



Q3 FY16 Earnings Update

2nd February, 2016

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Q3 and 9M FY16 Performance Overview

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Financial Highlights (1/3)

Consolidated financial highlights

- **Performance reflects continued business momentum in line with strategic direction and investments**
 - Strong momentum in data both in traditional and growth services driving overall business
 - Consolidated 9MFY16 revenues up 2.1% Y-o-Y to Rs 154,094 mn and Q3 FY16 revenues up 3.8% Y-o-Y to Rs 50,995 mn
 - Softness in Voice and start-up segment
- **Consolidated PBT continues to be in positive trajectory backed by strong operating performance in data segment**
 - 9M FY16 PBT at Rs 1,732 mn; Q3 FY16 PBT at Rs 69 mn
- **Q3 Consolidated net profit is favorably impacted due to tax credit on account of recalibration of guarantee fees charged to subsidiaries for prior years & current year**
 - Q3 FY16 PAT at Rs 219 mn

Financial Highlights (2/3)

Core financial highlights (1/2)

- Improving core business performance

Rs million	9M FY15	9M FY16
Reported Core EBITDA	18,070	19,428
Add: Actuarial impact of Canada pension fund	425	56
Normalized Core EBITDA	18,495	19,484
Normalized EBITDA as % of revenue from Ops	13.8%	14.0%

▲ 5.3% Y-o-Y

Reported Core PBT	3,076	2,699
Add: Actuarial impact of Canada pension fund	425	56
Less: Other Income on Tax refund	1,275	-
Less: Other Op. Income towards export benefits	-	507
Normalized Core PBT	2,226	2,248

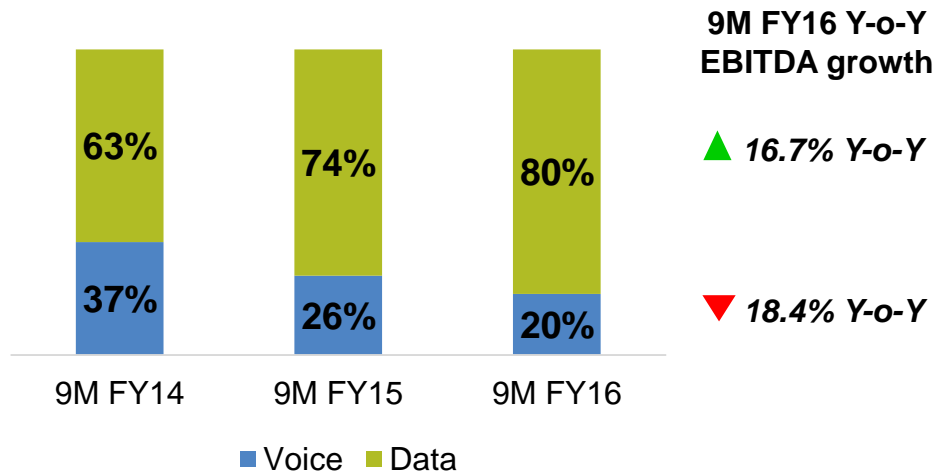
▲ 1.0% Y-o-Y

Improvement in Core EBITDA margins and PBT in spite of absorbing significant voice weakness

Financial Highlights (3/3)

Core financial highlights (2/2)

- **Composition of core business is steadily transforming in favor of data segment**
 - Quality of core business EBITDA is improving on the back of strong predictable performance from data segment
 - Strong and predictable data performance provides us ample headroom to absorb any volatility emerging from voice segment



Segment Highlights (1/3)

Data segment continues to perform well

- **Data continues to register strong underlying growth**
 - 9M FY16 revenues up 15.9% Y-o-Y; Q3 FY16 revenues up 16.7% Y-o-Y
 - Enterprise and Next-gen customers are leading growth. 9M FY16 Enterprise revenues are up 21% Y-o-Y. Seeing early and promising signs of growth recovery in carrier / service provider segment
 - Broad based growth momentum across service lines with both traditional data portfolio and growth data portfolio doing well
 - Large wins in Transformation Services (TCTSL) driving healthy revenue and EBITDA growth
- **Progressing well on profitability and cash generation**
 - 9M FY16 Data EBITDA up 16.7% Y-o-Y; Q3 FY16 EBITDA up 20.7% Y-o-Y. 9M FY16 Data EBITDA margins at 20%.
 - 9M / Q3 FY16 Data EBIT positive. Q3 FY16 Data EBIT higher than overall core interest cost for the first time, resulting in standalone Data to be PBT positive even after considering entire cost of core debt in data segment
 - Focus on White label ATMs in TCPSL is paying off; consistent improvement in transaction per White Label ATM. TCPSL Q3 FY16 EBDITA positive
 - 9M FY16 Data FCF (EBITDA less Capex) positive in spite of significant step-up in capex

Segment Highlights (2/3)

Data segment continues to perform well (contd.)

- **Improving global market recognition, brand and success rates**
 - Leader in “Gartner¹ Magic Quadrant for Network Service, Global” for the third year in a row
 - Improved brand visibility and recognition – Heathrow express campaign is resonating well
 - Continuing to secure marquee deal wins and expansions with global enterprises, MNCs and Next-gen customers
- **Expect to sustain momentum in data segment driven by:**
 - Sustained enterprise / next-gen led growth momentum on the back of new services and recently won contracts, coupled with growth pick up in carrier segment
 - Data profitability to continue to benefit from maturity of new services portfolio, scale efficiencies, operating leverage with sharper focus on costs and improving trajectory in TCPSL

¹ Gartner, Inc “Magic Quadrant for Network Services, Global” Neil Rickard, Bjarne Munch, 14 January 2016. Gartner does not endorse any vendor, product or service depicted in its research publications, and does not advise technology users to select only those vendors with the highest ratings or other designation. Gartner research publications consist of the opinions of Gartner’s research organisation and should not be construed as statements of fact. Gartner disclaims all warranties, expressed or implied, with respect to this research, including any warranties of merchantability or fitness for a particular purpose.

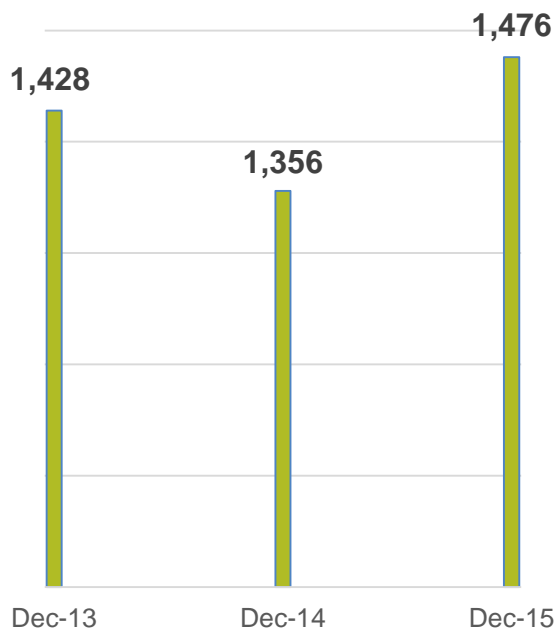
Segment Highlights (3/3)

- **Weak Q3 for voice segment driven by structural industry headwinds and competitive pressures**
 - Competitive pressure on volume and pricing remains
 - Structural industry level headwinds such as growing adoption of voice over internet protocol (VoIP) based over the top carriers (OTTs) is causing addressable market to shrink
 - Q3 FY16 net revenues down 23.7% Y-o-Y and 27.5% Q-o-Q. Decrease in net revenues resulting in 50% EBITDA decline Y-o-Y and Q-o-Q
 - Remain focused on driving cost and operating efficiencies coupled with fine tuning Go-to-Market approach
- **Start-up / Neotel**
 - Mutually revised the transaction structure in December 2015 to exclude Neotel's licenses (Spectrum, ECN, ECNS). Vodacom will acquire the majority of Neotel's assets related to its fixed line business as a going concern
 - At the Tribunal pre-hearing in December 2015 it was agreed that, following the outcome of the Roaming Offer, Vodacom South Africa and Neotel will re-notify the details of the restructured transaction with the Competition Commission and that the matter will be dealt with expeditiously
 - Base annuity business and underlying operations remain stable. 9M FY16 revenues up 3% in ZAR
 - Recent start-up performance volatile given nature and timing of project based revenues and depreciation of ZAR (average INR/ZAR depreciated 11% in 9M FY16 over 9M FY15)

Core business debt profile (1/2)

Core Business – Net Debt *

USD Millions



As on

*SGD 561 Mn Debt is fully swapped into USD but appears at USD/SGD closing rates. As on 31st December, 2015, considering closing rate of 1.4232 against hedge rate of 1.2449, net debt would be higher by \$54 mn if considered at the hedge rate.

Key highlights

- Increase in 9M FY16 net debt is due to change in business mix altering working capital cycle (driven by enterprise led data growth) and higher capex spend
- Lower interest expense and moderate capex intensity with improved operating performance have set stage for core business deleveraging
- Q3 FY16 cash outflow included Rs 188 crores towards dividend pay-out and dividend distribution tax
- FY15 net debt was benefitted by an one-off income tax refund of \$96 million during Q2 FY15

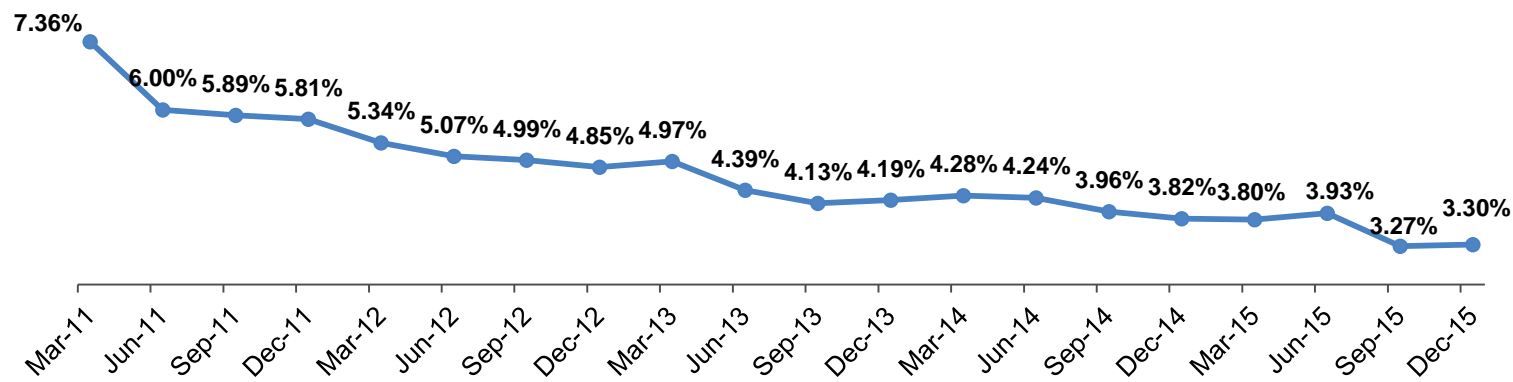
Core business debt profile (2/2)



Consistent reduction in average cost of borrowing has driven lower interest expense

- Opportunistically raised USD 710 million long term foreign currency debt in this fiscal till date at substantially lower rates driving further reduction in average cost of borrowing
 - Utilized to repay higher cost long term debt and term out USD 50 million short term borrowings
- Increasing trend in US interest Rates expected to increase the average cost of borrowings in the medium term
- Remain focused on optimizing and managing overall debt profile on competitive terms

Core Business - Average Cost of Loans



Data points in graphs pertains to respective quarter ending (i.e March-11, June-11 etc.).

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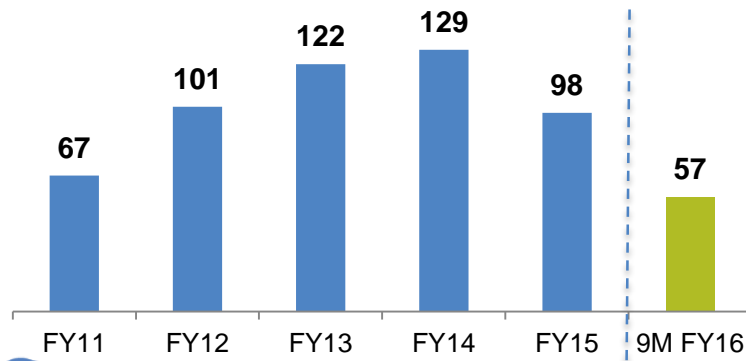
Capital expenditure and cash generation

Core Business Capex - Key Highlights

- Capex is closely aligned to market opportunity, strategic direction and has accelerated payback
- Current capex predominantly focused on strategic projects and Data growth
- Pursuing asset light, partnership driven growth strategy to minimize / substitute capex
- Recent uptick in capex is due to rapid growth in data center business, complex enterprise client deployments, new service creation and network investments
- Strong discipline and governance around capital allocation and expenditure
- Expect FY16 Core business capex to be about \$300 mn

Voice Segment – Continues to generate free cash

GVS EBITDA less GVS Capex (\$ million)



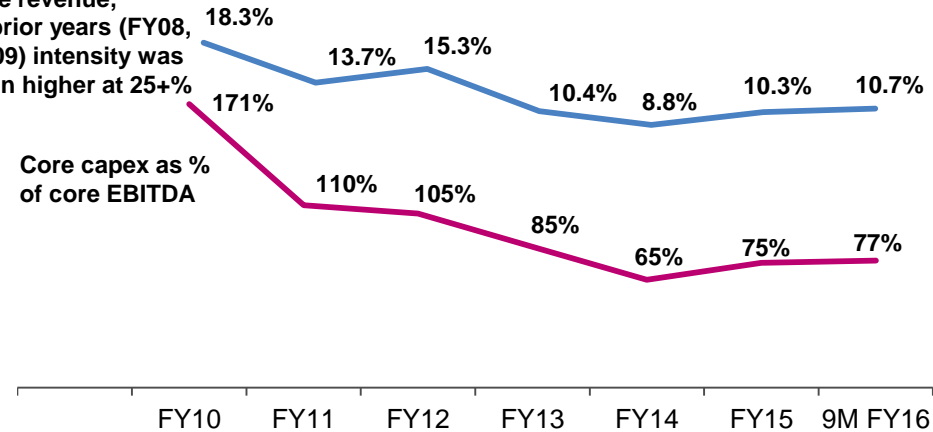
Note: FY14 and FY15 are like-to-like. FY13 and periods prior to that are not restated for recent sub-segment re-classifications.

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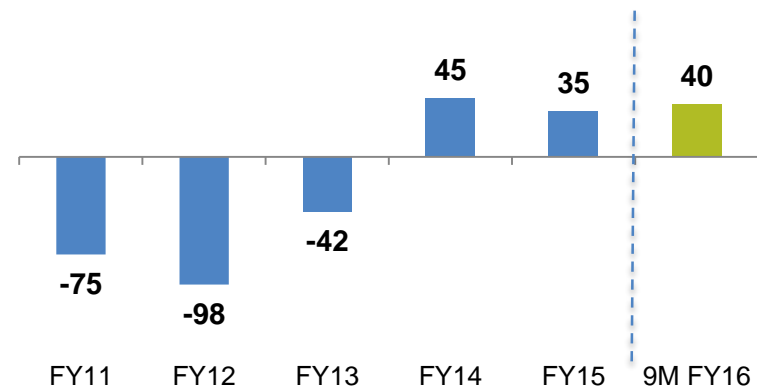
Reducing Core Business Capex Intensity

Core capex as % of core revenue, In prior years (FY08, FY09) intensity was even higher at 25+%



Data Services – Positive FCF in spite of capex step-up

GDS EBITDA less capex for GDS and strategic projects (\$ million)

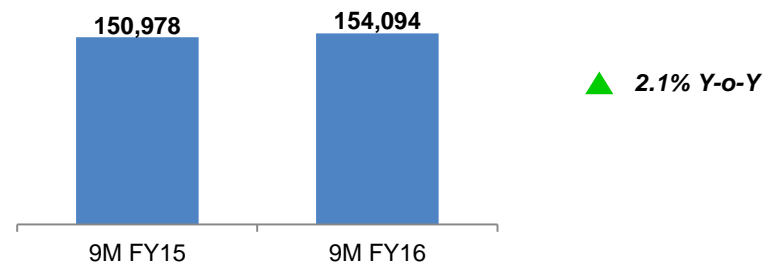


Consolidated Financial Performance – 9M FY 2016

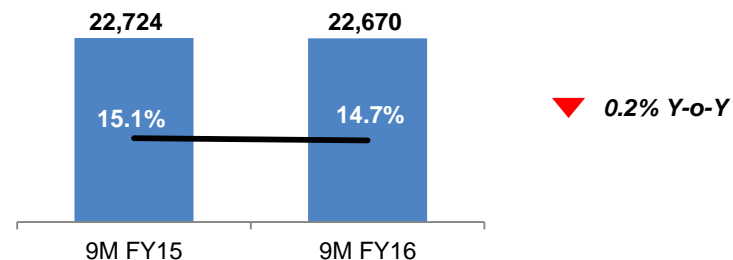
INR Mn

Particulars	9M FY2015	9M FY2016
Revenue from operations	150,978	154,094
Operating EBITDA	22,724	22,670
<i>Operating EBITDA %</i>	<i>15.1%</i>	<i>14.7%</i>
Operating EBIT	6,730	5,477
<i>Operating EBIT %</i>	<i>4.5%</i>	<i>3.6%</i>
PBT	4,355	1,732
<i>PBT (% of total income)</i>	<i>2.8%</i>	<i>1.1%</i>
PAT	1,795	(60)
<i>PAT (% of total income)</i>	<i>1.2%</i>	<i>0.0%</i>

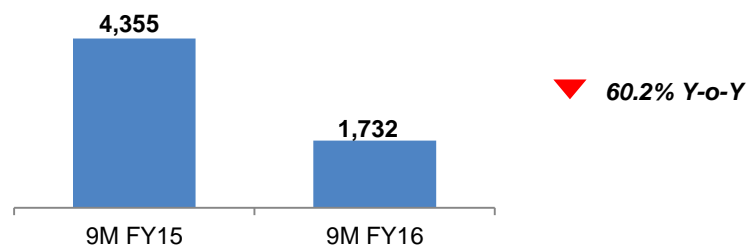
Revenue from Operations



Operating EBITDA and margins (% of Revenue from ops)



Profit Before Tax



Financial Performance by Segment – 9M FY 2016

INR Mn

	CORE		STARTUP		CONSOLIDATED	
	9M FY15	9M FY16	9M FY15	9M FY16	9M FY15	9M FY16
Gross Revenues	134,218	138,744	16,760	15,350	150,978	154,094
Y-o-Y Growth		3.4%		-8.4%		2.1%
EBITDA	18,070	19,428	4,654	3,242	22,724	22,670
Y-o-Y Growth		7.5%		-30.3%		-0.2%
EBIT	3,739	4,004	2,991	1,473	6,730	5,477
PBT	3,076	2,699	1,279	(967)	4,355	1,732
PAT after Minority Interest	517	906	1,278	(965)	1,795	(60)

9M FY15 Startup financials include an other income from profit on sale of customer premise equipment amounting to ZAR 126 million.
9M FY16 Startup financials include an one time depreciation impact of ZAR 52 mn

Average Rs/\$ Exchange rate: 9M FY15 at 60.76; 9M FY16 at 64.75
Average Rs/ZAR Exchange rate: 9M FY15 at 5.61; 9M FY16 at 4.97

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Core Business by Business Unit – 9M FY 2016

INR Mn

	Global Voice Services (GVS)		Global Data Services (GDS)	
	9M FY15	9M FY16	9M FY15	9M FY16
Gross Revenues	67,206	61,068	67,012	77,676
Y-o-Y Growth		-9.1%		15.9%
Net Revenue	9,526	8,296	47,601	54,581
Y-o-Y Growth		-12.9%		14.7%
EBITDA¹	4,749	3,876	13,321	15,552
EBITDA Margin %	7.1%	6.3%	19.9%	20.0%
EBIT¹	3,201	2,464	539	1,540
EBIT Margin %	4.8%	4.0%	0.8%	2.0%

¹ Management estimates based on internal MIS and cost allocation assumptions

Average Rs/\$ Exchange rate: 9M FY15 at 60.76; 9M FY16 at 64.75

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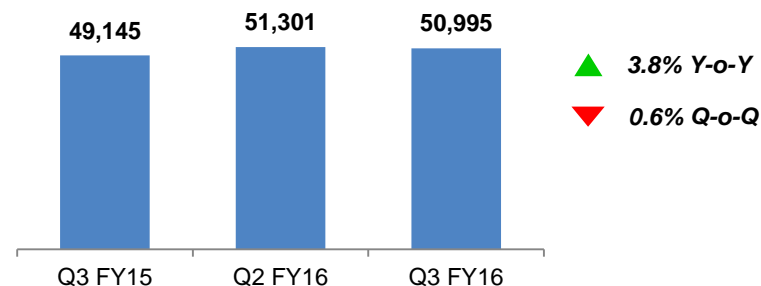
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Consolidated Financial Performance – Q3 FY 2016

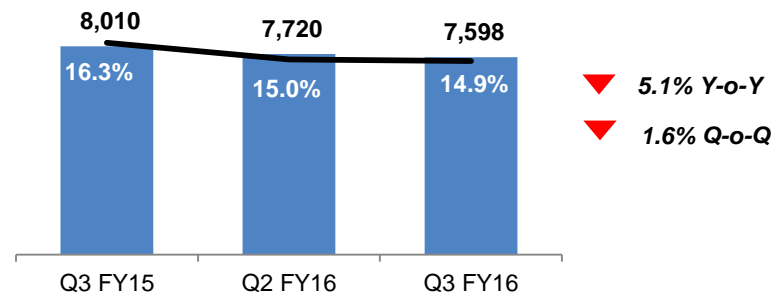
INR Mn

Q3 FY 2015	Particulars	Q2 FY 2016	Q3 FY 2016
49,145	Revenue from operations	51,301	50,995
8,010	Operating EBITDA	7,720	7,598
16.3%	<i>Operating EBITDA %</i>	15.0%	14.9%
2,548	Operating EBIT	2,026	1,691
5.2%	<i>Operating EBIT %</i>	3.9%	3.3%
1,756	PBT	1,061	69
3.5%	<i>PBT (% of total income)</i>	2.0%	0.1%
1,085	PAT	60	219
2.2%	<i>PAT (% of total income)</i>	0.1%	0.4%

Revenue from Operations



Operating EBITDA and margins (% of gross revenue)



Financial Performance by Segment – Q3 FY 2016

INR Mn

	CORE			STARTUP			CONSOLIDATED		
	Q3 FY 2015	Q2 FY 2016	Q3 FY 2016	Q3 FY 2015	Q2 FY 2016	Q3 FY 2016	Q3 FY 2015	Q2 FY 2016	Q3 FY 2016
Gross Revenues	44,081	46,574	46,787	5,064	4,727	4,208	49,145	51,301	50,995
Y-o-Y Growth			6.1%			-16.9%			3.8%
Q-o-Q Growth			0.5%			-11.0%			-0.6%
EBITDA	6,575	6,680	6,714	1,435	1,040	884	8,010	7,720	7,598
Y-o-Y Growth			2.1%			-38.4%			-5.1%
Q-o-Q Growth			0.5%			-15.0%			-1.6%
EBIT	1,685	1,502	1,525	863	523	165	2,548	2,026	1,691
PBT	1,060	1,335	762	697	(274)	(694)	1,756	1,061	69
PAT after Minority Interest	389	334	910	696	(274)	(692)	1,085	60	219

Q3 FY16 Startup financials include an one time depreciation impact of ZAR 52 mn

Average Rs/\$ Exchange rate: Q3 FY15 at 61.91; Q2 FY16 at 64.91 ; Q3 FY16 at 65.90

Average Rs/ZAR Exchange rate: Q3 FY15 at 5.53; Q2 FY16 at 5.01; Q3 FY16 at 4.67

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Core Business by Business Unit – Q3 FY 2016

INR Mn

	Voice Solutions			Data Services		
	Q3 FY 2015	Q2 FY 2016	Q3 FY 2016	Q3 FY 2015	Q2 FY 2016	Q3 FY 2016
Gross Revenues	20,983	20,695	19,826	23,098	25,879	26,961
Y-o-Y Growth			-5.5%			16.7%
Q-o-Q Growth			-4.2%			4.2%
Net Revenue	3,127	3,290	2,386	16,339	18,406	18,884
Y-o-Y Growth			-23.7%			15.6%
Q-o-Q Growth			-27.5%			2.6%
EBITDA¹	1,725	1,715	862	4,851	4,965	5,853
EBITDA Margin %	8.2%	8.3%	4.3%	21.0%	19.2%	21.7%
Y-o-Y EBITDA Growth			-50.0%			20.7%
Q-o-Q EBITDA Growth			-49.7%			17.9%
EBIT¹	1,203	1,226	414	482	277	1,111
EBIT Margins %	5.7%	5.9%	2.1%	2.1%	1.1%	4.1%

¹ Management estimates based on internal MIS and cost allocation assumptions

Average Rs/\$ Exchange rate: Q3 FY15 at 61.91; Q2 FY16 at 64.91 ; Q3 FY16 at 65.90

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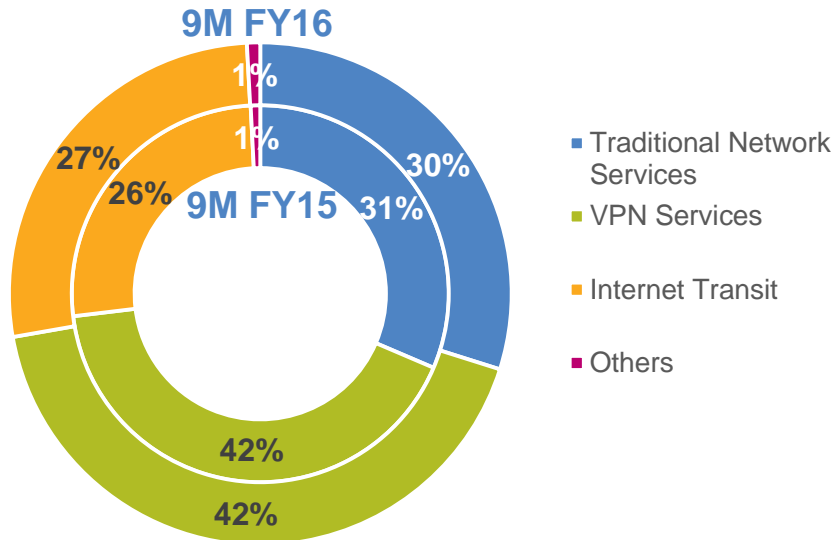
Appendix 1 – Additional Slides

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GDMS | YoY Gross Revenue Product Mix

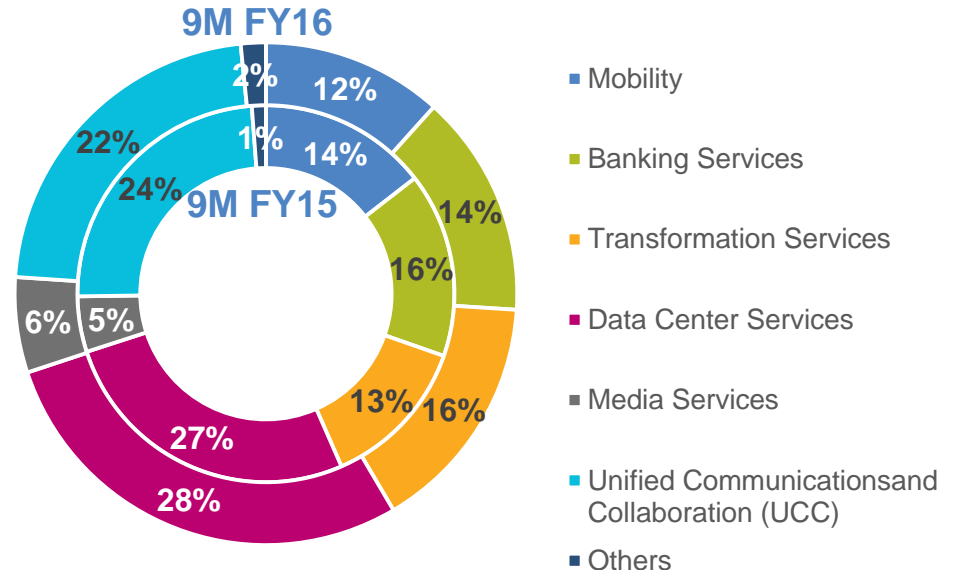
Network Services

62% of 9M FY16 Data Revenues



Managed Services

38% of 9M FY16 Data Revenues



Network Service Portfolio

Traditional Network Services: IPL, NPL, IRUs

VPN Services : DGE and VPN

Internet Transit – IP-T, ILL

Other: Inmarsat, GNS others

Managed Services Portfolio:

Banking Services: TCPSL

Transformation Services: TCTSL

Data Center Services: Colocation, Hosting, Cloud (IaaS)

Media Services: Vconnect, Broadcast, CDN, Mosaic

Unified Communications and Collaboration (UCC): SIP trunking, Unified Conferencing, Telepresence, Jamvee, Hosted Contact Centre

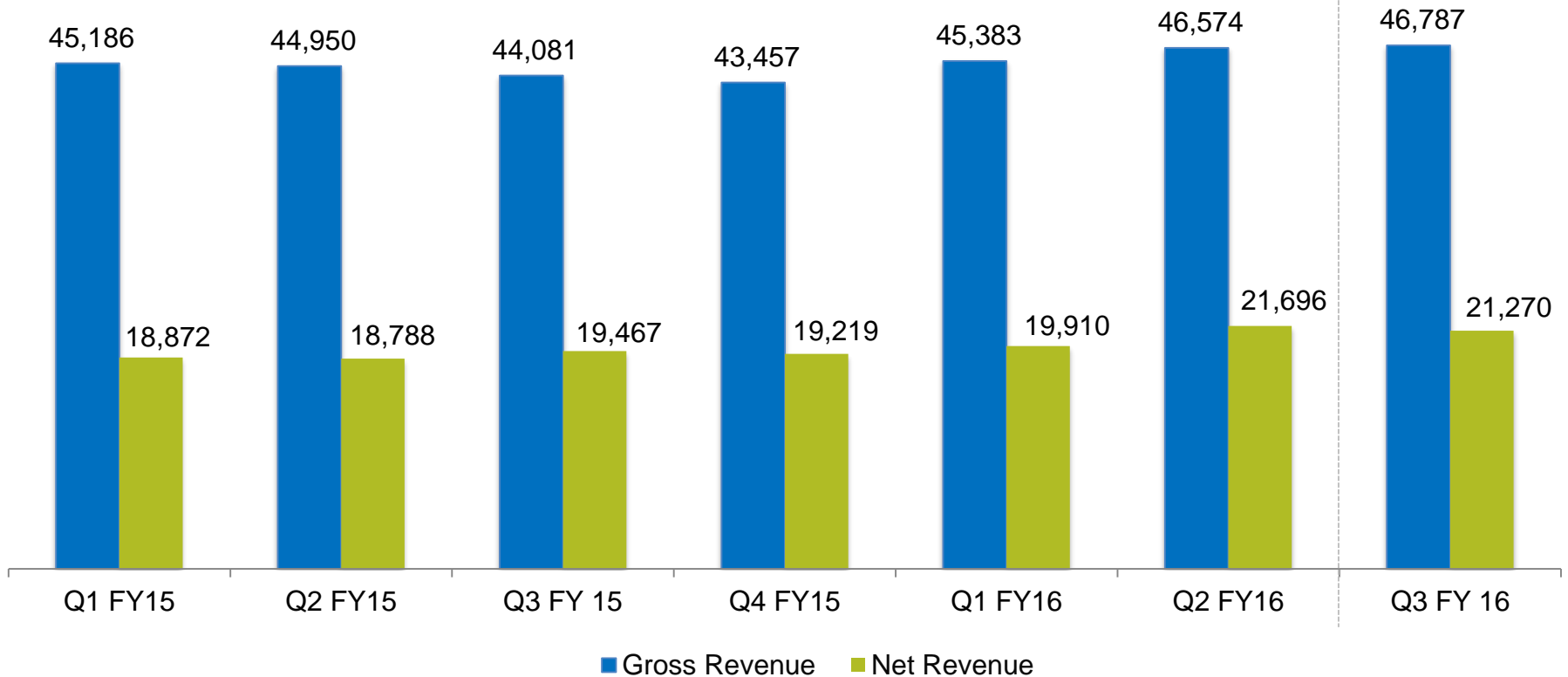
Other: MSS, SaaS

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Core Business Gross and Net Revenues

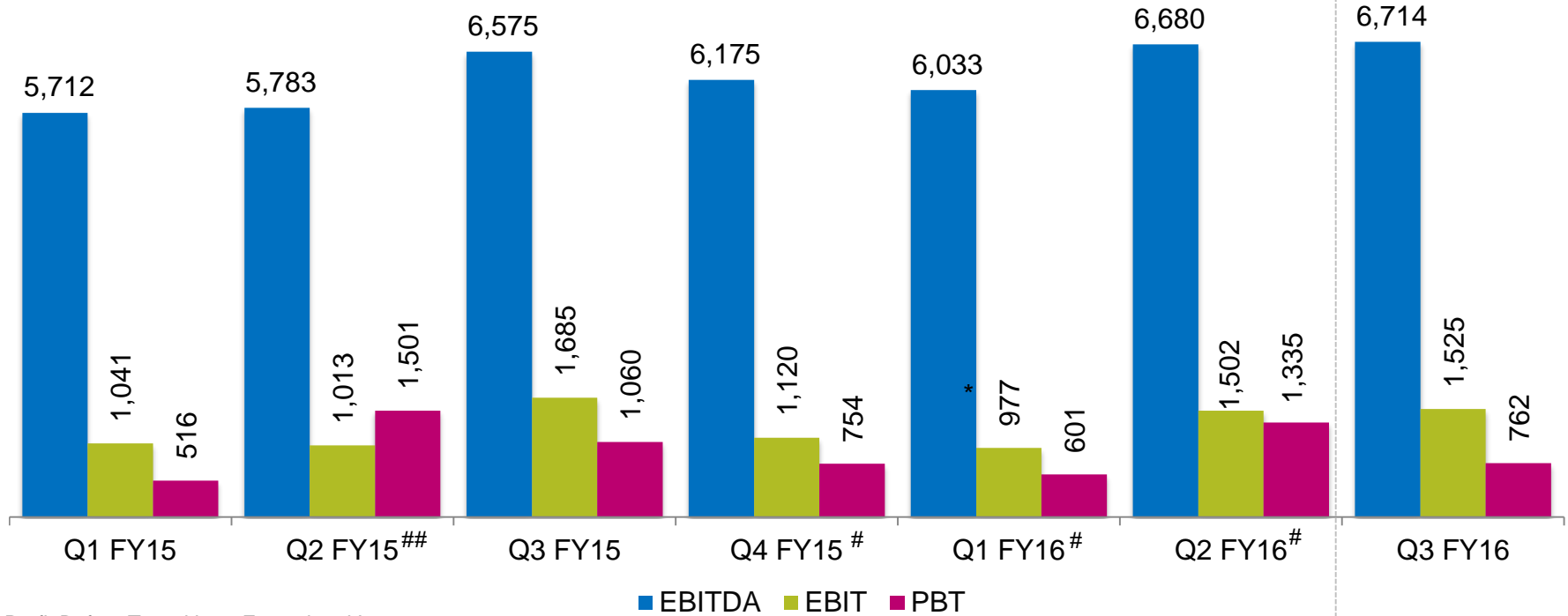
INR Mn



Average Rs/\$ Exchange rate: Q1 FY15 at 59.78; Q2 FY15 at 60.58; Q3 FY15 at 61.91; Q4 FY15 at 62.26; Q1 FY16 at 63.43; Q2 FY16 at 64.91; Q3 FY16 at 65.90

Core Business EBITDA, EBIT and PBT

INR Mn



* Profit Before Tax without Exceptional Items

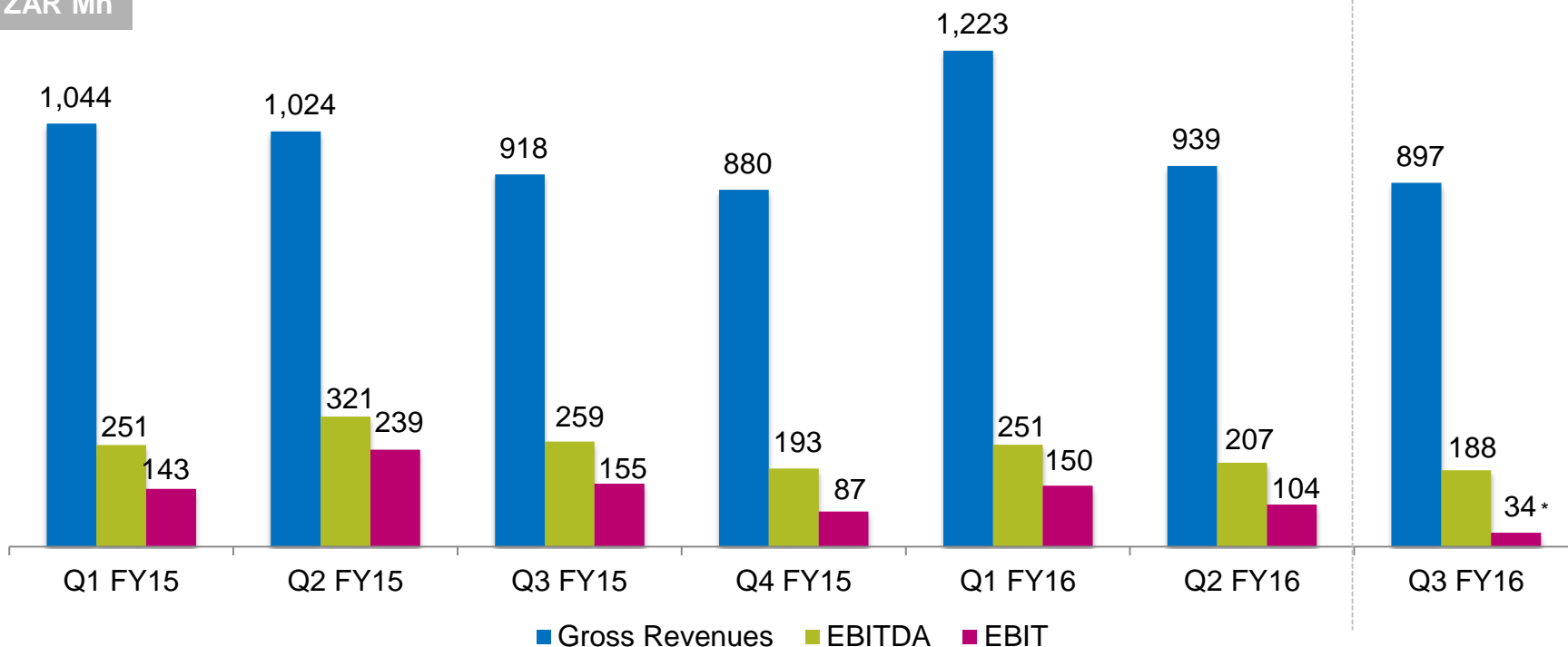
Q4 FY15, Q1 FY16 and Q2 FY16 PBT includes other operating Income of Rs 43 million, and Rs 264 million, Rs 243 million respectively, towards export benefits received

Q2 FY15 PBT includes interest on tax refund of Rs 1,275 million

Average Rs/\$ Exchange rate: Q1 FY15 at 59.78; Q2 FY15 at 60.58; Q3 FY15 at 61.91; Q4 FY15 at 62.26; Q1 FY16 at 63.43; Q2 FY16 at 64.91; Q3 FY16 at 65.90

Quarterly trends : Neotel

ZAR Mn



* Q3 FY16 Startup financials include an one time depreciation impact of ZAR 52 mn

Average Rs./ZAR Exchange rate: Q1 FY15 at 5.67; Q2 FY15 at 5.63; Q3 FY15 at 5.53; Q4 FY15 at 5.31; Q1 FY16 at 5.24; Q2 FY16 at 5.01; Q3 FY16 at 4.67

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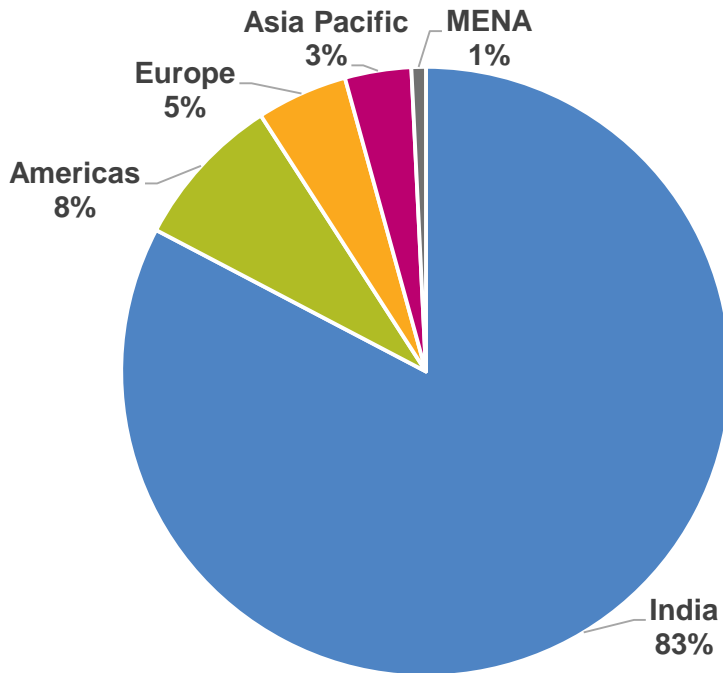
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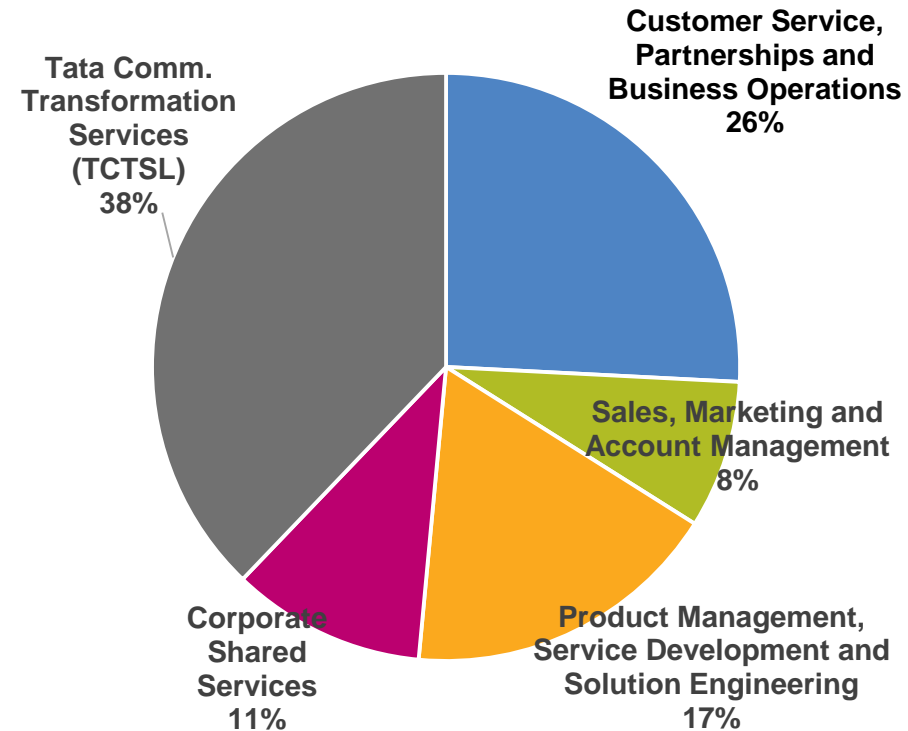
Headcount split by geography and function

9,004 Employees in Core business as on December 31, 2015*

By Geography



By Function



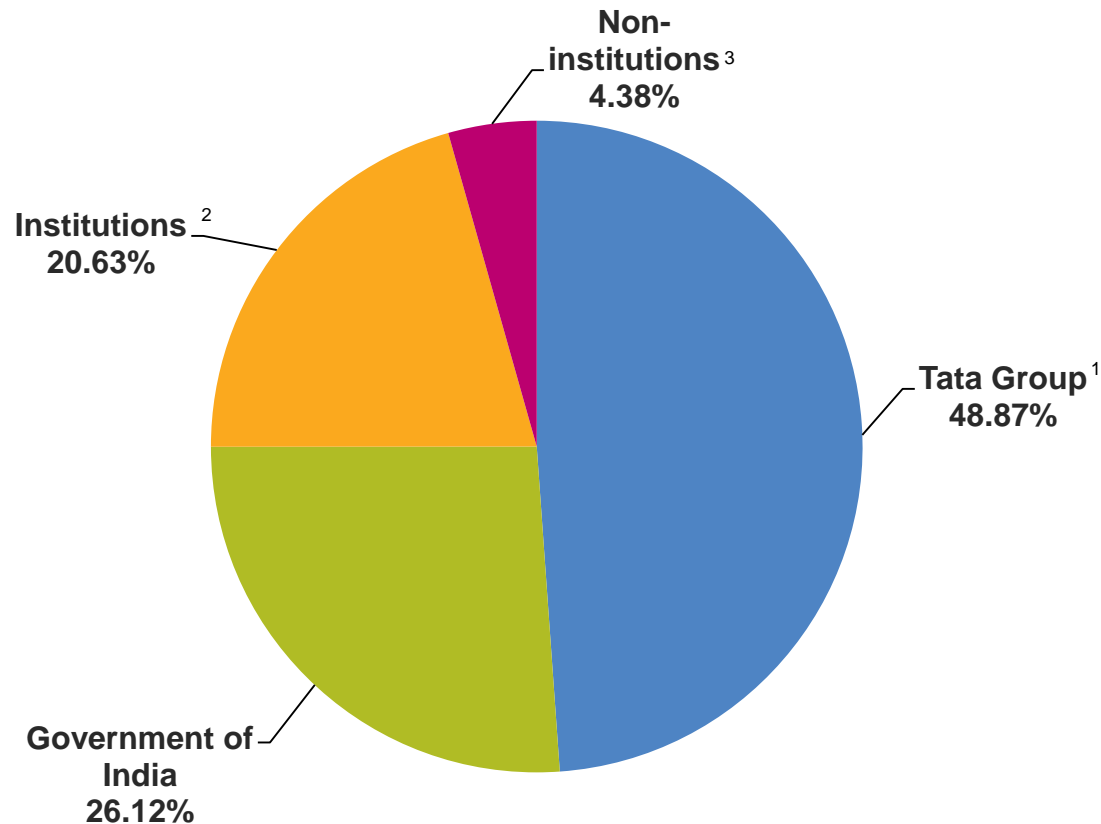
* In addition to this, the company has 1,005 employees in its South Africa Operations (Neotel)

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Shareholding pattern

As on December 31, 2015



1. Tata group includes Panatone Finvest Ltd (30.10%), Tata Sons (14.07%), and Tata Power Ltd. (4.71%)
2. Institutions include Mutual funds (6.55%), Foreign portfolio investors (6.54%), Financial institutions / Banks (4.52%), Insurance companies (0.57%), and others including bodies corporate (2.44%)
3. Non-institutions include individuals (4.21%) and others (0.17%)



Appendix 2 – Introduction and Overview of Tata Communications

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Company overview

- Tata Communications Limited ('TCL') is a leading provider of enterprise & wholesale Data Services and wholesale long distance Voice Solutions
- 48.9% owned by the Tata Group, which is one of India's largest and most reputed multinational conglomerates
- Business consists of 3 segments: Voice Solutions, Data Services and Start-ups (primarily South Africa Operations – Neotel)
- Leader in enterprise data services & wholesale long distance voice services in India; and international voice services, wholesale connectivity and mobile signaling globally
- Total 10,009 employees as of Dec'15. 1,005 employees in the South African operations and 9,004 in core business (Data+Voice)

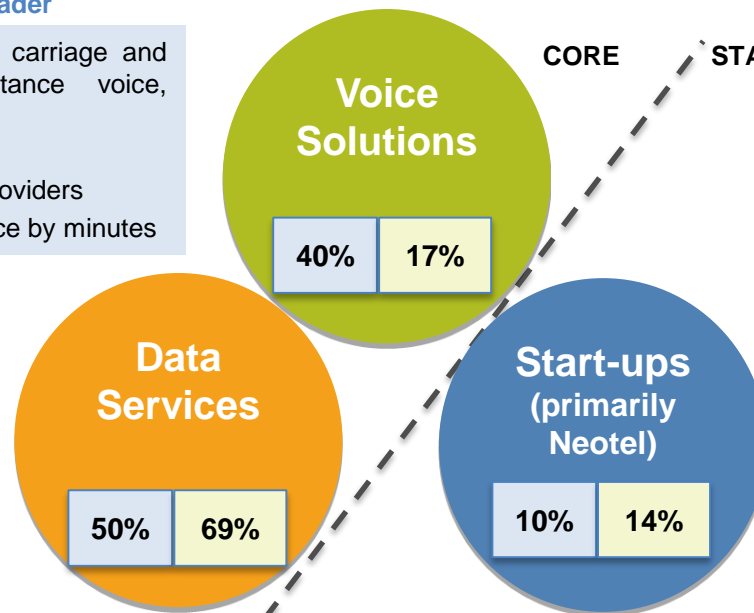
Business Model

Mature; Stable Scale Business – Market Leader

- **Offerings:** Wholesale international voice carriage and termination, India national long distance voice, outsourcing/white label
- **Market:** Global
- **Customers:** Global carriers and service providers
- **Ranking:** #1 in international wholesale voice by minutes

Mature; Growth Solutions & Brand – India Leader and Global Challenger

- **Offerings:** Connectivity (focusing on leased circuit networking and IP transit services), data centers, managed services, outsourcing
- **Market:** Global
- **Customers:** Global carriers and enterprises, and mid-market segment in India
- **Ranking:** #1 in India in enterprise data services by revenue



South Africa Investment (Neotel) – Concluded* commercial discussions to sell to Vodacom

- **Offerings:** All telecom services except mobile, first CDMA network in South Africa
- **Market:** South Africa
- **Customers:** Carriers, enterprises, SMB and consumers
- **Ranking:** #2 in enterprise and wholesale data in South Africa

* Transaction is subject to regulatory approvals

% of gross Revenue ²	% of EBITDA ²
40%	17%
50%	69%
10%	14%

¹ Start-ups also includes United Telecom Limited (UTL) Nepal (22.05% shareholding) besides Neotel (67.32% shareholding)

² for the nine months ending Dec'15

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TATA COMMUNICATIONS

Tata Communications' transformation and growth

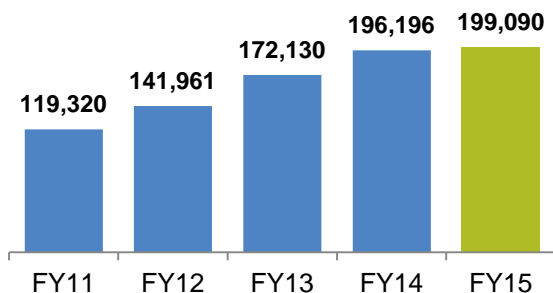


Gartner, Inc "Magic Quadrant for Network Services, Global" Neil Rickard, Bjarne Munch, 14 January 2015. Gartner does not endorse any vendor, product or service depicted in its research publications, and does not advise technology users to select only those vendors with the highest ratings or other designation. Gartner research publications consist of the opinions of Gartner's research organisation and should not be construed as statements of fact. Gartner disclaims all warranties, expressed or implied, with respect to this research, including any warranties of merchantability or fitness for a particular purpose.

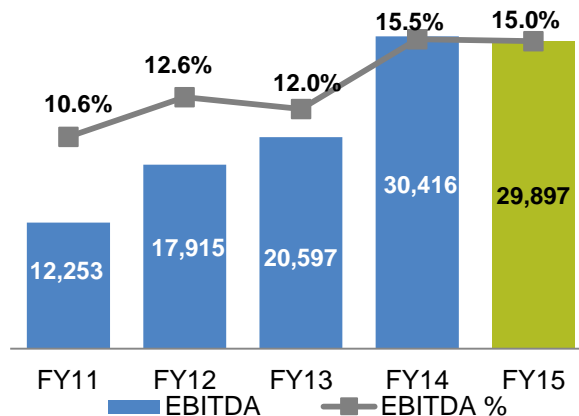
Sustained profitable growth over the years

Summary Financials

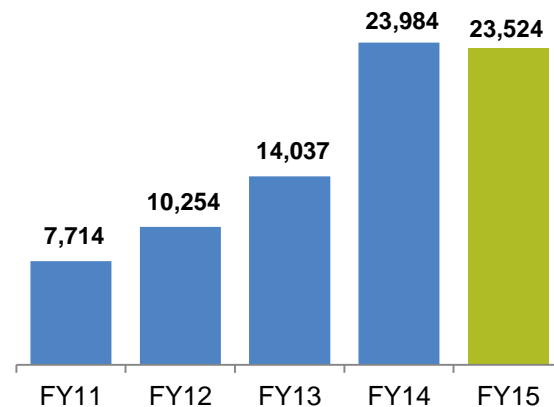
Consolidated Revenue from Operations (INR mn)



Consolidated EBITDA (INR mn)



Consolidated Cash Profit¹ (INR mn)



¹Cash Profit computed as (Net Profit/Loss + Depreciation and Amortisation & Impairment)

- Sustained revenue growth momentum outpacing industry and peers growth rates
- 440 bps EBITDA margin improvement over last 4-years, while continuing to step up investments in transforming the business and expanding it to attractive value chain adjacencies
- Operating leverage and strong cost discipline driving significant cost efficiencies across all elements of the cost structure
- Significant build-up in cash profits
- FY15 performance impacted by challenging operating environment in wholesale voice business; data continues to grow in double digits

We are creating new, strategic pivots



Develop 'Sharing Economies' ecosystem in ICT space

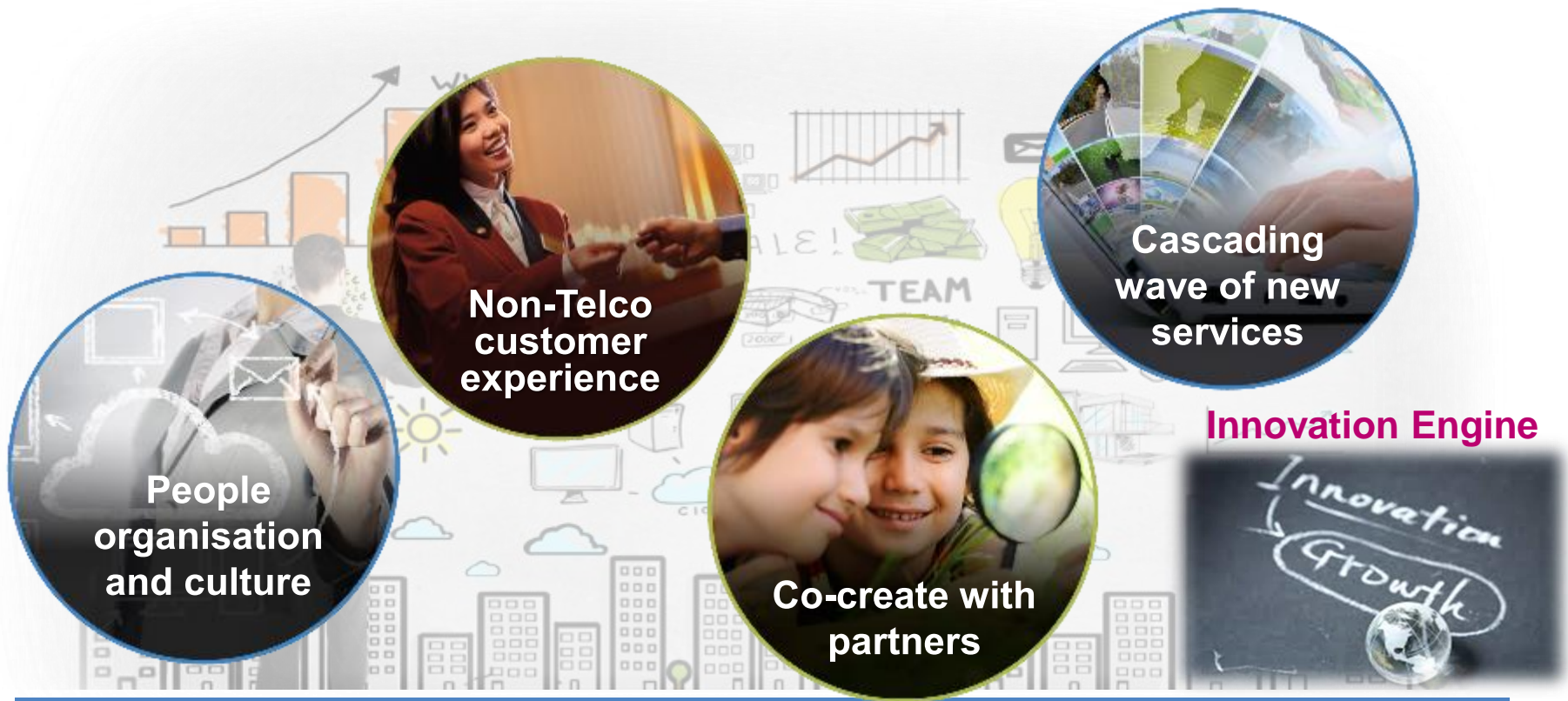
Create public - private / hybrid model

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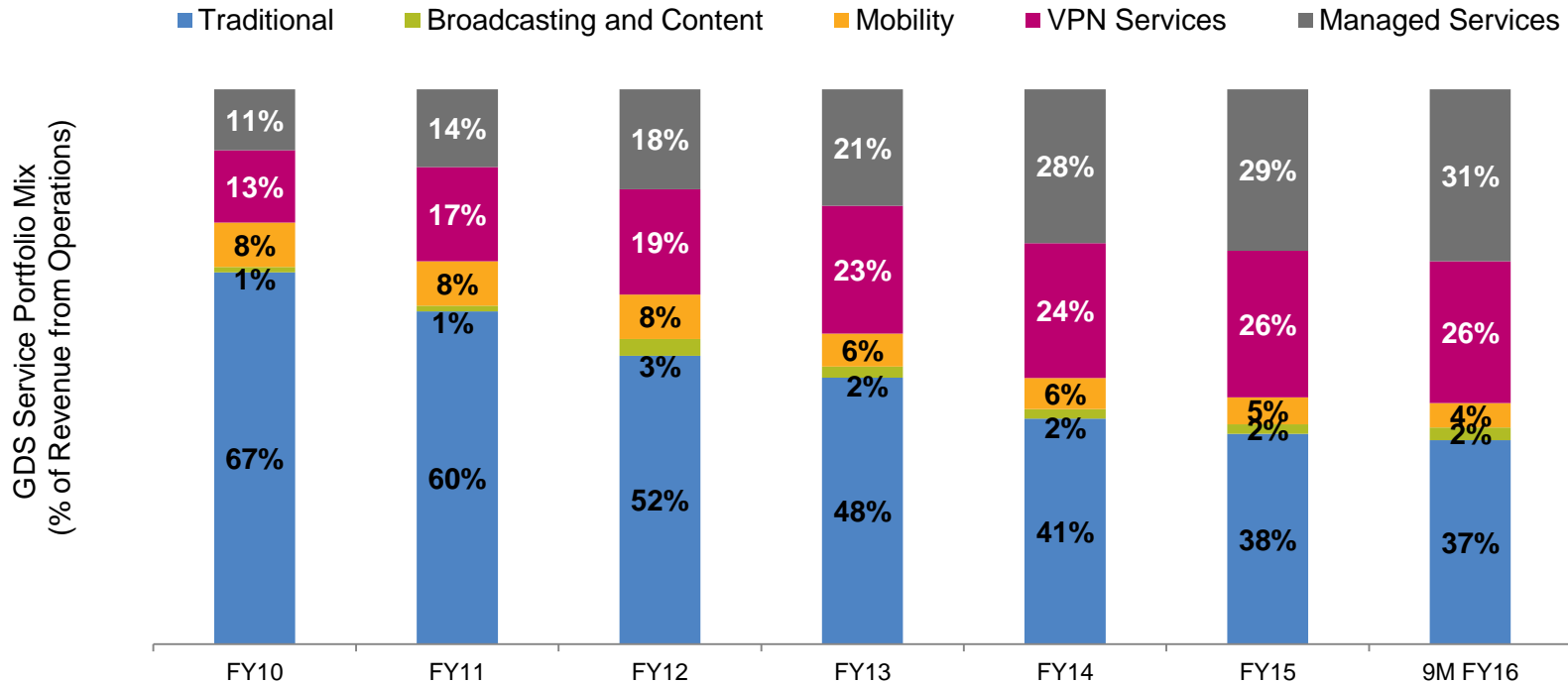
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Tata Communications – strategy evolution



Data portfolio continues to evolve beyond traditional services



Service Portfolio Traditional Services: IPL, NPL, IP-T, IRUs, ILL, DIA **Managed Services:** Data Center Services, Unified Communications and Collaboration Services (UCC), Transformation Services (TCTSL), Payment Services (TCPSL), **Mobility :** Signalling services, **VPN Services :** MPLS,VNO, Ethernet

We will continue to accelerate our success



- We have **global scale** and **reach**
- We are **building our brand** and **gaining Industry recognition**
- We are becoming embedded in the **Silicon Valley innovation ecosystem**
- We are the only **enterprise global leader** with a dedicated team **engaging the platform ecosystem**
- We are **fast, flexible** and **responsive** – our **challenger mindset** with **partnering DNA** makes us an ideal partner



We are at a strategic inflection point

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Vision

deliver **A New World of Communications**
to advance the reach and leadership of
our customers and partners

Raison d'être: power the internet economy and globalisation

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