



# A New World of Communications

Annual Report 2012-2013



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

## A global workforce

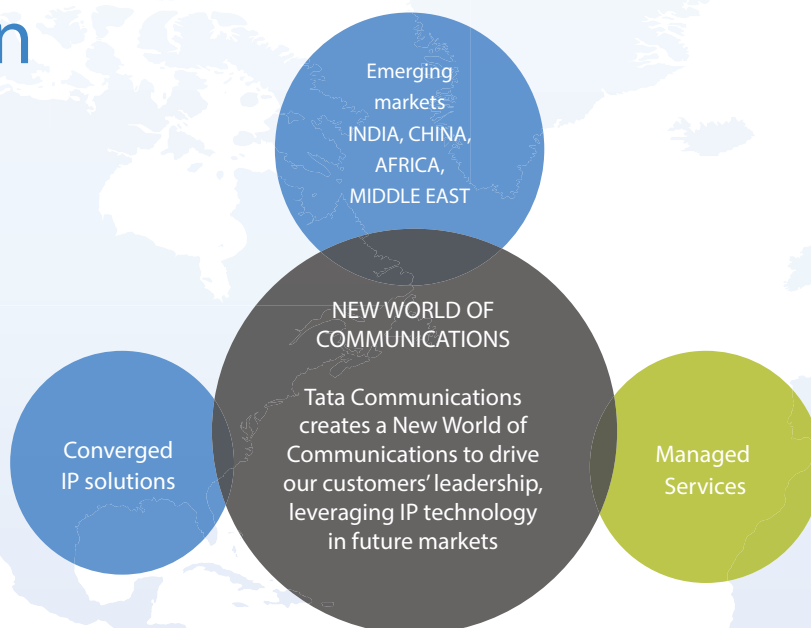
7,700  
Employees

30%  
Outside India

40  
Nationalities

36  
Average age

## A global vision



## A global position

#1 Enterprise data in India

#1 Wholesale connectivity globally

#1 International wholesale voice



## Tata Communications Limited

# TWENTY SEVENTH ANNUAL REPORT 2012-13

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**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)  
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**

Axis Bank	Indian Bank
ANZ Bank	ICICI Bank Ltd.
Bank of America	Indian Overseas Bank
Citibank Inc.	Indusind Bank Ltd.
Deutsche Bank	Kotak Mahindra Bank Ltd.
Development Bank of Singapore (DBS)	Royal Bank of Scotland
HDFC Bank Ltd.	State Bank of India
Hongkong & Shanghai Banking Corporation (HSBC)	Standard Chartered Bank
ING Vysya Bank	Yes Bank Ltd

**LEGAL ADVISORS**

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

**STATUTORY AUDITORS**

S.B. Billimoria & Co., Chartered Accountants

**REGISTRARS &  
TRANSFER AGENTS**

Sharepro Services (India) Pvt. Ltd.  
13 AB, Samhita Warehousing Complex, 2nd Floor,  
Near Sakinaka Telephone Exchange, Andheri Kurla Road  
Andheri (East), Mumbai - 400 072.  
Tel : (022) 2851 1872, 67720300/400.  
Fax : (022) 26591586, 28508927.  
E-mail : sharepro@shareproservices.com



## NOTICE

NOTICE is hereby given that the Twenty Seventh Annual General Meeting of Tata Communications Limited will be held at 1100 hours on Friday, 26 July 2013, at NSE Auditorium, Ground Floor, National Stock Exchange of India Ltd., Exchange Plaza, Plot no. C/1, G Block, Bandra-Kurla Complex, Bandra (E), Mumbai - 400 051 to transact the following business:

### Ordinary Business

1. To receive, consider and adopt the Balance Sheet of the Company as on 31 March 2013, 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 2012-2013.
3. To appoint a Director in place of Mr. Srinath Narasimhan 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. Subodh Bhargava 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 Mr. Kishor Chaukar who retires by rotation at this Annual General Meeting and being eligible offers himself for reappointment.

### 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 2013-14 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 2014) wherever in India or abroad."*

By Order of the Board of Directors  
Satish Ranade  
Company Secretary

Dated : 24 June 2013  
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 Item No. 6 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 2012-13 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 19 July 2013 to 26 July 2013 (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 30 July 2013.
  - (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, 18 July 2013.
  - (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, 18 July 2013. 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 2006 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 Mar 2012 (₹)	Dividend for the year	Transfer to Investor Education & Protection Fund
13 Sept 2006	771,673.50	2005-06	14 Oct 2013
2 Aug 2007	638,653.00	2006-07	2 Sept 2014
2 Aug 2008	723,501.00	2007-08	2 Sept 2015
7 Aug 2009	704,070.00	2008-09	7 Sept 2016
6 August 2010	NIL	NIL Dividend	Not Applicable
11 October 2011	509,398.00	2010-11	11 October 2018
27 July 2012	563,178.00	2011-12	27 July 2019
<b>Total</b>	<b>3,910,473.50</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, 18 July 2013, 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, 2<sup>nd</sup> Floor, Near Sakinaka Telephone Exchange, Andheri Kurla Road, Andheri East, Mumbai - 400072.
  - b) In case of shares held in demat form to their depository participants (DPs).



**Annexure to the Notice dated 24 June 2013**

**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 Sixth Annual General Meeting of the Company held on 27 July 2012 and hold office till the conclusion of the Twenty Seventh 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 resolutions.

By Order of the Board of Directors  
Satish Ranade  
Company Secretary

Dated : 24 June 2013  
Registered Office:  
VSB, Fort  
M.G. Road, Mumbai - 400 001.



**Details of Directors Seeking Appointment / Re-Appointment at the 27<sup>th</sup> Annual General Meeting**

<b>Particulars</b>	<b>Mr. Srinath Narasimhan</b>	<b>Mr. Subodh Bhargava</b>	<b>Mr. Kishor Chaukar</b>
Date of Birth	8 July 1962	30 March 1942	1 August 1947
Date of Appointment	13 February 2002	15 May 2002	1 July 2002
Qualifications	B.E. (Mech), MBA	B.E. (Mech)	BA (Eco) – Karnataka University, PGDBA (Indian Institute of Management, Ahmedabad), DEA – Rural Economics – University of Dijon, France.
Expertise in Specific Functional Area	General Management	General Management	General Management
Directorships held in other Public Companies (excluding foreign and private companies)	5	7	12
Memberships/Chairmanships of Committees in other Public Companies	2	5	7
Shareholding In TCL	NIL	NIL	NIL



## DIRECTORS' REPORT

Dear Shareholders,

The directors are pleased to present the 27<sup>th</sup> annual report and audited accounts of Tata Communications Limited (TCL) for the financial year ended 31 March 2013.

### PERFORMANCE

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

	2012-13 (₹ in Crores)	2012-13 (USD in Million)*	2011-12 (₹ in Crores)	2011-12 (USD in Million)*
Consolidated income	17,439.54	3,198.74	14,340.85	2,630.38
Consolidated EBIDTA	2059.72	377.79	1,791.49	328.59
Consolidated profit/(loss) after exceptional items and before tax	(430.71)	(79.00)	(718.02)	(131.70)
Consolidated Profit/(loss) after tax	(623.21)	(114.31)	(794.65)	(145.75)
Standalone total income	4,796.34	879.74	4,270.87	783.36
Standalone Profit before tax	656.69	120.45	265.12	48.63
Standalone Profit after tax	475.24	87.17	171.34	31.43

\* All conversions from Indian rupees to US dollars in the above table and 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 ₹ 54.52 per USD on 31 March 2013.

The consolidated net loss includes ₹ 246.90 crores (USD 45.29 million) from the Company's holding in Neotel Pty Ltd (Neotel), South Africa. As a high-potential new business, Neotel needs investments to establish its capabilities. While it has already turned profitable at the operating level, it will require support for a while longer before it becomes fully profitable. The consolidated net loss also includes increase in other non-cash costs, that is, depreciation, because of significant capitalisation done. The Company remains confident that its current strategy and future direction are working to the best advantage of all stakeholders. The Company expects to achieve improved financial performance, based on the strong demand for communication services in a globally connected world and its own ability to leverage the extensive investments it has made over the past several years.

### Dividend

The directors are pleased to recommend a dividend of ₹ 3 (USD 0.05) per share (₹ 2 per share dividend previous year) for the financial year ended 31 March 2013, subject to the approval of the shareholders at the Annual General Meeting.

### OPERATIONS

#### Geographical Presence

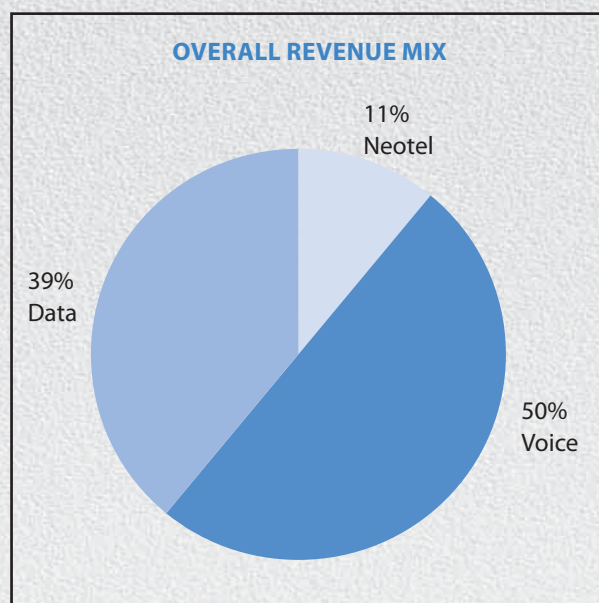
In recent years, the Company has established a strong presence not just in India, but globally. As a result, while 24% of the Company's revenues in 2012-13 came from India, the rest of the world contributed 76%.

#### Segment and Product Distribution

The Company's revenues are now broadly diversified across its various products and segments. During 2012-



13, voice services contributed 50% to revenues, while 39% came from data services and 11% from Neotel. Within the data services segment, revenues are well distributed between its two segments of service providers and enterprises, which contributed 46% and 54% of the total respectively.



#### Global Voice

In the voice business, the trend of the past few years continues, as overall volumes continue to grow, although margins are declining. During the year, the Company's international long distance voice traffic grew 14% from 46.72 billion minutes in 2011-12 to 53.4 billion minutes in 2012-13. National long distance voice traffic in India decreased by 2.5% to 8.35 billion minutes in 2012-13. The gross margins from the voice business fell 11% to US cents 0.003 per minute, from US cents 0.0034 per minute in the previous year.

#### Global Data

The launch of cloud computing solutions in India and Asia enabled the Company to grow its data portfolio to build the presence in this high growth business. The global data business achieved a healthy revenue mix between India 51% and the rest of the world 49%; and between service providers 51% and enterprises 49%. The Company's strategy of expanding into managed services continues to pay off, as managed services now contribute 29% to the global data services segment.

#### Neotel

Neotel, a subsidiary of the Company in South Africa, though still in its gestation period, continues to achieve growth. During the course of 2012-13, Neotel, had several major achievements: its revenues grew 12% year-on-year growth and it turned profitable at the operating (EBIT) level. After achieving an EBITDA profit the year before, Neotel grew that profit 531% during the course of 2012-13. Neotel increased its business customers by 29% to just short of 3,000 and retail customers by 152% to about 152,000. Neotel today employs approximately 1,000 people.

#### Customer Satisfaction

The Company believes that providing an excellent customer experience generates a crucial sustainable advantage and has made this an important focus area. In 2012-13, the Company's customer loyalty ratings stood at the 84th percentile of its global peer set. In order to create a customer-centric culture, the Company is improving existing processes for faster service deployment and support to customers, investing in a customer portal that enables customer interaction, initiating programmes around "Customer Voice" and acting on the feedback received, and strengthening its people through multi-skilling and leadership training.

#### HUMAN RESOURCES

The Company worldwide has a multicultural workforce, with people of about 40 nationalities on the rolls. The Company seeks to hire, train and retain the best talent available globally to enable efficient and effective performance in a competitive marketplace. At Tata Communications, employees are encouraged to live the vision and values adopted by the Company. The compensation and employee benefit practices of Tata Communications are designed to be competitive in the respective geographies where we operate. Employee relations continued to be harmonious at all our locations, through continuous dialogue and openness.

#### Business Excellence

The Company continues to transform itself in tandem with market and regulatory changes, using the framework of the Tata Business Excellence Model (TBEM), which covers areas such as leadership, strategy, customer and market focus, knowledge management, human