

TATA COMMUNICATIONS

Investor Fact Sheet - Q3 FY2015

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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 FY15 and 9M FY15 startup financials include an other income from profit on sale of customer premise equipment amounting to ZAR 126 million.
4. Q2 FY15 and H1 FY15 core and consolidated financials includes an other income amounting to Rs 1,275 million towards interest on income tax refund.
5. Q3 FY14, 9M FY14 and FY14 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.
6. Core business refers to the company's Voice Solutions and Data Services collectively.
7. Startup business refers to the Company's South African Operations (Neotel) and United Telecom Limited (UTL) Nepal.
8. 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 FY15 over	Ended	Q3 FY15 over	Dec	Dec	9M FY15
		31, 2014	31, 2013	Q3 FY14	Sep	Q2 FY15	31, 2014	31, 2013	over
								9M FY14	
PROFIT AND LOSS ACCOUNT SUMMARY									
(consolidated figures)									
TATA COMMUNICATIONS									
(As per Indian GAAP)									
In Rs. million, except per share data									
REVENUE									
REVENUE FROM OPERATIONS	49,145.1	49,536.5	-0.8%	50,715.9	-3.1%	150,978.2	144,042.4	4.8%	
EXPENDITURE									
Network and transmission expenses	25,191.0	26,921.0		27,651.0		80,927.5	78,960.3		
Employee benefits expense	6,661.4	6,167.5		7,019.5		20,770.8	18,052.6		
Operating and other expenses	9,282.4	8,709.4		8,458.8		26,555.6	24,411.6		
	41,134.8	41,797.9		43,129.3		128,254.0	121,424.5		
OPERATING EARNINGS BEFORE INTEREST, TAX AND DEPRECIATION (EBITDA)	8,010.3	7,738.6	3.5%	7,586.6	5.6%	22,724.2	22,617.9	0.5%	
Operating EBITDA (% of Revenue from Operations)	16.3%	15.6%		15.0%		15.1%	15.7%		
Depreciation / amortization	5,462.3	5,202.1		5,230.6		15,994.2	15,670.4		
OPERATING EARNINGS BEFORE INTEREST AND TAX (EBIT)	2,548.0	2,536.5	0.5%	2,356.0	8.1%	6,730.0	6,947.5	-3.1%	
Operating EBIT (% of Revenue from Operations)	5.2%	5.1%		4.6%		4.5%	4.8%		
Other Operating Income	-	423.5		-		-	423.5		
Interest expense, net	1,829.8	1,975.6		1,870.8		5,690.6	5,648.5		
Other Income	1,038.1	246.0		1,634.7		3,315.5	903.0		
PROFIT/(LOSS) BEFORE TAX AND EXCEPTIONAL ITEMS	1,756.3	1,230.4	42.7%	2,119.9	-17.2%	4,355.0	2,625.5	65.9%	
Exceptional Items (gain) / loss	-	-		-		-	(2,162.2)		
PROFIT/(LOSS) BEFORE TAX (PBT)	1,756.3	1,230.4	42.7%	2,119.9	-17.2%	4,355.0	4,787.7	-9.0%	
PBT (% of Total Income)	3.5%	2.5%		4.0%		2.8%	3.3%		
Tax expenses	666.0	869.5		1,192.4		2,547.0	2,679.1		
PROFIT/(LOSS) AFTER TAX BEFORE MINORITY INTEREST	1,090.3	360.9		927.5		1,808.0	2,108.6		
Minority interest	(5.3)	(2.2)		(4.0)		(13.6)	(11.4)		
Share in profit / (loss) of associates (net)	0.3	6.4		0.4		1.0	16.7		
NET PROFIT/(LOSS) AFTER TAX AND MINORITY INTEREST (PAT)	1,085.3	365.1	197.3%	923.9	17.5%	1,795.4	2,113.9	-15.1%	
PAT (% of Total Income)	2.2%	0.7%		1.8%		1.2%	1.5%		
EARNINGS PER SHARE (Basic and diluted earnings per equity shares of par value Rs 10/ each)	3.81	1.28		3.24		6.30	7.42		

TATA COMMUNICATIONS				
DEBT PROFILE				
Particulars	As on			
	Dec 31, 2013	Mar 31, 2014	Sep 30, 2014	Dec 31, 2014
CORE BUSINESS (In USD million)				
Gross Debt				
Foreign Currency Loans	\$ 1,585	\$ 1,612	\$ 1,604	\$ 1,630
Rupee Loans	\$ 112	\$ 172	\$ 34	\$ 33
	\$ 1,697	\$ 1,784	\$ 1,638	\$ 1,663
Average cost of loans	4.19%	4.28%	3.96%	3.82%
Cash and cash equivalent	\$ 269	\$ 404	\$ 285	\$ 307
Net Debt	\$ 1,428	\$ 1,380	\$ 1,353	\$ 1,356

TATA COMMUNICATIONS

In Rs. Million

CORE BUSINESS AND STARTUP BUSINESS PROFITABILITY

CORE BUSINESS	Quarter Ended		Growth % in Q3 FY15 over Q3 FY14	Quarter Ended Sep 30, 2014	Growth % in Q3 FY15 over Q2 FY15	Nine Months Ended		Growth % in 9M FY15 over 9M FY14
	Dec 31, 2014	Dec 31, 2013				Dec 31, 2014	Dec 31, 2013	
Revenue from Operations	44,081	44,340	-0.6%	44,950	-1.9%	134,218	128,716	4.3%
Direct cost	24,614	25,855		26,162		77,091	74,187	
Net Revenue	19,467	18,485	5.3%	18,788	3.6%	57,127	54,529	4.8%
Operating and other expenses	12,891	12,612		13,005		39,056	36,575	
EBITDA	6,575	5,873	12.0%	5,783	13.7%	18,070	17,954	0.6%
<i>EBITDA as % of Revenue from Operations</i>	<i>14.9%</i>	<i>13.2%</i>		<i>12.9%</i>		<i>13.5%</i>	<i>13.9%</i>	
Depreciation	4,890	4,753		4,770		14,331	13,939	
EBIT	1,685	1,120	50.4%	1,013	66.4%	3,739	4,015	-6.9%
<i>EBIT as % of Revenue from Operations</i>	<i>3.8%</i>	<i>2.5%</i>		<i>2.3%</i>		<i>2.8%</i>	<i>3.1%</i>	
Other Operating Income	-	-		-		-	-	
Interest expenses	936	1,086		980		3,026	3,117	
Other Income and Interest Income	310	705		1,468		2,362	1,334	
Profit Before Tax and Exceptional Items	1,060	738	43.5%	1,501	-29.4%	3,076	2,232	37.8%
Exceptional Items (gain) / loss	-	-		-		-	(2,162)	
PBT	1,060	738	43.5%	1,501	-29.4%	3,076	4,394	-30.0%
Tax expense	666	884		1,192		2,547	2,694	
Minority interest	(5)	(2)		(3)		(12)	(11)	
PAT after minority interest	389	(148)		305	27.6%	517	1,689	-69.4%
NORMALIZING CORE BUSINESS PERFORMANCE FOR ONE OFF AND EXCEPTIONAL ITEMS								
Normalized Revenue from Operations	44,081	44,340	-0.6%	44,950	-1.9%	134,218	128,716	4.3%
Add: Actuarial impact on Canada Pension	(48)	89		301		425	251	
Normalized EBITDA	6,527	5,962	9.5%	6,084	7.3%	18,496	18,204	1.6%
<i>Normalized EBITDA as % of Revenue from Ops</i>	<i>14.8%</i>	<i>13.4%</i>		<i>13.5%</i>		<i>13.8%</i>	<i>14.1%</i>	
Normalized EBIT	1,637	1,209	35.4%	1,314	24.6%	4,164	4,265	-2.4%
<i>Normalized EBIT as % of Revenue from Ops</i>	<i>3.7%</i>	<i>2.7%</i>		<i>2.9%</i>		<i>3.1%</i>	<i>3.3%</i>	
Less: Other Income on Tax refund	-	-		1,275		1,275	-	
Less: Other Op. Income towards export benefits	-	424		-		-	424	
Normalized PBT (Before exceptional items)	1,012	404	150.5%	527	92.1%	2,226	2,059	8.1%
STARTUP BUSINESS								
STARTUP BUSINESS	Quarter Ended		Growth % in Q3 FY15 over Q3 FY14	Quarter Ended Sep 30, 2014	Growth % in Q3 FY15 over Q2 FY15	Nine Months Ended		Growth % in 9M FY15 over 9M FY14
	Dec 31, 2014	Dec 31, 2013				Dec 31, 2014	Dec 31, 2013	
Revenue from Operations	5,064	5,196	-2.5%	5,766	-12.2%	16,760	15,326	9.4%
Operating expenses	3,629	3,331		3,962		12,107	10,662	
EBITDA	1,435	1,865	-23.1%	1,804	-20.4%	4,654	4,664	-0.2%
<i>EBITDA as % of Revenue from Operations</i>	<i>28.3%</i>	<i>35.9%</i>		<i>31.3%</i>		<i>27.8%</i>	<i>30.4%</i>	
Depreciation	572	449		461		1,663	1,731	
EBIT	863	1,416	-39.1%	1,343	-35.8%	2,991	2,933	2.0%
<i>EBIT as % of Revenue from Operations</i>	<i>17.0%</i>	<i>27.3%</i>		<i>23.3%</i>		<i>17.8%</i>	<i>19.1%</i>	
Interest expense and other financial charges, net	166	924		724		1,712	2,539	
PBT	697	492	41.6%	619	12.5%	1,279	394	225.0%
Tax expense	0	(15)		(0)		0	(15)	
Minority interest	(0)	6		(0)		(1)	17	
PAT after minority interest	696	513	35.7%	619	12.5%	1,278	425	200.8%
NORMALIZING STARTUP BUSINESS PERFORMANCE FOR ONE OFF AND EXCEPTIONAL ITEMS								
Normalized Revenue from Operations	5,064	5,196	-2.5%	5,766	-12.2%	16,760	15,326	9.4%
Less: write back in network cost w.r.t. Neotel pertaining to earlier years	-	337		-		-	337	
Normalized EBITDA	1,435	1,528	-6.1%	1,804	-20.4%	4,654	4,327	7.6%
<i>Normalized EBITDA as % of Revenue from Ops</i>	<i>28.3%</i>	<i>29.4%</i>		<i>31.3%</i>		<i>27.8%</i>	<i>28.2%</i>	

TATA COMMUNICATIONS				
CONSOLIDATED OPERATING METRICS				
Total Income from Operations by Segment				
	Quarter Ended			Year Ended
	Dec 31, 2013	Sep 30, 2014	Dec 31, 2014	Mar 31, 2014
Voice Solutions	47.0%	44.8%	42.3%	47.0%
Data Services	41.9%	43.4%	46.7%	41.2%
South Africa Operations (Neotel)	11.0%	11.9%	10.9%	11.7%
Others	0.0%	-	-	0.0%
Total	100.0%	100.0%	100.0%	100.0%
Some minor variations may be there due to inter-segment revenues.				
Revenue from Operations by Currency				
	Quarter Ended			Year Ended
	Dec 31, 2013	Sep 30, 2014	Dec 31, 2014	Mar 31, 2014
Indian Rupees (INR)	21%	22%	24%	21%
South African Rand (ZAR)	11%	11%	10%	11%
Other International Currencies	68%	66%	66%	68%
Total	100%	100%	100%	100%
Core Business Capital Expenditure (USD mn) - Spent during the period (Cash view)				
		Nine Months ended	Year Ended	
		Dec 31, 2014	Mar 31, 2014	
Sustenance Capex				
Voice		\$ 1.1	\$ 2.3	
Data		\$ 15.0	\$ 10.6	
		\$ 16.0	\$ 12.8	
Growth Capex				
Voice		\$ 4.0	\$ 5.8	
Data		\$ 100.3	\$ 163.7	
		\$ 104.3	\$ 169.5	
Strategic projects ¹		\$ 39.8	\$ 35.9	
Others ²		\$ 25.0	\$ 34.7	
Total Capital Expenditure (Capex)		\$ 185.2	\$ 253.0	
Core Business Capital Expenditure (USD mn) - Capitalization View				
		Nine Months ended	Year Ended	
		Dec 31, 2014	Mar 31, 2014	
Sustenance Capex				
Voice		\$ 1.3	\$ 2.3	
Data		\$ 11.1	\$ 10.6	
		\$ 12.4	\$ 12.9	
Growth Capex				
Voice		\$ 2.6	\$ 4.0	
Data		\$ 121.8	\$ 134.9	
		\$ 124.3	\$ 138.9	
Strategic projects ¹		\$ 21.1	\$ 49.4	
Others ²		\$ 27.6	\$ 17.9	
Total Capital Expenditure (Capex)		\$ 185.5	\$ 219.2	
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&L (Rs million) - Management estimate based on internal MIS and cost allocation assumptions						
	Nine Months Ended		Quarter Ended			Year Ended
	Dec 31, 2013	Dec 31, 2014	Dec 31, 2013	Sep 30, 2014	Dec 31, 2014	Mar 31, 2014
Revenue from Operations	68,780	67,206	23,443	22,816	20,983	93,024
<i>Gross Revenue Growth Y-o-Y</i>		-2.3%		-4.0%	-10.5%	
<i>Gross Revenue Growth Q-o-Q</i>				-2.5%	-8.0%	
Less: Direct cost	57,342	57,680	20,033	19,799	17,856	78,207
Net Revenue	11,438	9,526	3,410	3,017	3,127	14,817
<i>Net Revenue Growth Y-o-Y</i>		-16.7%		-26.9%	-8.3%	
<i>Net Revenue Growth Q-o-Q</i>				-10.8%	3.7%	
Less: Operating Expenses	4,819	4,777	1,594	1,721	1,403	6,525
EBITDA	6,619	4,749	1,816	1,297	1,725	8,292
<i>EBITDA margin (% of Revenue from Operations)</i>	9.6%	7.1%	7.7%	5.7%	8.2%	8.9%
Less: Depreciation	1,766	1,548	606	537	521	2,186
EBIT	4,853	3,201	1,210	760	1,203	6,106
<i>EBIT margin (% of Revenue from Operations)</i>	7.1%	4.8%	5.2%	3.3%	5.7%	6.6%
Volume Split in Billion Minutes						
	Nine Months Ended		Quarter Ended			Year Ended
	Dec 31, 2013	Dec 31, 2014	Dec 31, 2013	Sep 30, 2014	Dec 31, 2014	Mar 31, 2014
International Long Distance (ILD)	38.8	34.0	12.1	11.6	10.6	50.6
National Long Distance (NLD) - India	4.4	3.5	1.2	1.2	1.1	5.9
Total Volume (ILD+NLD)	43.2	37.5	13.3	12.8	11.7	56.5

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, 2013	Dec 31, 2014	Dec 31, 2013	Sep 30, 2014	Dec 31, 2014	Mar 31, 2014
Revenue from Operations	59,936	67,012	20,897	22,134	23,098	81,485
<i>Gross Revenue Growth Y-o-Y</i>		11.8%		8.3%	10.5%	
<i>Gross Revenue Growth Q-o-Q</i>				1.6%	4.4%	
Less: Direct cost	16,845	19,411	5,822	6,363	6,758	22,610
Net Revenue	43,091	47,601	15,076	15,771	16,339	58,875
<i>Net Revenue Growth Y-o-Y</i>		10.5%		7.2%	8.4%	
<i>Net Revenue Growth Q-o-Q</i>				1.8%	3.6%	
Less: Operating Expenses	31,756	34,279	11,018	11,285	11,489	43,457
EBITDA	11,335	13,321	4,057	4,486	4,851	15,417
<i>EBITDA margin (% of Revenue from Operations)</i>	18.9%	19.9%	19.4%	20.3%	21.0%	18.9%
Less: Depreciation	12,173	12,783	4,147	4,233	4,369	16,278
EBIT	(838)	539	(90)	253	482	(861)
<i>EBIT margin (% of Revenue from Operations)</i>	-1.4%	0.8%	-0.4%	1.1%	2.1%	-1.1%
Revenue from Operations By Segment						
	Quarter Ended			Year Ended		
	Dec 31, 2013	Sep 30, 2014	Dec 31, 2014	Mar 31, 2014		
Service Provider / Carrier	46%	44%	42%	47%		
Enterprise	54%	56%	58%	53%		
	100.0%	100.0%	100.0%	100.0%		
Revenue from Operations By Service Line of Business						
	Quarter Ended			Year Ended		
	Dec 31, 2013	Sep 30, 2014	Dec 31, 2014	Mar 31, 2014		
Network Services ¹	65%	63%	64%	65%		
Managed Services ²	35%	37%	36%	35%		
	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, 2013	Sep 30, 2014	Dec 31, 2014	Mar 31, 2014		
India	51%	51%	51%	51%		
Rest of the World (RoW)	49%	49%	49%	49%		
	100.0%	100.0%	100.0%	100.0%		
Tata Communications Payment Solutions Ltd. (TCPSL) - Key metrics						
	As on			As on		
	Dec 31, 2013	Sep 30, 2014	Dec 31, 2014	Mar 31, 2014		
Total ATMs managed						
Third party / Managed ATMs	16,767	18,086	18,007	17,848		
White Label ATMs (WLA)	735	2,572	3,720	1,182		
	17,502	20,658	21,727	19,030		
Total POS managed	12,964	13,293	13,119	13,324		
	Quarter Ended			Year Ended		
	Dec 31, 2013	Sep 30, 2014	Dec 31, 2014	Mar 31, 2014		
Revenue ¹ (Rs million)	1,211	1,224	1,322	4,737		
¹ TCPSL revenues are included in enterprise segment/ managed service line of business						

TATA COMMUNICATIONS						
EXCHANGE RATES						
AVERAGE EXCHANGE RATES						
	Nine months Ended		Quarter Ended			Year Ended
	Dec 31, 2013	Dec 31, 2014	Dec 31, 2013	Sep 30, 2014	Dec 31, 2014	Mar 31, 2014
INR / USD	60.03	60.76	62.06	60.58	61.91	60.48
ZAR / USD	9.88	10.83	10.15	10.76	11.20	10.13
INR / ZAR	6.08	5.61	6.12	5.63	5.53	5.98
CLOSING EXCHANGE RATES						
	As on			As on		
	Dec 31, 2013	Sep 30, 2014	Dec 31, 2014	Mar 31, 2014		
INR / USD	61.81	61.68	63.15	59.90		
ZAR / USD	10.51	11.24	11.57	10.62		
INR / ZAR	5.88	5.49	5.46	5.64		