

TATA COMMUNICATIONS

Investor Fact Sheet - Q2 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. Financial numbers in this investor fact sheet is net of interco and differs with GAAP numbers where these have been represented on gross basis as part of discontinuing operations accounting for Neotel.
4. Q1 FY16, and Q2 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. Q2 FY15 and H1 FY15 core and consolidated financials included an other income amounting to Rs 1,275 million towards interest on income tax refund.
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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TATA COMMUNICATIONS**PROFIT AND LOSS ACCOUNT SUMMARY**
(consolidated figures)(As per Indian GAAP)
In Rs. million, except per share data

Particulars	Quarter Ended		Growth % in Q2 FY16 over Q2 FY15	Quarter Ended Jun 30, 2015	Growth % in Q2 FY16 over Q1 FY16	Six Months Ended		Growth % in H1 FY16 over H1 FY15
	Sep 30, 2015	Sep 30, 2014				Sep 30, 2015	Sep 30, 2014	
REVENUE								
REVENUE FROM OPERATIONS	51,300.5	50,715.9	1.2%	51,798.7	-1.0%	103,099.2	101,833.1	1.2%
EXPENDITURE								
Network and transmission expenses	25,317.4	27,651.0		27,663.9		52,981.3	55,736.5	
Employee benefits expense	8,312.0	7,055.2		7,581.7		15,893.7	14,178.0	
Operating and other expenses	9,951.0	8,423.1		9,201.4		19,152.4	17,204.6	
	43,580.4	43,129.3		44,447.0		88,027.4	87,119.1	
OPERATING EARNINGS BEFORE INTEREST, TAX AND DEPRECIATION (EBITDA)	7,720.1	7,586.6	1.8%	7,351.7	5.0%	15,071.8	14,714.0	2.4%
Operating EBITDA (% of Revenue from Operations)	15.0%	15.0%		14.2%		14.6%	14.4%	
Depreciation / amortization	5,694.2	5,230.6		5,591.1		11,285.3	10,531.9	
OPERATING EARNINGS BEFORE INTEREST AND TAX (EBIT)	2,025.9	2,356.0	-14.0%	1,760.6	15.1%	3,786.5	4,182.1	-9.5%
Operating EBIT (% of Revenue from Operations)	3.9%	4.6%		3.4%		3.7%	4.1%	
Other Operating Income	243.0	-		264.0		507.0	-	
Interest expense, net	1,756.1	1,870.8		1,958.1		3,714.2	3,860.8	
Other Income	548.2	1,634.7		535.4		1,083.6	2,277.4	
PROFIT/(LOSS) BEFORE TAX (PBT)	1,061.0	2,119.9	-50.0%	601.9	76.3%	1,662.9	2,598.7	-36.0%
PBT (% of Total Income)	2.0%	4.0%		1.1%		1.6%	2.5%	
Tax expenses	998.3	1,192.4		937.5		1,935.8	1,881.0	
PROFIT/ (LOSS) AFTER TAX BEFORE MINORITY INTEREST	62.7	927.5		(335.6)		(272.9)	717.7	
Minority interest	(3.3)	(4.0)		(3.5)		(6.8)	(8.3)	
Share in profit / (loss) of associates (net)	0.8	0.4		0.5		1.3	0.7	
NET PROFIT/(LOSS) AFTER TAX AND MINORITY INTEREST (PAT)	60.2	923.9	-93.5%	(338.6)		(278.4)	710.1	
PAT (% of Total Income)	0.1%	1.8%		-0.6%		-0.3%	0.7%	
EARNINGS PER SHARE (Basic and diluted earnings per equity shares of par value Rs 10/ each)	0.21	3.24		(1.19)		(0.98)	2.49	

TATA COMMUNICATIONS

DEBT PROFILE

Core Business (In USD Million)	As on			
	Sep 30, 2014	Mar 31, 2015	Jun 30, 2015	Sep 30, 2015
Gross Debt				
Foreign Currency Loans	\$ 1,604	\$ 1,619	\$ 1,661	\$ 1,678
Rupee Loans	\$ 34	\$ 46	\$ 47	\$ 66
	\$ 1,638	\$ 1,665	\$ 1,708	\$ 1,744
Average cost of loans	3.96%	3.80%	3.93%	3.27%
Cash and cash equivalent	\$ 285	\$ 338	\$ 298	\$ 310
Net Debt *	\$ 1,353	\$ 1,327	\$ 1,411	\$ 1,434

**SGD 561 Mn Debt is fully swapped into USD but appears at USD/SGD closing rates. As on 30th September 2015, considering closing rate of 1.4232 against hedge rate of 1.2449, net debt would be higher by \$56 mn if considered at the hedge rate.*

TATA COMMUNICATIONS								
In Rs. Million								
CORE BUSINESS AND STARTUP BUSINESS PROFITABILITY								
CORE BUSINESS	Quarter Ended		Growth % in Q2 FY16 over Q2 FY15	Quarter Ended	Growth % in Q2 FY16 over Q1 FY16	Six Months Ended		Growth % in H1 FY16 over H1 FY15
	Sep 30, 2015	Sep 30, 2014		Jun 30, 2015		Sep 30, 2015	Sep 30, 2014	
Revenue from Operations	46,574	44,950	3.6%	45,383	2.6%	91,957	90,137	2.0%
Direct cost	24,878	26,162		25,473		50,351	52,477	
Net Revenue	21,696	18,788	15.5%	19,910	9.0%	41,606	37,660	10.5%
Operating and other expenses	15,015	13,005		13,877		28,892	26,165	
EBITDA	6,680	5,783	15.5%	6,033	10.7%	12,714	11,495	10.6%
<i>EBITDA as % of Revenue from Operations</i>	<i>14.3%</i>	<i>12.9%</i>		<i>13.3%</i>		<i>13.8%</i>	<i>12.8%</i>	
Depreciation	5,178	4,770		5,057		10,235	9,441	
EBIT	1,502	1,013	48.4%	977	53.9%	2,479	2,054	20.7%
<i>EBIT as % of Revenue from Operations</i>	<i>3.2%</i>	<i>2.3%</i>		<i>2.2%</i>		<i>2.7%</i>	<i>2.3%</i>	
Other Operating Income	243	-		264		507	-	
Interest expenses	959	980		1,123		2,082	2,090	
Other Income and Interest Income	549	1,468		484		1,033	2,052	
PBT	1,335	1,501	-11.0%	601	122.0%	1,936	2,016	-4.0%
Tax expense	998	1,192		938		1,936	1,881	
Minority interest	(2)	(3)		(3)		(5)	(7)	
PAT after minority interest	334	305	9.7%	(339)		(5)	128	
NORMALIZING CORE BUSINESS PERFORMANCE FOR ONE OFF AND EXCEPTIONAL ITEMS								
Normalized Revenue from Operations	46,574	44,950	3.6%	45,383	2.6%	91,957	90,137	2.0%
Add: Actuarial impact on Canada Pension	267	301		(103)		163	474	
Normalized EBITDA	6,947	6,084	14.2%	5,930	17.2%	12,877	11,969	7.6%
<i>Normalized EBITDA as % of Revenue from Ops</i>	<i>14.9%</i>	<i>13.5%</i>		<i>13.1%</i>		<i>14.0%</i>	<i>13.3%</i>	
Normalized EBIT	1,769	1,314	34.7%	873	102.6%	2,642	2,528	4.5%
<i>Normalized EBIT as % of Revenue from Ops</i>	<i>3.8%</i>	<i>2.9%</i>		<i>1.9%</i>		<i>2.9%</i>	<i>2.8%</i>	
Less: Other Income on Tax refund	-	1,275		-		-	1,275	
Less: Other Op. Income towards export benefits	243	-		264		507	-	
Normalized PBT	1,359	527	158.1%	234	480.6%	1,592	1,215	31.0%
STARTUP BUSINESS								
STARTUP BUSINESS	Quarter Ended		Growth % in Q2 FY16 over Q2 FY15	Quarter Ended	Growth % in Q2 FY16 over Q1 FY16	Six Months Ended		Growth % in H1 FY16 over H1 FY15
	Sep 30, 2015	Sep 30, 2014		Jun 30, 2015		Sep 30, 2015	Sep 30, 2014	
Revenue from Operations	4,727	5,766	-18.0%	6,415	-26.3%	11,142	11,697	-4.7%
Operating expenses	3,687	3,962		5,097		8,784	8,477	
EBITDA	1,040	1,804	-42.4%	1,318	-21.1%	2,358	3,219	-26.7%
<i>EBITDA as % of Revenue from Operations</i>	<i>22.0%</i>	<i>31.3%</i>		<i>20.5%</i>		<i>21.2%</i>	<i>27.5%</i>	
Depreciation	516	461		534		1,051	1,091	
EBIT	523	1,343	-61.0%	784	-33.2%	1,307	2,128	-38.6%
<i>EBIT as % of Revenue from Operations</i>	<i>11.1%</i>	<i>23.3%</i>		<i>12.2%</i>		<i>11.7%</i>	<i>18.2%</i>	
Interest expense and other financial charges, net	797	724		784		1,581	1,546	
PBT	(274)	619		1		(273)	582	
Tax expense	0	(0)		(0)		(0)	(0)	
Minority interest	(0)	(0)		0		0	(1)	
PAT after minority interest	(274)	619		1		(273)	582	

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CONSOLIDATED OPERATING METRICS					
Revenue from Operations by Currency					
	Quarter Ended			Year Ended	
	Sep 30, 2014	Jun 30, 2015	Sep 30, 2015	Mar 31, 2014	Mar 31, 2015
Indian Rupees (INR)	22%	23%	25%	21%	23%
South African Rand (ZAR)	11%	12%	9%	11%	11%
Other International Currencies	66%	65%	66%	68%	66%
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, 2015		Mar 31, 2015		
Sustenance Capex					
Voice	\$ 1.0		\$ 1.9		
Data	\$ 6.3		\$ 18.7		
	\$ 7.3		\$ 20.6		
Growth Capex					
Voice	\$ 0.8		\$ 4.6		
Data	\$ 97.2		\$ 185.9		
	\$ 98.0		\$ 190.4		
Strategic projects ¹	\$ 43.2		\$ 52.8		
Others ²	\$ 18.4		\$ 34.7		
Total Capital Expenditure (Capex)	\$ 166.9		\$ 298.5		
Core Business Capital Expenditure (USD mn) - Capitalization View					
	Six Months Ended		Year Ended		
	Sep 30, 2015		Mar 31, 2015		
Sustenance Capex					
Voice	\$ 1.5		\$ 1.7		
Data	\$ 7.0		\$ 20.3		
	\$ 8.5		\$ 22.0		
Growth Capex					
Voice	\$ 1.1		\$ 4.5		
Data	\$ 73.2		\$ 188.1		
	\$ 74.4		\$ 192.6		
Strategic projects ¹	\$ 22.6		\$ 58.5		
Others ²	\$ 23.1		\$ 45.5		
Total Capital Expenditure (Capex)	\$ 128.6		\$ 318.6		
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, 2014	Sep 30, 2015	Sep 30, 2014	Jun 30, 2015	Sep 30, 2015	Mar 31, 2014	Mar 31, 2015
Revenue from Operations	46,223	41,242	22,816	20,548	20,695	93,024	87,761
<i>Gross Revenue Growth Y-o-Y</i>	2.0%	-10.8%	-4.0%	-12.2%	-9.3%		-5.7%
<i>Gross Revenue Growth Q-o-Q</i>			-2.5%	0.0%	0.7%		
Less: Direct cost	39,824	35,333	19,799	17,928	17,405	78,207	75,316
Net Revenue	6,399	5,910	3,017	2,620	3,290	14,817	12,445
<i>Net Revenue Growth Y-o-Y</i>	-20.3%	-7.6%	-26.9%	-22.5%	9.0%		-16.0%
<i>Net Revenue Growth Q-o-Q</i>			-10.8%	-10.2%	25.5%		
Less: Operating Expenses	3,375	2,895	1,721	1,321	1,575	6,525	6,085
EBITDA	3,024	3,014	1,297	1,300	1,715	8,292	6,360
<i>EBITDA margin (% of Revenue from Operations)</i>	6.5%	7.3%	5.7%	6.3%	8.3%	8.9%	7.2%
Less: Depreciation	1,027	965	537	476	489	2,186	2,027
EBIT	1,997	2,050	760	824	1,226	6,106	4,333
<i>EBIT margin (% of Revenue from Operations)</i>	4.3%	5.0%	3.3%	4.0%	5.9%	6.6%	4.9%

Volume Split in Billion Minutes

	Six Months Ended		Quarter Ended			Year Ended	
	Sep 30, 2014	Sep 30, 2015	Sep 30, 2014	Jun 30, 2015	Sep 30, 2015	Mar 31, 2014	Mar 31, 2015
International Long Distance (ILD)	23.4	20.7	11.6	10.3	10.4	50.6	44.7
National Long Distance (NLD) - India	2.4	1.4	1.2	0.7	0.7	5.9	4.5
Total Volume (ILD+NLD)	25.8	22.1	12.8	11.0	11.1	56.5	49.2

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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, 2014	Sep 30, 2015	Sep 30, 2014	Jun 30, 2015	Sep 30, 2015	Mar 31, 2014	Mar 31, 2015
Revenue from Operations	43,914	50,715	22,134	24,836	25,879	81,485	89,914
<i>Gross Revenue Growth Y-o-Y</i>	12.5%	15.5%	8.3%	14.0%	16.9%		10.3%
<i>Gross Revenue Growth Q-o-Q</i>			1.6%	8.4%	4.2%		
Less: Direct cost	12,652	15,019	6,363	7,545	7,473	22,610	26,013
Net Revenue	31,261	35,696	15,771	17,290	18,406	58,875	63,901
<i>Net Revenue Growth Y-o-Y</i>	11.6%	14.2%	7.2%	11.6%	16.7%		8.5%
<i>Net Revenue Growth Q-o-Q</i>			1.8%	6.1%	6.5%		
Less: Operating Expenses	22,790	25,997	11,285	12,556	13,441	43,457	46,015
EBITDA	8,471	9,699	4,486	4,734	4,965	15,417	17,886
<i>EBITDA margin (% of Revenue from Operations)</i>	19.3%	19.1%	20.3%	19.1%	19.2%	18.9%	19.9%
Less: Depreciation	8,414	9,270	4,233	4,581	4,689	16,278	17,360
EBIT	57	429	253	153	277	(861)	526
<i>EBIT margin (% of Revenue from Operations)</i>	0.1%	0.8%	1.1%	0.6%	1.1%	-1.1%	0.6%
Revenue from Operations By Segment							
	Quarter Ended			Year Ended			
	Sep 30, 2014	Jun 30, 2015	Sep 30, 2015	Mar 31, 2014	Mar 31, 2015		
Service Provider / Carrier	44%	42%	43%	47%	43%		
Enterprise	56%	58%	57%	53%	57%		
	100.0%	100.0%	100.0%	100.0%	100.0%		
Revenue from Operations By Service Line of Business							
	Quarter Ended			Year Ended			
	Sep 30, 2014	Jun 30, 2015	Sep 30, 2015	Mar 31, 2014	Mar 31, 2015		
Network Services ¹	63%	63%	62%	65%	64%		
Managed Services ²	37%	37%	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 (TCPSSL), and Tata Communications Transformation Services Limited (TCTSL)							
Revenue from Operations By Geography							
	Quarter Ended			Year Ended			
	Sep 30, 2014	Jun 30, 2015	Sep 30, 2015	Mar 31, 2014	Mar 31, 2015		
India	51%	50%	51%	51%	52%		
Rest of the World (RoW)	49%	50%	49%	49%	48%		
	100.0%	100.0%	100.0%	100.0%	100.0%		
Tata Communications Payment Solutions Ltd. (TCPSSL) - Key metrics							
	As on			As on			
	Sep 30, 2014	Jun 30, 2015	Sep 30, 2015	Mar 31, 2014	Mar 31, 2015		
Total ATMs managed							
Third party / Managed ATMs	18,086	13,466	12,976	17,848	17,725		
White Label ATMs (WLA)	2,572	5,592	6,229	1,182	5,163		
	20,658	19,058	19,205	19,030	22,888		
Total POS managed	13,293	13,473	13,557	13,324	13,247		
	Six months ended		Quarter Ended			Year Ended	
	Sep 30, 2014	Sep 30, 2015	Sep 30, 2014	Jun 30, 2015	Sep 30, 2015	Mar 31, 2014	Mar 31, 2015
Revenue ¹ (Rs million)	2,489	2,762	1,224	1,375	1,386	4,737	5,157
¹ TCPSSL 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, 2014	Sep 30, 2015	Sep 30, 2014	Jun 30, 2015	Sep 30, 2015	Mar 31, 2014	Mar 31, 2015
INR / USD	60.18	64.17	60.58	63.43	64.91	60.48	61.13
ZAR / USD	10.65	12.53	10.76	12.10	12.96	10.13	11.06
INR / ZAR	5.65	5.13	5.63	5.24	5.01	5.98	5.53
CLOSING EXCHANGE RATES							
	As on			As on			
	Sep 30, 2014	Jun 30, 2015	Sep 30, 2015	Mar 31, 2014	Mar 31, 2015		
INR / USD	61.68	63.70	65.68	59.90	62.55		
ZAR / USD	11.24	12.24	13.84	10.62	12.22		
INR / ZAR	5.49	5.21	4.75	5.64	5.12		