



Tata Communications Limited

Instrument	Amount Rated	Rating
	In Rs. Crore	As on March 2012
Short Term debt Programme	100.0	[ICRA]A1+ (reaffirmed)

ICRA has reaffirmed the short term rating of [ICRA]A1+ (pronounced as ICRA A one plus) to the Rs. 100 crore* Short Term Debt of Tata Communication Limited (TCL)†.

The rating continues to take into consideration TCL's established position in the National Long Distance (NLD) and International Long Distance (ILD) services, its long track record of operations, its experienced management, and its extensive global network of terrestrial and undersea cables which provides it with a competitive edge. The rating favorably factors in TCL's increasing scale of operations, diversity in its revenues and the flexibility it enjoys being a part of the Tata Group. The rating also takes into account stabilization of operations in the South African operations – Neotel Pty Limited (in which TCL increased its stake to 61.5% in June 2011 from 49% earlier). The rating is however constrained by increasing competitive pressures in the highly commoditized wholesale voice business, its large capital expenditure plans and increase in gearing levels on a consolidated basis due to a combined effect of increase in debt levels and decline in net worth of account of accumulated losses.

However, in ICRA's opinion, on a standalone level, TCL's operating income is expected to witness a steady growth; the gearing levels are expected to remain low and cash flows from operations are expected to remain healthy, translating into comfortable debt protection indicators.

Company Profile

Tata Communications Limited is a leading global provider of telecommunication solutions. Formerly known as Videsh Sanchar Nigam Limited (VSNL), it was established in 1986 and subsequently in 2008, the name was changed to Tata Communications Limited after the Tata group acquired 50.1% stake in VSNL. TCL operates in three major segments namely Global Voice Segment, Carrier and Enterprise Data Segment, and Other Services. In Global Voice segment, it provides network infrastructure to carry long distance traffic through the service operators. In Carrier and Enterprise Data segment, the company provides high speed bandwidth connectivity to internet service providers through its global submarine cable network. It also offers virtual networks, leased circuits, Ethernet services, conferencing facilities and managed services to corporate clients. The other services include internet and broadband services and Wi-Fi services to the retail clients. During last few years TCL has been active in acquisition/strategic investments overseas which has increased its geographic presence significantly. Some of the investments made by the company include Teleglobe, Tyco Global Networks and Neotel etc.

During FY2011, the company reported a Profit after Tax of Rs. 163 crore on an Operating Income of Rs. 3612 crore on a standalone basis and Net Loss of Rs. 698 crore on an Operating Income of Rs. 12000 crore on a consolidated basis. For the nine months ending December 2011, TCL reported a profit after tax of Rs. 133 crore on an operating income of Rs. 2991 crore on a standalone basis and a net loss of Rs. 643 crore on an operating income of Rs. 10235 crore on a consolidated basis.

March 2012

* 100 lakh = 1 crore = 10 million

† For complete rating scale and definitions, please refer to ICRA's Website, www.icra.in, or any of the ICRA Rating Publications.



For further details please contact:

Analyst Contacts:

Mr. Sabyasachi Majumdar, (Tel No. +91-124-4545304)

sabyasachi@icraindia.com

Relationship Contacts:

Mr. L. Shivakumar, (Tel. No. +91-22-30470005)

shivakumar@icraindia.com

Disclosure: *A Member of the Board of Directors of ICRA Limited is also an Independent Director on the Board of Directors of Tata Communications Limited. The Director was not involved in any of the discussions and processes related to the Rating of the instrument(s) mentioned herein.*

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**Registered Office****ICRA Limited**

1105, Kailash Building, 11th Floor, 26, Kasturba Gandhi Marg, New Delhi 110001
Tel: +91-11-23357940-50, Fax: +91-11-23357014

Corporate Office**Mr. Vivek Mathur**

Mobile: **9871221122**

Email: vivek@icraindia.com

Building No. 8, 2nd Floor, Tower A, DLF Cyber City, Phase II, Gurgaon 122002
Ph: +91-124-4545310 (D), 4545300 / 4545800 (B) Fax; +91-124-4545350

Mumbai**Mr. L. Shivakumar**

Mobile: **91-22-30470005/9821086490**

Email: shivakumar@icraindia.com

3rd Floor, Electric Mansion, Appasaheb Marathe Marg, Prabhadevi, Mumbai - 400 025

Ph : +91-22-2433 1046/ 1053/ 1062/ 1074/ 1086/ 1087

Fax : +91-22-2433 1390

Kolkata**Ms. Anuradha Ray**

Mobile: **91-33-22813158/9831086462**

Email: anuradha@icraindia.com

A-10 & 11, 3rd Floor, FMC Fortuna, 234/ 3A, A.J.C. Bose Road, Kolkata-700020.

Tel: +91-33-2287 6617/ 8839/ 2280 0008

Fax: +91-33-2287 0728

Chennai**Mr. Jayanta Chatterjee**

Mobile: **9845022459**

Email: jayantac@icraindia.com

5th Floor, Karumuttu Centre, 498 Anna Salai, Nandanam, Chennai-600035.

Tel: +91-44-2433 3293/ 94, 2434 0043/ 9659/ 8080, 2433

0724, Fax:91-44-24343663

Bangalore**Mr. Jayanta Chatterjee**

Mobile: **9845022459**

Email: jayantac@icraindia.com

2 nd Floor, Vayudhoot Chambers, Trinity Circle, 15-16 M.G.Road, Bangalore-560001.

Tel:91-80-25597401/ 4049 Fax:91-80-25594065

Ahmedabad**Mr. L. Shivakumar**

Mobile: **9821086490**

Email: shivakumar@icraindia.com

907 & 908 Sakar -II, Ellisbridge, Ahmedabad- 380006

Tel: +91-79-26585494, 26582008, 26585049, 26584924

TeleFax: +91-79- 2648 4924

Pune**Mr. L. Shivakumar**

Mobile: **9821086490**

Email: shivakumar@icraindia.com

5A, 5th Floor, Symphony, S.No. 210, CTS 3202, Range Hills Road, Shivajinagar, Pune-411 020

Tel : (91 20) 2556 1194 -96; Fax : (91 20) 2556 1231

Hyderabad**Mr. M.S.K. Aditya**

Mobile: **9963253777**

Email: adityamsk@icraindia.com

301, CONCOURSE, 3rd Floor, No. 7-1-58, Ameerpet, Hyderabad 500 016.

Tel: +91-40-2373 5061 /7251 Fax: +91-40- 2373 5152