



Investor Presentation

June 2016

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Safe Harbor

Some of the statements herein constitute “forward-looking statements” that do not directly or exclusively relate to historical facts. These forward-looking statements reflect our intentions, plans, expectations, assumptions and beliefs about future events and are subject to risks, uncertainties and other factors, many of which are outside our control. Important factors that could cause actual results to differ materially from the expectations expressed or implied in the forward-looking statements include known and unknown risks. Because actual results could differ materially from our intentions, plans, expectations, assumptions and beliefs about the future, you are urged to view all forward-looking statements contained herein with caution. Tata Communications does not undertake any obligation to update or revise forward looking statements, whether as a result of new information, future events or otherwise.



Agenda

- Business Overview
- Competitive Situation
- Financial Performance
- Major Corporate Developments



Business Overview

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Tata Group Overview

One of the world's most reputed conglomerates

\$103bn
FY16 Total Revenue

Over **620K**
Employees



Approx. **\$116bn**
Market Capitalization as
on 31st March 2016 for its
29 listed companies

Over **100** Operating
Companies

Interests in Telecom, Media, and Technology

Wireless	Fixed	Enterprise	Wholesale	IT	ITES	DTH
<p>60.9 mn wireless subscribers as of Nov 30, 2015</p> <p>1.70 mn wireline subscribers as on Nov 30, 2015</p>				<p>TATA CONSULTANCY SERVICES</p>		<p>SATELLITE TELEVISION</p>

Tata Communications Overview

A New World of Communications™



TATA COMMUNICATIONS



#1 International Wholesale Voice Carrier by minutes



#1 Submarine Cable Owner by length; more than 500,000 km of subsea fibre, and more than 210,000 km of terrestrial fibre



#1 Mobile Signaling Provider



#1 in Enterprise Data in India by revenue



#2 Network Operator in South Africa



#4 Tier-1 IP Backbone, only Global Tier 1 player with top 5 positions in 5 continents



10,715 Employees



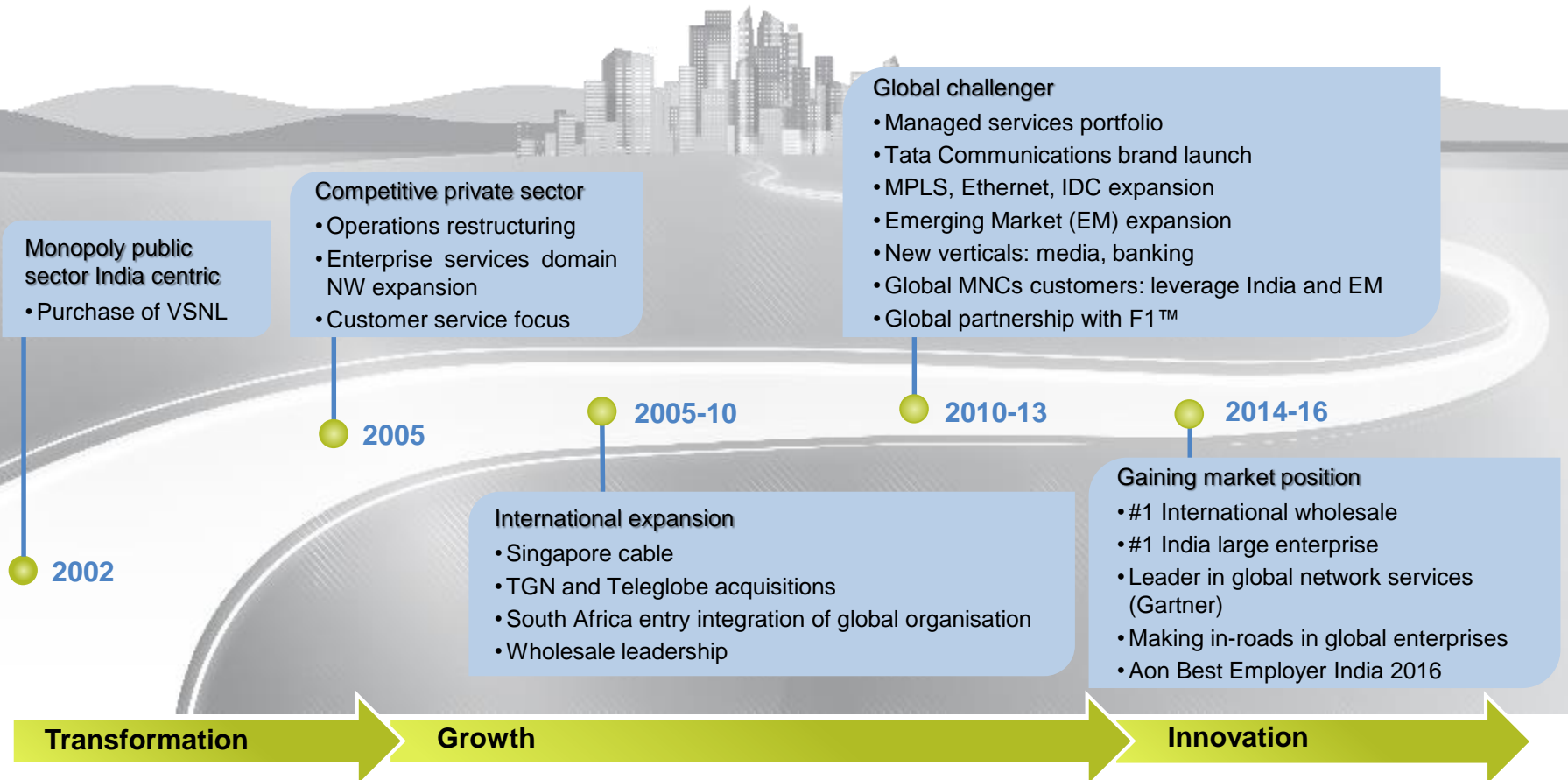
Network carries nearly 8% of global internet traffic, with 600+ VPN and IP POP's



Nearly 20% of the World's lit International Capacity

Growth Story

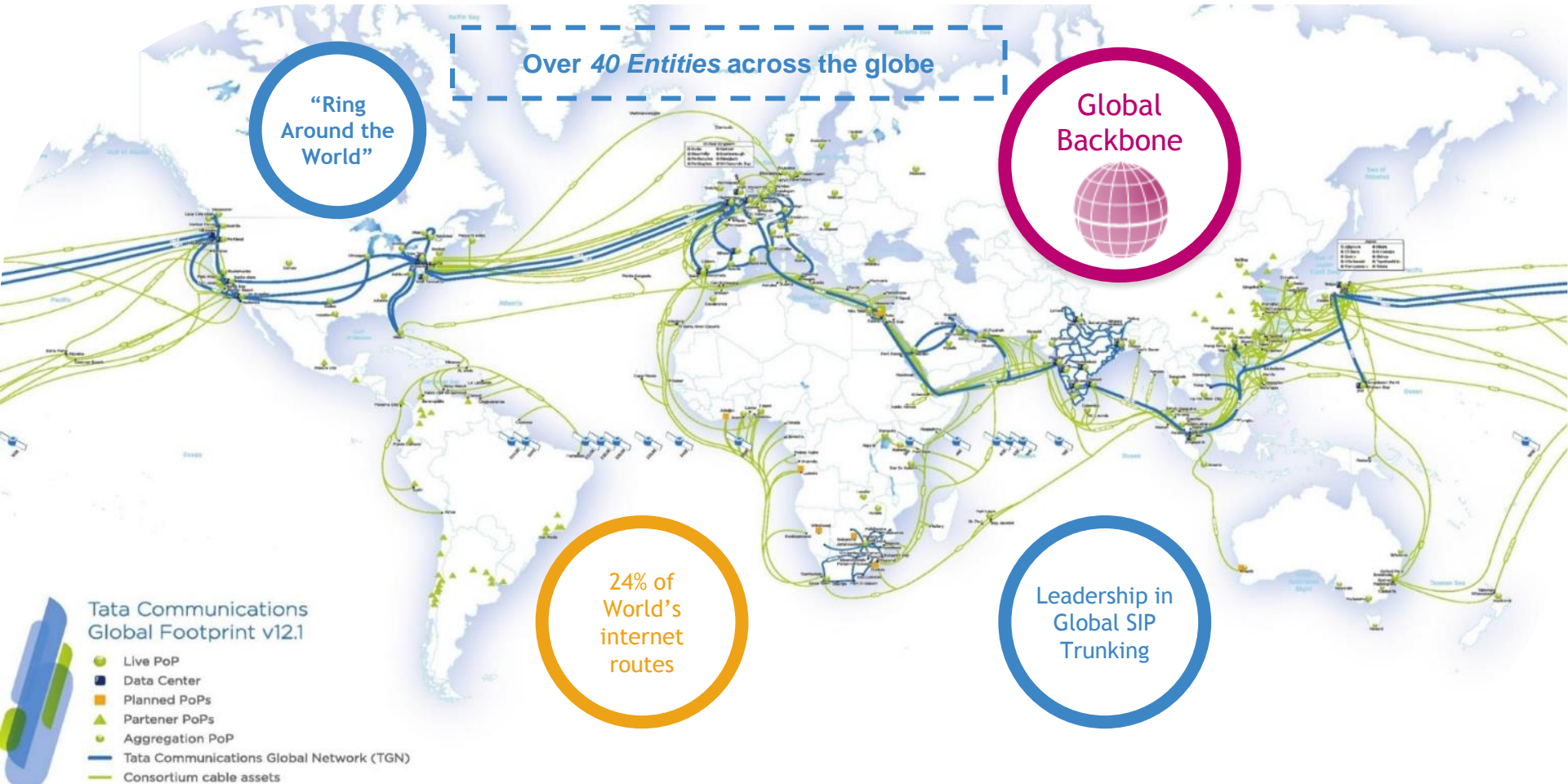
Evolution over the years



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.

Global Reach

Providing connectivity across the world



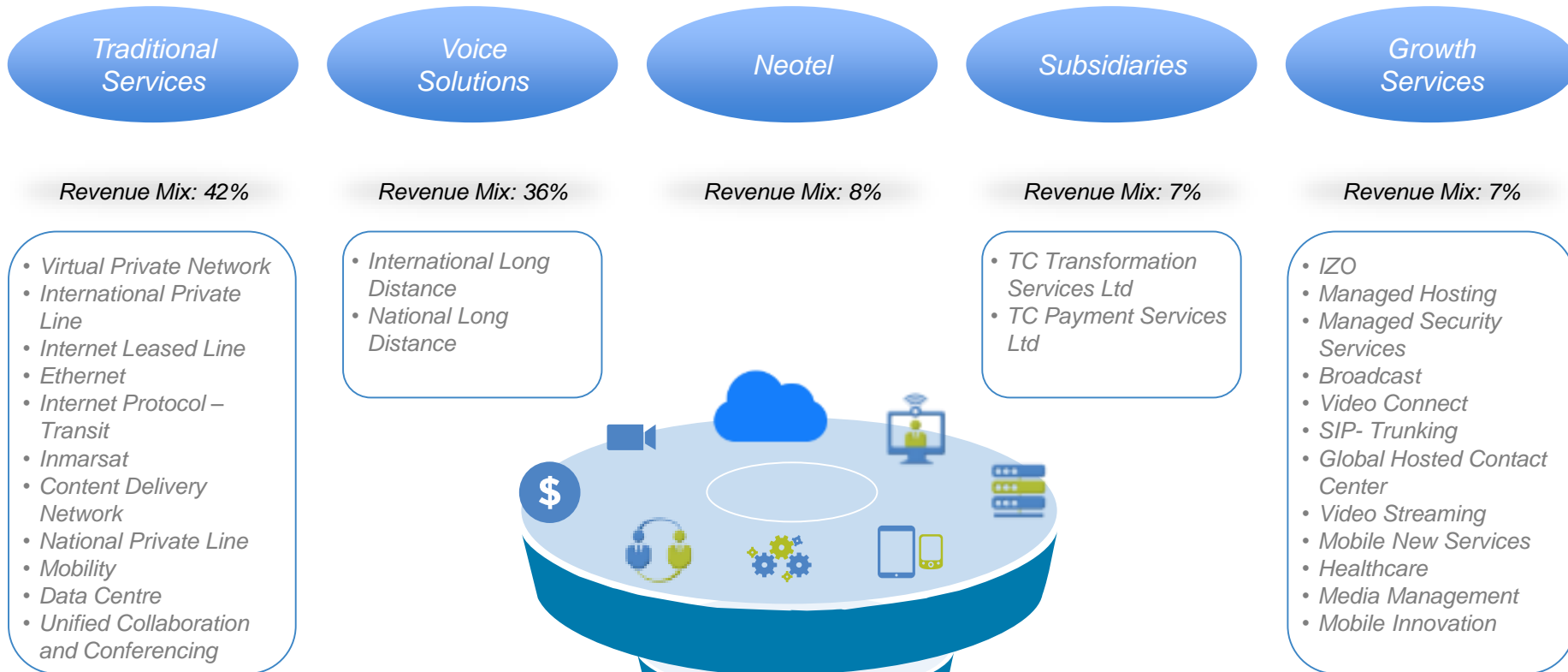
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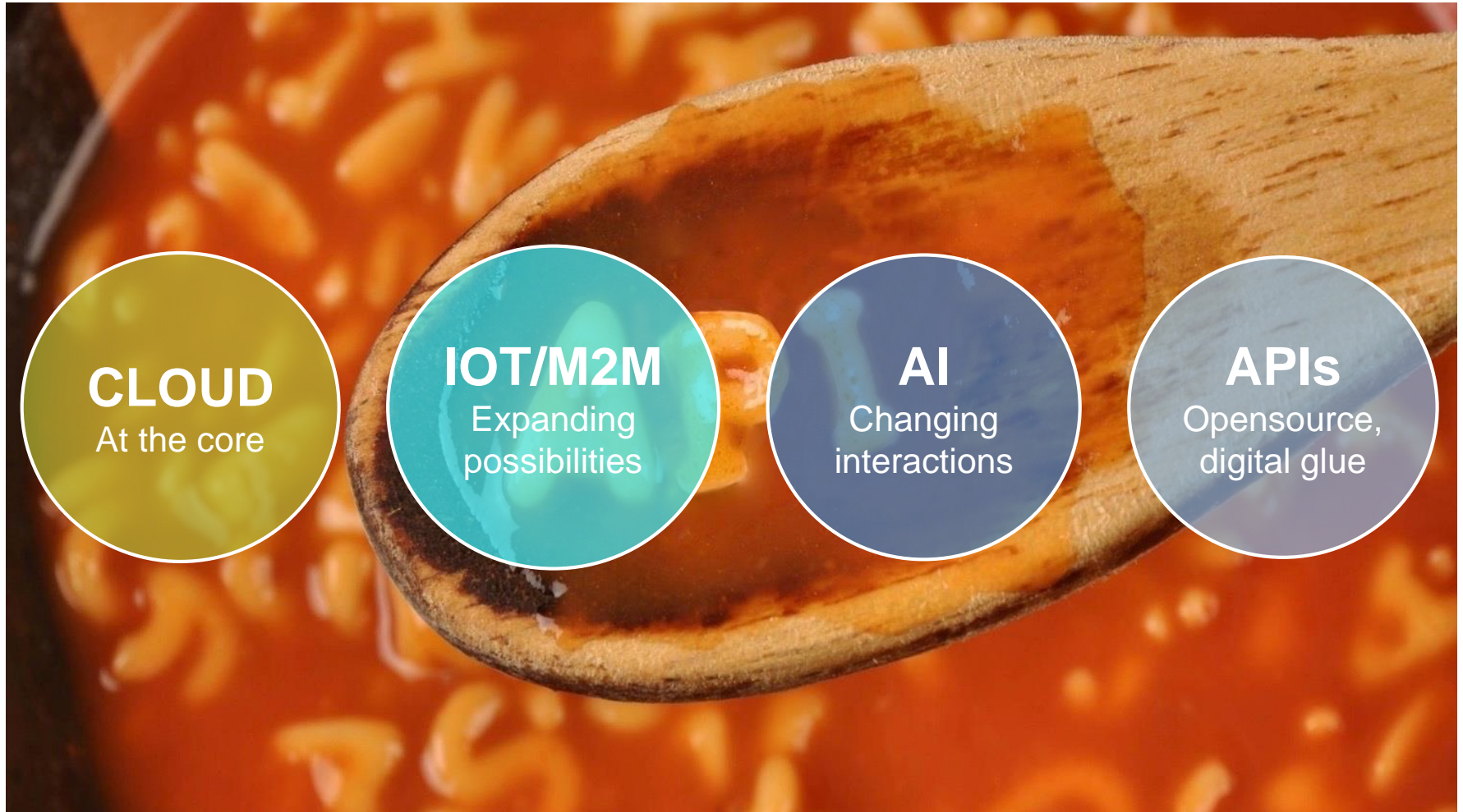
Products and Services

Provider of Enterprise & Wholesale Data Services and Wholesale Long Distance Voice Solutions





An Amazing Confluence



CLOUD
At the core

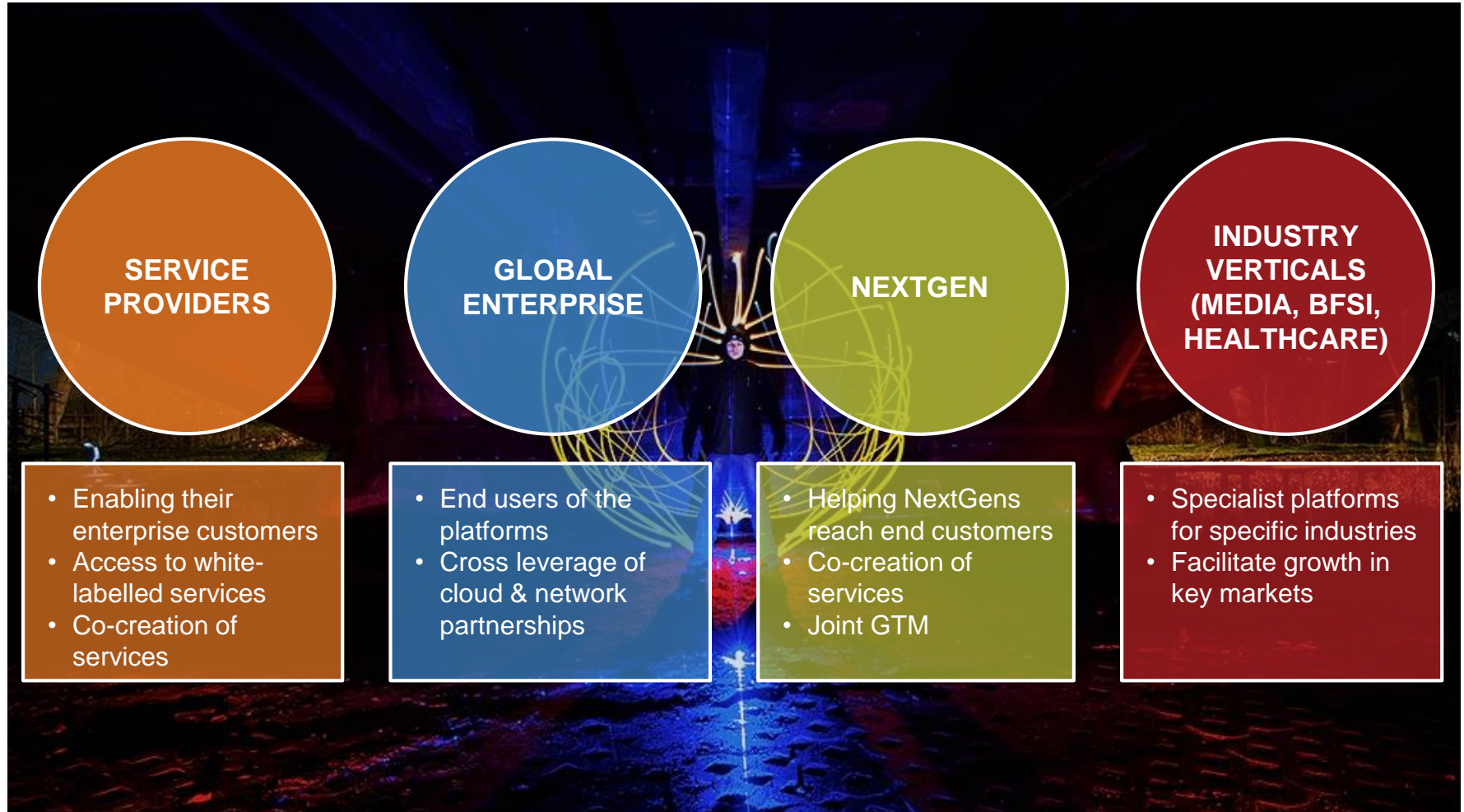
IOT/M2M
Expanding possibilities

AI
Changing interactions

APIs
Opensource, digital glue



Access to both service providers and customers across diverse segments



c.7000 Customers Globally



c. 2,000
SERVICE
PROVIDER
CUSTOMERS
GLOBALLY

c. 5,000
ENTERPRISE
CUSTOMERS
GLOBALLY

c.7000 Customers Globally

60% of the Fortune 500 60% of S&P 500 41% of FTSE 350 69% of PWC 100

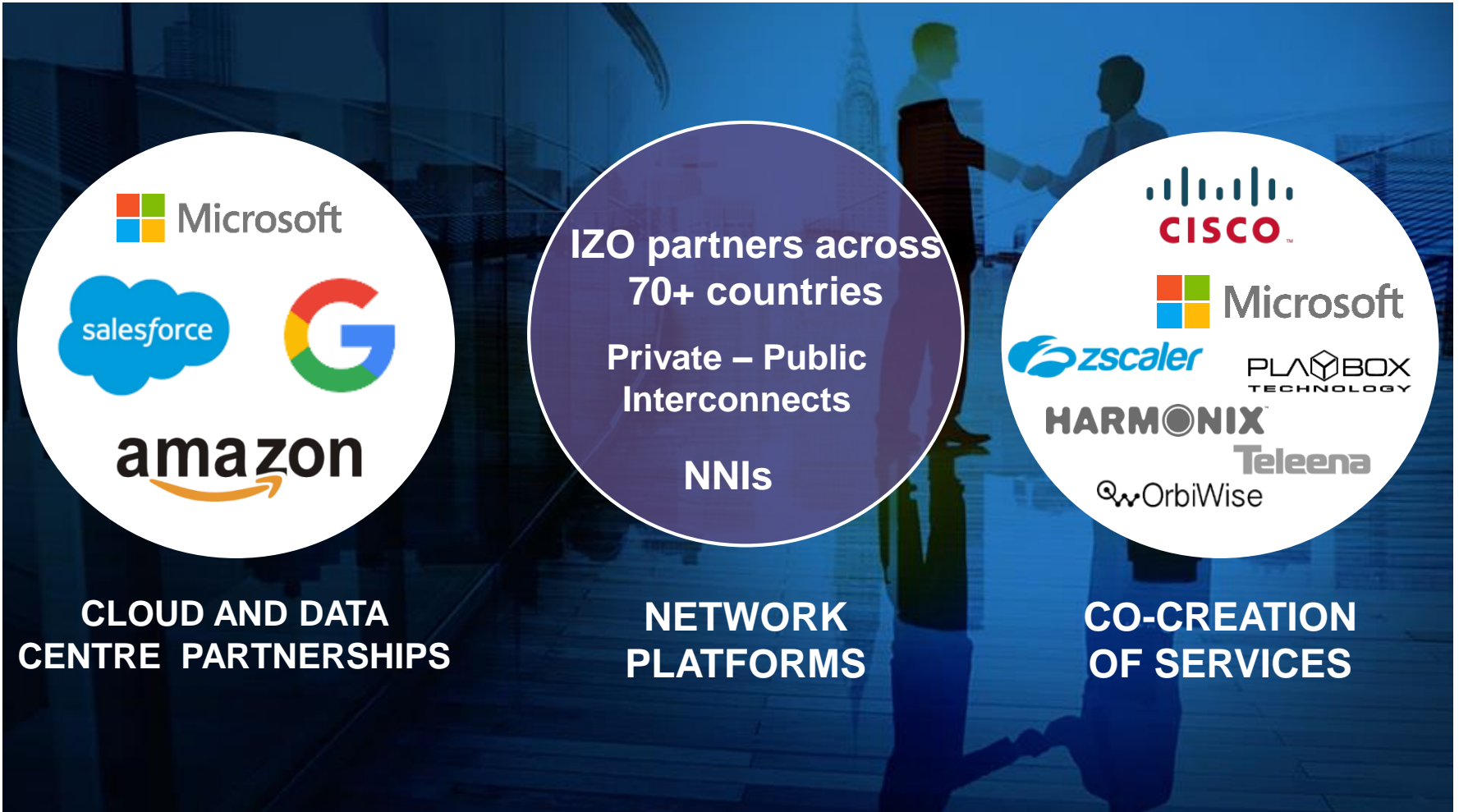


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Creation and joint go to market through strong partnerships

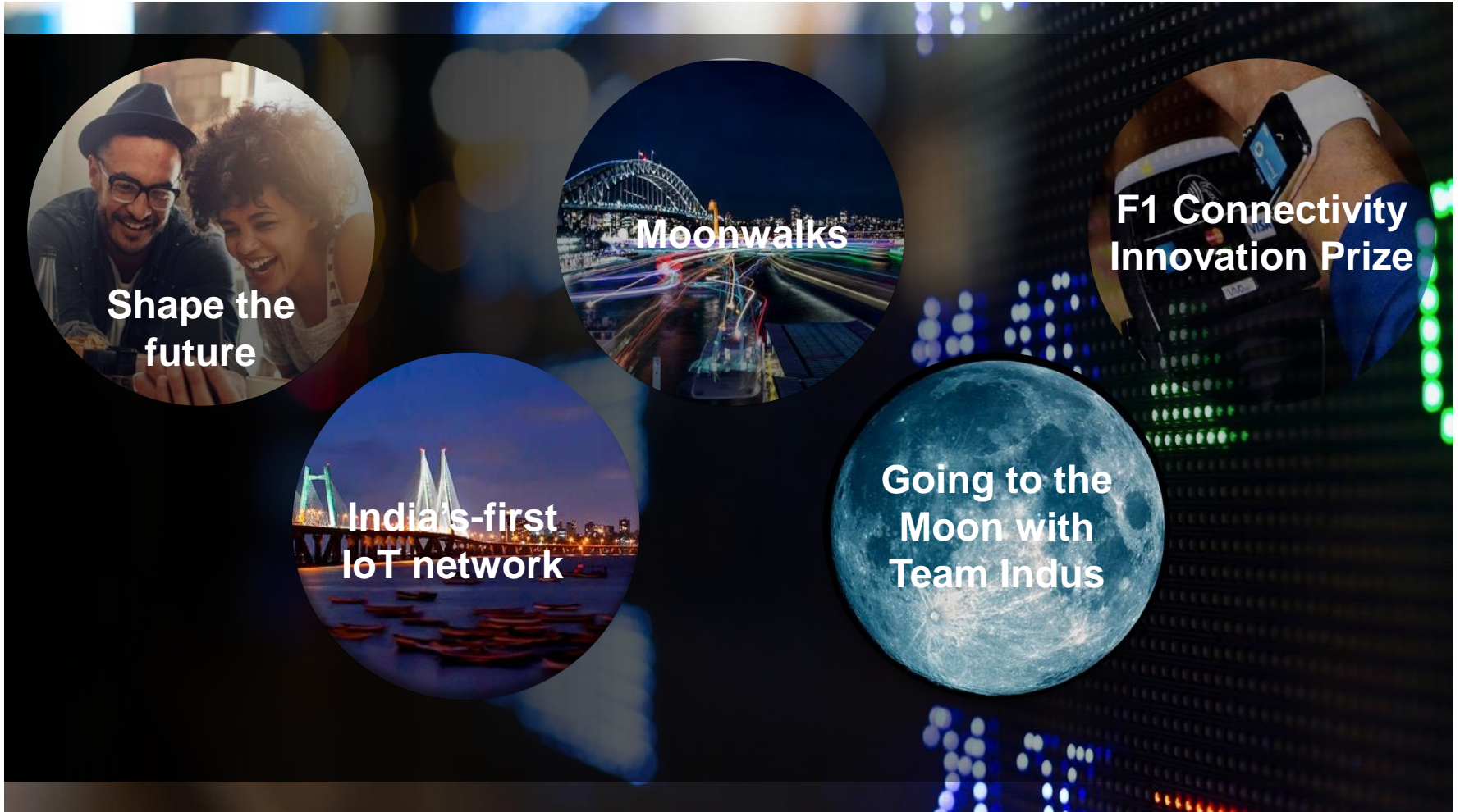


Investment in Start-Ups and Telecom-Focused VC's



 NORTHGATE	Northgate Telecom Innovation Fund	 LUMINATE <small>CLOUD-ENABLED MOBILE NETWORKS</small>	Cloud SDN
 viptela	Cloud-managed SD-WAN	 oooc	Incident resolution (analytics) platform
 SKYPORT SYSTEMS	Cloud app security	 Metaswitch Networks	SDN/NFV
 sentient technologies	Artificial Intelligence and security		

Creating an Innovation DNA

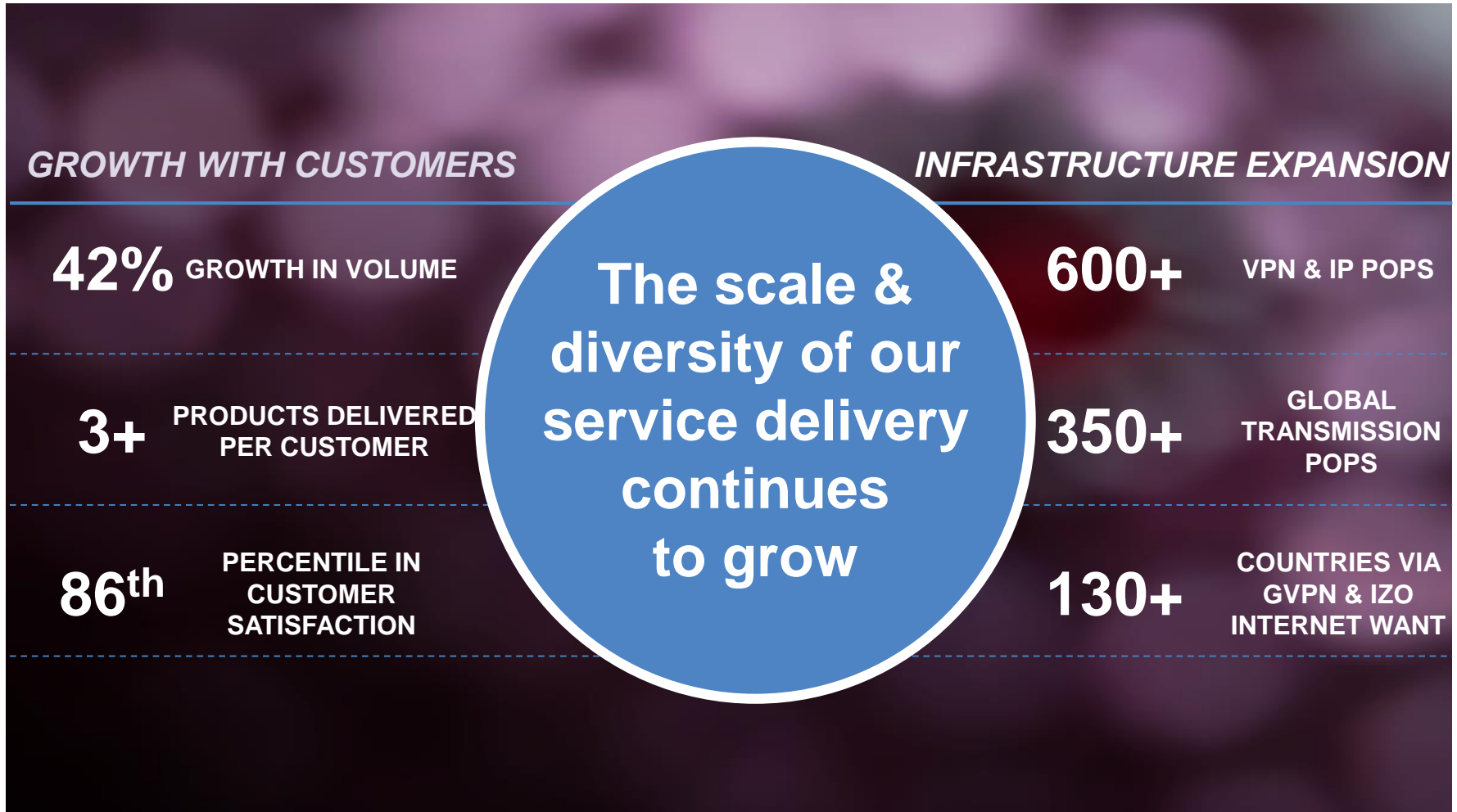


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Operationally Fit



Shareholder Value Creation

Focus on maximizing long term intrinsic value for shareholders

Drive Capital Efficiency

- Recalibrate Investments
- Co-create with partners
- Strong discipline and governance around capital allocation and expenditure

Improve Margin Profile

- Improve operating efficiency and drive operating leverage
- Accelerate growth in high margin data segment and new services

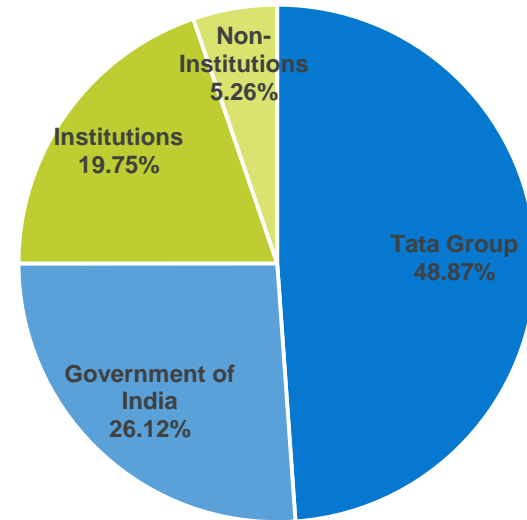
Invest for Sustainable Long-Term Growth

- Reshape portfolio
- Invest in new services/ innovation to differentiate and accelerate growth

Create Financial and Strategic Flexibility

- Key priority is to generate free cash flow and deleverage balance sheet
- Pursuit of opportunities to unlock intrinsic value
- Rationalize businesses with sub-par return profiles

Shareholding Pattern



As on June 30, 2016

1. Tata group includes Panatone Finvest Ltd (30.10%), Tata Sons (14.07%), and Tata Power Ltd. (4.71%)
2. Institutions include Mutual funds (5.37%), Foreign portfolio investors (7.59%), Financial institutions and Insurance companies (6.73%), and others including corporate bodies (0.06%)
3. Non-institutions include individuals (4.21%), Central Government (0.23%) and others (0.82%)

Successes



Tata Communications ranks #2 in the 'Transparency in Corporate Report'

Transparency International, a global civil society organization, conducted research into the public reporting practices of 100 emerging market companies based in 16 countries in 2016

Frost & Sullivan India ICT Awards:

- Enterprise Telecom Service Provider of the Year
- Enterprise Data Service Provider of the Year
- Enterprise Ethernet Provider of the Year
- Third Party Datacenter Service Provider of the Year
- Enterprise VOIP Provider of the Year
- Hosted Contact Center Service Provider of the Year



GARTNER'S
MAGIC
QUADRANT

"Leader" in Gartner Magic Quadrant¹ for Network Services, Global for the **third consecutive year**



BESTEMPLOYERS

Named an **Aon Best Employer India 2016**. Recognised for **high employee engagement, compelling employer brand, effective leadership and a culture that enables high performance**



Competitive Landscape

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Positioned in the Leaders' Quadrant in Gartner Magic Quadrant for Network Services, Global



Source: Gartner, Inc “Magic Quadrant for Network Services, Global” Neil Rickard, Bjarne Munch, 14 January 2016.

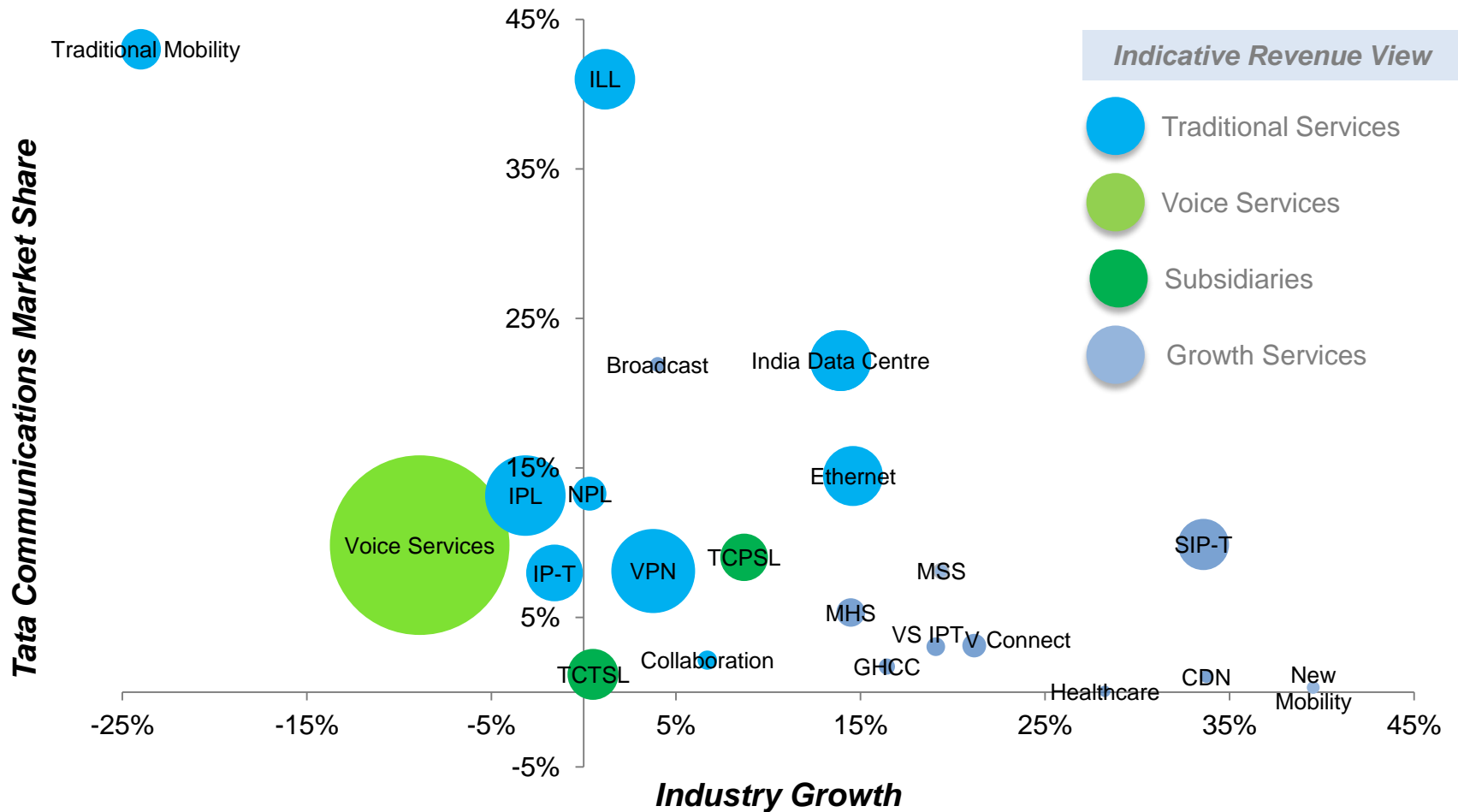
This Magic Quadrant graphic was published by Gartner, Inc. as part of a larger research note and should be evaluated in the context of the entire report. The Gartner report is available upon request from Tata Communications. Gartner does not endorse any vendor, product or service depicted in its research publications, and does not advise technology users to select only those vendors with the highest ratings. Gartner research publications consist of the opinions of Gartner’s research organization 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.

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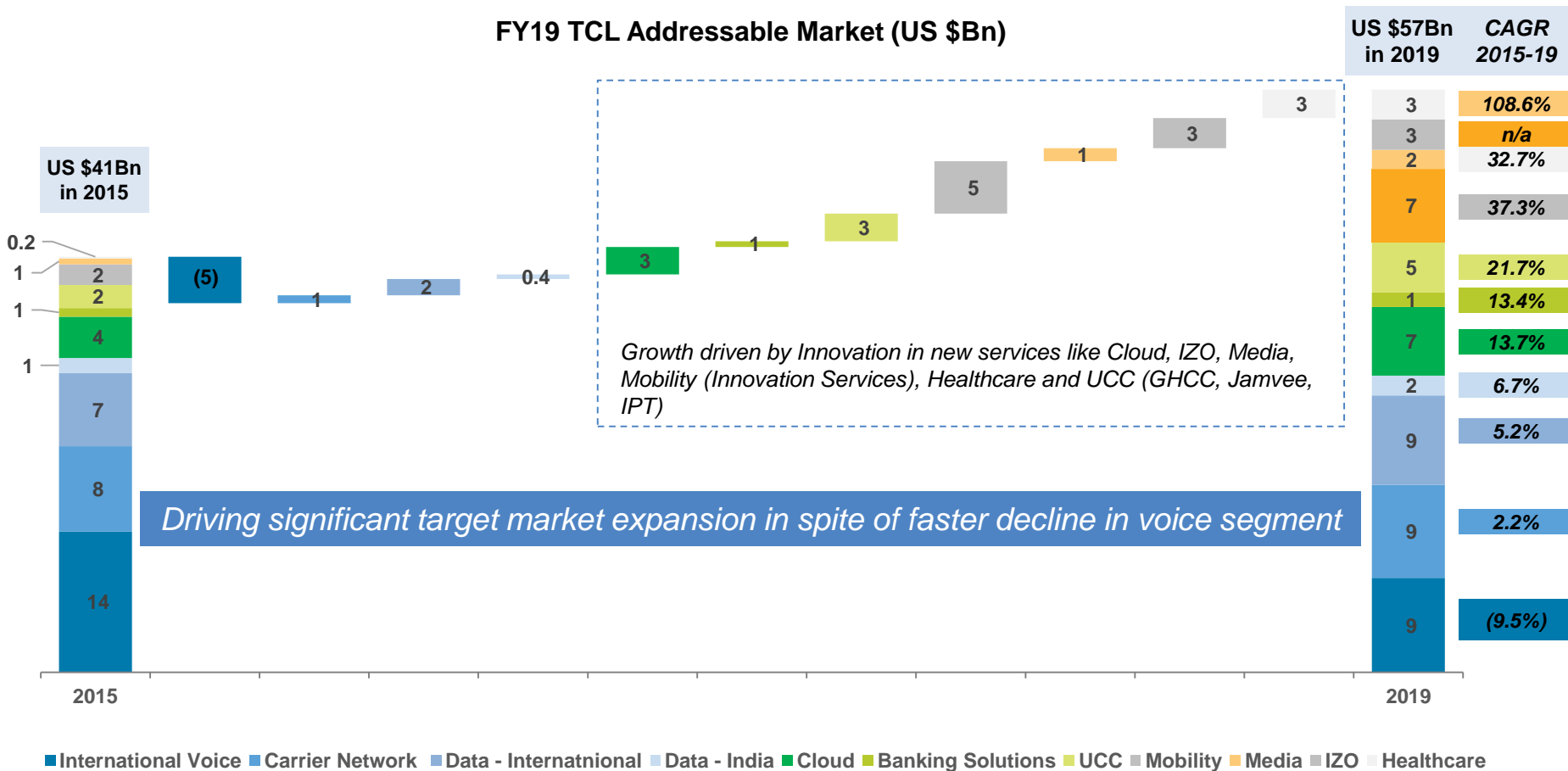
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Current Portfolio – Market Share vs Industry Growth



Source: Company Estimates

New Platforms will drive Target market expansion from \$41Bn to ~\$57Bn by 2019



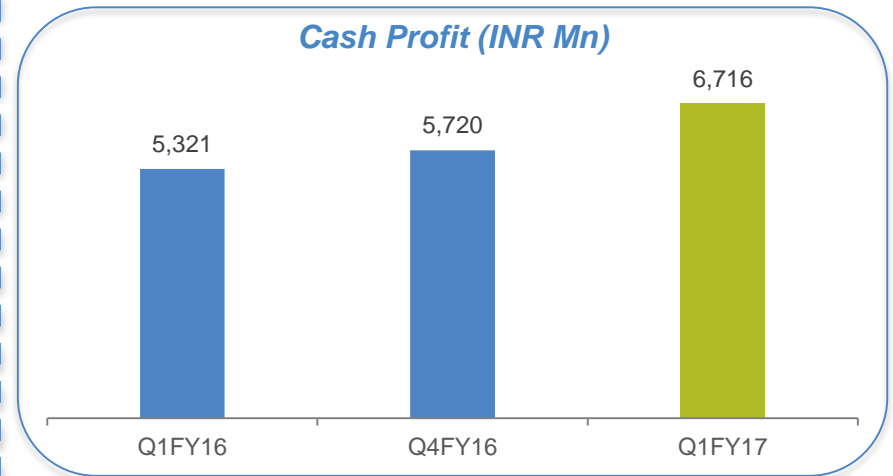
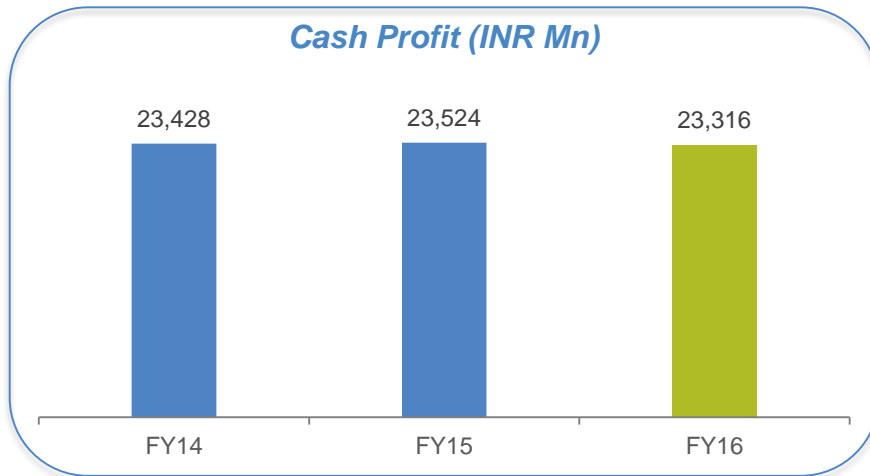
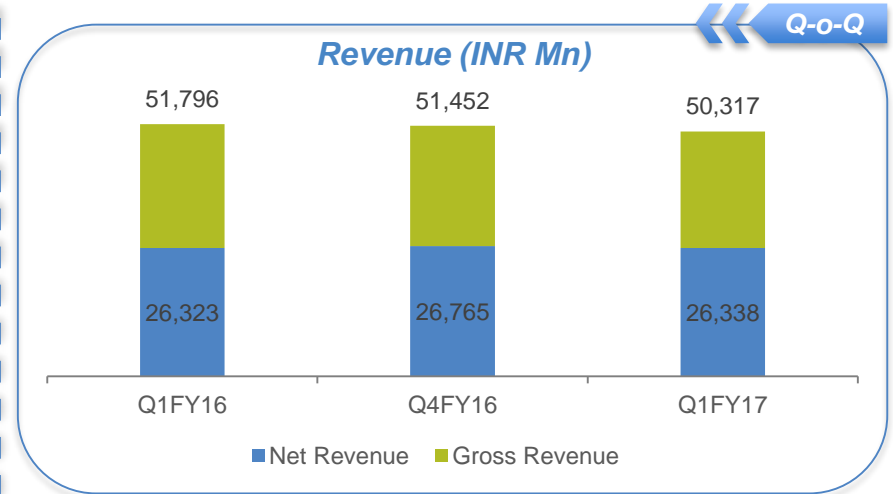
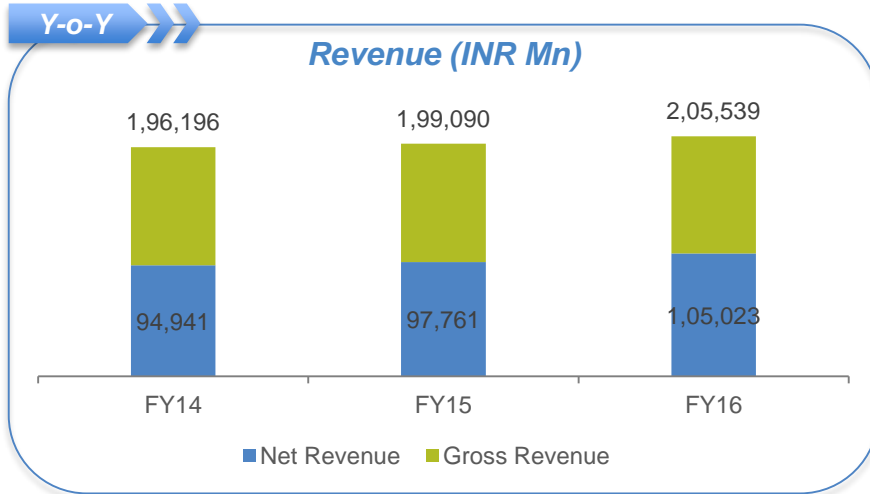


Financial Performance

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Performance Highlights | Consolidated

Treading on the path towards generating increased levels of Cash Profit



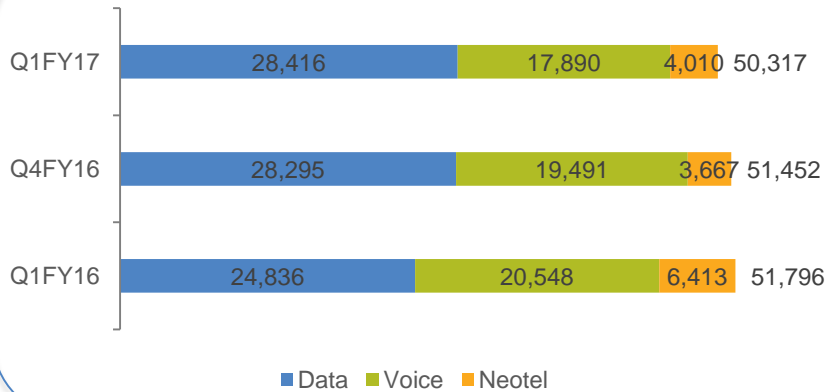
*Note: Quarter numbers adjusted for IND-AS impact; FY14 and FY15 not adjusted for IND-AS impact; *Cash Profit computed as (Net Profit/Loss + Depreciation and Amortisation & Impairment)*

Performance Highlights | Consolidated – Q1FY17

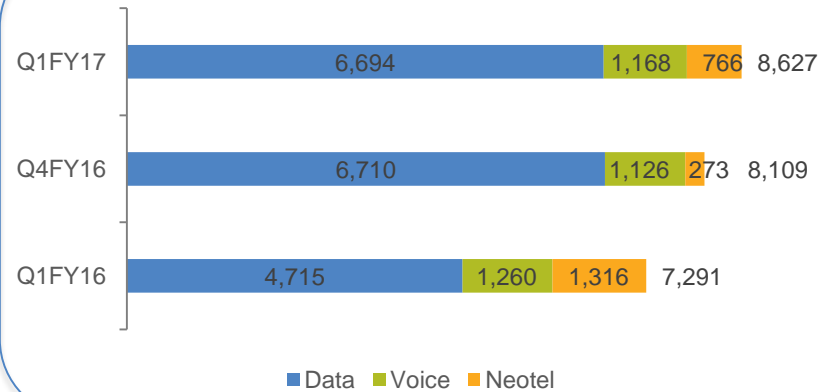
Strong EBITDA story resulting from operational efficiencies

Q-o-Q

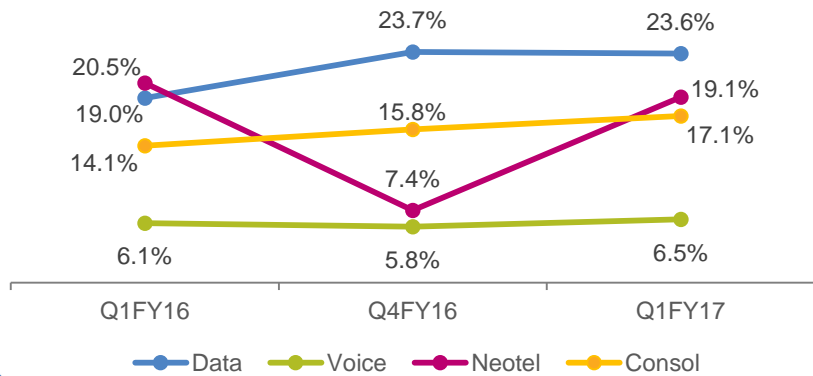
Gross Revenue (INR Mn)



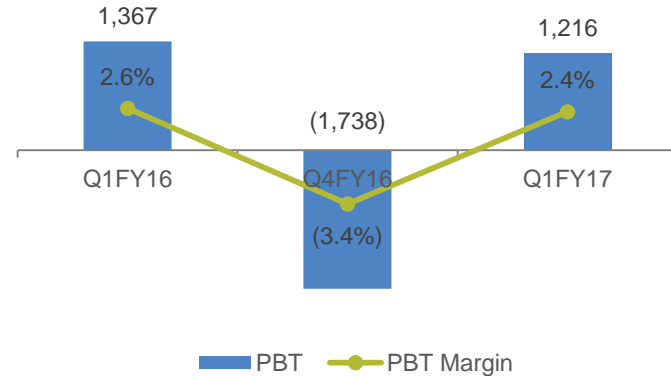
EBITDA (INR Mn)



EBITDA Margin



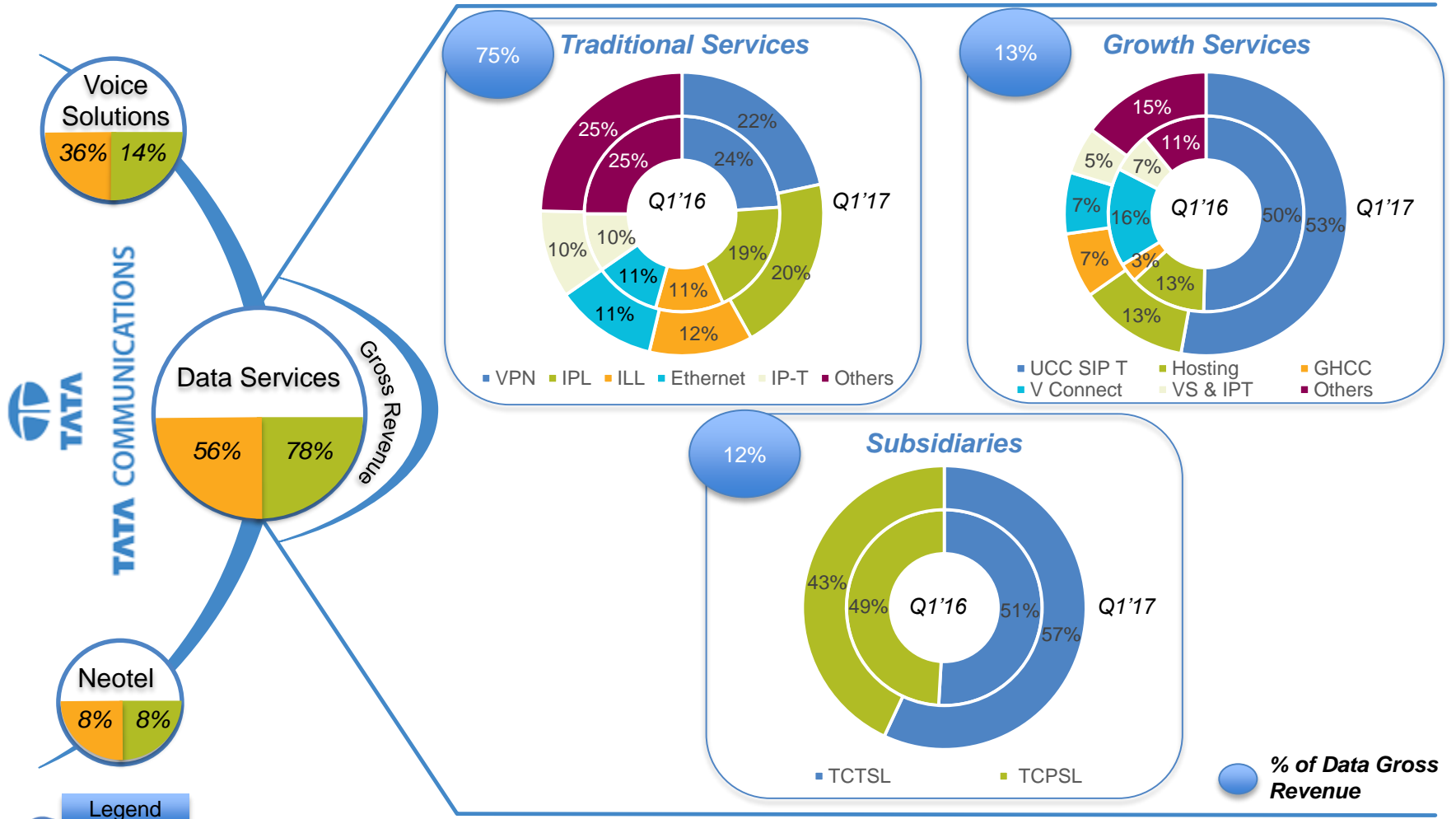
Profit before Tax* (INR Mn)



Note: Quarter numbers adjusted for IND-AS impact
*PBT Is post-exceptional items

Performance Highlights | Consolidated Portfolio Mix

Data continues to be the pillar for growth



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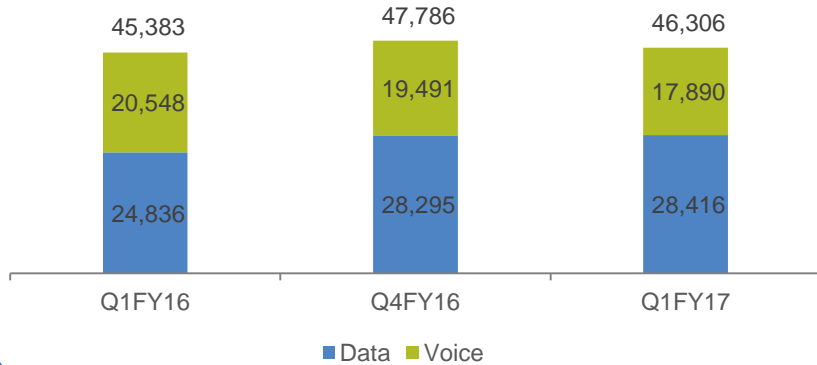
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Performance Highlights | Core Analysis

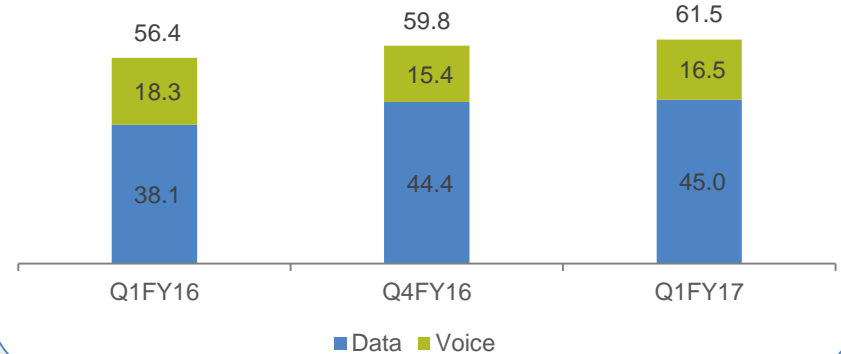
Composition of core business is steadily transforming in favour of data

Q-o-Q

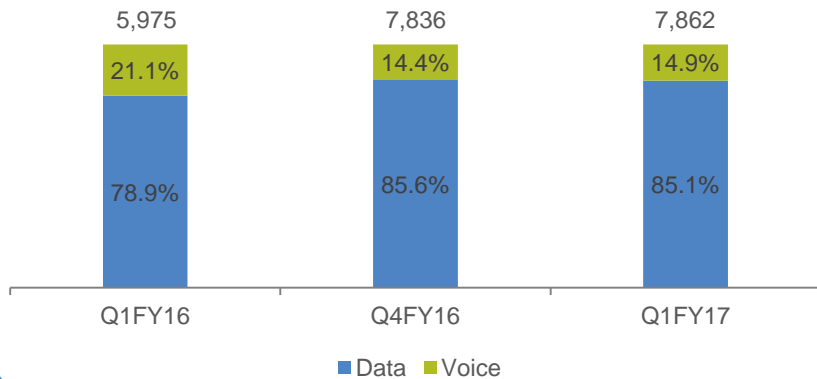
Revenue (INR Mn)



Free Cash Flow [EBITDA – Capex] (USD Mn)
(excludes capex others of \$9.8mn)



Core EBITDA Contribution % (INR Mn)



- Management focus to generate Free Cash Flows continues
- Improved Data EBITDA (Excl. Subs) with 4.0% growth Q-o-Q and 40.3% Y-o-Y
- TCPSL performance better Y-o-Y, Revenues up 11% and EBITDA substantially positive
- Cost optimization initiatives aiding Q-o-Q Voice EBITDA growth at 3.7%
- Productivity initiatives driving lower operating costs.

Note: Quarter numbers adjusted for IND-AS impact
USD-INR: Q1FY17 66.87, Q4FY16: 67.52, Q1FY16: 63.43

Performance Highlights | Core Segmentation

Data Services saw improvement on the back of growth in all three segments

Y-o-Y >>>

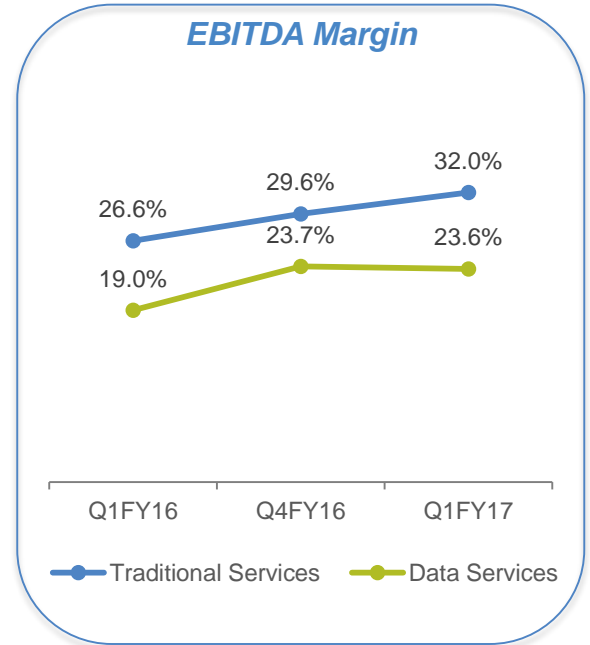
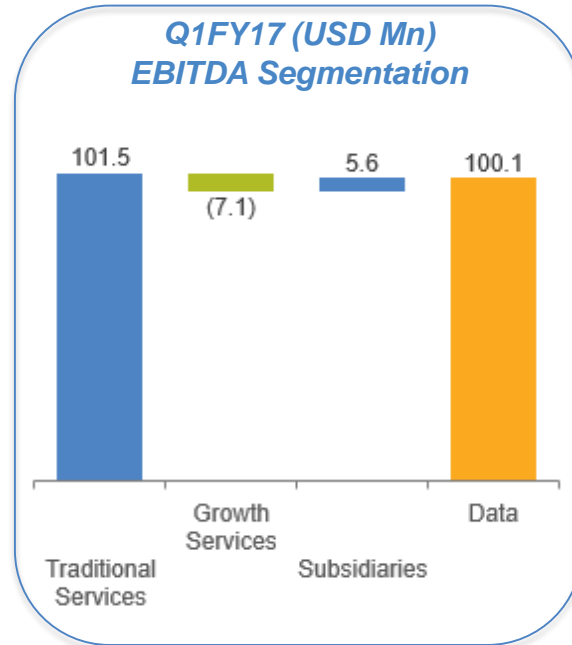
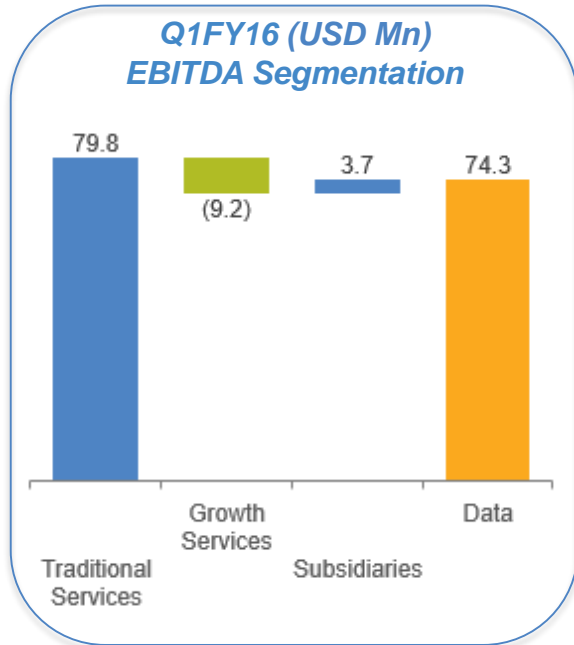
USD Mn

Particulars	Data									Voice		
	Traditional Services			Growth Services			Subsidiaries			Q1 FY16	Q1 FY17	Growth %
	Q1	Q1	Growth	Q1	Q1	Growth	Q1	Q1	Growth			
	FY16	FY17	%	FY16	FY17	%	FY16	FY17	%	FY16	FY17	%
GR	299.5	317.3	5.9%	47.9	54.7	14.3%	44.2	53.0	19.9%	324.0	267.6	(17.4%)
NR	235.9	255.0	8.1%	26.2	31.2	19.0%	10.4	12.2	17.3%	41.3	35.5	(14.2%)
EBITDA	79.8	101.5	27.2%	(9.2)	(7.1)	↑	3.7	5.6	53.0%	19.9	17.5	(12.1%)
Margin	26.6%	32.0%		(19.2%)	(12.9%)		8.3%	10.7%		6.1%	6.5%	

- Data Services contributed to 89% of the Core Net Revenue and 85% of Core EBITDA in Q1FY17
 - Data EBITDA growth partially offset by Voice de-growth
 - Traditional Services business, registering a growth of 6% Y-o-Y and contributing 85% of Data Net Revenue

Data Services | Profitability

Traditional Services continue to perform well



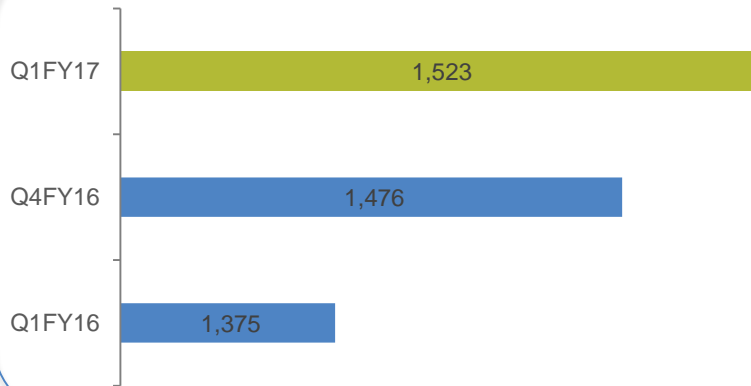
- Continued momentum in Traditional and growth services
- Strengthening of EBITDA margins for Traditional Services as well as Subsidiaries on the back of higher revenues accompanied by lower operating costs

Data Services | TCPSL*

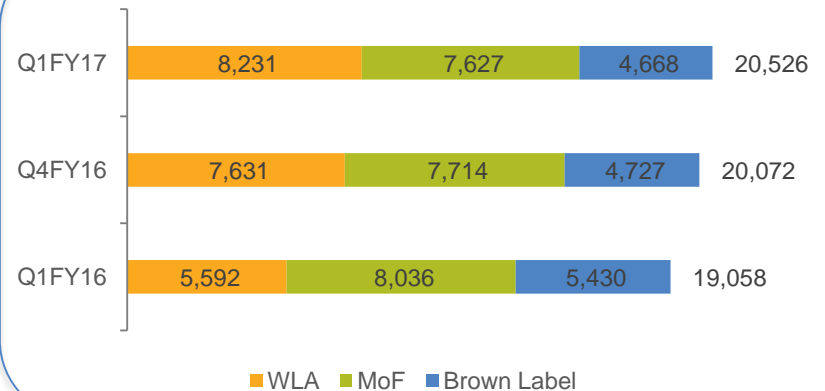
Restructuring of ATM Portfolio

Q-o-Q

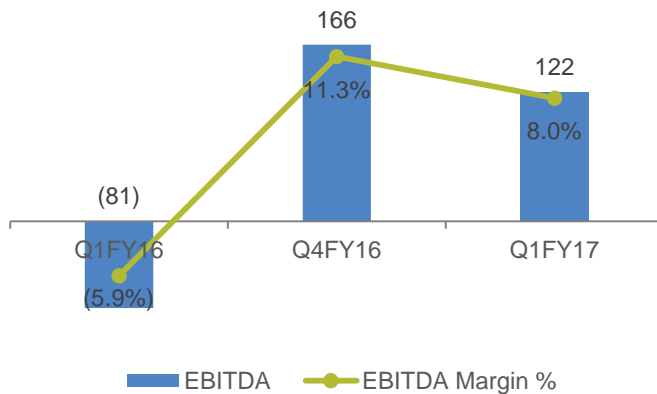
Net Revenue (INR Mn)



ATM's



EBITDA Analysis (INR Mn)



- Increased focus on profitable white label ATM's
- Q1FY17 showed a revenue increase of 3% Q-o-Q & 11% Y-o-Y primarily driven by rollout of incremental WLA ATM's
- There was a 27% increase in normalized Q1 EBITDA of INR 122mn vs Q4FY16; Q4FY16 accounted for INR 70mn one time cost adjustment

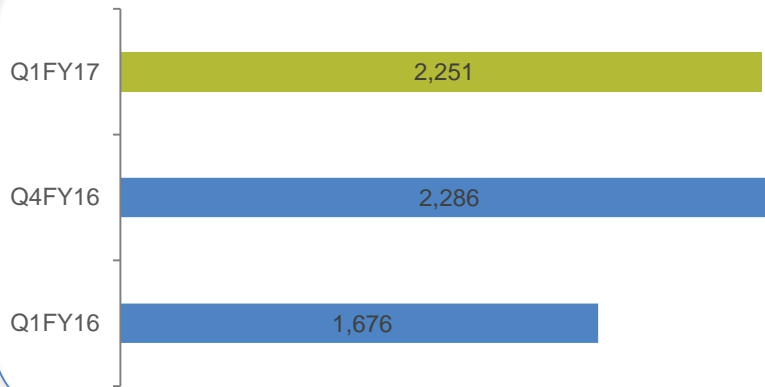
Note: *TCPSL Standalone Numbers;
Quarter numbers adjusted for IND-AS impact

Data Services | TCTSL*

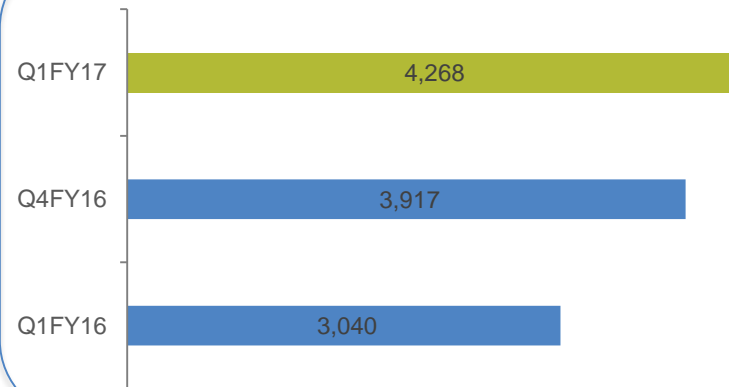
Visibility of healthy pipeline

Q-o-Q

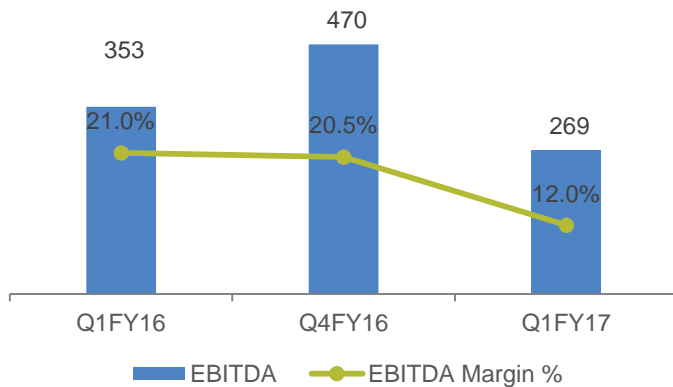
Revenue (INR Mn)



Average Headcount



EBITDA (INR Mn)



- Revenue down by 1.5% Q-o-Q, primarily on account of one-off revenues in Q4FY16
- EBITDA down 42.7%, on account of increased cost, relating to early ramp up of headcount, which will generate future revenues
- Focus on generating a healthy pipeline, investment in sales and sales team across geographies with new service offerings to accelerate growth

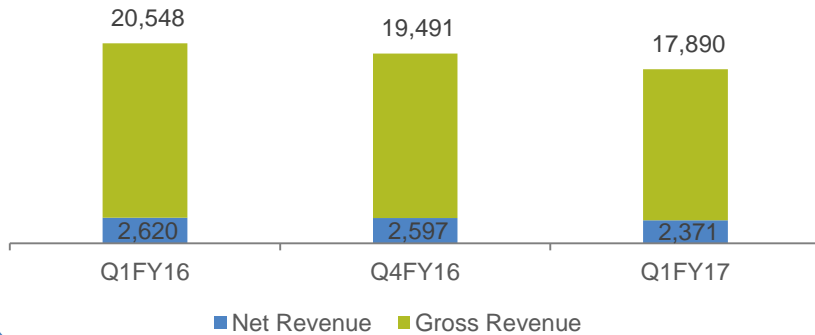
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Voice Solutions | Highlights

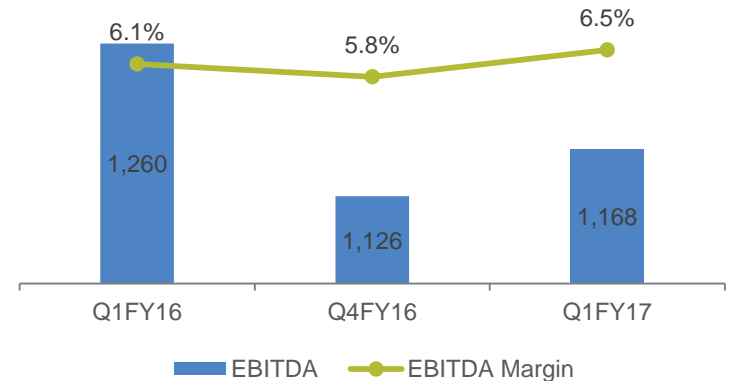
Structural headwinds

Q-o-Q

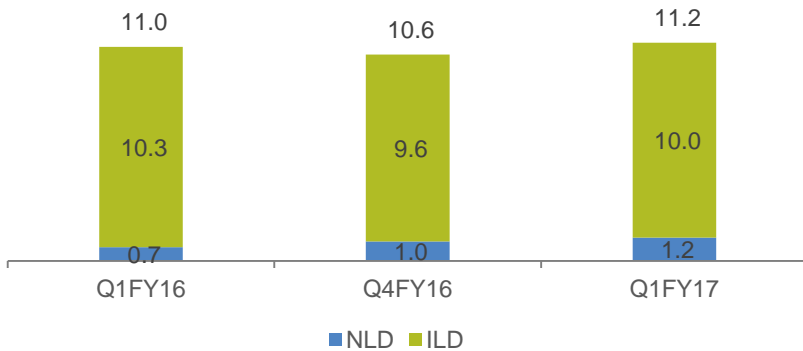
Gross vs Net Revenue (INR Mn)



EBITDA Analysis (INR Mn)



Traffic (Billion Minutes)



- Stability in volumes, price pressure continues
- Improvement in Voice EBITDA driven by cost optimisation initiatives
- FCF to EBITDA conversion ratio strong at 94.3% in Q1FY17 versus 92.0% in Q1FY16

Note: Quarter numbers adjusted for IND-AS impact

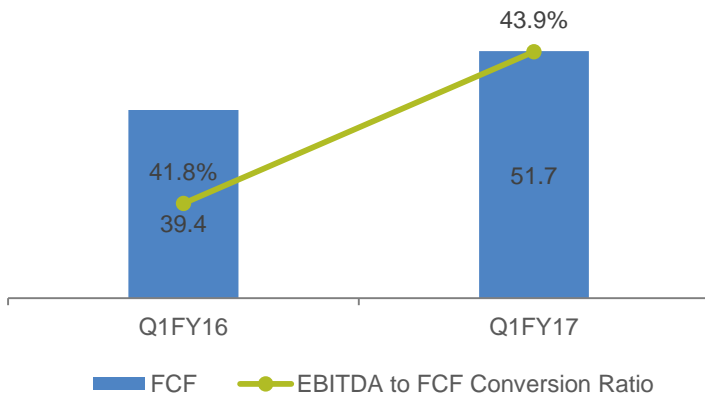
Core Business | Capex Intensity

Capex closely aligned to market opportunity

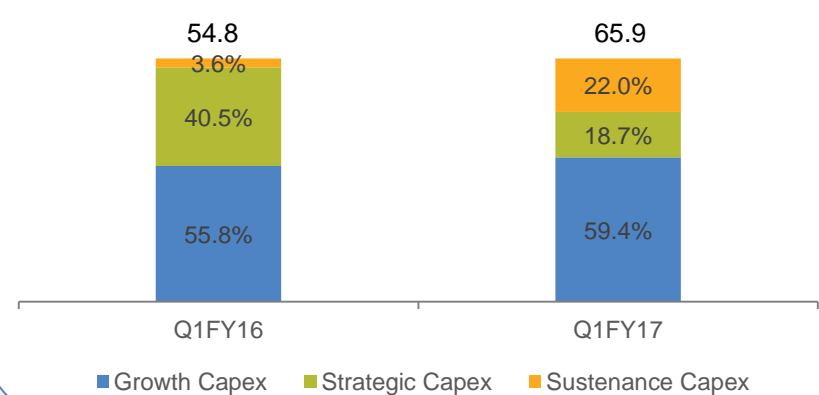
- Current capex spend driven by data growth
- Improvement in Y-o-Y EBITDA Conversion Ratio (EBITDA to FCF) by 210bps
- Free Cash Flow up 31% Y-o-Y
 - Data Free Cash Flow up from USD 38mn in Q1FY16 to USD 45mn in Q1FY17, growth of 18%
 - Voice Free Cash Flow up Q-o-Q to USD 16.5mn representing a growth of 7%

Q-o-Q

FCF Analysis (USD Mn)



Capex detailed breakdown (USD Mn)

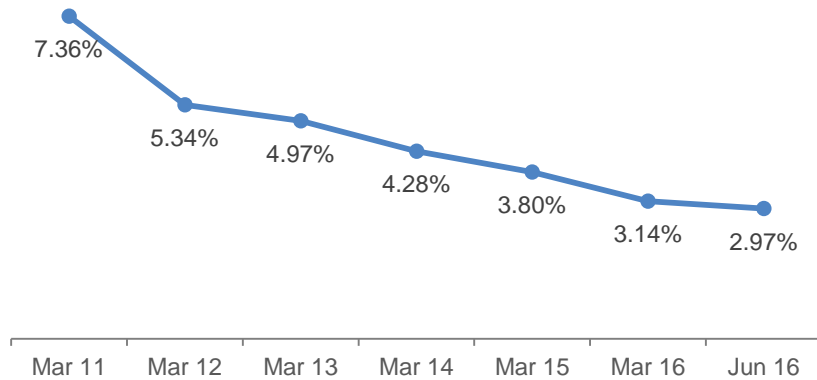


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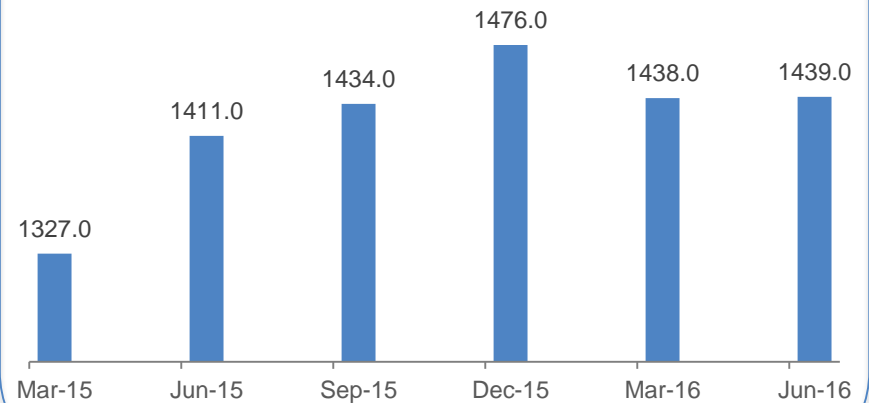
Core Business | Debt Profile

Consistent reduction in average cost of borrowings

Average Cost of Loans



Net Debt (USD Mn)



- Decrease in Q-o-Q average cost of borrowing, as a result of refinancing of SGD Bond at lower rates (Feb'16) as well as prepayment of USD 50 Mn (Jan'16)
- As per IND AS Net Debt will be reflected as \$1,419mn as on June 30, 2016 as the balance arrangement fee lying in prepaid expenses will be excluded from its computation
- Net debt to EBITDA for Q1FY17 at 3.1 vs Q1FY16 at 3.74



Corporate Developments

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Neotel Update

South Africa Operations update

- On 28 June 2016, the Shareholders of Neotel entered into an agreement with a Special Purpose Vehicle (“SPV”) that will be owned 70% by Liquid Telecom and the remaining 30% by Royal Bafokeng Holdings.
- The enterprise value of the transaction is ZAR 6.55B
- Liquid Telecom is a leading independent data, voice and IP provider, supplying wholesale fiber optic, satellite and international carrier services and infrastructure to telecommunications operators in sub-Saharan Africa.
 - ✓ The company has operations in Mauritius, South Africa, Kenya, Uganda, Botswana, Zimbabwe, Democratic Republic of Congo, Tanzania, Rwanda and United Kingdom.
 - ✓ Provides mobile operators with back haul and enterprise services through the provision of inter-regional connectivity.
 - ✓ Carries more than one billion minutes of voice traffic per annum through its owned fiber optic network that spans over 24,000 kilometers.
 - ✓ Operates one of the most advanced satellite and V- Sat networks across Africa
- Expected closing is 31 March 2017 subject to approval from Competition Commission and South African Telecom Regulator (ICASA)



ST Telemedia & TCL enter into a strategic partnership

- On 18 May 2016, ST Telemedia (STT) and Tata Communications (TCL) entered into definitive agreements where in STT will acquire a 74% majority stake in Tata Communications' data centre business in India (TCDC) and Singapore (TCX) for an estimated 100% enterprise value of INR 31.3b and SGD 232.4m, respectively.
- Tata Communications will remain as a significant shareholder, holding the remaining 26% stake in the businesses
- Both companies share a very similar ethos, set of values, impeccable commitment to customer service excellence, and are long term investors, focusing on performance, value and growth.
- This new joint venture partnership will now allow TCL to hone its strategic focus on advanced services within the data centre that enable digital transformation for our customers, in addition to infrastructure services.
- Tata Communication will continue to focus on the development and introduction of its advanced managed services portfolio (including IP, cloud enablement and unified communications services), and continuing to invest in its strategic partnerships globally.
- Anticipated closing of India and Singapore is Q2'17 and Q3'17, respectively.

Tata Tele Services Limited (TTSL) Update



Update on TTSL

- In 2008-09, when NTT Docomo of Japan had invested in TTSL to acquire a 20% stake, Tata Communications sold a part of its holding at INR 116.09/share making a profit of INR 346.65crs
 - At the same time Docomo reserved a right of sale option, entitling it to sell its entire holding in 2014 at a minimum pre-determined price of INR 58.05/share if certain performance parameters were not met by TTSL
 - At the time of selling its holding to Docomo, TCL and TTSL's other selling shareholders agreed to indemnification on a proportionate basis, in case Docomo ever exercised its sale option
- Subsequently in July 2014, Docomo decided to exercise its sale option. With Docomo deciding to divest its entire shareholding in TTSL and no buyer being found, TCL and the other selling shareholders were obliged to proportionately acquire the stake from Docomo at the higher of fair value or 50% of the subscription purchase price. However, RBI did not permit the acquisition at the pre-determined price but rather only at fair value
- Docomo then filed an arbitration request in London against Tata Sons and in June this year, Tata Sons informed TCL that the Arbitral Tribunal had issued a final award in the matter
 - It required Tata Sons to pay Docomo damages of USD 1,172mn upon tender of shares held by Docomo in TTSL, together with interest, arbitration costs and legal costs. However, Tata Sons has been advised that payment of these sums would require prior RBI and other regulatory approvals
 - As a good gesture, Tata Sons voluntarily offered Docomo a deposit, and offered to keep the amount outstanding under the arbitration award in an escrow account until necessary approvals for payment are received
 - Tata Sons communicated to TCL a few days back that, as a measure of relief to Tata Companies, it has voluntarily approved to take over any obligations of TCL arising out of Docomo's holding of any rights shares issued by TTSL in 2011 and legal costs arising out of the arbitration award
 - Tata Sons has advised TCL to remit approximately INR 1,058crs which is the INR equivalent of the USD amount mentioned above towards TCL's obligations under the sale agreement



Key Take Away

- ❑ Restructuring to de-leverage gains momentum
- ❑ Data Services (Excl. Subs) continues to deliver strong growth
 - EBITDA up Q-o-Q by 4%, and Y-o-Y by 40%
 - Traditional Services saw growth of 6%, while Growth Services increased by 14% YoY
 - Delivered last four quarter sequential growth in Revenue and EBITDA
- ❑ Cost optimization initiatives aiding Q-o-Q Voice EBITDA growth at ~4%
- ❑ TCPSL performance significantly better on a Y-o-Y basis
 - Y-o-Y Revenues up 11%, EBITDA substantially positive
 - Continued focus on adding White Label ATMs
- ❑ PAT positive at INR 418mn in Q1FY17 on a Consolidated basis on the back of strong operating performance from Data Services
 - ❑ Core PAT was also up for Q1FY17 at INR 903mn
- ❑ FCF positive after Capex, Interest and Tax in Q1FY17
- ❑ Core Net Debt flat at USD 1.4bn
- ❑ Average Cost of Loan at 2.97% in Q1 FY17 Vs. 3.14% in Q4 FY16





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