

Tata Communications

Q2 FY12 Earnings Update

November 10, 2011

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.



Q2 Highlights

Strong revenue growth	<u>YoY</u>	<u>QoQ</u>
Voice (net revenues)	4.1%	6.5%
Data	12.3%	5.4%
Neotel	30%	22%

EBITDA Margin improvement across segments:

+2% QoQ in Voice

+4% QoQ in Data

Neotel turns EBITDA Positive

Core Business achieves Profitability this Quarter

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P&L: Core and Consolidated - YoY



Rs Mn

	CORE		STARTUP		CONSOLIDATED	
	2Q'11	2Q'12	2Q'11	2Q'12	2Q'11	2Q'12
Gross Revenues	28,025	29,079	1,582	4,657	29,607	33,736 14%
EBITDA	3,465	4,671	(471)	109	2,994	4,780 60%
PBIT	(118)	1,057	(765)	(617)	(882)	440
PBT	(509)	466	(1,262)	(2,564)	(1,771)	(2,098)
PAT after Minority Interest	(577)	177	(1,452)	(1,829)	(2,028)	(1,652)

FY12 has Neotel consolidated @ 100% (effective stake:61.5%) Vs 43.16% (effective stake: 49%) in FY11
 Rs/\$ Exchange rate: 2Q'11, at 46.49; 2Q'12 at 45.74; Rand/\$: 2Q'11 at 7.33; 2Q'12 at 7.12

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P&L: Core and Consolidated – QoQ



Rs Mn

	CORE		STARTUP		CONSOLIDATED	
	1Q'12	2Q'12	1Q'12	2Q'12	1Q'12	2Q'12
Gross Revenues	28,763	29,079	3,808	4,657	32,571	33,736 4%
EBITDA	3,866	4,671	(602)	109	3,264	4,780 46%
PBIT	334	1,057	(1,274)	(617)	(940)	440
PBT	(44)	466	(2,536)	(2,564)	(2,580)	(2,098)
PAT after Minority Interest	(256)	177	(1,899)	(1,829)	(2,155)	(1,652)

FY12 has Neotel consolidated @ 100% (effective stake:61.5%) Vs 43.16% (effective stake: 49%) in FY11
 Rs/\$ Exchange rate: 1Q'12 at 44.73; 2Q'12 at 45.74; Rand/\$: 1Q'12 at 6.79; 2Q'12 at 7.12

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P&L: Core and Consolidated – H1



Rs Mn

	CORE		STARTUP		CONSOLIDATED	
	1H'11	1H'12	1H'11	1H'12	1H'11	1H'12
Gross Revenues	55,595	57,842	2,857	8,465	58,452	66,307
						13%
EBITDA	7,083	8,537	(1,492)	(493)	5,591	8,044
						44%
PBIT	(320)	1,391	(1,793)	(1,891)	(2,113)	(501)
PBT	(709)	422	(3,466)	(5,100)	(4,175)	(4,678)
PAT after Minority Interest	(1,615)	(79)	(2,775)	(3,728)	(4,390)	(3,807)

FY12 has Neotel consolidated @ 100% (effective stake:61.5%) Vs 43.16% (effective stake: 49%) in FY11
 Rs/\$ Exchange rate: 1H'11 at 46.07; 1H'12 at 45.23; Rand/\$: 1H'11 at 7.44; 1H'12 at 6.95

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Core Business Performance



Rs Mn

	2Q'11	1Q'12	2Q'12	YoY	QoQ
Gross Rev	28,025	28,763	29,079	4%	Flat
Net Rev	13,587	14,001	14,862		
EBITDA	3,465	3,866	4,671	35%	21%
PBIT	(118)	334	1057		
PBT	(509)	(44)	466		
PAT	(577)	(256)	177		

Rs/\$ Exchange rate: 2Q'11 at 46.49; 1Q'12 at 44.73; 2Q'12 at 45.74
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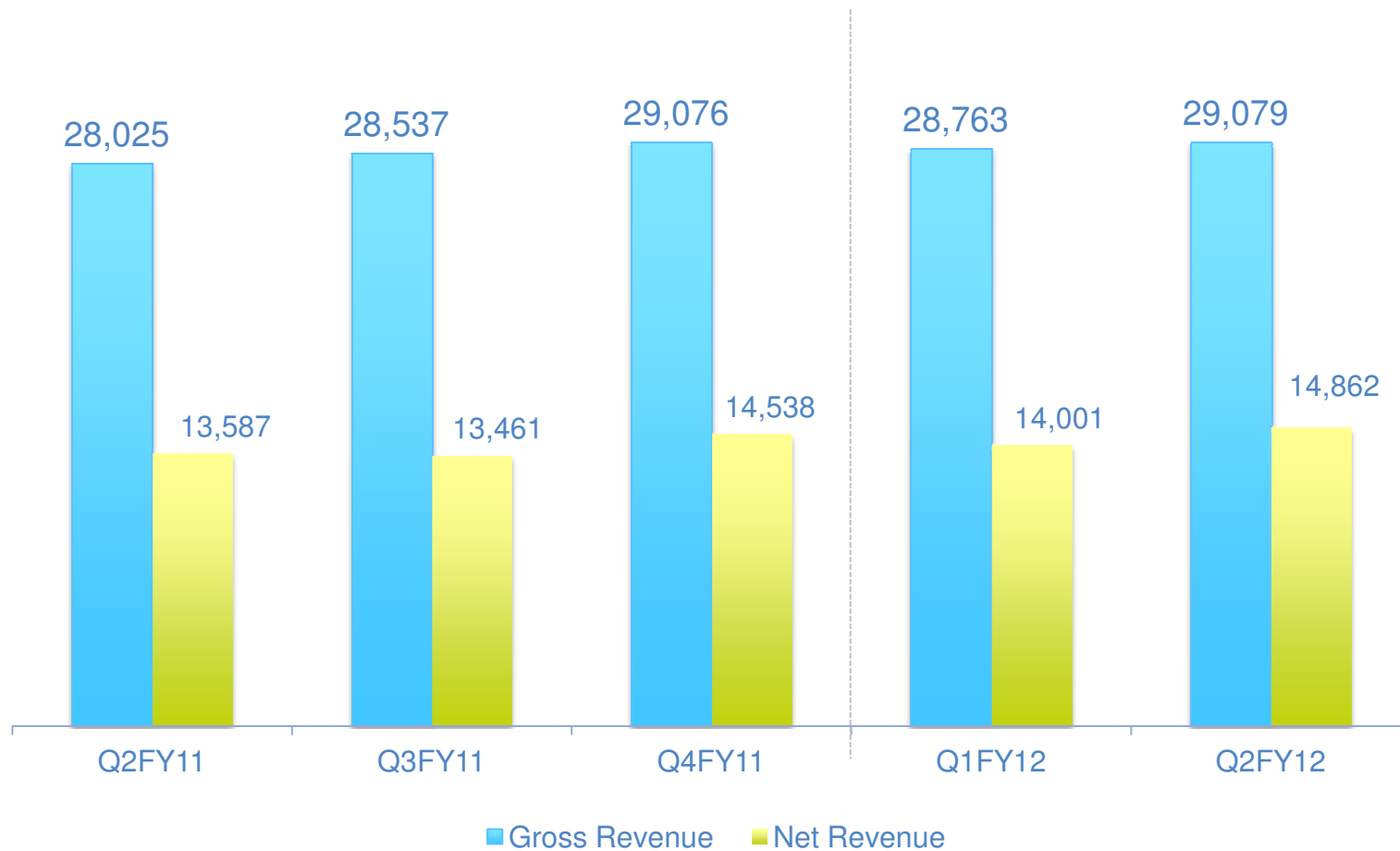
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Core Business Gross and Net Revenues



Core revenues improving quarterly

Rs Mn

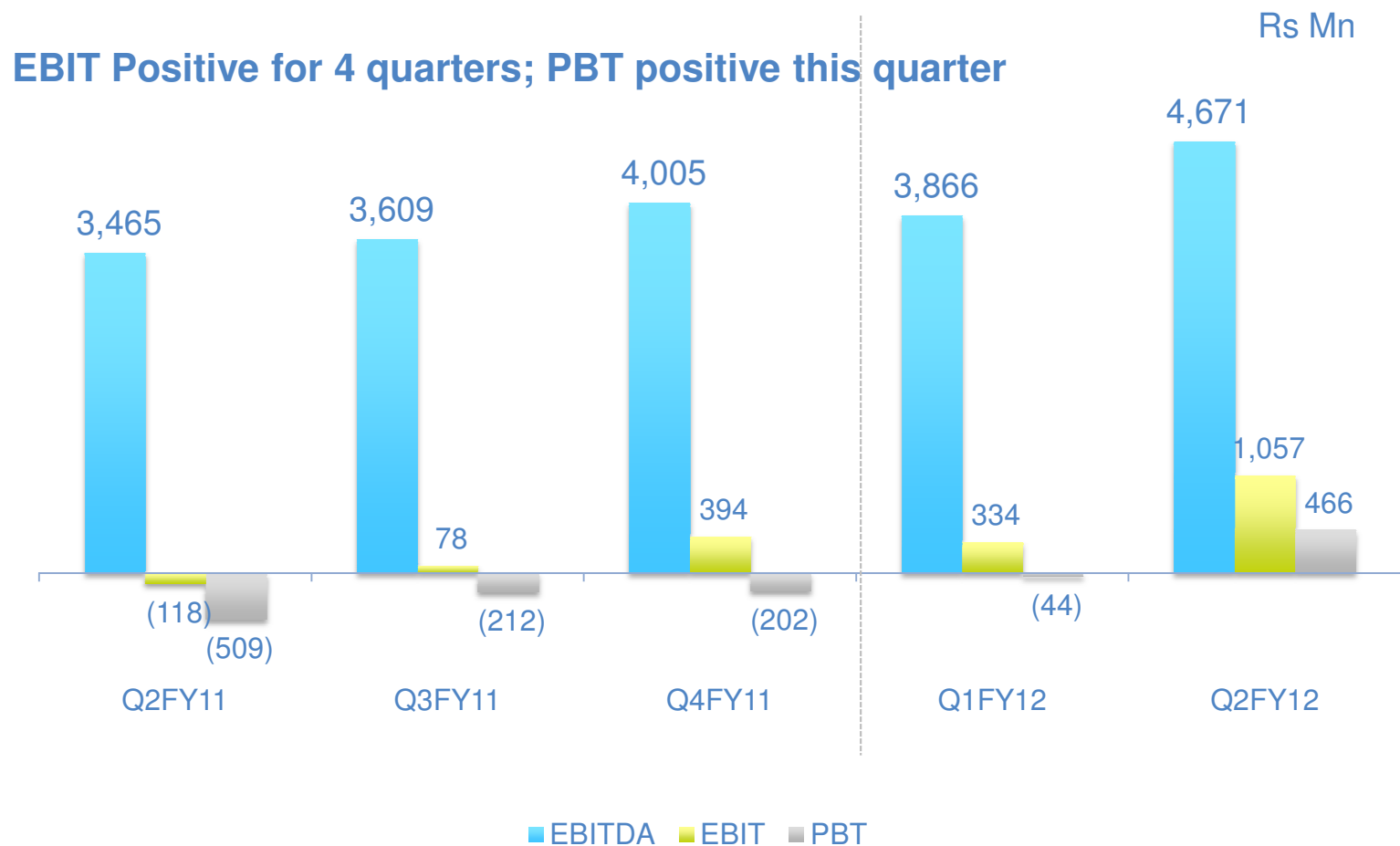


Rs/\$ Exchange rate: 1Q'11 at 45.64; 2Q'11 at 46.49; 3Q'11 at 44.87; 4Q'11 at 45.29; 1Q'12 at 44.73, 2Q'12 at 45.74

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Core Business Profitability



Rs/\$ Exchange rate: 1Q'11 at 45.64; 2Q'11 at 46.69; 3Q'11 at 44.87; 4Q'11 at 45.29; 1Q'12 at 44.73, 2Q'12 at 45.74

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Core Business by Business Unit



Rs Mn

	Global Voice			Global Data		
	2Q'11	1Q'12	2Q'12	2Q'11	1Q'12	2Q'12
Gross Rev	16,168	16,123	15,758	11,857	12,640	13,321
Net Rev	2,701	2,642	2,813	10,887	11,359	12,050

Management Estimates of EBITDA margin (2Q'12):

Global Voice 8% (44% on Net Revenues)

Global Data 26%



Note: Management estimates based on internal MIS and cost allocation assumptions

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Core Balance Sheet



Rs Mn

		As on June 30, 2011	As on Sept 30, 2011	Qtr Change
Gross Debt		70,181	75,906	5725
Net Debt		63,785	72,529	8744

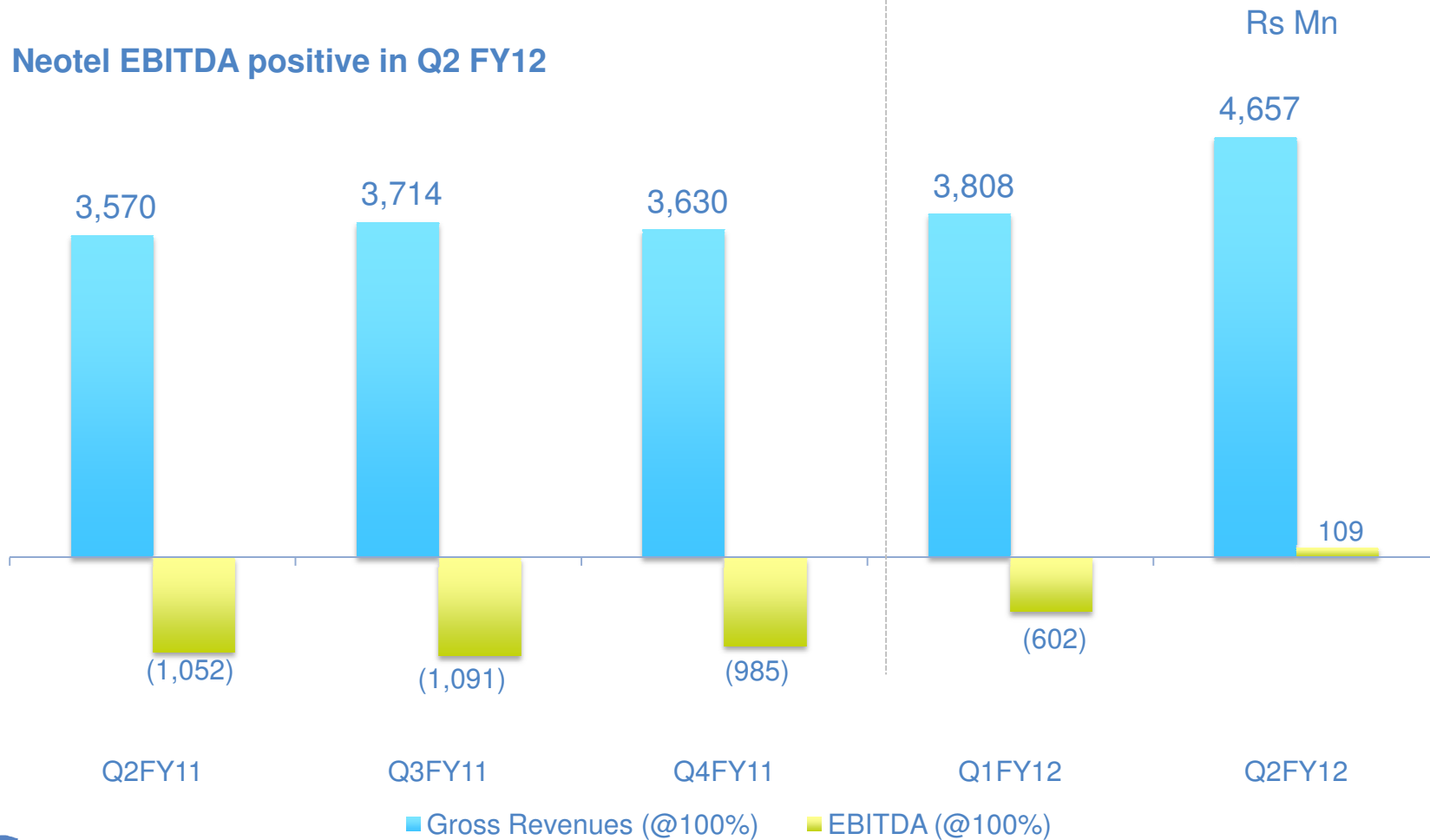
(Consolidated excluding Neotel)



Rs/\$ Exchange rate: YTD Jun'11 – 44.73, YTD Sep'11 – 48.94
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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

ZAR/\$ Exchange rate: 1Q'11 at 7.54; 2Q'11 at 7.33; 3Q'11 at 6.91; 4Q'11 at 7.00; 1Q'12 at 6.79, 2Q'12 at 7.12

The New World of Communications

Questions



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Q2 FY12 IGAAP Results, Unaudited



Rs. Mn

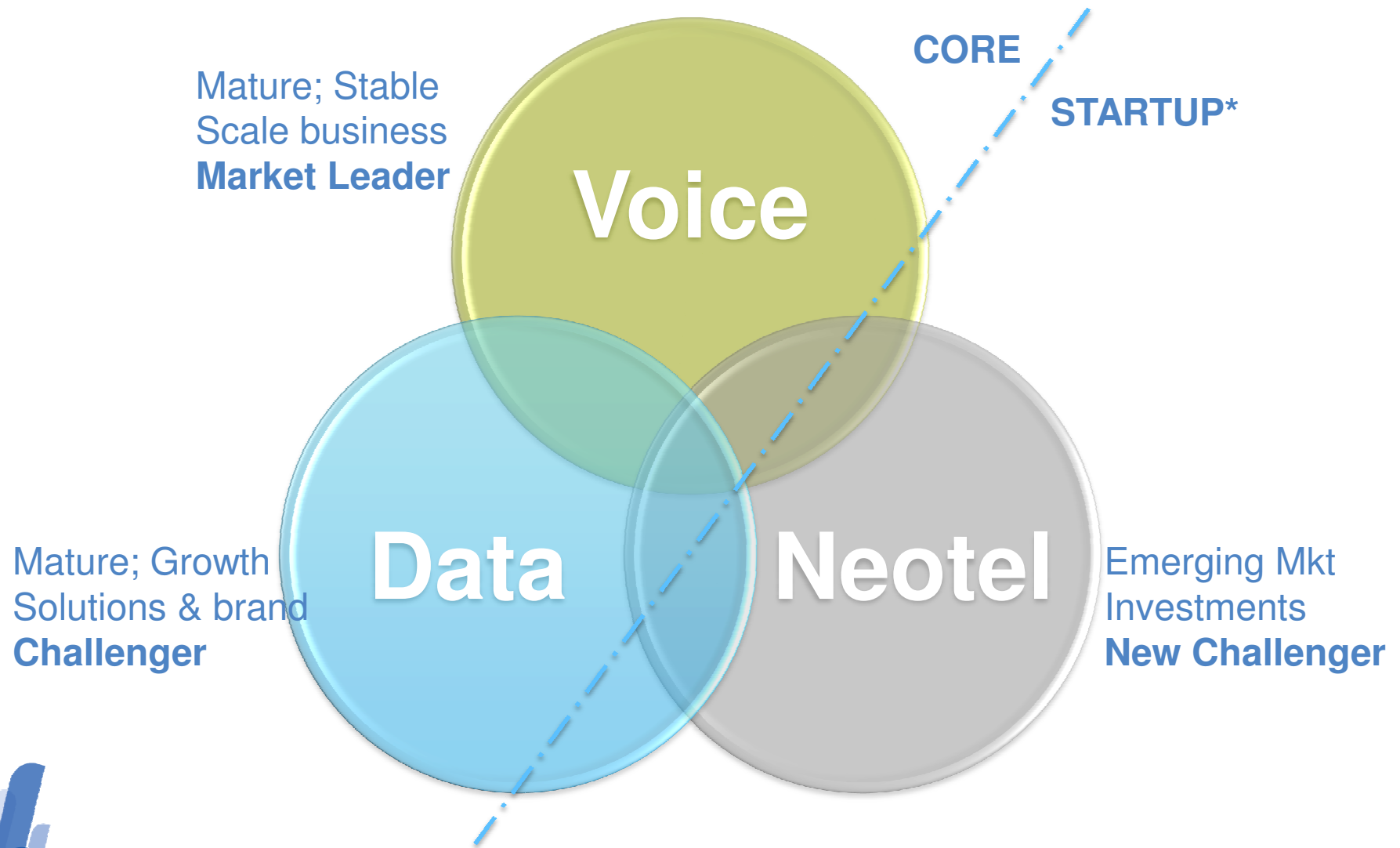
Particulars	Standalone					Consolidated				
	For the quarter ended September 30,		For the half year ended September 30,		For the year ended March 31,	For the quarter ended September 30,		For the half year ended September 30,		For the year ended March 31,
	2011	2010	2011	2,010	2011	2011	2010	2011	2,010	2011
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
1 Revenues from Telecommunication and Other Services	10,266	8,724	19,719	17,697	36,118	33,736	29,607	66,307	58,452	119,320
2 Expenditure	-	-	-	-	-	-	-	-	-	-
a. Network Costs	4,164	3,729	8,130	7,480	15,484	18,625	17,598	37,426	35,153	71,278
b. Operating and Other Expenses	1,726	1,533	3,373	3,272	6,869	5,407	4,845	10,951	9,549	19,516
c. Salaries and Related Costs	1,421	1,282	2,931	2,596	5,205	4,924	4,170	9,886	8,158	16,273
d. Depreciation and Amortisation	1,709	1,643	3,337	3,250	6,597	4,340	3,876	8,544	7,705	15,483
Total Expenditure (2a to 2d)	9,020	8,187	17,771	16,599	34,154	33,296	30,489	66,808	60,565	122,550
3 Profit / (Loss) from Operations before Other Income, Interest and Exceptional Items (1 - 2)	1,246	537	1,948	1,099	1,964	440	(882)	(501)	(2,113)	(3,230)
4 Other Income (net)	194	140	584	416	1,622	24	508	397	668	2,011
5 Profit / (Loss) before Interest and Exceptional Items (3 + 4)	1,440	677	2,532	1,515	3,585	464	(374)	(104)	(1,446)	(1,219)
6 Interest Cost (net)	464	466	924	900	1,834	2,562	1,397	4,574	2,730	5,176
7 Profit / (Loss) after Interest but before Exceptional Items (5 - 6)	976	211	1,608	614	1,752	(2,098)	(1,771)	(4,678)	(4,175)	(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)	976	211	1,608	614	1,540	(2,098)	(1,771)	(4,678)	(4,175)	(7,067)
10 Tax Expense	357	(19)	572	(274)	(85)	284	40	491	(168)	(88)
11 Net Profit / (Loss) from Ordinary Activities after Tax (9 - 10)	619	230	1,037	888	1,626	(2,382)	(1,810)	(5,170)	(4,008)	(6,979)
12 Extraordinary Items (net of Tax Expense)	-	-	-	-	-	-	-	-	-	-
13 Net Profit / (Loss) from Ordinary Activities after Tax and Extraordinary Items (11 - 12)	619	230	1,037	888	1,626	(2,382)	(1,810)	(5,170)	(4,008)	(6,979)
14 Minority Interest	-	-	-	-	-	730	273	1,417	523	1,056
15 Share in Loss of Associates	-	-	-	-	-	-	(491)	(54)	(906)	(1,846)
16 Net Profit / (Loss) (13+14+15)	619	230	1,037	888	1,626	(1,652)	(2,028)	(3,807)	(4,390)	(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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