

## ITEM 16 G. CORPORATE GOVERNANCE

We are incorporated under the Indian Companies Act, 1956 and our Shares are listed on the major stock exchanges in India. Our corporate governance framework is in compliance with the Indian Companies Act, 1956, the regulations and guidelines of the Securities and Exchange Board of India and the requirements of the listing agreements entered into with the Indian stock exchanges. We also have American Depositary Shares listed on the New York Stock Exchange.

Section 303A.11 of the NYSE Corporate Governance Standards requires listed companies that are foreign private issuers to disclose the significant ways in which their corporate governance practices differ from those followed by U.S. companies under the NYSE Corporate Governance Standards. The table below sets forth the differences between the rules applicable to U.S. companies under the NYSE Corporate Governance Standards and the Company's practice under Indian law.

<u>NYSE rule applicable to U.S. listed companies</u>	<u>Indian law and the Company's practice</u>
Companies must have a majority of independent directors. (NYSE Corporate Governance Standard 303A.01)	Under Indian law, if the chairman of a board of directors is a non-executive director, at least one-third of the board must be comprised of independent directors and if he is an executive director, at least half of the board must be comprised of independent directors. However, if the non-executive chairman is a promoter of the company or is related to any promoter or person occupying management positions at the Board level or at one level below the board, at least one-half of the board of the company must be independent directors. The chairman of our Board is not an executive of the Company nor is he a promoter of the Company or related to any promoter or person occupying management positions at the Board level or at one level below the Board and four out of twelve members of our Board are independent, which satisfies the requirement under Indian law.
Certain heightened standards apply to "independent directors". (NYSE Corporate Governance Standard 303A.02)	Under Indian law, a director is "independent" so long as he or she <ul style="list-style-type: none"><li>a. apart from receiving director's remuneration, does not have any material pecuniary relationships or transactions with the company, its promoters, its directors, its senior management or its holding company, its subsidiaries or associates which may affect independence of the director;</li><li>b. is not related to promoters or persons occupying management positions at the board level or at one level below the board;</li><li>c. has not been an executive of the Company in the immediately preceding three financial years;</li><li>d. is not a partner or an executive or was not partner or an executive during the preceding three years, of any of the following:<ul style="list-style-type: none"><li>i. the statutory audit firm or the internal audit firm that is associated with the Company, or</li><li>ii. the legal firm(s) and consulting firm(s) that have a material association with the Company;</li></ul></li><li>e. is not a material supplier, service provider or customer or a lessor or lessee of the Company, which may affect independence of the director;</li><li>f. is not a substantial shareholder of the Company, i.e. owning two percent or more of its voting shares;</li><li>g. is not less than 21 years of age.</li></ul> The Company applies this definition in its corporate governance practices and the Company's four independent directors satisfy the requirements of the definition.
Non-management directors must meet at regularly scheduled executive sessions without management. (NYSE Corporate Governance Standard 303A.03)	Under Indian law, there is no such requirement.

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**NYSE rule applicable to U.S. listed companies**

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Companies must have a nominating/corporate governance committee composed entirely of independent directors. (NYSE Corporate Governance Standard 303A.04)

The nominating/corporate governance committee must have a written charter that addresses certain specific committee purposes and responsibilities and provides for an annual performance evaluation of the committee. (NYSE Corporate Governance Standard 303A.04)

Companies must have a compensation committee composed entirely of independent directors. (NYSE Corporate Governance Standard 303A.05)

The compensation committee must have a written charter that addresses certain specific purposes and responsibilities of the committee and provides for an annual performance evaluation of the committee. (NYSE Corporate Governance Standard 303A.05)

Companies must have an audit committee that satisfies the independence requirements of Rule 10A-3 under the Exchange Act and the requirements of NYSE Corporate Governance Standard 303A.02. (NYSE Corporate Governance Standards 303A.06 and 303A.07)

The audit committee must have a written charter that addresses certain specific purposes and responsibilities of the committee, provides for an annual performance evaluation of the committee and sets forth certain minimum duties and responsibilities. (NYSE Corporate Governance Standard 303A.07)

Companies must adopt and disclose corporate governance guidelines. (NYSE Corporate Governance Standard 303A.09)

Companies must adopt and disclose a code of business conduct and ethics for directors, officers and employees, and promptly disclose any waivers of the code for directors or executive officers. (NYSE Corporate Governance Standard 303A.10)

Section 303.A.12 (c) of the NYSE Corporate Governance Standards states that each listed company must submit an executed Written Affirmation annually to the NYSE. The Company submitted its Foreign Private Issuer Section 303A Annual Written Affirmation in November 2008.

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**Indian law and the Company's practice**

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Under Indian law, a nominating/corporate governance committee is not required. The Company does not have such a committee.

Since Indian law does not require a nominating/corporate governance committee, it also does not require a charter for such a committee. The Company does not have such a charter.

Under Indian law, a company's board of directors sets the compensation for non-executive directors. Non-mandatory Indian law recommends that companies establish a remuneration committee composed of non-executive directors and an independent chairman to determine the compensation of executive directors. The Company has such a committee composed of one non-executive director and one independent director.

Indian law does not require that the compensation committee have a charter. The scope of the Company's remuneration committee includes determination of the Board's compensation and the Company's policy on specific remuneration packages for executive directors including pension rights and any other compensation payments.

An audit committee is required under Indian law. The Company has an audit committee composed of four non-executive directors, out of which three are independent, including the committee's chairman, and one of which is a government representative who falls within an exemption to the independence requirement.

The Company has a written audit committee charter that provides for specific purposes and responsibilities as set forth in the Company's listing agreement with the Indian stock exchanges and SOX compliance requirements.

Indian law does not require the adoption and disclosure of corporate governance guidelines. However, information with respect to corporate governance can be found in our annual report for 2008-09 (Page 20 to Page 36) under the headings:

- Report on corporate governance for the year 2008-09
- Declaration regarding compliance by Board Members and Senior Management Personnel with Company's Code of Conduct.
- Chief Executive Officer (CEO) and Chief Financial Officer (CFO) Certification for the Year 2008-09.
- Secretary's Responsibility Statement
- Auditors' certificate on compliance with the conditions of corporate governance under Clause 49 of the Listing Agreements

As required by the regulations framed by the Securities and Exchange Board of India regulations, the Company has adopted a code governing trading in the Company's securities by insiders. As required under the listing agreement with Indian stock exchanges, the Company has also adopted a Code of Conduct for Senior Management and Board Members. The Board members and our senior management have affirmed the Code of Conduct. The Code of Conduct is available on Company's website [www.tatacommunications.com](http://www.tatacommunications.com), but none of the information on the Company's website is incorporated into this document and it should not be considered a part of this document.