



# TATA COMMUNICATIONS LIMITED

REGD. OFFICE: VSB, M.G. ROAD, FORT, MUMBAI-400001.

## A. UNAUDITED FINANCIAL RESULTS (INDIAN GAAP) FOR THE QUARTER AND HALF YEAR ENDED SEPTEMBER 30, 2008

(Rs. in Lakhs)

|    | Particulars  | For the quarter ended September 30, |               | For the half year ended September 30, |                | For the year ended March 31 |
|----|--|-------------------------------------|---------------|---------------------------------------|----------------|-----------------------------|
|    |  | 2008                                | 2007          | 2008                                  | 2007           | 2008                        |
|    |  | (unaudited)                         | (unaudited)   | (unaudited)                           | (unaudited)    | (audited)                   |
| 1  | <b>Revenues from Telecommunication Services</b>  | <b>98,389</b>                       | <b>80,433</b> | <b>184,711</b>                        | <b>166,906</b> | <b>328,330</b>              |
| 2  | <b>Expenditure</b>   |                                     |               |                                       |                |                             |
|    | a. Network Costs   | 51,044                              | 44,970        | 91,919                                | 90,285         | 185,267                     |
|    | b. Operating and Other Expenses  | 16,848                              | 12,749        | 35,539                                | 23,474         | 56,814                      |
|    | c. Salaries and Related Costs  | 8,380                               | 5,817         | 15,899                                | 11,687         | 24,243                      |
|    | d. Depreciation and Amortisation   | 9,312                               | 7,221         | 17,279                                | 13,976         | 30,131                      |
|    | <b>e. Total Expenditure (2a to 2d)</b>   | <b>85,584</b>                       | <b>70,757</b> | <b>160,636</b>                        | <b>139,422</b> | <b>296,455</b>              |
| 3  | <b>Profit from Operations before Other Income, Interest, and exceptional items (1 - 2)</b> | <b>12,805</b>                       | <b>9,676</b>  | <b>24,075</b>                         | <b>27,484</b>  | <b>31,875</b>               |
| 4  | Other Income   | 4,419                               | 3,191         | 10,227                                | 5,490          | 16,604                      |
| 5  | <b>Profit before interest and exceptional items (3+4)</b>                                  | <b>17,224</b>                       | <b>12,867</b> | <b>34,302</b>                         | <b>32,974</b>  | <b>48,479</b>               |
| 6  | Interest (net)   | 2,592                               | (878)         | 4,555                                 | (753)          | 2,361                       |
| 7  | <b>Profit after interest but before exceptional items (5-6)</b>                            | <b>14,632</b>                       | <b>13,745</b> | <b>29,747</b>                         | <b>33,727</b>  | <b>46,118</b>               |
| 8  | <b>Exceptional Items:</b>  |                                     |               |                                       |                |                             |
|    | a. Claim Settlement (Please refer note 3)  | 9,560                               | -             | 9,560                                 | -              | -                           |
|    | b. Fixed Assets written off  | -                                   | 1,170         | -                                     | 1,170          | 1,120                       |
| 9  | <b>Profit from Ordinary Activities before tax (7-8)</b>                                    | <b>5,072</b>                        | <b>12,575</b> | <b>20,187</b>                         | <b>32,557</b>  | <b>44,998</b>               |
| 10 | Tax Expense  | 1,808                               | 3,806         | 7,090                                 | 10,823         | 14,552                      |
| 11 | <b>Net Profit from Ordinary Activities after tax (9 - 10)</b>                              | <b>3,264</b>                        | <b>8,769</b>  | <b>13,097</b>                         | <b>21,734</b>  | <b>30,446</b>               |
| 12 | Extraordinary items (net of tax expense)   | -                                   | -             | -                                     | -              | -                           |
| 13 | <b>Net Profit for the period (11-12)</b>   | <b>3,264</b>                        | <b>8,769</b>  | <b>13,097</b>                         | <b>21,734</b>  | <b>30,446</b>               |
| 14 | Paid up Equity Share Capital (Face value of Rs.10 per share)                               | 28,500                              | 28,500        | 28,500                                | 28,500         | 28,500                      |
| 15 | Reserves excluding revaluation reserve   | -                                   | -             | -                                     | -              | 605,407                     |
| 16 | Earnings per Share (EPS)   |                                     |               |                                       |                |                             |
|    | Basic and diluted earnings per share (Rs.) (not annualised)                                | 1.15                                | 3.08          | 4.60                                  | 7.63           | 10.68                       |
| 17 | Aggregate of public shareholding   |                                     |               |                                       |                |                             |
|    | a. Number of shares  | 50,203,378                          | 49,860,294    | 50,203,378                            | 49,860,294     | 51,575,478                  |
|    | b. Percentage of shareholding  | 17.62                               | 17.49         | 17.62                                 | 17.49          | 18.10                       |

## B. SEGMENT INFORMATION:

### Business Segments:

| Particulars  | (Rs. in Lakhs)                         |                     |  |                     |                                   |
|--|--|---------------------|--|---------------------|-----------------------------------|
|  | For the quarter ended<br>September 30, |                     | For the half year ended<br>September 30, |                     | For the year<br>ended<br>March 31 |
|  | 2008<br>(unaudited)                    | 2007<br>(unaudited) | 2008<br>(unaudited)                      | 2007<br>(unaudited) | 2008<br>(audited)                 |
| <b>Revenues from<br/>Telecommunication Services</b>  |  |                     |  |                     |                                   |
| Wholesale Voice                                      | 46,137                                 | 42,540              | 86,524                                   | 88,021              | 169,540                           |
| Enterprise and Carrier Data                          | 36,817                                 | 28,010              | 72,174                                   | 59,224              | 122,619                           |
| Others   | 15,435                                 | 9,883               | 26,013                                   | 19,661              | 36,171                            |
| <b>Total</b>   | <b>98,389</b>                          | <b>80,433</b>       | <b>184,711</b>                           | <b>166,906</b>      | <b>328,330</b>                    |
| <b>Segment result</b>                                |  |                     |  |                     |                                   |
| Wholesale Voice                                      | 5,413                                  | 7,211               | 12,681                                   | 17,544              | 19,890                            |
| Enterprise and Carrier Data                          | 29,913                                 | 21,015              | 55,697                                   | 46,063              | 99,839                            |
| Others   | 9,682                                  | 5,466               | 15,948                                   | 11,309              | 18,898                            |
| <b>Total</b>   | <b>45,008</b>                          | <b>33,692</b>       | <b>84,326</b>                            | <b>74,916</b>       | <b>138,627</b>                    |
| Less:  |  |                     |  |                     |                                   |
| (i) Interest (net)                                   | (2,592)                                | 878                 | (4,555)                                  | 753                 | (2,361)                           |
| (ii) Other Unallocable Expense<br>(net)              | (27,784)                               | (20,825)            | (50,024)                                 | (41,942)            | (90,148)                          |
| <b>Profit before taxes and<br/>exceptional items</b> | <b>14,632</b>                          | <b>13,745</b>       | <b>29,747</b>                            | <b>33,727</b>       | <b>46,118</b>                     |
| Exceptional expenses                                 | 9,560                                  | 1,170               | 9,560                                    | 1,170               | 1,120                             |
| <b>Profit before taxes</b>                           | <b>5,072</b>                           | <b>12,575</b>       | <b>20,187</b>                            | <b>32,557</b>       | <b>44,998</b>                     |
| Tax Expense  | 1,808                                  | 3,806               | 7,090                                    | 10,823              | 14,552                            |
| <b>Net Profit</b>                                    | <b>3,264</b>                           | <b>8,769</b>        | <b>13,097</b>                            | <b>21,734</b>       | <b>30,446</b>                     |

### Notes to Segments:

The Company's reportable segments are Wholesale Voice, Enterprise and Carrier Data and Others.

Revenues and expenses, which are directly identifiable to segments, are attributed to the relevant segment. Expenses on rent of satellite channels and landlines, and royalty and licence fee are allocated on the basis of usage. Segment result is segment revenues less segment expenses. Certain costs, including depreciation which is not allocable to segments have been classified as "other unallocable expense (net)".

Telecommunication services are provided utilizing the Company's assets which do not generally make a distinction between the types of services. As a result, fixed assets are used interchangeably between segments. In the absence of a meaningful basis to allocate assets and liabilities between segments, no allocation has been made.

**Notes:**

1. The above standalone results of the Company for the quarter and half year ended September 30, 2008 have been subjected to a limited review by the statutory auditors, recommended by the audit committee and were taken on record and approved by the Board of Directors at their meeting held on October 25, 2008.
2. The Board of Directors of the Company at its meeting held on December 4, 2007 approved the merger of the Company's wholly owned subsidiary, VSNL Broadband Limited with the Company effective March 1, 2007. Pending necessary statutory approvals and the merger becoming effective no adjustments have been carried out in the financial results for the proposed merger.
3. On August 27, 2008, the arbitration tribunal (the "Tribunal") of the International Chamber of Commerce, Hague handed down a final award in the arbitration proceedings brought by Reliance Globalcom Limited ("Reliance"), formerly known as 'FLAG Telecom', against the Company relating to the FEA cable (Flag Europe Asia Cable System). The Arbitration proceedings have been ongoing since 2004. The Tribunal has directed the Company to pay Rs. 9,560 lakhs (US\$ 21.45 million) as final settlement against the claim amount of US\$ 385 million which was reflected as contingent liability. The payment has been accounted in the quarter and half year ended September 30, 2008.
4. The previous period's figures have been regrouped and reclassified wherever necessary to make them comparable with the current period's figures.
5. Investor Complaint status:

| Outstanding as on July 1, 2008 | Total received during the quarter ended September 30, 2008 | Total resolved during the quarter ended September 30, 2008 | Outstanding as on September 30, 2008 |
|--------------------------------|--|--|--------------------------------------|
| Nil                            | 0  | 0  | Nil                                  |

For Tata Communications Limited

N. SRINATH  
MANAGING DIRECTOR &  
CHIEF EXECUTIVE OFFICER

Place : Mumbai.  
Date : October 25, 2008