

TATA COMMUNICATIONS

Investor Fact Sheet - Q2 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. 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.
4. 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.
5. Core business refers to the company's Voice Solutions and Data Services collectively.
6. Startup business refers to the Company's South African Operations (Neotel) and United Telecom Limited (UTL) Nepal.
7. 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 Q2 FY15 over Q2 FY14	Quarter Ended Jun 30, 2014	Growth % in Q2 FY15 over Q1 FY15	Six Months Ended		Growth % in H1 FY15 over H1 FY14
		Sep 30, 2014	Sep 30, 2013				Sep 30, 2014	Sep 30, 2013	
		PROFIT AND LOSS ACCOUNT SUMMARY (consolidated figures)							
TATA COMMUNICATIONS (As per Indian GAAP) In Rs. million, except per share data									
REVENUE									
REVENUE FROM OPERATIONS									
50,715.9 49,526.1 2.4% 51,117.2 -0.8% 101,833.1 94,505.9 7.8%									
EXPENDITURE									
Network and transmission expenses 27,651.0 27,061.2 28,085.5									
Employee benefits expense 7,019.5 5,863.0 7,089.9									
Operating and other expenses 8,458.8 8,238.1 8,814.4									
43,129.3 41,162.3 43,989.8									
OPERATING EARNINGS BEFORE INTEREST, TAX AND DEPRECIATION (EBITDA)									
7,586.6 8,363.8 -9.3% 7,127.4 6.4% 14,714.0 14,879.3 -1.1%									
Operating EBITDA (% of Revenue from Operations)									
15.0% 16.9% 13.9%									
Depreciation / amortization 5,230.6 5,431.1 5,301.3									
10,531.9 10,468.3									
OPERATING EARNINGS BEFORE INTEREST AND TAX (EBIT)									
2,356.0 2,932.7 -19.7% 1,826.1 29.0% 4,182.1 4,411.0 -5.2%									
Operating EBIT (% of Revenue from Operations)									
4.6% 5.9% 3.6%									
Other Operating Income - - -									
Interest expense, net 1,870.8 2,010.0 1,990.0									
Other Income 1,634.7 393.4 642.7									
2,277.4 657.0									
PROFIT/(LOSS) BEFORE TAX AND EXCEPTIONAL ITEMS									
2,119.9 1,316.1 61.1% 478.8 342.8% 2,598.7 1,395.1 86.3%									
Exceptional Items (gain) / loss - - - - - - (2,162.2)									
PROFIT/(LOSS) BEFORE TAX (PBT)									
2,119.9 1,316.1 61.1% 478.8 342.8% 2,598.7 3,557.3 -26.9%									
PBT (% of Total Income)									
4.0% 2.6% 0.9%									
Tax expenses 1,192.4 511.2 688.6									
1,881.0 1,809.6									
PROFIT/ (LOSS) AFTER TAX BEFORE MINORITY INTEREST									
927.5 804.9 (209.8)									
717.7 1,747.7									
Minority interest (4.0) (4.1) (4.3)									
(8.3) (9.2)									
Share in profit / (loss) of associates (net) 0.4 2.8 0.3									
0.7 10.3									
NET PROFIT/(LOSS) AFTER TAX AND MINORITY INTEREST (PAT)									
923.9 803.6 15.0% (213.8) 710.1 1,748.8 -59.4%									
PAT (% of Total Income)									
1.8% 1.6% -0.4%									
0.7% 1.8%									
EARNINGS PER SHARE (Basic and diluted earnings per equity shares of par value Rs 10/ each)									
3.24 2.82 (0.75) 2.49 6.14									

TATA COMMUNICATIONS				
DEBT PROFILE				
Particulars	As on			
	Sep 30, 2013	Mar 31, 2014	Jun 30, 2014	Sep 30, 2014
CORE BUSINESS (In USD million)				
Gross Debt				
Foreign Currency Loans	\$ 1,577	\$ 1,612	\$ 1,631	\$ 1,604
Rupee Loans	\$ 111	\$ 172	\$ 78	\$ 34
	\$ 1,688	\$ 1,784	\$ 1,709	\$ 1,638
Average cost of loans	4.13%	4.28%	4.24%	3.96%
Cash and cash equivalent	\$ 206	\$ 404	\$ 278	\$ 285
Net Debt	\$ 1,482	\$ 1,380	\$ 1,431	\$ 1,353

TATA COMMUNICATIONS

In Rs. Million

CORE BUSINESS AND STARTUP BUSINESS PROFITABILITY

CORE BUSINESS	Quarter Ended		Growth % in Q2 FY15 over Q2 FY14	Quarter Ended Jun 30, 2014	Growth % in Q2 FY15 over Q1 FY15	Six Months Ended		Growth % in H1 FY15 over H1 FY14
	Sep 30, 2014	Sep 30, 2013				Sep 30, 2014	Sep 30, 2013	
Revenue from Operations	44,950	44,187	1.7%	45,186	-0.5%	90,137	84,376	6.8%
Direct cost	26,162	25,341		26,315		52,477	48,332	
Net Revenue	18,788	18,846	-0.3%	18,872	-0.4%	37,660	36,044	4.5%
Operating and other expenses	13,005	12,128		13,160		26,165	23,963	
EBITDA	5,783	6,719	-13.9%	5,712	1.2%	11,495	12,080	-4.8%
<i>EBITDA as % of Revenue from Operations</i>	<i>12.9%</i>	<i>15.2%</i>		<i>12.6%</i>		<i>12.8%</i>	<i>14.3%</i>	
Depreciation	4,770	4,739		4,671		9,441	9,186	
EBIT	1,013	1,980	-48.8%	1,041	-2.8%	2,054	2,894	-29.0%
<i>EBIT as % of Revenue from Operations</i>	<i>2.3%</i>	<i>4.5%</i>		<i>2.3%</i>		<i>2.3%</i>	<i>3.4%</i>	
Other Operating Income	-	-		-		-	-	
Interest expenses	980	1,116		1,110		2,090	2,031	
Other Income and Interest Income	1,468	453		584		2,052	630	
Profit Before Tax and Exceptional Items	1,501	1,317	13.9%	516	191.0%	2,016	1,494	35.0%
Exceptional Items (gain) / loss	-	-		-		-	(2,162)	
PBT	1,501	1,317	13.9%	516	191.0%	2,016	3,656	-44.8%
Tax expense	1,192	511		689		1,881	1,810	
Minority interest	(3)	(4)		(4)		(7)	(9)	
PAT after minority interest	305	802	-62.0%	(176)		128	1,837	-93.0%
NORMALIZING CORE BUSINESS PERFORMANCE FOR ONE OFF AND EXCEPTIONAL ITEMS								
Normalized Revenue from Operations	44,950	44,187	1.7%	45,186	-0.5%	90,137	84,376	6.8%
Add: Actuarial impact on Canada Pension	301	(241)		173		474	162	
Normalized EBITDA	6,084	6,478	-6.1%	5,885	3.4%	11,969	12,242	-2.2%
<i>Normalized EBITDA as % of Revenue from Ops</i>	<i>13.5%</i>	<i>14.7%</i>		<i>13.0%</i>		<i>13.3%</i>	<i>14.5%</i>	
Normalized EBIT	1,314	1,739	-24.4%	1,214	8.2%	2,528	3,056	-17.3%
<i>Normalized EBIT as % of Revenue from Ops</i>	<i>2.9%</i>	<i>3.9%</i>		<i>2.7%</i>		<i>2.8%</i>	<i>3.6%</i>	
Less: Other Income on Tax refund	1,275	-		-		1,275	-	
Normalized PBT (Before exceptional items)	527	1,076	-51.0%	689	-23.5%	1,215	1,656	-26.6%
STARTUP BUSINESS								
STARTUP BUSINESS	Quarter Ended		Growth % in Q2 FY15 over Q2 FY14	Quarter Ended Jun 30, 2014	Growth % in Q2 FY15 over Q1 FY15	Six Months Ended		Growth % in H1 FY15 over H1 FY14
	Sep 30, 2014	Sep 30, 2013				Sep 30, 2014	Sep 30, 2013	
Revenue from Operations	5,766	5,339	8.0%	5,931	-2.8%	11,697	10,130	15.5%
Operating expenses	3,962	3,694		4,516		8,478	7,331	
EBITDA	1,804	1,645	9.6%	1,415	27.5%	3,219	2,799	15.0%
<i>EBITDA as % of Revenue from Operations</i>	<i>31.3%</i>	<i>30.8%</i>		<i>23.9%</i>		<i>27.5%</i>	<i>27.6%</i>	
Depreciation	461	692		630		1,091	1,282	
EBIT	1,343	953	40.9%	785	71.2%	2,128	1,517	40.3%
<i>EBIT as % of Revenue from Operations</i>	<i>23.3%</i>	<i>17.9%</i>		<i>13.2%</i>		<i>18.2%</i>	<i>15.0%</i>	
Interest expense and other financial charges, net	724	954		822		1,546	1,615	
PBT	619	(1)		(37)		582	(98)	
Tax expense	(0)	0		0		(0)	0	
Minority interest	(0)	3		(0)		(1)	10	
PAT after minority interest	619	2		(37)		582	(88)	

TATA COMMUNICATIONS				
CONSOLIDATED OPERATING METRICS				
Total Income from Operations by Segment				
	Quarter Ended			Year Ended
	Sep 30, 2013	Jun 30, 2014	Sep 30, 2014	Mar 31, 2014
Voice Solutions	47.5%	45.5%	44.8%	47.0%
Data Services	41.1%	42.4%	43.4%	41.2%
South Africa Operations (Neotel)	11.4%	12.1%	11.9%	11.7%
Others	0.1%	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
	Sep 30, 2013	Jun 30, 2014	Sep 30, 2014	Mar 31, 2014
Indian Rupees (INR)	21%	22%	22%	21%
South African Rand (ZAR)	10%	11%	11%	11%
Other International Currencies	69%	67%	66%	68%
Total	100%	100%	100%	100%
Core Business Capital Expenditure (USD mn) - Spent during the period (Cash view)				
	Six Months ended	Year Ended		
	Sep 30, 2014	Mar 31, 2014		
Sustenance Capex				
Voice	\$ 0.8	\$ 2.3		
Data	\$ 7.7	\$ 10.6		
	\$ 8.5	\$ 12.8		
Growth Capex				
Voice	\$ 3.6	\$ 5.8		
Data	\$ 66.5	\$ 163.7		
	\$ 70.1	\$ 169.5		
Strategic projects ¹	\$ 28.7	\$ 35.9		
Others ²	\$ 18.1	\$ 34.7		
Total Capital Expenditure (Capex)	\$ 125.3	\$ 253.0		
Core Business Capital Expenditure (USD mn) - Capitalization View				
	Six Months ended	Year Ended		
	Sep 30, 2014	Mar 31, 2014		
Sustenance Capex				
Voice	\$ 0.8	\$ 2.3		
Data	\$ 2.5	\$ 10.6		
	\$ 3.4	\$ 12.9		
Growth Capex				
Voice	\$ 0.7	\$ 4.0		
Data	\$ 60.5	\$ 134.9		
	\$ 61.3	\$ 138.9		
Strategic projects ¹	\$ 17.8	\$ 49.4		
Others ²	\$ 19.1	\$ 17.9		
Total Capital Expenditure (Capex)	\$ 101.5	\$ 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						
	Six Months Ended		Quarter Ended			Year Ended
	Sep 30, 2013	Sep 30, 2014	Sep 30, 2013	Jun 30, 2014	Sep 30, 2014	Mar 31, 2014
Revenue from Operations	45,337	46,223	23,755	23,407	22,816	93,024
<i>Gross Revenue Growth Y-o-Y</i>		2.0%		8.5%	-4.0%	
<i>Gross Revenue Growth Q-o-Q</i>				-3.5%	-2.5%	
Less: Direct cost	37,309	39,824	19,627	20,025	19,799	78,207
Net Revenue	8,028	6,399	4,128	3,381	3,017	14,817
<i>Net Revenue Growth Y-o-Y</i>		-20.3%		-13.3%	-26.9%	
<i>Net Revenue Growth Q-o-Q</i>				0.1%	-10.8%	
Less: Operating Expenses	3,226	3,375	1,618	1,654	1,721	6,525
EBITDA	4,803	3,024	2,509	1,728	1,297	8,292
<i>EBITDA margin (% of Revenue from Operations)</i>	10.6%	6.5%	10.6%	7.4%	5.7%	8.9%
Less: Depreciation	1,160	1,027	601	490	537	2,186
EBIT	3,642	1,997	1,909	1,237	760	6,106
<i>EBIT margin (% of Revenue from Operations)</i>	8.0%	4.3%	8.0%	5.3%	3.3%	6.6%
Volume Split in Billion Minutes						
	Six Months Ended		Quarter Ended			Year Ended
	Sep 30, 2013	Sep 30, 2014	Sep 30, 2013	Jun 30, 2014	Sep 30, 2014	Mar 31, 2014
International Long Distance (ILD)	26.7	23.4	13.3	11.7	11.6	50.6
National Long Distance (NLD) - India	3.2	2.4	1.7	1.2	1.2	5.9
Total Volume (ILD+NLD)	29.9	25.8	14.9	13.0	12.8	56.5

DATA SERVICES METRICS

Data P&L (Rs. million) - Management estimate based on internal MIS and cost allocation assumptions						
	Six Months Ended		Quarter Ended			Year Ended
	Sep 30, 2013	Sep 30, 2014	Sep 30, 2013	Jun 30, 2014	Sep 30, 2014	Mar 31, 2014
Revenue from Operations	39,039	43,914	20,432	21,780	22,134	81,485
<i>Gross Revenue Growth Y-o-Y</i>		12.5%		17.1%	8.3%	
<i>Gross Revenue Growth Q-o-Q</i>				1.1%	1.6%	
Less: Direct cost	11,023	12,652	5,714	6,289	6,363	22,610
Net Revenue	28,015	31,261	14,718	15,490	15,771	58,875
<i>Net Revenue Growth Y-o-Y</i>		11.6%		16.5%	7.2%	
<i>Net Revenue Growth Q-o-Q</i>				-1.9%	1.8%	
Less: Operating Expenses	20,738	22,790	10,509	11,506	11,285	43,457
EBITDA	7,278	8,471	4,209	3,985	4,486	15,417
<i>EBITDA margin (% of Revenue from Operations)</i>	18.6%	19.3%	20.6%	18.3%	20.3%	18.9%
Less: Depreciation	8,026	8,414	4,138	4,181	4,233	16,278
EBIT	(748)	57	71	(196)	253	(861)
<i>EBIT margin (% of Revenue from Operations)</i>	-1.9%	0.1%	0.3%	-0.9%	1.1%	-1.1%
Revenue from Operations By Segment						
	Quarter Ended			Year Ended		
	Sep 30, 2013	Jun 30, 2014	Sep 30, 2014	Mar 31, 2014		
Service Provider / Carrier	48%	44%	44%	47%		
Enterprise	52%	56%	56%	53%		
	100.0%	100.0%	100.0%	100.0%		
Revenue from Operations By Service Line of Business						
	Quarter Ended			Year Ended		
	Sep 30, 2013	Jun 30, 2014	Sep 30, 2014	Mar 31, 2014		
Network Services ¹	68%	65%	64%	65%		
Managed Services ²	32%	35%	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		
	Sep 30, 2013	Jun 30, 2014	Sep 30, 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		
	Sep 30, 2013	Jun 30, 2014	Sep 30, 2014	Mar 31, 2014		
Total ATMs managed						
Third party / Managed ATMs	17,586	18,032	18,086	17,848		
White Label ATMs (WLA)	276	1,572	2,572	1,182		
	17,862	19,604	20,658	19,030		
Total POS managed	12,840	13,138	13,293	13,324		
	Quarter Ended			Year Ended		
	Sep 30, 2013	Jun 30, 2014	Sep 30, 2014	Mar 31, 2014		
Revenue ¹ (Rs million)	1,179	1,265	1,224	4,737		
¹ TCPSL revenues are included in enterprise segment/ managed service line of business						

TATA COMMUNICATIONS						
EXCHANGE RATES						
AVERAGE EXCHANGE RATES						
	Six months Ended		Quarter Ended			Year Ended
	Sep 30, 2013	Sep 30, 2014	Sep 30, 2013	Jun 30, 2014	Sep 30, 2014	Mar 31, 2014
INR / USD	59.02	60.18	62.21	59.78	60.58	60.48
ZAR / USD	9.74	10.65	10.00	10.54	10.76	10.13
INR / ZAR	6.06	5.65	6.22	5.67	5.63	5.98
CLOSING EXCHANGE RATES						
	As on			As on		
	Sep 30, 2013	Jun 30, 2014	Sep 30, 2014	Mar 31, 2014		
INR / USD	62.59	60.12	61.68	59.90		
ZAR / USD	10.08	10.61	11.24	10.62		
INR / ZAR	6.21	5.67	5.49	5.64		