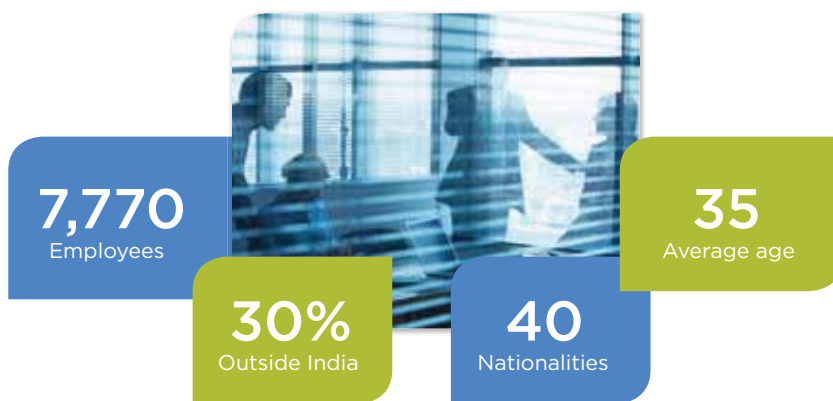


ANNUAL REPORT 2011-2012

*A New World
of Communications*

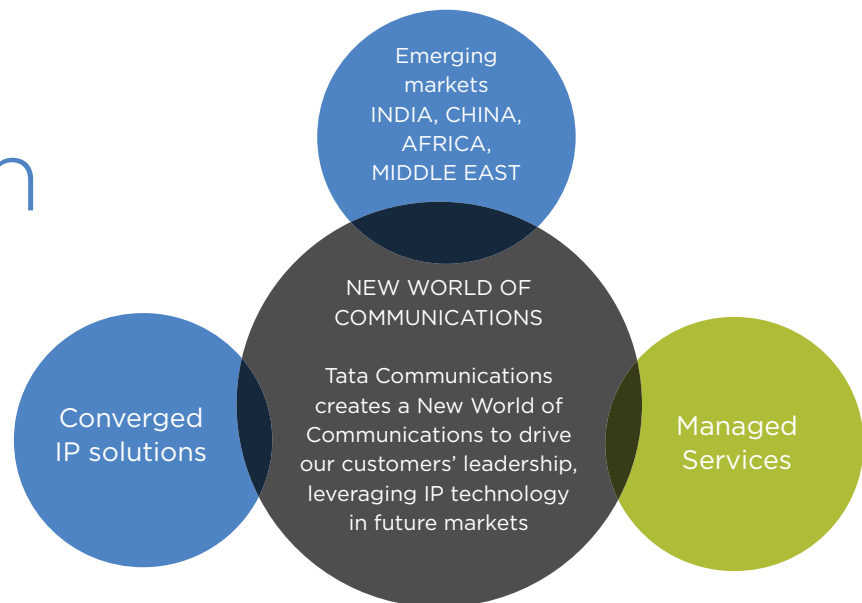


Being part of Tata Communication
is being part of...



A global
workforce

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 SIXTH ANNUAL REPORT 2011-12

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Annual General Meeting on Friday, 27 July 2012, 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.

TATA COMMUNICATIONS

Twenty Sixth Annual Report 2011-2012

Tata Communications Limited

CORPORATE DETAILS

BOARD OF DIRECTORS

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

Mr. Satish Ranade
Mr. Sanjay Baweja

Company Secretary & Chief Legal Officer
Chief Financial Officer

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

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

BANKERS

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

LEGAL ADVISORS ANS Law Associates, Mumbai
Khaitan & Co., Mumbai
Mulla & Mulla and Craigie Blunt & Caroe, Mumbai

STATUTORY AUDITORS S.B. Billimoria & Co., Chartered Accountants

**REGISTRARS &
TRANSFER AGENTS** Sharepro Services (India) Pvt. Ltd.
13 AB, Samhita Warehousing Complex, 2nd Floor,
Near Sakinaka Telephone Exchange, Andheri Kurla Road
Andheri (East), Mumbai - 400 072.

NOTICE

NOTICE is hereby given that the Twenty Sixth Annual General Meeting of Tata Communications Limited will be held at 1100 hours on Friday, 27 July 2012, at MC Ghia Hall, Bhogilal Hargovindas Building, Second Floor, 18/20 Kaikhushru Dubash Road, Kalaghoda, Mumbai – 400023 to transact the following business:

Ordinary Business

1. To receive, consider and adopt the Balance Sheet of the Company as on 31 March 2012, 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 2011-12.
3. To appoint a Director in place of Mr. Amal Ganguli who retires by rotation at this Annual General Meeting and being eligible offers himself for re-appointment.
4. To appoint a Director in place of Mr. S. Ramadorai who retires by rotation at this Annual General Meeting and being eligible offers himself for re-appointment.
5. To appoint a Director in place of Dr. Ashok Jhunjhunwala who retires by rotation at this Annual General Meeting and being eligible offers himself for re-appointment.

Special Business

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

"RESOLVED THAT pursuant to Section 224 A and other applicable provisions, if any, of the Companies Act, 1956, M/s. S.B. Billimoria & Co., Chartered Accountants be and are hereby appointed Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to examine and audit the accounts of the Company for the financial year 2012-13 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 2013) wherever in India or abroad."

By Order of the Board of Directors
Satish Ranade
Company Secretary

Dated : 28 June 2012
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 is annexed hereto.

TATA COMMUNICATIONS

Twenty Sixth Annual Report 2011-2012

Tata Communications Limited

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 2011-12 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 18 July 2012 to 27 July 2012 (both days inclusive) for the purpose of ascertaining eligibility to dividend.
7. The dividend as recommended by the Board of Directors, if declared at this Annual General Meeting, shall be paid on or after Tuesday the 31 July 2012.
 - (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 Tuesday, 17 July 2012.
 - (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 Tuesday, 17 July 2012. 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 2005 or any subsequent financial years are requested to make their claim to the R & T Agents of the Company. According to the provisions of the Act, no claims shall lie against the said Fund or the Company for the amounts of dividend so transferred nor shall any payment be made in respect of such claims. The summary of the unpaid dividend for the past years and the date on which the outstanding amount shall be transferred to Investor Education and Protection Fund on the dates as given in the table below.

Date of AGM	Balance as on 31 March 2012(₹)	Dividend for the year	Transfer to Investor Education & Protection Fund
14 September 2005	944,994.00	2004-05	14 October 2012
13 September 2006	782,190.00	2005-06	13 October 2013
2 August 2007	651,442.00	2006-07	2 September 2014
2 August 2008	739,381.50	2007-08	2 September 2015
7 August 2009	729,729.00	2008-09	7 September 2016
6 August 2010	Nil	2009-10	Not Applicable
11 October 2011	541,450.00	2010-11	11 November 2018
Total	4,389,186.50		

9. Consequent upon the introduction of Section 109A of the Companies Act, 1956, shareholders are entitled to make nomination in respect of shares held by them in physical form. Shareholders desirous of making nominations are requested to send their requests in Form No. 2B in duplicate (which will be made available on request) to the R & T Agents of the Company.

10. Members are requested to notify any change in their addresses immediately, in any event not later than Tuesday, 17 July 2012, so as to enable us to dispatch the dividend warrants at the correct addresses:
 - a) In case of physical shares to the R & T Agents, M/s Sharepro Services India Private Limited, 13 AB, Samhita Warehousing Complex, 2nd Floor, Near Sakinaka Telephone Exchange, Andheri Kurla Road, Andheri East, Mumbai - 400 072.
 - b) In case of shares held in demat form to their depository participants (DPs).
 11. The Ministry of Corporate Affairs (vide circular nos.17/2011 and 18/2011 dated 21 April 2011 and 29 April 2011 respectively), has undertaken a 'Green Initiative in Corporate Governance' and allowed companies to share documents with its shareholders through an electronic mode. A recent amendment to the Listing Agreement with the Stock Exchanges permits companies to send soft copies of the Annual Report to all those shareholders who have registered their email address for the said purpose. Members are requested to support this Green Initiative by registering / updating their email addresses for receiving electronic communications.
-

Annexure to the Notice dated 28 June 2012

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

In respect of Item No. 6

M/s. S. B. Billimoria & Co., Chartered Accountants were appointed as the statutory auditors of the Company at the Twenty Fifth Annual General Meeting of the Company held on 11 October 2011 and hold office till the conclusion of the Twenty Sixth Annual General Meeting. Since the Government of India continues to hold not less than 25% of the subscribed share capital of the Company, the appointment of the auditors of the Company is required to be approved by a Special Resolution pursuant to Section 224A of the Companies Act, 1956.

None of the Directors are interested in the resolution.

The Directors recommend the resolution.

By Order of the Board of Directors
Satish Ranade
Company Secretary

Dated :28 June 2012
Registered Office:
VSB, M.G. Road, Fort,
Mumbai - 400 001.

Details of Directors Seeking Appointment / Re-Appointment at the 26th Annual General Meeting

Particulars	Mr. Amal Ganguli	Mr. S. Ramadorai	Dr. Ashok Jhunjhunwala
Date of Birth	17 October 1939	6 October 1944	22 June 1953
Date of Appointment	17 July 2006	28 June 2007	25 October 2008
Qualifications	Fellow of the Institute of Chartered Accountants in England and Wales, Fellow of Institute of Chartered Accountants of India, member of New Delhi Chapter of Institute of Internal Auditors, Florida, USA, Alumnus of IMI, Geneva.	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	Accounting and Audit	General Management	General Management
Directorships held in other Public Companies (excluding foreign and private companies)	13	15	7
Memberships/Chairmanships of Committees in other Public Companies	10	8	5
Shareholding In TCL	NIL	NIL	NIL

DIRECTORS' REPORT

Dear Shareholders,

The directors are pleased to present the 26th annual report and audited accounts of Tata Communications Limited (TCL) for the financial year ended 31 March 2012.

PERFORMANCE

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

	2011-12 (₹ in Crores)	2011-12 (USD in Million)*	2010-11 (₹ in Crores)	2010-11 (USD in Million)*
Consolidated income	14340.85	2818.01	12185.21	2394.42
Consolidated EBIDTA	1791.49	352.03	1225.27	240.77
Consolidated profit/(loss) after exceptional items and before tax	(718.02)	(141.09)	(706.70)	(138.87)
Consolidated Profit/(loss) after tax	(794.65)	(156.15)	(776.90)	(152.66)
Standalone total income	4270.87	839.24	3802.48	747.20
Standalone Profit before tax	265.12	52.10	154.04	30.27
Standalone Profit after tax	171.34	33.67	162.56	31.94

* All conversion from Indian rupees to US Dollars in the above table as also elsewhere in this report are based on the noon buying rate in New York City for cable transfers in foreign currencies as certified by the Federal Reserve Bank of New York for custom purposes which was ₹50.89 per USD 1.00 on 31 March 2012.

The consolidated net loss includes ₹ 737.47 Crores (USD 144.91 million) from the Company's holding in Neotel, South Africa. Neotel is in its gestation phase, requiring investments to establish the required capabilities. Neotel will continue to need support for some more time before it turns profitable. The consolidated net loss also includes increases in other non-cash costs viz. depreciation on account of significant capitalisation done over the past two years. Your Company remains confident that its strategy is sound and that the direction that the Company is taking will be beneficial to the Company and its stakeholders as we move forward.

Dividend

The directors are pleased to recommend a dividend of ₹2 (USD 0.04) per share (₹2 per share dividend previous year) for the financial year ended 31 March 2012 subject to approval of the Shareholders at the Annual General Meeting.

COMPANY STRATEGY AND DIRECTION

Strategy Overview

Your Company continues to develop and execute its strategy to be a global provider of communication solutions, predominantly targeting business customers. Your Company's strategy continues to be focused on creating a portfolio of communication and IT infrastructure services to leverage the trends shaping our chosen business segments. The key trends that we aim to address are:

- The growth of emerging new market economies, with an emphasis on India, Asia, the Middle East and Africa;
- The growth of IP and cloud-based communication and IT solutions; and
- The shift towards managed services, which allows our client businesses to focus on their core competencies.

Your Company has been investing in the underlying infrastructure to support the growing role of the

internet in the lives of consumers and businesses, the increased penetration of more powerful end-user devices such as smart-phones, tablets etc., and a more globally connected and collaborative business environment. This infrastructure includes long distance networks, metro networks, international submarine cables, data centres and virtual private network nodes.

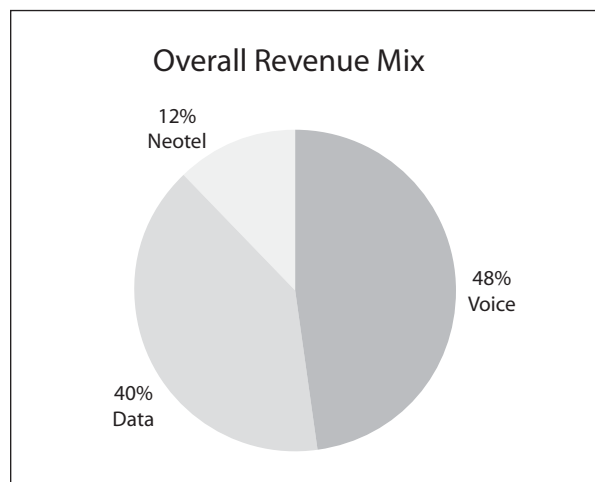
REVIEW OF OPERATIONS

Geographical presence

Your Company continues to grow its business in both India and globally. The revenue distribution between India and the rest of the world was 24% and 76% respectively in 2011-2012.

Segment and Product Distribution

Your Company maintains a healthy blend of revenues across its various products and segments. During 2011-12, voice services contributed 48% to revenues, data services contributed 40% and Neotel contribution grew considerably to 12% of the total revenue. Within the data services segment, the contribution to revenue by the two segments i.e. service providers and enterprises were fairly balanced with 49% and 51% of the total respectively.



Highlights of Segment Operations

Global Voice

During the year, Tata Communications' international long distance voice traffic grew 13.40% from 41.19

billion minutes in 2010-11 to 46.72 billion minutes in 2011-12. National long distance voice traffic in India decreased by 18% to 8.55 billion minutes in 2011-12. However, gross margins from voice declined 5% to US Cents 0.45 per minute, from US Cents 0.47 per minute a year earlier.

Global Data

Tata Communications' data portfolio continued to expand during 2011-12, and the launch of cloud computing solutions in India and Asia marked an entry into a fast-growing market segment. Revenues from this business segment were well-balanced between India 50% and the rest of the world 50%; and between service providers 51% and enterprises 49%. The Company's strategy of expanding into managed services is beginning to show results, with managed services contributing 25% to the global data services segment.

Neotel (Proprietary) Ltd.

Neotel was set up as South Africa's (SA) Second National Operator (SNO) in 2005-2006. The Company was selected by the South African Government as a strategic partner to participate with a 26% effective stake and provide best practice, cost effective telecommunication solutions to South African businesses and consumers through the use of innovative technologies. Over the last three years, the Company has increased its effective stake in Neotel to 64.10% by acquiring shares from other partners in the joint venture, thereby assuming a position of a majority shareholder in Neotel.

Neotel today employs almost 1000 people and offers communication services to the wholesale, enterprise and consumer segments in South Africa. Neotel runs South Africa's first next generation network and the country's first CDMA network. During the course of 2011-12, Neotel had several major achievements including a 25% year on year growth in its revenues and turning profitable at the operating (EBITDA) level. Neotel increased its business customers by 92% to 2400 and retail customers by 100% to about 100,000.

Customer Satisfaction

In the highly competitive Indian and global telecom markets, one of the biggest sources of sustainable advantage is superior customer experience. Tata