

TATA COMMUNICATIONS

Investor Fact Sheet - Q2 FY2014

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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. Core business refers to the company's Global Voice Services (GVS) and Global Data Services (GDS) collectively.
4. Startup business refers to the Company's South African Operations (Neotel) and United Telecom Limited (UTL) Nepal.
5. Any discrepancies in any table between totals and sums of the amounts listed are due to rounding off.
6. 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 Q2 FY14 over Q2 FY13	Quarter Ended Jun 30, 2013	Growth % in Q2 FY14 over Q1 FY14	Six Months Ended		Growth % in H1 FY14 over H1 FY13
	Sep 30, 2013	Sep 30, 2012				Sep 30, 2013	Sep 30, 2012	
REVENUE								
INCOME FROM OPERATIONS	49,526.1	42,709.9	16.0%	44,979.8	10.1%	94,505.9	83,783.8	12.8%
EXPENDITURE								
Network and transmission expenses	26,840.9	24,142.9		24,778.4		51,619.3	46,925.0	
Employee benefits expense	5,863.0	6,379.8		6,022.1		11,885.1	12,383.7	
Operating and other expenses	8,458.4	7,793.7		7,663.8		16,122.2	14,754.0	
	41,162.3	38,316.4		38,464.3		79,626.6	74,062.7	
OPERATING EARNINGS BEFORE INTEREST, TAX AND DEPRECIATION (EBITDA)	8,363.8	4,393.5	90.4%	6,515.5	28.4%	14,879.3	9,721.1	53.1%
Operating EBITDA (% of Gross Revenue)	16.9%	10.3%		14.5%		15.7%	11.6%	
Depreciation / amortization	5,431.1	5,307.2		5,037.2		10,468.3	10,597.3	
OPERATING EARNINGS BEFORE INTEREST AND TAX (EBIT)	2,932.7	(913.7)		1,478.3	98.4%	4,411.0	(876.2)	
Operating EBIT (% of Gross Revenue)	5.9%	-2.1%		3.3%		4.7%	-1.0%	
Interest expense, net	2,010.0	2,112.2		1,662.9		3,672.9	4,175.0	
Other Income	393.4	317.8		263.6		657.0	1,450.3	
PROFIT/(LOSS) BEFORE TAX AND EXCEPTIONAL ITEMS	1,316.1	(2,708.1)		79.0	1565.9%	1,395.1	(3,600.9)	
Exceptional Items	-	-		(2,162.2)		(2,162.2)	-	
PROFIT/(LOSS) BEFORE TAX (PBT)	1,316.1	(2,708.1)		2,241.2	-41.3%	3,557.3	(3,600.9)	
PBT (% of Total Income)	2.6%	-6.3%		5.0%		3.7%	-4.2%	
Tax expenses	511.2	188.6		1,298.4		1,809.6	716.6	
PROFIT/ (LOSS) AFTER TAX BEFORE MINORITY INTEREST	804.9	(2,896.7)		942.8		1,747.7	(4,317.5)	
Minority interest	(4.1)	153.1		(5.1)		(9.2)	144.1	
Share in profit / (loss) of associates (net)	2.8	1.2		7.5		10.3	2.4	
NET PROFIT/(LOSS) AFTER TAX AND MINORITY INTEREST (PAT)	803.6	(2,742.4)		945.2	-15.0%	1,748.8	(4,171.0)	
PAT (% of Total Income)	1.6%	-6.4%		2.1%		1.8%	-4.9%	
EARNINGS PER SHARE (Basic and diluted earnings per equity shares of par value Rs 10/ each)	2.82	(9.62)		3.32		6.14	(14.64)	

TATA COMMUNICATIONS**DEBT PROFILE**

Particulars	As on		
	Mar 31, 2013	Jun 30, 2013	Sep 30, 2013
CORE BUSINESS (In USD million)			
Gross Debt			
Foreign Currency Loans	\$ 1,596	\$ 1,651	\$ 1,577
Rupee Loans	\$ 127	\$ 117	\$ 111
	\$ 1,723	\$ 1,768	\$ 1,688
Average cost of loans	4.97%	4.39%	4.13%
Cash and cash equivalent	\$ 244	\$ 249	\$ 206
Net Debt	\$ 1,479	\$ 1,519	\$ 1,482
NEOTEL (In ZAR million)			
Gross Debt	5,023	5,100	5,094
Net Debt	4,807	4,918	4,946

CORE BUSINESS AND STARTUP BUSINESS PROFITABILITY

CORE BUSINESS	Quarter Ended		Growth % in Q2 FY14 over Q2 FY13	Quarter Ended Jun 30, 2013	Growth % in Q2 FY14 over Q1 FY14	Six Months Ended		Growth % in H1 FY14 over H1 FY13
	Sep 30, 2013	Sep 30, 2012				Sep 30, 2013	Sep 30, 2012	
Gross Revenue	44,187	37,840	16.8%	40,188	10.0%	84,376	74,305	13.6%
Direct cost	25,464	22,048		23,085		48,549	42,603	
Net Revenue	18,723	15,792	18.6%	17,103	9.5%	35,826	31,702	13.0%
Operating and other expenses	11,686	11,914		11,595		23,281	23,090	
EBITDA	7,037	3,878	81.5%	5,508	27.8%	12,545	8,612	45.7%
<i>EBITDA as % of Gross Revenue</i>	15.9%	10.2%		13.7%		14.9%	11.6%	
Depreciation	4,739	4,701		4,447		9,186	9,194	
EBIT	2,298	(823)		1,061	116.6%	3,359	(582)	
<i>EBIT as % of Gross Revenue</i>	5.2%	-2.2%		2.6%		4.0%	-0.8%	
Interest expenses	1,116	1,117		915		2,031	2,203	
Other Income and Interest Income	453	302		177		630	1,410	
Profit Before Tax and Exceptional Items	1,635	(1,637)		323		1,958	(1,375)	
Exceptional Items	-	-		(2,162)		(2,162)	-	
PBT	1,635	(1,637)		2,485	-34.2%	4,120	(1,375)	
Tax expense	511	189		1,298		1,810	717	
Minority interest	(4)	(2)		(5)		(9)	(9)	
PAT after minority interest	1,120	(1,828)		1,182	-5.2%	2,301	(2,100)	
NORMALIZING CORE BUSINESS PERFORMANCE FOR ONE OFF AND EXCEPTIONAL ITEMS								
Normalized Gross Revenue	44,187	37,840	16.8%	40,188	10.0%	84,376	74,305	13.6%
Add: Actuarial impact on Canada Pension	(241)	179		403		162	186	
Normalized EBITDA	6,796	4,056	67.5%	5,911	15.0%	12,707	8,798	44.4%
<i>Normalized EBITDA as % of Gross Revenue</i>	15.4%	10.7%		14.7%		15.1%	11.8%	
Normalized EBIT	2,057	(644)		1,464	40.5%	3,521	(395)	
<i>Normalized EBIT as % of Gross Revenue</i>	4.7%	-1.7%		3.6%		4.2%	-0.5%	
Less: DOT interest received	-	-		-		-	1,105	
Normalized PBT (Before exceptional items)	1,394	(1,458)		726	92.1%	2,120	(2,293)	
STARTUP BUSINESS								
STARTUP BUSINESS	Quarter Ended		Growth % in Q2 FY14 over Q2 FY13	Quarter Ended Jun 30, 2013	Growth % in Q2 FY14 over Q1 FY14	Six Months Ended		Growth % in H1 FY14 over H1 FY13
	Sep 30, 2013	Sep 30, 2012				Sep 30, 2013	Sep 30, 2012	
Gross Revenue	5,339	4,870	9.6%	4,791	11.4%	10,130	9,479	6.9%
Operating expenses	4,012	4,354		3,784		7,796	8,370	
EBITDA	1,327	516	157.2%	1,007	31.7%	2,334	1,109	110.4%
<i>EBITDA as % of Gross Revenue</i>	24.9%	10.6%		21.0%		23.0%	11.7%	
Depreciation	692	607		590		1,282	1,404	
EBIT	635	(91)		417	52.2%	1,052	(294)	
<i>EBIT as % of Gross Revenue</i>	11.9%	-1.9%		8.7%		10.4%	-3.1%	
Interest expense and other financial charges, net	954	980		661		1,615	1,932	
PBT	(319)	(1,071)		(244)		(563)	(2,226)	
Tax expense	0	(0)		(0)		0	(0)	
Minority interest	3	156		7		10	156	
PAT after minority interest	(316)	(915)		(236)		(553)	(2,071)	


CONSOLIDATED OPERATING METRICS

Gross Revenue by Segment					
	Quarter Ended			Year Ended	
	Sep 30, 2012	Jun 30, 2013	Sep 30, 2013	Mar 31, 2012	Mar 31, 2013
Global Voice Solutions (GVS)	49.5%	49.4%	49.0%	48.0%	49.8%
Global Data Services (GDS)	39.1%	39.9%	40.2%	39.8%	39.2%
South Africa Operations (Neotel)	11.3%	10.6%	10.7%	12.1%	11.0%
Others	0.1%	0.0%	0.0%	0.1%	0.1%
Total	100.0%	100.0%	100.0%	100.0%	100.0%

Gross Revenue by Currency					
	Quarter Ended			Year Ended	
	Sep 30, 2012	Jun 30, 2013	Sep 30, 2013	Mar 31, 2012	Mar 31, 2013
Indian Rupees (INR)	21%	21%	21%	22%	21%
South African Rand (ZAR)	11%	11%	10%	12%	11%
Other International Currencies	68%	68%	69%	66%	68%
Total	100%	100%	100%	100%	100%

Core Business Capital Expenditure (USD mn) - Spent during the period (Cash view)			
	Six Months Ended	Year ended	
	Sep 30, 2013	Mar 31, 2012	Mar 31, 2013
Sustenance Capex			
Voice	\$ 0.8	\$ 6.5	\$ 3.7
Data	\$ 5.5	\$ 7.5	\$ 13.4
	\$ 6.3	\$ 14.0	\$ 17.1
Growth Capex			
Voice	\$ 2.6	\$ 6.0	\$ 8.9
Data	\$ 74.6	\$ 191.0	\$ 201.6
	\$ 77.2	\$ 197.0	\$ 210.4
Strategic projects ¹	\$ 20.1	\$ 162.2	\$ 35.8
Others ²	\$ 18.0	\$ 23.6	\$ 28.4
Total Capital Expenditure (Capex)	\$ 121.6	\$ 396.8	\$ 291.7

Core Business Capital Expenditure (USD mn) - Capitalization View			
	Six Months Ended	Year ended	
	Sep 30, 2013	Mar 31, 2012	Mar 31, 2013
Sustenance Capex			
Voice	\$ 1.8	\$ 4.1	\$ 6.4
Data	\$ 6.2	\$ 8.9	\$ 14.2
	\$ 7.9	\$ 13.0	\$ 20.6
Growth Capex			
Voice	\$ 2.9	\$ 11.8	\$ 9.9
Data	\$ 60.8	\$ 187.5	\$ 181.0
	\$ 63.7	\$ 199.4	\$ 190.9
Strategic projects ¹	\$ 6.8	\$ 351.0	\$ 99.4
Others ²	\$ 11.8	\$ 26.3	\$ 35.3
Total Capital Expenditure (Capex)	\$ 90.3	\$ 589.7	\$ 346.2

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			
	Six Months Ended	Year ended	
	Sep 30, 2013	Mar 31, 2012	Mar 31, 2013
Neotel Capex (ZAR million)	319	417	460

Neotel Capital Expenditure (ZAR mn) - Capitalization View			
	Six Months Ended	Year ended	
	Sep 30, 2013	Mar 31, 2012	Mar 31, 2013
Neotel Capex (ZAR million)	337	420	471

GLOBAL VOICE SERVICES (GVS) METRICS

GVS P&L (Rs million) - Management estimate based on internal MIS and cost allocation assumptions							
	Six Months Ended		Quarter Ended			Year Ended	
	Sep 30, 2012	Sep 30, 2013	Sep 30, 2012	Jun 30, 2013	Sep 30, 2013	Mar 31, 2012	Mar 31, 2013
Gross Revenue	41,622	46,521	21,138	22,231	24,290	68,118	85,647
<i>Gross Revenue Growth Y-o-Y</i>	30.6%	11.8%	34.1%	8.5%	14.9%	4.4%	25.7%
<i>Gross Revenue Growth Q-o-Q</i>			3.2%	1.6%	9.3%		
Less: Direct cost	34,609	38,085	17,829	18,097	19,988	55,801	71,188
Net Revenue	7,013	8,436	3,309	4,134	4,302	12,317	14,459
<i>Net Revenue Growth Y-o-Y</i>	29.2%	20.3%	19.9%	11.6%	30.0%	16.4%	17.4%
<i>Net Revenue Growth Q-o-Q</i>			-10.7%	8.8%	4.1%		
Less: Operating Expenses	3,774	3,275	2,019	1,619	1,656	6,874	7,153
EBITDA	3,239	5,160	1,289	2,515	2,646	5,443	7,306
<i>EBITDA margin (% of gross revenue)</i>	7.8%	11.1%	6.1%	11.3%	10.9%	8.0%	8.5%
Less: Depreciation	1,009	1,042	513	504	538	2,120	2,046
EBIT	2,231	4,119	776	2,010	2,108	3,323	5,259
<i>EBIT margin (% of gross revenue)</i>	5.4%	8.9%	3.7%	9.0%	8.7%	4.9%	6.1%
Volume Split in Billion Minutes							
	Six Months Ended		Quarter Ended			Year Ended	
	Sep 30, 2012	Sep 30, 2013	Sep 30, 2012	Jun 30, 2013	Sep 30, 2013	Mar 31, 2012	Mar 31, 2013
International Long Distance (ILD)	26.2	27.6	13.2	13.9	13.7	46.7	53.7
National Long Distance (NLD) - India	4.8	3.2	2.1	1.5	1.7	8.6	8.3
Total Volume (ILD+NLD)	31.0	30.8	15.2	15.4	15.4	55.3	62.0

GLOBAL DATA SERVICES (GDS) METRICS

GDS P&L (Rs. million) - Management estimate based on internal MIS and cost allocation assumptions							
	Six Months Ended		Quarter Ended			Year Ended	
	Sep 30, 2012	Sep 30, 2013	Sep 30, 2012	Jun 30, 2013	Sep 30, 2013	Mar 31, 2012	Mar 31, 2013
Gross Revenue	32,682	37,855	16,703	17,958	19,897	56,462	67,534
<i>Gross Revenue Growth Y-o-Y</i>	25.9%	15.8%	25.4%	12.4%	19.1%	17.8%	19.6%
<i>Gross Revenue Growth Q-o-Q</i>			4.5%	2.8%	10.8%		
Less: Direct cost	7,993	10,464	4,219	4,988	5,476	12,454	17,604
Net Revenue	24,689	27,390	12,484	12,970	14,421	44,008	49,930
<i>Net Revenue Growth Y-o-Y</i>		10.9%		6.3%	15.5%	12.9%	13.5%
<i>Net Revenue Growth Q-o-Q</i>				3.6%	11.2%		
Less: Operating Expenses	19,316	20,006	9,895	9,976	10,030	31,400	38,587
EBITDA	5,373	7,384	2,588	2,994	4,391	12,608	11,343
<i>EBITDA margin (% of gross revenue)</i>	16.4%	19.5%	15.5%	16.7%	22.1%	22.3%	16.8%
Less: Depreciation	8,185	8,144	4,188	3,943	4,201	13,367	15,596
EBIT	(2,812)	(760)	(1,599)	(949)	190	(760)	(4,253)
<i>EBIT margin (% of gross revenue)</i>	-8.6%	-2.0%	-9.6%	-5.3%	1.0%	-1.3%	-6.3%
Gross Revenue By Segment							
	Quarter Ended			Year Ended			
	Sep 30, 2012	Jun 30, 2013	Sep 30, 2013	Mar 31, 2012	Mar 31, 2013		
Service Provider / Carrier	53%	49%	49%	51%	51%		
Enterprise	47%	51%	51%	49%	49%		
	100.0%	100.0%	100.0%	100.0%	100.0%		
Gross Revenue By Service Line of Business							
	Quarter Ended			Year Ended			
	Sep 30, 2012	Jun 30, 2013	Sep 30, 2013	Mar 31, 2012	Mar 31, 2013		
Network Services ¹	70%	68%	67%	51%	71%		
Managed Services ²	30%	32%	33%	25%	29%		
	100.0%	100.0%	100.0%	100.0%	100.0%		
1. Network services primarily include traditional services (IPL, NPL, IRUs), Internet Transit (IP-T, ILL) and VPN services (Ethernet, VPN).							
2. Managed services primarily include Data Centers, Mobility, Enterprise Voice, Media Services, Collaboration services, Tata Communications Payment Solutions Ltd (TCPSSL), and Tata Communications Transformation Services Limited (TCTSL)							
Gross Revenue By Geography							
	Quarter Ended			Year Ended			
	Sep 30, 2012	Jun 30, 2013	Sep 30, 2013	Mar 31, 2012	Mar 31, 2013		
India	50%	51%	49%	47%	51%		
Rest of the World (RoW)	50%	49%	51%	53%	49%		
	100.0%	100.0%	100.0%	100.0%	100.0%		
Tata Communications Payment Solutions Ltd. (TCPSSL) - Key metrics							
	As on			As on			
	Sep 30, 2012	Jun 30, 2013	Sep 30, 2013	Mar 31, 2012	Mar 31, 2013		
Total ATMs managed							
Third party / Managed ATMs	13,127	16,304	17,586	11,282	15,038		
White Label ATMs (WLA)	-	3	276	-	-		
	13,127	16,307	17,862	11,282	15,038		
Total POS managed	10,915	12,802	12,840	9,048	12,211		
	Quarter Ended			Year Ended			
	Sep 30, 2012	Jun 30, 2013	Sep 30, 2013	Mar 31, 2012	Mar 31, 2013		
Revenue [†] (Rs million)	833	1,150	1,179	1,700	3,425		
† TCPSSL (formerly known as TCBIL) revenues are included in enterprise segment/ managed service line of business							



EXCHANGE RATES

AVERAGE EXCHANGE RATES							
	Six months Ended		Quarter Ended			Year Ended	
	Sep 30, 2012	Sep 30, 2013	Sep 30, 2012	Jun 30, 2013	Sep 30, 2013	Mar 31, 2012	Mar 31, 2013
INR / USD	54.60	59.02	55.21	55.83	62.21	47.91	54.38
ZAR / USD	8.19	9.74	8.26	9.48	10.00	7.45	8.50
INR / ZAR	6.67	6.06	6.68	5.89	6.22	6.44	6.41

CLOSING EXCHANGE RATES						
	As on			As on		
	Sep 30, 2012	Jun 30, 2013	Sep 30, 2013	Mar 31, 2012	Mar 31, 2013	
INR / USD	52.74	59.27	62.59	50.92	54.34	
ZAR / USD	8.24	10.00	10.08	7.67	9.25	
INR / ZAR	6.40	5.93	6.21	6.64	5.87	