TATA COMMUNICATIONS

Q3 FY13 – Earnings Update

February 9th, 2013

www.tatacommunications.com | @tata_comm
http://tatacommunications-newworld.com | www.youtube.com/user/tatacomms

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Q3 FY13 and 9M FY13 Performance Overview

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Highlights: Q3 FY2013

Consolidated financial highlights

- Consolidated Q3 revenues of Rs 44,341 million, up 23.0% y-o-y and 3.8% q-o-q
- Q3 Consolidated Operating EBITDA margins improved by 330 bps q-o-q to 13.6% due to
  - Strong core business performance with margin improvement across both GVS and GDS
- Core business returns back to positive PBT before exceptional items

Segment highlights

- Voice (GVS)
  - ILD volumes continue to grow faster than industry average, Q3 ILD volume up 18% y-o-y.
  - Net Revenue Per Minute (NRPM) saw slight improvement sequentially
- Data (GDS)
  - Enterprise business has gained traction, 20% Y-o-Y growth in Q3, 17% YTD growth (at constant currency)
  - Broad based build up in sales momentum across Forbes 2000, ET 500, next generation businesses and MNCs
  - Managed services (up 27% YTD) and next gen network services (up 30% YTD) continue to lead growth
- Neotel continues to accelerate growth, Q-o-Q growth of 6.2% in local currency (ZAR) terms

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Other Key Highlights

Ongoing focus on cost optimization

- The Company has undertaken a staff optimization initiative in Q3 FY13
  - While some benefit has started flowing in Q4 FY13, full benefit will only reflect beginning Q1 FY14
- Several other initiatives underway on network and other cost

Successful inaugural bond issue on Singapore bond market

- The Company's indirect foreign subsidiary issued a SGD 250mn three-year bond at a coupon rate of 4.25% in January, 2013
- Received overwhelming response with issue being oversubscribed 14 times
- Proceeds to be used for repayment of existing high cost debt

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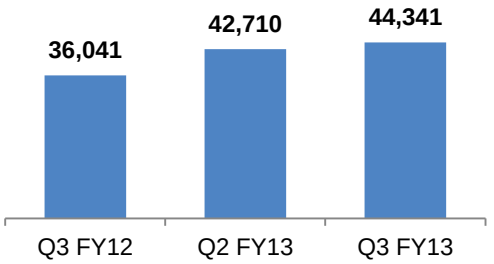
Consolidated Financial Performance – Q3 FY2013

INR Mn

Q3 FY 2012	Particulars	Q2 FY 2013	Q3 FY 2013
36,041	Revenue from operations	42,710	44,341
5,019	Operating EBITDA	4,393	6,011
13.9%	*Operating EBITDA %*	*10.3%*	*13.6%*
290	Operating EBIT	(914)	610
0.8%	*Operating EBIT %*	*-2.1%*	*1.4%*
(1,109)	Profit Before Tax and Exceptional Items	(2,708)	(876)
-	Exceptional Items	-	791
(1,109)	PBT	(2,708)	(1,668)
-3.0%	*PBT (% of total income)*	*-6.3%*	*-3.7%*
(1,531)	PAT	(2,742)	(2,010)
-4.2%	*PAT (% of total income)*	*-6.4%*	*-4.5%*

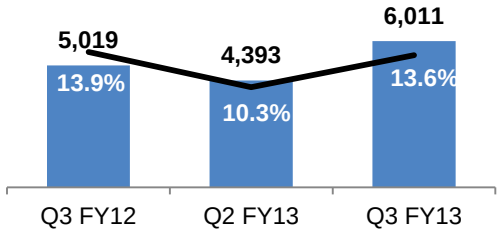
Revenue from Operations



▲ *23.0% Y-o-Y*

▲ *3.8% Q-o-Q*

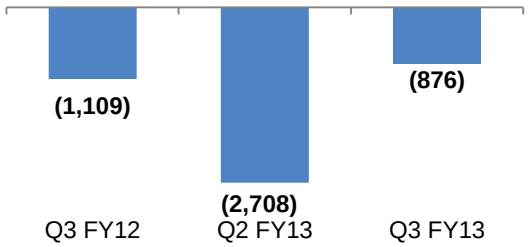
Operating EBITDA and margins (% of gross revenue)



▲ *19.8% Y-o-Y*

▲ *36.8% Q-o-Q*

Profit Before Tax and Exceptional Items



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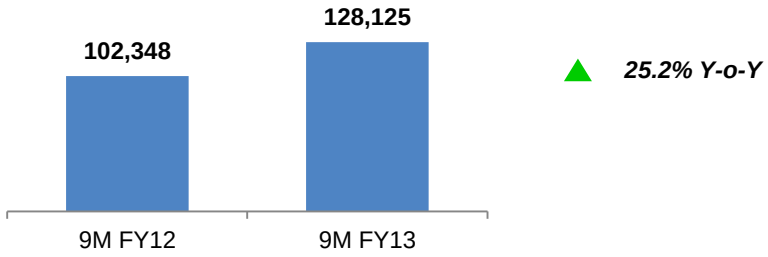
Consolidated Financial Performance – 9M* FY2013

INR Mn

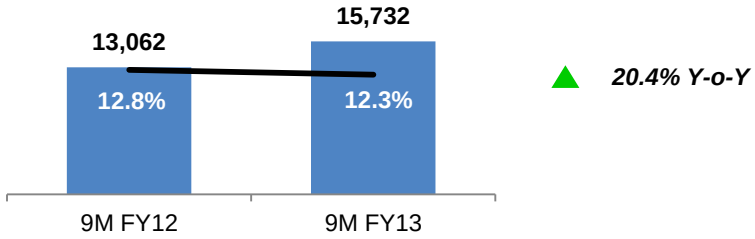
Particulars	9M FY2012	9M FY2013
Revenue from operations	102,348	128,125
Operating EBITDA	13,062	15,732
Operating EBITDA %	*12.8%*	*12.3%*
Operating EBIT	(210)	(266)
Operating EBIT %	*-0.2%*	*-0.2%*
Profit Before Tax and Exceptional Items	(5,787)	(4,477)
Exceptional Items	-	791
PBT	(5,787)	(5,269)
PBT (% of total income)	*-5.6%*	*-4.1%*
PAT	(5,337)	(6,181)
PAT (% of total income)	*-5.2%*	*-4.8%*

* Nine months ended December 2012

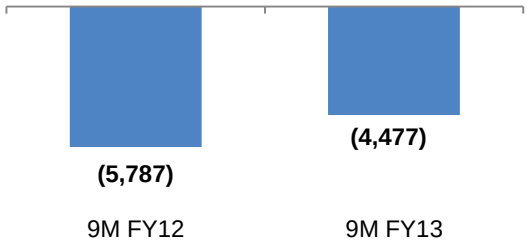
Revenue from Operations



Operating EBITDA and margins (% of gross revenue)



Profit Before Tax and Exceptional Items



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Financial Performance by Segment – Q3 FY 2013

INR Mn

	CORE			STARTUP			CONSOLIDATED		
	Q3 FY 2012	Q2 FY 2013	Q3 FY 2013	Q3 FY 2012	Q2 FY 2013	Q3 FY 2013	Q3 FY 2012	Q2 FY 2013	Q3 FY 2013
Gross Revenues	31,648	37,840	**39,532**	4,394	4,870	**4,810**	36,041	42,710	**44,341**
Y-o-Y Growth			24.9%			9.5%			23.0%
Q-o-Q Growth			4.5%			-1.2%			3.8%
EBITDA	4,891	3,878	**5,514**	127	516	**496**	5,019	4,393	**6,011**
Y-o-Y Growth			12.7%			290%			19.8%
Q-o-Q Growth			42.2%			-3.8%			36.8%
EBIT	888	(823)	**792**	(598)	(91)	**(182)**	290	(914)	**610**
Profit Before Tax and Exceptional Items	627	(1,637)	**107**	(1,736)	(1,072)	**(984)**	(1,109)	(2,708)	**(876)**
PBT	627	(1,637)	**(684)**	(1,736)	(1,072)	**(984)**	(1,109)	(2,708)	**(1,668)**
PAT after Minority Interest	467	(1,828)	**(1,107)**	(1,998)	(915)	**(904)**	(1,531)	(2,742)	**(2,010)**

Average Rs/$ Exchange rate: Q3 FY12 at 50.84; Q2 FY13 at 55.21; Q3 FY13 at 54.12
Average ZAR/$ Exchange rate: Q3 FY12 at 8.10; Q2 FY13 at 8.26; Q3 FY13 at 8.69

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Financial Performance by Segment – 9M FY 2013

INR Mn

	CORE		STARTUP		CONSOLIDATED	
	9M FY 2012	9M FY 2013	9M FY 2012	9M FY 2013	9M FY 2012	9M FY 2013
Gross Revenues	89,489	**113,836**	12,859	14,289	**102,348**	**128,125**
Y-o-Y Growth		**27.2%**		**11.1%**		**25.2%**
EBITDA	13,430	**14,126**	(368)	1,606	**13,062**	**15,732**
Y-o-Y Growth		**5.2%**		**NM**		**20.4%**
EBIT	2,280	**211**	(2,491)	(477)	**(210)**	**(266)**
Profit Before Tax and Exceptional Items	1,021	**(1,267)**	(6,809)	(3,210)	**(5,787)**	**(4,477)**
PBT	1,021	**(2,059)**	(6,809)	(3,210)	**(5,787)**	**(5,269)**
PAT after Minority Interest	358	**(3,207)**	(5,695)	(2,974)	**(5,337)**	**(6,181)**

Average Rs/$ Exchange rate: 9M FY12 at 47.10; 9M FY13 at 54.44
Average ZAR/$ Exchange rate: 9M FY12 at 7.34; 9M FY13 at 8.36

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Core Business by Business Unit – Q3 FY 2013

INR Mn

	Global Voice Services (GVS)			Global Data Services (GDS)		
	Q3 FY 2012	Q2 FY 2013	Q3 FY 2013	Q3 FY 2012	Q2 FY 2013	Q3 FY 2013
Gross Revenues	17,273	21,138	**22,143**	14,375	16,703	**17,389**
Y-o-Y Growth			**28.2%**			**21.0%**
Q-o-Q Growth			**4.8%**			**4.1%**
Net Revenue	3,501	3,309	**3,647**	11,229	12,866	**13,081**
Y-o-Y Growth			**4.2%**			**16.5%**
Q-o-Q Growth			**10.2%**			**1.7%**
EBITDA[1]	1,598	1,289	**1,941**	3,293	2,588	**3,573**
EBITDA %	9.3%	6.1%	**8.8%**	22.9%	15.5%	**20.5%**

[1] Management estimates based on internal MIS and cost allocation assumptions

Average Rs/$ Exchange rate: Q3 FY12 at 50.84; Q2 FY13 at 55.21; Q3 FY13 at 54.12

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Core Business by Business Unit – 9M FY 2013

INR Mn

	Global Voice Services (GVS)		Global Data Services (GDS)	
	9M FY 2012	9M FY 2013	9M FY 2012	9M FY 2013
Gross Revenues	49,154	**63,765**	40,335	**50,071**
Y-o-Y Growth		**29.7%**		**24.1%**
Net Revenue	8,848	**10,659**	32,259	**38,494**
Y-o-Y Growth		**20.5%**		**19.3%**
EBITDA[1]	3,757	**5,180**	9,673	**8,946**
EBITDA %	7.6%	**8.1%**	24.0%	**17.9%**

[1] Management estimates based on internal MIS and cost allocation assumptions

Average Rs/$ Exchange rate: 9M FY12 at 47.10; 9M FY13 at 54.44

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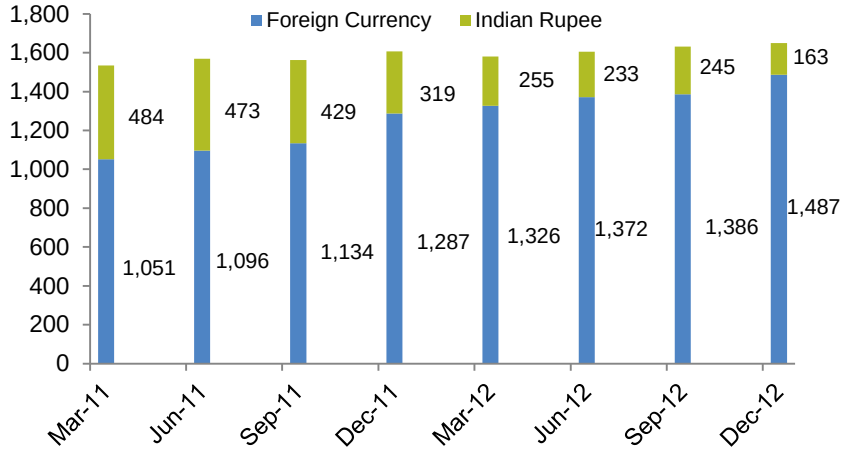
Debt Profile – Core Business

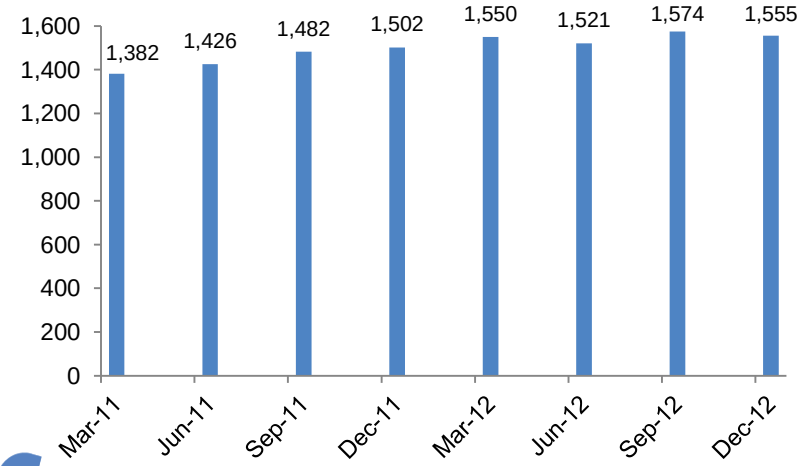
Key Highlights

- Core business is operating at peak debt levels
- Improved profitability trajectory along with reduced capex intensity has eliminated external funding need for normal course of core business
- 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

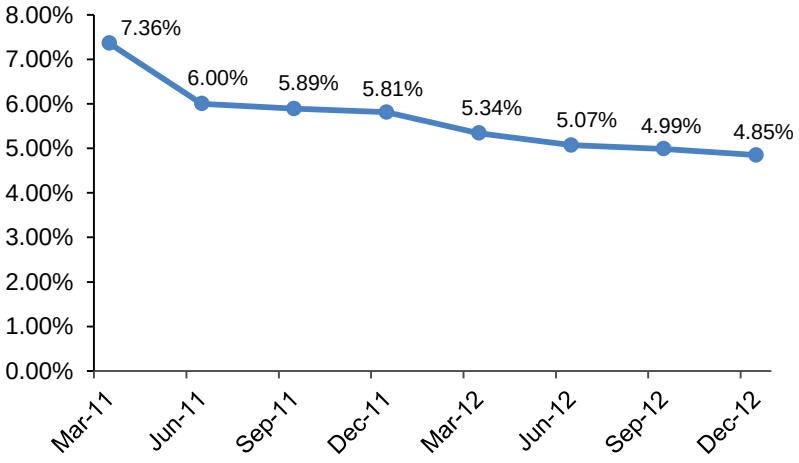
Gross Debt by Currency (US$ mn)



Net Debt



Average Cost of Loans



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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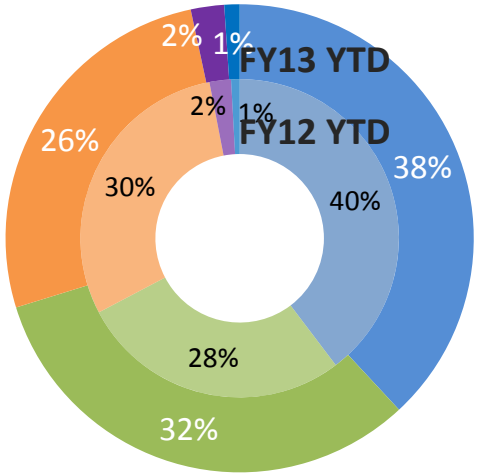
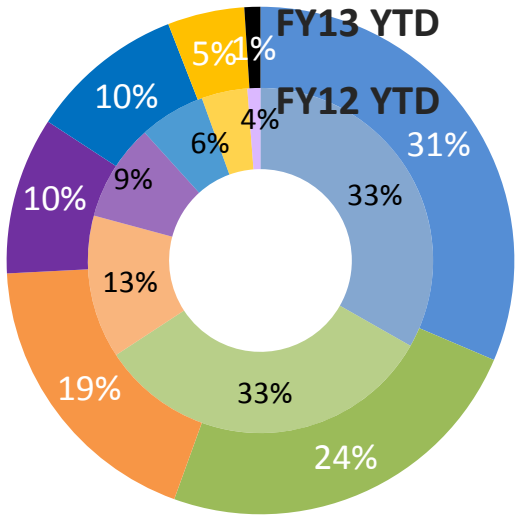
GDMS | YoY Gross Revenue Product Mix

Network Services



- Traditional N/w
- VPN Svcs
- Internet Transit
- Media Svcs
- Other

Managed Services



- Data Center Svcs
- Mobility
- Banking Svcs
- Enterprise Voice
- Transformation Svcs
- Collaboration Svcs
- Other

Network Service Portfolio

Traditional Network Services: IPL, NPL, IRUs

VPN Services : DGE and VPN

Media Services: Vconnect, Broadcast, CDN, Mosaic

Internet Transit – IP-T, ILL

Other: Inmarsat, GNS others

Managed Services Portfolio:

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

Collaboration Services: Telepresence,

Transformation Services: TCTS

Banking Services: TCPSL

Other: MSS

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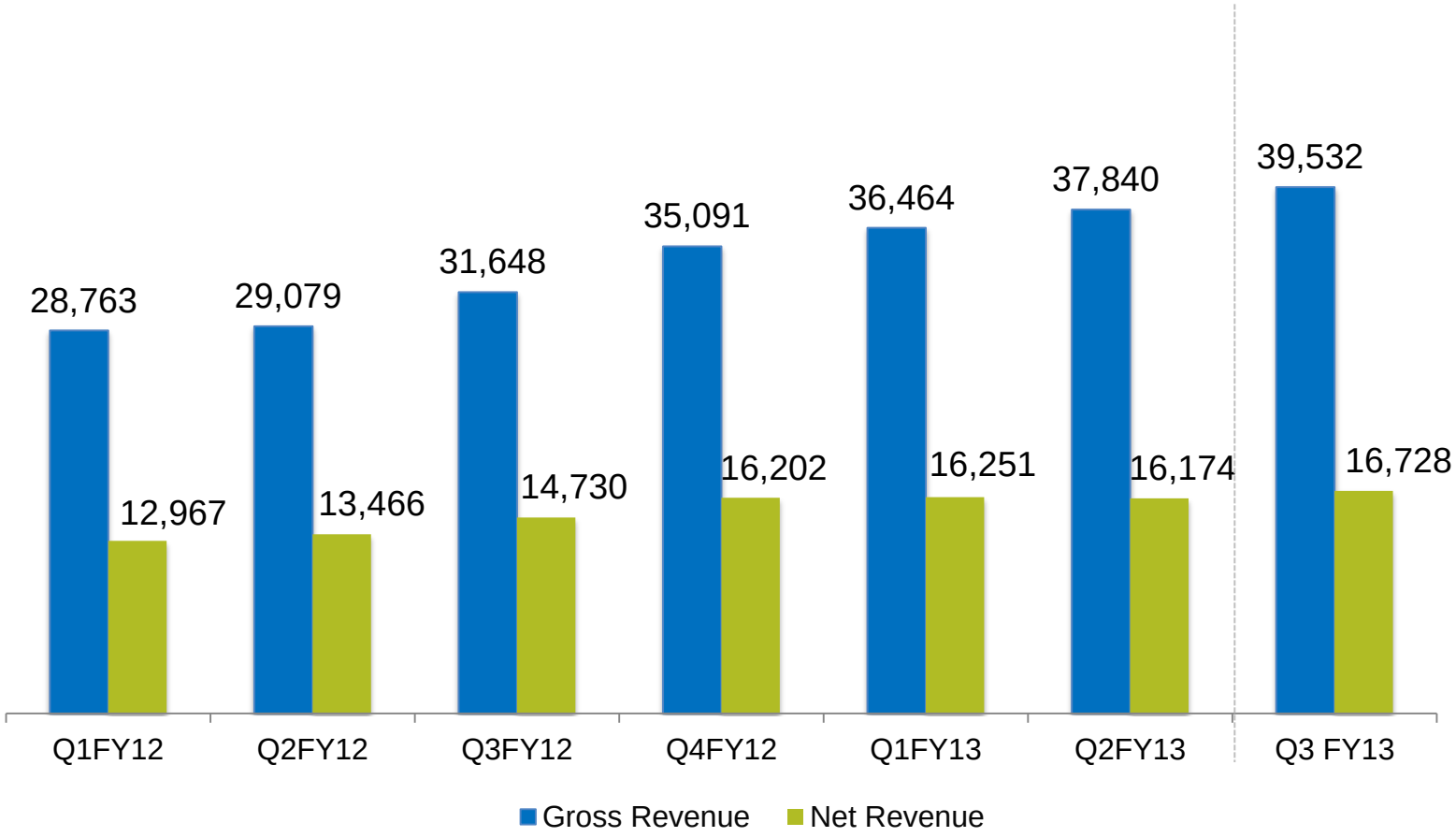
Core Business Gross and Net Revenues

INR Mn



Average Rs/$ Exchange rate: Q1 FY12 at 44.73; Q2 FY12 at 45.74 Q3 FY12 at 50.84; Q4 FY12 at 50.34; Q1 FY13 at 53.98; Q2 FY13 at 55.21; Q3 FY13 at 54.12

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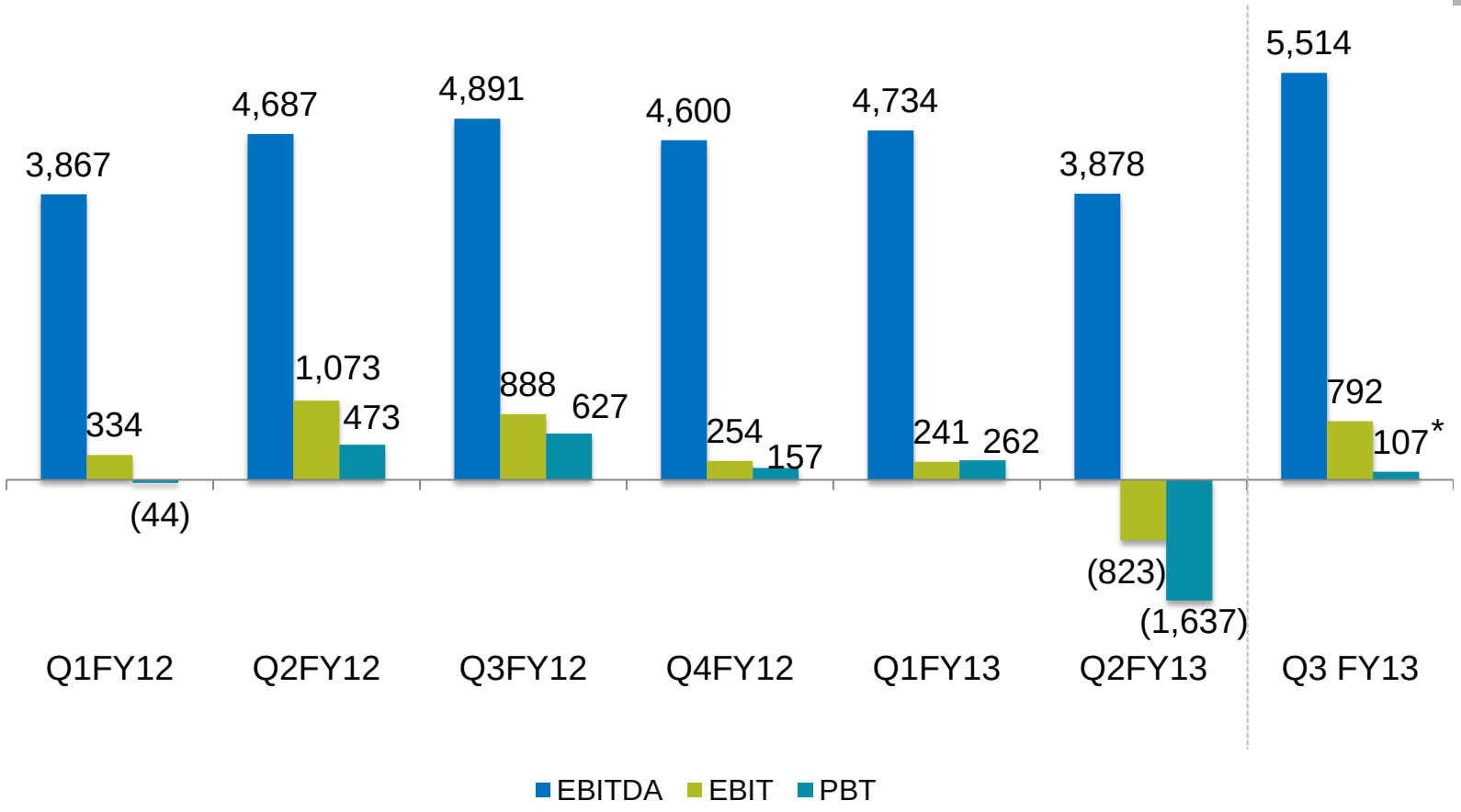
Core Business EBITDA, EBIT and PBT

INR Mn



* Profit Before Tax and Exceptional Items

Average Rs/$ Exchange rate: Q1 FY12 at 44.73; Q2 FY12 at 45.74 Q3 FY12 at 50.84; Q4 FY12 at 50.34; Q1 FY13 at 53.98; Q2 FY13 at 55.21; Q3 FY13 at 54.12

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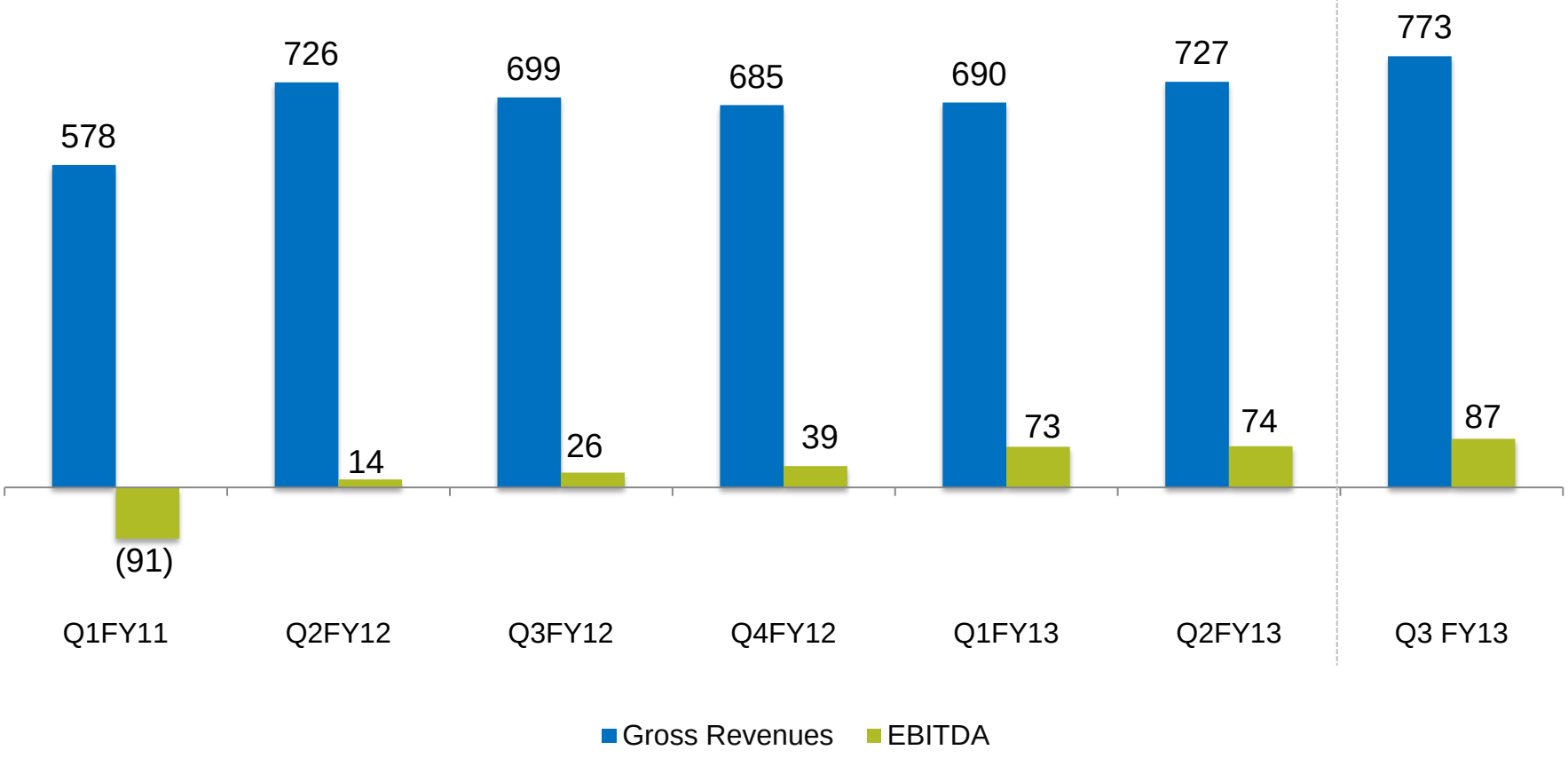
Quarterly trends : Neotel

ZAR Mn



Neotel EBITDA positive from Q2 FY12 onwards

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

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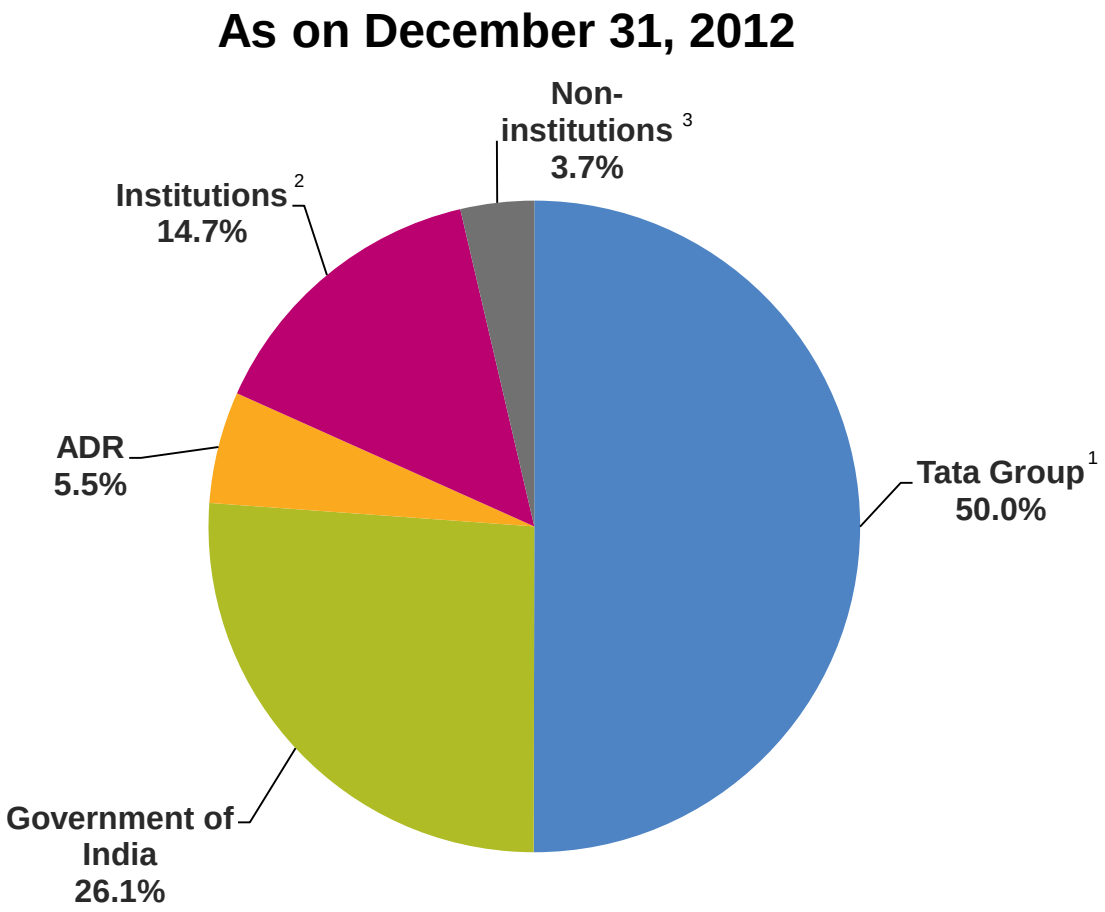
Shareholding pattern



1. Tata group includes Panatone Finvest Ltd (31.10%), Tata Sons (14.22%), and Tata Power Ltd. (4.71%)
2. Institutions include Mutual funds (1.16%), Financial institutions (5.91%), Insurance companies (4.81%) and Foreign Institutional Investors (2.77%)
3. Non-institutions include individuals (2.82%), Bodies corporate (0.71%) and others (0.12%)

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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
- Majority 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
- 6,802 employees in the core business (GVS and GDS) and 955 in the South African operations as of Dec'12

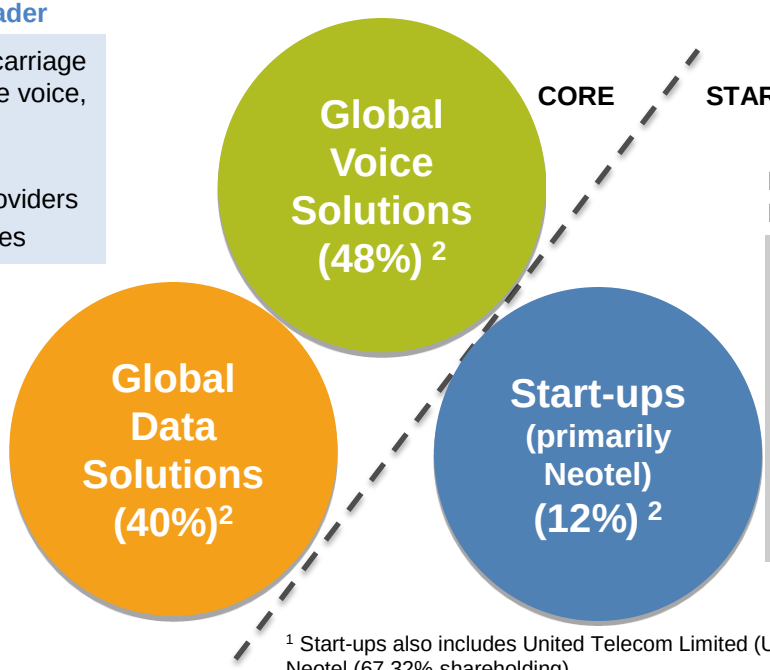
Business Model

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, mid-market and SMB 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, entreprises, 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'12

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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

1997
- Largest float of GDRs by an Indian company in the international market —Listing on the London Stock Exchange

2000
- Becomes the first public sector undertaking (PSU) in India to be listed on the NYSE – converted underlying GDRs to ADRs

2002
- Tata Group acquires 45% stake after Government of India ('GoI') disinvestment and 5% from open markets

2004
- Completes first Indian company owned undersea fiber optic cable

2005
- Acquires Tyco Global Network, making the Company one of the world's largest providers of submarine cable bandwidth
- Chosen as network administrator of global consortium cable system SEAMEWE4- First for an Indian company
- Chosen as strategic partner for Neotel by the Government of South Africa; acquires a 22% stake

2006
- Completes acquisition of Teleglobe International Holdings Ltd.

2008
- Changes name from VSNL to TCL

2009
- Acquires an additional 27% stake in Neotel

2010
- Signs landmark deal with BT Group - becomes main distribution channel for IDD traffic into the UK

2011
- Increased shareholding to 61.5% in Neotel

2012
- Launches TGN-Gulf cable system connecting India, Middle East and onwards
- Completion of world's first wholly-owned global submarine cable network ring around the world
- Announces global technology association with Formula 1™
- Further increases shareholding to 67.3% in Neotel

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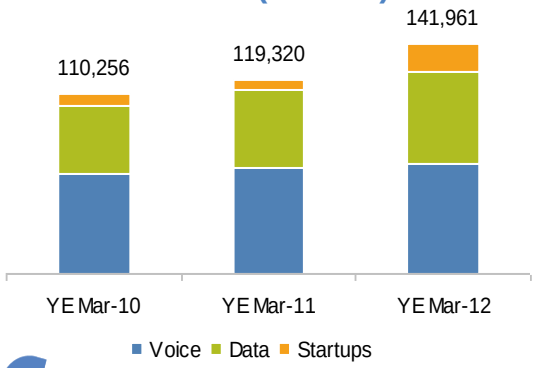
Factsheet

Key Highlights

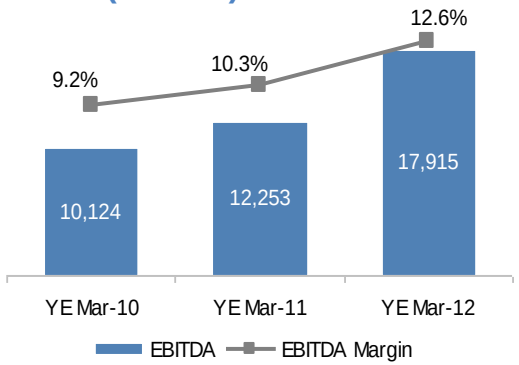
Industry leadership	• #1 international voice carrier by minutes • #1 submarine cable owner by length • #1 in enterprise data in India by revenue • #2 network operator in South Africa	**Customers**	• 3,000 large corporates including 260 Forbes 2,000 MNCs • 1,600 carriers and 700 mobile operators
Global Infrastructure	• Over 200,000 kms of owned fiber • 400 Points of Presence • Over 15 terabits of international bandwidth lit capacity • 42 data centres with more than 10,000 racks and 1 mn square feet of space	**Key Performance Indicators**	• 1 out of 6 wholesale voice calls globally are carried on Tata Communications' network • World's largest and only round-the-world sub-sea cable network. Tata Communications' network carries nearly 10% of global internet traffic • Only global tier 1 ISP with a top five position in all continents – leading international internet backbone

Summary Financials

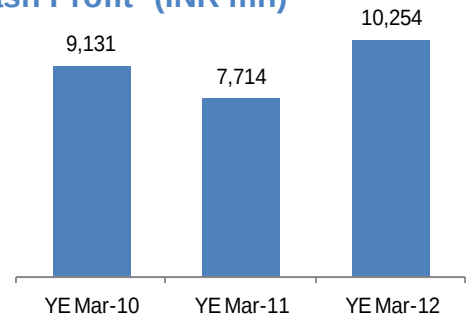
Gross Revenues (INR mn)



EBITDA (INR mn)



Cash Profit[1] (INR mn)



[1]Cash Profit computed as
(Net Profit/Loss + Depreciation and Amortisation)

Note: Gross Revenue, EBITDA, Cash Profit are consolidated

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TATA COMMUNICATIONS

Our Vision and Strategy

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Tata Communications in numbers

50 Billion Minutes
of International
Voice Traffic

20% Of internet routes
are directly connected
to our network

73 Million Voice Transactions
handled every day

42 Data Centers
with more than 10,000
racks and one million
square feet

4,200 Petabits
every month on
our Internet
backbone

15 Terabits
of International Bandwidth
Lit Capacity

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TATA COMMUNICATIONS

Our touch points

SATELLITE

Media

Mobility

Video

ATMs

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TATA COMMUNICATIONS

Global management team

Vinod Kumar
MD and Group CEO
(Singapore and India)

Sanjay Baweja
CFO
(India)

Michel Guyot
President – GVS
(Canada)

Allan Chan
President, Global Carrier Solution
(USA)

Sumeet Walia
SVP and Head Global Enterprise Solutions
(India)

Sunil Joshi
MD & CEO of Neotel
(South Africa)

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

Rangu Salgame
CEO – Growth Ventures
(India)

Srinivasa Addepalli
Chief Strategy Officer
(India)

Madhusudhan MR
Chief Network Officer
(India)

Aadesh Goyal
Global Head, Human Resources
(India)

John Freeman
General Counsel
(Singapore)

Sunil Rawal
Global Head Business Excellence, CQO
(India)

Julie Woods-Moss
Chief Marketing Officer
(UK)

Genius Wong
SVP Global Network Services
(Hong Kong)

(Country) represents where each executive is located.

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Summary: Key Investment Highlights

1. Large global addressable opportunity with favorable market trends
   (outsourcing, data surge, managed services, transition to cloud)
2. Best-in-class Global Infrastructure
3. Leadership across various Service Offerings
4. Comprehensive Portfolio of Communication Services
5. Improving Financial Performance and Operating Metrics
6. Global Management Team with Superior Execution Experience
7. Strong Parentage of the Tata Group

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