

# TATA COMMUNICATIONS

## Investor Fact Sheet - Q3 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. 9M FY15 core and consolidated financials includes an other income amounting to Rs 1,275 million towards interest on income tax refund.
4. Q2 FY16, Q3 FY16 and 9M 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.
5. Q3 FY15 and 9M FY15 startup financials include an other income from profit on sale of customer premise equipment amounting to ZAR 126 million.
6. Q3 FY16 and 9M FY16 startup financials include a one time depreciation impact of ZAR 52 million.
7. Core business refers to the company's Voice Solutions and Data Services collectively.
8. Startup business refers to the Company's South African Operations (Neotel) and United Telecom Limited (UTL) Nepal.
9. 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	Nine Months Ended		Growth % in
		Dec	Dec	Q3 FY16 over	Ended	Q3 FY16 over	Dec	Dec	9M FY16 over
		31, 2015	31, 2014	Q3 FY15	Sep	Q2 FY16	31, 2015	31, 2014	9M FY15
<b>PROFIT AND LOSS ACCOUNT SUMMARY</b>									
(consolidated figures)									
<b>TATA COMMUNICATIONS</b>									
(As per Indian GAAP)									
In Rs. million, except per share data									
<b>REVENUE</b>									
<b>REVENUE FROM OPERATIONS</b>	50,994.9	49,145.1	3.8%	51,300.5	-0.6%	154,094.1	150,978.2	2.1%	
<b>EXPENDITURE</b>									
Network and transmission expenses	25,770.9	25,191.0		25,317.4		78,752.2	80,927.5		
Employee benefits expense	7,602.4	6,697.2		8,312.0		23,496.1	20,875.2		
Operating and other expenses	10,023.4	9,246.6		9,951.0		29,175.8	26,451.2		
	43,396.7	41,134.8		43,580.4		131,424.1	128,253.9		
<b>OPERATING EARNINGS BEFORE INTEREST, TAX AND DEPRECIATION (EBITDA)</b>	7,598.2	8,010.3	-5.1%	7,720.1	-1.6%	22,670.1	22,724.3	-0.2%	
<b>Operating EBITDA (% of Revenue from Operations)</b>	14.9%	16.3%		15.0%		14.7%	15.1%		
Depreciation / amortization	5,907.6	5,462.3		5,694.2		17,192.9	15,994.2		
<b>OPERATING EARNINGS BEFORE INTEREST AND TAX (EBIT)</b>	1,690.6	2,548.0	-33.6%	2,025.9	-16.6%	5,477.1	6,730.1	-18.6%	
<b>Operating EBIT (% of Revenue from Operations)</b>	3.3%	5.2%		3.9%		3.6%	4.5%		
Other Operating Income	0.1	-		243.0		507.1	-		
Interest expense, net	1,729.5	1,829.8		1,756.1		5,443.7	5,690.6		
Other Income	107.4	1,038.1		548.2		1,191.0	3,315.5		
<b>PROFIT/(LOSS) BEFORE TAX (PBT)</b>	68.6	1,756.3	-96.1%	1,061.0	-93.5%	1,731.5	4,355.0	-60.2%	
<b>PBT (% of Total Income)</b>	0.1%	3.5%		2.0%		1.1%	2.8%		
Tax expenses	(153.7)	666.0		998.3		1,782.1	2,547.0		
<b>PROFIT/(LOSS) AFTER TAX BEFORE MINORITY INTEREST</b>	222.3	1,090.3		62.7		(50.6)	1,808.0		
Minority interest	(4.2)	(5.3)		(3.3)		(11.0)	(13.6)		
Share in profit / (loss) of associates (net)	0.8	0.3		0.8		2.1	1.0		
<b>NET PROFIT/(LOSS) AFTER TAX AND MINORITY INTEREST (PAT)</b>	218.9	1,085.3	-79.8%	60.2	263.5%	(59.5)	1,795.4	-103.3%	
<b>PAT (% of Total Income)</b>	0.4%	2.2%		0.1%		0.0%	1.2%		
<b>EARNINGS PER SHARE</b> (Basic and diluted earnings per equity shares of par value Rs 10/ each)	0.77	3.81		0.21		(0.21)	6.30		



## DEBT PROFILE

Particulars	As on			
	Dec 31, 2014	Mar 31, 2015	Sep 30, 2015	Dec 31, 2015
<b>CORE BUSINESS (In USD million)</b>				
<b>Gross Debt</b>				
Foreign Currency Loans	\$ 1,630	\$ 1,619	\$ 1,678	\$ 1,713
Rupee Loans	\$ 33	\$ 46	\$ 66	\$ 69
	\$ 1,663	\$ 1,665	\$ 1,744	\$ 1,782
<b>Average cost of loans</b>	3.82%	3.80%	3.27%	3.30%
<b>Cash and cash equivalent</b>	\$ 307	\$ 338	\$ 310	\$ 306
<b>Net Debt</b>	\$ 1,356	\$ 1,327	\$ 1,434	\$ 1,476

\*SGD 561 Mn Debt is fully swapped into USD but appears at USD/SGD closing rates. As on 31st Dec 2015, considering closing rate of 1.4129 against hedge rate of 1.2449, net debt would be higher by \$54 mn if considered at the hedge rate.

## TATA COMMUNICATIONS

## CORE BUSINESS AND STARTUP BUSINESS PROFITABILITY

In Rs. Million

CORE BUSINESS	Quarter Ended		Growth % in Q3 FY16 over Q3 FY15	Quarter Ended	Growth % in Q3 FY16 over Q2 FY16	Nine Months Ended		Growth % in 9M FY16 over 9M FY15
	Dec 31, 2015	Dec 31, 2014		Sep 30, 2015		Dec 31, 2015	Dec 31, 2014	
<b>Revenue from Operations</b>	<b>46,787</b>	<b>44,081</b>	<b>6.1%</b>	<b>46,574</b>	<b>0.5%</b>	<b>138,744</b>	<b>134,218</b>	<b>3.4%</b>
Direct cost	25,517	24,614		24,878		75,868	77,091	
<b>Net Revenue</b>	<b>21,270</b>	<b>19,467</b>	<b>9.3%</b>	<b>21,696</b>	<b>-2.0%</b>	<b>62,876</b>	<b>57,127</b>	<b>10.1%</b>
Operating and other expenses	14,556	12,891		15,015		43,448	39,056	
<b>EBITDA</b>	<b>6,714</b>	<b>6,575</b>	<b>2.1%</b>	<b>6,680</b>	<b>0.5%</b>	<b>19,428</b>	<b>18,070</b>	<b>7.5%</b>
<i>EBITDA as % of Revenue from Operations</i>	<i>14.4%</i>	<i>14.9%</i>		<i>14.3%</i>		<i>14.0%</i>	<i>13.5%</i>	
Depreciation	5,189	4,890		5,178		15,424	14,331	
<b>EBIT</b>	<b>1,525</b>	<b>1,685</b>	<b>-9.5%</b>	<b>1,502</b>	<b>1.5%</b>	<b>4,004</b>	<b>3,739</b>	<b>7.1%</b>
<i>EBIT as % of Revenue from Operations</i>	<i>3.3%</i>	<i>3.8%</i>		<i>3.2%</i>		<i>2.9%</i>	<i>2.8%</i>	
Other Operating Income	0	-		243		507	-	
Interest expenses	999	936		959		3,082	3,026	
Other Income and Interest Income	236	310		549		1,269	2,362	
<b>PBT</b>	<b>762</b>	<b>1,060</b>	<b>-28.1%</b>	<b>1,335</b>	<b>-42.9%</b>	<b>2,699</b>	<b>3,076</b>	<b>-12.3%</b>
Tax expense	(154)	666		998		1,782	2,547	
Minority interest	(6)	(5)		(2)		(11)	(12)	
<b>PAT after minority interest</b>	<b>910</b>	<b>389</b>	<b>134.1%</b>	<b>334</b>	<b>172.4%</b>	<b>906</b>	<b>517</b>	<b>75.1%</b>
<b>NORMALIZING CORE BUSINESS PERFORMANCE FOR ONE OFF AND EXCEPTIONAL ITEMS</b>								
<b>Normalized Revenue from Operations</b>	<b>46,787</b>	<b>44,081</b>	<b>6.1%</b>	<b>46,574</b>	<b>0.5%</b>	<b>138,744</b>	<b>134,218</b>	<b>3.4%</b>
Add: Actuarial impact on Canada Pension	(107)	(48)		267		56	425	
<b>Normalized EBITDA</b>	<b>6,607</b>	<b>6,527</b>	<b>1.2%</b>	<b>6,947</b>	<b>-4.9%</b>	<b>19,484</b>	<b>18,495</b>	<b>5.3%</b>
<i>Normalized EBITDA as % of Revenue from Ops</i>	<i>14.1%</i>	<i>14.8%</i>		<i>14.9%</i>		<i>14.0%</i>	<i>13.8%</i>	
<b>Normalized EBIT</b>	<b>1,418</b>	<b>1,637</b>	<b>-13.4%</b>	<b>1,769</b>	<b>-19.9%</b>	<b>4,060</b>	<b>4,164</b>	<b>-2.5%</b>
<i>Normalized EBIT as % of Revenue from Ops</i>	<i>3.0%</i>	<i>3.7%</i>		<i>3.8%</i>		<i>2.9%</i>	<i>3.1%</i>	
Less: Other Income on Tax refund	-	-		-		-	1,275	
Less: Other Op. Income towards export benefits	-	-		243		507	-	
<b>Normalized PBT (Before exceptional items)</b>	<b>655</b>	<b>1,012</b>	<b>-35.2%</b>	<b>1,359</b>	<b>-51.8%</b>	<b>2,248</b>	<b>2,226</b>	<b>1.0%</b>
<b>STARTUP BUSINESS</b>								
STARTUP BUSINESS	Quarter Ended		Growth % in Q3 FY16 over Q3 FY15	Quarter Ended	Growth % in Q3 FY16 over Q2 FY16	Nine Months Ended		Growth % in 9M FY16 over 9M FY15
	Dec 31, 2015	Dec 31, 2014		Sep 30, 2015		Dec 31, 2015	Dec 31, 2014	
<b>Revenue from Operations</b>	<b>4,208</b>	<b>5,064</b>	<b>-16.9%</b>	<b>4,727</b>	<b>-11.0%</b>	<b>15,350</b>	<b>16,760</b>	<b>-8.4%</b>
Operating expenses	3,324	3,629		3,687		12,108	12,107	
<b>EBITDA</b>	<b>884</b>	<b>1,435</b>	<b>-38.4%</b>	<b>1,040</b>	<b>-15.0%</b>	<b>3,242</b>	<b>4,654</b>	<b>-30.3%</b>
<i>EBITDA as % of Revenue from Operations</i>	<i>21.0%</i>	<i>28.3%</i>		<i>22.0%</i>		<i>21.1%</i>	<i>27.8%</i>	
Depreciation	718	572		516		1,769	1,663	
<b>EBIT</b>	<b>165</b>	<b>863</b>	<b>-80.8%</b>	<b>523</b>	<b>-68.4%</b>	<b>1,473</b>	<b>2,991</b>	<b>-50.7%</b>
<i>EBIT as % of Revenue from Operations</i>	<i>3.9%</i>	<i>17.0%</i>		<i>11.1%</i>		<i>9.6%</i>	<i>17.8%</i>	
Interest expense and other financial charges, net	859	166		797		2,440	1,712	
<b>PBT</b>	<b>(694)</b>	<b>697</b>	<b>-199.6%</b>	<b>(274)</b>		<b>(967)</b>	<b>1,279</b>	
Tax expense	0	0		0		0	0	
Minority interest	2	(0)		(0)		2	(1)	
<b>PAT after minority interest</b>	<b>(692)</b>	<b>696</b>	<b>-199.3%</b>	<b>(274)</b>		<b>(965)</b>	<b>1,278</b>	

<b>TATA COMMUNICATIONS</b>					
<b>CONSOLIDATED OPERATING METRICS</b>					
<b>Revenue from Operations by Currency</b>					
	<b>Quarter Ended</b>			<b>Year Ended</b>	
	<b>Dec 31, 2014</b>	<b>Sep 30, 2015</b>	<b>Dec 31, 2015</b>	<b>Mar 31, 2014</b>	<b>Mar 31, 2015</b>
Indian Rupees (INR)	24%	25%	27%	21%	23%
South African Rand (ZAR)	10%	9%	8%	11%	11%
Other International Currencies	66%	66%	65%	68%	66%
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>
<b>Core Business Capital Expenditure (USD mn) - Spent during the period (Cash view)</b>					
	<b>Nine Months ended</b>		<b>Year Ended</b>		
	<b>Dec 31, 2015</b>		<b>Mar 31, 2015</b>		
Sustenance Capex			<b>\$</b>		
Voice			2.0	\$ 1.9	
Data			8.8	\$ 18.7	
			\$ 10.8	\$ 20.6	
Growth Capex			<b>\$</b>		
Voice			1.2	\$ 4.6	
Data			136.7	\$ 185.9	
			\$ 137.8	\$ 190.4	
Strategic projects <sup>1</sup>			\$ 54.3	\$ 52.8	
Others <sup>2</sup>			\$ 27.3	\$ 34.7	
<b>Total Capital Expenditure (Capex)</b>			<b>\$ 230.2</b>	<b>\$ 298.5</b>	
<b>Core Business Capital Expenditure (USD mn) - Capitalization View</b>					
	<b>Nine Months ended</b>		<b>Year Ended</b>		
	<b>Dec 31, 2015</b>		<b>Mar 31, 2015</b>		
Sustenance Capex			<b>\$</b>		
Voice			1.6	\$ 1.7	
Data			8.7	\$ 20.3	
			\$ 10.3	\$ 22.0	
Growth Capex			<b>\$</b>		
Voice			1.9	\$ 4.5	
Data			116.4	\$ 188.1	
			\$ 118.3	\$ 192.6	
Strategic projects <sup>1</sup>			\$ 42.5	\$ 58.5	
Others <sup>2</sup>			\$ 29.8	\$ 45.5	
<b>Total Capital Expenditure (Capex)</b>			<b>\$ 201.0</b>	<b>\$ 318.6</b>	
1. Strategic projects include new submarine cables and data centers.					
2. Others include capex towards network engineering, IT, customer service operations etc.					

## VOICE SOLUTIONS METRICS

## Voice P&amp;L (Rs million) - Management estimate based on internal MIS and cost allocation assumptions

	Nine Months Ended		Quarter Ended			Year Ended	
	Dec 31, 2014	Dec 31, 2015	Dec 31, 2014	Sep 30, 2015	Dec 31, 2015	Mar 31, 2014	Mar 31, 2015
Revenue from Operations	67,206	61,068	20,983	20,695	19,826	93,024	87,761
<i>Gross Revenue Growth Y-o-Y</i>	-2.3%	-9.1%	-10.5%	-9.3%	-5.5%		-5.7%
<i>Gross Revenue Growth Q-o-Q</i>			-8.0%	0.7%	-4.2%		
Less: Direct cost	57,680	52,773	17,856	17,405	17,440	78,207	75,316
Net Revenue	9,526	8,296	3,127	3,290	2,386	14,817	12,445
<i>Net Revenue Growth Y-o-Y</i>	-16.7%	-12.9%	-8.3%	9.0%	-23.7%		-16.0%
<i>Net Revenue Growth Q-o-Q</i>			3.7%	25.5%	-27.5%		
Less: Operating Expenses	4,777	4,419	1,403	1,575	1,524	6,525	6,085
EBITDA	4,749	3,876	1,725	1,715	862	8,292	6,360
<i>EBITDA margin (% of Revenue from Operations)</i>	7.1%	6.3%	8.2%	8.3%	4.3%	8.9%	7.2%
Less: Depreciation	1,548	1,413	521	489	448	2,186	2,027
EBIT	3,201	2,464	1,203	1,226	414	6,106	4,333
<i>EBIT margin (% of Revenue from Operations)</i>	4.8%	4.0%	5.7%	5.9%	2.1%	6.6%	4.9%

## Volume Split in Billion Minutes

	Nine Months Ended		Quarter Ended			Year Ended	
	Dec 31, 2014	Dec 31, 2015	Dec 31, 2014	Sep 30, 2015	Dec 31, 2015	Mar 31, 2014	Mar 31, 2015
International Long Distance (ILD)	34.0	30.4	10.6	10.4	9.7	50.6	44.7
National Long Distance (NLD) - India	3.5	2.1	1.1	0.7	0.7	5.9	4.5
<b>Total Volume (ILD+NLD)</b>	<b>37.5</b>	<b>32.5</b>	<b>11.7</b>	<b>11.1</b>	<b>10.4</b>	<b>56.5</b>	<b>49.2</b>

## TATA COMMUNICATIONS

## DATA SERVICES METRICS

Data P&L (Rs. million) - Management estimate based on internal MIS and cost allocation assumptions							
	Nine Months Ended		Quarter Ended			Year Ended	
	Dec 31, 2014	Dec 31, 2015	Dec 31, 2014	Sep 30, 2015	Dec 31, 2015	Mar 31, 2014	Mar 31, 2015
Revenue from Operations	67,012	77,676	23,098	25,879	26,961	81,485	89,914
<i>Gross Revenue Growth Y-o-Y</i>	11.8%	15.9%	10.5%	16.9%	16.7%		10.3%
<i>Gross Revenue Growth Q-o-Q</i>			4.4%	4.2%	4.2%		
Less: Direct cost	19,411	23,095	6,758	7,473	8,077	22,610	26,013
Net Revenue	47,601	54,581	16,339	18,406	18,884	58,875	63,901
<i>Net Revenue Growth Y-o-Y</i>	10.5%	14.7%	8.4%	16.7%	15.6%		8.5%
<i>Net Revenue Growth Q-o-Q</i>			3.6%	6.5%	2.6%		
Less: Operating Expenses	34,279	39,029	11,489	13,441	13,032	43,457	46,015
EBITDA	13,321	15,552	4,851	4,965	5,853	15,417	17,886
<i>EBITDA margin (% of Revenue from Operations)</i>	19.9%	20.0%	21.0%	19.2%	21.7%	18.9%	19.9%
Less: Depreciation	12,783	14,011	4,369	4,689	4,742	16,278	17,360
EBIT	539	1,540	482	277	1,111	(861)	526
<i>EBIT margin (% of Revenue from Operations)</i>	0.8%	2.0%	2.1%	1.1%	4.1%	-1.1%	0.6%
Revenue from Operations By Segment							
	Quarter Ended			Year Ended			
	Dec 31, 2014	Sep 30, 2015	Dec 31, 2015	Mar 31, 2014	Mar 31, 2015		
Service Provider / Carrier	42%	43%	42%	47%	43%		
Enterprise	58%	57%	58%	53%	57%		
	100.0%	100.0%	100.0%	100.0%	100.0%		
Revenue from Operations By Service Line of Business							
	Quarter Ended			Year Ended			
	Dec 31, 2014	Sep 30, 2015	Dec 31, 2015	Mar 31, 2014	Mar 31, 2015		
Network Services <sup>1</sup>	64%	62%	62%	65%	64%		
Managed Services <sup>2</sup>	36%	38%	38%	35%	36%		
	100.0%	100.0%	100.0%	100.0%	100.0%		
1. Network services primarily include traditional connectivity services (IPL, NPL, IRUs), Internet Transit (IP-T, ILL) and VPN services (Ethernet, VPN).							
2. Managed services primarily include Data Centers, Mobility, Unified Communication and Collaboration (UCC), Media Services, Tata Communications Payment Solutions Ltd (TCPSL), and Tata Communications Transformation Services Limited (TCTSL)							
Revenue from Operations By Geography							
	Quarter Ended			Year Ended			
	Dec 31, 2014	Sep 30, 2015	Dec 31, 2015	Mar 31, 2014	Mar 31, 2015		
India	51%	51%	52%	51%	52%		
Rest of the World (RoW)	49%	49%	48%	49%	48%		
	100.0%	100.0%	100.0%	100.0%	100.0%		
Tata Communications Payment Solutions Ltd. (TCPSL) - Key metrics							
	As on			As on			
	Dec 31, 2014	Sep 30, 2015	Dec 31, 2015	Mar 31, 2014	Mar 31, 2015		
Total ATMs managed							
Third party / Managed ATMs	18,007	12,976	12,721	17,848	17,725		
White Label ATMs (WLA)	3,720	6,229	6,827	1,182	5,163		
	21,727	19,205	19,548	19,030	22,888		
Total POS managed	13,119	13,557	13,449	13,324	13,247		
	Nine months ended		Quarter Ended			Year Ended	
	Dec 31, 2014	Dec 31, 2015	Dec 31, 2014	Sep 30, 2015	Dec 31, 2015	Mar 31, 2014	Mar 31, 2015
Revenue <sup>1</sup> (Rs million)	3,811	4,189	1,322	1,386	1,427	4,737	5,157
<sup>1</sup> TCPSL revenues are included in enterprise segment/ managed service line of business							

<b>TATA COMMUNICATIONS</b>							
<b>EXCHANGE RATES</b>							
<b>AVERAGE EXCHANGE RATES</b>							
	<b>Nine months Ended</b>		<b>Quarter Ended</b>			<b>Year Ended</b>	
	<b>Dec 31, 2014</b>	<b>Dec 31, 2015</b>	<b>Dec 31, 2014</b>	<b>Sep 30, 2015</b>	<b>Dec 31, 2015</b>	<b>Mar 31, 2014</b>	<b>Mar 31, 2015</b>
INR / USD	60.76	64.75	61.91	64.91	65.90	60.48	61.13
ZAR / USD	10.83	13.06	11.20	12.96	14.14	10.13	11.06
INR / ZAR	5.61	4.97	5.53	5.01	4.67	5.98	5.53
<b>CLOSING EXCHANGE RATES</b>							
	<b>As on</b>			<b>As on</b>			
	<b>Dec 31, 2014</b>	<b>Sep 30, 2015</b>	<b>Dec 31, 2015</b>	<b>Mar 31, 2014</b>	<b>Mar 31, 2015</b>		
INR / USD	63.15	65.68	66.19	59.90	62.55		
ZAR / USD	11.57	13.84	15.63	10.62	12.22		
INR / ZAR	5.46	4.75	4.23	5.64	5.12		