

**TATA** COMMUNICATIONS

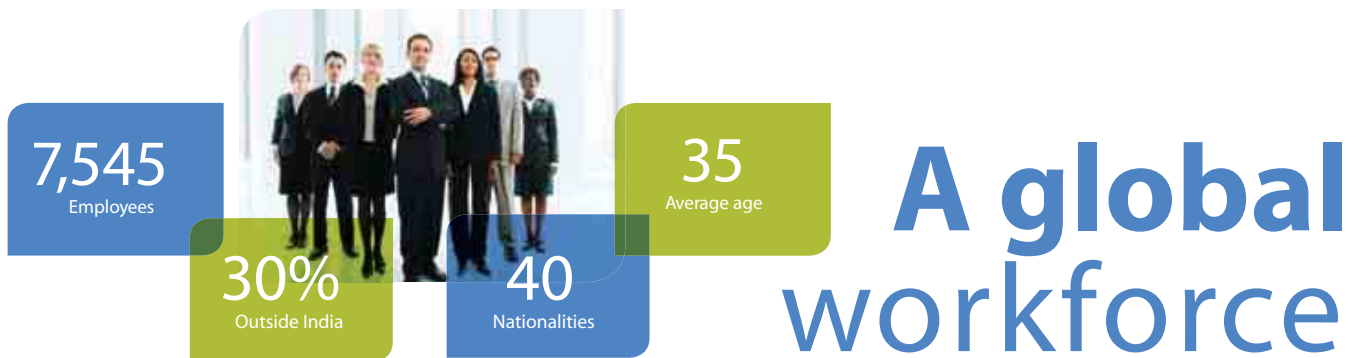


**ANNUAL REPORT 2010-2011**

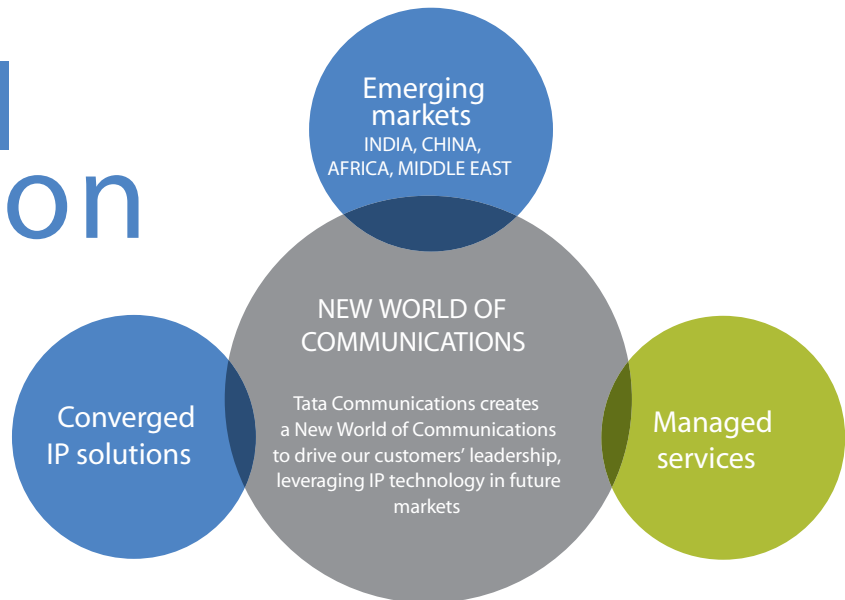
*A New World  
of Communications*



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



## A global vision



## A global position

#1 Enterprise data in India

#1 Wholesale LD voice in India

#1 Wholesale international voice

#1 Wholesale connectivity global



## **Tata Communications Limited**

### **TWENTY FIFTH ANNUAL REPORT 2010-11**

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Annual General Meeting on Tuesday, 11 October 2011, 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 14 September 2011)

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

Mr. Satish Ranade  
Mr. Sanjay Baweja

Company Secretary & Chief Legal Officer  
Chief Financial Officer

#### **REGISTERED OFFICE**

VSB, Mahatma Gandhi Road, Fort,  
Mumbai – 400 001.

#### **CORPORATE OFFICE**

C21& C36, 'G' Block, Bandra Kurla Complex,  
Mumbai – 400 098.

#### **BANKERS**

Axis Bank Ltd  
Bank of America  
Citibank Inc.  
Deutsche Bank  
Development Bank of Singapore  
Dhanalakshmi Bank Ltd.  
HDFC Bank Ltd.  
Hongkong & Shanghai Banking Corporation  
ICICI Bank Ltd.  
Indian Overseas Bank  
Kotak Mahindra Bank Ltd.  
Royal Bank of Scotland  
State Bank of India  
Standard Chartered Bank  
Vijaya Bank  
Yes Bank Ltd

#### **LEGAL ADVISORS**

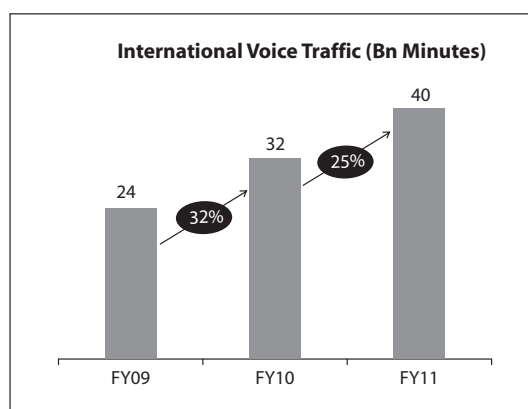
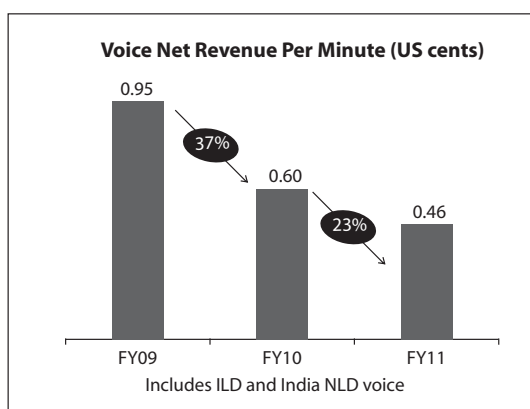
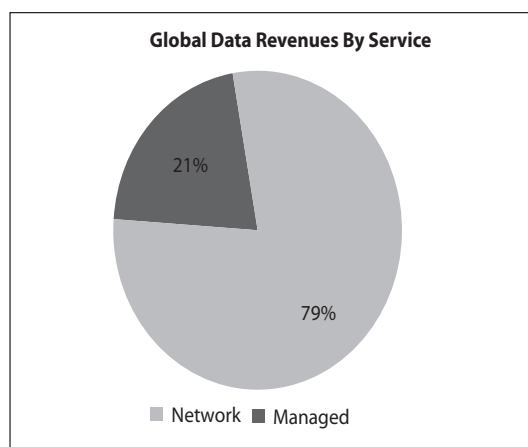
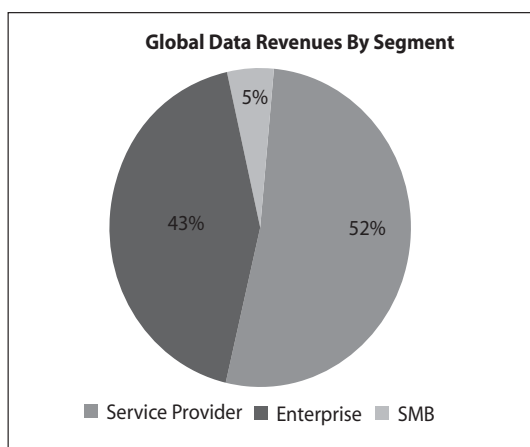
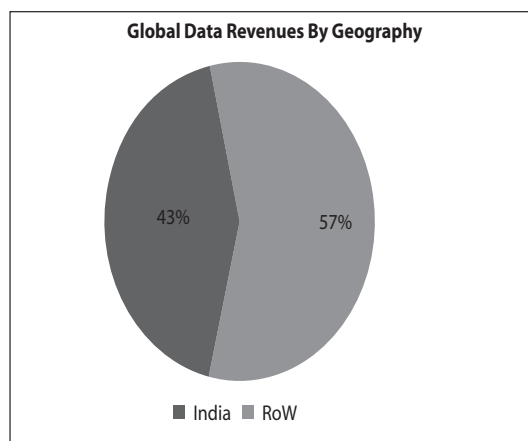
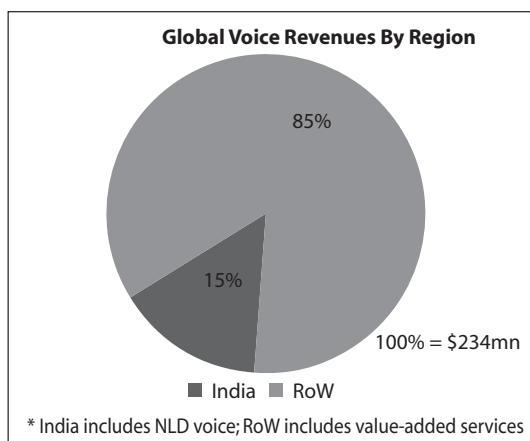
Messrs ANS Law Associates  
Messrs Mulla & Mulla and Craigie Blunt & Caroe

#### **STATUTORY AUDITORS**

Messrs S.B. Billimoria & Co., Chartered Accountants

#### **REGISTRARS & TRANSFER AGENTS**

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.



**NOTICE**

**NOTICE** is hereby given that the Twenty Fifth Annual General Meeting of Tata Communications Limited will be held at 1100 hours on Tuesday, 11 October 2011, 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 2011, 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 2010-11.
3. To appoint a Director in place of Mr.Arun Gandhi 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.Subodh Bhargava 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.Kishor Chaukar who retires by rotation at this Annual General Meeting and being eligible offers himself for reappointment.

**Special Business**

6. To pass the following resolution with or without modifications as an **Ordinary Resolution**:

**"RESOLVED THAT** pursuant to the provisions of sections 198, 269, 309 and other applicable provisions, if any, of the Companies Act, 1956 ("Act") read with Schedule XIII thereto, subject to the provisions of the Memorandum and Articles of Association of the Company, and subject to such approvals, if any, as may be necessary, approval of the Company be and is hereby accorded to the appointment of Mr. Vinod Kumar as the Managing Director and Group CEO for a period commencing 1 February 2011 for a period of five years i.e. upto and inclusive 31 January 2016, on the terms and conditions agreed to between Mr. Vinod Kumar and the Company as set out in the explanatory statement attached to this notice, with liberty to the Board of Directors to revise the terms as to remuneration and other terms and conditions of appointment, from time to time within the limits prescribed under the provisions of Schedule XIII 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 of the Company as above, the Company has no profits or the profits are inadequate, the Company shall, subject to the provisions of Sections 198, 269 and 309 of the Act, pay basic salary, perquisites and allowances 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 authorised to take such steps as may be necessary to give effect to this resolution."

7. To appoint a Director liable to retire by rotation in place of Mr.Uday B. Desai who holds office only up to date of the forthcoming Annual General Meeting and in respect of whom a notice under the provisions of Section 257 of the Companies Act, 1956 has been received by the Company from a member signifying his intention to propose Mr.Uday B. Desai as a candidate for the office of director.
8. To appoint a Director in place of Mr.Ajay Kumar Mittal who holds office only up to the date of the forthcoming Annual General Meeting as a non-retiring director and 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 Mr.Ajay Kumar Mittal as a candidate for the office of director.
9. To appoint a Director liable to retire by rotation in place of Mr.Saurabh Kumar Tiwari who holds office only up to the date of the forthcoming Annual General Meeting and 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 Mr.Saurabh Kumar Tiwari as a candidate for the office of director.

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

**"RESOLVED THAT** pursuant to Section 309 and other applicable provisions, if any, of the Companies Act, 1956 ("Act") and pursuant to the provisions of Clause 49(I)(B) of the Listing Agreement, a sum not exceeding one percent per annum of the net profits of the Company calculated in accordance with the provisions of Sections 198, 249 and 350 of the Act, be paid to and distributed amongst the directors of the Company or some or any of them (other than the whole-time directors) in such amounts or proportions and in such manner and in all respects as may be directed by the Board of Directors or any Committee formed by the Board of Directors and entrusted with such responsibilities, and such payments shall be made in respect of the profits of the Company for each year of the period of five years commencing 1 April 2010."

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

**"RESOLVED THAT** pursuant to Section 224 A and other applicable provisions, if any, of the Companies Act, 1956, M/s. S.B. Billimoria & Co., Chartered Accountants be and are hereby appointed Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to examine and audit the accounts of the Company for the financial year 2011-12 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 2012) wherever in India or abroad."

By Order of the Board of Directors

Satish Ranade  
Company Secretary

Dated : 14 September 2011  
Registered Office :  
VSB, M.G. Road,  
Fort, Mumbai - 400 001.

NOTES :

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER. THE INSTRUMENT APPOINTING A PROXY SHOULD, HOWEVER, BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
2. Members who hold shares in dematerialized form are requested to bring their DP ID and Client ID numbers for easy identification of attendance at the meeting.
3. The statement of material facts pursuant to Section 173 (2) of the Companies Act, 1956, setting out the material facts in respect of the business under Item No. 6 to 11 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. Registers of members and share transfer of the Company shall remain closed from 1 October 2011 to 11 October 2011 (both days inclusive).
6. The Company had applied to the Central Government for extension of time for holding of the AGM for the year 2011 beyond 30 September 2011 and the Central Government vide its communication dated 13 September 2011 has approved extension of time for holding of AGM by 15 days i.e. by 15 October 2011.
7. As part of green initiative, in 2011, the Ministry of Corporate Affairs, Government of India, vide its circulars No.17/2011 and No.18/2011 dated 21 April 2011 and 29 April 2011 respectively, has allowed companies to send

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official communication to the Shareholders electronically. Your Company supports the green initiative of the Government and propose to send notices of general meetings, Audited Annual Accounts and other Financial Statements, Directors' Report, Auditors' Report and other communication to the Shareholders through email, to the email addresses provided by you to your depositories.

We request you to update your email addresses with your depositories so that you can promptly receive documents sent by the Company to you on your preferred email addresses.

We request the Shareholders who are holding shares in physical form to submit their email addresses with the R & T Agents or convert their shares into demat form and update their email addresses with the depositories so that they receive the Company's communications promptly.

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 2004 or any subsequent financial years in which dividend was paid are requested to file their claim with 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 by the Company to the Investor Education and Protection Fund is given in the table below.

Date of AGM	Balance as on 31 August 2011(₹)	Dividend for the year	Transfer to Investor Education & Protection Fund
2 Sept 2004	429970.50	2003-04	2 Oct 2011
14 Sept 2005	946674.00	2004-05	14 Oct 2012
13 Sept 2006	784012.50	2005-06	13 Oct 2013
2 Aug 2007	654097.00	2006-07	2 Sept 2014
2 Aug 2008	742914.00	2007-08	2 Sept 2015
7 Aug 2009	813474.00	2008-09	7 Sept 2016
Total	4371142.00		

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.



**Annexure to the Notice dated 14 September 2011**

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

**In respect of Item No. 6**

Under the Shareholders' Agreement of February 2002, PanatoneFinvest Limited vide their letter dated 13 January 2011 indicated that Mr. Vinod Kumar, director of the Company be appointed as the Managing Director of the Company with effect from 1 February 2011, in place of Mr. Srinath and that Mr. Srinath would continue to sit on the Board of the Company as a non-executive director not liable to retire by rotation. Accordingly, Mr. Vinod Kumar has been appointed as the Managing Director and Group & CEO by the Board of Directors of the Company at its meeting held on 13 January 2011 w.e.f. 1 February 2011 for a period of 5 years, subject to the consent of the members and shareholders of the Company and subject to the applicable regulatory approvals from the Central Government and all other applicable authorities. At the time of appointment of Mr. Vinod Kumar was an Indian citizen but was not resident in India. In May 2011, Mr. Vinod Kumar was granted citizenship of the Republic of Singapore requiring him to surrender his Indian citizenship. The remuneration drawn by Mr. Vinod Kumar as Managing Director of Tata Communications Limited is within the limits prescribed by Schedule XIII and the provisions of Companies Act 1956 and does not require Central Government approval. However, approval of Central Government was required since Mr. Vinod Kumar did not meet the condition (e) of Part I of Schedule XIII regarding the person being a resident in India. Accordingly due application was made with the Central Government for Mr. Vinod Kumar's appointment.

The Central Government vide their letter dated 28 June 2011 approved the appointment of Mr. Vinod Kumar with effect from 01 February 2011 till ensuing General Meeting of the Company and the proposal for the remaining period shall be reconsidered by the Central Government after receipt of the Members resolution of the Company.

The main terms and conditions of the Agreement dated 19 April 2011 with Mr. Vinod Kumar together with the memorandum of concern or interest were duly sent to the Shareholders on 25 April 2011 and are given below:

**1. Appointment as MD & Group CEO :**

- a) This Appointment is effective from 01 February 2011, and the period of this appointment will be for a period of five years, till 31 January 2016, unless otherwise decided by the Board of Directors.
- b) This Appointment may be terminated by either party giving to the other party six months' notice or the Company paying six months' basic salary in lieu thereof.
- c) This Appointment shall also be subject to all such approvals as may be required including that of the members of the Company in a General Meeting as also the Central Government pursuant to section 316 read with sections 198, 269, 309, 310 and Schedule XIII and all other applicable provisions of the Companies Act, 1956 and pursuant to the provisions of the Memorandum of Association and pursuant to the provisions of Article 66G of the Articles of Association.

**2. Remuneration**

- a) The MD & Group CEO shall be governed by such terms and conditions applicable to the Tata Group managing directors.
- b) Subject to the sectoral percentage limits as laid down in sub-section (3) of Section 309 of the Companies Act 1956 and the overall limit as laid down in sub-section (1) of Section 198 of the Companies Act 1956, and further subject to the approvals as may be necessary in terms of Sections 198, 269, 309, 310 and 311 of the Companies Act 1956 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 MD & Group CEO during the continuance of this agreement the following remuneration:

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- i) As on 1 February 2011 the remuneration package to be as given in the table below:

Salary Components	In ₹ Lakhs per Year #
Basic in the scale of Rs.0.40 Crore – Rs.1.00 Crore per annum *	49 *
Allowances *	80 *
PF (Employer) @ 12% of Basic (as applicable on date)	6 *
<b>Total Pay</b>	<b>135</b>
Variable Pay (Performance Linked, upto 100% of Basic + Allowances + PF (employer) contribution) **	<b>135 **</b>
<b>Total (Basic + Allowance + PF (employer) contribution) + Variable Pay) – not exceeding</b>	<b>270</b>
<b>Deductions</b>	
Employee's PF contribution(as applicable)	6
TDS (as applicable)	

\* Payable monthly.

\*\* Payable annually after due assessment.

# Amounts may be revised by the Board every year in consonance with annual variation in the Basic salary in the given scale.

- ii) Term: Five years commencing from 1 February 2011 with first year's remuneration fixed as per the table above, payable from 1 February 2011 to 31 January 2012. The remuneration to be reviewed and refixed thereafter on each anniversary of the appointment duly evaluated / recommended by the Remuneration Committee and approved by the Board.
- iii) The Total Pay (Basic plus allowances plus PF Company Contribution plus Variable) would be subject to the overall ceilings stipulated in Sections 198, 309 and other applicable provisions of the Companies Act, 1956.
- iv) 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.
- c) Perquisites and Allowances:
- i) 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.
- ii) 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.
- iii) The Company will pay fees of a maximum of two clubs. This will not include life membership fees.
- iv) Payment of premium for appropriate medical insurance for hospitalization for self, wife and dependent children, provision of a 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 2(b)(i) above.
- v) The Company's contribution to gratuity payable as per the rules of the Company and encashment of due and un-availed 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.
- vi) 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.