (on accrual basis)*			
	i.	Stores and spares	1.42	*1.66*
	ii.	Capital goods	274.34	*150.84*
b.	*Earnings in foreign currency*			
	i.	Revenue from telecommunication services	1,106.01	*1,008.58*
	ii.	Interest income	33.68	*12.76*
	iii.	Dividend income	26.16	*4.76*
	iv.	Other income	84.67	*10.62*
			1,250.52	***1,036.72***
c.	*Expenditure in foreign currency (on accrual basis)*			
	i.	Charges for use of transmission facilities	366.53	*396.79*
	ii.	Rent of satellite channels	2.43	*4.44*
	iii.	Repairs and maintenance	80.27	*87.79*
	iv.	Legal and professional fees	4.13	*9.21*
	v.	Finance costs	2.53	*2.62*
	vi.	Others	29.62	*31.11*
			485.51	***531.96***

38. Value of imported and indigenous stores/ spares consumed

(₹ in crores)

	As at 31 March 2013		*As at 31 March 2012*	
Item	**Value**	**Percentage**	***Value***	***Percentage***
Imported	0.30	1.44	*1.29*	*5.76*
Indigenous	20.52	98.56	*21.11*	*94.24*
	20.82	**100.00**	***22.40***	***100.00***

39. 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.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2013 *(Contd.)*

The Company's share in income, expenses, assets and liabilities of UTL based on management accounts for the year ended 31 March 2013 and year ended 31 March 2012 are as follows:

(₹ in crores)

	As at 31 March 2013	*As at 31 March 2012*
Income	14.76	*19.64*
Expenses	18.48	*18.69*
Assets	33.92	*38.05*
Liabilities	12.41	*14.11*

40. 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 2012 paid to non – resident shareholders are as under:

(₹ in crores)

	As at 31 March 2013	*As at 31 March 2012*
Number of non – resident shareholders	1,088	*1,117*
Number of shares held by them	23,499,590	*23,327,150*
Year to which the dividend relates	2011-2012	*2010-2011*
Amount remitted net of tax	4.70	*4.67*

41. 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 2013 as follows :

(₹ in crores)

			As at 31 March 2013	*As at 31 March 2012*
a.	i.	Principal amount remaining unpaid to any supplier beyond scheduled date as at the year end	0.06	*0.14*
	ii.	Interest on (a)(i) above	@	-
b.	i.	The amount of principal paid beyond the appointed date	2.13	*0.41*
	ii.	The amount of interest paid beyond the appointed date	-	-
c.		Amount of interest due and payable on delayed payments	0.04	*0.01*
d.		Amount of interest accrued and due as at the year end	0.04	*0.01*
e.		Total outstanding dues of micro and small enterprises	0.72	*0.15*

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

42. During the year, the Company has submitted to the Bombay and the National Stock Exchange the proposed "Scheme of Arrangement" under Section 391 to 394 of the Companies Act, 1956, between the Company and the S&A Internet Services Private Limited ("the subsidiary company"), for transfer of the Internet Data Center ("IDC") division (Colocation service division of the Company) on going concern basis to the subsidiary company. The Scheme is under review of the Bombay and the National Stock Exchanges. The appointed date of the proposed Scheme is 1 January 2012. The Scheme has been approved by the Board of Directors of the Company at its meeting held on 1 March 2013, and is subject to the approval of the shareholders and the Bombay High Court. The financial statements as on 31 March 2013 do not include any adjustments that may arise on implementation of the Scheme.

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 2013

(₹ in crores)

Name of the Company	Outstanding as at 31 March 2013	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)*	**192.00**	**220.36**	**-**	**-**
	95.65	*532.02*	-	-
VSNL SNOSPV Pte. Ltd	**11.36**	**849.73**	**-**	*(Refer ii)*
	769.36	*1026.90*	-	-
Tata Communications Transformation Services Limited	**1.81**	**6.17**	**-**	**-**
	6.11	6.11	-	-
Tata Communications Payment Solutions Limited (formerly know as Tata Communications Banking InfraSolutions Limited)	**5.58**	**79.56**	**-**	**-**
	22.53	*28.33*	-	-
Tata Communications Lanka Ltd.	**-**	**-**	**-**	**-**
	-	*0.05*	-	-
S & A Internet Services Private Limited	**0.72**	**1.39**	**-**	**-**
	1.25	*1.25*	-	-

i. Tata Communications International Pte. Ltd which is a wholly owned subsidiary of the Company has investments in 35 subsidiaries as at 31 March 2013.

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 1,343,468,261 in SEPCO Communications Pty Ltd.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2013 *(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 2013	
	(Amount in USD millions)	**(Amount in ₹ crores)**
a. Outstanding derivatives instruments		
i. Forward exchange contracts (Sell)	6.00	33.80
b. Foreign exchange currency exposures not covered by derivative instruments		
ii. Amount receivable on account of export of goods and loan and interest charges (net)	76.21	414.09
iii. Creditors payable on account of services , loan and interest charges and other foreign currency expenditure	79.50	431.96

	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		
ii. Amount receivable on account of export of goods and loan and interest charges (net)	*136.93*	*697.19*
iii. Creditors payable on account of services , loan and interest charges and other foreign currency expenditure	*72.27*	*367.94*

45. Previous year figures have been regrouped/ rearranged wherever necessary to conform to the current year's classifications.

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: 28 May, 2013

INDEPENDENT AUDITORS' REPORT

TO THE BOARD OF DIRECTORS OF TATA COMMUNICATIONS LIMITED

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of **TATA COMMUNICATIONS LIMITED** (the "Company"), its subsidiaries and jointly controlled entities (the Company, its subsidiaries and jointly controlled entities constitute "the Group"), which comprise the Consolidated Balance Sheet as at 31 March, 2013,and the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

The Company's Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and presentation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of the reports of the other auditors on the financial statements of the subsidiaries and based on the consideration of the unaudited financial information of a jointly controlled entity which has been certified by the management, referred to below in the Other Matter paragraph, the aforesaid consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

(a) in the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at 31 March, 2013;

(b) 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

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

Other Matters

(a) We did not audit the financial statements of three subsidiaries, whose financial statements reflect the Group's share of total assets (net) of ₹ 3,899.15 crores as at 31 March, 2013, the Group's share of total revenues of ₹ 1,945.97 crores and net cash outflows amounting to ₹ 10.29 crores for the year ended on that date, as considered in the consolidated financial statements.

These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, is based solely on the reports of the other auditors.

(b) The consolidated financial statements include the unaudited financial information of a jointly controlled entity, whose financial statements reflect the Group's share of total assets (net) of ₹ 34.16 crores as at 31 March, 2013, the Group's share of total revenues of ₹ 9.35 crores and net cash outflows amounting to ₹ 2.18 crores for the year ended on that date, as considered in the consolidated financial statements. This financial information has been certified by the management and our opinion, in so far as it relates to the amounts included in respect of the jointly controlled entity, is based solely on such management certified financial information.

Our opinion is not qualified in respect of these matters.

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

R. A. BANGA
Partner
(Membership No. 037915)

MUMBAI, 28 May, 2013

CONSOLIDATED BALANCE SHEET AS AT 31 MARCH, 2013

	Note No.	As at 31 March 2013 ₹ in crores	*As at 31 March 2012 ₹ in crores*
A EQUITY AND LIABILITIES			
(1) Shareholders' funds			
(a) Share capital	4	285.00	*285.00*
(b) Reserves and surplus	5	1,139.87	*1,997.30*
		1,424.87	***2,282.30***
(2) Minority interest		**7.91**	***9.23***
(3) Non-current liabilities			
(a) Long-term borrowings	6	9,194.58	*9,469.27*
(b) Deferred tax liabilities (net)	7	28.70	*47.17*
(c) Other long term liabilities	8	3,932.97	*3,389.10*
(d) Long-term provisions	9	235.49	*247.27*
		13,391.74	***13,152.81***
(4) Current liabilities			
(a) Short-term borrowings	10	1,080.40	*1,106.52*
(b) Trade payables	11	4,364.40	*3,840.85*
(c) Other current liabilities	12	3,305.10	*1,814.00*
(d) Short-term provisions	13	161.88	*135.63*
		8,911.78	***6,897.00***
TOTAL		**23,736.30**	***22,341.34***
B ASSETS			
(1) Non-current assets			
(a) Fixed assets	14		
(i) Tangible assets		13,291.51	*12,893.15*
(ii) Intangible assets		546.95	*533.75*
(iii) Capital work-in-progress		763.42	*1,099.12*
(iv) Intangible assets under development		7.24	*49.77*
		14,609.12	***14,575.79***
(b) Goodwill on consolidation		872.94	*776.90*
(c) Non-current investments	15	753.21	*752.73*
(d) Deferred tax assets (net)	7	11.09	*1.91*
(e) Long-term loans and advances	16	2,119.29	*2,638.52*
(f) Other non-current assets	17	8.08	*8.08*
		3,764.61	***4,178.14***
(2) Current assets			
(a) Current investments	18	568.41	-
(b) Inventories		27.20	*22.42*
(c) Trade receivables	19	3,211.87	*2,566.82*
(d) Cash and bank balances	20	923.30	*306.08*
(e) Short-term loans and advances	21	603.74	*638.40*
(f) Other current assets	22	28.05	*53.69*
		5,362.57	***3,587.41***
TOTAL		**23,736.30**	***22,341.34***

See accompanying notes forming part of financial statements

In terms of our report attached

FOR S. B. BILLIMORIA & CO.
Chartered Accountants

R. A. BANGA
Partner

MUMBAI
DATED: 28 May, 2013

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: 28 May, 2013

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH, 2013

		Note No.	Year ended 31 March 2013 ₹ in crores	*Year ended 31 March 2012 ₹ in crores*
I	Revenue from telecommunications services		17,212.95	*14,196.05*
II	Other income	23	226.59	*144.80*
III	**Total Revenue (I + II)**		**17,439.54**	***14,340.85***
IV	**Expenses:**			
	Network and transmission	24	9,656.33	*7,893.61*
	Employee benefits	25	2,411.46	*2,119.91*
	Operating and other expenses	26	3,085.45	*2,391.04*
	Finance costs	27	794.14	*834.27*
	Depreciation and amortization (net of transfer from Capital Reserve)	14	2,027.05	*1,820.04*
	Total Expenses		**17,974.43**	***15,058.87***
V	**Loss before exceptional items and taxes (III-IV)**		**(534.89)**	***(718.02)***
VI	**Exceptional Item gain (loss) (net)**	28	104.18	*-*
VII	**Loss before taxes (V+VI)**		**(430.71)**	***(718.02)***
VIII	**Tax Expenses**			
	Current tax		249.98	*126.53*
	Deferred tax benefit		(29.78)	*(80.77)*
	MAT credit entitlement		-	*20.19*
IX	**Loss before minority interest (VII-VIII)**		**(650.91)**	***(783.97)***
	Minority interest		27.35	*(6.50)*
	Share in profit (loss) of associates (net)		0.25	*(4.18)*
X	**Net Loss for the year**		**(623.31)**	***(794.65)***
	Earning per share (of ₹ 10 each)			
	Basic/Diluted earnings per share (₹)	34	**(21.87)**	***(27.88)***

See accompanying notes forming part of the financial statements

In terms of our report attached

FOR S. B. BILLIMORIA & CO.
Chartered Accountants

R. A. BANGA
Partner

MUMBAI
DATED: 28 May, 2013

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: 28 May, 2013

CASH FLOW STATEMENT FOR THE PERIOD ENDED 31 MARCH, 2013

		Year Ended 31 March 2013 ₹ in crores	*Year Ended 31 March 2012 ₹ in crores*
1	**CASH FLOWS FROM OPERATING ACTIVITIES**		
	LOSS BEFORE TAXES AND AFTER EXCEPTIONAL ITEMS	**(430.71)**	***(718.02)***
	Adjustments for:		
	Depreciation and amortisation expenses	2,027.05	*1,820.04*
	(Profit)/Loss on sale of fixed assets (net) - Refer note (ii)	(203.84)	*4.24*
	Interest income	(23.77)	*(5.41)*
	Interest expense	794.14	*834.27*
	Provision for trade receivables	48.34	*13.46*
	Bad Debts written off	46.74	*57.31*
	Provision for contingency	9.58	*7.65*
	Provision for doubtful advances	0.93	*5.17*
	Provision for obsolesence	-	*7.42*
	Profit on sale of current investments	(18.01)	*(37.93)*
	Operating profit before working capital changes	**2,250.45**	***1,988.20***
	Inventories	(7.13)	*(2.21)*
	Trade receivables	(658.49)	*(467.01)*
	Short Term Loans and Advances	(127.06)	*(220.48)*
	Long Term Loans and Advances	211.35	*(206.54)*
	Other Current Assets	43.13	*88.46*
	Trade Payables	497.50	*172.27*
	Other Current Liabilties	(88.37)	*(16.58)*
	Other Non-current Liabilties	370.74	*710.29*
	Short Term Provisions	(20.22)	*5.16*
	Long Term Provisions	(32.73)	*43.63*
	Adjustment of translation differences on working capital	(63.80)	*(353.32)*
	Cash generated from operations before tax and exceptional items	**2,375.37**	***1,741.87***
	Income tax refunds (net)	79.33	*10.66*
	NET CASH FLOW FROM OPERATING ACTIVITIES	**2,454.70**	***1,752.53***
2	**CASH FLOWS FROM INVESTING ACTIVITIES**		
	Purchase of fixed assets	(1,756.30)	*(2,200.68)*
	Proceeds from sale of fixed assets	214.74	*21.48*
	Additional shareholding purchased in SEPCO Communications (Pty) Limited, net of cash	-	*(25.11)*
	Payment to 2TC for Loan in SEPCO Communications (Pty) Limited	-	*(143.85)*
	Additional shareholding purchased in Neotel Pty. Limited - Refer Note 29	(92.24)	*-*
	Purchase of non-current investments	(0.24)	*(0.12)*
	Purchase of current investments	(5,469.32)	*(5,022.59)*
	Sale of current investments	4,918.92	*5,151.73*
	Inter corporate deposits given	(60.00)	*(140.00)*
	Inter corporate deposits matured	70.00	*130.00*
	Fixed deposits matured during the year	-	*1.19*
	Fixed Deposits placed during the year	(27.36)	*-*
	Earmarked funds	(296.94)	*(12.05)*
	Interest received	24.75	*4.21*
	NET CASH USED IN INVESTING ACTIVITIES	**(2,473.99)**	***(2,235.79)***
3	**CASH FLOWS FROM FINANCING ACTIVITIES**		
	Proceeds from Short Term Borrowings	1,732.16	*2,009.52*
	Repayment of Short Term Borrowings	(1,982.47)	*(2,323.07)*
	Proceeds from Long Term Borrowings	2,134.78	*2,464.27*
	Repayment of Long Term Borrowings	(873.47)	*(1,736.35)*
	Net increase in Working Capital Borrowings	158.55	*46.82*
	Proceeds from issue of preference shares to minority shareholders of a subsidiary	-	*433.63*
	Dividends paid including dividend tax	(67.06)	*(66.25)*
	Dividends paid to minority	(2.94)	*(0.52)*
	Interest paid	(780.04)	*(775.20)*
	NET CASH FLOW FROM FINANCING ACTIVITIES	**319.51**	***52.85***
	NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	**300.22**	***(430.41)***
	CASH AND CASH EQUIVALENTS AS AT THE BEGINNING OF THE YEAR	**277.97**	***704.66***
	Exchange difference on translation of foreign currency cash and cash equivalents	(7.31)	*3.72*
	CASH AND CASH EQUIVALENTS AS AT THE END OF THE YEAR (REFER NOTE 20)	**570.88**	***277.97***

Notes :
i. Figures in brackets represents outflows
ii. Profit on sale of Fixed Assets includes profit on sale of land and building in Chennai which is included as part of exceptional items amounting to ₹ 189.62 crores

In terms of our report attached

FOR S. B. BILLIMORIA & CO.
Chartered Accountants

R. A. BANGA
Partner

MUMBAI
DATED: 28 May, 2013

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: 28 May, 2013

Notes forming parts of the consolidated financial statements for the year ended 31 March, 2013

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) to the Company with effect from 01 April, 1986. During the year 2007-08, the Company changed its name from Videsh Sanchar Nigam Limited to Tata Communications Limited.

The Company offer international and national voice and data transmission services, selling and leasing of bandwidth on undersea cable systems, internet dial up and broadband services, and other value-added services comprised mainly-mobile global roaming and signaling services, transponder lease, data centers, telex and telegraph and television uplinking.

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") have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards notified under of the Companies (Accounting Standards) Rules, 2006 (as amended) and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared on an accrual basis under the historical cost convention and as a going concern. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.

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 for 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 for 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. Goodwill on consolidation is not amortized but tested for the impairment. 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.

Notes forming parts of the consolidated financial statements for the year ended 31 March, 2013 (Contd.)

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.

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.

The management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognized in the periods in which the results are known / materialize.

d. Fixed assets

i. Tangible and intangible 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. Indefeasible Rights of Use (IRUs) for international and domestic telecommunication circuits are classified under plant and machinery under tangible 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. Capital work-in-progress includes projects under which tangible fixed assets are not yet ready for their intended use are carried at cost, comprising direct cost, directly attributable cost and attributable interest

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

vii. Software and license fees have been classified as intangible assets.

viii. 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 has been provided on the straight-line method as per the rates prescribed in Schedule XIV to the Companies Act, 1956 or based on useful lives of respective assets as estimated by the Management, whichever is higher, at the following rates :

I	**Tangible assets**	
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 Cables	4.75% to 6.33%
	iii Other plant and machinery (Refer Note 14)	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
II	**Intangibles assets are amortised over their estimated useful life as follows**	
a)	Software (Refer Note 14)	12.5% to 33.33%
b)	License fees	4.00%

f. Leases

Assets leased by the Group in its capacity as a lessee, where substantially all the risks and rewards of ownership vest in the Group are classified as finance leases. Such leases are capitalised at the inception of the lease at the lower of the fair value and 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.

Lease arrangements where the risks and rewards incidental to ownership of an asset substantially vest with the lessor are recognised as operating leases. Lease rentals under operating leases are recognised in the Consolidated Statement of Profit and Loss on a straight-line basis.

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.

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.

Notes forming parts of the consolidated financial statements for the year ended 31 March, 2013 (Contd.)

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

Employee benefits include provident fund, employee state insurance scheme, gratuity fund, compensated absences and post-employment medical and other 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) Long-term employee 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) Certain transactions with providers of telecommunication services are accounted for as non-monetary transactions depending on the terms of the agreements entered into with such telecommunication service providers.

v) 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.

m. Other Income

Interest income is accounted on accrual basis. Dividend income is accounted for when the right to receive it is established and no significant uncertainty as to measurability or collectability exists.

n. 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 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.

o. 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) 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.

iii) Forward exchange contracts/Cross Currency Swaps (other than referred in (p)(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.

p. 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.

Notes forming parts of the consolidated financial statements for the year ended 31 March, 2013 (Contd.)

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.

q. 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.

r. Contingent Liabilities and Provisions

A provision is recognized when the Company has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. Provisions (excluding retirement benefits) are not discounted to their present value and are determined based on the best estimate of the amount required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates. Contingent liabilities are disclosed in the notes. Contingent assets are not recognised in the financial statements.

3. Particulars of subsidiaries, associate and jointly controlled entity considered in the preparation of the consolidated financial statements:

	Country of Incorporation	**Percentage of voting power**	
		As at 31 March 2013	**As at 31 March 2012**
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 Payment Solutions Limited (formerly known as 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	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*

Notes forming parts of the consolidated financial statements for the year ended 31 March, 2013 (Contd.)

	Country of Incorporation	Percentage of voting power	
		As at 31 March 2013	As at 31 March 2012
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*
Tata Communications (Poland) Sp.z.o.o	Poland	100.00	*100.00*
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*
BitGravity Inc	United States of America	99.99	*99.99*
Tata Communications (Malaysia) Sdn. Bhd. (Date of incorporation: 29 March, 2012)	Malaysia	100.00	*100.00*
Tata Communications (New Zealand) Limited (Date of incorporation: 15 March, 2012)	New Zealand	100.00	*100.00*
Tata Communications (Spain) S.L (Formerly known as Videsh Sanchar Nigam Spain Srl)	Spain	100.00	*100.00*
NEOTEL (Pty) Ltd. (Neotel) (w.e.f. 11th April 2011, refer note 29)	South Africa	67.32	*64.10*
SEPCO Communications (Pty) Limited. (w.e.f. 11th April 2011, refer note 29)	South Africa	73.17	*71.76*
Neotel Business Support Services (Pty) Ltd (NBSS).	South Africa	100.00	*100.00*
TCNL1 B.V. (Date of incorporation :31 March, 2012)	Netherlands	100.00	*100.00*
TCNL 2 B.V. (Date of incorporation: 31 March, 2012)	Netherlands	100.00	*100.00*
Joint Ventures			
United Telecom Limited	Nepal	26.66	*26.66*
Associate			
Number Portability Company (Pty) Ltd. (Held through Neotel (Pty) Ltd.)	South Africa	20	*20*

Notes forming parts of the consolidated financial statements for the year ended 31 March, 2013 (Contd.)

4. Share capital

	As at 31 March 2013	*As at 31 March 2012*
		(₹ in crores)
a. Authorized:		
400,000,000 (2012:400,000,000) Equity shares of ₹ 10 each	400.00	*400.00*
b. Issued, Subscribed and Paid up:		
285,000,000 (2012:285,000,000) Equity shares of ₹ 10 each, fully paid up	285.00	*285.00*

i. Authorized:

The authorized capital of the Company increased from ₹ 300.00 crores to ₹ 400.00 crores during financial year 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.

ii. 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.

iii. 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.

Subsequent to the year end the company announced its intention to delist its American Depositary Shares ("ADSs"), as evidenced by American Depositary Receipts ("ADRs"), from the New York Stock Exchange ("NYSE") and to terminate its ADR program.

The Board of Directors have recommended a dividend of ₹ 3.00 (2012: ₹ 2.00) per share for the year ended 31 March, 2013.

iv. Number of shares held by each shareholder holding more than 5% of the issued share capital:

	As at 31 March 2013		*As at 31 March 2012*	
	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%*
Bank of New York Mellon as depository to Company's ADR issue	14,167,950	4.97%	*17,559,620*	*6.16%*

5. Reserves and surplus

(₹ in crores)

		As at 31 March 2013	*As at 31 March 2012*
a)	**Capital Reserve (Refer i)**		
	Opening balance	206.92	*219.83*
	Less: Depreciation on Gifted Assets, transferred to Statement of Profit and Loss	(0.45)	*(0.46)*
	Add: Translation Adjustments	-	*0.56*
	Add: Adjustment pursuant to consolidation of Neotel Pty. Ltd.	-	*(13.01)*
	Closing balance	**206.47**	***206.92***
b)	**Securities Premium**		
	Opening balance	725.01	*725.01*
	Closing balance	**725.01**	***725.01***
c)	**General Reserve**		
	Opening balance	4,174.59	*3,360.73*
	Add: Transferred from Debenture Redemption Reserve	600.00	*800.00*
	Add: Transferred from Statement of Profit and Loss	52.68	*13.86*
	Closing balance	**4,827.27**	***4,174.59***
d)	**Debenture Redemption Reserve**		
	Opening balance	730.74	*1,018.11*
	Less: Transferred to General Reserve on redemption of Debentures	(600.00)	*(800.00)*
	Add: Transferred from Statement of Profit and Loss	219.39	*512.63*
	Closing balance	**350.13**	***730.74***
e)	**Hedge Fluctuation Reserve**		
	Opening balance	(0.06)	*(3.05)*
	Add: Changes in fair value during the year	4.85	*2.99*
	Closing balance	**4.79**	***(0.06)***
f)	**Foreign Exchange Translation Reserve (net)**		
	Opening balance	(513.54)	*(74.82)*
	Add: Translation loss on net investment in non-integral foreign operations (refer ii)	3.88	*(143.31)*
	Add: Exchange translation adjustment	(140.67)	*(295.41)*
	Closing balance	**(650.33)**	***(513.54)***

Notes forming parts of the consolidated financial statements for the year ended 31 March, 2013 (Contd.)

	As at 31 March 2013	*As at 31 March 2012*
		(₹ in crores)
g) Deficit in the Statement of Profit and Loss		
Opening balance	(3,326.36)	*(1,938.97)*
Add: Loss for the year	(623.31)	*(794.65)*
Less :- Proposed Dividend (refer note 4 (iii))	85.50	*57.00*
Tax on Dividend	16.23	*9.25*
Transfer to General Reserve	52.68	*13.86*
Transfer to Debenture Redemption Reserve	219.39	*512.63*
Closing balance	**(4,323.47)**	***(3,326.36)***
TOTAL (a to g)	**1,139.87**	***1,997.30***

i. Capital Reserve includes ₹ 205.22 crores in respect of foreign exchange gains on unutilized proceeds from Global Depository Receipts credited in earlier years.

ii. During the year 2011-12, 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. In respect of such loans, an amount of ₹ 3.88 crores (2012: ₹ (143.31) crores) net foreign exchange gain/(loss) (inclusive of forward cover loss of ₹ 135.68 crores (2012: ₹ 100.80 crores)) have been recorded to foreign exchange translation reserve during the year.

6. Long-term borrowings

	As at 31 March 2013	*As at 31 March 2012*
		(₹ in crores)
a) DEBENTURES		
I. Taxable Rated Secured Non-Convertible Redeemable Debentures (Refer 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*
Nil (2012: 6,000), 11.70% Rated taxable debentures of face value ₹ 10 lakhs each [Repayable ₹ Nil within one year (2012: ₹ 400crores)]	-	*600.00*
II. Taxable Rated Unsecured Non-Convertible Redeemable Debentures (Refer ii.)		
1500, 9.85% Rated taxable debentures of face value ₹ 10 lakhs each	150.00	*150.00*
1500, 9.50% Rated taxable debentures of face value ₹ 10 lakhs each	150.00	*150.00*
b) UNSECURED NOTES		
1000, 4.25% SGD Notes of face value of SGD 250,000 (refer iii)	1,093.80	-
c) TERM LOANS (REFER IV)		
From bank		
Secured	2,698.05	*3,029.22*
Unsecured	6,811.14	*5,693.32*

Notes forming parts of the consolidated financial statements for the year ended 31 March, 2013 (Contd.)

	As at 31 March 2013	As at 31 March 2012
		(₹ in crores)
From Others		
Unsecured	129.04	*102.71*
TOTAL	**11,282.03**	***9,975.25***
Less: Current maturities of long-term borrowings	2,087.45	*505.98*
Long-term Borrowings, net of current portion	**9,194.58**	***9,469.27***

i. Secured Debentures;

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. The debenture has been fully redeemed during the year and the charge on assets created is released.

₹ 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	**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	-	-
Total	**190**	**55**	**5**

For facilitating the above redemptions, and the Company has created a Debenture Redemption Reserve of ₹ 179.60 crores (2012: ₹ 605.19 crores), and amount of ₹ 174.41 crores (2012: ₹ 270.55 crores) has been appropriated during the current year.

During the year, 4,000 (2012: 4,000), 11.70% debentures aggregating ₹ 400 crores (2012: ₹ 400 crores) were redeemed as per terms of issue and consequently debenture redemption reserve of ₹ 400 crores (2012: ₹ 400 crores) created to facilitate the redemption of above debentures has been transferred to General reserve.

In addition to the above, 2,000 11.70% debentures aggregating ₹ 200 crores were prepaid during the year and consequently debenture redemption reserve of ₹ 200 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.

Notes forming parts of the consolidated financial statements for the year ended 31 March, 2013 (Contd.)

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 ₹ 170.53 crores (2012: ₹ 125.55 crores), an amount of ₹ 44.98 (2012: ₹ 242.08 crores) has been appropriated during the current year.

During the previous 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 was transferred to general reserve.

iii) During the year, Tata Communications (Netherlands) B.V (TCN BV), a wholly owned subsidiary of the Company issued Unsecured Notes on the Singapore Stock Exchange (the "Notes") of ₹ 1,074.88 crores (₹ 1,093.80 crores as on balance sheet date) which will mature in February, 2016 and carry a fixed interest of 4.25 per cent per annum. These notes are denominated in Singapore Dollars (SGD) and have the value of SGD 250,000,000 (1000 notes of SGD 250,000 each). The Notes constitute senior unsecured obligations of the TCN BV and will rank at all times pari passu without any preference among themselves and at least equally with all other present and future outstanding unsecured and unsubordinated obligations of the TCN BV but, in the event of insolvency, only to the extent permitted by applicable laws relating to creditors' rights. These notes are guaranteed by the Company.

iv) Terms of Loan from Bank and Others

(₹ in crores)

Loan from	Currency	Amount	Rate of Interest	Maturities	Nature of Securities
Bank	ZAR	80.65	12.71% Fixed	Quarterly until September 2020	Land & Building
Bank	ZAR	1,555.55	3M JIBAR + 4.75%	December 2014 - March 2018	Refer note (a)
Bank	ZAR	117.40	3M JIBAR + 6.75%	December 2014 - March 2020	Refer note (a)
Bank	ZAR	233.79	3M JIBAR + 2.50%	December 2014 - March 2020	Refer note (a)
Bank	ZAR	469.60	3M JIBAR + 6.00%	December 2014 - March 2020	Refer note (a)
Bank	ZAR	120.97	3M JIBAR + 4.75%	June 2013 - September 2016	Refer note (a)
Bank	ZAR	120.09	3M JIBAR + 5.21%	June 2013 - September 2016	Refer note (a)
Total Secured Loan from Bank		**2,698.05**			
Bank	USD	271.70	LIBOR plus 4.7%	July 2014 - July 2016	N.A.
Bank	USD	679.25	LIBOR plus 4%*	January 2014	N.A.
Bank	USD	54.34	LIBOR plus 3.75%	November 2014 - November 2016	N.A.
Bank	USD	193.31	LIBOR plus 1.35%	March 2012 - March 2020	N.A.
Bank	USD	1,304.16	LIBOR plus 2.90%	June 2014 - October 2014	N.A.
Bank	USD	2,852.85	LIBOR plus 2.90%*	December 2013 - December 2015	N.A.
Bank	USD	503.24	LIBOR plus 0.65%	March 2012 - September 2021	N.A.
Bank	USD	75.00	9.00% Fixed	June 2014	N.A.

Bank	USD	41.31	9.45% Fixed	September 2015 – March 2016	N.A.
Bank	USD	25.69	10.00% Fixed	March 2016	N.A.
Bank	SGD	266.89	SIBOR plus 3.30%	January 2016	N.A.
Bank	USD	543.40	LIBOR plus 3.55%*	December 2015 - December 2017	N.A.
Total Unsecured Loan from Bank		**6,811.14**			
Others	USD	84.40	3.95% Fixed	December 2012 - December 2016	N.A.
Others	USD	44.64	3.95% Fixed	October 2012 - December 2017	N.A.
Total Unsecured Loan from Others		**129.04**			

LIBOR- London Interbank Offer Rate, JIBAR- Johannesburg Interbank Agreed Rate, SIBOR- Singapore Interbank Borrowing Offer Rate

* The spread on above LIBOR is based on net debt of EBIDTA ratio of the Company and certain subsidiaries of the Company.

a. The loan of ₹ 2,617.40 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:

i. Ceded rights of Neotel

All rights, claims, entitlements, benefits of other interest including without limitation to debts, insurance proceeds, project revenues, receivables, 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, 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.

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

(₹ in crores)

			As at 31 March 2013	*As at 31 March 2012*
I	**Deferred tax liability arising out of timing differences on:**			
	Difference between accounting and tax depreciation		320.10	*356.79*
	Total deferred tax liability	**(A)**	**320.10**	***356.79***
	Deferred tax assets arising out of timing differences on:			
	Provision for doubtful debts		68.44	*56.56*
	Provision for Leave encashment		23.89	*20.64*
	Provision for Bonus		3.59	*3.18*
	Expenditure incurred on NLD licence fees		14.31	*15.37*

Notes forming parts of the consolidated financial statements for the year ended 31 March, 2013 (Contd.)

(₹ in crores)

		As at 31 March 2013	*As at 31 March 2012*
Expenditure disallowed u/s. 40 (a) (ia)		88.32	*71.97*
Carry Forward net operating losses		2.93	*20.12*
Unearned income and deferred revenues		50.46	*67.99*
Interest received on provisional income-tax assessment		19.64	*18.71*
Interest accrued on Secured Debenture issued to Public Financial Institutions		13.07	*15.16*
Forex Revaluation / realisation loss		9.95	*10.47*
Others		7.89	*11.36*
Total deferred tax assets	**(B)**	**302.49**	***311.53***
Net deferred tax (asset) / liability	**(A - B)**	**17.61**	***45.26***
Deferred tax liability (net)		28.70	*47.17*
Deferred tax (assets) (net)		(11.09)	*(1.91)*

(₹ in crores)

		As at 31 March 2013	*As at 31 March 2012*
II.	**Statement of Deferred tax charge for the year:**	45.26	*124.69*
	Add: Revaluation of opening deferred tax liabilities	2.13	*1.34*
	Add/ (Less): Current year deferred tax adjusted	(29.78)	*(80.77)*
	Closing Deferred tax (asset) / liability	**17.61**	***45.26***

8. Other long-term liabilities

(₹ in crores)

		As at 31 March 2013	*As at 31 March 2012*
a.	Unearned Revenues	3,767.24	*3,218.72*
b.	Trade Payable	36.80	*20.38*
c.	Others	128.93	*150.00*
	TOTAL	**3,932.97**	***3,389.10***

9. Long-term provisions

(₹ in crores)

		As at 31 March 2013	*As at 31 March 2012*
a.	Provisions for employees benefits (refer note 30)		
	- Compensated absences	62.84	*61.18*
	- Pension	14.60	*47.68*
	- Gratuity	1.00	*0.32*
	- Post-employment medical benefit	52.85	*48.30*
b.	Provision for contingencies (refer note 31)	104.18	*89.26*
c.	Others	0.02	*0.53*
	TOTAL	**235.49**	***247.27***

10. Short-term borrowings (unsecured)

(₹ in crores)

	As at 31 March 2013	*As at 31 March 2012*
LOANS		
From banks (rate of interest – 1.09 % to 11.00 % p.a.)	1,080.40	*1,106.52*
TOTAL	**1,080.40**	***1,106.52***

11. Trade payables

(₹ in crores)

		As at 31 March 2013	*As at 31 March 2012*
a.	Payable for Network and transmission services	4,010.54	*3,519.11*
b.	Accrued payroll	347.44	*321.33*
c.	Dues of micro and small enterprises	6.42	*0.41*
	TOTAL	**4,364.40**	***3,840.85***

12. Other current liabilities

(₹ in crores)

		As at 31 March 2013	*As at 31 March 2012*
a.	Current maturities of long term borrowings	2,087.45	*505.98*
b.	License fees payable	66.55	*69.65*
c.	Interest accrued but not due	60.62	*66.87*
d.	Unearned revenues and advances received from customers	755.44	*758.98*
e.	Government of India current account	20.57	*20.57*
f.	Unpaid dividend	0.39	*0.44*
g.	Provision for gratuity	7.50	*6.85*
h.	Other Liabilities	306.58	*384.66*
	TOTAL	**3,305.10**	***1,814.00***

13. Short-term provisions

(₹ in crores)

		As at 31 March 2013	*As at 31 March 2012*
a.	Provisions for employees benefits		
	- Compensated absences	53.27	*49.51*
	- Gratuity	-	*0.05*
	- Post-employment medical benefit	3.92	*3.71*
b.	Proposed dividend	85.50	*57.00*
c.	Provision for dividend tax	15.42	*9.25*
d.	Provision for tax	3.09	*9.64*
e.	Others	0.68	*6.47*
	TOTAL	**161.88**	***135.63***

Notes forming parts of the consolidated financial statements for the year ended 31 March, 2013

14. Fixed assets

a. Tangible assets

(₹ in crores)

	Free hold Land	Leasehold Land	Leasehold Improve-ments	Building	Plant and Machinery	Furniture and Fixtures	Office Equipment	Computers	Motor Vehicles	Total
Gross block										
At 1 April, 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
Addition on acquisitions	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***
Additions	-	-	46.46	4.82	1,711.42	14.42	12.13	71.74	-	1,860.99
Additions on acquisition	-	-	-	-	-	-	-	-	-	-
Disposals	(1.04)	-	-	(6.74)	(102.80)	(2.01)	(0.12)	(6.87)	-	(119.58)
Adjustments	1.58	1.10	8.01	(14.29)	507.52	(0.45)	1.26	9.92	(0.01)	514.64
At 31 March, 2013	**92.75**	**220.04**	**194.99**	**849.96**	**20,555.21**	**204.60**	**128.90**	**791.80**	**1.21**	**23,039.46**
Accumulated Depreciation										
At 1 April, 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
Addition 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***
Depreciation	-	2.84	14.34	26.74	1,624.97	14.77	7.09	97.28	0.05	1,788.08
Additions on acquisition	-	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	(2.92)	(21.01)	(1.25)	(0.07)	(5.59)	-	(30.84)
Adjustments	-	0.48	4.20	(3.11)	96.37	(0.99)	0.61	2.90	(0.01)	100.45
At 31 March, 2013	**-**	**28.96**	**91.46**	**176.65**	**8,698.79**	**109.01**	**41.47**	**600.59**	**1.02**	**9,747.95**
Net Block										
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***
At 31 March, 2013	**92.75**	**191.08**	**103.53**	**673.31**	**11,856.42**	**95.59**	**87.43**	**191.21**	**0.19**	**13,291.51**

Notes:

1. Freehold Land includes ₹ 0.16 crores (2012: ₹ 0.16 crores) identified as Surplus land.
2. Gross block of buildings includes:
   a. ₹ 32.75 crores (2012: ₹ 32.75 crores) for flats at Mumbai in respect of which agreements have not been executed.
3. Gross block and accumulated depreciation of plant and machinery includes Indefeasible Rights of Use (IRUs) for domestic and international telecommunication circuits of ₹ 2,549.99 crores (2012: ₹ 2,300.83 crores) and ₹ 1,019.49 crores (2012: ₹ 819.62 crores) respectively.
4. The difference between Depreciation as per schedule of tangible assets and intangible assets of ₹ 2,025.70 (2012: ₹ 1,818.69 crores) and net amount charged to the statement of profit and loss is ₹ 2,027.05 crores (2012: ₹ 1,820.04 crores) is on account of goodwill amortization of ₹ 1.80 crores (2012: ₹ 1.80 crores). Decrease on account of depreciation on gifted assets transferred to Capital Reserve of ₹ 0.45 crores (2012: ₹ 0.46 crores)
5. Finance cost capitalised during the year is ₹ 14.74 crores (2012: ₹ 45.13 crores) in respect of capital expenditure.
6. During the fiscal year, the Company and its subsidiary (Tata Communications International Pte Limited) has evaluated the economic useful life of undersea cables and has extended the useful life of undersea cables from 15 /18 years to 20 years and batteries from 8/12 years to 4 years. This has resulted in lower depreciation charge of ₹ 100.90 crores (net) for the year (2012:₹ Nil). Neotel (Pty) Limited (subsidiary of the Company) had changed the useful lives of its network equipments from 12 years to 15 years and computer software from 3 years to 8 years which has reduced the depreciation charge for the year by ₹ 58.10 crores (2012:₹ Nil).

b. Intangible assets

(₹ in crores)

Intangibles	Software	License fees	Goodwill	Total
Gross block (cost or valuation)				
At 1 April, 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**
Additions	227.83	1.53	-	229.36
Additions on acquisition	-	-	-	-
Disposals	(17.65)	-	-	(17.65)
Adjustments	12.00	0.04	42.07	54.11
At 31 March, 2013	**1,108.02**	**18.47**	**781.53**	**1,908.02**
Accumulated Amortization				
At 1 April, 2011	**352.49**	**4.25**	**415.33**	**772.07**
Amortization Expense	115.08	0.41	54.31	169.80
Addition 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**
Amortization Expense	177.88	0.80	58.94	237.62
Additions on acquisition	-	-	-	-
Disposals	(17.65)	-	-	(17.65)
Adjustments	4.26	0.41	27.98	32.65
At 31 March, 2013	**732.33**	**11.58**	**617.16**	**1,361.07**
Net Block				
At 31 March, 2012	**318.00**	**6.53**	**209.22**	**533.75**
At 31 March, 2013	**375.69**	**6.89**	**164.37**	**546.95**

Notes forming parts of the consolidated financial statements for the year ended 31 March, 2013 (Contd.)

15. Non-current investments

(₹ in crores)

	As at 31 March 2013	*As at 31 March 2012*
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.	3.05	*2.87*
d) Green Infra Wind Generation Limited	0.10	*0.10*
e) Green Infra Wind Farms Limited	0.08	*0.08*
f) ReNew Wind Energy (Karnataka) Pvt Ltd.	0.24	*-*
	751.51	***751.09***
B) Investment in Associates		
Investment in Number Portability Company Pty. Ltd.	1.64	*0.13*
Add: Increase due to consolidation of Neotel Pty. Limited	-	*0.25*
Translation adjustment	(0.19)	*-*
Add: Share in Profit (loss) for the year	0.25	*1.26*
	1.70	***1.64***
TOTAL (A+B)	**753.21**	***752.73***

16. Long-term loans and advances

(₹ in crores)

	As at 31 March 2013	*As at 31 March 2012*
A) Unsecured, considered good		
i. Deposits:		
a. with public bodies	1.22	*14.21*
b. with others	64.15	*40.39*
ii. Capital advances	5.01	*3.28*
iii. Prepaid pension assets	151.20	*190.50*
iv. Prepaid expenses	249.27	*350.41*
v. Advance payment of taxes (net of provision)	1,417.84	*1,742.87*
vi. Amount paid under protest	-	*115.73*
a) License fees (refer i)	25.58	*-*
b) Others	205.02	*181.13*
vii. Others		
B) Unsecured doubtful	13.11	*12.18*
Doubtful advances	(13.11)	*(12.18)*
Less - Provision for doubtful advances		
TOTAL	**2,119.29**	***2,638.52***

i. In January, 2008, an amount of ₹ 290 crores was paid to the Department of Telecommunications (DoT) under protest, towards payment of license fees, interest and penalty demanded by DoT before issue of certain licenses to the Company. Against this, the Company carried a provision of ₹ 174.15 crores for license 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 Supreme Court of India challenging the judgement of The Telecom Disputes Settlement Appellate Tribunal (TDSAT) relating to the computation of license fee.

Additionally, the Company has also filed a petition with TDSAT challenging the applicability of penal provisions under International Long Distance (ILD) and National Long Distance (NLD) license 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 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 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, on 9 May, 2012, decided the execution petition in favour of the Company and directed DoT to refund the ₹ 115.72 crores being penalty and interest on penalty, along with interest till date of payment. Accordingly DoT, on 7 June, 2012 refunded an amount of ₹ 226.23 crores (2012: ₹ Nil) to the Company, including interest of ₹ 110.51 crores (2012: ₹ Nil), which is included in other income, because the Company based on the legal opinion and position in law is confident that its position will sustain in the Supreme Court.

17. Other non-current assets

(₹ in crores)

		As at 31 March 2013	*As at 31 March 2012*
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*
	TOTAL	**8.08**	***8.08***

i. As at 31 March, 2013 the proportionate share of pension obligations and payments of ₹ 61.15 crores (2012: ₹ 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 (2012: ₹ 53.71 crores) resulting in a net amount due from the Government towards its share of pension obligations of ₹ 7.44 crores (2012: ₹ 7.44 crores).

18. Current investments

(₹ in crores)

	As at 31 March 2013	*As at 31 March 2012*
Investments in mutual funds (Unquoted)	568.41	-
TOTAL	**568.41**	**-**

Notes forming parts of the consolidated financial statements for the year ended 31 March, 2013 (Contd.)

19. Trade receivables

	As at 31 March 2013	As at 31 March 2012
		(₹ in crores)
Trade receivables outstanding for a period exceeding six months from the date they were due for payment		
Unsecured, considered good	284.17	*130.66*
Doubtful	536.77	*485.86*
	820.94	***616.52***
Less: Provision for Doubtful Debts	(536.77)	*(485.86)*
	284.17	***130.66***
Other trade receivables		
Considered good	2,927.70	*2,436.16*
Considered Doubtful	11.93	*12.55*
	2,939.63	***2,448.71***
Less: Provision for doubtful trade receivables	(11.93)	*(12.55)*
	2,927.70	***2,436.16***
TOTAL	**3,211.87**	***2,566.82***

20. Cash and bank balances

	As at 31 March 2013	As at 31 March 2012
		(₹ in crores)
a. Cash in Hand	0.11	*0.15*
b. Cheques in Hand	7.13	*13.10*
c. Remittances in transit	0.87	*10.19*
d. Current accounts with banks	276.63	*178.43*
e. Deposit accounts held with banks	286.14	*76.10*
Cash and cash equivalents	**570.88**	***277.97***
f. Deposits with original maturity over three months	27.37	-
g. Deposit accounts held as margin money (refer i)	314.20	*18.10*
h. Earmarked Funds	10.85	*10.01*
TOTAL	**923.30**	***306.08***

(i) Include ₹ 302.48 crores held in the margin money with bank against short term loan drawn by Neotel of ₹ 296.41 crores

21. Short-term loans and advances

(₹ in crores)

		As at 31 March 2013	*As at 31 March 2012*
Unsecured – Considered good			
a.	Advances to related parties	0.11	*0.94*
b.	Loans and advances to employees	12.34	*5.78*
c.	Sundry deposits	28.63	*25.84*
d.	Prepaid expenses	310.57	*349.35*
e.	Service tax recoverable	169.75	*122.63*
f.	Other advances	82.34	*133.86*
TOTAL		**603.74**	***638.40***

22. Other current assets

(₹ in crores)

		As at 31 March 2013	*As at 31 March 2012*
a.	Interest receivable	2.01	*3.04*
b.	Unamortized premium on forward contracts	1.13	*3.34*
c.	Others	24.91	*47.31*
TOTAL		**28.05**	***53.69***

23. Other income

(₹ in crores)

		Year Ended 31 March 2013	*Year Ended 31 March 2012*
a.	Interest Income		
	i) On Bank deposits (Tax deducted at source ₹ 0.13 crores (2012: ₹ 0.07 crores))	9.53	*10.24*
	ii) Refund of license fees (refer note 16 (i))	110.51	-
	iii) On other loans and advances (Tax deducted at source ₹ 0.35 crores (2012: ₹ 0.10 crores))	14.24	*5.32*
b.	Profit on sale of current investments	18.01	*37.93*
c.	Profit on sale of fixed assets (net)	14.92	*0.36*
d.	Rent	5.64	*6.60*
e.	Exchange gain/(loss) (net)	(14.48)	*34.06*
f.	Provisions / Liabilities no longer required written back	7.69	*0.90*
g.	Other income	60.53	*49.39*
	TOTAL	**226.59**	***144.80***

Notes forming parts of the consolidated financial statements for the year ended 31 March, 2013 (Contd.)

24. Network and transmission

(₹ in crores)

		Year Ended 31 March 2013	*Year Ended 31 March 2012*
a.	Charges for use of transmission facilities	9,281.27	*7,676.28*
b.	Royalty and license fees	257.42	*150.46*
c.	Rent of satellite channels	66.78	*58.68*
d.	Administrative lease charges	50.86	*8.19*
		9,656.33	***7,893.61***

25. Employee benefits

(₹ in crores)

		Year Ended 31 March 2013	*Year Ended 31 March 2012*
a.	Salaries and related costs	2,146.06	*1,906.97*
b.	Contribution to provident, gratuity and other funds	168.66	*112.95*
c.	Staff welfare expenses	96.74	*99.99*
	TOTAL	**2,411.46**	***2,119.91***

26. Operating and other expenses

(₹ in crores)

		Year Ended 31 March 2013	*Year Ended 31 March 2012*
a.	Consumption of stores	58.63	*55.06*
b.	Light and power	338.54	*251.28*
c.	Repairs and Maintenance:		
	- Buildings	30.92	*35.97*
	- Plant and Machinery	803.45	*607.48*
	- Others	21.94	*6.73*
d.	Bad Debts written off	46.74	*13.46*
e.	Provision for trade receivables	48.34	*57.31*
f.	Provision for doubtful advances	0.93	*5.17*
g.	Rent	281.00	*255.29*
h.	Rates and taxes	81.41	*62.58*
i.	Travelling	120.56	*95.08*
j.	Telephone	56.21	*45.77*
k.	Printing, postage and stationery	20.26	*19.43*
l.	Legal and professional fees	174.65	*167.35*
m.	Advertising and publicity	169.00	*119.69*
n.	Commissions	48.52	*42.24*
o.	Services rendered by agencies	236.16	*205.82*
p.	Insurance	25.01	*22.47*
q.	Donations	0.48	*0.62*
r.	Other expenses	522.70	*322.24*
	TOTAL	**3,085.45**	***2,391.04***

27. Finance costs

(₹ in crores)

	Year Ended 31 March 2013	*Year Ended 31 March 2012*
Interest on:		
- Bank loans	588.27	*598.47*
- Debentures	112.63	*188.16*
- Others	107.98	*92.77*
Less: Interest expense capitalized	(14.74)	*(45.13)*
TOTAL	**794.14**	***834.27***

28. Exceptional items

(₹ in crores)

	Year Ended 31 March 2013	*Year Ended 31 March 2012*
a. Staff optimization cost (Refer i)	(85.44)	-
b. Profit on sale of fixed assets (net) (Refer ii)	189.62	-
TOTAL	**104.18**	**-**

i. As part of its initiative to enhance the long-term efficiency of the business, during the fiscal year the Company undertook organisational changes to align to the Company's current and prospective business requirements. These changes involved certain positions in the Company becoming redundant and the Company incurred one time charge of ₹ 72.90 crores (2012: ₹ Nil) which also includes related employment taxes and fringe benefits and further one time cost of ₹ 12.54 crores (2012: ₹ Nil) towards other related initiatives.

ii. During the fiscal year, the Company sold land and building at Chennai for a consideration of ₹ 192.30 crores resulting in a profit on sale of fixed assets of ₹ 189.62 crores (2012: ₹ Nil).

29. On 31 March, 2012 the company's effective equity ownership interest in Neotel was 64.1%.During the year the company acquired a further 2.5% stake in Neotel for ₹ 92.24 crores thereby increasing its stake to 66.6%.The company also subscribed to the unsubscribed equity calls of the minority shareholders. As a consequence the company's effective equity ownership interest in Neotel has increased to 67.32% as on 31 March, 2013.

30. 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

Notes forming parts of the consolidated financial statements for the year ended 31 March, 2013 (Contd.)

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 ₹ 25.12 crores (2012: ₹ 22.13 crores) have been charged to the Statement of Profit and Loss.

b. Defined Benefit Plan

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.

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 ₹ 8.09 crores (2012: ₹ 14.24 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, 2013 and 2012 for these defined benefit schemes are as under:

i) Change in the defined benefit obligation

(₹ in crores)

Particulars	**Gratuity (Funded) As at 31 March 2013**	**Gratuity (Unfunded) As at 31 March 2013**	**Medical Benefits (Unfunded) As at 31 March 2013**
Liability at the beginning of the period	61.64	0.37	52.01
Current service cost	5.23	0.15	0.63
Interest cost	4.81	0.03	4.03
Liability transferred from / (to) other Companies	(2.63)	0.30	-
Actuarial (gain) / loss on obligations	4.81	0.15	9.40
Benefits paid	(10.06)	-	(9.30)
Liability at the end of the period	**63.80**	**1.00**	**56.77**

(₹ 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**

ii) Change in the fair value of Assets

(₹ in crores)

Particulars	Gratuity (Funded) As at 31 March 2013	Gratuity (Funded) As at 31 March 2012
Opening Fair Value of Plan Assets	54.26	48.86
Expected Return on Plan Assets	4.28	3.95
Employer's contribution	8.59	5.04
Transfer (to) / from other company	(2.31)	-
Actuarial Gain / (Loss)	1.54	(0.73)
Benefits paid	(10.06)	(2.86)
Closing Fair Value of Plan Assets	**56.30**	**54.26**

iii) Amount recognized in the balance sheet

(₹ in crores)

Particulars	Gratuity (Funded) As at 31 March 2013	Gratuity (Unfunded) As at 31 March 2013	Medical Benefits (Unfunded) As at 31 March 2013
Present value of funded obligations	63.80	-	-
Fair value of plan assets	(56.30)	-	-
Present value of Unfunded obligations	-	1.00	56.77
Net (asset)/ liability in the balance sheet	**7.50**	**1.00**	**56.77**

(₹ 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**

Notes forming parts of the consolidated financial statements for the year ended 31 March, 2013 (Contd.)

iv) Expenses recognized in the Statement of Profit and Loss

(₹ in crores)

Particulars	Gratuity (Funded) As at 31 March 2013	Gratuity (Unfunded) As at 31 March 2013	Medical Benefits (Unfunded) As at 31 March 2013
Current service cost	5.23	0.15	0.63
Interest cost	4.81	0.03	4.03
Expected return on plan assets	(4.28)	-	-
Net actuarial loss /(gain) to be recognized	3.27	0.15	9.40
Expense recognized in the Statement of Profit and Loss	**9.03**	**0.33**	**14.06**

(₹ 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*
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***

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

	As at 31 March 2013	As at 31 March *2012*
Corporate bonds	-	-
State Government	-	-
Insurer Managed Funds	100%	*100%*
Total	**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 2013	Gratuity (Funded) As at 31 March *2012*
Discount rate	8.00%	*8.50%*
Expected return on plan assets	8.00%	*8.00%*
Increase in compensation cost	6.00% to 10.00%	*6.00% to 10.00%*
Attrition Rate	3.00% to 15.00%	*3.00% to 15.00%*

	Gratuity (Unfunded)	
	As at 31 March 2013	**As at 31 March *2012***
Discount rate	8.00%	*8.50%*
Increase in compensation cost	8.00% to 10.00%	*6.00% to 10.00%*

	Medical Benefits (Funded)	
	As at 31 March 2013	**As at 31 March *2012***
Discount rate	8.00%	*8.50%*
Increase in compensation cost	6.00% to 10.00%	*6.00% to 10.00%*
Health care cost increase rate	2.00%	*2.00%*
Attrition Rate	3.00% to 15.00%	*3.00% to 15.00%*

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**				
	2013	***2012***	***2011***	***2010***	***2009***
Defined Benefit Obligation	63.80	*61.64*	52.45	*45.95*	*33.35*
Plan assets	56.30	*54.26*	*48.86*	*34.09*	*30.29*
Surplus / (deficit)	(7.50)	*(7.38)*	*(3.59)*	*(11.86)*	*(3.06)*
Exp. Adj. on Plan Liabilities (loss)/ gain	(2.30)	*6.73*	*(1.87)*	*1.39*	*(2.01)*
Exp. Adj. on Plan Assets gain/ (loss)	1.54	*(0.73)*	*2.32*	*0.60*	*1.99*
Actuarial Gain/(Loss) due to change on assumptions	(2.51)	*(8.52)*	-	-	-

(₹ in crores)

Particulars	**Gratuity (Unfunded) As at 31 March**				
	2013	***2012***	***2011***	***2010***	***2009***
Defined Benefit Obligation	1.00	*0.37*	1.70	*2.95*	*1.36*
Surplus / (deficit)	(1.00)	*(0.37)*	*(1.70)*	*(2.95)*	*(1.36)*
Exp. Adj. on Plan Liabilities (loss)/ gain	(0.10)	*(0.11)*	*(0.23)*	*(0.27)*	*(0.20)*
Actuarial Gain/(Loss) due to change on assumptions	(0.05)	*(0.04)*	-	-	-

Notes forming parts of the consolidated financial statements for the year ended 31 March, 2013 (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	**As at 31 March 2013**		**As at 31 March 2012**	
	Increase	**Decrease**	**Increase**	**Decrease**
Effect on service cost	0.01	-	*0.09*	*0.07*
Effect on interest cost	0.11	0.09	*0.90*	*0.70*
Effect on post employment benefit obligation	1.25	1.09	*1.25*	*1.09*

The Company expects to contribute ₹ 7.5 crores (2012: ₹ 7.38 crores) towards employer's contribution for funded defined benefit plans in financial year 2013-14.

ix) Leave Plan and Compensated absences

Leave unavailed of by eligible employees may be carried forward/ encashed by them/their nominees in the event of death or permanent disablement or resignation, subject to a maximum carry forward/ encashment of leave for 300 days.

The liability for leave encashment and compensated absences as at the year end is ₹ 70.34 crores (2012: ₹ 64.47 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 ₹ 21.57 crores (2012: ₹ 16 crores) is charged to Statement of Profit and Loss for the year ended 31 March, 2013.

The Group has made a contribution of ₹ 37.69 crores (2012: ₹ 30.98 crores) in respect of employees of Neotel.

(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, 2013 and 2012 for these defined benefit schemes are as under:

i) Changes in the defined benefit obligation:

(₹ in crores)

	Pension Plans			Health care and Life insurance Plans
	Contributory As at 31 March 2013	**Non-contributory As at 31 March 2013**	**SERP As at 31 March 2013**	**As at 31 March 2013**
Projected defined benefit obligation, beginning of the year (01 April, 2012)	490.58	496.95	21.79	9.38
Current Service cost	1.79	9.63	0.26	0.30
Interest cost	22.82	23.47	0.76	0.44
Benefits paid	(32.57)	(32.83)	(25.97)	(0.56)
Actuarial (gain)/loss	26.55	40.56	5.10	(1.82)
Effect of foreign exchange rate changes	22.46	22.40	1.33	0.46
Projected benefit obligation at the end of the year	**531.63**	**560.18**	**3.27**	**8.20**

(₹ in crores)

	Pension Plans			*Health care and Life insurance Plans*
	Contributory As at 31 March 2012	***Non-contributory As at 31 March 2012***	***SERP 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***

Notes forming parts of the consolidated financial statements for the year ended 31 March, 2013 (Contd.)

ii) Changes in the fair value of plan assets for pension plans

(₹ in crores)

	Pension Plans	
	Contributory As at 31 March 2013	**Non-Contributory As at 31 March 2013**
Fair value of plan assets, beginning of the year	647.43	530.60
Actual return on plan assets	26.89	22.43
Contributions	-	25.79
Benefits paid	(32.57)	(32.83)
Actuarial gain / (loss)	(0.49)	1.30
Effect of foreign exchange rate changes	30.12	24.34
Fair value of plan assets, end of the year	**671.38**	**571.63**

(₹ 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***

iii) The amounts recognized in the Balance sheet is as follows:

(₹ in crores)

	Pension Plans			Health care and Life insurance Plans
	Contributory As at 31 March 2013	**Non-contributory As at 31 March 2013**	**SERP As at 31 March 2013**	**As at 31 March 2013**
Present value of funded obligations	531.63	560.18	-	-
Fair value of plan assets	(671.38)	(571.63)	-	-
Present value of unfunded obligations	-	-	3.27	8.20
Net (asset)/liability in balance sheet	**(139.75)**	**(11.45)**	**3.27**	**8.20**

(₹ in crores)

	Pension Plans			Health care and Life insurance Plans
	Contributory As at 31 March	Non-contributory As at 31 March	SERP As at 31 March	As at 31 March
	2012	***2012***	***2012***	***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***

iv) The components of pension expense recognized in the Statements of Profit and Loss for the year ended 31 March, 2013 and 2012:

(₹ in crores)

Particulars	**Year Ended 31 March 2013**	***Year Ended 31 March 2012***
Current service cost	11.98	*10.35*
Interest cost	47.49	*45.74*
Actual return on plan assets	(49.32)	*(45.37)*
Net Actuarial loss/(gain) recognized	69.58	*34.06*
Effect of foreign exchange rate changes(Net)	(7.81)	*(6.19)*
TOTAL	**71.92**	***38.59***

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

Category of assets	**As at 31 March 2013 Contributory**	**As at 31 March 2013 Non-contributory**	**As at 31 March *2012* Contributory**	**As at 31 March *2012* Non-contributory**
Debt securities	90.00%	80.00%	*90.00%*	*80.00%*
Equity securities	10.00%	20.00%	*10.00%*	*20.00%*
TOTAL	**100.00%**	**100.00%**	***100.00%***	***100.00%***

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 2013**	***As at 31 March 2012***
Discount rate used for benefit costs	4.50 %	*5.50%*
Discount rate used for benefit obligations	4.00%	*4.50%*
Expected long-term return on plan assets	4.00%	*4.50%*
Inflation	2.00%	*2.00%*
Rate of compensation increase	3.00%	*3.00%*
Asset valuation method	Market Value	*Market Value*

Notes forming parts of the consolidated financial statements for the year ended 31 March, 2013 (Contd.)

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, 2013 is 8.38 % (2012: 8.94%). A one-percentage-point change in assumed health care cost trend rates would have the following effects:

(₹ in crores)

	31 March 2013		*31 March 2012*	
	Increase	**Decrease**	***Increase***	***Decrease***
Effect on service cost	0.04	0.04	*0.05*	*0.04*
Effect on interest cost	0.03	0.03	*0.04*	*0.04*
Effect on post-employment benefit obligation	0.74	0.65	*0.97*	*0.84*

The Group expects to contribute ₹ 15.77 crores (2012: ₹ 23.25 crores) to its defined benefit plans in 2013-14.

The estimate salary 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 ₹ 45.77 crores (2012: ₹ 46.22 crores)

31. Provision for contingencies:

(₹ in crores)

	As at 31 March 2013			*As at 31 March 2012*		
	Asset Retirement Obligation ("ARO") (refer i)	**Others (refer ii)**	**Total**	***Asset Retirement Obligation***	***Others***	***Total***
Balance as at beginning of the year	80.26	9.00	89.26	*63.23*	*9.00*	*72.23*
Provision made during the year	9.83	-	9.83	*7.65*	-	*7.65*
Payment made during the year	-	-	-	-	-	-
Liability incurred in current year	-	-	-	-	-	-
Effect of change in foreign exchange rate	5.34	-	5.34	*9.38*	-	*9.38*
Provisions no longer required written back	(0.25)	-	(0.25)	-	-	-
Balance as at end of the year	**95.18**	**9.00**	**104.18**	***80.26***	***9.00***	***89.26***

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.

32. Auditors remuneration (excluding Service Tax)
(included in operating and other expenses)

(₹ in crores)

Auditor's remuneration and expenses (excluding service tax)	**Year Ended 31 March 2013**	***Year Ended 31 March 2012***
i. Audit fees	1.50	*1.25*
ii. Tax audit fees	0.32	*0.21*
iii. Other professional services	1.40	*0.60*
iv. For reimbursement of expenses	0.12	*0.15*

The above fees excludes ₹ 0.71 crores (₹ Nil) with respect of audit and related services rendered for FY 2011-12 of the Company and its subsidiaries. Auditors' remuneration excludes fees of ₹ 8.02 crores (2012: ₹ 8.78 crores) payable / paid for professional services to a firm of chartered accountants in which some partners of the firm of statutory auditors are partners.

33. 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**
Joint Ventures			
United Telecom Ltd.	34.16	9.35	(2.18)

34. Earnings per share

(₹ in crores)

		Year ended 31 March 2013	***Year ended 31 March 2012***
Net (Loss) after tax attributable to the equity shareholders	(A)	(623.31)	*(794.65)*
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)	(21.87)	*(27.88)*

35. Segment reporting

Business segments

The Company's reportable business segments are Global Voice Solutions (GVS), Global Data and Managed Services (GDMS), South Africa Operations (SAO) and 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.

Notes forming parts of the consolidated financial statements for the year ended 31 March, 2013 (Contd.)

(₹ in crores)

	Year ended 31 March 2013				
	GVS	**GDMS**	**SAO**	**Others**	**Total**
Revenue from telecommunications services	8,564.69	6,753.43	1,885.48	*9.35*	17,212.95
Segment Results	1,403.59	4,737.82	51.48	(35.44)	6,157.45
Finance Cost					(794.14)
Other Un-allocable Expenses (Net)					(5,791.90)
Non-Cash Expenses (Un-allocable)					(106.30)
Loss before exceptional items and tax					(534.89)
Exceptional Item loss/(gain)					(104.18)
Loss before tax					(430.71)
Tax (expense)/benefits (Net)					(220.20)
Loss after tax before Minority interest					(650.91)
Minority interest					27.35
Share in profit of associates					0.25
Net Loss					**(623.31)**

(₹ in crores)

	Year ended 31 March 2012				
	GVS	***GDMS***	***SAO***	***Others***	***Total***
Revenue from telecommunications services	*6,811.80*	*5,646.16*	*1,723.78*	*14.31*	*14,196.05*
Segment Results	*1,177.45*	*4,139.17*	*(177.47)*	*(15.87)*	*5,123.28*
Finance Cost					*(834.27)*
Other Unallocable Expenses (Net)					*(4,930.97)*
Non-Cash Expenses (Unallocable)					*(76.06)*
Loss before exceptional items and tax					*(718.02)*
Exceptional Item					-
Loss before 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)***

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 that 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 2013	*Year ended 31 March 2012*
India	4,135.34	*3,473.31*
United States of America	2,218.49	*1,934.61*
United Kingdom	1,951.78	*1,514.83*
South Africa	1,846.49	*1,664.10*
Canada	614.33	*556.17*
Germany	248.60	*264.58*
Netherlands	212.26	*156.50*
Spain	213.08	*184.59*
Saudi Arabia	451.74	*261.37*
France	396.59	*284.19*
Hong Kong	178.97	*142.43*
United Arab Emirates	201.04	*143.45*
Singapore	487.45	*290.66*
Bermuda	100.26	*66.85*
Others	3,956.53	*3,258.41*
	17,212.95	***14,196.05***

36. 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. Vinod Kumar - Managing Director & Group CEO*
iii)	Joint Ventures:	United Telecom Ltd.
iv)	Associates:	Number Portability Company (Pty) Ltd.

Notes forming parts of the consolidated financial statements for the year ended 31 March, 2013 (Contd.)

(b) Related party transactions

i. Summary of transactions with related parties.

(₹ in crores)

	Investing Company	Key Management Personnel	Joint Ventures / Associates	Total
Transactions				
Dividend Paid				
Panatone Finvest Limited	**17.73**	**-**	**-**	**17.73**
	17.73	*-*	*-*	*17.73*
Tata Sons Limited	**8.11**	**-**	**-**	**8.11**
	8.11	*-*	*-*	*8.11*
Total	**25.84**	**-**	**-**	**25.84**
	25.84	*-*	*-*	*25.84*
Brand Equity Expenses		-		
Tata Sons Limited	**12.51**	**-**	**-**	**12.51**
	12.33	*-*	*-*	*12.33*
Total	**12.51**	**-**	**-**	**12.51**
	12.33	*-*	*-*	*12.33*
Revenues from operations				
Tata Sons Limited	**2.14**	**-**	**-**	**2.14**
	8.11	*-*	*-*	*8.11*
United Telecom Limited	**-**	**-**	**3.08**	**3.08**
	-	*-*	*4.69*	*4.69*
Total	**2.14**	**-**	**3.08**	**5.22**
	8.11	*-*	*4.69*	*12.80*
Network and transmission expenses		-		-
United Telecom Limited	**-**	**-**	**25.31**	**25.31**
	-	*-*	*52.79*	*52.79*
Total	**-**	**-**	**25.31**	**25.31**
	-	*-*	*52.79*	*52.79*
Services received				
Tata Sons Limited	**-**	**-**	**-**	**-**
	0.13	*-*	*-*	*0.13*
Total	**-**	**-**	**-**	**-**
	0.13	*-*	*-*	*0.13*
Managerial Remuneration				
Vinod Kumar	**-**	**11.49**	**-**	**11.49**
		11.03		*11.03*
Total	**-**	**11.49**	**-**	**11.49**
	-	*11.03*	*-*	*11.03*

(₹ in crores)

	Investing Company	Key Management Personnel	Joint Ventures / Associates	Total
Balances				
Receivables				
Tata Sons Limited	**-**	**-**	**-**	**-**
	0.41	*-*	*-*	*0.41*
United Telecom Limited	**-**	**-**	**0.14**	**0.14**
	-	*-*	*0.56*	*0.56*
Total	**-**	**-**	**0.14**	**0.14**
	0.41	*-*	*0.56*	*0.97*
Payables				
Managerial Remuneration				
Vinod Kumar	**-**	**5.78**	**-**	**5.78**
	-	*5.63*	*-*	*5.63*
United Telecom Limited	**-**	**-**	**3.84**	**3.84**
	-	*-*	*11.66*	*11.66*
Tata Sons Limited	**12.41**	**-**	**-**	**12.41**
	12.52	*-*	*-*	*12.52*
Total	**12.41**	**5.78**	**3.84**	**22.03**
	12.52	*5.63*	*11.66*	*29.81*

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.

37. Operating lease arrangements:

a) As lessee:

(₹ in crores)

	Year Ended 31 March 2013	*Year Ended 31 March 2012*
Minimum lease payments under operating leases recognized as expense in the year	525.44	*501.73*

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

(₹ in crores)

	Year Ended 31 March 2013	*Year Ended 31 March 2012*
Due not later than one year	513.53	*370.67*
Due later than one year but not later than five years	1,330.52	*1,234.48*
Later than five years	676.27	*738.16*
	2,520.32	***2,343.31***

Operating lease payments represent rentals payable by the Company for certain buildings, satellite channels, office equipments, computer equipments, Automatic Teller Machines (ATM's) and ATM related equipments and certain circuit capacities.

Notes forming parts of the consolidated financial statements for the year ended 31 March, 2013 (Contd.)

The minimum future lease payments have not been reduced by minimum operating sublease rentals of ₹ 33.31 crores (2012: ₹ 25.87 crores) due in the future under non-cancellable subleases for certain buildings, which primarily commenced in November, 2011 and extend until December, 2020. ₹ 3.28 crores (2012: ₹ 4.60 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 (2012: ₹ 50.45 crores) and ₹ 28.35 crores (2012: ₹ 24.99 crores) respectively as at 31 March, 2013. Depreciation expense of ₹ 3.36 crores (2012: ₹ 3.37 crores) in respect of these assets has been charged to the Statement of Profit and Loss for the year ended 31 March, 2013.

In case of certain lease arrangements aggregating ₹ 513.79 crores (2012: ₹ 457.45 crores) for the year ended 31 March, 2013, 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, 2013 amount to ₹ 37.83 crores (2012: ₹ 27.95 crores).

In respect of the above, rental income of ₹ 41.83 crores (2012: ₹ 31.65 crores) has been recognized in the Statement of Profit and Loss for the year ended 31 March, 2013.

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 2013	*Year Ended 31 March 2012*
Not later than one year	40.97	*37.07*
Later than one year but not later than five years	143.20	*130.70*
Later than five years	197.82	*199.92*
	381.99	***367.69***

38. Finance Lease arrangements:

As Lessee

As on 31 March, 2013, assets under finance leases with gross carrying amount and accumulated depreciation of ₹ 142.93 crores (2012: ₹ 130.95 crores) and ₹ 107.71 crores (2012: ₹ 96.65 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	
	2013	*2012*	2013	*2012*	2013	*2012*
Building	49.19	*46.21*	24.99	*22.04*	24.20	*24.17*
Plant and Machinery	77.65	*68.54*	67.94	*60.06*	9.71	*8.48*
Furniture and Fixtures	4.51	*4.23*	3.20	*2.58*	1.31	*1.65*
	131.35	***118.98***	**96.13**	***84.68***	**35.22**	***34.30***

39. Contingent Liabilities, Capital Commitments and Operating Commitments

A. Contingent Liabilities

		As at 31 March 2013	As at 31 March 2012
			(₹ in crores)
1.	Claims for taxes on income (refer i)		
	(a) Income tax disputes where the department is in appeal against the Company	457.08	*469.93*
	(b) Other disputes related to income tax	2,073.26	*1,905.52*
2.	Claims for other taxes	16.95	*79.99*
3.	Other claims (refer ii)	820.73	*490.12*
4.	Others (refer iii & iv)		

i) Significant claims by the revenue authorities in respect of income tax matters relate to:

Significant claims by the revenue authorities in respect of income tax matters relate to disallowance of deductions claimed section 80 IA of the Income Tax Act, 1961 from Assessment years 1996-97 onwards and transfer pricing adjustments carried out by revenue authorities. The Company has contested the disallowances/ adjustments and has preferred appeals which are pending.

ii) Other Claims :

a. Telecom Regulatory Authority of India ("TRAI") reduced the Access Deficit Charge ("ADC") rates effective 1 April, 2007. All telecom services providers including National Long Distance ("NLD") and International Long Distance ("ILD") operators in India are bound by the TRAI regulations; accordingly the Company has recorded the cost relating to ADC at revised rates as directed by TRAI. However, BSNL continued to bill at the ADC rate applicable prior to 1 April, 2007. BSNL had filed an appeal against the TRAI IUC regulation of reduction in ADC and currently this matter is pending with the Supreme Court. The possible liability on Company is ₹ 311.84 crores (2012: ₹ 311.84)

b. On 19 February, 2013, DoT issued license fee demand for financial year 2006-07 and 2007-08, based on special audit reports of auditors appointed by DoT. The total demand is for ₹ 193.05 crores, being ₹ 92.86 crores for financial year 2006-07 and ₹100.19 crores for financial year 2007-08, including ₹ 102.06 crores, being interest as on 28 February, 2013. The Company has challenged the said demand notice in the Madras High Court which has vide its orders dated 1 March, 2013, granted a stay-order against the said demand. Further, the Company is also contesting a license fee claim of ₹ 101.24 crores (2012: ₹ 83.40 crores) (including interest and penalty) for financial year 2005-06. However, the said demand notice includes the items which are already subject-matter of petitions/appeals, pending for hearing in the Supreme Court of India, for the previous years.

c. 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. 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, the Company does not believe that these matters will have a material adverse effect on its business, financial condition, results of operations or cash flow.

Notes forming parts of the consolidated financial statements for the year ended 31 March, 2013 (Contd.)

d. Other Claims of ₹ 214.60 crores (2012: ₹ 94.88) pertains to the Company and its subsidiaries 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 the Company 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.

iii) Cumulative preference dividends amounting to ₹ 76.19 crores (2012: ₹ 46.09 crores) will be declared and paid when Neotel has distributable cash available, in terms of the Shareholders' Agreement

iv) 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 by TTSL by 31 March, 2014 and should the SP decide to divest its entire shareholding in TTSL, and TSL is 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, subject to compliance with applicable exchange control regulations, or should the SP decide to divest its entire shareholding in TTSL and TSL is unable to find a buyer for such shares and the SP divests the shares at a lower price, subject to compliance with applicable exchange control regulations, the Company is obliged to pay a compensation representing the difference between such lower sale price and the price referred to above in proportion of the number of shares sold by the company to the aggregate of the secondary shares sold to the SP.

Under the above mentioned agreements with SP, TSL and TTSL have jointly and severally agreed to indemnify SP within the agreed limits against claims arising on account of any failure of certain warranties provided by TSL and TTSL to be true and correct in all respects and in respect of specified contingent liabilities (amount not determinable) and in respect of specified contingent liabilities (Company's share ₹ 41.70 crores). The Company is liable to reimburse TSL, on a pro-rata basis.

v) 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.

vi) Future cash flows in respect of above matters are determinable only on receipt of judgements/ decisions pending at various forum/ authorities.

B. Capital commitments

Estimated amount of contracts remaining to be executed on capital account and not provided for ₹ 593.09 crores (2012: ₹ 697.51 crores).

C. Operating commitments

Estimated amount of contracts remaining to be executed on operating expenses and not provided for ₹ 181.15 crores.

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 per cent equity ownership in UTL. UTL operates basic telephony services in Nepal based on wireless-in-local loop technology.

Notes forming parts of the consolidated financial statements for the year ended 31 March, 2013 (Contd.)

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 and adjustments based on management accounts for the year ended 31 March, 2013 and 31 March, 2012 are as follows:

(₹ in crores)

				As at 31 March 2013	As at 31 March 2012
I	**LIABILITIES**				
	(1)	Non-current liabilities			
		(a)	Deferred tax liabilities (Net)	1.12	*2.59*
	(2)	Current liabilities			
		(a)	Short-term borrowings	3.64	*0.88*
		(b)	Trade payables	32.52	*13.49*
		(c)	Other current liabilities	0.58	*1.18*
	Total Current liabilities			36.74	*15.55*
	TOTAL			**37.86**	***18.14***
II	**ASSETS**				
	(1)	**Non-current assets**			
		(a)	Fixed assets		
			(i) Tangible assets	21.95	*27.45*
			(ii) Intangible Asset	1.66	*-*
			(ii) Capital work-in-progress	0.34	*0.25*
	Total Fixed assets			23.95	*27.70*
		(b)	Long-term loans and advances	0.06	*0.07*
	Total Non-current assets			24.01	*27.77*
	(2)	**Current assets**			
		(a)	Inventories - Stores and Spares	1.07	*1.01*
		(b)	Trade receivables	4.33	*3.37*
		(c)	Cash and Bank Balances	-	*2.19*
		(d)	Short-term loans and advances	4.75	*3.72*
	Total Current assets			10.15	*10.29*
	TOTAL			**34.16**	***38.06***

Notes forming parts of the consolidated financial statements for the year ended 31 March, 2013 (Contd.)

(₹ in crores)

		As at 31 March 2013	As at 31 March 2012
INCOME			
1	Traffic Revenue	9.35	*14.27*
2	Other Income	0.21	*0.19*
	Total Income	**9.56**	***14.46***
EXPENDITURE			
3	Network Cost	34.46	*16.34*
4	Other expenses	4.09	*6.87*
5	Employee benefits expense	0.03	*1.01*
6	Finance Costs	0.61	*0.83*
7	Depreciation and amortization expense	6.21	*5.95*
	Total Expenditure	**45.40**	***31.00***
	CONTINGENT LIABILITIES		
	(i) Claims for other Taxes	2.90	*24.77*

41. 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, 2013 is as follows;

(a) Outstanding forward contracts and options as on 31 March, 2013

	Deal Currency	Amount (Deal Currency in millions)	Buy / Sell	Amount (₹ in crores)
Forward Exchange Contracts (Net)				
USD/ INR	USD	6.00	Sell	32.60
USD/CAD	CAD	3.00	Sell	16.04
USD/ SGD	SGD	2.50	Sell	10.94
GBP/ USD	GBP	19.00	Sell	156.49
Euro/ USD	EUR	9.00	Sell	*62.53*
USD/ZAR	USD	1.93	Buy	10.5

(b) Interest Rate Swaps ('IRS') to hedge against fluctuations in interest rate changes as at 31 March, 2013

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, 2013 the company had interest rate swaps amounting to ₹ 2,579.64 crores (US$ 474.72 million) ((2012: ₹ 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 ₹ 2,579.64 crores (US$ 474.72 million) ((2012: ₹ 1,326.67 crores (US$ 267.61 million)) are designated as cash flow hedges. These hedges are highly effective as on 31 March, 2013 and changes in its fair values are recorded in the hedge fluctuation reserve.

(c) Cross Currency Swap

The Company uses cross currency swaps/contracts to manage the exchange risks associated with movements in non US$ currencies associated with long term loan liabilities, primarily SGD loan liabilities. Although these contracts are effective as hedges from an economic perspective they do not qualify for hedge accounting.

As at 31 March, 2013 the Company had open cross currency swap contracts of SGD 250 million equivalent to ₹ 1,091.17 crores (2012: NIL).

Under the terms of the cross currency swap the Company will pay an interest rate ranging from 4.5210% per annum to 4.5375% per annum on US$ principal in exchange for the fixed interest rate of 4.25% on SGD principal. The entire cross currency swaps will expire in three years from balance sheet date.

The Company recognizes outstanding cross currency forward contracts at fair value. Changes in fair value on these contracts are recognized in the statement of profit and loss.

The differences paid and received on the above interest rate swaps and cross currency swaps are recognized as adjustments to the foreign exchange loss/gain.

42. During the year 2013, the Company has submitted to the Bombay and the National Stock Exchange the proposed "Scheme of Arrangement" under Section 391 to 394 of the Companies Act, 1956, between the Company and the S&A Internet Services Private Limited ("the subsidiary Company"), for transfer of the Internet Data Center ("IDC") division (Colocation Service division of the Company) on going concern basis to the subsidiary Company. The Scheme is under review of the Bombay and the National Stock Exchanges. The Appointed date of the proposed Scheme is 1 January, 2012. The Scheme has been approved by the Board of Directors of the Company at its meeting held on 1 March, 2013, and is subject to the approval of the shareholders and the Bombay High Court. The financial statements as on 31 March, 2013 do not include any adjustments that may arise on implementation of the Scheme

43. 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: 28 May, 2013

Notes forming parts of the consolidated financial statements for the year ended 31 March, 2013 (Contd.)

Statement pursuant to Sec.212(8) of the Companies Act, 1956 relating to subsidiary 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 Payment Solutions Limited	INR	317.00	(207.85)	388.74	279.59	90.50	342.51	(141.72)	-	(141.72)	-
2	Tata Communications Transformation Services Limited	INR	0.50	91.19	158.02	66.33	15.50	279.85	77.19	25.66	51.54	-
3	S&A Internet Services Private Limited	INR	0.01	(1.00)	0.06	1.05	-	-	(0.33)	-	(0.33)	-
4	VSNL SNOSPV Pte Ltd	USD	138.29	(241.54)	2,744.91	2,848.16	-	-	(135.01)	(0.09)	(134.91)	-
5	Tata Communications Lanka Limited	LKR	6.53	79.90	119.74	33.31	-	195.23	19.27	2.45	16.82	-
6	Neotel Business Support Services (Pty) Ltd.	ZAR	0.00	7.75	107.24	99.49	-	94.35	6.92	(1.31)	8.23	-
7	SEPCO Communications (Pty) Ltd.	ZAR	1,157.55	302.45	1,460.14	0.14	-	-	(0.05)		(0.05)	-
8	Neotel Pty Ltd	ZAR	1,839.38	(2,724.70)	3,408.18	4,293.50	-	1,867.74	(272.60)	-	(272.36)	-
9	Tata Communications (Netherlands) BV	USD	977.04	(465.28)	8,826.93	8,315.17	-	2,053.20	(20.64)	-	(20.64)	-
10	Tata Communications (UK) Limited	USD	138.30	(547.98)	815.33	1,225.01	-	2,090.25	(88.23)	-	(88.23)	-
11	Tata Communications (Bermuda) Ltd.	USD	0.07	(1,801.79)	4,705.65	6,507.37	-	264.13	(494.11)	-	(494.11)	-
12	Tata Communications Services (Bermuda) Ltd.	USD	57.66	153.39	219.78	8.73	3.08	453.91	367.36	-	367.36	-
13	Tata Communications (France) SAS	USD	110.81	(63.13)	316.36	268.68	-	357.08	(35.42)	-	(35.42)	-
14	Tata Communications (America) Inc.	USD	1,265.82	(699.08)	2,022.63	1,455.89	-	3,099.24	(36.08)	11.06	(47.14)	-
15	Tata Communications Deutschland GmbH	USD	0.18	11.71	113.32	101.43	-	505.18	0.48	-	0.48	-
16	Tata Communications (Nordic) AS	USD	0.09	0.12	1.41	1.20	-	4.14	(1.06)	-	(1.06)	-
17	Tata Communications Spain SL	USD	103.99	(52.80)	82.80	31.61	-	176.66	7.22	1.62	5.60	-
18	Tata Communications (Hong Kong) Limited	USD	43.59	(20.97)	181.00	158.38	-	191.87	(15.80)	0.09	(15.89)	-
19	Tata Communications (Poland) SPZ OO	USD	2.57	1.34	7.05	3.14	-	7.78	(0.39)	1.51	(1.90)	-
20	Tata Communications (International) Pte. Ltd.	USD	770.35	398.00	3,132.07	1,963.72	-	625.88	(13.20)	(0.04)	(13.16)	-
21	Tata Communications Services (International) Pte. Ltd.	USD	1.87	4.06	12.93	7.00	-	18.28	3.05	0.36	2.69	-
22	ITXC IP Holdings SARL	USD	0.09	94.20	95.36	1.07	-	0.74	7.23	0.04	7.19	-
23	Tata Communications (Sweden) AB	USD	0.08	(0.29)	2.93	3.14	-	2.31	(0.28)	0.09	(0.37)	-
24	Tata Communications (Portugal) Instalacao E Manutencao De Redes LDA	USD	329.92	(347.83)	73.00	90.91	-	22.37	(0.76)	(3.00)	2.24	-
25	Tata Communications (Portugal) Unipessoal LDA	USD	7.57	(4.82)	2.77	0.02	-	-	0.10	0.01	0.09	-
26	Tata Communications (Belgium) SPRL	USD	19.00	(3.36)	16.96	1.32	-	4.38	(1.22)	0.01	(1.23)	-
27	Tata Communications (Guam) LLC	USD	-	40.73	69.60	28.87	-	23.45	8.30	(0.20)	8.50	-
28	Tata Communications (Hungary) LLC	USD	1.18	(0.47)	1.12	0.41	-	0.88	0.07	0.01	0.06	-
29	Tata Communications (Canada) LTD	USD	361.47	(871.06)	1,370.21	1,879.80	-	3,829.40	(169.44)	-	(169.44)	-
30	Tata Communications (Italy) srl	USD	32.70	(15.89)	77.07	60.26	-	264.70	2.38	0.41	1.97	-
31	Tata Communications (Australia) Pty. Ltd.	USD	1.94	7.39	40.81	31.48	-	102.71	2.12	(3.10)	5.22	-
32	Tata Communications (Middle East) FZ-LLC	USD	0.07	(32.39)	4.09	36.41	-	-	(16.41)	-	(16.41)	-
33	Tata Communications (Russia) LLC	USD	0.00	19.60	24.37	4.77	-	14.43	0.33	0.23	0.10	-
34	Tata Communications (Switzerland) GmbH	USD	2.58	(0.11)	6.75	4.28	-	2.60	(0.10)	0.27	(0.37)	-
35	Tata Communications (Ireland) Ltd.	USD	0.00	(0.30)	1.10	1.40	-	0.93	(0.12)	(0.11)	(0.01)	-
36	TCPoP Communications GmbH	USD	0.25	(0.25)	0.80	0.80	-	0.18	(0.05)	0.03	(0.08)	-
37	Tata Communications (Taiwan) Ltd.	USD	0.04	(0.37)	2.76	3.09	-	2.05	(0.01)	0.02	(0.03)	-
38	Tata Communications (Japan) KK	USD	19.71	154.56	645.78	471.51	-	134.34	9.78	2.91	6.87	-
39	BitGravity Inc.	USD	76.21	(50.66)	42.22	16.67	-	76.74	4.74	(0.17)	4.91	-
40	Tata Communications(Puerto Rico)INC	USD	0.00	(1.00)	0.02	1.02	-	0.03	(0.06)	-	(0.06)	-
41	TCNL 1 B.V.	USD	0.13	-	0.13	-	-	-	-	-	-	-
42	TCNL 2.B.V	USD	0.13	-	0.13	-	-	-	-	-	-	-
43	Tata Communications (New Zealand) Limited	USD	0.00	(0.02)	1.25	1.28	-	0.22	(0.02)	-	(0.02)	-
44	Tata Communications (Malaysia) Sdn Bhd	USD	0.00	(0.02)	1.07	1.08	-	0.95	(0.02)	-	(0.02)	-

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, here tired 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 Ltd; GlaxoSmithKline Consumer Healthcare Ltd; TRF Ltd; Tata Communications International Pte Ltd andalso Advisory Board, Wartsila India Ltd and Director on the boards of several Indian Corporates such as Tata Steel Ltd; Tata Motors Ltd; 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 Group, part of the USD 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 World Com 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. SRINATH NARASIMHAN
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 27 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 companies in 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) retired in August 2012, from being the Managing Director of Tata Industries Limited (TIL). TIL is the smaller of the two principal holding companies of the Tata Group, India's largest and the 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.

While at TIL, Mr. Chaukar was also a member of the Group Corporate Centre, which is engaged in strategy formation at the House of Tata. Mr. Chaukar chaired for several years the Tata Council for Community Initiatives (TCCI) – the nodal forum of the Group on matters related to Corporate Sustainability, and was a member of the Board and Advisory Board of some national and international organisations in the Corporate Sustainability and Human Rights space.

Mr. Chaukar is a Member of the Boards of several Tata Companies and the Chairman of Tata Teleservices (Maharashtra) Ltd., Tata Business Support Services. Mr. Chaukar is a Trustee of BAIF Development Research Foundation.

Prior to joining Tatas, Mr. Chaukar was the Managing Director of ICICI Securities & Finance Company Limited (July 1993 to October 1998), and a member of the Board of Directors of ICICI Limited from February 9, 1995 to October 15, 1998). During 1975-85, he served as an Executive Secretary of Bharatiya Agro Industries Foundation, an NGO engaged in extending relevant technology into rural India for generating economically remunerative employment.

He holds a BA degree in Economics from Karnataka University and a Post-Graduate Diploma in Management from the Indian Institute of Management, Ahmedabad. He also holds a DEA in Rural Economics from the University of Dijon, France.

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 Price waterhouse 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

Mr. S. Ramadorai was recently appointed as the Chairman of National Skill Development Corporation (NSDC) the Public Private Partnership arm of the Government of India for creating large, for-profit vocational institutions. However, this is not his first foray into public service. In 2011, the Government had appointed him as the Adviser to the Prime Minister in the National Council on Skill Development, in the rank of a Cabinet Minister. Recently, the Council was subsumed into the National Skill Development Agency (NSDA) in June 2013.

Mr. Ramadorai continues as the Vice - Chairman of Tata Consultancy Services Ltd, a company he has been associated with, for the past 41 years. He took over as CEO in 1996 when the company's revenues were at $ 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 11.06 billion for year ended 31 March, 2013, with an employee base of over 276,000 of the world's best trained IT consultants in 44 countries.

Mr. Ramadorai is also the Chairman of other Tata companies - Tata Elxsi Ltd, Tata Technologies Ltd and CMC Ltd. He is on the Boards of a number of non Tata companies and educational institutions - Hindustan Unilever Limited, BSE Limited 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 Bachelors 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 Masters 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. Ramadorai is a well recognized global leader and technocrat who has participated in the Indian IT journey from a mere idea in 1960's to a mature industry today. Mr. Ramadorai captured this exciting journey in a wonderfully personalized book titled 'The TCS Story and beyond' which was published in 2011 and remained on top of the charts for several months.

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 on 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.

DR. UDAY B. DESAI
DIRECTOR

Dr. 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 four research monographs.

Dr. 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 Strategic Advisory Board of Microsoft Research Lab. India. 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 signaling 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.

He worked as Senior Deputy Director General in DoT headquarters where he looked after policy on licensing of Access Services and related matters as well as implementation of telecom security related policies.

Currently, he is posted as Senior Deputy Director General and Head of Telecom Engineering Centre New Delhi, which is an arm of DoT responsible for setting national standards.

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 two million Defence Pensioners, spread throughout the country, as per the recommendations of the Sixth Pay Commission. His assignment as Deputy Director General (Licensing Finance), Department of Telecom, Govt. of India involves assessment of revenue to the tune of ₹ Two Lakh crore annually resulting in collection of ₹ 12,300/- crores (approx.) in the form of licence fee – the single largest contributor to the non-tax revenue of the Union. Mr Tiwari has recently taken over as as Deputy Director General (Finance ,Establishment), Department of Telecom, Govt. of India wherein he is responsible for Human Resource Management and Financial Management in the Department of Telecom. He is also a Technical Advisor to Government Accounting Standards Advisory Board.

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 was 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.

Tata Communications Limited

Regd. Office : VSB, M.G. Road, Fort, Mumbai - 400 001.

TWENTY SEVENTH ANNUAL GENERAL MEETING - 26 JULY 2013 AT 1100 HRS.

ATTENDANCE SLIP

I, Mr/Mrs./Miss .... LF/Client ID. No ....hereby

record my presence at the 27th Annual General Meeting of Tata Communications Limited at the NSE Auditorium, Ground Floor, National Stock Exchange of India Ltd., Exchange Plaza, Plot no. C/1, G Block, Bandra-Kurla Complex, Bandra (E), Mumbai - 400 051.

....

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

Regd. Office : VSB, M.G. Road, Fort, Mumbai - 400 001.

TWENTY SEVENTH ANNUAL GENERAL MEETING - 26 JULY 2013 AT 1100 HRS.

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 27th Annual General Meeting of the Company to be held at 1100 Hrs

on Friday, the 26th July, 2013, and at any adjournment thereof.

IN WITNESS whereof I/We have set my/our hand/hands this..................day of.......................2013.

Please affix
1.00 Re.
Revenue
Stamp

Signature(s) of the Shareholder(s)

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

India

Tata Communications Limited
Plots C21 and C36
Block G, Bandra Kurla Complex
Bandra (East)
Mumbai 400 098

Singapore

Tata Communications
International Pte. Ltd.
Tata Communications Exchange
35 Tai Seng Street, #06-01
Singapore 534103
Registration Number: 20040025G

Hong Kong

Tata Communications
(Hong Kong) Limited
2402 Bank of America Tower
12 Harcourt Road
Central

United Kingdom

Tata Communications
(UK) Limited
1st Floor, 20 Old Bailey
London EC4M 7 AN
Registered in England and Wales
Registered number 052 72 339

Germany

Tata Communications
Deutschland GmbH
Bettinastraße 30
60325 Frankfurt

Tata Communications
Deutschland GmbH
Domicile: Frankfurt am Main
Registry Court:
AG Frankfurt am Main

Commercial
Register number: HRB 54483
Bettinastr. 30, 60325
Frankfurt am Main

France

Tata Communications
(France) SAS
131 Avenue Charles de Gaulle
92200 Neuilly sur Seine
France

Canada

Tata Communications
(Canada) Limited
1555 Rue Carrie-Derick
Montreal, Quebec H3C 6W2

United States

Tata Communications
(America) Inc.
2355 Dulles Corner Boulevard,
Suite 700
Herndon, VA 20171

A New World of Communications

www.tatacommunications.com

Tata Communications Limited
VSB, Mahatma Gandhi Road,
Fort Mumbai, 400 001
India

About Tata Communications

Tata Communications is a leading global provider of a new world of communications. With a leadership position in emerging markets, Tata Communications leverages its advanced solutions capabilities and domain expertise across its global and pan-India network to deliver managed solutions to multi-national enterprises, service providers and Indian consumers. The Tata Global Network includes one of the most advanced and largest submarine cable networks, a Tier-1 IP network, with connectivity to more than 200 countries and territories across 400 PoPs, and nearly 1 million square feet of data center and colocation space worldwide.

Tata Communications' depth and breadth of reach in emerging markets includes leadership in Indian enterprise data services, leadership in global international voice, and strategic investments in operators in South Africa (Neotel), Sri Lanka (Tata Communications Lanka Limited) and Nepal (United Telecom Limited).

Tata Communications Limited is listed on the Bombay Stock Exchange and the National Stock Exchange of India and its ADRs are listed on the New York Stock Exchange. (NYSE: TCL)

www.tatacommunications.com | @tata_comm
http://tatacommunications-newworld.com | www.youtube.com/tatacomms

FORM A

Format of covering letter of the annual audit report to be filed with the stock exchanges
Pursuant to clause 31(a) of listing Agreement

Name of the Company:	Tata Communications Limited
Annual standalone financial statements for the year ended	March 31, 2013
Type of Audit observation	Un-qualified
Frequency of observation	Not Applicable

Refer our Audit Report dated 28th May, 2013 on the standalone financial statements of the Company

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

R.K. Banga

R. A. BANGA
Partner
(Membership No. 037915)

Mumbai, 28th May, 2013

For Tata Communications Limited

Amal Ganguli

Amal Ganguli
Chairman – Audit Committee

A. Vinod Kumar

Vinod Kumar
Managing Director & Group CEO

Sanjay Baweja

Sanjay Baweja
Chief Financial Officer

Mumbai,28th May 2013

NSH

FORM A

Format of covering letter of the annual audit report to be filed with the stock exchanges Pursuant to clause 31(a) of listing Agreement

Name of the Company:	Tata Communications Limited
Annual consolidated financial statements for the year ended	March 31, 2013
Type of Audit observation	Un-qualified
Frequency of observation	Not Applicable

Refer our Audit Report dated 28th May, 2013 on the consolidated financial statements of the Company

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

R.K.Banga

R. A. BANGA
Partner
(Membership No. 037915)

Mumbai, 28th May, 2013

For Tata Communications Limited

Amal Ganguli

Amal Ganguli
Chairman – Audit Committee

A.Vinod Kumar

Vinod Kumar
Managing Director & Group CEO

Sanjay Baweja

Sanjay Baweja
Chief Financial Officer

Mumbai,28th May 2013