

TATA COMMUNICATIONS

Investor Fact Sheet - Q1 FY2017

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Notes

1. The financial and operating information in this document refer to consolidated financial statements and business, unless specified otherwise.
2. This document contains management estimates based on internal MIS and cost allocation assumptions. While these measures provide additional information in understanding the performance of the businesses, they should not be viewed in isolation or as replacements for, or alternatives to the published Ind AS financials.
3. FY16 and Q4 FY16 core and consolidated financials includes exceptional items (a) Employee cost optimization expenses amounting to Rs 1,028 mn and (b) Loss of Rs 900 mn representing the impairment of Neotel goodwill. Q1 FY17 Results include exceptional item (a) Loss of Rs 920 mn representing the impairment of Neotel goodwill
4. FY16 and Q4 FY16 core and consolidated financials includes an other income amounting to Rs 451 million towards interest on income tax refund.
6. FY16 numbers includes an other operating income which has been shown below EBIT line and has been excluded from revenue growth and operating margin (EBITDA, EBIT) calculations.
7. FY16 Neotel financials include a one time depreciation impact of ZAR 52 million.
8. Core business refers to the company's Voice Solutions and Data Services collectively.
9. Any discrepancies in any table between totals and sums of the amounts listed are due to rounding off.
10. The financial results of the Company have been prepared in accordance with Indian Accounting Standards ("Ind AS") notified under the Companies (Indian Accounting Standards) Rules, 2015 as amended by the Companies (Indian Accounting Standards) (Amendment) Rules, 2016. The Company adopted Indian Accounting Standards ("Ind AS") from April 1, 2016 and accordingly these financial results have been prepared in accordance with the recognition and measurement principles in Ind AS 34. Interim Financial Reporting prescribed under Section 133 of the Companies Act, 2013 read with the relevant rules issued thereunder and the other accounting principles generally accepted in India.

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TATA COMMUNICATIONS**PROFIT AND LOSS ACCOUNT SUMMARY**
(consolidated figures)

(As per Ind AS)

In Rs. million, except per share data

Particulars	Quarter Ended		Growth % in Q1 FY17 over Q1 FY16	Quarter Ended	Growth % in Q1 FY17 over Q4 FY16	Year Ended
	June 30, 2016	June 30, 2015		Mar 31, 2016		Mar 31, 2016
REVENUE						
REVENUE FROM OPERATIONS	50,316.9	51,796.1	-2.9%	51,452.1	-2.2%	2,05,539.3
EXPENDITURE						
Network and transmission expenses	23,988.4	27,663.3		25,184.1		1,03,933.8
Employee benefits expense	7,823.5	7,670.6		7,859.6		31,076.9
Operating and other expenses	9,877.9	9,171.3		10,299.3		39,550.8
	41,689.8	44,505.2		43,343.0		1,74,561.5
OPERATING EARNINGS BEFORE INTEREST, TAX AND DEPRECIATION (EBITDA)	8,627.1	7,290.8	18.3%	8,109.1	6.4%	30,977.8
Operating EBITDA (% of Revenue from Operations)	17.1%	14.1%		15.8%		15.1%
Depreciation / amortization	5,377.7	4,887.9		7,258.7		22,166.1
OPERATING EARNINGS BEFORE INTEREST AND TAX (EBIT)	3,249.4	2,403.0	35.2%	850.4	282.1%	8,811.7
Operating EBIT (% of Revenue from Operations)	6.5%	4.6%		1.7%		4.3%
Other Operating Income	-	264.0		-		507.1
Interest expense, net	1,721.3	1,966.0		1,688.6		7,191.0
Other Income	607.8	666.1		1,028.3		2,450.5
PROFIT/(LOSS) BEFORE TAX AND EXCEPTIONAL ITEMS	2,135.9	1,367.1	56.2%	190.0	1024.3%	4,578.4
Exceptional Items (gain) / loss	920.0	-		1,927.9		1,927.9
PROFIT/(LOSS) BEFORE TAX (PBT)	1,215.9	1,367.1	-11.1%	(1,737.9)	-170.0%	2,650.4
PBT (% of Total Income)	2.4%	2.6%		-3.3%		1.3%
Tax expenses	792.6	931.1		695.3		2,386.0
PROFIT/ (LOSS) AFTER TAX BEFORE MINORITY INTEREST	423.3	436.0		(2,433.2)		264.4
Minority interest	(6.0)	(3.5)		(6.8)		(17.8)
Share in profit / (loss) of associates (net)	0.5	0.5		1.6		3.7
NET PROFIT/(LOSS) AFTER TAX AND MINORITY INTEREST (PAT)	417.8	433.0	-3.5%	(2,438.4)	-117.1%	250.3
PAT (% of Total Income)	0.8%	0.8%		-4.6%		0.1%
EARNINGS PER SHARE (Basic and diluted earnings per equity shares of par value Rs 10/ each)	1.47	1.52		(8.56)		0.88



DEBT PROFILE

Particulars	As on			
	Jun 30, 2016	Mar 31, 2016	Jun 30, 2015	Mar 31, 2015
CORE BUSINESS (In USD million)				
Gross Debt				
Foreign Currency Loans	\$ 1,748	\$ 1,741	\$ 1,661	\$ 1,619
Rupee Loans	\$ 71	\$ 79	\$ 47	\$ 46
	\$ 1,818	\$ 1,820	\$ 1,708	\$ 1,665
Average cost of loans	2.97%	3.14%	3.93%	3.80%
Cash and cash equivalent	\$ 380	\$ 381	\$ 297	\$ 338
Net Debt	\$ 1,439	\$ 1,438	\$ 1,411	\$ 1,327
<p><i>*SGD 100 Mn Debt maturing Dec'16 is fully swapped into USD but appears at USD/SGD closing rates. As on 30th Jun 2016, considering closing rate of 1.3462 against hedge rate of 1.2564, net debt would be higher by \$5 mn if considered at the hedge rate</i></p> <p><i>**As per IND AS Net Debt will be reflected as \$1,419 Mn as on June 30, 2016 as the balance arrangement fee lying in prepaid expenses will be excluded from its computation.</i></p>				
NEOTEL (In ZAR million)				
Gross Debt	4,955	5,158	5,037	5,144
Net Debt	4,614	4,468	4,466	4,371

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CORE BUSINESS AND NEOTEL BUSINESS PROFITABILITY

In Rs. Million

CORE BUSINESS	Quarter Ended		Growth % in Q1 FY17 over Q1 FY16	Quarter Ended	Growth % in Q1 FY17 over Q4 FY16	Year Ended
	June 30, 2016	June 30, 2015		Mar 31, 2016		Mar 31, 2016
Revenue from Operations	46,306	45,383	2.0%	47,786	-3.1%	1,86,529
Direct cost	23,979	25,473		24,687		1,00,517
Net Revenue	22,328	19,910	12.1%	23,098	-3.3%	86,013
Operating and other expenses	14,466	13,935		15,262		58,543
EBITDA	7,862	5,975	31.6%	7,836	0.3%	27,470
<i>EBITDA as % of Revenue from Operations</i>	<i>17.0%</i>	<i>13.2%</i>		<i>16.4%</i>		<i>14.7%</i>
Depreciation	4,849	4,888		4,951		19,858
EBIT	3,012	1,086	177.3%	2,885	4.4%	7,612
<i>EBIT as % of Revenue from Operations</i>	<i>6.5%</i>	<i>2.4%</i>		<i>6.0%</i>		<i>4.1%</i>
Other Operating Income	-	264		-		507
Interest expenses	941	1,131		993		4,131
Other Income and Interest Income	550	612		923		2,416
Profit Before Tax and Exceptional Items	2,622	831	215.3%	2,815	-6.9%	6,404
Exceptional Items (gain) / loss	920	-		1,928		1,928
PBT	1,702	831	104.7%	887	91.8%	4,476
Tax expense	793	931		695		2,386
Minority interest	(6)	(3)		(7)		(18)
PAT after minority interest	903	(103)		185		2,072

NEOTEL	Quarter Ended		Growth % in Q1 FY17 over Q1 FY17	Quarter Ended	Growth % in Q1 FY17	Year Ended
	June 30, 2016	June 30, 2015		Mar 31, 2016		Mar 31, 2016
Revenue from Operations	4,010	6,413	-37.5%	3,667	9.4%	19,010
Operating expenses	3,245	5,096		3,394		15,502
EBITDA	766	1,316	-41.8%	273	180.8%	3,508
<i>EBITDA as % of Revenue from Operations</i>	<i>19.1%</i>	<i>20.5%</i>		<i>7.4%</i>		<i>18.5%</i>
Depreciation	529	(0)		2,308		2,308
EBIT	237	1,317	-82.0%	(2,035)	-111.6%	1,200
<i>EBIT as % of Revenue from Operations</i>	<i>5.9%</i>	<i>20.5%</i>		<i>-55.5%</i>		<i>6.3%</i>
Interest expense and other financial charges, net	723	781		590		3,026
PBT	(486)	536	-190.7%	(2,625)		(1,825)
Tax expense	-	(0)		(0)		-
Minority interest	1	0		2		4
PAT after minority interest	(485)	536	-190.6%	(2,624)		(1,822)

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CONSOLIDATED OPERATING METRICS				
Revenue from Operations by Currency				
	Quarter Ended			Year Ended
	Jun 30, 2016	Jun 30, 2015	Mar 31, 2016	Mar 31, 2016
Indian Rupees (INR)	29%	23%	27%	25%
South African Rand (ZAR)	8%	12%	7%	9%
Other International Currencies	63%	64%	66%	66%
Total	100%	100%	100%	100%
Core Business Capital Expenditure (USD mn) - Capitalization View				
	Quarter Ended	Year Ended		
	Jun 30, 2016	Mar 31, 2016		
Sustenance Capex				
Voice	\$ 0.7	\$ 2.8		
Data	\$ 1.9	\$ 12.8		
	\$ 2.5	\$ 15.6		
Growth Capex				
Voice	\$ 0.3	\$ 1.9		
Data	\$ 38.8	\$ 159.3		
	\$ 39.1	\$ 161.2		
Strategic projects ¹	\$ 14.5	\$ 51.1		
Others ²	\$ 9.8	\$ 34.8		
Total Capital Expenditure (Capex)	\$ 65.9	\$ 262.6		
1. Strategic projects include new submarine cables and data centers.				
2. Others include sustenance capex towards network engineering, IT, customer service operations etc.				
Neotel Capital Expenditure (ZAR mn) - Capitalization View				
	Quarter Ended	Year Ended		
	Jun 30, 2016	Mar 31, 2016		
Neotel Capex (ZAR million)	90	610		

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VOICE SOLUTIONS METRICS

Voice P&L (Rs million) - Management estimate based on internal MIS and cost allocation assumptions				
	Quarter Ended			Year Ended
	June 30, 2016	June 30, 2015	Mar 31, 2016	Mar 31, 2016
Revenue from Operations	17,890	20,548	19,491	80,559
<i>Gross Revenue Growth Y-o-Y</i>	<i>-12.9%</i>			
<i>Gross Revenue Growth Q-o-Q</i>	<i>-8.2%</i>			
Less: Direct cost	15,520	17,928	16,893	69,666
Net Revenue	2,371	2,620	2,597	10,893
<i>Net Revenue Growth Y-o-Y</i>	<i>-9.5%</i>			
<i>Net Revenue Growth Q-o-Q</i>	<i>-8.7%</i>			
Less: Operating Expenses	1,203	1,361	1,471	5,850
EBITDA	1,168	1,260	1,126	5,043
<i>EBITDA margin (% of Revenue from Operations)</i>	<i>6.5%</i>	<i>6.1%</i>	<i>5.8%</i>	<i>6.3%</i>
Less: Depreciation	237	306	250	1,145
EBIT	931	953	876	3,898
<i>EBIT margin (% of Revenue from Operations)</i>	<i>5.2%</i>	<i>4.6%</i>	<i>4.5%</i>	<i>4.8%</i>

Volume Split in Billion Minutes				
	Quarter Ended			Year Ended
	June 30, 2016	June 30, 2015	Mar 31, 2016	Mar 31, 2016
International Long Distance (ILD)	10.0	10.3	9.6	40.0
National Long Distance (NLD) - India	1.2	0.7	1.0	3.1
Total Volume (ILD+NLD)	11.2	11.0	10.6	43.2

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DATA SERVICES METRICS				
Data P&L (Rs. million) - Management estimate based on internal MIS and cost allocation assumptions				
	Quarter Ended			Year Ended
	June 30, 2016	June 30, 2015	Mar 31, 2016	Mar 31, 2016
Revenue from Operations	28,416	24,836	28,295	1,05,970
<i>Gross Revenue Growth Y-o-Y</i>	14.4%			
<i>Gross Revenue Growth Q-o-Q</i>	0.4%			
Less: Direct cost	8,459	7,546	7,794	30,851
Net Revenue	19,957	17,290	20,501	75,120
<i>Net Revenue Growth Y-o-Y</i>	15.4%			
<i>Net Revenue Growth Q-o-Q</i>	-2.7%			
Less: Operating Expenses	13,263	12,575	13,791	52,692
EBITDA	6,694	4,715	6,710	22,427
<i>EBITDA margin (% of Revenue from Operations)</i>	23.6%	19.0%	23.7%	21.2%
Less: Depreciation	4,612	4,582	4,701	18,714
EBIT	2,082	133	2,009	3,713
<i>EBIT margin (% of Revenue from Operations)</i>	7.3%	0.5%	7.1%	3.5%
Revenue from Operations By Segment				
	Quarter Ended			Year Ended
	Jun 30, 2016	Jun 30, 2015	Mar 31, 2016	Mar 31, 2016
Service Provider / Carrier	41.3%	41.6%	42.7%	42.3%
Enterprise	58.7%	58.4%	57.3%	57.7%
	100.0%	100.0%	100.0%	100.0%
Revenue from Operations By Service Line of Business				
	Quarter Ended			Year Ended
	Jun 30, 2016	Jun 30, 2015	Mar 31, 2016	Mar 31, 2016
Traditional Services ¹	74.7%	76.5%	74.9%	76.0%
Growth Services ²	12.9%	12.2%	12.8%	12.5%
Subsidiaries ³	12.5%	11.3%	12.3%	11.5%
	100.0%	100.0%	100.0%	100.0%
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, Data Centre, Unified Collaboration and Conferencing				
2. Growth services include IZO, Managed Hosting, Managed Security Services, Broadcast, Video Connect, SIP- Trunking, Global Hosted Contact Center, Video Streaming, Mobile New Services, Healthcare, Media Management, Mobile Innovation				
3. Subsidiaries include Tata Communications Payment Solutions Ltd (TCPSL) and Tata Communications Transformation Services Limited (TCTSL)				
Revenue from Operations By Geography				
	Quarter Ended			Year Ended
	Jun 30, 2016	Jun 30, 2015	Mar 31, 2016	Mar 31, 2016
India	53.1%	50.5%	53.0%	51.5%
Rest of the World (RoW)	46.9%	49.5%	47.0%	48.5%
	100.0%	100.0%	100.0%	100.0%
Tata Communications Payment Solutions Ltd. (TCPSL) - Key metrics				
	As on			As on
	Jun 30, 2016	Jun 30, 2015	Mar 31, 2016	Mar 31, 2016
Total ATMs managed				
Third party / Managed ATMs	12,295	13,466	12,441	12,441
White Label ATMs (WLA)	8,231	5,592	7,631	7,631
	20,526	19,058	20,072	20,072
Total POS managed	13,443	13,473	13,448	13,448
	Quarter Ended			Year Ended
	Jun 30, 2016	Jun 30, 2015	Mar 31, 2016	Mar 31, 2016
Revenue ¹ (Rs million)	1,523	1,376	1,476	5,665
¹ TCPSL revenues are included in enterprise segment/ managed service line of business				

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EXCHANGE RATES				
AVERAGE EXCHANGE RATES				
	Quarter Ended			Year Ended
	June 30, 2016	June 30, 2015	Mar 31, 2016	Mar 31, 2016
INR / USD	66.87	63.43	67.52	65.44
ZAR / USD	14.98	12.10	15.86	13.76
INR / ZAR	4.46	5.24	4.26	4.80
CLOSING EXCHANGE RATES				
	As on			As on
	June 30, 2016	June 30, 2015	Mar 31, 2016	Mar 31, 2016
INR / USD	67.53	63.70	66.25	66.25
ZAR / USD	14.81	12.24	14.79	14.79
INR / ZAR	4.56	5.21	4.48	4.48

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IND-AS to IGAAP EBITDA and PAT Reconciliation							
(Rs. million)	Consol-EBITDA			(Rs. million)	Consol-PAT		
	Q1FY17	Q4 FY16	Q1 FY16		Q1FY17	Q4 FY16	Q1 FY16
IND-AS Consol	8,627.1	8,109.0	7,291.2	IND-AS Consol	417.8	(2,438.5)	433.0
Adjustments	71.3	443.8	(60.9)	Adjustments	257.5	(379.7)	771.6
IGAAP Consol	8,555.8	7,665.2	7,352.0	IGAAP Consol	160.3	(2,058.8)	(338.6)
Canadian Pension Fund	(45.9)	327.3	(86.1)	Total EBITDA Adjustment	71.3	443.8	(60.9)
Other Actuarial Valuation	115.1	144.9	23.3	Depreciation	129.0	(1,706.7)	703.2
Others	2.1	(28.5)	2.0	Interest Exp	(44.5)	51.4	(7.4)
Total EBITDA Adjustment	71.3	443.8	(60.9)	Others (FX, Other Inc)	(10.2)	86.8	130.1
				Exceptional Items	-	658.0	-
				Tax	112.0	87.0	6.5
				Total PAT adjustment	257.5	(379.7)	771.6
(Rs. million)	Core-EBITDA			(Rs. million)	Core-PAT		
	Q1FY17	Q4 FY16	Q1 FY16		Q1FY17	Q4 FY16	Q1 FY16
IND-AS Core	7,861.5	7,836.5	5,974.5	IND-AS Core	903.3	185.2	(102.6)
Adjustments	71.8	441.9	(58.9)	Adjustments	257.5	1,386.8	236.6
IGAAP Core	7,789.8	7,394.6	6,033.4	IGAAP Core	645.8	(1,201.6)	(339.2)
Canadian Pension Fund	(45.9)	327.3	(86.1)	Total EBITDA Adjustment	71.8	441.9	(58.9)
Other Actuarial Valuation	115.1	144.9	23.3	Depreciation	129.0	62.2	168.8
Others	2.6	(30.4)	4.0	Interest Exp	(44.5)	51.4	(7.4)
Total EBITDA Adjustment	71.8	441.9	(58.9)	Others (FX, Other Inc)	(10.7)	86.2	127.5
				Exceptional Items	-	658.0	-
				Tax	112.0	87.0	6.5
				Total PAT adjustment	257.5	1,386.8	236.6