



Q3 FY14 Earnings Update

12th February, 2014

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Q3 FY14 and 9M FY14 Performance Overview

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Highlights: Q3 FY14

Consolidated Financial Highlights

- Consolidated Q3 revenues from operation of Rs. 49,537 million, up 11.7% Y-o-Y and stable Q-o-Q
 - Global Data segment continues to drive growth. Strong revenue momentum with MNCs and global enterprises.
- Consistent, in-line EBITDA performance across all segments
 - Global Data EBITDA margins stable at 20.3%
 - Global Voice EBITDA margins normalize to 8.3% driven by pre-envisaged moderation in India termination pricing
 - Start-up (primarily Neotel) EBITDA margins of 31%
 - Q3 FY14 has a write back amounting to Rs 337 million in respect of earlier years. Normalized for that start-up EBITDA margins is steady at 25%
- Consolidated EBITDA (excluding Neotel write back), will be Rs 7,402 million (i.e. 14.9% of revenues from operations)
- Q3 results also include other operating Income of Rs 424 million towards export benefits received
 - This has been excluded while calculating revenue growth and operating margins (EBITDA, EBIT)
 - However, this positively impacts PBT and PAT

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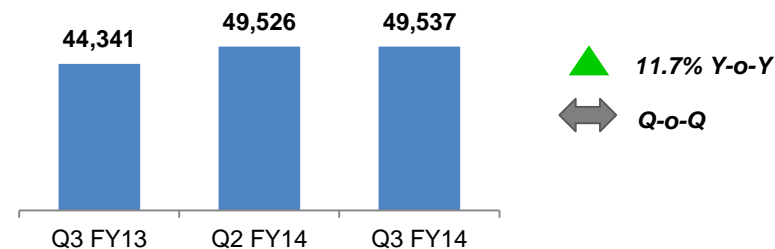
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Consolidated Financial Performance – Q3 FY 2014

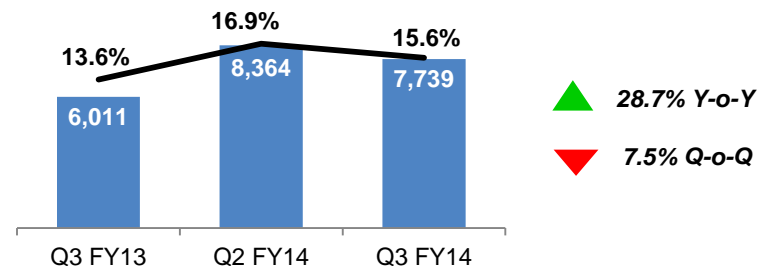
INR Mn

Q3 FY 2013	Particulars	Q2 FY 2014	Q3 FY 2014
44,341	Revenue from operations	49,526	49,537
6,011	Operating EBITDA	8,364	7,739
13.6%	<i>Operating EBITDA %</i>	16.9%	15.6%
610	Operating EBIT	2,933	2,537
1.4%	<i>Operating EBIT %</i>	5.9%	5.1%
(876)	Profit Before Tax and Exceptional Items	1,316	1,230
791	Exceptional Items	-	
(1,668)	PBT	1,316	1,230
-3.7%	<i>PBT (% of total income)</i>	2.6%	2.5%
(2,010)	PAT	804	365
-4.5%	<i>PAT (% of total income)</i>	1.6%	0.7%

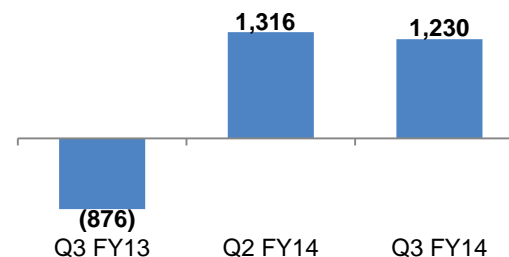
Revenue from Operations



Operating EBITDA and margins (% of gross revenue)



Profit Before Tax and Exceptional Items



Financial Performance by Segment – Q3 FY 2014

INR Mn

	CORE			STARTUP			CONSOLIDATED		
	Q3 FY 2013	Q2 FY 2014	Q3 FY 2014	Q3 FY 2013	Q2 FY 2014	Q3 FY 2014	Q3 FY 2013	Q2 FY 2014	Q3 FY 2014
Gross Revenues	39,532	44,187	44,340	4,810	5,339	5,196	44,341	49,526	49,537
Y-o-Y Growth			12.2%			8.0%			11.7%
Q-o-Q Growth			0.3%			-2.7%			-
EBITDA	5,514	7,037	6,123	496	1,327	1,615	6,011	8,364	7,739
Y-o-Y Growth			11.0%			225.5%			28.8%
Q-o-Q Growth			-13.0%			21.7%			-7.5%
EBIT	792	2,298	1,370	(182)	635	1,166	610	2,933	2,537
Profit Before Tax and Exceptional Items	107	1,635	988	(984)	(319)	242	(876)	1,316	1,230
PBT	(684)	1,635	988	(984)	(319)	242	(1,668)	1,316	1,230
PAT after Minority Interest	(1,107)	1,120	102	(904)	(316)	263	(2,010)	804	365

Average Rs/\$ Exchange rate: Q3 FY13 at 54.12; Q2 FY14 at 62.21; Q3 FY14 at 62.06
 Average ZAR/\$ Exchange rate: Q3 FY13 at 8.69; Q2 FY14 at 10.00; Q3 FY14 at 10.15

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Core Business by Business Unit – Q3 FY 2014

INR Mn

	Global Voice Services (GVS)			Global Data Services (GDS)		
	Q3 FY 2013	Q2 FY 2014	Q3 FY 2014	Q3 FY 2013	Q2 FY 2014	Q3 FY 2014
Gross Revenues	22,143	24,290	23,996	17,839	19,897	20,345
Y-o-Y Growth			8.4%			17.0%
Q-o-Q Growth			-1.2%			2.3%
Net Revenue	3,656	4,302	3,617	12,732	14,421	14,766
Y-o-Y Growth			-1.0%			16.0%
Q-o-Q Growth			-15.9%			2.4%
EBITDA¹	1,941	2,646	1,988	3,573	4,391	4,135
EBITDA Margin %	8.8%	10.9%	8.3%	20.5%	22.1%	20.3%
EBIT¹	1,411	2,108	1,460	(618)	190	(90)
EBIT Margins %	6.4%	8.7%	6.1%	-3.6%	1.0%	-0.4%

¹ Management estimates based on internal MIS and cost allocation assumptions

Average Rs/\$ Exchange rate: Q3 FY13 at 54.12; Q2 FY14 at 62.21; Q3 FY14 at 62.06

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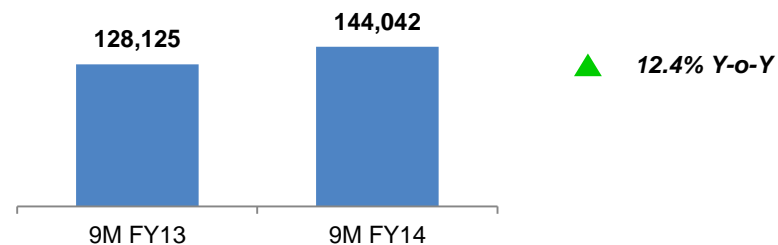
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Consolidated Financial Performance – 9M FY 2014

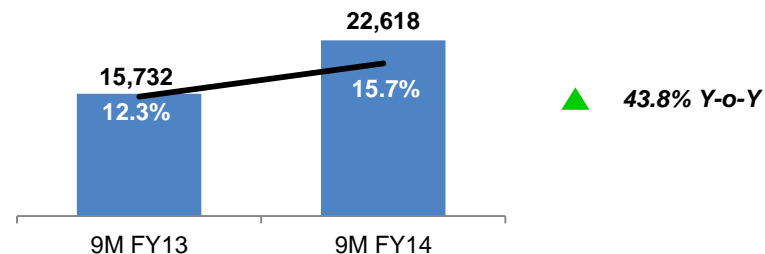
INR Mn

Particulars	9M FY 2013	9M FY 2014
Revenue from operations	128,125	144,042
Operating EBITDA	15,732	22,618
<i>Operating EBITDA %</i>	<i>12.3%</i>	<i>15.7%</i>
Operating EBIT	(266)	6,947
<i>Operating EBIT %</i>	<i>-0.2%</i>	<i>4.8%</i>
Profit Before Tax and Exceptional Items	(4,477)	2,625
Exceptional Items	791	(2,162)
PBT	(5,269)	4,788
<i>PBT (% of total income)</i>	<i>-4.1%</i>	<i>3.3%</i>
PAT	(6,181)	2,114
<i>PAT (% of total income)</i>	<i>-4.8%</i>	<i>1.5%</i>

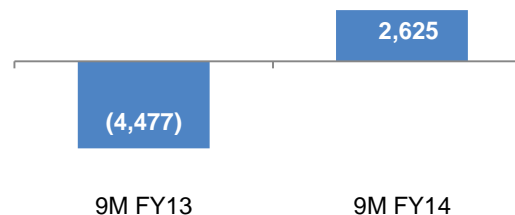
Revenue from Operations



Operating EBITDA and margins (% of gross revenue)



Profit Before Tax and Exceptional Items



Financial Performance by Segment – 9M FY 2014

INR Mn

	CORE		STARTUP		CONSOLIDATED	
	9M FY 2013	9M FY 2014	9M FY 2013	9M FY 2014	9M FY 2013	9M FY 2014
Revenue from Operations	113,836	128,716	14,289	15,327	128,125	144,042
Y-o-Y Growth		13.1%		7.3%		12.4%
EBITDA	14,126	18,668	1,606	3,950	15,732	22,618
Y-o-Y Growth		32.2%		146%		43.8%
EBIT	211	4,729	(477)	2,219	(266)	6,947
Profit Before Tax and Exceptional Items	(1,267)	2,946	(3,210)	(321)	(4,477)	2,625
PBT	(2,059)	5,109	(3,210)	(321)	(5,269)	4,788
PAT after Minority Interest	(3,207)	2,403	(2,974)	(290)	(6,181)	2,114

Average Rs/\$ Exchange rate: 9M FY13 at 54.44; 9M FY14 at 60.03

Average ZAR/\$ Exchange rate: 9M FY13 at 8.36; 9M FY14 at 9.88

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Core Business by Business Unit – 9M FY 2014

INR Mn

	Global Voice Services (GVS)		Global Data Services (GDS)	
	9M FY 2013	9M FY 2014	9M FY 2013	9M FY 2014
Revenue from Operations	63,765	70,517	50,071	58,199
Y-o-Y Growth		10.6%		16.2%
Net Revenue	10,659	12,053	37,407	42,157
Y-o-Y Growth		13.1%		12.7%
EBITDA¹	5,180	7,149	8,946	11,519
EBITDA Margin %	8.1%	10.1%	17.9%	19.8%
EBIT¹	3,642	5,578	(3,431)	(849)
EBIT Margin %	5.7%	7.9%	-6.9%	-1.5%

¹ Management estimates based on internal MIS and cost allocation assumptions

Average Rs/\$ Exchange rate: 9M FY13 at 54.44; 9M FY14 at 60.03

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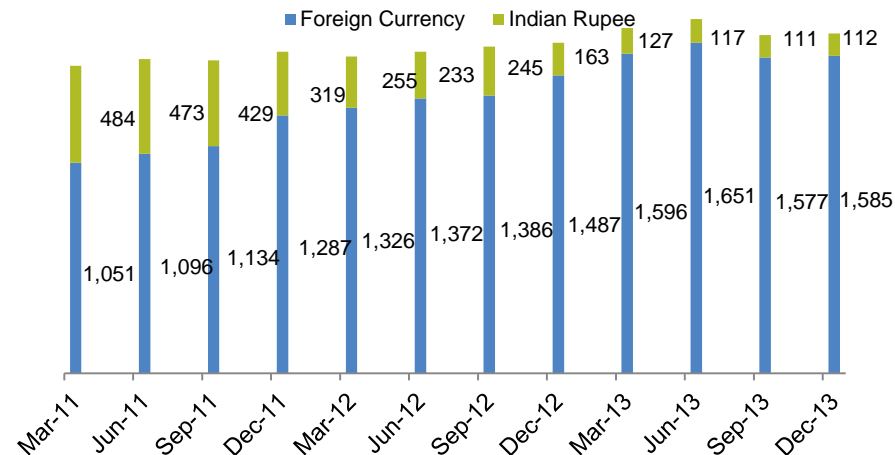
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Debt Profile – Core Business

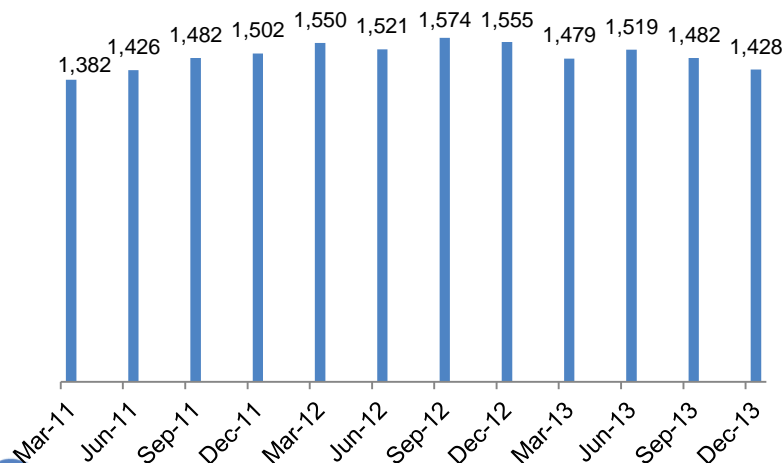
Key Highlights

- Core business is operating at peak debt levels
- Consistent reduction in average cost of borrowing has driven lower interest expense
- Lower interest expense and capex intensity with improved operating performance have set stage for core business deleveraging
- Cash generation during Q3 FY14 was strong and received a fillip from the operational improvements and efficient working capital management

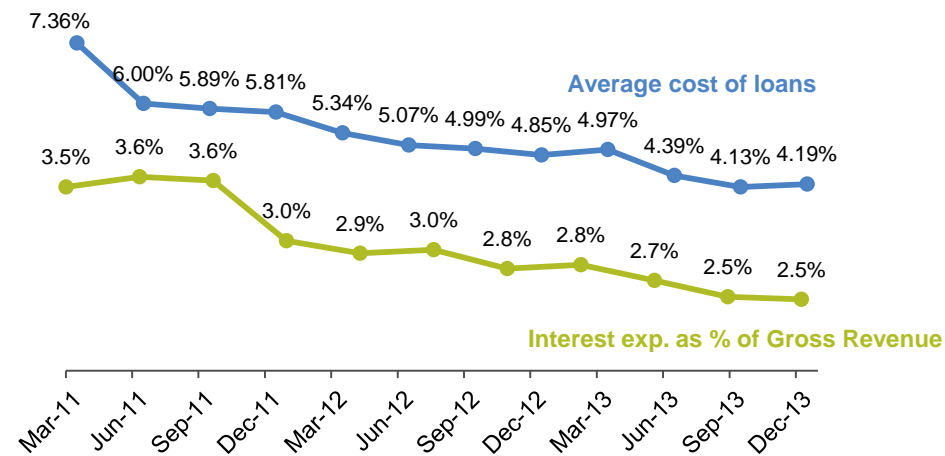
Gross Debt by Currency (US\$ mn)



Net Debt (US\$ mn)



Average Cost of Loans and Interest exp. as % of Gross Rev.



Data points in graphs pertains to respective quarter ending (i.e March-11, June-11 etc.). Please refer to our investor fact sheet for period ended closing exchange rates.

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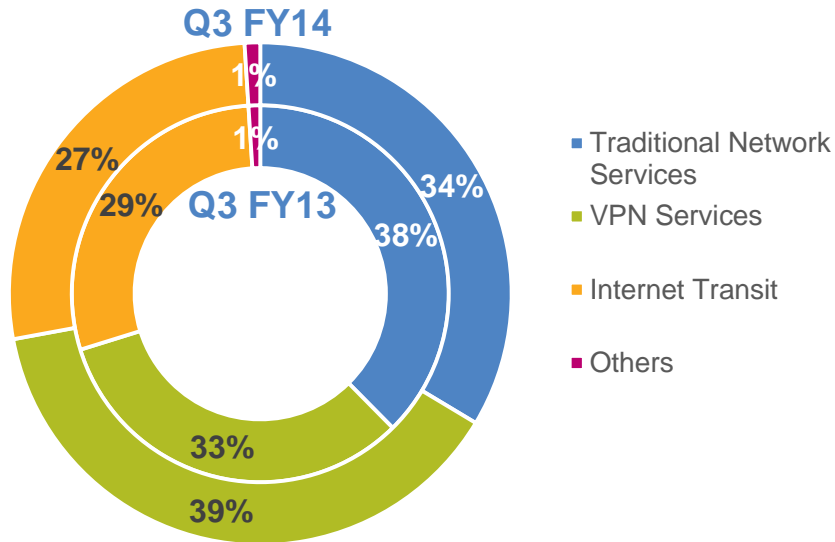


Appendix 1 – Additional Slides

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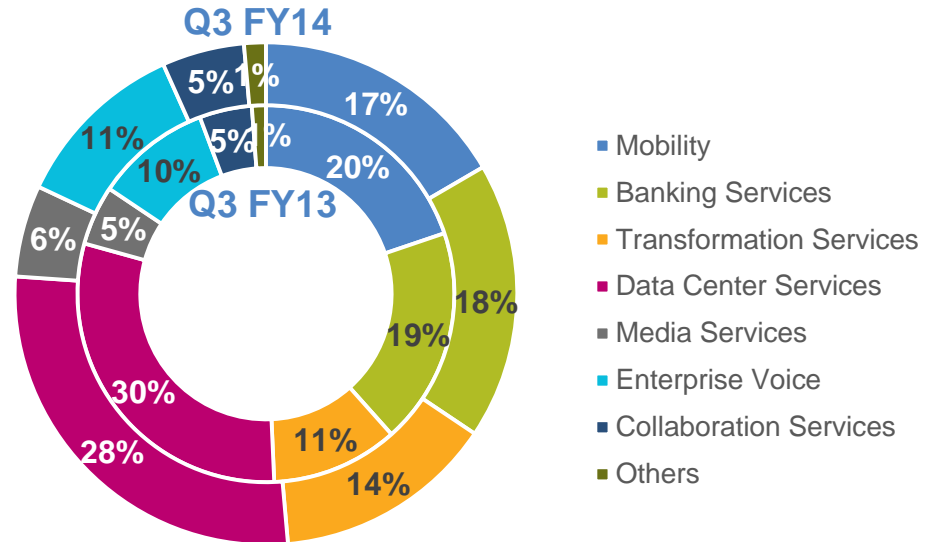
GDMS | YoY Gross Revenue Product Mix

Network Services



- Traditional Network Services
- VPN Services
- Internet Transit
- Others

Managed Services



- Mobility
- Banking Services
- Transformation Services
- Data Center Services
- Media Services
- Enterprise Voice
- Collaboration Services
- Others

Network Service Portfolio

Traditional Network Services: IPL, NPL, IRUs

VPN Services : DGE and VPN

Internet Transit – IP-T, ILL

Other: Inmarsat, GNS others

Managed Services Portfolio:

Banking Services: TCPSL

Transformation Services: TCTSL

Data Center Services: Colo, Hosting, Cloud (IaaS)

Media Services: Vconnect, Broadcast, CDN, Mosaic

Collaboration Services: Telepresence

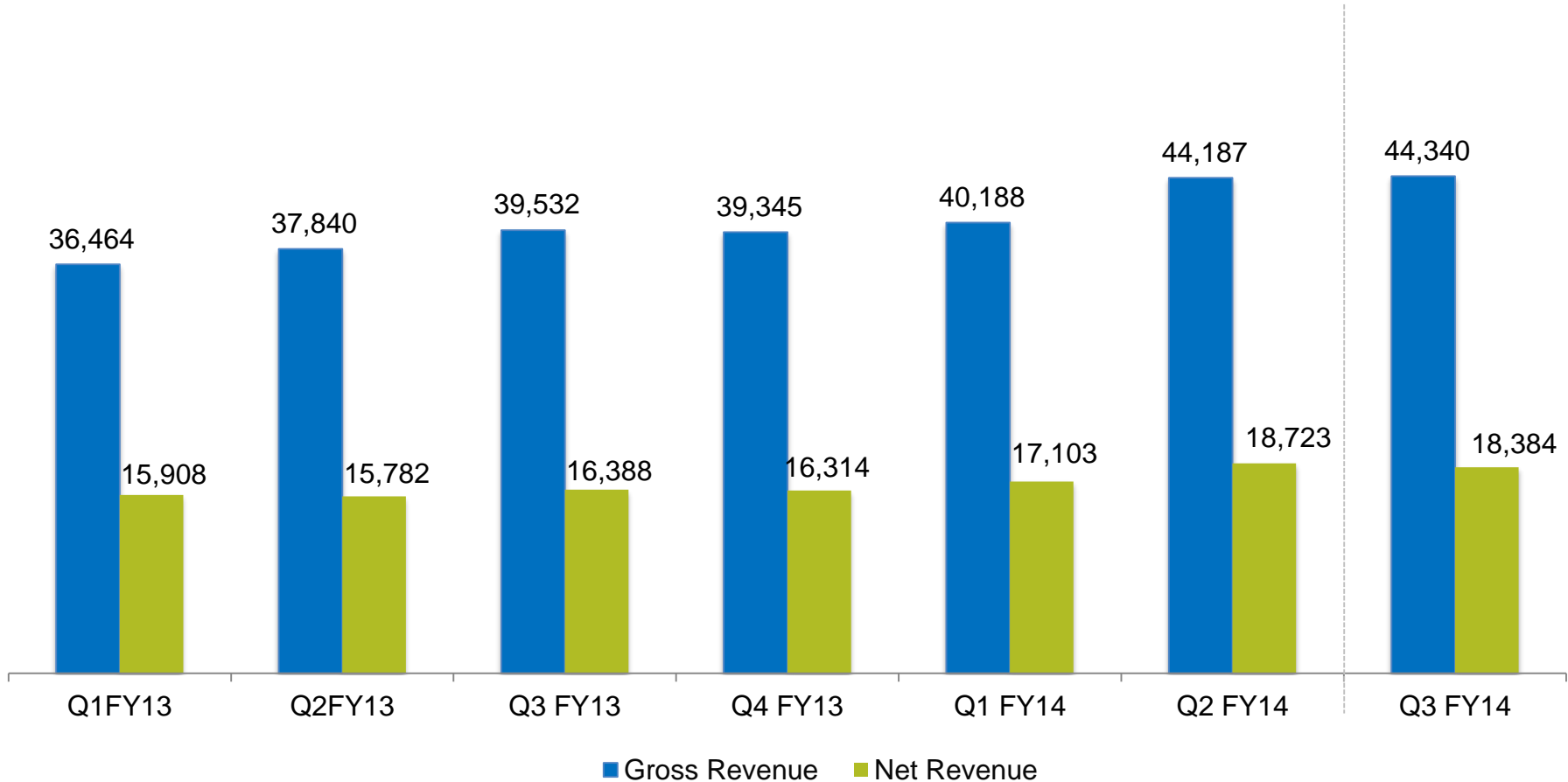
Other: MSS, SaaS

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Core Business Gross and Net Revenues

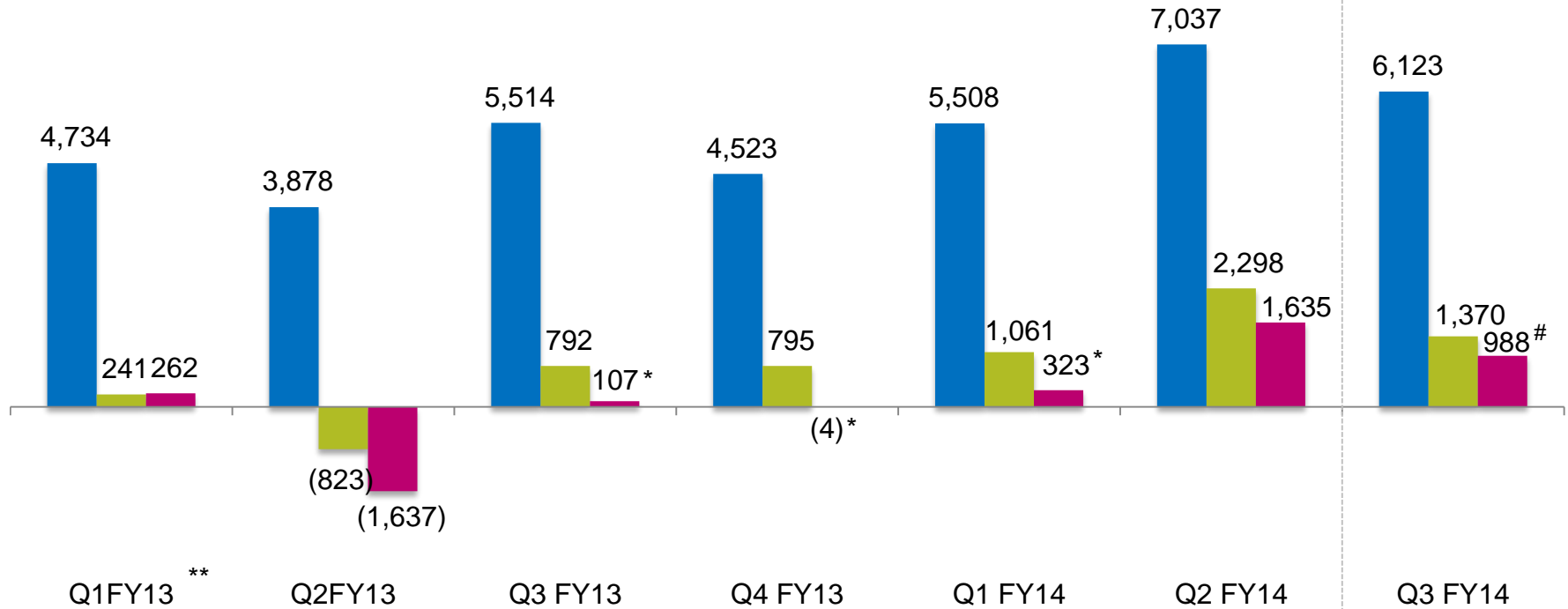
INR Mn



Average Rs/\$ Exchange rate: Q1 FY13 at 53.98; Q2 FY13 at 55.21; Q3 FY13 at 54.12; Q4 FY13 at 54.19; Q1 FY14 at 55.83; Q2 FY14 at 62.21

Core Business EBITDA, EBIT and PBT

INR Mn



* Profit Before Tax and Exceptional Items

■ EBITDA ■ EBIT ■ PBT

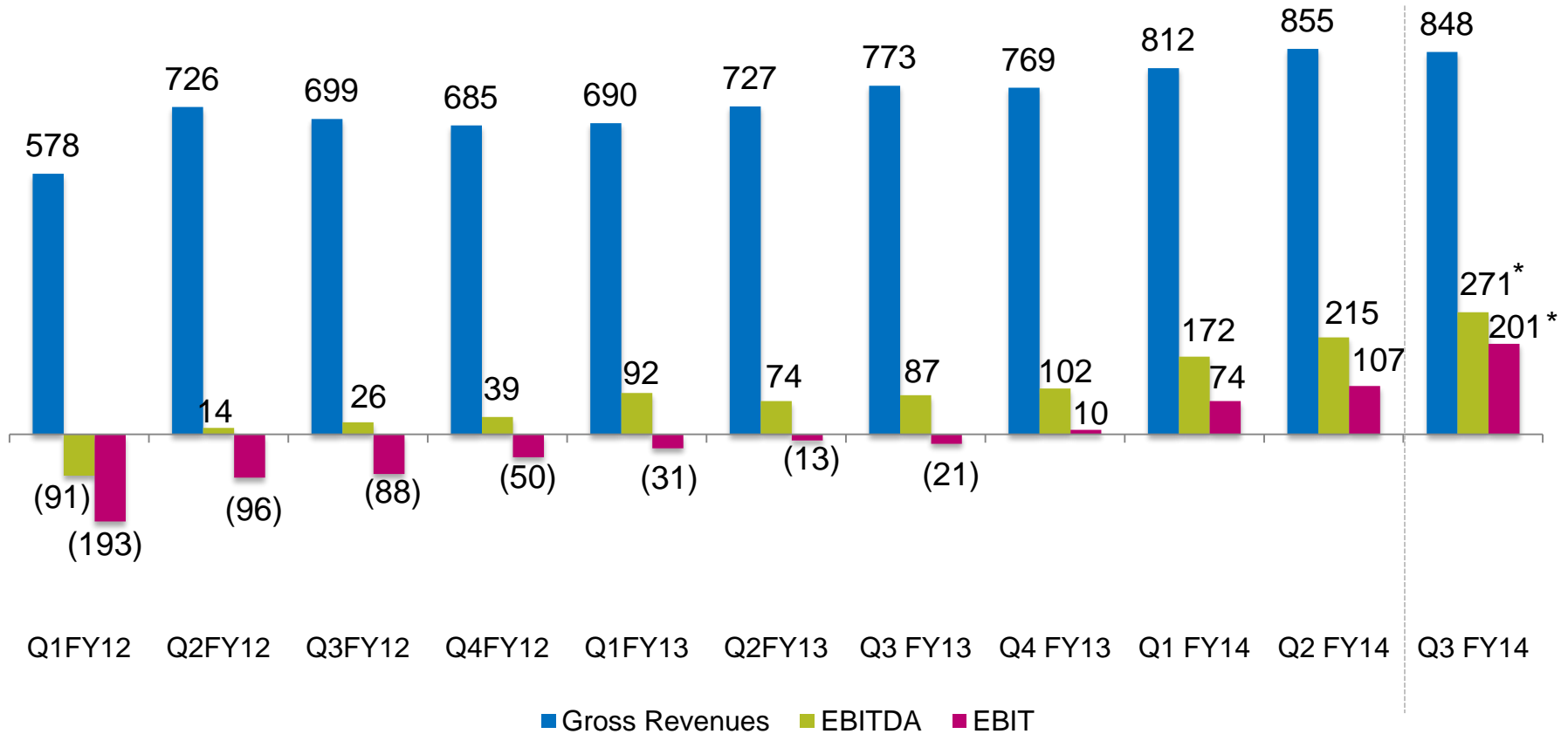
Average Rs/\$ Exchange rate: Q1 FY13 at 53.98; Q2 FY13 at 55.21; Q3 FY13 at 54.12; Q4 FY13 at 54.19; Q1 FY14 at 55.83; Q2 FY14 at 62.21

** Q1 FY13: PBT includes an amount of Rs. 1,105 million being reversal of a provision made in earlier year consequent to a favorable order from TDSAT.

Q3 FY14 PBT includes other operating Income of Rs 424 million towards export benefits received

Quarterly trends : Neotel

ZAR Mn



Neotel EBITDA positive from Q2 FY12 onwards, turned EBIT positive in Q4 FY13

* Q3 FY14 EBITDA includes network cost write back in respect of earlier years amounting to Rs 337 million. EBIT is higher due to retrospective depreciation adjustment for nine month period (9M FY14) on account of increase in useful life of assets

Average ZAR/\$ Exchange rate: Q1 FY12 at 6.79; Q2 FY12 at 7.12; Q3 FY12 at 8.10; Q4 FY12 at 7.77; Q1 FY13 at 8.12; Q2 FY13 at 8.26; Q3 FY13 at 8.69; Q4 FY13 at 8.94; Q1 FY14 at 9.48; Q2 FY14 at 10.00; Q3 FY14 at 10.15

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Appendix 2 – Introduction and Overview of Tata Communications

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Company Overview

- Tata Communications Limited ('TCL') is a leading provider of wholesale long distance Global Voice Solutions & Global Enterprise Data Solutions
- 48.9% was owned by the Tata Group, which is one of India's largest and most reputed multinational conglomerates
- Business consists of 3 segments: Global Voice Solutions ('GVS'), Global Data Solutions ('GDS') and Start-ups (primarily South Africa Operations – Neotel)
- Leader in enterprise data services & wholesale long distance voice services in India; and international voice services & wholesale connectivity globally
- Total 8,049 employees as of Dec'13. 954 employees in the South African operations and 7,095 in core business (GVS+GDS) and corporate

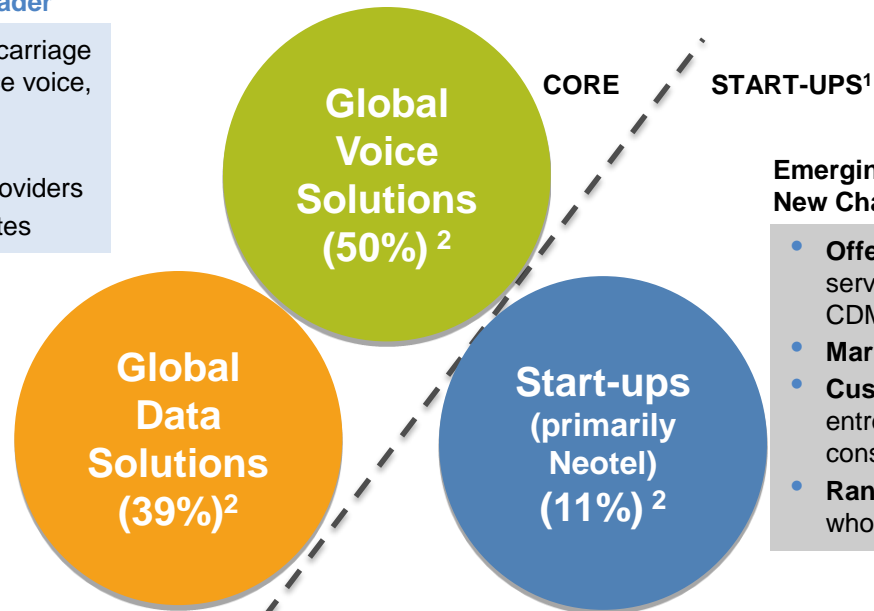
Business Model

Mature; Stable Scale Business – Market Leader

- **Offerings:** Wholesale international voice carriage and termination, India national long distance voice, outsourcing/white label
- **Market:** Global
- **Customers:** Global carriers and service providers
- **Ranking:** #1 in international voice by minutes

Mature; Growth Solutions & Brand – India Leader and Global Challenger

- **Offerings:** Connectivity (focusing on leased circuit networking and IP transit services), data centers, managed services, outsourcing
- **Market:** Global
- **Customers:** Global carriers and enterprises, and mid-market segment in India
- **Ranking:** #1 in India in enterprise data services by revenue



Emerging Market Investment – New Challenger

- **Offerings:** All telecom services except mobile, first CDMA network in South Africa
- **Market:** South Africa
- **Customers:** Carriers, enterprises, SMB and consumers
- **Ranking:** #2 in enterprise and wholesale data in South Africa

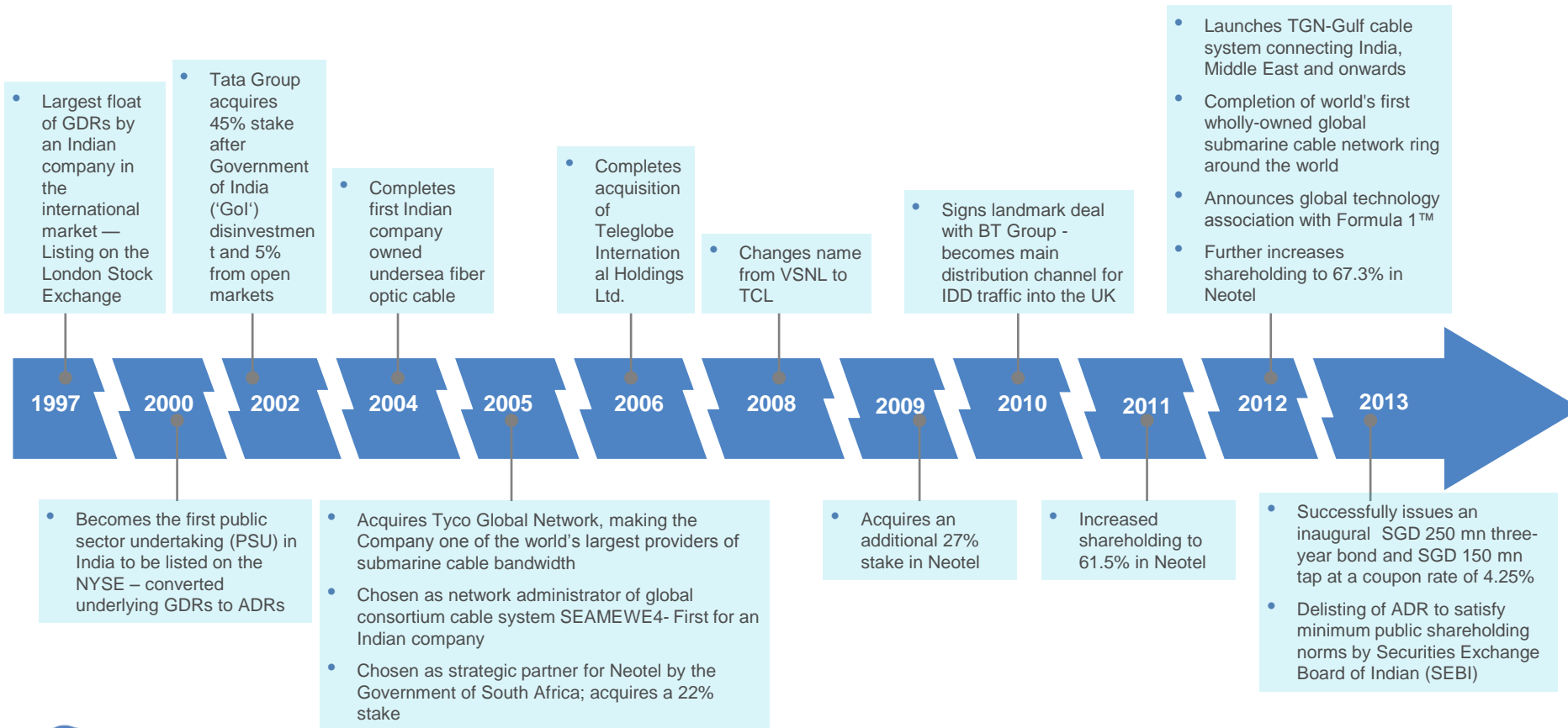
¹ Start-ups also includes United Telecom Limited (UTL) Nepal (26.66% shareholding) besides Neotel (67.32% shareholding)

² (%) of total gross revenues for year ending Mar'13

Growth Path

- Formerly known as Videsh Sanchar Nigam Limited ('VSNL'), TCL has since restructured itself from a pure long distance service provider in India into one of the leading integrated communication solutions providers in the world post acquisition of majority stake by the Tata Group in 2002
- TCL has achieved this transformation through a series of organic and inorganic growth strategies, while maintaining its focus on ILD voice services

Timeline



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Our Vision and Strategy



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Global management team



Vinod Kumar
MD and Group CEO
(Singapore and India)



Sanjay Baweja
CFO
(India)



Michel Guyot
President – Global
Voice Solutions
(Canada)



Allan Chan
President, Global Carrier
Solution
(USA)



Sumeet Walia
Head - Global
Enterprise Business
(India)



Sunil Joshi
MD & CEO of Neotel
(South Africa)



John Hayduk
President, Product Mgmt.
and Service Development (USA)



Rangu Salgame
CEO – Growth Ventures
(India)



Madhusudhan MR
Chief Network Officer &
Head – Customer Service
and Ops (India)



Aadesh Goyal
Global Head, Human
Resources
(India)



John Freeman
General Counsel
(Singapore)



Tri Pham
Chief Strategy Officer
(Singapore)



Sunil Rawal
Global Head Business
Excellence, CQO
(India)



Julie Woods-Moss
Chief Marketing Officer
(UK)



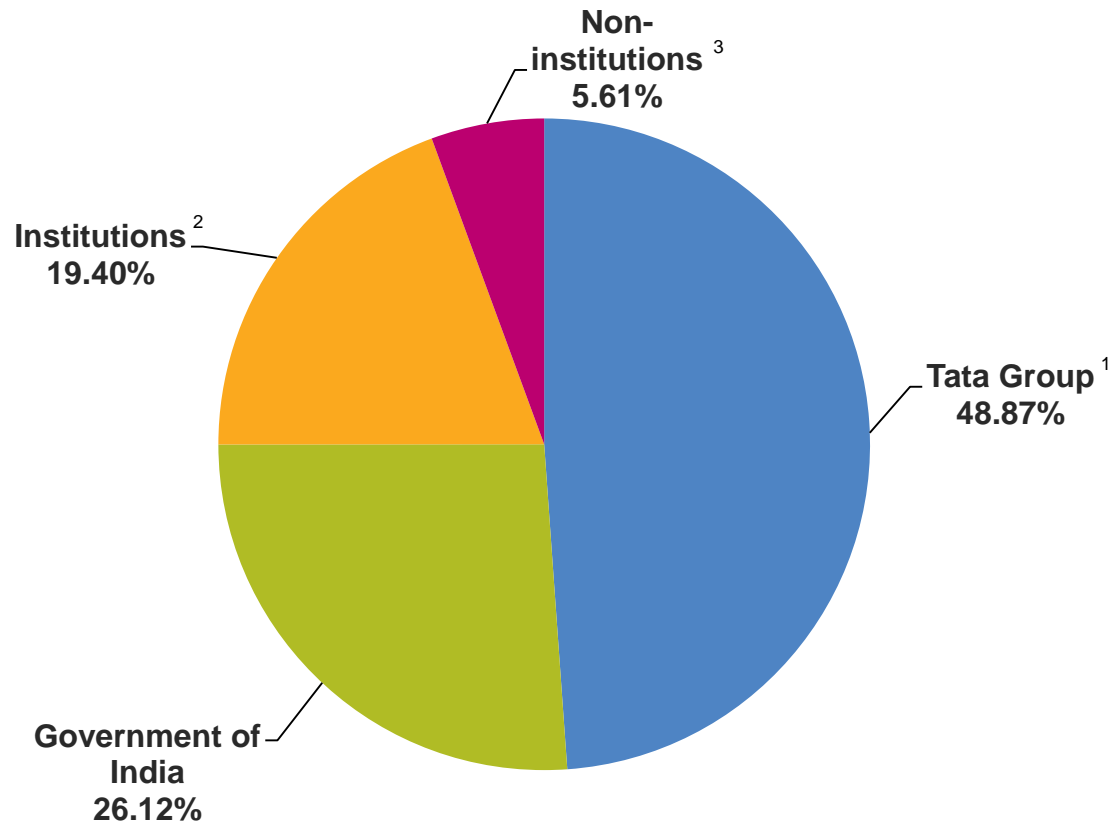
Genius Wong
SVP Global Network
Services
(Hong Kong)

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(Country) represents where each executive is located.

Shareholding pattern

As on December 31st, 2013



1. Tata group includes Panatone Finvest Ltd (31.10%), Tata Sons (13.07%), and Tata Power Ltd. (4.71%)
2. Institutions include Mutual funds (3.55%), Financial institutions (5.91%), Insurance companies (3.81%) and Foreign Institutional Investors (6.13%)
3. Non-institutions include individuals (3.72%), Bodies corporate (1.74%) and others (0.15%)

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