TATA

HQ/CS/CL.24B/16003
8 August 2016

Sir,

Sub: Annual Report 2015-16.

Pursuant to Regulation 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we hereby submit the Annual Report of Tata Communications Limited (the Company) for the financial year 2015-16, duly approved and adopted by the members of the Company as per the Companies Act, 2013 at the 30th Annual General Meeting of the Company held on Monday, August 01, 2016 at 1100 hours at NSE Auditorium, Ground Floor, The National Stock Exchange of India Limited, Exchange Plaza, Plot No. C/1, 'G' Block, Bandra-Kurla Complex, Bandra (East), Mumbai – 400 051.

The Annual Report is also uploaded on the website of the Company.

Thanking you,

Yours faithfully,
For Tata Communications Limited

Manish Sansi
Company Secretary &
General Counsel (India)

To:

1) The Stock Exchange, Mumbai. Fax No. (22) 22723121
2) The Asst. Manager (Listing), National Stock Exchange of India Limited.
Fax Nos.: (22) 2659 8237,238, 347,348

TATA COMMUNICATIONS

Tata Communications Limited

Address : G Block, C 21 & 36, Bandra Kurla Complex, Mumbai 400098
Regd. Office : VSB Mahatma Gandhi Road Fort Mumbai – 400 001
Tel 91 22 6659 1966 Fax 91 22 6725 1962 email : manish.sansi@tatacommunications.com
CIN no. : L64200MH1986PLC039266 web site: www.tatacommunications.com

TATA COMMUNICATIONS

TATA

A NEW WORLD OF COMMUNICATIONS™

ANNUAL REPORT 2016

TATA COMMUNICATIONS

BEING PART OF TATA COMMUNICATIONS IS BEING PART OF...

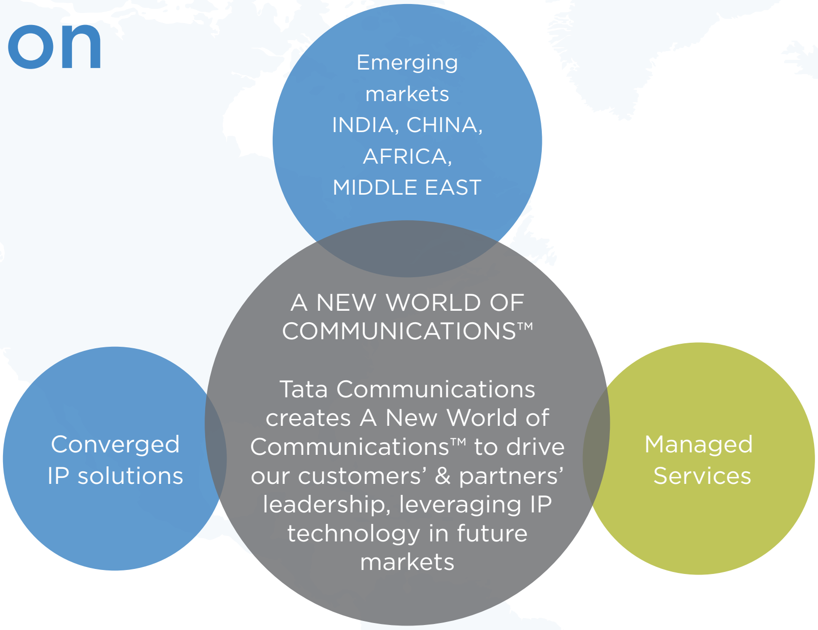
A global workforce

8,500
Employees

28
Nationalities

36
Average age

A global **vision**



A global **position**

#1 Enterprise data in India

#5 Global IP transit provider

#1 International wholesale voice provider

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

Tata Communications Limited

THIRTIETH ANNUAL REPORT 2015-16

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To support the 'Green Initiative', the Members who have not registered their email addresses are requested to register the same with their Depository Participants / TSR Darashaw Limited.

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
Dr. Ashok Jhunjhunwala
Dr. Uday B. Desai (Independent)
Mr. Saurabh Kumar Tiwari
Mr. Bharat Vasani
Ms. Renuka Ramnath(Independent)
Dr. Gopichand Katragadda

Mr. Manish Sansi	Company Secretary & General Counsel (India)
Ms. Pratibha K Advani	Chief Financial Officer

REGISTERED OFFICE

VSB, Mahatma Gandhi Road, Fort,Mumbai - 400 001,
Tel : +91 22 6657 8765, Fax : +9122 6725 1962,
Email : investor.relations@tatacommunications.com,
Website : www.tatacommunications.com.

CORPORATE OFFICE

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

BANKERS

ANZ Bank	ICICI Bank Ltd.
Axis Bank	Indian Bank
Bank of America	Indian Overseas Bank
Bank of Baroda	Indusind Bank Ltd.
BNP Paribas Bank	Kotak Mahindra Bank Ltd.
Citibank Inc.	Scotia Bank
Deustche Bank	Standard Chartered Bank
Development Bank of Singapore (DBS)	State Bank of India
Federal Bank	Syndicate Bank
HDFC Bank Ltd.	Yes Bank Ltd
Hongkong & Shanghai Banking Corporation (HSBC)	

FINANCIAL INSTITUTIONS

Cisco Capital
COFACE, France
Export Development Canada (EDC)
US EXIM

LEGAL ADVISORS

S&R Associates
Shardul Amarchand Mangaldas & Co
Mulla & Mulla and Craigie Blunt & Caroe
Khaitan & Co.

STATUTORY AUDITORS

S.B. Billimoria & Co., Chartered Accountants

REGISTRARS & TRANSFER AGENTS

TSR Darashaw Limited
6/10, Haji Moosa Patrawala Industrial Estate, 20, Dr. E. Moses Road,
Mahalaxmi, Mumbai – 400 011
Tel: (022) 6656 8484, Fax: (022) 6656 8494
E-mail: csg-unit@tsrdarashaw.com, Website: www.tsrdarashaw.com

NOTICE

NOTICE is hereby given that the 30th Annual General Meeting of Tata Communications Limited (the Company) will be held at 11:00 hours on Monday, August 1, 2016, 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:

    a. the Audited Standalone Financial Statements of the Company for the financial year ended March 31, 2016, together with the Reports of the Board of Directors and the Auditors thereon; and

    b. the Audited Consolidated Financial Statements of the Company for the financial year ended March 31, 2016 along with the Report of the Auditors thereon.

2. To declare a final dividend on Equity Shares for the financial year 2015-16.

3. To appoint a Director in place of Mr. Kishor Anant Chaukar (DIN: 0033830), 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. Saurabh Kumar Tiwari (DIN: 03606497), 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 modifications the following 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 (including any statutory modification(s) or re-enactment thereof for the time being in force), the Company hereby ratifies the appointment of M/s. S.B. Billimoria & Co., Chartered Accountants (Firm's Registration No. 101496W) as Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting (AGM) till the conclusion of the next and Thirty-First AGM of the Company, on such remuneration as may be mutually agreed upon between the Board of Directors and the Auditors."

Special Business

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

    "RESOLVED THAT subject to the provisions of Sections 196, 197, 198, 203 and other applicable provisions of the Companies Act, 2013 (Act) and the rules framed thereunder (including any statutory modification or re-enactment thereof) read with Schedule V of the Companies Act, 2013 and Article 66G of Articles of Association of the Company and subject to applicable regulatory approvals from the Government of India and all other applicable authorities, approval of the members of the Company be and is hereby accorded to re-appoint Mr. Vinod Kumar as Managing Director and Group CEO for a period of five years commencing from February 1, 2016 till January 31, 2021, as well as the payment of basic salary, perquisites, incentives and allowance (Remuneration), upon the terms and conditions as detailed in the explanatory statement attached hereto, with authority to the Board of Directors to alter and vary the terms and conditions of the said re-appointment and / or agreement in such manner as may be agreed to between the Board of Directors and Mr. Vinod Kumar subject to limits prescribed under the provisions of Schedule V or any amendment thereto for the time being in force."

    "RESOLVED FURTHER THAT where in any financial year during the tenure of Mr. Vinod Kumar as the Managing Director and Group CEO, the Company has no profits or the profits are inadequate, the Company shall, subject to the provisions of Sections 197, 198 and 203 of the Act, pay remuneration as mutually agreed between the Company and Mr. Vinod Kumar and specified in the explanatory statement."

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to take such steps as may be necessary to give effect to this resolution."

7. To consider and, if thought fit, to pass with or without modifications the following 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), Cost Auditor, Mr. Jugal Kishor Puri, Cost Accountant, appointed by the Board of Directors of the Company, to conduct the audit of the cost records of the Company for the financial year ending March 31, 2017, 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 authorized 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
Manish Sansi
Company Secretary
ACS-10985

Mumbai, May 27, 2016
CIN: #L64200MH1986PLC039266
Registered Office:
VSB, M.G. Road,
Fort, 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 7 of the Notice, is annexed hereto. The relevant details as required under Regulation 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, of persons seeking appointment/ re-appointment as Directors under Item Nos. 3, 4 and 6 of the Notice, is also annexed.

2. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING (THE MEETING/AGM) 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 not more than fifty members 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 but then such person shall not act as a proxy for any other person or shareholder.

3. Corporate members, intending to send their Authorized Representatives to attend the meeting are requested to send a certified copy of the Board resolution to the Company, authorizing such representative to attend and vote on their behalf at the meeting.

4. During the period beginning twenty-four hours before the time fixed for commencement of the meeting and ending with the conclusion of the meeting, a member entitled to vote at the meeting is entitled to inspect the proxies lodged, at any time during the business hours of the Company, provided that not less than three days of notice of such intention to inspect is given in writing to the Company.

5. The Register of Directors and Key Managerial Personnel and their shareholding, maintained under Section 170 of the Companies Act, 2013 and the Register of Contracts or Arrangements in which directors are interested, maintained under Section 189 of the Companies Act, 2013, will be available for inspection by the members at the AGM.

6. Register of members and transfer books of the Company shall remain closed from Monday, July 25, 2016 till Monday, August 1, 2016 (both days inclusive) for the purpose of ascertaining eligibility for dividend.

7. The final dividend as recommended by the Board of Directors, if approved at the Annual General Meeting, shall be paid on or after Friday, August 5, 2016 but not later than Tuesday August 30, 2016:

   (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 Saturday, July 23, 2016.

   (ii) in respect of shares held in electronic (dematerialized) 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 close of business hours on Saturday, July 23, 2016.

8. Members, Proxies and Authorized Representatives are requested to bring to the meeting, the Attendance Slip enclosed herewith, duly completed and signed, mentioning therein details of their DP ID and Client ID / Folio.

9. This may be taken as notice of declaration of dividend for 2015-16 in accordance with Article 93 of Articles of Association of the Company in respect of dividend for that year when declared.

10. Members holding shares in electronic (dematerialized) form are requested to intimate all changes pertaining to their bank details including bank account number, name of the bank and branch details, MICR Code and IFSC Code, nominations, power of attorney, change of address, change of name, e-mail address, contact numbers etc. to their Depository Participant (DP). Members holding shares in physical form are requested to intimate such changes to the Company's Registrar and Transfer Agents - M/s. TSR Darashaw Limited (TSRDL) at 6-10, Haji Moosa Patrawala Industrial Estate, Near Famous Studio, 20, Dr. E. Moses Road, Mahalaxmi, Mumbai - 400 011.

    The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in the securities market. Members holding shares in electronic form are therefore requested to submit their PAN to their depository participant(s). Members holding shares in physical form are requested to submit their PAN details to TSRDL.

11. As per Section 72 of the Companies Act, 2013, members are entitled to make nomination in respect of shares held by them. Members who have not yet registered their nomination are requested to register the same by submitting Form No. SH-13 which is available on the website of TSRDL http://www.tsrdarashaw.com (under "Downloads" section). Members holding shares in physical form may submit the same to TSRDL. Members holding shares in electronic form may submit the same to their respective depository participant.

12. Members seeking any information with regard to the accounts, are requested to write to the Company at an early date, so as to enable the Management to keep the information ready at the AGM.

13. Pursuant to the provisions of Section 205A and 205C 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 who have not encashed their dividend warrant(s) so far for the financial year ended 2008-2009 or any subsequent financial years are requested to lodge their claims with TSRDL. According to the provisions of the Companies Act, 1956, 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 Ministry of Corporate Affairs on May 10, 2012 notified the Investor Education and Protection Fund (Uploading of information regarding Unpaid and Unclaimed amounts lying with Companies Rules, 2012 (IEPF Rules) which are applicable to the Company. The objective of the IEPF Rules is to help shareholders ascertain the status of unclaimed amounts. In terms of the IEPF Rules, the Company has uploaded the information in respect of the

Unclaimed Dividends as on the date of the last AGM i.e. September 29, 2015, on the website of IEPF viz. www.iepf.gov.in and under "Investor Relations" section on the website of the Company.

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 are given in the table below.

Date of AGM	Balance as on March 31, 2016 (₹)	Dividend for the year	Date of Transfer to Investor Education & Protection Fund
August 07, 2009	5,50,813.50	2008-09	September 08, 2016
August 06, 2010	Not Applicable	2009-10	Not Applicable
October 11, 2011	4,14,676.00	2010-11	November 12, 2018
July 27, 2012	4,50,864.00	2011-12	August 28, 2019
July 26, 2013	6,57,330.00	2012-13	August 27, 2020
August 04, 2014	8,04,496.50	2013-14	August 05, 2021
September 29, 2015	11,27,901.50	2014-15	September 30, 2022
Total	**40,06081.50**		

14. The Notice of the AGM along with the Annual Report 2015-16 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. Members may note that this Notice and the Annual Report 2015-16 will also be available on the Company's website viz. www.tatacommunications.com.

15. To support the 'Green Initiative', the Members who have not registered their e-mail addresses are requested to register the same with their Depository Participants / TSRDL.

16. The route map showing directions to reach the venue of the 30th AGM is available on the reverse of the attendence slip.

17. Voting through electronic means

In compliance with the provisions of Section 108 of the Companies Act, 2013 and the Rules framed thereunder and Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, the Members are provided with the facility to cast their vote electronically, through the e-voting services, on all resolutions set forth in this Notice. The facility of casting votes by members using an electronic voting system from a place other than the venue of the AGM (remote e-voting) will be provided by NSDL.

The facility for voting electronically or through ballot paper will also be made available at the AGM and members attending the AGM, who have not already cast their votes by remote e-voting shall be able to exercise their right at the AGM. Members who have cast their votes by remote e-voting prior to the AGM may attend the AGM but shall not be entitled to cast their votes again.

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 / PIN for remote 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 remote e-voting, then you can use your existing user ID and password / PIN for casting your vote.

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

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

vii. Select "EVEN" (E-Voting Event Number) of Tata Communications Limited which is **104236**. Now you are ready for e-voting as Cast Vote page opens.

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

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

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

xi. 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.

xii. In case of any queries, you may refer the Frequently Asked Questions (FAQs) - Shareholders and remote e-voting user manual - Shareholders, available at the downloads section of www.evoting.nsdl.com or call on toll free no.: 1800-222-990.

B. In case a Member receives physical copy of the Notice of AGM (for members whose email IDs are not registered with the Company / Depositories or members who request for a physical copy):

i. Initial password is provided in the enclosed attendance slip: EVEN (E-voting Event Number) + USER ID and PASSWORD

ii. Please follow all steps from Sl. No. 17A (i) to (xii) above, to cast vote.

C. Other Instructions

i. The e-voting period commences on Friday, July 29, 2016 (9.00 a.m. IST) and ends on Sunday, July 31, 2016 (5.00 p.m. IST). During this period, Members holding shares either in physical form or in dematerialized form, as on Monday July 25, 2016 i.e. cut-off date, 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 / she shall not be allowed to change it subsequently or cast vote again.

ii. The voting rights of Members shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date. A person, whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on the cut-off date only shall be entitled to avail the facility of remote e-Voting as well as voting at the meeting through electronic voting system or ballot.

iii. Any person, who acquires shares of the Company and becomes a member of the Company after dispatch of the Notice and holding shares as of the cut-off date, may obtain the login ID and password by sending a request at evoting@nsdl.co.in. However, if you are already registered with NSDL for remote e-voting then you can use your existing user ID and password for casting your vote. If you forget your password, you can reset your password by using "Forgot User Details / Password" option available on www.evoting.nsdl.com or contact NSDL at the following toll free number: 1800-222-990.

iv. Mr. Mehul Shah, Advocate, Khaitan & Co., has been appointed as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.

v. The Scrutinizer shall, immediately after the conclusion of voting at the general meeting, count the votes cast at the meeting, thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and make, not later than three days of conclusion of the meeting, a consolidated Scrutinizer's report of the total votes cast in favour or against, if any, to the Chairman or a person authorized by him in writing who shall countersign the same.

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 immediately after the result is declared. The Company shall simultaneously forward the results to BSE Limited (BSE) and National Stock Exchange of India Limited (NSE), where the shares of the Company are listed.

Annexure to the Notice dated May 27, 2016

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

In respect of Item No. 5

This statement is provided though strictly not required as per Section 102 of the Act.

At the 28th Annual General Meeting of the Company held on August 04, 2014, the shareholders had appointed M/s. S.B. Billimoria & Co., Chartered Accountants (Firm Registration No. 101496W) as the statutory auditors of the Company to hold office from the conclusion of the 28th Annual General Meeting till the conclusion of the 31st Annual General Meeting to be held in the year 2017. As per provisions of Section 139(1) of the Act, their appointment for the above tenure is subject to ratification by Members at every AGM.

In view of the above, and M/s. S.B. Billimoria & Co., being eligible for re-appointment, it is proposed that the Members may ratify the appointment of M/s. S.B. Billimoria & Co. as Statutory Auditors from the conclusion of this AGM till the conclusion of the next AGM.

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

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

In respect of Item No. 6

Members of the Company in the Annual General Meeting held on October 11, 2011 had approved the appointment of Mr. Vinod Kumar as Managing Director of the Company for the period of five years commencing from February 1, 2011. His tenure as Managing Director of the Company was due to end on January 31, 2016 and hence, the Board in its meeting held on October 27, 2015 re-appointed him as Managing Director and Group CEO for a term of five years with effect from February 01, 2016 up to January 31, 2021, subject to shareholders approval and applicable regulatory approvals from the Government of India and all other statutory authorities. The approval of Government of India is required since Mr. Vinod Kumar is not a resident of India. The Company has filed an application with Government of India seeking their approval on April 28, 2016.

The main terms and conditions of the agreement dated February 3, 2016 with Mr. Vinod Kumar are given as below and same may also be read and treated as disclosure in compliance with the requirements of Section 190 of the Companies Act, 2013:

1) Appointment as Managing Director & Group CEO :

a. This appointment is effective from February 1, 2016 and the period of appointment will be for a period of five years, i.e. till January 31, 2021, unless otherwise decided by the Board of Directors.

b. This appointment shall also be subject to all such approvals as may be required including and subject to the consent of the members and shareholders of the Company by way of postal ballot or at a general meeting and subject to the applicable regulatory approvals from the Government of India and all other applicable authorities and pursuant to provisions of Article 66G of the Articles of Association and pursuant to Section 197, 198 and 203 and Schedule V and other applicable provisions, if any, of the Companies Act 2013, (including any statutory modifications or re-enactment(s) thereof, for the time being in force).

2) Remuneration:

a. The Managing Director & Group CEO shall be governed by such terms and conditions as applicable to the Tata Group managing directors.

b. Subject to the sectoral percentage limits and the overall limit as laid down by the Companies Act 2013 and also subject to the approval of the members in a General Meeting, the Company shall, in consideration of his services to the Company, pay to the Managing Director & Group CEO during the continuance of this agreement the following remuneration:

Salary Component	**In ₹ Per year**
Basic *	75,17,090
Allowances*	1,22,91,209
PF* (Employer) @12% of Basic (as applicable on date)	9,02,051
Total Pay	**2,07,10,350**
Variable Pay (100% of Fixed pay)**	**2,07,10,350**
Total CTC	**4,14,20,700**

* Payable Monthly
** Payable Annually after due assessment

c. Term: Five years commencing from February 1, 2016 till January 31, 2021. The remuneration to be reviewed and re-fixed on such intervals as may be recommended by the Nomination and Remuneration Committee and approved by the Board.

d. The Total Pay (Basic plus allowances plus PF Company Contribution plus Variable) would be subject to the overall ceilings stipulated in the Companies Act, 2013.

e. The remuneration will be subject to deduction on account of employee’s contribution to PF, tax and any other statutory deductions that may apply from time to time.

3) Perquisites and Allowances:

a. Residential accommodation: The Company shall provide suitable accommodation to Mr. Vinod Kumar as required. The perquisite value of the accommodation if provided by the Company will be calculated as per the Income Tax Rules.

b. The Allowance component will include the following: furnishing; leave travel concession for self, wife and dependent children; normal medical reimbursement for self, wife and dependent children.

c. The Company will pay fees of a maximum of two clubs. This will not include life membership fees.

d. Payment of premium for appropriate medical insurance for hospitalization for self, wife and dependent children, provision of Company car for official duties and provision of telephone at residence and cell phone (including payment for local calls and long distance official calls) shall not be included in the computation of perquisites for the purpose of calculating the ceiling mentioned in para above.

e. The Company's contribution to gratuity payable as per the rules of the Company and encashment of leave at the end of the tenure accumulated as per the Company's Rules shall not be included in the computation of the limit referred to in table above.

f. Minimum Remuneration - Notwithstanding anything to the contrary herein contained, where in any financial year during the currency of his tenure, the Company has no profits or the profits are inadequate, the Company shall (subject to approval of the Central Government as required) pay Basic Salary and Other Allowances as specified above and Variable Pay as may be decided by the Company within the limit prescribed in the Table above.

4) Other Terms and Conditions:

a. The terms and conditions of the appointment may be varied / enhanced from time to time by the Board of Directors as it may in its discretion deem fit within the maximum amounts payable to the Managing Director & Group CEO as per the Companies Act, 2013.

b. The Managing Director & Group CEO shall, subject to the supervision and control of the Board of Directors, be entrusted with such powers and perform such duties as may, from time to time, be delegated/entrusted to him.

c. The Managing Director & Group CEO is appointed by virtue of his employment in the Company and the same is subject to the provisions of the Companies Act, 2013. If, at any time, he ceases to be a Director of the Company for any reason whatsoever, his appointment as Managing Director & Group CEO shall stand terminated forthwith. Further, if his appointment as the Managing Director & Group CEO ceases for any reason whatsoever, his appointment as a Director of the Company shall also stand terminated forthwith.

d. The Managing Director & Group CEO shall undertake that he shall adhere to the Tata Code of Conduct, a copy of which is delivered to and perused by the Managing Director & Group CEO, to its letter and spirit which he declares having read and understood by him.

5) Sitting Fees - The Managing Director & Group CEO shall not be entitled to receive any sitting fees for attending the meeting/s of the Board of Directors of the Company or any of its subsidiaries or any committee/s thereof from the date of his appointment.

6) Termination of employment

a. The Managing Director and Group CEO may terminate this Agreement for convenience by giving to the Company an advance six months' written termination notice (Termination Notice Period).

b. The Company may terminate this Agreement by giving to the Managing Director and Group CEO an advance six months' written termination notice or basic salary in lieu of Termination.

Except Mr. Vinod Kumar and his relatives, none of the Directors and Key Managerial Personnel of the Company and their relatives are concerned or interested, financially or otherwise in this resolution set out at Item No. 6.

In respect of Item No. 7

The Board, on the recommendation of the Audit Committee, has approved the appointment and remuneration of Mr. Jugal Kishor Puri, Cost Accountant, as Cost Auditor to conduct the audit of the cost records of the Company for the financial year ending 31 March 2017. Accordingly, under the authority from the Board of Directors, the remuneration of the Cost Auditor 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 Auditor has to be ratified by the shareholders of the Company. Accordingly, the resolution at Item No. 7 is placed before the shareholders for ratification.

None of the Directors and Key Managerial Personnel (KMP) or relatives of directors and KMPs are concerned or interested in the Resolution at Item No. 7 of the accompanying Notice.

The Board commends the Ordinary Resolution set out at Item No. 7 of the Notice for approval by the members.

By Order of the Board of Directors
Manish Sansi
Company Secretary
ACS-10985

Mumbai May 27, 2016
CIN: #L64200MH1986PLC039266
Registered Office:
VSB, M.G. Road,
Fort, Mumbai - 400 001.

Details of Directors Seeking Appointment / Re-Appointment at the 30th Annual General Meeting

Particulars	Mr. Kishor Anant Chaukar	Mr. Saurabh Kumar Tiwari	Mr. Vinod Kumar
Date of Birth	01-08-1947	30-09-1967	14-12-1965
Age	69 years	49 years	51 years
Date of Appointment	01-07-2002	09-08-2011	01-02-2011
Qualifications	BA (Eco) - Karnataka University, PGDBA (Indian Institute of Management, Ahmedabad), DEA - Rural Economics - University of Dijon, France.	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.	Honours in Electrical and Electronic Engineering from the Birla Institute of Technology and Science in India
Expertise in Specific Functional Area	General Management	Financial & General Management	General Management
Directorships held in other Public Companies (excluding foreign, private companies and Section 8 companies)	1. Tata Investment Corporation Limited 2. Tata Petrodyne Limited 3. Praj Industries Limited 4. Tata AIA Life Insurance Company Limited 5. Tata Trustee Company Limited 6. Tata Teleservices (Maharashtra) Limited 7. Kirloskar Brothers Limited	Hemisphere Properties India Limited	Nil
Memberships/Chairmanships of Committees in other Public Companies (includes only Audit Committee and Stakeholders Relationship Committee)	1. Tata Investment Corporation Limited - Member of Stakeholders Relationship Committee 2. Tata Petrodyne Limited - Member of Audit Committee 3. Tata Trustee Company Limited - Member of Audit Committee 4. Kirloskar Brothers Limited- Chairman of Stakeholders Relationship Committee	Nil	Nil
Shareholding In Tata Communications Limited	Nil	Nil	Nil
DIN number	00033830	03606497	01204665

Notes:

1. Detailed résumé of each Director is appended at the end of the Annual Report.
2. Other details such as number of meetings of the board attended during the year, remuneration drawn and relationship with other directors and key managerial personnel are provided in the Report of Corporate Governance.

DIRECTORS' REPORT

Dear Shareholders,

The directors present the 30th Annual Report and audited financial statements of Tata Communications Limited (the Company) for the financial year ended March 31, 2016. The Company along with its subsidiaries wherever required is referred as 'we' or 'Tata Communications Group'.

PERFORMANCE

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

	2015-16 (₹ in Crores)	2014-15 **(₹ in Crores)**	**Percentage Change**
Consolidated total income	20,818.66	20,309.80	2.51
Consolidated EBIDTA	3,084.20	2,994.05	3.01
Profit before taxes from operations	45.97	373.41	(87.69)
Standalone total income	4,974.87	4,989.88	(0.30)
Standalone Profit before tax	315.24	1,003.27	(68.58)
Standalone Profit after tax	113.20	674.62	(83.22)

The consolidated profit after tax of ₹(211.84) crores for the year 2015-16 is against a consolidated profit after tax of ₹1.29 crores in the previous year. Out of the total consolidated revenue, 27 % (24% in FY 14-15) came from India and the rest of the world contributed 73% (76 % in FY 14-15).

Dividend

The directors are pleased to recommend a dividend of ₹4.30 per share for the financial year ended 31 March 2016 (₹5.50 per share dividend in FY14-15), subject to the approval of the shareholders at the ensuing annual general meeting. The above rate of dividend is in accordance with what can be paid under the Companies Act, 2013 (Act) and the rules made thereunder considering the profits available for distribution and the reserves of the Company.

Transfer to Reserves

On a standalone basis, the Company proposes to transfer NIL amount to the general reserve out of the amount available for appropriation and the balance in the surplus in the statement of profit and loss stood at ₹1,693.97 crores as on March 31, 2016.

OPERATIONS

Voice

We continue to be one of the largest players worldwide in the voice business. The margins in this business continued to decline due to shift in traffic to VoIP based calling. During the year under review, total voice traffic declined by 12% over the previous year, EBITDA margins by 1.2% and EBITDA by 24%. Developing innovative commercial offerings and optimizing costs to maintain free cash flow generation remains the focus for this business.

Data

In the data services, we are the industry leaders in India and an emerging global challenger globally. We have made significant capital expenditure in 'Data' business to create a global infrastructure and a suite of growth products. Our ongoing focus and investment in brand, sales and marketing to scale up the global enterprise business have increased recognition for the Tata Communications Group in the market place. Over the years, the Company has moved from being 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. The data business has continued its robust momentum with revenues growing 17.9% during 2015-16. During the year, the Tata Communications Group launched the IZO™ Private Cloud service to bring to CIOs unprecedented control over their public and private clouds and entire data centre sphere. The new service, unveiled at Cloud Expo Asia, is the largest addition to our game changing IZO™ cloud enablement platform, and will empower enterprises to connect to the world's biggest cloud and to build a truly hybrid, high-performance IT infrastructure, where different cloud, co-location and managed hosting environments work together as one. The Tata Communications Group has also been strengthening its unified communications services portfolio encompassing all forms of communications, as well as its industry solutions for the media and entertainment sector and the banking & financial services sector. Our strategy of expanding into managed services continues to pay off, as these services now contribute 38% to the data services segment (36 % in FY14-15).

Segment Distribution

As explained above, we have been successful in our goal of diversifying revenues, to tap new opportunities and reduce any risks of an overtly concentrated portfolio. Our revenues are now broadly diversified across data and voice products. Taking advantage of the growing data market the Tata Communications Group has focused also on new segments such as media and entertainment, financial services, health care, etc. During 2015-16, consolidated revenue from operations from voice services contributed 40% (45% in FY14-15) of total revenue and data services contributed 49% (43% in FY14-15). This is discussed in detail in the Management Discussion & Analysis, which forms a part of this report.

HUMAN RESOURCES

Tata Communications Group has multicultural workforce, of which women constitute 18.7% employees. Tata Communications Group's compensation and employee benefit practices are designed to be competitive in the respective geographies where it operates. Employee relations continue to be harmonious at all our locations. The number of training person days provided to employees increased by 12% over the previous year.

The Tata Communications Group has zero tolerance for sexual harassment and the Company has adopted a charter on prevention, prohibition and redressal of sexual harassment in line with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the rules made thereunder. During the financial year 2015-16, the Company received two complaints on sexual harassment. As on March 31, 2016, both the complaints were disposed of with appropriate action and no complaint remained pending.

BUSINESS EXCELLENCE

The Tata Communications Group has adopted the Tata Business Excellence Model (TBEM), which is formulated on the lines of Baldrige Excellence Framework, to enable the Tata Communications Group to improve performance and attain higher levels of efficiency in its businesses. The Company has been classified as an "Emerging Industry Leader" following a rigorous assessment conducted by Tata Business Excellence Group (a division of Tata Sons) and continues to use the framework as part of its business excellence journey.

ENTERPRISE RISK MANAGEMENT

The Company has established an enterprise-wide risk management (ERM) framework to optimize the identification and management of risks globally and to comply with provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. In line with the Company's commitment to delivering sustainable value, this framework aims to provide an integrated and organized approach for evaluating and managing risks.

There are no elements of risk, which in the opinion of the Board may threaten the existence of the Company.

RISK-BASED INTERNAL AUDIT

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

CORPORATE MATTERS

Subsidiary Companies

a) The Company had 43 subsidiaries as on March 31, 2016 and two associate companies within the meaning of Section 2(6) of the Companies Act, 2013 (Act). There has been no material change in the nature of the business of the subsidiaries and associate companies.

   Pursuant to the provisions of Section 129(3) of the Act, a statement containing salient features of the financial statements of the Company's subsidiaries in Form AOC-1 is attached to the financial statements.

Pursuant to the provisions of section 136 of the Act and General Circular no 11/ 2015 dated July 21, 2015 issued by the Ministry of Corporate Affairs, the financial statements of the Company, consolidated financial statements along with relevant documents and separate accounts in respect of subsidiaries, are available on the website of the Company.

b) During the year under review, the Company acquired 100% stake in Wirefree Internet Services Private Limited after which its name was changed to Tata Communications Collaboration Services Private Limited. This company holds Audiotex licenses in Mumbai, Delhi, Chennai and Bangalore issued by the Department of Telecommunications, Government of India. Audiotex is a location based license which allows the licensee to offer audio conferencing services.

c) As was reported last year, the shareholders of Neotel and Vodacom SA had concluded an agreement to acquire 100% of the shares of Neotel which was not pursued. Subsequently, Neotel and Vodacom SA had concluded a modified restructured transaction agreement which was submitted to the Competition Tribunal (Tribunal) of South Africa. In March 2016, the parties confirmed that the restructured agreement had lapsed due to regulatory complexities and the uncertainty in concluding the transaction as well as certain conditions could not be fulfilled. Accordingly, the parties agreed that the proposed restructured transaction could no longer be progressed. The Company is exploring other alternatives in this regard.

d) In May 2016, the Company and Singapore Technologies Telemedia (ST Telemedia), a strategic global investor focused on the communications, media and technology sectors, have entered into definitive agreements whereby ST Telemedia, through ST Telemedia Global Data Centres, will upon closing of the transaction acquire a 74% majority stake in company's data centre business in India and Singapore. The Company will remain a significant shareholder, holding the remaining 26% stake in the businesses. Both parties will work in partnership to ensure service continuity for customers and employee engagement.

Registrar & Transfer Agent

Sharepro Services India Pvt. Limited (Sharepro) has been the registrar and transfer agents of the Company for both its equity and debt securities. The Securities and Exchange Board of India (SEBI) is conducting an investigation into the activities of Sharepro. Vide an interim order dated March 22, 2016, SEBI has cited serious irregularities in the conduct and activities of Sharepro with specific reference to payment of dividend to shareholders and transfer of securities. SEBI, vide the aforementioned order, has directed all companies who are clients of Sharepro to conduct a thorough audit of their records and systems as maintained by Sharepro and to submit a report to SEBI within three months from the date of the order. SEBI has further instructed companies to switchover all registrar and share transfer related activities being performed by Sharepro to another registrar and share transfer agent.

In compliance with the directions issued by SEBI, the Company has appointed an independent agency to conduct the audit and investigation of Sharepro's activities and submit a report which is underway.

The Company proposes to appoint TSR Darashaw Limited as the Registrar and Share Transfer Agent of the Company for securities related activities (debt and equity) in place of Sharepro w.e.f June 1, 2016.

Investment in Tata Teleservices Limited

In 2008-09, NTT DoCoMo Inc (Docomo) entered into an Agreement with Tata Teleservices Ltd (TTSL) and Tata Sons Limited (Tata Sons) to acquire 20% of the equity share capital of TTSL under the primary issue and 6% under the secondary sale from Tata Sons. In terms of the agreements with Docomo, Tata Sons, inter alia, agreed to provide various indemnities and a sale option entitling Docomo to sell its entire shareholding in 2014 at a minimum pre-determined price of ₹58.05 per share if certain performance parameters were not met by TTSL. The minimum pre-determined price represented 50% of the acquisition price of 2008-09. The agreements are governed by Indian law.

An Inter se agreement dated 25 March 2009, was executed by the Company with Tata Sons and other selling shareholders, including the Company. The Company sold 36,542,378 equity shares of TTSL to Docomo at ₹116.09 per share, resulting in a profit of ₹346.65 crores.

Tata Sons has informed the Company that:

i) Docomo had exercised the sale option in July 2014 and has called upon Tata Sons to acquire its entire shareholding in TTSL at the pre-determined price of ₹58.05 per share.

ii) The Reserve Bank of India has not permitted acquisition of the shares at the pre-determined price and has advised that the acquisition can only be made at fair market value (FMV) prevailing at the time of the acquisition. Tata Sons has conveyed to Docomo its willingness to acquire the shares at the FMV, however, Docomo reiterated its position that the shares be acquired at ₹58.05 per share.

iii) Docomo has initiated arbitration in the matter before the LCIA, London. The evidentiary hearing has been completed on May 6, 2016. The arbitral award is awaited.

iv) The liability, if any, to the extent of the difference between the amount sought by Docomo and the fair market value is dependent upon the outcome of the Arbitration and prevailing FEMA Regulations.

The Company is required to acquire shares, in the range of 158,350,304 to 180,280,389 of Tata Teleservices Limited in accordance with the terms of the inter-se agreement."

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

Compliance under the Companies Act, 2013 (Act) and additional SEBI stipulations

As on the date of this report, the Board comprised of ten directors out of whom three were independent. As reported to stock exchanges, in February 2002, when the Government of India (GoI) transferred 25% of its stake in the Company to the strategic partner, a shareholders agreement and a share purchase agreement were signed. The said agreements, inter alia, sets forth the rights and obligations of the Strategic Partner and the GoI including appointment of directors on the Board of the Company. The relevant clauses from the agreements were incorporated in the articles of association of the Company as per which the Board is to comprise of 12 directors, four of whom must be independent. The GoI and the Strategic Partner are entitled to suggest two independent directors each. The GoI has been in the process of suggesting the name of the other independent director. The Company and the Board have been vigorously pursuing with the GoI to suggest the name for appointment as independent director so as to fill in this vacancy. Until the recommendation is received from the GoI enabling the nomination and remuneration committee and the Board to appoint one more independent director, the Company will not be able to comply with provision of Section 149 (4) of Companies Act, 2013 and Regulation 17 (1) (b) of SEBI (Listing Obligations and Disclosure Requirements Regulations), 2015.

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 (SP) at the time of disinvestment, it was agreed that certain land parcels identified as surplus 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 observations of the Board. The Board/ management have been exploring other alternatives also with the GoI and SP.

In response to Company's request for consideration of additional equity funding , the GoI has informed the Company that it is neither willing to invest in any further equity of the Company nor will it accept dilution of its stake in the Company. This has resulted in the Company not being able to avail of any non-debt funding through issue of equity since 1997.

The Company has been regularly following up the matter with the GoI at the highest levels including the Prime Minister's Office and the senior officials/ministers of the concerned ministries and has also addressed several communications and held several meetings with both GoI and SP highlighting the urgency for resolution. To accomplish demerger of surplus land in accordance with such scheme of demerger, the SP incorporated 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 making it a Government company.

Out of the total land purchased by the Company (then Videsh Sanchar Nigam Limited) in 1986 from the Government of India as the successor of Overseas Communications Service, 773.13 acres of land at different locations was identified as 'surplus' for demerger as per the SHA.

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.

As mentioned below in this Report, Delhi Metro Rail Corporation Limited (DMRC) has acquired ~2.6. acres of land for the Delhi Metro work , out of which ~21% (i.e. ~0.55 acres) falls within surplus land.

The Company owns at Dighi, Kalas and other villages near Pune ~774 acre of land. Out of this land (Pune Land), ~524 acres were identified as surplus as per the SHA. In 1940, approx. 94 acres out of Pune land were given to the Ministry of Defence on lease for duration of the war, part of which land could fall within the land identified as surplus. As then agreed, Defence had been paying annual rent for occupying this land till 31 March 2006. The Company has been following up with the Ministry of Defence for release of rent due, since 1 April 2006. On 31 July 2010 the said Ministry informed that the land in their possession was transferred to Defence in 2007 by the Collector of Pune and therefore rent cannot be paid. Defence claims that the land was transferred under "Pune Package Deal" by the Government and no compensation is payable. The Company continues to pursue the matter with the Ministry of Defence for compensation.

In view of the above, the quantum of Surplus Land available for demerger has reduced. The book value of the Surplus Land is ~₹0.16 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 measuring ~11622 square meters (~2.6 acres) also includes ~21% (~0.55 acres) surplus land. On 2 January 2014, the Company received an 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 the 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 the Delhi High Court. 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 square meters. 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 as per its 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

Material Events After Balance-Sheet Date

There have been no material changes and commitments affecting the financial position of the Company which have occurred between the end of the financial year 2015-16 and the date of this report except as below:

a) Definitive agreements have been entered in to *inter alia* by the Company and Singapore Technologies Telemedia (ST Telemedia) on May 18, 2016 vide which upon closing ST Telemedia will acquire 74% majority stake in the Tata Communications Group's data centre businesses in India and Singapore for an estimated 100% enterprise value of INR 3130 crores and SGD 23.24 crores.

b) The Company has acquired 5% stake in Smart ICT Services Private Limited making it an associate of the company.

Deposits from Public

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

Non-convertible Debentures (NCDs)

The Company had ₹155 Crores of outstanding NCDs as on March 31, 2016. 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 30th annual general meeting.

The Company redeemed ₹55 crores of long term secured debentures during the year 2015-16. All debentures issued by the Company were rated AA+ by CARE.

Particulars of Employees

The provisions of Section 134 of the Act and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, require the Company to provide certain details about the remuneration of the employees. According to the provisions of section 136(1) of the Act, the Directors' Report being sent to the shareholders need not include this information as an annexure. The annexure regarding the particulars of employees under section 134 of the Act and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, 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.

Conservation of Energy

To achieve optimal energy efficiency, we aim to employ continuous measurement of energy consumption, identify leakages and review our operating procedures. Our facilities / sites are designed to connect utilities such as chillers, un-interrupted power supply (UPS) air handling units (AHUs) to a customer's building management system (BMS) for maximizing efficiency and sourcing Renewable Energy (RE) from third party sources. We implemented several energy efficiency projects in 2015-16 across our operations, which further reduced our global emissions by 50,223 metric tons (India: 49,705; international: 517 metric tons).

Our key projects include - wind power sourcing for Chennai, Ambattur-Chennai, KIADB-Bangalore, Sanjaynagar-Bangalore facilities, solar power sourcing for Hyderabad facility, setting up on-site solar power plants at Dighi-Pune, Ambattur-Chennai, and GK-1, Delhi (total capacity of all three plants is 3.6MW). For our Bangalore operations, 70% of the total energy requirement comes from wind energy. Wind energy also supports 64% of the requirements of our Chennai operations.

Technology Absorption

The Company continues to use the latest technologies for improving the productivity and quality of its services and products. The Company's operations do not require significant import of technology.

Foreign exchange earnings and Outgo

For the purpose of Form 'C' under the said rules, foreign exchange earning was equivalent to ₹768.66 crores and foreign exchange outgo was equivalent to ₹511.73 crores.

Statutory Auditor's Report

The consolidated financial statements of the Company have been prepared in accordance with Accounting Standard 21 on Consolidated Financial Statements, Accounting Standard 23 on Accounting of Investments in Associates and Accounting Standard 27 on Financial Reporting of Interest in Joint Ventures, issued by the Council of the Institute of Chartered Accountants of India.

The auditors have given a qualified opinion on the consolidated financial statements of the Company, as listed below:

"We draw attention to the following matter:

> In the case of a subsidiary not audited by us, as referred to in Note 6 of the Statement, pending ultimate resolution of certain matters resulting from certain transactions undertaken by such subsidiary in the previous year, we are unable to determine whether any adjustment may be necessary to the consolidated financial results."

Note 6:

"Based on the information provided to the Company by the Neotel Board, the matter resulting from certain transactions undertaken by Neotel during the previous year has been referred to the appropriate authorities. Based on the current facts, the Company is of the view that this matter will not have a material adverse impact on its consolidated financial results. Pending ultimate resolutions of this matter, the statutory auditors report on the consolidated financial results for the year ended March 31, 2016, contains a qualification in this respect expressing their inability to determine whether any adjustment may be necessary to the consolidated financial results."

Board's Comment:

Based on the information provided to the Company from the Neotel Board, the Company understands that the matters identified by the statutory auditors have been referred to the appropriate authorities in South Africa and that, to the best of their knowledge, no investigation is currently ongoing with respect to this matter. As such, based on the current facts known to management, the Company believes that this matter will not have a material adverse effect on its business, financial condition, results of operations or cash flow of the Company.

The statutory auditors have not reported any incident of fraud to the Audit Committee of the Company in the year under review.

Secretarial Auditors' Report

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed Mr. U. C. Shukla a Practicing Company Secretary (FCS No- 2727/CP No-1654) to undertake the Secretarial Audit of the Company. The report of the Secretarial Audit in Form MR 3 for the financial year ended March 31, 2016 is annexed to the report. There are no qualifications, reservations or adverse remarks made by secretarial auditor in his report.

Particulars of loans, guarantees and investments under Section 186

The particulars of loans, guarantees and investments have been disclosed in the financial statements which also form part of this report.

Significant and material orders passed by the regulators or courts or tribunals impacting the going concern status and Company's operations in future

During the year under review, there were no significant and material orders passed by the regulators or courts or tribunals impacting the going concern status and the Company's operations in future.

Financial Controls

The Company has adequate internal financial controls with reference to the preparation and presentation of financial statements which are operating effectively.

Subsidiaries

A statement in Form AOC-I pursuant to first proviso to Section 129 of the Act read with rule 5 of Companies (Accounts) Rules, 2014 containing salient features of the financial statement of subsidiaries/ associate companies/ joint ventures forms a part of this 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.

Changes in the Board of Directors and Key Managerial Personnel

Mr. Ajay Kumar Mittal stepped down from the Board with effect from November 30, 2015. The Board places on record its sincere appreciation for his contributions and guidance to the Company. The Company has received nomination from the Government of India for appointment of Mr. G. Narendra Nath, Deputy Director General (Security), Department of Telecommunications, for appointment as director on the Board of the Company in place of Mr. Mittal. As per the TV uplinking permission that the Company has from the Ministry of Information and Broadcasting, Government of India (I&B Ministry), it is obligatory on the part of the Company to take prior permission from the I&B Ministry before effecting any change in the CEO/ Board of Directors. Accordingly, the Company has applied to the I&B Ministry and is awaiting its clearance for appointment of Mr. G. Narendra Nath as director of the Company.

In accordance with the provisions of Sections 197, 198 and 203 read with schedule V and other applicable provisions, if any, of the Companies Act, 2013 and subject to requisite approvals, Mr. Vinod Kumar was reappointed as Managing Director & Group CEO of the Company for the period of five years commencing from February 1, 2016 till January 31, 2021.

In accordance with the provisions of the Act and the Company's articles of association, Mr. Kishor A Chaukar and Mr. Saurabh Kumar Tiwari retire by rotation at the ensuing annual general meeting and being eligible, offer themselves for reappointment.

Mr. Satish Ranade stepped down from the position of Company Secretary and Compliance Officer with effect from October 1, 2015 and Mr. Manish Sansi joined as Company Secretary and Compliance Officer with effect from October 1, 2015.

None of the Company's directors are disqualified from being appointed as a director as specified in Section 164 of the Act. For details about the directors, please refer to the Report on Corporate Governance.

Declaration of Independent Directors

The independent directors have provided necessary disclosures to the Company that they comply with all the requirements stipulated in Section 149(6) of the Act for being appointed as an independent director which forms part of the Directors' Report.

Particulars of contracts or arrangements with related parties referred to in Section 188 of Act

There have been no materially significant related party transactions between the Company and the directors, the management, the subsidiaries or the relatives except for those disclosed in the financial statements.

Accordingly, particulars of contracts or arrangements with related parties referred to in Section 188(1) of the Act along with the justification for entering into such contract or arrangement in Form AOC-2 do not form part of the Directors' Report.

Number of Meetings of the Board

Nine meetings of the Board were held during the year. For details of the meetings of the board, please refer to the report on corporate governance, which forms part of this report.

Board Evaluation

The Board of Directors of the Company carried out an annual evaluation of its own performance, of committees of the Board and individual directors pursuant to the provisions of the Act and the corporate governance requirements as prescribed under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Inputs were sought from all the directors on the basis of the criteria such as the Board composition and structure, effectiveness of and contribution to Board processes, adequacy, appropriateness and timeliness of information and the Board's overall functioning, etc. In a meeting of independent directors, the performance of the Board as a whole, its Committees and the Chairman was evaluated. The conclusions were discussed in a meeting of the Nomination and Remuneration Committee where the performance of the Board, its committees and individual directors were reviewed. Thereafter, the Board based on the briefing by the Chairman, NRC discussed the assessment of the Board, its Committees and the Chairman . The Chairman of the Board met each individual director to share and take the relevant feedback.

Policy on Directors' Appointment and Remuneration and Other Details

The Company's policy on directors' appointment and remuneration and other matters provided in Section 178(3) of the Act has been disclosed in the Report on Corporate Governance, which forms part of this Report.

Audit Committee

The details pertaining to composition of the audit committee are included in the Report on Corporate Governance, which forms part of this Report.

Corporate Social Responsibility

The brief outline of the Corporate Social Responsibility (CSR) Policy of the Company and the initiatives undertaken on CSR activities during the year are set out in Annexure I of this report in the format prescribed in the Companies (Corporate Social Responsibility Policy) Rules, 2014. The policy is available on the website of the Company.

Extract of Annual Return

As provided under Section 92(3) of the Act, the extract of annual return is given in Annexure II in the prescribed Form MGT-9, which forms part of this report.

Particulars of employees

The information required under Section 197 of the Act read with rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are given below:

a. **The ratio of the remuneration of each director to the median remuneration of the employees of the Company for the financial year 2015-16:**

Non-Executive Directors	Ratio to median remuneration*
Mr. Subodh Bhargava	2.47
Mr. Srinath Narasimhan	0.73
Mr. Kishor A. Chaukar	1.52
Dr. Ashok Jhunjhunwala	1.01
Dr. U.B. Desai	2.12
Mr. Ajay Kumar Mittal # (Upto November 30, 2015)	0.53
Mr. Saurabh Tiwari #	0.79
Mr. Bharat Vasani	0.55
Ms. Renuka Ramnath	1.65
Dr. Gopichand Katragadda	0.48
Executive Director	
Mr. Vinod Kumar	39.84

* While calculating the ratio for non-executive directors, both commission and sitting fees paid have been taken.

\# The Government directors have informed the Company that they shall not accept any sitting fees and commission as their directorships are considered as part of their official duty.

b. **The percentage increase in remuneration of each director, chief executive officer, chief financial officer, company secretary in the financial year:**

Directors, Chief Executive Officer, Chief Financial Officer and Company Secretary*	% increase in remuneration in the financial year #
Mr. Subodh Bhargava	30.13
Mr. Srinath Narasimhan	30.53
Mr. Kishor A Chaukar	33.87
Dr. Ashok Jhunjhunwala	45.71
Dr. U. B. Desai	25.53
Mr. Ajay Kumar Mittal** (Up to November 30, 2015)	NA
Mr. Saurabh Tiwari **	NA
Mr. Bharat Vasani	(8.24)
Ms. Renuka Ramnath	236.26
Dr. Gopichand Katragadda	NA
Mr. Vinod Kumar, Managing Director & Group CEO	16.34
Mr. Satish Ranade, Company Secretary (Company Secretary up to September 30, 2015)*	(23.24)
Ms. Pratibha K Advani, Chief Financial Officer (From May 8, 2015)*	NA
Mr. Manish Sansi, Company Secretary (from October 1, 2015)*	NA

\# While calculating the ratio for non-executive directors, both commission and sitting fees paid have been taken.

* Directors and KMPs who have not been in the Company for the entire financial year have not been considered for the calculations.

** 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.

c. **The percentage increase in the median remuneration of employees in the financial year:** 4.05%

d. **The number of permanent employees on the rolls of Company:** 3,809

e. **The explanation on the relationship between average increase in remuneration and Company performance:**

On an average, employees received an annual increase of 10.8%. The individual increments varied from 0% to 18.5%, based on individual performance. The increase in remuneration is in line with the market trends in the respective countries. In order to ensure that remuneration reflects Company performance; the performance pay is also linked to organization performance, apart from an individual's performance.

f. **Comparison of the remuneration of the key managerial personnel against the performance of the Company:**

Aggregate remuneration of key managerial personnel (KMP) in FY 15-16 (₹ crores)	9.22
Revenue (₹ crores)	4790.32
Remuneration of KMPs (as % of revenue)	0.19
Profit before Tax (PBT) (₹ crores)	315.24
Remuneration of KMP (as % of PBT)	0.93

g. **Variations in the market capitalization of the Company, price earnings ratio as at the closing date of the current financial year and previous financial year:**

- Variations in the market capitalization of the Company (March 31, 2016 vs. March 31, 2015): 9.46% decrease in market capitalization.
- Variations in price earnings ratio (March 31, 2016 vs. March 31, 2015): 439.82% increase in price earnings ratio.

h. **Percentage increase or decrease in the market quotations of the shares of the Company in comparison to the rate at which the Company came out with the last public offer:**

Particulars	March 31, 2016	Open Offer price in April 2002	% Change
Market Price (BSE)	380.95	202	88.59
Market Price (NSE)	377.60	202	86.93

i. **Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration:**

The average annual increase was around10.8%. However, during the course of the year, the total increase is approximately 11.21%, after accounting for promotions and other event based compensation revisions. Increase in the managerial remuneration for the year was 15%.

j. **Comparison of remuneration of each of the key managerial personnel against the performance of the Company:**

	Mr. Vinod Kumar, Managing Director & Group CEO *	Mr. Manish Sansi, Company Secretary & General Counsel (India) (From October 1, 2015)	Ms. Pratibha K Advani, CFO (From May 8, 2015)	Mr. Satish Ranade, Company Secretary (Up to September 30, 2015)
Remuneration in FY16 (₹crores) *Exclusion of Retiral Benefits and leave encashment	4.33	0.85	2.45	1.11
Revenue (₹crores)	4790.32			
Remuneration as % of Revenue	0.09%	0.02%	0.05%	0.02%
Profit before Tax (PBT)(₹crores)	315.24			
Remuneration (as % of PBT)	1.37%	0.27%	0.78%	0.35%

* Mr. Vinod Kumar as the Chief Executive Officer of one of the Company's wholly owned foreign subsidiary, Tata Communications Services (International) Pte. Ltd., has also received a remuneration of ₹12.02 crores for the year from that subsidiary.

k. **The key parameters for any variable component of remuneration availed of by the directors:**

The members have, at the AGM of the Company on September 29, 2015 approved payment of commission to the non-executive directors within the ceiling of 1% of the net profits of the Company as computed under the applicable provisions of the Act. The said commission is decided each year by the Board of Directors and distributed amongst the non-executive directors based on the board evaluation process taking into account their attendance and contribution at the Board and certain committee meetings, as well as the time spent on matters other than at meetings.

l. **The ratio of the remuneration of the highest paid director to that of the employees who are not directors but receive remuneration in excess of the highest paid director during the year:** NIL

m. **Affirmation that the remuneration is as per the remuneration policy of the Company:**

The Company affirms that the remuneration is as per the remuneration policy of the Company.

n. **Particulars of Employees:**

The statement containing particulars of employees as required under Section 197(12) of the Act read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, is provided in a separate annexure forming part of this report. Further, the report and the accounts are being sent to the members excluding the aforesaid annexure. In terms of Section 136 of the Act, the said annexure is open for inspection at the Registered Office of the Company. Any shareholder interested in obtaining a copy of the same may write to the company secretary.

Corporate Governance

Pursuant to Regulation 24 and Regulation 34 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 the Management Discussion and Analysis, Business Responsibility Report, Report on Corporate Governance Certificate regarding compliance with conditions of corporate governance form part of this Report.

DIRECTORS' RESPONSIBILITY STATEMENT

Based on the framework of internal financial controls and compliance systems established and maintained by the Company, work performed by the internal, statutory, cost and secretarial auditors and external consultant(s), as applicable, including audit of internal financial controls over financial reporting by the statutory auditors and the reviews performed by management and the relevant Board committees, including the audit committee, the Board is of the opinion that the Company's internal financial controls were adequate and effective during the financial year 2015-16.

Accordingly, pursuant to Section 134(5) of the Act, the Board of Directors, to the best of their knowledge and ability, confirm that:

- In the preparation of the annual accounts, the applicable accounting standards were followed and there were no material departures;
- the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit and loss of the Company for that period;
- the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- the directors had prepared the annual accounts on a going concern basis;
- the directors have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively;
- The directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively;
- Reviewed and approved the Annual Operating Plan (including the strategy and resource plan) of the Company;

- Overseen maintenance of high standards of Tata values and ethical conduct of business;
- Reviewed TBEM (Tata Business Excellence Model) findings and monitored the action plan;
- Protected and enhanced the Company and Tata brand, where companies are using the same.

Awards & Recognitions

A 2016 Best Employer in India by Aon Hewitt

- Aon Hewitt, the global talent, retirement and health solutions business of Aon Plc (NYSE: AON) recognized the company as a 2016's best employer in India.

Gartner's Magic Quadrant for Network Services, Global

– Tata Communications has been positioned in the Leaders Quadrant in the Magic Quadrant Third year in a row

Frost & Sullivan 2016 Best Practices Award - India ICT Awards

– Enterprise Telecom Service Provider of the Year- Large Enterprise Segment, Second year in a row

– Enterprise Ethernet Provider of the Year, Third year in a row

– Hosted Contact Centre Service Provider of the Year, Fifth year in a row

– Enterprise Data Service Provider of the Year, Eighth year in a row

– Third Party Datacentre Service Provider of the Year

– Enterprise VOIP Provider of the Year

ACKNOWLEDGMENTS

The directors would like to thank each one of our customers, business associates and others located in different parts of the world for their valuable contribution to the Company's growth and success. The directors recognize and appreciate the passion and commitment of all the employees around the world.

The directors are 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: May 27 2016
Registered Office:
VSB, MG Road, Fort,
Mumbai - 400001.

Annexure I

ANNUAL REPORT ON CSR ACTIVITIES

1. **A brief outline of the company's CSR policy, including overview of projects or programs to be undertaken and a reference to the web-link to the CSR policy and projects or programs**

Tata Communications Group believes that the primary purpose of a business is to improve the quality of life of people and that a corporate entity exists to serve society from where it sources its customers and other stakeholders. Hence, it is important to address the needs and concerns of the society in a proactive manner. Tata Communications Group has actively pursued The Triple Bottom Line Reporting initiatives (i.e. Economic, Environmental and Social Bottom Line) to demonstrate its commitment to be a good corporate citizen.

Tata Communications Group has put in place a CSR Policy as stipulated by Section 135 of the Companies Act, 2013 and the rules thereof. This Policy identifies and formulates the broad areas that the Company shall pursue towards fulfilling its CSR obligations and serves as a guiding document to plan, identify, implement and monitor CSR initiatives.

Tata Communications Group has adopted a structured approach to manage its CSR obligations. Employability, Education and Entrepreneurship are the priority areas adopted by the Company. It has been implementing the identified projects under these priority areas integrating with other opportunities that may emerge such as drinking water, hygiene/sanitation and digital literacy/inclusion etc.

Tata Communications Group has also taken special efforts to include beneficiaries from the Schedule Castes and Schedule Tribes in alignment with the Tata Affirmative Action Policy. Tata Communications Group synergizes its efforts with the programs and initiatives of Tata Group wherever such opportunities arise such as disaster rescue, relief and rehabilitation.

Please refer the Tata Communications CSR policy for any further information.

2. **The composition of the CSR Committee**

The Company has constituted a CSR Committee of the Board with four Directors. The members of the CSR committee:

Name	**Designation**
Mr. Kishor A. Chaukar	Chairperson
Mr. Saurabh Tiwari	Member
Ms. Renuka Ramnath	Member
Dr. Gopichand Katragadda	Member

3. **Average net profit of the Company for last three financial years**

Financial Year (as per Section 198)	**2012-13**	**2013-14**	**2014-15**
Net profit for the year (₹ in crores)	460.31	762.57	855.18

The average net profit for the last three financial years is ₹ 692.68 crores.

4. **Prescribed CSR expenditure (two percent of the amount as in item 3 above)**

- The prescribed CSR expenditure is ₹ 13.85 crores

Details of CSR Spend during the financial year

- Total amount to be spent during the financial year: ₹ 13.85 crores
- Amount unspent, if any: NIL
- Manner in which the amount, is spent during the financial year is detailed below:

S No	CSR Project or Activity Identified	Sector (Schedule VII)	Project or programs 1. Local area or others 2. State and district	Amount Outlay (project wise) (₹)	Amount spent (₹) 1. Direct expenditure 2. Overheads	Cumulative expenditure up to reporting period (₹)	Amount Spent: Direct or through Implementing Agency
1	Infrastructure development of a dedicated skill development center and implementing skills development program for youth from marginalized communities in Pune	Skill development	Pune	2,76,64,862	2,74,34,292 2,30,570	2,76,64,862	Implementing agency
2	Skill development of youth in hygiene assistant, retail sales, BPO and domestic electrical wiring	Skill development	Delhi, Mumbai, Chennai and Pune	95,11,508	94,34,538 76,970	95,11,508	Implementing agency
3	Skill development training on HVAC (Heating, ventilation and air conditioning) trade for socially and economically marginalised youth from affirmative action communities	Skill development	Bangalore and Chennai	75,13,970	74,55,378 58,592	75,13,970	Direct
4	Training for Caregiver's project: Skill development and employment generation through training of geriatric caregivers for the needy elderly	Skill development	Delhi	32,79,221	32,51,891 27,330	32,79,221	Implementing agency
5	Skill development training of high end telecom trade for socially and economically marginalized youth from affirmative action communities	Skill development	Pune	31,59,923	31,33,587 26,336	31,59,923	Direct
6	Training for Caregiver's project: Skill development and employment generation through training of geriatric caregivers for the needy elderly	Skill development	Mumbai	16,25,622	16,01,322 24,300	16,25,622	Implementing agency
7	Flagship program of National cancer grid	Promoting preventive health care	Mumbai	2,54,27,263	2,52,15,342 2,11,921	2,54,27,263	Implementing agency
8	ARSH: Adolescent reproductive sexual health project	Promoting preventive health care	Mumbai	13,17,453	13,06,473 10,980	13,17,453	Implementing agency
9	Integrated development program through Katha Lab schools (KLS) and Katha Social work institutes (KASWI) to stimulate a lifelong interest in learning and applied technology among 1350 children and 80,000 households	Promoting education, Enhancing vocation skills especially among children	Delhi	1,26,70,905	1,25,86,137 84,768	1,26,70,905	Implementing agency
10	School Enrichment program for 1740 children in Math, English and Art intervention	Promoting education	Mumbai	77,76,468	77,11,656 64,812	77,76,468	Implementing agency
11	Integrated development program for nutrition for children, digital literacy for children, youth and mothers sessions on personal hygiene, water, sanitation and financial literacy	Promoting education, Skill development	Bangalore	55,26,870	54,80,807 46,063	55,26,870	Implementing agency
12	An Initiative for Inclusive Computer Aided Education, Communication and Entrepreneurship (ICAECE)	Promoting education; Skill development	Delhi	33,20,799	32,93,122 27,677	33,20,799	Implementing agency
13	Integrated development program for children in schools and women in communities	Promoting education, Skill development	Pune	24,39,644	24,19,311 20,333	24,39,644	Implementing agency

S No	CSR Project or Activity Identified	Sector (Schedule VII)	Project or programs 1. Local area or others 2. State and district	Amount Outlay (project wise) (₹)	Amount spent (₹) 1. Direct expenditure 2. Overheads	Cumulative expenditure up to reporting period (₹)	Amount Spent: Direct or through Implementing Agency
14	Student support center to help improve children's academic performance in English, Hindi, science and social science	Promoting education, Enhancing vocation skills especially among children	Delhi	17,25,854	17,11,470 14,384	17,25,854	Implementing agency
15	School enrichment program for 1740 children for Maths English and Arts intervention	Promoting education	Mumbai	16,03,000	16,03,000	16,03,000	Implementing agency
16	Providing mentorship based rolling scholarship and access to quality education to the students belonging from socially disadvantaged communities	Promoting education	Pune	6,99,250	6,93,422 5,828	6,99,250	Implementing agency
17	Promoting entrepreneurship amongst individuals and self-help groups from affirmative action communities in Pune	Skill development	Pune	52,08,521	51,65,111 43,410	52,08,521	Implementing agency
18	Community activities post Chennai flood	Disaster relief fund	Chennai	75,00,000	75,00,000	75,00,000	Implementing agency
19	Supporting cancer care treatment for women	Promoting preventive health care	Kolkata	21,57,500	21,57,500	21,57,500	Implementing agency
20	Community activities post Chennai flood	Disaster relief fund	Chennai	11,12,190	11,12,190	11,12,190	Implementing agency
21	Social contribution to FAEA Fellowship for youth	Promoting education	Delhi	7,00,000	7,00,000	7,00,000	Implementing agency
22	Social contribution Tata Motors Gruhini Welfare Society	Skill development	Pune	5,51,715	5,51,715	5,51,715	Implementing agency
23	Social contribution-ETASHA	Skill development	Delhi	4,32,106	4,32,106	4,32,106	Implementing agency
24	Social contribution to NCPEDP (National Center for Promoting Employment for Disabled People)	Skill development	Delhi	4,00,000	4,00,000	4,00,000	Implementing agency
25	Social contribution to CII Foundation- Fellowship for youth	Promoting education	Pune	3,00,000	3,00,000	3,00,000	Implementing agency
26	Capacity Building			49,20,581	49,20,581	49,20,581	Direct
	Total			**13,85,45,225**		**13,85,45,225**	

Note - Cumulative expenditure includes amounts allocated and disbursed towards monitoring and evaluation of the project.

5. Reasons for not spending the 2% of average net profits of preceding three years towards CSR

The Company has spent 100% of its prescribed CSR Budget for the Financial Year 2015 - 16.

6. Responsibility statement of the CSR committee

The Company's Board of Directors is responsible for ensuring that the Company carries out its CSR obligations as per the Section 135 of the Companies Act 2013. The CSR Committee of the board of directors have formulated and recommended a CSR Policy, approved by the board and adopted by the Company. The board of directors and the CSR Committee have approved the integrity and the objectivity of the information provided in the disclosure above.

Vinod Kumar
Managing Director & Group CEO

Kishor A. Chaukar
Chairman, Corporate Social Responsibility Committee

ANNEXURE II

Form No. MGT-9
EXTRACT OF ANNUAL RETURN

as on the financial year ended on March 31, 2016
[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

i.	CIN	L64200MH1986PLC039266
ii.	Registration Date	19 March 1986
iii.	Name of the Company	Tata Communications Limited
iv.	Category / Sub-Category of the Company	Telecommunications
v.	Address of the Registered office and contact details	VSB, Mahatma Gandhi Road, Fort, Mumbai - 400 001. Tel : +91 22 6657 8765 Fax : +9122 6725 1962 Email : investor.relations@tatacommunications.com Website : www.tatacommunications.com
vi.	Whether listed company	Yes
vii.	Name, Address and Contact details of Registrar and Transfer Agent, if any	Up to May 31, 2016: 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) 2851 1872, 67720300/400. Fax : (022) 26591586, 28508927. E-mail : sharepro@shareproservices.com
		W.e.f. June 1, 2016: M/s. TSR Darashaw Limited (Unit: Tata Communications Limited) 6/10, Haji Moosa Patrawala Industrial Estate, 20, Dr. E Moses Road, Near Famous Studio, Mahalaxmi, Mumbai - 400 011 Tel: (022) 6656 8484 Fax: (022) 6656 8494 Email: csg-unit@tsrdarashaw.com Website: www.tsrdarashaw.com

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

Sr. No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the company
1	9984 Telecommunications, broadcasting and information supply services	9984	100

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sr. No.	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary /Associate	% of shares held	Applicable Section
1.	Tata Communications Data Centers Private Limited C-21/C 36, 'G' Block, Bandra Kurla Complex, Mumbai - 400098	U74999MH2007PTC176737	Subsidiary	100	2(87)
2.	Tata Communications Transformation Services Limited C-21/C 36, 'G' Block, Bandra Kurla Complex, Mumbai - 400098	U93090MH2006PLC165083	Subsidiary	100	2(87)
3.	Tata Communications Payment Solutions Limited C-21/C 36, 'G' Block, Bandra Kurla Complex, Mumbai - 400098	U72900MH2008PLC179551	Subsidiary	100	2(87)
4.	Tata Communications Lanka Limited Garden view room, Mezzanine Floor, Taj Samudra Hotel, #25, Galle Face Centre Road, Colombo 3.	Not Applicable	Subsidiary	90	2(87)
5.	Tata Communications (Australia) Pty Limited Suite 306, 15 Lime Street, Sydney NSW2000, Australia	Not Applicable	Subsidiary	100	2(87)
6.	TCPOP Communication Gmbh Teinfaltstrasse 8, 1010 Wien, Austria	Not Applicable	Subsidiary	100	2(87)
7.	Tata Communications (Belgium) SPRL Avenue Louise 331-333, 1050 Brussels, Belgium	Not Applicable	Subsidiary	100	2(87)
8.	Tata Communications (Bermuda) Limited Clarendon House, 2 Church Street, Hamilton HM11, Bermuda	Not Applicable	Subsidiary	100	2(87)
9.	Tata Communications Services (Bermuda) Limited Clarendon House, 2 Church Street, Hamilton HM11, Bermuda	Not Applicable	Subsidiary	100	2(87)
10.	Tata Communications (Canada) Limited Suite 900, 1959 Upper Water Street, Halifax, Nova Scotia, B3J, 3N2	Not Applicable	Subsidiary	100	2(87)
11.	Tata Communications (Beijing) Technology Limited Room 1173, Gateway Building, No. 18, Chaoyang District, Beijing	Not Applicable	Subsidiary	100	2(87)
12.	Tata Communications (France) SAS 66 Avenue Charles de Gaulle, 92200 Neuilly-sur-Seine, France	Not Applicable	Subsidiary	100	2(87)
13.	Tata Communications Deutschland GMBH Hamburger Allee 2-4, Suite 15B, 60486, Frankfurt am Main, Germany	Not Applicable	Subsidiary	100	2(87)
14.	Tata Communications (Guam) L.L.C. Suite 1008 DNA Building 238 Archbishop F.C. Flores Street 96910 Hagatna, Guam	Not Applicable	Subsidiary	100	2(87)
15.	Tata Communications (Hong Kong) Limited Room 3702, 37/F, Lee Garden One, 33 Hysan Avenue Causeway Bay, Hong Kong	Not Applicable	Subsidiary	100	2(87)
16.	Tata Communications (Hungary) LLC Tata Communications (Magyarország) Korlátolt Felelősségű Társaság 1051 Budapest, Széchenyi István tér 1, Hungary	Not Applicable	Subsidiary	100	2(87)

Sr. No.	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary /Associate	% of shares held	Applicable Section
17.	Tata Communications (Ireland) Limited 3rd Floor, Kilmore House Park Lane, Spencer Dock, Dublin 1, Republic of Ireland	Not Applicable	Subsidiary	100	2(87)
18.	Tata Communications (Italy) S.R.L Milan, Foro Buonaparte N.70, 20121, Italy	Not Applicable	Subsidiary	100	2(87)
19.	Tata Communications (Japan) K.K. Asahi Seimei Ebisu Building 8F 1-3-1 Ebisu, Shibuya-ku, Tokyo 150-0013 Japan	Not Applicable	Subsidiary	100	2(87)
20.	ITXC IP Holdings S.A.R.L. 46A, Avenue J.F. Kennedy, L-1855, Luxembourg	Not Applicable	Subsidiary	100	2(87)
21.	Tata Communications (Malaysia) SDN. BHD. 5-2 Jalan 109E, Desa Business Park, Taman Desa, Off Jalan Klang Lama, 58100 Kuala Lumpur	Not Applicable	Subsidiary	100	2(87)
22.	Tata Communications (Netherlands) B.V. Luna Arena, Herikerbergweg 238, 1101 CM Amsterdam, Zuidoost, The Netherlands	Not Applicable	Subsidiary	100	2(87)
23.	Tata Communications (New Zealand) Limited c/o Minter Ellison Rudd Watts, 88 Shortland Street, Auckland, Auckland, 1010	Not Applicable	Subsidiary	100	2(87)
24.	Tata Communications (Nordic) AS c/o TMF Norway AS, Tollbugata 27, 0157 Oslo, Norway	Not Applicable	Subsidiary	100	2(87)
25.	Tata Communications (Poland) SP. Z O. O. ul Popularna 14, 02-473 Warsaw, Poland	Not Applicable	Subsidiary	100	2(87)
26.	Tata Communications (Portugal), Unipessoal LDA Avenida da Liberdade 224 - Edificio Eurolex, 1250-148 Lisboa Portugal	Not Applicable	Subsidiary	100	2(87)
27.	Tata Communications (Portugal) Instalação E Manutenção De Redes, LDA Rua Severino Falcao 14, Prior Velho, 2685 378, Loures, Lisbon	Not Applicable	Subsidiary	100	2(87)
28.	Tata Communications (Russia) LLC. 3 Smolenskaya Square, 121099 Moscow, Russian Federation	Not Applicable	Subsidiary	99.9	2(87)
29.	Tata Communications International Pte. Ltd. 35 Tai Seng Street #06-01 Tata Communications Exchange Singapore 534103	Not Applicable	Subsidiary	100	2(87)
30.	VSNL SNOSPV Pte. Ltd. 35 Tai Seng Street #06-01 Tata Communications Exchange Singapore 534103	Not Applicable	Subsidiary	100	2(87)
31.	Tata Communications Services (International) Pte. Ltd. 35 Tai Seng Street #06-01 Tata Communications Exchange Singapore 534103	Not Applicable	Subsidiary	100	2(87)
32.	Tata Communications (Spain), S.L. Edificio Casablanca, Avenida Doctor Severo Ochoa number 51, 4th floor, Alcobendas (Madrid), Spain	Not Applicable	Subsidiary	100	2(87)

Sr. No.	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary /Associate	% of shares held	Applicable Section
33.	Tata Communications (Sweden) AB Sergek Torg 12, 111 57, Stockholm, Sweden	Not Applicable	Subsidiary	100	2(87)
34.	Tata Communications (Switzerland) GMBH Zurich Branch, Gesnerallee 38, 3rd Floor 8001, Zurich, Switzerland	Not Applicable	Subsidiary	100	2(87)
35.	Tata Communications (Taiwan) Ltd 10F, No.155, Sec. 1, Keelung Rd., Taipei City, Taiwan	Not Applicable	Subsidiary	100	2(87)
36.	Tata Communications (Thailand) Limited TMF Thailand Limited, Unit 1604-6, Capital Tower, All Seasons Place, 16th Floor, 87/1 Wireless Road, Kwaeng Lumpini, Ket Pathumwan, Bangkok 10330, Thailand	Not Applicable	Subsidiary	100	2(87)
37.	Tata Communications (Middle East) FZ-LLC Office No. 302, Building No.12, Third Floor, Dubai, United Arab Emirates	Not Applicable	Subsidiary	100	2(87)
38.	Tata Communications (UK) Limited Vintners Place, 68 Upper Thames Street, London EC4V3.BJ, United Kingdom	Not Applicable	Subsidiary	100	2(87)
39.	Tata Communications (America) Inc. 2711 Centerville Road, Suite 400, Wilmington, Delaware 19808	Not Applicable	Subsidiary	100	2(87)
40.	Neotel (Pty) Ltd Neovate Park, 44 Old Pretoria Main Road, Halfway House, Midrand, 1685	Not Applicable	Subsidiary	67.32	2(87)
41.	SEPCO Communications (Pty) Ltd 269 Oxford Road, Illovo 2196	Not Applicable	Subsidiary	73.17	2(87)
42.	Neotel Business Support Services (held through Neotel) Neovate Park, 44 Old Pretoria Road, Halfway House, Midrand 1685	Not Applicable	Subsidiary	100	2(87)
43.	United Telecom Limited 1st Floor, Triveni Complex, Putalisadak, Kathmandu, Nepal	Not Applicable	Associate	26.66	2(6)
44.	Number Portability Company (Pty) Ltd Thornhill Office Park, Building 13, Ground Floor East, 94 Bekker Road, Vorna Valley X67, 1686	Not Applicable	Associate	20% held by Neotel	2(6)
45.	Tata Communications Collaboration Services Private Limited C-21/C 36, 4th Floor Tower - C, 'G' Block, Bandra Kurla Complex, Vidhyanagari Post Office, Mumbai - 400098,	U72900MH2008PTC181502	Subsidiary	100%	2 (87)

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

i. Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year (April 1, 2015)				No. of Shares held at the end of the year (March 31, 2016)				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
1) Indian									
a) Individual/ HUF	0	0	0	0.00	0	0	0	0.00	0.00
b) Central Govt	74446885	0	74446885	26.12	74446885	0	74446885	26.12	0.00
c) State Govt(s)	0	0	0	0.00	0	0	0	0.00	0.00
d) Bodies Corp	139286330		139286330	48.87	139286330		139286330	48.87	0.00
e) Banks / FI	0	0	0	0.00	0	0	0	0.00	0.00
f) Any Other	0	0	0	0.00	0	0	0	0.00	0.00
Sub-total(A)(1):-	**213733215**	**0**	**213733215**	**74.99**	**213733215**	**0**	**213733215**	**74.99**	**0.00**
2) Foreign									
g) NRIs-Individuals	0	0	0	0	0	0	0	0	0.00
h) Other-Individuals	0	0	0	0	0	0	0	0	0.00
i) Bodies Corp.	0	0	0	0	0	0	0	0	0.00
j) Banks / FI	0	0	0	0	0	0	0	0	0.00
k) Any Other….	0	0	0	0	0	0	0	0	0.00
Sub-total (A)(2):-	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Total Shareholding of Promoter and Promoter Group (A)	**213733215**	**0**	**213733215**	**74.99**	**213733215**	**0**	**213733215**	**74.99**	**0.00**
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	13219687	300	13219987	4.64	17771751	300	17772051	6.24	1.60
b) Banks / FI	15005407	0	15005407	5.27	867634	0	867634	0.30	-4.96
c) Central Govt	0	0	0	0.00	0	0	0	0.00	0.00
d) State Govt(s)	0	0	0	0.00	0	0	0	0.00	0.00
e) Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
f) Insurance Companies	2103620	0	2103620	0.74	13789057	0	13789057	4.84	4.10
g) FIIs	21391603	0	21391603	7.51	9480951	0	9480951	3.33	-4.18
h) Foreign Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
i) Others (specify)-Foreign Portfolio Investor	1503910	0	1503910	0.53	9469962	0	9469962	3.32	2.80
Sub-total (B)(1)	53224227	300	53224527	18.68	51379355	300	51379655	18.03	-0.65
2. Non Institutions									
a) Bodies Corp.									
(i) Indian	5456027	841	5456868	1.91	7332624	841	7333465	2.57	0.66
(ii) Overseas	7250	0	7250	0.00	7250	0	7250	0.00	0.00
b) Individuals									
(i) Individual shareholders holding nominal share capital upto ₹1 lakh	7501749	163533	7665282	2.69	7388159	158134	7546293	2.65	-0.04

Category of Shareholders	No. of Shares held at the beginning of the year (April 1, 2015)				No. of Shares held at the end of the year (March 31, 2016)				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
(ii) Individual shareholders holding nominal share capital in excess of ₹1 lakh	4488653	0	4488653	1.57	4493268	0	4493268	1.58	0.00
c) Others (Specify)									
Trusts	10050	0	10050	0.00	6646	0	6646	0.00	0.00
NRIs	412673	982	413655	0.15	498696	982	499678	0.18	0.03
Foreign National	500	0	500	0.00	530	0	530	0.00	0
Sub-total (B)(2)	**17876902**	**165356**	**18042258**	**6.33**	**19727173**	**159957**	**19887130**	**6.98**	**0.65**
Total Public Shareholding (B)=(B)(1)+ (B)(2)	**71101129**	**165656**	**71266785**	**25.01**	**71106528**	**160257**	**71266785**	**25.01**	**0.00**
C. Shares held by Custodian for GDRs & ADRs	0	0	0	0.00	0	0	0	0.00	0.00
Grand Total (A+B+C)	**284834344**	**165656**	**285000000**	**100**	**284839743**	**160257**	**285000000**	**100.00**	**0.00**

ii. Shareholding of Promoters

Sr. No	Shareholder's Name	Shareholding at the beginning of the year (April 1, 2015)			Shareholding at the end of the year (March 31, 2016)			% change in share holding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1.	Panatone Finvest Limited	8,86,26,654	31.10	0.00	8,57,76,654	30.10	0.00	-1.00
2.	Tata Sons Limited	3,72,37,639	13.06	3.51	4,00,87,639	14.06	3.51	1.00
3.	The Tata Power Company Limited	1,34,22,037	4.71	0.00	1,34,22,037	4.71	0.00	0.00
4.	President of India	7,44,46,885	26.12	0.00	7,44,46,885	26.12	0.00	0.00
	Total	**21,37,33,215**	**74.99**	**3.51**	**21,37,33,215**	**74.99**	**3.51**	**0.00**

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

Sr. no	Name of Shareholder	Shareholding at the beginning of the year (April 1, 2015)		Date	Reason	Increase / (Decrease) in Shareholding		Cumulative Shareholding during the year (March 31, 2016)	
		No. of shares (1 April 2015)	% of total shares of the company			No. of Shares	% of total shares of the company	No. of shares (March 31, 2016)	% of total shares of the company
1.	Panatone Finvest Limited	8,86,26,654	31.10	21-Dec-2015	Inter-se Transfer – Sale of Shares	(28,50,000)	01.00	8,57,76,654	30.10
2.	Tata Sons Limited	3,72,37,639	13.06	21-Dec-2015	Inter-se Transfer – Purchase of Shares	28,50,000	01.00	4,00,87,639	14.06

iv. Shareholding Pattern of Top Ten Shareholders (Other than Directors, Promoters and holders of GDRs and ADRs)

Sr. No.	Name of the Share Holders*	No. of Shares held before the change (April 1, 2015)	% of shareholding before the change (April 1, 2015)	No. of Shares held after the change (April 1, 2016)	% of shareholding after the change (April 1, 2016)
1	LIC of India Money Plus Growth Fund	50,12,658	1.76	5011499	1.76
2	Government Pension Fund Global	51,99,271	1.82	3874604	1.36
3	LIC of India Profit Plus Growth Fund	21,75,717	0.76	2175717	0.76
4.	Jhunjhunwala Rekha Rakesh	20,00,000	0.70	20,00,000	0.70
5.	Life Insurance Corporation of India P&GS Fund	19,16,957	0.67	19,16,957	0.67
6.	LIC of India Market Plus 1 Growth Fund	17,51,137	0.61	1744401	0.61
7.	Birla sun life insurance company limited	1113160	0.39	3049392	1.07
8.	University Of Notre Dame DU LAC	1404051	0.49	2180600	0.77
9.	HDFC Standard Life Insurance Company Limited	57000	0.02	2030459	0.71
10.	Birla Sun Life Trustee Company Private Limited A/C Birla Sun Life Equity Fund	900000	0.31	1719000	0.60

* The shares of the Company are traded on a daily basis and hence the date wise increase/decrease in shareholding is not indicated. Shareholding given is consolidated basis on permanent account number (PAN) of the shareholder.

V. Shareholding of Directors and Key Managerial Personnel

Sr. No.	Folio/Beneficiary Account no.	Name of the Shareholder	Shareholding at the beginning of the Year (April 1, 2015)		Cumulative Shareholding at the end of the Year (March 31, 2016)	
			No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
1.	1930013019 / 30000124662	Dr. Ashok Jhunjhunwala, Director	500	0.000175	500	0.000175
2	IN300757 / 11401169	Mr. Satish Ranade, Company Secretary **	1,369	0.000480	1,369	0.000480
	IN300757 / 10032989	Mr. Satish Ranade jointly with spouse, Mrs. Rekha S. Ranade **	10	0.000004	10	0.000004
		Total	1,379	0.000484	1,379	0.000484

** Mr. Satish Ranade ceased to be the Company Secretary with effect from September 30, 2015.

V. INDEBTEDNESS

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

(₹ in Crores)

	Secured Loans excluding deposits[1]	Unsecured Loans[2]	Deposits[3]	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	60.00	515.88	NIL	575.88
ii) Interest due but not paid	NIL	NIL	NIL	NIL
iii) Interest accrued but not due	1.25	11.33	NIL	12.58
Total (i+ii+iii)	**61.25**	**528.46**	**NIL**	**588.46**
Change in Indebtedness during the financial year				
- Addition	NIL	162.91	NIL	162.91
- Reduction	(55.00)	NIL	NIL	(55.00)
Net Change	**(55.00)**	**162.91**	**NIL**	**107.91**
Indebtedness at the end of the financial year				
i) Principal Amount	5.00	678.79	NIL	683.79
ii) Interest due but not paid	NIL	NIL	NIL	NIL
iii) Interest accrued but not due	0.11	11.64	NIL	11.75
Total (i+ii+iii)	**5.11**	**690.43**	**NIL**	**695.54**

Notes:

1. Secured Loans represent non-convertible debentures issued by the Company.
2. Unsecured Loans represent short term borrowings of the Company. Bank overdrafts availed in the ordinary course of business have not been included here.
3. The Company has not accepted any deposits from the public. Any advance taken from customers or other parties related to provisioning of services in the ordinary course of business has not been included here.

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

(₹ Lakh)

Sr. No.	Particulars of Remuneration	Name of MD/WTD/ Manager Mr. Vinod Kumar Managing Director & Group CEO	Total Amount
1.	Gross salary		
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act,1961	433.08	433.08
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	---	---
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	---	---
2.	Stock Option	---	---
3.	Sweat Equity	---	---
4.	Commission - as % of profit - others, specify…	---	---
5.	Others, please specify	---	---
6.	**Total (A)**	433.08	433.08
	Ceiling as per the Act (@ 5% of profits calculated under Section 198 of the Companies Act, 2013)		2900.75

* Mr. Vinod Kumar as a Chief Executive Officer of one of the Company's wholly-owned foreign subsidiaries, Tata Communications Services (International) Pte. Ltd., has also received a remuneration of ₹1,201.59 lakhs during the year from that subsidiary.

B. Remuneration to other directors:

(₹ Lakh)

Sr. No.	Particulars of Remuneration	Fee for attending board/ committee meetings	Commission	Others, please specify	Total Amount
1	**Independent Directors**				
	Mr. Subodh Bhargava	9.75	17.07	---	26.82
	Dr. Uday B Desai	11.75	11.56	---	23.31
	Ms. Renuka Ramnath	7.50	10.74	---	18.24
	Total (1)	**29.00**	**39.37**	**---**	**68.37**
2	**Other Non-Executive Directors**				
	Mr. N. Srinath	2.60	5.51	---	8.11
	Mr. Kishor A. Chaukar	8.50	7.98	---	16.48
	Dr. Ashok Jhunjhunwala	5.50	5.78	---	11.28
	Mr. AK Mittal *	-	5.78	---	5.78
	Mr. Saurabh Kumar Tiwari *	-	8.54	---	8.54
	Mr. Bharat Vasani	1.80	4.41	---	6.21
	Dr. Gopichand Katragadda	1.80	3.58	---	5.38
	Total (2)	**20.2**	**41.58**	**---**	**61.78**
	Total (B)=(1+2)	**49.2**	**80.95**		**130.15**
	Total Managerial Remuneration				
	Ceiling as per the Act (@1% of profits calculated under Section 198 of the Companies Act, 2013)				580.15

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

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

(₹ Lakh)

Sr. no.	Particulars of Remuneration		Key Managerial Personnel			
		Mr. Satish Ranade Company Secretary (From April 01, 2015 to September 30, 2015)	**Mr. Manish Sansi Company Secretary (From October 1, 2015)**	**Ms. Pratibha K. Advani CFO (From May 08, 2015)**	**Mr. Sanjay Baweja CFO (Up to November 03, 2014)**	**Total**
1.	Gross salary					
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	111.44	85.78	245.84	45.89	488.95
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	0.39	---	---	---	0.39
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	---	---	---	---	---
2.	Stock Option	---	---	---	---	---
3.	Sweat Equity	---	---	---	---	---
4.	Commission - as % of profit - others, specify…	---	---	---	---	---
5.	Others, please specify	---	---	---	---	---
6.	**Total**	**111.83**	**85.78**	**245.84**	**45.89**	**489.34**

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

There were no penalties/punishments/compounding of offences under the Companies Act 2013 for the year ended 31 March 2015.

MANAGEMENT DISCUSSION AND ANALYSIS

Macro-Economic Situation

The Indian economy achieved a GDP growth of 7.6% in 2015-16 against 7.2% achieved in 2014-15. The Macroeconomic stability has improved substantially with the continuance of fiscal prudence, lower inflation, lower current account deficit, and robust foreign exchange reserves. The year 2015-16 witnessed the Government doing a balancing act, i.e. meeting the requirements of higher untied devolution to states and union territories as per the recommendations of the Fourteenth Finance Commission and keeping fiscal prudence while also stepping up capital expenditure.

In light of the stable performance of the economy, buoyant tax revenues, increasing foreign direct investment flows and the Government's push for reforms in crucial areas including banking, infrastructure, power and taxation, the near term prospects for the economy look bright. Several multilateral institutions have projected strengthening of growth in India. However, several risks persist such as subdued global growth, the slowdown and rebalancing in China's economy, increased volatility in financial markets and gradual tightening of monetary policy in the United States.

The global economy is still struggling to gain momentum as many developed countries continue to grapple with legacies of the global financial crisis and emerging economies are less dynamic than in the past. But the global economy shows two positive trends. First, the structural shift from the developed world towards the emerging world continues. Second, the cyclical climb out of the prolonged recession is progressing. During the past year, 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 and Market

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.

In 2015-16, our addressable Indian telecom market grew to ₹48,175 crores, at a rate of ~11% year on year. During FY16-21, the market is expected to grow at a compounded annual growth rate (CAGR) of 10%, on the back of a 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 2015-16, the Indian international long distance (ILD) voice market had nine major operators, an estimated total inbound market size of 96.3 billion minutes and outbound market size of 4.7 billion minutes. The Company's market share was 21% of the 'addressable' inbound traffic and 23% of the 'addressable' outbound traffic. India's estimated national long distance (NLD) voice market size was 398 billion minutes during the year and consisted of more than 10 major operators. The Company's estimated NLD addressable market size was 15 billion minutes, of which its market share was 21%.

Global Telecom Market

In 2015-16, the global communications services market stood at USD 1.47 trillion. Fixed services accounted for 35% of the total market while mobile services accounted for 65%. However, going forward the market is expected to grow at a CAGR of 0.9% to 1.54 trillion in 2020. During 2015-16, 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

We own and operate the world's largest wholly owned and most advanced subsea fibre cable network. Today, over 25% of the world's internet routes travel over our network, which includes the largest wholly-owned subsea cable network in the world. Our customers can access 99.7% of the global GDP using our network and services. We are the fifth largest global IP service provider, connecting 4 out of 5 global mobile subscribers. Our depth and breadth of reach in emerging markets has enabled our leadership in Indian enterprise data services and also in global international voice. With a leadership position in emerging markets, we leverage our advanced solutions capabilities and domain expertise across our global and pan-India network to deliver managed solutions to multi-national enterprises, service providers and Indian consumers. We are also the largest carrier of international wholesale voice - carrying 47.6 billion minutes of wholesale voice traffic annually.

Our vision is to deliver a new world of communications to advance the reach and leadership of our customers and partners. Our strategy is to build leading-edge IP-leveraged solutions, based on its advanced global infrastructure an our market leadership in India. We are 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, we will continue with our strategy of providing managed services globally with a business-to-business (B2B) focus. We expect that the demand for our services will remain strong in spite of increased competition and pressure on pricing and margins. Therefore, we have 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 the operations by sweating existing assets. To execute this vision, we focus on several strategic pillars, highlighted below:

- In core connectivity services, to focus on business model evolution, an introduction of new commercial paradigms, while optimising operating costs and driving efficient utilization of assets.
- To offer hybrid network and data centre 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 customized like we have started for the Media & Entertainment, Banking & Financial Services and Healthcare sectors.
- To leverage the adjacent capabilities and shareholder value creation role of other businesses in the portfolio such as the managed ATM business (in Tata Communications Payment Solutions Limited) and the carrier outsourcing business (in Tata Communications Transformation Services Limited).

In addition, we are progressively investing in innovation and R&D to enable the shift to:

- a software defined network;
- provide elastic demand across network and compute in a secure and self-service model;
- enable the mobile-first approach by our customers.

Differentiated Enterprise Offerings

We will further strengthen our market position by continuing to develop and introduce new products and services catering to the needs of corporate customers, such as unified communications, hosted contact centre, mobile broadband enablement, content delivery, infrastructure as a service (IaaS), and other managed products and services.

Expanding Global Reach through Partnerships

The Tata Communications Group looks to work with solution partners, network partners, resellers, system integrators and IZO partners. The partnership programme is designed to help both the parties meet their business goals while playing as an integral part of customer solution in delivering end-to-end services. Through Network-to-Network Interface (NNI) agreements, we partner with leading carriers to give our customers a scalable and reliable global coverage. Our unmatched depth and reach throughout India, coupled with partners' extended reach around the world, allow us to support customers who desire seamless coverage - both in emerging markets and in major cities throughout the world. IZO™ Cloud brings together leading cloud and data centre providers to give businesses access to a single ecosystem to connect, end-to-end, across network and cloud platforms. Backed by our Tier-1 network, IZO™ Cloud partners can join forces to provide a secure, interoperable, high performance environment that addresses the complications and challenges that companies face in managing global hybrid cloud deployments. The result is faster deployment timeframes, simpler network configurations and a better end-user experience.

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 more than a quarter of the market share. Its leadership is well recognised in India: In FY 2016, the Company was recognised with six awards at the 2016 Frost & Sullivan India ICT Awards:

- Enterprise Telecom Service Provider for the Year-Large Enterprise Segment
- Enterprise Data Service Provider of the Year
- Enterprise Ethernet Provider of the year
- Third-party Data Centre Provider of the year
- Enterprise VoIP Provider of the year
- Hosted Contact Centre Provider of the year

We will continue to sustain and solidify our market leadership status in India while continuing to grow and acquire market share in other regions.

Emerging Market Leader

We have been growing our presence in the 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, we are growing our business outside India at a rate much faster than the market.

This has resulted in several accolades including being recognized in the Leadership Quadrant by Gartner in the Gartner Magic Quadrant for Global Network Service Providers - three years in a row.

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

Our business and revenues are well-diversified across business segments, customer profiles and geographies. Being a B2B (business-to-business) player, we serve two customer segments: service providers and enterprise customers. In the service provider segment, we provide 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, our main offering comprises of 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. We also continue to build industry specific solutions, with a current focus on Banking & Financial Services and Media & Entertainment. We classify our operations into three main business segments - global voice solutions, global data & managed services and Neotel (its subsidiary in South Africa).

Global Voice Solutions

International Long Distance (ILD)

We are 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 routes suppliers with leading international voice telecommunication providers. The wholesale international voice business is a mature and increasingly commoditised one, and the Tata Communications Group's strategy is to grow its leadership position while optimizing traffic volumes and maximizing margins and cash flows.

During 2015-16, the Company handled approximately 43.2 billion minutes of international voice traffic globally, a decrease of 12% over the previous year. During the year, traffic to and from India decreased to approximately 14.2 billion minutes, from approximately 17 billion minutes in 2014-15.

However, during the past year, we were able to increase the ratio of traffic coming from mobile operators and next-generation service providers, which is essential in the strategy of securing traffic directly from key retail service providers.

National Long Distance (NLD)

NLD traffic within India is growing, though the growth has slowed down. The Company holds a 21% market share of the addressable market in this business. The Company's NLD traffic has decreased from 4.5 billion minutes in 2014-15 to 3.1 billion minutes in 2015-16, 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 maximize our existing infrastructure and capabilities. By increasing our market share, reducing costs and increasing margins, we intend this business segment to remain profitable.

Global Data and Managed Services

Carrier Data

We are one of the world's leading wholesale providers of data, Internet protocol (IP) and mobile signaling services. We own and operate the world's only wholly-owned fibre optic sub-sea network ring around the globe, the Tata Communications' Global Network (TGN). We have investments in multiple consortium submarine cables, which complement the TGN network and enables us to provide seamless connectivity services across all the major business hubs around the globe.

The TGN consists of 7,00,000 kilometers of terrestrial and subsea network fibre and reaches countries representing ~98% of the world's GDP. We leverage this unparalleled network to provide high-speed bandwidth connectivity to other telecom operators, content providers and Internet Service Providers (ISPs) worldwide.

The Data Roaming Boost shall enable mobile network operators, mobile virtual network operators and service providers to deliver a significantly improved mobile internet experience for their customers. With data roaming, a mobile user's internet connection is traditionally routed via long distances and through multiple transit parties back to the home operator - resulting in speed and connectivity challenges. This in turn leads to a poor user experience and often results in service abandonment. With Data Roaming Boost, mobile network operators are able to avoid this multi-party hand-off and connect their customers to the Internet using our closest globally deployed points-of-presence. This ensures a high-quality browsing experience for roamers, while giving service providers full control of their subscriber traffic. This same service can be used by mobile virtual network operators for both human communications and also used for Internet of Things (IoT) global mobile connectivity, which according to the GSMA intelligence reports will be 26 billion connected devices by 2020.

We have the world's largest mobile signaling inter-provider network and are supporting mobile network operators (MNOs) around the globe with one of the industry's widest reaching service offerings for mobile broadband enablement. We have an extensive portfolio of mobile services, including IPX+ connectivity, voice, messaging, roaming, value added services and 3G\LTE signaling. With the accelerated growth in mobile data which GSMA predicts will grow 10 fold from 2014 to 2020, MNOs are looking for ways to generate increased revenue, reduce customer churn and ensure service continuity even as they migrate to 4G and we are mining this opportunity. Our managed mobile 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, we have introduced several innovations in these areas. Additionally, we are adapting and introducing new mobile services to serve not only mobile network operators, but also next generation providers and enterprises and this will drive further growth over the next few years, combating price erosion in our traditional signaling business. We have also introduced the Partner Portal which improves speed to market and scaling fast by selling via dedicated partner ecosystem.

Enterprise Data

The enterprise data business has a high potential and is growing fast. Over the past few years, we have ramped up our capabilities and offerings so that today, we are a leading player in this space globally, with an extensive suite of services. We offer a full range of customised and managed communication solutions tailored to the needs of enterprise customers. With our Global Network Services (GNS) portfolio, we serve several forms of connectivity needs of service providers and enterprise customers in India and globally. These are: Ethernet Platform, 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), IZO Internet WAN; or Hybrid WAN which combines both GVPN & IZO services. We continue to expand the reach of our services by directly entering select new markets, partnering with regional/local operators, and using indirect channels catering to small and medium enterprises. During the year. We worked on expanding our network presence and increasing network capability into Tier 3 & Tier 4 towns in India to cater to emerging Enterprise business requirements. Launch of white-label SIP trunking solution empowers service providers to expand their voice services to customers. Infonetics forecasts that 62% of enterprises are expected to use SIP by 2017 for a portion of their voice connectivity requirements. Underpinned by our Global network with connectivity to over 240 countries and territories, Global white label SIP solution empowers service providers to meet the demand through faster time to market and a reliable, high quality user experience for their global customers. During the past year, we have introduced several new innovations and acquired a number of new clients.

During the year under review, we launched IZO™ Private Cloud service to bring CIOs unprecedented control over their public and private clouds and entire data centre estate. The new service, unveiled at Cloud Expo Asia, is the latest addition to our game-changing IZO™ cloud enablement platform, and will empower enterprises to connect to the world's biggest clouds, and to build a truly hybrid, high-performance IT infrastructure, where different cloud, colocation and managed hosting environments work together as one.

Our focus to increase business and partnership with these top Cloud providers led to the organization of our NextGen Sales unit, which has a dedicated sales force to cater to the needs of these Cloud providers. Over the last year we partnered with them for our IZO™ platform, and closed a few strategic deals in the network and infra based solutions space. The NextGen sales segment has shown high revenue growth year-on-year.

Our IP Services rank among the top five global customer routes representing more than 25% of the overall Internet routes. Our IP network reach has extended into some new countries and locations, like Austria, Switzerland, Taiwan, and several cities in USA. We have been an aggressive early-mover in the Ethernet space. Earlier this year, we won two industry awards: the Metro Ethernet Forum (MEF) Best Ethernet Business Application and the APAC Ethernet Service Provider of the year. The low latency network further extend our global financial trading connectivity network supporting mission critical real-time trading applications. We have also strengthened our 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. Our 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. Collaboration with SimbaNET opens up opportunities to provide a portfolio of technology and communication solutions for enterprises' growing ICT requirements in East Africa. The said collaboration shall provide companies in Kenya, Tanzania and Uganda with access to enterprise solutions such as global network connectivity, direct public cloud access, unified communications and managed security services.

Global managed services (GMS) provides collaboration and unified communication solutions to enterprises as well as service providers. Services offered by Tata Communications Group are: Calling services (Enterprise voice, ITFS, IPT), SIP trunking services, Conferencing services (voice, data, web, video), and Hosted Contact Centre services. These services enable service providers and enterprises to leverage our global network reach and unified communications portfolio without major up-front investment in building their own solution. The business customers benefit from a new way to transform their voice network with a potential 55% network cost saving. The conferencing 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 our IP traffic and overall network usage. The Contact Centre services enable businesses and outsourced service providers to manage contact centre requirements worldwide, across multiple delivery centres, with consistent customer experience and the uptime, performance, scalability, and resiliency needed for business critical applications. We are now positioned in the Leaders' Quadrant in Gartner's Magic Quadrant for Global Network Service Providers. In just five years we have 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 our strategy on the two parameters of 'Completeness of Vision' as well as the 'Ability to Execute'.

We also offer 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. Our 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 we continue to leverage our strength in emerging markets, we extended our 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 our partnership with Etisalat. We have also partnered with major media service providers like Harmonics Inc. to provide end-to-end managed media services. In a testament to our capabilities, we successfully delivered rugby union matches covering 10,000 kilometers and several time zones between match location from where around 20 million viewers globally tuned in. Also, in May 2015, we were appointed by Formula One Management as a broadcast supplier to provide a fully diverse end to end fibre and satellite solution to broadcasters from across the globe at the 12 race locations. This partnership will enable broadcasters to have access to a provider with knowledge and experience in motor racing and the infrastructure capability to provide specific media management and movement services that go above and beyond the core technology. We continue to experience double digit growth within the sports entertainment markets and with content owner providing global distribution of their content.

ORGANIZATIONAL RESTRUCTURING

Global Structure

We have structured ourselves into global business units and global shared service functions, to operate optimally in our 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 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

Our sustainability journey has evolved in recent years. We began by responding proactively to calls for environmental compliance and by reducing our operational footprint. Our three priorities in this regard are to reduce carbon footprint, reuse water and reduce its consumption, and manage hazardous solid waste. The Company has set up water treatment plants in India at Pune, Mumbai, Chennai and Delhi to recycle waste water to partially meet its water requirements. At Pune, an artificial lake was created to charge the ground water.

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. At Pune we plan to deploy Geothermal and Mist cooling technologies for air-conditioning system to further reduce water consumption. Organic waste converters (OWC) have been deployed at Pune and Ambattur to convert solid waste generated into manure.

Corporate Social Responsibility (CSR)

Tata Communications Group believes that the primary purpose of a business is to improve the quality of life of people and that a corporate entity exists to serve society from where it sources its customers and other stakeholders. Hence, it is important to address the needs and concerns of the society in a proactive manner.

We demonstrate our social responsibilities by assisting communities by actively implementing developmental projects in the thrust areas of Education, Employability, Entrepreneurship and Healthcare. The implementation of the CSR programs in the given focus areas is done through not for profits and other partners with relevant experience and credibility. Apart from the thrust areas, we also work on issues of water, personal hygiene and digital literacy. One of the flagship programs 'National Cancer Grid' was launched in 2016, in health care sector, in partnership with Tata Trusts.

Our projects are, strategy-driven, partnership-based, and business-integrated. While driving the projects, the thrust is on leveraging the infrastructure, resources and expertise to design and implement various programs and also actively promote volunteering by the employees.

In line with its corporate social responsibility and commitment towards the community as a whole, we are also committed towards inclusion of beneficiaries from socially disadvantaged communities and also aim to increase diversity base in the projects.

In pursuit of CSR programs, we synergize with the programs and initiatives of Tata Group by liasoning with Tata Sustainability Group (TSG) wherever possible and provide support for disaster rescue, relief and rehabilitation.

The key deliverables achieved from the CSR and Affirmative Action programmes during FY 2015-16 are as below:

Thrust Areas	Key deliverables/Impact
Education	Reached out to more than 20,000 students through school transformation programs, scholarship support, teachers training, academic assistance, computer literacy training, sports, digital enablement and Internet access in Delhi, Pune, Mumbai, Bangalore and rural Maharashtra.
Employability	Around 7,000 women and youth have been trained in community centric vocational skills and industry specific trades such as high end telecom, geriatric caregiving, hygiene assistance, domestic wiring, BPO, retailing trades and computers etc. 3,000 youth and women have started earning their livelihoods benefitted through the programs.
Entrepreneurship	612 candidates have been reached out through the entrepreneurship program this year, through direct and indirect interventions.
Healthcare	Successful launch of "National Cancer Grid", a flagship healthcare program, has been undertaken in partnership with Tata Trusts and identification of 81 Regional Cancer Care centres has been completed in 2015-16. Reached out to 4,800 adolescents and 2,400 women through reproductive and sexual healthcare interventions in community.
Disaster Relief & Rehabilitation	Contributed ₹75 lakhs towards relief and rehabilitation for Chennai floods to Tata Community Initiatives Trust. A voluntary contribution of ₹14 lakh was made by the employees towards Chennai relief. We deployed INMARSAT sets in the initial stage of the Chennai floods through Army Headquarters and the National Disaster Relief Force [NDRF]. Besides, we assisted the rescue efforts by operating a 24X7 helpline and operated a Relief Material Logistics Depot in Chennai.
Employee Volunteering	Total no. of volunteers 3,751; Volunteering hours- 12,346 hours achieved over 100 volunteering events; Locations - 7 in India. Causes served: education, health, telecom, environment, art appreciation, differently-abled, Cancer/AIDS, youth and women empowerment.

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 the new telecom policy will help telecom operators serve their customers better. The regulatory scenario in other geographies across the world, where the Tata Communications Group operates through its subsidiaries, did not see any major policy changes impacting the business.

'National Telecom Machine to Machine (M2M) Roadmap' was released on May 12, 2015 by the Government of India. Anticipating the promising potential of M2M, the Department of Telecommunications has come up with this roadmap which will serve as a single reference document for all M2M stake holders in India. It is first of its kind initiative taken by any government in the world. This roadmap is aimed to provide guidance to all the stakeholders to nurture M2M Communications.

RISKS AND CONCERNS

Like all businesses, we are exposed to certain risks and concerns in the course of business:

Price Reductions

Reductions in prices for communications and managed 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 and managed 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 our total business. Several carriers that we do 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 our business. Further, if any of the major carriers that Tata Communications Group does business with encounters sudden financial difficulties or files for bankruptcy, we may be unable to recover amounts due to it.

Key Customers - Enterprises for Managed Hosting & Security

Business with other enterprises represents a large proportion of our managed hosting and security business. Most of the enterprise customers are facing challenges related to reduction in profit margins and hence reduction of data centre infrastructure and services budget. This leads to enterprise customers looking at newer technology or financial model (CAPEX or OPEX) to fulfill the requirement. Most of the large public Cloud Service Providers see this as an opportunity and are realigning to focus on enterprise customer. Some of these changes could negatively impact our business.

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. We continuously introduce new communications services so that we can compete for new customers and can compete in new segments of the communications business. If we are 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. We rely 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 we are able to obtain any necessary third party intellectual property rights covering the new communications services on a cost effective basis. If another person holds the technology that is necessary for us to provide our services, under a patent 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 our ability to provide services and offer products using that particular technology. Since it is not cost effective to perform comprehensive patent searches for the technologies used by all our products and services, it is often not possible to determine what relevant patents are held by others until a third party levies a patent infringement claim against us. Furthermore, even if we are able to identify a relevant third party patent but we have developed strong bases for our product or service not infringing that patent, the patent owner may still sue us.

To the extent that we are subject to litigation or other claims regarding alleged use of third party intellectual property rights, this litigation could:

- Be time consuming and expensive;
- Divert attention and resources away from 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.

  Some of the key technological risks can be classified under as below:

- Last Mile access: Related disruptions due to crowding on un-license band spectrum, roll out of 5G / LTE high bandwidth wireless, Sky technology e.g. Drones
- Terrestrial Long Haul access: High speed terabit wavelengths deployment, wireless access used for long hauls in replacement to terrestrial access.
- Switching (IP layer): With the advent of Software Defined Networks (SDN) it is being considered as the next wave of routing and switching for IP based networks, the traditional network architectures are exposed to be disrupted in the near future. We are also gearing up with adoption of SDWAN technology for our network.
  - However, high speed core networking equipment and infrastructure in large carrier networks has advanced too far ahead in terms of semiconductor chipset scale, cost and conventional price/performance considerations. This core networking realm will continue to be dominated by large network OEMs.
  - In the network edge, metro Ethernet access and aggregation layers, where the traffic volumes and services complexity can be virtualized without compromising on performance or security or costs, there will likely be a limited or residual risk of SDN based architecture and deployment.
  - While SDN evolution is still at a nascent state due to lack of standardization, security concerns and exposures from a SDN design, architecture and overall framework perspective have to be thoroughly assessed and validated at a hardware, software, application and virtualization layer before such SDN implementations can go live. Security is one key and vital domain, which will act as a strong countering force in the pace of industry adoption, unless and until the security best practices and framework in a SDN environment gain enough maturity by way of standardization and broader acceptance.
- SDWAN technology is evolving rapidly, mostly driven and led by the new age startup community from the Silicon Valley. This SDWAN has the potential and promise to harness the power of software based centralized network orchestration and control the network traffic efficiently and dynamically in real time. This highly automated and disruptive technology will likely pose a risk to traditional WAN network services. However, given the nascent state of SDWAN technology, it will likely consume 24- 36 months of time before the maturity cycle crosses over a tipping point in line with traditional OEM vendors.
  - We have taken proactive counter measures to test, incubate and launch CI of IZO™ SD WAN services in this fiscal year.
  - The other associated risk will also likely include potential acquisition of such SDWAN startup vendors by larger companies (carrier or OEMs).

In addition, we must be vigilant in protecting our 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

We must be able to continuously increase the traffic of voice, Internet, data, and video transmissions on our 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 reduced revenues and cause harm to our 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.
- With the advent of SDN evolution, software based skillsets and competencies and DevOps model will be key catalysts, hence we have taken appropriate measures in incubating diverse skillsets cutting across multiple domains such as network, security, systems and software and working towards adoption of the DevOps model.
- Acquisitions have been key to our growth and successful integration of acquired businesses is important to realise the full value of investments made.
- Our operations are global and any terrorist activities or other acts of violence or war that impact business continuity, would adversely affect our results.

Lack of End-Customer Ownership

In the long distance voice business in India, the Company is a wholesale operator and does not have an access license. Although Calling card regulations have been issued by the Regulator recently providing the end consumer the choice to choose its Long Distance carrier, the Company continues to be 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, etc.

Regulatory Environment

Tata Communications Group 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 and with the expansion of our services portfolio, particularly with the expansion of voice services to enterprise customers. 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 we do 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 our operations and financial condition.

Telecommunications regulators around the world - including in particular the FCC in the United States - have shown a keen interest in adopting regulations to codify "net neutrality" or "open Internet" principles. Culminating a hotly-contested proceeding, the FCC adopted new rules in March 2015 that (i) require transparency and robust disclosures by providers of fixed or mobile broadband Internet access services, and (ii) prohibit blocking or throttling of lawful Internet traffic as well as "paid prioritization" arrangements between Internet service providers and providers of online content or services. In addition, to bolster those bright-line rules, the FCC reclassified broadband Internet access as a common-carrier "telecommunications service," abandoning the "information service" classification it had maintained for many years. The FCC imposed common carrier duties on Internet service providers not only in their retail capacity, but also in connection with their interconnection and traffic-exchange arrangements with transit providers and CDNs. The FCC also imposed a general "Internet conduct" standard that bars "practices that unreasonably interfere with or unreasonably disadvantage the ability of consumers to reach the Internet content, services, and applications of their choosing or of edge providers to access consumers using the Internet." A broad array of Internet service providers have challenged the FCC's rules in court, and judicial proceedings are likely to continue into 2016.

While the U.S. regime expressly excludes services provided to enterprise customers and wholesale carrier customers, calls for further expansions of the recently adopted rules may implicate our services more directly. In addition, regulators in other countries are considering rules that may not exempt enterprise or wholesale services. We expect debates about net neutrality issues to remain active in many jurisdictions, and calls for increased regulation may expand into adjacent areas, including the potential regulation of transit and CDN services, over-the-top video services, and other aspects of the Internet ecosystem.

Most of the countries want the data to remain within their area of operations for sovereignty and regulatory requirements. This is a window of opportunity for us to expand to newer geographies. However, it comes with its own challenges related to certification to the local laws eg. MTCS certification for participating in Singapore government project; ISO27018 certification for personally identifiable information for the data hosting on cloud, etc.

We have data centres operating globally & specifically in Europe, currently the Data Protection Directive (95/46/EC) obliges data controllers to implement appropriate technical and organizational measures to protect personal data. A new General Data Protection Regulation has been proposed and is currently being debated before the European Parliament. It includes new obligations, such as the obligation to appoint a data representative in the EU and to notify personal data breaches. We need to look at the compliance to these new EU directives for local investments & additional risks as a data controller operating in the EU region.

Funding

We have made, and will continue to need, capital investments in new telecommunications and managed services 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 March 31, 2016, the outstanding principal amount of debt was approximately ₹683.79 crores for the Company on a standalone basis and ₹12,054.28 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 we are able to raise equity funding, our 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

Our operations and investments as well as rights to undersea cable capacity extending to other countries, exposes us to risks inherent in international operations. Downturns in the Indian, regional and global economies could have a material adverse effect on our 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 we partially hedge our 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, we had made certain tax holiday and expense claims based on our 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 us, in the unlikely event of all of the disputes culminating in judgments against us 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 Supreme 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 had 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 the issuance of notices to the customer and to the Company by the licensor and in the 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 our 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 our business plans.

Market Consolidation and New Entrants

Our revenues 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. We are 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. Our partnership with ANAM shall help mobile network operators globally to tackle loss caused by A2P SMS spam, fraud and grey route messaging traffic. Our Mobile Messaging Exchange brings together messaging originator communities and mobile network operators. The combination of Mobile Messaging Exchange and ANAM's SMS firewall protects mobile networks against grey routing and spam traffic, ensuring secure and reliable SMS delivery, and enabling mobile network operators to recoup revenues owed to them by unauthorized message senders.

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

New technologies such as Software Defined Networks (SDN) and VNO players introducing SDN based disruptive WAN methods using the overlay approach over any-transport-media in the near future shall have a significant impact on the existing traditional telecom players.

Developing, Testing and Introducing New Services

We continuously develop, test and introduce new services so that we 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 we are not able to successfully complete the development and introduction of new services, including new managed services that incorporates customer feedback in a timely manner, the business could be materially and adversely affected.

Technical Infrastructure

Our 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 our 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 unauthorized 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 our 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

We have 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 (OSSBSS Systems);
- difficulties in the assimilation of different cultures and practices, as well as in the assimilation and retention of 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 we operate has incurred losses in the last several years due to frauds. Although we have implemented various measures in order to control losses relating to fraudulent practices, we may not succeed in effectively controlling fraud when operating in the international or domestic Indian telecommunications markets.

Commitments under Significant Contracts

We have 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 our reputation. The five largest customers collectively accounted for 9% of revenues in fiscal 2016 and if, due to any reason, we lose 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 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. It may also be possible that the patent owner is a competitor who would rather keep a monopoly on the patented technology rather than licensing it. 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 alleged use of third party intellectual property rights, 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 for our alleged infringement and/or make payments to our customers for the indemnities we granted in association with our provided services. 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 financial condition and results of operations.

Environmental Legislation

Our core values of environmental protection are integrated with our business strategy to add value to the business, manage risk and enhance our reputation. We are 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, we are 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, we may be required to remediate contamination at third party sites, or at certain of our properties regardless of whether the contamination was caused by us, or by previous occupants of the property.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

We have a robust internal control mechanism in place. We have 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 Tata Communications Group are subjected to internal and statutory audit.

We have 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 our 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, Risk Management Committee and the Board of Directors. Our risk management procedures are subject to a continual improvement process.

In order to manage risks, we have 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. After identifying and assessing the risk under categories such as - strategic, financial, operational and compliance, we then define 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 our various businesses and functions. In addition to internal audit we also continue 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, 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 2015-16

1. CORPORATE GOVERNANCE PHILOSOPHY AND PRACTICE

The Company as part of the Tata Group shares the set of five core values of the group - integrity, understanding, excellence, unity and responsibility. The Company is unequivocally committed to creating value for all its stakeholders - customers, employees, investors, partners, vendors and the community. Fairness in words, actions and deeds with all stakeholders form the base of the Company's Corporate Governance philosophy.

The Company has adopted a Code of Conduct based on the Tata Code of Conduct for its employees including the Managing Director, which has been refreshed during the year to stay aligned with changing cultural and regulatory norms across the multiple jurisdictions in which the Company conducts its business. In addition, the Company has also adopted a Code of Conduct for its Non-Executive Directors. The Company's corporate governance philosophy is further strengthened by the adoption of the Tata Communications Code of Conduct for Prevention of Insider Trading and Code of Corporate Disclosure Practices. 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 communicates regularly with its shareholders through bulletins, presentations and meetings with analysts and investors.

Pursuant to the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as "SEBI Listing Regulations"), the Company has executed fresh Listing Agreements with the Stock Exchanges wherein its securities are listed.

The Company has adopted the requirements of Corporate Governance stipulated under Clause 49 of the erstwhile Listing Agreement as also those stipulated under the SEBI Listing Regulations.

2. BOARD OF DIRECTORS

As on March 31, 2016, the Company had ten directors. Of the ten Directors, one is an executive director and nine are non-executive directors. Three of the Company's directors are independent directors and one is a nominee of the Government of India.

The Chairman of the Company is a non-executive director (Independent Director), therefore, as per Regulation 17(1)(b) of the SEBI Listing Regulations, at least one-third of the Board should be independent directors. As on the date of this Report, the Board comprised of ten (10) directors out of which three (3) were independent directors thus falling below the stipulated requirement of having one third of the directors as independent directors. As reported to the Indian Stock Exchanges, 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. The said agreements, inter alia, set forth the rights and obligations of the Strategic Partner and the Government of India (GoI) including appointment of directors on the Board of the Company. The relevant clauses from the agreements were incorporated in the 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. Two out of the three independent directors were recommended by the Strategic Partner and 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 vigorously pursuing the GoI time and again to recommend the name of one more independent director so as to fill in this vacancy. The GoI is still in the process of identifying a suitable name to recommend, hence, till such time as 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 Regulation 17(1)(b) of the SEBI Listing Regulations i.e. to have one third of the directors as independent directors.

None of the directors on the board hold directorships in more than ten public companies. Further, none of them is a member of more than ten committees or chairperson of more than five committees (considering membership and chairmanship of Audit Committee and Stakeholders Relationship Committee) across all the public companies in which they are directors. None of the directors on the board serve as an Independent Director in more than 7 listed entities. Necessary disclosures regarding committee positions in other public companies as on March 31, 2016 have been made by the directors. None of the directors are related to each other.

The maximum tenure of the independent directors is in compliance with the Companies Act, 2013 (Act). All the Independent Directors have confirmed that they meet the criteria as mentioned under Regulation 16(1)(b) of SEBI Listing Regulations and Section 149 of the Act.

During the year under review, Mr. A. K. Mittal resigned from the Board with effect from November 30, 2015 pursuant to his retirement from Government service.

In accordance with the provisions of the Companies Act, 2013 and the Company's Articles of Association, Mr. Kishor A. Chaukar and Mr. Saurabh Kumar Tiwari retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment.

The names and categories of the directors on the board, their attendance at board meetings held during the year and at the last annual general meeting, and the number of directorships and committee memberships/chairmanships held by them in other public companies as on March 31, 2016 are given herein below. Other directorships do not include directorships of private limited companies, Section 8 companies and of companies incorporated outside India. Chairmanships / memberships of board committees include only Audit Committee and Stakeholders' Relationship Committee.

Name of the Director	Category	Number of Board Meetings during tenure from April 1, 2015 till March 31, 2016		Attendance at the last AGM (September 29, 2015)	Number of Directorships in Indian Public Companies including Tata Communications Limited		Number of Committee Positions held in Public Companies including Tata Communications Limited		Number of Shares held as on March 31, 2016
		Held	Attended		Chairperson	Member	Chairperson	Member	
Mr. Subodh Bhargava [Chairman] DIN # 00035672	Independent Non - Executive	9	9	Yes	3	5	1	3	NIL
Mr. Vinod Kumar Managing Director & Group CEO DIN # 01204665	Non - Independent Executive	9	9	Yes	NIL	1	NIL	NIL	NIL
Mr. N. Srinath DIN # 00058133	Non - Independent Non - Executive	9	8	Yes	NIL	6	NIL	2	NIL
Mr. Kishor A. Chaukar DIN # 00033830	Non - Independent Non - Executive	9	9	Yes	1	7	2	3	NIL
Dr. Ashok Jhunjhunwala DIN # 00417944	Non - Independent Non - Executive	9	8	Yes	NIL	6	2	3	500
Dr. Uday B Desai DIN # 01735464	Independent Non - Executive	9	9	Yes	NIL	1	NIL	2	NIL
Mr. A.K. Mittal[1] DIN # 03606496 Resigned w.e.f November 30, 2015	Non - Independent Non - Executive	8	8	Yes	NIL	1	NIL	NIL	NIL

Name of the Director	Category	Number of Board Meetings during tenure from April 1, 2015 till March 31, 2016		Attendance at the last AGM (September 29, 2015)	Number of Directorships in Indian Public Companies including Tata Communications Limited		Number of Committee Positions held in Public Companies including Tata Communications Limited		Number of Shares held as on March 31, 2016
		Held	Attended		Chairperson	Member	Chairperson	Member	
Mr. Saurabh Kumar Tiwari[1] DIN # 03606497	Non - Independent Non - Executive	9	8	Yes	1	1	NIL	1	NIL
Mr. Bharat Vasani DIN # 00040243	Non - Independent Non - Executive	9	8	Yes	NIL	3	NIL	NIL	NIL
Ms. Renuka Ramnath DIN # 00147182	Independent Non -Executive	9	8	Yes	NIL	9	2	2	NIL
Dr. Gopichand Katragadda DIN # 02475721	Non - Independent Non -Executive	9	5	Yes	NIL	4	NIL	3	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 Regulation 17 (7) read with Schedule II of the SEBI Listing Regulations has been placed before the Board for its consideration. The Company has an effective mechanism of communicating important decisions taken by the Board to respective divisions.

(e) Apart from Directors' Remuneration and sitting fees, the Company did not have any pecuniary relationship or transactions with non-executive directors during 2015-16.

(f) The terms and conditions of appointment of the independent directors are disclosed on the website of the Company at the link http://www.tatacommunications.com/investor-relations/governance. During the year one separate meeting of the Independent Directors was held inter-alia to review the performance of non-independent directors, the Chairperson of the Company and the Board as a whole. The Board of Directors has evaluated the performance of the Independent Directors.

(g) As required under Regulation 25 (7) of the SEBI Listing Regulations, the Company has a familiarization programme for the independent directors. The details of the familiarization programme are available on the Company's website at the link http://www.tatacommunications.com/investor-relations/governance.

(h) The detailed résumé of each director and the details of the directors proposed to be appointed / reappointed at the 30th Annual General Meeting are published elsewhere in the annual report.

(i) The necessary quorum was present for all the meetings and the gap between two board meetings did not exceed one hundred and twenty days. The dates on which the 9 board meetings were held are as follows:

May 12, 2015	May 27, 2015	July 28, 2015
September 29, 2015	October 27, 2015	November 23, 2015
November 24, 2015	November 25, 2015	February 02/03, 2016

3. AUDIT COMMITTEE

The constitution of the Audit Committee is in compliance with the provisions of Regulation 18 of the SEBI Listing Regulations read with Section 177 of the Companies Act 2013.

The terms of reference of the audit committee are broadly as under:

- Recommendation for appointment, remuneration and terms of appointment of auditors of the Company;
- Review and monitor the auditor's independence and performance, and effectiveness of audit process;
- Approval or any subsequent modification of transactions of the Company with related parties;
- Review of inter-corporate loans and investments;
- Review the process of Valuation of undertakings or assets of the company, wherever it is necessary;
- Evaluation of internal financial controls relating to financial reporting and risk management systems in conjunction with Internal and Statutory Auditors;
- Calling for the comments of the auditors about internal control systems, the scope of audit, including the observations of the auditors and review of financial statement before their submission to the Board and may also discuss any related issues with the internal and statutory auditors and the management of the company.
- Review of vigil mechanism for directors, employees or any other person to report genuine concerns in such manner as may be prescribed.
- Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
- Approval of payment to statutory auditors for any other services rendered by the statutory auditors;
- Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the board for approval, with particular reference to:
  - Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (c) of sub-section 3 of section 134 of the Companies Act, 2013;
  - Changes, if any, in accounting policies and practices and reasons for the same;
  - Major accounting entries involving estimates based on the exercise of judgment by management;
  - Significant adjustments made in the financial statements arising out of audit findings;
  - Compliance with listing and other legal requirements relating to financial statements;
  - Disclosure of any related party transactions;
  - Qualifications in the draft audit report;
  - The going-concern assumption;
  - Compliance with accounting standards;
  - Contingent liabilities;
  - Status of litigation by or against the Company;
  - Claims against the Company and their effect on the financial statements;
  - Review the financial statements of its subsidiary companies, in particular, inter-corporate loans and investments made by unlisted subsidiary companies.

  The term "financial statement" shall have the meaning ascribed to such term under Section 2(40) of the Companies Act, 2013.
- Reviewing, with the management, the quarterly financial statements before submission to the board for approval;

- Reviewing, with the management, the statement of uses/application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;
- Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
- Reviewing the adequacy of internal audit function, if any, including the structure of the outsourced internal auditors and/or internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
- Discussion with internal auditors of any significant findings and follow up there on;
- Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board;
- Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
- To look into the reasons, in conjunction with the management, for any substantial default in any payment to depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
- To review the functioning of the Whistle Blower mechanism;
- Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate;
- To seek information from any employee.
- To select, appoint and obtain professional advice from external sources including for forensic or other investigation, if necessary.
- To secure attendance of outsiders with relevant expertise, if it considers necessary.
- If the Company is required under the Companies Act, 2013 or other legal provision to appoint a cost auditor to have a cost audit conducted, the Committee shall taking into consideration the qualifications and experience of the person proposed for appointment as the cost auditor recommend such appointment to the Board, together with the remuneration to be paid to the cost auditor. If a cost auditor is appointed, the Committee shall review and recommend the cost audit report to the Board.
- To provide advice to the Compliance Officer in setting forth policies in relation to the implementation of the Code of Conduct for Prevention of Insider Trading & the Code of Corporate Disclosure Practices (Code) and the SEBI's (Prohibition of Insider Trading) Regulations, 2015 (Regulations).
- To oversee the implementation of the Code by the Compliance Officer under the overall supervision of the Board of the Company.
- The Chairman of the Audit Committee shall review the status reports placed before him by the Compliance Officer, detailing Trading in the Securities by the Designated Persons along with the documents that such persons had executed in accordance with the pre-trading procedure prescribed under the Code on a quarterly basis.
- To receive from the Compliance officer complete information about any violations of the Code and to give suitable directions to the Compliance Officer for initiation of penal action in cases of violation.
- Perform other activities related to this Charter as requested by the Board.

The Audit Committee shall mandatorily review the following information:

- Management discussion and analysis of financial condition and results of operations;
- Statement of significant related party transactions (as defined by the Committee), submitted by management;
- Management letters / letters of internal control weaknesses issued by the statutory auditors;
- Internal audit reports relating to internal control weaknesses; and
- The appointment, removal and terms of remuneration of the internal auditors shall be subject to review by the Committee.

Additionally, the Committee may also oversee:

- Financial statements for material subsidiaries.
- Compliance with legal and regulatory requirements including the Tata Code of Conduct (TCoC) for the Company and its material subsidiaries.

The Audit Committee invites such of the Company executives, as it considers appropriate, representatives of the statutory auditors and representatives of the internal auditors to be present at its meetings. The previous Annual General Meeting (AGM) of the Company was held on September 29, 2015 and was attended by Ms. Renuka Ramnath, the Chairperson of the Audit Committee.

The composition of the Audit Committee and details of meetings attended by its members are given below:

Name	Category	No. of Meetings during 2015-16	
		Held during Tenure	Attended
Ms. Renuka Ramnath [Chairperson]	Independent, Non-Executive	6	5
Mr. Subodh Bhargava	Independent, Non-Executive	6	6
Dr. Uday B. Desai	Independent, Non-Executive	6	6
Mr. Saurabh Tiwari	Government Nominee, Non-Executive	6	5

Mr. Manish Sansi, Company Secretary & General Counsel (India) is the Audit Committee's Secretary and has been appointed as the Compliance Officer by the Board to ensure compliance and effective implementation of the Insider Trading Code.

During the financial year 2015-16, the Audit Committee held six meetings and not more than one hundred and twenty days had elapsed between any two meetings. The necessary quorum was present for all the meetings. The dates of meetings of the Audit Committee are as follows:

May 12, 2015	May 27, 2015
July 28, 2015	October 27, 2015
November 24, 2015	February 02, 2016

Notes:

1. All members are financially literate and bring in expertise in the fields of finance, economics, development, strategy and management.
2. The management is responsible for the Company's internal controls and the financial reporting process while the statutory auditors are responsible for performing the independent audits of the Company's financial statements in accordance with generally accepted auditing practices and for issuing reports based on such audits.
3. The Board of Directors has entrusted the Audit Committee with the responsibility of supervising these processes and thus ensure accurate and timely disclosures that maintain the transparency, integrity and quality of financial control and reporting.

4. NOMINATION AND REMUNERATION COMMITTEE (NRC)

a) Constitution and Terms of Reference

The Nomination and Remuneration Committee of the Company is constituted in accordance with the provisions of Section 178 of the Companies Act, 2013 and the SEBI Listing Regulations.

The broad terms of reference of the Nomination and Remuneration Committee are as under:

- Recommend to the Board the setup and composition of the Board and its committees. This shall include "Formulation of the criteria for determining qualifications, positive attributes and independence of a director". The committee will consider periodically reviewing the composition of the Board with the objective of achieving an optimum balance of size, skills, independence, knowledge, age, gender and experience.
- Recommend to the Board the appointment or reappointment of directors.
- Devise a policy on Board diversity.
- Recommend to the Board appointment of Key Managerial Personnel (KMP as defined by the Act) and executive team members of the Company (as defined by this committee).
- Support the Board and IDs in evaluation of the performance of the Board, its committees and individual directors. This shall include "Formulation of criteria for evaluation of Independent Directors and the Board." Additionally, the committee may also oversee the performance review process of the KMP and the executive team of the company.
- Recommend to the Board the remuneration policy for directors, executive team/ KMP as well as the rest of the employees.
- On an annual basis, recommend to the Board the remuneration payable to directors and executive team/ KMP of the company.
- Oversee familiarisation programmes for directors.
- Oversee the HR philosophy, HR and People strategy and HR practices including those for leadership development, rewards and recognition, talent management and succession planning (specifically for Board, KMP and executive team).
- To be informed prior to any change in composition of the boards of Indian Subsidiaries, Associates and Joint Ventures and to receive annually report on composition of those boards.
- Provide guidelines for remuneration of directors on material subsidiaries.
- The NRC of a parent/ holding company shall recommend to its Board how the company will vote on resolutions for appointment and remuneration of directors on the Boards of its material subsidiary companies.
- Performing such other duties and responsibilities as may be consistent with the provisions of the committee charter.

The Nomination and Remuneration Committee currently consists of three members. Mr. A.K. Mittal was a member of the Committee up to his date of resignation i.e. November 30, 2015.

The composition of the Nomination and Remuneration Committee and details of meetings attended by its members are given below:

Name	Category	No. of Meetings during 2015-16	
		Held during Tenure	Attended
Dr. Uday B. Desai [Chairman]	Independent, Non-Executive	4	4
Mr. Subodh Bhargava	Independent, Non-Executive	4	4
Mr. Kishor A. Chaukar	Non-Independent, Non-Executive	4	4
Mr. A.K. Mittal (Resigned w.e.f. November 30, 2015)	Government Nominee, Non-Executive	3	3

Mr. Manish Sansi, Company Secretary & General Counsel (India) is the convener of the Nomination and Remuneration Committee.

During the last financial year, the Nomination and Remuneration Committee held four meetings. The necessary quorum was present for all the meetings. The dates of meetings of the Nomination and Remuneration Committee are as follows:

May 26, 2015	July 27, 2015
October 27, 2015	February 02, 2016

b) Remuneration Policy

Remuneration policy in the Company is designed to create a high performance culture. It enables the Company to attract, retain and motivate employees to achieve results. Our business model promotes customer centricity and requires employee mobility to address project needs. The remuneration policy supports such mobility through pay models that are compliant to local regulations. In each country where the Company operates, the remuneration structure is tailored to the regulations, practices and benchmarks prevalent in the IT industry.

The Company pays remuneration by way of salary, benefits, perquisites and allowances (fixed component) and commission (variable component) to its managing director. Annual increments of the Managing Director are decided by the nomination and remuneration committee within the salary scale approved by the members of the Company and are effective April 1 each year. NRC decides on the commission payable to the managing director out of the profits for the financial year and within the ceilings prescribed under the Companies Act 2013 based on the performance of the Company as well as that of the managing director and each executive director.

During the year 2015-16, the Company paid sitting fees as per the below matrix recommended by NRC and approved by the Board:

- ₹50,000 /- per meeting for the Board/ Audit Committee/ Nomination and Remuneration Committee, to those Non-Executive Directors (NED) who are not employees of any Tata Company.
- ₹25,000/- per meeting for the meetings of any other committees to Non-Executive Directors who are not the employees of any Tata Company.
- ₹20,000/- per meeting of the Board and any other committee to those NEDs who are the employee of any Tata Company excluding the employees of Company and its Subsidiaries.

The members have, at the AGM of the Company on September 29, 2015, approved payment of commission to the non-executive directors for each year for the period of five years commencing from April 01 2015, within the ceiling of 1% of the net profits of the Company as computed under the applicable provisions of the Act. The said commission is decided each year by the board of directors and distributed amongst the non-executive directors based on their attendance and contribution at the board and certain committee meetings, as well as the time spent on operational matters other than at meetings. The Company also reimburses the out-of-pocket expenses incurred by the directors for attending the meetings.

c) Table of commission and sitting fees to the non-executive directors for the year 2015-16 are as follows:

Amount (₹ In Lakhs)

Name of the Director	Commission	Sitting Fees
Mr. Subodh Bhargava Chairman	17.07	9.75
Mr. N. Srinath	5.51	2.60#
Mr. Kishor A. Chaukar	7.98	8.50#
Dr. Ashok Jhunjhunwala	5.78	5.50#
Dr. Uday B Desai	11.56	11.75#
Mr. A.K. Mittal * (Resigned w.e.f. November 30, 2015)	5.78	-
Mr. Saurabh Kumar Tiwari *	8.54	-
Mr. Bharat Vasani	4.41	1.80#
Ms. Renuka Ramnath	10.74	7.50#
Dr. Gopichand Katragadda	3.58	1.80#

* 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.

Includes sitting fees paid for attending 1 Informal Meeting.

d) The details of remuneration to the whole-time director during the year 2015-16 are as follows:

Amount in ₹

Name	Salary#	Perquisites & Allowances#	Commission
Mr. Vinod Kumar MD & Group CEO	56,699,528	12,462,415	94,305,970

Salary, perquisites and allowances as stated above includes amount paid by Subsidiary Company

e) The Company does not have any employee stock option scheme.

f) Performance Evaluation Criteria for Independent Directors.

The performance evaluation criteria for independent directors is determined by the Nomination and Remuneration Committee. An indicative list of factors that may be evaluated include participation and contribution by a director, commitment, effective deployment of knowledge and expertise, effective management of relationship with stakeholders, integrity and maintenance of confidentiality and independence of behavior and judgement.

5. CORPORATE SOCIAL RESPONSIBILITY (CSR) COMMITTEE

The Corporate Social Responsibility Committee of the Company is constituted in line with the provisions of Section 135 of the Act.

The broad terms of reference of CSR committee is as follows:

- Formulate and recommend to the Board, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the company;
- Recommend the amount of expenditure to be incurred on the activities referred to above;
- Monitor the Corporate Social Responsibility Policy of the company from time to time;
- Oversee the company's conduct with regard to its corporate and societal obligations and its reputation as a responsible corporate citizen;
- Oversee activities impacting the quality of life of various stakeholders; and
- Monitor the CSR policy and expenditure of the material subsidiaries.

The composition of the Corporate Social Responsibility Committee and details of meetings attended by its members are given below:

Name	Category	No. of Meetings during 2015-16	
		Held during Tenure	Attended
Mr. Kishor A. Chaukar	Non-Independent, Non-Executive	1	1
Mr. Saurabh Tiwari	Government Nominee, Non-Executive	1	1
Ms. Renuka Ramnath	Independent, Non-Executive	1	1
Dr. Gopichand Katragadda	Non-Independent, Non-Executive	1	1

One meeting of the CSR Committee was held on February 3, 2016 where all the members of the Committee were present. The CSR policy of the Company is available on its website at the following link: http://www.tatacommunications.com/investor-relations/governance

6. STAKEHOLDERS RELATIONSHIP COMMITTEE

The Company has a Stakeholders Relationship Committee duly constituted in accordance with the provisions of Section 178 of the Companies Act, 2013 and Regulation 20 of the SEBI Listing Regulations.

The broad terms of reference of the Stakeholders Relationship Committee are as under:

- Review of statutory compliance relating to all security holders.
- Consider and resolve the grievances of security holders of the company including complaints related to transfer of securities, non-receipt of annual report/declared dividends/notices/balance sheet.
- Oversight of compliances in respect of dividend payments and transfer of unclaimed amounts to the Investor Education and Protection Fund.
- Oversight and review of all matters related to the transfer of securities of the company.
- Approval of issue of duplicate certificates of the company.
- Review of movements in shareholding and ownership structures of the company.
- Ensuring setting of proper controls and oversight of performance of the Registrar and Share Transfer Agent.
- Recommendation of measures for overall improvement of the quality of investor services.

The Stakeholders Relationship Committee consists of Mr. Kishor A. Chaukar as its Chairman and Dr. Uday B. Desai as the member. Mr. A.K. Mittal was a member of the Committee up to his date of resignation i.e. November 30, 2015. During the financial year 2015-16, the Committee held four meetings on May 12, 2015, July 28, 2015, October 27, 2015 and February 02, 2016.

The composition of the Stakeholders Relationship Committee and details of meetings attended by its members are given below:

Name	Category	No. of Meetings during 2015-16	
		Held during Tenure	Attended
Mr. Kishor A. Chaukar - Chairman	Non-Independent, Non-Executive	4	4
Dr. Uday B. Desai	Independent, Non-Executive	4	4
Mr. A.K. Mittal (Resigned w.e.f. November 30, 2015)	Government Nominee, Non-Executive	3	1

The details of grievances received from the shareholders during the year and their status on March 31, 2016 is given below:

Sr. No.	Nature of Complaints	No. of Complaints		
		Received	Replied	Pending
1.	SEBI/Stock Exchange Complaints	2	2	NIL
2.	Direct/ Miscellaneous/Other Complaints	1	1	1*
	Total	3	3	1

* The Management has initiated the process for resolving the 1 pending complaint received from an investor regarding details of dividend pertaining to earlier years on the basis of the guidance received from the Stakeholders Relationship Committee at its meeting held on May 18, 2016.

This committee has been delegated the powers to approve the issue of Duplicate Share Certificates and approve transfer/transmission of shares. All the shares received for transfer till March 31, 2016 has been duly processed.

Mr. Manish Sansi, Company Secretary and General Counsel (India) is the convener of the Stakeholders Relationship Committee and has been designated as the Compliance Officer for shareholder grievance redressal.

7. ETHICS AND COMPLIANCE (ECC) COMMITTEE

In accordance with the Tata Communications Code of Conduct For Prevention of Insider Trading and Code of Corporate Disclosure Practices, the Ethics and Compliance Committee was constituted consisting of Mr. Kishor A. Chaukar as its Chairman and Dr. Uday B. Desai and Mr. Saurabh Tiwari as its members. However, the revised Insider Trading Regulations of SEBI which came in to force in May 2015 provided for the functions hitherto being handled by the ECC to be handled by the Audit Committee. Therefore, during the financial year 2015-16 only one committee meeting was held on May 12, 2015 which was attended by all its members.

The composition of the Ethics and Compliance Committee and details of meetings attended by its members are given below:

Name	Category	No. of Meetings during 2015-16	
		Held during Tenure	Attended
Mr. Kishor A. Chaukar - Chairman	Non-Independent, Non-Executive	1	1
Dr. Uday B Desai	Independent, Non-Executive	1	1
Mr. Saurabh Tiwari	Government Nominee, Non-Executive	1	1

8. RISK MANAGEMENT COMMITTEE (RMC)

The Risk Management Committee of the Company is duly constituted in accordance with SEBI Listing Regulations. The Board has defined the role and responsibilities of the RMC which include monitoring and reviewing of the risk management plan. During the financial year 2015-16, one meeting of RMC was held on February 03, 2016 and was attended by all its members.

The composition of the Risk Management Committee and details of meetings attended by its members are given below:

Name	Category	No. of Meetings during 2015-16	
		Held during Tenure	Attended
Mr. Kishor A. Chaukar - Chairman	Non-Independent, Non-Executive	1	1
Dr. Ashok Jhunjhunwala	Non-Independent, Non-Executive	1	1
Mr. Vinod Kumar	Managing Director & Group CEO	1	1
Mr. Tri Pham	Head - Corporate Strategy & Communications	1	1

9. GENERAL BODY MEETINGS

Annual General Meetings (AGM): The location and time of the last three Annual General Meetings are as follows:

Meeting Date	Location, Description and Type of Resolutions	Voting
September 29, 2015	The 29th 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 Nine resolutions out of which one was a Special Resolution. The Special Resolution was relating to approval of Shareholders of the Company for the payment of commission not exceeding 1% per annum of the net profits of the Company for the period of five years commencing from April 01, 2015 subject to applicable provisions of Companies Act, 2013 read with Listing norms.	All the resolutions were put to vote and carried with requisite majority.
August 04, 2014	The 28th 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 Nine resolutions (All ordinary resolutions).	All the resolutions were put to vote and carried with requisite majority.
July 26, 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 - 400 051. 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.

Notes:

i. During the year under review, no special resolution was passed through the exercise of postal ballot.

ii. No special resolution is proposed to be conducted through postal ballot at the Annual General Meeting to be held on August 01, 2016.

iii. No court convened meetings were held during the financial year 2015-16.

10. OTHER DISCLOSURES

i) All material transactions entered into with related parties as defined under the Companies Act 2013 and Regulation 23 of SEBI Listing Regulations during the financial year were in the ordinary course of business and on arm's length pricing. These have been approved by the audit committee. The board has approved a policy for related party transactions which has been uploaded on the Company's website at the link: http://www.tatacommunications.com/investor-relations/governance. Note number 33 of the Notes on Accounts may also be referred to in this respect.

ii) 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, 2013-14, 2014-15 and 2015-16.

However in compliance with the SEBI Circular No. CIR/MRD/DSA/31/2013 dated September 30, 2013, the Company has paid during the financial year 2015-16 the specified fines imposed by the Stock Exchanges for the delay in filing of Annual Accounts for financial year 2014-15 with the Stock Exchanges.

iii) The Company has adopted a Whistle Blower Policy and has established necessary mechanisms for employees to report concerns about unethical behaviour. The said policy has also been put up on the website of the Company at the following link: http://www.tatacommunications.com/investor-relations/governance.

No person has been denied access to the Audit Committee.

iv) Reconciliation of Share Capital Audit:

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

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

v) The Company has fulfilled the following non-mandatory requirements as prescribed in Regulation 27(1) read with Schedule II Part E of the SEBI Listing Regulations:

a. Mr. Subodh Bhargava, Independent Director, is the Chairman of the Company and Mr. Vinod Kumar is the Managing Director & Group CEO of the Company. The Company has complied with the requirement of having separate persons to the post of Chairman and CEO / Managing Director.

b. Appointed an internal auditor who makes presentations to the audit committee on internal audit reports.

vi) Code of Conduct

The members of the Board and senior management personnel have affirmed the compliance with the Tata Code of Conduct applicable to them during the year ended March 31, 2016. The Annual Report of the Company contains a certificate by the Managing Director and Group CEO, in terms of the SEBI Listing Regulations on the compliance declarations received from Independent Directors, Non-Executive Directors and Senior Management Personnel.

vii) In terms of Regulation 17(8) of the SEBI Listing Regulations, the Managing Director & Group CEO and the Chief Financial Officer have given a certificate to the Board of Directors in the format prescribed under Schedule II Part B for the year ended March 31, 2016.

viii) Subsidiary companies

The Audit Committee reviews the consolidated financial statements of the Company and the investments made by its unlisted subsidiary companies. The minutes of the board meetings along with a report on significant developments of the unlisted subsidiary companies are periodically placed before the Board of Directors of the Company.

During the year under review, Tata Communications Payment Solutions Limited (TCPSL) has been ascertained as material unlisted subsidiary of the Company as per the definition of Material Unlisted Subsidiary as per Regulation 16(1)(c) of the SEBI Listing Regulations. Accordingly, one Independent Director from the Board of the Company has been appointed as a Director on Board of TCPSL as per Regulation 24(1) of the SEBI Listing Regulations. The Company has a policy for determining 'material subsidiaries' which is disclosed on its website at the link http://www.tatacommunications.com/investor-relations/governance.

11. MEANS OF COMMUNICATION

The quarterly, half-yearly and annual financial results of the Company are ordinarily published in the Free Press Journal and Navshakti among other newspapers, 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.

Presentations made to institutional investors and analysts, after declaration of quarterly, half-yearly and annual financial results are also displayed on the Company's website.

The management discussion and analysis forms part of the directors' report and is included in the annual report for the year 2015-16. Segmental information may be referred to in Note number 32 of the Notes on Accounts.

12. SHAREHOLDER INFORMATION

i. Annual General Meeting for FY 2015-2016

Date	:	August 01, 2016
Time	:	1100 hours IST
Venue	:	NSE Auditorium, Ground Floor. National Stock Exchange of India Limited, Exchange Plaza, Plot No. C/1, G Block, Bandra-Kurla Complex, Bandra (E), Mumbai - 400 051

As required under Regulation 36(3) of the SEBI Listing Regulations, particulars of Directors seeking re-appointment at the forthcoming Annual General Meeting are given herein and in the Annexure to the Notice of the Annual General Meeting to be held on August 01, 2016.

ii. Financial Calendar:

Year Ending	:	March 31, 2016
Annual General Meeting	:	August 01, 2016

Key Financial Reporting Dates for the Financial Year 2015-16

First quarter ending June 30, 2016	:	On or before August 14, 2016
Second quarter ending September 30, 2016	:	On or before November 14, 2016
Third quarter ending December 31, 2016	:	On or before February 14, 2017
Fourth quarter ending March 31, 2017	:	On or before May 29, 2017

iii. Dividend Payment

: The Board has recommended payment of 43% dividend i.e. ₹4.30 per share for the Financial Year 2015-16.

The final dividend, if declared, shall be paid / credited on or after August 05, 2016.

iv. Date of Book Closure / Record Date : The Company's register of members and share transfer books will remain closed from July 25, 2016 to August 01, 2016 (both days inclusive).

v. Listing on Stock Exchanges : National Stock Exchange of India Limited (NSE)
Exchange Plaza, Plot No. C/1, G Block,
Bandra-Kurla Complex, Bandra (E),
Mumbai - 400 051.

: BSE Limited (BSE)
25th Floor, P. J. Towers, Dalal Street,
Mumbai - 400 001.

vi. Corporate Identification Number (CIN) : L64200MH1986PLC039266

vii. Stock Code / Symbol:

BSE : 500483

NSE : TATACOMM

ISIN for Equity Shares : INE151A01013

The Annual Listing Fees due to each of the aforesaid Stock Exchanges for the financial year 2015-16 has been paid.

viii. Dividend Policy:

The Company believes in enhancing shareholders returns every year and in line with this company has constantly endeavoured to maintain the Dividend Pay-out 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

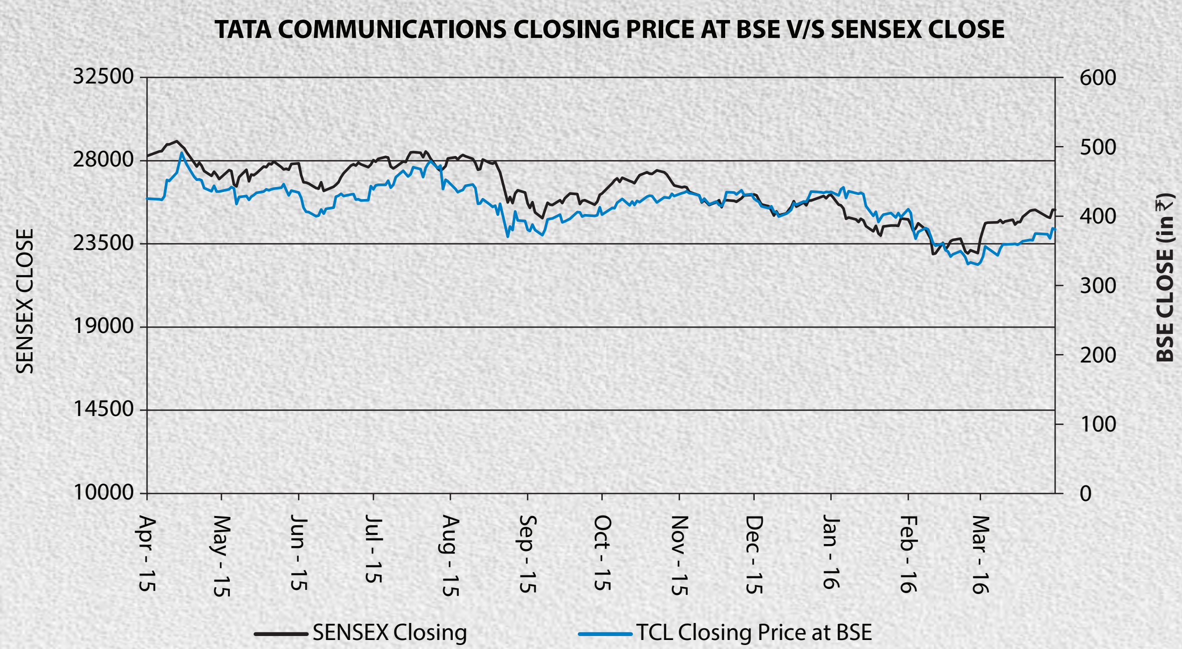
The Board recommends dividends at its discretion. The factors that may be considered by the Board before making any recommendations for the dividend include, but are not limited to, future expansion plans and capital requirements, profits earned during the financial year, overall financial conditions, 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.

ix. Market Price Data:

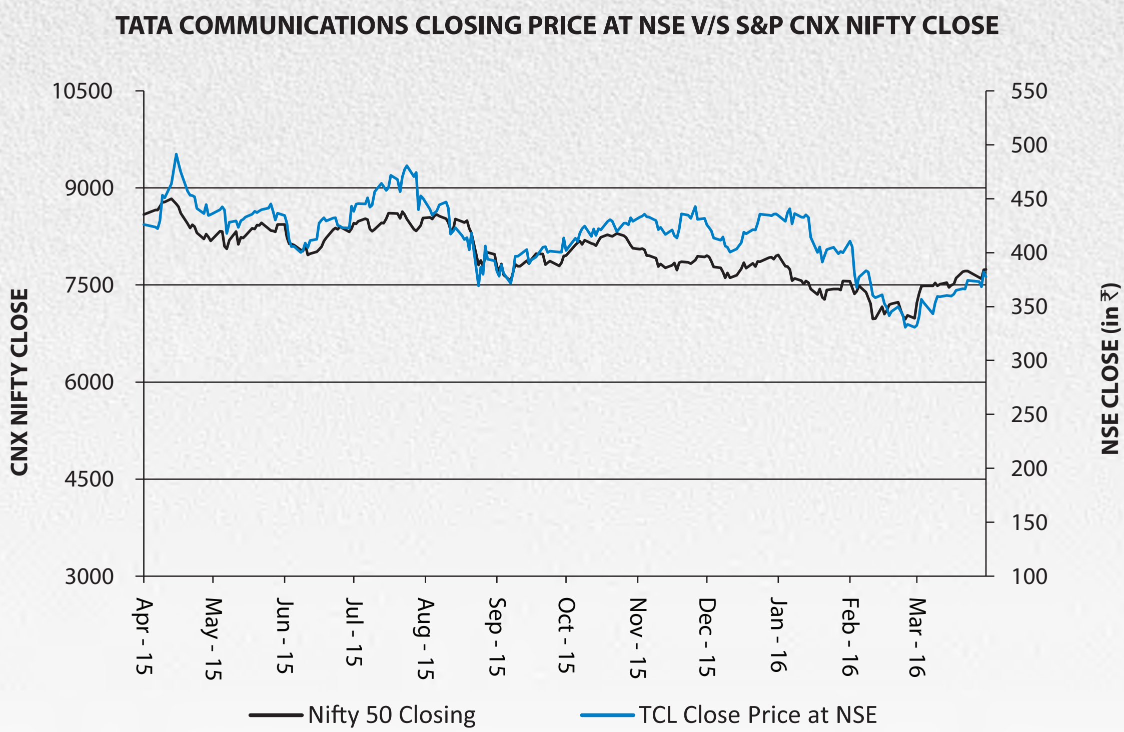
Monthly high and low quotations (based on daily closing prices) and number of equity shares traded during each month in the year 2015-16 on BSE and NSE:

Month	BSE Share Price (In ₹)			NSE Share Price (In ₹)		
	High	Low	Number of Equity Shares Traded	High	Low	Number of Equity Shares Traded
Apr-15	504.9	417.5	2,372,432	505.8	417.3	17,821,019
May-15	453	407	1,502,247	453.25	407	10,746,995
Jun-15	445	395.5	1,198,532	444.95	394.5	10,094,489
Jul-15	490.3	429.2	2,398,062	491.35	429.1	13,525,641
Aug-15	453.25	336.3	1,926,003	452.8	335.55	16,163,940
Sep-15	415.5	365	1,038,175	417	363.15	7,044,219
Oct-15	439	398.35	1,129,771	439.3	399	7,922,499
Nov-15	446	411.3	912,390	447.5	411	6,974,809
Dec-15	442.8	395.2	841,100	442.05	392.3	7,058,797
Jan-16	462.75	379	1,189,004	462.6	372.95	10,020,491
Feb-16	415.35	325.7	1,079,608	416	325	9,425,447
Mar-16	389.15	328.75	1,206,048	389.35	328.55	8,026,041

x. Performance of the share price of the Company in comparison to the BSE Sensex:



xi. Performance of the share price of the Company in comparison to the Nifty 50:



xiii. Registrars and Transfer Agents (R&T Agents)

(w.e.f. June 01, 2016)

Name and Address	:	TSR Darashaw Limited (TSRDL) 6-10, Haji Moosa Patrawala Industrial Estate, 20, Dr. E. Moses Road, Mahalaxmi, Mumbai - 400 011
Telephone	:	91 22 6656 8484
Fax	:	91 22 6656 8494
E-mail	:	csg-unit@tsrdarashaw.com
Website	:	www.tsrdarashaw.com

Sharepro Services India Pvt. Limited (Sharepro) has been the Registrar & Transfer Agent of the Company for both its equity and debt securities. The Securities and Exchange Board of India (SEBI) is conducting an investigation into the activities of Sharepro. Vide an Interim Order dated March 22, 2016, SEBI has cited serious irregularities in the conduct and activities of Sharepro with specific reference to payment of dividend to shareholders and transfer of securities. SEBI, vide the aforementioned order, has directed all Companies who are clients of Sharepro to conduct a thorough audit of their records and systems as maintained by Sharepro and to submit a report to SEBI within three months from the date of the order. SEBI has further instructed Companies to switchover all registrar and share transfer related activities being performed by Sharepro to another Registrar and Share Transfer Agent.

In compliance with the directions issued by SEBI, the Company has appointed an independent agency to conduct the audit and investigation of Sharepro's activities and submit a report.

The Company proposes to terminate the Agreement for Registrar and Share Transfer Services entered into with Sharepro with effect from May 31, 2016 and appoint TSR Darashaw Limited as the Registrar and Share Transfer Agent of the Company for securities related activities (debt and equity) with effect from June 01, 2016.

XIV. 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 Stakeholders Relationship Committee is empowered to approve the share transfers.

XV. SHAREHOLDING PATTERN AS ON MARCH 31, 2016:

a. Distribution of Shareholding

Number of ordinary shares held	Number of Shareholders	
	31.03.2016	**31.03.2015**
1 to 500	55799	55945
501 to 1000	1316	1362
1001 to 10000	1478	1580
Over 10000	305	339
Total	**58898**	**59226**

b. Categories of Shareholders as of March 31, 2016:

Category	Number of Equity Shares held	Percentage of holding
Promoters and Promoter Group		
1. Central Government	74446885	26.12
2. Tata Group		
i. Panatone Finvest Limited	85776654	30.10
ii. Tata Sons Limited	40087639	14.06
iii. The Tata Power Company Limited	13422037	4.71
Public		
1. Institutions		
i. Mutual Funds	17772051	6.24
ii Banks and Financial Institutions	867634	0.30
iii. Insurance Companies	13789057	4.84
iv. Foreign Institutional Investors	9480951	3.33
v. Foreign Portfolio Investors	9469962	3.32
2. Non-Institutions		
i. Bodies Corporate	7340715	2.57
ii. Indian Public and others	12039561	4.23
iii. Trusts	6646	0.00
iv. NRIs and Foreign Nationals	500208	0.18
Grand Total	**285000000**	**100.00**

xvi. Dematerialization of Shares and Liquidity:

The Company's shares are compulsorily traded in dematerialized form on NSE and BSE. Equity shares representing approximately 99.94% of the Company's share capital are dematerialized as on March 31, 2016.

Under the Depository System, the International Securities Identification Number (ISIN) allotted to the Company's Equity Shares is INE151A01013.

xvii. The Company has not issued any GDRs / ADRs / Warrants or any convertible instruments and hence, as on March 31, 2016, the Company does not have any outstanding GDRs / ADRs / Warrants or convertible instruments.

xviii. The details regarding foreign exchange risks form part of the Management Discussion and Analysis Report.

xix. The Company does not have any Equity Shares in suspense account.

xx. Transfer of unclaimed / unpaid amounts to Investor Education and Protection Fund (IEPF):

Pursuant to the provisions of Section 205A and 205C 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 who have not encashed their dividend warrant(s) so far for the financial year ended 2008-2009 or any subsequent financial years are requested to lodge their claims with TSRDL. 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.

xxi. Details of Non-Convertible Debentures issued and outstanding as on March 31, 2016

Sr. No.	NCD Series / ISIN	Principal Amount Outstanding as on 31 March, 2016 (₹)
i.	11.25% Secured Redeemable NCD (INE151A07044)	50,000,000
ii.	9.85% Redeemable Unsecured NCD (INE151A08059)	1,500,000,000

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	10 million 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
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.

Tata Communications Limited

Registered Office

VSB, Mahatma Gandhi Road,
Fort, Mumbai - 400 001.
Tel: +91 22 6657 8765
Fax: +9122 6725 1962
Email: investor.relations@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 6725 1962
Email: investor.relations@tatacommunications.com
Website : www.tatacommunications.com

Compliance Officer

Mr. Manish Sansi

Company Secretary & General Counsel (India)
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 : manish.sansi@tatacommunications.com

Any shareholder complaints/queries may be addressed to:

Registrar and Transfer Agents
TSR Darashaw Ltd.
6-10, Haji Moosa Patrawala Industrial Estate,
20, Dr. E. Moses Road, Near Famous Studio,
Mahalaxmi, Mumbai - 400 011
Telephone: 91 22 6656 8484
Fax: 91 22 6656 8494
Email: csg-unit@tsrdarashaw.com
Website: www.tsrdarashaw.com

Any queries relating to financial statements of the Company may be addressed to:

Corporate Finance

Plot No. C-21 and C-36, G Block,
Bandra Kurla Complex, Bandra (East)
Mumbai - 400 098.
Tel : +91 22 6657 8765
Fax: +9122 6725 1962
Email: investor@tatacommunications.com
Website : www.tatacommunications.com

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, 2016, 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.

	Manish Sansi	**Vinod Kumar**
Place: Mumbai	Company Secretary &	Managing Director &
Date: May 27, 2016	General Counsel (India)	Group CEO

INDEPENDENT AUDITOR'S CERTIFICATE

TO THE MEMBERS OF
TATA COMMUNICATIONS LIMITED

1. We have examined the compliance of conditions of Corporate Governance by TATA COMMUNICATIONS LIMITED ("the Company"), for the year ended on March 31, 2016, as stipulated in:
   - Clause 49 (excluding clause 49(VII)(E)) of the Listing Agreements of the Company with stock exchanges for the period from April 01, 2015 to November 30, 2015.
   - Clause 49(VII)(E) of the Listing Agreements of the Company with the stock exchanges for the period from April 01, 2015 to September 01, 2015.
   - Regulation 23(4) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the Listing Regulations) for the period from September 02, 2015 to March 31, 2016 and
   - Regulations 17 to 27 (excluding regulation 23(4)) and clauses (b) to (i) of regulation 46(2) and para C, D and E of Schedule V of the Listing Regulations for the period from December 01, 2015 to March 31, 2016.
2. The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to the procedures and implementation thereof, adopted by the Company for ensuring compliance with the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.
3. We have examined the relevant records of the Company in accordance with the Generally Accepted Auditing Standards in India, to the extent relevant, and as per the Guidance Note on Certification of Corporate Governance issued by the Institute of the Chartered Accountants of India.
4. In our opinion and to the best of our information and according to our examination of the relevant records and 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 Clause 49 of the Listing Agreement and regulation 17 to 27 and clauses (b) to (i) of regulation 46(2) and para C , D and E of Schedule V of the Listing Regulations for the respective periods of applicability as specified under paragraph 1 above, during the year ended March 31, 2016 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(IIA)(2) of Listing agreement and Regulation no 17 (1) (b) of the Listing Obligations and Disclosure Requirements Regulations, 2015 ("Listing Regulations") , for the reasons explained in Note 2 of the Company's 'REPORT ON CORPORATE GOVERNANCE FOR THE YEAR 2015-16'
5. 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
(Firm's Registration No. 101496W)

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

MUMBAI, 27th May, 2016

FORM NO. MR-3
SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2016

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

To,
The Members,
Tata Communications Limited,

I have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Tata Communications Limited (hereinafter called 'the Company'). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/ statutory compliances and expressing my opinion thereon.

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has during the audit period covering the financial year ended on March 31, 2016 complied with the statutory provisions listed hereunder and also that the Company has proper Board process and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Tata Communications Limited for the financial year ended on March 31, 2016 according to the provisions of:

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

(ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;

(iii) The Depositories Act, 1996 and the Regulations and Bye laws framed thereunder;

(iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial borrowing;

(v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI ACT'):-

(a) the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

(b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 (upto May 14, 2015) and Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 (effective from May 15, 2015).

I report that during the year under review, there was no action/event in pursuance of -

(a) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;

(b) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and/or SEBI (Share Based Employee Benefits) Regulations, 2014;

(c) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;

(d) The Securities and Exchange Board of India (Delisting of Equity shares) Regulations, 2009;

(e) The Securities and Exchange Board of India (Buyback of securities) Regulations, 1998; and

(f) The Securities and Exchange Board of India (Registrar to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with the client.

(vi) The following Acts / Guidelines specifically applicable to the Company:

(a) Telecommunication Regulatory Authority of India Act, 1997

(b) Information Technology Act, 2000

(c) Indian Wireless Telegraphy Act, 1933

(d) Indian Telegraph Act, 1885.

I have also examined compliance with the applicable clauses of the following:

(i) Secretarial Standards issued with regarding to Meetings of the Board of Directors (SS-1) and General Meetings (SS-2) issued by 'The Institute of Company Secretaries of India' (effective from July 1, 2015); and

(ii) The Listing Agreement entered into by the Company with the BSE Ltd. and National Stock Exchange Ltd. and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (effective from December 1, 2015).

During the year under review the Company has complied with the provisions of the Act, Rules Regulations, Guidelines, Standards, etc. mentioned above subject to the following observations:

1) The Company has complied with the requirements of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 with the exception of appointment of Independent Directors to the extent of 1/3rd of the total strength of the Board. It is clarified by the Company that the matter is being pursued with the Government of India for indicating a suitable name for the Company to consider for appointment as Independent Directors on the Board.

2) Audited results for the financial year and quarter ended 31.03.2015 were approved and submitted to the stock exchanges on 28.07.2015 i.e. beyond sixty days as required under erstwhile listing agreement.

I further report that the compliance by the Company of applicable financial laws like direct and indirect tax laws has not been reviewed in this audit since the same has been subject to review by statutory financial audit and other designated professionals.

I further report that -

- The Board of Directors of the Company is constituted as per the Regulation 17 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 with balance of Executive Director and Non-Executive Directors with the exception of appointment of Independent Directors to the extent of 1/3rd of the total strength of the Board. It is clarified by the Company that the matter is being pursued with the Government of India for indicating a suitable name for the Company to consider for appointment as Independent Directors on the Board.
- The changes in the composition of the Board of Directors that took place during the year under review were carried out in compliance with the provisions of the Act.
- Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.
- As per the minutes of the meeting duly recorded and signed by the chairman, decision of the Board were unanimous and no dissenting views have been recorded.

I further report that there are adequate systems and processes in the company commensurate with the size and operation of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

I further report that during the audit period the Company had no specific events/actions having a major bearing on the Company's affairs in pursuance to the laws, rules, regulations, guidelines, standards, etc. referred to above.

(U.C. SHUKLA)

Date: 27 May 2016
Place: Mumbai

COMPANY SECRETARY
FCS: 2727/CP: 1654

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:** manish.sansi@tatacommunications.com
6. **Financial Year reported:** April 1, 2015 to March 31, 2016
7. **Sector(s) that the Company is engaged in (industrial activity code-wise):** 9984 Telecommunications, Broadcasting and Information Supply Services
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 March 31, 2016, the Company has 43 subsidiaries in 34 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 telecommunication 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	4,740.06	20,554.82
Other Operating Income	50.26	50.71
Other Income	184.55	213.13
Total Turnover	**4,974.87**	**20,818.66**

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

	Standalone ₹ in Crores	Consolidated ₹ in Crores
Profit / (loss) after taxes	113.20	(211.84)

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

   During the year 2015-16, ₹13.47 Crores (Standalone), ₹16.48 Crores (Consolidated) 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/Directors 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**	Chief Human Resource Officer & Global HR Head
4.	**Telephone number**	+91 11 66505060
5.	**e-mail id**	aadesh.goyal@tatacommunications.com

2. Principle-wise BR Policy/policies (Reply in Y/N)

The National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business (NVGs) released by the Ministry of Corporate Affairs has adopted nine areas of Business responsibility. Briefly, they are as follows:

P1	Business should conduct and govern themselves with ethics, transparency and accountability.
P2	Business should provide goods and services that are safe and contribute to sustainability throughout their life cycle.
P3	Business should promote the well-being of all employees.
P4	Business should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalised.
P5	Business should respect and promote human rights.
P6	Business should respect, protect and make efforts to restore environment.
P7	Business, when engaged in influencing public and regulatory policy, should do so in a responsible manner.
P8	Business should support inclusive growth and equitable development.
P9	Business should engage with and provide value to their customers and consumers in a responsible manner.

a) Details of Compliance (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 been 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/sites/default/files/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

2b. If answer to S. No. 2a 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?

Tata Code of Conduct and Tata Communications' Anti-corruption Policy are applicable to Tata Communications Limited and its subsidiaries (Company). The Company takes a risk based approach to cascade the obligation to comply with the aforementioned policies to third parties such as vendors, partners, NGOs, etc. The Company may waive this requirement for selected vendors; however, such waiver is granted only when the company has reviewed similar policies of the vendor and is satisfied that the vendor's policies have principles/conditions no less stringent than those set forth in the Tata Code of Conduct and Tata Communications' Anti-corruption Policy. Furthermore, in these instances, a copy of the vendor's code of conduct and/or anti-corruption policy is attached as an exhibit to the governing agreement.

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 2015-16:

Financial Year	Complaints reported, investigated and closed	Complaints found to be valid and actioned
2015-16	20 (includes 10 complaints which are under investigation)	5
Total	20 (includes 10 complaints which are 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 telecommunication services. The Company believes that it must work toward "taking less." The Company is moving ahead with the following Objective;

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

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

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

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

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

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

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

The company is concerned about the energy efficiency and continuously updates its Power Usage Effectiveness (PUE) data which is an indication of efficiency of its data centers. The same is reviewed and monitored as Carbon Footprint (CFP) reduction plan by the Board. As a company, it is actively engaged in securing and investing in renewable energy resources and as of FY 16, the total quantum of energy procured from renewable sources was more than 50 Million units which is >25% of its annual energy bill.

The Company is also an ISO 14000 compliant organization with regular audits and all processes are aligned with respect to the safe disposal of wastes and all emission are within the limits prescribed by the Central Pollution Control Board (CPCB) and State Pollution Control Board (SPCB).

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

- In FY 2012 ~15 Million units of wind power and achieved reduction of 12600 MT of carbon.
- In FY 2013 ~24 Million units of wind power and achieved ~20160 MT of carbon reduction.
- In FY 15, more than 50 Million units were procured and consumed from wind and solar power plants resulting in 42000 Tons of carbon reduction.
- In FY 16, we implemented several energy efficiency projects in 2015-16 across our operations, which further reduced our global emissions by 50,223 metric tons (India: 49,705; International: 517 metric tons).

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 has already published Carbon Foot Print (CFP) for its operations and is in public domain 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.

Tata Communications is engaged in telecom service provisioning. Therefore, 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 communications solutions to reduce their own company's carbon footprint. As a responsible corporate 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.**

   Tata Communications Limited along with its subsidiaries employs 8,500 people as on March 31, 2016.

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

   Onroll Employees - 7,995

   Offroll Employees - 505

   Total Employees - 8,500

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

   2,130 permanent women employees (19.88% 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 recognised by management?**

   Yes

6. **What percentage of your permanent employees is members of this recognised employee association?**

   3.45% 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.**

Sr. 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	2	0
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**

   During the year, Company mapped and carried out socio-economic benchmarking of its key communities and conducted needs assessment survey for identifying various CSR initiatives in the areas of education, employability, entrepreneurship and healthcare for its stakeholders from vulnerable and disadvantaged and marginalised sections of the society.

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

   The Company has identified through baseline surveys some of the disadvantaged and marginalised stakeholders in and around its larger operations in India. The company demonstrated its social responsibilities by assisting communities by actively implementing developmental projects in the thrust areas of Education, Employability and Entrepreneurship. The implementation of the CSR programs in the given focus areas is done through not-for-profits and other partners with relevant experience and credibility.

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

During the year, Company has undertaken several initiatives for the upliftment of disadvantaged and marginalised communities in and around its larger operations.

The key deliverables achieved from the CSR and Affirmative Action programmes during FY 2015-16 are as follows:-

Thrust Areas	**Key deliverables/Impact**
Education	Reached out to more than 20,000 students through school transformation programs, scholarship support, teachers training, academic assistance, computer literacy training, sports, digital enablement and Internet access in Delhi, Pune, Mumbai, Bangalore and rural Maharashtra.
Employability	Around 7,000 women and youth have been trained in community centric vocational skills and industry specific trades such as high end telecom, geriatric caregiving, hygiene assistance, domestic wiring, BPO, retailing trades and computers etc. 3,000 youth and women have started earning their livelihoods benefitted through the programs.
Entrepreneurship	612 candidates have been reached out through the entrepreneurship program this year, through direct and indirect interventions.
Healthcare	Successful launch of "National Cancer Grid", a flagship healthcare program, has been undertaken in partnership with Tata Trusts and identification of 81 Regional Cancer Care centers has been completed in 2015-16. Reached out to 4,800 adolescents and 2,400 women through reproductive and sexual healthcare interventions in community.
Disaster Relief & Rehabilitation	Contributed Rs. 75 lakhs towards relief and rehabilitation for Chennai floods to Tata Community Initiatives Trust. A voluntary contribution of Rs. 14 lakh was made by the employees towards Chennai relief. We deployed INMARSAT sets in the initial stage of the Chennai floods through Army Headquarters and the National Disaster Relief Force [NDRF]. Besides, we assisted the rescue efforts by operating a 24X7 helpline and operated a Relief Material Logistics Depot in Chennai.
Employee Volunteering	Total no. of volunteers 3,751; Volunteering hours- 12,346 hours achieved over 100 volunteering events; Locations – 7 in India. Causes served: education, health, telecom, environment, art appreciation, differently-abled, Cancer/ AIDS, youth and women empowerment.

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 its subsidiaries and associates like suppliers and contractors subject to it being limited to the Company's contracts and arrangements.

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

   Yes. The Company has strategies and green initiatives to address the global environment issues. The Company has filed CDP reports in 2014 and 2015 with a score of 87 and 98 respectively – the reports are on public domain. We plan to take a sabbatical of one year for our sustainability program including CDP submission in 2016. Our reasons for taking a one-year break are:

   - Internal re-structuring in the organization.
   - For purpose of robustness and strengthening our environmental / climate baseline data collection, we plan to undertake a comprehensive review/third party assessment in 2016, and put up a structured program in place.
   - Re-visit climate strategy and come-up with climate commitments in line with the CDP expectations (including re-assessment of the scope boundary) and Tata Group Sustainability guidelines.

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 risk assessment and mitigation process.

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

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

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

   Yes. The company is concerned about the energy efficiency and continuously updates its Power Usage Effectiveness (PUE) data which is an indication of efficiency of its data centres. The same is reviewed and monitored as Carbon Foot Print 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 16, the total quantum of energy procured from renewable sources is more than 50 M units which is more than 25% 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 as to deal with the critical operational/business issues being consulted upon by the relevant Authorities.

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

   In order to bring transparency in its decision making process, the Telecom Regulatory Authority of India has evolved a consultative process wherein on important issues pertaining to Telecom sector, Consultation Papers are issued by it eliciting response from the stakeholders including Tata Communications Ltd. The Consultation Paper post the response from all the stakeholders is followed by an Open House discussion wherein all the stakeholders put forward their views on the issues involved in the consultation. Tata Communications Ltd. participates in all such consultation processes which are relevant to its line of business and 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 and while doing so it takes into account both its Corporate as well as the larger national interest.

Principle 8

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

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

   a) Tata Communications expresses its social responsiveness by empowering communities and enabling them through programs 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.

   b) Primarily focusing on the disadvantaged communities around major operational and business locations, the target groups of stakeholders being addressed through the volunteering programs 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 team of CSR in collaboration with external recognised NGOs and other organizations.

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

   The impact assessment is conducted by the implementing partners and shared with the Company.

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

   Please see Annexure I Directors’ Report - Annual Report on CSR Activities.

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)**

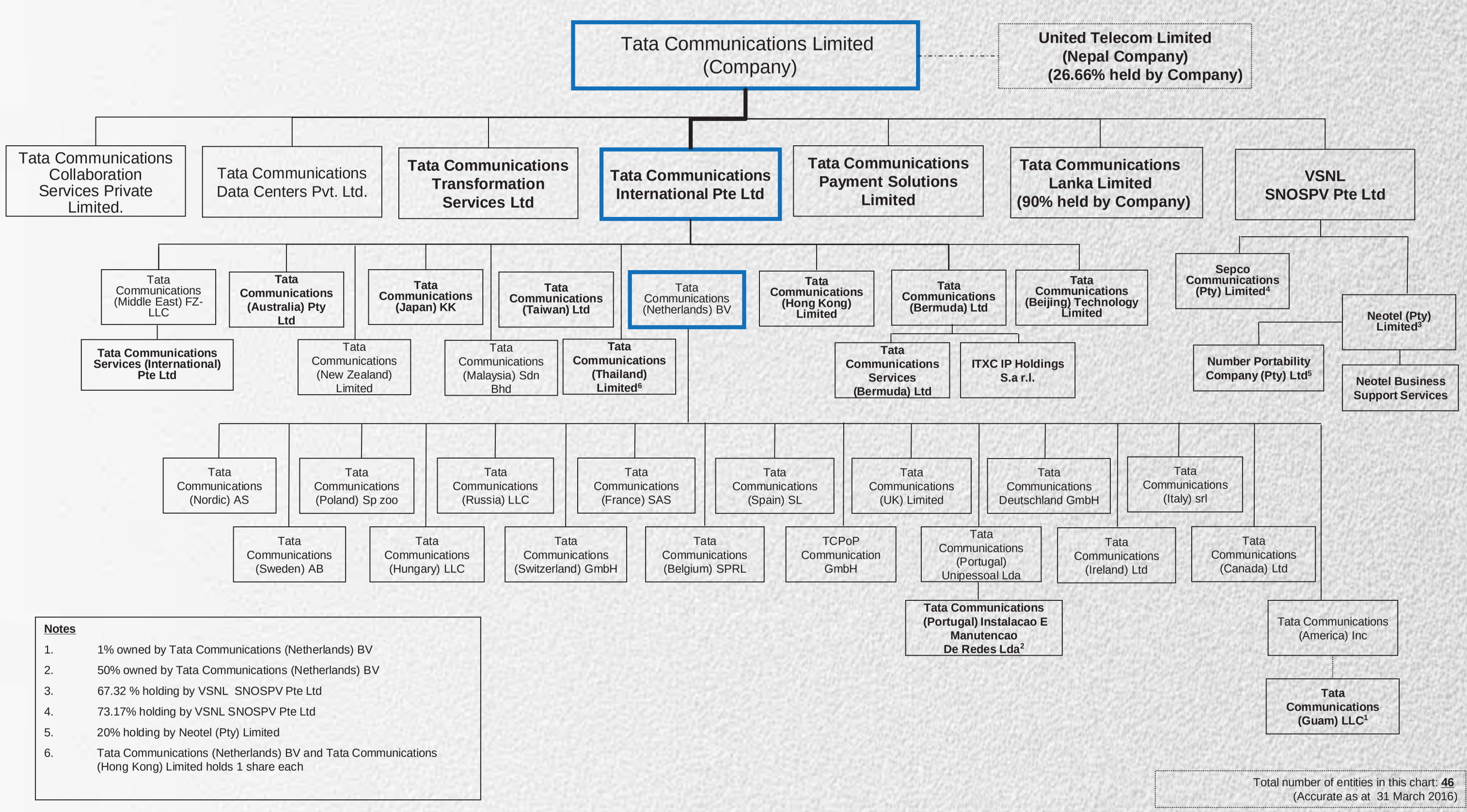
   The Company being in the business of providing telecommunications services; the same is not applicable.

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.



Notes

1. 1% owned by Tata Communications (Netherlands) BV
2. 50% owned by Tata Communications (Netherlands) BV
3. 67.32 % holding by VSNL SNOSPV Pte Ltd
4. 73.17% holding by VSNL SNOSPV Pte Ltd
5. 20% holding by Neotel (Pty) Limited
6. Tata Communications (Netherlands) BV and Tata Communications (Hong Kong) Limited holds 1 share each

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF TATA COMMUNICATIONS LIMITED

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of **TATA COMMUNICATIONS LIMITED** ("the Company"), which comprise the Balance Sheet as at 31 March, 2016, 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 Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards prescribed under Section 133 of the Act, as applicable.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder and the Order under section 143(11) of the Act.

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. 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 auditor's judgement, 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 financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's directors, 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 on the standalone financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March, 2016, and its profit and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, we report that:

   a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

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

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

   d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards prescribed under section 133 of the Act, as applicable.

   e) On the basis of the written representations received from the directors as on 31 March, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March, 2016 from being appointed as a director in terms of Section 164(2) of the Act.

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

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

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

   ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts;

   iii. There are no amounts which are required to be transferred to the Investor Education and Protection Fund by the Company.

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

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

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

Mumbai, 27 May, 2016

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

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

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

We have audited the internal financial controls over financial reporting of TATA COMMUNICATIONS LIMITED ("the Company") as of 31 March, 2016 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

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

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

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

Meaning of Internal Financial Controls Over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has maintained, in all material respects, adequate internal financial controls over financial reporting and such internal financial controls over financial reporting were operating effectively as of 31 March, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the said Guidance Note.

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

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

Mumbai, 27 May, 2016

ANNEXURE "B" TO THE INDEPENDENT AUDITOR'S REPORT

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

Report on Companies (Auditor's Report) Order, 2016 ('the Order') issued by the Central Government in terms of Section 143(11) of the Companies Act, 2013 ('the Act') of TATA COMMUNICATIONS LIMITED ('the Company')

(i) 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 three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the program, certain 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) According to the information and explanations given to us and the records examined by us and based on the examination of the registered sale deed, conveyance deed and transfer deed of the Government of India vide its letter no - G-25015/6/86OC dated 23 October, 2001 provided to us, we report that, the title deeds, comprising all the immovable properties of land and buildings which are freehold, are held in the name of the Company, except the following :

Particulars of land and building	**Carrying amount as on 31 March, 2016 ₹ in crores**	**Remarks**
Building located at Gandhinagar GIDC admeasuring 840 Sq meter	Nil	The title deed is not registered in the name of the Company.
Buildings located at Oshiwara Jogeshwari Ground floor Plus 7 floor in building 31, 32 and 33.	22.61	The title deeds are not registered in the name of the Company and matter is pending in Honorable High Court.

In respect of immovable properties of land and buildings that have been taken on lease and disclosed as fixed asset in the financial statements, the lease agreements are in the name of the Company, where the Company is the lessee in the agreement.

(ii) As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals and no material discrepancies were noticed on physical verification.

(iii) According to the information and explanations given to us, the Company has granted loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013, in respect of which.

a. The terms and conditions of the grant of such loans are, in our opinion, prima facie, not prejudicial to the Company's interest.

b. The schedule of repayment of principal and payment of interest has been stipulated and repayments or receipts of principal amounts and interest have been regular as per stipulations.

c. There is no overdue amount remaining outstanding as at the year-end

(iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 185 and 186 of the Companies Act, 2013 in respect of grant of loans, making investments and providing guarantees and securities, as applicable.

(v) According to the information and explanations given to us, the Company has not accepted any deposit during the year and does not have unclaimed deposits as at 31 March, 2016 and therefore reporting under clause 3(v) of the Order is not applicable to the Company.

(vi) The maintenance of cost records has been specified by the Central Government under section 148(1) of the Companies Act, 2013. Specified activities include International long distance services, Cable landing station, national long distance services, internet service provider services and certain other services. We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014, as amended prescribed by the Central Government under sub-section (1) of Section 148 of the Companies Act, 2013, and are of the opinion that, prima facie, the prescribed cost records have been made and maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

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

(a) The Company has generally been regular in depositing undisputed statutory dues, including provident fund, employees' state insurance, income-tax, sales tax, service tax, customs duty, excise duty, value added tax, cess and other material statutory dues applicable to it with the appropriate authorities.

(b) There were no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, sales tax, service tax, customs duty, excise duty, value added tax, cess and other material statutory dues in arrears as at 31 March, 2016 for a period of more than six months from the date they became payable.

(c) Details of dues of Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, and Value Added Tax which have not been deposited as on 31 March, 2016 on account of disputes are given below:

Name of the Statute	Nature of the Dues	Amount (₹ In crores)	Period to which the Amount Relates	Forum where dispute
Income Tax Laws	Income Tax	827.83	AY 2007-08 to AY 2011-12	Appellate Authority -Tribunal Level
Income Tax Laws	Income Tax	1.02	AY 1997-1998	Appellate Authority - Income Tax Officer
Income Tax Laws	Income Tax - TDS	15.36	AY 2006-07 to 2014-15	Appellate Authority - Commissioner (Appeal)(TDS)
Income Tax Laws	Income Tax - TDS	1.33	AY 2008-09 to 2010-11	Appellate Authority - Income Tax Officer TDS
Sales Tax laws	Sales Tax	0.02	FY 2006-07	West Bengal Commercial Tax Appellate and Revision Board
Central Sales Tax laws	Central sales Tax	1.13	2006-07, 2007-08, 2011-12	West Bengal Commercial Tax Appellate and Revision Board
VAT Act	VAT	0.18	FY 2009-10	Joint Commissioner of Commercial Taxes

Out of the total disputed dues aggregating ₹ 846.87 crores as above, ₹ 827.83 crores has been stayed for recovery by the respective authority.

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

(ix) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments). The term loans have been applied by the Company for the purpose for which they were raised.

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

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

(xii) The Company is not a Nidhi Company and hence reporting under clause 3(xii) of the Order is not applicable.

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

(xiv) During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause 3(xiv) of the Order is not applicable to the Company.

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

(xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

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

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

Mumbai, 27 May, 2016

BALANCE SHEET AS AT 31 MARCH 2016

	Particulars	Note No.	As at 31 March 2016 ₹ in crores	*As at 31 March 2015 ₹ in crores*
A	**EQUITY AND LIABILITIES**			
	(1) Shareholders' funds			
	(a) Share capital	3	285.00	*285.00*
	(b) Reserves and surplus	4	8,033.86	*8,066.83*
			8,318.86	***8,351.83***
	(2) Non-current liabilities			
	(a) Long-term borrowings	5	155.00	*155.00*
	(b) Other long-term liabilities	6	424.69	*446.49*
	(c) Long-term provisions	7	196.76	*154.13*
			776.45	***755.62***
	(3) Current liabilities			
	(a) Short-term borrowings	8	528.79	*370.64*
	(b) Trade payables			
	i) total outstanding dues of micro enterprises and small enterprises	9 (a)	1.38	*0.47*
	ii) total outstanding dues of creditors other than micro enterprises and small enterprises	9 (b)	1,123.62	*1,015.98*
	(c) Other current liabilities	10	764.42	*635.92*
	(d) Short-term provisions	11	536.69	*602.46*
			2,954.90	***2,625.47***
	Total		**12,050.21**	***11,732.92***
B	**ASSETS**			
	(1) Non-current assets			
	(a) Fixed assets			
	(i) Tangible assets	12 (i)	3,960.51	*3,984.41*
	(ii) Intangible assets	12 (ii)	222.91	*189.98*
	(iii) Capital work-in-progress		357.78	*235.95*
			4,541.20	***4,410.34***
	(b) Non-current investments	13	3,102.08	*3,267.85*
	(c) Deferred tax assets (net)	14	123.81	*180.27*
	(d) Long-term loans and advances	15	1,917.98	*1,781.36*
	(e) Other non-current assets	16	8.08	*8.08*
			5,151.95	***5,237.56***
	(2) Current assets			
	(a) Current investments	17	800.87	*856.47*
	(b) Inventories - stores and spares		6.39	*3.95*
	(c) Trade receivables	18	857.77	*717.63*
	(d) Cash and bank balances	19	84.64	*152.86*
	(e) Short-term loans and advances	20	567.31	*346.39*
	(f) Other current assets	21	40.08	*7.72*
			2,357.06	***2,085.02***
	Total		**12,050.21**	***11,732.92***

See accompanying notes forming part of the standalone financial statements

In terms of our report attached

FOR S. B. BILLIMORIA & CO.
Chartered Accountants

R. A. BANGA
Partner

MUMBAI
DATED: 27 May 2016

For and on behalf of the Board of Directors

SUBODH BHARGAVA
Chairman

VINOD KUMAR
Managing Director & Group CEO

PRATIBHA K. ADVANI
Chief Financial Officer

MANISH SANSI
Company Secretary

MUMBAI
DATED: 27 May 2016

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2016

	Particulars	Note No.	Year ended 31 March 2016 ₹ in crores	*Year ended 31 March 2015 ₹ in crores*
1	**Income from operations**			
	(a) Revenue from telecommunication services		4,740.06	*4,316.03*
	(b) Other operating income	22	50.26	*3.32*
2	Other Income	23	184.55	*670.53*
3	**Total Revenue (1 + 2)**		**4,974.87**	***4,989.88***
4	**Expenses:**			
	Network and transmission	24	1,828.73	*1,690.46*
	Employee benefits	25	789.65	*740.12*
	Operating and other expenses	26	1,001.09	*860.80*
	Finance cost	27	20.45	*25.25*
	Depreciation and amortisation	12	745.56	*718.94*
	Total Expenses		**4,385.48**	***4,035.57***
5	**Profit before exceptional items and taxes (3 - 4)**		**589.39**	***954.31***
6	Exceptional Items (loss)/ gain (net)	28	(274.15)	*48.96*
7	**Profit before tax (5 + 6)**		**315.24**	***1,003.27***
8	**Tax expense:**			
	(a) Current tax		145.58	*399.36*
	(b) Deferred tax		56.46	*(70.71)*
	Net tax expenses		**202.04**	***328.65***
9	**Profit for the year (7 - 8)**		**113.20**	***674.62***
	Earnings per share (of ₹ 10 each)			
	Basic/ Diluted earnings per share (₹)	31	3.97	*23.67*

See accompanying notes forming part of the standalone financial statements

In terms of our report attached

FOR S. B. BILLIMORIA & CO.
Chartered Accountants

R. A. BANGA
Partner

MUMBAI
DATED: 27 May 2016

For and on behalf of the Board of Directors

SUBODH BHARGAVA
Chairman

VINOD KUMAR
Managing Director & Group CEO

PRATIBHA K. ADVANI
Chief Financial Officer

MANISH SANSI
Company Secretary

MUMBAI
DATED: 27 May 2016

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2016

	Particulars	Year ended 31 March 2016 ₹ in crores	*Year ended 31 March 2015 ₹ in crores*
	CASH FLOWS FROM OPERATING ACTIVITIES		
1	**PROFIT BEFORE TAX AND AFTER EXCEPTIONAL ITEMS**	**315.24**	***1,003.27***
	Adjustments for:		
	Depreciation and amortisation expense	745.56	*718.94*
	Profit on sale of fixed assets (net) (Refer b below)	(2.49)	*(99.66)*
	Fixed assets written down	0.02	*1.43*
	Interest income	(67.90)	*(63.46)*
	Finance cost	20.45	*25.25*
	Gain on sale of current investments (net)	(71.35)	*(73.66)*
	Dividend income from subsidiaries	(6.53)	*(69.32)*
	Exchange fluctuation on Loans to related parties/short-term borrowings	2.51	*(0.23)*
	Provisions for doubtful trade receivables	(47.60)	*24.75*
	Provision for diminution in value of inventories	0.29	*3.27*
	Provisions for doubtful advances	1.10	*(0.14)*
	Bad debts	54.58	*-*
	Provision for diminution in value of non-current investments	251.52	*35.82*
	OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	**1,195.40**	***1,506.26***
	Changes in working capital:		
	Adjustments for (increase) / decrease in operating assets:		
	Inventories	(2.73)	*(3.07)*
	Trade receivables	(147.12)	*(56.94)*
	Short-term loans and advances	8.87	*82.38*
	Long-term loans and advances	1.07	*(7.44)*
	Other current assets	(39.20)	*0.55*
	Adjustments for increase / (decrease) in operating liabilities:		
	Trade payables	108.51	*(128.11)*
	Other current liabilities	46.06	*(4.12)*
	Other long-term liabilities	(21.80)	*17.80*
	Short-term provisions	27.73	*(0.48)*
	Long-term provisions	42.63	*30.46*
	Cash generated from operations before tax and exceptional items	**1,219.42**	***1,437.29***
	Net income tax (paid)/refund	(311.23)	*23.71*
	NET CASH FLOW FROM OPERATING ACTIVITIES	**908.19**	***1,461.00***
2	**CASH FLOWS FROM INVESTING ACTIVITIES**		
	Capital expenditure on fixed assets including capital advances	(756.12)	*(563.00)*
	Proceeds from sale of fixed assets	18.18	*104.21*
	Purchase of non-current investments	(85.75)	*(1,235.05)*
	Purchase of current investments	(10,682.63)	*(10,663.85)*
	Proceeds from sale of current investments	10,809.58	*10,815.35*
	Loans given to subsidiaries	(230.00)	*(224.00)*
	Loans realised from subsidiaries	-	*355.00*
	Dividend income from subsidiaries	6.53	*69.32*
	Interest received from subsidiaries	68.63	*51.49*
	Interest received from others	2.42	*13.12*
	Earmarked funds	(1.05)	*(0.97)*
	NET CASH FLOW USED IN INVESTING ACTIVITIES	**(850.21)**	***(1,278.38)***
3	**CASH FLOWS FROM FINANCING ACTIVITIES**		
	Proceeds from short-term borrowings	454.53	*252.45*
	Repayment of short-term borrowings	(313.44)	*(216.10)*
	Repayment of long-term borrowings	(55.00)	*(415.00)*
	Dividends paid including dividend tax	(187.33)	*(138.25)*
	Finance cost	(21.25)	*(41.22)*
	Net increase/(decrease) in working capital borrowings	(4.76)	*4.76*
	NET CASH FLOW USED IN FINANCING ACTIVITIES	**(127.25)**	***(553.36)***
	NET DECREASE IN CASH AND CASH EQUIVALENTS	**(69.27)**	***(370.74)***
	CASH AND CASH EQUIVALENTS AS AT THE BEGINNING OF THE YEAR	**140.13**	***510.87***
	CASH AND CASH EQUIVALENTS AS AT THE END OF THE YEAR (Refer note 19 - Cash and bank balances)	**70.86**	***140.13***

Notes:

a. Figures in brackets represent outflows.

b. Profit on sale of fixed assets includes profit on sale of land and building in Mumbai which is included as part of exceptional items amounting to ₹ Nil (2015: ₹ 84.78 crores).

See accompanying notes forming part of the standalone financial statements

In terms of our report attached

FOR S. B. BILLIMORIA & CO.
Chartered Accountants

R. A. BANGA
Partner

MUMBAI
DATED: 27 May 2016

For and on behalf of the Board of Directors

SUBODH BHARGAVA
Chairman

VINOD KUMAR
Managing Director & Group CEO

PRATIBHA K. ADVANI
Chief Financial Officer

MANISH SANSI
Company Secretary

MUMBAI
DATED: 27 May 2016

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

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 signalling services, transponder lease, television uplinking and other services.

2. **Significant accounting policies**

   a. ***Basis of preparation of financial statements***

      The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with all applicable Accounting Standards prescribed under Section 133 of the Companies Act, 2013, and the relevant provisions of the Companies Act, 2013 ("the Act"). The financial statements have been prepared on accrual basis under the historical cost convention. 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 their 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 to the Company.

      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 2016 *(Contd.)*

iv. Cost 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

The depreciable amount for assets is the cost of an asset, or other amount substituted for cost, less its estimated residual value. Depreciation on fixed assets has been provided on the straight-line method as per the useful lives prescribed in Schedule II to the Companies Act, 2013 ("the Act") except in respect of the following categories of assets where the lives of the assets are other than the prescribed lives or otherwise no specific lives has been prescribed in Schedule II to the Companies Act, 2013.

	Tangible and Intangible assets	Useful lives of Assets
i.	Plant and Machinery (Refer 1 below)	
	Network Equipment and Component	3 to 8 years
	Sea cable	20 years or Contract period whichever is earlier
	Land cable	15 years or Contract period whichever is earlier
	Integrated Building Management Systems	8 years
ii.	Leasehold Land and Improvements	Over the lease period
iii.	Software and Application (Refer 2 below)	3 to 6 years

1. In these cases, the lives of the assets have been assessed based on technical advice, taking into account the nature of the asset, the estimated usage of the asset, the operating conditions of the asset, past history of replacement, anticipated technological changes, manufacturers warranties and maintenance support, etc.

2. The estimated useful lives of the intangible assets and the amortisation period are reviewed at the end of each financial year and the amortisation period is revised to reflect the changed pattern, if any.

g. Impairment

The carrying values of assets/ cash generating units at each balance sheet date are reviewed for impairment, if any indication of impairment exists. The following intangible assets are tested for impairment at the end of each financial year even if there is no indication that the asset is impaired:

i. an intangible asset that is not yet available for use; and

ii. an intangible asset that is amortised over a period exceeding ten years from the date when the asset is available for use.

If the carrying amount of the assets exceed the estimated recoverable amount, impairment is recognised for such excess amount. The impairment loss is recognised as an expense in the Statement of Profit and Loss, unless the asset is carried at a revalued amount, in which case any impairment loss of the revalued asset is treated as a revaluation decrease to the extent a revaluation reserve is available for that asset.

The recoverable amount is the greater of the net selling price and the value in use. Value in use is arrived at by discounting the future cash flows to their present value based on an appropriate discount factor.

When there is indication that an impairment loss recognised for an asset (other than a revalued asset) in earlier accounting periods no longer exists or may have decreased, such reversal of impairment loss is recognised in the Statement of Profit and Loss, to the extent the amount was previously charged to the Statement of Profit and Loss. In case of revalued assets such reversal is not recognised.

h. *Operating leases*

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

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 the 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 contributions to provident fund, employee state insurance scheme, gratuity fund, compensated absences, pension 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 Voice Solutions (VS) are recognised at the end of each month based upon minutes of traffic completed in such month.

ii. Revenues from Data Managed Services (DMS) 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.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016 *(Contd.)*

m. Other income

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

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

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 incentives are 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 supported by convincing evidence 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.

iv. Current and deferred tax relating to items directly recognised in the reserves are recognised in the reserves and not in the Statement of Profit and Loss.

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. The 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. Borrowing costs

Borrowing costs include interest, amortisation of ancillary costs incurred and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost. Costs in connection with the borrowing of funds to the extent not directly related to the acquisition of qualifying assets are charged to the Statement of Profit and Loss over the tenure of the loan. Borrowing costs, allocated to and utilised for qualifying assets, pertaining to the period from commencement of activities relating to construction/ development of the qualifying asset up to the date of capitalisation of such asset are added to the cost of the assets. Capitalisation of borrowing costs is suspended and charged to the Statement of Profit and Loss during extended periods when active development activity on the qualifying assets is interrupted.

r. *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 a bonus issue to existing shareholders or a share split.

s. *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, segment assets and segment liabilities 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 a reasonable basis have been included under "unallocated revenue/ expenses/ assets/ liabilities".

t. *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.

u. *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 2016	*As at 31 March 2015*
a. Authorised:		
400,000,000 (2015: 400,000,000) Equity shares of ₹ 10 each	400.00	*400.00*
b. Issued, Subscribed and Paid up:		
285,000,000 (2015: 285,000,000) Equity shares of ₹ 10 each, fully paid up	285.00	*285.00*

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

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

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016 *(Contd.)*

b. **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 ₹ 4.30 (2015: ₹ 5.50) per share for the year ended 31 March 2016.

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

	As at 31 March 2016		*As at 31 March 2015*	
	No of shares	**Percentage**	*No of shares*	*Percentage*
Panatone Finvest Limited	85,776,654	30.10%	*88,626,654*	*31.10%*
Government of India	74,446,885	26.12%	*74,446,885*	*26.12%*
Tata Sons Limited	40,087,639	14.07%	*37,237,639*	*13.07%*

4. Reserves and surplus

(₹ in crores)

	As at 31 March 2016	*As at 31 March 2015*
a. **Capital Reserve** (Refer i below)		
Opening balance	206.06	*206.06*
Closing balance	**206.06**	***206.06***
b. **Debenture Redemption Reserve**		
Opening balance	97.94	*437.94*
Less: Transfer to General Reserve on redemption of debentures	(59.19)	*(340.00)*
Closing balance	**38.75**	***97.94***
c. **Securities Premium**		
Opening balance	725.01	*725.01*
Closing balance	**725.01**	***725.01***
d. **General Reserve**		
Opening balance	5,282.81	*4,875.35*
Add: Transferred from Surplus in Statement of Profit and Loss	-	*67.46*
Add: Transferred from Debenture Redemption Reserve	59.19	*340.00*
Closing balance	**5,342.00**	***5,282.81***
e. **Foreign Exchange Translation Reserve**		
Opening balance	28.07	*28.07*
Closing balance	**28.07**	***28.07***

		(₹ in crores)
	As at 31 March 2016	*As at 31 March 2015*
f. **Surplus in Statement of Profit and Loss**		
Opening balance	1,726.94	*1,328.18*
Add: Depreciation on transition to Schedule II of the Companies Act 2013 on tangible fixed assets with nil remaining useful lives (net of deferred tax of ₹ 16.64 crores) (Refer note 12 (f))	-	*(31.52)*
Add: Profit for the year	113.20	*674.62*
Proposed Dividend (Refer note 3b)	(122.55)	*(156.75)*
Tax on Dividend (net of dividend tax credit in respect of earlier year ₹ 1.33 crores (2015: ₹ 11.78 crores))	(23.62)	*(20.13)*
Transferred to General Reserve	-	*(67.46)*
Closing balance	**1,693.97**	***1,726.94***
Total	**8,033.86**	***8,066.83***

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 the foreign exchange translation reserve in accordance with the applicable accounting standards.

5. Long-term borrowings

		(₹ in crores)
	As at 31 March 2016	*As at 31 March 2015*
I. **Debentures**		
a. **Secured**		
Taxable Rated Secured Non-Convertible Redeemable Debentures (Refer i below)		
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*
b. **Unsecured**		
Taxable Rated Unsecured Non-Convertible Redeemable Debentures (Refer ii below)		
1,500, 9.85% Rated Debentures of face value ₹ 10 lakhs each	150.00	*150.00*
	155.00	***210.00***
Less: Current maturities of long term borrowings	-	*(55.00)*
	155.00	***155.00***

i. Secured Debentures;

The outstanding 50, 11.25% debentures amounting to ₹ 5.00 crores is due for redemption on 23 January 2019 and are secured by a first legal mortgage and charge on the Company's plant and machinery.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016 *(Contd.)*

For facilitating the above redemption, the Company has created a debenture redemption reserve of ₹ 1.25 crores (2015: ₹ 1.25 crores).

ii. **Unsecured Debentures;**

The outstanding 1,500, 9.85% debentures amounting to ₹ 150 crores are due for redemption on 2 July 2019.

For facilitating the above redemption, the Company has created a debenture redemption reserve of ₹ 37.50 crores (2015: ₹ 37.50 crores).

6. Other long-term liabilities

			(₹ in crores)
		As at 31 March 2016	*As at 31 March 2015*
a.	Deferred revenue	414.33	*426.04*
b.	Accrued employee benefits	10.36	*20.45*
		424.69	***446.49***

7. Long-term provisions

			(₹ in crores)
		As at 31 March 2016	*As at 31 March 2015*
a.	Provision for employee benefits (Refer note 29) :		
	Provision for compensated absences	64.40	*59.63*
	Provision for post-employment medical benefits	94.28	*84.77*
	Provision for pension	28.55	*0.68*
b.	Provision for contingencies (Refer note 35)	9.53	*9.05*
		196.76	***154.13***

8. Short-term borrowings

			(₹ in crores)
		As at 31 March 2016	*As at 31 March 2015*
	Short Term Loans (Unsecured)		
	From banks		
a.	Buyers credit	528.79	*365.88*
	(rate of interest per annum - 2016: 0.78% to 1.56%) (2015: 0.84% to 1.25%)		
b.	Bank Overdraft	-	*4.76*
		528.79	***370.64***

9. Trade payables

		As at 31 March 2016	*(₹ in crores)* *As at 31 March 2015*
a.	Total Outstanding dues of micro enterprises and small enterprises (Refer note 41)	**1.38**	*0.47*
b.	Total Outstanding dues of creditors other than micro enterprises and small enterprises		
	- Payables to related parties	55.38	*57.19*
	- Other creditors	913.97	*838.36*
	- Accrued employee benefits	154.27	*120.43*
		1,123.62	***1,015.98***
		1,125.00	***1,016.45***

10. Other current liabilities

		As at 31 March 2016	*(₹ in crores)* *As at 31 March 2015*
a.	Current maturities of long term borrowings (Refer note 5)	-	*55.00*
b.	Deferred revenues and advances received from customers	256.31	*194.99*
c.	Interest accrued but not due on loans from banks	11.74	*12.58*
d.	Licence fees payable	60.61	*61.66*
e.	Deposits from customers and contractors	44.09	*39.18*
f.	Government of India account	20.57	*20.57*
g.	Unpaid dividend (Refer i below)	0.40	*0.40*
h.	Statutory liabilities		
	- Service tax payable	55.12	*62.30*
	- TDS Payable	11.69	*15.44*
i.	Capital creditors	291.48	*153.20*
j.	Gratuity (Refer note 29)	7.00	*10.31*
k.	Other liabilities	5.41	*10.29*
		764.42	***635.92***

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

11. Short-term provisions

		As at 31 March 2016	*(₹ in crores)* *As at 31 March 2015*
a.	Provision for employee benefits (Refer note 29):		
	Provision for compensated absences	7.31	*6.16*
	Provision for post-employment medical benefits	6.89	*6.51*
	Provision for pension	0.56	*-*
b.	Provision for proposed dividend	122.55	*156.75*
c.	Tax on dividend	24.95	*31.91*
d.	Provision for taxes (net of advance tax of ₹ 708.18 crores (2015: ₹ 1,099.69 crores)	348.01	*400.35*
e.	Provision for others (Refer note 35)	26.42	*0.78*
		536.69	***602.46***

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016 *(Contd.)*

12. Fixed assets

i. Tangible assets

(₹ in crores)

	Free hold Land	Leasehold Land	Leasehold Improvements	Building	Plant and Machinery	Furniture and Fixtures	Office Equipment	Computers	Motor Vehicles	Total
Gross Block										
At 1 April 2014	**15.49**	**202.53**	**0.72**	**541.42**	**7,674.80**	**125.39**	**44.23**	**336.22**	**0.50**	**8,941.30**
Additions	-	-	-	64.33	482.58	12.38	7.06	30.06	-	596.41
Disposals	(0.04)	-	-	(3.71)	(3.88)	(0.13)	(0.07)	(6.07)	-	(13.90)
Adjustments	-	-	-	-	(4.81)	(5.67)	10.34	(11.20)	(0.07)	(11.41)
At 31 March 2015	***15.45***	***202.53***	***0.72***	***602.04***	***8,148.69***	***131.97***	***61.56***	***349.01***	***0.43***	***9,512.40***
Additions	-	-	-	2.20	621.72	4.98	6.89	35.56	-	671.35
Disposals	-	-	-	-	(35.89)	(0.49)	(0.02)	(1.14)	(0.09)	(37.63)
Adjustments	-	-	-	-	0.01	(0.01)	0.01	-	-	0.01
At 31 March 2016	**15.45**	**202.53**	**0.72**	**604.24**	**8,734.53**	**136.45**	**68.44**	**383.43**	**0.34**	**10,146.13**
Accumulated Depreciation										
At 1 April 2014	**-**	**23.69**	**0.72**	**86.44**	**4,349.00**	**71.71**	**17.93**	**278.69**	**0.50**	**4,828.68**
Depreciation/ Amortisation	-	2.57	-	16.46	631.66	15.84	18.54	33.56	0.01	718.64
Disposals	-	-	-	(1.14)	(2.01)	(0.13)	(0.07)	(6.00)	-	(9.35)
Adjustments	-	-	-	-	(4.42)	(4.88)	8.46	(9.06)	(0.08)	(9.98)
At 31 March 2015	**-**	***26.26***	***0.72***	***101.76***	***4,974.23***	***82.54***	***44.86***	***297.19***	***0.43***	***5,527.99***
Depreciation/ Amortisation	-	2.57	-	10.30	629.43	9.30	5.20	22.76	-	679.56
Disposals	-	-	-	-	(20.46)	(0.34)	(0.02)	(1.05)	(0.09)	(21.96)
Adjustments	-	-	-	-	0.03	-	-	-	-	0.03
At 31 March 2016	**-**	**28.83**	**0.72**	**112.06**	**5,583.23**	**91.50**	**50.04**	**318.90**	**0.34**	**6,185.62**
Net Block										
At 31 March 2015	***15.45***	***176.27***	-	***500.28***	***3,174.46***	***49.43***	***16.70***	***51.82***	-	***3,984.41***
At 31 March 2016	**15.45**	**173.70**	-	**492.18**	**3,151.30**	**44.95**	**18.40**	**64.53**	-	**3,960.51**

ii. **Intangible assets**

(₹ in crores)

	Goodwill	Software & Application	Total
Gross Block			
At 1 April 2014	**113.14**	**342.23**	**455.37**
Additions	-	113.88	113.88
Disposals	-	-	-
Adjustments	-	-	-
At 31 March 2015	***113.14***	***456.11***	***569.25***
Additions	-	98.95	98.95
Disposals	-	(0.04)	(0.04)
Adjustments	-	-	-
At 31 March 2016	**113.14**	**555.02**	**668.16**
Accumulated Amortisation			
At 1 April 2014	**113.14**	**217.67**	**330.81**
Depreciation/ Amortisation	-	48.46	48.46
Disposals	-	-	-
Adjustments	-	-	-
At 31 March 2015	***113.14***	***266.13***	***379.27***
Depreciation/ Amortisation	-	66.00	66.00
Disposals	-	(0.02)	(0.02)
Adjustments	-	-	-
At 31 March 2016	**113.14**	**332.11**	**445.25**
Net Block			
At 31 March 2015	**-**	***189.98***	***189.98***
At 31 March 2016	**-**	**222.91**	**222.91**

a. Freehold land includes ₹ 0.16 crores (2015: ₹ 0.16 crores) identified as surplus land.

b. Gross block of buildings includes:

- ₹ 32.75 crores (2015: ₹ 32.75 crores) for flats at Mumbai in respect of which agreements have not been executed.
- ₹ 0.38 crores (2015: ₹ 0.38 crores) for sheds at GIDC, Gandhinagar in respect of which agreements have not been executed.

c. Gross block and accumulated depreciation of plant and machinery include Indefeasible Rights of Use (IRUs) for domestic and international telecommunication circuits of ₹ 422.68 crores (2015: ₹ 421.01 crores) and ₹ 278.94 crores (2015: ₹ 256.70 crores) respectively. The lives of IRUs has been estimated at the lower of the lives 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 ₹ 1,045.00 crores (2015: ₹ 1,068.00 crores) and ₹ 560.08 crores (2015: ₹ 511.09 crores) respectively.

e. Finance cost capitalised during the year is ₹ 5.13 crores (2015: ₹ 10.13 crores) in respect of capital expenditure.

f. Depreciation on fixed assets has been provided on the straight-line method from the month of addition. During the previous year, pursuant to the notification of Schedule II to the Companies Act, 2013 with effect from 1 April 2014, the Company has revised the estimated useful lives of some of its assets to align the useful lives with those prescribed in Schedule II.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016 *(Contd.)*

During the previous year, pursuant to the transition provisions prescribed in Schedule II to the Companies Act, 2013, the Company had fully depreciated the carrying value of assets, net of residual value, where the remaining useful lives of the asset was determined to be nil as on 1 April 2014, and had adjusted an amount of ₹ 31.52 crores (net of deferred tax of ₹ 16.64 crores) against the opening surplus balance in the Statement of Profit and Loss under Reserves and Surplus.

The depreciation expense in the Statement of Profit and Loss for the previous year is higher by ₹ 33.62 crores consequent to the change in the useful lives of the assets.

g. Depreciation and amortisation expenses:

(₹ in crores)

	Year ended 31 March 2016	*Year ended 31 March 2015*
Depreciation and amortisation for the year on tangible assets as per note 12(i) above	679.56	*718.64*
Amortisation for the year on intangible assets as per note 12(ii) above	66.00	*48.46*
Less : Depreciation on tangible assets transferred to Surplus in Statement of Profit and Loss	-	*48.16*
Depreciation and amortisation expenses	**745.56**	***718.94***

13. Non-current investments

	As at 31 March 2016		*As at 31 March 2015*	
	No of shares	**₹ in crores**	*No of shares*	*₹ in crores*
Investment (Trade) (at cost, unless otherwise specified)				
a. Fully Paid Equity Shares (Quoted)				
i. Pendrell Corporation (Class A common stock of US$ 0.01 each)	680,373	0.01	*680,373*	*0.01*
Subtotal (i)		**0.01**		***0.01***
b. 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 below)	110,810,000	474.23	*110,810,000*	*474.23*
VSNL SNOSPV Pte. Ltd. * (Equity shares of US$ 1.00 each) (Refer II below)	769,333	3.29	*769,333*	*3.29*
Tata Communications Transformation Services Limited (Equity shares of ₹ 10 each)	500,000	0.50	*500,000*	*0.50*
Tata Communications Payment Solutions Limited (Equity shares of ₹ 10 each) (Refer IV and V below)	662,714,284	947.00	*372,714,284*	*512.00*
Tata Communications Data Centers Private Limited (Equity shares of ₹ 10 each)	10,000	0.01	*50,000*	*0.05*
Tata Communications Collaboration Services Private Limited (formerly known as Wirefree Internet Services Private Limited) (Equity shares of ₹ 10 each)	20,000	0.02	-	-
Subtotal (ii)		**1,432.46**		***997.48***

	As at 31 March 2016		*As at 31 March 2015*	
	No of shares	**₹ in crores**	*No of shares*	*₹ in crores*
ii. In an Associate				
United Telecom Limited (Equity shares of NRS 100 each) (Refer III below)	5,731,900	35.82	*5,731,900*	*35.82*
Subtotal (iii)		**35.82**		***35.82***
iii. Others				
Tata Teleservices Ltd. * (Equity shares of ₹ 10 each) (Refer VI below)	439,863,622	933.75	*439,863,622*	*933.75*
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	*32,000*	*0.32*
Radhapura Wintech Private Limited (Equity shares of ₹ 10 each)	19,370	0.02	*19,370*	*0.02*
Smart ICT Services Private Limited (GIFT) (Equity shares of ₹ 10 each)	9,500	0.01	*9,500*	*0.01*
SEIW Shamal Power Private Limited (Equity shares of ₹ 10 each)	3,514	@		-
KAS onsite Power Solutions LLP (Equity shares of ₹ 100 each)	56,250	5.63		-
Subtotal (iv)		**939.91**		***934.28***
c. Non-Convertible Debentures (Unquoted)				
i. In subsidiaries				
Tata Communications Data Centers Private Limited (9.75% Redeemable non-convertible debentures of ₹ 10,00,000 each - date of redemption - 17 June 2017)	3,500	350.00	*3,500*	*350.00*
Subtotal (v)		**350.00**		***350.00***
d. Fully Paid Preference Shares (Unquoted)				
i. In subsidiaries				
Tata Communications International Pte. Ltd * (Cumulative convertible redeemable Preference Shares of US $ 1 each) (Refer I below)	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 below)	24,680,000	118.71	*24,680,000*	*118.71*
Tata Communications Payment Solutions Limited (12% Convertible Preference shares of ₹ 10 each) (2015: 12% Cumulative redeemable Preference shares of ₹ 10 each) (Refer IV and V below)	495,000,000	495.00	*850,000,000*	*850.00*
Subtotal (vi)		**753.03**		***1,108.03***

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016 *(Contd.)*

		As at 31 March 2016		*As at 31 March 2015*	
		No of shares	**₹ in crores**	*No of shares*	*₹ in crores*
ii.	**Others**				
	Smart ICT Services Private Limited (GIFT) (10% Cumulative non-convertible redeemable Preference shares of ₹ 10 each)	189,728	0.19	*54,208*	*0.05*
	Subtotal (vii)		**0.19**		***0.05***
	Total Non current investments		**3,511.42**		***3,425.67***
	Provision for diminution in value of investment in VSNL SNOSPV Pte. Ltd, United Telecom Limited and Tata Teleservices Ltd * (Refer II, III and VI below)		(409.34)		*(157.82)*
	Total Non current investments (Net of provision)		**3,102.08**		***3,267.85***
	Market value of quoted investments		2.39		*5.53*
	Book value of quoted investments (a)		0.01		*0.01*
	Book value of unquoted investments (b)		3,511.41		*3,425.66*
	Less: Provision for diminution in value of investments (c)		(409.34)		*(157.82)*
	Total Non current investments (a+b-c)		**3,102.08**		***3,267.85***

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

@ represent amount less than ₹ 100,000/-

I. The Company has an investment of ₹ 474.23 crores (2015: ₹ 474.23 crores) in equity shares and ₹ 139.32 crores (2015: ₹ 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. a. During the previous year, Vodacom Group Limited and all the shareholders of Neotel including VSNL SNOSPV Pte Ltd had agreed on the commercial structure and terms for Vodacom Group Limited to acquire 100% shares of Neotel from all such shareholders. However, due to certain complexities, the parties have agreed during the current year that the proposed transaction can no longer be progressed.

b. The Company has made a provision of ₹ 134.29 crores (2015: ₹ 134.29 crores), ₹ 122.00 crores (2015: ₹ 122.00 crores) being the entire carrying amount of investments and advances of ₹ 12.29 crores (2015: ₹ 12.29 crores) to SNOSPV. (Refer note 15).

III. United Telecom Limited ("UTL") passed a resolution on 4 September 2014, wherein the joint venture agreement between the shareholders of UTL was amended to the effect that certain major decisions of UTL would require the affirmative vote of a two-third majority of the directors compared to the earlier clause which required the affirmative vote of all directors. This led to the termination of joint control and consequently the joint venture status in UTL. The Company has made a provision of ₹ 35.82 crores (2015: ₹ 35.82 crores) in respect of the diminution in the value, other than temporary, of equity investment in UTL.

IV. The Company has an investment of ₹ 947.00 crores (2015: ₹ 512.00 crores) in equity shares and ₹ 495.00 crores (2015: ₹ 850.00 crores) in preference shares of Tata Communications Payment Solutions Limited ("TCPSL"). In the opinion of the management, having regard to the nature of the subsidiary business and future business projections, there is no diminution, other than temporary in the value of investment despite significant accumulated losses.

V. During the current year, preference shares of TCPSL aggregating ₹ 930.00 crores (including ₹ 80.00 crores investment made in the current year) are converted from 12% cumulative redeemable preference shares to 12% convertible preference shares and thereafter 12% convertible preference shares of TCPSL aggregating ₹ 435.00 crores have been converted to equity shares of ₹ 435.00 crores.

VI. During the current year, based on third party valuation, the Company has made a provision of ₹ 251.52 crores in respect of the diminution in the value, other than temporary, of equity investment in Tata Teleservices Ltd.

14. Deferred tax assets (net)

(₹ in crores)

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

		As at 31 March 2016	*As at 31 March 2015*
Deferred tax assets arising out of timing differences on:			
Provision for doubtful trade receivables		66.70	*82.05*
Provision for employee benefits		31.63	*22.13*
Expenditure incurred on NLD licence fees		9.11	*10.93*
Expenditure disallowed u/s. 40 (a) (ia)		83.22	*163.93*
Unearned income and deferred revenues		4.85	*6.23*
Interest received on provisional income-tax assessment		10.41	*18.18*
Revaluation loss on buyers credit		0.91	*4.21*
Provision towards demand received from Employee State Insurance Corporation		8.85	-
Others		36.83	*34.00*
Total deferred tax assets	**(A)**	**252.51**	***341.66***
Deferred tax liability arising out of timing differences on:			
Difference between accounting and tax depreciation / amortisation		128.70	*161.39*
Total deferred tax liabilities	**(B)**	**128.70**	***161.39***
Deferred tax assets (net)	**(A - B)**	**123.81**	***180.27***

15. Long-term loans and advances

(₹ in crores)

	As at 31 March 2016	*As at 31 March 2015*
a. Capital advances:		
i. Unsecured, Considered good	3.84	*1.57*
ii. Unsecured, Considered doubtful	6.01	*6.01*
Less: provision for doubtful advances	(6.01)	*(6.01)*
	3.84	***1.57***
b. Security deposits:		
i. Unsecured, Considered good	42.54	*37.12*
ii. Unsecured, Considered doubtful	3.27	*2.57*
Less: provision for doubtful security deposits	(3.27)	*(2.57)*
	42.54	***37.12***
c. Loans to related parties: (Refer i below)		
i. Unsecured, Considered good	343.36	*320.25*
ii. Unsecured, Considered doubtful	12.29	*12.29*
Less: provision for doubtful loans (Refer note 13(II))	(12.29)	*(12.29)*
	343.36	***320.25***
d. Prepaid expenses - Unsecured, considered good	9.42	*6.73*

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016 *(Contd.)*

(₹ in crores)

		As at 31 March 2016	As at 31 March 2015
e.	Advance tax (net of provisions of ₹ 5,408.68 crores (2015: ₹ 4,820.69 crores)) - Unsecured, considered good	1,445.45	*1,332.14*
f.	Amount paid under protest (Refer note 36(a)(3)(v))	25.58	*25.58*
g.	Other advances/ receivables		
	i. Unsecured, Considered good	47.79	*57.97*
	ii. Unsecured, Considered doubtful	1.21	*1.02*
	Less: provision for doubtful advances	(1.21)	*(1.02)*
		47.79	***57.97***
		1,917.98	***1,781.36***

(₹ in crores)

		As at 31 March 2016	As at 31 March 2015
i.	Loan to related parties comprises of Loan given to subsidiaries as follows:		
	1. VSNL SNOSPV Pte. Ltd.	12.29	*12.29*
	2. Tata Communications Collaboration Services Private Limited *(formerly known as Wirefree Internet Services Private Limited)*	0.12	-
	3. Tata Communications International Pte. Ltd.	343.24	*320.25*
	Total	**355.65**	***332.54***

16. Other non-current assets

(₹ in crores)

		As at 31 March 2016	As at 31 March 2015
a.	Pension contributions recoverable from Government of India (net) (Refer i below)	7.44	*7.44*
b.	NLD licence fees reimbursement recoverable from Government of India	0.64	*0.64*
		8.08	***8.08***

i. As at 31 March 2016 the proportionate share of pension obligations and payments of ₹ 61.15 crores (2015: ₹ 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 (2015: ₹ 53.71 crores) resulting in a net amount due from the Government towards its share of pension obligations of ₹ 7.44 crores (2015: ₹ 7.44 crores).

17. Current investments

(₹ in crores)

	As at 31 March 2016		*As at 31 March 2015*	
	No of units	**₹ in crores**	*No of units*	*₹ in crores*
Investments in Mutual Funds (Unquoted)				
Axis Bank Debt Fund - Direct - Growth	181,972	25.28	*275,368*	*35.35*
Baroda Pioneer Treasury Advantage Fund - Growth - Direct	158,188	27.67	*158,188*	*25.27*
Birla Sunlife Cash Manager - Direct - Growth	-	-	*750,156*	*25.60*
DHFL Pramerica Insta Cssh Plus Fund - Growth	1,274,127	25.00	-	-
HDFC Banking and PSU Debt Fund - Growth - Direct	-	-	*22,703,743*	*25.00*
HDFC Cash Mgmt Fund - Savings Plan - Growth - Direct	-	-	*17,120,004*	*50.00*
ICICI Prudential Banking and PSU Fund - Direct - Growth	18,521,324	31.43	*18,521,535*	*28.88*
ICICI Prudential Money Market Fund - Direct Growth	2,387,848	50.00	-	-
ICICI Prudential Ultra Short Term Plan - Direct - Growth	39,976,797	62.39	*46,496,219*	*66.56*
ICICI Prudential Flexible Income Plan - Direct - Growth	745,059	21.38	*1,988,514*	*52.41*
IDFC Money Manager Fund - Treasury Plan - Direct - Growth	-	-	*11,421,004*	*25.34*
Kotak Floater - ST - Direct - Growth	201,284	50.00	-	-
Kotak Liquid Scheme - Plan - A- Direct - Growth	-	-	*287,310*	*81.50*
Kotak Low Duration Fund - Direct- Growth	434,166	80.40	-	-
Kotak Treasury Advantage - Direct Growth	14,480,602	35.27	*11,276,162*	*25.17*
L & T Cash Fund - Direct - Growth	123,373	15.11	*142,487*	*16.13*
Reliance Liquid Fund - Cash Plan - Growth	307,409	75.11	*112,091*	*25.21*
Religare Credit Opportunities Fund - Direct - Growth	123,384	21.50	*327,674*	*52.44*
Religare Ultra Short Term Fund -Direct - Growth	103,195	21.69	*199,835*	*38.72*
SBI Mangnum Insta Cash Liquid Floater Plan - Direct - Growth	-	-	*105,343*	*25.17*
Religare Invesco Medium Term Bond Fund - Direct - Growth	165,270	25.61	-	-
Reliance Medium Term Fund - Growth - Direct	13,075,067	41.49	-	-
SBI Treasury Advantage Fund - Direct - Growth	59,484	10.09	*162,232*	*25.24*
SBI Premier Liquid Fund - Direct - Growth	134,576	32.00	-	-
Sundaram Ultra Short Term - Direct Growth	-	-	*26,606,218*	*51.25*
Tata Money Market Fund - Growth - Direct	105,112	25.00	*453,764*	*100.00*
UTI Floating Rate Fund - STP - Direct - Growth	225,511	56.06	-	-
Templeton Low Duration Fund - Direct - Growth	-	-	*22,883,917*	*35.29*
UTI Banking and PSU Debt Fund - Direct - Growth	39,998,584	48.39	*22,727,868*	*25.16*
UTI Money Market fund - Direct - Growth	117,845	20.00	-	-
UTI Treasury Advantage Fund - IP- Direct- Growth	-	-	*109,423*	*20.78*
Total		**800.87**		***856.47***
Book value of unquoted investments		**800.87**		***856.47***

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016 *(Contd.)*

18. Trade receivables - Unsecured

(₹ in crores)

	As at 31 March 2016	*As at 31 March 2015*
Trade receivables outstanding for a period exceeding six months from the date they were due for payment		
Considered good	70.68	*51.25*
Doubtful	190.68	*238.71*
	261.36	***289.96***
Less: Provision for doubtful trade receivables	(190.68)	*(238.71)*
	70.68	***51.25***
Other trade receivables		
Considered good	787.09	*666.38*
Doubtful	0.43	-
	787.52	***666.38***
Less: Provision for doubtful trade receivables	(0.43)	-
	787.09	***666.38***
	857.77	***717.63***

19. Cash and bank balances

(₹ in crores)

		As at 31 March 2016	*As at 31 March 2015*
	Cash and Cash Equivalents:		
a.	Cash on hand	0.05	*0.05*
b.	Cheques on hand	3.05	-
c.	Remittances in transit	-	*0.91*
d.	Current accounts with scheduled banks	42.76	*49.17*
e.	Deposit accounts with scheduled banks	25.00	*90.00*
		70.86	***140.13***
	Other Bank Balances:		
	In earmarked accounts		
a.	Unpaid dividend accounts	0.40	*0.40*
b.	Balances held as margin money or security against borrowings, guarantees and other commitments	13.38	*12.33*
	Cash and Bank Balances	**84.64**	***152.86***

20. Short-term loans and advances

(₹ in crores)

		As at 31 March 2016	As at 31 March 2015
a.	Loans and advances to related parties - Unsecured, Considered good (Refer note 33 and i below)	358.70	*133.69*
b.	Security Deposits - Unsecured, Considered good	6.66	*4.93*
c.	Loans and advances to employees		
	Unsecured, Considered good	2.23	*2.78*
	Unsecured, Considered doubtful	0.04	*-*
	Less: provision for doubtful advances	(0.04)	*-*
		2.23	***2.78***
d.	Prepaid expenses - Unsecured, Considered good	80.05	*71.16*
e.	Balance with government authorities - Unsecured, Considered good:		
	Service tax recoverable	96.38	*107.25*
f.	Others:		
	i. Advance to contractors and vendors		
	Unsecured, Considered good	3.29	*4.06*
	Unsecured, Considered doubtful	0.17	*-*
	Less: provision for doubtful advances	(0.17)	*-*
		3.29	***4.06***
	ii. Other advances	20.00	*16.04*
	iii. Advance to Provident fund trust	-	*6.48*
		23.29	***26.58***
		567.31	***346.39***

i. Includes loan given to Tata Communications Data Centers Private Limited amounting to ₹ 324.00 crores (2015: ₹ 94.00 crores).

21. Other current assets

(₹ in crores)

		As at 31 March 2016	As at 31 March 2015
a.	Interest receivable (Refer i below)	40.02	*7.68*
b.	Others	0.06	*0.04*
		40.08	***7.72***

i. Interest receivable includes interest due from subsidiaries of ₹ 0.02 crores (2015: ₹ 6.65 crores)

22. During the year, the Company has received duty credit scrips aggregating ₹ 50.26 crores (2015: ₹ 3.32 crores) 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 2016 *(Contd.)*

23. Other income

(₹ in crores)

		Year Ended 31 March 2016	*Year Ended 31 March 2015*
a.	Interest Income		
	i. Bank deposits	2.21	*12.19*
	ii. Interest on non-convertible debentures from investment in subsidiary	34.22	*26.08*
	iii. Others (Refer i below)	31.47	*25.19*
b.	Dividend income from investment in subsidiaries	6.53	*69.32*
c.	Profit on sale of current investments (net)	71.35	*73.66*
d.	Profit on sale of fixed assets (net)	2.49	*13.45*
e.	Rent (Refer ii below)	95.89	*82.80*
f.	Exchange (loss)/ gain (net)	(10.04)	*5.13*
g.	Provisions/ liabilities no longer required - written back	5.20	*9.26*
h.	Interest on income tax refund	45.10	*130.94*
i.	Guarantee income from subsidiaries (refer iii below)	(192.73)	*147.15*
j.	Shared service fees from subsidiaries	83.97	*62.97*
k.	Others	8.89	*12.39*
		184.55	***670.53***

i. Interest on others includes ₹ 31.45 crores (2015: ₹ 25.14 crores) from subsidiaries.

ii. Includes ₹ 88.73 crores (2015: ₹ 75.96 crores) from subsidiaries.

iii. During the year, based on transfer pricing study and legal precedent, the Company and its subsidiaries have re-determined the arm's length price in respect of guarantee fees charged by the Company in earlier periods to its subsidiaries. Accordingly, guarantee income from subsidiaries for the year ended 31 March 2016 is net of guarantee fees of ₹ 233.90 crores pertaining to earlier years and has a corresponding tax impact of ₹ 79.50 crores.

24. Network and transmission

(₹ in crores)

		Year Ended 31 March 2016	*Year Ended 31 March 2015*
a.	Charges for use of transmission facilities	1,627.92	*1,511.38*
b.	Royalty and licence fee to Department of Telecommunications	177.61	*167.05*
c.	Rent of landlines and satellite channels	23.20	*12.03*
		1,828.73	***1,690.46***

25. Employee benefits

(₹ in crores)

		Year Ended 31 March 2016	*Year Ended 31 March 2015*
a.	Salaries and related costs	664.28	*634.71*
b.	Contributions to provident, gratuity and other funds (Refer note 29)	31.67	*32.53*
c.	Staff welfare expenses (Refer note 29)	93.70	*72.88*
		789.65	***740.12***

26. Operating and other expenses

(₹ in crores)

		Year Ended 31 March 2016	*Year Ended 31 March 2015*
a.	Consumption of stores	20.77	*20.37*
b.	Light and power (net of recoveries of ₹ 201.06 crores (2015: ₹ 138.88 crores)	83.56	*79.00*
c.	Repairs and Maintenance:		
	i. Buildings	23.99	*25.79*
	ii. Plant and machinery	201.70	*162.73*
	iii. Others	2.51	*1.11*
d.	Bad debts	54.58	*-*
e.	Provision for doubtful trade receivables	(47.60)	*24.75*
f.	Provision for doubtful advances	1.10	*(0.14)*
g.	Rent	40.66	*35.55*
h.	Rates and taxes	21.11	*17.28*
i.	Travelling	35.05	*37.97*
j.	Telephone	15.56	*18.51*
k.	Printing, postage and stationery	2.70	*2.87*
l.	Legal and professional fees	69.74	*55.54*
m.	Advertising and publicity	27.22	*20.97*
n.	Commissions	21.02	*22.93*
o.	Services rendered by agencies	268.77	*214.34*
p.	Insurance	6.45	*7.55*
q.	Corporate social responsibility expenditure (Refer i below)	13.47	*5.31*
r.	Other expenses (Refer note 30)	138.73	*108.37*
		1,001.09	***860.80***

i. As required by the Companies Act, 2013 and rules thereon, gross amount required to be spent by the Company during the year toward Corporate Social Responsibility (CSR) amount to ₹ 13.85 crores (2015: ₹ 9.80 crores). The Company has spent ₹ 13.47 crores (2015: ₹ 5.31 crores) during the year on CSR activities mainly for promotion of education, social business projects, etc.

27. Finance cost

(₹ in crores)

	Year Ended 31 March 2016	*Year Ended 31 March 2015*
Interest on loans	3.74	*3.53*
Interest on debentures	20.39	*30.62*
Other interest	1.45	*1.23*
Less: Interest capitalised	(5.13)	*(10.13)*
	20.45	***25.25***

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016 *(Contd.)*

28. Exceptional items loss/ gain (net)

(₹ in crores)

		Year Ended 31 March 2016	*Year Ended 31 March 2015*
a.	Staff optimisation (cost)/ income (Refer i below)	(22.63)	*-*
b.	Gain/ (loss) on sale of fixed assets (net) (Refer ii below)	-	*84.78*
c.	Provision for diminution in value of non-current investments (Refer note 13(III and VI))	(251.52)	*(35.82)*
		(274.15)	***48.96***

i. As part of its initiative to enhance the long term efficiency of the business, during the year the Company undertook organisational changes to align to the Company's current and prospective business requirements. These changes involved certain positions in the Company becoming redundant and the Company incurred a one-time charge of ₹ 22.63 crores (2015: ₹ Nil).

ii. During the previous year, the Company sold land and building in Mumbai for a consideration of ₹ 85.50 crores resulting in a profit on sale of fixed assets of ₹ 84.78 crores.

29. Employee Benefits

i. Defined Contribution Plan - 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 the applicable law for the reason that the return on investment is lower 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 ₹ 24.28 crores (2015: ₹ 22.54 crores) have been charged to the Statement of Profit and Loss, under Contributions to provident, gratuity and other funds in note 25 "Employee benefits".

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 employees whose right to receive gratuity had vested at the time of resignation, 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 except in case of death.

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 ₹ 34.15 crores (2015: ₹ 6.94 crores) to meet the additional pension obligation on account of increase in Pension and Dearness Allowance and has been included under Staff welfare expenses in note 25 "Employee benefits".

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 2016 for these defined benefit schemes are as under:

(₹ in crores)

		Gratuity (Funded)		Medical Benefits (Unfunded)		Pension (Unfunded)	
		As at 31 March		As at 31 March		As at 31 March	
		2016	*2015*	**2016**	*2015*	**2016**	*2015*
I	**Change in the defined benefit obligation**						
	Liability at the beginning of the period	66.36	*59.94*	91.28	*67.50*	-	*-*
	Current service cost	5.12	*4.46*	0.52	*0.30*	27.78	*6.94*
	Interest cost	4.96	*5.34*	6.76	*5.83*	2.04	*-*
	Liability transferred to other companies	(0.07)	*(6.99)*	-	*-*	-	*-*
	Actuarial (gain) / loss on obligations	0.56	*8.57*	11.83	*27.25*	4.33	*-*
	Benefits paid	(5.66)	*(4.96)*	(9.22)	*(9.60)*	(5.04)	*(6.26)*
	Liability at the end of the period	**71.27**	***66.36***	**101.17**	***91.28***	**29.11**	***0.68***

(₹ in crores)

		Gratuity (Funded)		Medical Benefits (Unfunded)		Pension (Unfunded)	
		As at 31 March		As at 31 March		As at 31 March	
		2016	*2015*	**2016**	*2015*	**2016**	*2015*
II	**Change in Fair Value of Assets**						
	Opening fair value of plan assets	56.05	*55.89*	-	*-*	-	*-*
	Expected return on plan assets	4.69	*4.42*	-	*-*	-	*-*
	Employer's contribution	10.70	*3.73*	-	*-*	-	*-*
	Transfer to other companies	(0.07)	*(6.99)*	-	*-*	-	*-*
	Actuarial (loss)/ gain	(1.44)	*3.96*	-	*-*	-	*-*
	Benefits paid	(5.66)	*(4.96)*	-	*-*	-	*-*
	Closing fair value of plan assets	**64.27**	***56.05***	**-**	***-***	**-**	***-***

(₹ in crores)

		As at 31 March		As at 31 March		As at 31 March	
		2016	*2015*	**2016**	*2015*	**2016**	*2015*
III	**Amount recognised in the balance sheet**						
	Liability at the end of the period	71.27	*66.36*	101.17	*91.28*	29.11	*0.68*
	Fair value of plan assets at the end of the period	(64.27)	*(56.05)*	-	*-*	-	*-*
	Net liability in the balance sheet	**7.00**	***10.31***	**101.17**	***91.28***	**29.11**	***0.68***
	Current liability (Refer note 10)	7.00	*10.31*	-	*-*	-	*-*
	Short term provision (Refer note 11)	-	*-*	6.89	*6.51*	0.56	*-*
	Long term provision (Refer note 7)	-	*-*	94.28	*84.77*	28.55	*0.68*

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016 *(Contd.)*

(₹ in crores)

		Gratuity (Funded)*		Medical Benefits (Unfunded) **		Pension (Unfunded)**	
		Year Ended 31 March		Year Ended 31 March		Year Ended 31 March	
		2016	*2015*	**2016**	*2015*	**2016**	*2015*
IV	**Expenses recognised in the Statement of Profit and Loss**						
	Current service cost	5.12	*4.46*	0.52	*0.30*	27.78	*6.94*
	Interest cost	4.96	*5.34*	6.76	*5.83*	2.04	-
	Expected return on plan assets	(4.69)	*(4.42)*	-	-	-	-
	Net actuarial loss / (gain) to be recognised	2.00	*4.61*	11.83	*27.25*	4.33	-
	Expense recognised in the Statement of Profit and Loss under Employee benefits (Refer note 25)	**7.39**	***9.99***	**19.11**	***33.38***	**34.15**	***6.94***

* Contributions to provident, gratuity and other funds

** Staff welfare expenses

(₹ in crores)

		As at 31 March		As at 31 March		As at 31 March	
		2016	*2015*	**2016**	*2015*	**2016**	*2015*
V	**Categories of plan assets as a percentage of total plan assets**						
	Cash and bank	5.00%	*10.64%*	-	-	-	-
	Government securities	42.65%	*41.33%*	-	-	-	-
	Corporate bonds	34.61%	*27.49%*	-	-	-	-
	Equity	17.74%	*20.54%*	-	-	-	-
	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		As at 31 March	
		2016	*2015*	**2016**	*2015*	**2016**	*2015*
VI	**Principal Actuarial assumptions :**						
	Discount rate	7.90%	*7.80%*	7.90%	*7.80%*	7.90%	-
	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	-	-	7.00%	*6.00%*	-	-
	Attrition rate	3% to 15%	*3% to 15%*	3% to 15%	*3% to 15%*	-	-
	Increase in dearness allowance	-	-	-	-	5%	-

The discount rate is based on the prevailing market yields of Government of India securities as at the balance sheet date for the estimated term of the obligations. The estimates of future compensation cost considered in the actuarial valuation take account of inflation, seniority, promotion and other relevant factors.

(₹ in crores)

		Gratuity (Funded) As at 31 March				
		2016	***2015***	***2014***	***2013***	***2012***
VII	**Experience adjustment**					
	Defined benefit obligation	(71.27)	*(66.36)*	*(59.94)*	*(57.71)*	*(58.35)*
	Plan assets	64.27	*56.05*	*55.89*	*50.23*	*51.50*
	Deficit	(7.00)	*(10.31)*	*(4.05)*	*(7.48)*	*(6.85)*
	Exp. adj. on plan liabilities gain/ (loss)	1.10	*(2.24)*	*(2.10)*	*(1.87)*	*6.68*
	Exp. adj. on plan assets gain/ (loss)	(1.44)	*3.96*	*0.34*	*1.30*	*(0.80)*
	Actuarial gain/ (loss) due to change of assumptions	(1.66)	*(6.33)*	*3.64*	*(2.19)*	*(8.19)*

	Medical Benefit (Unfunded) As at 31 March				
	2016	***2015***	***2014***	***2013***	***2012***
Defined benefit obligation	(101.17)	*(91.28)*	*(67.50)*	*(56.75)*	*(52.00)*
Deficit	(101.17)	*(91.28)*	*(67.50)*	*(56.75)*	*(52.00)*
Exp. adj. on plan liabilities loss	(5.66)	*(6.64)*	*(13.25)*	*(6.76)*	*(5.28)*
Actuarial gain/ (loss) due to change of assumptions	(6.17)	*(20.61)*	*0.35*	*(2.64)*	*(4.13)*

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 2016		*31 March 2015*	
	Increase	**Decrease**	*Increase*	*Decrease*
Effect on service cost	0.10	0.08	*0.05*	*0.04*
Effect on interest cost	0.54	0.48	*0.36*	*0.31*
Effect on post employment benefit obligation	8.55	7.11	*7.11*	*5.96*

The Company expects to contribute ₹ 7.00 crores (2015: ₹ 10.31 crores) towards employer's contribution for funded defined benefit plans in financial year 2016-17.

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 available in accumulated quota.

<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 ₹ 71.71 crores (2015: ₹ 65.79 crores) as shown under long term provisions ₹ 64.40 crores (2015: ₹ 59.63 crores) and short term provisions ₹ 7.31 crores (2015: ₹ 6.16 crores). The amount charged to the Statement of Profit and Loss under Salaries and related costs in note 25 "Employee benefits" is ₹ 13.20 crores (2015: ₹ 20.03 crores).

Refer table VI above for actuarial assumptions on compensated absences.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016 *(Contd.)*

30. Auditors' remuneration:

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

(₹ in crores)

	Year Ended 31 March 2016	*Year Ended 31 March 2015*
Auditors' remuneration and expenses		
(net of service tax input credit wherever applicable)		
a. To statutory auditor		
i. For audit fees	2.20	*2.20*
ii. For taxation matters	0.30	*0.30*
iii. For other services	1.39	*1.12*
iv. For reimbursement of expenses	0.20	*0.16*

Auditors' remuneration excludes fees of ₹ 3.66 crores (2015: ₹ 3.67 crores) payable/ paid for professional services to a firm of chartered accountants in which some partners of the firm of statutory auditors are partners.

	Year Ended 31 March 2016	*Year Ended 31 March 2015*
b. To cost auditor for cost audit		
i. For cost audit services	0.06	*0.05*

31. Earnings per share

(₹ in crores)

		As at 31 March 2016	*As at 31 March 2015*
Net Profit after tax attributable to the equity shareholders	(A)	**113.20**	***674.62***
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)	**3.97**	***23.67***

32. Segment Reporting

a. Business Segments

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

Voice Solutions (VS)

VS includes international and national long distance voice services.

Data and Managed Services (DMS)

DMS includes corporate data transmission services, virtual private network signalling and roaming services, television and other network and managed services.

(₹ in crores)

	Year ended 31 March 2016			*Year ended 31 March 2015*		
	VS	**DMS**	**Total**	*VS*	*DMS*	*Total*
Revenue from telecommunication services	896.40	3,893.92	4,790.32	*848.04*	*3,471.31*	*4,319.35*
Segment results	(468.62)	893.91	425.29	*(436.70)*	*745.73*	*309.03*
Finance cost			20.45			*25.25*
Unallocable (expense)/ income (net)			(89.60)			*719.49*
Profit before tax			**315.24**			***1,003.27***
Tax expense (net)			202.04			*328.65*
Profit for the year			**113.20**			***674.62***

(₹ in crores)

	Year ended 31 March 2016			*Year ended 31 March 2015*		
	VS	**DMS**	**Total**	*VS*	*DMS*	*Total*
Segment assets	341.32	5,152.12	5,493.44	*370.13*	*4,848.60*	*5,218.73*
Unallocable assets			6,556.77			*6,514.19*
Total Assets			**12,050.21**			***11,732.92***
Segment liabilities	282.10	2,122.34	2,404.44	*261.32*	*1,817.63*	*2,078.95*
Unallocated liabilities			1,326.91			*1,302.14*
Total Liabilities			**3,731.35**			***3,381.09***
Other Information:						
Capital expenditure (allocable)	18.90	751.40	**770.30**	*26.25*	*684.04*	***710.29***
Depreciation and amortisation (allocable)	31.49	714.07	**745.56**	*41.52*	*677.42*	***718.94***
Non-cash expense other than depreciation	0.47	7.90	**8.37**	*1.99*	*25.89*	***27.88***

i. Revenues and interconnect charges are directly attributable to the segments. Network and transmission costs are allocated based on utilisation of network capacity. Licence fees for Voice Solutions and Data and Managed Services have been allocated based on adjusted gross revenues from these services. Depreciation and certain other costs have been allocated to segments based on various allocation parameters. Segment result is segment revenues less segment expenses. Other income and exceptional items have been considered as "Unallocable".

b. Geographical Segments

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

(₹ in crores)

Segment revenues by Geographical Market	**Year ended 31 March 2016**	*Year ended 31 March 2015*
India	3,837.59	*3,504.68*
United Kingdom	38.23	*56.82*
United States of America	228.29	*181.43*
Netherlands*	244.21	*177.08*
Others	442.00	*399.34*
	4,790.32	***4,319.35***

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

* Netherlands includes amounts recorded as revenues from Tata Communications (Netherlands) BV of ₹ 238.89 crores (2015: ₹ 171.09 crores). Tata Communications (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").

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016 *(Contd.)*

33. Related party transactions

i. Names of related parties and nature of relationship

Sr. No	Category of related parties	Names
a.	Investing Parties (Promoters)	Panatone Finvest Limited
		Tata Sons Limited
b.	Subsidiaries (Held Directly)	Tata Communications Payment Solutions Limited
		Tata Communications Transformation Services Limited
		Tata Communications International Pte. Ltd.
		VSNL SNOSPV Pte. Ltd
		Tata Communications Data Centers Private Limited
		Tata Communications Collaboration Services Private Limited *(formerly known as Wirefree 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
		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 Communications GmbH
		Tata Communications (Malaysia) Sdn. Bhd.
		Tata Communications (New Zealand) Limited
		Tata Communications (Taiwan) Limited
		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 (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. Tata Communications Beijing (Technology) Limited BitGravity Inc. *(merged with Tata Communications (America) Inc. w.e.f. 30 June 2014)* Neotel (Pty) Ltd. SEPCO Communications Pty Ltd. Neotel Business Support Services (Pty) Ltd. TCNL1 B.V. *(Liquidated w.e.f. 26 August 2014)* TCNL2 B.V. *(Liquidated w.e.f. 26 August 2014)*
d. Joint Venture	United Telecom Limited *(ceased w.e.f 4 September 2014)*
e. Associate	United Telecom Limited *(w.e.f 4 September 2014)*
f. Associate of a subsidiary	Number Portability Company (Pty) Ltd.
g. Key Managerial Personnel	Mr Vinod Kumar Managing Director and Group CEO

ii. Summary of transactions and balances with related parties

(₹ in crores)

Particulars	**Investing Company**	**Subsidiaries**	**Key Management Personnel**	**Joint Venture /Associate**	**Total**
Transactions during the year					
Dividend paid	**69.23**				**69.23**
	56.64				*56.64*
Brand equity expenses	**10.02**				**10.02**
	10.20				*10.20*
Revenue from telecommunication services	**2.61**	**237.59**		**0.47**	**240.67**
	2.16	*221.85*		*1.26*	*225.27*
Network and transmission		**10.93**		**2.99**	**13.92**
		12.40		*6.73*	*19.13*
Purchase of fixed assets		**6.12**			**6.12**
		26.71			*26.71*
Sale of fixed assets		**32.89**			**32.89**
		11.49			*11.49*
Services rendered		**177.39**			**177.39**
		144.38			*144.38*
Services received	**0.39**	**150.17**			**150.56**
	0.11	*106.65*			*106.76*
Equity capital contribution		**435.02**			**435.02**
		35.00			*35.00*
Preference capital contribution		**80.00**			**80.00**
		850.00			*850.00*

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016 *(Contd.)*

(₹ in crores)

Particulars	**Investing Company**	**Subsidiaries**	**Key Management Personnel**	**Joint Venture /Associate**	**Total**
Redemption of Equity capital contribution		**0.04**			**0.04**
		-			-
Redemption of Preference capital contribution		**435.00**			**435.00**
		-			-
Investment in debentures		**-**			**-**
		350.00			*350.00*
Interest income		**65.67**			**65.67**
		51.22			*51.22*
Dividend income		**6.53**			**6.53**
		69.32			*69.32*
Guarantee income		**(192.73)**			**(192.73)**
		147.15			*147.15*
Loan given		**233.68**			**233.68**
		224.00			*224.00*
Loan repaid		**-**			**-**
		355.00			*355.00*
Advances given by the Company (net)		**636.93**		**-**	**636.93**
		466.37		*@*	*466.37*
Advances taken by the Company (net)		**325.38**		**@**	**325.38**
		584.65		*@*	*584.65*
Managerial remuneration			**13.74**		**13.74**
			12.84		*12.84*
Balances as at 31 March 2016					
Receivables	**1.74**	**71.57**		**0.36**	**73.67**
	0.84	*81.39*		*-*	*82.23*
Payables	**9.58**	**43.02**	**6.66**	**2.78**	**62.04**
	10.25	*46.66*	*6.33*	*0.28*	*63.52*
Loans given (net of provision of ₹ 12.29 crores (2015: ₹ 12.29 crores)		**667.36**			**667.36**
		414.25			*414.25*
Advance receivable		**34.69**		**0.01**	**34.70**
		39.68		*0.01*	*39.69*
Interest accrued-other deposits		**0.02**			**0.02**
		6.65			*6.65*
Guarantees on behalf of subsidiaries		**14,418.42**			**14,418.42**
		13,451.48			*13,451.48*
Letter of comfort on behalf of subsidiaries		**2,882.74**			**2,882.74**
		3,858.89			*3,858.89*

iii. Details of material transactions with related parties

(₹ in crores)

	Investing Company	Subsidiaries	Key Management Personnel	Joint Ventures / Associates	Total
Dividend paid					
Panatone Finvest Limited	**48.74**				**48.74**
	39.88				*39.88*
Tata Sons Limited	**20.48**				**20.48**
	16.76				*16.76*
Brand equity expenses					
Tata Sons Limited	**10.02**				**10.02**
	10.20				*10.20*
Revenue from telecommunication services					
Tata Communications (Netherlands) BV		**238.97**			**238.97**
		171.17			*171.17*
Tata Communications Data Centers Private Limited		**(50.20)**			**(50.20)**
		-			-
Network and transmission					
Tata Communications (Netherlands) BV		**5.13**			**5.13**
		5.62			*5.62*
United Telecom Limited				**2.99**	**2.99**
				6.73	*6.73*
Neotel Pty Ltd		**3.78**			**3.78**
		6.79			*6.79*
Tata Communications Transformation Services Limited		**1.99**			**1.99**
		-			-
Purchase of fixed assets					
Tata Communications (Bermuda) Limited		**-**			**-**
		25.26			*25.26*
Tata Communications International Pte. Ltd.		**4.48**			**4.48**
		1.02			*1.02*
Tata Communications Data Centers Private Limited		**0.87**			**0.87**
		0.43			*0.43*
Sale of fixed assets					
Neotel (Pty) Ltd.		**14.51**			**14.51**
		-			-
Tata Communications Transformation Services Limited		**13.06**			**13.06**
		-			-
Tata Communications (America) Inc		**0.20**			**0.20**
		1.26			*1.26*
Tata Communications Data Centers Private Limited		**0.46**			**0.46**
		8.16			*8.16*
Services rendered					
Tata Communications Data Centers Private Limited		**157.84**			**157.84**
		125.18			*125.18*
Guarantee income					
Tata Communications (Netherlands) BV		**(63.70)**			**(63.70)**
		63.64			*63.64*

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016 *(Contd.)*

(₹ in crores)

	Investing Company	Subsidiaries	Key Management Personnel	Joint Ventures / Associates	Total
Tata Communications International Pte. Ltd.		**(126.08)**			**(126.08)**
		83.31			*83.31*
Services received					
Tata Communications Transformation		**116.95**			**116.95**
Services Limited		*75.88*			*75.88*
Tata Communications Data Centers		**33.22**			**33.22**
Private Limited		*30.40*			*30.40*
Equity capital contribution					
Tata Communications Payment Solutions		**435.00**			**435.00**
Limited		*35.00*			*35.00*
Preference capital contribution					
Tata Communications Payment Solutions		**80.00**			**80.00**
Limited		*850.00*			*850.00*
Investment in debentures					
Tata Communications Data Centers		**-**			**-**
Private Limited		*350.00*			*350.00*
Redemption of Equity capital contribution					
Tata Communications Data Centers		**0.04**			**0.04**
Private Limited		*-*			*-*
Redemption of Preference capital contribution					
Tata Communications Payment Solutions		**435.00**			**435.00**
Limited		*-*			*-*
Interest income					
Tata Communications International Pte. Ltd.		**10.30**			**10.30**
		13.16			*13.16*
Tata Communications Data Centers		**55.36**			**55.36**
Private Limited		*27.10*			*27.10*
Tata Communications Payment Solutions		**-**			**-**
Limited		*10.93*			*10.93*
Dividend income					
Tata Communications Lanka Limited		**6.53**			**6.53**
		19.32			*19.32*
Tata Communications Transformation		**-**			**-**
Services Limited		*50.00*			*50.00*
Loan given					
Tata Communications Data Centers		**230.00**			**230.00**
Private Limited		*94.00*			*94.00*
Tata Communications Payment Solutions		**-**			**-**
Limited		*130.00*			*130.00*
Loan repaid					
Tata Communications Payment Solutions		**-**			**-**
Limited		*355.00*			*355.00*
Advances given by the Company (net)					
Tata Communications Data Centers		**279.41**			**279.41**
Private Limited		*200.97*			*200.97*

(₹ in crores)

	Investing Company	Subsidiaries	Key Management Personnel	Joint Ventures / Associates	Total
Tata Communications International Pte Ltd.		**187.77**			**187.77**
		90.77			*90.77*
Tata Communications (Netherlands) BV		**119.34**			**119.34**
		65.43			*65.43*
Advances taken by the Company (net)					
Tata Communications (Netherlands) BV		**63.37**			**63.37**
		71.31			*71.31*
Tata Communications International Pte Ltd		**71.06**			**71.06**
		97.43			*97.43*
Tata Communications Data Centers Private Limited		**140.36**			**140.36**
		275.40			*275.40*
Managerial remuneration					
Vinod Kumar $			**13.74**		**13.74**
			12.84		*12.84*

iv. Details of major amounts of balances with related parties

	Investing Company	Subsidiaries	Key Management Personnel	Joint Ventures / Associates	Total
Receivables					
Tata Communications (Netherlands) BV		**26.71**			**26.71**
		54.72			*54.72*
Neotel (Pty) Ltd.		**8.34**			**8.34**
		10.20			*10.20*
Tata Communications Transformation Services Limited		**12.39**			**12.39**
		-			-
Payables					
Tata Communications Transformation Services Limited		**6.03**			**6.03**
		9.54			*9.54*
Tata Communications (Bermuda) Limited		**26.74**			**26.74**
		25.23			*25.23*
Tata Sons Limited	**9.58**				**9.58**
	10.25				*10.25*
Vinod Kumar $			**6.66**		**6.66**
			6.33		*6.33*
Loans given					
Tata Communications International Pte. Ltd.		**343.24**			**343.24**
		320.25			*320.25*
Tata Communications Data Centers Private Limited		**324.00**			**324.00**
		94.00			*94.00*
Advance receivable					
Tata Communications Data Centers Private Limited		**15.32**			**15.32**
		15.25			*15.25*
VSNL SNOSPV Pte Ltd.		**15.55**			**15.55**
		0.13			*0.13*

$ includes remuneration paid by subsidiary

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016 *(Contd.)*

	Investing Company	Subsidiaries	Key Management Personnel	Joint Ventures / Associates	Total
Tata Communications (Netherlands) BV		**2.57**			**2.57**
		10.32			*10.32*
Tata Communications International Pte. Ltd		**0.85**			**0.85**
		13.66			*13.66*
Interest accrued-other deposits					
Tata Communications International Pte. Ltd		**-**			**-**
		6.65			*6.65*
Tata Communications Collaboration Services Private Limited *(formerly known as Wirefree Internet Services Private Limited)*		**0.02**			**0.02**
		-			*-*
Guarantees on behalf of subsidiaries					
Tata Communications (Netherlands) BV		**9,506.16**			**9,506.16**
		5,821.78			*5,821.78*
Tata Communications International Pte. Ltd.		**4,499.51**			**4,499.51**
		7,170.48			*7,170.48*
Letter of comfort on behalf of subsidiaries					
Tata Communications (Netherlands) BV		**1,278.53**			**1,278.53**
		2,064.15			*2,064.15*
Tata Communications (Bermuda) Limited		**662.45**			**662.45**
		1,157.18			*1,157.18*
VSNL SNOSPV Pte. Ltd.		**336.01**			**336.01**
		384.03			*384.03*
Tata Communications Payment Solutions Limited		**510.00**			**510.00**
		160.00			*160.00*

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

Previous year figures are in italics

34. Operating lease arrangements

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

a. As lessee:

(₹ in crores)

	Year ended 31 March 2016	*Year ended 31 March 2015*
Minimum lease payments under operating leases recognised as expense in the year	6.42	*3.42*

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

(₹ in crores)

	As at 31 March 2016	*As at 31 March 2015*
Due not later than one year	4.31	*2.55*
Due later than one year but not later than five years	5.33	*1.08*
Later than five years	0.11	*-*
	9.75	***3.63***

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 (2015: ₹ 87.02 crores) and ₹ 62.59 crores (2015: ₹ 56.92 crores) respectively as at 31 March 2016. Depreciation expense of ₹ 5.67 crores (2015: ₹ 5.67 crores) in respect of these assets has been charged in the Statement of Profit and Loss for the year ended 31 March 2016.

In case of certain operating lease agreements aggregating ₹ 401.35 crores (2015: ₹ 391.48 crores) as at 31 March 2015, the gross block, accumulated depreciation and depreciation expense of the assets given on an 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 2016 amount to ₹ 32.35 crores (2015: ₹ 29.12 crores).

In respect of IRU arrangements, rental income of ₹ 39.20 crores (2015: ₹ 35.97 crores) has been recognised in the Statement of Profit and Loss for the year ended 31 March 2015.

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 2016	*As at 31 March 2015*
Due not later than one year	39.81	*39.12*
Due later than one year but not later than five years	151.47	*153.47*
Later than five years	129.61	*157.62*
	320.89	***350.21***

ii. The Company has leased certain premises under non-cancellable 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 2016	*As at 31 March 2015*
Not later than one year	74.40	*63.18*
Later than one year but not later than five years	204.61	*235.36*
Later than five years	-	*-*
	279.01	***298.54***

Lease rental income of ₹ 72.79 crores (2015: ₹ 62.03 crores) in respect of the above leases has been recognised in the Statement of Profit and Loss for the current year.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016 *(Contd.)*

35. Provision for Contingencies:

	As at 31 March 2016				*As at 31 March 2015*			
	Provision for Contingencies			**Provision for others**	*Provision for Contingencies*			*Provision for others*
	ARO (Refer a & b below)	**Others**	**Total**	**(Refer d below)**	*ARO (Refer a & b below)*	*Others*	*Total*	*(Refer d below)*
Opening Balance	0.05	9.00	9.05	0.78	*0.07*	*9.00*	*9.07*	*0.75*
Addition	0.48	-	0.48	25.64	-	-	-	*0.03*
Utilisation	-	-	-	-	*0.02*	-	*0.02*	-
Closing Balance	**0.53**	**9.00**	**9.53**	**26.42**	***0.05***	***9.00***	***9.05***	***0.78***
Long term provision (Refer note 7)	**-**	**-**	**9.53**	**-**	-	-	*9.05*	-
Short term provision (Refer note 11)	**-**	**-**	**-**	**26.42**	-	-	-	*0.78*

a. The provision for Asset Retirement Obligation (ARO) has been recorded in the books of the Company in respect of undersea cables.

b. Other provision for contingencies include amounts provided towards claims made by a creditor of the Company.

c. Utilisation includes foreign exchange gain/ loss on revaluation.

d. Provision for others is mainly towards demand received from Employee State Insurance Corporation.

36. Contingent Liabilities and Commitments:

a. Contingent Liabilities:

(₹ in crores)

		As at 31 March 2016	*As at 31 March 2015*
i.	Guarantees given on behalf of subsidiaries (Refer 1 below)	14,418.42	*13,451.48*
ii.	Claims for taxes on income (Refer 2 below)		
	- Income tax disputes where department is in appeal against the Company.	588.21	*626.15*
	- Other disputes related to income tax	2,051.42	*2,067.82*
iii.	Claims for other taxes	1.34	*1.45*
iv.	Other claims (Refer 3 below)	1,263.75	*967.71*
v.	Also Refer 5 below		

1. As on 31 March 2016, the Company has issued Corporate guarantees for the loans and credit facility arrangements in respect of various subsidiaries:

(₹ in crores)

	As at 31 March 2016	*As at 31 March 2015*
Tata Communications International Pte. Ltd.	4,499.51	*7,170.48*
Tata Communications (Netherlands) B.V.	9,506.16	*5,821.78*
VSNL SNOSPV Pte. Ltd.	327.95	*344.02*
Tata Communications Payment Solutions Limited	40.70	*47.98*
Tata Communications (UK) Limited	-	*23.12*
Tata Communications Data Centers Private Limited	22.10	*22.10*
Tata Communications Transformation Services Limited	22.00	*22.00*
Total	**14,418.42**	***13,451.48***

2. 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.

3. 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 (2015: ₹ 311.84 crores).

   ii. On 19 February 2013, DoT issued a licence fee demand amounting to ₹ 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) for financial years 2006-07 and 2007-08, based on special audit reports of auditors appointed by DoT. The total demand including interest is for ₹ 290.30 crores (2015: ₹ 254.30 crores). 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 licence fee claim of ₹ 169.85 crores (2015: ₹ 144.14 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. TRAI in December, 2012 issued International Telecommunication Access to Essential Facilities at Cable Landing Stations (Amendment) 2012 ("Regulation") dated 21 December 2012 seeking to regulate access facilitation charges, collocation charges, restoration charges and cancellation charges, wherein TRAI fixed the charges for access facilitation and colocation at cable landing stations, effective 1 January 2013. The Company filed writ petition in the High Court, Chennai to set aside the impugned Regulation and the High Court has granted an ex parte, ad-interim stay on applicability of the impugned Regulation and has disclosed an amount of ₹ 154.54 crores under contingent liabilities.

   iv. Upon expiry of the Company's ISP license on 24 January 2014, DoT vide letter dated 20 February 2014 extended the validity of the said license for 3 months with condition that entire ISP revenue will be subject to license fees. This conditional extension by DOT, was challenged by the Company in TDSAT, which granted a stay subject to submission of undertaking that if petition fails then applicable license fees would be payable along with interest. Considering the above facts, the Company has disclosed an amount of ₹ 176.31 crores (2015: ₹ 80.08 crores) under contingent liabilities.

   v. Other claims of ₹ 160.91 crores (2015: ₹ 177.35 crores) mainly pertain to routine suits for collection, commercial disputes, claims from customers and/or suppliers and claims from Employee State Insurance Corporation (ESIC).

4. 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.

5. In 2008-09, NTT DoCoMo Inc (Docomo) entered into an Agreement with Tata Teleservices Ltd (TTSL) and Tata Sons Limited (Tata Sons) to acquire 20% of the equity share capital under the primary issue and 6% under the secondary sale from Tata Sons. In terms of the Agreements with Docomo, Tata Sons, inter alia, agreed to provide various indemnities and a Sale Option entitling Docomo to sell its entire shareholding in 2014 at a minimum pre-determined price of ₹ 58.05 per share if certain performance parameters were not met by TTSL. The minimum pre-determined price represented 50% of the acquisition price of 2008-09. The Agreements are governed by Indian Law.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016 *(Contd.)*

An Inter se Agreement dated 25 March 2009, was executed by the Company with Tata Sons and other Selling Shareholders, including the Company. The Company sold 36,542,378 equity shares of TTSL to Docomo at ₹ 116.09 per share, resulting in a profit of ₹ 346.65 crores.

Tata Sons has informed the Company that:

i) Docomo had exercised the Sale Option in July 2014 and has called upon Tata Sons to acquire its entire shareholding in TTSL at the pre-determined price of ₹ 58.05 per share.

ii) The Reserve Bank of India has not permitted acquisition of the shares at the pre-determined price and has advised that the acquisition can only be made at Fair Market Value (FMV) prevailing at the time of the acquisition. Tata Sons has conveyed to Docomo its willingness to acquire the shares at the FMV, however, Docomo reiterated its position that the shares are to be acquired at ₹ 58.05 per share.

iii) Docomo has initiated Arbitration in the matter before the LCIA, London. The evidentiary hearing has been completed on 6 May 2016. The arbitral award is awaited.

iv) The liability, if any, to the extent of the difference between the amount sought by Docomo and the Fair Market Value is dependent upon the outcome of the Arbitration and prevailing FEMA Regulations.

The Company is required to acquire shares in the range of 158,350,304 to 180,280,389 of Tata Teleservices Limited in accordance with the terms of the inter-se agreement.

6. 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 ₹ 184.30 crores (2015: ₹ 208.24 crores) (net of capital advances).

ii. Other Commitments:

1. As on 31 March 2016, 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 2016**	*As at 31 March 2015*
Tata Communications Transformation Services Ltd	39.75	*37.53*
Tata Communications Data Centers Private Limited	56.00	*56.00*
VSNL SNOSPV Pte. Ltd	336.01	*384.03*
Tata Communications (Netherlands) B.V.	1,278.53	*2,064.15*
Tata Communications (Bermuda) Ltd	662.45	*1,157.18*
Tata Communications Payment Solutions Limited (TCPSL)	510.00	*160.00*

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 ₹ 7,344.35 crores (2015: ₹ 6,095.73 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 2016 in various geographies in order that they may continue as going concerns.

3. The Company has committed loan facility to wholly owned subsidiaries to the tune of ₹ 6,843.60 crores (2015: ₹ 6,728.24 crores) as at 31 March 2016, utilisation of which is subject to future requirements and appropriate approval processes from time to time.

37. Supplementary statutory information

(₹ in crores)

		As at 31 March 2016	*As at 31 March 2015*
a.	*Value of imports calculated on CIF basis (on accrual basis)*		
i.	Stores and spares	2.45	*0.29*
ii.	Capital goods	248.99	*204.49*
b.	*Earnings in foreign currency*		
i.	Revenue from telecommunication services	944.53	*848.46*
ii.	Interest income	10.33	*13.44*
iii.	Dividend income	6.53	*19.32*
iv.	Guarantee fees	(192.73)	*147.15*
v.	Other income	-	*0.34*
		768.66	***1,028.71***
c.	*Expenditure in foreign currency (on accrual basis)*		
i.	Charges for use of transmission facilities	446.15	*336.07*
ii.	Repairs and maintenance	39.19	*48.71*
iii.	Legal and professional fees	1.56	*2.67*
iv.	Finance costs	3.74	*2.21*
v.	Others	21.09	*19.19*
		511.73	***408.85***

38. Value of imported and indigenous stores/ spares consumed

(₹ in crores)

Item	**As at 31 March 2016**		*As at 31 March 2015*	
	Value	**Percentage**	*Value*	*Percentage*
Imported	1.64	7.89	*0.33*	*1.62*
Indigenous	19.13	92.11	*20.04*	*98.38*
	20.77	**100.00**	***20.37***	***100.00***

39. United Telecom Limited ("UTL") passed a resolution on 4 September 2014, wherein the joint venture agreement between the shareholders of UTL was amended to the effect that certain major decisions of UTL would require the affirmative vote of a two-third majority of the directors compared to the earlier clause which required the affirmative vote of all directors. This led to the termination of joint control and consequently the joint venture status in UTL. The Company holds 26.66% shares in UTL as on 31 March 2016 and is considered to be an associate with effect from 4 September 2014.

40. 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 2015 paid to non - resident shareholders are as under:

(₹ in crores)

	Year ended 31 March 2016	*Year ended 31 March 2015*
Number of non - resident shareholders	1,144	*974*
Number of shares held by them	17,171,437	*23,263,860*
Year to which the dividend relates	2014-2015	*2013-2014*
Amount remitted	9.44	*10.47*

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016 *(Contd.)*

41. 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 2016	*As at 31 March 2015*
a.	Principal amount remaining unpaid to any supplier as at the end of the accounting year	1.23	*0.31*
b.	Interest due thereon remaining unpaid to any supplier as at the end of the accounting year	0.04	*0.01*
c.	The amount of interest paid along with the amounts of the payment made to the supplier beyond the appointed day	17.68	*11.64*
d.	The amount of interest due and payable for the year	0.04	*0.01*
e.	The amount of interest accrued and remaining unpaid at the end of the accounting year	0.04	*0.01*
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*	1.38	*0.47*

** Includes principal amount of ₹ 0.11 crores (2015: ₹ 0.15 crores) remaining unpaid to supplier prior to scheduled date*

42. 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 2016

(₹ in crores)

Name of the Company	**Outstanding as at 31 March 2016**	**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)	**344.09**	**372.43**		
	333.91	*356.37*	-	-
VSNL SNOSPV Pte. Ltd (Refer 13 (II))	**28.53**	**31.47**		*(Refer ii)*
	12.42	*12.42*	-	-
Tata Communications Transformation Services Limited	**0.31**	**0.31**	**-**	**-**
	0.15	*8.79*	-	-
Tata Communications Payment Solutions Limited	**-**	**-**	**-**	**-**
	-	*330.63*	-	-
Tata Communications Data Centers Private Limited	**328.12**	**340.66**	**-**	**-**
	109.25	*281.52*	-	-
Tata Communications Collaboration Services Private Limited *(formerly known as Wirefree Internet Services Private Limited)*	**0.12**	**0.12**	**-**	**-**
	-	-	-	-

i. Tata Communications International Pte. Ltd which is a wholly owned subsidiary of the Company has investments in 33 subsidiaries as at 31 March 2016.

ii. VSNL SNOSPV Pte. Ltd has made the following investments in equity and preference shares of its subsidiaries: 1,462,770,590 in Neotel Pty Ltd. and 1,799,272,516 in SEPCO Communications Pty Ltd.

43. Details of loans given, investment made and guarantee given covered u/s 186 (4) of the Companies Act, 2013 are provided in note no. 13, 15, 20 and 36 to the financial statements.

44. Derivative Transactions

The Company uses forward exchange contracts and currency options to hedge its exposure in foreign currency and interest rates. The year-end foreign currency exposures that have not been hedged by a derivative instrument or otherwise are given below:

		As at 31 March 2016 (Amount in Foreign Currency in millions)	As at 31 March 2016 (Amount in ₹ crores)
a.	**Outstanding derivatives instruments**		
	i. Forward exchange contracts (Buy)		
	USD	**27.00**	**183.29**
		-	-
	GBP	**2.40**	**23.54**
		-	-
b.	**Foreign exchange currency exposures not covered by derivative instruments**		
	i. Amount receivable on account of export of services and loan and interest charges (net)		
	EUR	**0.12**	**0.89**
		0.30	2.02
	ii. Creditors payable on account of services, loan and interest charges and other foreign currency expenditure (net)		
	USD	**32.12**	**212.78**
		1.73	10.82
	ZAR	**11.76**	**5.27**
		18.09	9.26
	GBP	**2.87**	**27.32**
		0.02	0.14
	JPY	**0.37**	**2.20**
		0.01	0.08
	CAD	**0.15**	**0.78**
		0.02	0.08
	SDR	**@**	**0.01**
		@	0.01
	AUD	**0.07**	**0.37**
		-	-
	AED	**0.08**	**0.14**
		-	-
	SGD	**0.17**	**0.84**
		-	-
	HKD	**0.11**	**0.09**
		-	-
	SEK	**0.11**	**0.09**
		-	-

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016 *(Contd.)*

	As at 31 March 2016 (Amount in Foreign Currency in millions)	As at 31 March 2016 (Amount in ₹ crores)
PHP	**0.03**	**@**
	-	-
LKR	**0.02**	**0.08**
	-	-

Note: *@ represents amounts less than foreign currency 0.01 million*

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

For and on behalf of the Board of Directors

SUBODH BHARGAVA
Chairman

VINOD KUMAR
Managing Director & Group CEO

PRATIBHA K. ADVANI
Chief Financial Officer

MANISH SANSI
Company Secretary

MUMBAI
DATED: 27 May 2016

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF TATA COMMUNICATIONS LIMITED

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of TATA COMMUNICATIONS LIMITED (hereinafter referred to as "the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group"), and its associates, comprising of the Consolidated Balance Sheet as at 31 March, 2016, the Consolidated Statement of Profit and Loss, the Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

Management's Responsibility for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group including its Associates in accordance with the accounting principles generally accepted in India, including the Accounting Standards prescribed under Section 133 of the Act, as applicable. The respective Board of Directors of the companies included in the Group and of its associates are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. 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 auditor's judgment, 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 financial control relevant to the Holding Company's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in sub-paragraph (a) of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our qualified audit opinion on the consolidated financial statements.

Basis for Qualified Opinion

In the case of a subsidiary not audited by us, as referred to in Note 40 to the consolidated financial statements, pending ultimate resolution of certain matters resulting from certain transactions undertaken by such subsidiary in the previous year, we are unable to determine whether any adjustment may be necessary to the consolidated financial statements.

Qualified Opinion

In our opinion and to the best of our information and according to the explanations given to us, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph above, the aforesaid consolidated 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, of the consolidated state of affairs of the Group, and its associates as at 31 March, 2016, and their consolidated loss and their consolidated cash flows for the year ended on that date.

Other Matters

a) We did not audit the financial statements of four subsidiaries, whose financial statements reflect total assets of ₹ 3,360.94 crores as at 31 March, 2016, total revenues of ₹ 1,951.88 crores and net cash ouflows of ₹ 111.27 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 on the consolidated financial statements, 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) We did not audit the financial statements of one subsidiary, whose financial statements reflect total assets of ₹ 0.02 crores as at 31 March, 2016, total revenues of ₹ Nil and net cash flows of ₹ Nil for the year ended on that date, as considered in the consolidated financial statements. These financial statements are unaudited and has been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of this subsidiary is based solely on such unaudited financial statements. In our opinion and according to the information and explanations given to us by the Management, these financial statements are not material to the Group.

   Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements certified by the Management.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, we report, to the extent applicable, that:

   a) We have sought and, except for the possible effect of the matter described in the Basis for Qualified Opinion paragraph above, obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.

   b) In our opinion, except for the effect of the matter described in the Basis for Qualified Opinion paragraph above, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.

   c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.

   d) In our opinion, except for the effect of the matter described in the Basis for Qualified Opinion paragraph above, the aforesaid consolidated financial statements comply with the Accounting Standards prescribed under Section 133 of the Act, as applicable.

   e) On the basis of the written representations received from the directors of the Holding Company as on 31 March, 2016 taken on record by the Board of Directors of the Holding Company and the reports of the other statutory auditors of its subsidiary companies incorporated in India, none of the directors of the Group companies incorporated in India is disqualified as on 31 March, 2016 from being appointed as a director in terms of Section 164(2) of the Act.

   f) The qualification relating to the maintenance of accounts and other matters connected therewith are as stated in the Basis for Qualified Opinion paragraph above.

   g) With respect to the adequacy of the internal financial controls over financial reporting and the operating effectiveness of such controls, refer to our Report in “Annexure A”, which is based on the auditor’s reports of the Holding company’s and subsidiary companies incorporated in India. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Holding company and subsidiary companies incorporated in India internal financial controls over financial reporting.

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

i. Except for the possible effect of the matter described in the Basis for Qualified Opinion paragraph above, the consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group and its associate.

ii. Except for the possible effect of the matter described in the Basis for Qualified Opinion paragraph above, the Company has made provision in its consolidated financial statements, as required under the applicable law or accounting standards, for material forseeable losses on long term contracts including derivative contracts.

iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company and its subsidiary companies incorporated in India.

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

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

Mumbai, 27 May, 2016

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

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

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

We have audited the internal financial controls over financial reporting of Tata Communications Limited (hereinafter referred to as "the Holding Company") and its subsidiary companies, which are incorporated in India, as of 31 March, 2016, in conjunction with our audit of the consolidated financial statements of the Holding Company for the year then ended.

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the Holding Company, and its subsidiary companies, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the criteria established by the Holding Company and its subsidiary companies incorporated in India, considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting ("the Guidance Note") issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

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

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

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

Meaning of Internal Financial Controls Over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, to the best of our information and according to the explanations given to us and taking into consideration the reports of the other auditors referred to in the Other Matters paragraph below, the Holding Company and subsidiary companies which are companies incorporated in India, have in all material respects, adequate internal financial controls over financial reporting and such internal financial controls over financial reporting were operating effectively as of 31 March, 2016, based on the internal control over financial reporting criteria established by the Holding Company and its subsidiary companies incorporated in India considering the essential components of internal control stated in the Guidance Note.

Other Matters

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

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

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

Mumbai, 27 May, 2016

CONSOLIDATED BALANCE SHEET AS AT 31 MARCH, 2016

Particulars	Note No.	As at 31 March 2016 ₹ in crores	*As at 31 March 2015 ₹ in crores*
(A) EQUITY AND LIABILITIES			
(1) Shareholders' funds			
(a) Share capital	4	285.00	*285.00*
(b) Reserves and surplus	5	(703.16)	*36.47*
		(418.16)	***321.47***
(2) Minority Interest		**6.90**	***5.87***
(3) Non-current liabilities			
(a) Long-term borrowings	6	10,051.38	*7,606.78*
(b) Deferred tax liabilities (net)	7A (i)	46.81	*48.41*
(c) Other long term liabilities	8	4,346.68	*4,265.24*
(d) Long-term provisions	9	361.38	*311.04*
		14,806.25	***12,231.47***
(4) Current liabilities			
(a) Short-term borrowings	10	2,272.59	*1,724.56*
(b) Trade payables	11	4,109.03	*3,669.69*
(c) Other current liabilities	12	3,956.99	*5,632.94*
(d) Short-term provisions	13	593.44	*657.66*
		10,932.05	***11,684.85***
TOTAL		**25,327.04**	***24,243.66***
(B) ASSETS			
(1) Non-current assets			
(a) Fixed assets			
(i) Tangible assets	14 (i)	13,810.83	*13,892.24*
(ii) Intangible assets	14 (ii)	419.81	*426.74*
(iii) Capital work-in-progress		668.68	*572.39*
(iv) Intangible assets under development		131.14	*65.95*
		15,030.46	***14,957.32***
(b) Goodwill on consolidation		265.62	*384.84*
(c) Non-current investments	15	906.98	*879.03*
(d) Deferred tax assets (net)	7A (ii)	201.13	*249.95*
(e) Long-term loans and advances	16	2,171.32	*2,036.77*
(f) Other non-current assets	17	8.08	*8.37*
		3,553.13	***3,558.96***
(2) Current assets			
(a) Current investments	18	859.37	*888.47*
(b) Inventories - stores and spares		25.42	*26.40*
(c) Trade receivables	19	3,046.92	*2,487.00*
(d) Cash and bank balances	20	1,978.93	*1,621.15*
(e) Short-term loans and advances	21	791.42	*666.66*
(f) Other current assets	22	41.39	*37.70*
		6,743.45	***5,727.38***
TOTAL		**25,327.04**	***24,243.66***

See accompanying notes forming part of the consolidated financials statements

In terms of our report attached

FOR S. B. BILLIMORIA & CO.
Chartered Accountants

R. A. BANGA
Partner

MUMBAI
DATED: 27 May 2016

For and on behalf of the Board of Directors

SUBODH BHARGAVA
Chairman

VINOD KUMAR
Managing Director & Group CEO

PRATIBHA K. ADVANI
Chief Financial Officer

MANISH SANSI
Company Secretary

MUMBAI
DATED: 27 May 2016

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2016

	Particulars	Note No.	Year ended 31 March 2016 ₹ in crores	*Year ended 31 March 2015 ₹ in crores*
1	**Revenue from Operations**		**20,605.53**	***19,913.34***
	(a) Revenue from telecommunications services		20,554.82	*19,909.02*
	(b) Other Operating Income	23	50.71	*4.32*
2	Other Income	24	213.13	*396.46*
3	**Total Revenue (1+2)**		**20,818.66**	***20,309.80***
4	**Expenses:**			
	(a) Network and transmission	25	10,393.74	*10,554.25*
	(b) Employee benefits	26	3,176.22	*2,809.35*
	(c) Operating and other expenses	27	3,951.37	*3,555.69*
	(d) Finance costs	28	718.27	*750.79*
	(e) Depreciation and amortization expense	14	2,274.49	*2,161.09*
	Total Expenses		**20,514.09**	***19,831.17***
5	**Profit before exceptional items and taxes (3-4)**		**304.57**	***478.63***
6	**Exceptional items (loss) (net)**	29	(258.60)	*(105.22)*
7	**Profit before tax (5+6)**		**45.97**	***373.41***
8	**Tax Expense/(benefit)**			
	Current tax expense		210.12	*479.51*
	Deferred tax		46.28	*(109.05)*
	Net Tax Expense		**256.40**	***370.46***
9	**Profit / (Loss) after tax before share of profit/(loss) of associate and minority interest (7-8)**		(210.43)	*2.95*
10	Share in profit of associate		0.37	*0.14*
11	**Profit/(loss) after tax before share of profit/(loss) attributable to minority interest (9-10)**		**(210.06)**	***3.09***
12	Share of profit attributable to minority interest		(1.78)	*(1.80)*
13	**Profit/(loss) for the year attributable to the shareholders of the Company**		**(211.84)**	***1.29***
	Earning per share (of ₹ 10 each)			
	Basic/Diluted earnings per share (₹)	35	**(7.43)**	***0.05***

See accompanying notes forming part of the consolidated financials statements

In terms of our report attached

FOR S. B. BILLIMORIA & CO.
Chartered Accountants

R. A. BANGA
Partner

MUMBAI
DATED: 27 May 2016

For and on behalf of the Board of Directors

SUBODH BHARGAVA
Chairman

VINOD KUMAR
Managing Director & Group CEO

PRATIBHA K. ADVANI
Chief Financial Officer

MANISH SANSI
Company Secretary

MUMBAI
DATED: 27 May 2016

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2016

	Particulars	Year ended 31 March 2016 ₹ in crores	*Year ended 31 March 2015 ₹ in crores*
1	**CASH FLOWS FROM OPERATING ACTIVITIES**		
	PROFIT BEFORE TAXES AND AFTER EXCEPTIONAL ITEMS	**45.97**	***373.41***
	Adjustments for:		
	Depreciation and amortisation expenses	2,274.49	*2,161.09*
	Profit on sale of fixed assets (net)	(12.30)	*(168.09)*
	Interest income	(64.86)	*(70.94)*
	Finance costs	698.98	*738.90*
	Provision for doubtful trade receivables	(333.85)	*46.58*
	Bad debts written off	383.19	*29.80*
	Provision for contingencies	19.29	*11.89*
	Provision for diminution in value of inventories	10.02	*3.27*
	Impairment of Goodwill on consolidation	90.00	*190.00*
	Provision for diminution in value of Non Current Investments	65.80	-
	Provision written back on discontinuance of Joint Venture agreement	-	*(12.40)*
	Provision for doubtful advances	2.10	*0.40*
	Profit on sale of current investments	(74.17)	*(79.00)*
	Profit on sale of non-current investments	(6.42)	-
	Exchange fluctuation	35.15	*49.35*
	OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	**3,133.39**	***3,274.26***
	Inventories	(1.86)	*16.07*
	Trade receivables	(495.20)	*249.18*
	Short-term loans and advances	(241.72)	*(40.58)*
	Long-term loans and advances	76.08	*127.21*
	Other current assets	(44.34)	*(10.48)*
	Other non current assets	0.94	*4.05*
	Trade payables	366.40	*(428.55)*
	Other current liabilties	22.97	*105.84*
	Other non-current liabilties	(78.20)	*(201.62)*
	Short-term provisions	27.92	*1.44*
	Long-term provisions	33.59	*43.74*
	Adjustment of translation differences on working capital	(4.91)	*(0.24)*
	Cash generated from operations before tax and exceptional items	**2,795.06**	***3,140.32***
	Income tax paid (net)	(423.79)	*(111.98)*
	NET CASH FLOW FROM OPERATING ACTIVITIES	**2,371.27**	***3,028.34***
2	**CASH FLOWS FROM INVESTING ACTIVITIES**		
	Capital expenditure on fixed assets including capital advances	(2,048.35)	*(2,014.40)*
	Proceeds from sale of fixed assets	19.65	*243.07*
	Purchase of non-current investments	(88.20)	*(122.31)*
	Proceeds from sale of non-current investments	10.12	-
	Purchase of current investments	(11,901.68)	*(13,012.40)*
	Proceeds from sale of current investments	12,004.89	*13,207.36*
	Fixed deposits placed	(10.46)	*(24.80)*
	Earmarked funds	(323.11)	*(213.55)*
	Interest received	26.45	*35.18*
	NET CASH USED IN INVESTING ACTIVITIES	**(2,310.69)**	***(1,901.85)***
3	**CASH FLOWS FROM FINANCING ACTIVITIES**		
	Proceeds from Short-term borrowings	2,380.77	*1,673.96*
	Repayment of Short-term borrowings	(1,736.39)	*(2,115.39)*
	Proceeds from Long-term borrowings	5,138.12	*2,021.23*
	Repayment of Long-term borrowings	(4,895.28)	*(2,084.44)*
	Payment for finance lease	(4.72)	*(4.19)*
	Dividends paid including dividend tax	(187.33)	*(146.74)*
	Dividends paid to minority interest shareholders	(0.74)	*(2.13)*
	Finance costs	(580.70)	*(628.45)*
	Net increase/(decrease) in working capital borrowings	(122.31)	*(102.15)*
	NET CASH FLOW FROM FINANCING ACTIVITIES	**(8.58)**	***(1,388.30)***
	NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	**52.00**	***(261.81)***
	CASH AND CASH EQUIVALENTS AS AT THE BEGINNING OF THE YEAR	**898.44**	***1,166.56***
	Exchange difference on translation of foreign currency cash and cash equivalents	(2.67)	*(6.31)*
	CASH AND CASH EQUIVALENTS AS AT THE END OF THE PERIOD	**947.77**	***898.44***
	(Refer Note 20 - Cash and bank balances)		

Notes :

i Figures in brackets represent outflows

ii Profit on sale of Fixed Assets for the year ended March 31, 2015 includes profit on sale of land and building in Mumbai which is included as part of exceptional items amounting to ₹ 84.78 crores

See accompanying notes forming part of the consolidated financials statements

In terms of our report attached

FOR S. B. BILLIMORIA & CO.
Chartered Accountants

R. A. BANGA
Partner

MUMBAI
DATED: 27 May 2016

For and on behalf of the Board of Directors

SUBODH BHARGAVA
Chairman

VINOD KUMAR
Managing Director & Group CEO

PRATIBHA K. ADVANI
Chief Financial Officer

MANISH SANSI
Company Secretary

MUMBAI
DATED: 27 May 2016

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.

Tata Communications Limited and its subsidiaries (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 signalling services, transponder lease, television uplinking, set up, own and operate White Label ATMs, data center colocation services, network management and support and other services.

2. **Significant accounting policies**

a. Basis of preparation of consolidated 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 all applicable Accounting Standards prescribed under Section 133 of the Companies Act, 2013 and the relevant provisions of the Companies Act, 2013 ("the Act"). The consolidated financial statements have been prepared as a going concern basis including considering continuing finacial support to the Group's subsidiaries with contuining losses on an accrual basis under the historical cost convention. 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 in its associate. The consolidated financial statements have been prepared on the following basis:

i. The financial statements of the subsidiary companies, jointly controlled entity and associates included 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 in accordance with the applicable Accounting Standard. 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 in accordance with the applicable Accounting Standard.

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' and disclosed as an asset in the consolidated financial statements. Goodwill on consolidation is not amortised but tested for the impairment on annual basis. 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, the excess 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 2016 *(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 the consolidated 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 consolidated 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, recognition of deferred tax assets, 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 consolidated 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/ amortisation 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 their 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 transfers substantially all the risks and rewards of ownership to the Company.

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 and intangible assets under development include projects under which 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 licence 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

The depreciable amount for assets is the cost of an asset, or other amount substituted for cost, less its estimated residual value.

Depreciation and amortisation on tangible and intangible assets of the Company and its Indian subsidiaries has been provided on the straight-line method as per the useful life prescribed in Schedule II to the Companies Act, 2013 except in respect of following categories of assets where the lives of assets are other than the prescribed lives or otherwise no specific lives has been prescribed in Schedule II to the Companies Act, 2013.

	Tangible Assets		**Useful lives of Assets**
I	Plant and Machinery (Refer 1 below)		
	-	Sea cable	20 years or contract period whichever is earlier
	-	Land cable	15 years or contract period whichever is earlier
	-	ATM and cash dispensers	10 years
	-	Others	3 to 8 years
II	Leasehold land, building and improvements		Over the lease period
	Intangible Assets		
III	Software & Application (Refer 2 below)		3 to 6 years

Depreciation and amortisation on tangible and intangible assets of the Company's foreign subsidiaries, and associates has been provided on straight-line method as per the estimated useful life of such assets as follows:

	Tangible assets	**Useful lives of Assets**
i	Building	12 to 25 years
ii	Plant and Machinery	3 to 16 years
iii	Sea Cables	20 years or contract period whichever is earlier
iv	Computers	3 to 5 years
v	Leasehold Land and Building	Over the lease period
vi	Furnitures & Fixtures	3 to 15 years
vii	Motor Vehicle	3 to 5 years
	Intangible Assets	
I	Software and Application (Refer 2 below)	3 to 5 years
ii	License fee	25 years
iii	Goodwill on purchase of business	60/120 months

1. In the above mentioned cases, the lives of the assets have been assessed based on technical advice, taking into account the nature of the asset, the estimated usage of the asset, the operating conditions of the asset, past history of replacement, anticipated technological changes, manufacturers warranties, maintenance support, etc.

2. The estimated useful lives of the intangible assets and the amortisation period are reviewed at the end of each financial year and the amortisation period is revised to reflect the changed pattern, if any.

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 an operating lease. 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 consolidated Statement of Profit and Loss.

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

i. Impairment

The carrying values of assets / cash generating units at each balance sheet date are reviewed for impairment, if any indication of impairment exists. The following intangible assets are tested for impairment at the end of each financial year even if there is no indication that the asset is impaired:

i. an intangible asset that is not yet available for use; and

ii. an intangible asset that is amortised over a period exceeding ten years from the date when the asset is available for use.

If the carrying amounts of the assets exceed the estimated recoverable amount, impairment is recognised for such excess amount. The impairment loss is recognised as an expense in the consolidated Statement of Profit and Loss, unless the asset is carried at a revalued amount, in which case any impairment loss of the revalued asset is treated as a revaluation decrease to the extent a revaluation reserve is available for that asset.

The recoverable amount is the greater of the net selling price and the value in use. Value in use is arrived at by discounting the future cash flows to their present value based on an appropriate discount factor.

When there is an indication that an impairment loss recognised for an asset (other than a revalued asset) in earlier accounting periods no longer exists or may have decreased, such reversal of impairment loss is recognised in the consolidated Statement of Profit and Loss, to the extent the amount was previously charged to the consolidated Statement of Profit and Loss. In case of revalued assets such reversal is not recognised.

j. Asset Retirement Obligation ("ARO")

The Group's ARO relate to the removal/restoration of/for undersea cables, switches, leased equipments and certain lease premises at the time of their retiral/vacation. A 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.

k. Investments

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

m. Employee benefits

Employee benefits include contribution to provident fund, employee state insurance scheme, gratuity fund, pension, 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 consolidated 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 Voice Solutions (VS) are recognised at the end of each month based upon minutes of traffic completed in such month.

ii. Revenues from Data Managed Services (DMS) 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:

1. On the basis of number of transactions in such month.

2. 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 incentives are 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 collectability exists.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016 *(Contd.)*

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 supported by convincing evidence 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 provisions 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.

Current and deferred tax relating to items directly recognised in reserves are recognised in reserves and not in the Consolidated Statement of Profit and Loss.

r. Foreign currency transactions and translations

i. Transactions in foreign currencies entered into by the Group are accounted for 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. 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 assets and liabilities of the Group are carried at historical cost. Exchange differences, on foreign currency transactions are recognised in the Consolidated Statement of Profit and Loss. The 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 changes is disclosed under foreign exchange translation reserve.

iii. Forward exchange contracts/Cross Currency Swaps (other than referred in 2(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 Consolidated 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 Consolidated Statement of Profit and Loss. Profit or loss arising on cancellation or enforcement/exercise of a forward exchange is recognised in the Consolidated 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, interest rate swaps and coupon only 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 reclassified to the

Consolidated 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 are recorded in the Consolidated 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 Consolidated Statement of Profit and Loss. Gains and losses accumulated in the foreign currency translation reserve are included in the consolidated income statement when the foreign operation is disposed of.

t. Borrowing costs

Borrowing costs include interest, amortisation of ancillary costs incurred and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost. Costs in connection with the borrowing of funds to the extent not directly related to the acquisition of qualifying assets are charged to the Consolidated Statement of Profit and Loss over the tenure of the loan. Borrowing costs, allocated to and utilised for qualifying assets, pertaining to the period from commencement of activities relating to construction / development of the qualifying asset upto the date of capitalisation of such asset are added to the cost of the assets. Capitalisation of borrowing costs is suspended and charged to the consolidated Statement of Profit and Loss during extended periods when active development activity on the qualifying assets is interrupted.

u. 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 a bonus issue if any, to existing shareholders or a share split.

v. 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, segment expenses, segment assets and segment liabilities 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 a reasonable basis have been included under "unallocated revenue / expenses / assets / liabilities".

w. 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 consolidated financial statements.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016 *(Contd.)*

3. Particulars of subsidiaries and associates considered in the preparation of the consolidated financial statements:

		Country of Incorporation	Percentage of holding and voting power As at 31 March 2016	*As at 31 March 2015*
a.	**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 Collaboration Services Private Limited (formerly known as Wirefree Internet Services Private Limited)	India	100.00	-
	Tata Communications Data Centers Private Limited	India	100.00	*100.00*
	Tata Communications International Pte. Limited	Singapore	100.00	*100.00*
	VSNL SNOSPV Pte. Limited (SNOSPV)	Singapore	100.00	*100.00*
	Tata Communications Payment Solutions Limited	India	100.00	*100.00*
b.	**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*
	Tata Communications (Australia) Pty Limited	Australia	100.00	*100.00*
	Tata Communications Services (Bermuda) Limited	Bermuda	100.00	*100.00*
	Tata Communications (Poland) Sp.z.o.o	Poland	100.00	*100.00*
	Tata Communications (Japan) KK.	Japan	100.00	*100.00*
	Tata Communications (UK) Limited	United Kingdom	100.00	*100.00*
	Tata Communications Deutschland GMBH	Germany	100.00	*100.00*
	Tata Communications (Middle East) FZ-LLC	United Arab Emirates	100.00	*100.00*
	Tata Communications (Hungary) LLC	Hungary	100.00	*100.00*
	Tata Communications (Ireland) Limited	Ireland	100.00	*100.00*
	Tata Communications (Russia) LLC	Russia	99.90	*99.90*
	Tata Communications (Switzerland) GmbH	Switzerland	100.00	*100.00*
	Tata Communications (Sweden) ABs	Sweden	100.00	*100.00*
	TCPoP Communication GmbH	Austria	100.00	*100.00*
	Tata Communications (Taiwan) Limited	Taiwan	100.00	*100.00*
	Tata Communications (Thailand) Limited	Thailand	100.00	*100.00*
	Tata Communications (Malaysia) Sdn. Bhd.	Malaysia	100.00	*100.00*

		Country of Incorporation	Percentage of holding and voting power As at 31 March 2016	*As at 31 March 2015*
	Tata Communications (New Zealand) Limited	New Zealand	100.00	*100.00*
	Tata Communications (Spain) S.L	Spain	100.00	*100.00*
	Tata Communications Beijing (Technology) Limited	China	100.00	*100.00*
	SEPCO Communications (Pty) Limited (SEPCO) (Refer note 30)	South Africa	73.17	*73.17*
	NEOTEL (Pty) Ltd. (Neotel) (held through SEPCO and SNOSPV) (Refer note 30)	South Africa	67.32*	*67.32**
	Neotel Business Support Services (Pty) Ltd (NBSS) (held through Neotel) (Refer note 30)	South Africa	100.00	*100.00*
c.	**Associates**			
	United Telecom Limited (w.e.f 4 September 2014) (Refer Note 24 (i))	Nepal	26.66	*26.66*
	Number Portability Company (Pty) Ltd. (held through Neotel) (Refer note 30)	South Africa	20.00	*20.00*

* Direct and indirect interest

4. Share capital

(₹ in crores)

		As at 31 March 2016	*As at 31 March 2015*
a.	**Authorised:**		
	400,000,000 (2015: 400,000,000) Equity shares of ₹ 10 each	400.00	*400.00*
b.	**Issued, Subscribed and Paid up:**		
	285,000,000 (2015: 285,000,000) Equity shares of ₹ 10 each, fully paid up	285.00	*285.00*

a. 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.

b. 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 ₹ 4.30 (2015: ₹ 5.50) per share for the year ended 31 March 2016.

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

	As at 31 March 2016		*As at 31 March 2015*	
	No of shares	Percentage	*No of shares*	*Percentage*
Panatone Finvest Limited	85,776,654	30.10%	*88,626,654*	*31.10%*
Government of India	74,446,885	26.12%	*74,446,885*	*26.12%*
Tata Sons Limited	40,087,639	14.07%	*37,237,639*	*13.07%*

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016 *(Contd.)*

5. Reserves and surplus

		As at 31 March 2016	*As at 31 March 2015*
			(₹ in crores)
a.	**Capital Reserve** (Refer i below)	206.06	*206.06*
b.	**Debenture Redemption Reserve**		
	Opening balance	97.94	*437.94*
	Less: Transfer to General Reserve on redemption of debentures (Refer note 6i and 6ii)	(59.19)	*(340.00)*
	Closing balance	**38.75**	***97.94***
c.	**Securities Premium**	725.01	*725.01*
d.	**Hedge Fluctuation Reserve**		
	Opening balance	(6.33)	*(5.25)*
	Add: Changes in fair value during the year	(44.27)	*(1.08)*
	Closing balance	**(50.60)**	***(6.33)***
e.	**Foreign Exchange Translation Reserve (net)**		
	Opening balance	(1,472.91)	*(1,212.68)*
	Add: Translation gain on net investment in non-integral foreign operations (refer ii below)	0.56	*0.49*
	Add: Exchange translation adjustment during the year	(337.91)	*(260.72)*
	Closing balances	**(1,810.26)**	***(1,472.91)***
f.	**General Reserve**		
	Opening balance	5,296.62	*4,889.16*
	Add: Transferred from Surplus in consolidated Statement of Profit and Loss	-	*67.46*
	Add: Transfer from Debenture Redemption Reserve (Refer note 6i and 6ii)	59.19	*340.00*
	Closing balance	**5,355.81**	***5,296.62***
g.	**Deficit in consolidated Statement of Profit and Loss**		
	Opening balance	(4,809.92)	*(4,525.72)*
	Add: Depreciation on transition to Schedule II of the Companies Act 2013 on tangible fixed assets with nil remaining useful lives (net of deferred tax of ₹ 21.27 crores) (Refer note 14(iii) (j))	-	*(41.15)*
	Add: (Loss)/profit for the year	(211.84)	*1.29*
	Less: Proposed Dividend (Refer note 4 (b))	122.55	*156.75*
	Tax on Dividend (net of dividend tax credit in respect of earlier year ₹ 1.33 crores (2015: ₹ 11.78 crores)	23.62	*20.13*
	Transferred to General Reserve	-	*67.46*
	Closing balance	**(5,167.93)**	***(4,809.92)***
	Total	**(703.16)**	***36.47***

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

ii. During the year 2011-12, the Company had 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 ₹ 0.56 crores (2015: ₹ 0.49 crores) net foreign exchange gain has been recorded in foreign exchange translation reserve during the year.

6. Long-term borrowings

		(₹ in crores)	
		As at 31 March 2016	***As at 31 March 2015***
I.	**Debentures**		
a.	**Secured**		
	Taxable Rated Secured Non-Convertible Redeemable Debentures (Refer i below)		
	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*
b.	**Unsecured**		
	Taxable Rated Unsecured Non-Convertible Redeemable Debentures (Refer ii below)		
	1,500, 9.85% Rated Debentures of face value ₹ 10 lakhs each	150.00	*150.00*
II.	**Unsecured notes**		
	1,600 (2015: 1,600), 4.25% SGD Notes of face value of SGD 250,000 (Refer iii below)	-	*1,820.15*
III.	**Term Loans (Refer iv below)**		
	From Banks		
	Secured	1,644.40	*2,237.09*
	Unsecured	10,078.08	*6,780.29*
	From Others		
	Unsecured	230.48	*303.63*
		12,107.96	***11,351.16***
	Less: Current maturities of long term borrowings	(2,056.58)	*(3,744.38)*
		10,051.38	***7,606.78***

i. Secured Debentures:

The outstanding 50, 11.25% debentures amounting to ₹ 5 crores are due for redemption on 23 January 2019 and are secured by a first legal mortgage and charge on the Company's plant and machinery.

For facilitating the above redemption, the Company has created a debenture redemption reserve of ₹ 1.25 crores (2015: ₹ 1.25 crores).

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016 *(Contd.)*

ii. Unsecured Debentures:

The outstanding 1,500, 9.85% debentures amounting to ₹ 150 crores are due for redemption on 2 July 2019.

For facilitating the above redemption, the Company has created a debenture redemption reserve of ₹ 37.50 crores (2015: ₹ 37.50 crores).

iii. During the year 2012-13, Tata Communications (Netherlands) B.V (TCN BV), a wholly owned subsidiary of the Company had issued 1600 Unsecured Notes on the Singapore Stock Exchange (the "Notes") carrying a fixed interest of 4.25 per cent per annum. The notes were denominated in Singapore Dollars (SGD), the face value of each Note was SGD 250,000. These Notes were repaid in February 2016.

iv. Term Loans from banks and others:

a. Secured term loans from banks

Currency	₹ in crores	Rate of Interest	Maturities	Nature of Securities
ZAR	47.60	12.78%	Quarterly until September 2020	Land and Building in subsidiary
ZAR	925.02	3M JIBAR + 4.75%	Quarterly from December 2014 until March 2018	Refer i and ii below
ZAR	79.71	3M JIBAR + 6.75%	Quarterly from December 2014 until March 2020	Refer i below
ZAR	228.37	3M JIBAR + 2.50%	March 2020	Refer i below
ZAR	318.84	3M JIBAR + 6.00%	Quarterly from December 2014 until March 2020	Refer i below
ZAR	22.76	3M JIBAR + 4.75%	Quarterly from June 2013 until September 2016	Refer i and ii below
ZAR	22.10	3M JIBAR + 5.21%	Quarterly from June 2013 until September 2016	Refer i and ii below
Total	**1,644.40**			
Less: Current maturities	(496.58)			
	1,147.82			

(i) The loan of ₹ 1,596.80 crores (2015: ₹ 2,175.80 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). Nedbank Limited act on behalf of the consortium of lenders as agents. 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:

(a) 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.

(b) Ceded rights of Neotel Business Support Services (Pty) Ltd (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.

(ii) Neotel holds ₹ 190.85 crores (2015 : ₹ 61.95 crores) in fixed deposits as margin money towards loans repayable in the first two quarters of financial year 2016-17.

b. Unsecured term loans from banks

Currency	₹ in crores	Rate of Interest	Maturities
USD	134.68	LIBOR plus 1.35%	March 2012 - March 2020
USD	397.00	LIBOR plus 0.65%	March 2012 - September 2021
SGD	492.24	SIBOR plus 1.11%	December 2016
USD	331.25	LIBOR plus 3.0375%	January 2017 - January 2019
USD	1,590.00	LIBOR plus 2.85%	January 2017 - January 2019
USD	441.66	LIBOR plus 2.75%	December 2015 - December 2017
USD	1,325.00	LIBOR plus 2.30%	December 2017 - December 2019
USD	1,722.50	LIBOR plus 1.40%	May 2019- May 2020
USD	1,325.00	LIBOR plus 1.40%	December 2019 - December 2020
USD	1,656.25	LIBOR plus 1.35%	February 2019- February 2021
USD	662.50	LIBOR plus 1.80%	March 2018
Total	**10,078.08**		
Less: Current maturities	(1,459.34)		
	8,618.74		

c. Unsecured term loans from others

Currency	₹ in crores	Rate of Interest	Maturities
USD	72.42	3.95% Fixed	October 2012 - December 2017
USD	158.06	3.05% Fixed	June 2015 - March 2020
Total	**230.48**		
Less: Current maturities	(100.66)		
	129.82		

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

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016 *(Contd.)*

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 2016	*As at 31 March 2015*
(i)	**Deferred tax liabilities (net)**			
	Deferred tax liabilities:			
	Difference between accounting and tax depreciation/amortisation		75.11	*73.49*
	Foreign exchange revaluation gain		-	*1.25*
	Total deferred tax liabilities	**(A)**	**75.11**	***74.74***
	Deferred tax assets:			
	Unearned Income and deferred revenue		25.40	*22.50*
	Carry forward net operating losses		0.04	*1.24*
	Employee benefits - Others		0.50	*1.25*
	Others		2.36	*1.34*
	Total deferred tax assets	**(B)**	**28.30**	***26.33***
	Deferred tax liabilities (net)	**(A - B)**	**46.81**	***48.41***
(ii)	**Deferred tax assets (net)**			
	Deferred tax assets:			
	Difference between accounting and tax depreciation/amortisation		73.58	*48.73*
	Unearned Income and deferred revenue		279.42	*213.60*
	Provision for doubtful trade receivables and advances		79.27	*156.95*
	Expenditures disallowed u/s 40 (a) (ia) of Income Tax Act, 1961		87.28	*195.12*
	Interest received on provisional income-tax assessment		10.41	*18.18*
	Employee benefits - compensated absence and bonus		52.13	*46.90*
	Carry forward net operating losses		99.85	*63.14*
	Others		55.87	*53.51*
	Total deferred tax assets	**(A)**	**737.81**	***796.13***
	Deferred tax liabilities:			
	Difference between accounting and tax depreciation/amortization		507.79	*497.70*
	Deferred charges for retirement benefit		20.77	*26.10*
	Foreign exchange revaluation gain		8.12	*22.38*
	Total deferred tax liabilities	**(B)**	**536.68**	***546.18***
	Deferred tax assets (net)	**(A - B)**	**201.13**	***249.95***

In case of certain subsidiaries of the Group, deferred tax assets arising from unabsorbed depreciation and brought forward business losses have been recognised on the basis of prudence only to the extent of above mentioned deferred tax liability as at 31 March 2016 and 31 March 2015.

B. Statement of deferred tax charge for the year:

(₹ in crores)

	As at 31 March 2016	*As at 31 March 2015*
Opening deferred tax (asset)/liability (net)	(201.54)	*(72.74)*
Add: Deferred tax charge /(benefit)	46.28	*(109.05)*
Less: Translation adjustments	0.94	*1.18*
Less: Impact of discontinuation of Joint Venture (Refer Note 24 (i))	-	*0.34*
Add: Adjusted in reserves (Refer Note 14 (iii) (i))	-	*(21.27)*
Closing Deferred tax (asset) / liability (net)	**(154.32)**	***(201.54)***

8. Other long-term liabilities

		As at 31 March 2016	*As at 31 March 2015*
			(₹ in crores)
a.	Deferred revenue	4,115.73	*4,031.35*
b.	Trade payables	34.38	*51.51*
c.	Mark to market loss on derivative contracts	49.13	*45.34*
d.	Lease equalization liability	120.62	*107.68*
e.	Others	26.82	*29.36*
		4,346.68	***4,265.24***

9. Long-term provisions

		As at 31 March 2016	*As at 31 March 2015*
			(₹ in crores)
a.	Provision for employee benefits (Refer note 31)		
	(i) Compensated absences	88.64	*78.64*
	(ii) Post-employment medical benefits	94.28	*84.77*
	(iii) Pension	35.54	*19.06*
	(iv) Gratuity	3.08	*2.78*
b.	Provision for contingencies (Refer note 32)	139.84	*125.79*
		361.38	***311.04***

10. Short-term borrowings

		As at 31 March 2016	*As at 31 March 2015*
			(₹ in crores)
	Unsecured		
	From banks		
a.	Buyers credit (rate of interest per annum - 0.78% to 1.56%) (2015: 0.84% to 1.25%)	528.79	*365.88*
b.	Other term loans (rate of interest per annum - 1.92% to 2.05%) (2015: 1.83% to 2.80%)	695.63	*746.70*
c.	Bank overdrafts	366.31	*190.16*
		1,590.73	***1,302.74***
	Secured		
	From banks		
a.	Term loans (rate of interest - 3 months JIBAR+3%) (Refer i below)	681.86	*421.82*
		2,272.59	***1,724.56***

i. Secured against ₹ 710.34 crores (2015: ₹ 436.09 crores) held in the margin money with bank against short term loan drawn by Neotel.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016 *(Contd.)*

11. Trade payables

(₹ in crores)

		As at 31 March 2016	*As at 31 March 2015*
a.	Payables to related parties	31.34	*21.31*
b.	Other creditors	3,548.80	*3,223.73*
c.	Accrued employee benefits	528.89	*424.65*
		4,109.03	***3,669.69***

12. Other current liabilities

(₹ in crores)

		As at 31 March 2016	*As at 31 March 2015*
a.	Current maturities of long term borrowings (Refer note 6)		
	Secured	496.58	*435.14*
	Unsecured	1,560.00	*3,309.24*
b.	Capital creditors	527.94	*397.56*
c.	License fees payable	60.61	*61.66*
d.	Interest accrued but not due on loans from banks	32.73	*57.33*
e.	Deposits from customers and contractors	87.76	*80.30*
f.	Deferred revenues and advances received from customers	973.08	*872.59*
g.	Government of India account	20.57	*20.57*
h.	Unpaid dividend (Refer i below)	0.40	*0.40*
i.	Mark to market loss on derivative contracts	77.37	*228.27*
j.	Gratuity (Refer note 31)	12.22	*12.54*
k.	Statutory liabilities		
	- TDS	21.41	*23.55*
	- Service tax	56.36	*60.97*
	- Others	24.61	*60.60*
l.	Other liabilities	5.35	*12.22*
		3,956.99	***5,632.94***

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

13. Short-term provisions

(₹ in crores)

		As at 31 March 2016	*As at 31 March 2015*
a.	Provision for employee benefits (Refer note 31)		
	(i) Compensated absences	59.11	*56.56*
	(ii) Pension	0.56	*-*
	(iii) Post-employment medical benefits	6.89	*6.51*
	(iv) Provision for gratuity	0.22	*0.22*
b.	Provision for proposed dividend	122.55	*156.75*
c.	Tax on dividend	24.95	*31.91*
d.	Provision for taxes (net of advance tax of ₹ 734.61 crores (2015: ₹ 1,126.12 crores))	352.45	*404.80*
e.	Provision for others (Refer note 32)	26.71	*0.91*
		593.44	***657.66***

14. Fixed assets

i. Tangible assets

(₹ in crores)

	Free hold Land	Leasehold Land	Leasehold Improvements	Building	Plant and Machinery	Furniture and Fixtures	Office Equipment	Computers	Motor Vehicles	Total
Gross Block										
At 1 April 2014	**98.57**	**221.83**	**384.05**	**854.65**	**22,954.29**	**219.87**	**141.07**	**857.73**	**1.57**	**25,733.63**
Additions	-	3.40	201.14	84.89	1,561.36	29.17	34.10	60.72	0.35	1,975.13
Disposals	(0.04)	-	-	(5.47)	(179.28)	(0.26)	(0.07)	(12.14)	-	(197.26)
Adjustments (Refer iii (g) below)	1.24	0.85	(4.02)	(9.32)	33.64	(7.06)	11.53	(6.60)	(0.39)	19.87
At 31 March 2015	**99.77**	**226.08**	**581.17**	**924.75**	**24,370.01**	**241.72**	**186.63**	**899.71**	**1.53**	**27,531.37**
Additions	-	3.38	83.61	20.30	1,537.50	21.34	42.83	75.13	-	1,784.09
Disposals	(0.52)	-	(70.29)	(0.60)	(311.08)	(0.62)	(9.85)	(111.35)	(0.10)	(504.41)
Adjustments (Refer iii (g) below)	16.42	(19.58)	41.16	(9.91)	410.11	(15.02)	2.13	6.61	(0.10)	431.82
At 31 March 2016	**115.67**	**209.88**	**635.65**	**934.54**	**26,006.54**	**247.42**	**221.74**	**870.10**	**1.33**	**29,242.87**
Accumulated Depreciation										
At 1 April 2014	**-**	**32.64**	**125.59**	**204.48**	**10,638.19**	**122.56**	**50.86**	**703.42**	**0.93**	**11,878.67**
Depreciation/ Amortisation	-	2.91	71.29	31.90	1,690.59	25.54	46.62	86.47	0.15	1,955.47
Disposals	-	-	-	(1.94)	(114.41)	(0.26)	(0.07)	(11.93)	-	(128.61)
Adjustments (Refer iii (g) below)	-	0.40	(10.26)	(3.40)	(52.76)	(6.19)	9.28	(3.27)	(0.20)	(66.40)
At 31 March 2015	**-**	**35.95**	**186.62**	**231.04**	**12,161.61**	**141.65**	**106.69**	**774.69**	**0.88**	**13,639.13**
Depreciation/ Amortisation	-	(4.61)	98.35	16.02	1,804.08	19.37	23.99	67.15	0.15	2,024.50
Disposals	-	-	(70.17)	(0.60)	(272.28)	(0.47)	(9.21)	(110.90)	(0.10)	(463.73)
Adjustments (Refer iii (g) below)	-	(2.26)	9.59	3.73	214.67	(1.11)	1.23	6.32	(0.03)	232.14
At 31 March 2016	**-**	**29.08**	**224.39**	**250.19**	**13,908.08**	**159.44**	**122.70**	**737.26**	**0.90**	**15,432.04**
Net Block										
At 31 March 2015	***99.77***	***190.13***	***394.55***	***693.71***	***12,208.40***	***100.07***	***79.94***	***125.02***	***0.65***	***13,892.24***
At 31 March 2016	**115.67**	**180.80**	**411.35**	**684.35**	**12,098.36**	**87.99**	**99.04**	**132.84**	**0.43**	**13,810.83**

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016 *(Contd.)*

ii. Intangible assets

(₹ in crores)

	Software	Licence fees	Goodwill	Total
Gross Block				
At 1 April 2014	**1,272.13**	**17.93**	**849.92**	**2,139.98**
Additions	251.12	-	-	251.12
Disposals	(2.20)	-	-	(2.20)
Adjustments (Refer iii (g) below)	13.10	(5.12)	32.59	40.57
At 31 March 2015	**1,534.15**	**12.81**	**882.51**	**2,429.47**
Additions	239.86	-	-	239.86
Disposals	(83.29)	-	-	(83.29)
Adjustments (Refer iii (g) below)	28.25	(1.60)	45.51	72.16
At 31 March 2016	**1,718.97**	**11.21**	**928.02**	**2,658.20**
Accumulated Amortisation				
At 1 April 2014	**954.65**	**11.93**	**732.66**	**1,699.24**
Depreciation/ Amortisation	202.45	0.33	65.26	268.04
Disposals	(2.20)	-	-	(2.20)
Adjustments (Refer iii (g) below)	12.13	(3.40)	28.92	37.65
At 31 March 2015	**1,167.03**	**8.86**	**826.84**	**2,002.73**
Depreciation/ Amortisation	191.48	0.29	58.22	249.99
Disposals	(82.64)	-	-	(82.64)
Adjustments (Refer iii (g) below)	26.50	(1.13)	42.94	68.31
At 31 March 2016	**1,302.37**	**8.02**	**928.00**	**2,238.39**
Net Block				
At 31 March 2015	**367.12**	**3.95**	**55.67**	**426.74**
At 31 March 2016	**416.60**	**3.19**	**0.02**	**419.81**

iii. Notes

a. Freehold land includes ₹ 0.16 crores (2015: ₹ 0.16 crores) identified as surplus land.

b. Gross block of buildings includes:

₹ 32.75 crores (2015: ₹ 32.75 crores) for flats at Mumbai in respect of which agreements have not been executed.

₹ 0.38 crores (2015: ₹ 0.38 crores) for Sheds at GIDC, Gandhinagar in respect of which agreements have not been executed.

c. Gross block and accumulated depreciation of plant and machinery include Indefeasible Rights of Use (IRUs) for domestic and international telecommunication circuits of ₹ 3,121.49 crores (2015: ₹ 2,966.45 crores) and ₹ 1,701.28 crores (2015: ₹ 1,466.78 crores) respectively.

d. Gross block and accumulated depreciation of plant and machinery include proportionate amounts towards share of assets held jointly with other enterprises of ₹ 1,776.04 crores (2015: ₹ 1,837.38 crores) and ₹ 783.09 crores (2015: ₹ 705.98 crores) respectively.

e. Fixed assets include assets taken on finance lease. Details of such assets have been given in Note 39.

f. Finance cost capitalized during the year is ₹ 11.60 crores (2015: ₹ 22.10 crores) in respect of capital expenditure.

g. Adjustments to gross block and accumulated depreciation include ₹ 491.51 crores and ₹ 281.81 crores (2015: ₹ 322.72 crores and ₹ 170.37 crores) pertaining to foreign exchange translation differences on the Group's foreign subsidiaries.

h. Depreciation on fixed assets has been provided on the straight-line method. During the previous year, pursuant to the notification of Schedule II to the Companies Act, 2013 with effect from 1 April 2014, the Company has revised the estimated useful lives, for the Indian entities, of some of its assets to align the useful lives with those prescribed in Schedule II. The details are as follows:

Asset	**Previous useful lives**	**Revised useful lives**
Building	58 years 3 months	60 years
Computers		
- Computers and end point equipment	5 years 10 months	3 years
- IT servers	5 years 10 months	6 years
Office equipment	20 years	5 years
Furniture and fixtures	15 years	10 years
Plant & Machinery		
- Electrical installation and equipment	8 years	10 years
- Network switching unit and Earth station	12 years	13 years

i. During the previous year, pursuant to the transition provisions prescribed in Schedule II to the Companies Act, 2013, the Company had fully depreciated the carrying value of assets, net of residual value, where the remaining useful lives of the asset was determined to be nil as on 1 April 2014, and had adjusted an amount of ₹ 41.15 crores (net of deferred tax of ₹ 21.27 crores) against the opening surplus balance in the consolidated Statement of Profit and Loss under Reserves and Surplus. The depreciation expense in the consolidated Statement of Profit and Loss in the previous year is higher by ₹ 38.64 crores consequent to the change in the useful lives of the assets.

j. The reconciliation of depreciation and amortization expense as per the Fixed assets schedule given above and that as shown in the Statement of Profit and Loss is given below:

(₹ in crores)

	Year ended 31 March 2016	***Year ended 31 March 2015***
Depreciation and amortisation for the year on tangible assets as per note 14(i) above	2,024.50	*1,955.47*
Amortisation for the year on intangible assets as per note 14(ii) above	249.99	*268.04*
Less :Depreciation on tangible assets transferred to deficit in consolidated Statement of Profit and Loss (Refer note 5 (g))	-	*(62.42)*
Depreciation and amortisation expenses as per Statement of Profit and Loss	2,274.49	*2,161.09*

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016 *(Contd.)*

15. Non-current investments

		As at 31 March 2016		*As at 31 March 2015*	
		No of shares	**₹ in crores**	***No of shares***	***₹ in crores***
	Investment (Trade) (at cost)				
a.	**Fully Paid Equity Shares (Quoted)**				
	Pendrell Corporation (formerly known as New ICO Global Communications (Holdings) Limited) (Class A common stock of US$ 0.01 each)	680,373	0.01	*680,373*	*0.01*
	Subtotal (a)		**0.01**		***0.01***
b.	**Fully Paid Equity Shares (Unquoted)**				
	Tata Teleservices Ltd. (Equity shares of ₹ 10 each) (Refer i & ii below)	439,863,622	748.03	*439,863,622*	*748.03*
	Wmode Inc.	-	-	*4,440,227*	*3.48*
	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	*32,000*	*0.32*
	Radhapura Wintech Private Limited (Equity shares of ₹ 10 each)	19,370	0.02	*19,370*	*0.02*
	Smart ICT Services Private Limited (Equity shares of ₹ 10 each)	9,500	0.01	*9,500*	*0.01*
	SEIW Shamal Power Private Limited (Equity shares of ₹ 10 each)	3,514	@	-	-
	Subtotal (b)		**748.56**		***752.04***
c.	**Fully Paid Preference Shares (Unquoted)**				
	Smart ICT Services Private Limited	189,728	0.19	*54,208*	*0.05*
	Sentient Technologies Holdings Limited (Refer iii below)	870,447	132.50	*870,447*	*125.10*
	Subtotal (c)		**132.69**		***125.15***
	Investment in limited liability partnership firm(Unquoted)				
	KAS Onsite Power Solutions LLP (Equity shares of ₹ 100 each)	56,250	5.63		-
	Northgate Telecom Innovations Partners L.P (Refer iv below)	-	83.48		-
			89.11		**-**
	Investment in Associates(Unquoted)				
	Number Portability Company Pty. Ltd. (Includes Goodwill of ₹ Nil)				
	Opening balance	100	**1.83**	*100*	***1.87***
	Translation adjustment		(0.31)		*(0.18)*
	Add: Share in Profit for the year		0.37		*0.14*
	Closing balance - Subtotal (d)		**1.89**		***1.83***
	United Telecom Limited (Refer note 24 (i))	5,731,900	-	*5,731,900*	-

	As at 31 March 2016		*As at 31 March 2015*	
	No of shares	**₹ in crores**	***No of shares***	***₹ in crores***
f. **Other investment (Unquoted)** (Refer v below)		0.52		-
Total (a + b + c + d+e+f)		**972.78**		***879.03***
Provision for diminution in value of investment in Tata Teleservices Ltd (Refer ii below)		(65.80)		-
Total Non-current investments (Net of provision)		**906.98**		***879.03***
Market value of quoted investments		2.39		*5.53*
Book value of quoted investments		0.01		*0.01*
Book value of unquoted investments		972.77		*879.02*
Less :Provision for diminution in value of investment		(65.80)		-
Total Non-current investments (Net of provision)		**906.98**		***879.03***

@ represent amount less than ₹ 100,000/-

i. Equity investment is subject to certain restrictions on transfer as per the terms of contractual agreements.

ii. During the year ended 31 March 2016 the Company has provided ₹ 65.80 crores, as diminution in value, other than temporary, in its long term investment in Tata Teleservices limited (TTSL).

iii. During the previous year the Group had invested ₹ 125.10 crores (US$ 20 million) for 2.30% stake in Sentient Technologies Holdings Limited through its indirect subsidiary Tata Communications (Hong Kong) Limited. The value of such investments as on 31 March 2016 is ₹ 132.50 crores.

iv. During the current year the Group has invested ₹ 83.48 crores (US$ 12.6 million) in Northgate Telecom Innovation Fund (NTIF) through its indirect subsidiary Tata Communications (America) Inc.

v. During the current year the Group has invested ₹ 0.52 crores (US$ 0.079 million) in New Jersey Fiber Exchange (NJFX) through its indirect subsidiary Tata Communications (America) Inc.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016 *(Contd.)*

16. Long-term loans and advances

(₹ in crores)

			As at 31 March 2016	*As at 31 March 2015*
a.	Capital advances:			
	i.	Unsecured, Considered good	5.47	*3.19*
	ii.	Unsecured, Considered doubtful	6.01	*6.01*
		Less: provision for doubtful capital advances	(6.01)	*(6.01)*
			5.47	***3.19***
b.	Security deposits:			
	i.	Unsecured, Considered good	97.78	*87.84*
	ii.	Unsecured, Considered doubtful	3.52	*2.57*
		Less: provision for doubtful security deposits	(3.52)	*(2.57)*
			97.78	***87.84***
c.	Prepaid pension assets (Refer Note 31 (B))		77.48	*109.65*
d.	Prepaid expenses - Unsecured, considered good		255.47	*257.45*
e.	Advance tax (net of provisions of ₹ 5,603.44 crores (2015: ₹ 4,917.07 crores)) - Unsecured, considered good		1,593.78	*1,410.75*
f.	Amount paid under protest (Refer note 41 a 2 (v))		25.58	*25.58*
g.	Other advances / receivables			
	i.	Unsecured, Considered good	**115.76**	***142.31***
	ii.	Unsecured, Considered doubtful	1.52	*1.39*
		Less: provision for doubtful advances	**(1.52)**	***(1.39)***
			115.76	*142.31*
			2,171.32	***2,036.77***

17. Other non-current assets

(₹ in crores)

		As at 31 March 2016	*As at 31 March 2015*
a.	Pension contributions recoverable from Government of India (net) (Refer i below)	7.44	*7.44*
b.	NLD licence fees reimbursement recoverable from Government of India	0.64	*0.64*
c.	Others	-	*0.29*
		8.08	***8.37***

i. As at 31 March 2016 the proportionate share of pension obligations and payments of ₹ 61.15 crores (2015: ₹ 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 (2015: ₹ 53.71 crores) resulting in a net amount due from the Government towards its share of pension obligations of ₹ 7.44 crores (2015: ₹ 7.44 crores).

18. Current investments

	As at 31 March 2016		*As at 31 March 2015*	
	No of units	₹ in crores	*No of units*	*₹ in crores*
Investments in Mutual Funds (Unquoted)				
Axis Bank Debt Fund - Direct - Growth	181,972	25.28	*275,368*	*35.35*
Baroda Pioneer Treasury Advantage Fund - Growth - Direct	158,188	27.67	*158,188*	*25.27*
Birla Sunlife Cash Manager - Direct - Growth	-	-	*750,156*	*25.60*
DHFL Pramerica Insta Cash Plus Fund - Growth	1,274,127	25.00	-	-
HDFC Banking and PSU Debt Fund -Growth - Direct	-	-	*22,703,743*	*25.00*
HDFC Cash Mgmt Fund - Savings Plan - Growth - Direct	-	-	*17,120,004*	*50.00*
ICICI Prudential Banking and PSU Fund - Direct - Growth	18,521,324	31.43	*18,521,535*	*28.88*
ICICI Prudential Money Market Fund - Reg. Growth	2,387,848	50.00	-	-
ICICI Prudential Ultra Short Term Plan - Direct - Growth	39,976,797	62.39	*46,496,219*	*66.56*
ICICI Prudential Flexible Income Plan - Direct - Growth	745,059	21.38	*1,988,514*	*52.41*
IDFC Money Manager Fund - Treasury Plan - Direct - Growth	-	-	*11,421,004*	*25.34*
Kotak Floater - ST - Direct -Growth	201,284	50.00	-	-
Kotak Floater - ST -Growth	235,876	58.50	-	-
Kotak Liquid Scheme - Plan - A- Direct - Growth	-	-	*287,310*	*81.50*
Kotak Low Duration Fund - Direct- Growth	434,166	80.40		-
Kotak Treasury Advantage - Direct Growth	14,480,602	35.27	*11,276,162*	*25.17*
L & T Cash Fund - Direct - Growth	123,373	15.11	*142,487*	*16.13*
Reliance Liquid Fund - Cash Plan - Growth	307,409	75.11	*112,091*	*25.21*
Religare Credit Opportunities Fund - Direct - Growth	123,384	21.50	*327,674*	*52.44*
Religare Ultra Short Term Fund -Direct - Growth	103,195	21.69	*199,835*	*38.72*
SBI Mangnum Insta Cash Liquid Floater Plan - Direct - Growth	-	-	*105,343*	*25.17*
Religare Invesco Medium Term Bond Fund -Direct-Growth	165,270	25.61	-	-
Reliance Medium Term Fund- Growth-Direct	13,075,067	41.49	-	-
SBI Treasury Advantage Fund - Direct - Growth	59,484	10.09	*162,232*	*25.24*
Sundaram Ultra Short Term - Direct Growth	-	-	*26,606,218*	*51.25*
SBI Premier Liquid Fund - Direct- Growth	134,400	32.00	-	-
Tata Money Market Fund - Growth - Direct	105,112	25.00	*453,764*	*100.00*
UTI Floating Rate Fund - STP - Direct - Growth	225,511	56.06	-	-
Templeton Low Duration Fund - Direct - Growth	-	-	*22,883,917*	*35.29*
UTI Banking & PSU Debt Fund - Direct - Growth	39,998,584	48.39	*22,727,868*	*25.16*
UTI Money Market fund - Direct - Growth	117,845	20.00	-	-
UTI Treasury Advantage Fund -IP- Direct- Growth	-	-	*109,423*	*20.78*
LIC Nomura Liquid Fund - Growth Plan - LICLF			*126,399*	*32.00*
Total		**859.37**		***888.47***
Book value of unquoted investments		859.37		*888.47*

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016 *(Contd.)*

19. Trade receivables - Unsecured

(₹ in crores)

	As at 31 March 2016	*As at 31 March 2015*
Trade receivables outstanding for a period exceeding six months from the date they were due for payment		
Considered good	233.47	*132.63*
Doubtful	319.69	*642.73*
	553.16	***775.36***
Less: Provision for doubtful trade receivables	(319.69)	*(642.73)*
	233.47	***132.63***
Other trade receivables		
Considered good	2,813.45	*2,354.37*
Doubtful	10.28	*9.18*
	2,823.73	***2,363.55***
Less: Provision for doubtful trade receivables	(10.28)	*(9.18)*
	2,813.45	***2,354.37***
	3,046.92	***2,487.00***

During the previous year, the Group had entered into a factoring arrangement to sell, without recourse, certain receivables to an unrelated third party financial institution. The Group had sold receivables amounting to ₹ 223.16 crores in the previous year which were due after 31 March 2015. The receivables sold had been derecognised because these receivables were put beyond the reach of the Company or the creditors even in receivership, did not provide any trivial benefit to the transferee and the Company did not maintain effective control over the sold receivables.

20. Cash and bank balances

(₹ in crores)

		As at 31 March 2016	*As at 31 March 2015*
	Cash and Cash Equivalents:		
a.	Cash on hand	0.23	*0.15*
b.	Cheques on hand	3.05	*-*
c.	Remittances in transit	88.37	*48.27*
d.	Cash at Automated Teller Machines	464.15	*226.49*
e.	Current accounts with banks	366.85	*527.34*
f.	Deposit accounts with banks	25.12	*96.19*
		947.77	***898.44***
	Other Bank Balances:		
	In earmarked accounts		
g.	Deposits with original maturity over three months	71.95	*57.93*
h.	Deposit accounts held as margin money (refer i below, Note 6 iv (ii)) and Note 10 (i))	958.81	*664.38*
i.	Unpaid dividend accounts	0.40	*0.40*
	Cash and Bank Balances	**1,978.93**	***1,621.15***

i. As per the requirement of Companies (Share Capital and Debentures) Rules, 2014, the Company has earmarked ₹ Nil (2015: ₹ 8.25 crores) towards redemption of debentures.

21. Short-term loans and advances

		As at 31 March 2016	*As at 31 March 2015*
			(₹ in crores)
Unsecured, considered good			
a.	Loans and advances to employees	0.66	*4.91*
b.	Sundry Deposits	8.56	*10.00*
c.	Prepaid expenses	310.80	*303.11*
d.	Balances with government authorities	391.79	*249.60*
e.	Export incentive receivable	-	*0.84*
f.	**Other advances**		
	Considered good	79.61	*98.20*
	Considered doubtful	1.44	*0.53*
	Less: provision for doubtful advances	(1.44)	*(0.53)*
		791.42	***666.66***

22. Other current assets

		As at 31 March 2016	*As at 31 March 2015*
			(₹ in crores)
a.	Interest receivable	40.23	*11.07*
b.	Derivative assets	0.13	*25.46*
c.	Unamortized premium on forward contracts	0.76	*1.14*
d.	Others	0.27	*0.03*
		41.39	***37.70***

23. During the year, the Company has received duty credit scrips aggregating ₹ 50.71 crores (2015: ₹ 4.32 crores) in respect of foreign exchange earnings to be utilized towards import duty. This is included in Other Operating Income.

24. Other income

		Year Ended 31 March 2016	*Year Ended 31 March 2015*
			(₹ in crores)
a.	Interest Income		
	i. Bank deposits	60.08	*67.81*
	ii. Others	4.78	*3.13*
b.	Profit on sale of current investments	74.17	*79.00*
c.	Profit from sale of non- current investment	6.42	-
d.	Profit on sale of fixed assets (net)	12.30	*83.31*
e.	Rent	43.20	*18.02*
f.	Interest on income tax refund	45.10	*130.94*
g.	Exchange gain / (loss) (net)	(61.52)	*(32.95)*
h.	Provisions / liabilities no longer required - written back	6.53	*11.46*
i.	Others (Refer i below)	22.07	*35.74*
		213.13	***396.46***

i. During the previous year United Telecom Limited (UTL) passed a resolution, wherein the joint venture agreement between the shareholders of UTL was amended to the effect that certain major decisions of UTL would require the affirmative vote of a two-third majority of the directors compared to the earlier clause which required the affirmative vote of all directors. This lead to the termination of joint control and consequently the joint venture status. The same has been accounted as an associate with effect from the above resolution date. Consequently, loss absorbed in excess of its investments of ₹ 35.82 crores till the said resolution date was reversed in the previous year amounting to ₹ 12.40 and is included in "Others" above.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016 *(Contd.)*

25. Network and transmission

(₹ in crores)

		Year Ended 31 March 2016	*Year Ended 31 March 2015*
a.	Charges for use of transmission facilities	10,103.49	*10,217.04*
b.	Royalty and license fee	226.34	*217.54*
c.	Rent of landlines and satellite channels	63.91	*61.31*
d.	Administrative lease charges	-	*58.36*
		10,393.74	***10,554.25***

26. Employee benefits

(₹ in crores)

		Year Ended 31 March 2016	*Year Ended 31 March 2015*
a.	Salaries and related costs	2,833.57	*2,528.32*
b.	Contributions to provident and other funds (Refer note 31)	170.16	*144.20*
c.	Gratuity Expense (Refer note 31)	0.75	*1.05*
d.	Staff welfare expenses	171.74	*135.78*
		3,176.22	***2,809.35***

27. Operating and other expenses

(₹ in crores)

		Year Ended 31 March 2016	*Year Ended 31 March 2015*
a.	Consumption of stores	61.48	*58.93*
b.	Light and power	519.13	*433.67*
c.	Repairs and Maintenance:		
	i. Buildings	39.53	*38.90*
	ii. Plant and machinery	1,074.96	*938.41*
	iii. Others	3.53	*4.62*
d	Bad Debts	383.19	*29.80*
e.	Provision for doubtful trade receivables	(333.85)	*46.58*
f.	Provision for doubtful advances	2.10	*0.40*
g.	Rent	290.99	*281.17*
h.	Rates and taxes	94.83	*106.47*
i.	Travelling	157.63	*173.21*
j.	Telephone	56.24	*48.39*
k.	Printing, postage and stationery	12.40	*12.74*
l.	Legal and professional fees	273.39	*234.13*
m.	Advertising and publicity	235.58	*221.22*
n.	Commissions	74.37	*83.17*
o.	Services rendered by agencies	595.27	*527.13*
p.	Insurance	21.82	*23.51*
q.	Corporate social responsibility expenditure (Refer i below)	16.48	*5.81*
r.	Other expenses (Refer note 33)	372.30	*287.43*
		3,951.37	***3,555.69***

i. As required by the Companies Act, 2013 and rules thereon, the gross amount required to be spent by the Company and its Indian subsidiaries during the year toward Corporate Social Responsibility (CSR) amount to ₹ 15.95 crores (2015: 11.97 crores). The Company and its Indian subsidiaries spent ₹ 16.48 crores (2015: ₹ 5.81 crores) during the year on CSR activities mainly for promotion of education, social business projects etc.

28. Finance cost

(₹ in crores)

		Year Ended 31 March 2016	*Year Ended 31 March 2015*
a.	Interest on loans	576.98	*631.91*
b.	Interest on debentures	20.39	*30.62*
c.	Other interest	132.50	*110.36*
	Less: Interest capitalized	(11.60)	*(22.10)*
		718.27	***750.79***

29. Exceptional items

(₹ in crores)

		Year Ended 31 March 2016	*Year Ended 31 March 2015*
a.	Staff optimization cost (Refer i below)	(102.80)	-
b.	Impairment of goodwill on consolidation (Refer ii below)	(90.00)	*(190.00)*
c.	Provision for diminution in value of Non -current investments (Refer note 15 ii above)	(65.80)	-
d.	Gain on sale of fixed assets (net) (Refer iii below)	-	*84.78*
		(258.60)	***(105.22)***

i. As part of its initiative to enhance the long term efficiency of the business, during the 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 ₹ 102.80 crores (2015: ₹ Nil) which also includes related employment taxes and fringe benefits.

ii. The Group has made a provision towards impairment of Goodwill on consolidation pertaining to Neotel of ₹ 90 crores (2015: ₹ 190 crores)

iii. During the previous year, the Company sold land and building in Mumbai for a consideration of ₹ 85.50 crores resulting in a profit on sale of fixed assets of ₹ 84.78 crores.

30. Discontinuing Operations

During the year 2013-14, Vodacom Group Limited and all the shareholders of Neotel including VSNL SNOSPV Pte Ltd agreed on the commercial structure and terms for Vodacom Group Limited to acquire 100% shares of Neotel from its shareholders.

During the current year, Neotel and Vodacom concluded a modified transaction in terms of which Vodacom would acquire the majority of Neotel's assets excluding, inter-alia, Neotel's licenses (spectrum, ECN, ECNS). Further Neotel would offer a roaming arrangement to all the mobile network operators, including Vodacom. However, due to certain regulatory complexities and certain conditions not being fulfilled, the parties have agreed to terminate the transaction.

Consequently, Neotel, which was disclosed as a Discontinuing operations in the previous year has now been disclosed as a Continuing Operation and previous year figures relating to Consolidated Statement of Profit and Loss line items have been restated accordingly.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016 *(Contd.)*

31. Employee Benefits

(A) Indian entities:

Retirement Benefits

i. Defined Contribution Plan

Provident Fund:

The Company and its Indian subsidiaries make contribution towards provident fund under a defined contribution retirement benefit plan for 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, each employer is required to contribute a specified percentage of payroll cost to fund the benefits. For certain subsidiaries the 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 the applicable law for the reason that the return on investment is lower 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 ₹ 36.85 crores (2015: ₹ 31.21 crores) have been charged to the Statement of Profit and Loss under Contribution to Provident and other funds in Note 26 "Employee Benefits" .

ii. Defined Benefit Plan

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 payments to employees whose right to receive gratuity had vested at the time of resignation, 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 except in case of death. For certain subsidiaries the 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 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 ₹ 34.15 crores (2015: ₹ 6.94 crores) to meet the additional pension obligation on account of increase in Pension and Dearness Allowance and has been included under Staff welfare expenses in note 26 "Employee benefits".

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

(₹ in crores)

		Gratuity (Funded)		Gratuity (Unfunded)		Medical Benefits (Unfunded)		Pension Plan (Unfunded)	
		As at 31 March		**As at 31 March**		**As at 31 March**		**As at 31 March**	
		2016	***2015***	**2016**	***2015***	**2016**	***2015***	**2016**	***2015***
I	**Change in the defined benefit obligation**								
	Liability at the beginning of the period	89.21	*70.64*	3.00	*2.25*	91.28	*67.51*	-	-
	Current service cost	7.60	*5.83*	0.50	*0.39*	0.52	*0.30*	27.78	*6.94*
	Interest cost	6.66	*6.30*	0.22	*0.20*	6.76	*5.83*	2.04	-
	Liability transferred from / (to) other companies	5.49	*1.88*	(0.15)	*(0.03)*	-	-	-	-
	Actuarial (gain) / loss on obligations	2.31	*10.26*	0.03	*0.46*	11.84	*27.25*	4.33	-
	Benefits paid	(7.66)	*(5.70)*	(0.30)	*(0.27)*	(9.23)	*(9.61)*	(5.04)	*(6.94)*
	Liability at the end of the period	**103.61**	***89.21***	**3.30**	***3.00***	**101.17**	***91.28***	**29.11**	**-**

(₹ in crores)

		Gratuity (Funded)		Gratuity (Unfunded)		Medical Benefits (Unfunded)		Pension Plan (Unfunded)	
		As at 31 March		**As at 31 March**		**As at 31 March**		**As at 31 March**	
		2016	***2015***	**2016**	***2015***	**2016**	***2015***	**2016**	***2015***
II	**Change in Fair Value of Assets**								
	Opening fair value of plan assets	76.67	*67.32*	-	-	-	-	-	-
	Expected return on plan assets	6.35	*5.30*	-	-	-	-	-	-
	Employer's contribution	12.97	*3.73*	-	-	-	-	-	-
	Transfer (to) / from other company	5.49	*1.88*	-	-	-	-	-	-
	Actuarial gain / (loss)	(2.43)	*4.14*	-	-	-	-	-	-
	Benefits paid	(7.66)	*(5.70)*	-	-	-	-	-	-
	Closing fair value of plan assets	**91.39**	***76.67***	**-**	**-**	**-**	**-**	**-**	**-**

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016 *(Contd.)*

(₹ in crores)

		Gratuity (Funded)		Gratuity (Unfunded)		Medical Benefits (Unfunded)		Pension Plan (Unfunded)	
		As at 31 March		As at 31 March		As at 31 March		As at 31 March	
		2016	***2015***	**2016**	***2015***	**2016**	***2015***	**2016**	***2015***
III	**Amount recognised in the Consolidated Balance Sheet**								
	Present value of funded obligations	103.61	89.21	-	-	-	-	-	-
	Fair value of plan assets at the end of the period	(91.39)	(76.67)	-	-	-	-	-	-
	Present value of unfunded obligations	-	-	3.30	3.00	101.17	91.28	29.11	0.68
	Net (asset) / liability in the Consolidated Balance Sheet	**12.22**	**12.54**	**3.30**	**3.00**	**101.17**	**91.28**	**29.11**	**0.68**
	Other current liability (Refer note 12)	12.22	12.54						
	Other current assets (Refer note 22)								
	Short term provision (Refer note 13)			0.22	0.22	6.89	6.51	0.56	-
	Long term provision (Refer note 9)			3.08	2.78	94.28	84.77	28.55	0.68

(₹ in crores)

		*Gratuity (Funded)		**Gratuity (Unfunded)		***Medical Benefits (Unfunded)		***Pension Plan (Unfunded)	
		As at 31 March		As at 31 March		As at 31 March		As at 31 March	
		2016	***2015***	**2016**	***2015***	**2016**	***2015***	**2016**	***2015***
IV	**Expenses recognised in the consolidated Statement of Profit and Loss**								
	Current service cost	7.60	5.83	0.50	0.39	0.52	0.30	27.78	6.94
	Interest cost	6.66	6.30	0.22	0.20	6.76	5.83	2.04	-
	Expected return on plan assets	(6.35)	(5.30)	-	-	-	-	-	-
	Net actuarial loss / (gain) to be recognized	4.74	6.12	0.03	0.46	11.84	27.25	4.33	-
	Expense recognised in the consolidated Statement of Profit and Loss (Refer note 26)	**12.65**	**12.95**	**0.75**	**1.05**	**19.12**	**33.38**	**34.15**	**6.94**

* **Contribution to provident and other funds**
** **Gratuity Expense**
*** **Staff Welfare expenses**

		As at 31 March		As at 31 March		As at 31 March		As at 31 March	
		2016	***2015***	**2016**	***2015***	**2016**	***2015***	**2016**	***2015***
V	**Categories of plan assets as a percentage of total plan assets**								
	Cash and bank	6.04%	11.24%		-		-	-	-
	Government securities	42.88%	33.77%		-		-	-	-
	Corporate bonds	33.97%	38.17%		-		-	-	-
	Equity	17.11%	16.82%		-		-	-	-
	Total	**100.00%**	**100.00%**		**-**		**-**	**-**	**-**

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

		As at 31 March	
		2016	***2015***
VI	**Principal Actuarial assumptions :**		
	Discount rate	7.90%	*7.80%*
	Expected return on plan assets	8.00%	*8.00%*
	Increase in compensation cost	6% to 10%	*6% to 10%*
	Health care cost increase rate	7.00%	*6%*
	Attrition rate	3% to 15%	*3% to 15%*
	Increase in dearness allowance	5%	

The discount rate is based on the prevailing market yields of Government of India securities as at the balance sheet date for the estimated term of the obligations. The estimates of future compensation cost considered in the actuarial valuation take account of inflation, seniority, promotion and other relevant factors.

(₹ in crores)

		Gratuity (Funded) As at 31 March				
VII	**Experience adjustment**	**2016**	***2015***	***2014***	***2013***	***2012***
	Defined benefit obligation	(103.61)	*(89.21)*	*(70.64)*	*(63.80)*	*(61.64)*
	Plan assets	91.39	*76.67*	*67.32*	*56.30*	*54.26*
	Surplus / (deficit)	(12.22)	*(12.54)*	*(3.32)*	*(7.50)*	*(7.38)*
	Exp. Adj. on plan liabilities gain / (loss)	0.74	*(1.32)*	*(2.59)*	*(2.30)*	*6.73*
	Exp. Adj. on plan assets gain / (loss)	(2.43)	*4.14*	*1.12*	*1.54*	*(0.73)*
	Actuarial gain / (loss) due to change of assumptions	(3.06)	*(8.94)*	*4.20*	*(2.51)*	*(8.52)*

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016 *(Contd.)*

(₹ in crores)

	Gratuity (Unfunded)				
	As at 31 March				
	2016	***2015***	***2014***	***2013***	***2012***
Defined benefit obligation	(3.31)	*(3.00)*	*(2.25)*	*(1.00)*	*(0.37)*
Surplus / (deficit)	(3.31)	*(3.00)*	*(2.25)*	*(1.00)*	*(0.37)*
Exp. Adj. on plan liabilities (loss)/ gain	0.12	*(0.12)*	*0.21*	*(0.10)*	*(0.11)*
Actuarial gain / (loss) due to change of assumptions	(0.15)	*(0.34)*	*0.12*	*(0.05)*	*(0.04)*
	Medical Benefit (Unfunded)				
	As at 31 March				
	2016	***2015***	***2014***	***2013***	***2012***
Defined benefit obligation	(101.18)	*(91.28)*	*(67.51)*	*(56.75)*	*(52.00)*
Surplus / (deficit)	(101.18)	*(91.28)*	*(67.51)*	*(56.75)*	*(52.00)*
Exp. Adj. on plan liabilities gain / (loss)	(5.66)	*(6.64)*	*(13.25)*	*(6.76)*	*(5.28)*
Actuarial gain / (loss) due to change of assumptions	(6.18)	*(20.61)*	*0.35*	*(2.64)*	*(4.13)*

(₹ in crores)

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:

	31 March 2016		*31 March 2015*	
	Increase	**Decrease**	***Increase***	***Decrease***
Effect on service cost	0.10	0.08	*0.05*	*0.04*
Effect on interest cost	0.54	0.48	*0.36*	*0.31*
Effect on post employment benefit obligation	8.55	7.11	*7.11*	*5.96*

The Company and its Indian subsidiaries expects to contribute ₹ 12.22 crores (2015: ₹ 12.54 crores) towards employer's contribution for funded defined benefit plans in financial year 2016-17.

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 available in accumulated quota.

<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 ₹ 98.48 crores (2015: ₹ 86.62 crores) as shown under long term provisions ₹ 88.64 crores (2015: ₹ 78.64 crores) and short term provisions ₹ 9.84 crores (2015: ₹ 8.18 crores). The amount charged to the Consolidated Statement of Profit and Loss under salaries and related costs in note 26 "Employee benefits" is ₹ 20.64 crores (2015: ₹ 26.39 crores).

Refer above point no.VI for actuarial assumptions on compensated absences.

(B) Foreign entities:

(a) Defined Contribution Plan

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 ₹ 71.78 crores (2015: ₹ 67.92 crores) is charged to consolidated Statement of Profit and Loss under Contribution to Provident and other funds in Note 26 “Employee Benefits”.

(b) Defined Benefit Pension Plans

Pension Plan:

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 consolidated financial statement as at 31 March 2016 and 2015 for these defined benefit schemes are as under:

(₹ in crores)

		Pension Plans						Health care and life insurance Plans	
		Contributory		**Non-contributory**		**SERP**			
		As at 31 March		**As at 31 March**		**As at 31 March**		**As at 31 March**	
		2016	***2015***	**2016**	***2015***	**2016**	***2015***	**2016**	***2015***
I	**Change in the defined benefit obligation**								
	Projected defined benefit obligation, beginning of the year	515.68	*534.35*	591.79	*566.45*	3.95	*3.19*	2.16	*7.82*
	Current service cost	0.42	*0.45*	9.98	*8.72*	0.21	*0.17*	-	*0.24*
	Interest cost	17.87	*22.32*	20.99	*24.24*	0.15	*0.15*	0.07	*0.33*
	Curtailment loss/ (gain)	-	*-*	-	*-*	-	*-*	-	*(5.91)*
	Benefits paid	(30.31)	*(32.26)*	(25.46)	*(23.82)*	-	*-*	(0.57)	*(0.65)*
	Transfer In/(Out) **	598.85		(598.85)		-		-	
	Actuarial (gain) / loss on obligations	(11.81)	*45.96*	(15.56)	*78.99*	(0.12)	*0.86*	0.88	*0.62*
	Effect of foreign exchange rate changes*	**28.43**	***(55.14)***	**17.11**	***(62.79)***	**0.16**	***(0.42)***	**0.10**	***(0.29)***
	Projected benefit obligation at the end of the year	**1,119.13**	**515.68**	**-**	**591.79**	**4.35**	**3.95**	**2.64**	**2.16**

*Translation adjustment loss/(gain) includes loss of ₹ 65.22 crores (2015: ₹ 48.11 crores) which has been taken to foreign exchange translation reserve.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016 *(Contd.)*

		Pension Plans			
		Contributory		Non-Contributory	
		As at 31 March		As at 31 March	
		2016	***2015***	**2016**	***2015***
II	**Change in Fair Value of Assets**				
	Fair value of plan assets, beginning of the year	625.33	*642.58*	579.54	*570.62*
	Actual return on plan assets	18.66	*24.82*	17.65	*22.76*
	Contributions	0.47	*0.65*	21.96	*16.18*
	Benefits paid	(30.32)	*(32.26)*	(25.46)	*(23.82)*
	Transfer In/(Out) **	579.27	*-*	(579.27)	*-*
	Actuarial gain / (loss)	(29.17)	*56.33*	(30.85)	*55.44*
	Effect of foreign exchange rate changes*	32.37	*(66.79)*	16.43	*(61.66)*
	Fair value of plan assets, end of the year	**1,196.61**	***625.33***	**-**	***579.52***

* Translation adjustment gain/ (loss) includes gain of ₹ 70.30 crores (2015: ₹ 52.26 crores) which has been taken to Foreign exchange translation reserve.

** During the previous year, the Board had approved the merger of Contributory and Non-contributory pension plans covering certain of its employees in Canada and the application for approval was made to Canadian Pension Regulatory Authority (the 'Authority'). During the current year, the Authority approved the merger of the two plans and transfer of net assets in Non-Contributory Employee's Pension Plan to Contributory Employee's Pension Plan. Therefore, all the obligations and assets in Non-Contributory Employee's Pension Plan as on March 31, 2016 has been transferred to Contributory Employee's Pension Plan. The combined pension plan do not result into change in benefits.

(₹ in crores)

		Pension Plans							
		Contributory		Non-contributory		SERP		Health care and life insurance Plans	
		As at 31 March		As at 31 March		As at 31 March		As at 31 March	
		2016	***2015***	**2016**	***2015***	**2016**	***2015***	**2016**	***2015***
III	**Amount recognised in the Consolidated Balance Sheet**								
	Present value of funded obligations	1,119.13	*515.68*	-	*591.79*		*-*		*-*
	Fair value of plan assets	(1,196.61)	*(625.33)*	-	*(579.52)*		*-*		*-*
	Present value of unfunded obligations	-	*-*	-	*-*	4.35	*3.95*	2.64	*2.16*
	Net (asset)/ liability in the Consolidated Balance Sheet	**(77.48)**	***(109.65)***	**-**	***12.27***	**4.35**	***3.95***	**2.64**	***2.16***
	Long-term loans and advances (refer note 16)	(77.48)	*(109.65)*		*-*	-	*-*	-	*-*
	Long-term provisions (refer note 9)			-	*12.27*	4.35	*3.95*	2.64	*2.16*

(₹ in crores)

		As at 31 March	
		2016	***2015***
IV	**Pension expenses recognised in the Consolidated Statement of Profit and Loss**		
	Current service cost	10.60	*9.58*
	Interest cost	39.09	*47.04*
	Actual return on plan assets	(36.31)	*(47.58)*
	Net actuarial loss recognised	33.42	*14.66*
	Curtailment Gain*	-	*(5.91)*
	Effect of foreign exchange rate changes (net)	2.08	*14.34*
	Expense reecognized in the Consolidated Statement of Profit and Loss in note 26 "Employee benefits"	**48.88**	***32.13***
	Contribution to provident and other funds		

* During the previous year, the Group had discontinued subsidising the post-retirement life insurance and health coverage plan for eligible employees until age of 65 in Tata Communications (Canada) Limited. This programme will be maintained for current retirees and eligible employees who will retire by 31 March 2017. However, it will no longer be offered to employees who retire after March 2017. This has resulted in a reduction of the projected benefit obligation by ₹ 5.91 crores which had been credited to consolidated Statement of Profit and Loss.

		Contributory		Non Contributory	
		As at 31 March		As at 31 March	
		2016	***2015***	**2016**	**2015**
V	**Categories of plan assets as a percentage of total plan assets**				
	Debt securities	89%	*90%*	80%	*80%*
	Equity securities	10%	*10%*	20%	*20%*
	Cash	1%	*-*	-	*-*
	Total	**100%**	***100%***	**100%**	***100%***

		As at 31 March	
		2016	***2015***
VI	**Principal Actuarial assumptions :**		
	Discount rate used for benefit costs	3.50%	*4.35%*
	Discount rate used for benefit obligations	3.70%	*3.50%*
	Expected long-term return on plan assets	3.00%	*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 2016 *(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, 2016 is 8.25% (2015: 8.00%). A one-percentage-point change in assumed health care cost trend rates would have the following effects:

(₹ in crores)

	31 March 2016		*31 March 2015*	
	Increase	Decrease	*Increase*	*Decrease*
Effect on service cost	-	-	*0.04*	*0.03*
Effect on interest cost	0.00	0.00	*0.04*	*0.03*
Effect on post employment benefit obligation	0.06	0.06	*0.10*	*0.09*

The Group expects to contribute ₹ 31.71 crores (2015: ₹ 27 crores) to its defined benefit plans in financial year 2016-17.

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 compensated absences as at the year end is ₹ 49.27 crores (2015: ₹ 48.38 crores) as shown under short term provisions. The amount charged to the Consolidated Statement of Profit and Loss under salaries and related costs in note 26 "Employee benefits" is ₹ 4.48 crores (2015: ₹ 2.27 crores).

32. Provisions

(₹ in crores)

	As at 31 March 2016				*As at 31 March 2015*			
	Provision for contingencies			Provision for others (refer c)	*Provision for contingencies*			*Provision for others*
	ARO (refer a)	Others (refer b)	Total		*ARO*	*Others*	*Total*	
Opening Balance	116.79	9.00	125.79	0.91	*118.05*	*9.00*	*127.05*	*0.91*
Addition	19.76	-	19.76	25.80	*9.48*	-	*9.48*	-
Effect of change in foreign exchange rate	6.76	-	6.76	-	*4.82*	-	*4.82*	-
Provisions no longer required written back	(12.47)	-	(12.47)	-	*(15.56)*	-	*(15.56)*	-
Closing Balance	**130.84**	**9.00**	**139.84**	**26.71**	***116.79***	***9.00***	***125.79***	***0.91***
Long Term Provisions (Refer note 9)			139.84				*125.79*	
Short Term Provisions (Refer note 13)				26.71				*0.91*

a. The provision for asset retirement obligation (ARO) has been recorded in the books of the Group in respect of undersea cables, switches, leased equipment's and certain lease premises.

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

c. Provision for others is mainly towards demand received from Employee State Insurance Corporation.

33. Auditors' remuneration

(Included in other expenses under operating and other expenses - Refer note 27)

	Year ended 31 March 2016	*Year ended 31 March 2015*
		(₹ in crores)
Auditors' remuneration and expenses (net of service tax input credit wherever applicable)		
a. To statutory auditor		
i. For audit fees	2.34	*2.34*
ii. For taxation matters	0.33	*0.33*
iii. For other services	1.43	*1.40*
iv. For reimbursement of expenses	0.21	*0.17*

Auditors' remuneration excludes fees of ₹ 4.24 crores (2015: ₹ 4.27 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	*0.05*

34. Financial Statements for the following companies considered in the consolidated financial statements are based on management accounts and are unaudited:

(₹ in crores)

Subsidiary	Total Assets included in Consolidation	Total Revenues included in Consolidation	Cash flows included in Consolidation
SEPCO Communications (Pty) Limited	0.02	-	-

35. Earnings per share

(₹ in crores)

		As at 31 March 2016	*As at 31 March 2015*
Net (Loss)/Profit after tax attributable to the equity shareholders	(A)	(211.84)	*1.29*
Weighted average number of equity shares outstanding at the end of the year	(B)	285,000,000	*285,000,000*
Basic and diluted earnings per share	(A/B)	(7.43)	*0.05*
Face value per share (₹)		10.00	*10.00*

36. Segment Reporting

Business segments

The Group's reportable business segments are Voice Solutions (VS), Data and Managed Services (DMS), Payment Solutions (PS), South Africa Operations (SAO) and Others.

The composition of the reportable segments is as follows:

a. **VS** includes International and National Long Distance Voice services.

b. **DMS** includes corporate data transmission services, virtual private network, signaling and roaming services, television and other network and managed services, data center colocation services & network management.

c. **PS** includes end-to-end ATM deployment, end-to-end POS enablement, hosted core banking, end to end financial

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016 *(Contd.)*

inclusion and card issuance and related managed services and switching services to banking sector carried out by Tata Communications Payment Solutions Limited (TCPSL)

d. **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

e. **Others:** primarily comprise of a joint venture business.

(₹ in crores)

	Year ended 31 March 2016						
	VS	**DMS**	**PS**	**SAO**	**Others**	**Intersegment**	**Total**
Revenue from telecommunications services	8,208.99	10,165.01	566.52	2,082.77	-	(417.76)	20,605.53
Segment results	365.02	528.62	(157.56)	73.63	-	-	809.71
Finance cost							(718.27)
Unallocable income (net)							213.13
Profit before tax and exceptional item							**304.57**
Exceptional items gain/(loss) (net)							(258.60)
Profit before tax							**45.97**
Tax expense (net)							(256.40)
Net Profit from operations							**(210.43)**
Minority interest							(1.78)
Share in Profit of associate							**0.37**
Profit for the year							**(211.84)**
Segment assets	1,379.40	14,558.51	743.61	2,319.59	-	-	19,001.11
Unallocable assets							6,325.93
Total Assets							**25,327.04**
Segment liabilities	1,375.24	7,956.95	209.28	740.58	-	-	10,282.05
Unallocable liabilities							15,456.25
Total Liabilities							**25,738.30**
Non-Cash Expenses	8.28	16.92	15.38	10.86	-	-	51.44
Other Information:							
Capital expenditure (allocable)	61.36	1,102.16	561.85	295.21	-	-	2,020.58
Depreciation and amortisation (allocable)	172.59	1,714.32	156.82	230.76	-	-	2,274.49

(₹ in crores)

	Year ended 31 March 2015						
	VS	DMS	PS	SAO	Others	Intersegment	Total
Revenue from telecommunications services	8,868.49	8,580.80	515.67	2,296.59	1.95	(350.16)	19,913.34
Segment results	451.33	218.19	(151.75)	317.15	(1.96)	-	832.96
Finance cost							(750.79)
Unallocable income (net)							396.46
Profit before tax and exceptional item							**478.63**
Exceptional items gain/(loss) (net)							(105.22)
Profit before tax							**373.41**
Tax expense (net)							(370.46)
Net Profit from operations							**2.95**
Minority interest							(1.80)
Share in Profit of associate							**0.14**
Profit for the year							**1.29**
Segment assets	1,378.80	13,780.49	784.06	2,622.74	-	-	18,566.09
Unallocable assets							5,677.57
Total Assets							**24,243.66**
Segment liabilities	1,466.53	7,372.96	204.75	657.31	-	-	9,701.55
Unallocable liabilities							14,214.77
Total Liabilities							**23,916.32**
Non-Cash Expenses	4.55	46.70	3.93	21.60	-	-	76.78
Other Information:							
Capital expenditure (allocable)	71.61	1290.49	609.89	254.26	-	-	2,226.25
Depreciation and amortisation (allocable)	202.68	1,633.58	102.38	220.65	1.80	-	2,161.09

i. Revenues and interconnect charges are directly attributable to the segments. Network and transmission costs are allocated based on utilization of network capacity. Licence fees for VS and DMS have been allocated based on adjusted gross revenues from these services.

ii. Depreciation and certain other costs have been allocated to segments during the current year based on various allocation parameters. Segment result is segment revenues less segment expenses. Other income and exceptional items have been considered as "Unallocable".

iii. Further assets and liabilities including fixed assets have been allocated to segments on similar basis of related revenue and expense.

iv. Revenues, segment results, segment assets and segment liabilities from the business carried out by company's wholly owned subsidiary Tata Communications Payment Solution Ltd. was included under Data and Managed Services till 2014-15. However, on account of growing operations of Payment Solutions business, the management has started reviewing this as a separate element in its Internal Financial Reporting. Therefore, the revenue, segment results, segment assets and segment liabilities of Tata Communications Payment Solutions Limited have been reported under separate reportable segment in the current year. Accordingly, revenue and segment results of previous year have been restated.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016 *(Contd.)*

Geographical Segments

The secondary reportable segments are Geographical. The following geographic segments individually contribute 10% or more of the Group's revenues or segment assets:

(₹ in crores)

	Revenue		Segment Assets*		Capital Expenditure	
	Year ended 31 March 2016	*Year ended 31 March 2015*	Year ended 31 March 2016	*Year ended 31 March 2015*	Year ended 31 March 2016	*Year ended 31 March 2015*
India	5,534.80	*4,819.44*	7,054.90	*6,505.09*	1,181.75	*1,349.85*
United States of America	3,027.66	*2,860.12*	1,617.69	*1,596.32*	186.40	*160.98*
United Kingdom	1,910.93	*2,245.55*	710.71	*696.01*	94.23	*59.83*
Bermuda	106.27	*106.27*	3,920.61	*3,976.29*	20.34	*50.81*
South Africa	1,881.16	*2,111.13*	2,222.97	*2,630.19*	295.21	*254.26*

* Segment assets are those operating assets that are employed by a segment in its operating activities and that either are directly attributable to the segment or can be allocated to the segment on a reasonable basis.

37. 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.	Key Managerial Personnel	Mr Vinod Kumar
		Managing Director and Group CEO
c.	Joint Venture	*United Telecom Limited (ceased w.e.f 4 September 2014)*
d.	Associate	United Telecom Limited (w.e.f 4 September 2014)
e.	Associate of subsidiary	Number Portability Company (Pty) Ltd.

ii. **Summary of transactions with related parties**

(₹ in crores)

	Investing Company	Key Management Personnel	Joint Ventures / Associates	Total
Dividend paid				
Panatone Finvest Limited	**48.74**			**48.74**
	39.88			*39.88*
Tata Sons Limited	**20.48**			**20.48**
	16.76			*16.76*
Total	**69.22**			**69.22**
	56.64			*56.64*
Brand equity expenses				
Tata Sons Limited	**22.69**			**22.69**
	14.54			*14.54*

(₹ in crores)

	Investing Company	Key Management Personnel	Joint Ventures / Associates	Total
Revenue from telecommunication services				
Tata Sons Limited	**2.64**			**2.64**
	2.16			*2.16*
United Telecom Limited			**0.85**	**0.85**
			1.63	*1.63*
Total	**2.64**		**0.85**	**3.49**
	2.16		*1.63*	*3.79*
Network and transmission				
United Telecom Limited			**2.99**	**2.99**
			6.06	*6.06*
Services received				
Tata Sons Limited	**0.39**			**0.39**
	0.11			*0.11*
Managerial remuneration				
Vinod Kumar		**13.74**		**13.74**
		12.84		*12.84*

iii. **Details of balances with related parties**

(₹ in crores)

	Investing Company	Subsidiaries	Key Management Personnel	Joint Ventures / Associates	Total
Receivables					
Tata Sons Limited	**1.76**			**1.76**	
	0.84			*0.84*	
United Telecom Limited			**0.75**	**0.75**	
			0.34	*0.34*	
Total	**1.76**		**0.75**	**2.51**	
	0.84		*0.34*	*1.18*	
Payables					
United Telecom Limited			**2.41**	**2.41**	
			0.28	*0.28*	
Tata Sons Limited	**22.27**			**22.27**	
	14.70			*14.70*	
Vinod Kumar		**6.66**		**6.66**	
		6.33		*6.33*	
Total	**22.27**	**6.66**	**2.41**	**31.34**	
	14.70	*6.33*	*0.28*	*21.31*	

i. Figures in italic are in respect of the previous year.

ii. The un-eliminated portion of transactions and balances with joint ventures has been disclosed for purpose of related party disclosures.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016 *(Contd.)*

38. Operating lease arrangements

a. As lessee:

		(₹ in crores)
	Year ended 31 March 2016	***Year ended 31 March 2015***
Minimum lease payments under operating leases recognized as expense in the year	682.37	*721.10*

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

		(₹ in crores)
	As at 31 March 2016	***As at 31 March 2015***
Due not later than one year	569.79	*594.95*
Due later than one year but not later than five years	1,380.70	*1,516.30*
Later than five years	722.43	*840.57*
	2,672.92	***2,951.82***

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

The minimum future lease payments have not been reduced by minimum operating sublease rentals of ₹ 44.08 crores (2015: ₹ 29.60 crores) due in the future under non-cancellable subleases. ₹ 44.16 crores (2015: ₹ 15.40 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 Rights of Use ("IRU") with gross carrying amount and accumulated depreciation of ₹ 50.45 crores (2015: ₹ 50.45 crores) and ₹ 38.44 crores (2015: ₹ 35.07 crores) respectively as at 31 March 2016. Depreciation expense of ₹ 3.36 crores (2015: ₹ 3.36 crores) in respect of these assets has been charged in the Consolidated Statement of Profit and Loss for the year ended 31 March 2016.

In case of certain operating lease agreements aggregating ₹ 401.35 crores (2015: ₹ 391.48 crores) as at 31 March 2016, the gross block, accumulated depreciation and depreciation expense of the assets given on an 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 2016 amount to ₹ 32.35 crores (2015: ₹ 29.12 crores).

In respect of IRU arrangements, rental income of ₹ 36.30 crores (2015: ₹ 33.07 crores) has been recognised in the consolidated Statement of Profit and Loss for the year ended 31 March 2016.

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

		(₹ in crores)
	As at 31 March 2016	***As at 31 March 2015***
Due not later than one year	36.91	*36.22*
Due later than one year but not later than five years	139.95	*141.86*
Later than five years	129.41	*154.61*
	306.27	***332.69***

The Company has leased certain colocation facilities under non-cancellable operating lease arrangements to its customers. Future lease income in respect of these leases will be recognised in the consolidated Statement of profit and loss of subsequent years as follows:

(₹ in crores)

	As at 31 March 2016	*As at 31 March 2015*
Due not later than one year	144.74	*59.15*
Due later than one year but not later than five years	528.05	*232.66*
Later than five years	65.93	*87.29*
	738.72	***379.10***

39. Finance lease arrangements

As Lessee

As on 31 March 2016, assets under finance leases with gross carrying amount and accumulated depreciation of ₹ 104.74 crores (2015: ₹ 134.49 crores) and ₹ 85.05 crores (2015: ₹ 111.68 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	
	2016	***2015***	**2016**	***2015***	**2016**	***2015***
Building	32.91	*48.44*	13.73	*28.35*	19.18	*20.09*
Plant and Machinery	66.33	*80.86*	65.82	*78.61*	0.51	*2.25*
Furniture and Fixtures	5.50	*5.19*	5.50	*4.72*	-	*0.47*
	104.74	***134.49***	**85.05**	***111.68***	**19.69**	***22.81***

40. Based on the information provided to the Company by the Neotel board, the matter resulting from certain transactions undertaken by Neotel during the previous year has been referred to the appropriate authorities. Based on the current facts, the Company is of the view that this matter will not have a material adverse impact on its consolidated financial statements.

41. Contingent Liabilities and Commitments

a. Contingent Liabilities:

(₹ in crores)

	As at 31 March 2016	*As at 31 March 2015*
i. Claims for taxes on income (Refer 1 below)		
- Income tax disputes where department is in appeal against the Company.	588.21	*626.15*
- Other disputes related to income tax	2,062.69	*2,075.54*
- Income tax disputes in foreign jurisdiction (refer 1(ii) & 1 (iii))	496.21	*-*
ii. Claims for other taxes	24.28	*52.35*
iii. Other claims (Refer 2 below)	1,291.60	*1,151.60*
iv. Also Refer 3 and 4 below		

1. <u>Claims for taxes on income</u>

i. 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.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016 *(Contd.)*

ii. Canada Revenue Agency (CRA) had raised demand of ₹ 35.84 crores (US$ 5.4 million) on Tata Communications Canada Ltd (hereafter referred to as 'The company') in respect of adjustments made while carrying out audit of international telecommunications services for the period FY 2007-08 to FY 2009-10. The company has filed notice of objections for FY 2007-08 & FY 2008-09 which is yet to come up for hearing. The company will file note of objections for FY 2009-10 by June 2016. As a result of primary adjustments, deemed dividend provisions became applicable and corresponding withholding tax implications (WHT) are ₹ 5.76 crores (US$ 0.87 million). The company has been advised that Transfer Pricing (TP) methodology implemented is as per industry practice and sustainable. In view of the above, the company believes that issue will be settled in its favor and will not have any material adverse impact on its financial position and results of operations. The Company has applied for an Advance pricing agreement (APA), on completion of which, matter will be concluded.

iii. Canada Revenue Agency (CRA) had initiated audit of support services rendered by Tata Communications Canada Ltd (hereafter referred to as 'The company') to Tata Communications Services (Bermuda) Limited ('TCSBIL'). During FY 2016, CRA proposed rejection of transfer pricing method applied by the company which involved potential tax demand (including penalty) of ₹ 403.86 crores (US$ 60.96 million) for the FY 2007-08 - 2011-12. As a result of primary adjustments, deemed dividend provisions are applicable and corresponding potential withholding tax implications (WHT) are ₹ 50.75 crores (US$ 7.61 million). The company is in discussion with CRA. CRA has agreed that all the facts have not been considered in their proposal and directed the company to submit necessary facts/ documents and agreed to reconsider the proposal. The company has made necessary submissions. The company is of the view that CRA's proposal is not sustainable as it does not reflect the facts underlying the adjusted transfer prices and is not consistent with arm's length principle.

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 (2015: ₹ 311.84 crores).

ii. On 19 February 2013, DoT issued a license fee demand amounting to ₹ 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) for financial years 2006-07 and 2007-08, based on special audit reports of auditors appointed by DoT. The total demand including interest is for ₹ 290.30 crores (2015: ₹ 254.30 crores). 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 ₹ 169.85 crores (2015: ₹ 144.14 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. TRAI in December, 2012 issued International Telecommunication Access to Essential Facilities at Cable Landing Stations (Amendment) 2012 ("Regulation") dated 21 December 2012 seeking to regulate access facilitation charges, collocation charges, restoration charges and cancellation charges, wherein TRAI fixed the charges for access facilitation and colocation at cable landing stations, effective 1 January 2013. The Company filed writ petition in the High Court, Chennai to set aside the impugned Regulation and the High Court has granted an ex parte, ad-interim stay on applicability of the impugned Regulation and has disclosed an amount of ₹ 154.54 crores under contingent liabilities.

iv. Upon expiry of the Company's ISP license on 24 January 2014, DoT vide letter dated 20 February 2014 extended the validity of the said license for 3 months with condition that entire ISP revenue will be subject to license fees. This conditional extension by DOT, was challenged by the Company in TDSAT, which granted a stay subject to submission of undertaking that if petition fails then applicable license fees would be payable along with interest. Considering the above facts, the Company has disclosed an amount of ₹ 176.31 crores (2015: ₹ 80.08 crores) under contingent liabilities.

v. Other Claims of ₹ 188.76 crores (2015: ₹ 361.24 crores) pertains to the Company and its subsidiaries in various geographies being routine 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. 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.

3. Cumulative preference dividends amounting to ₹ 163.29 crores (2015 ₹ 141.82 crores) will be declared and paid when Neotel has distributable cash available, in terms of the Shareholder's agreement.

4. In 2008-09, NTT DoCoMo Inc (Docomo) entered into an Agreement with Tata Teleservices Ltd (TTSL) and Tata Sons Limited (Tata Sons) to acquire 20% of the equity share capital under the primary issue and 6% under the secondary sale from Tata Sons. In terms of the Agreements with Docomo, Tata Sons, inter alia, agreed to provide various indemnities and a Sale Option entitling Docomo to sell its entire shareholding in 2014 at a minimum pre-determined price of ₹ 58.05 per share if certain performance parameters were not met by TTSL. The minimum pre-determined price represented 50% of the acquisition price of 2008-09. The Agreements are governed by Indian Law.

   An Inter se Agreement dated 25 March, 2009, was executed by the Company with Tata Sons and other Selling Shareholders, including the Company. The Company sold 36,542,378 equity shares of TTSL to Docomo at ₹ 116.09 per share, resulting in a profit of ₹ 362.08 crores.

   Tata Sons have informed the Company that:

   i) Docomo has exercised the Sale Option in July 2014 and has called upon Tata Sons to acquire its entire shareholding in TTSL at the pre-determined price of ₹ 58.05 per share.

   ii) The Reserve Bank of India has not permitted acquisition of the shares at the pre-determined price and has advised that the acquisition can only be made at Fair Market Value (FMV) prevailing at the time of the acquisition. Tata Sons has conveyed to Docomo its willingness to acquire the shares at the FMV, however, Docomo reiterated its position that the shares be acquired at ₹ 58.05 per share.

   iii) Docomo has initiated Arbitration in the matter before the LCIA, London. The evidentiary hearing has been completed on 6 May, 2016. The arbitral award is awaited.

   iv) The liability, if any, to the extent of the difference between the amount sought by Docomo and the Fair Market Value is dependent upon the outcome of the Arbitration and prevailing FEMA Regulations.

   The Company is required to acquire shares in the range of 158,350,304 to 180,280,389 of Tata Teleservices Limited in accordance with the terms of the inter-se agreement.

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

6. 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.

b. Capital Commitments:

Estimated amount of contracts remaining to be executed on capital account, not provided for amount to ₹ 630.95 crores (2015: ₹ 891.43 crores) (net of capital advances).

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016 *(Contd.)*

42. During the current year, based on transfer pricing study and legal precedent, the Company and its subsidiaries have re-determined the arm's length price in respect of guarantee fees charged by the Company in earlier periods to its subsidiaries, resulting into a tax impact of ₹ 79.50 crores for the year ended 31 March, 2016.

43. 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, 2016 is as follows:

a. Forward Contracts and Options

i. Outstanding forward contracts and options as on 31 March 2016

(₹ in crores)

	Deal Currency	Amount (Deal Currency in millions)	Buy/Sell	Amount
Forward Exchange Contracts (net)				
GBP/INR	GBP	2.40	Buy	23.54
USD/INR	USD	27.00	Buy	183.29
AUD/INR	AUD	0.42	Sell	2.05
CAD/INR	CAD	1.10	Sell	5.55
GBP/INR	GBP	6.08	Sell	59.01
JPY/USD	JPY	115.00	Buy	6.78
AUD/USD	AUD	1.00	Sell	5.09
CAD/USD	CAD	1.00	Sell	5.11
EUR/USD	EUR	43.00	Sell	323.81
GBP/USD	GBP	9.00	Sell	85.74
SGD/USD	SGD	6.00	Sell	29.53
ZAR/USD	ZAR	1,558.00	Sell	698.00

ii. Outstanding forward contracts and options as on 31 March 2015

(₹ in crores)

	Deal Currency	Amount (Deal Currency in millions)	Buy/Sell	Amount
Forward Exchange Contracts (net)				
EUR/USD	EUR	*25.00*	Sell	*167.78*
CAD/INR	CAD	*0.70*	Sell	*3.44*
GBP/USD	GBP	*16.00*	Sell	*147.94*
SGD/USD	SGD	*1.50*	Sell	*6.83*
ZAR/USD	ZAR	*816.50*	Sell	*418.09*
USD/ZAR	USD	*1.07*	Sell	*6.67*

b. Interest Rate Swaps ('IRS') to hedge against fluctuations in interest rate changes as at 31 March 2016

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 at March 31, 2016 the Group had outstanding interest rate swaps to convert the variable interest rate of its long term debt to fixed rate with a total notional amount of swaps of ₹ 3,508.67 crores (USD 529.61 million) (2015: ₹ 1,420.51 crores (USD 227.10 million)). Under the terms of the swap the Company will pay an interest rate ranging from 1.1320 % per annum to 2.0800% per annum in exchange for the variable interest rate equal to US LIBOR. These IRS expire within two years to five years from the balance sheet date.

Entire IRS of ₹ 3,508.67 crores (USD 529.61 million) ((2015: ₹ 1,420.51 crores (USD 227.10 million)) are designated as cash flow hedges. These hedges are highly effective as on 31 March 2016 and changes in its fair values are recorded in the hedge fluctuation reserve.

c. Cross Currency Swap and Coupon Only Swap

The Group uses cross currency and coupon only 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, 2016 the Group had open cross currency of SGD 100 million (2015: SGD 622 million) equivalent to ₹ 527.30 crores (2015: ₹ 3,104.04 crores).

i. Outstanding Cross Currency Swap as on 31 March 2016

Swap Type	Deal Currency	Amount (Deal Currency in millions)	Buy/Sell	Amount (₹ in crores)	Interest rate in Deal Currency	Interest rate in United States Dollars
Buy (cross currency)	SGD	100	Buy	527.30	SOR Plus 1.11%	LIBOR Plus 1.50%
		100		**527.30**		

ii. Outstanding Cross Currency Swap as on 31 March 2015

Swap Type	Deal Currency	Amount (Deal Currency in millions)	Buy/Sell	Amount (₹ in crores)	Interest rate in Deal Currency	Interest rate in United States Dollars
Buy (cross currency)	SGD	*400*	Buy	*2014.34*	4.25%	4.5210% to 4.5375%
Buy (cross currency)	SGD	*61*	Buy	*306.60*	SOR Plus 3.3%	LIBOR Plus 3.5%
Buy (cross currency)	SGD	*100*	Buy	*497.85*	SOR Plus 3.0%	LIBOR Plus 3.22%
Sell (coupon only)	SGD	*61*	Sell	*285.25*	SOR Plus 2.0%	LIBOR Plus 2.14%
		622		***3,104.04***		

44. As per Schedule III of the Companies Act 2013, the required information on subsidiaries is provided in the following table:

Sr. No	Name of the Entity	Net assets, i.e., total assets minus total liabilities: As % of consolidated net assets	Net assets: ₹ in crores	Share of profit or loss: As % of consolidated profit or loss	Share of profit or loss: ₹ in crores
I	**Parent**				
	Tata Communications Limited	774	8,318.85	(7)	113.19
II	**Subsidiaries**				
	Indian				
1	Tata Communications Payment Solutions Limited	70	752.59	11	(173.16)

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016 *(Contd.)*

Sr. No	Name of the Entity	Net assets, i.e., total assets minus total liabilities		Share of profit or loss	
		As % of consolidated net assets	₹ in crores	As % of consolidated profit or loss	₹ in crores
2	Tata Communications Transformation Services Limited	17	186.27	(5)	74.50
3	Tata Communications Data Center Private Limited	8	89.12	(2)	32.75
4	Tata Communications Collaboration Services Private Limited	0	(0.09)	0	(0.02)
	Foreign				
1	Tata Communications (UK) Limited	(46)	(498.47)	(3)	47.80
2	Tata Communications (Canada) Ltd	(111)	(1,196.54)	6	(103.79)
3	Tata Communications Services (Bermuda) Ltd	8	84.76	(21)	342.08
4	Tata Communications (France) SAS	2	17.88	0	(0.73)
5	Tata Communications (America) Inc	68	726.63	(6)	99.01
6	Tata Communications Deutschland Gmbh	(7)	(76.98)	6	(93.75)
7	Tata Communications (Italy) srl	1	7.77	1	(14.11)
8	Tata Communications (Spain) SL	7	76.33	0	1.94
9	Tata Communications (Nordic) AS	0	0.48	0	-
10	Tata Communications (Australia) Pty Ltd	1	11.77	0	0.15
11	Tata Communications (Bermuda) Ltd	(179)	(1,923.97)	(5)	83.39
12	Tata Communications (Hong Kong) Limited	(2)	(21.42)	1	(9.25)
13	Tata Communications (Poland) Sp Zoo	1	6.29	0	1.17
14	Tata Communications Services (International) Pte Ltd	1	13.04	0	1.79
15	ITXC IP Holdings s.a.r.l	10	111.68	1	(18.37)
16	Tata Communications (Netherlands) BV	61	655.48	(2)	38.43
17	Tata Communications (Sweden) AB	0	1.84	0	(0.04)
18	Tata Communications (Portugal) Instalacao E Manutencao De Redes Lda	(1)	(10.22)	0	4.91
19	Tata Communications (Portugal) Unipessol Lda	1	9.38	0	0.24
20	Tata Communications (Russia) LLC	3	26.28	0	4.45
21	Tata Communications (Switzerland) GmbH	0	2.84	0	0.12
22	Tata Communications (Belgium) SPRL	0	0.58	0	0.05
23	Tata Communications (Hungary) LLC	0	0.82	0	(0.05)
24	Tata Communications (Ireland) Ltd	0	(0.61)	0	(0.11)
25	Tata Communications (Middle East) FZ-LLC	(2)	(25.34)	(1)	7.69
26	TCPoP Communications GmbH	0	4.65	0	1.68
27	Tata Communications (Taiwan) Ltd	0	(0.59)	0	0.01
28	Tata Communications(New Zealand) Limited	0	0.67	0	0.63
29	Tata Communications (Malaysia) Sdn Bhd	0	0.97	0	0.35
30	Tata Communications (Thailand) Limited	0	0.34	0	0.03

		Net assets, i.e., total assets minus total liabilities		Share of profit or loss	
Sr. No	**Name of the Entity**	**As % of consolidated net assets**	**₹ in crores**	**As % of consolidated profit or loss**	**₹ in crores**
31	Tata Communications (Beijing) Technology Limited	0	0.80	0	0.06
32	Tata Communications (Japan) KK	0	(0.28)	1	(13.59)
33	Tata Communications (Guam) LLC	11	122.86	(3)	44.06
34	Tata Communications International Pte Ltd	(196)	(2,105.05)	56	(921.26)
35	Neotel Business Support Services (Pty) Ltd.	2	26.19	(1)	7.27
36	SEPCO Communications (Pty) Ltd.	39	422.37	0	(0.08)
37	Neotel Pty Ltd	(78)	(837.16)	15	(241.36)
38	VSNL SNOSPV Pte Limited	(371)	(3,993.43)	59	(965.75)
39	Tata Communications Lanka Limited	9	92.93	(1)	17.83
III	**Foreign Associates**				
	Number Portability Company (Pty) Ltd	-	-	0	0.37
	Minority Interests in all subsidiaries				
	Tata Communications Lanka Limited	(1)	(6.90)	0	(1.78)
	Total	**100**	**1,075.41**	**100**	**(1,631.25)**
	Adjustments on Consolidation		(1,493.57)		1,419.41
			(418.16)		**(211.84)**

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

For and on behalf of the Board of Directors

SUBODH BHARGAVA
Chairman

VINOD KUMAR
Managing Director & Group CEO

PRATIBHA K. ADVANI
Chief Financial Officer

MANISH SANSI
Company Secretary

MUMBAI
DATED: 27 May 2016

Notes forming part of the consolidated financial statements for the year ended 31 March, 2016 (Contd.)

Statement pursuant to Sec.129(3) of the Companies Act, 2013

PART "A": SUBSIDIARIES

₹ in crores

Sl. No.	Name of the subsidiary company	Percentage Holding	Reporting currency	Exchange rate	Share Capital	Reserves	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 Payments Solutions Limited	100%	INR	NA	1,157.71	-405.12	1,339.51	586.92		566.52	-173.16	-	-173.16	-
2	Tata Communications Transformation Services Limited	100%	INR	NA	0.50	185.77	417.83	231.56		751.83	115.62	41.13	74.50	-
3	Tata Communications Data Center Private Limited	100%	INR	NA	0.01	89.11	907.97	818.84		622.92	52.40	19.65	32.75	-
4	Tata Communications Collaboration Services Private Limited	100%	INR	NA	0.02	-0.11	1.21	1.31		-	-0.02	-	-0.02	-
5	Neotel Business Support Services (Pty) Limited (through Neotel Pty. Ltd.)	100%	ZAR	4.48	0.00	26.19	54.78	28.58		70.26	6.21	-0.58	6.79	-
6	SEPCO Communications (Pty) Limited	73.17%	ZAR	4.48	883.45	-461.08	422.53	0.15		-	-0.03	0.04	-0.07	-
7	Neotel Pty Limited	67.32%	ZAR	4.48	1,403.82	-2,240.98	2,882.94	3,720.10		1,943.15	-225.77	-0.17	-225.26	-
8	VSNL SNOSPV Pte Limited	100%	USD	66.25	168.60	-4,162.03	489.33	4,482.75		-	-977.71	-	-977.71	-
9	Tata Communications Lanka Limited	90%	USD	66.25	7.93	84.99	124.25	31.33		153.73	18.84	0.79	18.05	-
10	Tata Communications (UK) Limited	100%	USD	66.25	89.72	-588.19	911.62	1,410.09	-	3,198.95	48.39	-	48.39	-
11	Tata Communications (Canada) Ltd	100%	USD	66.25	440.70	-1,637.24	1,168.19	2,364.73	-	3,746.73	-105.00	0.07	-105.07	-
12	Tata Communications Services (Bermuda) Ltd	100%	USD	66.25	70.30	14.46	103.70	18.94	-	442.07	346.31	-	346.31	-
13	Tata Communications (France) SAS	100%	USD	66.25	135.09	-117.21	283.32	265.44	-	285.74	-0.74	-	-0.74	-
14	Tata Communications (America) Inc	100%	USD	66.25	1,501.25	-774.62	2,216.85	1,490.22	84.00	3,171.25	102.30	2.06	100.24	-
15	Tata Communications Deutschland Gmbh	100%	USD	66.25	0.22	-77.20	132.01	208.99	-	607.27	-92.76	2.15	-94.91	-
16	Tata Communications (Italy) srl	100%	USD	66.25	39.86	-32.09	231.43	223.66	-	511.19	-7.14	7.14	-14.28	-
17	Tata Communications (Spain) SL	100%	USD	66.25	3.56	72.77	208.20	131.87	-	400.22	1.96	-	1.96	-
18	Tata Communications (Nordic) AS	100%	USD	66.25	0.11	0.37	1.29	0.81	-	10.16	-0.01	-0.01	0.00	-
19	Tata Communications (Australia) Pty Ltd	100%	USD	66.25	2.37	9.40	70.37	58.60	-	198.19	2.02	1.87	0.15	-
20	Tata Communications (Bermuda) Ltd	100%	USD	66.25	0.09	-1,924.06	4,821.18	6,745.15	-	285.32	84.42	-	84.42	-
21	Tata Communications (Hong Kong) Limited	100%	USD	66.25	53.15	-74.57	401.45	422.87	132.50	424.03	-9.36	-	-9.36	-
22	Tata Communications (Poland) Sp Zoo	100%	USD	66.25	3.13	3.16	19.72	13.43	-	50.46	0.83	-0.35	1.18	-
23	Tata Communications Services (International) Pte Ltd	100%	USD	66.25	2.28	10.76	24.40	11.36	-	29.73	1.16	-0.65	1.81	-
24	ITXC IP Holdings s.a.r.l	100%	USD	66.25	0.11	111.57	119.59	7.91	-	5.37	-18.56	0.04	-18.60	-
25	Tata Communications (Netherlands) BV	100%	USD	66.25	1,191.18	-535.70	9,826.15	9,170.67	-	2,288.12	36.04	-2.87	38.91	-
26	Tata Communications (Sweden) AB	100%	USD	66.25	2.42	-0.58	3.82	1.98	-	5.66	-0.01	0.03	-0.04	-
27	Tata Communications (Portugal) Instalacao E Manutencao De Redes Lda	100%	USD	66.25	402.23	-412.45	66.95	77.17	-	31.49	1.63	-3.34	4.97	-
28	Tata Communications (Portugal) Unipessol Lda	100%	USD	66.25	9.23	0.15	9.40	0.02	-	-	0.24	-	0.24	-
29	Tata Communications (Russia) LLC	99.90%	USD	66.25	0	26.28	30.44	4.16	-	14.61	9.05	4.54	4.51	-
30	Tata Communications (Switzerland) GmbH	100%	USD	66.25	3.14	-0.30	4.99	2.15	-	3.02	0.10	-0.02	0.12	-
31	Tata Communications (Belgium) SPRL	100%	USD	66.25	22.11	-21.53	1.58	1.00	-	3.90	0.05	-	0.05	-
32	Tata Communications (Hungary) LLC	100%	USD	66.25	1.44	-0.62	2.09	1.27	-	4.21	-0.01	0.04	-0.05	-
33	Tata Communications (Ireland) Ltd	100%	USD	66.25	0	-0.61	4.93	5.54	-	8.62	-0.13	-0.02	-0.11	-
34	Tata Communications (Middle East) FZ-LLC	100%	USD	66.25	0.09	-25.43	18.37	43.71	-	55.85	7.79	-	7.79	-
35	TCPoP Communications GmbH	100%	USD	66.25	0.30	4.35	7.08	2.43	-	5.19	2.26	0.56	1.70	-
36	Tata Communications (Taiwan) Ltd	100%	USD	66.25	0.05	-0.64	4.27	4.86	-	6.88	0.03	0.02	0.01	-
37	Tata Communications(New Zealand) Limited	100%	USD	66.25	0	0.67	1.88	1.21	-	2.49	0.88	0.24	0.64	-
38	Tata Communications (Malaysia) Sdn Bhd	100%	USD	66.25	0.32	0.65	7.15	6.18	-	12.31	0.76	0.41	0.35	-
39	Tata Communications (Thailand) Limited	100%	USD	66.25	0.64	-0.30	0.38	0.04	-	-	0.03	-	0.03	-
40	Tata Communications (Beijing) Technology Limited	100%	USD	66.25	1.08	-0.28	1.15	0.35	-	1.95	0.06	-	0.06	-
41	Tata Communications (Japan) KK	100%	USD	66.25	24.04	-24.32	477.01	477.29	-	183.60	-9.52	4.24	-13.76	-
42	Tata Communications (Guam) LLC	100%	USD	66.25	0	122.86	164.56	41.70	-	46.06	14.14	-30.47	44.61	-
43	Tata Communications International Pte Ltd	100%	USD	66.25	939.19	-3,044.24	2,781.14	4,886.19	-	915.32	-925.63	7.03	-932.66	-

PART "B": JOINT VENTURE

Sl. No.	Name of the Joint Venture	Latest Audited Balanced Sheet Date	Percentage holding	Reporting currency	Description of how there is significant influence	Number of shares held	Amount of Investment (₹ in crores)	Networth attributable to Shareholding as per latest audited Balance Sheet (₹ in crores)	Profit/(Loss) for the year considered in consolidation (₹ in crores)	Profit/(Loss) for the year not considered in consolidation (₹ in crores)
1	United Telecom Limited	42,201.00	26.66	NPR	Shareholding more than 20%	57,31,900.00	35.82	6.91	-	(11.24)

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 Economic Development Board 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.

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 & Toubro Ltd, and Tata Communications International Pte. Ltd., SunBorne Energy LLC. Mr. Bhargava, is the recipient of Distinguished Alumnus Award from IIT, Roorkee; the “Gaurav Shri Award” from Agra University; “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 the Managing Director of Tata Communications Limited and CEO of Tata Communications Group, a company which is part of the $108.78 billion dollar Tata Group of companies.

Mr. Vinod Kumar joined Tata Communications in April 2004, just when the company was embarking on its journey of international growth. He was closely associated with the acquisitions of the Tyco Global Network and Teleglobe and assumed responsibility as Managing Director of the Company’s international operations. Subsequently, he was promoted to Chief Operating Officer, responsible for managing the Global Data Business Unit as well as the Engineering and Operations functions. Mr. Kumar was also appointed as a non-executive director on the Board of Tata Communications Limited in February 2007. In February 2011, Mr. 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 organization that delivers a new world of communications to its customers.

With over 20 years of experience in the global telecom industry, Mr. Kumar has had an impressive track record in developing business strategies and creating fast growth organizations across the globe.

Prior to Tata Communications, he was a Senior Vice President with Asia Netcom from 2002-2004, and was responsible for strategy formulation, product marketing, sales and generating top-line growth. 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.

From 1999 to 2002, Mr. Vinod Kumar worked with WorldCom Japan as its Chief Executive Officer. Prior to this, he held various senior positions in Global One and Sprint International in the United States and Asia where he had major responsibilities in market management, sales, marketing, product management, multinational account management and operations.

Mr. Vinod Kumar is a Director of the Singapore Economic Development Board (EDB) and is also the Chairman of its Finance Committee and a member of its Investment Committee. The EDB is the Singaporean government agency responsible for planning and executing strategies to enhance Singapore’s position as a global business center and to grow the Singaporean economy. He is also a Director of the Human Capital Leadership Institute (HCLI) in Singapore amongst several others.

Mr. Vinod Kumar was born in 1965 and graduated with honors in Electrical and Electronic Engineering from the Birla Institute of Technology and Science in India.

MR. SRINATH NARASIMHAN

DIRECTOR

Mr. Srinath Narasimhan is the Managing Director of Tata Teleservices Limited and Tata Teleservices (Maharashtra) limited.

With over 30 years of experience within the Tata Group, Mr. Srinath has held various leadership positions across Tata companies in Information Technology and Telecommunications.

Prior to joining Tata Teleservices, Mr. Srinath was the Managing Director and CEO of Tata Communications

Limited (erstwhile VSNL). 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. For a period of two consecutive years (2008 and 2009), he 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. Mr. Srinath was named the 'Telecom CEO of the Year' in Asia by the leading publishing group Telecom Asia in 2006. In the same year he was also conferred the Udyog Rattan Award by the Institute of Economic Studies (IES).

Mr. Srinath has also served as the Chief Executive Officer of Tata Internet Services in late 2000 and Chief Operating Officer at Tata Teleservices Limited in 1999. In the early part of his career, he was Executive Assistant to the Chairman of Tata Industries, a position he held until 1992. He was part of the team that set up Tata Information Systems (later known as Tata IBM) and where, between 1992 and 1998, he worked on a number of assignments in sales and marketing.

In addition to being Managing Director of Tata Teleservices Limited and Tata Teleservices (Maharashtra) Limited, Mr. Srinath also serves as a Director on the Board of Tata Business Support Services (TBSS), Honeywell Automation India Limited, Viom Networks (now ATC Telecom Infrastructure), Tata Communications and its related entities.

Mr. Srinath holds a degree in Mechanical Engineering from the Indian Institute of Technology, Chennai and an MBA from the Indian Institute of Management, Kolkata, specializing in marketing and systems.

MR. KISHOR A. CHAUKAR

DIRECTOR

Mr. Kishor A. Chaukar retired in August 2012, as the Managing Director of Tata Industries Limited (TIL). 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 a member of the Group Corporate Centre, which is engaged in strategy formation at the House of Tata. Mr. Chaukar also chaired for several years the Tata Council for Community Initiatives (TCCI). He also 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 director of several Tata Companies and the Chairman of Tata Teleservices (Maharashtra) Limited. Mr. Chaukar is a Trustee of BAIF Development Research Foundation, an NGO engaged in extending relevant technology into rural India for generating economically remunerative employment.

Before 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 1995 to October 1998). During 1975-85, he served as an Executive Secretary of Bharatiya Agro Industries Foundation,

He is a graduate in Economics from Karnataka University and holds 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.

DR. ASHOK JHUNJHUNWALA

DIRECTOR

Dr. Jhunjhunwala is an Institute Professor at IIT Madras. He 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 with Washington State University and has been at IIT Madras ever-since, where he leads the Telecommunications and Computer Networks group (TeNeT). The group works with industry in the development of telecom, banking, IT and Power Systems (including solar) technologies relevant to India, and has a special focus on rural technologies. It has incubated more than seventy companies in the last twenty years. He chairs IITM Incubation cell, Health Technology Innovation Center (HTIC), co-chairs Rural Technology and Business Incubator (RTBI) at IIT Madras and is professor in-charge of IITM Research Park. He also chairs a MHRD committee called "Quality Enhancement of Engineering Education (QEEE)" focused on 500 Indian engineering colleges, other than IITs and NITs.

Dr. Ashok Jhunjhunwala has been awarded 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 at Indian Science Congress in the year 2000 and H. K. Firodia for "Excellence in Science & 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, awarded Bernard Low Humanitarian Award in 2009, awarded "Bharat Asmita Vigyaan - Tantragyaan Shresththa Award" for the best use of Science & Technology through Innovation in 2010, and awarded Honorary Doctorates by the Institute of Blekinge Institute of Technology, Sweden in 2008 and University of Maine, USA in 2010. In 2010, he was also awarded JC Bose Fellowship by DST Government of India. Awarded Dronacharya (2011) by TiE and recently awarded Top Innovator of Top 11 in 2011 Innovators Challenge. He is a Fellow of World Wireless Research forum, IEEE and Indian academies including INAE, IAS, INSA and NAS.

Dr. Jhunjhunwala is a Director in the Board of Tata Teleservices (Maharashtra) Limited, Sasken, Tejas, Tata Communications Limited, Exicom, Mahindra Reva Electrical Vehicles Pvt Ltd and Intellect Design Arena Limited. He is also a board member of several educational institutes and section 25 companies including BIRAC. He was member of Prime Minister's Scientific Advisory.

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). He is also a co-author of seven 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. He received the Outstanding Alumni Award from University of Buffalo in 2015.

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 a LLB degree 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 was the Deputy General Manager (Finance) of Central Area of MTNL, Delhi which provides service to the elite of India including the President, Prime Minister, Union Council of Ministers, Embassies, High Commissions and the Central Business District. He has also served as the Financial Advisor to various units of the Indian Air Force including the Central Air Command, Bamrauli.

He was instrumental in designing and implementing the software for the revision of pension of more than two million Defence Pensioners, spread throughout the country, in accordance with the recommendations of the Sixth Pay Commission. His assignment 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 ₹ 11,300 crores (approx) in the form of licence fee - one of the largest contributors to the non-tax revenue of the Union Government. Mr. Tiwari's current assignment is as Deputy Director General (E&F), 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 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 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 is presently Non-Executive Director on the Boards of Tata Sky Ltd., Rallis India Ltd. and Tata Communications Ltd.

Mr. Vasani has won several national and international awards, including the Professional Excellence Award from the Harvard Law School in May, 2016.

MS. RENUKA RAMNATH

DIRECTOR

Ms. Renuka Ramnath is an Independent Director of our Company. She has obtained a graduate degree in engineering from Veermata Jijabai Technological Institute, University of Mumbai and a post graduate degree in business administration from the University of Mumbai. She has also completed the Advanced Management Program from Harvard Business School. She is the Managing Director and CEO of Multiples Alternate Asset Management Private Limited, a private equity firm she founded in 2009. She has over 30 years of experience in the Indian financial sector across private equity, investment banking and structured finance. Earlier, she has served as the Managing Director and Chief Executive Officer of ICICI Venture Funds Management Company Limited for close to a decade. She was appointed as Director of our Company December 08, 2014.

DR. GOPICHAND KATRAGADDA

DIRECTOR

Dr. Gopichand Katragadda is the Group Chief Technology Officer and Innovation Head for Tata Sons. In this role, Dr. Katragadda drives technology and innovation for the Tata conglomerate leveraging cross-company synergies. He is a director on the boards of Tata Elxsi, Tata Communications, Tata Teleservices, Tata Autocomp Systems, and Flisom AG.

Previously, as the Chairman and Managing Director of GE India Technology Centre, he facilitated funding of cross-business innovation, championed the commissioning of new research labs, developed research teams, and helped build GE's largest R&D Centre - the John F. Welch Technology Centre (JFWTC). Under his leadership, the JFWTC team was contributing to over 300 US patents a year. Dr. Katragadda also served as the chairman for GE-BEL.

Before joining GE, Dr. Katragadda worked with Karta Technologies, San Antonio, Texas, as Vice President of Research and Development. At Karta, Dr. Katragadda led the development of advanced sensor technology for US government agencies and research consortiums. He also was an Adjunct Professor at the University of Texas and served on the Board of Directors for Texas Public Radio.

Dr. Katragadda provides the voice of technology for various Industry bodies in India including CII and NASSCOM. He is the India Chair for the Technology track of the Indo-UK Joint Economic and Trade Committee, which facilitates the Government to Government negotiations on market liberalization. Dr. Katragadda chairs the India Development Panel and is a Fellow of the Institute of Engineering and Technology. He is on the India Council for the Anita Borg Institute. He is a GE Certified Six Sigma Master Black Belt. Dr. Katragadda has over 30 publications and 5 patents. He has authored a book on innovation "SMASH," published by Wiley.

Dr. Katragadda holds MS and PhD degrees in Electrical Engineering from Iowa State University, Ames, Iowa.

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 6725 1962, Email : manish.sansi@tatacommunications.com, Website : www.tatacommunications.com

ATTENDANCE SLIP

(To be presented at the entrance)

30TH ANNUAL GENERAL MEETING ON MONDAY, AUGUST 1, 2016 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 6725 1962, Email : manish.sansi@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 Thirtieth Annual General Meeting of the Company to be held on Monday, 1 August 2016 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. To receive, consider and adopt :
   a) Audited Standalone Financial Statements of the Company for the financial year ended March 31 2016, together with the Reports of the Board of Directors and the Auditors thereon; and
   b) Audited Consolidated Financial Statements of the Company for the financial year ended March 31 2016 along with the Report of the Auditors thereon.
2. Declaration of Dividend for the financial year 2015-16.
3. Re-appointment of Mr. Kishor A. Chaukar as a Director.
4. Re-appointment of Mr. Saurabh Kumar Tiwari as a Director.
5. Ratification of appointment of Statutory Auditors.
6. Re-appointment of Mr. Vinod Kumar as Managing Director and Group CEO and fixing of his remuneration.
7. Ratification of Cost Auditor's Remuneration.

Affix
Revenue
Stamp

Signed this .... day of 2016

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 joint-holders may use copies of this Attendance slip/Proxy.

INDIA

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

SINGAPORE

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

HONG KONG

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33 Hysan Avenue
Causeway Bay, Hong Kong

UNITED KINGDOM

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68 Upper Thames Street
London EC4V 3BJ
United Kingdom

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
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131 Avenue Charles de Gaulle
92200 Neuilly sur Seine
France

CANADA

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2355 Dulles Corner Boulevard,
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A NEW WORLD OF COMMUNICATIONS™

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www.tatacommunications.com | @tata_comm
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Tata Communications Limited
VSB, Mahatma Gandhi Road,
Fort Mumbai, 400 001
India

About Tata Communications

Tata Communications Limited (CIN no: L64200MH1986PLC039266) along with its subsidiaries (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 Communications global network includes one of the most advanced and largest submarine cable networks and a Tier-1 IP network, as well as nearly 1.5 million square feet of data centre and collocation space worldwide.

Tata Communications' depth and breadth of reach in emerging markets includes leadership in Indian enterprise data services and leadership in global international voice.

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