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**Quarterly report on the results for the quarter ended September 30, 2020**

**Tata Communications Limited**

Plot Nos. C-21 & C-36, 'G' Block, Bandra Kurla Complex,  
Vidyanagari Post Office, Mumbai - 400 098



**October 16, 2020**

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## **Supplemental Disclosures**

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**Safe Harbor:** - Some information in this report may contain forward-looking statements. We have based these forward-looking statements on our current beliefs, expectations and intentions as to facts, actions and events that will or may occur in the future. Such statements generally are identified by forward-looking words such as "believe," "plan," "anticipate," "continue," "estimate," "expect," "may," "will" or other similar words.

A forward-looking statement may include a statement of the assumptions or basis underlying the forward-looking statement. We have chosen these assumptions or basis in good faith, and we believe that they are reasonable in all material respects. However, we caution you that forward-looking statements and assumed facts or bases almost always vary from actual results, and the differences between the results implied by the forward-looking statements and assumed facts or bases and actual results can be material, depending on the circumstances. You should also keep in mind that any forward-looking statement made by us in this report or elsewhere speaks only as of the date on which we made it. New risks and uncertainties come up from time to time, and it is impossible for us to predict these events or how they may affect us. We have no duty to, and do not intend to, update or revise the forward-looking statements in this report after the date hereof. In light of these risks and uncertainties, any forward-looking statement made in this report or elsewhere may or may not occur and has to be understood and read along with this supplemental disclosure.

**General Risk:** - Investment in equity and equity related securities involves a degree of risk and investors should not invest any funds in this Company without necessary diligence and relying on their own examination of Tata Communications Limited; along with the equity investment risk which doesn't guarantee capital protection.

**Use of Certain Non-GAAP measures:** - This result announcement contains certain information on the Company's results of operations that have been derived from amounts calculated in accordance with Indian Accounting Standards (INDAS), but are not in themselves GAAP measures. They should not be viewed in isolation as alternatives to the equivalent INDAS measures and should be read in conjunction with the equivalent INDAS measures.

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**Section 1****TATA COMMUNICATIONS – PERFORMANCE AT A GLANCE**

Particulars	UNITS	Full Year Ended			Quarter Ended				
		2018	2019	2020	Sep 2019	Dec 2019	Mar 2020	June 2020	Sep 2020
<b>Operating Highlights</b>									
95 <sup>th</sup> Percentile Bandwidth Usage	Tbps/month	9.7	11.4	16.7	12.0	13.5	16.7	15.6	16.1
Data Revenue by Segment									
Service Provider	%	42.7%	41.0%	38.0%	39.0%	38.0%	38.0%	37.0%	36.0%
Enterprise	%	57.3%	59.0%	62.0%	61.0%	62.0%	62.0%	63.0%	64.0%
Data Revnue by Line of Business									
Traditional Services	%	67.6%	64.9%	62.7%	63.6%	63.1%	61.1%	61.9%	62.4%
Growth & Innovation Service	%	19.5%	22.5%	24.0%	23.4%	23.7%	25.0%	26.3%	25.8%
Rentals	%	1.1%	1.0%	1.2%	1.0%	1.0%	1.6%	1.2%	1.1%
Subsidiaries	%	11.9%	11.6%	12.1%	12.0%	12.1%	12.3%	10.7%	10.7%
Total Voice Minutes	Bn, Minutes	39.4	30.0	23.2	6.0	5.5	5.4	5.2	4.9
International Long Distance	Bn, Minutes	35.4	27.5	22.6	5.8	5.4	5.3	5.1	4.8
National Long Distance	Bn, Minutes	3.9	2.6	0.6	0.1	0.1	0.1	0.1	0.1
<b>Financials</b>									
Gross Revenue	₹, Cr	16,772	16,525	17,068	4,273	4,229	4,398	4,403	4,401
Net Revenue	₹, Cr	8,535	9,110	9,447	2,368	2,301	2,450	2,449	2,523
EBITDA	₹, Cr	2,412	2,745	3,289	834	761	869	1,042	1,158
EBIT	₹, Cr	506	677	931	275	200	182	452	586
Profit Before Tax	₹, Cr	46	343	140	163	98	(282)	340	501
Profit After Tax	₹, Cr	(329)	(82)	(86)	54	59	(275)	258	384
Capex	₹, Cr	1,515	1,864	1,596	454	490	342	372	318
Free Cash Flow	₹, Cr	897	881	1,693	380	271	526	670	840
Total Capital Employed	₹, Cr	8,001	8,345	7,898	8,354	8,395	7,898	7,961	8,083
Net Debt / (Net Cash)	₹, Cr	7,502	8,527	9,176	8,933	8,965	9,176	9,008	8,631
<b>Key Ratios</b>									
EBITDA Margin	%	14.4%	16.6%	19.3%	19.5%	18.0%	19.8%	23.7%	26.3%
EBIT Margin	%	3.0%	4.1%	5.5%	6.4%	4.7%	4.1%	10.3%	13.3%
Net Profit Margin	%	(2.0%)	(0.5%)	(0.5%)	1.3%	1.4%	(6.3%)	5.9%	8.7%
Net Debt to EBITDA (LTM)	Times	3.1	3.1	2.8	2.8	2.9	2.8	2.6	2.3
Weighted Average Cost of Debt	%	3.50%	3.72%	3.75%	3.77%	3.55%	3.73%	3.03%	2.80%
Interest Coverage Ratio (LTM)	Times	1.47	1.71	1.98	2.26	1.94	1.98	2.35	3.07
Return on Capital Employed	%	5.9%	8.3%	11.5%	11.6%	10.1%	11.5%	13.6%	17.3%
<b>Valuation Indicators</b>									
Market Capitalisation	₹, Cr	17674	17463	6645	10690	11313	6645	17436	24151
Enterprise Value	₹, Cr	25176	25990	15821	19623	20278	15821	26444	32782
EV / EBITDA (LTM)	Times	10.99	9.47	4.81	6.16	6.53	4.81	7.54	8.56

## **Section 2**

### **AN OVERVIEW**

#### **2.1 Company Overview**

Tata Communications is the leading global provider of a 'new world of communications'. With a leadership position in emerging markets, and an infrastructure that spans the globe, Tata Communications leverages its advanced solutions capabilities and domain expertise across its global network to deliver managed solutions to multinational companies and service providers. We're proud to provide 66% of the Fortune 500 companies with our state-of-the-art solutions, including a wide range of communication, collaboration, cloud, mobility, network and data center services.

The Tata Communications global network includes one of the most advanced and largest submarine cable networks. We are in the Top 5 IP providers on 5 continents and offer public and private network connectivity to more than 240 countries and territories. Our major service/solutions are Network engineering, development & management, Unified Communication & Collaboration solutions such as video, audio and web conferencing, in addition to an array of Data Center, Cloud and Security Services."

#### **Products, Services, and Solutions**

Every industry is going through profound upheavals as digital technology rapidly and radically transforms how business engages with the marketplace and all stakeholders. IT decision makers have started leveraging the growing sophistication of hybrid solutions to re-engineer IT economics, liberate more funds for innovation and enhance core business processes. This trend is driving greater demands for higher level performance from ICT providers. Whether it be mature enterprises looking to transform themselves or start up enterprises creating new products and services.

Tata Communications' portfolio of products, services and solutions have been uniquely designed to deliver these new levels of performance and is based on following fundamentals of our business strategy 2.0 roadmap.

Our offerings enable information and computing to work smarter and harder for the business users. Wherever they are. Whenever they need it. We put into their hands a unique range of performance technologies from our "best in class" platforms such as the world's only global Tier 1 infrastructure and IZO Cloud Enablement to 'industry specific' solutions for businesses be it manufacturing, media, BFSI or E-commerce industries.

Tata Communications categorizes its offerings into 2 major groupings: Data and Voice. In addition to these books of business we also have an ATM network subsidiary in India (Tata Communications Payment

Solutions Ltd.) and a network management outsourcing subsidiary that supports global service providers (Tata Communications Transformation Services Ltd.)

**Data Services:** Enterprises are evolving their enterprise networks to deal with business communication transformations. This is driven by advances in Cloud computing, the Internet of Everything, Smartphone proliferation for both consumer and enterprise uses, tighter supply chain integration/automation, and providing richer and more agile connections with their customers and partners.

**Network Services:** Our service offering includes a comprehensive selection of networking services including IZO™ Internet WAN, IZO Private Connect, IZO Public Connect enabling enterprise cloud adoption and core network services including WAN Ethernet, Global VPN and International private lines spanning over 100 countries. On the Internet, we're a major Tier-1 IP provider, consistently ranked in the top five telecommunications companies on five continents, by internet route. In fact, we handle more than 24% of the global internet route, totaling more than 7,300 petabytes a month. Our infrastructure features the world's largest wholly-owned subsea cable network, 4th largest tier 1 IPv6 enabled internet and backbone, and the most extensive reach into the emerging markets around the world. So, no matter where in the world your business takes you, we're there to provide the connectivity services you need.

**Unified Communications and Collaboration (UCC):** We deliver global communication and collaboration services to enable digital transformation for businesses and many types of service providers. With voice and messaging at the heart of our business collaboration strategy, our modular portfolio comprises Global SIP Connect, UCaaS Microsoft Teams solutions, UCaaS Cisco Powered Solutions, Digital Customer Experience Platform and real-time communication APIs that can be integrated into business solutions. Our proposition helps our clients chart their own journey looking from where they currently stand to the transformation required to implement their stepwise business collaboration strategy.

**Cloud, Hosting and Data Centre Services:** With over 1 million square feet of collocation space in 44 locations worldwide and global partnership to extend our reach and capacity, our portfolio offers access to Colocation, Dedicated Hosting, Virtualization, IZO Private Cloud and IZO Cloud Storage solutions: a single pathway to managing multiple complex workloads and computing environments, with an integrated view. Getting the right Cloud and Data Centre solution often means contracting and coordinating with multiple suppliers around the world,

working through layers of complexity and ultimately incurring additional costs. Our portfolio offers a flexible and cost-efficient compute and storage options to meet the ever-growing needs of our clients.

**Managed Security Services:** As more cloud-based services are adopted, there is a growing threat to data security and privacy, which Tata Communications helps solve for its customers. Right from end-user authentication to security critical assets in Data Centres through firewalls and threat mitigation solutions, we offer comprehensive security services partnering with the best vendors in the business and a 24/7 proactive support through our Security Operations Center.

**Media and Entertainment Services:** Our 'Media Ecosystem' provides solutions for every kind of enterprise in all segments of media and entertainment, including gaming, sports, news, cable, and broadcasting. Tata Communications' Media Ecosystem combines its traditional video contribution services with IP-based connectivity to create a highly innovative cloud based global media platform. The global media ecosystem—first of its kind—provides a comprehensive solution that includes asset management, workflow management, channel origination, video contribution and distribution feeds, OTT platform as a service, Live OTT delivery and transcoding as service.

**Customer Services:** Customer services are a key differentiator in a crowded marketplace, and businesses are increasingly looking to outsource network and IT services to dedicated experts. Our best-in-class services support Tata Communications' entire product & service portfolio and we deliver value through a services portfolio that covers program management, service delivery, service management, advanced solutions delivery and other personalized support services. We are also championing the 'whatever it takes' philosophy within the Tata Communications services team to build a culture where we want to do the right things for the customer, where we're always flexible, always available, and always positive. More than an SLA, it's a state of mind – constantly checking that we are doing everything within our power to help our customers.

**Voice Services:** In voice, we are the world's largest wholesale voice provider, carrying over a billion minutes a week. Through our 1600+ telecom partnerships our network handles 1 out of every 10 international calls and connects more than 70% of the world's mobile carriers. We also we offer a comprehensive portfolio of high-quality transport and termination services, including Voice Direct Transit and HD Voice.

Tata Communications - Core			
Data			Voice
<u>Traditional Services</u> <ul style="list-style-type: none"> <li>- International Private Line</li> <li>- Ethernet Service</li> <li>- VPN</li> <li>- Internet Leased Line / DIA</li> <li>- Internet Protocol - Transit</li> <li>- Mobility</li> </ul>	<u>Growth Services</u> <ul style="list-style-type: none"> <li>- UCC / SIP - Trunking</li> <li>- Managed Hosting</li> <li>- GHCC</li> <li>- V-Connect / Streaming</li> <li>- IZO</li> <li>- Managed Security Services</li> </ul>	<u>Innovation</u> <ul style="list-style-type: none"> <li>- Mobile Innovation</li> <li>- IoT</li> </ul>	<u>Subsidiaries</u> <ul style="list-style-type: none"> <li>- Tata Communications Transformation Services</li> <li>- Tata Communications Payment Solutions</li> </ul>

## 2.2 Product Overview

Tata Communications' portfolio of products, services and solutions have been uniquely designed to deliver new levels of performance and connectivity. Major product offerings are:

- 1. International Private Line:** Tata Communications' International Private Line service offers greater diversity of route, uptime and multiple service options for all international and India data transport requirements, backed by the world's largest and most advanced cable system, owned and maintained by Tata Communications. It securely transfers voice, video and data on the access backed by reliable service, route diversity and industry-leading service level guarantees.  
IPL is a Point to point dedicated bandwidth between two sites provided by a licensed international telecom operator to end-user customers, which crosses over one or more international boundaries.
- 2. Ethernet Service:** Tata Communications delivers certified dedicated Ethernet services using its reliable & protected network across the globe with unmatched SLA to connect point to point or point to multipoint locations within India or outside India.  
It provides flexible bandwidth options with greater scalability option to cater to the dynamic business requirement for bandwidth.
- 3. Virtual Private Network:** Tata Communications' global VPN services provide MPLS based secure, cost-effective VPN solutions that enable seamless convergence of voice, data, video, and multimedia on a seamless global network reaching all major markets and maximum emerging markets.  
Global VPN range of services help enterprises improve operational efficiencies and quality of service for basic, real-time and mission critical applications.
- 4. International Leased Line:** A single worldwide service providing un-contended, mission critical Internet access to Tier 1 global IP network for the customers.  
With a IP Backbone of over 1600 Gbps which spans across six continents and peering of over 1400 Gbps with all major Service providers and Internet Exchanges across the globe, Tata communications is the only true global tier 1 ISP in India with 200+ Global point of presence.  
With one of the biggest submarine cable capacities, the widespread network reach connects 6 continents. This allows diverse redundancy and protection capabilities to all the customers with Industry level SLA.
- 5. Direct Internet Access (DIA):** Tata Communications' Direct Internet Access provides easy and affordable Internet connections across customer's offices over Tier-1 global IP backbone with a single AS6453 in over 50 countries. We also

provide Internet access to emerging markets with extensive reach in India, China, and Africa.

- 6. IP Transit:** Tata Communications' IP Transit provides high speed, secure and reliable Internet connection via our Tier-1 global IP backbone reaching more than 230 global PoPs in over 30 countries. Together with the largest Internet backbone in India, our customers grow with optimal routing performance.  
With over 230 Internet PoPs conveniently located in over 30 countries at carrier neutral Internet Exchanges (IX), we reduce access cost to the Internet. This is further enriched by our Indian Internet PoPs enabling reach to the explosive Internet growth in Asia, and over 3500Gbps peering connectivity with all other global Tier-1 ISPs.  
This rides on Tata Global Network (TGN), world's first wholly owned fibre optic subsea cable network ring round the globe that spans 210,000 kilometers of terrestrial and 500,000 kilometers of subsea network.
- 7. Content Delivery Network:** Tata Communications' content delivery network or content distribution network (CDNs) is a cloud-based solution that caches/stores customers content at locations around the globe and serves it to end user with a lightning speed.  
CDN deployed over Tier -1 IP Network leveraging reach on to 200 countries and peering with leading ISP's across the globe to provide highest quality of user experience.  
CDN helps to deliver streaming, online video platform, Electronic software delivery & whole site acceleration using global platform.
- 8. Mobility**  
Voice – international voice wholesale, including support for LTE based voice services (Mobile VoIP, VoLTE and HD Voice).

Signaling (SCCP & Diameter) – The signaling services help in international roaming, our signaling services can be delivered over several network options, including TDM, IP, Global VPN, and IPX Connect (SCCP over IPX). Also supported is signaling evolution from SCCP to Diameter, including Sigtran, ready for IMS based services and for LTE roaming capabilities.

Mobile Messaging - our messaging network ensures delivery of quality application-to-person (A2P) messaging across the mobile ecosystem, including mobile network operators, SMS aggregators, enterprises and next generation service providers (OTT providers). Mobile Network Operators get protection from fraud, spam and grey routing, through working with Tata Communications as a single trusted source to help securely monetize A2P message traffic termination and also through use of our comprehensive SMS Firewall.

IPX+ - a framework that lets MNOs support mobile applications with greater efficiency through a consolidated network, with optimal network utilization, simplified interconnect, and managed service options. Voice, Signaling and Roaming services are integrated within the IPX+ framework, which includes support for LTE Roaming, VoLTE, HD voice, video and enablement solutions for real-time rich media applications.

Roaming - Combining our Diameter Signaling Exchange (DSX) platform together with IPX Connect service for 3G/4G data roaming, Tata Communications provides a comprehensive LTE roaming solution. We support 2G, 3G and 4G roaming within a single solution framework, which addresses signaling, steering, routing, inter-working, transport, clearing & settlement, business intelligence (Roampulse), security and service assurance for a successful LTE roaming launch.

9. **Unified Communications as a Service (UCaaS):** Tata Communication UCaaS offerings deliver cloud-based collaboration experiences based on Microsoft or Cisco services, or a combination of both. All the collaboration services are powered by Tata Communications' industry leading voice with customer experience ensured through comprehensive managed services. UCaaS Cisco powered solutions include Webex Meetings, Webex Calling, Webex Devices, Hosted Meetings and Hosted Calling. UCaaS Microsoft Teams solutions include Direct Routing for Microsoft teams and Connections for Microsoft Teams.
10. **Global SIP Connect:** Tata Communications' Global SIP Connect is integrated with over 1600 carriers, 785 mobile providers and over 700 VoIP operators. Expansive reach is the best in the industry – via ITFS in 113+ countries, UIFN in 45+ countries, Domestic Voice in 28 countries and LNS (Local Number Services) in 65+ countries and 300+ cities. Global SIP Connect is a multimodal functionality which connects an enterprise to the world; over our state-of-the-art global IP network — making global voice and video communications and collaboration simpler, easier to manage, and more economical than ever before. Our Fraud Prevention as-a-service offering ensures customers are safeguarded against telecom fraud. The company's APIs portfolio allows organizations to integrate voice in business applications and offers a cohesive voice collaboration experience.
11. **Managed Hosting:** Tata Communications' Managed hosting service is a fully managed IT Infrastructure solution integrated across Tata Communications Data Centers located globally. It includes designing Data Center Hardware, provisioning & managing the infrastructure with defined SLA for the Infrastructure till operating system.

This is an end to end service for the outsourcing of the Data center infrastructure by providing stringent Service level. It helps reduce the capex investment, technical obsolescence of the hardware & provides business continuity for the enterprise. The service is offered from the data centers which are connected over the secure MPLS network of Tata Communications & infrastructure is managed by the state of art SOC globally.

Hosting service comes in a form of dedicated, Virtualized, & Hybrid model.

12. **Tata Communications' Digital Customer Experience Platform:** With a full range of omni-channel capabilities, AI, and automation, our Digital Customer Experience Platform is delivered from the cloud, can be tailored for differentiation and business results, and allows organizations to rapidly achieve a superior digital customer and employee experience.  
It all comes in one easy-to-manage, cost-efficient package with a state-of-the-art artificial intelligence enabled cloud native applications, physical transport infrastructure, a global MPLS network, and leading voice, video and data centre applications. As a global leader in communications, we have everything that an enterprise needs, in place and ready to go on demand. Our single, unified Service Level Agreement (SLA) for all voice, network, infrastructure, and application services is unique in the market that is a complete, end-to-end, fully managed and tailored solution available across the globe.
13. **Managed Security Service:** Tata Communications is offering Managed Security Services (MSS) to meet the operational security needs of customers across the globe. The services are managed by a team at the state of art Security Services Operations Center (SSOC) in Chennai, India.  
Tata Communications offers complete portfolio of security services with premise based & cloud based solutions offering which includes Firewall/UTM, WAF, Data Leak Protection(DLP), Proxy, DDoS, Two Factor Authentication, IDS-IPS, Vulnerability-Penetration testing & professional services.
14. **IZO™ Platform**  
IZO™ Platform is a flexible, one-stop cloud enablement platform designed to help you navigate complexity for more agile business performance and allows rapid expansion, flexibility and high security for the enterprises. The IZO™ network platform combines the public internet uniquely engineered for predictable routing, with enterprise private and public cloud connectivity and interconnected data centres to deliver a total cloud solution.  
  
The IZO™ platform offers an array of innovative service offerings for Cloud enablement, including IZO™ Private Connect, IZO™ Public Connect,



IZO™ Internet WAN, IZO™ Hybrid WAN and IZO™ SDWAN.

**IZO™ Private/Public Connect** - IZO™ Private Connect links businesses to leading cloud service providers such as Alibaba Cloud, Amazon Web Services, Google Cloud Platform, Microsoft Azure, Office 365, Oracle Cloud, Salesforce.com and Tata Communications IZO™ Private Cloud. IZO™ Private Connect also provides access to over 110 Data Centres globally. Customers can connect using MPLS or Ethernet via one single provider globally, to ensure network performance.

**IZO™ Internet WAN and Hybrid WAN** - A global Internet-based WAN service that gives businesses the security, flexibility, end-to-end SLA and predictability just like a private network, but with the global reach of the Internet. The enterprises can also deploy IZO™ Hybrid WAN which integrates IZO™ Internet WAN with Tata Communications' Global VPN service to build a global hybrid network with guaranteed performance levels over 130 countries globally.

**IZO™ SDWAN** - brings you access to a cloud infrastructure spanning 130 countries. This means you can benefit from instant deployment and seamless management of your branches and cloud assets anywhere in the world. IZO™ SDWAN integrates seamlessly with IZO™ Hybrid WAN, IZO™ Private Connect and cloud solutions, to deliver a unique and scalable communication platform your user and application needs.

**IZO Private Cloud:** IPC is an enterprise private cloud platform which offers a flexible, scalable and reliable cloud environment. It provides a flexible platform that allows end-users to create the appropriate combination of compute, network, security, storage, and traffic management services that meet business needs, & have the flexibility to grow with business. The IPC service is delivered on a dedicated or a logically separated infrastructure within Tata Communications' data centers.

**IZO Cloud Storage:** It is an integrated solution for diverse data requirements, ranging from long term archival to high performance storage. Integrated with the global tier-1 network and security services, IZO™ Cloud Storage offers an always available, highly durable and fully secure environment, delivered from across multiple global locations.

15. **Video Connect:** Tata Communications' Video Connect service ensures premium quality video delivery. We leverage the constant bandwidth availability and the video transmission is done at reliable bit rates on protected fibre paths to optimize end users' viewing experience.

16. **Mobile Innovation:** Our new generation mobility services are designed to provide solutions to help enterprise customers and mobile communications services providers succeed in this complex market environment:

MNOs and MVNOs - solutions to help increase revenue and secure customer loyalty, including MVNE services to help globalize an MVNO offering, together with sponsored data exchange, mobile messaging exchange, Wi-Fi connectivity and our API suite (Payments, Authentication, WebRTC).

Next generation service providers - we enable connectivity between the on-net OTT world and the off-net Telco world with Local Number Services and mobile messaging services to extend service reach. We support MVNE services, providing access to our Mobile Network as a Service (MNaaS) platform.

Enterprises - mobile customer engagement solutions, to improve customer experience, loyalty and adoption of mobile devices – Sponsored Data Exchange, Mobile Data Rewards, Mobile Messaging Exchange and MVNE services, providing access to our Mobile Network as a Service (MNaaS) platform as well as access for global IOT service connectivity.

WiFi+ - is a new WiFi Cloud Communication solution, which enables mobile network operators' customers to access the internet for browsing; messaging; calling and other data applications while roaming. The user gets seamless and unlimited access to more than 44 million hot-spots globally at a predictable price preventing roaming bill-shock. It helps the Operators to monetize their silent roamers and keep them on board.

MOVE (Mobile Virtual Enabler) – is a platform-based service, that provides virtual global mobile connectivity for MVNOs (MNO extensions, enterprise MVNO etc.) and is also used to provide global connectivity for IOT services.

- MVNE – a complete MVNE stack incorporating signaling, SIM provisioning, BSS/OSS and customer support for MVNOs of any type (MNO brand extensions, Enterprise, M2M, Roaming etc.)
- IOT – Providing global connectivity for M2M / IOT services that need to take an international approach to service deployment (Automotive, Transportation, Logistics, Travel, Hospitality etc.).
- India IOT – IOT in India is offered on dedicated wireless network based on LORA technology. We provide end to end customer service and the major products are for the following categories: Asset tracking, Smart Street lights, Employee Health and safety, Smart Button / feedback solutions, Human safety solution and Automated metering solutions (GAS /WATER/ POWER).

### **Section 3**

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **3.1 Results of Operations**

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#### **Key Highlights - For the quarter ended September 30, 2020**

- **Consolidated –**

- **Revenue** grew by 3.0% YoY and flat sequentially, coming in at INR 4,401 crore. This growth is on the back of continuing strong performance across segments. Moderation in Enterprise Voice traffic and forex impact led to subdued sequential growth.
- **EBITDA** at INR 1,158 crore. EBITDA grew by 38.9% YoY and 11.1% QoQ with a margin of 26.3% which expanded by 680 Bps YoY and 260 Bps QoQ led by strong profitable growth in Data business and cost efficiency initiatives. COVID related benefit in operating costs continued in Q2 and we also got some timing benefit as some costs were pushed to H2.
- **Profit** for the quarter was INR 384 crore as compared to a profit of INR 54 crore in same quarter last year, this profit is on the back of strong revenue and EBITDA performance.
- **CAPEX** for Q2 was INR 318 crore as compared to INR 372 crore in Q1FY21
- **Net Debt** at the end of the quarter was INR 8,631 crore, a decrease of INR 377 crore as compared to last quarter. Net debt came down despite dividend payment of INR 114 crore and annual bonus pay-out to employees during the quarter.
- Average cost of borrowing for the quarter was at 2.80%, witnessing a decline of 23 Bps as compared to Q1, primarily due to decline in Average LIBOR from 0.37% in Q1 to 0.26% in Q2 FY21.

- **Data –**

- **Data business** saw steady growth across segments. Revenue came in at INR 3,642 crore, growing 7.2% YoY, and 1.1% sequentially. Sequential revenue was impacted by slower deal conversion due to COVID, forex impact and moderation in Growth Services.
- EBITDA for the quarter came in at INR 1,108 crore, growing by 47.2% YoY and 13.7% QoQ. EBITDA margin was at 30.4%, translating into an expansion of 830 Bps YoY and 340 Bps QoQ. This expansion is on the back of continued focus on operational efficiencies and lower cost due to lockdown.
- **Traditional Services** - Revenue at INR 2,271 crore, showing a growth of 5.1% YoY and a sequential growth of 1.9%.
- EBITDA at INR 1,016 crore, witnessing a growth 24.3% YoY and 8.0% sequentially with a margin of 44.7%. Margin has expanded by 690 Bps YoY primarily due to cost efficiencies and lower costs due to lockdown.
- **Growth services** – Revenue at INR 903 crore, witnessing a growth of 17.0% YoY and a marginal decline of 2.2% QoQ. Sequential decline was due to moderation in enterprise voice traffic during the quarter, traffic is now closer to pre-covid levels. We are witnessing a strong growth in our services. Sporting events have started and our Video Connect business grew by 74.2% QoQ, Security services grew by 44.5% QoQ and Hosting business grew by 11.1% QoQ.
- EBITDA for the quarter came in at INR 150 crore witnessing a 440% YoY and 30.6% QoQ growth. EBITDA margin have expanded by 420 Bps QoQ.
- **Transformation Services**’ revenue for the quarter at INR 333 crore, witnessing a growth of 2.8% YoY and flat sequentially.

- EBITDA for the quarter was at INR 4 Crore as compared to a loss of INR 3 Crore in Q1. Profitability of this business has been affected by transitions and an onerous contract, we have been able to terminate the onerous contract and consequently the profitability has started to improve.
  - **Payment solutions** – Revenue for Q1 was at INR 58 Crore, witnessing a decline of 31.7% YoY and a growth of 11.1% QoQ. This business has been severely affected due to lockdown, average transactions were 64 in current quarter as compared to 85 in same quarter last year leading to a decline in revenue. With lockdown easing, we expect a steady improvement in transaction count and financial performance of this business.
  - EBITDA loss for the quarter was INR 4 Crore due to weak revenue.
-

**Section 4****FINANCIAL HIGHLIGHTS**

The financial results presented in this section are compiled based on the limited review consolidated financial statements prepared in accordance with Indian Accounting Standards (IND AS) and the underlying information. The consolidated financial results represent results of the Company and its subsidiaries.

**4.1 Summary of Consolidated Financial Statements****4.1.1 Summarized Consolidated Statement of Operations\***

Amount in ₹, Cr; except ratios

Particulars	Quarter Ended					6 Months Ended		
	Sep 2020	June 2020	Sep 2019	QoQ Growth	YoY Growth	Sep 2020	Sep 2019	YoY Growth
Gross Revenue	4,401	4,403	4,273	(0.0%)	3.0%	8,804	8,441	4.3%
Net Revenue	2,523	2,449	2,368	3.0%	6.6%	4,973	4,697	5.9%
EBITDA <sup>1</sup>	1,158	1,042	834	11.1%	38.9%	2,199	1,659	32.5%
EBITDA Margin	26.3%	23.7%	19.5%			25.0%	19.7%	
Depreciation & Amortisation	572	590	558	(3.0%)	2.4%	1,162	1,110	4.6%
EBIT	586	452	275	29.6%	112.7%	1,037	549	89.0%
Other Income	76	15	10	416.3%	693.7%	91	18	392.9%
Finance Cost	106	116	116	(8.5%)	(8.0%)	223	231	(3.8%)
Exceptional Items (Loss)	(54)	(10)	(6)			(64)	(12)	
Profit Before Tax	501	340	163	47.6%	207.1%	841	323	160.1%
Tax Expense	115	81	111	42.0%	4.2%	197	196	0.3%
Profit After Tax	384	258	54	49.2%	613.4%	642	131	392.1%
Cash Profit from Operations	1051	925	718	13.6%	46.4%	1,977	1428	38.4%
Capex	318	372	454	(14.5%)	(30.0%)	689	764	(9.8%)
Free Cash Flow	840	670	380	25.3%	121.2%	1,510	895	68.7%

1. Revenue, EBITDA, EBIT are excluding other income.

**4.1.2 Summarized Statement of Consolidated Financial Position**

Amount in ₹, Cr

Particulars	As at Sep 30, 2020	As at March 31, 2020
<b>Shareholder's Fund</b>		
Share Capital	285	285
Reserves and Surplus	(833)	(1563)
Minority Interest Liability	4	5
Non-Current Liabilities	9,960	12,065
Current Liabilities	13,077	11,370
<b>Total Liabilities</b>	<b>23,041</b>	<b>23,440</b>
<b>Total Equity and Liabilities</b>	<b>22,493</b>	<b>22,161</b>
<b>Assets</b>		
Non-Current Assets	15,921	16,219
Fixed Assets	12,425	13,025
Investments	979	901
Others	2,517	2,293
Current Assets	6,572	5,942
<b>Total Assets</b>	<b>22,493</b>	<b>22,161</b>



## 4.2 Summarized Statement of Segments - Statement of Operations

## 4.2.1 Tata Communications – Data

Amount in ₹, Cr; except ratios

Particulars	Quarter Ended					6 Months Ended		
	Sep 2020	June 2020	Sep 2019	QoQ Growth	YoY Growth	Sep 2020	Sep 2019	YoY Growth
Gross Revenue	3,642	3,604	3,399	1.1%	7.2%	7,246	6,677	8.5%
Net Revenue	2,394	2,321	2,219	3.1%	7.9%	4,715	4,399	7.2%
EBITDA	1,108	975	752	13.7%	47.2%	2,082	1,489	39.9%
EBITDA Margin	30.4%	27.0%	22.1%			28.7%	22.3%	
EBIT	545	394	201	38.2%	170.7%	939	393	139.2%
Capex <sup>1</sup>	280	310	373	(9.9%)	(25.1%)	590	625	(5.6%)
Free Cash Flow	828	664	379	24.6%	118.4%	1,492	864	72.7%

## 4.2.2 Tata Communications – Data (Traditional Services)

Amount in ₹, Cr; except ratios

Particulars	Quarter Ended					6 Months Ended		
	Sep 2020	June 2020	Sep 2019	QoQ Growth	YoY Growth	Sep 2020	Sep 2019	YoY Growth
Gross Revenue	2,271	2,229	2,161	1.9%	5.1%	4,500	4,229	6.4%
Net Revenue	1,853	1,802	1,747	2.8%	6.1%	3,654	3,446	6.0%
EBITDA	1,016	941	817	8.0%	24.3%	1,956	1,612	21.3%
EBITDA Margin	44.7%	42.2%	37.8%			43.5%	38.1%	

## 4.2.3 Tata Communications – Data (Growth Services)

Amount in ₹, Cr; except ratios

Particulars	Quarter Ended					6 Months Ended		
	Sep 2020	June 2020	Sep 2019	QoQ Growth	YoY Growth	Sep 2020	Sep 2019	YoY Growth
Gross Revenue	903	923	772	(2.2%)	17.0%	1,826	1,539	18.6%
Net Revenue	439	408	351	7.5%	25.1%	847	704	20.3%
EBITDA	150	115	28	30.6%	440.2%	264	49	444.9%
EBITDA Margin	16.6%	12.4%	3.6%			14.5%	3.2%	

## 4.2.4 Tata Communications – Data (Innovation Services)

Amount in ₹, Cr; except ratios

Particulars	Quarter Ended					6 Months Ended		
	Sep 2020	June 2020	Sep 2019	QoQ Growth	YoY Growth	Sep 2020	Sep 2019	YoY Growth
Gross Revenue	36	23	22	57.0%	62.4%	59	41	43.2%
Net Revenue	17	8	(4)	112.9%	n/a	25	(2)	n/a
EBITDA	(80)	(101)	(150)	n/a	n/a	(181)	(285)	n/a
EBITDA Margin	n/a	n/a	n/a			n/a	n/a	

## 4.2.5 Tata Communications – Data (Rentals)

Amount in ₹, Cr; except ratios

Particulars	Quarter Ended					6 Months Ended		
	Sep 2020	June 2020	Sep 2019	QoQ Growth	YoY Growth	Sep 2020	Sep 2019	YoY Growth
Gross Revenue	41	43	35	(4.3%)	17.2%	85	70	21.0%
Net Revenue	41	43	35	(4.3%)	17.2%	85	70	21.0%
EBITDA	22	28	20	(20.7%)	10.5%	50	38	31.8%
EBITDA Margin	53.8%	65.0%	57.1%			59.5%	54.7%	

#### 4.2.6 Tata Communications – Data (Transformation Services – Net of Intercompany eliminations)

Amount in ₹, Cr; except ratios

Particulars	Quarter Ended					6 Months Ended		
	Sep 2020	June 2020	Sep 2019	QoQ Growth	YoY Growth	Sep 2020	Sep 2019	YoY Growth
Gross Revenue	333	333	324	0.1%	2.8%	665	623	6.7%
Net Revenue	36	50	54	(27.6%)	(33.9%)	85	110	(22.6%)
EBITDA	4	(3)	18	n/a	(76.0%)	1	37	(97.4%)
EBITDA Margin	1.3%	(1.0%)	5.6%			0.1%	5.9%	

#### 4.2.7 Tata Communications – Data (Payment Solutions - Net of Intercompany eliminations)

Amount in ₹, Cr; except ratios

Particulars	Quarter Ended					6 Months Ended		
	Sep 2020	June 2020	Sep 2019	QoQ Growth	YoY Growth	Sep 2020	Sep 2019	YoY Growth
Gross Revenue	58	52	85	11.1%	(31.7%)	110	174	(36.6%)
Net Revenue	8	10	35	(21.2%)	(77.6%)	18	71	(74.8%)
EBITDA	(4)	(4)	19	n/a	n/a	(8)	38	n/a
EBITDA Margin	(7.5%)	(7.6%)	22.5%			(7.6%)	21.9%	

#### 4.2.8 Tata Communications – Voice

Amount in ₹, Cr; except ratios

Particulars	Quarter Ended					6 Months Ended		
	Sep 2020	June 2020	Sep 2019	QoQ Growth	YoY Growth	Sep 2020	Sep 2019	YoY Growth
Gross Revenue	759	799	874	(5.1%)	(13.2%)	1,558	1,764	(11.7%)
Net Revenue	129	128	149	0.9%	(13.3%)	258	297	(13.2%)
EBITDA	50	67	81	(25.7%)	(38.6%)	117	170	(31.4%)
EBITDA Margin	6.6%	8.4%	9.3%			7.5%	9.7%	
EBIT	41	58	74	(29.4%)	(45.0%)	98	156	(37.0%)
Capex	5	13	9	(58.6%)	(41.2%)	18	9	95.2%
Free Cash Flow	45	54	72	(18.0%)	(38.3%)	99	161	(38.7%)

#### 4.2.9 Tata Communications – Average Exchange Rate

Particulars	Quarter Ended			6 Months Ended	
	Sep 2020	June 2020	Sep 2019	Sep 2020	Sep 2019
INR / USD	74.4	75.9	70.4	75.1	70.0

## Section 5

### OPERATING HIGHLIGHTS

#### 5.1 Tata Communications - Consolidated

##### 5.1.1 Share of Gross Revenue by Segments

Particulars	UNITS	Quarter Ended				
		Sep 2019	Dec 2019	Mar 2020	June 2020	Sep 2020
Voice	%	20.5%	19.1%	18.3%	18.2%	17.2%
Data	%	79.5%	80.9%	81.7%	81.8%	82.8%
Traditional Services	%	63.6%	63.1%	61.1%	61.9%	62.4%
Growth & Innovation Services	%	23.4%	23.7%	25.0%	26.3%	25.8%
Rentals	%	1.0%	1.0%	1.6%	1.2%	1.1%
Subsidiaries	%	12.0%	12.1%	12.3%	10.7%	10.7%

##### 5.1.2 Share of Gross Revenue by Currency

Particulars	UNITS	Quarter Ended				
		Sep 2019	Dec 2019	Mar 2020	June 2020	Sep 2020
Indian Rupee (INR)	%	38.0%	38.0%	39.0%	39.0%	39.0%
Other International Currencies	%	62.0%	62.0%	61.0%	61.0%	61.0%

##### 5.1.3 Share of EBITDA by Segments

Particulars	UNITS	Quarter Ended				
		Sep 2019	Dec 2019	Mar 2020	June 2020	Sep 2020
Voice	%	9.7%	6.2%	5.3%	6.4%	4.3%
Data	%	90.3%	93.8%	94.7%	93.6%	95.7%
Traditional Services	%	108.6%	113.9%	98.7%	96.5%	91.7%
Growth & Innovation Services	%	(16.2%)	(13.5%)	(4.1%)	1.4%	6.3%
Rentals	%	2.7%	2.7%	4.7%	2.9%	2.0%
Subsidiaries	%	5.0%	(3.1%)	0.7%	(0.8%)	0.0%

##### 5.1.4 Capital Expenditure

Particulars	UNITS	Quarter Ended				
		Sep 2019	Dec 2019	Mar 2020	June 2020	Sep 2020
Voice	₹, Cr	9	1	1	13	5
Data		264.2	300.6	152.1	240.3	211
Sustenance	₹, Cr	109	113	92	70	69
Growth	₹, Cr					
Other <sup>1</sup>	₹, Cr	72	75	97	48	33
Total Capex	₹, Cr	454	490	342	372	318

1. Others include sustenance capex towards network engineering, IT, customer service operations etc.

## 5.1.5 Debt Profile

Particulars	UNITS	Quarter Ended				
		Sep 2019	Dec 2019	Mar 2020	June 2020	Sep 2020
Gross Debt						
Foreign Currency Loans	₹, Cr	9,620	9,749	10,263	10,397	10,144
INR Loans	₹, Cr	333	349	483	815	863
Weighted Average Cost of Debt	%	3.77%	3.55%	3.73%	3.03%	2.80%
Cash & Cash Equivalent	₹, Cr	1,019	1,134	1,570	2,204	2,375
Net Debt	₹, Cr	8,933	8,965	9,176	9,008	8,631

## 5.2 Tata Communications – Data Services

## 5.2.1 Data Traffic carried

Particulars	UNITS	Quarter Ended				
		Sep 2019	Dec 2019	Mar 2020	June 2020	Sep 2020
95 <sup>th</sup> Percentile Bandwidth Usage	Tbps/month	12.0	13.5	16.7	15.6	16.1

## 5.2.2 Data Revenue by Geography

Particulars	UNITS	Quarter Ended				
		Sep 2019	Dec 2019	Mar 2020	June 2020	Sep 2020
India	%	54.0%	53.0%	53.0%	51.0%	54.0%
Rest of World	%	46.0%	47.0%	47.0%	49.0%	46.0%

## 5.2.3 Share of Data Revenue by Segment

Particulars	UNITS	Quarter Ended				
		Sep 2019	Dec 2019	Mar 2020	June 2020	Sep 2020
Service Provider / Carrier	%	39.0%	38.0%	38.0%	37.0%	36.0%
Enterprise	%	61.0%	62.0%	62.0%	63.0%	64.0%

## 5.2.4 Share of Data Revenue by Product Segments

Particulars	UNITS	Quarter Ended				
		Sep 2019	Dec 2019	Mar 2020	June 2020	Sep 2020
Traditional Services <sup>1</sup>	%	63.6%	63.1%	61.1%	61.9%	62.4%
Growth Services <sup>2</sup>	%	23.4%	23.7%	25.0%	26.3%	25.8%
Rentals	%	1.0%	1.0%	1.6%	1.2%	1.1%
Subsidiaries <sup>3</sup>	%	12.0%	12.1%	12.3%	10.7%	10.7%

1. Traditional services include Virtual Private Network, International Private Line, Internet Leased Line, Ethernet, Internet Protocol –Transit, Inmarsat, Content Delivery Network, National Private Line, Mobility.

2. Growth services include IZO, Managed Hosting, Managed Security Services, Broadcast, Video Connect, UCC/SIP- Trunking, Global Hosted Contact Center, Video Streaming, Mobile New Services, Healthcare, Media Management.

3. Subsidiaries include Tata Communications Payment Solutions Ltd (TCP SL) and Tata Communications Transformation Services Limited (TCTSL)



## 5.2.5 Data Revenue mix by Product (Traditional Services)

Particulars	UNITS	Quarter Ended				
		Sep 2019	Dec 2019	Mar 2020	June 2020	Sep 2020
VPN	%	24.6%	25.2%	25.2%	23.9%	24.2%
IPL	%	20.8%	21.7%	21.8%	21.1%	20.7%
ILL	%	16.9%	16.4%	16.9%	17.7%	16.8%
Ethernet	%	14.6%	14.8%	14.4%	13.8%	14.4%
IP-T	%	10.1%	10.5%	10.8%	11.6%	11.1%
Others	%	12.9%	11.4%	10.9%	12.0%	12.8%

## 5.2.6 YoY Revenue growth by Product (Traditional Services)

Particulars	UNITS	Quarter Ended				
		Sep 2019	Dec 2019	Mar 2020	June 2020	Sep 2020
VPN	%	1.5%	0.8%	3.4%	(0.6%)	3.2%
IPL	%	3.3%	(15.8%)	3.8%	6.5%	4.2%
ILL	%	15.6%	8.4%	10.4%	18.5%	4.5%
Ethernet	%	7.2%	5.9%	4.4%	1.2%	4.0%
IP-T	%	(2.9%)	2.2%	11.2%	15.9%	15.5%
Others	%	27.3%	16.7%	0.8%	15.3%	3.9%

## 5.2.7 Data Revenue mix by Product (Growth Services)

Particulars	UNITS	Quarter Ended				
		Sep 2019	Dec 2019	Mar 2020	June 2020	Sep 2020
UCC / SIP-T	%	32.1%	28.7%	32.6%	41.2%	32.4%
Hosting	%	10.0%	12.1%	10.9%	8.6%	9.8%
GHCC	%	2.7%	3.0%	2.8%	3.6%	3.1%
V Connect	%	9.9%	9.6%	8.8%	4.2%	7.5%
VS & IPT	%	9.0%	9.0%	9.6%	11.3%	10.6%
Others	%	36.3%	37.5%	35.3%	31.1%	36.5%

## 5.2.8 YoY Revenue growth by Product (Growth Services)

Particulars	UNITS	Quarter Ended				
		Sep 2019	Dec 2019	Mar 2020	June 2020	Sep 2020
UCC / SIP-T	%	4.0%	(0.5%)	16.1%	57.5%	18.3%
Hosting	%	21.2%	21.5%	16.7%	7.1%	14.4%
GHCC	%	(26.4%)	40.9%	(53.2%)	67.6%	35.1%
V Connect	%	19.6%	(3.1%)	6.0%	(53.2%)	(10.6%)
VS & IPT	%	6.4%	2.1%	25.3%	57.9%	37.8%
Others	%	27.8%	12.9%	11.4%	1.5%	17.7%

## 5.2.9 Operating Metrics

	UNITS	Quarter Ended				
		Sep 2019	Dec 2019	Mar 2020	June 2020	Sep 2020
<b>Consolidated</b>						
Total Active Customers	No.	5,271	5,329	5,423	5,297	5,301
<b>Innovation Services</b>						
<b>IoT India</b>						
Customers	No.	27	31	37	39	40
Devices Ordered (Cum.)	No.	187,604	202,014	288,401	301,707	302,527
Base Stations (Cum.)	No.	3,497	3,566	3,598	3,287	2,583
Cities Covered	No.	45	45	45	45	45
<b>MOVE</b>						
Customers	No.	168	179	174	170	160
SIMs Ordered (Cum.)	No.	789,000	868,000	1,136,312	1,179,140	1,201,826
<b>Security &amp; Hosting</b>						
Managed Cloud Instances	No.	9,306	9,329	9,472	10,346	10,943
Devices Managed (Network + Security)	No.	4,816	4,992	5,076	5,347	5,518
Block / Object Storage (Provisioned)	TB	23,845	28,455	30,194	33,269	33,456
<b>NetFoundry</b>						
Customers / Partners	No.	124	152	194	171	206

## 5.3 Tata Communications – Payment Solutions

Particulars	UNITS	Quarter Ended				
		Sep 2019	Dec 2019	Mar 2020	June 2020	Sep 2020
Third Party / Managed ATMs	No.	4011	3993	3955	3949	3713
White Label ATMs	No.	8351	8285	8285	8249	7613
Total ATMs Managed	No.	12362	12278	12240	12198	11326
Total POS Managed	No.	5823	5791	5584	3412	3219

## 5.4 Tata Communications – Voice

Particulars	UNITS	Quarter Ended				
		Sep 2019	Dec 2019	Mar 2020	June 2020	Sep 2020
International Long Distance	Bn, Minutes	5.8	5.4	5.3	5.1	4.8
National Long Distance	Bn, Minutes	0.1	0.1	0.1	0.1	0.1
Total Volume	Bn, Minutes	6.0	5.5	5.4	5.2	4.9

## 5.5 Human Resource Analysis

5.5.1 Tata Communications – Consolidated<sup>1</sup>

Particulars	UNITS	Quarter Ended				
		Sep 2019	Dec 2019	Mar 2020	June 2020	Sep 2020
Tata Communications	No.	6782	6785	6827	6955	7,048
TCTSL	No.	4297	5037	5133	5044	5,043
Total Employees	No.	11079	11822	11960	11999	12091

1. Exit Headcount as on date

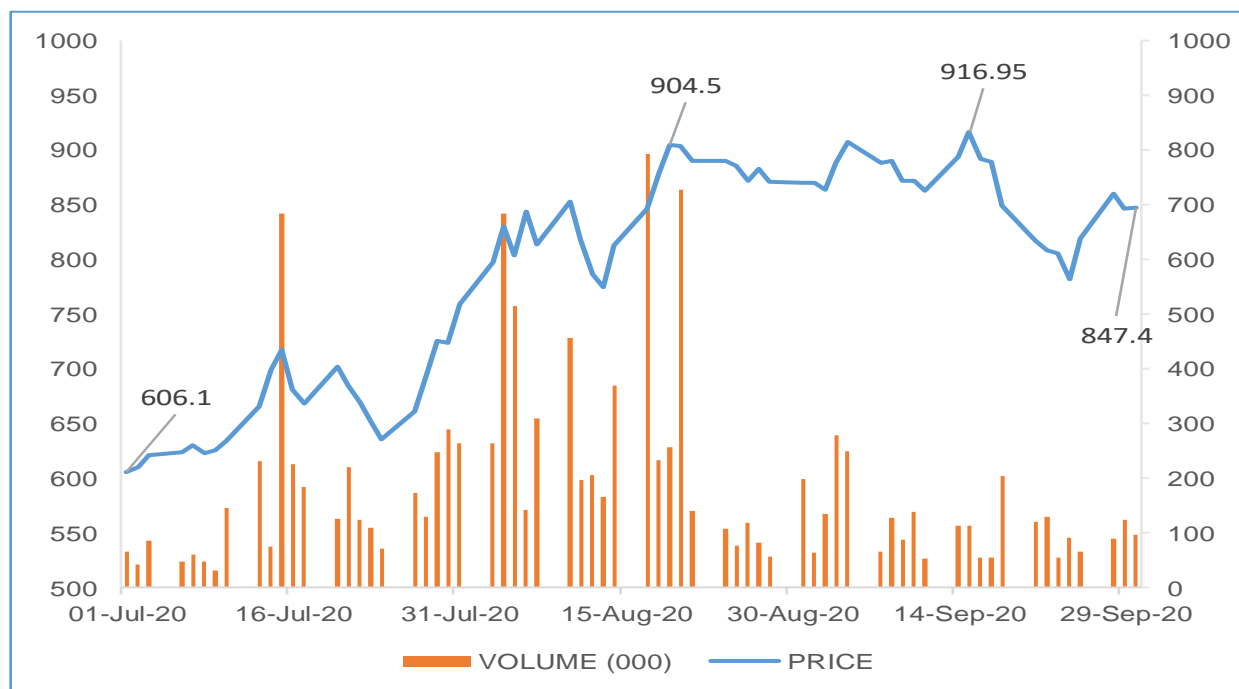
**Section 6****STOCK MARKET HIGHLIGHTS****6.1 General Information**

Shareholding and Financial Data	UNITS	Quarter Ended Sep 30, 2020
Code / Exchange		TATACOMM / NSE
Bloomberg		TCOM IN
No. of Shares Outstanding (30/09/2020)	Cr, No	28.5
Closing Market Price - NSE (30/09/2020)	₹ / Share	847.4
Combined Average Daily Volume (NSE and BSE)	Nos in 000/day	187
Combined Average Daily Value (NSE and BSE)	₹ Cr / day	14.8
Market Capitalisation (30/09/2020)	₹, Cr	24150.9
Enterprise Value	₹, Cr	32782.4
Enterprise Value / EBITDA (LTM)	Times	8.6

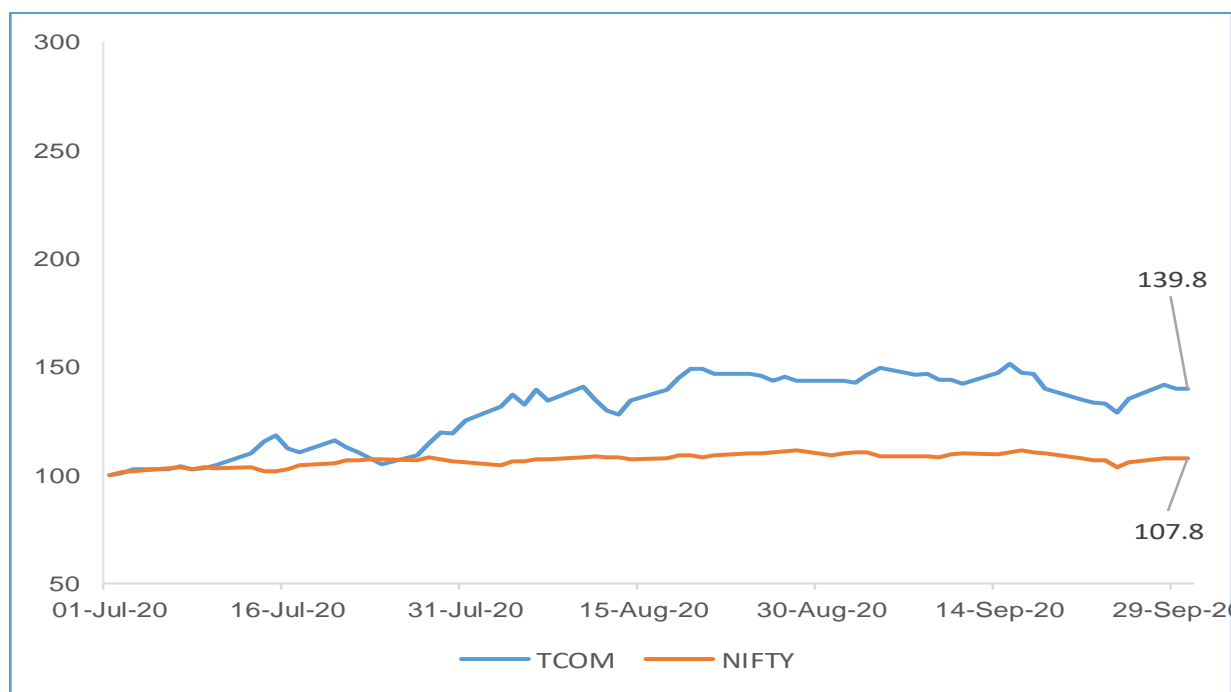
**6.2 Summarized Shareholding pattern as of Sep 30, 2020**

Category	% Holding
<b>Promoter &amp; Promoter Group</b>	
Tata Group	48.9%
Government of India	26.1%
<b>Sub-Total</b>	<b>75.0%</b>
<b>Public Shareholding</b>	
Domestic Institutions	0.9%
Foreign Institutions	17.8%
Non-Institutions (Retail)	6.3%
<b>Sub-Total</b>	<b>25.0%</b>
<b>Total</b>	<b>100%</b>

### 6.3 Tata Communications daily stock price (NSE) and volume (BSE & NSE Combined) movement



### 6.4 Comparison of Tata Communications with Nifty



Nifty and Tata Communications Stock price rebased to 100.



**Section 7****DETAILED FINANCIALS**

*The financial results presented in this section are compiled based on the limited review consolidated financial statements prepared in accordance with Indian Accounting Standards (IND AS) and the underlying information. The consolidated financial results represent results of the Company and its subsidiaries.*

**7.1 Extracts from Audited Consolidated Financial Statements prepared in accordance with Indian Accounting Standards (IND AS)**

**7.1.1 Consolidated Statement of Income**

STATEMENT OF CONSOLIDATED FINANCIAL RESULTS FOR THE QUARTER AND HALF YEAR ENDED SEPTEMBER 30, 2020						
Particulars	For the quarter ended			For the half year ended		For the year ended
	September 30 2020	June 30 2020	September 30 2019	September 30 2020	September 30 2019	March 31 2020
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
<b>1 Income from operations</b>	440108	440294	427276	880402	844138	1706799
2 Other income, net	7610	1474	954	9084	1838	6968
<b>3 Total income (1 + 2)</b>	<b>447718</b>	<b>441768</b>	<b>428230</b>	<b>889486</b>	<b>845976</b>	<b>1713767</b>
<b>4 Expenses</b>						
a. Network and transmission expense	163489	174134	169658	337623	340498	677756
b. Employee benefits expense	76194	76244	73201	152438	150066	303914
c. Finance costs	10641	11629	11571	22270	23145	47074
d. Depreciation and amortisation expense	57193	58993	55834	116186	111049	235772
e. Other expenses	84672	85740	101050	170412	187644	396234
<b>Total expenses (4a to 4e)</b>	<b>392189</b>	<b>406740</b>	<b>411314</b>	<b>798929</b>	<b>812402</b>	<b>1660750</b>
5 Profit before exceptional items, tax & share of profit/(loss) of associates (3 - 4)	55529	35028	16916	90557	33574	53017
6 Exceptional items (Refer note 2)	(5395)	(1049)	(592)	(6444)	(1240)	(39051)
<b>7 Profit from operations before tax and share of profit/(loss) of associates (5 + 6)</b>	<b>50134</b>	<b>33979</b>	<b>16324</b>	<b>84113</b>	<b>32334</b>	<b>13966</b>
8 Tax expense/ (benefit): (Refer note 5)						
a. Current tax	12678	11882	6161	24560	17819	33418
b. Deferred tax	(1144)	(3761)	4911	(4905)	1777	(10751)
<b>9 Profit/(loss) before share of profit/(loss) of associates (7 - 8)</b>	<b>38600</b>	<b>25858</b>	<b>5252</b>	<b>64458</b>	<b>12738</b>	<b>(8701)</b>
10 Share in Profit/(Loss) of associates	(119)	(51)	179	(170)	393	218
<b>11 Profit/ (loss) for the period (9 + 10)</b>	<b>38481</b>	<b>25807</b>	<b>5431</b>	<b>64288</b>	<b>13131</b>	<b>(8483)</b>
<b>Attributable to:</b>						
Equity holders of the parent	38448	25780	5391	64228	13052	(8596)
Non-controlling interest	33	27	40	60	79	113
12 Other Comprehensive Income/(loss) (net of tax)	22868	(2664)	(18820)	20204	(21064)	(69311)
<b>13 Total Comprehensive income/(loss) (11+12)</b>	<b>61349</b>	<b>23143</b>	<b>(13389)</b>	<b>84492</b>	<b>(7933)</b>	<b>(77794)</b>
<b>Attributable to:</b>						
Equity holders of the parent	61316	23116	(13429)	84432	(8012)	(77907)
Non-controlling interest	33	27	40	60	79	113
14 Paid up equity share capital (Face value of ₹10 per share)	28500	28500	28500	28500	28500	28500
15 Reserves excluding Revaluation reserve						(176942)
16 Earnings per share (of ₹10/- each) (not annualised)						
Basic and diluted earnings per share (₹)	13.49	9.05	1.89	22.54	4.58	(3.02)

## **Section 8**

### **GLOSSARY**

#### **8.1 Company Related Terms**

Capex	It includes investment in Gross Fixed Assets capitalized during the quarter and capital work in progress during the relevant period.
Capital Employed	Capital Employed is defined as sum of equity attributable to equity shareholders and net debt / (net cash).
Cash Profit from Operation	Profit before tax excluding other income, Exceptional Gain and including Depreciation & Amortization and Exceptional Loss
Earnings Per Share (EPS)-Basic	It is computed by dividing net profit or loss attributable for the period to equity shareholders by the weighted average number of equity shares outstanding during the period.
Earnings Per Share (EPS)- Diluted	Diluted earnings per share is calculated by adjusting net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period for the effects of all dilutive potential equity shares.
EBIT	Earnings before interest, taxation excluding other income for the relevant period.
EBIT (Including Other Income)	Earnings before interest, taxation including other income for the relevant period.
EBITDA	Earnings before interest, taxation, depreciation and amortization and charity and donation excluding other income for the relevant period. It is defined as operating income and does not include depreciation and amortization expense, finance cost and tax expense.
EBITDA (Including Other Income)	Earnings before interest, taxation, depreciation and amortization and charity and donation including other income for the relevant period.
Enterprise Value (EV)	Calculated as sum of Market Capitalization plus Net Debt / (Net Cash) as at the end of the relevant period.
EV / EBITDA (times)(LTM)	Computed by dividing Enterprise Value as at the end of the relevant period (EV) by EBITDA for the preceding (last) 12 months from the end of the relevant period.
Free Cash Flow	It is defined as EBITDA adjusted for Capex.
GAAP	Generally Accepted Accounting Principle
INDAS	Indian Accounting Standard
Intangibles	Comprises of acquisition cost of software.
NA/∞	Not ascertainable (infinite)
Interest Coverage Ratio(LTM)	It is computed by dividing EBIT for the preceding (last) 12 months from the end of relevant period by interest on borrowing for the preceding (last) 12 months.
LTM	Last Twelve months
Market Capitalization	Number of issued and outstanding shares as at end of the period multiplied by closing market price (NSE) as at end of the period.
Mn	Million
Net Debt / (Net Cash)	Total Borrowings Less Cash and Cash Equivalents on the last day of the quarter.
Net Debt / (Net Cash) to EBITDA (LTM)	It is computed by dividing net debt / (net cash) as at the end of the relevant period by EBITDA for preceding (last) 12 months from the end of the relevant period.
PE Ratio	Price to Earnings ratio is calculated as closing market price (NSE) as at the end of relevant period, divided by diluted annual earnings per share. Annual Diluted Earnings per share is calculated by adding the preceding last four quarters diluted Earnings per share

ROC	Registrar of Companies
Return On Capital Employed (ROCE) Pre Tax - (LTM)	For the full year computations, ROCE is computed by dividing the sum of EBIT for the period by average capital employed. For the quarterly computations, it is computed by dividing sum of EBIT for the preceding (last) 12 months from the end of the relevant period by average capital employed.
CSR	Corporate social responsibility

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