

**TATA COMMUNICATIONS**

TAKING YOU FARTHER™



**23rd  
Annual  
Report** | **2008-2009**  
Taking You Farther



Communicate  
behind a single purpose.



Taking our company,  
shareholders, partners  
and employees  
farther together



**Tata Communications Limited**  
**TWENTY THIRD ANNUAL REPORT 2008-09**

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Annual General Meeting on Friday, 7 August 2009, at MC Ghia Hall, Kalaghoda Mumbai at 11.00 a.m.  
As a measure of economy, copies of the Annual Report will not be distributed at the Annual General Meeting.  
Shareholders are requested to kindly bring their copies to the meeting.

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**CORPORATE DETAILS**

**BOARD OF DIRECTORS**

(As on 30 June 2009)

- Mr. Subodh Bhargava (Chairman) (Independent)
- Mr. N. Srinath (Managing Director and Chief Executive Officer)
- Mr. Kishor A. Chaukar (Panatone Nominee)
- Mr. P. V. Kalyanasundaram (Independent)
- Dr. V.R.S. Sampath (Independent)
- Mr. Amal Ganguli (Independent)
- Mr. Vinod Kumar (Panatone Nominee)
- Mr. S. Ramadorai (Panatone Nominee)
- Mr. A. K. Srivastava (Government Nominee)
- Mr. Arun Gandhi (Panatone Nominee)
- Mr. H. P. Mishra (Government Nominee)
- Dr. Ashok Jhunjunwala (Panatone Nominee)

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

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<b>REGISTERED OFFICE</b>	VSB, Mahatma Gandhi Road, Fort, Mumbai – 400 001.
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<b>CORPORATE OFFICE</b>	C21& C36, 'G' Block, Bandra Kurla Complex, Mumbai – 400 098.
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<b>BANKERS</b>	Bank of America Citibank Inc. Deutsche Bank HDFC Bank Ltd. Hongkong & Shanghai Banking Corporation Indian Overseas Bank State Bank of India Axis Bank Ltd. Vijaya Bank
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<b>LEGAL ADVISORS</b>	Messrs ANS Law Associates Messrs Mulla & Mulla and Craigie Blunt & Caroe
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<b>STATUTORY AUDITORS</b>	Messrs S.B. Billimoria & Co., Chartered Accountants
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<b>REGISTRARS &amp; TRANSFER AGENTS</b>	Messrs Sharepro Services (India) Pvt. Ltd. 13 AB, Samhita Warehousing Complex, 2nd Floor, Near Sakinaka Telephone Exchange, Andheri Kurla Road Andheri (East), Mumbai - 400 072.
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## NOTICE

NOTICE is hereby given that the Twenty Third Annual General Meeting of Tata Communications Limited will be held at 1100 hours on Friday, 7 August 2009, at MC Ghia Hall, Bhogilal Hargovindas Building, Second Floor, 18/20 Kaikhushru Dubash Road, Kalaghoda, Mumbai-400001 to transact the following business:

### Ordinary Business

1. To receive, consider and adopt the Balance Sheet of the Company as on 31 March 2009, the audited Profit and Loss Account for the year ended on that date, the Auditors' Report thereon and the Report of the Board of Directors.
2. To declare dividend for the financial year 2008-2009.
3. To appoint a Director in place of Mr. Subodh Bhargava who retires by rotation at this Annual General Meeting and being eligible offers himself for reappointment.
4. To appoint a Director in place of Mr. Kishor Chaukar who retires by rotation at this Annual General Meeting and being eligible offers himself for reappointment.
5. To appoint a Director in place of Mr. S. Ramadorai who retires by rotation at this Annual General Meeting and being eligible offers himself for reappointment.

### Special Business

6. To appoint Dr. Ashok Jhunjhunwala as a Director liable to retire by rotation in respect of whom a notice under the provisions of section 257 of the Companies Act, 1956 has been received by the Company from a member signifying his intention to propose Dr. Ashok Jhunjhunwala as a candidate for the office of director.
7. To consider and, if thought fit, to pass with or without modification the following as **Special Resolution**:  

*"RESOLVED THAT pursuant to Section 224 A and other applicable provisions, if any, of the Companies Act, 1956, M/s. S.B. Billimoria & Co., Chartered Accountants be and are hereby appointed Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to examine and audit the accounts of the Company for the financial year 2009-2010 on such remuneration as may be mutually agreed upon between the Board of Directors and the Auditors, plus reimbursement of service tax, travelling and out of pocket expenses."*

*"RESOLVED FURTHER THAT the Auditors of the Company be and are hereby authorized to carry out (either themselves or through qualified associates) the audit of the Company's accounts maintained at all its branches and establishments (whether now existing or acquired during the financial year ending 31 March 2010) wherever in India or abroad."*
8. To consider and if thought fit, to pass, with or without modifications, the following as **Special Resolution**:  

*"RESOLVED THAT pursuant to Sections 94, 81(1A) and 16 and other applicable provisions, if any, of the Companies Act of 1956, and the Memorandum and Articles of Association of the Company, the Authorised Share Capital of the Company be increased and re-classified from Rs. 300,00,00,000 (Rupees Three Hundred Crore) divided in to 30,00,00,000 (Thirty Crore) equity shares of Rs. 10 each to Rs.2000,00,00,000 (Rupees Two Thousand Crore) divided into 100,00,00,000 (One Hundred Crores) equity shares of Rs.10 each and 100,00,00,000 (One Hundred Crores) Preference Shares of Rs.10 each with the power to the Board to decide on the extent of variation in such rights and to classify from time to time such shares into any class of shares."*

*"RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board of Directors of the Company be and is hereby authorised to take all such steps and actions and give such directions as may be in its absolute discretion deemed necessary and expedient and to settle any question that may arise in this regard."*

*"RESOLVED FURTHER THAT Clause V of the Memorandum of Association of the Company be and is hereby altered to read as follows:*

*V. The authorised Share Capital of the Company is Rs. 2000,00,00,000/- (Rupees Two Thousand Crore) divided into 100,00,00,000 (One Hundred Crore) equity shares of Rs 10 each and 100,00,00,000 (One Hundred Crore) Preference Shares of Rs. 10 each with the power to the Board to decide on the extent of variation in such rights and to classify from time to time such shares into any class of shares, with the rights, privileges and conditions attached thereto as are provided by the Articles of Association of the Company for the time being with power to increase and reduce the*

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*capital of the Company and to divide the shares in the capital for the time being into several classes and to attach thereto respectively such preferential, deferred, qualified or special rights, privileges or conditions as may be determined by or in accordance with the Articles of Association of the Company and to vary, modify or abrogate any such rights, privileges or conditions in such manner as may for the time being be provided by the Articles of Association of the Company."*

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

*"RESOLVED THAT Article 5 of the Articles of Association of the Company be and is hereby altered to read as follows:*

*Article 5: The authorised Share Capital of the Company is Rs. 2000,00,00,000/- (Rupees Two Thousand Crore) divided into 100,00,00,000 (One Hundred Crore) equity shares of Rs 10 each and 100,00,00,000 (One Hundred Crore) Preference Shares of Rs. 10 each with the power to the Board to decide on the extent of variation in such rights and to classify from time to time such shares into any class of shares, with the rights, privileges and conditions attached thereto as are provided by the Articles of Association of the Company for the time being with power to increase and reduce the capital of the Company and to divide the shares in the capital for the time being into several classes and to attach thereto respectively such preferential, deferred, qualified or special rights, privileges or conditions as may be determined by or in accordance with the Articles of Association of the Company and to vary, modify or abrogate any such rights, privileges or conditions in such manner as may for the time being be provided by the Articles of Association of the Company."*

By Order of the Board of Directors

Satish Ranade  
Company Secretary

Dated : 10 July 2009  
Registered Office :  
VSB, Fort,  
M.G. Road, Mumbai - 400 001.

**NOTES :**

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER. THE INSTRUMENT APPOINTING A PROXY SHOULD, HOWEVER, BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
2. Members who hold shares in dematerialized form are requested to bring their DP ID and Client ID numbers for easy identification of attendance at the meeting.
3. The statement of material facts pursuant to Section 173 (2) of the Companies Act, 1956, setting out the material facts in respect of the business under all items except item Nos.1 to 5 is annexed hereto.
4. Details regarding the persons proposed to be appointed as Directors and their brief resume have been given in the annexure attached to the Notice.
5. This may be taken as notice of declaration of dividend for 2008-2009 in accordance with Article 93 of Articles of Association of the Company in respect of dividend for that year when declared.
6. Registers of members and transfer books of the Company shall remain closed from 24 July 2009 to 7 August 2009 (both days inclusive) for the purpose of ascertaining eligibility to dividend.
7. The dividend as recommended by the Board of Directors, if declared at this Annual General Meeting, shall be paid on or after Wednesday, 12 August 2009.
  - (i) to those shareholders whose names appear on the Company's Register of Members after giving effect to all valid share transfers in physical form lodged with the Registrar & Transfer Agents (R&T Agents) of the Company on or before Thursday, 23 July 2009.
  - (ii) in respect of shares held in electronic form, to those "deemed members" whose names appear in the statements of beneficial ownership furnished by National Securities Depository Limited (NSDL) and Central Depository

Services (India) Limited (CDSL) as at the end of business on Thursday, 23 July 2009. In respect of shares held in demat mode, the dividend will be paid on the basis of beneficial ownership as per details to be furnished by NSDL and CDSL for this purpose.

8. Pursuant to the provisions of Section 205A(5) of the Companies Act, 1956, dividends which remain unclaimed in the unpaid dividend account for a period of seven years from the date of transfer of the same, will be transferred to the Investor Education and Protection Fund established by the Central Government. The Members and Shareholders who have not encashed their dividend warrant(s) so far for the financial year ended 31 March 2002 or any subsequent financial years are requested to make their claim to the R & T Agents of the Company. According to the provisions of the Act, no claims shall lie against the said Fund or the Company for the amounts of dividend so transferred nor shall any payment be made in respect of such claims. The summary of the unpaid dividend for the past years and the date on which the outstanding amount shall be transferred to Investor Education and Protection Fund on the dates as given in the table below.

Date of AGM	Balance as on 30 June 2009 (Rs.)	Dividend for the year	Remarks	Transfer to Investor Education & Protection Fund
20 August 2002	<b>2041234.00</b>	2001-02	Final Dividend	19 Sept 2009
2 September 2003	<b>1404799.50</b>	2002-03	Final Dividend	2 Oct 2010
2 September 2004	<b>801477.00</b>	2003-04	Final Dividend	2 Oct 2011
14 September 2005	<b>1051229.00</b>	2004-05	Final Dividend	14 Oct 2012
13 September 2006	<b>885244.50</b>	2005-06	Final Dividend	13 Oct 2013
2 August 2007	<b>744533.50</b>	2006-07	Final Dividend	2 Sept 2014
2 August 2008	<b>889767.00</b>	2007-08	Final Dividend	2 Sept 2015
<b>Total</b>	<b>7818284.50</b>			

9. Consequent upon the introduction of Section 109A of the Companies Act, 1956, shareholders are entitled to make nomination in respect of shares held by them in physical form. Shareholders desirous of making nominations are requested to send their requests in Form No. 2B in duplicate (which will be made available on request) to the R & T Agents of the Company.
10. Members are requested to notify any change in their addresses immediately, in any event not later than Thursday, 23 July 2009, so as to enable us to dispatch the dividend warrants at the correct addresses:
- In case of physical shares to the R & T Agents, M/s Sharepro Services (India) Private Limited, 13 AB, Samhita Warehousing Complex, 2nd Floor, Near Sakinaka Telephone Exchange, Andheri Kurla Road, Andheri East, Mumbai-400 072.
  - In case of shares held in demat form to their depository participants (DPs).

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**Annexure to the Notice dated 10 July 2009****The Statement of Material Facts pursuant to Section 173 (2) of the Companies Act, 1956.****In respect of Item No. 6**

Dr. Ashok Jhunjunwala was appointed as an additional Director on the Board with effect from 25 October 2008 under Article 66B of the Articles of Association of the Company. Pursuant to the provisions of Section 260 of the Companies Act of 1956 and under the said Article, Dr. Ashok Jhunjunwala holds office up to the date of the forthcoming Annual General Meeting. Dr. Ashok Jhunjunwala is eligible for appointment as a Director of the Company and the Company has, pursuant to section 257 of the Companies Act of 1956, received a notice in writing proposing his candidature for appointment. If appointed, Dr. Ashok Jhunjunwala will act as a non-executive Director liable to retire by rotation.

Necessary details regarding Dr. Jhunjunwala and his brief resume has been given in the Annexure attached to the Notice. Keeping in view the experience and expertise, his appointment as Director of the Company is recommended.

None of the directors other than Dr. Ashok Jhunjunwala are concerned or interested in the above Resolution.

**In respect of Item No.7**

M/s. S B Billimoria & Co., Chartered Accountants were appointed as the statutory auditors of the Company at the Twenty Second Annual General Meeting of the Company held on 2 August 2008 and hold office till the conclusion of the Twenty Third Annual General Meeting. Since the Government of India continues to hold not less than 25% of the subscribed share capital of the Company, the appointment of the statutory auditors of the Company is required to be approved by a Special Resolution pursuant to Section 224A of the Companies Act, 1956.

None of the directors are interested in the Resolution.

**In respect of Item No.8 & 9**

Presently the Authorised Capital of the Company is Rs. 300 crore while the Issued and paid-up capital is Rs. 285 crore. In view of this, it is proposed that the authorised capital be increased to Rs.2000 crore and reclassified into 100,00,00,000 (One Hundred Crore) equity shares of Rs 10 each and 100,00,00,000 (One Hundred Crore) Preference Shares of Rs. 10 each with the power to the Board to decide on the extent of variation in such rights and to classify from time to time such shares into any class of shares.

Increase in authorised capital and reclassification of authorised capital require changes in the Memorandum and Articles of Association of the Company and require approval of the shareholders. According necessary resolutions have been proposed for the consideration of the shareholders.

The directors recommend the Resolutions.

None of the directors are interested in the Resolutions.

By Order of the Board of Directors

Satish Ranade  
Company Secretary

Dated : 10 July 2009  
Registered Office:  
VSB, Fort  
M.G. Road, Mumbai - 400 001.



### Details of Directors Seeking Appointment/Re-Appointment at the 23<sup>rd</sup> Annual General Meeting

Particulars	Mr. Subodh Bhargava	Mr. Kishor Chaukar	Mr. S. Ramadorai	Dr. Ashok Jhunjhunwala
Date of Birth	30 March 1942	1 August 1947	6 October 1944	22 June 1953
Date of Appointment	15 May 2002	1 July 2002	28 June 2007	25 October 2008
Qualifications	B.E. (Mech)	BA (Eco) – Karnataka University, PGDBA (Indian Institute of Management, Ahmedabad), DEA – Rural Economics – University of Dijon, France.	B.Sc.,BS in electronics from Bangalore,MS in Computer Science from University of California – UCLA, USA.	B.Tech degree from IIT, Kanpur, MS and Ph.D degrees from the University of Maine
Expertise in Specific Functional Area	General Management	General Management	General Management	General Management
Directorships held in other Public Companies (excluding foreign and private companies)	Wartsila India Limited - (Chairman) Tata Steel Limited Samtel Colour Limited TRF Limited Carborundum Universal Limited GlaxoSmithKline Consumer Healthcare Limited Batliboi Limited SRF Limited Power Finance Corporation Limited Larsen & Toubro Limited Tata Motors Limited	Tata Industries Limited - (Managing Director) Tata Advanced Materials Limited Tata Teleservices Limited Tata Autocomp Systems Limited IDFC Private Equity Company Limited Tata Investment Corporation Limited Tata Business Support Services Limited - (Chairman) Tata Petrodyne Limited TSR Darashaw Limited (Charman) Praj Industries Limited Tata Industrial Services Limited Tata Yazaki Autocomp Limited Tata Teleservices (Maharashtra) Limited-(Director & Chairman)	Tata Industries Limited Tata Consultancy Services Limited (Managing Director) Tata Elxsi Limited (Vice Chariman) Tata Technologies Limited (Chairman) CMC Limited (Chairman) WTI Advanced Technology Limited Hindustan Unilever Limited Piramal Healthcare Limited (Formerly known as Nicholas Piramal India Limited) C-Edge Technologies Limited Tata Teleservices (Maharashtra) Limited Computational Research Laboratories Limited	Polaris Software Lab Limited Sasken Communications Technologies Limited State Bank of India 3i Infotech Limited Tata Teleservices (Maharashtra) Limited Bharat Electronics Limited Exicom Tele-Systems Ltd. Tejas Networks Limited
Memberships/Chairmanships of Committees in other Public Companies	<u>Audit Committee</u> Samtel Colour Limited – (Chairman) Carborundum Universal Limited - (Chairman) GlaxoSmithKline Consumer Healthcare Limited - (Chairman) Tata Steel Limited - (Chariman) Wartsila India Limited TRF Limited SRF Limited Batliboi Limited  <u>Shareholders / Investor Grievance Committee</u> Nil	<u>Audit Committee</u> Tata Business Support Services Ltd - (Chairman) Tata Autocomp Systems Ltd. Tata Teleservices Ltd.  <u>Shareholders / Investor Grievance Committee</u> Nil	<u>Audit Committee</u> Tata Technologies Limited - (Chairman) Tata Elxsi Limited Hindustan Unilever Limited  <u>Shareholders / Investor Grievance Committee</u> Tata Consultancy Services Limited	<u>Audit Committee</u> Sasken Communications Technologies Limited Polaris Software Lab Limited Tata Teleservices (Maharashtra) Limited - (Chairman) State Bank of India  <u>Shareholders / Investor Grievance Committee</u> Polaris Software Lab Limited
Shareholding in TCL	Nil	NIL	NIL	NIL

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### DIRECTORS' REPORT

Dear Shareholders,

The directors are pleased to present the 23rd annual report and audited accounts of Tata Communications Limited ("TCL") for the financial year ended 31 March 2009.

#### PERFORMANCE

During the year under review, your Company earned a total revenue of Rs. 39.84 billion (previous year Rs. 34.65 billion) an increase of 14.97 percent. Profit before tax for the year was Rs. 7.13 billion, (previous year Rs.4.50 billion) an increase of 58.56 percent. Profit after tax was Rs. 5.16 billion (previous year Rs. 3.04 billion) an increase of 69.46 percent.

On a consolidated basis, for 2008-09, the Company's total income was Rs. 102.23 billion (previous year 85.38 billion), an increase of 19.74 percent EBIDTA was Rs. 13.50 billion (previous year 8.80 billion), an increase of 53.43 percent. Consolidated profit before tax after exceptional items was Rs. 4.23 billion (previous year 1.49 billion), an increase of 183.88 percent whereas profit before tax before exceptional items was Rs. 1.56 billion (previous year 1.60 billion), a decrease of 2.40 percent.

The audited annual accounts for the year 2008-09 have been drawn up taking into account the court order approving the amalgamation of VSNL Broadband Limited, a 100% subsidiary in the nature of merger into the Company with effect from 1 March 2007.

#### Funding

During the year, your Company issued secured redeemable non-convertible debentures aggregating to Rs. 12.50 billion on a private placement basis. Out of this amount, debentures worth Rs.10.00 billion were subscribed to by one investor on a five year term. The balance debentures worth Rs. 2.5 billion were subscribed to by 16 investors comprising of different insurance companies and banks with terms ranging from five and half years to ten years. All these debentures have been rated 'AAA' by CARE, a renowned rating agency. IDBI Trusteeship Services Limited has been appointed as the trustees for these debentures.

The Trust Deeds for the above debenture issues will be available for inspection by any member, at the registered office of the Company during normal working hours 21 days before the date of the 23<sup>rd</sup> Annual General Meeting (AGM).

The Company will continue to raise additional funds from banks, bond markets etc. in line with the need for maintaining sustained growth of business.

#### Dividend

The directors are pleased to recommend a dividend of Rs.4.50 per share (Rs.4.50 per share for the previous year) for the financial year ended 31 March 2009. The amount available for appropriation is Rs. 24.03 billion, out of which

the Company proposes to transfer Rs. 0.5 billion to general reserves, leaving Rs. 20.99 billion to the balance sheet.

#### OVERVIEW

Over the last few years, your Company has built on its strategy to provide a range of communications services to customers in the wholesale, enterprise and retail segments. It has invested considerably in network infrastructure and service delivery capability in and out of India. Last year, the Company launched its new brand identity "Tata Communications" integrating the various other brands under which it had been going to market previously and this has been very well received.

The Company's focussed strategy has enabled it to be one of the leading players worldwide in its major business segments, with operations in more than 50 countries. Tata Communications remains one of the top three providers of international wholesale voice services and wholesale Voice over Internet Protocol (VoIP) services and one of the largest owners and providers of submarine cable capacity in the world. The Company is a global Tier-1 Internet Services Provider (ISP) and is a major player in the growing global IP Transit market. Your Company also offers telecommunication services through its subsidiary in Sri Lanka and joint ventures/associates in Nepal and South Africa.

During the year under review, the business of the Company grew with enterprises demanding more global connectivity and services, increasing broadband penetration worldwide and rich media, interactive digital content becoming more and more popular globally. The global demand for bandwidth and Internet connectivity continues to surge, giving Tata Communications the opportunity to leverage its Tata Global Network ("TGN") of optical fiber undersea cables and Internet Protocol (IP) network. Your Company expects to commission additional submarine cable systems in the year 2009-10 connecting emerging markets in Asia, the Middle East and Africa to each other and onwards to Europe to meet the demands of consumer broadband, enterprise and wholesale customers over the next five to eight years.

#### Customer Service and Operations

Tata Communications has set up an extensive framework for servicing the specific needs of our customers across various market segments and geographies. We continue to focus on building long lasting relationships with our customers and business associates and to seek to lead the industry in responsiveness and flexibility.

The service fulfilment, service assurance and billing functions are integrated into a single team called Customer Services and Operations. This provides the right focus and