

Investor Fact Sheet - Q3 FY2014

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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. Q3 FY14 and 9M FY14 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.
4. Core business refers to the company's Global Voice Services (GVS) and Global Data Services (GDS) collectively.
5. Startup business refers to the Company's South African Operations (Neotel) and United Telecom Limited (UTL) Nepal.
6. Any discrepancies in any table between totals and sums of the amounts listed are due to rounding off.
7. The previous period's figures have been rearranged wherever necessary to make them comparable with the current period's figures to the extent possible.

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PROFIT AND LOSS ACCOUNT SUMMARY
 (consolidated figures)

 (As per Indian GAAP)
 In Rs. million, except per share data

Particulars	Quarter Ended		Growth % in Q3 FY14 over Q3 FY13	Quarter Ended Sep 30, 2013	Growth % in Q3 FY14 over Q2 FY14	Nine Months Ended		Growth % in 9M FY14 over 9M FY13
	Dec 31, 2013	Dec 31, 2012				Dec 31, 2013	Dec 31, 2012	
REVENUE								
REVENUE FROM OPERATIONS	49,536.5	44,341.1	11.7%	49,526.1	0.0%	144,042.4	128,124.9	12.4%
EXPENDITURE								
Network and transmission expenses	26,921.0	25,303.6		27,061.2		78,960.3	72,609.8	
Employee benefits expense	6,167.5	5,682.3		5,863.0		18,052.6	18,066.0	
Operating and other expenses	8,709.4	7,344.6		8,238.1		24,411.6	21,717.4	
	41,797.9	38,330.5		41,162.3		121,424.5	112,393.2	
OPERATING EARNINGS BEFORE INTEREST, TAX AND DEPRECIATION (EBITDA)	7,738.6	6,010.6	28.7%	8,363.8	-7.5%	22,617.9	15,731.7	43.8%
Operating EBITDA (% of Revenue from Operations)	15.6%	13.6%		16.9%		15.7%	12.3%	
Depreciation / amortization	5,202.1	5,400.4		5,431.1		15,670.4	15,997.7	
OPERATING EARNINGS BEFORE INTEREST AND TAX (EBIT)	2,536.5	610.2	315.7%	2,932.7	-13.5%	6,947.5	(266.0)	
Operating EBIT (% of Revenue from Operations)	5.1%	1.4%		5.9%		4.8%	-0.2%	
Other Operating Income	423.5	-		-		423.5	-	
Interest expense, net	1,975.6	1,888.3		2,010.0		5,648.5	6,063.3	
Other Income	246.0	401.9		393.4		903.0	1,852.2	
PROFIT/(LOSS) BEFORE TAX AND EXCEPTIONAL ITEMS	1,230.4	(876.2)		1,316.1	-6.5%	2,625.5	(4,477.1)	
Exceptional Items	-	791.4		-		(2,162.2)	791.4	
PROFIT/(LOSS) BEFORE TAX (PBT)	1,230.4	(1,667.6)		1,316.1	-6.5%	4,787.7	(5,268.5)	
PBT (% of Total Income)	2.5%	-3.7%		2.6%		3.3%	-4.1%	
Tax expenses	869.5	404.6		511.2		2,679.1	1,121.2	
PROFIT/ (LOSS) AFTER TAX BEFORE MINORITY INTEREST	360.9	(2,072.2)		804.9		2,108.6	(6,389.7)	
Minority interest	(2.2)	65.7		(4.1)		(11.4)	209.8	
Share in profit / (loss) of associates (net)	6.4	(3.6)		2.8		16.7	(1.2)	
NET PROFIT/(LOSS) AFTER TAX AND MINORITY INTEREST (PAT)	365.1	(2,010.1)		803.6	-54.6%	2,113.9	(6,181.1)	
PAT (% of Total Income)	0.7%	-4.5%		1.6%		1.5%	-4.8%	
EARNINGS PER SHARE (Basic and diluted earnings per equity shares of par value Rs 10/ each)	1.28	(7.05)		2.82		7.42	(21.69)	

TATA COMMUNICATIONS			
DEBT PROFILE			
Particulars	As on		
	Mar 31, 2013	Sep 30, 2013	Dec 31, 2013
CORE BUSINESS (In USD million)			
Gross Debt			
Foreign Currency Loans	\$ 1,596	\$ 1,577	\$ 1,585
Rupee Loans	\$ 127	\$ 111	\$ 112
	\$ 1,723	\$ 1,688	\$ 1,697
Average cost of loans	4.97%	4.13%	4.19%
Cash and cash equivalent	\$ 244	\$ 206	\$ 269
Net Debt	\$ 1,479	\$ 1,482	\$ 1,428
NEOTEL (In ZAR million)			
Gross Debt	5,023	5,094	5,266
Net Debt	4,807	4,946	5,089

In Rs. Million

CORE BUSINESS AND STARTUP BUSINESS PROFITABILITY

CORE BUSINESS	Quarter Ended		Growth % in Q3 FY14 over Q3 FY13	Quarter Ended Sep 30, 2013	Growth % in Q3 FY14 over Q2 FY14	Nine Months Ended		Growth % in 9M FY14 over 9M FY13
	Dec 31, 2013	Dec 31, 2012				Dec 31, 2013	Dec 31, 2012	
Revenue from Operations	44,340	39,532	12.2%	44,187	0.3%	128,716	113,836	13.1%
Direct cost	25,956	23,144		25,464		74,506	65,770	
Net Revenue	18,384	16,388	12.2%	18,723	-1.8%	54,210	48,066	12.8%
Operating and other expenses	12,260	10,874		11,686		35,542	33,940	
EBITDA	6,123	5,514	11.0%	7,037	-13.0%	18,668	14,126	32.2%
<i>EBITDA as % of Revenue from Operations</i>	13.8%	13.9%		15.9%		14.5%	12.4%	
Depreciation	4,753	4,722		4,739		13,939	13,916	
EBIT	1,370	792	72.9%	2,298	-40.4%	4,729	211	2146.3%
<i>EBIT as % of Revenue from Operations</i>	3.1%	2.0%		5.2%		3.7%	0.2%	
Other Operating Income	424	-		-		424	-	
Interest expenses	1,086	1,081		1,116		3,117	3,283	
Other Income and Interest Income	281	396		453		911	1,805	
Profit Before Tax and Exceptional Items	988	107	820.5%	1,635	-39.6%	2,946	(1,267)	
Exceptional Items	-	791		-		(2,162)	791	
PBT	988	(684)		1,635	-39.6%	5,109	(2,059)	
Tax expense	884	419		511		2,694	1,136	
Minority interest	(2)	(3)		(4)		(11)	(12)	
PAT after minority interest	102	(1,107)		1,120	-90.9%	2,403	(3,207)	
NORMALIZING CORE BUSINESS PERFORMANCE FOR ONE OFF AND EXCEPTIONAL ITEMS								
Normalized Revenue from Operations	44,340	39,532	12.2%	44,187	0.3%	128,716	113,836	13.1%
Add: Actuarial impact on Canada Pension	89	127		(241)		251	311	
Normalized EBITDA	6,212	5,641	10.1%	6,796	-8.6%	18,919	14,437	31.0%
<i>Normalized EBITDA as % of Revenue from Ops</i>	14.0%	14.3%		15.4%		14.7%	12.7%	
Normalized EBIT	1,459	919	58.7%	2,057	-29.1%	4,980	522	854.9%
<i>Normalized EBIT as % of Revenue from Ops</i>	3.3%	2.3%		4.7%		3.9%	0.5%	
Less: DOT interest received	-	-		-		-	1,105	
Less: Other Op. Income towards export benefit	424	-		-		424	1,105	
Normalized PBT (Before exceptional items)	654	234	179.0%	1,394	-53.1%	2,774	(2,061)	
STARTUP BUSINESS								
STARTUP BUSINESS	Quarter Ended		Growth % in Q3 FY14 over Q3 FY13	Quarter Ended Sep 30, 2013	Growth % in Q3 FY14 over Q2 FY14	Nine Months Ended		Growth % in 9M FY14 over 9M FY13
	Dec 31, 2013	Dec 31, 2012				Dec 31, 2013	Dec 31, 2012	
Revenue from Operations	5,196	4,810	8.0%	5,339	-2.7%	15,327	14,289	7.3%
Operating expenses	3,581	4,313		4,012		11,377	12,683	
EBITDA	1,615	496	225.5%	1,327	21.7%	3,950	1,606	146.0%
<i>EBITDA as % of Revenue from Operations</i>	31.1%	10.3%		24.9%		25.8%	11.2%	
Depreciation	449	678		692		1,731	2,082	
EBIT	1,166	(182)		635	83.7%	2,219	(477)	
<i>EBIT as % of Revenue from Operations</i>	22.4%	-3.8%		11.9%		14.5%	-3.3%	
Interest expense and other financial charges, net	924	801		954		2,539	2,733	
PBT	242	(984)		(319)		(321)	(3,210)	
Tax expense	(15)	(15)		0		(15)	(15)	
Minority interest	6	65		3		17	221	
PAT after minority interest	263	(904)		(316)		(290)	(2,974)	
NORMALIZING STARTUP BUSINESS PERFORMANCE FOR ONE OFF AND EXCEPTIONAL ITEMS								
Less: write back in network cost w.r.t. Neotel pertaining to earlier years	337	-		-		337	-	
Normalized EBITDA	1,278	496	157.6%	1,327	-3.7%	337	1,606	
<i>Normalized EBITDA as % of Revenue from Ops</i>	24.6%	10.3%		24.9%		2.2%	11.2%	


CONSOLIDATED OPERATING METRICS

Total Income from Operations by Segment					
	Quarter Ended			Year Ended	
	Dec 31, 2012	Sep 30, 2013	Dec 31, 2013	Mar 31, 2012	Mar 31, 2013
Global Voice Solutions (GVS)	49.9%	49.0%	48.6%	48.0%	49.8%
Global Data Services (GDS)	39.2%	40.2%	41.0%	39.8%	39.2%
South Africa Operations (Neotel)	10.8%	10.7%	10.4%	12.1%	11.0%
Others	0.0%	0.0%	0.0%	0.1%	0.1%
Total	100.0%	100.0%	100.0%	100.0%	100.0%
Revenue from Operations by Currency					
	Quarter Ended			Year Ended	
	Dec 31, 2012	Sep 30, 2013	Dec 31, 2013	Mar 31, 2012	Mar 31, 2013
Indian Rupees (INR)	21%	21%	21%	22%	21%
South African Rand (ZAR)	11%	10%	11%	12%	11%
Other International Currencies	68%	69%	68%	66%	68%
Total	100%	100%	100%	100%	100%
Core Business Capital Expenditure (USD mn) - Spent during the period (Cash view)					
	Nine Months Ended	Year ended			
	Dec 31, 2013	Mar 31, 2012	Mar 31, 2013		
Sustenance Capex					
Voice	\$ 1.7	\$ 6.5	\$ 3.7		
Data	\$ 7.8	\$ 7.5	\$ 13.4		
	\$ 9.5	\$ 14.0	\$ 17.1		
Growth Capex					
Voice	\$ 4.4	\$ 6.0	\$ 8.9		
Data	\$ 127.4	\$ 191.0	\$ 201.6		
	\$ 131.7	\$ 197.0	\$ 210.4		
Strategic projects ¹	\$ 28.0	\$ 162.2	\$ 35.8		
Others ²	\$ 24.4	\$ 23.6	\$ 28.4		
Total Capital Expenditure (Capex)	\$ 193.6	\$ 396.8	\$ 291.7		
Core Business Capital Expenditure (USD mn) - Capitalization View					
	Nine Months Ended	Year ended			
	Dec 31, 2013	Mar 31, 2012	Mar 31, 2013		
Sustenance Capex					
Voice	\$ 2.2	\$ 4.1	\$ 6.4		
Data	\$ 7.9	\$ 8.9	\$ 14.2		
	\$ 10.1	\$ 13.0	\$ 20.6		
Growth Capex					
Voice	\$ 3.9	\$ 11.8	\$ 9.9		
Data	\$ 104.1	\$ 187.5	\$ 181.0		
	\$ 108.0	\$ 199.4	\$ 190.9		
Strategic projects ¹	\$ 10.0	\$ 351.0	\$ 99.4		
Others ²	\$ 14.5	\$ 26.3	\$ 35.3		
Total Capital Expenditure (Capex)	\$ 142.5	\$ 589.7	\$ 346.2		
<small>1. Strategic projects include new submarine cables and data centers. 2. Others include capex towards network engineering, IT, customer service operations etc.</small>					
Neotel Capital Expenditure (ZAR mn) - Cash View					
	Nine Months Ended	Year ended			
	Dec 31, 2013	Mar 31, 2012	Mar 31, 2013		
Neotel Capex (ZAR million)	427	417	460		
Neotel Capital Expenditure (ZAR mn) - Capitalization View					
	Nine Months Ended	Year ended			
	Dec 31, 2013	Mar 31, 2012	Mar 31, 2013		
Neotel Capex (ZAR million)	441	420	471		

GLOBAL VOICE SERVICES (GVS) METRICS

GVS P&L (Rs million) - Management estimate based on internal MIS and cost allocation assumptions							
	Nine Months Ended		Quarter Ended			Year Ended	
	Dec 31, 2012	Dec 31, 2013	Dec 31, 2012	Sep 30, 2013	Dec 31, 2013	Mar 31, 2012	Mar 31, 2013
Revenue from Operations	63,765	70,517	22,143	24,290	23,996	68,118	85,647
<i>Gross Revenue Growth Y-o-Y</i>	29.7%	10.6%	28.2%	14.9%	8.4%	4.4%	25.7%
<i>Gross Revenue Growth Q-o-Q</i>			4.8%	9.3%	-1.2%		
Less: Direct cost	53,106	58,463	18,487	19,988	20,378	55,801	71,188
Net Revenue	10,659	12,053	3,656	4,302	3,617	12,317	14,459
<i>Net Revenue Growth Y-o-Y</i>		13.1%		30.0%	-1.0%	16.4%	17.4%
<i>Net Revenue Growth Q-o-Q</i>				4.1%	-15.9%		
Less: Operating Expenses	5,479	4,904	1,714	1,656	1,629	6,874	7,153
EBITDA	5,180	7,149	1,941	2,646	1,988	5,443	7,306
<i>EBITDA margin (% of Revenue from Operations)</i>	8.1%	10.1%	8.8%	10.9%	8.3%	8.0%	8.5%
Less: Depreciation	1,539	1,570	530	538	529	2,120	2,046
EBIT	3,642	5,578	1,411	2,108	1,460	3,323	5,259
<i>EBIT margin (% of Revenue from Operations)</i>	5.7%	7.9%	6.4%	8.7%	6.1%	4.9%	6.1%
Volume Split in Billion Minutes							
	Nine Months Ended		Quarter Ended			Year Ended	
	Dec 31, 2012	Dec 31, 2013	Dec 31, 2012	Sep 30, 2013	Dec 31, 2013	Mar 31, 2012	Mar 31, 2013
International Long Distance (ILD)	39.9	40.2	13.7	13.7	12.6	46.7	53.7
National Long Distance (NLD) - India	6.7	4.4	1.9	1.7	1.2	8.6	8.3
Total Volume (ILD+NLD)	46.6	44.6	15.6	15.4	13.8	55.3	62.0

EXCHANGE RATES

AVERAGE EXCHANGE RATES							
	Nine Months Ended		Quarter Ended			Year Ended	
	Dec 31, 2012	Dec 31, 2013	Dec 31, 2012	Sep 30, 2013	Dec 31, 2013	Mar 31, 2012	Mar 31, 2013
INR / USD	54.44	60.03	54.12	62.21	62.06	47.91	54.38
ZAR / USD	8.36	9.88	8.69	10.00	10.15	7.45	8.50
INR / ZAR	6.52	6.08	6.23	6.22	6.12	6.44	6.41

CLOSING EXCHANGE RATES					
	As on			As on	
	Dec 31, 2012	Sep 30, 2013	Dec 31, 2013	Mar 31, 2012	Mar 31, 2013
INR / USD	54.70	62.59	61.81	50.92	54.34
ZAR / USD	8.48	10.08	10.51	7.67	9.25
INR / ZAR	6.45	6.21	5.88	6.64	5.87