

# Strategy and FY13 Earnings Update

**Presented By:**

Vinod Kumar, MD & Group CEO

Sanjay Baweja, CFO

**May, 2013**

# 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



Presenters	Title
Mahesh Pratap Singh	Welcome, Introductions, Safe Harbor Disclosure and Today's agenda
Vinod Kumar	Vision and Strategy Update
Sanjay Baweja	Financial Update and Q4 FY13 Earnings Review
Vinod, Sanjay, Srini	Q&A



## Vision and Strategy Update

**Presented By:**

Vinod Kumar, MD & Group CEO



## Vision and Strategy Update

- The landscape we operate in
- Why Tata Communications matters
- Vision and Strategy
- Progress in FY2013
- Focus areas in FY2014 and beyond

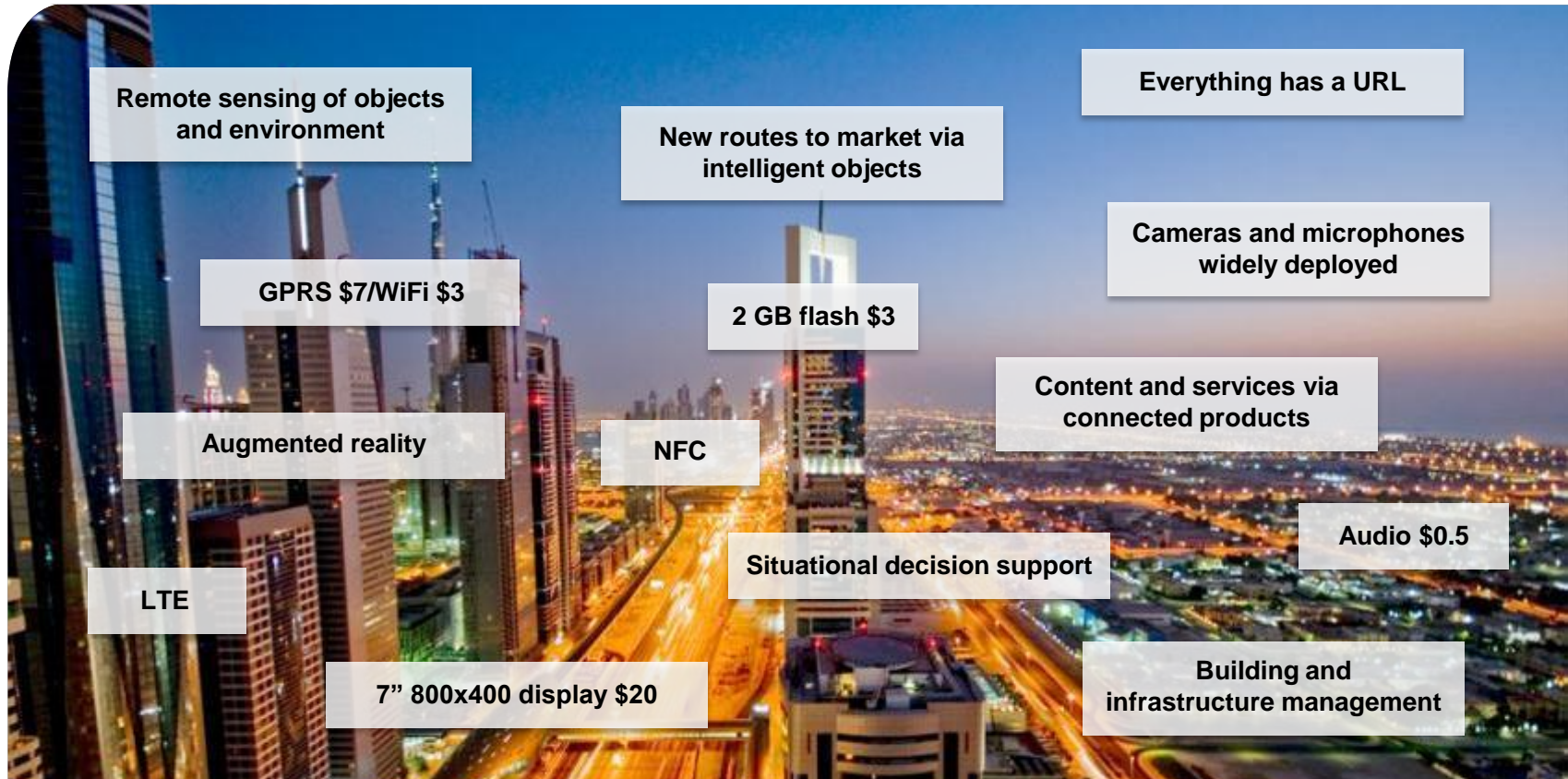
# Evolving enterprise environment

= impact on business decision making



# Connected devices omnipresent, and projected to reach 19 billion by 2016

i.e. ~3times every person on earth



Over **50%** of Internet connections are Things

2011: 15+ billion permanent, 50+ billion intermittent

2020: 30+ billion permanent, > 200 billion intermittent

[www.tatacommunications.com](http://www.tatacommunications.com) | [@tata\\_comm](https://twitter.com/@tata_comm)  
<http://tatacommunications-newworld.com> | [www.youtube.com/user/tatacomms](https://www.youtube.com/user/tatacomms)

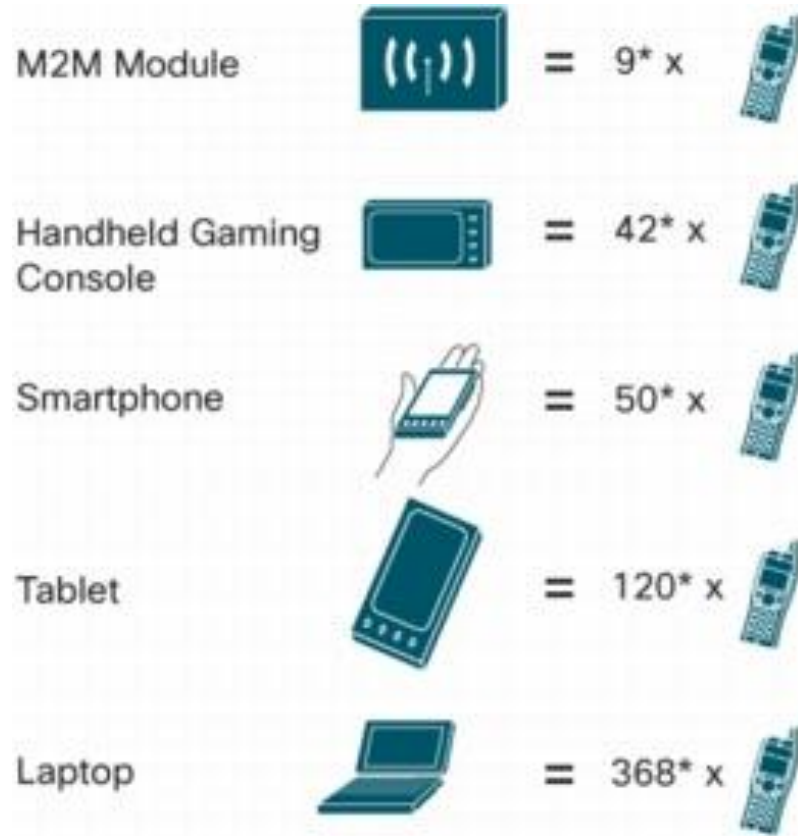
© 2012 Tata Communications Ltd. All rights reserved. TATA COMMUNICATIONS and TATA are trademarks of Tata Sons Limited in certain countries.

Source: Gartner's Top 10 Strategic Tech Trends for 2012 & Cisco VNI 2012

**TATA COMMUNICATIONS**



# High-end devices significantly multiply traffic



\* Monthly basic mobile phone data traffic

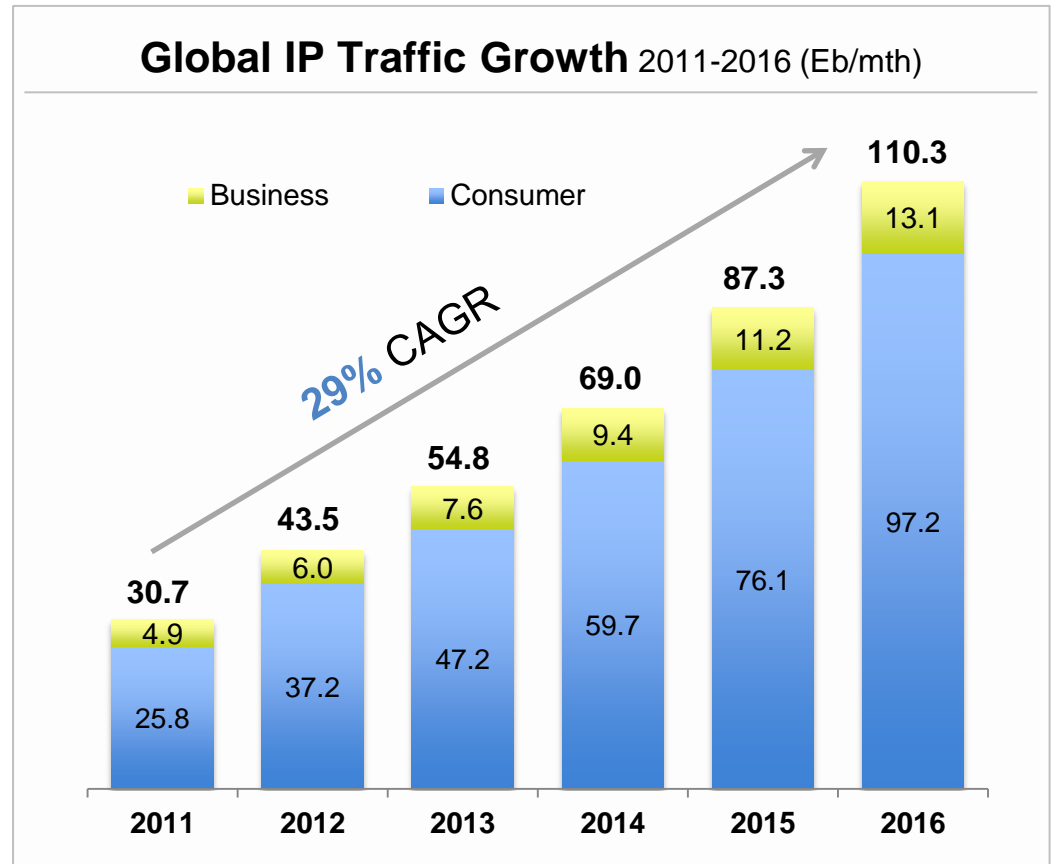
Source: Cisco VNI Mobile Forecast, 2013

- The growth in usage per device outpaces the growth in the number of devices
- The growth rate of new-device mobile data traffic is two to five times greater than the growth rate of users.



# Global IP Traffic set to enter Zettabyte era in 2016 growing at 29% CAGR

- By 2016 total traffic will be 3 times larger than 2011
- Video traffic to be the key driver of this growth, and Video communications to drive video traffic surge
- By 2016 global IP traffic will be equivalent to 37M DVDs/hour
- Annual traffic will surpass zettabyte threshold by the end of 2016.



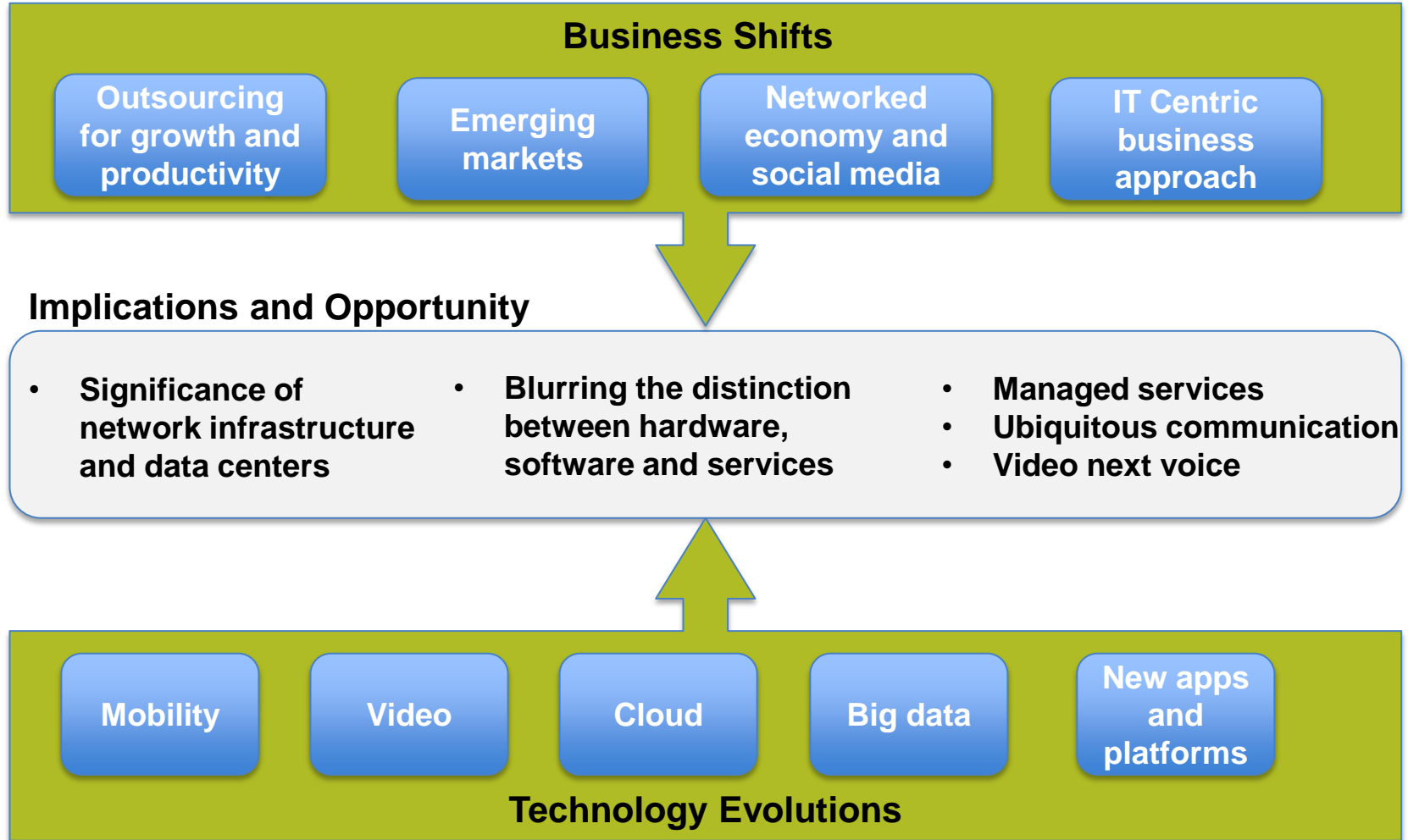
Source: Cisco VNI 2012

# BIG DATA, ANALYTICS



FAT PIPES, DYNAMIC COMPUTE  
& STORAGE

# Opportunity





## Vision and Strategy Update

- The landscape we operate in
- **Why Tata Communications matters**
- Vision and Strategy
- Progress in FY2013
- Focus areas in FY2014 and beyond

# Leadership and scale



## Industry leadership

- #1 international voice carrier by minutes
- #1 submarine cable owner by length
- #1 in enterprise data in India by revenue
- #2 network operator in South Africa (enterprise and wholesale)

## Global Infrastructure

- Over 200,000 kms of owned fiber
- 400 Points of Presence
- Over 20% of the world's lit international capacity
- 42 data centres with more than 10,000 racks and 1 mn square feet of space

## Key Enabler of Communications

- 1 out of 6 wholesale voice calls globally are carried on Tata Communications' network
- World's largest and only round-the-world sub-sea cable network. Tata Communications' network carries nearly 10% of global internet traffic
- Only global tier 1 ISP with a top five position in all continents – leading international internet backbone

## Customers

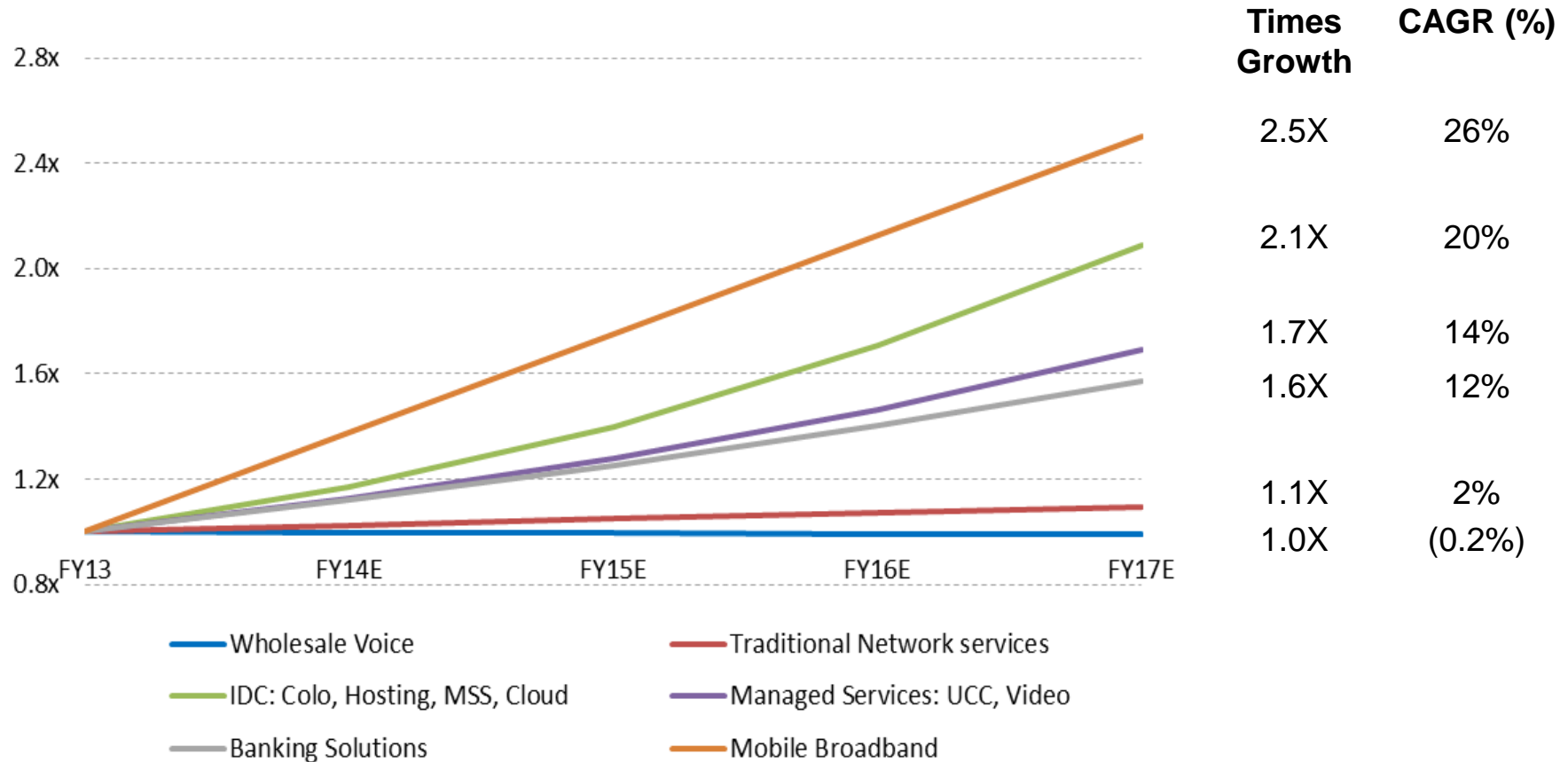
- 3,000 large corporates including 260 Forbes 2,000 MNCs
- 1,600 carriers and 700 mobile operators



## Vision and Strategy Update

- The landscape we operate in
- Why Tata Communications matters
- **Vision and Strategy**
- Progress in FY2013
- Focus areas in FY2014 and beyond

# Addressable market

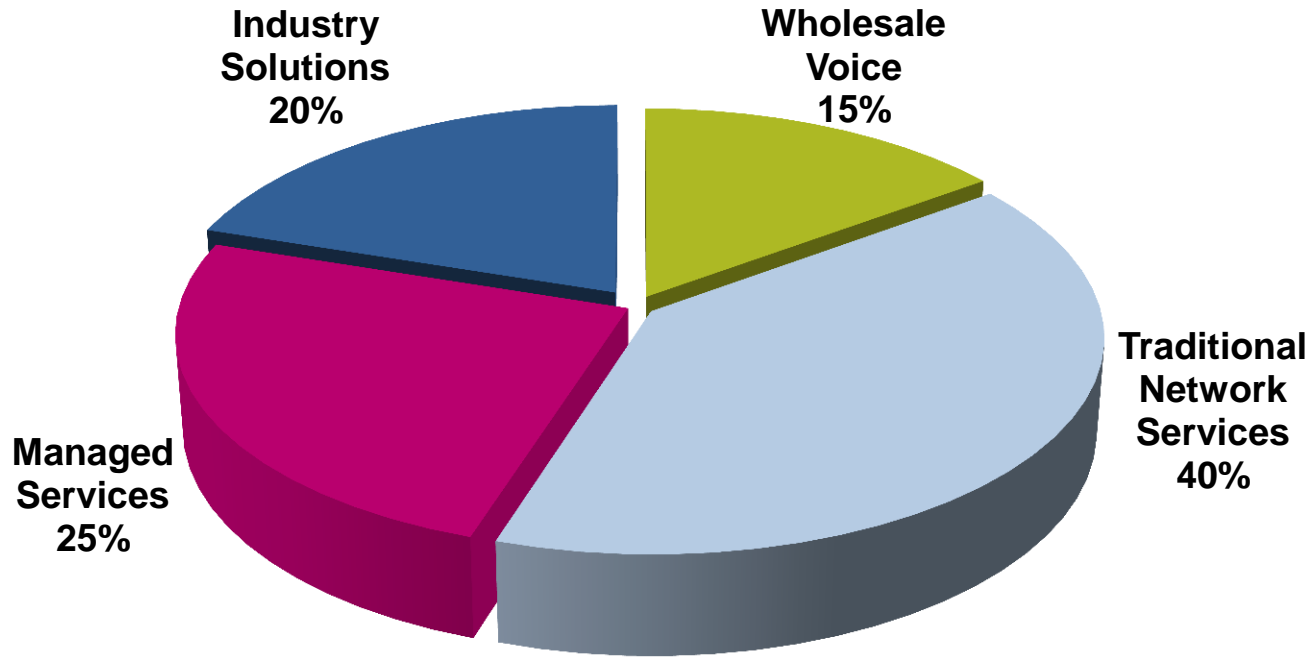


[www.tatacommunications.com](http://www.tatacommunications.com) | [@tata\\_comm](https://twitter.com/tata_comm)  
<http://tatacommunications-newworld.com> | [www.youtube.com/user/tatacomms](https://www.youtube.com/user/tatacomms)

© 2012 Tata Communications Ltd. All rights reserved. TATA COMMUNICATIONS and TATA are trademarks of Tata Sons Limited in certain countries.

\* **Note:**

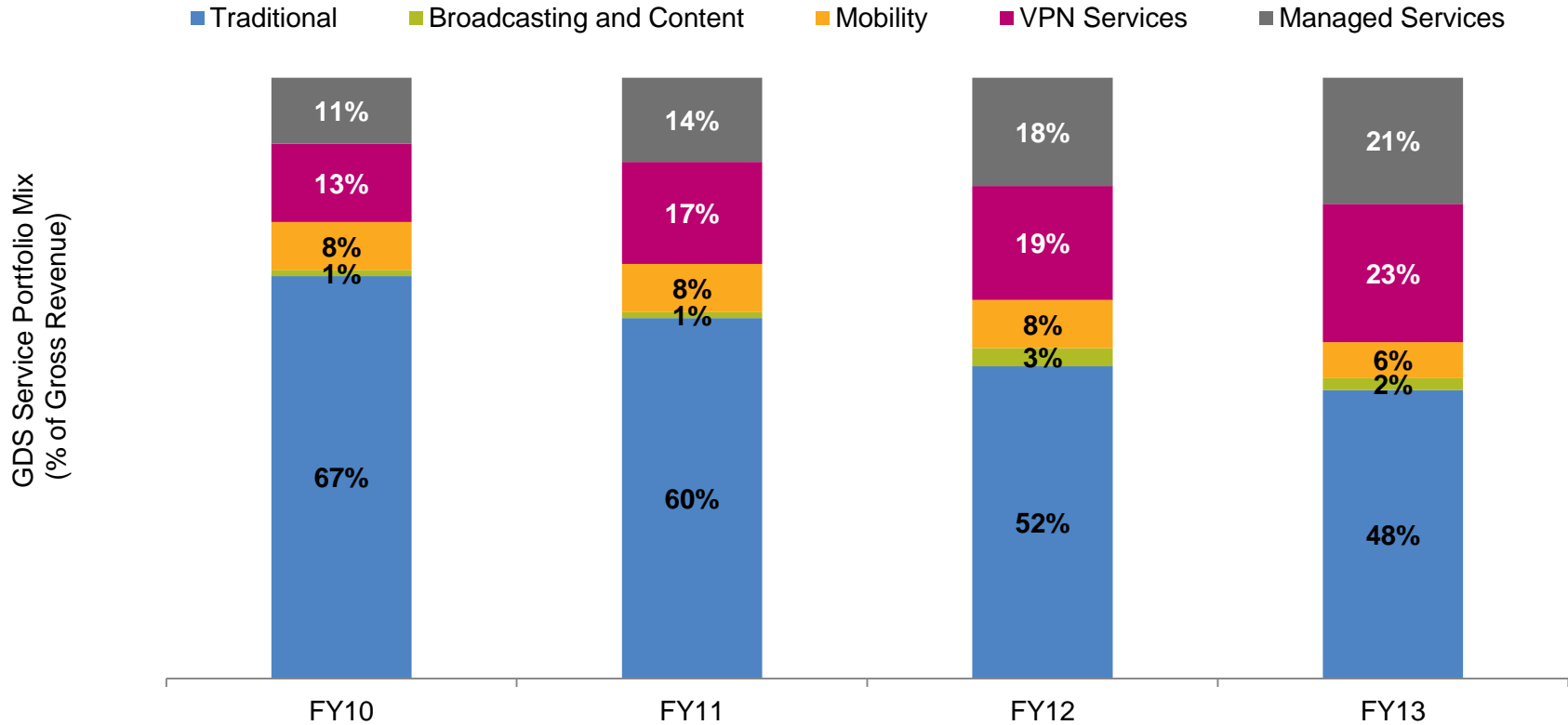
# Our 3-5 years aspirational net revenue mix



- **Industry Solutions | Banking, Media Services, Telecom Outsourcing**



# GDS – moving beyond traditional services



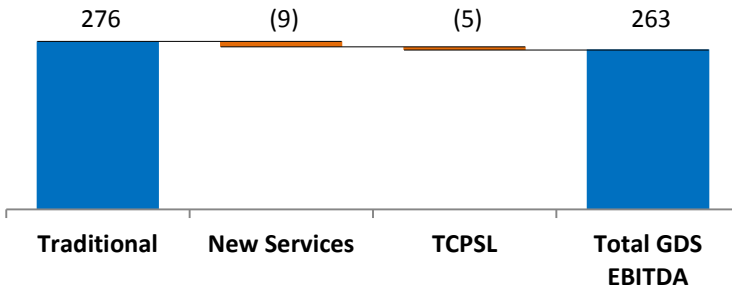
**Service Portfolio Traditional Services:** IPL, NPL, IP-T, IRUs, ILL, DIA **Managed Services:** Messaging, Colo, InstaCC, MVOIP, Telepresence, Audio-Web Conf, Voice VPN, TCTS, TCPSL **Mobility :** WGR, SCCP **VPN Services :** MPLS,VNO, Ethernet

# GDS profitability perspective

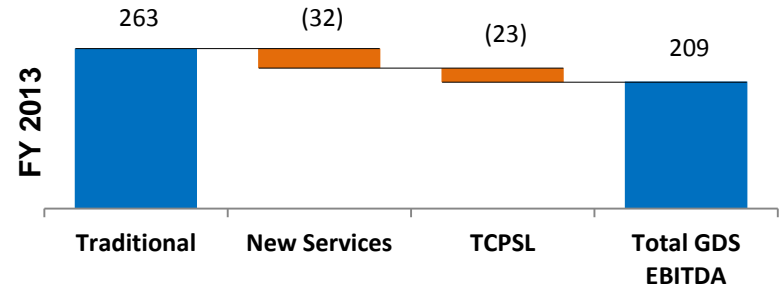
USD Million

Traditional GDS EBITDA margins are stable and healthy at 24-26% range

FY 2012 GDS EBITDA

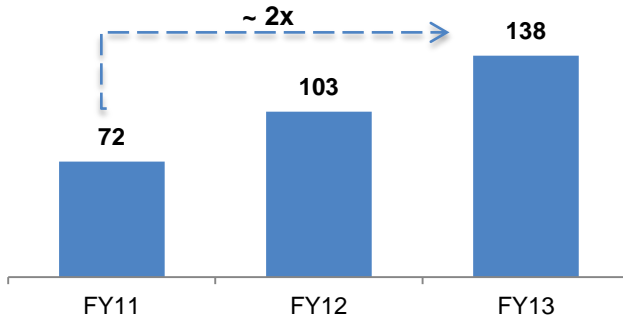


FY 2013 GDS EBITDA



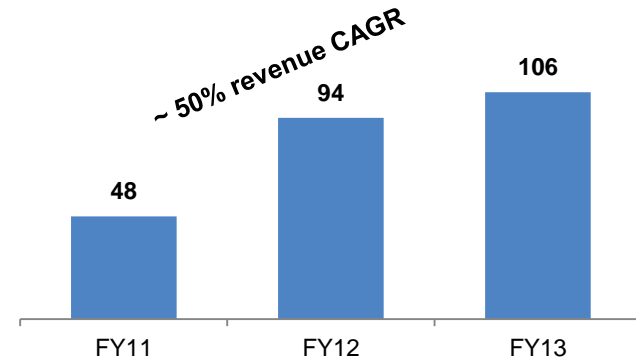
Significant investments in new services those are at nascent stage

Total cost / Opex for new services



New services driving strong growth

Gross Revenue from New Services



New Service include CDN, UCC (Enterprise Voice and Business Video), Media and Entertainment Services, Mobile Broadband and Cloud (IaaS, SaaS)

# TCPSL - Introduction



## Business Background

### Introduction and rationale

- Leading Payments solutions provider to Banks and Financial Institutions
- Growing payments space – from brick and mortar branches to electronic payments and channels
- Why – From TCL perspective:
  - To capitalise on opportunity in large payments eco system
  - De-risk portfolio and secure future growth

### Scalability and attractiveness

- Underpenetrated ATM market
- This is a scale business – scale provides cost efficiencies and synergies
- Increasing bank accounts and debit cards to drive incremental transactions at ATMs thus increasing bottom line
- Indian penetration of electronic payments in PCE (personal consumption expenditure) is about 3-5 %, other geographies range from 20 – 50 %.
- Large latent potential for future growth

## Current Business summary

- Over 15,000 ATMs
  - ATM managed services ~ 9500 ATMs
  - Brown label ATM deployer (BOT) ~ 6000 ATMs
- Incremental order book of 15,000 WLA ATMs and 12,000 MOF ATMs to be deployed till 2016.
- Point of Sale (POS) managed services ~ 12,000 terminals
- POS NAC network ~ 60% of India's POS traffic
- Hosted CBS – 140 branches
- Card issuance ~ 5,000 Visa Prepaid cards
- Financial Inclusion – 13,000 Cards, 25 branches, 66 terminals of a leading NBFC

# TCPSL – Way forward

## MoF order for PSU ATMs.

- West Bengal, Andhra Pradesh, Tamil Nadu circles – totaling to 14,000 + ATMs to be deployed by mid 2014.
- Aggressive bidding to get 3 circles as there was an opportunity to create significant scale and consequent cost efficiencies.

## Profitability Roadmap

- Ongoing execution of large ATM order book has cost of growth associated with it impacting near term profitability
- Transactions ramp up over 6 months and once break even is achieved, incremental transactions flow directly to the bottom line.
- Significant room for margin improvement as ATM base matures

## White labeled ATMs

- First Independent ATM deployer to be granted a White labeled ATM license in India – for 15,000 ATMs in 3 years.
- TCPSL will install and operate 5,000 ATMs in the first year of operations. This represents a huge opportunity.
- Operational efficiencies and leveraging the TATA brand will ensure customer adoption of TCPSL ATMs
- Complete control over choice of deployment areas – High potential, underserved areas can be addressed. Group company synergies will be leveraged too.

## New lines of business

- Mobile banking and payments, Mobile POS, Bill payments, Internet payment gateway
- Leverage network of White labeled ATMs to generate advertisement and Value Added revenues



## Vision and Strategy Update

- The landscape we operate in
- Why Tata Communications matters
- Vision and Strategy
- **Progress in FY2013**
- Focus areas in FY2014 and beyond

# Segmental Highlights and Achievements

## GVS Highlights

- Outpaced the market and further strengthen wholesale voice leadership position, achieved **19% market share**
- Maintained mix of **long-term contracts in the ILD business at 50%**, helping mitigate volatility associated with traditional spot business
- **Improved quality of growth** - greater weightage of carriers routing retail traffic directly; including traditional carriers, Cable Companies and OTT players
- **Continued focus on new offerings** - International HD voice termination services, first carrier to launch Voice Business Apps

## GDS Highlights

- Managed services (up 33% YoY), India MPLS/GVPN (up 31% YoY) and next gen network services (up 20% YoY) continued to lead growth in FY13
- Created a **Growth Ventures Group** within GDS to drive data centre, cloud security, media and entertainment portfolio
- **Increased recognition** in the marketplace; Higher global RFPs

## Neotel Highlights

- **Gained about 1.5% market share** in the South African market
- **Strong EBITDA upside**; optimal cost structure established - productivity enhancements, rationalizing costs and realizing value through greater outsourcing
- Sales programs and initiatives making headway

[www.tatacommunications.com](http://www.tatacommunications.com) | [@tata\\_comm](https://twitter.com/tata_comm)  
<http://tatacommunications-newworld.com> | [www.youtube.com/user/tatacomms](http://www.youtube.com/user/tatacomms)

© 2012 Tata Communications Ltd. All rights reserved. TATA COMMUNICATIONS and TATA are trademarks of Tata Sons Limited in certain countries.

# Progress across all elements of business

## Ubiquitous video conferencing across carriers & networks, any-to-any device

With the Global Meeting Alliance Tata Communications now **connects 100% of the worlds TP endpoints**

## Mobile network operators

- Managed service offering to support mobile industry migration to 4G
- Launched world's first cloud-based policy management solution

## Network Infrastructure and first multi-point Ethernet

- **100G services on TGN-Atlantic** (London –New York)
- **Low Latency Network** = Minimising data transfer network delays & guaranteeing fast application response times

## Over 30 strategic voice sourcing partnerships

Enables our partners to invest for the future in high-growth innovations, while protecting existing revenue streams from international voice

## Delivering media & entertainment

- OU events broadcast in FY13: **966**
- OU events supported on-site in FY13: **10**
- New customers in FY13: **22**

## Payment services

Empowering India with financial access – FY13 saw real market momentum in strategic solutions:

Marketshare: **+20%**

No of ATMs: **15,000+**

# Continued momentum on collaboration and partnerships



Launched **Middle East's first IPX+ enabled network** in collaboration with Ooredoo, Qatar



Partnership to offer a full suite of international services, including **first Global Virtual Private Network (GVPN) in Oman**



Cooperation to enable the access to Tata Communication's tier-1 global internet backbone from Istanbul, Turkey



Strategic video contribution and distribution agreement enabling content providers to easily **transport and distribute live video content to any device at any location**



**Extended Video Connect network into Nigeria.** Nigeria PoP connects key media hotspots in Africa with the world



Inter-provider agreement enabling Tata Communications' Global Meeting Exchange™ network to **connect with 100% of the world's TP endpoints**



# Strengthening leadership team

## Adding right talent for driving new growth initiatives

### Rangu Salgame, CEO – Growth ventures

- Leads global high growth businesses that includes data centre, cloud, cyber security, media and entertainment
- Over 20 years of experience with Cisco Systems, Verizon Communications and PwC

### Sanjeev Patel, CEO - TCPSL

- Leads payment services business in India
- An accomplished banking industry professional with over 20 years of experience across Payments, Retail Banking, Direct Banking Channels, Product Management etc. with HDFC Bank, HSBC and ANZ Grindlays

### Sandeep Bhatnagar, CEO - TCTSL

- Leads transformations services company (TCTSL)
- Over 25 years of experience with Wipro, CMC limited, Siemens and HCL Technologies

### Anthony Bartolo, SVP - UCC

- Leads strategy, product offering and development of Unified Communications and Collaboration (UCC) services
- Over 20 years of experience ranging from start-ups to large corporations (Avaya, Nortel)



## Vision and Strategy Update

- The landscape we operate in
- Why Tata Communications matters
- Vision and Strategy
- Progress in FY2013
- **Focus areas in FY2014 and beyond**

# Key initiatives



# Data centre strategy



## Grow into emerging markets provider of choice for data centre services for enterprises

### Focused entity to drive growth

- 42 data centres Worldwide; More than 10,000 racks and one mn sq. ft.
- Emerging market coverage in Asia (India, Singapore) and Africa
- No. 2 player in India with market share steadily increasing in an expanding market



## Capitalise on the explosive demand growth in emerging markets, focusing on Colo.

### Market drivers for Colocation

- International enterprises are increasing their infrastructures in emerging markets like India
- Enterprises with captive data centres are moving to third parties
- Enterprises who are already in third party data centres seek to increase capacity



## Leader in high availability, high efficiency data centres

### Expansion plan for colocation

- Significant green field and brown filed expansion
- Multi carrier data centres leveraging TCOM cable infrastructure and domestic network



[www.tatacommunications.com](http://www.tatacommunications.com) | [@tata\\_comm](https://twitter.com/tata_comm)  
<http://tatacommunications-newworld.com> | [www.youtube.com/user/tatacomms](https://www.youtube.com/user/tatacomms)

© 2012 Tata Communications Ltd. All rights reserved. TATA COMMUNICATIONS and TATA are trademarks of Tata Sons Limited in certain countries.

# IDC build plan and capacity

## Accelerating fill factor in India and strong sales momentum

India	FY2013 Actuals (No. of racks)	
	Capacity sold	Capacity built
Q1 FY13	120	60
Q2 FY13	414	80
Q3 FY13	159	90
Q4 FY13	124	40
<b>Total FY13</b>	<b>817</b>	<b>270</b>

## IDC Build plan and capacity augmentation

### New centers

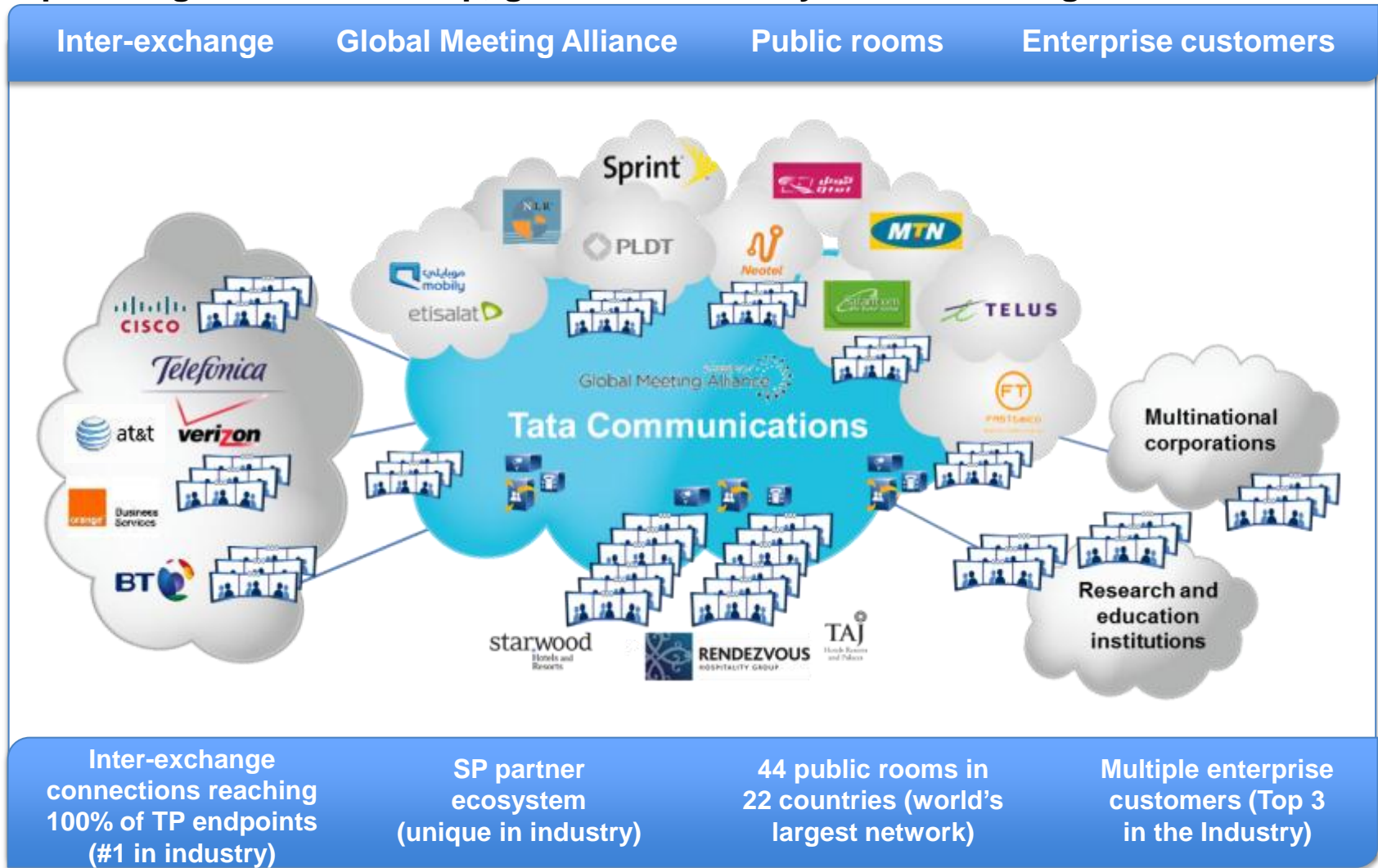
- Green field center at Greater Kailash, New Delhi (1600 Racks)
- Singapore (200 Racks)

### Capacity expansion

- Expansion of capacity in India across Chennai, Mumbai, Bangalore, Hyderabad and Pune (1650 Racks)
- Singapore (300 racks)

# Building a UCC strategy

Capitalizing on TP leadership, global connectivity and B2B lineage



[www.tatacommunications.com](http://www.tatacommunications.com) | [@tata\\_comm](https://twitter.com/tata_comm)  
<http://tatacommunications-newworld.com> | [www.youtube.com/user/tatacomms](https://www.youtube.com/user/tatacomms)

© 2012 Tata Communications Ltd. All rights reserved. TATA COMMUNICATIONS and TATA are trademarks of Tata Sons Limited in certain countries.

**TATA COMMUNICATIONS**

# Summary

- 1 Large global addressable opportunity with favorable market trends  
(outsourcing, data surge, managed services, transition to cloud)
- 2 Best-in-class Global Infrastructure
- 3 Leadership across various Service Offerings and Emerging Markets
- 4 Comprehensive Portfolio of Communication Services
- 5 Improving Market Position and Operating Metrics
- 6 Multiple Growth Engines and Opportunities
- 7 Global Management Team with Superior Execution Experience



## Financial Update and Q4 FY13 Earnings Review

- Finance overview and strategy
- Earnings Review - Q4 and FY13

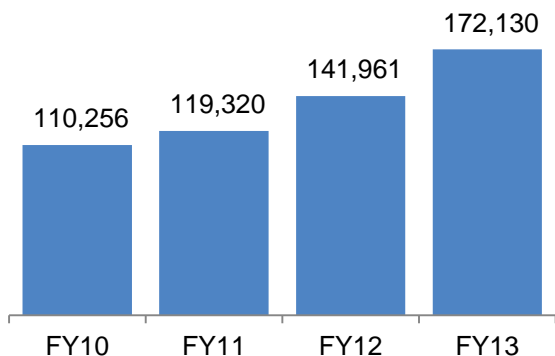


# Financial Highlights (FY10-13)

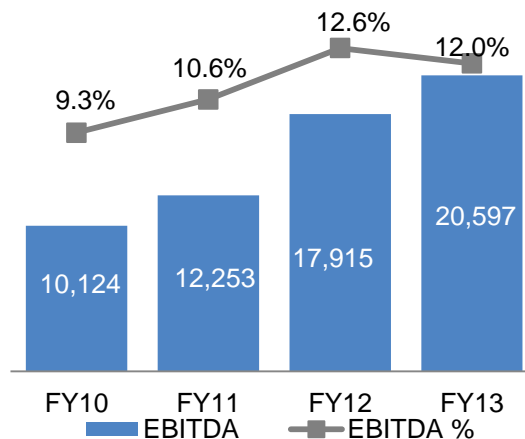


## Summary Financials

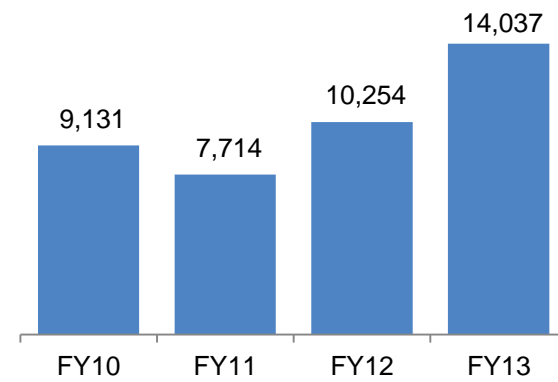
**Consolidated Gross Revenues (INR mn)**



**Consolidated EBITDA (INR mn)**



**Consolidated Cash Profit<sup>1</sup> (INR mn)**



<sup>1</sup>Cash Profit computed as (Net Profit/Loss + Depreciation and Amortisation)

- Revenue continues to grow despite sluggish global economy
- 270 bps EBITDA margin improvement over last 3-years, while continuing to step up investments in transforming the business
- Significant build-up in cash profits

# Governing Objectives and Way Forward



Maximize long term intrinsic value for our shareholders by :

## Strategic Focus Areas

### Driving Capital Efficiency

- Strong discipline and governance around capital allocation and expenditure
- Higher hurdle rates for new investments
- Accelerated payback

### Improving Margin Profile

- Attain benchmark cost structure and cost leadership
- Extract full value from core assets and initial investments
- Accelerate GDS and managed services growth

### Investing for Sustainable Long-term Growth

- Build sustainable competitive advantage and scale
- Selectively expand in to attractive value chain adjacencies and Invest to secure future growth
  - TCPSL, Data Centre, UCC (Business video), Transformation Services

### Creating Financial and Strategic Flexibility

- Free cash flow (FCF) generation and balance sheet deleveraging is a key priority
- Monetization of non-core assets
- Pursue surplus land demerger with authorities
- Create flexibility to raise capital for specific businesses, if needed

Significant work underway on each of these strategic focus areas

# ADR Delisting – Rationale and Status

## Rationale

- The soon-to-be effective SEBI guidelines on “minimum public shareholding”
- ADR program had not developed the trading volumes or liquidity
  - Average daily trading was less than \$300K, unappealing to any global institutional investor
- Concentrate free-float at one place and build depth and liquidity for investors

## What will not change

- Our commitment to continuing the highest standards of corporate governance and internal controls
- Our engagement with global investors
- Our strategic vision for the US as a market and its importance in our overall global strategy

## Status of ADR delisting

- Has filed a Form 25 with the US SEC, confirming intent to delist and deregister ADRs
- ADRs will stop trading on NYSE on or about June 7<sup>th</sup>, 2013
- ADR holders have until at least August 13<sup>th</sup>, 2013 to decide whether to retain their interest in the ordinary shares of the Company



## Financial Update and Q4 FY13 Earnings Review

- Finance overview and strategy
- Earnings Review - Q4 and FY13

# Highlights: FY13 and Q4 FY13

## Consolidated financial highlights

- FY13 revenues up 21%, EBITDA up 15%
  - Strong growth in core business – Global Voice (GVS) up 26% and Global Data (GDS) up 20% YoY
  - Startup segment grew 9% YoY and had a very strong EBITDA turnaround
- Consolidated Q4 revenues of Rs 44,005 million, up 11.1% y-o-y and down 0.8% q-o-q
- Q4 Consolidated Operating EBITDA margins lower by 250 bps q-o-q to 11.1% due to
  - Actuarial loss on Canada pension fund of Rs 41 crore
  - Prior period regulatory payments in the joint venture (UTL Nepal) of Rs 27 crore
  - Unusual magnitude of cable cuts encountered during the quarter, impact of about Rs 18 crore
  - Ongoing cost of growth in payments business (TCPSL) as we continue to ramp up our ATM base

# Highlights: FY13 and Q4 FY13

## Segment highlights

- Voice (GVS) had a strong FY13 and continued to maintain pace in Q4
  - ILD volumes continues to be strong, flat Q-o-Q in spite of lesser number of days during the quarter
  - Q4 Net Revenue Per Minute (NRPM) improved sequentially
- Data (GDS) sales and revenue momentum picking pace
  - Q4 was a very strong quarter for sales, expect to reflect in revenues starting Q2 FY14
  - Broad based build up in pipeline and sales traction across Forbes 2000, ET 500, next generation businesses and MNCs
- Neotel gained 1.5% market share in FY13 and turned EBIT positive in Q4 FY13



## Other Key Highlights

### Monetization of non-core assets

- Completed a sale transaction of the land parcel and building, earlier being used as a staff housing colony, situated at Nungambakkam, Chennai

### Successful SGD 150 million tap (follow-on) bond issue on Singapore bond market

- The Company's indirect foreign subsidiary issued SGD 150 million bonds in April, 2013, through a tap issue to outstanding SGD 250 million bonds issued in January 2013, taking the total outstanding size to SGD 400 million
- Taking advantage of strong market demand, tap issue attractively priced at yield of 3.76%, an improvement of 49 bps over yield of SGD 250 million issue in January 2013
- Tap issue proceeds to be used for repayment of existing high cost debt

### Useful life of under sea cables assets

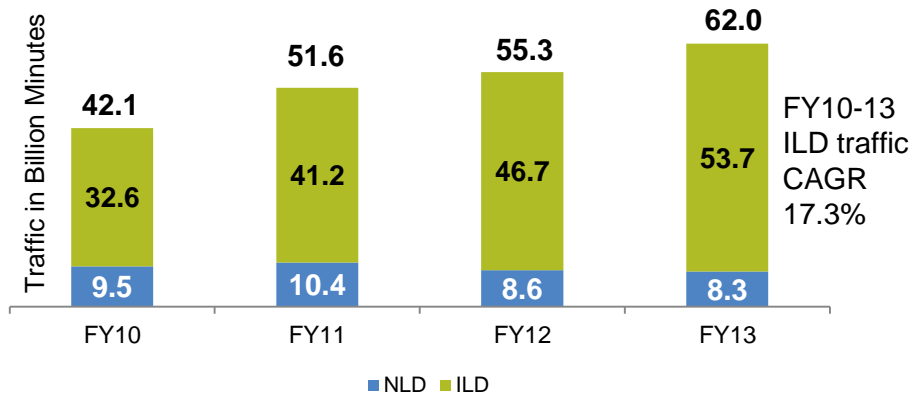
- Increased useful life of select undersea cables, in line with current assessment of operational life of these assets, aligning financial useful life and operational life of assets

# Global Voice Solutions (GVS) | Highlights

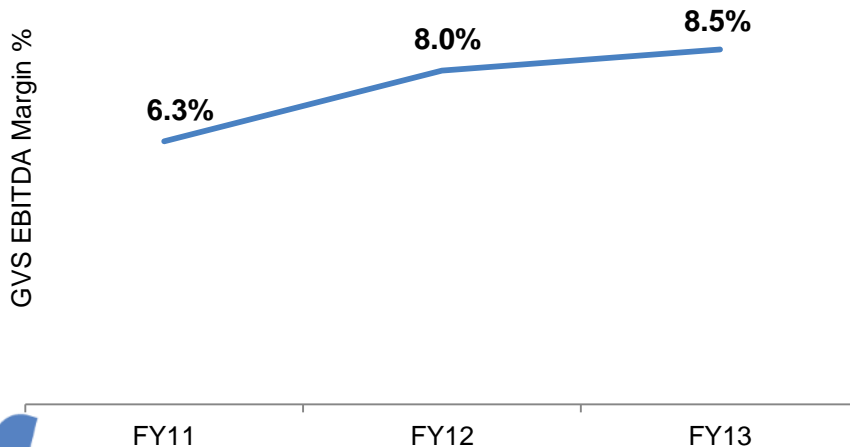
## Key Highlights

- Well diversified traffic mix across customer segments and geographic regions
- More than 50% of ILD traffic is Long term committed traffic (> 6 months)
- Leading way by offering innovative services, feature-rich voice experience and flexible partnering options to suit service providers' changing needs
- Industry leading margins driven by extremely sharp focus on profitability
- Minimal incremental capex requirements and consistent free cash generation

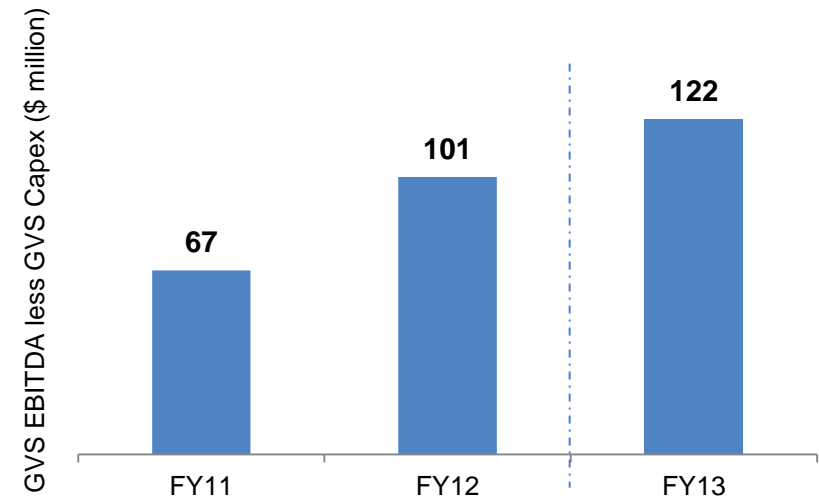
## Traffic growth far exceeding industry and peers



## Consistent improvement in profitability



## Strong cash generation profile



[www.tatacommunications.com](http://www.tatacommunications.com) | [@tata\\_comm](https://twitter.com/tata_comm)  
<http://tatacommunications-newworld.com> | [www.youtube.com/user/tatacomms](https://www.youtube.com/user/tatacomms)

© 2012 Tata Communications Ltd. All rights reserved. TATA COMMUNICATIONS and TATA are trademarks of Tata Sons Limited in certain countries.



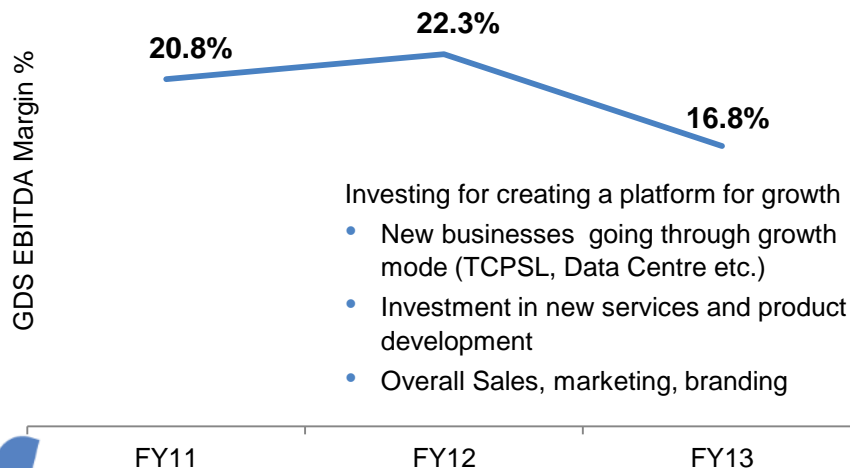
# Global Data Solutions (GDS) | Highlights

## Key Highlights

- Industry leader in India and an emerging global challenger
- Significant capital expenditure made to create global infrastructure
- Ongoing focus and investment in sales and marketing to scale up global enterprise business
- F1 deal creating visibility amongst global enterprise customers
- Shift towards non-traditional and high-margin; managed, mobility and VPN services to drive performance
- Industry specific platforms for banking, media & entertainment creating new revenue streams

## GDS – High potential for margin expansion

Current margins are lower due to significant investments being made



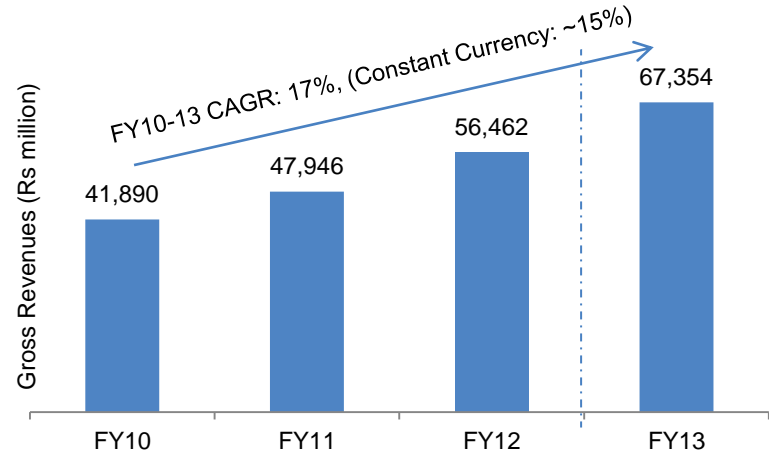
Investing for creating a platform for growth

- New businesses going through growth mode (TCPSL, Data Centre etc.)
- Investment in new services and product development
- Overall Sales, marketing, branding

### About the Magic Quadrant

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.

## GDS is a Growth Driver



## Gaining Global Recognition

### Gartner's Magic Quadrant for Global Network Service Provider<sup>1</sup>

Tata Communications is positioned in the Challengers' Quadrant in this Magic Quadrant

### Gartner's Magic Quadrant for Asia/Pacific Network Service Providers<sup>2</sup>

Tata Communications is positioned in the Leaders Quadrant in this Magic Quadrant

### Frost & Sullivan 2013 India ICT Awards

Enterprise Data Service Provider of the Year (fifth year in a row)

Hosted Contact Centre Service Provider of the Year (third year in a row)

Third-Party Managed Service Provider of the Year (second year in a row)

Managed Video Conferencing Service Provider of the Year

### Current Analysis: Tata Communications – Global Enterprise

Rated as 'Very Threatening' in the Global Enterprise, Business Network and IT Services segment

1) Gartner, Inc "Magic Quadrant for Global Network Service Providers" by Neil Rickard, Robert F. Mason, updated April 24th, 2012

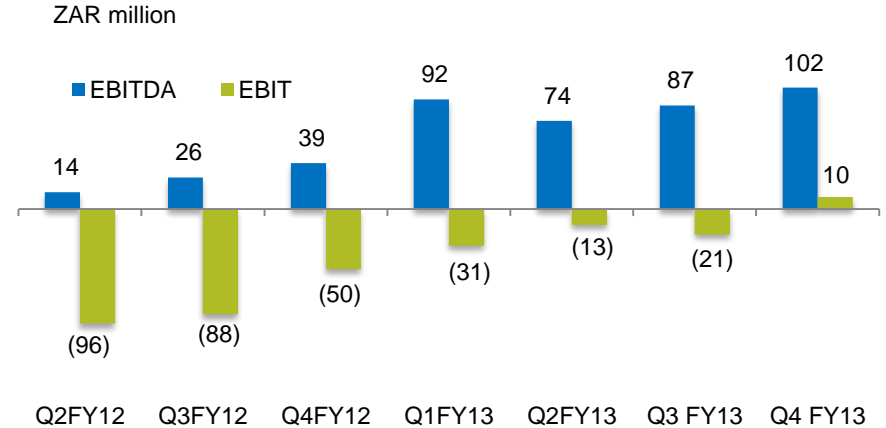
2) Gartner, Inc "Magic Quadrant for Asia/Pacific Network Service Providers" by To Chee Eng, Bjarne Munch, Vincent Fu, Kenshi Tazaki, November 28th 2012

# Neotel | Highlights

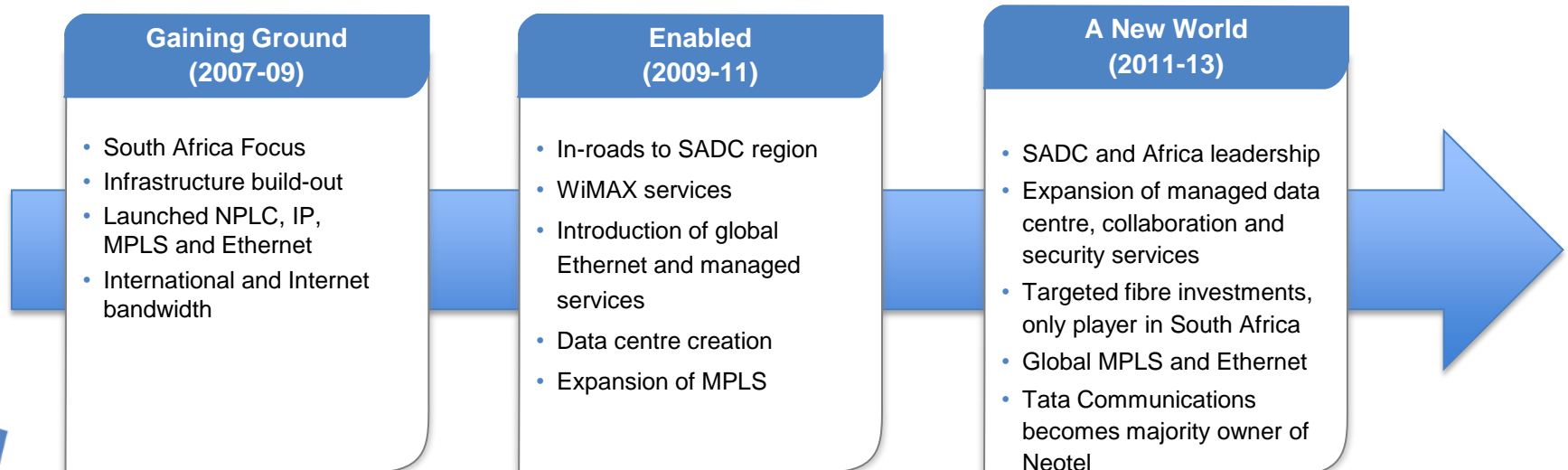
## Key Highlights

- A majority owned subsidiary (67.3% holding) focused on South Africa fixed line and enterprise market
- Neotel has been building Infrastructure since 2007. Neotel has access fibre of over 6,500 Kms and is only telecom operator present on all 5 undersea cables
- About 5 Bn ZAR invested in Infrastructure
- Focus in recent years have been on cost optimization, productivity enhancements and business development
- Quality of revenue has improved
- EBITDA positive since Q2 FY12, turned EBIT positive in Q4 FY13

## Consistent profitability improvement, turned EBIT positive



## Neotel Evolution



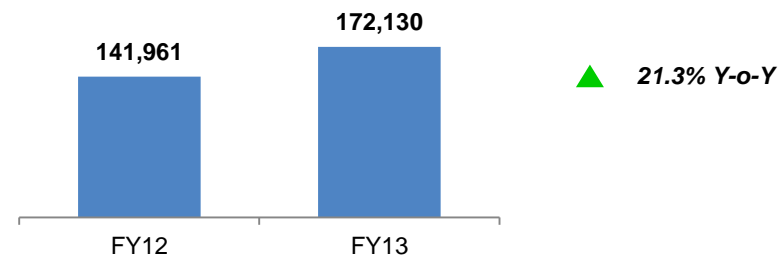
[www.tatacommunications.com](http://www.tatacommunications.com) | [@tata\\_comm](https://twitter.com/@tata_comm)  
<http://tatacommunications-newworld.com> | [www.youtube.com/user/tatacomms](https://www.youtube.com/user/tatacomms)

# Consolidated Financial Performance – FY2013

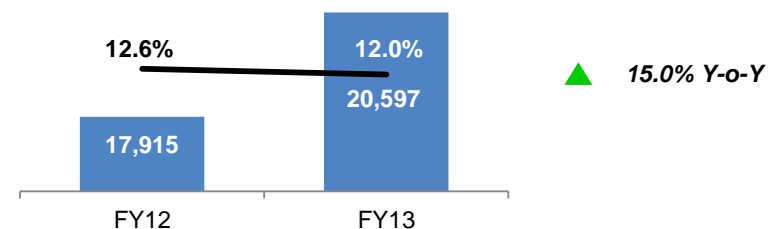
INR Mn

Particulars	FY 2012	FY 2013
Revenue from operations	141,961	172,130
Operating EBITDA	17,915	20,597
<i>Operating EBITDA %</i>	<i>12.6%</i>	<i>12.0%</i>
Operating EBIT	(285)	327
<i>Operating EBIT %</i>	<i>-0.2%</i>	<i>0.2%</i>
Profit Before Tax and Exceptional Items	(7,180)	(5,349)
Exceptional Items	-	(1,042)
PBT	(7,180)	(4,307)
<i>PBT (% of total income)</i>	<i>-5.0%</i>	<i>-2.5%</i>
PAT	(7,946)	(6,233)
<i>PAT (% of total income)</i>	<i>-5.5%</i>	<i>-3.6%</i>

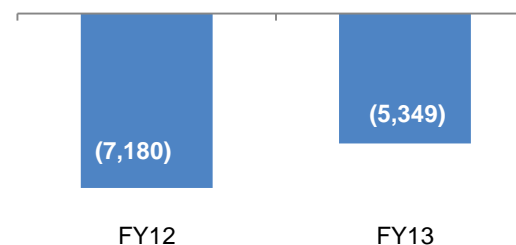
## Revenue from Operations



## Operating EBITDA and margins (% of gross revenue)



## Profit Before Tax and Exceptional Items



## Financial Performance by Segment – FY 2013

INR Mn

	CORE		STARTUP		CONSOLIDATED	
	FY 2012	FY 2013	FY 2012	FY 2013	FY 2012	FY 2013
<b>Gross Revenues</b>	124,580	<b>153,181</b>	17,381	18,948	141,961	<b>172,130</b>
<b>Y-o-Y Growth</b>		<b>23.0%</b>		<b>9.0%</b>		<b>21.3%</b>
<b>EBITDA</b>	18,050	<b>18,649</b>	(135)	1,949	17,915	<b>20,597</b>
<b>Y-o-Y Growth</b>		<b>3.3%</b>				<b>15.0%</b>
<b>EBIT</b>	2,563	<b>1,006</b>	(2,849)	(679)	(285)	<b>327</b>
<b>Profit Before Tax and Exceptional Items</b>	1,184	<b>(1,272)</b>	(8,364)	(4,077)	(7,180)	<b>(5,349)</b>
<b>PBT</b>	1,184	<b>(230)</b>	(8,364)	(4,077)	(7,180)	<b>(4,307)</b>
<b>PAT after Minority Interest</b>	493	<b>(2,463)</b>	(8,439)	(3,770)	(7,946)	<b>(6,233)</b>

Average Rs/\$ Exchange rate: FY12 at 47.91; FY13 at 54.38  
 Average ZAR/\$ Exchange rate: FY12 at 7.45; 9M FY13 at 8.50

[www.tatacommunications.com](http://www.tatacommunications.com) | [@tata\\_comm](https://twitter.com/tata_comm)  
<http://tatacommunications-newworld.com> | [www.youtube.com/user/tatacomms](https://www.youtube.com/user/tatacomms)

© 2012 Tata Communications Ltd. All rights reserved. TATA COMMUNICATIONS and  
 TATA are trademarks of Tata Sons Limited in certain countries.

## Core Business by Business Unit – FY 2013

INR Mn

	Global Voice Services (GVS)		Global Data Services (GDS)	
	FY 2012	FY 2013	FY 2012	FY 2013
<b>Gross Revenues</b>	68,118	<b>85,647</b>	56,462	<b>67,354</b>
<b>Y-o-Y Growth</b>		<b>25.7%</b>		<b>19.6%</b>
<b>Net Revenue</b>	12,317	<b>14,459</b>	45,072	<b>51,339</b>
<b>Y-o-Y Growth</b>		<b>17.4%</b>		<b>13.9%</b>
<b>EBITDA<sup>1</sup></b>	5,443	<b>7,306</b>	12,608	<b>11,343</b>
<b>EBITDA Margin %</b>	8.0%	<b>8.5%</b>	22.3%	<b>16.8%</b>

<sup>1</sup> Management estimates based on internal MIS and cost allocation assumptions

Average Rs/\$ Exchange rate: FY12 at 47.91; FY13 at 54.38

[www.tatacommunications.com](http://www.tatacommunications.com) | [@tata\\_comm](https://twitter.com/tata_comm)  
<http://tatacommunications-newworld.com> | [www.youtube.com/user/tatacomms](https://www.youtube.com/user/tatacomms)

© 2012 Tata Communications Ltd. All rights reserved. TATA COMMUNICATIONS and TATA are trademarks of Tata Sons Limited in certain countries.

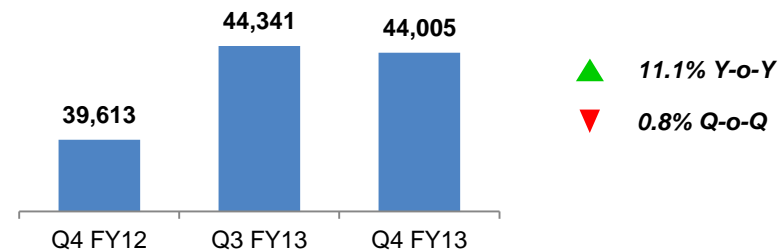
**TATA COMMUNICATIONS**

# Consolidated Financial Performance – Q4 FY2013

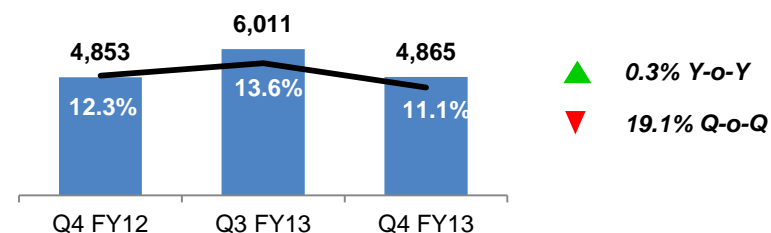
INR Mn

Q4 FY 2012	Particulars	Q3 FY 2013	Q4 FY 2013
39,613	Revenue from operations	44,341	44,005
4,853	Operating EBITDA	6,011	4,865
12.3%	<i>Operating EBITDA %</i>	13.6%	11.1%
(75)	Operating EBIT	610	593
-0.2%	<i>Operating EBIT %</i>	1.4%	1.3%
(1,393)	Profit Before Tax and Exceptional Items	(876)	(872)
-	Exceptional Items	791	(1,833)
(1,393)	PBT	(1,668)	961
-3.5%	<i>PBT (% of total income)</i>	-3.7%	2.2%
(2,609)	PAT	(2,010)	(52)
-6.5%	<i>PAT (% of total income)</i>	-4.5%	-0.1%

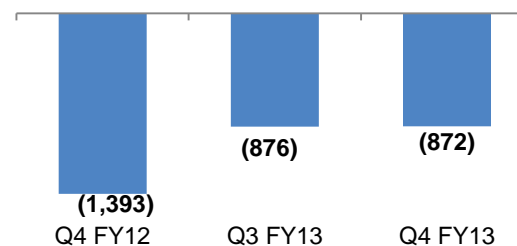
## Revenue from Operations



## Operating EBITDA and margins (% of gross revenue)



## Profit Before Tax and Exceptional Items



# Financial Performance by Segment – Q4 FY 2013

INR Mn

	CORE			STARTUP			CONSOLIDATED		
	Q4 FY 2012	Q3 FY 2013	Q4 FY 2013	Q4 FY 2012	Q3 FY 2013	Q4 FY 2013	Q4 FY 2012	Q3 FY 2013	Q4 FY 2013
<b>Gross Revenues</b>	35,091	39,532	<b>39,345</b>	4,522	4,810	<b>4,660</b>	39,613	44,341	<b>44,005</b>
<b>Y-o-Y Growth</b>			<b>12.1%</b>			<b>3.0%</b>			<b>11.1%</b>
<b>Q-o-Q Growth</b>			<b>-0.5%</b>			<b>-3.1%</b>			<b>-0.8%</b>
<b>EBITDA</b>	4,612	5,514	<b>4,523</b>	241	496	<b>343</b>	4,853	6,011	<b>4,865</b>
<b>Y-o-Y Growth</b>			<b>-1.9%</b>			<b>42.5%</b>			<b>0.3%</b>
<b>Q-o-Q Growth</b>			<b>-18.0%</b>			<b>-30.9%</b>			<b>-19.1%</b>
<b>EBIT</b>	256	792	<b>795</b>	(331)	(182)	<b>(203)</b>	(75)	610	<b>593</b>
<b>Profit Before Tax and Exceptional Items</b>	153	107	<b>(4)</b>	(1,545)	(984)	<b>(867)</b>	(1,393)	(876)	<b>(872)</b>
<b>PBT</b>	153	(684)	<b>1,829</b>	(1,545)	(984)	<b>(867)</b>	(1,393)	(1,668)	<b>961</b>
<b>PAT after Minority Interest</b>	135	(1,107)	<b>744</b>	(2,745)	(904)	<b>(796)</b>	(2,609)	(2,010)	<b>(52)</b>

Average Rs/\$ Exchange rate: Q4 FY12 at 50.34; Q3 FY13 at 54.12; Q4 FY13 at 54.19

Average ZAR/\$ Exchange rate: Q3 FY12 at 7.77; Q2 FY13 at 8.69; Q3 FY13 at 8.94

[www.tatacommunications.com](http://www.tatacommunications.com) | [@tata\\_comm](https://twitter.com/tata_comm)

<http://tatacommunications-newworld.com> | [www.youtube.com/user/tatacomms](https://www.youtube.com/user/tatacomms)

© 2012 Tata Communications Ltd. All rights reserved. TATA COMMUNICATIONS and TATA are trademarks of Tata Sons Limited in certain countries.

**TATA COMMUNICATIONS**

# Core Business by Business Unit – Q4 FY 2013

INR Mn

	Global Voice Services (GVS)			Global Data Services (GDS)		
	Q4 FY 2012	Q3 FY 2013	Q4 FY 2013	Q4 FY 2012	Q3 FY 2013	Q4 FY 2013
<b>Gross Revenues</b>	18,964	22,143	<b>21,882</b>	16,126	17,389	<b>17,463</b>
Y-o-Y Growth			15.4%			8.3%
Q-o-Q Growth			-1.2%			0.4%
<b>Net Revenue</b>	3,412	3,647	<b>3,800</b>	12,791	13,081	<b>12,845</b>
Y-o-Y Growth			11.4%			0.4%
Q-o-Q Growth			4.2%			-1.8%
<b>EBITDA<sup>1</sup></b>	1,703	1,941	<b>2,125</b>	2,909	3,573	<b>2,397</b>
EBITDA Margin %	9.0%	8.8%	<b>9.7%</b>	18.0%	20.5%	<b>13.7%</b>

<sup>1</sup> Management estimates based on internal MIS and cost allocation assumptions

Average Rs/\$ Exchange rate: Q4 FY12 at 50.34; Q3 FY13 at 54.12; Q4 FY13 at 54.19

[www.tatacommunications.com](http://www.tatacommunications.com) | [@tata\\_comm](https://twitter.com/tata_comm)  
<http://tatacommunications-newworld.com> | [www.youtube.com/user/tatacomms](https://www.youtube.com/user/tatacomms)

© 2012 Tata Communications Ltd. All rights reserved. TATA COMMUNICATIONS and TATA are trademarks of Tata Sons Limited in certain countries.

**TATA COMMUNICATIONS**

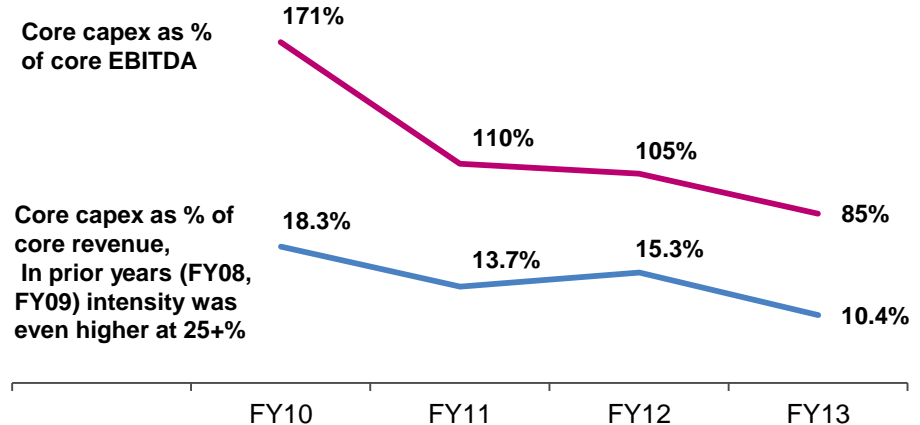


# Core Business Capex

## Key Highlights

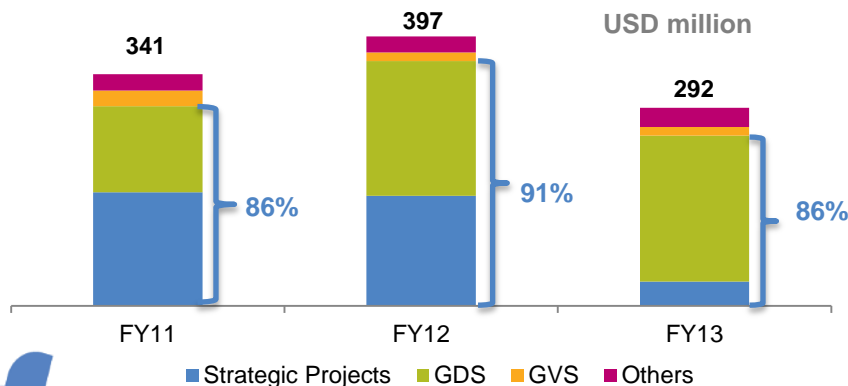
- Significant part of capex has been for strategic projects (undersea cables, data centers) and growth capex (network and capacity expansion) for data segment
- After a period of asset expansion and infrastructure build-out completion, current focus is on containing capex through high asset utilisation
- Capex intensity has now reduced and future capex is closely aligned to market opportunity , accelerated payback
- Strong discipline, governance around capital allocation and expenditure

## Reducing capex intensity

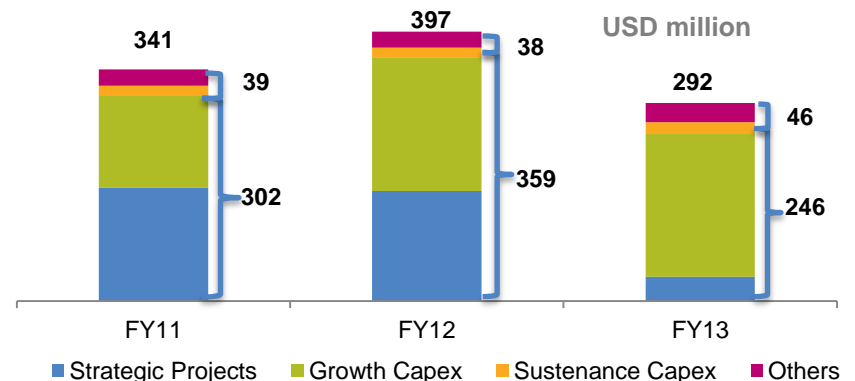


## Capital allocated in line with strategy

### Capex predominantly focused on strategic projects and GDS



### Sustenance and Other Capex has been minimal, Largely investing for growth and strategic projects



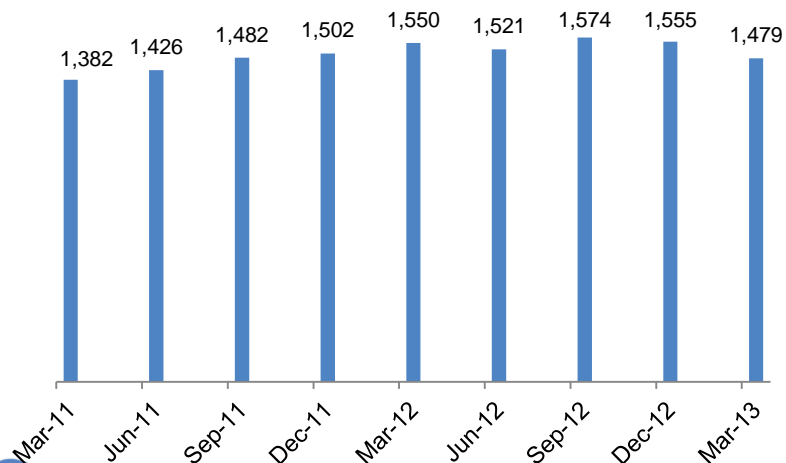
1. Strategic projects include new submarine cables and data centers.
2. Others include capex towards network engineering, IT, customer service operations etc.

# Debt Profile – Core Business

## Key Highlights

- Core business is operating at peak debt levels
- Improved profitability trajectory along with reduced capex intensity has eliminated external funding need for normal course of core business
- Consistent reduction in average cost of borrowing has driven lower interest expense
- Lower interest expense and capex intensity with improved operating performance have set stage for core business deleveraging

## Net Debt (US\$ mn)



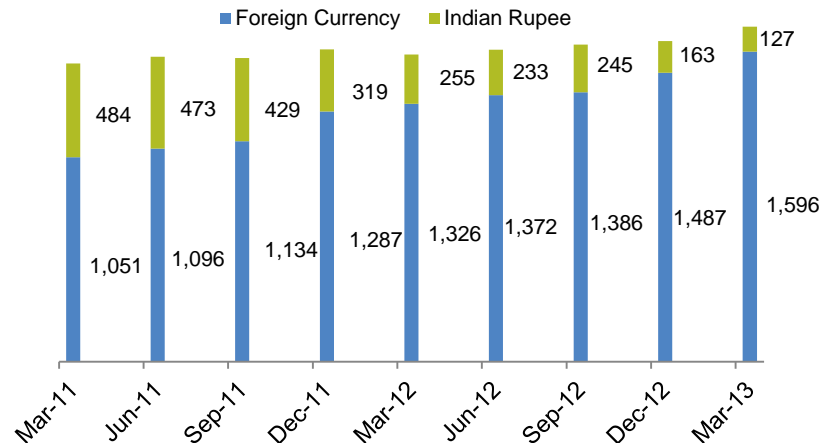
Data points in graphs pertains to respective quarter ending (i.e March-11, June-11 etc.). Please refer to our investor fact sheet for period ended closing exchange rates.

[www.tatacommunications.com](http://www.tatacommunications.com) | [@tata\\_comm](https://twitter.com/tata_comm)

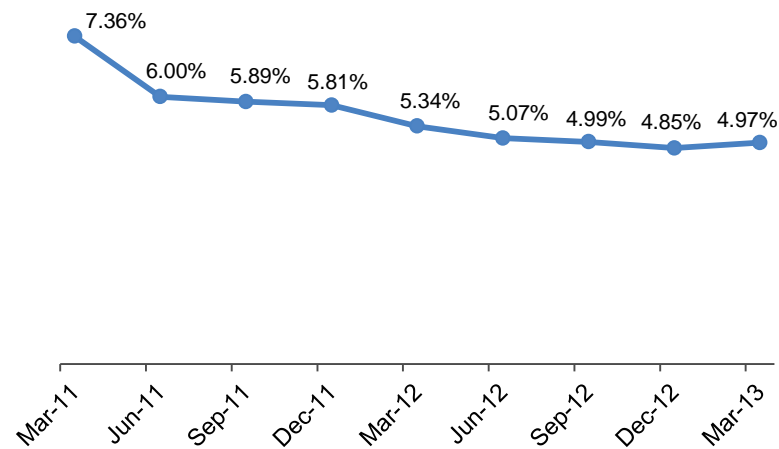
<http://tatacommunications-newworld.com> | [www.youtube.com/user/tatacomms](https://www.youtube.com/user/tatacomms)

© 2012 Tata Communications Ltd. All rights reserved. TATA COMMUNICATIONS and TATA are trademarks of Tata Sons Limited in certain countries.

## Gross Debt by Currency (US\$ mn)



## Average Cost of Loans





# Thank you

Visit [tatacommunications.com](http://tatacommunications.com)

Follow us on Twitter, our New World Blog and YouTube:



@tata\_comm



<http://tatacommunications-newworld.com>



[www.youtube.com/user/tatacomms](http://www.youtube.com/user/tatacomms)

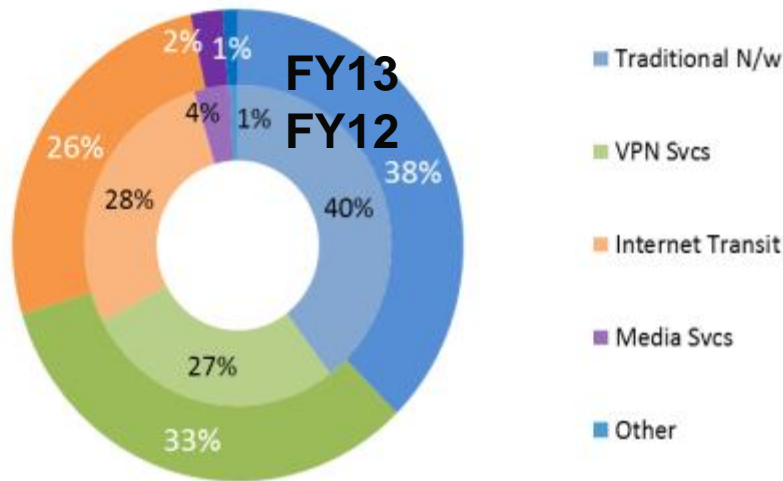


## Appendix 1 – Additional Slides

[www.tatacommunications.com](http://www.tatacommunications.com) | [@tata\\_comm](https://twitter.com/tata_comm)  
<http://tatacommunications-newworld.com> | [www.youtube.com/user/tatacomms](http://www.youtube.com/user/tatacomms)

# GDMS | YoY Gross Revenue Product Mix

## Network Services



### Network Service Portfolio

**Traditional Network Services:** IPL, NPL, IRUs

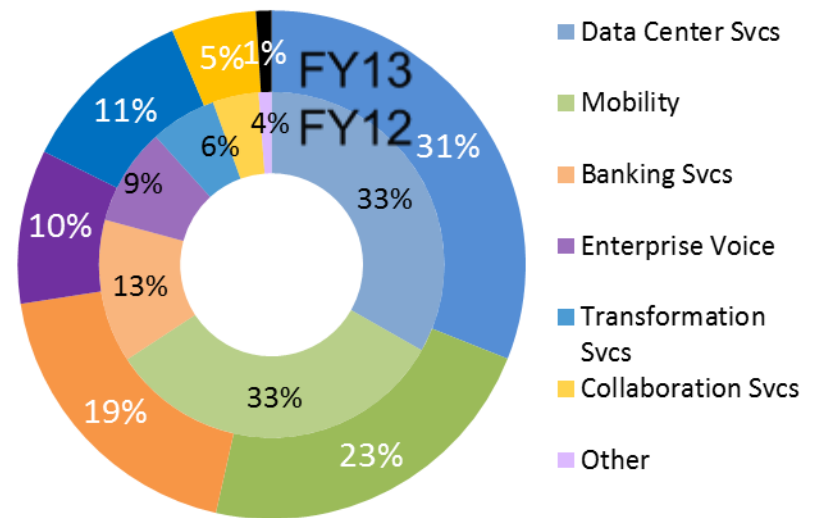
**VPN Services :** DGE and VPN

**Media Services:** Vconnect, Broadcast, CDN, Mosaic

**Internet Transit –** IP-T, ILL

**Other:** Inmarsat, GNS others

## Managed Services



### Managed Services Portfolio:

**Data Center Services:** Colo, Hosting, Cloud (MSO)

**Collaboration Services:** Telepresence,

**Transformation Services:** TCTS

**Banking Services:** TCBIL

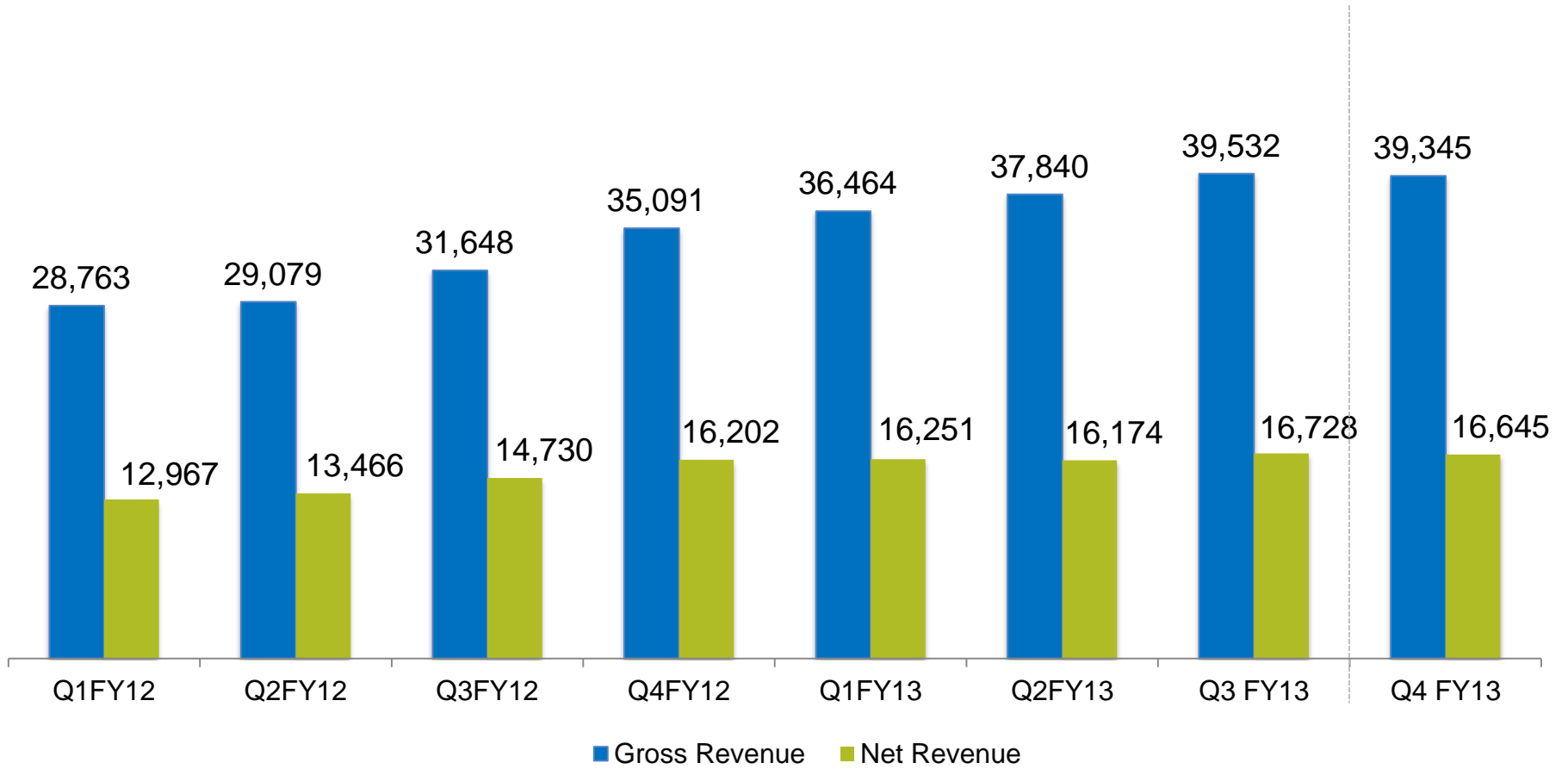
**Other:** MSS

[www.tatacommunications.com](http://www.tatacommunications.com) | [@tata\\_comm](https://twitter.com/tata_comm)  
<http://tatacommunications-newworld.com> | [www.youtube.com/user/tatacomms](https://www.youtube.com/user/tatacomms)

© 2012 Tata Communications Ltd. All rights reserved. TATA COMMUNICATIONS and TATA are trademarks of Tata Sons Limited in certain countries.

# Core Business Gross and Net Revenues

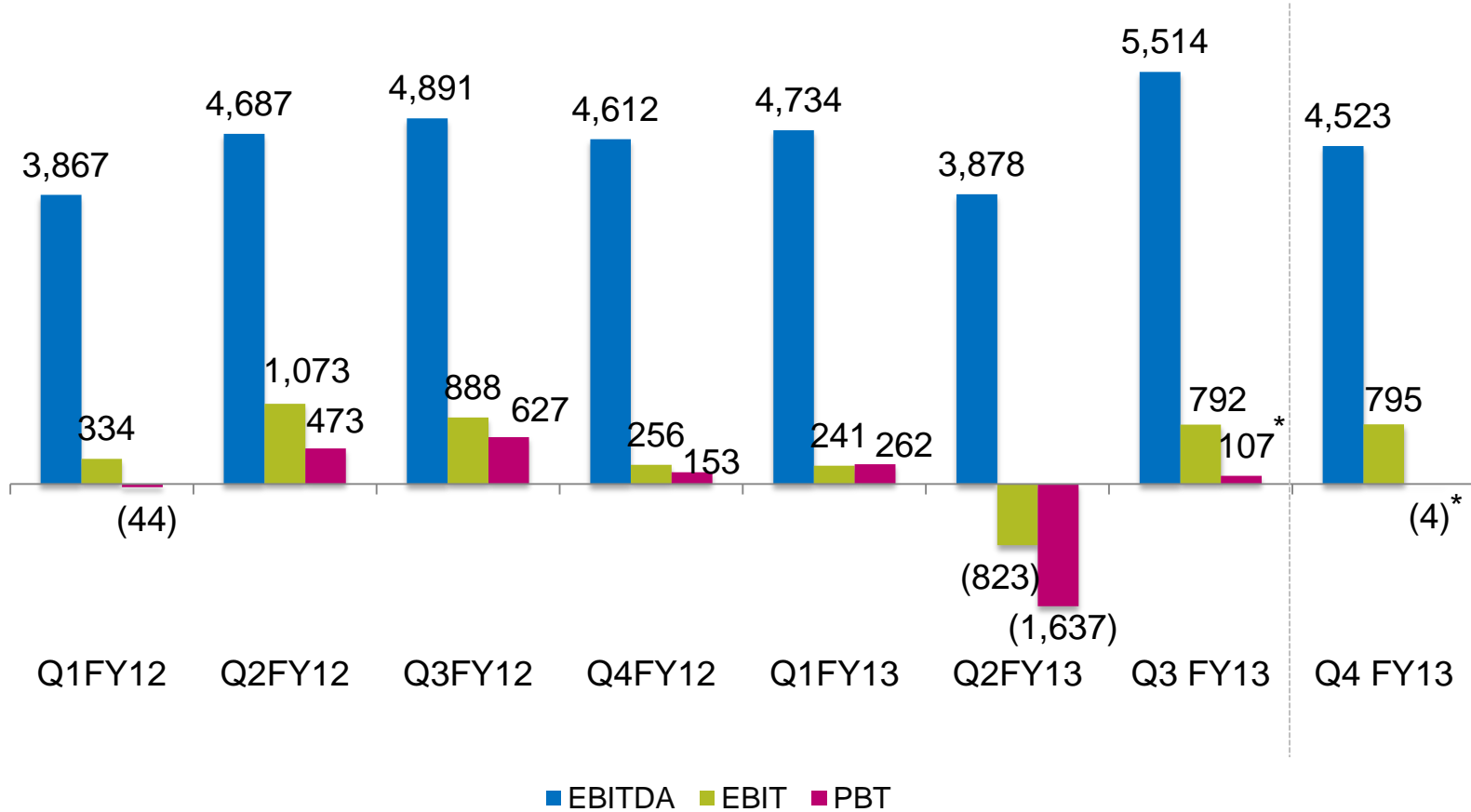
INR Mn



Average Rs/\$ Exchange rate: Q1 FY12 at 44.73; Q2 FY12 at 45.74 Q3 FY12 at 50.84; Q4 FY12 at 50.34; Q1 FY13 at 53.98; Q2 FY13 at 55.21; Q3 FY13 at 54.12; Q4 FY13 at 54.19

# Core Business EBITDA, EBIT and PBT

INR Mn

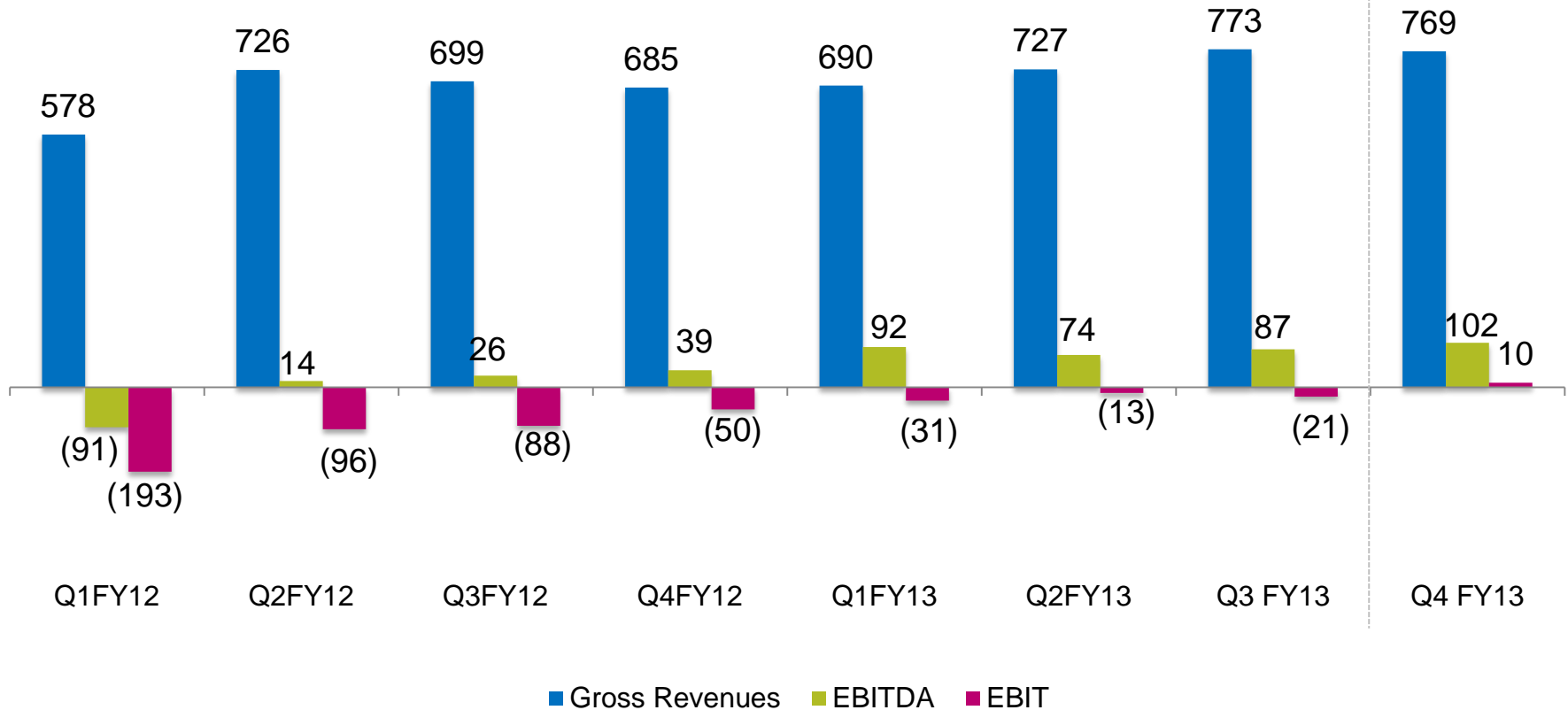


\* Profit Before Tax and Exceptional Items

Average Rs/\$ Exchange rate: Q1 FY12 at 44.73; Q2 FY12 at 45.74 Q3 FY12 at 50.84; Q4 FY12 at 50.34; Q1 FY13 at 53.98; Q2 FY13 at 55.21; Q3 FY13 at 54.12; Q4 FY13 at 54.19

# Quarterly trends : Neotel

ZAR Mn



**Neotel EBITDA positive from Q2 FY12 onwards, turned EBIT positive in Q4 FY13**

Average ZAR/\$ Exchange rate: Q1 FY12 at 6.79, Q2 FY12 at 7.12; Q3 FY12 at 8.10; Q4 FY12 at 7.77; Q1 FY13 at 8.12; Q2 FY13 at 8.26; Q3 FY13 at 8.69; Q4 FY13 at 8.94

[www.tatacommunications.com](http://www.tatacommunications.com) | [@tata\\_comm](https://twitter.com/tata_comm)  
<http://tatacommunications-newworld.com> | [www.youtube.com/user/tatacomms](https://www.youtube.com/user/tatacomms)

© 2012 Tata Communications Ltd. All rights reserved. TATA COMMUNICATIONS and TATA are trademarks of Tata Sons Limited in certain countries.





## Appendix 2 – Introduction and Overview of Tata Communications

[www.tatacommunications.com](http://www.tatacommunications.com) | [@tata\\_comm](https://twitter.com/@tata_comm)  
<http://tatacommunications-newworld.com> | [www.youtube.com/user/tatacomms](http://www.youtube.com/user/tatacomms)

# Company Overview

- Tata Communications Limited ('TCL') is a leading provider of wholesale long distance Global Voice Solutions & Global Enterprise Data Solutions
- Majority owned by the Tata Group, which is one of India's largest and most reputed multinational conglomerates
- Business consists of 3 segments: Global Voice Solutions ('GVS'), Global Data Solutions ('GDS') 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 globally
- Total 7,673 employees as of Mar'13. 927 employees in the South African operations and 6,746 in core business (GVS+GDS) and corporate

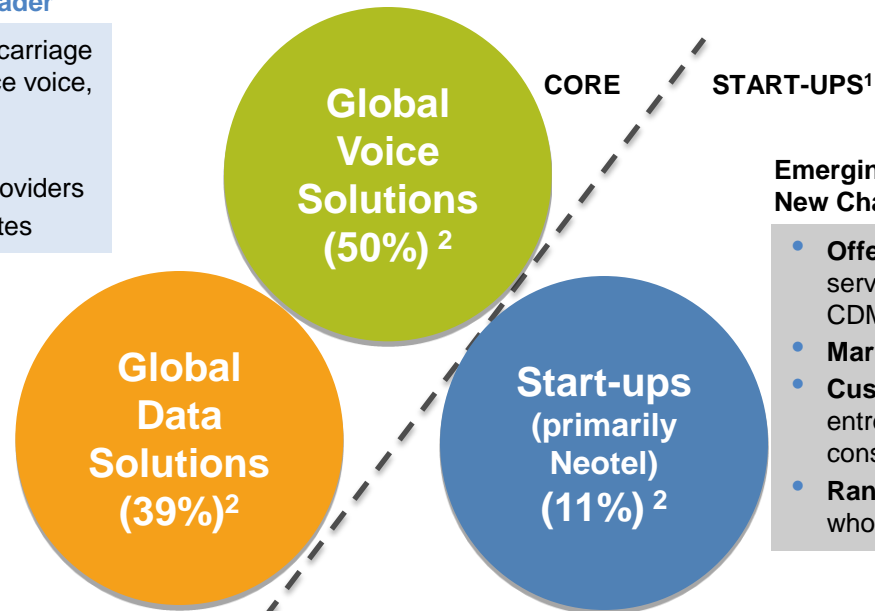
## Business Model

### 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 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, mid-market and SMB segment in India
- **Ranking:** #1 in India in enterprise data services by revenue



### Emerging Market Investment – New Challenger

- **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

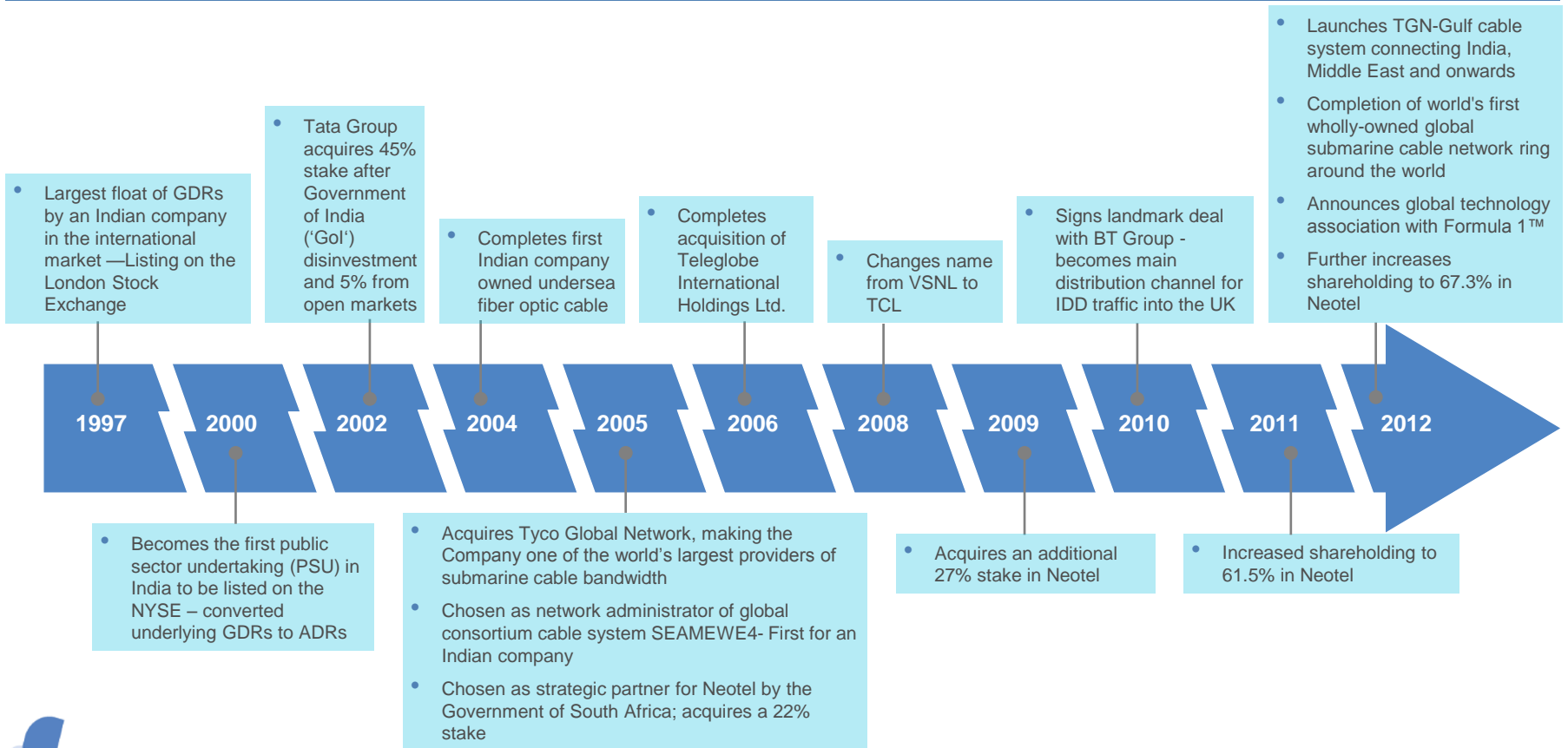
<sup>1</sup> Start-ups also includes United Telecom Limited (UTL) Nepal (26.66% shareholding) besides Neotel (67.32% shareholding)

<sup>2</sup> (%) of total gross revenues for year ending Mar'13

# Growth Path

- Formerly known as Videsh Sanchar Nigam Limited ('VSNL'), TCL has since restructured itself from a pure long distance service provider in India into one of the leading integrated communication solutions providers in the world post acquisition of majority stake by the Tata Group in 2002
- TCL has achieved this transformation through a series of organic and inorganic growth strategies, while maintaining its focus on ILD voice services

## Timeline



[www.tatacommunications.com](http://www.tatacommunications.com) | [@tata\\_comm](https://twitter.com/tata_comm)  
<http://tatacommunications-newworld.com> | [www.youtube.com/user/tatacomms](https://www.youtube.com/user/tatacomms)

© 2012 Tata Communications Ltd. All rights reserved. TATA COMMUNICATIONS and TATA are trademarks of Tata Sons Limited in certain countries.

**TATA COMMUNICATIONS**

# Global management team



**Vinod Kumar**  
MD and Group CEO  
(Singapore and India)



**Sanjay Baweja**  
CFO  
(India)



**Michel Guyot**  
President – GVS  
(Canada)



**Allan Chan**  
President, Global Carrier  
Solution  
(USA)



**Sumeet Walia**  
SVP and Head Global  
Enterprise Solutions  
(India)



**Sunil Joshi**  
MD & CEO of Neotel  
(South Africa)



**John Hayduk**  
President, Product Mgmt.  
and Service Development (USA)



**Rangu Salgame**  
CEO – Growth Ventures  
(India)



**Srinivasa Addepalli**  
Chief Strategy Officer  
(India)



**Madhusudhan MR**  
Chief Network Officer  
(India)



**Aadesh Goyal**  
Global Head, Human Resources  
(India)



**John Freeman**  
General Counsel  
(Singapore)



**Sunil Rawal**  
Global Head Business  
Excellence, CQO  
(India)



**Julie Woods-Moss**  
Chief Marketing Officer  
(UK)



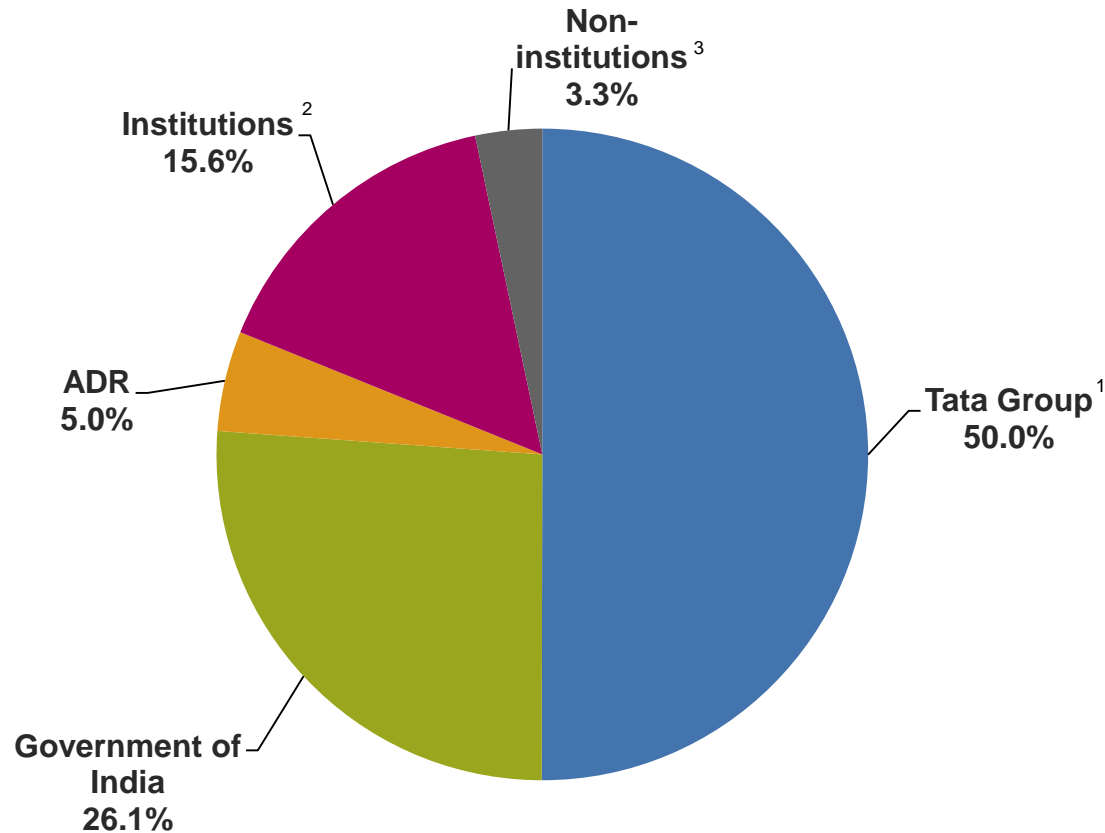
**Genius Wong**  
SVP Global Network  
Services  
(Hong Kong)

[www.tatacommunications.com](http://www.tatacommunications.com) | [@tata\\_comm](https://twitter.com/tata_comm)  
<http://tatacommunications-newworld.com> | [www.youtube.com/user/tatacomms](https://www.youtube.com/user/tatacomms)

(Country) represents where each executive is located.

# Shareholding pattern

As on March 31, 2013



1. Tata group includes Panatone Finvest Ltd (31.10%), Tata Sons (14.22%), and Tata Power Ltd. (4.71%)
2. Institutions include Mutual funds (1.21%), Financial institutions (5.92%), Insurance companies (4.70%) and Foreign Institutional Investors (3.74%)
3. Non-institutions include individuals (2.70%), Bodies corporate (0.48%) and others (0.12%)

[www.tatacommunications.com](http://www.tatacommunications.com) | [@tata\\_comm](https://twitter.com/tata_comm)  
<http://tatacommunications-newworld.com> | [www.youtube.com/user/tatacomms](http://www.youtube.com/user/tatacomms)

© 2012 Tata Communications Ltd. All rights reserved. TATA COMMUNICATIONS and TATA are trademarks of Tata Sons Limited in certain countries.

**TATA COMMUNICATIONS**