



Our vision for The New World of Communications

Tata Communications

Earnings & Strategy Update

Presented By:

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SAFE HARBOR STATEMENT

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

- **Introduction and Strategic Update**
- **FY12 and Q4 FY12 Earnings Update**





**Our vision for
The New World of
Communications**

**Introduction and
Strategic Update**

Key Business Highlights

- **Global Data** - Higher growth rates than market (Enterprise: 28%; Global Carriers: 12%)
- **Global Voice** - Consistent results above market trends; 98% volume growth for OTT segment and 1% increase in total Intl Voice market share
- **NEOTEL** - 1st time EBITDA Positive; 84 % increase in business customers; Growing at 6x the industry growth rate

Key Product Highlights

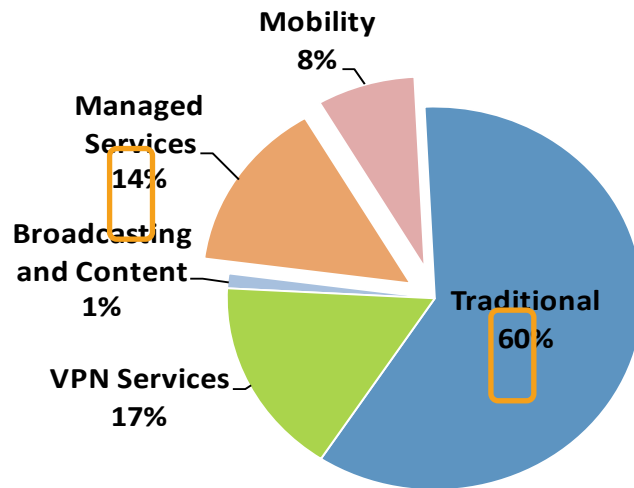
- Attained #5 Renesys IP Traffic ranking
- Positioned in the Visionaries Quadrant for Global Network Service Providers and Asia-Pacific Network Service Providers; InstaCompute magic quadrant – Only Asia Provider
- Launch of TGN Eurasia & TGN Gulf with 1st company owned round the world cable ring
- 55% growth in connected Telepresence Rooms (to 659)
- 1 Bn minutes milestone for Enterprise Voice
- Best hosted contact center, best data service provider and best managed services provider of the year in India (Frost and Sullivan)
- Best Business Ethernet Service Award 2011 and Best Ethernet Service Provider in APAC 2011 (two years in a row)
- Tele.net Telecom Operator Awards 2011 – Best long distance operator

Milestone Win – Formula 1

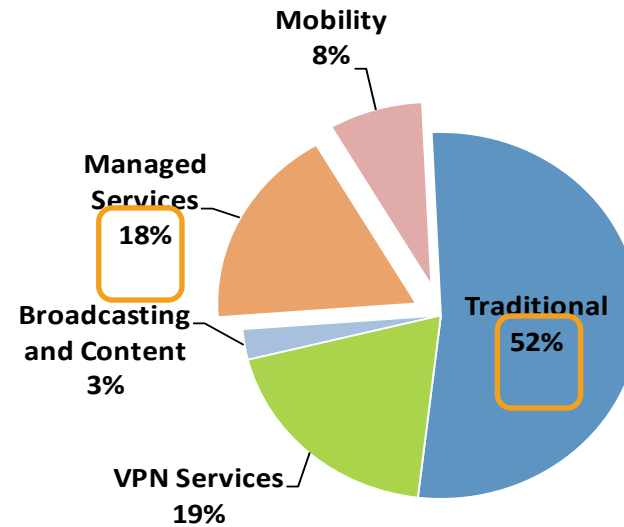


“The deal that changes F1 forever”
[James Allen](#)

FY11



FY12



Service Portfolio

Traditional Services: IPL, NPL, IP-T, IRUs, ILL, DIA

Managed Services: Messaging, Colo, InstaCC, MVOIP, Telepresence, Audio-Web Conf, Voice VPN, CDN, TCTS, TCBIL

Mobility : WGR, SCCP

VPN Services : MPLS,VNO, Ethernet

Industry Leader

- #1 international voice carrier
- #1 submarine cable owner
- #5 IP transit provider (2011)
- Fastest growing Tier-1 operator
- #1 in enterprise data in India
- #2 in enterprise and wholesale data in South Africa

State-of-the-art Infrastructure

- Over 200,000km of owned fibre
- 400 PoPs
- Over 13 terabits of International bandwidth lit capacity
- More than 1 million sq. ft. of data centre space

Customers

- 1,600 carriers
- 700 mobile operators
- ~2000 Enterprise customers globally
- 47,000 SME customers in India

Our value proposition

For Indian Businesses

SME

Connectivity and SaaS for business productivity and collaboration

Medium & Large Enterprises

One stop shop for all communication and computing requirements in India and globally

For Global Enterprises

Fortune 1000

Global arterial routes and capillarity into emerging markets

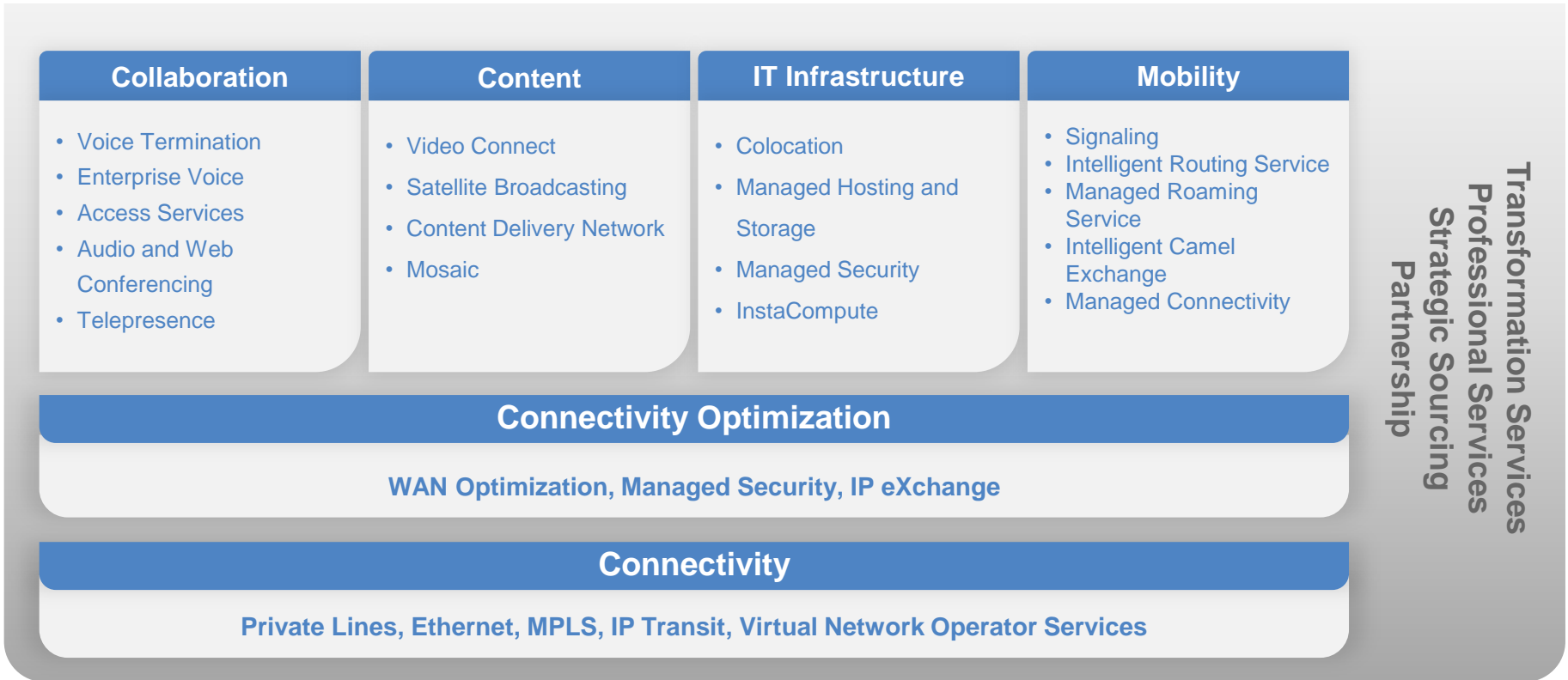
Fortune 1001-2500

Global Connectivity/VPN with seamless Security, Voice and Collaboration plug-ins

For Global Service Providers

Service Providers

Integrated Wholesale



Tata Communications Banking InfraSolutions Limited - TCBIL

Bank-in-a-box Solutions

- Managed ATMs
- Managed PoS terminals and networks
- Hosted core banking solutions
- Range of VAS

- Annual contribution to the top-line of Rs. 1707 million
- Manages > 11,000 ATMs

16	Of Top 5	Of Top 3
	Private*	Public*
Banks	4	3
	*Banks as customers	

- Manages > 7,600 Points of Sales terminals

Mn Card Transactions pm	% of Total Card Transactions
15	60

- Serves 115 bank branches under hosted core banking

Added Opportunities

White label ATMs (WLAs)

- RBI permits non-banking entities to set up ATMs
- 30% YoY growth in the number of ATMs
- 25% of the entire ATM network run by WLAs in most countries
- ATM penetration on a per capita basis to increase significantly - particularly from Tier III to VI Cities

Financial institutions expanding operations

- Seek to increase rural access
- Seek Tighten their cost regimes

Strategy differentiators

**Emerging markets
focus**

Industry solutions

**Collaboration
solution suite**

**Flexible and
responsive culture**

**Integrated service
provider solutions**

**Global structure
and talent**



Our vision for The New World of Communications

FY12 and Q4 FY12 Earnings Update

Voice maintains growth pace

- Net revenues up 16% compared to FY'11; 10% as compared to Q4'11
- Registers 55 bln mins v/s 51 bln mins in FY'11; 15 bln mins v/s 14 bln mins in Q4'11

Contribution from Data portfolio higher

- Revenues up 18% compared to FY'11; 33% as compared to Q4'11
- Maintained enterprise lead in India; deals like F1 to extend lead overseas
- Completion of Tata Global Network round the world enlarges opportunity; Gulf node to tap high potential market

Neotel turnaround trajectory on track

- Delivers positive EBITDA for the year on standalone basis
- Leveraging capabilities in data business to drive performance
- Twofold increment in consumer customer base from 50,000 to 100,000

Highlights: FY 12 & Q4'12

Robust revenue growth	<u>FY'12</u>	<u>Q4'12</u>	<u>Q3'12</u>
Data	18%	33%	12%
Voice (net revenues)	16%	10%	-3%
Neotel	184%	180%	3%

Like to like basis, Neotel grew by 19% as compared to FY'11 and 10% as compared to Q4'11

**EBITDA Margin improvement across segments:
2% FY in Voice and Data**

**Neotel delivers EBITDA positive FY on Standalone basis
Core Business shows PAT Profitability in FY**

FY12 has Neotel consolidated @ 100% (effective stake:61.5%) Vs 43.16% (effective stake: 49%) in FY11

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	CORE		STARTUP*		CONSOLIDATED	
	FY'11	FY'12	FY'11	FY'12	FY'11	FY'12
Gross Revenues	113,205	124,580	6,115	17,381	119,320	141,961
		10%				19%
EBITDA	14,104	18,048	(1,851)	(133)	12,253	17,915
		28%				46%
PBIT	(122)	2,560	(3,108)	(2,846)	(3,230)	(286)
PBT	(2,152)	1,197	(4,915)	(8,378)	(7,067)	(7,180)
PAT after Minority Interest	(2,165)	477	(5,604)	(8,424)	(7,769)	(7,947)

*Start up includes Neotel and Other JV's

FY12 has Neotel consolidated @ 100% (effective stake:61.5%) Vs 43.16% (effective stake: 49%) in FY11

Rs/\$ Exchange rate: FY'11 at 45.57; FY'12 at 47.91; Rand/\$: FY'11 at 7.20; FY'12 at 7.45

	CORE		STARTUP		CONSOLIDATED	
	4Q'11	4Q'12	4Q'11	4Q'12	4Q'11	4Q'12
Gross Revenues	29,076	35,091 20%	1,613	4,522	30,688	39,613 29%
EBITDA	4,009	4,600 15%	(461)	253	3,548	4,853 37%
PBIT	423	254	(789)	(329)	(366)	(75)
PBT	(221)	157	(1,115)	(1,550)	(1,337)	(1,393)
PAT after Minority Interest	(242)	149	(1,323)	(2,758)	(1,565)	(2,609)

*Start up includes Neotel and Other JV's

FY12 has Neotel consolidated @ 100% (effective stake:61.5%) Vs 43.16% (effective stake: 49%) in FY11

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	CORE		STARTUP		CONSOLIDATED	
	3Q'12	4Q'12	3Q'12	4Q'12	3Q'12	4Q'12
Gross Revenues	31,648	35,091 11%	4,394	4,522	36,041	39,613 10%
EBITDA	4,852	4,608 (5)%	166	253	5,019	4,853 (3)%
PBIT	843	252	(553)	(329)	290	(75)
PBT	506	157	(1,616)	(1550)	(1,109)	(1,393)
PAT after Minority Interest	419	149	(1,950)	(2,758)	(1,531)	(2,609)

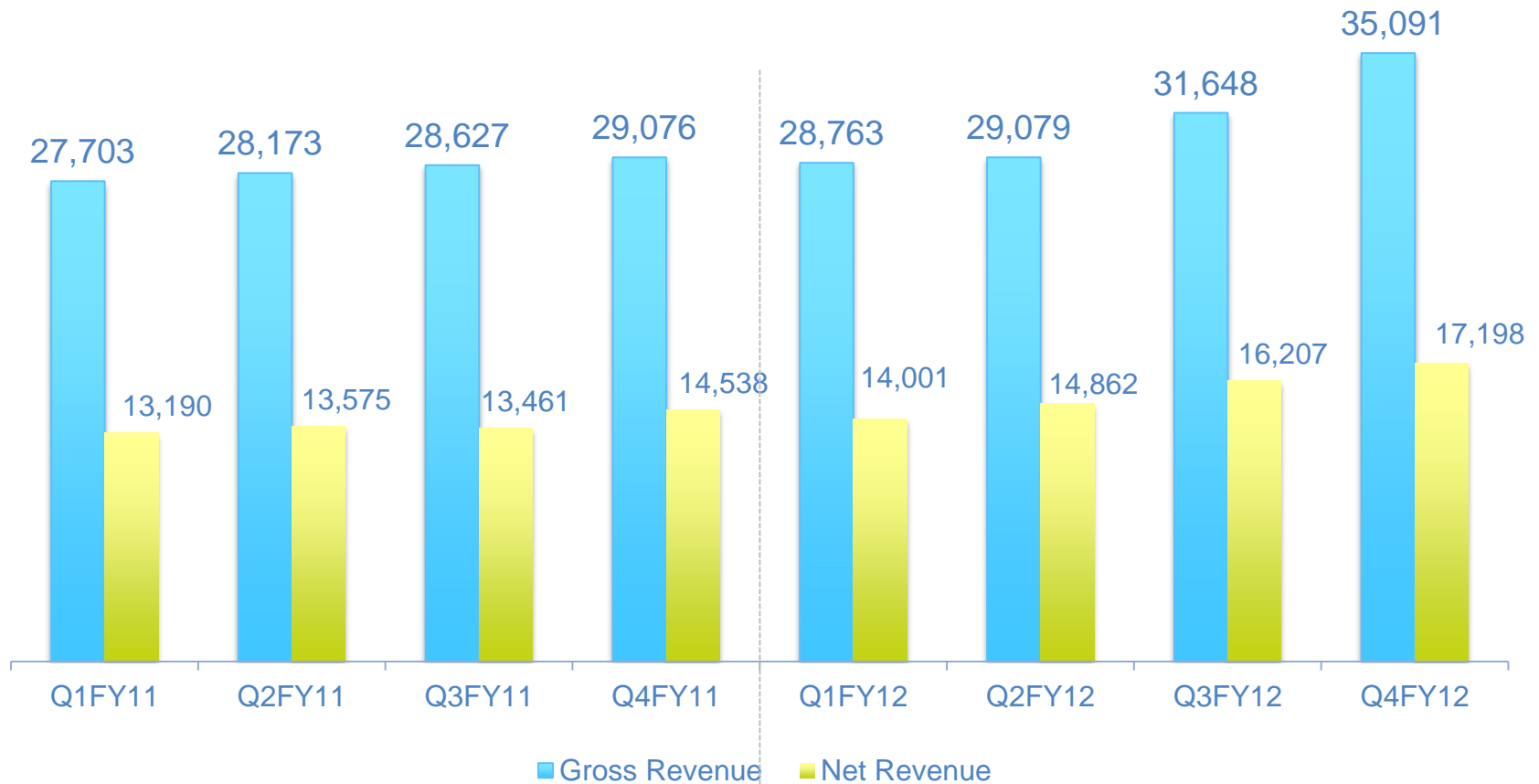
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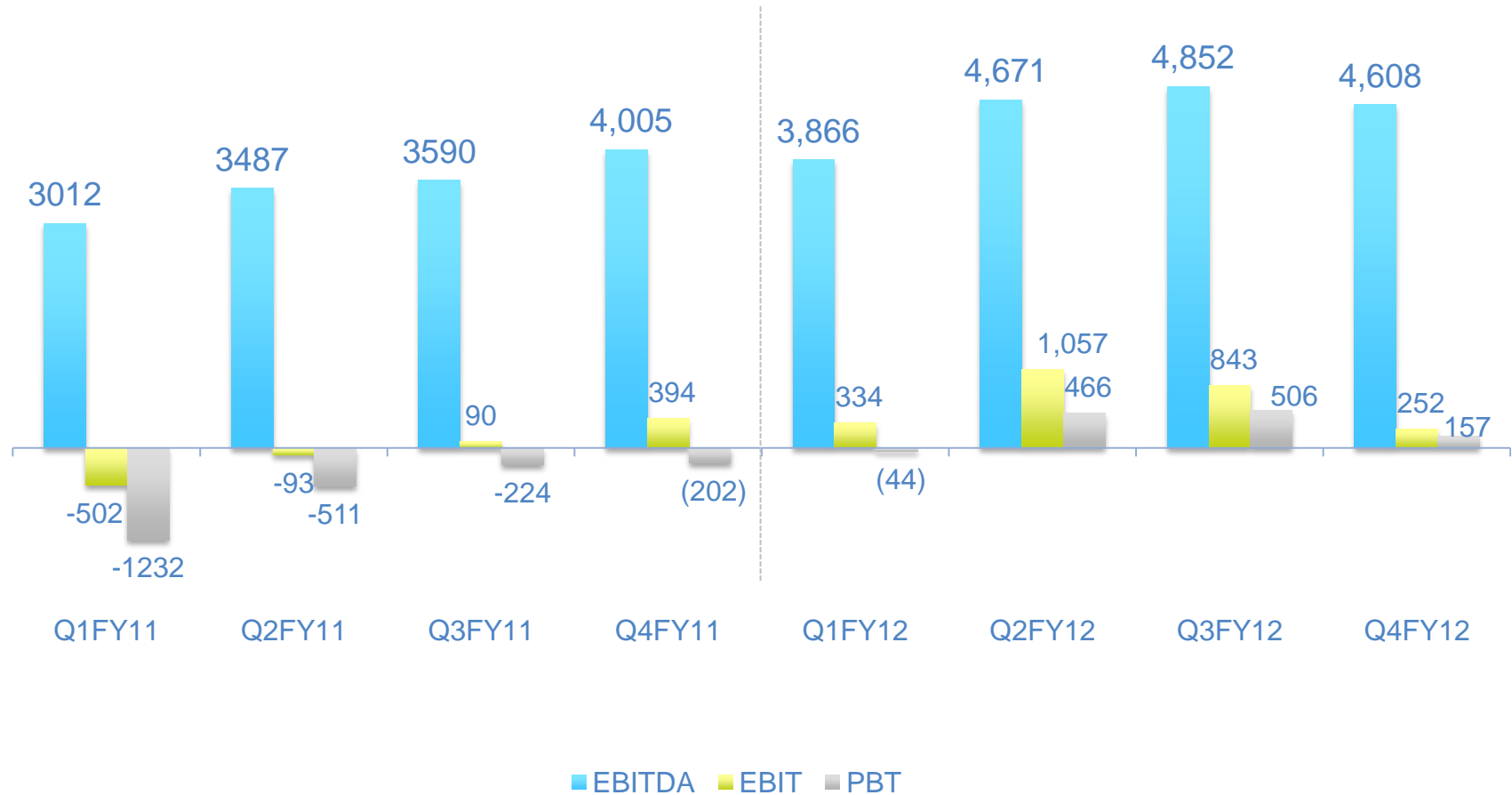
Rs Mn

Core revenues growing sequentially



Rs Mn

PBT Positive for FY'12



Rs/\$ Exchange rate: 1Q'11 at 45.64, 2Q'11 at 46.49, 3Q'11 at 44.87, 4Q'11 at 45.29; 1Q'12 at 44.73, 2Q'12 at 45.74; 3Q'12 at 50.84; 4Q'12 at 50.34

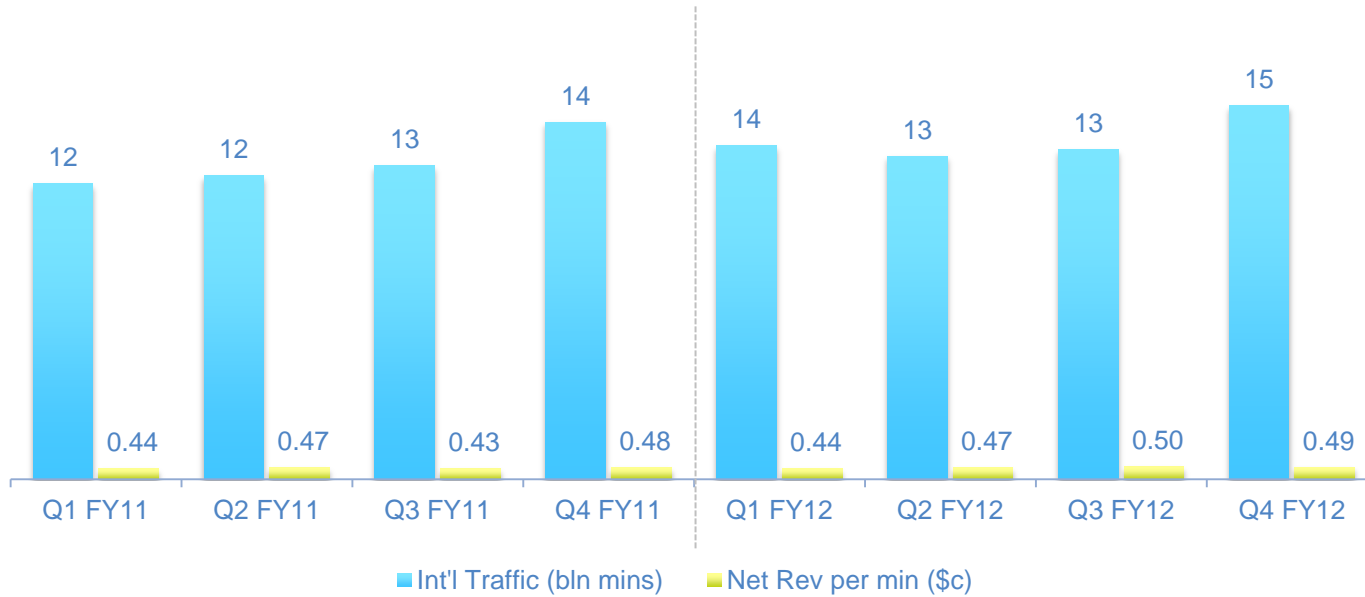
FY	Global Voice		Global Data	
	FY'11	FY'12	FY'11	FY'12
Gross Rev	65,259	68,118	47,946	56,462
Net Rev	10,575	12,314 16%	43,521	48,714 12%

QoQ	Global Voice			Global Data		
	4Q'11	3Q'12	4Q'12	4Q'11	3Q'12	4Q'12
Gross Rev	16,903	17,273	18,964	12,173	14,375	16,126
Net Rev	3,087	3,498	3,405	11,203	12,248	13,793

Management Estimates of EBITDA margin:

	4Q'12	FY'12	FY'11
Global Voice	9.0%	8.0%	6.3%
Global Data	18.0%	22.3%	20.8%

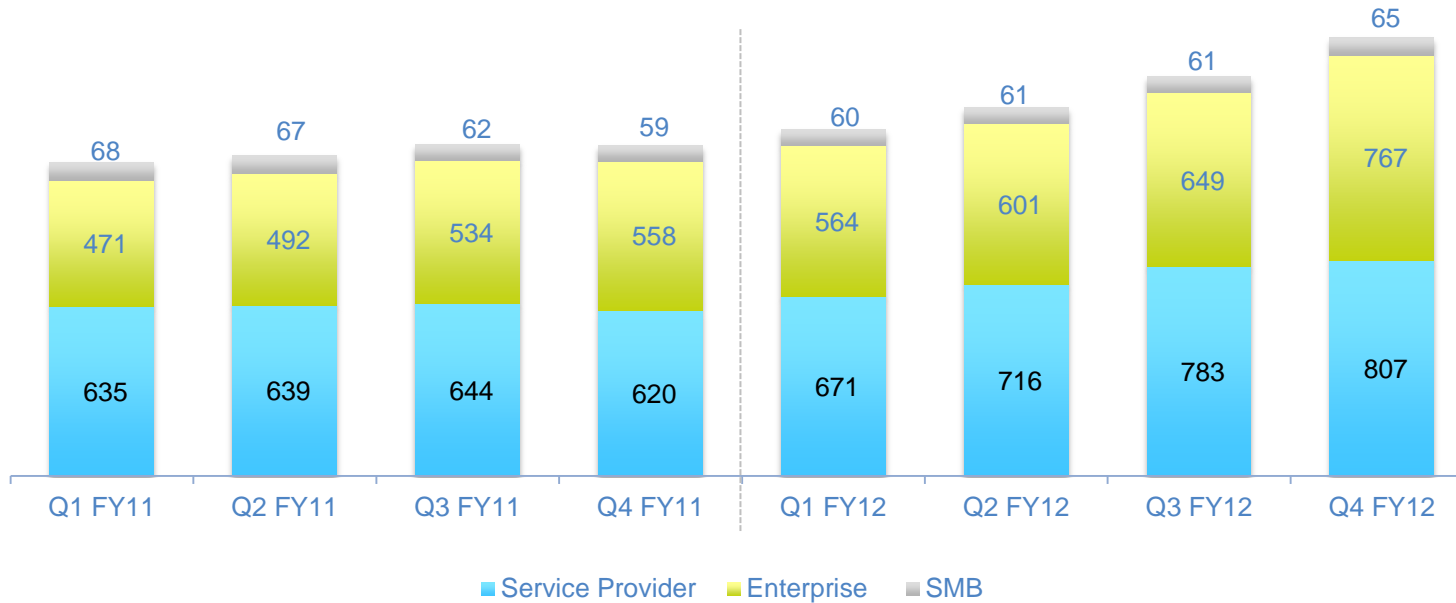
Note: Management estimates based on internal MIS and cost allocation assumptions



Voice volumes & Net Revenue	YoY % (FY)	QoQ % (4Q'12 vs. Q3'12)
Traffic (bln mins)	8%	13%
Net Rev per min (\$)	5%	-2%

Rs Mn

Gross Revenues by Segment



Gross Revenues by Segment

YoY % (FY)

QoQ % (4Q'12 vs. Q3'12)

Service Provider

17%

3%

Enterprise

26%

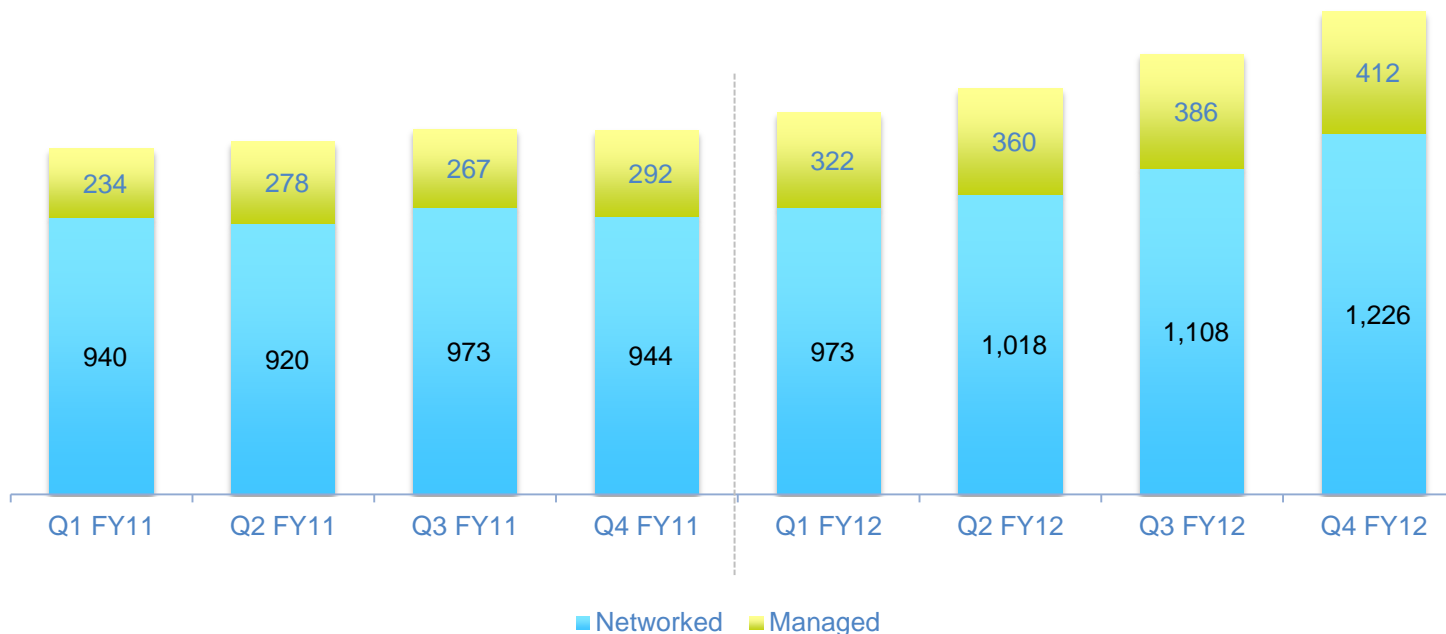
18%

SMB

-4%

5%

Gross Revenues by Service



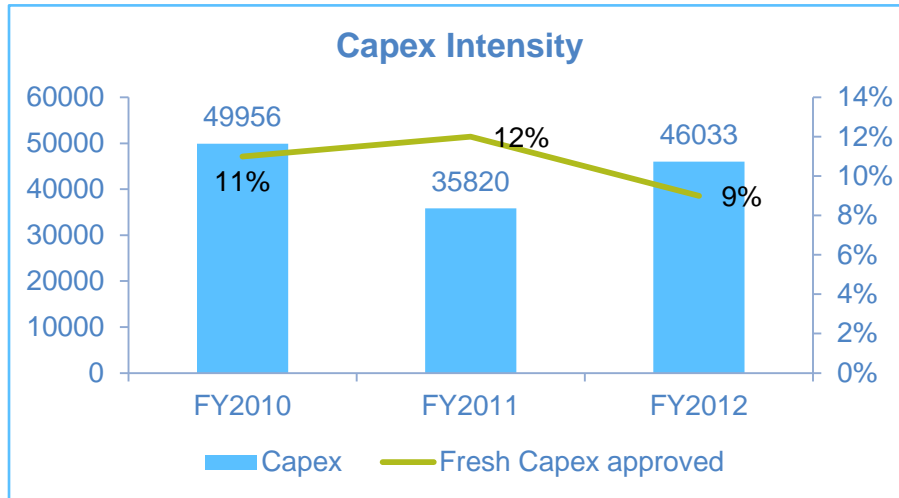
Gross Revenues by Service	YoY % (FY)	QoQ % (4Q'12vs.Q3'12)
Network	15%	11%
Managed	38%	7%

Debt Profile	Core	
	As on Mar 31 '11	As on Mar 31 '12
Foreign Currency Loans	1,071	1,326
Rupee Loans	480	255
Avg. Cost of Loans	7.31%	5.71%
Total Gross Debt	1,551	1,581
Cash & Cash Equivalent	169	31
Net Debt	1,382	1,550

Rs/\$ Exchange rate: as on 31st Mar'11 – 44.6, as on 31st Mar'12 – 50.92

Capex Intensity

Rs Mn



	Core	
	FY12	FY 11
Capex approved as a % of Gross Revenues	9%	12%
Capex as a % of EBITDA	66%	94%
Capex Achieved	99%	100%

- **Containing capex propensity through high asset utilisation**
- **Capex shifting towards enhancement of revenue generating capacities**
- **Major Submarine Cables already in place**
- **Present capex is low-intensity**
 - Focused on Network Expansion & New Services
 - Capex is closely aligned to market opportunity
 - Striving for shorter gestation period



Questions