

Tata Communications

Q3 FY12 Earnings Update

January 25, 2012

TATA COMMUNICATIONS SAFE HARBOR STATEMENT



Some of the statements herein constitute “forward-looking statements” that do not directly or exclusively relate to historical facts. These forward-looking statements reflect our intentions, plans, expectations, assumptions and beliefs about future events and are subject to risks, uncertainties and other factors, many of which are outside our control. Important factors that could cause actual results to differ materially from the expectations expressed or implied in the forward-looking statements include known and unknown risks. Because actual results could differ materially from our intentions, plans, expectations, assumptions and beliefs about the future, you are urged to view all forward-looking statements contained herein with caution. Tata Communications does not undertake any obligation to update or revise forward looking statements, whether as a result of new information, future events or otherwise.

Key Perspectives

Leadership in Voice continues

- Registers 13.4 bln mins in 3Q'12 vs 12.7 bln mins in 3Q'11
- Revenues up 6% YoY and up 10% QoQ

Data portfolio expands, gains traction

- Revenues up 17% YoY and up 8% QoQ
- Expands its cloud portfolio with the launch of InstaHCM
- Managed services momentum maintained

Neotel turnaround trajectory on track

- EBITDA performance continues to grow QoQ, in line with plans
- Improved resource utilization and productivity benefiting operations

Q3 Highlights

Strong revenue growth YoY QoQ

| | | |
|-----------------------------|-------------|------------|
| Voice (net revenues) | 38% | 21% |
| Data | 17% | 8% |
| Neotel | 167% | -5% |

EBITDA Margin improvement YoY QoQ

| | | |
|---------------|--------------|--------------|
| Voice | +2.8% | +1.5% |
| Data | +2.5% | -3.0% |
| Neotel | NA | +1.4% |

Core Business PAT positive

P&L: Core and Consolidated - YoY

Rs Mn

| | CORE | | STARTUP | | CONSOLIDATED | |
|------------------------------------|--------|---------------|---------|----------------|--------------|----------------------|
| | 3Q'11 | 3Q'12 | 3Q'11 | 3Q'12 | 3Q'11 | 3Q'12 |
| Gross Revenues | 28,535 | 31,648 | 1,645 | 4,394 | 30,180 | 36,041 19% |
| EBITDA | 3,606 | 4,852 | (493) | 166 | 3,114 | 5,019 61% |
| PBIT | 73 | 843 | (825) | (553) | (752) | 290 |
| PBT | (209) | 506 | (1,346) | (1,616) | (1,555) | (1,109) |
| PAT after Minority Interest | (282) | 419 | (1,532) | (1,950) | (1,814) | (1,531) |

FY12 has Neotel consolidated @ 100% (effective stake:61.5%) Vs 43.16% (effective stake: 49%) in FY11

Rs/\$ Exchange rate: 3Q'11 at 44.87; 3Q'12 at 50.84; Rs/Rand: 3Q'11 at 6.49; 3Q'12 at 6.27

P&L: Core and Consolidated – QoQ

Rs Mn

| | CORE | | STARTUP | | CONSOLIDATED | |
|--|--------|---------------|---------|----------------|--------------|--------------|
| | 2Q'12 | 3Q'12 | 2Q'12 | 3Q'12 | 2Q'12 | 3Q'12 |
| Gross Revenues | 29,079 | 31,648 | 4,657 | 4,394 | 33,736 | 36,041 7% |
| EBITDA | 4,671 | 4,852 | 109 | 166 | 4,780 | 5,019 5% |
| PBIT | 1,057 | 843 | (617) | (553) | 440 | 290 |
| PBT | 466 | 506 | (2,564) | (1,616) | (2,098) | (1,109) |
| PAT after Minority Interest | 177 | 419 | (1,829) | (1,950) | (1,652) | (1,531) |

FY12 has Neotel consolidated @ 100% (effective stake:61.5%) Vs 43.16% (effective stake: 49%) in FY11

Rs/\$ Exchange rate: 2Q'12 at 45.74; 3Q'12 at 50.84; Rs/Rand: 2Q'12 at 6.43; 3Q'12 at 6.27

P&L: Core and Consolidated – 9M

Rs Mn

| | CORE | | STARTUP | | CONSOLIDATED | |
|-----------------------------|---------|---------------|---------|----------------|--------------|----------------|
| | 9M'11 | 9M'12 | 9M'11 | 9M'12 | 9M'11 | 9M'12 |
| Gross Revenues | 84,129 | 89,489 | 4,502 | 12,859 | 88,632 | 102,348 |
| | | | | | | 16% |
| EBITDA | 10,095 | 13,430 | (1,390) | (367) | 8,705 | 13,062 |
| | | | | | | 50% |
| PBIT | (545) | 2,279 | (2,320) | (2,490) | (2,865) | (211) |
| PBT | (1,953) | 1,020 | (3,777) | (6,807) | (5,730) | (5,788) |
| PAT after Minority Interest | (1,894) | 353 | (4,310) | (5,690) | (6,204) | (5,337) |

FY12 has Neotel consolidated @ 100% (effective stake:61.5%) Vs 43.16% (effective stake: 49%) in FY11

Rs/\$ Exchange rate: 9M'11 at 45.67; 9M'12 at 47.10; Rs/Rand: 9M'11 at 6.3; 9M'12 at 6.5

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Core Business Performance



Rs Mn

| | 3Q'11 | 2Q'12 | 3Q'12 | YoY | QoQ |
|-----------|--------|--------|--------|-----|-----|
| Gross Rev | 28,535 | 29,079 | 31,648 | 11% | 9% |
| Net Rev | 13,439 | 14,862 | 16,207 | | |
| EBITDA | 3,606 | 4,671 | 4,852 | 35% | 4% |
| PBIT | 73 | 1057 | 843 | | |
| PBT | (209) | 466 | 506 | | |
| PAT | (282) | 177 | 419 | | |

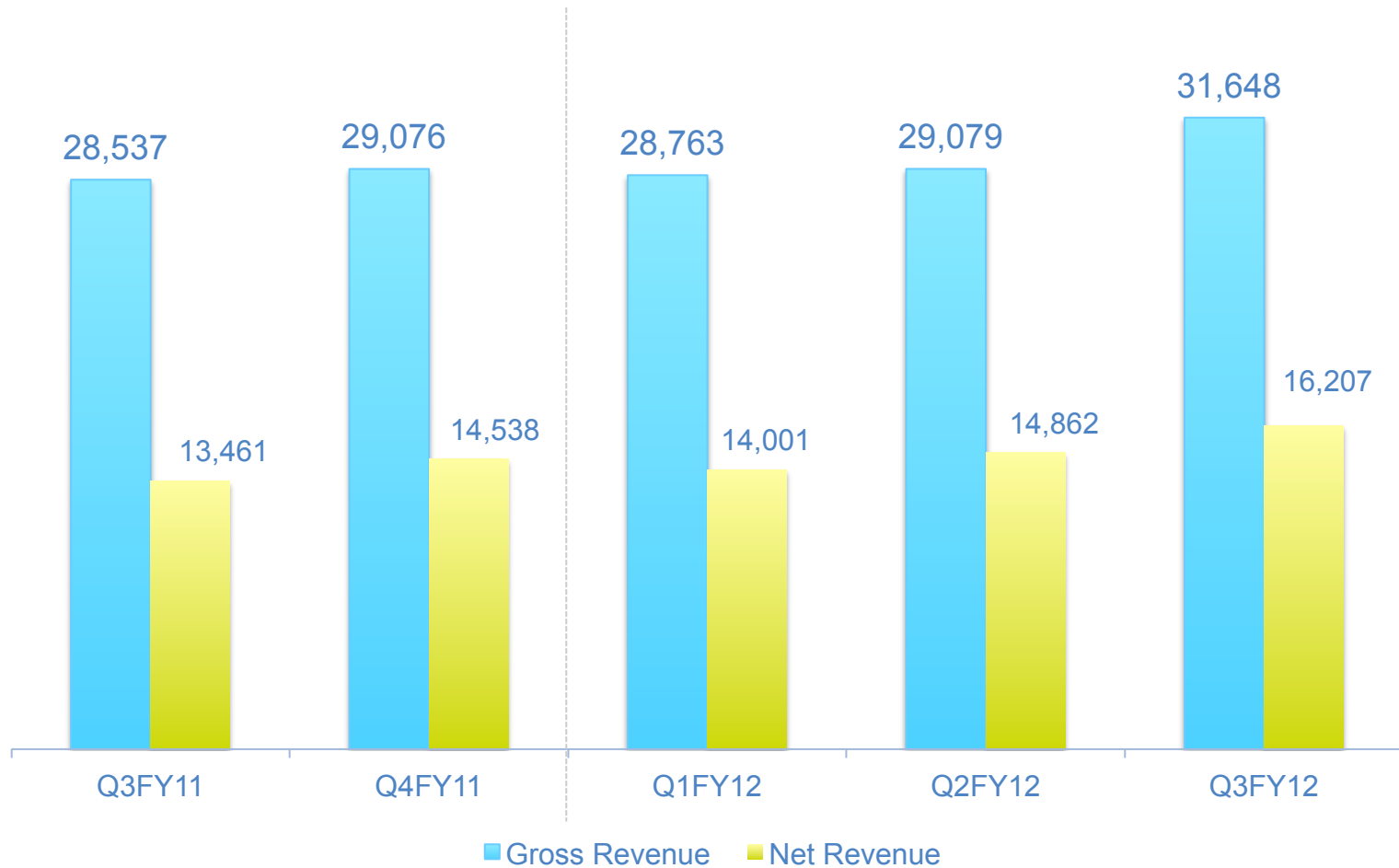
Rs/\$ Exchange rate: 3Q'11 at 44.87; 2Q'12 at 45.74; 3Q'12 at 50.84

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Core Business Gross and Net Revenues

Core revenues improving quarterly

Rs Mn



Rs/\$ Exchange rate: 3Q'11 at 44.87; 4Q'11 at 45.29; 1Q'12 at 44.73, 2Q'12 at 45.74; 3Q'12 at 50.84

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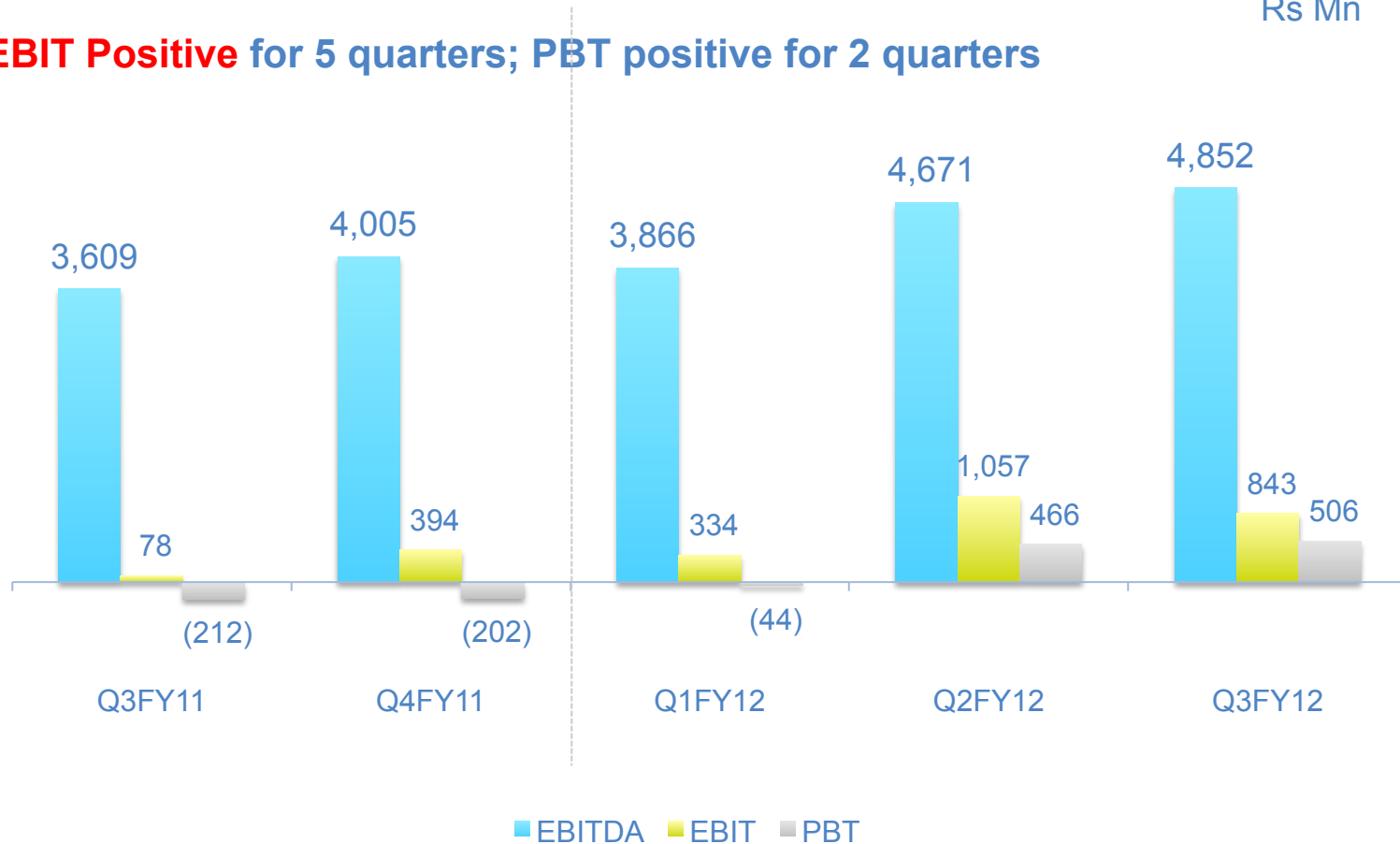
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Core Business Profitability



Rs Mn

EBIT Positive for 5 quarters; **PBT positive** for 2 quarters



Rs/\$ Exchange rate: 3Q'11 at 44.87; 4Q'11 at 45.29; 1Q'12 at 44.73, 2Q'12 at 45.74, 3Q'12 at 50.84

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Core Business by Business Unit

Rs Mn

| | Global Voice | | | Global Data | | |
|------------------|--------------|--------|--------|-------------|--------|--------|
| | 3Q'11 | 2Q'12 | 3Q'12 | 3Q'11 | 2Q'12 | 3Q'12 |
| Gross Rev | 16,240 | 15,758 | 17,273 | 12,295 | 13,321 | 14,375 |
| Net Rev | 2,455 | 2,813 | 3,398 | 10,983 | 12,050 | 12,809 |

Management Estimates of EBITDA margin (3Q'12):

Global Voice 9% (47% on Net Revenues)

Global Data 23%

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Core Debt Profile



| USD Mn | Core | |
|---------------------------------|---------------------|---------------------|
| | As on Sep 30 '11 | As on Dec 31 '11 |
| Foreign Currency Loans | 1,135 | 1,286 |
| Rupee Loans (USD Mn equivalent) | 428 | 319 |
| Rupee Loans Swapped | Nil | Nil |
| Avg. Cost of Loans | 5.95% | 5.87% |
| Total Gross Debt | 1,563 | 1,605 |
| Cash & Cash Equivalent | 81 | 103 |
| Net Debt | 1,482 | 1,502 |

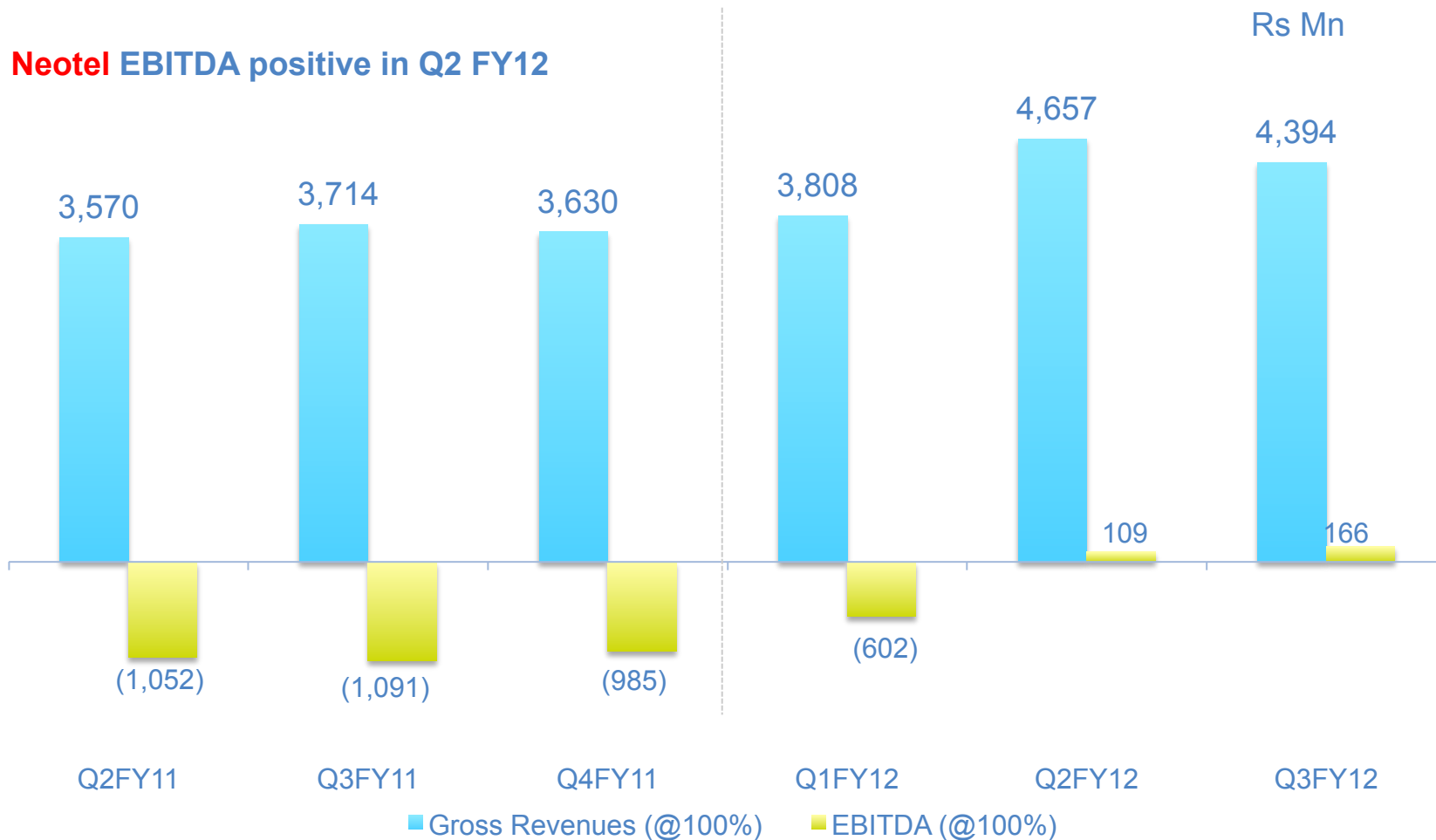
(Consolidated excluding Neotel)

Rs/\$ Exchange rate: as on 30th Sep'11 – 48.94, as on 31st Dec'11 – 53.25

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Quarterly Revenue & EBITDA: Neotel

Neotel EBITDA positive in Q2 FY12



Note: Neotel numbers after Inter-co elimination; Stand-alone would be different
 Rs/ZAR Exchange rate: 3Q'11 at 6.49; 4Q'11 at 6.47; 1Q'12 at 6.58, 2Q'12 at 6.43; 3Q'12 at 6.27

The New World of Communications

Questions

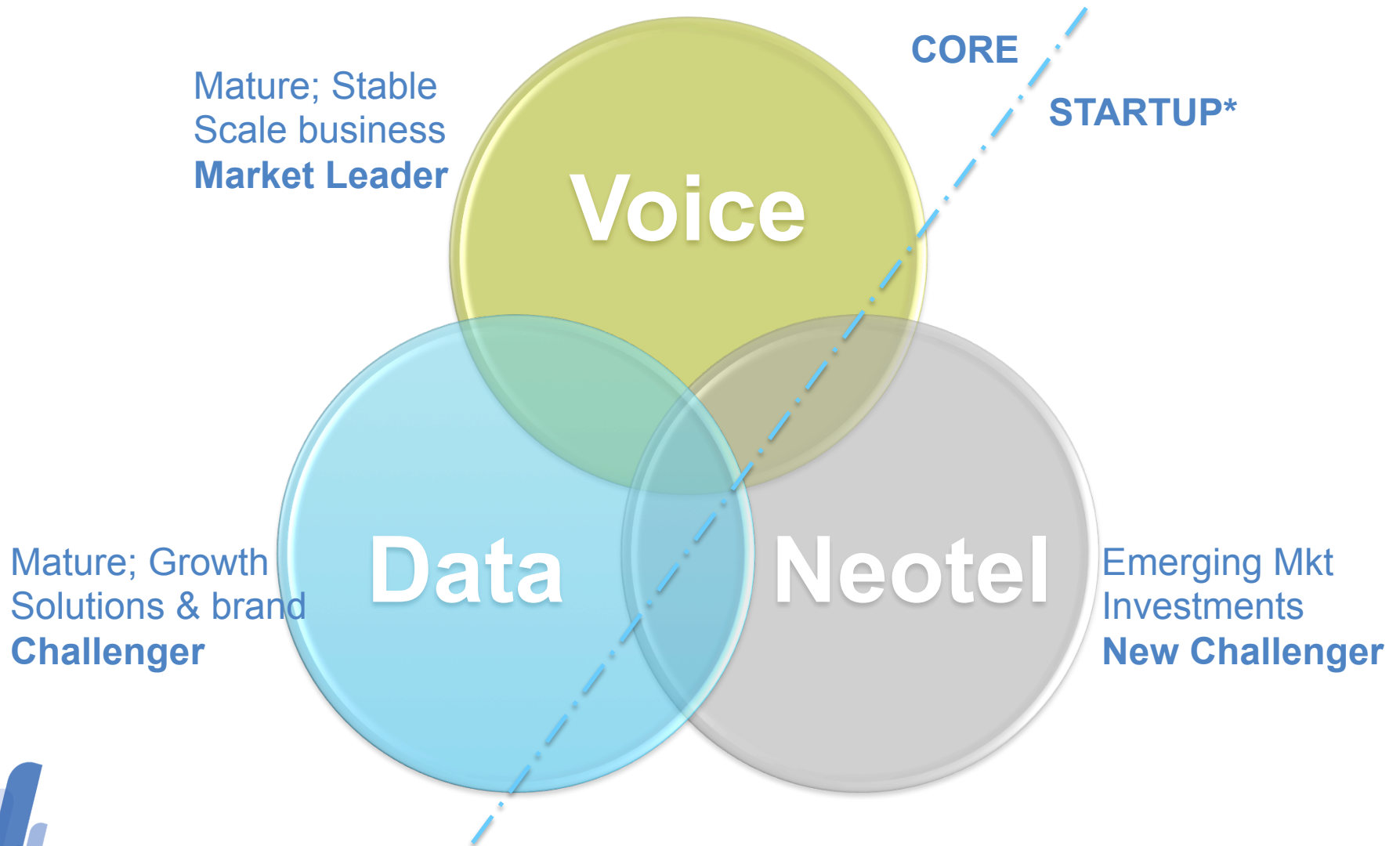


INR Mn

| | Particulars | Standalone TCL | | | | | Consolidated | | | | |
|----|--|-----------------------------------|--------------|----------------------------------|---------------|-----------------------------|-----------------------------------|----------------|----------------------------------|----------------|-----------------------------|
| | | For the quarter ended December 31 | | For the period ended December 31 | | For the year ended March 31 | For the quarter ended December 31 | | For the period ended December 31 | | For the year ended March 31 |
| | | 2011 | 2010 | 2011 | 2,010 | 2011 | 2011 | 2010 | 2011 | 2010 | 2011 |
| 1 | Revenues from Telecommunication and Other Services | 10,192 | 9,248 | 29,911 | 26,946 | 36,118 | 36,041 | 30,180 | 102,348 | 88,632 | 119,320 |
| 2 | Expenditure | - | - | - | - | - | - | - | - | - | - |
| | a. Network Costs | 4,384 | 4,117 | 12,514 | 11,597 | 15,484 | 19,900 | 18,197 | 57,326 | 53,349 | 71,278 |
| | b. Operating and Other Expenses | 2,033 | 1,834 | 5,406 | 5,084 | 6,869 | 5,985 | 4,959 | 16,936 | 14,508 | 19,516 |
| | c. Salaries and Related Costs | 1,555 | 1,293 | 4,486 | 3,889 | 5,205 | 5,137 | 3,911 | 15,024 | 12,070 | 16,273 |
| | d. Depreciation and Amortisation | 1,789 | 1,659 | 5,125 | 4,910 | 6,597 | 4,728 | 3,865 | 13,273 | 11,570 | 15,483 |
| | Total Expenditure (2a to 2d) | 9,760 | 8,902 | 27,531 | 25,479 | 34,154 | 35,751 | 30,932 | 102,558 | 91,496 | 122,550 |
| 3 | Profit / (Loss) from Operations before Other Income, Interest and Exceptional Items (1 - 2) | 432 | 346 | 2,381 | 1,466 | 1,964 | 290 | (752) | (210) | (2,865) | (3,230) |
| 4 | Other Income (net) | (399) | (652) | (983) | (1,068) | (1,622) | 503 | 690 | 900 | 1,358 | 2,011 |
| 5 | Profit / (Loss) before Interest and Exceptional Items (3 + 4) | 832 | 997 | 3,363 | 2,534 | 3,585 | 793 | (61) | 689 | (1,507) | (1,219) |
| 6 | Interest Cost (net) | 404 | 469 | 1,327 | 1,370 | 1,834 | 1,902 | 1,494 | 6,477 | 4,224 | 5,176 |
| 7 | Profit / (Loss) after Interest but before Exceptional Items (5 - 6) | 428 | 528 | 2,036 | 1,164 | 1,752 | (1,109) | (1,555) | (5,787) | (5,730) | (6,396) |
| 8 | Exceptional Items: | | | | | | | | | | |
| | Expense / (Income) | - | - | - | - | - | - | - | - | - | - |
| | a. Severance Cost | - | - | - | - | - | - | - | - | - | 460 |
| | b. Fixed Assets Written off | - | - | - | - | 252 | - | - | - | - | 252 |
| | c. Interest on Income Tax Refund | - | - | - | - | (40) | - | - | - | - | (40) |
| 9 | Profit / (Loss) from Ordinary Activities before Tax (7-8) (Refer note 3 and 4) | 428 | 528 | 2,036 | 1,164 | 1,540 | (1,109) | (1,555) | (5,787) | (5,730) | (7,067) |
| 10 | Tax Expense | 133 | 33 | 705 | (241) | (85) | 155 | 43 | 646 | (125) | (88) |
| 11 | Net Profit / (Loss) from Ordinary Activities after Tax (9 - 10) | 295 | 495 | 1,331 | 1,405 | 1,626 | (1,264) | (1,598) | (6,434) | (5,606) | (6,979) |
| 12 | Extraordinary Items (net of Tax Expense) | - | - | - | - | - | - | - | - | - | - |
| 13 | Net Profit / (Loss) from Ordinary Activities after Tax and Extraordinary Items (11 - 12) | 295 | 495 | 1,331 | 1,405 | 1,626 | (1,264) | (1,598) | (6,434) | (5,606) | (6,979) |
| 14 | Minority Interest | - | - | - | - | - | (269) | 287 | 1,148 | 810 | 1,056 |
| 15 | Share in Loss of Associates | - | - | - | - | - | 3 | (503) | (51) | (1,409) | (1,846) |
| 16 | Net Profit / (Loss) (13+14+15) | 295 | 495 | 1,331 | 1,405 | 1,626 | (1,531) | (1,814) | (5,337) | (6,204) | (7,769) |

TATA COMMUNICATIONS SERVES
BUSINESSES GLOBALLY WITH
**NETWORK, MANAGED
AND CLOUD SERVICES**

TATA COMMUNICATIONS Business Portfolio



* Startup includes consolidation of UTL into Tata Communications, in addition to Neotel

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