TATA COMMUNICATIONS

A New World of Communications™

Annual Report 2013-2014

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 Wholesale connectivity globally

#1 International wholesale voice

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

© 2014 Tata Communications. All rights reserved. TATA COMMUNICATIONS and TATA are trademarks of Tata Sons Limited in certain countries.

Tata Communications Limited

TWENTY EIGHTH ANNUAL REPORT 2013-14

CONTENTS

CORPORATE DETAILS

BOARD OF DIRECTORS

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

Mr. Satish Ranade	Company Secretary & Legal Advisor
Mr. Sanjay Baweja	Chief Financial Officer

REGISTERED OFFICE

VSB, Mahatma Gandhi Road, Fort,Mumbai – 400 001,
Tel : +91 22 6657 8765, Fax : +9122 6639 5162,
Email : help@tatacommunications.com,
Website : www.tatacommunications.com.

CORPORATE OFFICE

Plot No. C21& C36, 'G' Block, Bandra Kurla Complex, Mumbai – 400 098.

BANKERS

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

NOTICE

NOTICE is hereby given that the Twenty Eighth Annual General Meeting of Tata Communications Limited will be held at 1100 hours on Monday, 4 August 2014, at NSE Auditorium, Ground Floor, The 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 2014, 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 2013-2014.

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

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

5. To consider and, if thought fit, to pass with or without modification the following Resolution as an **Ordinary Resolution**:

   "RESOLVED THAT pursuant to the provisions of Sections 139,142 and other applicable provisions, if any, of the Companies Act, 2013 and the Rules framed thereunder, as amended from time to time, 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 (AGM) till the conclusion of the thirty-first AGM of the Company to be held in the year 2017 (subject to ratification of their appointment at every AGM), 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."

6. To appoint a Director liable to retire by rotation in place of Mr. Bharat Vasani (DIN 00040243) who holds office only up to date of the forthcoming Annual General Meeting and in respect of whom a notice under the provisions of Section 160 of the Companies Act, 2013 has been received by the Company from a member signifying the candidature of Mr. Bharat Vasani for the office of a director.

7. To appoint Mr. Subodh Bhargava as an Independent Director and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution**:

   "RESOLVED that pursuant to the provisions of sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 (Act) and the Rules framed thereunder, read with Schedule IV to the Act, as amended from time to time, Mr. Subodh Bhargava (DIN 00035672), a non-executive Director of the Company, who has submitted a declaration that he meets the criteria for independence as provided in section 149(6) of the Act and who is eligible for appointment, be and is hereby appointed as an Independent Director of the Company with effect from 4 August, 2014 up to 29 March 2017."

8. To appoint Dr. Uday B Desai as an Independent Director and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution**:

   "RESOLVED that pursuant to the provisions of sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 (Act) and the Rules framed thereunder, read with Schedule IV to the Act, as amended from time to time, Dr. Uday B Desai (DIN 01735464), a non-executive Director of the Company, who has submitted a declaration that he meets the criteria for independence as provided in section 149(6) of the Act and who is eligible for appointment, be and is hereby appointed as an Independent Director of the Company with effect from 4 August, 2014 up to 3 August 2019."

9. To approve the remuneration of the Cost Auditors for the financial year ending March 31, 2015 and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution**:

   "RESOLVED THAT pursuant to the provisions of Section 148 and all other applicable provisions of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), the Cost Auditors appointed by the Board of Directors of the Company Mr. Jugal Kishor Puri, Cost Accountants, to conduct the audit of the cost records of the Company for the financial year ending March 31, 2015, be paid the remuneration as set out in the Statement annexed to the Notice convening this Meeting."

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution."

By Order of the Board of Directors

Satish Ranade
Company Secretary

Mumbai, 4 July 2014

CIN: #L64200MH1986PLC039266
Registered Office :
VSB, Fort,
M.G. Road, Mumbai - 400 001.

NOTES :

1. The Explanatory Statement pursuant to section 102 of the Companies Act, 2013 (Act) in respect of the business under Item Nos. 5 to 9 of the Notice, is annexed hereto. The relevant details as required under clause 49 of the Listing Agreements entered into with the Stock Exchanges, of persons seeking appointment/re-appointment as Directors under Item Nos. 6 to 8 of the Notice, are also annexed.

2. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING (THE "MEETING") IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE INSTRUMENT APPOINTING THE PROXY SHOULD, HOWEVER, BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN FORTY-EIGHT HOURS BEFORE THE COMMENCEMENT OF THE MEETING.

   A PERSON CAN ACT AS A PROXY ON BEHALF OF MEMBERS NOT EXCEEDING FIFTY AND HOLDING IN THE AGGREGATE NOT MORE THAN TEN PERCENT OF THE TOTAL SHARE CAPITAL OF THE COMPANY CARRYING VOTING RIGHTS. A MEMBER HOLDING MORE THAN TEN PERCENT OF THE TOTAL SHARE CAPITAL OF THE COMPANY CARRYING VOTING RIGHTS MAY APPOINT A SINGLE PERSON AS PROXY AND SUCH PERSON SHALL NOT ACT AS A PROXY FOR ANY OTHER PERSON OR SHAREHOLDER.

3. Registers of members and transfer books of the Company shall remain closed from 1 August 2014 till 4 August 2014 (both days inclusive) for the purpose of ascertaining eligibility to dividend.

4. The dividend as recommended by the Board of Directors, if declared at this Annual General Meeting, shall be paid on or after Saturday the 9 August 2014:

   (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, 31 July 2014.

   (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, 31 July 2014. 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.

5. 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.

6. This may be taken as notice of declaration of dividend for 2013-14 in accordance with Article 93 of Articles of Association of the Company in respect of dividend for that year when declared.

7. 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 2007 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 30 June 2014 (₹)	Dividend for the year	Transfer to Investor Education & Protection Fund
2-Aug-07	600,047.50	2006-07	3-Sep-14
2-Aug-08	672,889.50	2007-08	3-Sep-15
7-Aug-09	671,575.50	2008-09	8-Sep-16
6-Aug-10	Nil	2009-10	Not Applicable
11-Oct-11	494,102.00	2010-11	12-Nov-18
27-Jul-12	532,858.00	2011-12	28-Aug-19
26-Jul-13	810,783.00	2012-13	27-Aug-20
Total	**3,782,255.50**		

8. As per Section 72 of the Companies Act, 2013, 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.

9. Members are requested to notify any change in their addresses immediately, in any event not later than Thursday, 31 July 2014, 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).

10. The Notice of the AGM along with the Annual Report 2013-14 is being sent by electronic mode to those Members whose e-mail addresses are registered with the Company/Depositories, unless any Member has requested for a physical copy of the same. For Members who have not registered their e-mail addresses, physical copies are being sent by the permitted mode.

11. To support the 'Green Initiative', the Members who have not registered their e-mail addresses are requested to register the same with the R&T Agent/Depositories.

12. VOTING THROUGH ELECTRONIC MEANS

    In compliance with the provisions of Section 108 of the Act and the Rules framed thereunder, the Members are provided with the facility to cast their vote electronically, through the e-voting services provided by NSDL, on all resolutions set forth in this Notice.

The instructions for e-voting are as under:

A. In case a Member receives an e-mail from NSDL (for Members whose e-mail addresses are registered with the Company/ Depositories):

i. Open the e-mail and also open PDF file namely "TCL e-voting.pdf" with your Client ID or Folio No. as password. The said PDF file contains your user ID and password for e-voting. Please note that the password is an initial password.

ii. Open the internet browser and type the following URL: https://www.evoting.nsdl.com.

iii. Click on Shareholder – Login.

iv. If you are already registered with NSDL for e-voting then you can use your existing user ID and password.

v. If you are logging in for the first time, please enter the user ID and password provided in the PDF file attached with the e-mail as initial password.

vi. The Password Change Menu will appear on your screen. Change to a new password of your choice, making sure that it contains a minimum of 8 digits or characters or a combination of both. Please take utmost care to keep your password confidential.

vii. Once the e-voting home page opens, click on: e-voting> Active Voting Cycles.

viii. Select "EVEN" (E-Voting Event Number) of Tata Communications Limited which is 100508. Now you are ready for e-voting as Cast Vote page opens.

ix. Cast your vote by selecting appropriate option and click on "Submit" and also "Confirm" when prompted.

x. Upon confirmation, the message "Vote cast successfully" will be displayed.

xi. Once the vote on the resolution is cast, the Member shall not be allowed to change it subsequently.

xii. Institutional shareholders (i.e. other than individuals, HUF, NRI, etc.) are required to send scanned copy (PDF/ JPG format) of the relevant Board Resolution/Authority letter, etc., together with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer through e-mail to mehul.shah@ khaitanco.com, with a copy marked to evoting@nsdl.co.in.

xiii. In case of any queries, you may refer the Frequently Asked Questions (FAQs) - Shareholders and e-voting user manual - Shareholders, available at the downloads section of www.evoting.nsdl.com.

B. In case a Member receives physical copy of the Notice of AGM (for Members whose email addresses are not registered with the Company/Depositories):

i. Initial password is provided in the enclosed ballot form: EVEN (E-Voting Event Number), user ID and password.

ii. Please follow all steps from Sl. No. (ii) to Sl. No. (xiii) above, to cast vote.

C. Other Instructions:

i. The e-voting period commences on Tuesday, 29 July 2014 (9.00 a.m. IST) and ends on Thursday, 31 July 2014 (6.00 p.m. IST). During this period, Members of the Company, holding shares either in physical form or in dematerialized form, may cast their vote electronically. The e-voting module shall be disabled by NSDL for voting thereafter. Once the vote on a resolution is cast by the Member, he shall not be allowed to change it subsequently.

ii. The voting rights of Members shall be in proportion to their shares of the paid up equity share capital of the Company.

iii. Mr. Mehul Shah, Advocate, Khaitan & Co., has been appointed as the Scrutinizer to scrutinize the e-voting process (including the Ballot Form received from the Members who do not have access to the e-voting process) in a fair and transparent manner.

iv. The Scrutinizer shall, within a period not exceeding three working days from the conclusion of the e-voting period, unblock the votes in the presence of at least two witnesses not in the employment of the Company and make a Scrutinizer's Report of the votes cast in favour or against, if any, forthwith to the Chairman of the Company.

v. Members who do not have access to e-voting facility may send duly completed Ballot Form (enclosed with the Annual Report) so as to reach the Scrutinizer appointed by the Board of Directors of the Company, Mr. Mehul Shah, Advocate, Khaitan & Co., at Sharepro Services (India) Private Limited, Mr. Mehul Shah (Scrutinizer), (Unit : Tata Communications Limited) 912, Raheja Centre, Free Press Journal Road, Nariman Point, Mumbai - 400 021 not later than Thursday, 31 July 2014 (6.00 p.m. IST). Members have the option to request for physical copy of the Ballot Form by sending an e-mail to investor@tatacommunications.com by mentioning their Folio / DP ID and Client ID No. However, the duly completed Ballot Form should reach the Scrutinizer not later than Friday, 1 August 2014 (6.00 p.m. IST). Ballot Form received after this date will be treated as invalid.

A Member can opt for only one mode of voting i.e. either through e-voting or by Ballot. If a Member casts votes by both modes, then voting done through e-voting shall prevail and Ballot shall be treated as invalid.

vi. The results declared along with the Scrutinizer's Report shall be placed on the Company's website www.tatacommunications.com and on the website of NSDL www.evoting.nsdl.com within two days of the passing of the resolutions at the Twenty-eight AGM of the Company on 4 August 2014 and communicated to the BSE Limited and National Stock Exchange of India Limited, where the shares of the Company are listed.

Annexure to the Notice dated 4 July 2014

The Statement of Material Facts pursuant to Section 102(1) of the Companies Act, 2013.

In respect of Item No. 5

S.B. Billimoria & Co., Chartered Accountants were appointed as the statutory auditors of the Company for financial year 2013-14 at the Twenty Seventh Annual General Meeting of the Company held on 26 July 2013 and hold office till the conclusion of the Twenty Eighth Annual General Meeting. S.B. Billimoria & Co. has been the Auditors of the Company since 2002-03 and has completed a term of twelve years.

As per the provisions of section 139 of the Act, no listed company can appoint or re-appoint an audit firm as auditor for more than two terms of five consecutive years. Section 139 of the Act has also provided a period of three years from the date of commencement of the Act to comply with this requirement.

In view of the above, S.B. Billimoria & Co., being eligible for re-appointment and based on the recommendation of the Audit Committee, the Board of Directors has, at its meeting held on 13 May 2014, proposed the appointment of S.B. Billimoria & Co. as the statutory auditors of the Company for a period of three years to hold office from the conclusion of this AGM till the conclusion of the thirty-first AGM of the Company to be held in the year 2017 (subject to ratification of their appointment at every AGM).

The Board commends the Resolution at Item No. 5 for approval by the Members.

None of the Directors or Key Managerial Personnel (KMP) or relatives of directors and KMP is concerned or interested in the Resolution at Item No. 5 of the accompanying Notice.

In respect of Item No. 6

Mr. Bharat Vasani was appointed as an Additional Director on the Board with effect from 16 December 2013 under Article 66B of the Articles of Association of the Company. Under Section 161 of the Companies Act 2013 and under the said Article, Mr. Bharat Vasani holds office upto the date of the forthcoming Annual General Meeting. Mr. Vasani is eligible for appointment as a director of the Company and the Company has, pursuant to Section 160 of the Companies Act, 2013 received a notice in writing proposing his candidature for appointment.

In the opinion of the Board, Mr. Bharat Vasani is a person of integrity and possesses relevant expertise and experience and fulfils the conditions for appointment as a director as specified in the Act and the Listing Agreement.

If appointed, Mr. Bharat Vasani will act as a non-executive director, liable to retire by rotation.

Keeping in view the experience and expertise, his appointment as Director of the Company is recommended.

None of the Directors or Key Managerial Personnel (KMP) or relatives of directors and KMPs except Mr. Bharat Vasani is concerned or interested in the Resolution at Item No. 6 of the accompanying Notice.

Brief profile of Mr. Vasani is given below:

Mr. Bharat Vasani is a renowned corporate lawyer in India with international reputation. Presently, he is the General Counsel of the Tata Group, a position he has held since December 2000. Mr. Vasani has over three decades of experience at a senior management level in successfully managing the 'in house' legal departments of large corporations with international operations. He is reputed for having the most diverse corporate legal experience, ranging from complex Mergers and Acquisitions to handling high profile litigations, both civil and criminal. Detailed bio-data of Mr. Vasani is given elsewhere in the Annual Report.

In respect of Item No. 7 & 8

The Company had, pursuant to the provisions of clause 49 of the Listing Agreements entered with the Stock Exchanges, appointed Mr. Subodh Bhargava and Dr. Uday B Desai, as independent directors at various times, in compliance with the requirements of the clause.

Pursuant to the provisions of section 149 of the Act, which came in to effect from 1 April 2014, every listed public company is required to have at least one-third of the total number of directors as independent directors, who are not liable to retire by rotation.

The Nomination and Remuneration Committee has recommended the appointment of Mr. Subodh Bhargava as independent directors from 4 August, 2014 up to 29 March 2017 and appointment of Dr. Uday B. Desai from 4 August 2014 upto 3 August 2019. Mr. Bhargava and Dr. Desai, non-executive directors of the Company, have given a declaration to the Board that they meet the criteria of independence as provided under section 149(6) of the Act. In the opinion of the Board, both directors fulfil the conditions specified in the Act and the Rules framed thereunder for appointment as independent director and they are independent of the management.

In compliance with the provisions of section 149 read with Schedule IV of the Act, the appointment of these directors as independent directors is now being placed before the members for their approval.

The terms and conditions of appointment of the above Directors shall be open for inspection by the members at the Registered Office of the Company during normal business hours on any working day, excluding Saturday.

None of the Directors or Key Managerial Personnel (KMP) or relatives of directors and KMPs except Mr. Subodh Bhargava and Dr. Uday B Desai are concerned or interested in the Resolution at Item Nos. 7 & 8 respectively of the accompanying Notice.

Brief profiles of the independent directors to be appointed are given below:

Mr. Subodh Bhargava is a Mechanical Engineer from IIT (Roorkee). He has been the Group Chairman and Chief Executive Officer of Eicher Group of Companies. He is a Former President of the Confederation of Indian Industries (CII), President of the Association of Indian Automobile Manufacturers and Vice President of the Tractor Manufacturers Association. He has been associated with various Central and State Government bodies and committees including as a member of the Technology Development Board, Insurance Tariff Advisory Committee and the Economic Development Board of the State of Rajasthan, Himachal Pradesh and Madhya Pradesh. He has been closely associated with various IIMs, IITs and other Management and Technical Institutions as also with a number of NGOs – was Member, Board of Directors of IIT (Roorkee), IIM, Indore, IIM Lucknow, Entrepreneurship Development Institute, Ahmedabad, Foreign Trade Institute, Delhi, State Bank of India, Power Finance Corporation etc. Presently, Member of the Board of Governors of IIM, Kashipur, & XLRI Jamshedpur. Detailed bio-data of Mr. Bhargava is given elsewhere in the Annual Report.

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. Detailed bio-data of Dr. Desai is given elsewhere in the Annual Report.

In respect of Item No. 9

The Board, on the recommendation of the Audit Committee, has approved the appointment and remuneration of Mr. Jugal Kishor Puri, Cost Accountants, as Cost Auditors to conduct the audit of the cost records of the Company for the financial year ending 31 March 2015. Accordingly, under the authority from the Board of Directors, the remuneration of the Cost Auditors was fixed at ₹5,50,000/- plus out of pocket expenses on actual basis subject to a maximum of ₹55,000/-.

In accordance with the provisions of Section 148 of the Act read with the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditors has to be ratified by the shareholders of the Company. Accordingly, the resolution at Item No.9 is placed before the shareholders for ratification.

None of the Directors, Key Managerial Personnel or their relatives are, in any way, concerned or interested in the resolution set out at Item No. 9 of the Notice.

The Board commends the Ordinary Resolution set out at Item No. 9 of the Notice for approval by the members.

By Order of the Board of Directors
Satish Ranade
Company Secretary

Mumbai 4 July 2014
CIN: #L64200MH1986PLC039266
Registered Office :
VSB, Fort,
M.G. Road, Mumbai - 400 001.

Details of Directors Seeking Appointment / Re-Appointment at the 28th Annual General Meeting

Particulars	Mr. Saurabh Tiwari	Mr. S. Ramadorai	Mr. Bharat Vasani	Mr. Subodh Bhargava	Dr. Uday B Desai
Date of Birth	30 September 1967	6 October 1944	24 August 1958	30 March 1942	14 February 1951
Date of Appointment	9 August 2011	28 June 2007	16 December 2013	15 May 2002	6 June 2011
Qualifications	M.A. (Political Science), from University of Allahabad, MBA (Finance) from National Institute of Financial Management, Ministry of Finance, Government of India and LLB from Delhi University.	B.Sc., BE in electronics from Bangalore, MS in Computer Science from University of California UCLA, USA.	B.Com., LL.B. A.C.S.	B.E. (Mech)	B. Tech (Electrical), IIT, Kanpur, M.S. (Electrical), State University of New York, Ph.D. from The Johns Hopkins University, Baltimore, USA, Director IIT Hyderabad.
Expertise in Specific Functional Area	Financial & General Management	General Management	General Management	General Management	General Management
Directorships held in other Companies (excluding foreign and private companies)	1	13	2	6	NIL
Memberships/Chairmanships of Committees in other Public Companies	NIL	8	NIL	2	NIL
Shareholding In TCL	NIL	NIL	NIL	NIL	NIL
DIN Number	03606497	00000002	00040243	00035672	01735464

DIRECTORS' REPORT

Dear Shareholders,

The directors are pleased to present the 28th annual report and audited accounts of Tata Communications Limited (TCL) for the financial year ended 31 March 2014.

PERFORMANCE

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

	2013-14 (₹ in Crores)	2012-13 (₹ in Crores)	Percentage Change
Consolidated income	19,809.20	17,439.54	13.59%
Consolidated EBIDTA	3,087.96	2059.71	49.92%
Consolidated profit/(loss) after exceptional items and before tax	444.41	(430.71)	NA
Consolidated Profit/(loss) after tax	101.42	(623.31)	NA
Standalone total income	4,840.35	4,796.34	0.92%
Standalone Profit before tax	803.48	656.69	22.35%
Standalone Profit after tax	542.43	475.24	14.14%

The consolidated profit after tax of ₹101.42 crores for the year 2013-14 is against a consolidated loss of ₹623.31 crores in the previous year – a turnaround of ₹724.73 Crores. The consolidated profit figures are after taking into account the profit/(loss) of ₹87.54 crores ((₹246.90) crores in FY12-13) from the Company's holding in Neotel Pty Limited (Neotel), South Africa and the loss of ₹136.06 crores (₹141.72 crores last year) of Tata Communications Payment Solutions Ltd (TCPSL) a 100% subsidiary which is in gestation period.

On a standalone basis, profit after tax improved to ₹542.43 crores from ₹475.24 crores last year. This excludes the data centre business figures on account of hive off of the Data Centre business segment into 100% subsidiary effective March 1, 2014.

The Company has established a strong presence globally. As a result, while 23% (24% last year) of the Company's revenues in 2013-14 came from India, the rest of the world contributed 77% (76% last year) of the total revenue. The revenue from other than India for the year 2013-14 was ₹15226.46 crores (77% of the total revenue) as against ₹13077.61 (76%) in the previous year. We are pleased that our long-term strategies are yielding value for all stakeholders.

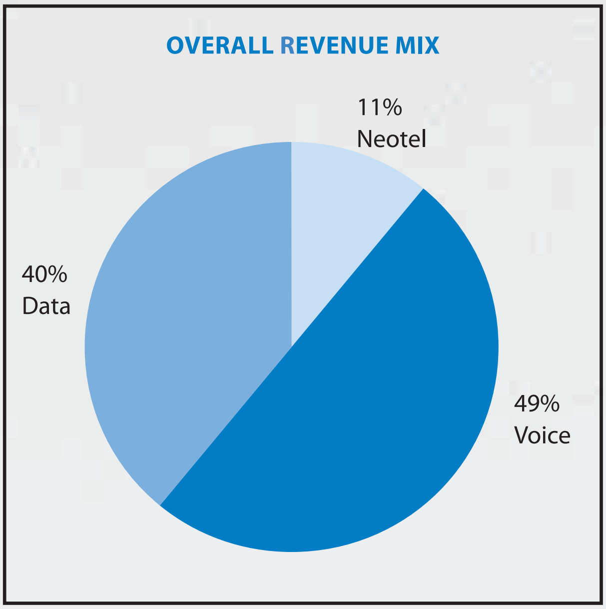
Dividend

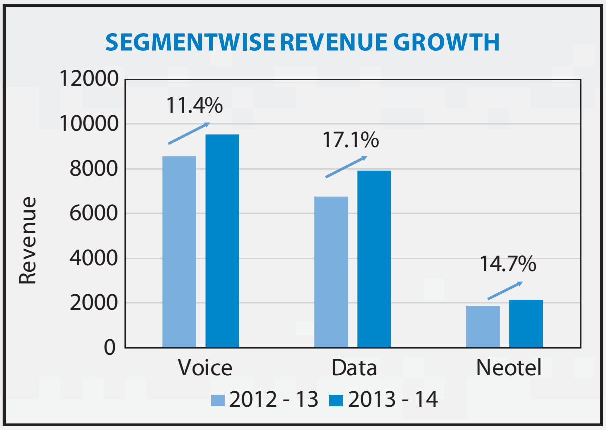
The directors are pleased to recommend a dividend of ₹4.50 per share (₹3 per share dividend last year) for the financial year ended 31 March 2014, subject to the approval of the shareholders at the ensuing Annual General Meeting (AGM).

OPERATIONS

Segment Distribution

Over the last few years, the Company has been successful in its goal of diversifying revenues, to tap new opportunities and reduce any risks of an overly concentrated portfolio. Accordingly, the Company's revenues are now broadly diversified across its various products and segments, especially by taking advantage of greater opportunities in the data market in new segments such as media and entertainment, financial services, health care, etc. During 2013-14, consolidated revenue from voice services contributed 49% (50% last year) of total revenue, while data services contributed 40% (39% last year) and 11% from Neotel.





Voice

In the voice business, the Company remains one of the largest players worldwide in terms of market share. The trend of declining margins continues due to traffic shifting to VoIP based calling and therefore, the Company is focused on developing innovative commercial offerings and optimizing costs to maintain free cash flow generation from this business. Year on Year (YOY) ILD voice traffic declined by 2%, however the traffic mix is better. YoY EBITDA margins improved by 1% and YoY EBITDA grew by 24%. Free cash flow generated during the year from the voice business was ₹804 crores (previous year ₹669 crores).

Data

Data continues to present substantial opportunities for rapid growth and improved profitability. The launch of cloud enablement solutions, including network and data centre service, helped the Company to grow its data portfolio and strengthen its presence in this high growth business. The Company has also been strengthening its Unified Communications Services portfolio encompassing all forms of communications, as well as its industry solutions for the Media & Entertainment Sector and the Banking & Financial Services Sector. The Company's strategy of expanding into managed services continues to pay off, as managed services now contribute 5.2% to the data services segment (Previous Year 4.6%).

Neotel

Neotel, a subsidiary of the Company in South Africa, though still in its gestation period, continued to achieve growth. During the year 2013-14, Neotel turned the corner with several major achievements: its revenues grew 23% year-on-year and it remained profitable at the operating (EBIT) level. EBITDA for Neotel for 2013-14 was ₹618.07 crores as against an EBITDA of ₹322.23 crores in the previous year, a jump of 92%.

In May 2014, the shareholders of Neotel and Vodacom SA concluded an agreement on the commercial structure and terms to proceed for Vodacom to acquire 100 per cent of the shares of Neotel valued at an enterprise value of ZAR 7.0 billion. This decision is in line with the Company's financial objectives, while paving the way for Neotel to continuously improve its value proposition in the South African market. The structure of the deal and its commercial terms remain subject to regulatory and competition authority approvals and the parties have commenced the necessary processes in that regard.

Human Resources

The Company worldwide has a multicultural workforce, with people of more than 40 nationalities on its rolls. 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. The number of training person days provided to employees increased by 22% over the previous year, to a total of 33347 days.

Customer Satisfaction and Business Excellence

Providing an excellent customer experience remains an important pillar of the Company's strategy to generate sustainable advantages. In 2013-14, according to an independent survey, the Company's customer loyalty ratings stood at the 87th percentile of its global peer set, an improvement of 3% over the previous year. The Company continues with several other initiatives such as customer portal that enables real-time customer interaction, obtaining better feedback through the "Customer Voice" initiative etc.

The Company continues to transform itself in tandem with market and regulatory changes, using successfully the framework of the Tata Business Excellence Model (TBEM). The Company has further extended the validity of its TL 9000 certification for Quality Management by three years, commencing 31 March 2013, for the India and Singapore offices. The company also has ISO 14001 Environmental Management certification for the 13 key office premises in India, valid till 10 April 2017.

The Company's Global Managed Services Operations Centre (MSOC) of the Company at Chennai, all eleven data centres in India and seven data centres at international locations (totalling eighteen) have received ISO 20000 and ISO 27001 certifications through until 14 March 2017.

In addition, during the year, the Company has been certified to ISO 22301 Business Continuity Management (BCM) for some of its critical operations. This provides further confidence to various stakeholders and customers about the organization's ability to recover from catastrophic events and demonstrate sustainability.

Enterprise Risk Management

The Company has established an enterprise-wide risk management (ERM) framework to optimise the identification and management of risks globally and 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.

CORPORATE MATTERS

Investment in Tata Teleservices Limited

Recently the Company was informed about the decision taken on 25 April 2014 by the board of directors of NTT DoCoMo, Inc. of Japan (NTT) to exercise the Sale Option of Tata Teleservices Limited (TTSL) shares under the terms of a legal agreement and the option is required to be exercised by 30 June 2014. Prevailing regulations permit a company to acquire shares from a non-resident only at a valuation based on the prescribed method.

In terms of agreements entered into in 2008-09, the Company was entitled to and had sold to NTT part of its stake in TTSL at ₹116.09 per share resulting in a profit of ₹346.65 crores in that year. According to the sale agreement, the Company, along with other selling shareholders of TTSL, is obliged to indemnify NTT on a proportionate basis against claims arising from the possible failure of certain representations to be true and from specified contingent liabilities. The amount in the case of the former is not determinable while the Company is liable to pay up to ₹40.60 crores towards specified contingent liabilities. Should NTT decide to divest its entire shareholding in TTSL and a buyer has not been found for such shares, the Company along with other selling shareholders of TTSL is obligated to proportionately acquire stake from NTT at the higher of fair value or 50 percent of the subscription purchase price subject to compliance with applicable exchange control regulations. Should NTT decide to divest its entire shareholding in TTSL at a lower price, then, the Company may be obliged to proportionately indemnify any loss by way of a monetary compensation equal to the difference between such lower sale price and the price referred to above subject to compliance with applicable exchange control regulations

The Agreements are governed by Indian Law.

Indian Data Centre Business

As reported last year, to bring more focus and specialization to the IDC business and to maximize overall shareholder value, the Company was in the process of hiving off this business segment. After obtaining all requisite corporate and regulatory approvals, the Hon'ble Bombay High Court approved the Scheme on 24 January 2014. The Scheme has been made effective on 1 March 2014 and the Data Centers (IDC) business has been transferred in its entirety to the Company's wholly-owned subsidiary called Tata Communications Data Centers Private Limited. The annual accounts of the Company for financial year 2013-14 have been prepared after taking this in to account.

Delisting from the New York Stock Exchange

As reported last year, the Company's Board of Directors had approved delisting the Company's American Depositary Receipts (ADRs), from the New York Stock Exchange (NYSE) and to terminate its ADR programme. During the year, the American Depositary Shares ("ADSs") were delisted from the NYSE and it's the ADR program was terminated w.e.f 13 August 2013. The termination of the ADR program helped achieve public shareholding of 25% as required by SEBI guidelines. The Company continues to comply with filing and compliance requirement of NYSE till June 2014 as part of delisting process of Security Exchange Commission of the United States.

Despite the delisting of the ADRs, the Company remains committed to the highest standards of corporate governance and internal controls. The Company will continue to be subject to the comprehensive reporting and governance requirements of the Indian Exchanges. The Company's decision to delist from the NYSE 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.

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"). According to this amendment, all listed companies (except public sector companies) are required to maintain a minimum threshold level of public shareholding (MPS) 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. By inserting clause 40A, this provision was also incorporated in the listing agreement with stock exchanges.

The Company became compliant with MPS requirement last year after the delisting of its American Depositary Receipts and the divestment by one of its promoters of a 1.15% stake.

Compliance under the Companies Act 2013 and additional SEBI stipulations

The Companies Act 2013 (Act) came into force substantially from 1 April 2014. Also, SEBI in its master circular dated 17 April 2014 notified additional requirements on corporate governance which will be effective from 1 October 2014. The Act and the SEBI stipulations set the tone for a more modern legislation which enables growth, greater regulation and self-governance of India's corporate sector. The Act and SEBI's requirements are expected to improve corporate governance norms, enhance the accountability of companies and their auditors, improve transparency and protect the interests of investors, particularly small ones.

These requirements substantially increase the compliance requirements for companies. The Company is taking all the necessary steps to be compliant with the Act within the time stipulated.

PENDING MATTERS OF SIGNIFICANCE

Surplus Land

Under the terms of the share purchase and shareholders' agreements (SHA) signed between the Government of India (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 to hold the surplus land as and when demerged. In March 2014, the GoI has acquired 51.12% shares in HPIL and HPIL has become a Government Company. It is understood that the GoI will send its modifications to the draft scheme of arrangement of demerger of surplus land which would be placed 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. As reported earlier, 32.5 acres of land situated at Padianallur was transferred in July 2009 to the VSNL Employees Cooperative Housing Society, Chennai (society) as per the order of the Hon'ble Delhi High Court. As this land was part of the identified surplus land, 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.

Delhi Metro Rail Corporation Limited (DMRC) Land Acquisition

In September 2013, DMRC conveyed that as part of the Delhi Metro work, DMRC needs a piece of company's land at Greater Kailash-I, New Delhi. This land parcel admeasuring ~11622 sq meters also includes approximately 21% surplus land. On 2 January 2014, TCL received acquisition Notice stating award announced by Land Acquisition Collector (LAC) on 30 December 2013 without giving any details of the Award. The Company received the certified copy of the award on 6 February 2014 as per which, the total compensation determined by LAC is ₹188,80,168, based on indicative price fixed by Govt. of Delhi for agricultural land. Aggrieved, the Company filed Reference Petition for proper determination of the compensation with LAC based on commercial usage of land. Simultaneously, the Company also filed a writ petition with Hon'ble High Court of Delhi. On 24 April 2014, the High Court directed DMRC to deposit the sum of ~₹247 Crores with the Court Registrar which has since been deposited by DMRC. This amount is approximately 80% of the estimated compensation valuation for 11622 Sq. meters. The actual amount of compensation will depend on the land actually acquired by DMRC. In the meantime DMRC has commenced construction for the Delhi Metro work on the land.

Premature Termination of Monopoly and Compensation

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

However, vide its letter dated 18 January 2002, issued just before the disinvestment of the Company, the GoI issued a further dispensation and unilaterally declared that the conditions stated in its said letter of 18 January 2002 were to be treated as full and final settlement of every sort of claim against the premature ILD de-monopolisation. The Company filed a claim in the Bombay High Court in 2005. The Bombay High Court, on 7 July 2010, ruled that it did not have the jurisdiction to entertain this suit, in view of the provisions of the Telecom Regulatory Authority of India Act, 1997 (TRAI). Since the Company holds a different opinion, it has preferred an appeal before a division bench of the Bombay High Court on various grounds including that the compensation granted was in breach of promise from the GoI, 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 of outstanding NCDs as on 31 March 2014. 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 28th Annual General Meeting.

The Company did not redeem any long term secured and unsecured debentures during the year 2013-14. All debentures issued by the Company were rated AA+ by CARE.

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 during the year ended 31 March 2014 or not less than ₹ 0.05 crores per month, during any part of the said year.

The Company had 71 such employees employed during the year ended 31 March 2014. 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 ₹1288.06 crores and foreign exchange outgo was equivalent to ₹460.88 crores.

Auditors' Report

There are no qualifications in the report of the statutory auditors for the year 2013-14.

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 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. Bharat Vasani was appointed on the Board as an additional director with effect from 16 December 2013 vice Mr. Arun Gandhi who resigned wef 15 March 2013. Mr. Vasani holds office till the AGM. The Board places on record its deep appreciation for Mr. Gandhi's contribution and guidance to the Company.

In accordance with the provisions of the Companies Act, 2013, Mr. Subodh Bhargava, Mr. Amal Ganguli and Dr. Uday B Desai, will cease to be the independent directors on the Board at this Annual General Meeting (AGM). On recommendations of Nomination and Remuneration Committee the Board proposes the fresh appointment of Mr. Subodh Bhargava and Dr. Uday B Desai on the terms and conditions to be included in the Notice convening the AGM. In line with the policy of maximum age to serve as a Director to be 75 years, the Nomination and Remuneration Committee and the Board do not propose the fresh appointment of Mr. Amal Ganguli who will attain the age of 75 years on 16 October 2014.

In accordance with the provisions of the Companies Act, 2013 and the Company's Articles of Association, Mr. Saurabh Tiwari and Mr. S. Ramadorai retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for reappointment.

Mr. Bharat Vasani who holds office only up to date of the this Annual General Meeting and in respect of whom a notice under the provisions of Section 160 of the Companies Act, 2013 has been received by the Company from a member signifying his intention to propose Mr. Bharat Vasani as a candidate for the office of director.

None of the Company's directors is disqualified from being appointed as a director as specified in Section 164 of the Companies Act, 2013. 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 134 of the Companies Act, 2013, 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 selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year 2013-14 and of the profit and loss of the company for that period;
- They have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- They have prepared the annual accounts on a going concern basis;
- They have laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively.
- They have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

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 are also grateful to the Company's other stakeholders and partners including its shareholders, promoters (strategic partner and GoI), bankers and others for their continued support.

On behalf of the Board of Directors
Subodh Bhargava
Chairman

Dated: 13 May 2014

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

ANNEXURE 1: MANAGEMENT DISCUSSION AND ANALYSIS

Macro-Economic Situation

FY 2013-14 was another sluggish year for the Indian economy, which continued to grapple with one of its worst slowdowns, on the back of global weaknesses and domestic macro-economic fiscal imbalances. While the declining GDP trend of the previous year was arrested, quarterly growth still remained unexciting at 4.4-4.8%. Unsatisfactory economic growth and persistent high inflation remained the economy's pain points. Consumer inflation reached 13.8% in September 2013, accompanied by GDP growth of just 4.8%. Other worries included higher fiscal and current account deficits and sluggish industrial growth. Although the government's measures for revival in export growth and its restrictions on gold imports brought some relief, the economic scenario and business atmosphere remained largely unchanged. Funding scarcities and high borrowing costs also persisted. During the year, the global economy showed two positive trends. First, the structural shift from the developed world towards the emerging world continued, though at a slightly slower pace as both China and India grew at their slowest rates in over a decade. Second, the cyclical climb out of the prolonged recession progressed. The recovery in developed markets strengthened, although it was still uneven and patchy. While the US and UK improved over the previous year, the rest of the Eurozone reported mixed signals. Over the longer term, globalization, demographic shifts and technology are expected to drive economic growth. Despite the recent slowdown in emerging markets and the improved outlook in developed ones, many emerging markets have younger populations and more favourable dependency ratios. These factors should contribute to a global economic rebalancing.

Indian Telecom Industry Situation

India's telecom sector and subscriber base have grown strongly and steadily over the past decade, on the back of rising fixed and mobile network coverage and competition-induced tariff declines. These factors have driven up demand, as has growing broadband Internet access, the quick spread of smart mobile devices and higher video traffic on consumer and business networks. The key factors which are likely to fuel future growth are a still-growing subscriber base, mobile applications and technologically advanced end-user devices that will drive exponential growth in Internet usage and substantial growth in data centre colocation services. However, traffic growth will remain counter-balanced by severe price erosion, especially for basic voice and connectivity services, further exacerbated by competition from next-generation service providers. In the Business-to-Business (B2B) space, data and video traffic are growing rapidly, due to increased adoption of information technology and network services to drive business productivity and innovation.

Indian Telecom Market

In 2013-14, the Indian telecom market grew to ₹45,643 crores, at a rate of ~8% year on year. During FY14-19, the market is expected to grow at a compounded annual growth rate (CAGR) of ~9%, on the back of the mid-teens growth forecast in the mobile services and managed services space. Growth in the Indian market is mainly driven by higher penetration of mobile services, growth in consumer broadband services and increased adoption of network services by Indian businesses. The Company leads the Indian market in several segments. In the financial year 2013-14, the Indian International Long Distance (ILD) voice market had eight major operators, a total inbound market size of 85 billion minutes and outbound market size of 4.5 billion minutes. The Company's market share was 21% in both inbound and outbound traffic. India's National Long Distance (NLD) voice market size was 372 billion minutes during the year and consisted of 10 major operators. The Company's NLD addressable market size was 15 billion minutes, of which its market share was 39%. In 2013-14, the Company had a 28% market share of the Indian data market and a 25% market share of the Indian data centre market.

Global Telecom Market

In 2013, the global telecom market was relatively flat, growing just 0.2% year-on-year to USD 2.2 trillion. Telecom services accounted for 75% of the total market while mobile devices accounted for 16% and telecom infrastructure for 9%. The near-flat growth rate of the past year is likely to improve, with the total telecom market expected to grow at a CAGR of 2.5% from 2013 to 2018.

During 2013-14, the Company's addressable market in voice services witnessed a slight decline because of declining call rates, while the data market showed healthy growth. We expect the Company's addressable market to continue to grow at an attractive pace, due to the growth of data and video services in both the consumer and business domains.

COMPANY STRATEGY AND DIRECTION

Business Strategy

Tata Communications is already the world's largest carrier of international wholesale voice traffic. It has over 15 terabits of international bandwidth lit capacity and owns over 1 million square feet of data centre and colocation space across 44 global locations. It is also the world's largest signaling 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 kilometers 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 it with unique competitive advantages to execute its vision, which is to deliver a new world of communications to advance the reach and leadership of its customers. The Company's strategy is to build leading-edge IP-leveraged solutions, based on its advanced global infrastructure as well as its leadership in India. Tata Communications is able to provide 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 business-to-business (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 and investing in services and technology innovation, while continuing to improve the cost structure of its operations.

To execute this vision, the Company focuses on several strategic pillars, including the following:

- In core connectivity services, to focus on business model evolution, an introduction of new commercial paradigms, while improving operating costs and driving optimal utilization of assets.
- To offer hybrid network and data center solutions that leverage public and private infrastructure, to accommodate the changing enterprise IT landscape.
- To leverage the extensive existing network and customer relationships to selectively offer industry specific solutions, such as those already customised like we have started for the Media & Entertainment and Banking & Financial Services sectors.
- To leverage the adjacent capabilities and shareholder value creation role of other businesses in the portfolio such as the managed ATM business (in TCPSL) and the carrier outsourcing business (in TCTS).
- **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, in the recent past, 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. These expansions and upgrades to the TGN allows Tata Communications to offer a truly global network. Its world-wide 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.

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's market share is approximately 21%. In data services, the Company is a market leader, with a 28% market share. Its leadership is well recognized. For 2013, it won the Enterprise Data Service Provider of the Year, Hosted Contact Center Service Provider of the Year, Third Party Managed Services Provider of the Year and Managed Video Conferencing 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.

Leveraging the Global Challenger Status

Tata Communications has been growing its presence in international services segment, both in the carrier and enterprise segments. With a focus on cross-border connectivity and collaboration services, differentiated offerings to emerging markets and superior customer experience, the Company is growing its business outside India at a rate much faster than market. This has resulted in several accolades, such as being included in the Leadership Quadrant by Gartner in its Magic Quadrants both for Asia Pacific and global network services provider categories.

Achieving Synergies with Other IT and Telecom Companies

Achieving synergies with other players in the 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 Tata Consultancy Services (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 synergies with Tata Teleservices Limited (TTSL) on network and field operations thereby avoiding overlapping requirements, achieving higher volumes and enabling savings.

In addition, the Company has established and will expand its partnerships with several other Indian and global systems integrators (SI) and carrier partners, to deliver and sell services, by leveraging mutual capabilities.

SEGMENT WISE PERFORMANCE

Company Segmentation

Tata Communications' business and revenues are well-diversified across business segments, customer profiles and geographies. Being largely a B2B (business-to-business) player, the Company serves two customer segments: 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 & 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). As mentioned in the Directors' Report, the Company has concluded an agreement with Vodacom SA for the latter to acquire Neotel, subject to necessary approvals.

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 300 direct and bilateral relationships with leading international voice telecommunication providers. The wholesale international voice business is a mature and increasingly commoditised 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 2013-14, the Company handled approximately 52.6 million minutes of international voice traffic globally, a decrease of 2% over the previous year. During the year, traffic to and from India decreased to approximately 20.7 billion minutes, from approximately 22.3 billion minutes in 2012-13. Despite the industry's declining revenue trends, the Company was able to maintain its gross margins or net revenue per minute (NRPM) in 2013-14. 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 December 2013, Tata Communications won the Best Wholesale Carrier at the World Communications Awards, which recognised Tata Communications' customer-oriented breadth of service provider offerings and its desire to stay ahead of the curve with innovative solutions.

During the past year, the Company has also launched two new voice services: an HD voice service enabling mobile network operators (MNOs) to route international HD calls via end-to-end IP without transcoding and Mobile VoIP, a hosted white-label solution that allows MNOs and other retail voice providers to deliver and monetise innovative converged IP communication services. These two services are an integral part of our previously stated strategy to attract more traffic directly from mobile operators and next-generation service providers. This strategy is yielding results as traffic from those two segments increased by 10% year-on-year.

The breadth and depth of the Company's offerings have helped it acquire several key customers. For example, in May 2013, it signed a five-year strategic voice sourcing agreement with American Over-The-Top provider Vonage Holdings Corp under which Tata Communications becomes a preferred supplier of international voice termination for this leading VoIP provider. Through this agreement, Tata Communications provides Vonage with access to its global network and on-going investments in systems, tools and processes to improve voice call quality. These resources aid in operational efficiency and the delivery of leading international call quality for customers.

National Long Distance (NLD)

NLD traffic within India is growing though the growth has slowed down to ~ 6% from the earlier high of over 50% in FY 11. More than 95% of the NLD traffic is captive, meaning it is being carried by NLD divisions of MNOs. Thus, under 5% of NLD traffic is available for 3rd party carriage which forms the addressable market for Tata Communications. The Company holds a 39% market share of the addressable market in this business. The Company's NLD traffic has decreased from 8.3 billion minutes in 2012-13 to 5.9 billion minutes in 2013-14, as MNOs continue to expand / roll out their domestic network thus further shrinking the addressable market. Greater competition and regulatory initiatives have resulted in falling NLD tariffs over the years but tariffs appear to have now stabilized. The Company believes that while the addressable market may continue shrinking, this remains large enough to be an attractive opportunity to maximise our existing infrastructure and capabilities. By increasing our market share, reducing costs and increasing margins, we intend this to be a profitable business segment, though a modest contributor to overall growth.

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 signaling services. 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.

The TGN consists of 210,000 kilometers 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 signaling 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 signaling. 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 and the Company is mining this opportunity. 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.

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.

With its Global Network Services (GNS) portfolio, Tata Communications serves three forms of connectivity needs of service provider and enterprise customers in India and globally. These are: dedicated point to point connectivity (IPL or NPL); Internet (IP based) connectivity (IAS within India and IP Transit elsewhere); and multi-location connectivity through Global Virtual Private Networks (GVPN). 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 IP Services rank among the top five globally and it has been an aggressive early-mover in the Ethernet space. Earlier this year, Tata Communications won two industry awards: the Metro Ethernet Forum (MEF) Best Ethernet Business Application and the APAC Ethernet Service Provider of the year. The company completed the extension of its low latency network in Asia with direct connections to the National Stock Exchange of India Limited (NSE), the Singapore Exchange Limited (SGX) and the Hong Kong Stock Exchange (HKEx). The low latency network further extends the company's global financial trading connectivity network supporting mission critical, real-time trading applications. Tata Communications has also strengthened its MPLS VPN portfolio by introducing flexible service variants, enhancements of network capability & reach. Launch of Usage based VPN service allows customers flexibility to scale up bandwidth and adopt 'pay as you use' billing for unseen peak loads across their global network. The Company's network reach is further enhanced with the help of an express route connecting East Africa directly to the Middle East, a redesigned Middle-East network architecture for enhanced performance to customers with Intra-region connectivity requirements as well as new nodes in major cities of Africa, Middle East and Europe.

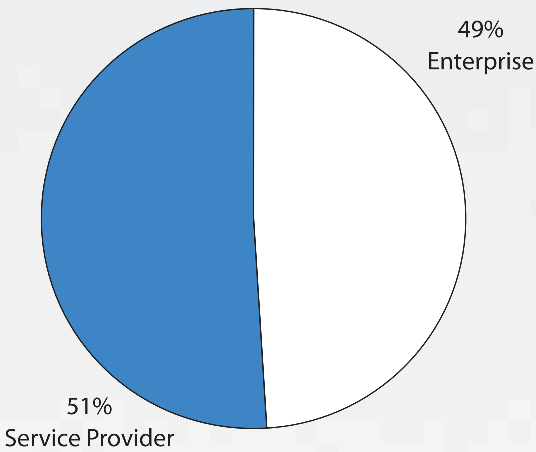
In testament to its capabilities, the Company was chosen by Nokia, one of the world's leading manufacturers of mobile phones and technology developers to provide a consolidated Global Wide Area Network connectivity through a fully managed, end-to-end Multiprotocol Label Switching (MPLS) network to over 150 locations globally.

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, the UK and Singapore. It now owns over 1 million square feet of data centre and colocation space across 44 global locations and also has eight partner sites Australia, Malaysia, Germany and Netherlands.

GMS (Global Managed Services) provides collaboration and unified communication solutions to enterprises as well as service providers. Services offered by this group are: Calling services (Enterprise voice, ITFS, IPT), Conferencing services (voice, data, web, video), SIP Connect and Hosted Contact Centre services. These services provide "virtual meetings" using simple desktop based and life-like telepresence endpoints, which enable enhanced collaboration across global companies and markets, reducing travel and raising productivity. Further, growth of mobility makes Unified Communication and Collaboration (UCC) critical to the large businesses we serve who operate across multiple geographies and across multiple time zones. This is driving growth in video usage, which is driving the Company's IP traffic and overall network usage. This has helped encourage adoption by our customers of the Company's Unified Communication and Collaboration offering called Jamvee™ launched in July 2013. Jamvee™ is a device-agnostic and access-agnostic video service which customers pay for by the minute according to use.

Tata Communications is now positioned in the Leaders' Quadrant in Gartner's Magic Quadrant for Global Network Service Providers. In just five years Tata Communications has been recognised by Gartner in the Leadership category in both APAC and Global Magic Quadrant for Enterprise Network Services. This recognition by a leading global business analyst validates the implementation of the Company's strategy on the two parameters of 'Completeness of Vision' as well as the 'Ability to Execute'.

GLOBAL DATA REVENUES BY SEGMENT



Tata Communications also offers customised network solutions and managed services to the media and entertainment industry. Media companies with global reach are actively pursuing next generation architectures that are IP/cloud centric, providing efficient global work flows, distribution, flexible scaling, and readiness for alternative OTT services. 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. As the Company continues to leverage its strength in emerging markets, 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 and into the Middle East region via its partnership with Etisalat. We have also partnered with major media service providers like Harmonics Inc. to provide end-to-end managed media services. The Company continues to experience double digit growth within the sports entertainment markets and with content owner providing global distribution of their content.

ORGANIZATIONAL RESTRUCTURING

Global Structure

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

Several initiatives are being implemented within 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.

SUSTAINABILITY AND RESPONSIBILITY

Environment Sustainability Initiatives

Tata Communications' sustainability journey has evolved in recent years. The Company began by responding proactively to calls for environmental compliance and by reducing its operational footprint. The Company's three priorities in this regard are to reduce its carbon footprint, reuse water and reduce its consumption, and manage hazardous solid waste. In order to decrease dependency on traditional energy resources, the Company has taken several initiatives such as investing in systems to tap wind-power through distribution grids, installing rooftop solar power panels at Company facilities and installing large-scale solar plants in locations with land banks. Adoption of new technologies such as geothermal cooling or free cooling computerised fluid dynamics analysis has also helped the Company in achieving energy optimization. The Company has completed installation of 600 KWP solar power plants on rooftops of Tata Communications facilities in Pune, Chennai and Delhi and is installing a 1.5 MWP solar plant at the Pune facility and a mix of ground-based and rooftop solar power plants in Chennai, with an aggregate capacity of 1 MWP. The Company has set up water treatment plants in India at Pune, Mumbai and Chennai to recycle waste water to partially meet its water requirements. At Pune, an artificial lake was created to charge the ground water aquifer. Additionally, 20-feet wells with horizontal bores are used for further harvesting. This has resulted in an abundant supply of water through ground water sources during the lean months. In 2013-14, 21% of the power consumed by the Company came from alternate power sources such as wind and solar power and fossil-fuel consumption has decreased by 1%.

Corporate Social Responsibility (CSR)

Tata Communications expresses its social responsiveness by empowering and enabling communities through programmes in education, employability, entrepreneurship, community initiatives and disaster relief and rehabilitation. Volunteering has been a common thread to all the thrust areas. Employees of Tata Communications across the globe volunteer enthusiastically for various causes ranging from children in distress to mentally-challenged adults. As a member of the Tata Sustainability Group (TSG), the Company is aligned with group focus areas such as skill enhancement and education. Areas for collaboration in the group initiatives such as the Tata Uttarakhand programme are also being determined. Tata Communications implements its CSR and Affirmative Action programs through partnerships with NGOs, community-based Organizations, Government institutions and service providers. Planned depending on needs assessment, these programmes are conducted with pre-defined impact targets and evaluated regularly to ensure their sustainability. Initiatives in Affirmative Action are conducted under the Tata Affirmative Action Program to enable and empower India's socially and historically marginalised Scheduled Castes and Scheduled Tribes through education, employability and entrepreneurship programmes.

Primarily focusing on the disadvantaged communities around major operational and business locations, the Company's CSR and Affirmative Action Programmes address groups including children, youth, women, aged and physically/mentally-challenged people. The Company has a Corporate Social Responsibility (CSR) and Affirmative Action (AA) Policy, annual action plans, budgets, CSR and AA steering committees, a dedicated CSR functional team, and a monitoring and evaluation system.

The Company also participates in the CSR and AA initiatives of reputed industrial organizations such as The Confederation of Indian Industries (CII) in India and the Tata Group North America CS Heads network. Tata Communications has actively joined various collective programs such as the Tata Volunteering Week, the Joy of Giving and India@75.

The key deliverables achieved from the CSR and AA programmes during FY 2013-14 are as follows:-

Thrust Areas	Key deliverables/Impact
Education	2088 students covered through scholarships, academic assistance, computer literacy training and Internet access in Delhi, Pune and Bangalore
Employability	145 youth trained in ITES/BPO/ English Communication skills ; 51 placed in Delhi
Entrepreneurship	92 persons trained ; 20 persons have set up their businesses; 33 are in the process in Pune
Community Initiatives	Infrastructure support for cancer patients in Kolkata; Rescue and rehabilitation of children in distress in Mumbai; Conducted 4-month preventive and primary healthcare camps for 210 laborers in Delhi ; 300 solar lamps provided to rural secondary school students around Bangalore to support studies
Disaster Relief & Rehabilitation	Deployment of satellite phones for disaster relief in Uttarakhand during the rescue operations; Social contribution through Tata Relief Committee - ₹ 55 lakhs [Co. contribution] ₹ 20 lakhs [employee contribution]

Thrust Areas	Key deliverables/Impact
Employee Volunteering	Total no. of volunteers – 1261; Volunteering hours- 5477; Locations – 8 India and 5 North America & APAC (Japan); Causes served: education, health, environment, aged care, differently-abled; youth and women empowerment, rural lighting through solar lamps.

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 help telecom operators 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 as 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 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 successfully complete 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 the Company to provide its services, under a patent or other intellectual property right, a license for the use of that technology may have to be negotiated. The negotiations may not arrive at a price that is acceptable. The existence of such patents or other intellectual property rights, or the inability to negotiate a license at an acceptable cost, for any such technology, could effectively hinder the Company's 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 the

Company's daily business;

- Impede or prevent delivery of products and services (through injunctive or other equitable relief); and
- Require payment of 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 to continuously 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 these:

- 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 Company's operations are global and any terrorist activities or other acts of violence or war that impact business continuity, would adversely affect its 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 license. The Company is dependent on access providers to route National Long Distance (NLD) and International Long Distance (ILD) 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 licenses 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 licenses 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 is building traffic from Retail Service Providers such as Mobile Network Operators, Over The Top players.

Regulatory Environment

The Company has interests in a large number of countries worldwide 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 the regulations of the Telecommunications Regulatory Authority of India (TRAI). 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 2014, the outstanding principal amount of debt was approximately ₹954.87 crores for the Company on a standalone basis and ₹10,686.16 crores (excluding Neotel) on a consolidated basis. Considering the current capital expenditure requirements and debt maturing in near future, the Company may need to resort to refinancing its maturing debt 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 program in the long run. If the rupee weakens against the dollar in the coming year, it 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 licenses or interconnection or other cooperation 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 that 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 government's Department of Telecommunications (DoT) for levying license fees.

The final verdict was rendered by the TDSAT on 30 August 2007, broadly in line with several of the Company's contentions. 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 license fee based on a revenue sharing regime came into effect, and not the date of filing the petition in the 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 the TDSAT. The Company and also several other telecom operators have challenged the 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 delinking its case from other petitioners, the grounds of appeal being different from other players. The DoT has also filed an appeal in the apex court against the judgment of the TDSAT. The Supreme Court in its judgment has set aside the TDSAT judgment dated 30 August 2007 in so far as the industry is concerned. Further, due to such delinking, both the appeals of both the Company and the 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 license 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, the penalty realised by the DoT in January 2008 and interest thereon. After the filing of the execution petition in the TDSAT in January 2012, TDSAT has passed the order in May 2012 directing DOT to refund ₹115.73 crores along with interest. Accordingly, the DoT has refunded to the company an amount of ₹226.23 crores (₹115.73 crores plus interest) in June 2012. However, DoT has challenged the TDSAT order of May, 2012 for refund of penalty and interest thereon, in Supreme Court, which is pending for hearing.

Regulatory Matters

The Company holds several telecom licenses 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 license 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 any 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.

Telecommunications carriers

Several telecommunications carriers that the Company does business with have in the recent past, suffered from reduced profit margins and other significant financial pressures. Some of these companies have been acquired and are undergoing restructurings of their businesses. There is no assurance that the Company will continue to derive business from these carriers. Further, if any of the major carriers that are business associates encounters financial difficulties or files for bankruptcy, the Company may be unable to recover amounts owed to it.

Market Consolidation and New Entrants

The Company's revenue can be adversely impacted on account of market consolidation in some regions, where some regional carriers are acquired by large wholesale carriers, opening up of licensing in closed markets could mean that our customers lose control of international traffic out of their home country. Over The Top (OTT) players (also called Next Generation players) may exploit the Internet to deliver international voice services without using a carrier network. OTT players have started impacting revenue of traditional service providers (mobile network operators) in matured markets.

Changing Technologies in Mobile Global Roaming

The wireless mobile global roaming business provides roaming services for Global Systems for Mobile (GSM), Integrated Dispatch Enhanced Network (iDEN), Universal Mobile Telecommunications System (UMTS, 3G) and Enhanced Specialised Mobile Radio (ESMR) networks around the world. With increasing pressure on roaming margins, regulatory caps on inter-operator tariffs (IOTs) in some geographies and increased competition, strong price pressure may be expected in the international signaling transport and conversion businesses. Though this price erosion will be partially offset by the continued volume growth in emerging markets, a shift towards more sophisticated signaling and roaming outsourcing solutions targeted at Tier-1 mobile operators and groups will be necessary to sustain revenues and margins. The Company is also engaging in new segments and business associates like hub providers and Application-to-Person (A2P) service providers as both customers and channel partners to drive additional revenue growth.

The advent of next generation Long Term Evolution (LTE) standards also presents new opportunities for signaling and roaming connectivity and interoperability. The Company has already embarked on network modernization to collaborate with early-adopters on LTE/DIAMETER signaling interconnectivity and service enablement.

Developing, Testing and Introducing New Services

The Company continuously develops, tests and introduces new services so that it can compete for new customers and in new segments of the communications business. Sometimes the introduction of new services requires the successful upgrade of technology or development of new technology, which may be dependent on the conclusion of contract negotiations with vendors and vendors meeting their obligations in a timely manner. In addition, new service offerings may not be widely accepted by customers. If the Company is not able to successfully complete the development and introduction of new services, including new managed services, and incorporates customer feedback in a timely manner, the business could be materially and adversely affected.

Technical Infrastructure

The Company's technical infrastructure is vulnerable to damage or interruptions caused by earthquakes, floods, storms, fires, power outages, war, riots, intentional misdeeds and other similar events. In particular, a major part of our international traffic is routed through undersea cable systems as well as through cable systems between different countries. These cables are prone to damage, including cable cuts. Any serious damage to major cables or simultaneous multiple cable failures could seriously disrupt traffic, which might lead to losses in revenue and adversely affect the Company's reputation.

In addition, natural information technology system failures (hardware or software), human error or computer viruses may affect the quality of services and cause temporary interruptions. More rarely, software problems are hidden in vendors equipment, undetectable through regular commissioning testing, but appear when specific traffic loading conditions are reached on the network which can severely impact several pieces of equipment simultaneously. These types of events could result in customer dissatisfaction and reduced traffic and revenues.

The infrastructure may also be vulnerable to cyber security risks, which may result in service interruptions, gaining of unauthorised access, loss, theft or corruption of data, and theft of intellectual property or sensitive information, any of which could disrupt or have a material adverse effect on the Company's business. Such negative consequences could include remedial costs, increased cyber security costs, lost revenues, litigation, reputational damage and regulatory penalties.

Successful Integration of Acquired Businesses

The Company has made significant acquisitions and investments in recent years, and will continue to explore the possibility of future acquisitions and investments in accordance with business needs. The integration of acquired businesses involves a number of risks, including:

- demands on management related to the significant increase in size after the acquisition;
- the diversion of management's attention from the management of daily operations to the integration of operations;
- higher integration costs than anticipated;
- failure to achieve expected synergies and costs savings;
- regulatory restrictions imposing a constraint on optimal designs for integration of Operations Support Systems—Business Support Systems (OSS-BSS Systems);
- difficulties in the assimilation of different cultures and practices, as well as in the assimilation and retention of broad and geographically dispersed personnel and operations; and
- difficulties in the integration of departments, systems (including accounting systems) technologies, books and records and procedures, as well as in maintaining uniform standards, controls (including internal control over financial reporting), procedures and policies.

Fraud or Theft of Services

The industry in which the Company operates has incurred losses in the last several years due to fraud. Although the Company has implemented various measures in order to control losses relating to fraudulent practices, it may not succeed in effectively controlling fraud when operating in the international or domestic Indian telecommunications markets.

Commitments under Significant Contracts

The Company has entered into a number of significant contracts with certain Global Voice Solutions (GVS) and Global Data and Managed Services (GDMS) customers. Failure to meet commitments under these contracts could result in financial losses and damage the Company's reputation. The five largest customers collectively accounted for 8% of revenues in fiscal 2014 and if, due to any reason, the Company loses any major customer or they terminate their respective agreements, it could negatively impact revenues as well as profitability and generation of cash.

Intellectual Property and Proprietary Rights

If technology that is necessary for to provide our services is held under patent by another person, a license would have to be negotiated for the use of that technology. We may not be able to negotiate such a license at a price that is acceptable. The existence of such patents, or our inability to negotiate a license for any such technology on acceptable terms, could force us to cease using the technology and offering products and services incorporating the technology.

To the extent that we are subject to litigation regarding the ownership of our 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; and
- require us to pay significant royalties, licensing fees and damages.

Parties making claims of infringement may be able to obtain injunctive or other equitable relief that could effectively block our ability to provide our services and could cause us to pay substantial damages. In the event of a successful claim of infringement, we may need to obtain one or more licenses from third parties, which may not be available at a reasonable cost, if at all. The defense of any lawsuit could result in time-consuming and expensive litigation, regardless of the merits of such claims, and could also result in damages, license fees, royalty payments and restrictions on our ability to provide our services, any of which could harm our business.

Emerging Markets

The development of business in emerging markets may be a critical factor in determining the future ability to sustain or increase the level of global revenues. Challenges that arise in relation to the development of the business in emerging markets include, but are not limited to, more volatile economic conditions, competition from companies that are already present in the market, the need to identify correctly and leverage appropriate opportunities for sales and marketing, poor protection of intellectual property, inadequate protection against crime (including counterfeiting, corruption and fraud), inadvertent breaches of local law/regulation and not being able to recruit sufficient personnel with appropriate skills and experience. The failure to exploit potential opportunities appropriately in emerging markets may have a materially adverse effect on the Company's financial condition and results of operations.

Environmental Legislation

The Company's core values of environmental protection are integrated with its business strategy to add value to the business, manage risk and enhance the Company's reputation. The Company is subject to laws and regulations concerning the environment, safety matters and regulation of product safety in the countries where it sells its products and/or services or otherwise operate its business. These requirements include regulation of the handling, transportation, use and disposal of materials used in the business, including the discharge of pollutants into the environment. In the normal course of business, the Company is exposed to risks relating to (i) possible releases of hazardous substances (such as fuel from storage tanks or acid from battery accumulators) into the environment which could cause environmental or property damage or personal injuries, and which could require remediation of contaminated soil and groundwater and (ii) possible damage due to the removal of certain decommissioned submarine fiber optic cables which could require remediation and/or rectification. Under certain laws, the Company may be required to remediate contamination at third party sites, or at certain of its properties regardless of whether the contamination was caused by the Company, or by previous occupants of the property.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

Tata Communications has a robust internal control mechanism in place. The Company has implemented a SAP ERP (Enterprise Resource Planning) system. 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.

The Company has well-established risk management policy and procedures bases which risks are identified and assessed across its business units and operations. This process takes into consideration well-defined risk management principles which are based on experience, known best practices and principles of good corporate governance.

These risk management efforts are focused on mitigating the potential adverse impact on its business from changes in the external and internal environment. Risk management and mitigation of key risks are considered as a vital exercise in order to achieve the corporate objectives and delivering long-term value to the stakeholders.

The Company's key risks are regularly discussed with the members of the Audit Committee and the Board of Directors. The responsibility for effective and efficient implementation and maintenance of the risk management system rests with the Global Management Committee, which comprises of the CEO, CFO and key business and operations heads. The company's risk management procedures are subject to a continual improvement process.

In order to manage risks, the Board of Directors has established an Enterprise Risk Management (ERM) process comprising the necessary organizational rules and procedures for identifying risks at an early stage, and is taking proactive steps to manage the risks inherent to any commercial activity. The Board of Directors monitors and undertakes an assessment of risks critical to the Group's performance and strategic delivery. After identifying and assessing the risk under categories such as – strategic, financial, operational and compliance, the Company then defines control measures aimed at reducing the likelihood of its occurrence and the potential impact.

The risk assessments performed under the ERM exercise are a key input for the annual internal audit program, and covers the Company's various businesses and functions. In addition to internal audit the Company also continues to conduct a detailed review and testing of the key internal controls related to financial reporting. This approach provides adequate assurance to the management and the Audit Committee regarding the effectiveness of the internal control procedures defined and implemented by the management.

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 2013-14

(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 by an internal audit and a statutory audit by an Indian accounting firm under Indian accounting requirements.

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

2. BOARD OF DIRECTORS

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

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

The Company has three independent directors and one executive director.

As reported to the Indian Stock Exchanges, the Company has as its Chairman a non-executive director (Independent Director) and hence as per Clause 49(IA) of the Listing Agreement, at least one-third of the Board should comprise of independent directors. In February 2002, when the Government of India transferred 25% of its stake in the Company to the Strategic Partner, a Shareholders Agreement and a Share Purchase Agreement were signed and the said agreements sets forth the rights of the Strategic Partner and the Government to nominate directors on the Board of the Company. The relevant clauses from the agreements were incorporated in the Memorandum and Articles of Association of the Company. Under the Articles of Association and in accordance with the agreements referred above, the Board is to be comprised of 12 directors, four of which must be independent directors and the Government and the Strategic Partner are entitled to recommend two independent directors each.

As on the date of this Report, the Board comprised of 11 directors out of which 3 were independent directors thus falling below the stipulated requirement of having one third of the directors as independent directors. Two out of the three independent directors on the Board were recommended by the Strategic Partner and the remaining one independent director was recommended by the Government. Since June 2011, the Government is in the process of recommending the name of the other independent director. The Company has been requesting the Government time and again to recommend the name of one more independent director.

The 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.

The Company had 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. 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 GoI clearance. On receipt of the necessary GoI clearance, Mr. Bharat Vasani was appointed on the Board as an additional director with effect from 16 December 2013. The Board of Directors of the Company at present consists of 11 directors.

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 2014 (with Directorships updated as of 13 May 2014) are given below:

Name	Category	Board Meetings during the tenure from 1 April 2013 till 31 March 2014		Attendance at the last AGM (26 July 2013)	No. of Directorships in Indian Public Companies including Tata Communications Limited		No. of Committee Positions held in Public Companies including Tata Communications Ltd		No. of Shares held as on 31 March 2014
		Held	Attended		Chairman	Member	Chairman	Member	
Directors in Office (as on 13 May 2014)									
Mr. Subodh Bhargava [Chairman] DIN # 00035672	Independent Non Executive	9	9	Yes	3	4	1	2	NIL
Mr. Vinod Kumar MD & Group CEO DIN # 01204665	Not Independent Executive	9	9	Yes	NIL	1	NIL	NIL	NIL
Mr. N. Srinath DIN # 00058133	Not Independent Non Executive	9	7	Yes	NIL	6	NIL	2	NIL
Mr. Kishor A. Chaukar DIN # 00033830	Not Independent Non Executive	9	8	Yes	2	9	1	6	NIL
Mr. Amal Ganguli DIN # 00013808	Independent Non Executive	9	8	Yes	NIL	12	4	6	NIL
Mr. S. Ramadorai DIN # 00000002	Not Independent Non Executive	9	3	No	7	7	2	6	NIL
Dr. Ashok Jhunjhunwala DIN # 00417944	Not Independent Non Executive	9	9	Yes	NIL	7	1	5	500
Dr. Uday B Desai DIN # 01735464	Independent Non Executive	9	9	Yes	NIL	1	NIL	2	NIL
Mr. AK Mittal [1] DIN # 03606496	Not Independent Non Executive	9	4	Yes	NIL	1	NIL	1	NIL
Mr. Saurabh Kumar Tiwari [1] DIN # 03606497	Not Independent Non Executive	9	9	Yes	NIL	2	NIL	1	NIL
Mr. Bharat Vasani [w.e.f. 16 Dec 2013) DIN # 00040243	Not Independent Non Executive	2	2	NA	NIL	3	NIL	NIL	NIL

[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 2013-14.

(f) The detailed resume of each director and the details of the directors proposed to be appointed / reappointed at the 28th 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 9 board meetings were held are as follows:

18 April 2013	15 May 2013	28 May 2013	26 July 2013
22 August 2013	29 October 2013	9 &10 December 2013	23 January 2014
12 February 2014			

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 is the audit committee's Secretary.

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 2013-14	
	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 26 July 2013, 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:

1 Apr 2013	18 Apr 2013	28 May 2013
26 July 2013	24 Sep 2013	29 Oct 2013
11 Feb 2014		

4. REMUNERATION COMMITTEE

a) Constitution and Terms of Reference

The Remuneration Committee consists of three members. The Remuneration Committee consists of Mr. Kishor Chaukar, Mr. Subodh Bhargava and Mr. A.K. Mittal as the members on the Committee. Mr. Satish Ranade, Company Secretary is the Remuneration Committee's Convener. The meeting of the Remuneration Committee was held on 28 May 2013 during the financial year 2013-14. All the three members were present at the meeting held on 28 May 2013.

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

b) Remuneration Policy

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

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

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

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

c) Table of commission and sitting fees to the non-executive directors for the year 2013-14 are as follows:

(Amount in ₹'000)

Name of the Director	Commission	Sitting Fees
Mr. Subodh Bhargava Chairman	1098	340
Mr. N. Srinath	270	150
Mr. Kishor A. Chaukar	486	270
Mr. Amal Ganguli	846	330
Mr. S. Ramadorai	108	60
Dr. Ashok Jhunjhunwala	378	210
Dr. Uday B Desai	774	430
Mr. AK Mittal *	198	NIL
Mr. Saurabh Kumar Tiwari *	720	NIL
Mr. Bharat Vasani [w.e.f. 16 Dec 2013)	72	40

* 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 2013-14 are as follows:

(Amount in ₹)

Name	Salary	Perquisites & Allowances	Commission*
Mr. Vinod Kumar MD & Group CEO	69,71,200	92,00,000	200,00,000
Total	**69,71,200**	**92,00,000**	**200,00,000**

* Commission is paid during Financial Year 2014-15.

5. INVESTOR GRIEVANCE COMMITTEE

The Investor Grievance Committee consists of Mr. Kishor Chaukar as its Chairman and Dr. UB Desai and Mr. AK Mittal as the members. During the financial year 2013-14, the Committee held four meetings on 28 May 2013, 26 July 2013, 29 October 2013 and 12 February 2014. Mr. Satish Ranade, Company Secretary 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 2014 is given below:

Sr. No.	Nature of Complaints	No. of Complaints	
		Received	Pending
1.	SEBI/Stock Exchange Complaint	2	NIL
2.	Direct/Miscellaneous/ Other Complaint	3	NIL
	TOTAL	**5**	**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 2014 has been duly processed.

6. ETHICS AND COMPLIANCE COMMITTEE

In accordance with the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992, as amended, the Board of Directors of the Company adopted the "Tata Communications Code Of Conduct For Prevention of Insider Trading and Code of Corporate Disclosure Practices" to be followed by "Directors", "Designated Employees", "Designated Persons" and "Insiders". The code is based on the principle that Directors, Designated Employees, Designated Persons and Insiders should not have undue advantage over other shareholders, in their personal security transactions, due to their possible advance knowledge of Price Sensitive Information. The code, therefore, seeks to ensure timely and adequate disclosure of Price Sensitive Information to the investor community by the Company to enable them to take informed investment decisions with regard to the Company's securities.

The Ethics and Compliance Committee consists of Mr. Kishor Chaukar as its Chairman and Dr. UB Desai and Mr. Saurabh Tiwari as its members. Mr. Satish Ranade, Company Secretary is the convener of the Committee. Four meetings of the committee were held during the year 2013-14 on 28 May 2013, 26 July 2013, 29 October 2013 and 12 February 2014.

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
22 August 2013	A Court Convened Meeting of the Equity Shareholders of Tata Communications Limited (EGM), was held on Thursday, 22 August 2013 at 10.a.m. 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. (1 special resolution).	All the resolutions were put to vote by show of hands and were carried unanimously.
26 July 2013	The 27th Annual General Meeting was held at 1100 hours at NSE Auditorium, Ground Floor, National Stock Exchange of India Ltd., Exchange Plaza, Plot No.C/1, G Block, Bandra Kurla Complex, Bandra East, Mumbai 400051. 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.
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.

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 2013-14. Segmental information may be referred to in Note number 33 of the Notes on Accounts.

10. SHAREHOLDER INFORMATION

DATE AND VENUE OF THE AGM

The Twenty Eighth Annual General Meeting of the Company will be held at 1100 hours on Monday, 4 August 2014, 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 2014

Annual General Meeting : 4 August 2014

KEY FINANCIAL REPORTING DATES FOR THE FINANCIAL YEAR 2014-15

First quarter ending 30 June 2014	:	On or before 14 August 2014
Second quarter ending 30 September 2014	:	On or before 14 November 2014
Third quarter ending 31 December 2014	:	On or before 14 February 2015
Fourth quarter ending 31 March 2015	:	On or before 29 May 2015.

BOOK CLOSURE DATES FOR THE PURPOSE OF DIVIDEND

The Company's register of members and share transfer books will remain closed from 1 August 2014 to 4 August 2014 (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 45% dividend i.e. ₹4.50 per share for the Financial Year 2013-14. The dividend as recommended by the Board of Directors, if declared at this Annual General Meeting, shall be paid on or after Saturday the 9 August 2014.

LISTING ON STOCK EXCHANGES IN INDIA 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 2013-14 have been paid.

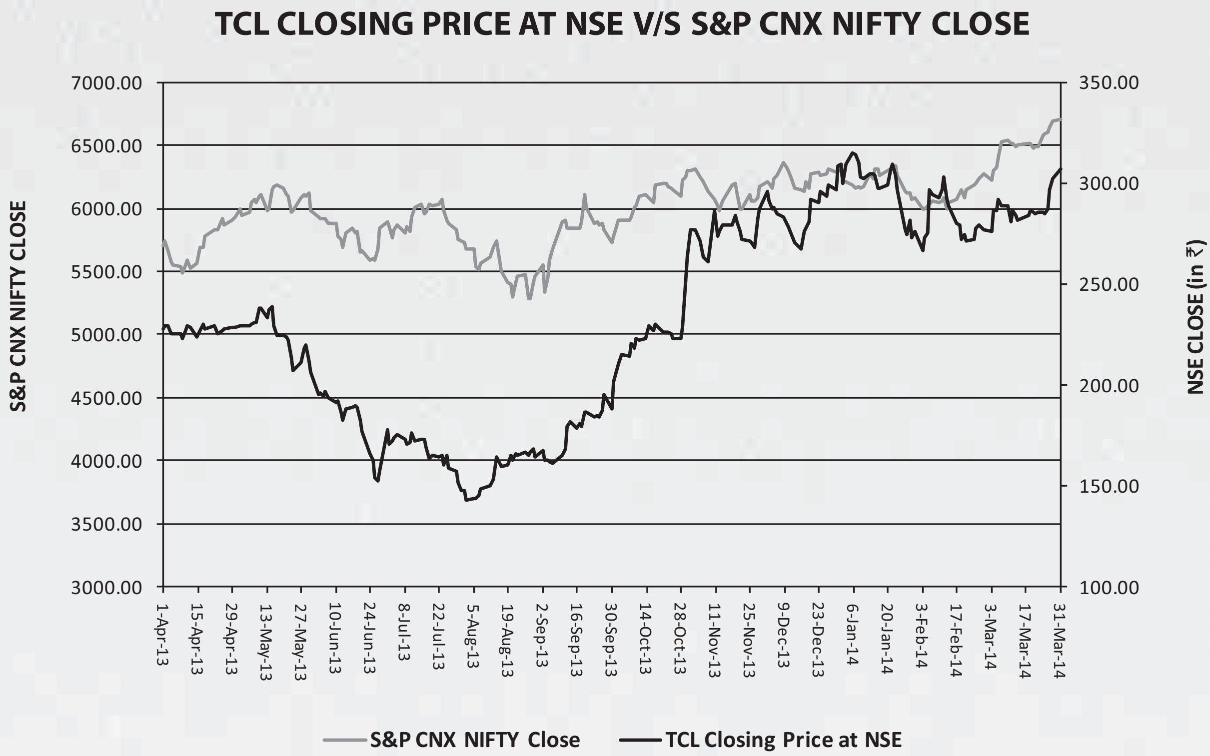
STOCK CODE

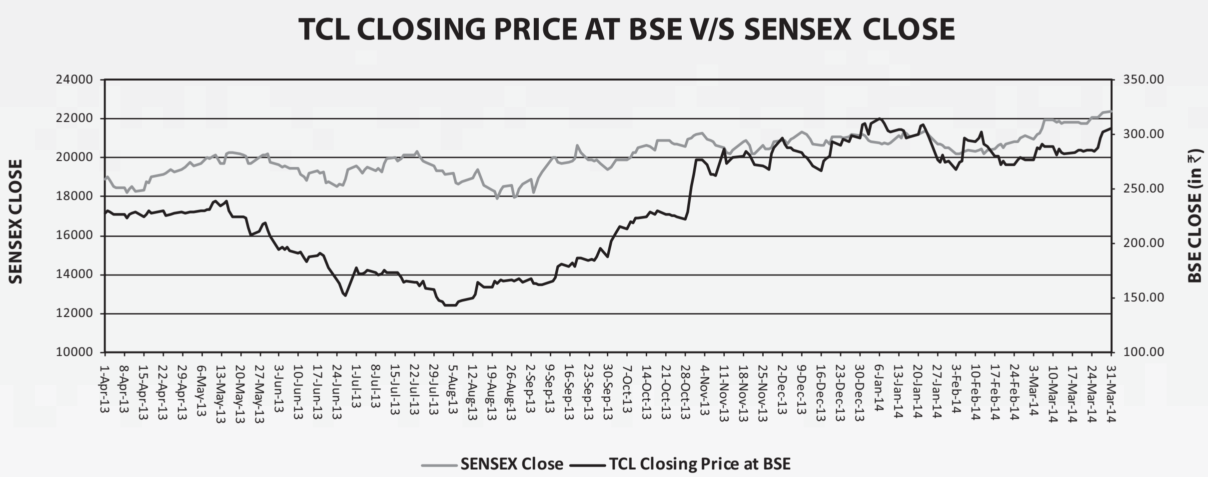
Bombay Stock Exchange :	500483
National Stock Exchange :	TATACOMM
ISIN No. for equity shares :	INE151A01013

STOCK MARKET DATA RELATING TO SHARES LISTED IN INDIA

Monthly high and low quotations and volume of shares traded at BSE and NSE for 2013-14 are:

Month	BSE Share Price (In ₹)			NSE Share Price (In ₹)		
	High	Low	Avg Volume	High	Low	Avg Volume
Apr-13	236.25	221.50	14100	237.00	220.60	175500
May-13	243.75	203.40	21100	243.50	203.30	293200
Jun-13	207.00	148.30	77500	207.30	148.00	557800
Jul-13	182.50	142.90	163000	182.45	142.60	573500
Aug-13	174.20	136.90	89300	174.30	137.15	796600
Sep-13	198.40	160.00	66500	198.90	160.10	458400
Oct-13	264.90	195.00	105300	264.90	195.00	903200
Nov-13	293.40	259.00	83800	293.60	256.00	663100
Dec-13	309.65	265.00	109900	309.70	264.35	869300
Jan-14	319.50	268.10	79700	319.00	267.85	867100
Feb-14	305.65	260.10	92600	305.85	258.50	997700
Mar-14	309.20	275.00	122000	309.55	274.50	1026600


TCL CLOSING PRICE AT NSE V/S S&P CNX NIFTY CLOSE
S&P CNX NIFTY CLOSE
NSE CLOSE (in ₹)
S&P CNX NIFTY Close
TCL Closing Price at NSE


TCL CLOSING PRICE AT BSE V/S SENSEX CLOSE
SENSEX CLOSE
BSE CLOSE (in ₹)
SENSEX Close
TCL Closing Price at BSE

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.

DISTRIBUTION OF SHAREHOLDING

	Number of Shareholders	
Number of ordinary shares held	**31.03.2014**	**31.03.2013**
1 to 500	57766	58455
501 to 1000	1376	1292
1001 to 10000	1570	1319
Over 10000	283	143
TOTAL	**60995**	**61209**

CATEGORIES OF SHAREHOLDERS AS OF 31 MARCH

Category	**Number of Shareholders**		**Voting Strength (Percentage)**		**Number of Shares Held**	
	2014	**2013**	**2014**	**2013**	**2014**	**2013**
PROMOTERS						
Tata Group						
Panatone Finvest Limited	2	2	31.10	31.10	88626654	88626654
Tata Sons Limited	5	5	13.06	14.22	37237639	40533297
The Tata Power Company Limited	1	1	4.71	4.71	13422037	13422037
Central Government	1	1	26.12	26.12	74446885	74446885
NON-PROMOTERS						
Indian Public Financial Institutions	102	45	12.10	11.76	34440336	33508269
Indian Nationalised Banks	5	5	0.03	0.05	83385	144936
Foreign Financial Institutions	92	65	7.02	3.72	20019520	10613516
Foreign companies (shares held by The Bank of New York as depository for ADRs)	NIL	2	NIL	4.97	NIL	14167950
Non-resident individuals / Overseas Corporate Bodies	935	945	0.14	0.12	399749	344140
Other Indian Bodies Corporate	1266	989	1.81	0.48	5146726	1379566
Public	58586	59149	3.92	2.74	11177069	7812750
TOTAL	**60995**	**61209**	**100**	**100**	**285000000**	**285000000**

Dematerialisation of Shares and Liquidity

Approx 99.94% of the Company's share capital available in the market is dematerialised as on 31 March 2014. 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.

SHARE CAPITAL HISTORY

Details of share capital history since incorporation is as follows:

Dates	Particulars of Issue	Number of Shares	Total Number of Shares	Nominal Value of Shares (₹)
19.03.1986	Allotted as Purchase consideration for assets & liabilities of OCS	126	126	126,000
01.04.1986	Allotted as Purchase consideration for assets & liabilities of OCS	+599,874	600,000	600,000,000
March 1991	Shares of ₹1000/- each subdivided into shares of ₹10/- each	NIL	60,000,000	600,000,000
06.02.1992	Bonus of 1:3 issued to Government of India.	+20,000,000	80,000,000	800,000,000
Jan-Feb 1992	12 million shares disinvested in favour of Indian Financial Institutions by GOI @ ₹123/- per share	NIL	80,000,000	800,000,000
1994-1995	2,382,529 Shares transferred to disinvested parties as bonus shares	NIL	80,000,000	800,000,000
27.03.1997	Raised its share capital by way of GDR Issue, and also GOI Divested 39 lakh shares in GDR markets @ US$13.93 per GDR equivalent to ₹1000 per share.	+12,165,000	92,165,000	921,650,000
04.04.1997	Raised its capital by way of GDR Issue Green Shoe option @ US$13.93 per GDR equivalent ₹1000 per share.	+2,835,000	95,000,000	950,000,000
Feb. 1999	10million shares divested by GOI in GDR markets @ US$9.25 per GDR equivalent to ₹786.25 per share.	NIL	95,000,000	950,000,000
May 1999	396,991 shares Divested by GOI by way of offer of shares to employees @ ₹294 per share locked in for a period of 3 years.	NIL	95,000,000	950,000,000
Sept 1999	10 lakh shares Divested by GOI in domestic markets @ ₹750 per share.	NIL	95,000,000	950,000,000
15.08.2000	Listing of ADRs on New York Stock Exchange	NIL	95,000,000	950,000,000
24.11.2000	Bonus shares in the ratio of 2:1.	+190,000,000	285,000,000	2,850,000,000
27.09.2001	Declared dividend @ 500% i.e. ₹50/- per share at 15 AGM.	NIL	285,000,000	2,850,000,000

Dates	Particulars of Issue	Number of Shares	Total Number of Shares	Nominal Value of Shares (₹)
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
13.08.13	Delisting of ADRs from NYSE	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 : +9122 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 : +9122 6639 5162
Email : help@tatacommunications.com
Website : www.tatacommunications.com

Compliance Officer

Mr. Satish Ranade
Company Secretary & Legal Advisor
Plot No. C-21 and C-36, G Block,
Bandra Kurla Complex, Bandra (East)
Mumbai – 400 098.
Tel : +91 22 6659 1966
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 : (022) 67720300/400.
Fax : (022) 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 & Legal Advisor confirms that the company has:

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

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

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

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

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

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

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

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

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

(x) complied with the applicable requirements of the listing agreement entered into with the stock exchanges in India except for requisite number of independent directors as required under Clause 49(IA)(ii) of Listing Agreement for the reasons explained in the 'Report on Corporate Governance for the Year 2013-14 and complied with the applicable requirements of the New York Stock Exchange till applicable.

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

Satish Ranade
Company Secretary
& Legal Advisor

Dated: 13 May 2014

CHIEF EXECUTIVE OFFICER (CEO) AND CHIEF FINANCIAL OFFICER (CFO) CERTIFICATION FOR THE YEAR 2013-2014

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
Date: 13 May 2014

Sanjay Baweja
Chief Financial Officer

Vinod Kumar
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, 2014, 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
Date: 13 May 2014

Satish Ranade
Company Secretary &
Legal Advisor

Vinod Kumar
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, 2014, 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 2013-14'.

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

Membership No.: 37915

MUMBAI, June 27, 2014

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 2013 to 31 March 2014
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 2014, 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	4,330.05	19,619.55
Other Operating Income	46.35	46.35
Other Income	463.95	143.30
Total Turnover	**4,840.35**	**19,809.20**

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

	Standalone ₹ in Crores	Consolidated ₹ in Crores
Profit / (loss) after taxes	542.43	101.13

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

   During the year 2013-14, ₹1.53 Crore was spent on CSR and Affirmative Action.

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

3. 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? 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 entities/ Suppliers/Contractors/NGOs/Others?

   All companies in the 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 2013-14:

Financial Year	Complaints reported, investigated and closed	Complaints found to be valid and actioned
2013-14	7 (includes 1 complaint which is under investigation)	5
Total	7 (includes 1 complaint which is under investigation)	5

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 its own energy and natural resources footprint
   - Influencing its customers and suppliers to encourage them to reduce their energy and natural resources footprints
   - Engaging with its employees to help reduce their personal resource 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 its segment of industry on the carbon footprint, for its plants and operations.
   - engage actively in climate change advocacy and the shaping of regulations in different business sectors.

   The Company accordingly has been incorporating 'Sustainability' 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 centres. The same is reviewed and monitored as Carbon Footprint (CFP) reduction plan by the Board. The Company is actively engaged in securing and investing in renewable energy resources and as of FY 14, the total quantum of energy procured from renewable sources is 46 Million units which is 26 % of its annual energy bill. This is 23 M units more than the year before.

The Company is also an ISO 14000 compliant organization with regular audits and all our processes are aligned with respect to the safe disposal of wastes and all our emissions 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 its Carbon Foot print in a major way as follows:

- In FY 2012 ~15 Million units of wind power and achieved reduction of 12600 MT of carbon.
- In FY 2013 ~23 Million units of wind power and achieved ~20160 MT of carbon reduction.
- In FY 2014, 46 Million units of wind and solar power were used and 38650 MT of carbon reduction was achieved.

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 regularly publishes its Carbon Foot Print (CFP) for its operations and also submits it to TRAI and it shall also be on public domain by Q2 of FY 15 with CDP- 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 its 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 8128 people as on 31 March 2014.

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

   Onroll Employees – 8128

   Offroll Employees – 1186

   Total Employees – 9314

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

   1449 permanent women employees (17.83% 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 is members of this recognized employee association?**

   5.19% 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.**

   The Company has been constantly aligning itself with Tata group initiatives and increasing the scope to serve the communities around its major business and network locations. In its ambit of Corporate Social Responsibility Initiatives (CSR), the Company serves and partners with the community to address five major thrust areas: education, employability, entrepreneurship development, community initiatives and disaster relief & rehabilitation.

   While CSR initiatives have been carried out across the various geographies the Company is operating in, the Tata Affirmative Action Program [TAAP] is being practiced specific to India region. Under the TAAP, the Company is working through established partner organisations to assist people from the historically and socio-economically marginalised communities in the areas of education, employability and entrepreneurship.

   Work is already in progress to expand the scope of CSR and TAAP activities by launching a project for skilling the youth from Company's surrounding areas in the major Indian locations. This project envisages a collaborative approach with recognised skilling partners and the supply chain vendors/service providers in the day-to-day support functions to enhance employability of the disadvantaged youth. Specific areas of facilities management, physical and environmental security and mechanical & electrical maintenance have been identified as the business needs to enable the youth in getting trained and certified for getting jobs.

   Projects have also been undertaken with reputed NGOs and skilling organisations to train the youth from the urban slum clusters to develop ITES/BPO/retail/administration assistance skills for enhancing employability.

   Employee volunteering is greatly emphasized as a driving force behind CSR activities in the Company. A vast pool of diverse, professionally qualified and enthusiastic workforce has been facilitated with a regular (month-on-month) volunteering calendar to work with the communities in alignment with the Millennium Development Goals. In some instances, volunteering activities have been conducted in collaboration with other Tata Group companies' employees to enhance the impact of the volunteering.

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 and 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 global environmental issues. The Company has already filed its first CDP report in FY 14 with a score of 64 and is in the process of publishing its CDP report for FY 15 for its operations. This well be in the public domain by Q2 of FY 15 through a 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 and is in the CDP report.

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 energy efficiency and continuously updates its Power Usage Effectiveness (PUE) data, which is an indication of efficiency of its data centres. 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 14, the total quantum of energy procured form renewable sources is 46 million units , which is 26% 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 ISO 14000 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. After the response from all stakeholders, the consultation paper 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 puts forth its view in a fair and transparent manner.

The Company also gives its inputs to the Government/regulator as and when the same is called for.

The Company performs the function of policy advocacy in a transparent and responsible manner while engaging with all the authorities. 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) Tata Communications expresses its social responsiveness by empowering communities and enabling them through programmes in the fields of education, employability, entrepreneurship, community initiatives and disaster relief and rehabilitation. Volunteering has been a common thread in all its focus areas. Employees of Tata Communications across the globe have been volunteering enthusiastically for various causes – ranging from children in distress to mentally-challenged adults.

      Our employee volunteering during the FY 2013-14 had the following features:-

      - Online portal for volunteers to register for a dedicated cause – enhanced response through Tata Engage programmes of the Tata Group
      - 1200 volunteers participated by putting 5400 hrs. of volunteering
      - Some of the events include: Joy of Giving (October), Tata Volunteering Week-Tata Engage (March), Mumbai Marathon (January) and regular volunteering per month
      - Volunteering activities at 8 India locations, 4 US & Canada locations
      - Collaboration with several Tata Group companies in volunteering programmes

   Primarily focusing on the disadvantaged communities around major operational and business locations, the target groups of stakeholders being addressed through the volunteering programmes include children, youth, women, aged and physically/mentally-challenged people.

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

   The programmes/projects are managed by in-house CSR team in collaboration with external NGOs and other organizations.

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

   The impact assessments are conducted by the implementing partners and shared with Tata Communications. Tata Communications has organised, through Tata International Social Entrepreneurship Scheme (Tata ISES), a unique two-month internship in the sustainability projects of the Tata companies. It provides outstanding students from the world's leading universities in the developed world, specifically UK and the US – Cambridge, London School of Economics, University of California Berkeley, Santa Cruz and Davis – a grassroots level exposure to India and a flavour of how Tata actualizes its commitment to sustainability. The Tata ISES intern would be conducting Social Impact Assessment (SIA) for our existing project on Affirmative Action (EDII- MITCON) and a Baseline Survey for our healthcare project.

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

During the year, Tata Communications has spent INR 1.44 Crores in its CSR and Affirmative Action initiatives in India and has spent INR 9.80 lakhs towards community development activities in various international locations.

Following are the key deliverables achieved from the CSR and Affirmative Action programmes during the FY 2013-14 :-

Thrust Areas	Key deliverables/Impact
Education	2088 students covered through scholarships, academic assistance, computer literacy training and Internet access in Delhi, Pune and Bangalore
Employability	145 youth trained in ITES/BPO/ english communication; 51 placed in Delhi/Bangalore
Entrepreneurship	92 persons trained-20 persons have set-up their businesses; 33 are in the process
Community Initiatives	Infrastructure support for terminally ill cancer patients in Tata Medical Centre, Kolkata; Rescue and rehabilitation of children in distress; Conducted 4 month preventive and primary healthcare for 210 laborers in Delhi; 300 solar lamps provided to rural secondary school students around Bangalore.
Disaster Relief & Rehabilitation	Deployment of satellite phones for disaster relief in Uttarakhand and employees' as well as company's contribution to a corpus of funds
Volunteering	Total no. of volunteers – 1261; Volunteering hours - 5477; Locations – 8 India and 5 North America & APAC (Japan); Causes served: Education, health, environment, aged care, differently-abled.

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.

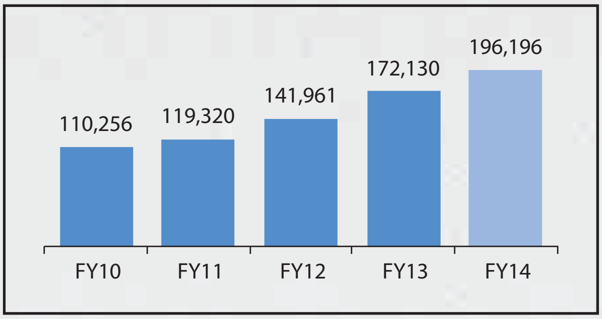
4. **Did your Company carry out any consumer survey/ consumer satisfaction trends?**

   Customer satisfaction surveys are conducted once every year and improvement actions are taken on the basis of the surveys.

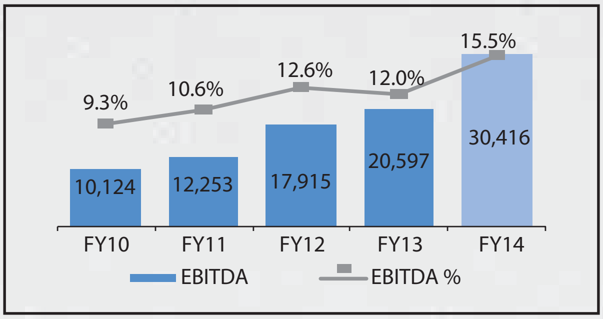
SUSTAINED PROFITABLE GROWTH OVER THE YEARS

Summary Financials

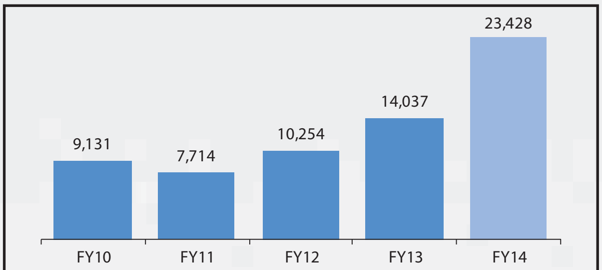
Consolidated Revenue from Operations (INR mn)



Consolidated EBITDA (INR mn)

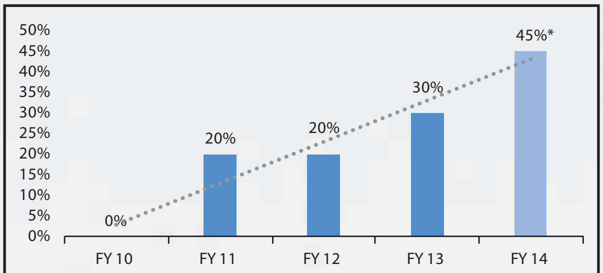


Consolidated Cash Profit[1] (INR mn)



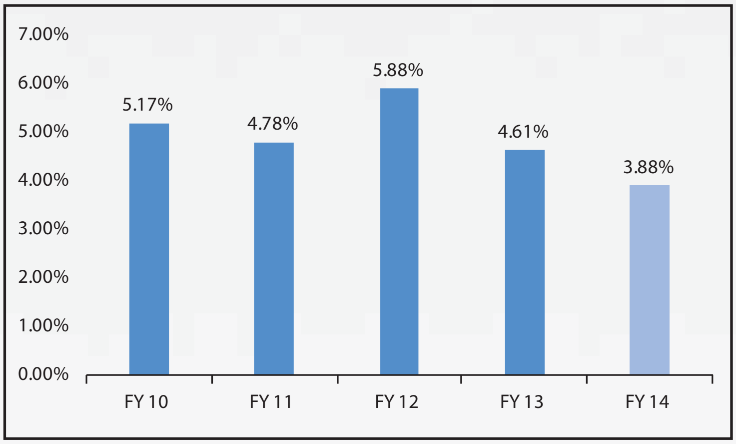
[1]Cash Profit computed as
(Net Profit/Loss + Depreciation and Amortisation & Impairment)

Dividend % Per Share

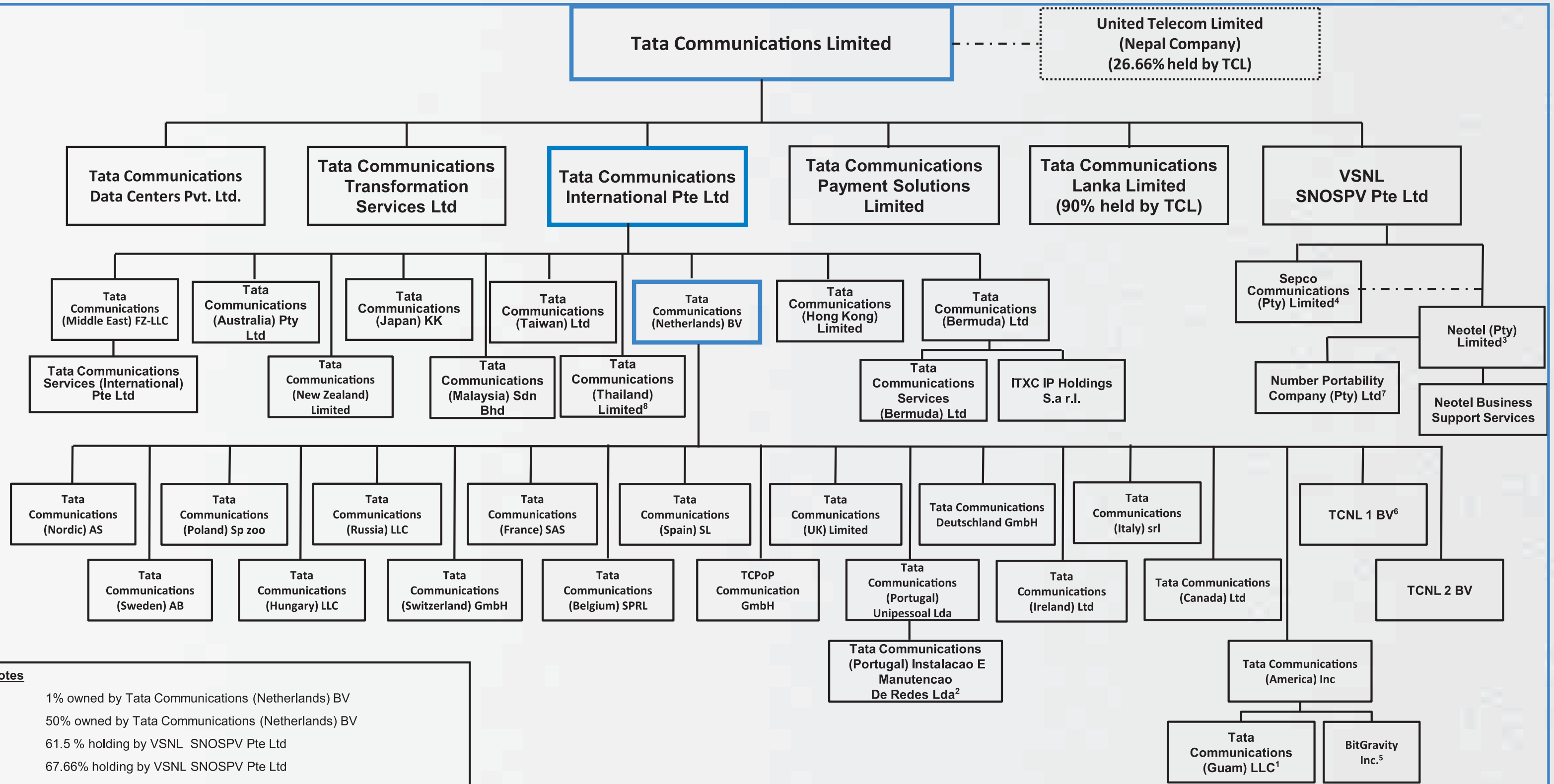


*Proposed, subject to Shareholders' approval.

Interest Cost % of Revenue



CORPORATE STRUCTURE AS AT 31 MARCH 2014



Notes

1. 1% owned by Tata Communications (Netherlands) BV
2. 50% owned by Tata Communications (Netherlands) BV
3. 61.5 % holding by VSNL SNOSPV Pte Ltd
4. 67.66% holding by VSNL SNOSPV Pte Ltd
5. Tata Communications (America) Inc. owns 100% of the outstanding Series A Preferred Stock and 99.9999% of the outstanding Common Stock
6. Tata Communications Limited owns 5,400 Class A Shares (30% holding)
7. 20% holding by Neotel (Pty) Limited
8. Tata Communications (Netherlands) BV and Tata Communications (Hong Kong) Limited holds 1 share each

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, 2014, 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 notified under the Companies Act, 1956 ("the Act") (which continue to be applicable in respect of Section 133 of the Companies Act, 2013 in terms of General Circular 15/2013 dated 13 September, 2013 of the Ministry of Corporate Affairs) 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, 2014;

(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 notified under the Act (which continue to be applicable in respect of Section 133 of the Companies Act, 2013 in terms of General Circular 15/2013 dated 13 September, 2013 of the Ministry of Corporate Affairs).

   (e) On the basis of the written representations received from the directors as on 31 March, 2014 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March, 2014 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, 13 May, 2014

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, firms or other parties 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 ₹ 217.74 crores to one party. At the year end, the outstanding balances of loans granted aggregated ₹ 318.43 crores (number of parties 2) and the maximum amount involved during the year was ₹ 318.43 crores (number of parties 2).

(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 continuing 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, having regard to the explanations that some of the items purchased and sold, are of special nature and their prices cannot be compared with alternative quotations, 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 undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales tax, wealth tax, service tax, customs duty, excise duty, cess and other material statutory dues applicable to it with the appropriate authorities.

(b) According to the information and explanations given to us, there were no undisputed amounts payable in respect of provident fund, investor education and protection fund, employees' state insurance, income tax, sales tax, wealth tax, service tax, customs duty, excise duty, cess and other material statutory dues were in arrears, as at 31 March, 2014 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, 2014 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)
Income Tax Laws	Income Tax	Appellate Authority – Tribunal Level	AY 2007-08, 2008-09	306.78
Income Tax Laws	Income Tax	Appellate Authority -Commissioner (Appeals)	AY 2010-11	15.41
Income Tax Laws	Income Tax- TDS	Appellate Authority -Commissioner (Appeals)	AY 2007-08 to AY 2012-13	65.54
Income Tax Laws	Income Tax	Appellate Authority - Income Tax Officer	AY 1997-98, 2009-10	200.39
Income Tax Laws	Income Tax -TDS	Appellate Authority - Income Tax Officer	AY 2006-07, 2008-09 to 2013-14	1.13
ESI Act	ESI	Appellate Authority – ESIC Court	February 2008 to March 2014	33.74
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

Out of the above amounts aggregating ₹ 624.27 crores, ₹ 521.84 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) According to the information and explanations given to us, the Company has not given any guarantees for loans taken by others from banks or financial institutions, the terms and conditions, whereof, in our opinion are prejudicial to the interests 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, we report that funds raised on short term basis, have 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, 13 May, 2014

BALANCE SHEET AS AT 31 MARCH, 2014

	Note No.	As at 31 March 2014 ₹ in crores	*As at 31 March 2013 ₹ in crores*
A EQUITY AND LIABILITIES			
(1) Shareholders' funds			
(a) Share capital	3	285.00	*285.00*
(b) Reserves and surplus	4	7,600.61	*7,231.42*
		7,885.61	***7,516.42***
(2) Non-current liabilities			
(a) Long-term borrowings	5	210.00	*625.00*
(b) Other long-term liabilities	6	428.69	*391.56*
(c) Long-term provisions	7	123.67	*122.16*
		762.36	***1,138.72***
(3) Current liabilities			
(a) Short-term borrowings	8	316.18	*149.70*
(b) Trade payables	9	1,144.56	*1,082.81*
(c) Other current liabilities	10	982.48	*702.66*
(d) Short-term provisions	11	329.23	*281.99*
		2,772.45	***2,217.16***
Total		**11,420.42**	***10,872.30***
B ASSETS			
(1) Non-current assets			
(a) Fixed assets			
(i) Tangible assets	12(i)	4,112.62	*4,694.91*
(ii) Intangible assets	12(ii)	124.56	*138.54*
(iii) Capital work-in-progress		310.04	*174.66*
		4,547.22	***5,008.11***
(b) Non-current investments	13	2,068.66	*2,030.51*
(c) Deferred tax assets (net)	14	92.92	*8.71*
(d) Long-term loans and advances	15	2,212.82	*1,854.49*
(e) Other non-current assets	16	8.08	*8.08*
		4,382.48	***3,901.79***
(2) Current assets			
(a) Current investments	17	934.31	*462.41*
(b) Inventories - stores and spares		4.15	*4.20*
(c) Trade receivables	18	685.44	*856.49*
(d) Cash and bank balances	19	522.63	*328.62*
(e) Short-term loans and advances	20	334.77	*290.39*
(f) Other current assets	21	9.42	*20.29*
		2,490.72	***1,962.40***
Total		**11,420.42**	***10,872.30***

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: 13 May, 2014

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

MUMBAI
DATED: 13 May, 2014

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH, 2014

		Note No.	Year ended 31 March 2014 ₹ in crores	*Year ended 31 March 2013 ₹ in crores*
I	Income from operations			
	a) Revenue from telecommunication services		4,330.05	*4,416.12*
	b) Other operating income	22	46.35	-
II	Other Income	23	463.95	*380.22*
III	**Total Revenue (I + II)**		**4,840.35**	***4,796.34***
IV	**Expenses:**			
	Network and transmission	24	1,875.95	*1,963.20*
	Employee benefits	25	640.81	*639.46*
	Operating and other expenses	26	861.70	*813.25*
	Finance cost	27	59.51	*119.69*
	Depreciation and amortization (net of transfer from Capital Reserve)	12	680.23	*762.40*
	Total Expenses		**4,118.20**	***4,298.00***
V	**Profit before exceptional items and taxes (III-IV)**		**722.15**	***498.34***
VI	**Exceptional Items gain (net)**	28	81.33	*158.35*
VII	**Profit before tax (V+VI)**		**803.48**	***656.69***
VIII	**Tax expense:**			
	(a) Current tax		353.01	*206.58*
	(b) Deferred tax		(91.96)	*(25.13)*
	Net tax expenses		**261.05**	***181.45***
IX	**Profit for the year (VII - VIII)**		**542.43**	***475.24***
	Earnings per share (of ₹ 10 each)			
	Basic/ Diluted earnings per share (₹)	32	**19.03**	***16.68***

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: 13 May, 2014

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

MUMBAI
DATED: 13 May, 2014

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH, 2014

		Year Ended 31 March 2014 ₹ in crores	*Year Ended 31 March 2013 ₹ in crores*
CASH FLOWS FROM OPERATING ACTIVITIES			
1	**PROFIT BEFORE TAX**	**803.48**	***656.69***
	Adjustments for:		
	Depreciation and amortisation expense	680.23	*762.40*
	Profit on sale of fixed assets (net) (Refer 3)	(8.45)	*(193.18)*
	Interest income	(22.27)	*(39.17)*
	Finance cost	59.51	*119.69*
	Gain on current investments	(70.66)	*(15.73)*
	Dividend income from subsidiaries	(63.71)	*(31.16)*
	Exchange fluctuation on loans to related parties/short-term borrowings	3.60	*98.40*
	Provisions for doubtful trade receivables	31.43	*26.16*
	Input credit against certain statutory obligations (Refer 4)	(216.22)	-
	Provisions for doubtful advances	0.57	*0.93*
	Dimunition in value of investments and provision for advances (Refer 5)	134.89	-
	OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	**1,332.40**	***1,385.03***
	Changes in working capital:		
	Adjustments for (increase) / decrease in operating assets:		
	Inventories	0.05	*(3.75)*
	Trade receivables	84.31	*(41.41)*
	Short-term loans and advances	(134.65)	*22.47*
	Long-term loans and advances	(244.07)	*113.02*
	Other current assets	18.49	*2.52*
	Adjustments for increase / (decrease) in operating liabilities:		
	Trade payables	67.86	*32.89*
	Other current liabilities	136.11	*16.42*
	Other long-term liabilities	38.34	*7.48*
	Short-term provisions	3.76	*(7.75)*
	Long-term provisions	2.14	*(5.52)*
	Cash generated from operations before tax and exceptional items	**1,304.74**	***1,521.40***
	Income tax (paid)/refund (net)	(101.35)	*74.05*
	NET CASH FROM OPERATING ACTIVITIES	**1,203.39**	***1,595.45***
2	**CASH FLOWS FROM INVESTING ACTIVITIES**		
	Purchase of fixed assets	(633.69)	*(722.02)*
	Proceeds from sale of fixed assets	20.71	*197.34*
	Purchase of non-current investments (Refer 2)	(160.15)	*(220.24)*
	Purchase of current investments	(10,179.37)	*(4,829.40)*
	Proceeds from sale of current investments	9,778.13	*4,382.72*
	Sale proceeds on account of IDC division (Refer 6)	433.93	-
	Loans given to related parties during the year	(430.94)	*(519.57)*
	Loans repaid by related parties during the year (Refer 2)	81.21	*1,107.90*
	Inter corporate deposits given during the year	-	*(60.00)*
	Inter corporate deposits matured during the year	-	*70.00*
	Dividend income from subsidiaries	63.71	*31.16*
	Interest received	14.65	*41.00*
	Earmarked funds	(0.91)	*(0.84)*
	NET CASH FROM/ (USED IN) INVESTING ACTIVITIES	**(1,012.72)**	***(521.95)***
3	**CASH FLOWS FROM FINANCING ACTIVITIES**		
	Proceeds from short-term borrowings	195.19	*489.62*
	Repayment of short-term borrowings	(43.56)	*(470.78)*
	Repayment of long-term borrowings	-	*(606.46)*
	Dividends paid including dividend tax	(90.23)	*(66.30)*
	Finance cost	(58.97)	*(145.12)*
	NET CASH FLOW USED IN FINANCING ACTIVITIES	**2.43**	***(799.04)***
	NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	193.10	*274.46*
	CASH AND CASH EQUIVALENTS AS AT THE BEGINNING OF THE YEAR	317.77	*43.31*
	CASH AND CASH EQUIVALENTS AS AT THE END OF THE YEAR (Refer note 19 - Cash and bank balances)	**510.87**	***317.77***

Notes:

1. Figures in brackets represent outflows.
2. In the previous year, loan to Tata Communications Payment Solutions Limited (TCPSL) amounting to ₹ 22 crores was converted to equity share capital.
3. In the previous year, 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.
4. In the current year, input credit against certain statutory obligations amounting to ₹ 216.22 crores is included as part of exceptional items.
5. In the current year, diminution in value of investments and provision for advances amounting to ₹ 134.89 crores is included as part of exceptional items.
6. The Company has received ₹ 433.93 crores from its wholly owned subsidiary under the Scheme of Arrangement for transfer of its IDC division.

In terms of our report attached

For and on behalf of the Board

For S. B. BILLIMORIA & CO.
Chartered Accountants

SUBODH BHARGAVA
Chairman

VINOD KUMAR
Managing Director & Group CEO

R. A. BANGA
Partner

SANJAY BAWEJA
Chief Financial Officer

SATISH RANADE
Company Secretary

MUMBAI
DATED: 13 May, 2014

MUMBAI
DATED: 13 May, 2014

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2014

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 and the fresh certificate of incorporation consequent upon the change of name was issued by the Registrar of Companies, Maharashtra on 28 January 2008.

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 telepresence, managed hosting, mobile global roaming and signaling services, transponder lease, television uplinking and other services.

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 by law. 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 recognised in the periods in which the results are known / materialise.

c. Cash and cash equivalents (for purposes of Cash Flow Statement)

Cash comprises cash on hand. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

d. 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.

e. Fixed assets

i. Tangible and intangible assets are stated at cost of acquisition or construction, less accumulated depreciation/ amortisation and impairment loss, if any. Cost includes inward freight, duties, taxes and all incidental expenses incurred on making the assets ready for its intended use.

ii. Indefeasible Rights of Use (IRUs) for international and domestic telecommunication circuits are classified under fixed assets. The IRU agreements 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.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2014 *(Contd.)*

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 recognised as expenses 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 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.

f. Depreciation / amortisation

Depreciation / Amortisation is provided on the straight line method, 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 12(i) (f))	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 12(i) (f))	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. Software	Over a period of 6 years
v. Leasehold Improvements	Over the lease period

The estimated useful life of the intangible assets and the amortisation period are reviewed at the end of each financial year and the amortisation is revised to reflect the changes in useful life.

g. 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. When an impairment loss exists such loss is recognised in the Statement of Profit and Loss.

h. 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 recognised on a straight line basis over the term of the lease in Statement of Profit and Loss.

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

i. Investments

Long-term investments are carried individually at cost less provision for diminution, other than temporary in value of such investments.

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

j. Inventories

Inventories of stores and spares are valued at the lower of cost or net realisable 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 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 recognised 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 recognised 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 recognised in full in the Statement of Profit and Loss for the period in which they occur. Past service cost is recognised immediately to the extent that the benefits are already vested, and otherwise is amortised on a straight-line basis over the average period until the benefits become vested.

The retirement benefit obligation recognised in the balance sheet represents the present value of the defined benefit obligation as adjusted for unrecognised 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 recognised at the end of each month based upon minutes of traffic completed in such month.

ii. Revenues from Global Data Managed Services (GDMS) are recognised 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 recognised 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.

m. Other income

i. Dividends from investments are recognised when the right to receive payment is established and no significant uncertainty as to measurability or collectability exists. Interest income is accounted on accrual basis.

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

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2014 *(Contd.)*

n. Export incentive

Export benefits are accounted for in the year of exports based on eligibility and when there is no uncertainty in receiving the same and there is a reasonable assurance that the Company will comply with the conditions attached to them. Export incentive is included in other operating income.

o. 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 recognised 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 recognised only to the extent that there is virtual certainty that sufficient taxable income will be available to realise these assets. In other situations, deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available to realise these assets. Deferred tax assets are reviewed at each balance sheet date for their realisability.

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.

p. 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 outstanding as at the balance sheet date are translated to Indian Rupees at the closing rates prevailing on the balance sheet date. Exchange differences on foreign currency transactions are recognised 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 amortised over the life of such contracts and recognised 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 recognised in the Statement of Profit and Loss. Profit or loss arising on cancellation or enforcement/ exercise of forward exchange is recognised in the Statement of Profit and Loss in the period of such cancellation or enforcement/ exercise.

q. 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.

r. Segment reporting

i. The Company identifies primary segments based on the dominant source, nature of risks and returns and the internal organisation and management structure. The operating segments are the segments for which separate financial information is available and for which operating profit / loss amounts are evaluated regularly by the executive Management in deciding how to allocate resources and in assessing performance.

ii. The accounting policies adopted for segment reporting are in line with the accounting policies of the Company. Segment revenue and segment expenses have been identified to segments on the basis of their relationship to the operating activities of the segment.

iii. Revenue and expenses which relate to the Company as a whole and are not allocable to segments on reasonable basis have been included under "unallocated expenses (net)".

s. Contingent liabilities and provisions

A provision is recognised 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 when there is a possible obligation arising from past events, the existence of which will be confirmed only by occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made. Contingent liabilities are disclosed in the notes. Contingent assets are not recognised in the financial statements.

t. Derivative financial instruments

Gains and losses on hedging instruments designated as hedges of the net investments in foreign operations are recognised 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 recognised immediately in the Statement of Profit and Loss. Gains and losses accumulated in the foreign currency translation reserve are transferred to the Statement of Profit and Loss when the foreign operation is disposed off.

3. Share capital

(₹ in crores)

		As at 31 March 2014	*As at 31 March 2013*
a.	**Authorized:**		
	400,000,000 (2013: 400,000,000) Equity shares of ₹ 10 each	400.00	*400.00*
b.	**Issued, Subscribed and Paid up:**		
	285,000,000 (2013: 285,000,000) Equity shares of ₹ 10 each, fully paid up	285.00	*285.00*

i. **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.

ii. **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. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company, after distribution of all preferential amounts, in proportion to their shareholding.

The Board of Directors have recommended a dividend of ₹ 4.50 (2013: ₹ 3) per share for the year ended 31 March 2014.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2014 *(Contd.)*

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

	As at 31 March 2014		*As at 31 March 2013*	
	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	37,237,639	13.07%	*40,533,297*	*14.22%*
Bank of New York Mellon as depository to Company's ADR issue (Refer note)	-	-	*14,107,950*	*4.97%*

Note:

During the year, the Company delisted its American Depositary Shares ("ADSs"), from the New York Stock Exchange ("NYSE") and terminated its ADR program with effect from 13 August 2013. This action enabled the Company to increase its public shareholding to 25% as required by Securities and Exchange Board of India.

4. Reserves and surplus

(₹ in crores)

		As at 31 March 2014	*As at 31 March 2013*
a.	**Capital Reserve (Refer i)**		
	Opening balance	206.47	*206.92*
	Less: Depreciation on gifted assets transferred to Statement of Profit and Loss	(0.41)	*(0.45)*
	Closing balance	**206.06**	***206.47***
b.	**Debenture Redemption Reserve**		
	Opening balance	350.13	*730.74*
	Add: Transferred from Surplus in Statement of Profit and Loss (Refer note 5i and 5ii)	87.81	*219.39*
	Less: Transfer to General Reserve on redemption of debentures (Refer note 5i)	-	*(600.00)*
	Closing balance	**437.94**	***350.13***
c.	**Securities Premium**		
	Opening balance	725.01	*725.01*
	Closing balance	**725.01**	***725.01***
d.	**General Reserve**		
	Opening balance	4,821.11	*4,173.59*
	Add: Transferred from Surplus in Statement of Profit and Loss	54.24	*47.52*
	Add: Transferred from Debenture Redemption Reserve (Refer note 5i)	-	*600.00*
	Closing balance	**4,875.35**	***4,821.11***

(₹ in crores)

		As at 31 March 2014	*As at 31 March 2013*
e.	**Foreign Exchange Translation Reserve**		
	Opening balance	26.47	*22.59*
	Add: Effect of foreign exchange rate variations during the year (Refer ii)	1.60	*3.88*
	Closing balance	**28.07**	***26.47***
f.	**Surplus in Statement of Profit and Loss**		
	Opening balance	1,102.23	*993.12*
	Add : Profit for the year	542.43	*475.24*
	Less : Adjustment pursuant to scheme of arrangement (Refer note (iii))	(33.38)	*-*
	Less : Proposed Dividend (Refer note 3b)	(128.25)	*(85.50)*
	Tax on Dividend (net of dividend tax credit in respect of earlier year ₹ 9 crores (2013 : ₹ 0.81 crores))	(12.80)	*(13.72)*
	Transferred to General Reserve	(54.24)	*(47.52)*
	Transferred to Debenture Redemption Reserve (Refer note 5i and 5ii)	(87.81)	*(219.39)*
	Closing balance	**1,328.18**	***1,102.23***
	Total	**7,600.61**	***7,231.42***

i. Capital Reserve includes ₹ 205.22 crores in respect of foreign exchange gains on unutilised 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 operations in foreign exchange translation reserve as per Accounting Standard - 11 on "Accounting for effects of changes in Foreign Exchange Rates".

iii. The Board of Directors of the Company at its meeting held on 1 March 2013 had approved the "Scheme of Arrangement between Tata Communications Limited ("TCL") with its wholly owned subsidiary, Tata Communications Data Centers Private Limited ("TCDC") (formerly known as S & A Internet Services Private Limited) pursuant to the provisions of Section 391 to 394 and other relevant provisions of the Companies Act, 1956 ("the Scheme") for transfer of the Internet Data Center ("IDC") division (Colocation service division of TCL) of the Company on a going concern basis to TCDC from 1 January 2012 being the appointed date.

The Scheme of Arrangement for transfer of the IDC division was sanctioned by the Bombay High Court vide its Order dated 24 January 2014 and has become effective from 1 March 2014, being the date of filing of the Order with the Registrar of Companies.

In accordance with the said Scheme:

a. All the assets, debts, liabilities and obligations of IDC division have been vested in TCDC with effect from 1 January 2012 and have been transferred at their respective book values.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2014 *(Contd.)*

b. Accordingly, to give effect to the Scheme, net profits of the IDC division for the period from 1 January 2012 to 31 March 2013 amounting to ₹ 33.38 crores (net of taxes) has been debited to the Surplus in Statement of Profit and Loss of the Company as the income and expenditure of the IDC division are treated as income and expenditure of TCDC in accordance with the terms of Scheme (refer note 4 (e) below) and the items of income and expenditure relating to the IDC division for the year ended 31 March 2014 have been recorded in the books of TCDC.

c. As on 1 January 2012, the net book value of total assets and liabilities were ₹ 472.38 crores and ₹ 38.45 crores respectively. All revenue and expenses pertaining to IDC division for the period 1 January 2012 and 31 March 2013 are transferred to TCDC. Consequently, the previous year amounts are not comparable with the current year amounts. The Company has received a consideration of ₹ 433.93 crores for the net assets transferred as at 1 January 2012, as stated below:

(₹ in crores)

Particulars	***As on 1 January 2012***
Net Fixed Assets	*375.25*
Capital work in progress	*6.65*
Current assets	*90.48*
Current liabilities	*(38.45)*
Net Asset Value	***433.93***

d. The impact of the Scheme of Arrangement for the year ended March 2013 and quarter ended March 2012 are as follows:

(₹ in crores)

Particulars	***Year ended March 2013***	***Quarter ended March 2012***
Revenue from operations	*345.99*	*82.83*
Other Income	*0.02*	*0.40*
Total Income (A)	***346.01***	***83.23***
Operation and other expenses	*223.86*	*53.08*
Employee benefit expenses	*8.12*	*1.94*
Finance costs	*0.75*	*0.16*
Depreciation and amortisation	*76.14*	*17.23*
Total Expenses (B)	***308.87***	***72.41***
Profit before tax (C) = (A-B)	***37.14***	***10.82***
Tax expenses		
Current tax	*18.28*	*4.05*
Deferred tax	*(7.05)*	*(0.70)*
Profit after tax (E) = (C-D)	***25.91***	***7.47***

5. Long-term borrowings

	As at 31 March 2014	*As at 31 March 2013*
		(₹ in crores)
I. Debentures		
a. Secured		
Taxable Rated Secured Non-Convertible Redeemable Debentures (Refer i)		
50, 11.25% Rated Debentures of face value ₹ 10 lakhs each	5.00	*5.00*
550, 11.20% Rated Debentures of face value ₹ 10 lakhs each	55.00	*55.00*
1,900, 11.00% Rated Debentures of face value ₹ 10 lakhs each	190.00	*190.00*
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)		
	625.00	***625.00***
Less: Current maturities of long term borrowings	(415.00)	-
	210.00	***625.00***

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 a private placement basis aggregating ₹ 1,250 crores, IDBI Trusteeship Services Limited has been appointed as trustee to the debenture issue.

- **Nature of Security**

  ₹ 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.

  The outstanding debentures are due for redemption as given below:

Date of redemption as per terms of issue	50, 11.25% Debentures	550, 11.20% Debentures	1,900, 11.00% Debentures
		₹ in crores	
23 January 2019	5	-	-
23 January 2016	-	55	-
23 July 2014	-	-	190
Total	**5**	**55**	**190**

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2014 *(Contd.)*

For facilitating the above redemptions, the Company has created a debenture redemption reserve of ₹ 222.43 crores (2013: ₹ 179.60 crores), and an amount of ₹ 42.83 crores (2013: ₹ 174.41 crores) has been appropriated during the current year.

During the previous year, 6,000, 11.70% debentures aggregating ₹ 600 crores were redeemed and consequently debenture redemption reserve of ₹ 600 crores created to facilitate the redemption of above debentures was 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 a private placement basis.

The outstanding debentures are due for redemption as given below:

Date of redemption as per terms of issue	**1,500, 9.85% Debentures**	**1,500, 9.50% 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 ₹ 215.51 crores (2013: ₹ 170.53 crores) and an amount of ₹ 44.98 crores (2013: ₹ 44.98 crores) has been appropriated during the current year.

6. Other long-term liabilities

(₹ in crores)

		As at 31 March 2014	***As at 31 March 2013***
a.	Deferred revenue	403.26	*376.28*
b.	Trade payables	25.43	*15.28*
		428.69	***391.56***

7. Long-term provisions

(₹ in crores)

		As at 31 March 2014	***As at 31 March 2013***
a.	Provision for employee benefits (Refer note 29)		
	Provision for compensated absences	50.78	*57.18*
	Provision for post-employment medical benefits	61.42	*52.85*
	Provision for pension benefits	2.40	*3.13*
b.	Provision for contingencies (Refer note 36)	9.07	*9.00*
		123.67	***122.16***

8. Short-term borrowings

(₹ in crores)

	As at 31 March 2014	***As at 31 March 2013***
Short Term Loans (Unsecured)		
From banks – Buyers credit	316.18	*149.70*
(rate of interest – 0.92% to 1.17%) (2013: 1.09% to 2.60%)		
	316.18	***149.70***

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2014 *(Contd.)*

9. Trade payables

(₹ in crores)

		As at 31 March 2014	*As at 31 March 2013*
a.	Network and transmission expenses payable (Refer note 42)	1,018.26	*958.34*
b.	Payables to related parties	27.01	*32.62*
c.	Accrued payroll	99.29	*91.85*
		1,144.56	***1,082.81***

10. Other current liabilities

(₹ in crores)

		As at 31 March 2014	*As at 31 March 2013*
a.	Current maturities of long term borrowings (Refer note 5)	415.00	-
b.	Deferred revenues and advances received from customers	212.94	*145.01*
c.	Interest accrued but not due on loans from banks	28.55	*28.01*
d.	License fees payable	67.34	*64.25*
e.	Deposits from customers and contractors	38.92	*39.44*
f.	Government of India account	20.57	*20.57*
g.	Unclaimed dividend (Refer I)	0.38	*0.39*
h.	Statutory liabilities		
	- Service tax payable	65.35	*205.10*
	- TDS Payable	4.00	*13.17*
i.	Capital creditors	119.69	*165.49*
j.	Gratuity (Refer note 29)	4.05	*7.48*
k.	Book overdraft	-	*9.14*
l.	Other liabilities	5.69	*4.61*
		982.48	***702.66***

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

11. Short-term provisions

(₹ in crores)

		As at 31 March 2014	*As at 31 March 2013*
a.	Provision for employee benefits (Refer note 29)		
	Provision for compensated absences	7.10	*6.76*
	Provision for post-employment medical benefits	6.08	*3.91*
b.	Provision for proposed dividend	128.25	*85.50*
c.	Tax on dividend	21.80	*13.72*
d.	Provision for taxes (net of advance tax of ₹ 832.19 crores (2013: ₹ 855.44 crores))	165.25	*171.47*
e.	Provision for others	0.75	*0.63*
		329.23	***281.99***

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2014 *(Contd.)*

12. 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 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***
Adjustment pursuant to the scheme of arrangement (Refer note)	-	-	-	-	(555.76)	(24.93)	(58.22)	(6.03)	-	(644.94)
Additions	0.11	-	-	-	373.36	3.21	1.84	17.68	-	396.20
Disposals	-	-	-	(3.24)	(23.86)	(0.07)	(0.07)	(1.55)	(0.07)	(28.86)
Adjustments	0.23	-	-	(0.29)	(4.70)	0.13	0.02	0.76	-	(3.85)
At 31 March 2014	**15.49**	**202.53**	**0.72**	**541.42**	**7,674.80**	**125.39**	**44.23**	**336.22**	**0.50**	**8,941.30**
Accumulated Depreciation										
At 1 April 2012	-	18.55	0.72	71.76	3,398.96	67.74	23.35	235.50	0.56	3,817.14
Depreciation/ Amortisation	-	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***
Adjustment pursuant to the scheme of arrangement (Refer note)	-	-	-	-	(292.64)	(9.25)	(12.10)	(3.16)	-	(317.15)
Depreciation/ Amortisation	-	2.57	-	8.78	596.54	6.20	2.17	22.21	-	638.47
Disposals	-	-	-	(0.87)	(15.04)	(0.06)	(0.03)	(1.39)	(0.07)	(17.46)
Adjustments	-	-	-	(0.02)	(3.64)	0.01	-	0.63	-	(3.02)
At 31 March 2014	-	**23.69**	**0.72**	**86.44**	**4,349.00**	**71.71**	**17.93**	**278.69**	**0.50**	**4,828.68**
Net Block										
At 31 March 2013	***15.15***	***181.41***	-	***466.40***	***3,821.98***	***72.24***	***72.77***	***64.96***	-	***4,694.91***
At 31 March 2014	**15.49**	**178.84**	-	**454.98**	**3,325.80**	**53.68**	**26.30**	**57.53**	-	**4,112.62**

a. Freehold land includes ₹ 0.16 crores (2013: ₹ 0.16 crores) identified as surplus land.

b. Gross block of buildings includes:

- ₹ 32.75 crores (2013: ₹ 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 ₹ 405.89 crores (2013: ₹ 406.91 crores) and ₹ 234.78 crores (2013: ₹ 198.37 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 ₹ 1,013.55 crores (2013: ₹ 1,013.98 crores) and ₹ 452.22 crores (2013: ₹ 401.73 crores) respectively.

e. Finance cost capitalised during the year is ₹ 7.06 crores (2013: ₹ 7.59 crores) in respect of capital expenditure.

f. During the previous 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 in previous year by ₹ 0.36 crores.

ii. Intangible assets

(₹ in crores)

	Goodwill	Purchased Software	Total
Gross Block			
At 1 April 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***
Adjustment pursuant to the scheme of arrangement (Refer note)	-	(9.86)	(9.86)
Additions	-	33.99	33.99
Disposals	-	(2.18)	(2.18)
Adjustments	-	(0.65)	(0.65)
At 31 March 2014	**113.14**	**342.23**	**455.37**
Accumulated Amortisation			
At 1 April 2012	113.14	138.81	251.95
Depreciation/ Amortisation	-	43.56	43.56
Adjustments	-	0.02	0.02
At 31 March 2013	***113.14***	***182.39***	***295.53***
Adjustment pursuant to the scheme of arrangement (Refer note)	-	(4.92)	(4.92)
Depreciation/ Amortisation	-	42.17	42.17
Disposals	-	(1.32)	(1.32)
Adjustments	-	(0.65)	(0.65)
At 31 March 2014	**113.14**	**217.67**	**330.81**
Net Block			
At 31 March 2013	-	***138.54***	***138.54***
At 31 March 2014	-	**124.56**	**124.56**

13. Non-current investments

	As at 31 March 2014		*As at 31 March 2013*	
	No of shares	**₹ in crores**	***No of shares***	***₹ in crores***
Investment (Trade) (at cost, unless otherwise specified)				
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 II)	769,333	3.29	*769,333*	*3.29*

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2014 *(Contd.)*

		As at 31 March 2014		*As at 31 March 2013*	
		No of shares	**₹ in crores**	***No of shares***	***₹ in crores***
	Tata Communications Transformation Services Limited (Equity shares of ₹ 10 each)	500,000	0.50	*500,000*	*0.50*
	Tata Communications Payment Solutions Limited (Equity shares of ₹ 10 each)	362,714,284	477.00	*317,000,000*	*317.00*
	Tata Communications Data Centers Private Limited (formerly known as S&A Internet Services Private Limited) (Equity shares of ₹ 10 each)	50,000	0.05	*10,000*	*0.01*
	TCNL 1 BV (Equity shares of Euro1 each)	5,400	0.04	*5,400*	*0.04*
	Subtotal (i)		**962.52**		***802.48***
ii.	**In Joint Venture**				
	United Telecom Limited (Equity shares of NRS100 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)	32,000	0.32	*24,000*	*0.24*
	Radhapura Wintech Private Limited (Equity shares of ₹ 10 each)	19,370	0.02	-	-
	Smart ICT Services Private Limited (Equity shares of ₹ 10 each)	9,500	0.01	-	-
	Subtotal (iii)		**934.29**		***934.18***

	As at 31 March 2014		*As at 31 March 2013*	
	No of shares	**₹ in crores**	***No of shares***	***₹ in crores***
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 II)	24,680,000	118.71	*24,680,000*	*118.71*
Subtotal (iv)		**258.03**		***258.03***
Total Non current investments (Gross) (i+ii+iii+iv)		**2,190.66**		***2,030.51***
Provision for diminution in value of investment in VSNL SNOSPV Pte. Ltd * (Refer II)		**(122.00)**		-
Total Non current investments (Net)		**2,068.66**		***2,030.51***
Book value of unquoted investments (Gross)		**2,190.66**		***2,030.51***

* 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 (2013: ₹ 474.23 crores) in equity shares and ₹ 139.32 crores (2013: ₹ 139.32 crores) in preference shares of Tata Communications International Pte. Ltd ("TCIPL"). 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 investment despite significant accumulated losses.

II. During the current year, VSNL SNOSPV Pte Ltd (SNOSPV), a wholly owned subsidiary of Tata Communications Limited, has entered into exclusive discussions with Vodacom Group Limited (Vodacom) to sell all of the issued share capital of Neotel, held directly or indirectly by SNOSPV. Discussions with Vodacom are still in progress. The Company has made a provision of ₹ 134.89 crores (₹ 122.00 crores being the entire carrying amounts of investments and of advances ₹ 12.89 crores to SNOSPV). (Refer note 15 and 20).

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2014 *(Contd.)*

14. Deferred tax assets (net)

(₹ in crores)

		As at 31 March 2014	*As at 31 March 2013*
A. Major components of deferred tax asset and liability consist of the following:			
Deferred tax assets arising out of timing differences on:			
Provision for doubtful trade receivables		72.21	*65.42*
Provision for leave encashment		13.02	*22.76*
Provision for bonus		2.28	*2.52*
Expenditure incurred on NLD license fees		12.52	*14.31*
Expenditure disallowed u/s. 40 (a) (ia)		112.62	*88.32*
Unearned income and deferred revenues		7.48	*8.84*
Interest received on provisional income-tax assessment		27.83	*19.64*
Interest accrued on secured debenture issued to Public Financial Institutions		2.36	*13.07*
Revaluation loss on buyers credit		12.38	*8.70*
Others		8.18	*5.54*
Long term capital loss on diminution in value of investment		27.64	*-*
Total deferred tax assets	**(A)**	**298.52**	***249.12***
Deferred tax liability arising out of timing differences on:			
Difference between accounting and tax depreciation/ amortisation		**205.60**	*240.41*
Total deferred tax liabilities	**(B)**	**205.60**	***240.41***
Deferred tax assets (net)	**(A - B)**	**92.92**	***8.71***

15. Long-term loans and advances

					As at 31 March 2014	*As at 31 March 2013*
						(₹ in crores)
I	Unsecured - Considered good					
	a.	Capital advances			41.23	*3.89*
	b.	Loans to related parties			531.66	*180.85*
	c.	Advance tax (net of provisions of ₹ 4,942.29 crores (2013: ₹ 4,582.22 crores))			1,520.11	*1,561.75*
	d.	Amount paid under protest (Refer note 37(a)(2)(iii))			25.58	*25.58*
	e.	Prepaid expenses			5.79	*3.91*
	f.	Deposits				
		-	With public bodies		0.62	*1.22*
		-	Others		33.37	*26.67*
	g.	Other advances/ receivables			54.46	*50.62*
II	Unsecured – Doubtful					
	a.	Doubtful advances			9.14	*8.57*
	b.	Doubtful loans to related parties			12.30	*-*
		Less: Provision for doubtful loans and advances (Refer note 13 (II))			(21.44)	*(8.57)*
					2,212.82	***1,854.49***

16. Other non-current assets

		As at 31 March 2014	*As at 31 March 2013*
			(₹ in crores)
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 2014 the proportionate share of pension obligations and payments of ₹ 61.15 crores (2013: ₹ 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 (2013: ₹ 53.71 crores) resulting in a net amount due from the Government towards its share of pension obligations of ₹ 7.44 crores (2013: ₹ 7.44 crores).

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2014 *(Contd.)*

17. Current investments

	As at 31 March 2014		*As at 31 March 2013*	
	No of units	**₹ in crores**	***No of units***	***₹ in crores***
Investments in Mutual Funds (Unquoted)				
Birla Sunlife Cash Plan - Growth – Direct	6,082,787	125.00	-	-
Baroda Pioneer Liquid Fund - Plan B – Growth	263,751	38.75	-	-
JPMorgan India Liquid Fund - Super IP – Growth	21,082,305	35.00	-	-
ICICI Prudential Liquid Fund - Direct Growth	5,272,588	100.00	-	-
SBI Mangnum Insta Cash Liquid Floater Plan - Direct – Growth	111,780	24.50	-	-
Tata Money Market Fund - Growth – Direct	173,348	35.00	-	-
Templeton India TMA - Super IP -Direct - Growth	183,161	35.00	-	-
Axis Bank Debt Fund - Direct – Growth	172,851	20.25	-	-
Baroda Pioneer Treasury Advantage Fund - Growth-Direct	328,948	47.99	-	-
Birla Sunlife Floating Rate Long Term Plan - Growth – Direct	4,554,599	69.80	-	-
HDFC Floating Rate Income Fund - STP Direct – Growth	11,507,964	25.18	-	-
IDFC Money Manager Fund - Treasury Plan - Direct – Growth	12,399,000	25.14	-	-
ICICI Prudential Banking and PSU Fund - Direct – Growth	36,183,181	50.86	-	-
ICICI Prudential Flexible Income Plan - Direct – Growth	4,797,733	115.32	-	-
Religare Credit Opportunities Fund - Direct – Growth	276,837	40.38	-	-
Sundaram Ultra Short Term - Direct Growth	20,210,262	35.57	-	-
ICICI Prudential Ultra Short Term Plan - Direct – Growth	58,411,694	75.79	*63,577,861*	*75.38*
Kotak Floater - ST - Direct –Growth	-	-	*520,774*	*100.00*
SBI Magnum Insta Cash - Cash Plan- Direct	-	-	*251,060*	*65.00*
Religare Ultra Short Term Fund -Direct – Growth	196,087	34.78	*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		**934.31**		***462.41***
Book value of unquoted investments		**934.31**		***462.41***

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2014 *(Contd.)*

18. Trade receivables - Unsecured

(₹ in crores)

	As at 31 March 2014	*As at 31 March 2013*
Trade receivables outstanding for a period exceeding six months from the date they were due for payment		
Considered good	44.18	*64.08*
Doubtful	204.43	*179.98*
	248.61	***244.06***
Less: Provision for doubtful trade receivables	(204.43)	*(179.98)*
	44.18	***64.08***
Other trade receivables		
Considered good	641.26	*792.41*
Doubtful	9.53	*9.53*
	650.79	***801.94***
Less: Provision for doubtful trade receivables	(9.53)	*(9.53)*
	641.26	***792.41***
	685.44	***856.49***

19. Cash and bank balances

(₹ in crores)

	As at 31 March 2014	*As at 31 March 2013*
Cash and Cash Equivalents:		
a. Cash on hand	0.05	*0.05*
b. Cheques on hand	8.81	*7.13*
c. Remittances in transit	7.68	*0.87*
d. Current accounts with scheduled banks	50.83	*73.17*
e. Deposit accounts with scheduled banks	443.50	*236.55*
	510.87	***317.77***
Other Bank Balances:		
In earmarked accounts		
a. Unclaimed dividend accounts	0.39	*0.41*
b. Balances held as margin money or security against borrowings, guarantees and other commitments	11.37	*10.44*
Cash and Bank Balances	**522.63**	***328.62***

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2014 *(Contd.)*

20. Short-term loans and advances

(₹ in crores)

		As at 31 March 2014	*As at 31 March 2013*
	<u>Unsecured – Considered good</u>		
a.	Loans and advances to related parties (Refer note 34)	72.96	*40.88*
	Less: Provision for doubtful advances (Refer note 13 (II))	(0.59)	-
		72.37	***40.88***
b.	Loans and advances to employees	3.02	*4.49*
c.	Prepaid expenses	56.86	*80.01*
d.	Deposits with suppliers	4.91	*7.03*
e.	Service tax recoverable	133.23	*132.07*
f.	Advance to contractors and vendors	5.80	*3.44*
g.	Other advances	12.23	22.47
h.	Export incentive receivable	46.35	-
		334.77	***290.39***

21. Other current assets

(₹ in crores)

		As at 31 March 2014	*As at 31 March 2013*
a.	Interest receivable (Refer i)	8.83	*1.21*
b.	Unamortised premium on forward contracts	-	*0.46*
c.	Others	0.59	*18.62*
		9.42	***20.29***

i. Interest receivable includes interest due from subsidiaries of ₹ 6.95 crores (2013: ₹ 0.12 crores).

22. During the year, the Company has received duty credit scrips aggregating ₹ 46.35 crores (2013: Nil) in respect of foreign exchange earnings to be utilised towards import duty. This is included in Other operating income.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2014 *(Contd.)*

23. Other income

(₹ in crores)

			Year Ended 31 March 2014	*Year Ended 31 March 2013*
a.	Interest Income			
	i.	Bank deposits	3.35	*1.61*
	ii.	Refund of license fees (Refer note 31)	-	*110.51*
	iii.	Others (Refer I)	18.92	*37.56*
b.	Dividend income from investment in subsidiaries		63.71	*31.16*
c.	Profit on sale of current investments		70.66	*15.73*
d.	Profit on sale of fixed assets (net)		8.45	*3.56*
e.	Rent (Refer note II)		70.22	*11.37*
f.	Exchange gain (net)		(3.55)	*15.43*
g.	Provisions/ liabilities no longer required - written back		4.70	*7.69*
h.	Interest on income tax refund		5.42	*8.65*
i.	Guarantee income from subsidiaries		152.66	*117.92*
j.	Shared service fees from subsidiary		60.38	-
k.	Others		9.03	*19.03*
			463.95	***380.22***

I. Interest on others includes ₹ 18.90 crores (2013: ₹ 36.46 crores) from subsidiaries.

II. Includes ₹ 63.01 crores (2013: ₹ 5.71 crores) from subsidiaries

24. Network and transmission

(₹ in crores)

		Year Ended 31 March 2014	*Year Ended 31 March 2013*
a.	Charges for use of transmission facilities	1,687.71	*1,776.16*
b.	Royalty and license fee to Department of Telecommunications	171.68	*166.74*
c.	Rent of landlines and satellite channels	16.56	*20.30*
		1,875.95	***1,963.20***

25. Employee benefits

(₹ in crores)

		Year Ended 31 March 2014	*Year Ended 31 March 2013*
a.	Salaries and related costs	554.15	*556.23*
b.	Contributions to provident, gratuity and other funds	34.00	*36.64*
c.	Staff welfare expenses	52.66	*46.59*
		640.81	***639.46***

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2014 *(Contd.)*

26. Operating and other expenses

(₹ in crores)

		Year Ended 31 March 2014	*Year Ended 31 March 2013*
a.	Consumption of stores	17.83	*20.82*
b.	Light and power (net of recoveries of ₹ 100.84 crores (2013: ₹ Nil))	84.51	*167.31*
c.	Repairs and Maintenance:		
	i. Buildings	16.70	*18.58*
	ii. Plant and machinery	133.06	*135.85*
	iii. Others	0.22	*0.56*
d.	Provision for doubtful trade receivables	31.43	*22.91*
e.	Provision for doubtful advances	0.57	*0.94*
f.	Rent	36.96	*16.86*
g.	Rates and taxes	36.03	*18.36*
h.	Travelling	33.18	*30.25*
i.	Telephone	20.53	*16.30*
j.	Printing, postage and stationery	2.97	*3.52*
k.	Legal and professional fees	68.56	*42.38*
l.	Advertising and publicity	20.73	*22.33*
m.	Commissions	15.59	*18.29*
n.	Services rendered by agencies	230.07	*169.23*
o.	Insurance	7.29	*7.82*
p.	Donations	1.23	*0.55*
q.	Other expenses (Refer note 30)	104.24	*100.39*
		861.70	***813.25***

27. Finance costs

(₹ in crores)

	Year Ended 31 March 2014	*Year Ended 31 March 2013*
Interest on loans	8.47	*9.39*
Interest on debentures	56.65	*112.63*
Other interest	1.45	*5.26*
Less: Interest capitalized	(7.06)	*(7.59)*
	59.51	***119.69***

28. Exceptional items

(₹ in crores)

		Year Ended 31 March 2014	*Year Ended 31 March 2013*
a.	Input credit against certain statutory obligations (Refer i)	216.22	-
b.	Provision for investments and advances (Refer note 13 (II))	(134.89)	-
c.	Staff optimisation (cost)/ income (Refer ii)	-	*(31.27)*
d.	Gain/ (Loss) on sale of fixed assets (net) (Refer iii)	-	*189.62*
		81.33	***158.35***

i. During the current year, the Company has recognised ₹ 216.22 crores towards input credits against certain statutory obligations relating to earlier periods which have been accounted for on crystallisation of the entitlements to such credits.

ii. As part of its initiative to enhance the long-term efficiency of the business, during the previous 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 and further a one time cost of ₹ 12.54 crores towards other related initiatives.

iii. During the previous year, the Company sold part of land and building at Chennai for a consideration of ₹ 192.30 crores resulting in a gain on sale of fixed assets of ₹ 189.62 crores.

29. Employee Benefits

i. Defined Contribution Plan - Provident Fund:

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

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 ₹ 20.52 crores (2013: ₹ 20.67 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 hospitalisation 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 ₹ 10.53 crores (2013: ₹ 8.09 crores) to meet the additional pension obligation on account of increase in Pension and Dearness Allowance.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2014 *(Contd.)*

The details in respect of the status of funding and the amounts recognised in the Company's financial statements for the year ended 31 March 2014 for these defined benefit schemes are as under:

(₹ in crores)

		Gratuity (Funded) As at 31 March		Medical Benefits (Unfunded) As at 31 March	
		2014	***2013***	**2014**	***2013***
I	**Change in the defined benefit obligation**				
	Liability at the beginning of the period	57.71	*58.35*	56.76	*52.00*
	Current service cost	4.60	*4.58*	0.65	*0.63*
	Interest cost	4.39	*4.57*	4.26	*4.03*
	Liability transferred from / (to) other companies	(1.52)	*(4.62)*	-	*-*
	Actuarial (gain) / loss on obligations	(1.54)	*4.06*	12.90	*9.40*
	Benefits paid	(3.70)	*(9.23)*	(7.07)	*(9.30)*
	Liability at the end of the period	**59.94**	***57.71***	**67.50**	***56.76***

(₹ in crores)

		As at 31 March		As at 31 March	
		2014	***2013***	**2014**	***2013***
II	**Change in Fair Value of Assets**				
	Opening fair value of plan assets	50.23	*51.50*	-	*-*
	Expected return on plan assets	4.16	*4.03*	-	*-*
	Employer's contribution	7.23	*6.92*	-	*-*
	Transfer (to) / from other company	(2.37)	*(4.29)*	-	*-*
	Actuarial gain / (loss)	0.34	*1.30*	-	*-*
	Benefits paid	(3.70)	*(9.23)*	-	*-*
	Closing fair value of plan assets	**55.89**	***50.23***	**-**	***-***

(₹ in crores)

		Gratuity (Funded) As on 31 March		Medical Benefits (Unfunded) As on 31 March	
		2014	***2013***	**2014**	***2013***
III	**Amount recognized in the balance sheet**				
	Liability at the end of the period	59.94	*57.71*	67.50	*56.76*
	Fair value of plan assets at the end of the period	(55.89)	*(50.23)*	-	*-*
	Net (asset)/ liability in the balance sheet	**4.05**	***7.48***	**67.50**	***56.76***
	Current liability (Refer note 10)	4.05	*7.48*	-	*-*
	Short term provision (Refer note 11)	-	*-*	6.08	*3.91*
	Long term provision (Refer note 7)	-	*-*	61.42	*52.85*

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2014 *(Contd.)*

(₹ in crores)

		Gratuity (Funded) As on 31 March		Medical Benefits (Unfunded) As on 31 March	
		2014	***2013***	**2014**	***2013***
IV	**Expenses recognised in the Statement of Profit and Loss**				
	Current service cost	4.60	*4.58*	0.65	*0.63*
	Interest cost	4.39	*4.57*	4.26	*4.03*
	Expected return on plan assets	(4.16)	*(4.03)*	-	-
	Net actuarial loss /(gain) to be recognised	(1.88)	*2.76*	12.90	*9.40*
	Expense recognised in the Statement of Profit and Loss	**2.95**	***7.88***	**17.81**	***14.06***

(₹ in crores)

		As on 31 March		As on 31 March	
		2014	***2013***	**2014**	***2013***
V	**Categories of plan assets as a percentage of total plan assets**				
	Cash and bank	3.51%	*3.51%*	-	-
	Government securities	30.88%	*30.88%*	-	-
	Corporate bonds	46.52%	*46.52%*		
	Equity	19.09%	*19.09%*	-	-
	Total	**100%**	***100%***	**-**	**-**

The Company's policy and objective for plan assets management is to maximise 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	
		2014	***2013***	**2014**	***2013***
VI	**Principal Actuarial assumptions :**				
	Discount rate	9.30%	*8.00%*	9.30%	*8.00%*
	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	-	-	4.00%	*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 FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2014 *(Contd.)*

(₹ in crores)

		Gratuity (Funded) As at 31 March				
		2014	***2013***	***2012***	***2011***	***2010***
VII	**Experience adjustment**					
	Defined benefit obligation	(59.94)	*(57.71)*	*(58.35)*	*(52.44)*	*(45.52)*
	Plan assets	55.89	*50.23*	*51.50*	*48.86*	*33.65*
	Surplus / (deficit)	(4.05)	*(7.48)*	*(6.85)*	*(3.58)*	*(11.87)*
	Exp. adj. on plan liabilities gain / (loss)	(2.10)	*(1.87)*	*6.68*	*(1.87)*	*1.20*
	Exp. adj. on plan assets gain/ (loss)	0.34	*1.30*	*(0.80)*	*2.32*	*0.62*
	Actuarial gain/ (loss) due to change of assumptions	3.64	*(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, 2014		*31 March, 2013*	
	Increase	**Decrease**	***Increase***	***Decrease***
Effect on service cost	0.01	0.01	*0.01*	*-*
Effect on interest cost	0.11	0.09	*0.11*	*0.09*
Effect on post employment benefit obligation	3.86	3.33	*1.25*	*1.09*

The Company expects to contribute ₹ 4.05 crores (2013: ₹ 7.48 crores) towards employer's contribution for funded defined benefit plans in financial year 2014-15.

IX. Leave plan and Compensated absences

<u>For executives</u>

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 leave of 120 days in addition to accumulated leave balance.

<u>For non executives</u>

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 leave of 300 days.

The liability for compensated absences as at the year end is ₹ 57.88 crores (2013: ₹ 63.94 crores).

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

30. Auditors remuneration:

(Included in other expenses under operating and other expenses – Refer note 26)

(₹ in crores)

Auditors' remuneration and expenses *(net of service tax input credit wherever applicable)*	**Year Ended 31 March 2014**	***Year Ended 31 March 2013***
a. To statutory auditor		
i. For Audit fees	1.40	*1.40*
ii. For taxation matters	0.50	*0.30*
iii. For other services	1.35	*1.37*
iv. For reimbursement of expenses	0.20	*0.11*

The above fees exclude ₹ Nil (2013: ₹ 0.65 crores) with respect to audit and related services rendered for financial year 2012-13.

Auditors' remuneration excludes fees of ₹ 3.51 crores (2013: ₹ 7.77 crores) payable/ paid for professional services to a firm of chartered accountants in which some partners of the firm of statutory auditors are partners.

b. To cost auditor for cost audit		
i. For cost audit services	0.06	*0.06*

31. 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 along with 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 to the Company, including interest of ₹ 110.51 crores which was included in Other Income in financial year 2012-13. The Company based on legal opinion and position in law is confident that its position will be upheld in the Supreme Court.

32. Earnings per share

(₹ in crores)

		As at 31 March 2014	***As at 31 March 2013***
Net Profit after tax attributable to the equity shareholders	(A)	542.43	*475.24*
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)		19.03	*16.68*

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2014 *(Contd.)*

33. Segment Reporting

a. Business Segments

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

Global Voice Solutions (GVS)

GVS includes international and national long distance voice services.

Global Data and Managed Services (GDMS)

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

(₹ in crores)

	Year ended 31 March 2014		
	GVS	**GDMS**	**Total**
Revenue from telecommunication services	1,119.22	3,257.18	**4,376.40**
Segment results	(126.79)	2,546.67	**2,419.88**
Unallocable expenses (net)			1,616.40
Profit before tax			**803.48**
Tax expense (net)			261.05
Profit for the year			**542.43**
Non-cash expense other than depreciation	(0.10)	31.53	31.43

(₹ 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)			*1,711.81*
Profit before tax			***656.69***
Tax expense (net)			*181.45*
Profit for the year			***475.24***
Non-cash expense other than depreciation	*25.75*	*1.34*	*27.09*

i. Revenues and interconnect charges are directly attributable to the segments. Space segment utilisation charges, rent of landlines and other network and transmission costs are allocated based on utilisation 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 utilising 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. Accordingly 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 2014	***As at 31 March 2013***
India	3,366.31	*3,429.23*
United Kingdom	107.60	*95.10*
United States of America	245.98	*186.38*
Netherlands*	321.73	*387.42*
Others	334.78	*317.99*
	4,376.40	***4,416.12***

* Netherlands includes amounts recorded as revenues from Tata Communication (Netherlands) BV of ₹ 317.85 crores (2013: ₹ 385.80 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.

From 1 April 2006, the Company 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.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2014 *(Contd.)*

34. Related party transactions

i. Names of related parties and nature of relationship

Sr. No	Category of related parties	Names
a.	Investing Parties (Promoters)	Panatone Finvest Limited
		Tata Sons Limited
b.	Subsidiaries (Held Directly)	Tata Communications Payment Solutions Limited
		Tata Communications Transformation Services Limited
		Tata Communications International Pte. Ltd.
		VSNL SNOSPV Pte. Ltd
		Tata Communications Data Centers Private Limited *(formerly known as 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 (Thailand) Limited *(Date of incorporation: 11 July 2013)*
		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.
		Tata Communications (New Zealand) Limited
		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.l
		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 *(Liquidated on: 23 August 2013)*
		Tata Communications (Russia) LLC
		Tata Communications Services (International) Pte. Ltd.
		Tata Communications (Spain) S.L
		Tata Communications (Sweden) AB
		Tata Communications (Switzerland) GmbH
		Tata Communications (Netherlands) B.V.
		BitGravity Inc.
		Neotel (Pty) Ltd.
		SEPCO Communications Pty Ltd.
		Neotel Business Support Services (Pty) Ltd.
		TCNL1 B.V.
		TCNL2 B.V.
d.	Joint Venture	United Telecom Limited
e.	Associate of wholly owned subsidiary	Number Portability Company (Pty) Ltd.
f.	Key Managerial Personnel	
	Mr Vinod Kumar	Managing Director and Group CEO

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2014 *(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	**37.77**				**37.77**
	25.84				*25.84*
Brand equity expenses	**9.79**				**9.79**
	9.77				*9.77*
Revenue from telecommunication services	**1.71**	**439.63**		**2.80**	**444.14**
	2.14	*509.51*		*3.28*	*514.93*
Network and transmission		**15.45**		**12.55**	**28.00**
		18.78		*34.51*	*53.29*
Purchase of fixed assets		**-**			**-**
		0.38			*0.38*
Sale of fixed assets		**@**			**@**
		2.04			*2.04*
Services rendered		**124.19**			**124.19**
		6.38			*6.38*
Services received	**0.02**	**53.20**			**53.22**
	0.05	*46.08*			*46.13*
Equity capital contribution		**160.04**			**160.04**
		242.00			*242.00*
Interest income		**18.90**			**18.90**
		36.46			*36.46*
Dividend income		**63.71**			**63.71**
		31.16			*31.16*
Guarantee income		**152.66**			**152.66**
		117.92			*117.92*
Loan given		**430.94**			**430.94**
		519.57			*519.57*
Loan repaid		**81.21**			**81.21**
		1,129.90			*1,129.90*
Loan taken from subsidiary		**-**			**-**
		127.00			*127.00*
Loan repaid to subsidiary		**-**			**-**

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

(₹ in crores)

Particulars	Investing Company	Subsidiaries	Key Management Personnel	Joint Ventures	Total
		127.00			*127.00*
Advances given by the Company (net)		**464.64**		@	**464.64**
		292.05		@	*292.05*
Advances taken by the Company (net)		**325.57**		@	**325.57**
		258.04		-	*258.04*
Purchase consideration for IDC business		**433.93**			**433.93**
		-			-
Managerial remuneration			**12.14**		**12.14**
			11.49		*11.49*
Finance costs		**-**			**-**
		0.25			*0.25*
Balances as at 31 March 2014					
Receivables	**0.77**	**91.93**			**92.70**
	0.61	*206.66*			*207.27*
Payables	**9.79**	**14.19**	**6.05**	**1.15**	**31.18**
	9.77	*17.24*	*5.78*	*5.33*	*38.12*
Loans given (net of provision of ₹ 12.30 crores)		**531.66**			**531.66**
		180.85			*180.85*
Advance receivable		**72.95**		**0.01**	**72.96**
		40.87		*0.01*	*40.88*
Advance payable		**1.88**			**1.88**
		0.28			*0.28*
Interest accrued-other deposits		**6.95**			**6.95**
		0.12			*0.12*
Guarantees on behalf of subsidiaries		**12,516.09**			**12,516.09**
		11,836.69			*11,836.69*
Letter of comfort on behalf of subsidiaries		**4,389.47**			**4,389.47**
		3,535.30			*3,535.30*

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

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2014 *(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	**26.59**				**26.59**
	17.73				*17.73*
Tata Sons Limited	**11.17**				**11.17**
	8.11				*8.11*
Brand equity expenses					
Tata Sons Limited	**9.79**				**9.79**
	9.77				*9.77*
Revenue from telecommunication services					
Tata Communications (Netherlands) BV		**318.02**			**318.02**
		385.94			*385.94*
Network and transmission					
Tata Communications (Netherlands) BV		**6.76**			**6.76**
		6.87			*6.87*
United Telecom Limited				**12.55**	**12.55**
				34.51	*34.51*
Neotel Pty Ltd		**8.69**			**8.69**
		11.91			*11.91*
Purchase of fixed assets					
BitGravity Inc.		-			-
		0.36			*0.36*
Sale of fixed assets					
Tata Communications Transformation Services Limited		-			-
		0.35			*0.35*
Tata Communications Payment Solutions Limited		-			-
		1.66			*1.66*
Neotel Pty Ltd		@			@
		-			-
Services rendered					
Tata Communications Payment Solutions Limited		**2.47**			**2.47**
		2.73			*2.73*
Tata Communications Transformation Services Limited		**5.94**			**5.94**
		3.65			*3.65*
Tata Communications Data Centers Private Limited		**115.42**			**115.42**
		-			-

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

(₹ in crores)

Particulars	Investing Company	Subsidiaries	Key Management Personnel	Joint Ventures	Total
Guarantee income					
Tata Communications (Netherlands) BV		**56.63**			**56.63**
		26.26			*26.26*
Tata Communications International Pte. Ltd.		**93.13**			**93.13**
		88.55			*88.55*
Services received					
Tata Communications Transformation Services Limited		**33.18**			**33.18**
		45.65			*45.65*
Tata Communications Data Centers Private Limited		**19.54**			**19.54**
		-			-
Equity capital contribution					
Tata Communications Payment Solutions Limited #		**160.00**			**160.00**
		242.00			*242.00*
Interest income					
Tata Communications International Pte. Ltd.		**11.39**			**11.39**
		4.05			*4.05*
VSNL SNOSPV Pte. Ltd.		**0.52**			**0.52**
		30.24			*30.24*
Tata Communications Payment Solutions Limited		**6.95**			**6.95**
		2.09			*2.09*
Dividend income					
Tata Communications Lanka Limited		**27.71**			**27.71**
		26.16			*26.16*
Tata Communications Transformation Services Limited		**36.00**			**36.00**
		5.00			5.00
Loan given					
Tata Communications International Pte. Ltd.		**205.83**			**205.83**
		167.48			*167.48*
Tata Communications Payment Solutions Limited		**225.00**			**225.00**
		270.20			*270.20*
VSNL SNOSPV Pte. Ltd.		**-**			**-**
		81.78			*81.78*

 # includes ₹ 22 crores loan repaid converted into Equity capital

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2014 *(Contd.)*

(₹ in crores)

Particulars	Investing Company	Subsidiaries	Key Management Personnel	Joint Ventures	Total
Loan repaid					
VSNL SNOSPV Pte. Ltd.		**80.44**			**80.44**
		759.92			*759.92*
Tata Communications Payment Solutions Limited #		-			-
		288.36			*288.36*
Loan taken from subsidiary					
Tata Communications Payment Solutions Limited		-			-
		127.00			*127.00*
Loan repaid to subsidiary					
Tata Communications Payment Solutions Limited		-			-
		127.00			*127.00*
Advances given by the Company (net)					
Tata Communications Data Centers Private Limited		**158.81**			**158.81**
		-			-
Tata Communications International Pte Ltd		**134.59**			**134.59**
		127.02			*127.02*
Tata Communications (Netherlands) BV		**95.37**			**95.37**
		39.24			*39.24*
Tata Communications Payment Solutions Limited		**12.99**			**12.99**
		39.09			*39.09*
Advances taken by the Company (net)					
Tata Communications (Netherlands) BV		**88.76**			**88.76**
		31.72			*31.72*
Tata Communications International Pte Ltd		**136.52**			**136.52**
		108.86			*108.86*
Tata Communications Payment Solutions Limited		**13.18**			**13.18**
		30.81			*30.81*
Managerial remuneration					
Vinod Kumar $			**12.14**		**12.14**
			11.49		*11.49*
Finance costs					
Tata Communications Payment Solutions Limited		-			-
		0.25			*0.25*

 # includes ₹ 22 crores loan repaid converted into Equity capital

$ includes remuneration paid by subsidiary

iv. Details of major amounts of balances with related parties

(₹ in crores)

Particulars	Investing Company	Subsidiaries	Key Management Personnel	Joint Ventures	Total
Receivables					
Tata Communications (Netherlands) BV		**25.73**			**25.73**
		104.95			*104.95*
Tata Communications International Pte. Ltd.		**19.12**			**19.12**
		22.14			*22.14*
Tata Communications (America) Inc.		**23.10**			**23.10**
		27.77			*27.77*
Payables					
Tata Communications Transformation Services Limited		**4.27**			**4.27**
		13.62			*13.62*
United Telecom Limited				**1.15**	**1.15**
				5.33	*5.33*
Tata Sons Limited	**9.79**				**9.79**
	9.77				*9.77*
Vinod Kumar $			**6.05**		**6.05**
			5.78		*5.78*
Loans given					
Tata Communications International Pte. Ltd.		**306.66**			**306.66**
		169.52			*169.52*
Tata Communications Payment Solutions Limited		**225.00**			**225.00**
		-			-
Advance receivable					
Tata Communications Data Centers Private Limited		**24.49**			**24.49**
		-			-
Tata Communications (Netherlands) BV		**16.19**			**16.19**
		9.58			*9.58*
Tata Communications International Pte. Ltd		**20.55**			**20.55**
		22.48			*22.48*
Tata Communications Payment Solutions Limited		**5.43**			**5.43**
		5.58			*5.58*

$ includes remuneration paid by subsidiary

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2014 *(Contd.)*

(₹ in crores)

Particulars	Investing Company	Subsidiaries	Key Management Personnel	Joint Ventures	Total
Advance payable					
Tata Communications Ireland Ltd		**0.90**			**0.90**
		-			-
Tata Communications (Canada) Limited		**0.66**			**0.66**
		0.26			*0.26*
Interest accrued-other deposits					
Tata Communications Payment Solutions Limited		**6.95**			**6.95**
		-			-
Tata Communications Data Centers Private Limited		**-**			**-**
		0.12			*0.12*
Guarantees on behalf of subsidiaries					
Tata Communications (Netherlands) BV		**5,140.91**			**5,140.91**
		3,844.80			*3,844.80*
Tata Communications International Pte. Ltd.		**6,877.96**			**6,877.96**
		7,522.32			*7,522.32*
Letter of comfort on behalf of subsidiaries					
Tata Communications (Netherlands) BV		**1,976.54**			**1,976.54**
		1,793.06			*1,793.06*
Tata Communications (Bermuda) Limited		**1,108.06**			**1,108.06**
		1,005.20			*1,005.20*
Tata Communications Payment Solutions Limited		**412.00**			**412.00**
		402.00			*402.00*
Purchase Consideration for sale of IDC division					
Tata Communications Data Centers Private Limited		**433.93**			**433.93**
		-			-

35. Operating lease arrangements

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

a. As lessee:

(₹ in crores)

	As at 31 March 2014	*As at 31 March 2013*
Minimum lease payments under operating leases recognised as expense in the year	0.39	*0.31*

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

(₹ in crores)

	As at 31 March 2014	*As at 31 March 2013*
Due not later than one year	0.52	*0.16*
Due later than one year but not later than five years	0.19	*0.02*
Later than five years	-	-
	0.71	***0.18***

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 (2013: ₹ 87.02 crores) and ₹ 51.25 crores (2013: ₹ 45.57 crores) respectively as at 31 March 2014. Depreciation expense of ₹ 5.67 crores (2013: ₹ 5.67 crores) in respect of these assets has been charged in the Statement of Profit and Loss for the year ended 31 March 2014.

In case of certain lease agreements aggregating ₹ 530.70 crores (2013: ₹ 513.79 crores) as at 31 March 2014, 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 2014 amount to ₹ 47.10 crores (2013: ₹ 37.83 crores).

In respect of IRU arrangements, rental income of ₹ 54 crores (2013: ₹ 44.73 crores) has been recognised in the Statement of Profit and Loss for the year ended 31 March 2014.

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

(₹ in crores)

	As at 31 March 2014	*As at 31 March 2013*
Due not later than one year	53.14	*43.87*
Due later than one year but not later than five years	182.01	*154.80*
Later than five years	212.55	*206.64*
	447.70	***405.31***

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2014 *(Contd.)*

ii. The Company has leased certain premises under operating lease arrangements to its wholly owned subsidiary. Future lease rental income in respect of these leases will be recognised in the Statement of profit and loss of subsequent years as follows:

(₹ in crores)

	As at 31 March 2014	*As at 31 March 2013*
Not later than one year	49.62	-
Later than one year but not later than five years	211.21	-
Later than five years	42.24	-
	303.07	**-**

Lease rental income of ₹ 55.04 crores (2013: ₹ Nil) in respect of the above leases has been recognised in the Statement of Profit and Loss for the current year.

36. Provision for Contingencies:

(₹ in crores)

	As at 31 March 2014			*As at 31 March 2013*		
	Asset Retirement Obligation	**Others**	**Total**	***Asset Retirement Obligation***	***Others***	***Total***
Opening Balance	-	9.00	9.00	*0.25*	*9.00*	*9.25*
Addition	0.07	-	0.07	-	-	-
Utilisation	-	-	-	*0.25*	-	*0.25*
Closing Balance (Refer note 7)	**0.07**	**9.00**	**9.07**	**-**	***9.00***	***9.00***

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.

37. Contingent Liabilities and Commitments:

a. Contingent Liabilities:

(₹ in crores)

		As at 31 March 2014	*As at 31 March 2013*
i.	Guarantees given on behalf of subsidiaries	12,516.09	*11,836.69*
ii.	Claims for taxes on income (Refer 1)		
	- Income tax disputes where department is in appeal against the Company.	401.63	*457.08*
	- Other disputes related to income tax	1,870.51	*2,067.27*
iii.	Claims for other taxes	1.28	*1.28*
iv.	Other claims (Refer 2)	827.29	*733.53*
v.	Also Refer 4		

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2014 *(Contd.)*

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 (2013: ₹ 311.84 crores).

   ii. On 19 February 2013, DoT issued a 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 ₹ 222.79 crores (2013: ₹ 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 ₹ 121.38 crores (2013: ₹ 101.24 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 ₹ 171.28 crores (2013: ₹ 127.40 crores) mainly pertain 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.

4. In terms of agreements entered into in 2008-09 between the Company and NTT Docomo Inc. the Company sold to NTT Docomo Inc. of Japan (Strategic Partner – SP), 36,542,378 equity shares of Tata Teleservices Ltd ("TTSL") at ₹ 116.09 per share which resulted in a profit of ₹ 346.65 crores in the same year.

   Tata Sons Limited (TSL) is party to a Shareholders Agreement with NTT Docomo Inc. of Japan (Strategic Partner – SP) dated 25 March 2009 and amended on 21 May 2010.

   Under the terms of the Shareholders Agreement if certain performance parameters and other conditions are not met by TTSL by 31 March 2014 the SP has an option to divest its entire shareholdings in TTSL at a price being the higher of fair value or ₹ 58.05 per share (i.e 50 percent of the subscription price) ("Sale Price"), subject to compliance with applicable law and regulations ("Sale Option").

   The Company has an "inter se" agreement with Tata Sons Limited and other Tata Group companies.

   Tata Sons Limited has informed the Company as follows:

   i. In the wake of recent regulatory developments in India, Tata Sons Limited has considered its position relating to the possible exercise of the Sale Option under the Shareholders Agreement.

   ii. The Shareholders Agreement obliges Tata Sons Limited to find a buyer for the shares at the Sale Price.

   iii. If there is no buyer at the Sale Price, then Tata Sons Limited is obliged to acquire or procure the acquisition of such shares. These obligations are subject to compliance with applicable law and regulations.

   iv. No notice of exercise of the Sale Option has been received although the SP has communicated its board

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2014 *(Contd.)*

decision to exercise the Sale Option.

v. Under the terms of the "inter se" agreement, the Company may be obligated to acquire the shareholding of the SP in proportion of the number of shares sold by the company to the aggregate of the secondary shares sold to the SP.

vi. Pending receipt of a notice exercising the Sale Option and in view of applicable law and regulations, the exposure of the Company (if any) cannot be ascertained.

The aforementioned agreements are governed by Indian Law.

5. Future cash flows in respect of the 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 ₹ 154.75 crores (2013: ₹ 108.80 crores) (net of capital advances).

ii. Other Commitments:

1. As on 31 March 2014, 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 2014**	***As at 31 March 2013***
Tata Communications Transformation Services Ltd	35.94	*32.60*
Tata Communications Data Centers Private Limited	434.00	-
VSNL SNOSPV Pte. Ltd	422.93	*302.44*
Tata Communications (Netherland) Ltd	1,976.54	*1,793.06*
Tata Communications (Bermuda) Ltd	1,108.06	*1,005.20*
Tata Communications Payment Solutions Limited (TCPSL)	412.00	*402.00*

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 ₹ 5,446.50 crores (2013: ₹ 2,547.22 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 2014 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 ₹ 5,673.34 crores (2013: ₹ 2,784.70 crores) as at 31 March 2014.

38. Supplementary statutory information

(₹ in crores)

		As at 31 March 2014	*As at 31 March 2013*
a.	*Value of imports calculated on CIF basis (on accrual basis)*		
	i. Stores and spares	0.85	*1.42*
	ii. Capital goods	230.81	*274.34*
b.	*Earnings in foreign currency*		
	i. Revenue from telecommunication services	1,094.46	*1,106.01*
	ii. Interest income	11.87	*33.68*
	iii. Dividend income	27.71	*26.16*
	iv. Guarantee fees	152.66	*117.92*
	v. Other income	1.36	*0.49*
		1,288.06	***1,284.26***
c.	*Expenditure in foreign currency (on accrual basis)*		
	i. Charges for use of transmission facilities	388.36	*366.53*
	ii. Rent of satellite channels	-	*2.43*
	iii. Repairs and maintenance	39.92	*80.27*
	iv. Legal and professional fees	3.78	*4.13*
	v. Finance costs	1.70	*2.53*
	vi. Others	27.11	*29.62*
		460.88	***485.51***

39. Value of imported and indigenous stores/ spares consumed

(₹ in crores)

	As at 31 March 2014		*As at 31 March 2013*	
Item	**Value**	**Percentage**	***Value***	***Percentage***
Imported	1.12	6.28	*0.30*	*1.44*
Indigenous	16.71	93.72	*20.52*	*98.56*
	17.83	**100.00**	***20.82***	***100.00***

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2014 *(Contd.)*

40. United Telecom Limited ("UTL") is a joint venture between the Company, Mahanagar Telephone Nigam Limited, Telecommunications Consultant India Limited and Nepal Ventures Private Limited. The Company has 26.66 percent equity ownership in UTL. UTL operates basic telephony services in Nepal based on wireless-in-local loop technology.

The Company's share in income, expenses, assets and liabilities of UTL based on management accounts for the year ended 31 March 2014 and year ended 31 March 2013 are as follows:

(₹ in crores)

	As at 31 March 2014	***As at 31 March 2013***
Income	6.47	*14.76*
Expenses	15.06	*18.48*
Assets	27.99	*33.92*
Liabilities	13.63	*12.41*

41. 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 2013 paid to non – resident shareholders are as under:

(₹ in crores)

	As at 31 March 2014	***As at 31 March 2013***
Number of non – resident shareholders	1,019	*1,088*
Number of shares held by them	24,038,731	*23,499,590*
Year to which the dividend relates	2012-2013	*2011-2012*
Amount remitted	7.21	*4.70*

42. Micro and Small Enterprises

Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Management:

(₹ in crores)

		As at 31 March 2014	***As at 31 March 2013***
a.	Principal amount remaining unpaid to any supplier as at the end of the accounting year	0.16	*0.06*
b.	Interest due thereon remaining unpaid to any supplier as at the end of the accounting year	@	@
c.	The amount of interest paid along with the amounts of the payment made to the supplier beyond the appointed day	3.07	*2.13*
d.	The amount of interest due and payable for the year	0.07	*0.04*
e.	The amount of interest accrued and remaining unpaid at the end of the accounting year	0.07	*0.04*
f.	The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid	-	-
g.	Total outstanding dues of micro and small enterprises	0.23	*0.72*

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

43. Disclosure as required under clause 32 of Listing Agreement

Amounts of loans and advances in the nature of loans outstanding from subsidiaries during the year ended 31 March 2014

(₹ in crores)

Name of the Company	Outstanding as at 31 March 2014	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)*	**327.21**	**368.58**	**-**	**-**
	192.00	*220.36*	*-*	*-*
VSNL SNOSPV Pte. Ltd *(Refer 13 (II))*	**12.89**	**12.89**	**-**	**-**
	11.36	*849.73*	*-*	*(Refer ii)*
Tata Communications Transformation Services Limited	**4.42**	**13.27**	**-**	**-**
	1.81	*6.17*	*-*	*-*
Tata Communications Payment Solutions Limited	**230.43**	**255.16**	**-**	**-**
	5.58	*79.56*	*-*	*-*
Tata Communication Data Centers Private Limited	**24.49**	**434.70**	**-**	**-**
	0.72	*1.39*	*-*	*-*

i. Tata Communications International Pte. Ltd which is a wholly owned subsidiary of the Company has investments in 35 subsidiaries as at 31 March 2014.

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.

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 2014	
		(Amount in USD millions)	(Amount in ₹ crores)
a.	Outstanding derivatives instruments		
	i. Forward exchange contracts (Sell)	**Nil**	**Nil**
		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)	**92.40**	**553.48**
		76.21	*414.09*
	iii. Creditors payable on account of services, loan and interest charges and other foreign currency expenditure	**87.14**	**522.02**
		79.50	*431.96*

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2014 *(Contd.)*

45. Previous year figures have been regrouped/ rearranged wherever necessary to conform to the current year's classifications. The results for the current year ended 31 March 2014 includes the effect of scheme of arrangement for transfer of Internet Data Center ("IDC") division (Colocation service division of TCL) to Tata Communication Data Centers Private Limited (refer note 4(iii)). In view of this, the results for the current year are not comparable with the corresponding previous financial 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

MUMBAI
DATED: 13 May, 2014

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 31st March, 2014,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 subsidiary and 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 31st March, 2014;

(b) in the case of the Consolidated Statement of Profit and Loss, of the profit 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 ₹ 3,968.53 crores as at 31st March, 2014, the Group's share of total revenues of ₹ 2,225.48 crores and net cash inflows amounting to ₹ 102.98 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 subsidiary and a jointly controlled entity, whose financial statements reflect the Group's share of total assets (net) of ₹ 28.56 crores as at 31st March, 2014, the Group's share of total revenues of ₹ 5.55 crores and net cash outflows amounting to ₹ Nil 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 subsidiary and 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, 13 May, 2014

CONSOLIDATED BALANCE SHEET AS AT 31 MARCH, 2014

	Note No.	As at 31 March 2014 ₹ in crores	*As at 31 March 2013 ₹ in crores*
(I) EQUITY AND LIABILITIES			
(1) Shareholders' funds			
(a) Share capital	4	285.00	*285.00*
(b) Reserves and surplus	5	514.52	*1,139.87*
		799.52	***1,424.87***
(2) Minority Interest		**6.21**	***7.91***
(3) Non-current liabilities			
(a) Long-term borrowings	6	9,750.55	*9,194.58*
(b) Deferred tax liabilities (net)	7 A (i)	35.73	*28.70*
(c) Other long term liabilities	8	4,159.11	*3,932.97*
(d) Long-term provisions	9	263.93	*235.49*
		14,209.32	***13,391.74***
(4) Current liabilities			
(a) Short-term borrowings	10	2,225.72	*1,080.40*
(b) Trade payables	11	4,040.27	*3,915.64*
(c) Other current liabilities	12	3,191.39	*3,685.22*
(d) Short-term provisions	13	404.50	*333.35*
		9,861.88	***9,014.61***
TOTAL		**24,876.93**	***23,839.13***
(II) ASSETS			
(1) Non-current assets			
(a) Fixed assets			
(i) Tangible assets	14 (i)	13,854.96	*13,291.51*
(ii) Intangible assets	14 (ii)	440.74	*546.95*
(iii) Capital work-in-progress		618.18	*763.42*
(iv) Intangible assets under development		34.81	*7.24*
		14,948.69	***14,609.12***
(b) Goodwill on consolidation (refer note 29 ii)		618.46	*872.94*
(c) Non-current investments	15	753.80	*753.21*
(d) Deferred tax assets (net)	7 A (ii)	108.47	*11.09*
(e) Long-term loans and advances	16	2,282.47	*2,290.76*
(f) Other non-current assets	17	12.32	*8.08*
		3,775.52	***3,936.08***
(2) Current assets			
(a) Current investments	18	1,004.42	*568.41*
(b) Inventories		50.58	*27.20*
(c) Trade receivables	19	2,733.90	*3,138.70*
(d) Cash and bank balances	20	1,669.47	*923.30*
(e) Short-term loans and advances	21	677.68	*608.27*
(f) Other current assets	22	16.67	*28.05*
		6,152.72	***5,293.93***
TOTAL		**24,876.93**	***23,839.13***

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: 13 May, 2014

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

MUMBAI
DATED: 13 May, 2014

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH, 2014

		Note No.	Year ended 31 March 2014 ₹ in crores	*Year ended 31 March 2013 ₹ in crores*
I	**Income from Operations**			
	Revenue from telecommunications services		19,619.55	*17,212.95*
	Other Operating Income	23	46.35	*-*
II	Other Income	24	143.30	*226.59*
III	**Total Revenue (I + II)**		**19,809.20**	***17,439.54***
IV	**Expenses:**			
	Network and transmission	25	10,745.72	*9,780.58*
	Employee benefits	26	2,497.61	*2,411.46*
	Operating and other expenses	27	3,334.61	*2,961.20*
	Finance costs	28	761.70	*794.14*
	Depreciation and amortization expense (net of transfer from Capital Reserve)		2,091.37	*2,027.05*
	Total Expenses		**19,431.01**	***17,974.43***
V	**Profit/(loss) before exceptional items and taxes (III-IV)**		**378.19**	***(534.89)***
VI	**Exceptional items gain (net)**	29	66.22	*104.18*
VII	**Profit/(loss) before taxes (V+VI)**		**444.41**	***(430.71)***
VIII	**Tax Expenses**			
	Current tax expense		436.39	*249.98*
	Deferred tax expense/(benefit)		(93.11)	*(29.78)*
	Net tax expenses		**343.28**	***220.20***
IX	**Profit/(loss) before minority interest (VII-VIII)**		**101.13**	***(650.91)***
	Minority interest		(1.40)	*27.35*
	Share in profit/(loss) of associates (net)		1.69	*0.25*
X	**Net Profit/(loss) for the year**		**101.42**	***(623.31)***
	Earning per share (of ₹ 10 each)			
	Basic/Diluted earnings per share (₹)		**3.56**	***(21.87)***

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: 13 May, 2014

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

MUMBAI
DATED: 13 May, 2014

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH, 2014

		Year Ended 31 March 2014 ₹ in crores	*Year Ended 31 March 2013 ₹ in crores*
1	**CASH FLOWS FROM OPERATING ACTIVITIES**		
	LOSS BEFORE TAXES AND AFTER EXCEPTIONAL ITEMS	**444.41**	***(430.71)***
	Adjustments for:		
	Depreciation and amortisation expenses	2,091.37	*2,027.05*
	(Profit)/Loss on sale of fixed assets (net) (Refer note ii)	(10.38)	*(203.84)*
	Interest income	(44.42)	*(23.77)*
	Interest expense	761.70	*794.14*
	Provision for trade receivables	16.84	*48.34*
	Bad Debts written off	38.84	*46.74*
	Provision for contingency	13.52	*9.58*
	Input credit against certain statutory obligations	(216.22)	*-*
	Impairment of Goodwill on consolidation	150.00	*-*
	Provision for doubtful advances	0.57	*0.93*
	Profit on sale of current investments	(75.32)	*(18.01)*
	OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	**3,170.91**	***2,250.45***
	Inventories	(24.03)	*(7.13)*
	Trade receivables	501.31	*(589.85)*
	Short Term Loans and Advances	440.80	*(127.06)*
	Long Term Loans and Advances	(374.66)	*211.35*
	Other Current Assets	24.06	*43.13*
	Other Non Current Assets	(9.95)	*-*
	Trade Payables	(477.17)	*428.86*
	Other Current Liabilties	28.86	*(88.37)*
	Other Non-current Liabilties	(60.85)	*370.74*
	Short Term Provisions	3.12	*(20.22)*
	Long Term Provisions	1.88	*(32.73)*
	Adjustment of translation differences on working capital	19.69	*(63.80)*
	Cash generated from operations before tax and exceptional items	**3,243.97**	***2,375.37***
	Income tax refunds/(payments) (net)	(182.39)	*79.33*
	NET CASH FLOW FROM OPERATING ACTIVITIES	**3,061.58**	***2,454.70***
2	**CASH FLOWS FROM INVESTING ACTIVITIES**		
	Purchase of fixed assets	(1,812.38)	*(1,756.30)*
	Proceeds from sale of fixed assets	25.18	*214.74*
	Additional shareholding purchased in Neotel Pty. Limited	-	*(92.24)*
	Purchase of non-current investments	(0.11)	*(0.24)*
	Purchase of current investments	(11,479.48)	*(5,469.32)*
	Sale of current investments	11,118.81	*4,918.92*
	Dividend income from associate	1.35	*-*
	Inter corporate deposits given	-	*(60.00)*
	Inter corporate deposits matured	-	*70.00*
	Fixed Deposits placed during the year	(0.86)	*(27.36)*
	Earmarked funds	(142.87)	*(296.94)*
	Interest received	15.67	*24.75*
	NET CASH USED IN INVESTING ACTIVITIES	**(2,274.69)**	***(2,473.99)***
3	**CASH FLOWS FROM FINANCING ACTIVITIES**		
	Proceeds from Short Term Borrowings	1,772.23	*1,732.16*
	Repayment of Short Term Borrowings	(603.73)	*(1,982.47)*
	Proceeds from Long Term Borrowings	3,281.87	*2,134.78*
	Repayment of Long Term Borrowings	(3,768.78)	*(873.47)*
	Net increase/(decrease) in Working Capital Borrowings	(94.37)	*158.55*
	Payment for finance lease	(3.93)	*-*
	Dividends paid including dividend tax	(96.35)	*(67.06)*
	Dividends paid to minority	(3.14)	*(2.94)*
	Interest paid	(669.41)	*(780.04)*
	NET CASH FLOW FROM FINANCING ACTIVITIES	**(185.61)**	***319.51***
	NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	601.28	*300.22*
	CASH AND CASH EQUIVALENTS AS AT THE BEGINNING OF THE YEAR	570.88	*277.97*
	Exchange difference on translation of foreign currency cash and cash equivalents	(0.51)	*(7.31)*
	CASH AND CASH EQUIVALENTS AS AT THE END OF THE YEAR	**1,171.65**	***570.88***

Notes :

i. Figures in brackets represent outflows

ii. In the previous year 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

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: 13 May, 2014

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

MUMBAI
DATED: 13 May, 2014

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.

Tata Communications Limited, its subsidiaries and jointly controlled entity (collectively "the Group") 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 telepresence, managed hosting, infrastructure managed services, mobile global roaming and signaling services, transponder lease, television uplinking and other services.

2. Significant accounting policies

a. Basis of preparation of financial statements

The consolidated financial statements of the Group have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards notified by law and the relevant provisions of the Companies 1956 Act/ 2013 Act, as applicable. The consolidated 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 consolidated financial statements are consistent with those followed in the previous year.

b. Principles of consolidation

The consolidated financial statements relate to the Company, its subsidiary companies, jointly controlled entity and the Group's share of profit / loss in its associates. The consolidated financial statements have been prepared on the following basis:

i) The financial statements of the subsidiary companies, jointly controlled entity and an associate used in the consolidation are drawn up to the same reporting date as of the Company.

ii) 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 unrealised profits or losses have been fully eliminated.

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

iv) The consolidated financial statements include the interest in joint ventures which has been consolidated on a line-by-line basis by adding together the book values of like items of assets, liabilities, incomes and expenses on a proportionate basis to the extent of the Group's equity interest in each such entity as per Accounting Standard 27-'Financial Reporting of Interests in Joint Ventures'. Unrealised profits and losses have been eliminated to the extent of the Company's share in the joint ventures.

v) 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".

vi) 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 recognised as 'Goodwill' being an asset in the consolidated financial statements. Goodwill on consolidation is not amortised 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 recognised as 'Capital Reserve' and shown under the head 'Reserves and Surplus', in the consolidated financial statements.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2014 *(Contd.)*

vii) 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. Net profit / loss for the year of the subsidiaries attributable to minority interest is identified and adjusted against the profit after tax of the Group in order to arrive at the income attributable to shareholders of the Company.

viii) 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 Group 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 recognised in the periods in which the results are known / materialise.

d. Cash and cash equivalents (for purposes of Cash Flow Statement)

Cash comprises cash on hand. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

e. 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 Group are segregated based on the available information.

f. 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 on making the assets ready for its intended use.

ii. Indefeasible Rights of Use (IRUs) for international and domestic telecommunication circuits are classified under plant and machinery under tangible assets. The IRU agreements 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 recognised 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 recognised 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.

g. Depreciation and amortisation

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 or on the basis of depreciation rates prescribed under respective local laws:

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%

The estimated useful life of the intangible assets and the amortisation period are reviewed at the end of each financial year and the amortisation is revised to reflect the changes in useful life.

h. 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 recognised on a straight - line basis over the term of the relevant lease in the Statement of Profit and Loss.

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

i. Impairment

At each balance sheet date, the Group 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 recognised for goodwill is not reversed in the subsequent period unless there are changes in external events. When an impairment loss exists such loss is recognised in the Statement of Profit and Loss.

j. Asset Retirement Obligation ("ARO")

The Group's ARO relate to the removal of cable systems and switches when they will be retired. Provision is recognised 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.

k. Investments

Long-term investments are carried individually at cost less provision for diminution, other than temporary in value of such investments. Current investments comprising investments in mutual funds are stated at the lower of cost or fair value, determined on an individual investment basis.

l. Inventories

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

m. 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 recognised 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 recognised 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 recognised in full in the Statement of Profit and Loss for the period in which they occur. Past service cost is recognised immediately to the extent that the benefits are already vested, and otherwise is amortised on a straight-line basis over the average period until the benefits become vested.

The retirement benefit obligation recognised in the balance sheet represents the present value of the defined benefit obligation as adjusted for unrecognised 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.

n. Revenue recognition

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

ii) Revenues from Global Data Managed Services (GDMS) are recognised 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 recognised 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) Revenue from fixed fee based service contracts is recognised on achievement of performance milestones as specified in Customer Contracts.

vi) Revenue in respect of annual maintenance service charges is recognised over the period for which services are provided.

vii) 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.

o. Export incentive

Export benefits are accounted for in the year of exports based on eligibility and when there is no uncertainty in receiving the same and there is a reasonable assurance that the Company will comply with the conditions attached to them. Export incentive is included in other operating income.

p. 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.

q. 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 recognised 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 recognised only to the extent that there is virtual certainty that there will be sufficient future taxable income available to realise these assets. All other deferred tax assets in respect of other timing differences are recognised if there is a reasonable certainty that sufficient future taxable income will be available to realise such assets. Deferred tax assets are reviewed at each balance sheet date for their realisability.

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 on an assessment year basis 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.

r. Foreign currency transactions and translations

i) Transactions in foreign currencies entered into by the Group are accounted at the exchange rates prevailing on the date of the transaction or at rates that closely approximate the rate at the date of the transaction.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2014 *(Contd.)*

Foreign currency monetary items (other than derivative contracts) of the Group, outstanding at the Balance Sheet date are restated at the year-end rates. Non-monetary items of the Group are carried at historical cost. Exchange differences, on foreign currency transactions are recognised 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 foreign exchange translation reserve.

iii) Forward exchange contracts/Cross Currency Swaps (other than referred in (s)(ii) below):

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

s. 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 recognised. The fair value of interest rate swaps that are not designated under a hedging relationship would be recorded in the Statement of Profit and Loss.

ii) Mark-to-market gains and losses on hedging instruments designated as hedges of the net investments in non-integral foreign operations are recognised in foreign currency translation reserve to the extent that the hedging relationship is effective. Gains and losses relating to hedge ineffectiveness are recognised 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.

t. 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.

u. Segment reporting

i) The Group identifies primary segments based on the dominant source, nature of risks and returns and the internal organisation and management structure. The operating segments are the segments for which separate financial information is available and for which operating profit / loss amounts are evaluated regularly by the executive Management in deciding how to allocate resources and in assessing performance.

ii) The accounting policies adopted for segment reporting are in line with the accounting policies of the Group. Segment revenue and segment expenses have been identified to segments on the basis of their relationship to the operating activities of the segment.

iii) Revenue and expenses which relate to the Group as a whole and are not allocable to segments on reasonable basis have been included under "unallocated expenses (net)".

v. Contingent Liabilities and Provisions

A provision is recognised when the Group 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 when there is a possible obligation arising from past events, the existence of which will be confirmed only by occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made. 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 2014	*As at 31 March 2013*
Subsidiaries (held directly)			
Tata Communications Transformation Services Limited	India	100.00	*100.00*
Tata Communications Lanka Limited	Sri Lanka	90.00	*90.00*
Tata Communications Data Centers Private Limited (formerly known as 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	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*
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*

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2014 *(Contd.)*

	Country of Incorporation	Percentage of voting power	
		As at 31 March 2014	*As at 31 March 2013*
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. (Liquidated on 23 August, 2013)	Puerto Rico	-	*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 (Thailand) Limited (Date of incorporation: 11 July, 2013)	Thailand	100.00	*-*
Tata Communications (Malaysia) Sdn. Bhd.	Malaysia	100.00	*100.00*
Tata Communications (New Zealand) Limited	New Zealand	100.00	*100.00*
Tata Communications (Spain) S.L	Spain	100.00	*100.00*
NEOTEL (Pty) Ltd. (Neotel) (held through SEPCO and SNOSPV)	South Africa	67.32*	*67.32**
SEPCO Communications (Pty) Limited.	South Africa	73.17	*73.17*
Neotel Business Support Services (Pty) Ltd (NBSS). (held through Neotel)	South Africa	100.00	*100.00*
TCNL1 B.V.	Netherlands	100.00	*100.00*
TCNL 2 B.V.	Netherlands	100.00	*100.00*
Joint Venture			
United Telecom Limited	Nepal	26.66	*26.66*
Associate			
Number Portability Company (Pty) Ltd. (Held through Neotel (Pty) Ltd.)	South Africa	20	*20*

*Direct and indirect interest

4. Share capital

(₹ in crores)

		As at 31 March 2014	*As at 31 March 2013*
a.	**Authorized:**		
	400,000,000 (2013:400,000,000) Equity shares of ₹ 10 each	400.00	*400.00*
b.	**Issued, Subscribed and Paid up:**		
	285,000,000 (2013:285,000,000) Equity shares of ₹ 10 each, fully paid up	285.00	*285.00*

i) Issued, Subscribed and Paid up:

There was no movement in the issued, subscribed and paid up share capital of the Company during the year and past five financial years.

ii) 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. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company, after distribution of all preferential amounts, in proportion to their shareholding.

The Board of Directors have reommended a dividend of ₹ 4.50 (2013: ₹ 3.00) per share for the year ended 31 March 2014.

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

	As at 31 March 2014		*As at 31 March 2013*	
	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	37,237,639	13.07%	*40,533,297*	*14.22%*
Bank of New York Mellon as depository to Company's ADR issue (Refer note)	-	-	*14,167,950*	*4.97%*

Note:

During the year, the Company delisted its American Depositary Shares ("ADSs"), from the New York Stock Exchange ("NYSE") and terminated its ADR program with effect from 13 August 2013. This action enabled the Company to increase its public shareholding to 25% as required by Securities and Exchange Board of India.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2014 *(Contd.)*

5. Reserve and surplus

(₹ in crores)

		As at 31 March 2014	*As at 31 March 2013*
a)	**Capital Reserve** (refer i)		
	Opening balance	206.47	*206.92*
	Less: Depreciation on Gifted Assets, transferred to Statement of Profit and Loss	(0.41)	*(0.45)*
	Closing balance	**206.06**	***206.47***
b)	**Securities Premium**		
	Opening balance	725.01	*725.01*
	Closing balance	**725.01**	***725.01***
c)	**General Reserve**		
	Opening balance	4,827.27	*4,174.59*
	Add: Transferred from Debenture Redemption Reserve	-	*600.00*
	Add: Transferred from Statement of Profit and Loss	61.89	*52.68*
	Closing balance	**4,889.16**	***4,827.27***
d)	**Debenture Redemption Reserve**		
	Opening balance	350.13	*730.74*
	Add: Transferred from Statement of Profit and Loss	87.81	*219.39*
	Less: Transferred to General Reserve on redemption of Debentures	-	*(600.00)*
	Closing balance	**437.94**	***350.13***
e)	**Hedge Fluctuation Reserve**		
	Opening balance	4.79	*(0.06)*
	Add: Changes in fair value during the year	(10.04)	*4.85*
	Closing balance	**(5.25)**	***4.79***
f)	**Foreign Exchange Translation Reserve (net)**		
	Opening balance	(650.33)	*(513.54)*
	Add: Translation loss on net investment in non-integral foreign operations (refer ii)	1.06	*3.88*
	Add: Exchange translation adjustment	(563.41)	*(140.67)*
	Closing balance	**(1,212.68)**	***(650.33)***
g)	**Deficit in the Statement of Profit and Loss**		
	Opening balance	(4,323.47)	*(3,326.36)*
	Add: Profit / (loss) for the year	101.42	*(623.31)*
	Less :- Proposed Dividend (refer note 4 (ii))	128.25	*85.50*
	Tax on Dividend (net of dividend tax credit in respect of earlier year ₹ 9 crores (2013: ₹ 0.81 crores)	25.72	*16.23*
	Transfer to General Reserve	61.89	*52.68*
	Transfer to Debenture Redemption Reserve	87.81	*219.39*
	Closing balance	**(4,525.72)**	***(4,323.47)***
	TOTAL (a to g)	**514.52**	***1,139.87***

i. Capital Reserve includes ₹ 205.22 crores in respect of foreign exchange gains on unutilised 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 ₹ 1.06 crores (2013: ₹ 3.88 crores) net foreign exchange gain/(loss) (inclusive of forward cover loss of Nil (2013: ₹ 135.68 crores)) have been recorded to foreign exchange translation reserve during the year.

6. Long term borrowings

(₹ in crores)

	As at 31 March 2014	*As at 31 March 2013*
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*
II) Taxable Rated Unsecured Non-Convertible Redeemable Debentures (refer ii)		
1,500, 9.85% Rated taxable debentures of face value ₹ 10 lakhs each	150.00	*150.00*
1,500, 9.50% Rated taxable debentures of face value ₹ 10 lakhs each	150.00	*150.00*
b) UNSECURED NOTES		
1,600 (2013: 1,000), 4.25% SGD Notes of face value of SGD 250,000 (refer iii)	1,899.18	*1,093.80*
c) TERM LOANS (refer iv)		
From Banks		
Secured	2,578.11	*2,698.05*
Unsecured	6,310.63	*6,811.14*
From Others		
Unsecured	130.74	*129.04*
TOTAL	**11,468.66**	***11,282.03***
Less: Current maturities of long-term borrowings	1718.11	*2,087.45*
Long-term Borrowings, net of current portion	**9,750.55**	***9,194.58***

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 a private placement basis aggregating ₹ 1,250 crores, IDBI Trusteeship Services Limited has been appointed as trustee to the debenture issue.

Nature of Security

₹ 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 FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2014 *(Contd.)*

Redemption Terms

The outstanding debentures are due for redemption as given below:

₹ in crores

Date of redemption as per terms of issue	50, 11.25% Debentures	550, 11.20% Debentures	1,900, 11.00% Debentures
23 January 2019	5	-	-
23 January 2016	-	55	-
23 July 2014	-	-	190
Total	**5**	**55**	**190**

For facilitating the above redemptions, and the Company has created a Debenture Redemption Reserve of ₹ 222.43 crores (2013: ₹ 179.60 crores) and an amount of ₹ 42.83 crores (2013: ₹ 174.41 crores) has been appropriated during the current year.

During the previous year, 6,000, 11.70% debentures aggregating ₹ 600 crores were redeemed and consequently debenture redemption reserve of ₹ 600 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.

The outstanding debentures are due for redemption as given below:

₹ in crores

Date of redemption as per terms of issue	1500, 9.85% Debentures	1500, 9.50% 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 ₹ 215.51 crores (2013: ₹ 170.53 crores) and an amount of ₹ 44.98 (2013: ₹ 44.98 crores) has been appropriated during the current year.

iii) Tata Comunications (Netherlands) B.V (TCN BV), a wholly owned subsidiary of the Company issued Unsecured Notes on the Singapore Stock Exchange (the "Notes") 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), the face value of each bond is SGD 250,000. 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. Details are as below:

₹ in crores

Date of redemption as per terms of issue	No. of notes	As on issue date (₹ in crores)	As on 31st Mar'13 (₹ in crores)	As on 31st Mar'14 (₹ in crores)
Issue 1	1000	1,074.88	1,093.80	1,186.99
Issue 2	600	659.36	-	712.19
		1,734.24	**1,093.80**	**1,899.18**

iv) **Term Loans from Bank and Others**

(₹ in crores)

Loan from	Currency	Amount	Rate of Interest	Maturities	Nature of Securities
Bank	ZAR	73.30	12.71% Fixed	Quarterly until September 2020	Land and Building
Bank	ZAR	1,495.03	3M JIBAR + 4.75%	December 2014 - March 2018	Refer note (a)
Bank	ZAR	112.84	3M JIBAR + 6.75%	December 2014 - March 2020	Refer note (a)
Bank	ZAR	242.34	3M JIBAR + 2.50%	December 2014 - March 2020	Refer note (a)
Bank	ZAR	451.34	3M JIBAR + 6.00%	December 2014 - March 2020	Refer note (a)
Bank	ZAR	103.15	3M JIBAR + 4.75%	June 2013 - September 2016	Refer note (a)
Bank	ZAR	100.11	3M JIBAR + 5.21%	June 2013 - September 2016	Refer note (a)
Total Secured Loan from Bank		**2,578.11**			
Bank	USD	599.00	LIBOR plus 3.55%*	December 2015 - December 2017	N.A.
Bank	USD	599.00	LIBOR plus 3.04 %	January 2017 - December 2019	N.A.
Bank	USD	2,096.50	LIBOR plus 2.90%*	December 2013 - December 2015	N.A.
Bank	USD	1,437.60	LIBOR plus 2.85%	January 2017 - December 2019	N.A.
Bank	USD	182.65	LIBOR plus 1.35%	March 2012 - March 2020	N.A.
Bank	USD	489.47	LIBOR plus 0.65%	March 2012 - September 2021	N.A.
Bank	INR	75.00	9.00% Fixed	June 2014	N.A.
Bank	INR	41.31	9.45% Fixed	October 2015	N.A.
Bank	INR	25.69	10.00% Fixed	October 2015	N.A.
Bank	SGD	289.62	SIBOR plus 3.30%	January 2016	N.A.
Bank	USD	474.79	SIBOR plus 3 %	December 2016	N.A.
Total Unsecured Loan from Bank		**6,310.63**			
Others	USD	130.74	3.95% Fixed	October 2012 - December 2017	N.A.
Total Unsecured Loan from Others		**130.74**			

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 ₹ 2,504.81 crores facility is from a consortium of banks, namely Nedbank Limited, The Development Bank of Southern Africa (DBSA) Limited, Investec Bank Limited, Infrastructure Finance Corporation Limited (INCA), Industrial Development Corporation of South Africa (IDC), State Bank Limited of India and Deutsche Investitions - und Entwicklungsgesellschaft mbH (DEG). Investec Bank Limited and Nedbank Limited act on behalf of the consortium of lenders as joint mandated lead arrangers (MLA's). The financing was purely on a "Project recourse" basis without any shareholder recourse or guarantees. The facility is made up of senior debt, subordinated debt and an IDC Mezzanine facility. The details of securities are as follows:

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2014 *(Contd.)*

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 Group 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 Group under any loan agreement, mortgage and notarial bonds are ceded to the consortium of lenders.

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

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

(₹ in crores)

			As at 31 March 2014	***As at 31 March 2013***
(i)	**Deferred tax liabilities (net)**			
	Deferred Tax Liabilities:			
	Depreciation and amortisation		368.25	*319.13*
	Deferred charges for retirement benefit		30.14	*41.81*
	Forex Revaluation gain		18.60	*9.42*
	Total Deferred Tax Liabilities	**(A)**	**416.99**	***370.36***
	Deferred Tax Assets:			
	Deferred & Unearned revenue		237.37	*228.89*
	Provision for Doubtful receivables, loans and advances		75.55	*66.29*
	Employee benefits		23.79	*31.39*
	Carry Forward net operating losses		36.05	*9.56*
	Others		8.50	*5.53*
	Total Deferred Tax Assets	**(B)**	**381.26**	***341.66***
	Total Deferred Tax Liabilities (net)	**(A-B)**	**35.73**	***28.70***
(ii)	**Deferred tax assets (net)**			
	Deferred Tax Liabilities :			
	Depreciation and amortisation		300.44	*296.01*
	Forex Revaluation gain		0.17	*-*
	Total Deferred Tax Liabilities	**(A)**	**300.61**	***296.01***
	Deferred Tax Assets :			
	Depreciation and amortisation		8.81	*-*
	Deferred & Unearned revenue		39.36	*20.49*
	Provision for Doubtful receivables, loans and advances		74.41	*65.88*
	Expenditures disallowed u/s 40 (a) (ia)		135.80	*131.01*
	Interest received on provisional income-tax assessment		27.83	*19.64*

(₹ in crores)

		As at 31 March 2014	*As at 31 March 2013*
Long term capital loss on anticipated transfer of shares		27.64	*-*
Employee benefits		19.46	*27.63*
Expenditure incurred on NLD licence fees		12.52	*14.31*
Revaluation loss on buyers credit		12.38	*8.70*
Carry Forward net operating losses		38.56	*-*
Others		12.31	*19.44*
Total Deferred Tax Assets	**(B)**	**409.08**	***307.10***
Total Deferred Tax Assets (net)	**(B-A)**	**108.47**	***11.09***

The Group has recognised deferred tax asset on unabsorbed depreciation and brought forward business losses to the extent of the corresponding deferred tax liability.

B. Statement of deferred tax charge for the year:

(₹ in crores)

	As at 31 March 2014	*As at 31 March 2013*
Opening Deferred Tax liability (net)	17.61	*45.26*
Add: Translation adjustments	2.76	*2.13*
Add/ (Less): Deferred tax expense/(benefit)	(93.11)	*(29.78)*
Closing Deferred tax (asset) / liability (net)	**(72.74)**	***17.61***

8. Other long term liabilities

(₹ in crores)

		As at 31 March 2014	*As at 31 March 2013*
a.	Unearned Revenues	3,928.75	*3,767.24*
b.	Trade Payable	58.42	*36.80*
c.	Others	171.94	*128.93*
	Total	**4,159.11**	***3,932.97***

9. Long term provisions

(₹ in crores)

		As at 31 March 2014	*As at 31 March 2013*
a.	Provisions for employees benefits (refer note 30)		
	- Compensated absences	60.91	*62.84*
	- Pension	13.42	*14.60*
	- Gratuity	1.13	*1.00*
	- Post-employment medical benefit	61.42	*52.85*
b.	Provision for contingencies (refer note 31)	127.05	*104.18*
c.	Others	-	*0.02*
	TOTAL	**263.93**	***235.49***

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2014 *(Contd.)*

10. Short term borrowings (unsecured)

(₹ in crores)

	As at 31 March 2014	*As at 31 March 2013*
LOANS		
From Banks (rate of interest 0.92 % to 11.00% pa)	2,225.72	*1,080.40*
TOTAL	**2,225.72**	***1,080.40***

11. Trade payables

(₹ in crores)

		As at 31 March 2014	*As at 31 March 2013*
a.	Payable for Network and transmission services	3,672.54	*3,568.20*
b.	Accrued payroll	367.73	*347.44*
	TOTAL	**4,040.27**	***3,915.64***

Note:
Trade payable includes amounts payable to related parties amounting to ₹ 21.07 crores (2013: ₹ 22.03 crores)

12. Other current liabilities

(₹ in crores)

		As at 31 March 2014	*As at 31 March 2013*
a.	Current maturities of long term borrowings	1,718.11	*2,087.45*
b.	Creditors for Capital Goods	336.80	*380.12*
c.	License fees payable	67.34	*66.55*
d.	Interest accrued but not due	68.96	*60.62*
e.	Unearned revenues and advances/deposits received from customers	827.86	*755.44*
f.	Government of India current account	20.57	*20.57*
g.	Unclaimed dividend (refer i)	0.38	*0.39*
h.	Provision for gratuity (refer note 30)	4.05	*7.50*
i.	Other Liabilities	147.32	*306.58*
	TOTAL	**3,191.39**	***3,685.22***

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

13. Short term provisions

(₹ in crores)

		As at 31 March 2014	*As at 31 March 2013*
a.	Provisions for employees benefits (refer note 30)		
	- Compensated absences	54.89	*53.27*
	- Gratuity	1.12	*-*
	- Post-employment medical benefit	6.08	*3.92*
b.	Proposed dividend	128.25	*85.50*
c.	Provision for dividend tax	30.29	*15.42*
d.	Provision for tax (net of advance tax of ₹ 925.27 crores (2013: ₹ 880.72 crores)	182.96	*174.56*
e.	Others	0.91	*0.68*
	TOTAL	**404.50**	***333.35***

14. Fixed assets

i) Tangible assets

(₹ in crores)

Tangible Assets	Freehold Land	Leasehold Land	Leasehold Improvements	Building	Plant and Machinery	Furniture and Fixtures	Office Equipment	Computers	Motor Vehicles	Total
Gross block										
At 1 April, 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
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***
Additions	0.11	-	171.85	2.41	1,504.29	13.32	9.74	41.20	0.52	1,743.44
Disposals	-	-	-	(3.24)	(36.25)	(0.06)	(0.07)	(1.75)	(0.17)	(41.54)
Adjustments	5.71	1.79	17.21	5.52	931.04	2.01	2.50	26.48	0.01	992.27
At 31 March, 2014	**98.57**	**221.83**	**384.05**	**854.65**	**22,954.29**	**219.87**	**141.07**	**857.73**	**1.57**	**25,733.63**
Accumulated Depreciation										
At 1 April, 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
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***
Depreciation	-	2.88	26.32	26.26	1,668.63	13.07	8.24	87.75	0.03	1,833.18
Disposals	-	-	-	(0.87)	(24.75)	(0.05)	(0.03)	(1.53)	(0.13)	(27.36)
Adjustments	-	0.80	7.81	2.44	295.52	0.53	1.18	16.61	0.01	324.90
At 31 March, 2014	**-**	**32.64**	**125.59**	**204.48**	**10,638.19**	**122.56**	**50.86**	**703.42**	**0.93**	**11,878.67**
Net Block										
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***
At 31 March, 2014	**98.57**	**189.19**	**258.46**	**650.17**	**12,316.10**	**97.31**	**90.21**	**154.31**	**0.64**	**13,854.96**

Notes:

1. Freehold Land includes ₹ 0.16 crores (2013: ₹ 0.16 crores) identified as Surplus land.
2. Gross block of buildings includes ₹ 32.75 crores (2013: ₹ 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 ₹ 2,837.20 crores (2013: ₹ 2,549.99 crores) and ₹ 1,264.38 crores (2013: ₹ 1,019.49 crores) respectively.
4. The difference between Depreciation as per schedule of tangible assets and intangible assets of ₹ 2,089.98 (2013: ₹ 2,025.70 crores) and net amount charged to the statement of profit and loss is ₹ 2,091.37 crores (2013: ₹ 2,027.05 crores) is on account of goodwill amortisation of ₹ 1.80 crores (2013: ₹ 1.80 crores). Decrease on account of depreciation on gifted assets transferred to Capital Reserve of ₹ 0.41 crores (2013: ₹ 0.45 crores)
5. Finance cost capitalised during the year is ₹ 11.10 crores (2013: ₹ 14.74 crores) in respect of capital expenditure.
6. During the previous year, the Group 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 last year. Neotel (Pty) Limited (a subsidiary of the Company) had changed the useful lives of its network equipment's from 12 years to 15 years and computer software from 3 years to 8 years which has reduced the depreciation charge for the last year by ₹ 58.10 crores.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2014 *(Contd.)*

ii) Intangible assets

(₹ in crores)

	Software	License fees	Goodwill	Total
Gross block (cost or valuation)				
At 1 April, 2012	***885.84***	***16.90***	***739.46***	***1,642.20***
Additions	*227.83*	*1.53*	*-*	*229.36*
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***
Additions	114.44	0.03	-	114.47
Disposals	(2.86)	-	-	(2.86)
Adjustments	52.53	(0.57)	68.39	120.35
At 31 March, 2014	**1,272.13**	**17.93**	**849.92**	**2,139.98**
Accumulated Amortisation				
At 1 April, 2012	***567.84***	***10.37***	***530.24***	***1,108.45***
Amortisation Expense	*177.88*	*0.80*	*58.94*	*237.62*
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***
Amortisation Expense	191.50	0.74	64.56	256.80
Disposals	(1.79)	-	-	(1.79)
Adjustments	32.61	(0.39)	50.94	83.16
At 31 March, 2014	**954.65**	**11.93**	**732.66**	**1,699.24**
Net Block				
At 31 March, 2013	***375.69***	***6.89***	***164.37***	***546.95***
At 31 March, 2014	**317.48**	**6.00**	**117.26**	**440.74**

15. Non-Current Investments

(₹ in crores)

	As at 31 March 2014	*As at 31 March 2013*
Trade Investments - Long Term (At Cost) (Unquoted)		
A. Fully Paid Equity Shares		
(a) Tata Teleservices Limited.	748.03	*748.03*
(b) New ICO Global Communications (Holdings) Limited	0.01	*0.01*
(c) Wmode Inc.	3.36	*3.05*
(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) Private Limited	0.32	*0.24*
(g) Radhapura Wintech Private Limited	0.02	*-*
(h) Smart ICT Services Private Limited (GIFT)	0.01	*-*
	751.93	***751.51***

(₹ in crores)

	As at 31 March 2014	*As at 31 March 2013*
B. Investment in Associates		
Investment in Number Portability Company Pty. Ltd.		
Opening balance	1.70	*1.64*
Translation adjustment	(0.17)	*(0.19)*
Dividends received	(1.35)	*-*
Add: Share in Profit (loss) for the year	1.69	*0.25*
Closing balance	**1.87**	***1.70***
TOTAL (A+B)	**753.80**	***753.21***

16. Long term loans and advances

(₹ in crores)

	As at 31 March 2014	*As at 31 March 2013*
A) Unsecured, considered good		
i. Deposits:		
a. with public bodies	0.62	*1.22*
b. with others	95.94	*82.74*
ii. Capital advances	42.04	*5.01*
iii. Prepaid pension assets	112.40	*151.20*
iv. Prepaid expenses	295.65	*249.27*
v. Advance payment of taxes (net of provisions of ₹ 4,955.08 crores (2013: ₹ 4,595.01 crores))	1,546.36	*1,589.31*
vi. Amount paid under protest	25.58	*25.58*
vii. Others	163.88	*186.43*
B) Unsecured doubtful		
Doubtful advances	9.14	*8.57*
Less - Provision for doubtful advances	(9.14)	*(8.57)*
TOTAL	**2,282.47**	***2,290.76***

17. Other non-current assets

(₹ in crores)

	As at 31 March 2014	*As at 31 March 2013*
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*
c. Others	4.24	*-*
TOTAL	**12.32**	***8.08***

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

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2014 *(Contd.)*

18. Current investments

(₹ in crores)

	As at 31 March 2014	As at 31 March 2013
Investments in mutual funds (Unquoted)	1,004.42	568.41
TOTAL	**1,004.42**	**568.41**

19. Trade receivables

(₹ in crores)

	As at 31 March 2014	As at 31 March 2013
Trade receivables outstanding for a period exceeding six months from the date they were due for payment		
Unsecured, considered good	111.81	267.80
Doubtful	590.02	545.66
	701.83	**813.46**
Less: Provision for Doubtful Debts	(590.02)	(545.66)
	111.81	**267.80**
Other trade receivables		
Considered good	2,622.09	2,870.90
Considered Doubtful	11.43	11.93
	2,633.53	**2,882.83**
Less: Provision for doubtful trade receivables	(11.43)	(11.93)
	2,622.09	**2,870.90**
TOTAL	**2,733.90**	**3,138.70**

During the year, the Group has entered into a factoring arrangement to sell, without recourse, certain receivables to an unrelated third party financial institution. The Group has sold receivables amounting to ₹ 185.16 crores which were due after March 31, 2014.

20. Cash and bank balances

(₹ in crores)

	As at 31 March 2014	As at 31 March 2013
a. Cash in Hand	0.15	0.11
b. Cheques in Hand	10.13	7.13
c. Remittances in transit	59.31	0.87
d. Current accounts with banks	626.54	276.63
e. Deposit accounts held with banks	475.52	286.14
Cash and cash equivalents	**1,171.65**	**570.88**
f. Deposits with original maturity over three months	30.95	27.37
g. Deposit accounts held as margin money (refer note)	449.50	314.20
h. Earmarked Funds	17.37	10.85
TOTAL	**1,669.47**	**923.30**

Note:

Includes ₹ 439.23 crores (2013 ₹ 302.48 crores) held in the margin money with bank against short term loan drawn by Neotel of ₹ 423.00 crores (2013 ₹ 296.41 crores).

21. Short term loans and advances

		As at 31 March 2014	*As at 31 March 2013*
			(₹ in crores)
Unsecured, considered good			
a.	Loans and advances to employees	16.66	*12.34*
b.	Sundry deposits	12.11	*28.63*
c.	Prepaid expenses	306.38	*310.57*
d.	Service tax recoverable	235.96	*169.75*
e.	Export incentive receivable	46.35	*-*
f.	Other advances	60.22	*86.98*
TOTAL		**677.68**	***608.27***

22. Other current assets

		As at 31 March 2014	*As at 31 March 2013*
			(₹ in crores)
a.	Interest receivable	13.88	*2.01*
b.	Unamortised premium on forward contracts	1.96	*1.13*
c.	Gratuity	0.73	*-*
d.	Others	0.10	*24.91*
TOTAL		**16.67**	***28.05***

23. During the year, the Company has received duty credit scrips aggregating ₹ 46.35 crores (2013: Nil) in respect of foreign exchange earnings to be utilised towards import duty. This is included in Other operating income.

24. Other income

		Year Ended 31 March 2014	*Year Ended 31 March 2013*
Interest Income:			
a)	On Bank deposits	10.09	*9.53*
b)	Refund of license fees (refer note)	-	*110.51*
c)	On Other loans and advances	34.33	*14.24*
Profit on sale of current investments		75.32	*18.01*
Profit on sale of fixed assets (net)		10.38	*14.92*
Rent		7.22	*5.64*
Exchange gain/(loss) (net)		(45.62)	*(14.48)*
Provisions / Liabilities no longer required written back		16.08	*7.69*
Other income		35.50	*60.53*
TOTAL		**143.30**	***226.59***

Note:

In January 2008, an amount of ₹ 290 crores was paid to the Department of Telecommunications, Government of India (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

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2014 *(Contd.)*

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 along with 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 to the Company, including interest of ₹ 110.51 crores which was included in Other Income in financial year 2012-13. The Company based on legal opinion and position in law is confident that its position will be upheld in the Supreme Court.

25. Network and transmission expenses

(₹ in crores)

	Year Ended 31 March 2014	*Year Ended 31 March 2014*
Charges for use of transmission facilities (net of expenses written back ₹ 33.71 crores (2013: Nil)	10,364.26	*9,405.52*
Royalty and license fees	225.67	*257.42*
Rent of satellite channels	75.75	*66.78*
Administrative lease charges	80.04	*50.86*
TOTAL	**10,745.72**	***9,780.58***

26. Employee benefit

(₹ in crores)

	Year Ended 31 March 2014	*Year Ended 31 March 2013*
Salaries and related costs	2,218.77	*2,124.52*
Contribution to provident, gratuity and other funds	176.99	*190.20*
Staff welfare expenses	101.85	*96.74*
TOTAL	**2,497.61**	***2,411.46***

27. Operating and other expenses

(₹ in crores)

	Year Ended 31 March 2014	*Year Ended 31 March 2013*
Consumption of stores	52.89	*58.63*
Light and power	389.63	*338.54*
Repairs and Maintenance:		
- Buildings	33.24	*30.92*
- Plant and Machinery	840.10	*803.45*
- Others	27.88	*21.94*

(₹ in crores)

	Year Ended 31 March 2014	*Year Ended 31 March 2013*
Bad Debts written off	38.84	*46.74*
Provision for trade receivables	16.84	*48.34*
Provision for doubtful advances	0.57	*0.93*
Rent	184.35	*156.75*
Rates and taxes	116.44	*81.41*
Travelling	147.14	*120.56*
Telephone	56.58	*56.21*
Printing, postage and stationery	12.68	*20.26*
Legal and professional fees	210.80	*174.65*
Advertising and publicity	195.80	*169.00*
Commissions	63.01	*48.52*
Services rendered by agencies	346.32	*236.16*
Insurance	24.55	*25.01*
Donations	1.68	*0.48*
Other expenses (refer note 32)	575.27	*522.70*
TOTAL	**3,334.61**	***2,961.20***

28. Finance cost

(₹ in crores)

	Year Ended 31 March 2014	*Year Ended 31 March 2013*
Interest on:		
- Bank loans	623.75	*588.27*
- Debentures	56.65	*112.63*
- Others	92.40	*107.98*
Less: Interest expense capitalised	(11.10)	*(14.74)*
TOTAL	**761.70**	***794.14***

29. Exceptional items

(₹ in crores)

		Year Ended 31 March 2014	*Year Ended 31 March 2013*
a.	Input credit against certain statutory obligations (refer i)	216.22	-
b.	Impairment of goodwill on consolidation (refer ii)	(150.00)	-
c.	Staff optimisation cost (refer iii)	-	*(85.44)*
d.	Profit on sale of fixed assets (net) (refer iv)	-	*189.62*
	Exceptional gain (net)	**66.22**	***104.18***

i. During the current year, the Company has recognised ₹ 216.22 crores towards input credits against certain statutory obligations relating to earlier periods which have been accounted on crystallisation of the entitlements to such credits.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2014 *(Contd.)*

ii During the current year, VSNL SNOSPV Pte Ltd (SNOSPV), a wholly owned subsidiary of Tata Communications Limited, has entered into exclusive discussions with Vodacom Group Limited (Vodacom) to sell all of the issued share capital of Neotel, held directly or indirectly by SNOSPV. Discussions with Vodacom are still in progress. The Group has made a provision of ₹ 150.00 crores towards impairment of goodwill on consolidation.

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

iv. During the previous 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.

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, each employer is required to contribute a specified percentage of payroll cost to fund the benefits. For certain subsidiaries contribution is paid to The Provident Fund Commissioner.

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

Provident fund contributions amounting to ₹ 26.81 crores (2013: ₹ 25.12 crores) have been charged to the Statement of Profit and Loss.

(b) Defined Benefit Plans

Gratuity

The Company and its Indian subsidiaries make 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 hospitalisation 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 ₹ 10.53 crores (2013: ₹ 8.09 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 recognised in the Company's financial statement as at 31 March, 2014 and 2013 for these defined benefit schemes are as under:

i) Change in the defined benefit obligation

(₹ in crores)

Particulars	**Gratuity (Funded) As at 31 March 2014**	**Gratuity (Unfunded) As at 31 March 2014**	**Medical Benefits (Unfunded) As at 31 March 2014**
Liability at the beginning of the period	63.80	1.00	56.77
Current service cost	5.58	0.38	0.65
Interest cost	4.87	0.16	4.26
Liability transferred from / (to) other Companies	2.03	1.03	-
Actuarial (gain) / loss on obligations	(1.61)	(0.32)	12.90
Benefits paid	(4.03)	-	(7.07)
Liability at the end of the period	**70.64**	**2.25**	**67.51**

(₹ 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***

ii) Change in Fair Value of Assets

(₹ in crores)

Particulars	**Gratuity (Funded)**	
	As at 31 March 2014	**As at 31 March *2013***
Opening Fair Value of Plan Assets	56.30	*54.26*
Expected Return on Plan Assets	4.65	*4.28*
Employer's contribution	7.68	*8.59*
Transfer (to) / from other company	1.60	*(2.31)*
Actuarial Gain / (Loss)	1.12	*1.54*
Benefits paid	(4.03)	*(10.06)*
Closing Fair Value of Plan Assets	**67.32**	***56.30***

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2014 *(Contd.)*

iii) Amount recognised in the balance sheet

(₹ in crores)

Particulars	**Gratuity (Funded) As at 31 March 2014**	**Gratuity (Unfunded) As at 31 March 2014**	**Medical Benefits (Unfunded) As at 31 March 2014**
Present value of funded obligations	70.64	-	-
Fair value of plan assets	(67.32)	-	-
Present value of Unfunded obligations	-	2.25	67.51
Net (asset)/ liability in the balance sheet	**3.32**	**2.25**	**67.51**
Other current liability (Refer note 12)	4.05		
Other current assets(Refer note 22)	0.73		
Short term provision (Refer note 13)		1.12	6.08
Long term provision (Refer note 9)		1.13	61.42

(₹ 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***
Other current liability (Refer note 12)	*7.50*		
Short term provision (Refer note 13)		-	*3.92*
Long term provision (Refer note 9)		*1.00*	*52.85*

iv) Expenses recognised in the Statement of Profit and Loss

(₹ in crores)

Particulars	**Gratuity (Funded) Year Ended 31 March 2014**	**Gratuity (Unfunded) Year Ended 31 March 2014**	**Medical Benefits (Unfunded) Year Ended 31 March 2014**
Current service cost	5.58	0.38	0.65
Interest cost	4.87	0.16	4.26
Expected return on plan assets	(4.65)	-	-
Net actuarial loss /(gain) to be recognised	(2.73)	(0.32)	12.90
Expense recognised in the Statement of Profit and Loss	**3.07**	**0.22**	**17.81**

(₹ in crores)

Particulars	Gratuity (Funded) Year Ended 31 March *2013*	Gratuity (Unfunded) Year Ended 31 March *2013*	Medical Benefits (Unfunded) Year Ended 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 recognised	*3.27*	*0.15*	*9.40*
Expense recognised in the Statement of Profit and Loss	***9.03***	***0.33***	***14.06***

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

	As at 31 March 2014	As at 31 March *2013*
Cash and bank	3.85%	*3.13%*
Government securities	25.64%	*27.55%*
Corporate bonds Debt	54.66%	*52.29%*
Equity	15.85%	*17.03%*
Total	**100.00%**	***100.00%***

The Company's policy and objective for plan assets management is to maximise 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

	As at 31 March 2014	As at 31 March *2013*
Discount rate	9.30%	*8.00%*
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%*
Health care cost increase rate	4.00%	*2.00%*

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

vii) Experience Adjustment

(₹ in crores)

Particulars	Gratuity (Funded) As at 31 March				
	2014	*2013*	*2012*	*2011*	*2010*
Defined Benefit Obligation	70.64	*63.80*	61.64	*52.45*	*45.95*
Plan assets	67.32	*56.30*	*54.26*	*48.86*	*34.09*
Surplus / (deficit)	(3.32)	*(7.50)*	*(7.38)*	*(3.59)*	*(11.86)*
Exp. Adj. on Plan Liabilities (loss)/ gain	(2.59)	*(2.30)*	*6.73*	*(1.87)*	*1.39*
Exp. Adj. on Plan Assets gain/ (loss)	1.12	*1.54*	*(0.73)*	*2.32*	*0.60*
Actuarial Gain/(Loss) due to change on assumptions	4.20	*(2.51)*	*(8.52)*	*-*	*-*

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2014 *(Contd.)*

(₹ in crores)

Particulars	Gratuity (Unfunded) As at 31 March				
	2014	***2013***	**2012**	***2011***	**2010**
Defined Benefit Obligation	2.25	*1.00*	0.37	*1.70*	*2.95*
Surplus / (deficit)	(2.25)	*(1.00)*	*(0.37)*	*(1.70)*	*(2.95)*
Exp. Adj. on Plan Liabilities (loss)/ gain	0.21	*(0.10)*	*(0.11)*	*(0.23)*	*(0.27)*
Actuarial Gain/(Loss) due to change on assumptions	0.12	*(0.05)*	*(0.04)*	-	-

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 2014		As at 31 March 2013	
	Increase	**Decrease**	**Increase**	**Decrease**
Effect on service cost	0.01	-	*0.01*	-
Effect on interest cost	0.11	0.90	*0.11*	*0.90*
Effect on post-employment benefit obligation	3.86	3.33	*1.25*	*1.09*

The Company and its Indian subsidiaries expects to contribute ₹ 3.32 crores (2013: ₹ 7.50 crores) towards employer's contribution for funded defined benefit plans in financial year 2014-15.

ix) Leave Plan and Compensated absences

For executives

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 leave of 120 days in addition to leave balance available in accumulated quota.

For non executives

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 leave of 300 days

The liability for leave encashment and compensated absences as at the year end is ₹ 69.41 crores (2013: ₹ 70.34 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 and other plan in other countries. An amount of ₹ 66.46 crores (2013: ₹ 64.55 crores) is charged to Statement of Profit and Loss for the year ended 31 March, 2014.

(b) Defined Benefit Pension Plans

Pension

The Group has both a contributory and non-contributory defined benefit pension plans covering certain of its employees in Canada. The Group 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 recognised in the Group's financial statement as at 31 March, 2014 and 2013 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 2014	**Non-contributory As at 31 March 2014**	**SERP As at 31 March 2014**	**As at 31 March 2014**
Projected defined benefit obligation, beginning of the year	531.63	560.18	3.27	8.20
Current Service cost	1.46	9.73	0.20	0.27
Interest cost	22.24	23.85	0.15	0.35
Benefits paid	(33.52)	(30.51)	-	(0.74)
Actuarial (gain)/loss	3.22	(6.43)	(0.48)	(0.43)
Effect of foreign exchange rate changes*	9.32	9.63	0.05	0.17
Projected benefit obligation at the end of the year	**534.35**	**566.45**	**3.19**	**7.82**

* Translation adjustment gain includes ₹ 113.90 crores (2013: ₹ 68.41 crores)

(₹ 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	*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***

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2014 ***(Contd.)***

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

(₹ in crores)

	Pension Plans	
	Contributory As at 31 March 2014	**Non-Contributory As at 31 March 2014**
Fair value of plan assets, beginning of the year	671.38	571.63
Actual return on plan assets	28.19	24.28
Contributions	-	16.09
Benefits paid	(33.52)	(30.51)
Actuarial gain / (loss)	(37.07)	(21.11)
Effect of foreign exchange rate changes*	13.60	10.24
Fair value of plan assets, end of the year	**642.58**	***570.62***

* Translation adjustment gain includes ₹ 128.63 crores (2013: ₹ 79.57 crores)

(₹ 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***

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

(₹ in crores)

	Pension Plans			Health care and Life insurance Plans
	Contributory As at 31 March 2014	**Non-contributory As at 31 March 2014**	**SERP As at 31 March 2014**	**As at 31 March 2014**
Present value of funded obligations	534.35	566.45	-	-
Fair value of plan assets	(642.58)	(570.62)	-	-
Present value of unfunded obligations	-	-	3.19	7.82
Net (asset)/liability in balance sheet	**(108.23)**	**(4.17)**	**3.19**	**7.82**

(₹ 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***

iv) The components of pension expense recognised in the Statements of Profit and Loss for the year ended 31 March, 2014 and 2013:

(₹ in crores)

Particulars	**Year Ended 31 March 2014**	***Year Ended 31 March 2013***
Current service cost	11.66	*11.98*
Interest cost	46.59	*47.49*
Actual return on plan assets	(52.47)	*(49.32)*
Net Actuarial loss/(gain) recognised	54.06	*69.58*
Effect of foreign exchange rate changes(Net)	10.06	*3.35*
Total	**69.90**	***83.08***

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

Category of assets	**As at 31 March 2014 Contributory**	**As at 31 March 2014 Non-contributory**	**As at 31 March *2013* Contributory**	**As at 31 March *2013* 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 2014**	***As at 31 March 2013***
Discount rate used for benefit costs	4.00 %	*4.50%*
Discount rate used for benefit obligations	4.35%	*4.00%*
Expected long-term return on plan assets	4.00%	*4.00%*
Inflation	2.00%	*2.00%*
Rate of compensation increase	3.00%	*3.00%*
Asset valuation method	Market Value	*Market Value*

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2014 *(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, 2014 is 8.38 % (2013: 8.38%). A one-percentage-point change in assumed health care cost trend rates would have the following effects:

(₹ in crores)

	31 March 2014		*31 March 2013*	
	Increase	**Decrease**	***Increase***	***Decrease***
Effect on service cost	0.04	0.04	*0.04*	*0.04*
Effect on interest cost	0.03	0.03	*0.03*	*0.03*
Effect on post-employment benefit obligation	0.81	0.71	*0.74*	*0.65*

The Group expects to contribute ₹ 18.62 crores (2013: ₹ 15.77 crores) to its defined benefit plans in 2014-15.

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 ₹ 46.39 crores (2013: ₹ 45.77 crores)

31. Provision for contingencies:

(₹ in crores)

	As at 31 March 2014			*As at 31 March 2013*		
	Asset Retirement Obligation ("ARO") (refer i)	**Others (refer ii)**	**Total**	***Asset Retirement Obligation ("ARO") (refer i)***	***Others (refer ii)***	***Total***
Balance as at beginning of the year	95.18	9.00	104.18	*80.26*	*9.00*	*89.26*
Provision made during the year	13.52	-	13.52	*9.83*	-	*9.83*
Effect of change in foreign exchange rate	9.35	-	9.35	*5.34*	-	*5.34*
Provisions no longer required written back	-	-	-	*(0.25)*	-	*(0.25)*
Balance as at end of the year	**118.05**	**9.00**	**127.05**	***95.18***	***9.00***	***104.18***

i. The provision for ARO has been recorded in the books of the Group in respect of undersea cables, switches and leased equipment's.

ii. Others include amounts provided towards claims made by creditors of the Group.

32. Auditors remuneration (excluding Service Tax)

(Included in other expenses under operating and other expenses – refer note 27)

(₹ in crores)

Auditor's remuneration and expenses (excluding service tax)	**Year Ended 31 March 2014**	***Year Ended 31 March 2013***
A. To statutory auditor		
i. For audit fees	1.50	*1.50*
ii. For taxation matters	0.51	*0.32*
iii. For other services	1.56	*1.40*
iv. For reimbursement of expenses	0.21	*0.12*

The above fees excludes ₹ Nil (2013: ₹ 0.71 crores) with respect of audit and related services rendered for FY 2011-12 of the Group. Auditors' remuneration excludes fees of ₹ 3.90 crores (2013: ₹ 8.02 crores) payable / paid for professional services to a firm of chartered accountants in which some partners of the firm of statutory auditors are partners.

(₹ in crores)

	Year Ended 31 March 2014	***Year Ended 31 March 2013***
B. To cost audit services	0.06	*0.06*

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**
Subsidiary:			
SEPCO (Pty.) Ltd. (Standalone)	0.02	-	@
Joint Venture:			
United Telecom Ltd.	28.54	5.55	@

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

34. Earnings per share

(₹ in crores)

		Year ended 31 March 2014	***Year ended 31 March 2013***
Net Profit /(loss) after tax attributable to the equity shareholders	(A)	101.42	*(623.31)*
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)	3.56	*(21.87)*

35. Segment reporting

Business segments

The Group'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:

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2014 *(Contd.)*

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 Neotel Pty ltd. and offer wholesale international voice and data transit, enterprise business solution services for the wholesale and corporate market, telephony and data services for retail customers in South Africa

d. Others: primarily comprise of a joint venture business.

(₹ in crores)

	Year ended 31 March 2014				
	GVS	**GDMS**	**SAO**	**Others**	**Total**
Revenue from telecommunications services	9,571.59	7,925.62	2,163.14	5.55	19,665.90
Segment Results	1,585.27	4,931.65	435.57	(9.95)	6,942.54
Finance Cost					(761.70)
Other Un-allocable Expenses (Net)					(5,802.65)
Profit before exceptional items and tax					378.19
Exceptional Item (loss)/gain					66.22
Profit before tax					444.41
Tax (expense)/benefits (Net)					(343.28)
Profit after tax before Minority interest					101.13
Minority interest					(1.40)
Share in profit of associates					1.69
Net Profit					**101.42**
Non-Cash Expenses/(benefits)	-	(1.88)	2.87	2.15	3.14

(₹ 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*	*4,205.81*	*51.48*	*(35.44)*	*5,625.44*
Finance Cost					(794.14)
Other Un-allocable Expenses (Net)					*(5,366.19)*
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)***
Non-Cash Expenses	-	0.02	26.15	*0.59*	*26.76*

i). Revenues and interconnect charges are directly attributable to the segments. Space segment utilisation charges, rent of landlines and other network and transmission costs are allocated based on utilisation 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 utilising 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 2014	***Year ended 31 March 2013***
India	4,439.44	*4,135.34*
United States of America	2,650.87	*2,218.49*
United Kingdom	2,421.47	*1,951.78*
South Africa	2,095.18	*1,846.49*
Canada	740.64	*614.33*
Singapore	564.63	*487.45*
France	451.84	*396.59*
Saudi Arabia	413.13	*451.74*
Australia	317.21	*246.82*
Italy	308.63	*319.13*
Others	5,262.86	*4,544.79*
	19,665.90	***17,212.95***

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 PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2014 *(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	**26.59**	**-**	**-**	**26.59**
	17.73	*-*	*-*	*17.73*
Tata Sons Limited	**11.17**	**-**	**-**	**11.17**
	8.11	*-*	*-*	*8.11*
Total	**37.76**	**-**	**-**	**37.76**
	25.84	*-*	*-*	*25.84*
Brand Equity Expenses		**-**		
Tata Sons Limited	**14.26**	**-**	**-**	**14.26**
	12.51	*-*	*-*	*12.51*
Total	**14.26**	**-**	**-**	**14.26**
	12.51	*-*	*-*	*12.51*
Revenues from operations				
Tata Sons Limited	**1.71**	**-**	**-**	**1.71**
	2.14	*-*	*-*	*2.14*
United Telecom Limited	**-**	**-**	**2.56**	**2.56**
	-	*-*	*3.08*	*3.08*
Total	**1.71**	**-**	**2.56**	**4.27**
	2.14	*-*	*3.08*	*5.22*
Network and transmission expenses				
United Telecom Limited	**-**	**-**	**9.20**	**9.20**
	-	*-*	*25.31*	*25.31*
Total	**-**	**-**	**9.20**	**9.20**
	-	*-*	*25.31*	*25.31*
Services received				
Tata Sons Limited	**0.02**	**-**	**-**	**0.02**
	0.05	*-*	*-*	*0.05*
Total	**0.02**	**-**	**-**	**0.02**
	0.05	*-*	*-*	*0.05*
Managerial Remuneration				
Vinod Kumar	**-**	**12.14**	**-**	**12.14**
		11.49		*11.49*
Total	**-**	**12.14**	**-**	**12.14**
	-	*11.49*	*-*	*11.49*
Balances				
Receivables				
Tata Sons Limited	**0.77**	**-**	**-**	**0.77**
	0.41	*-*	*-*	*0.41*
United Telecom Limited	**-**	**-**	**0.33**	**0.33**
	-	*-*	*0.14*	*0.14*
Total	**0.77**	**-**	**0.33**	**1.10**
	0.41	*-*	*0.14*	*0.55*

(₹ in crores)

	Investing Company	Key Management Personnel	Joint Ventures / Associates	Total
Payables				
Managerial Remuneration				
Vinod Kumar	**-**	**6.05**	**-**	**6.05**
	-	*5.78*	*-*	*5.78*
United Telecom Limited	**-**	**-**	**0.78**	**0.78**
	-	*-*	*3.84*	*3.84*
Tata Sons Limited	**14.24**	**-**	**-**	**14.24**
	12.41	*-*	*-*	*12.41*
Total	**14.24**	**6.05**	**0.78**	**21.07**
	12.41	*5.78*	*3.84*	*22.03*

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 2014	*Year Ended 31 March 2013*
Minimum lease payments under operating leases recognised as expense in the year	**652.25**	***525.44***

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

(₹ in crores)

	Year Ended 31 March 2014	*Year Ended 31 March 2013*
Due not later than one year	595.79	*513.53*
Due later than one year but not later than five years	1,473.53	*1,330.52*
Later than five years	786.53	*676.27*
	2,855.85	***2,520.32***

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

The minimum future lease payments have not been reduced by minimum operating sublease rentals of ₹ 28.55 crores (2013: ₹ 33.31 crores) due in the future under non-cancellable subleases for certain buildings, which primarily commenced in November, 2011 and extend until December, 2020. ₹ 4.66 crores (2013: ₹ 3.28 crores) was recognised 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 (2013: ₹ 50.45 crores) and ₹ 31.71 crores (2013: ₹ 28.35 crores) respectively as at 31 March, 2014. Depreciation expense of ₹ 3.36 crores (2013: ₹ 3.36 crores) in respect of these assets has been charged to the Statement of Profit and Loss for the year ended 31 March, 2014.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2014 *(Contd.)*

In case of certain lease arrangements aggregating ₹ 530.70 crores (2013: ₹ 513.79 crores) as at 31 March, 2014, 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, 2014 amount to ₹ 47.10 crores (2013: ₹ 37.83 crores).

In respect of the above, rental income of ₹ 51.10 crores (2013: ₹ 41.83 crores) has been recognised in the Statement of Profit and Loss for the year ended 31 March, 2014.

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

(₹ in crores)

	Year Ended 31 March 2014	***Year Ended 31 March 2013***
Not later than one year	50.25	*40.97*
Later than one year but not later than five years	170.40	*143.20*
Later than five years	206.64	*197.82*
	427.29	***381.99***

38. Finance Lease arrangements:

As Lessee

As on 31 March, 2013, assets under finance leases with gross carrying amount and accumulated depreciation of ₹ 144.33 crores (2013: ₹ 131.35 crores) and ₹ 110.05 crores (2013: ₹ 96.13 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**	
	2014	***2013***	**2014**	***2013***	**2014**	***2013***
Building	54.04	*49.19*	29.18	*24.99*	24.86	*24.20*
Plant and Machinery	85.32	*77.65*	76.84	*67.94*	8.48	*9.71*
Furniture and Fixtures	4.97	*4.51*	4.03	*3.20*	0.94	*1.31*
	144.33	***131.35***	**110.05**	***96.13***	**34.28**	***35.22***

39. Contingent Liabilities, Capital Commitments and Operating Commitments

A. Contingent Liabilities:

(₹ in crores)

	As at 31 March 2014	***As at 31 March 2013***
1. Claims for taxes on income (refer i)		
(a) Income tax disputes where the department is in appeal against the Company	401.63	*457.08*
(b) Other disputes related to income tax	1,876.53	*2,073.26*
2. Claims for other taxes	12.98	*16.95*
3. Other claims (refer ii)	1,050.41	*862.43*
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 is ₹ 311.84 crores (2013: ₹ 311.84 crores).

b. On 19 February 2013, DoT issued a 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 ₹ 222.79 crores (2013: ₹ 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 ₹ 121.38 crores (2013 : ₹ 101.24 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.

c. In April, 2010, the Group 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 Group relating to the activities of a reseller of the Group. 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 Group’s products. The investigation also found evidence that the Group’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 Group has taken remedial action, including terminating its relationship with the sales consultant and with the reseller. The Group 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 Group does not believe that these matters will have a material adverse effect on its business, financial condition, results of operations or cash flow

d. Other Claims of ₹ 394.40 crores (2013: ₹ 256.30 crores) 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 Group 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 Group’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 Group’s financial position and results of operations for the period in which the effect becomes reasonably estimable.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2014 *(Contd.)*

iii) Cumulative preference dividends amounting to ₹ 111.81 crores (2013: ₹ 76.19 crores) will be declared and paid when Neotel has distributable cash available, in terms of the Shareholders' Agreement

iv) In terms of agreements entered into in 2008-09 between the Company and NTT Docomo Inc. the Company sold to NTT Docomo Inc. of Japan (Strategic Partner – SP), 36,542,378 equity shares of Tata Teleservices Ltd ("TTSL") at ₹ 116.09 per share which resulted in a profit of ₹ 362.08 crores in the same year.

Tata Sons Limited (TSL) is party to a Shareholders Agreement with NTT Docomo Inc. of Japan (Strategic Partner – SP) dated 25 March 2009 and amended on 21 May 2010.

Under the terms of the Shareholders Agreement if certain performance parameters and other conditions are not met by TTSL by 31 March 2014 the SP has an option to divest its entire shareholdings in TTSL at a price being the higher of fair value or ₹ 58.05 per share (i.e 50 percent of the subscription price) ("Sale Price"), subject to compliance with applicable law and regulations ("Sale Option").

The Company has an "inter se" agreement with Tata Sons Limited and other Tata Group companies.

Tata Sons Limited has informed the Company as follows:

i. In the wake of recent regulatory developments in India, Tata Sons Limited has considered its position relating to the possible exercise of the Sale Option under the Shareholders Agreement.

ii. The Shareholders Agreement obliges Tata Sons Limited to find a buyer for the shares at the Sale Price.

iii. If there is no buyer at the Sale Price, then Tata Sons Limited is obliged to acquire or procure the acquisition of such shares. These obligations are subject to compliance with applicable law and regulations.

iv. No notice of exercise of the Sale Option has been received although the SP has communicated its board decision to exercise the Sale Option.

v. Under the terms of the "inter se" agreement, the Company may be obligated to acquire the shareholding of the SP in proportion of the number of shares sold by the company to the aggregate of the secondary shares sold to the SP.

vi. Pending receipt of a notice exercising the Sale Option and in view of applicable law and regulations, the exposure of the Company (if any) cannot be ascertained.

The Agreements are governed by Indian Law.

v) The Group 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 the 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 ₹ 768.99 crores (2013: ₹ 593.09 crores) (net of capital advances).

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 a 26.66 per cent equity ownership in UTL. UTL operates basic telephony services in Nepal based on wireless-in-local loop technology.

The Group's share in income, expenses, assets and liabilities based on the uniform accounting policy adopted by the Group and after inter-company eliminations and adjustments based on management accounts for the year ended 31 March, 2014 and 31 March, 2013 is as follows:

(₹ in crores)

				As at 31 March 2014	*As at 31 March 2013*
I	**Liabilities**				
	(1)	Non-current liabilities			
		(a)	Deferred tax liabilities (Net)	-	*1.12*
	(2)	Current liabilities			
		(a)	Short-term borrowings	6.01	*3.64*
		(b)	Trade payables	31.70	*32.52*
		(c)	Other current liabilities	0.56	*0.58*
	Total Current liabilities			38.27	*36.74*
	Total			**38.27**	***37.86***
II	**Assets**				
	(1)	**Non-current assets**			
		(a)	Fixed assets		
			(i) Tangible assets	17.55	*21.95*
			(ii) Intangible Asset	1.31	*1.66*
			(iii) Capital work-in-progress	0.48	*0.34*
	Total Fixed assets			19.34	*23.95*
		(b)	Deferred tax assets (net)	0.34	-
		(c)	Long-term loans and advances	0.04	*0.06*
	Total Non-current assets			19.72	*24.01*
	(2)	**Current assets**			
		(a)	Inventories - Stores and Spares	0.91	*1.07*
		(b)	Trade receivables	1.51	*4.33*
		(c)	Cash and Bank Balances	-	-
		(d)	Short-term loans and advances	6.40	*4.75*
	Total Current assets			8.82	*10.15*
	Total			**28.54**	***34.16***

(₹ in crores)

		As at 31 March 2014	*As at 31 March 2013*
	INCOME		
1	Traffic Revenue	5.55	*9.35*
2	Other Income	(0.48)	*0.21*
	Total Income	**5.07**	***9.56***
	EXPENDITURE:		
3	Network Cost	5.24	*34.46*
4	Other expenses	4.77	*4.09*

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2014 *(Contd.)*

(₹ in crores)

		As at 31 March 2014	*As at 31 March 2013*
5	Employee benefits expense	0.02	*0.03*
6	Finance Costs	0.65	*0.61*
7	Depreciation and amortisation expense	5.48	*6.21*
	Total Expenditure	**16.16**	***45.40***
	CONTINGENT LIABILITIES		
	(i) Claims for other Taxes	2.92	*2.90*

41. Derivative transactions

The Group 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, 2014 is as follows;

(a) i. Outstanding forward contracts and options as on 31 March, 2014

	Deal Currency	Amount (Deal Currency in millions)	Buy / Sell	Amount (₹ in crores)
Forward Exchange Contracts (Net)				
AUD/USD	AUD	1.00	Sell	5.35
EUR/USD	EUR	13.00	Sell	106.61
EUR/ZAR	EUR	0.05	Buy	0.46
GBP/INR	GBP	0.72	Sell	7.30
GBP/USD	GBP	9.00	Sell	*89.09*
USD/INR	USD	0.92	Sell	5.58
USD/SGD	USD	2.50	Sell	11.75
USD/ZAR	USD	1.11	Buy	7.05

ii. 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	10.50

(b) Interest Rate Swaps ('IRS') to hedge against fluctuations in interest rate changes as at 31 March, 2014

The Group 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, 2014 the Group had interest rate swaps amounting to ₹ 1,702.60 crores (USD 284.24 million) (2013: ₹ 2,579.64 crores (USD 474.72 million)) and Nil (2013: ₹ 2,797.41 crores (ZAR 4,212.96 million)) to convert the variable interest rate of its long term debt to fixed rate.

IRS of ₹ 1,702.60 crores (USD 284.24 million) ((2013: ₹ 2,579.64 crores (USD 474.72 million)) are designated as cash flow hedges. These hedges are highly effective as on 31 March, 2014 and changes in its fair values are recorded in the hedge fluctuation reserve.

(c) Cross Currency Swap

The Group 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, 2014 the Group had open cross currency swap contracts of SGD 561 million (2013: SGD 250 million) equivalent to ₹ 2,699.36 crores (2013: ₹ 1,091.17 crores).

	Deal Currency	Amount (Deal Currency in millions)	Buy/Sell	Amount (₹ in crores)	Interest rate in Deal Currency	Interest rate in United States Dollars
SGD/USD	SGD	400	Buy	1,929.00	4.25%	4.5210% to 4.5375%
SGD/USD	SGD	61	Buy	293.61	SOR Plus 3.3%	LIBOR Plus 3.5%
SGD/USD	SGD	100	Buy	476.76	SOR Plus 3.0%	LIBOR Plus 3.22%
		561		2,699.36		

42. 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

MUMBAI
DATED: 13 May, 2014

Notes forming part of the consolidated financial statements for the year ended 31 March, 2014 (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	362.71	(229.63)	683.68	550.60	15.00	473.70	(136.06)	-	(136.06)	-
2	Tata Communications Transformation Services Limited	INR	0.50	67.01	226.00	158.49	55.11	401.51	115.80	39.36	76.44	-
3	Tata Communications Data Centers Private Limited	INR	0.05	55.70	463.69	407.94	-	375.64	39.09	15.77	23.32	-
4	VSNL SNOSPV Pte ltd	USD	152.44	(2,641.47)	975.62	3,464.65	-	-	(2,360.42)	-	(2,360.42)	-
5	Tata Communications Lanka Limited	USD	7.17	70.61	120.81	43.03	-	188.70	15.56	1.64	13.92	-
6	Neotel Business Support Services (Pty) Limited	ZAR	0.00	18.55	52.34	33.79	-	91.98	12.26	1.85	10.41	-
7	SEPCO Communications (Pty) Limited	ZAR	1,112.20	(617.17)	495.16	0.13	-	-	(907.78)	0.00	(907.78)	-
8	Neotel Pty Limited	ZAR	1,767.31	(2,548.16)	3,402.69	4,183.54	-	2,214.32	36.92	-	38.51	-
9	Tata Communications (Netherlands) BV	USD	1,077.01	(539.52)	7,279.49	6,742.00	-	2,340.73	(26.78)	-	(26.78)	-
10	Tata Communications (UK) Limited	USD	152.45	(627.25)	884.73	1,359.53	-	2,900.32	(23.21)	-	(23.21)	-
11	Tata Communications (Bermuda) Ltd.	USD	0.07	(1,957.73)	4,775.73	6,733.39	-	424.19	(389.33)	-	(389.33)	-
12	Tata Communications Services (Bermuda) Ltd.	USD	63.56	160.41	232.32	8.35	3.39	455.13	401.70	-	401.70	-
13	Tata Communications (France) SAS	USD	122.14	(87.46)	282.21	247.53	-	344.09	(17.87)	-	(17.87)	-
14	Tata Communications (America) Inc.	USD	1,355.34	(786.76)	2,033.59	1,465.01	-	3,596.04	(10.82)	5.33	(16.15)	-
15	Tata Communications Deutschland GmbH	USD	0.20	12.29	117.11	104.62	-	497.32	2.91	3.53	(0.62)	-
16	Tata Communications (Nordic) AS	USD	0.10	0.27	2.53	2.16	-	5.65	0.13	-	0.13	-
17	Tata Communications Spain SL	USD	114.63	(51.86)	112.68	49.91	-	191.33	8.92	2.58	6.34	-
18	Tata Communications (HongKong) Limited	USD	48.05	(36.39)	163.61	151.95	-	279.35	(13.11)	0.17	(13.28)	-
19	Tata Communications (Poland) SPZ OO	USD	2.83	1.41	9.86	5.62	-	27.40	(0.07)	0.00	(0.07)	-
20	Tata Communications (International) Pte. Ltd.	USD	849.17	(1,757.36)	3,213.15	4,121.34	-	761.65	(2,169.07)	8.48	(2,177.55)	-
21	Tata Communications Services (International) Pte. Ltd.	USD	2.07	6.60	17.92	9.25	-	19.34	2.86	0.73	2.13	-
22	ITXC IP Holdings SARL	USD	0.10	111.42	123.32	11.80	-	0.28	7.43	(0.15)	7.58	-
23	Tata Communications (Sweden) AB	USD	0.09	(0.14)	3.87	3.92	-	3.65	(0.10)	(0.27)	0.17	-
24	Tata Communications (Portugal) Instalacao E Manutencao De Redes LDA	USD	363.68	(380.92)	76.18	93.42	-	28.17	3.37	0.87	2.50	-
25	Tata Communications (Portugal) Unipessoal LDA	USD	8.35	(5.21)	3.17	0.03	-	-	0.10	-	0.10	-
26	Tata Communications (Belgium) SPRL	USD	20.94	(4.04)	25.37	8.47	-	9.66	(0.34)	-	(0.34)	-
27	Tata Communications (Guam) LLC	USD	-	57.04	92.37	35.33	-	32.58	10.85	(1.29)	12.14	-
28	Tata Communications (Hungary) LLC	USD	1.30	(0.52)	0.86	0.08	-	0.62	0.02	0.02	0.00	-
29	Tata Communications (Canada) LTD	USD	398.45	(1,154.05)	1,053.38	1,808.98	-	3,869.05	(135.62)	-	(135.62)	-
30	Tata Communications (Italy) srl	USD	36.04	(10.54)	111.96	86.46	-	328.19	(0.77)	(7.75)	6.98	-
31	Tata Communications (Australia) Pty. Ltd.	USD	2.14	9.54	39.56	27.88	-	120.78	3.64	2.24	1.40	-
32	Tata Communications (Middile East) FZ-LLC	USD	0.08	(33.94)	27.95	61.81	-	22.78	1.77	-	1.77	-
33	Tata Communications (Russia) LLC	USD	0.00	21.17	25.54	4.37	-	14.70	0.57	1.00	(0.43)	-
34	Tata Communications (Switzerland) GmbH	USD	2.84	(0.52)	5.37	3.05	-	2.85	(0.11)	0.29	(0.40)	-
35	Tata Communications (Ireland) Ltd.	USD	0.00	(0.29)	2.55	2.84	-	2.84	(0.05)	(0.09)	0.04	-
36	TCPoP Communications GmbH	USD	0.27	0.83	2.45	1.35	-	3.51	1.35	0.25	1.10	-
37	Tata Communications (Taiwan) Ltd.	USD	0.05	(0.53)	2.95	3.43	-	3.24	(0.10)	0.01	(0.11)	-
38	Tata Communications (Japan) KK	USD	21.73	6.46	517.77	489.58	-	151.43	16.21	10.57	5.64	-
39	Bit Gravity INC	USD	84.01	(51.89)	40.67	8.55	-	66.66	3.96	-	3.96	-
40	Tata communications(Puerto Rico)INC (Till 23 August 2013)	USD	0.00	0.00	-	-	-	-	1.11	-	1.11	-
41	TCNL 1 B.V.	USD	0.15	0.00	0.15	-	-	-	0.00	-	-	-
42	TCNL 2.B.V	USD	0.15	0.00	0.15	-	-	-	0.00	-	-	-
43	Tata Comunications (New Zealand) Limited	USD	0.00	0.04	1.17	1.13	-	1.14	0.11	0.04	0.07	-
44	Tata Comunications (Malaysia) Sdn Bhd	USD	0.00	(0.08)	3.30	3.38	-	3.85	0.01	0.08	(0.07)	-
45	Tata Communications (Thailand) Limited	USD	0.57	(0.01)	0.57	0.01	-	-	(0.01)	-	(0.01)	-

MR. SUBODH BHARGAVA
CHAIRMAN

Mr. Subodh Bhargava is a Mechanical Engineer from IIT (Roorkee). He has been the Group Chairman and Chief Executive Officer of Eicher Group of Companies. He is a former President of the Confederation of Indian Industries (CII), President of the Association of Indian Automobile Manufacturers and Vice President of the Tractor Manufacturers Association. He has been associated with various Central and State Government bodies and committees including as a member of the Technology Development Board, Insurance Tariff Advisory Committee and the Economic Development Board of the State of Rajasthan, Himachal Pradesh and Madhya Pradesh. He has been closely associated with various IIMs, IITs and other Management and Technical Institutions as also with a number of NGOs – was Member Board of Directors of IIT (Roorkee), IIM, Indore, IIM Lucknow, Entrepreneurship Development Institute, Ahmedabad, Foreign Trade Institute, Delhi, State Bank of India, Power Finance Corporation etc. Presently, Member of the Board of Governors of IIM, Kashipur & XLRI Jamshedpur.

He is currently the Chairman of Tata Communications Limited, TRF Limited, GlaxoSmithKline Healthcare Limited and Director on the Boards of several companies including Tata Motors Ltd , Tata Steel Ltd., Larsen &Tubro Ltd, Tata Communications International Pte. Ltd., SunBorne Energy LLC. Mr. Bhargava, is the recipient of the 1st Distinguished Alumnus Award in 2005 by IIT, Roorkee; the "Gaurav Shri Award" from Agra University in 2011; "Best Independent Director 2011" by Asian Center for Corporate Governance & Sustainability & "Global India Business Leader of the Year–2013 by Horasis (The Global Visions Community) for excellence in entrepreneurship, innovation and leadership.

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 $96.79 billion Tata group of companies.

Mr. Vinod 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. Vinod Kumar was also appointed as a non-executive director on the Board of Tata Communications Limited in February 2007. In February 2011, Mr. Vinod Kumar was appointed as the Managing Director and Group CEO of Tata Communications Limited.

Mr. Vinod Kumar has been at the forefront of Tata Communications' transformation from a traditional connectivity services provider, largely in India, to a truly global services provider – offering a broad range of managed communication and collaboration services as well as IT infrastructure services, successfully transforming Tata Communications into a truly global organisation that delivers a new world of communications to its customers.

With over 20 years of experience in the global telecom industry, Mr. Vinod Kumar has an impressive track record in developing business strategies and creating fast growth organisations 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. Vinod 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. Vinod Kumar is Director of the Singapore 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. He is also the Chairman of its Finance Committee. Mr. Vinod Kumar is a member of the Singapore Ministry of Communications and Information Steering Committee and Chairman of the Ministry of Communications and Information Working Committee; Director of Human Capital Leadership Institute (HCLI) in Singapore and the National Arts Council (NAC) as well as a member of the NAC Human Resource Committee and Strategic Review Committee.

Mr. Vinod 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 28 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 (67) 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. and 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 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 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 spent his working career in Price Waterhouse/PricewaterhouseCoopers India and was the Chairman and Senior Partner of the Firm for seven years till his retirement in 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 Triveni Turbine Ltd.

Mr. Ganguli is a member of Audit Committees of Century Textiles and Industries Limited, Triveni Turbine Ltd and ICRA Ltd. He is chairman of the Audit Committee of HCL Technologies Ltd, New Delhi Television Ltd, Tata Communications Ltd and Maruti Suzuki India Ltd.

MR. S. RAMADORAI
DIRECTOR

Mr. Ramadorai has been in public service since February 2011. Currently he is Chairman of National Skill Development Agency (NSDA) in the rank of a Cabinet Minister. The NSDA is a newly formed autonomous body which will coordinate and harmonize the skill development efforts of the Government and the private sector to achieve the skilling targets of the nation. He is also Chairman of the National Skill Development Corporation (NSDC), a Public Private Partnership arm of the Government of India for creating large, for-profit vocational institutions. In February 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, however in June 2013 the Council was subsumed into the NSDA.

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 $ 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 US $ 13.4 billion for year ended 31 March, 2014, with an employee base of over 300,000 of the world's best trained IT consultants in 46 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.

Among his many interests, Mr. Ramadorai is also passionate about photography and Indian classical music.

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 1979 to 1981, he was a faculty at Washington State University and 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 and helped them to develop Telecom, Banking and Energy products for Indian Urban and Rural Markets. He is faculty incharge of IITM Research Park and IIT's Incubation Cell.

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.

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, IoT, 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 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 in telecom and certification of telecom equipment. He is also the Head of National Telecom Institute of Policy Research, Innovation and Training.

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. Financial Management, Human Resource Management and General Management are the areas of his functional expertise.

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, in accordance with the recommendations of the Sixth Pay Commission. His three year tenure as Deputy Director General (Licensing Finance), Department of Telecom, Govt. of India involved assessment of revenue to the tune of Rupees Two Lakh crore annually resulting in collection of Rs. 12,300/- crores (approx.) in the form of licence fee – the single largest contributor to the non-tax revenue of the Union. Mr Tiwari's current assignment is as Deputy Director General (FEB), 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. Besides, he is also the Chairman cum Managing Director (CMD) of M/s Hemisphere Properties India Limited, a PSU of Government of India. He was also selected for various prestigious assignments like Member (Finance), Land Ports Authority of India and Director, Delhi State Industrial and Infrastructure Development Corporation.

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. An avid sportsperson, he has won various awards in games like Athletics, Volleyball, Football, Badminton, Cricket and Tennis.

MR. BHARAT VASANI
DIRECTOR

Mr. Bharat Vasani (55) is a renowned corporate lawyer in India with international reputation. Presently, he is the General Counsel of the Tata Group, a position he has held since December 2000.

Mr. Vasani has over 3 decades of experience at a senior management level in successfully managing the in house legal departments of large corporations with international operations. He is reputed for having the most diverse corporate legal experience, ranging from complex Mergers and Acquisitions to handling high profile litigations, both civil and criminal.

Mr. Vasani has won several national and international awards for his contribution to the legal profession.

NOTES

TATA COMMUNICATIONS LIMITED

Corporate Identification No.(CIN) – L64200MH1986PLC039266
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

ATTENDANCE SLIP

(To be presented at the entrance)

28TH ANNUAL GENERAL MEETING ON MONDAY, AUGUST 4, 2014 AT 11.00 A.M.

at NSE Auditorium, Ground Floor, The National Stock Exchange of India Ltd., Exchange Plaza, Plot no. C/1, G Block, Bandra-Kurla Complex, Bandra (E), Mumbai - 400 051

Folio No. ______________________ DP ID No. ______________________ Client ID No. ______________________

Name of the Member____ Signature ______________________

Name of the Proxyholder____ Signature______________________

1. Only Member/Proxyholder can attend the Meeting.
2. Member/Proxyholder should bring his/her copy of the Annual Report for reference at the Meeting.

TATA COMMUNICATIONS LIMITED

Corporate Identification No.(CIN) – L64200MH1986PLC039266
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

PROXY FORM

(Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration) Rules, 2014)

Name of the Member(s) : ....

Registered address : ....

E-mail ID : ....

Folio No./Client ID No. : .... DP ID No. ....

I/We, being the member(s) holding .... Shares of **Tata Communications Limited**, hereby appoint

1. Name : .... E-mail ID : ....

   Address : ....

   .... Signature : ....

   or failing him

2. Name : .... E-mail ID : ....

   Address : ....

   .... Signature : ....

   or failing him

3. Name : .... E-mail ID : ....

   Address : ....

   .... Signature : ....

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the Twenty Eighth Annual General Meeting of the Company to be held on Monday, August 4, 2014 at 11.00 a.m. at NSE Auditorium, Ground Floor, The National Stock Exchange of India Ltd., Exchange Plaza, Plot no. C/1, G Block, Bandra-Kurla Complex, Bandra (E), Mumbai - 400 051 and at any adjournment thereof in respect of such resolutions as are indicated below:

1. Adoption of Audited Statement of Profit and Loss, Balance Sheet, Report of Board of Directors and Auditors for the year ended March 31, 2014.
2. Declaration of Dividend for the financial year 2013-14.
3. Re-appointment of Mr. Saurabh Tiwari as a Director.
4. Re-appointment of Mr. S. Ramadorai as a Director.
5. Appointment of Auditors for a term of three years (subject to ratification of their appointment at every AGM).
6. Appointment of Mr. Bharat Vasani as a Director.
7. Appointment of Mr. Subodh Bhargava as an Independent Director.
8. Appointment of Dr. Uday B. Desai as an Independent Director.
9. Ratification of Cost Auditor's Remuneration

Affix Revenue Stamp

Signed this .... day of 2014

Signature of shareholder.. Signature of Proxyholder(s)..

Notes : 1. This Form in order to be effective should be duly completed and deposited at the Registered Office of the Company at VSB, Mahatma Gandhi Road, Fort, Mumbai – 400 001, not less than 48 hours before the commencement of the Meeting

2. Those Members who have multiple folios with different jointholders may use copies of this Attendance slip/Proxy.

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 Hong Kong

United Kingdom

Tata Communications
(UK) Limited
1st Floor, 20 Old Bailey
London EC4M 7AN
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

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

© 2014 Tata Communications. All rights reserved. TATA COMMUNICATIONS and TATA are trademarks of Tata Sons Limited in certain countries.

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 centre 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.

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

© 2014 Tata Communications. All rights reserved. TATA COMMUNICATIONS and TATA are trademarks of Tata Sons Limited in certain countries.

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, 2014
Type of Audit observation	Un-qualified
Frequency of observation	Not Applicable

Refer our Audit Report dated 13 May, 2014 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, 13 May, 2014

For Tata Communications Limited

Amal Ganguli

Amal Ganguli
Chairman – Audit Committee

Vinod Kumar

Vinod Kumar
Managing Director & Group CEO

Sanjay Baweja

Sanjay Baweja
Chief Financial Officer

Mumbai, 13 May 2014

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, 2014
Type of Audit observation	Un-qualified
Frequency of observation	Not Applicable

Refer our Audit Report dated 13 May, 2014 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, 13 May, 2014

For Tata Communications Limited

Amal Ganguli

Amal Ganguli
Chairman – Audit Committee

Vinod Kumar
Managing Director & Group CEO

Sanjay Baweja

Sanjay Baweja
Chief Financial Officer

Mumbai, 13 May 2014