

Investor Fact Sheet - Q4 FY2016

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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 Indian GAAP financials.
3. FY16 and Q4 FY16 core and consolidated financials includes exceptional items (a) Employee cost optimization expenses amounting to Rs 1,028 mn (b) Loss of Rs 900 mn representing the impairment of Neotel goodwill and (c) loss of Rs 658 mn representing impairment of equity investments in Tata Teleservices Ltd. (TTSL)
4. FY15 and Q4 FY15 core and consolidated financials includes exceptional items a) Loss of Rs 1900 million on Neotel impairment and b) Gain of Rs 848 million from Matunga Mumbai property (non core asset) sale.
5. FY16 and Q4 FY16 core and consolidated financials includes an other income amounting to Rs 451 million towards interest on income tax refund.
6. FY15 core and consolidated financials includes an other income amounting to Rs 1,309 million towards interest on income tax refund.
7. During Q3 FY16, based on transfer pricing study and legal precedent, the Company and its subsidiaries have re-determined the arm's length price in respect of guarantee fees charged by the Company in earlier periods to its subsidiaries, resulting into a tax impact of Rs 997 million in core books
8. Q4 FY15, FY15, Q3 FY16 and 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.
9. FY15 startup financials include an other income from profit on sale of customer premise equipment amounting to ZAR 126 million.
10. FY16 startup financials include a one time depreciation impact of ZAR 52 million.
11. Core business refers to the company's Voice Solutions and Data Services collectively.
12. Startup business refers to the Company's South African Operations (Neotel) and United Telecom Limited (UTL) Nepal.
13. Any discrepancies in any table between totals and sums of the amounts listed are due to rounding off.

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Particulars		Quarter Ended		Growth % in	Quarter	Growth % in	Year Ended		Growth % in
		Mar	Mar	Q4 FY16	Ended	Q4 FY16	Mar	Mar	Q4 FY16 over
		31, 2016	31, 2015	over	Dec	over	31, 2016	31, 2015	Q3 FY16
				Q4 FY15	31, 2015	Q3 FY16			FY15
REVENUE									
REVENUE FROM OPERATIONS		51,454.1	48,112.0	6.9%	50,994.9	0.9%	2,05,548.2	1,99,090.2	3.2%
EXPENDITURE									
Network and transmission expenses		25,185.2	24,615.1		25,770.9		1,03,937.4	1,05,542.5	
Employee benefits expense		8,266.1	7,281.9		7,602.4		31,762.2	28,093.5	
Operating and other expenses		10,337.9	9,042.0		10,023.4		39,513.7	35,556.9	
		43,789.2	40,939.0		43,396.7		1,75,213.3	1,69,192.9	
OPERATING EARNINGS BEFORE INTEREST, TAX AND DEPRECIATION (EBITDA)		7,664.9	7,173.0	6.9%	7,598.2	0.9%	30,334.9	29,897.3	1.5%
Operating EBITDA (% of Revenue from Operations)		14.9%	14.9%		14.9%		14.8%	15.0%	
Depreciation / amortization		5,552.0	5,616.7		5,907.6		22,744.9	21,610.9	
OPERATING EARNINGS BEFORE INTEREST AND TAX (EBIT)		2,112.9	1,556.3	35.8%	1,690.6	25.0%	7,590.0	8,286.4	-8.4%
Operating EBIT (% of Revenue from Operations)		4.1%	3.2%		3.3%		3.7%	4.2%	
Other Operating Income		-	43.2		0.1		507.1	43.2	
Interest expense, net		1,739.0	1,817.3		1,729.5		7,182.7	7,507.9	
Other Income		940.3	649.1		107.4		2,131.3	3,964.6	
PROFIT/(LOSS) BEFORE TAX AND EXCEPTIONAL ITEMS		1,314.2	431.3	204.7%	68.6	1816.8%	3,045.7	4,786.3	-36.4%
Exceptional Items (gain) / loss		2,586.0	1,052.2		-		2,586.0	1,052.2	
PROFIT/(LOSS) BEFORE TAX (PBT)		(1,271.8)	(620.9)		68.6		459.7	3,734.1	-87.7%
PBT (% of Total Income)		-2.4%	-1.3%		0.1%		0.2%	1.8%	
Tax expenses		781.9	1,157.6		(153.7)		2,564.0	3,704.6	
PROFIT/(LOSS) AFTER TAX BEFORE MINORITY INTEREST		(2,053.7)	(1,778.5)		222.3		(2,104.3)	29.5	
Minority interest		(6.8)	(4.4)		(4.2)		(17.8)	(18.0)	
Share in profit / (loss) of associates (net)		1.6	0.4		0.8		3.7	1.4	
NET PROFIT/(LOSS) AFTER TAX AND MINORITY INTEREST (PAT)		(2,058.9)	(1,782.5)		218.9		(2,118.4)	12.9	
PAT (% of Total Income)		-3.9%	-3.7%		0.4%		-1.0%	0.0%	
EARNINGS PER SHARE									
(Basic and diluted earnings per equity shares of par value Rs 10/ each)		(7.22)	(6.25)		0.77		(7.43)	0.05	

TATA COMMUNICATIONS				
DEBT PROFILE				
Particulars	As on			
	Mar 31, 2014	Mar 31, 2015	Dec 31, 2015	Mar 31, 2016
CORE BUSINESS (In USD million)				
Gross Debt				
Foreign Currency Loans	\$ 1,612	\$ 1,619	\$ 1,713	\$ 1,741
Rupee Loans	\$ 172	\$ 46	\$ 69	\$ 79
	\$ 1,784	\$ 1,665	\$ 1,782	\$ 1,820
Average cost of loans	4.28%	3.80%	3.30%	3.14%
Cash and cash equivalent	\$ 404	\$ 338	\$ 306	\$ 381
Net Debt	\$ 1,380	\$ 1,327	\$ 1,476	\$ 1,438
<i>*SGD 100 Mn Debt maturing in December 2016 is fully swapped into USD but appears at USD/SGD closing rates. As on 31st March 2016, considering closing rate of 1.3459 against hedge rate of 1.2564, net debt would be higher by \$5 mn if considered at the hedge rate.</i>				
NEOTEL (In ZAR million)				
Gross Debt	5,258	5,144	4,975	5,158
Net Debt	4,815	4,371	4,264	4,468

TATA COMMUNICATIONS

In Rs. Million

CORE BUSINESS AND STARTUP BUSINESS PROFITABILITY

CORE BUSINESS	Quarter Ended		Growth % in Q4 FY16 over Q4 FY15	Quarter Ended Dec 31, 2015	Growth % in Q4 FY16 over Q3 FY16	Year Ended		Growth % in FY16 over FY15
	Mar 31, 2016	Mar 31, 2015				Mar 31, 2016	Mar 31, 2015	
Revenue from Operations	47,786	43,457	10.0%	46,787	2.1%	1,86,530	1,77,675	5.0%
Direct cost	24,686	24,238		25,517		1,00,554	1,01,329	
Net Revenue	23,100	19,219	20.2%	21,270	8.6%	85,976	76,346	12.6%
Operating and other expenses	15,706	13,044		14,556		59,154	52,100	
EBITDA	7,395	6,175	19.7%	6,714	10.1%	26,823	24,245	10.6%
<i>EBITDA as % of Revenue from Operations</i>	<i>15.5%</i>	<i>14.2%</i>		<i>14.4%</i>		<i>14.4%</i>	<i>13.6%</i>	
Depreciation	5,013	5,055		5,189		20,437	19,386	
EBIT	2,381	1,120	112.6%	1,525	56.1%	6,385	4,859	31.4%
<i>EBIT as % of Revenue from Operations</i>	<i>5.0%</i>	<i>2.6%</i>		<i>3.3%</i>		<i>3.4%</i>	<i>2.7%</i>	
Other Operating Income	-	43		0		507	43	
Interest expenses	1,045	972		999		4,126	3,998	
Other Income and Interest Income	837	563		236		2,106	2,925	
Profit Before Tax and Exceptional Items	2,173	754	188.2%	762	185.0%	4,872	3,830	27.2%
Exceptional Items (gain) / loss	2,586	1,052		-		2,586	1,052	
PBT	(413)	(298)		762	-154.2%	2,286	2,778	-17.7%
Tax expense	782	1,158		(154)		2,564	3,705	
Minority interest	(7)	(4)		(6)		(18)	(15)	
PAT after minority interest	(1,202)	(1,459)		910		(296)	(942)	-68.6%
NORMALIZING CORE BUSINESS PERFORMANCE FOR ONE OFF AND EXCEPTIONAL ITEMS								
Normalized Revenue from Operations	47,786	43,457	10.0%	46,787	2.1%	1,86,530	1,77,675	5.0%
Add: Actuarial impact on Canada Pension	319	(159)		(107)		364	278	
Normalized EBITDA	7,714	6,016	28.2%	6,607	16.7%	27,187	24,523	10.9%
<i>Normalized EBITDA as % of Revenue from Ops</i>	<i>16.1%</i>	<i>13.8%</i>		<i>14.1%</i>		<i>14.6%</i>	<i>13.8%</i>	
Normalized EBIT	2,700	961	181.0%	1,418	90.4%	6,749	5,137	31.4%
<i>Normalized EBIT as % of Revenue from Ops</i>	<i>5.7%</i>	<i>2.2%</i>		<i>3.0%</i>		<i>3.6%</i>	<i>2.9%</i>	
Less: Other Income on Tax refund	451	-		-		451	1,309	
Less: Other Op. Income towards export benefits	-	43		0		507	43	
Normalized PBT (Before exceptional items)	2,041	509	301.2%	655	211.5%	3,771	2,712	39.0%
STARTUP BUSINESS								
STARTUP BUSINESS	Quarter Ended		Growth % in Q4 FY16 over Q4 FY15	Quarter Ended Dec 31, 2015	Growth % in Q4 FY16 over Q3 FY16	Year Ended		Growth % in FY16 over FY15
	Mar 31, 2016	Mar 31, 2015				Mar 31, 2016	Mar 31, 2015	
Revenue from Operations	3,668	4,655	-21.2%	4,208	-12.8%	19,018	21,415	-11.2%
Operating expenses	3,398	3,657		3,324		15,506	15,763	
EBITDA	270	998	-72.9%	884	-69.4%	3,512	5,652	-37.9%
<i>EBITDA as % of Revenue from Operations</i>	<i>7.4%</i>	<i>21.4%</i>		<i>21.0%</i>		<i>18.5%</i>	<i>26.4%</i>	
Depreciation	539	561		718		2,308	2,224	
EBIT	(268)	436		165		1,205	3,427	-64.9%
<i>EBIT as % of Revenue from Operations</i>	<i>-7.3%</i>	<i>9.4%</i>		<i>3.9%</i>		<i>6.3%</i>	<i>16.0%</i>	
Interest expense and other financial charges, net	591	759		859		3,031	2,471	
PBT	(859)	(323)		(694)		(1,826)	957	
Tax expense	(0)	(0)		0		-	(0)	
Minority interest	2	(0)		2		4	(1)	
PAT after minority interest	(857)	(323)		(692)		(1,822)	955	

TATA COMMUNICATIONS					
CONSOLIDATED OPERATING METRICS					
Revenue from Operations by Currency					
	Quarter Ended			Year Ended	
	Mar 31, 2015	Dec 31, 2015	Mar 31, 2016	Mar 31, 2015	Mar 31, 2016
Indian Rupees (INR)	24%	27%	27%	23%	25%
South African Rand (ZAR)	10%	8%	7%	11%	9%
Other International Currencies	66%	65%	66%	66%	66%
Total	100%	100%	100%	100%	100%
Core Business Capital Expenditure (USD mn) - Spent during the period (Cash view)					
	Year Ended				
	Mar 31, 2015		Mar 31, 2016		
Sustenance Capex					
Voice	\$ 1.9	\$ 2.4			
Data	\$ 18.7	\$ 10.7			
	\$ 20.6	\$ 13.1			
Growth Capex					
Voice	\$ 4.6	\$ 1.3			
Data	\$ 185.9	\$ 175.3			
	\$ 190.4	\$ 176.6			
Strategic projects ¹	\$ 52.8	\$ 64.4			
Others ²	\$ 34.7	\$ 37.0			
Total Capital Expenditure (Capex)	\$ 298.5		\$ 291.1		
Core Business Capital Expenditure (USD mn) - Capitalization View					
	Year Ended				
	Mar 31, 2015		Mar 31, 2016		
Sustenance Capex					
Voice	\$ 1.7	\$ 2.8			
Data	\$ 20.3	\$ 12.8			
	\$ 22.0	\$ 15.6			
Growth Capex					
Voice	\$ 4.5	\$ 1.9			
Data	\$ 188.1	\$ 159.3			
	\$ 192.6	\$ 161.2			
Strategic projects ¹	\$ 58.5	\$ 51.1			
Others ²	\$ 45.5	\$ 34.8			
Total Capital Expenditure (Capex)	\$ 318.6		\$ 262.6		
1. Strategic projects include new submarine cables and data centers.					
2. Others include capex towards network engineering, IT, customer service operations etc.					
Neotel Capital Expenditure (ZAR mn) - Cash View					
	Year Ended				
	Mar 31, 2015		Mar 31, 2016		
Neotel Capex (ZAR million)	617		605		
Neotel Capital Expenditure (ZAR mn) - Capitalization View					
	Year Ended				
	Mar 31, 2015		Mar 31, 2016		
Neotel Capex (ZAR million)	692		610		

TATA COMMUNICATIONS					
VOICE SOLUTIONS METRICS					
Voice P&L (Rs million) - Management estimate based on internal MIS and cost allocation assumptions					
	Quarter Ended			Year Ended	
	Mar 31, 2015	Dec 31, 2015	Mar 31, 2016	Mar 31, 2015	Mar 31, 2016
Revenue from Operations	20,555	19,826	19,491	87,761	80,559
<i>Gross Revenue Growth Y-o-Y</i>	<i>-15.2%</i>	<i>-5.5%</i>	<i>-5.2%</i>	<i>-5.7%</i>	<i>-8.2%</i>
<i>Gross Revenue Growth Q-o-Q</i>	<i>-2.0%</i>	<i>-4.2%</i>	<i>-1.7%</i>		
Less: Direct cost	17,636	17,440	16,893	75,316	69,666
Net Revenue	2,919	2,386	2,597	12,445	10,893
<i>Net Revenue Growth Y-o-Y</i>	<i>-13.6%</i>	<i>-23.7%</i>	<i>-11.0%</i>	<i>-16.0%</i>	<i>-12.5%</i>
<i>Net Revenue Growth Q-o-Q</i>	<i>-6.7%</i>	<i>-27.5%</i>	<i>8.9%</i>		
Less: Operating Expenses	1,308	1,524	1,652	6,085	6,071
EBITDA	1,611	862	946	6,360	4,822
<i>EBITDA margin (% of Revenue from Operations)</i>	<i>7.8%</i>	<i>4.3%</i>	<i>4.9%</i>	<i>7.2%</i>	<i>6.0%</i>
Less: Depreciation	478	448	313	2,027	1,726
EBIT	1,132	414	632	4,333	3,096
<i>EBIT margin (% of Revenue from Operations)</i>	<i>5.5%</i>	<i>2.1%</i>	<i>3.2%</i>	<i>4.9%</i>	<i>3.8%</i>
Volume Split in Billion Minutes					
	Quarter Ended			Year Ended	
	Mar 31, 2015	Dec 31, 2015	Mar 31, 2016	Mar 31, 2015	Mar 31, 2016
International Long Distance (ILD)	10.7	9.7	9.6	44.7	40.0
National Long Distance (NLD) - India	1.0	0.7	1.0	4.5	3.1
Total Volume (ILD+NLD)	11.7	10.4	10.6	49.2	43.2

TATA COMMUNICATIONS					
DATA SERVICES METRICS					
Data P&L (Rs. million) - Management estimate based on internal MIS and cost allocation assumptions					
	Quarter Ended			Year Ended	
	Mar 31, 2015	Dec 31, 2015	Mar 31, 2016	Mar 31, 2015	Mar 31, 2016
Revenue from Operations	22,902	26,961	28,295	89,914	1,05,971
<i>Gross Revenue Growth Y-o-Y</i>	<i>6.3%</i>	<i>16.7%</i>	<i>23.5%</i>	<i>10.3%</i>	<i>17.9%</i>
<i>Gross Revenue Growth Q-o-Q</i>	<i>-0.8%</i>	<i>4.2%</i>	<i>4.9%</i>		
Less: Direct cost	6,603	8,077	7,792	26,013	30,887
Net Revenue	16,300	18,884	20,503	63,901	75,083
<i>Net Revenue Growth Y-o-Y</i>	<i>3.3%</i>	<i>15.6%</i>	<i>25.8%</i>	<i>8.5%</i>	<i>17.5%</i>
<i>Net Revenue Growth Q-o-Q</i>	<i>-0.2%</i>	<i>2.6%</i>	<i>8.6%</i>		
Less: Operating Expenses	11,736	13,032	14,054	46,015	53,083
EBITDA	4,564	5,853	6,449	17,886	22,001
<i>EBITDA margin (% of Revenue from Operations)</i>	<i>19.9%</i>	<i>21.7%</i>	<i>22.8%</i>	<i>19.9%</i>	<i>20.8%</i>
Less: Depreciation	4,577	4,742	4,700	17,360	18,711
EBIT	(13)	1,111	1,749	526	3,289
<i>EBIT margin (% of Revenue from Operations)</i>	<i>-0.1%</i>	<i>4.1%</i>	<i>6.2%</i>	<i>0.6%</i>	<i>3.1%</i>
Revenue from Operations By Segment					
	Quarter Ended			Year Ended	
	Mar 31, 2015	Dec 31, 2015	Mar 31, 2016	Mar 31, 2015	Mar 31, 2016
Service Provider / Carrier	44%	42%	43%	43%	42%
Enterprise	56%	58%	57%	57%	58%
	100.0%	100.0%	100.0%	100.0%	100.0%
Revenue from Operations By Service Line of Business					
	Quarter Ended			Year Ended	
	Mar 31, 2015	Dec 31, 2015	Mar 31, 2016	Mar 31, 2015	Mar 31, 2016
Network Services ¹	65%	62%	61%	64%	62%
Managed Services ²	35%	38%	39%	36%	38%
	100.0%	100.0%	100.0%	100.0%	100.0%
<p>1. Network services primarily include traditional connectivity services (IPL, NPL, IRUs), Internet Transit (IP-T, ILL) and VPN services (Ethernet, VPN).</p> <p>2. Managed services primarily include Data Centers, Mobility, Unified Communication and Collaboration (UCC), Media Services, Tata Communications Payment Solutions Ltd (TCPSTL), and Tata Communications Transformation Services Limited (TCTSL)</p>					
Revenue from Operations By Geography					
	Quarter Ended			Year Ended	
	Mar 31, 2015	Dec 31, 2015	Mar 31, 2016	Mar 31, 2015	Mar 31, 2016
India	53%	52%	53%	52%	52%
Rest of the World (RoW)	47%	48%	47%	48%	48%
	100.0%	100.0%	100.0%	100.0%	100.0%
Tata Communications Payment Solutions Ltd. (TCPSTL) - Key metrics					
	As on			As on	
	Mar 31, 2015	Dec 31, 2015	Mar 31, 2016	Mar 31, 2015	Mar 31, 2016
Total ATMs managed					
Third party / Managed ATMs	17,725	12,721	12,441	17,725	12,441
White Label ATMs (WLA)	5,163	6,827	7,631	5,163	7,631
	22,888	19,548	20,072	22,888	20,072
Total POS managed	13,247	13,449	13,448	13,247	13,448
	Quarter Ended			Year Ended	
	Mar 31, 2015	Dec 31, 2015	Mar 31, 2016	Mar 31, 2014	Mar 31, 2015
Revenue ¹ (Rs million)	1,345	1,427	1,476	5,157	5,665
¹ TCPSTL revenues are included in enterprise segment/ managed service line of business					

TATA COMMUNICATIONS					
EXCHANGE RATES					
AVERAGE EXCHANGE RATES					
	Quarter Ended			Year Ended	
	Mar 31, 2015	Dec 31, 2015	Mar 31, 2016	Mar 31, 2015	Mar 31, 2016
INR / USD	62.26	65.90	67.52	61.13	65.44
ZAR / USD	11.73	14.14	15.86	11.06	13.76
INR / ZAR	5.31	4.67	4.26	5.53	4.80
CLOSING EXCHANGE RATES					
	As on			As on	
	Mar 31, 2015	Dec 31, 2015	Mar 31, 2016	Mar 31, 2015	Mar 31, 2016
INR / USD	62.55	66.19	66.25	62.55	66.25
ZAR / USD	12.22	15.63	14.79	12.22	14.79
INR / ZAR	5.12	4.23	4.48	5.12	4.48