

# Strategy and FY14 Earnings Update

6:30 PM IST | 13<sup>th</sup> May, 2014

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# Agenda



Presenters	Title
Mahesh Pratap Singh	Welcome, Introductions, Safe Harbor Disclosure and Today's agenda
Vinod Kumar	Market and Strategy Update
Rangu Salgame	Global Data Center – Overview and Strategy
Sanjeev Patel	TCPSL – Overview and Strategy
Sanjay Baweja	Financial Update and Q4 and FY14 Earnings Review
Vinod, Sanjay, Rangu and Sanjeev	Q&A



## Market and Strategy Update

Presented By:

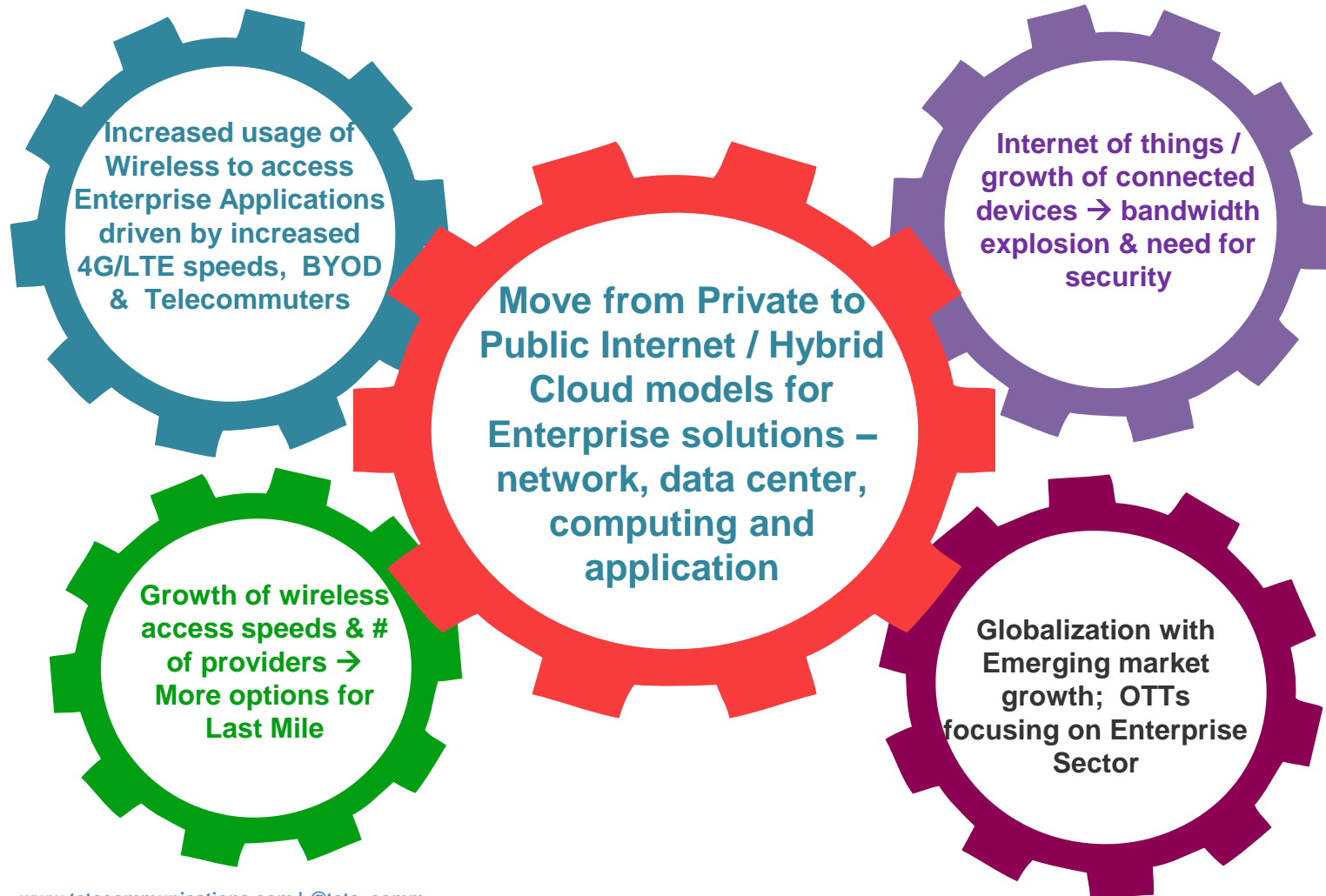
**Vinod Kumar, MD & Group CEO**



## Market and Strategy Update

- **Market dynamics and Tata Communications' relevance**
- Highlights and strategic progress in FY2014

# Fundamental shifts are re-shaping the enterprise ICT market



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# These seismic market trends are changing and levelling the playing field for players like Tata Communications

## Market Shifts

Move from Private to Public Internet / Hybrid solutions

Wireless to access Enterprise Applications (BYOD / telecommuters)

Internet of Things: Bandwidth explosion / Security

More last mile options with growth in wireless speeds

OTTs expanding into Enterprise Solutions

Globalization with emerging markets growth

## Implications

- Pushing more powers in hands of end users within the Enterprise
- Democratization of IT landscape
- New CIO needs an open / flexible network architecture to take the organization into the future
- Level playing field for players who do not own last mile

**WE OFFER THE WORLD  
WITH TECHNOLOGY THAT  
REACHES  
99.7%  
OF GLOBAL GDP**

**THE GLOBAL BUSINESS FACILITATOR**

- **Unique Infrastructure Platform:** *World's largest submarine cable network, Global Top 5 Internet Backbone, 400 Points of Presence & 44 Data Centres around the world for credibility, reliability and cost structure*
- **Market Leadership and Scale:** *Global #1 wholesale voice carrier, #1 in enterprise data services in India, Positioned in the Leaders' Quadrant in Gartner Magic Quadrant for Global Network Service Providers, Worlds #1 Video interconnect*
- **Emerging Markets Focus:** *India, Asia, Middle East and Africa. Our Cable Network covers 30 of the top emerging markets*
- **Converged:** *Almost legacy-free network and service platform to offer leading-edge services around Ethernet, Internetwork Packet Exchange (IPX), Video, SIP and Cloud*





## Market and Strategy Update

- Market dynamics and Tata Communications' relevance
- **Highlights and strategic progress in FY2014**



# Segmental Highlights

## GVS Highlights

- Healthy **free cash generation** profile
- FY14 GVS performance was accentuated by favorable India termination rates in H1 which has subsequently normalized beginning H2
- **Diversified traffic mix** and higher mix of **long-term contracts in the ILD business**, helping mitigate volatility associated with traditional spot business

## GDS Highlights

- New age connectivity services (MPLS-VPN) and Data center services for enterprises and MNCs continue to lead growth
- FY14 EBITDA margins improved 300 bps y-o-y, focus and rigor on cost management to continue while supporting investments for new services
- **Driving capital efficiency and cash generation focus** – GDS turns positive on cash generation (EBITDA less capex) first time ever

## Neotel Highlights

- **Strong FY14 performance**; Y-o-Y EBITDA nearly tripled
- Ongoing discussions regarding a potential acquisition of 100 percent of the shares of Neotel by Vodacom SA



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# FY2014 - Highlights

## Strong Financial Performance

- Outpacing industry and peers in growth rates and gaining market share
- Significant improvement in operating profitability

## Accelerated Momentum with Global Enterprises

- 660 new logos acquired during the year
- Strong growth across MNCs, Forbes 2000 and ET-500 universe

## Launched Several New Products and Services

- jamvee™. Arkadin became an official provider of jamvee video service
- Indicash
- Mobile Messaging Exchange
- Mobile VoIP Platform
- Cloud-based broadcast-quality video transcoding and delivery

## Ongoing Investments in Network Infrastructure and Solutions

- 100G services on TGN pacific and Intra-Asia.
- Completed a 400G field trial
- Network readiness for enabling international voice over LTE

# Strengthening global market position and recognition

## Frost & Sullivan 2013 India ICT Awards

- Enterprise Data Service Provider of the Year
- Hosted Contact Center Service Provider of the Year
- Third Party Managed Services Provider of the Year
- Managed Video Conferencing Service Provider of the Year

## Frost & Sullivan 2013 Best Practices Awards

- Asia Pacific Managed Video Collaboration Service Provider of the Year

F R O S T & S U L L I V A N



**Best Wholesale Carrier at World Communications Awards 2013**



**“Strongest current offerings” for APAC Carrier Ethernet WAN service portfolio**

# We are now positioned in the Leaders' Quadrant in Gartner Magic Quadrant for Global Network Service Providers

Figure 1. Magic Quadrant for Global Network Service Providers



Source: Gartner, Magic Quadrant for Global Network Service Providers, Neil Rickard, Robert F. Mason, 20 March, 2014

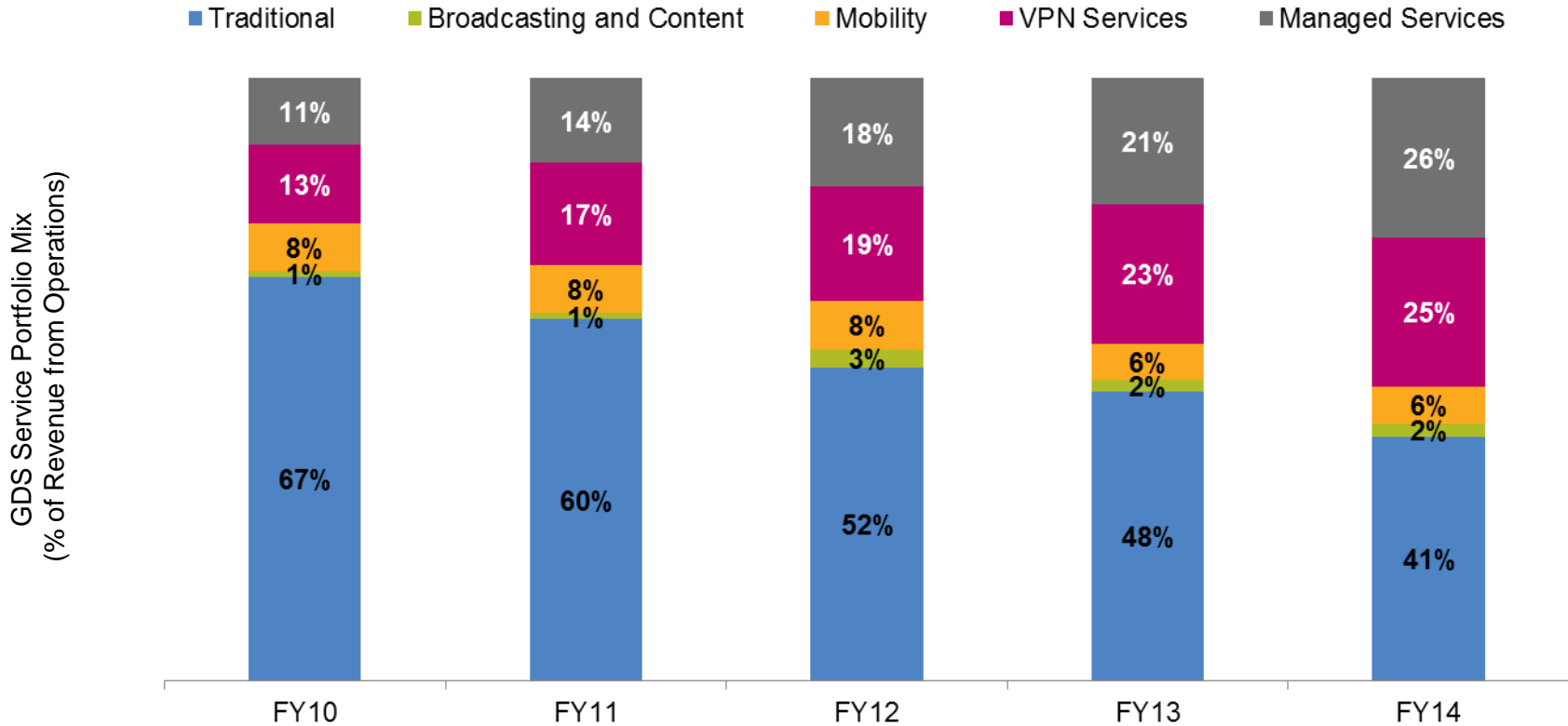
This Magic Quadrant graphic was published by Gartner, Inc. as part of a larger research note and should be evaluated in the context of the entire report. The Gartner report is available upon request from Tata Communications. Gartner does not endorse any vendor, product or service depicted in its research 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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# GDS portfolio continues to evolve beyond traditional services



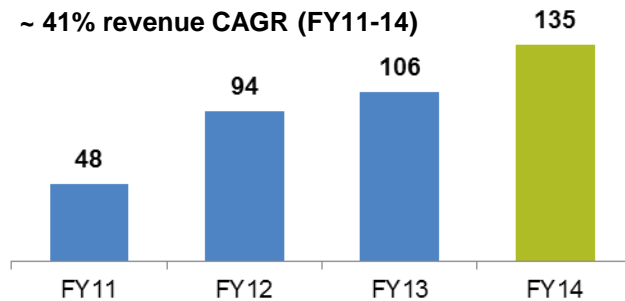
**Service Portfolio Traditional Services:** IPL, NPL, IP-T, IRUs, ILL, DIA **Managed Services:** Messaging, MVOIP, Data Center Services, Telepresence, Audio-Web Conf, Transformation Services (TCTSL), Payment Services (TCPSL) **Mobility :** WGR, SCCP **VPN Services :** MPLS,VNO, Ethernet

# Progress on new services

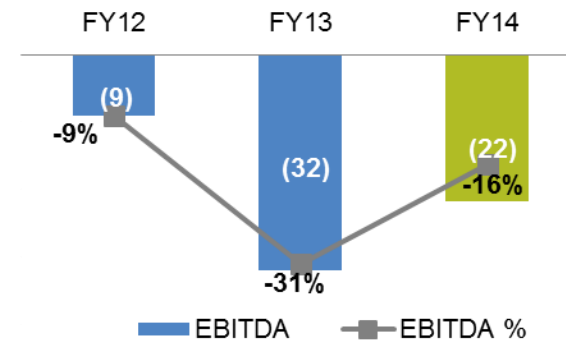
USD Million

New services revenues are scaling up and EBITDA performance is improving

## Gross Revenue from New Services



## EBITDA from New Services



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

# Summary

- 1 Large global addressable opportunity with favorable market trends  
(outsourcing, data surge, managed services, video, 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





## Global Data Center Business

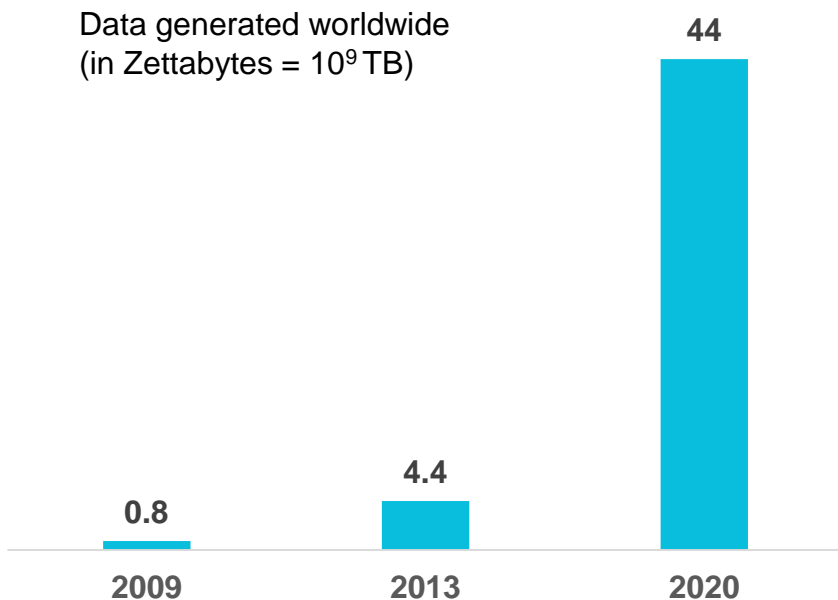
- Overview and Strategy

Presented By:

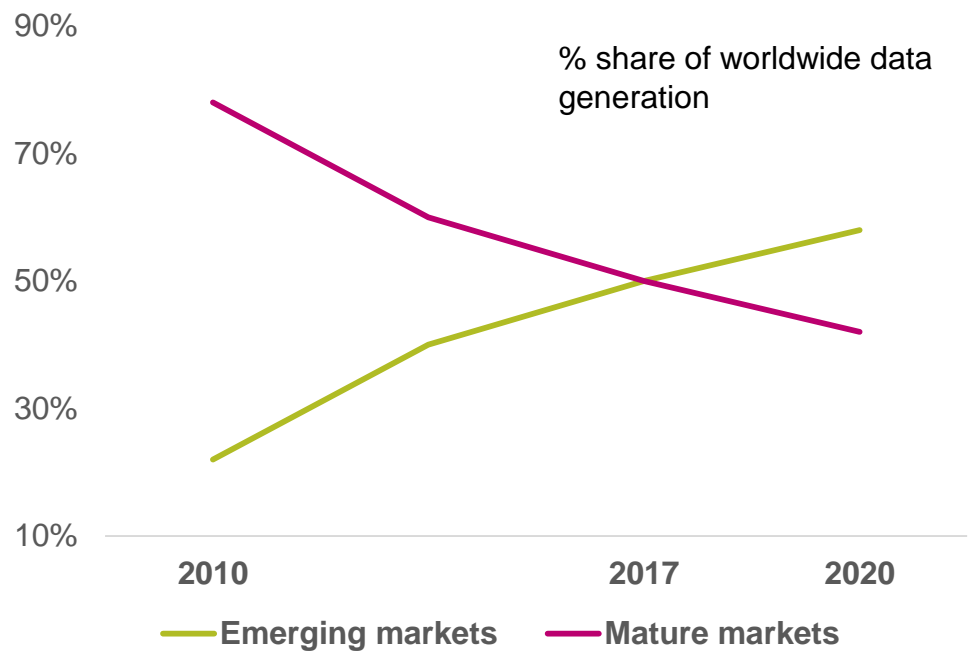
**Rangu Salgame, CEO, Growth Ventures**

## Data generation will grow ten-fold by 2020

Data generated worldwide  
(in Zettabytes =  $10^9$  TB)



## Emerging markets will surpass mature markets



Source: IDC

# Demand drivers and trends

## Internet Economy

- Six large 'platforms' are currently dominating the internet economy: Apple, Google, Facebook, Amazon, Microsoft and Samsung
- **Video, Big Data, Social Media, Cloud and Internet of Things** are intensifying as magnitude and reach of internet increases

## IT Infrastructure Technology

- Cloud in its various forms – Public, Private, Hybrid, Federated, Personal, Mobile – is coming of age and driving a relook at IT infrastructure architecture
- Storage is seeing technology innovation – Flash, In-Memory Computing, Clustered Storage and Object Storage are becoming mainstream

## Data Center Economics

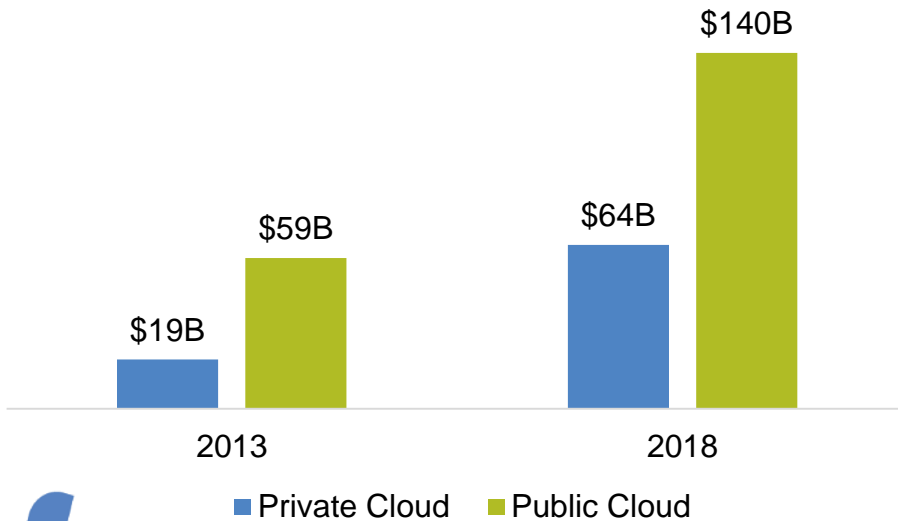
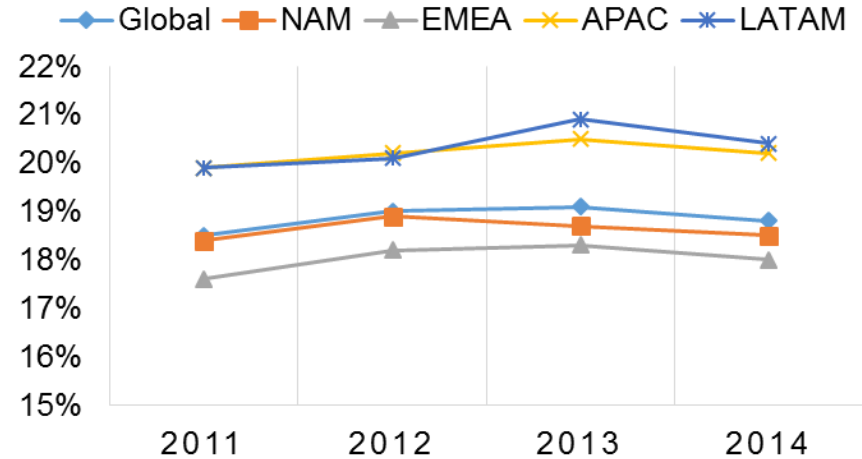
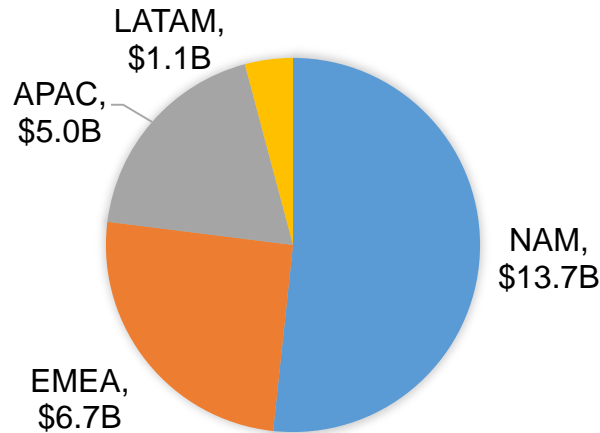
- Increasing utility costs counteract with improving efficiency leading to energy costs being the greatest drivers of data center economics
- Processing requirements are increasing exponentially leading to need for very high scalability in power and space

## Emerging markets

- By 2020, Emerging markets will contribute 75% of world growth
- Within emerging markets, growth prospects of some countries such as Brazil, Turkey, UAE, Philippines are more positive while the prospects for others like Egypt, South Africa, Russia are uncertain or relatively poor

# Colocation continues to see growth across markets, Cloud adoption to accelerate

2014: \$27B colo market growing at 18% CAGR, cloud set to double in next 4 years



Cloud Services is the fourth wave in the IT Industry, expected to last for 20 years from now, drives Big Data, Video, Mobile and Social trends!

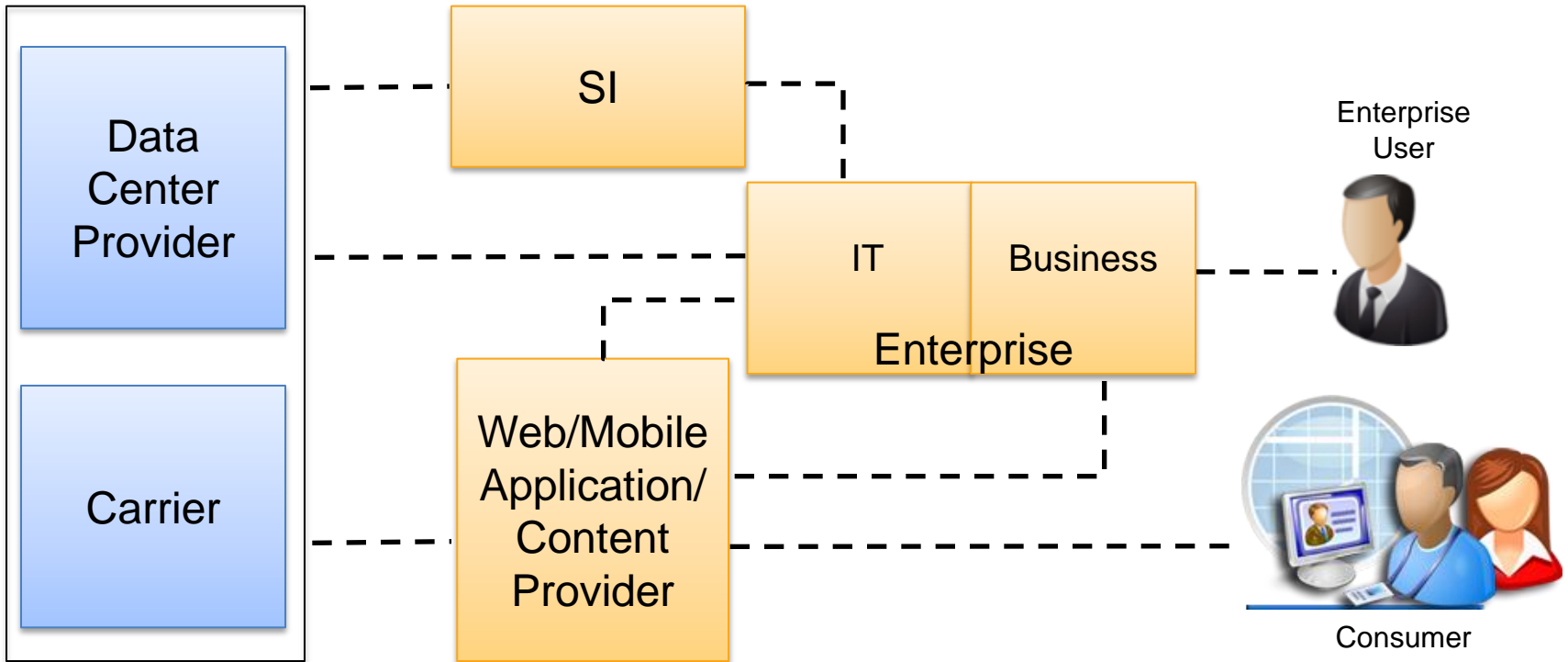
Source: Tier 1 Research

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# What customers want...



## What Customers Want

### Enterprises

Demand for distributed application infrastructure across regional hubs to serve globally distributed employees, users and supply chain partners

### App/Content Providers

Demand for globally scalable compute and storage capacity to serve highly networked global markets

### System Integrators

Demand for enablement of managed infrastructure and cloud propositions for delivery of IT services

# Enterprises investing in India and other emerging markets



## Global Technology giants



- Setting up base in emerging markets with large consumer base
- Delivering cloud applications to enterprises in growth markets

## Global MNCs and carriers



- Global MNCs expand into emerging markets in search of growth
- International carriers are seeking licences in emerging markets

## Large domestic enterprises



- Large enterprises based in emerging market have grown to significant scale
- The large consumer base in the markets is fuelling an aggressive growth strategy

# Tata Communications' Data Center business



## An Overview

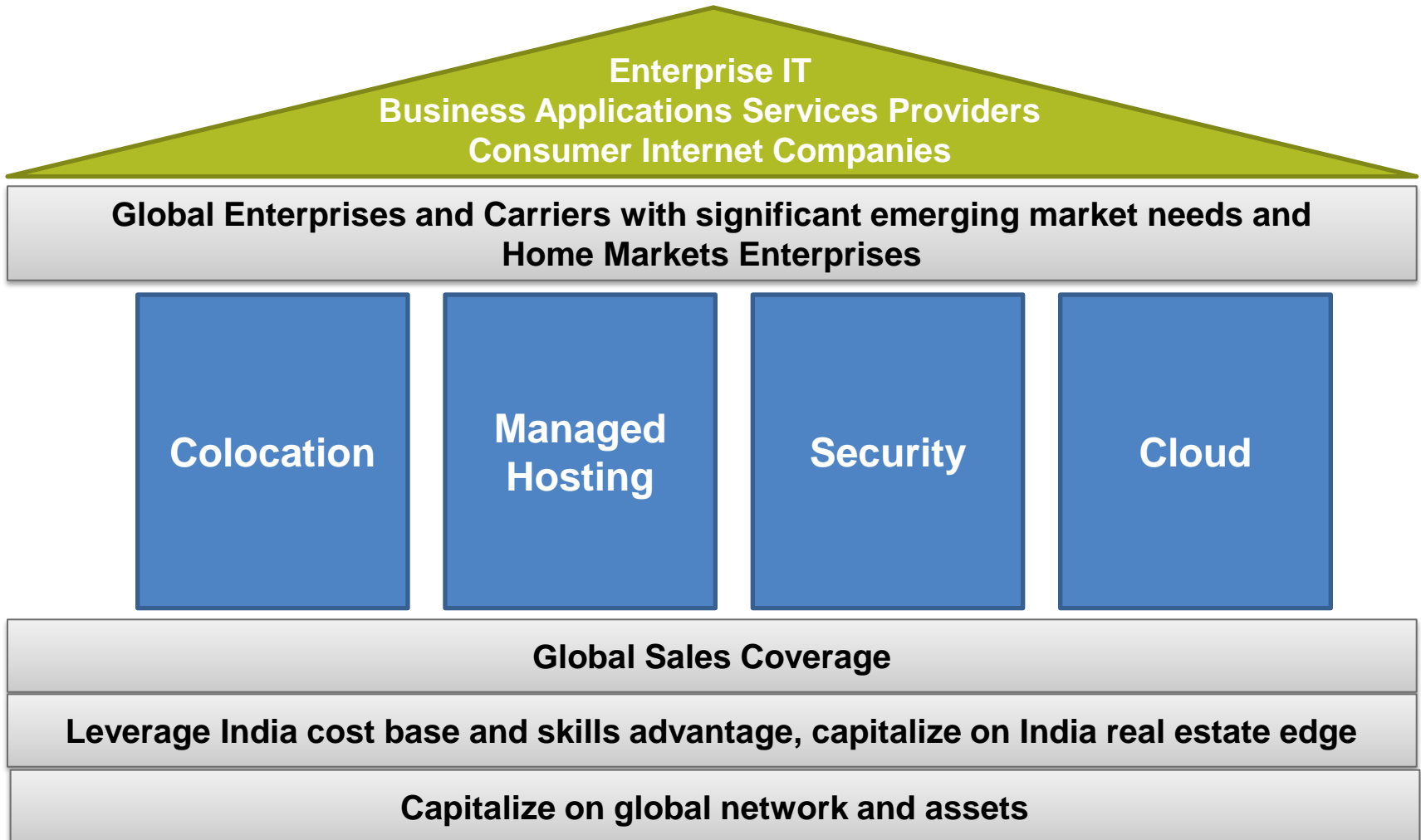
- Data center footprint of 1 million net square feet across 44 facilities globally
- Our data centers are integrated in to our global Tier-1 IP backbone to provide unparalleled reach and connectivity options
- #1 in the Indian market
- Grown to a significant presence in Singapore within 3 years
- Other locations include New York, Santa Clara, London

## Our Vision

**‘emerging markets provider of choice’** for data center infrastructure services for enterprises

**‘regional cloud infrastructure enabler’** for business applications service providers and consumer internet technology companies

# Value proposition





44 Facilities Globally  
Over 1 Million Net Square Feet

8 Partner Sites

### Tata Communications Data Center Footprint

- Premier Data Center
- Advanced Data Center
- Available by April 2014
- Partner Sites
- TGN cables
- Other assets

Premier : Data Center Facilities built to Tier 3+ or Tier 3 equivalent specifications.  
Advanced : Network colocation facility with AC/DC power options suitable for low power density colocation.

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Our data centers are integrated to our global Tier-1 IP backbone to provide unparalleled reach and connectivity options.

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# Delivering segment specific propositions

## Cloud Providers

Integrated data center and network offering to facilitate entry into India and Singapore



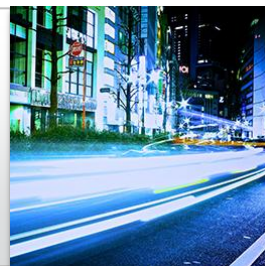
## Global MNCs

A consistent end to end experience with guarantee of service levels at global standards



## Large domestic enterprises

Churn the dominant captive segment through a managed migration solution



# Near term expansion plans



## India

- Greenfield facility of 100,000 sq. ft. in Greater Kailash 1, New Delhi
- Tier 4 facility in GIFT, Ahmedabad
- Greenfield build in Bangalore and Mumbai in FY16



## Singapore

- Addition of 3<sup>rd</sup> Singapore facility
- Brownfield expansion of TCX by 30,000 sq. ft. in Q3 FY15



## Strategic alliance

- Partnership with local data center providers for resell arrangement
- Footprint established in Frankfurt, Amsterdam, Austria, Australia and Malaysia. Expansion planned for more SE Asian markets

# Summary

- **Globally Attractive business**
  - Global surge in data consumption
  - New cloud-based and mobility business models
  - Emerging markets further accelerating the demand
- **Tata Communications is well positioned to compete**
  - Global sales organization, network and real estate presence
  - Current base of high quality data center assets
  - Strong portfolio of service offerings
- **Significant growth momentum exists**
  - Double digit growth in footprint
  - Flagship global and domestic customers
  - Strong topline and EBIDTA growth
- **Portfolio poised for further growth**
  - Greenfield data center expansion
  - Development of new services



## Tata Communications Payment Solutions Limited (TCPSSL)

- Overview and Strategy

Presented By:

**Sanjeev Patel, CEO, TCPSSL**

# TCPSL

## Key Highlights

- Tata Communications Payment Solutions Limited (TCPSL) is a wholly owned subsidiary focused on payments solutions in India
- One of India's largest managed ATM services provider
- Launched Indicash, India's first and largest white label ATM (WLA) network.
- Where the business is:
  - Past learning curve and reached scale
  - Scale provides cost efficiencies and synergies
  - Increasing bank accounts and debit cards to drive incremental transactions
  - Renegotiating / exiting previous Brown Label ATM contracts, if unfavourable

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## Portfolio of Services

### Retail Touch points



- White Label ATMs
- Third party / managed ATMs

~19,000 ATMs



~13,000 PoS.  
POS NAC network ~  
60% of India's POS  
traffic

### Payment Networks



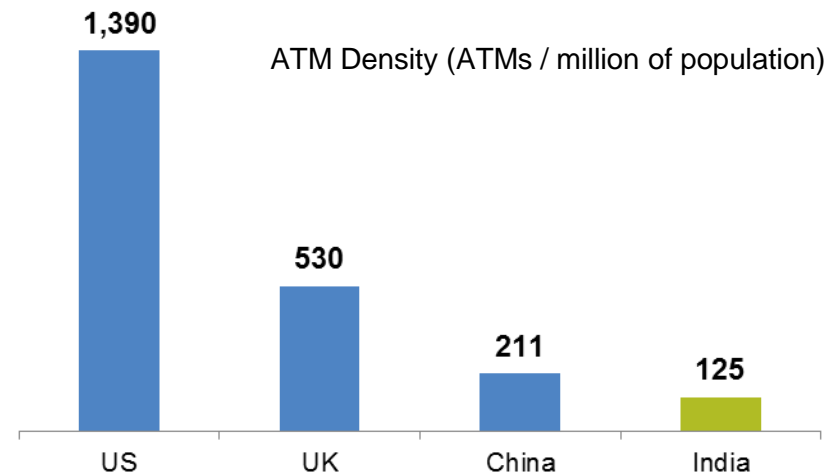
### Customers

Over 40 leading  
banks in India

### Bank Services

- ATM Outsourcing
- PoS Management
- Hosted Core Banking
- Card Management
- Financial Inclusion
- Switching
- Mobile POS

## Significant opportunity for ATM penetration in India



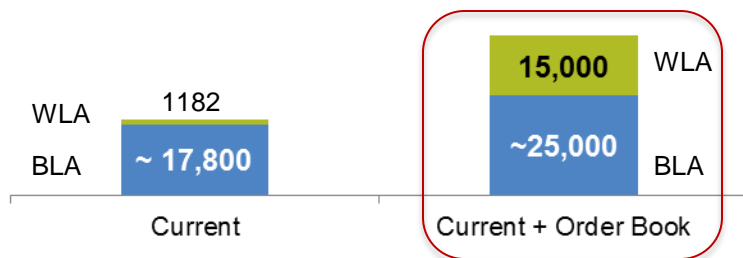
Source :Indian Banking 2020, BCG Sept 2010

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# Progress on TCPSL

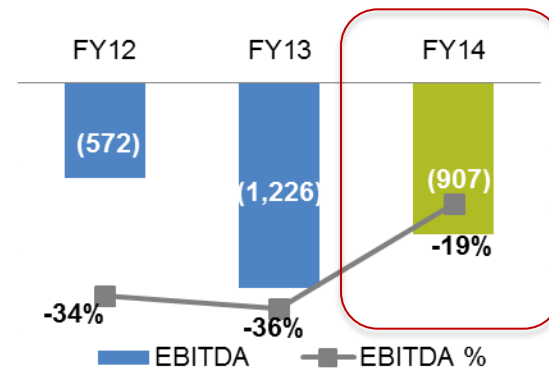
TCPSL progressing well and presents an exciting opportunity as business scales up

## Number of ATMs



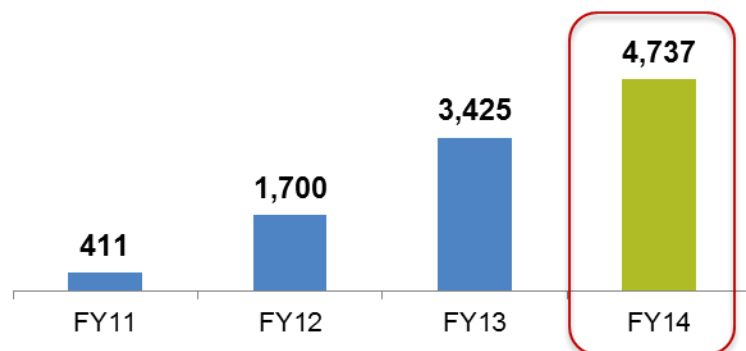
## EBITDA

INR million



## Revenues

INR million



## Outlook

- **Expect momentum to continue driven by:**
  - Exit from / Renegotiation of non-profitable Brown Label ATM contracts
  - White Label ATM business
  - Maturity of existing ATM base coupled with strong cost focus and scale efficiencies
- **Business is on course to turn EBITDA positive**

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# FY14 performance sets strong foundation

## Better Y-o-Y Performance

- 27% higher ATM base
- 38% Higher Revenue
- 20% increase in direct cost
- 2% increase in staff / overhead

## Cost optimization

- Cash Replenishment Agency renegotiation and realignment
- Reduced power/ AC
- Reduced Site Capex
- Better site rental management through renegotiation & Alliances
- Improvement in staff productivity
- Movement of Operations to Pune

## Revenue Generation

- Transaction numbers critical
- Scientific Site selection based on empirical data from 18,000 ATMs managed
- Centralized multi level site selection process



# Indicash – Overview and roll-out progress



Thane College, Maharashtra  
(Shop in Shop Format)



Rythu Bazar, Andhra Pradesh  
(Porta Cabin Format)

- Indicash is India's first and largest white label ATM (WLA) network
- TCPSL plans to rollout 15,000 indicash ATMs
- 2/3<sup>rd</sup> of these will be deployed in semi-urban and rural areas and 1/3<sup>rd</sup> in metro and urban markets
- As on Mar 2014 has 1182 Indicash ATMs pan India, across 15 states and 800 towns / villages.
- New templates:
  - SHOP in SHOP (10% deployment)
  - TATA group (5%)
  - PORTA CABINS
  - Alliances – APSRTC / AP Rythu Bazars
  - Data cards and dongle based alternatives to VSAT
  - Promoter based model
  - Rapid “for bank” deployment

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# Indicash – Other revenue opportunities

10,000 Tier 3-6 almost unpenetrated locations presents significant opportunities for non-banking revenues

- Third Party Advertising
- Third Party Sales
- Data capture
- Lead generation
- Delivery points
- VAS – Cardless withdrawals
- Bill payments
- Financial inclusion/ CSR





## Financial Update and Q4 and FY14 Earnings Review

- **Progress on Key Focus Areas**
- **Earnings Review - Q4 and FY14**

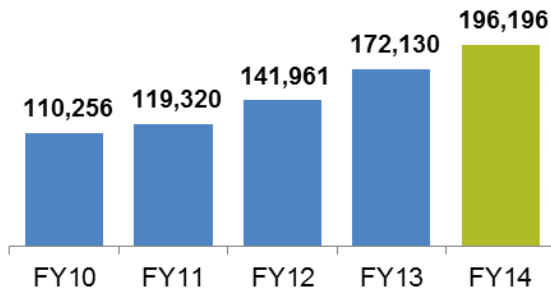
Presented By:

**Sanjay Baweja, CFO**

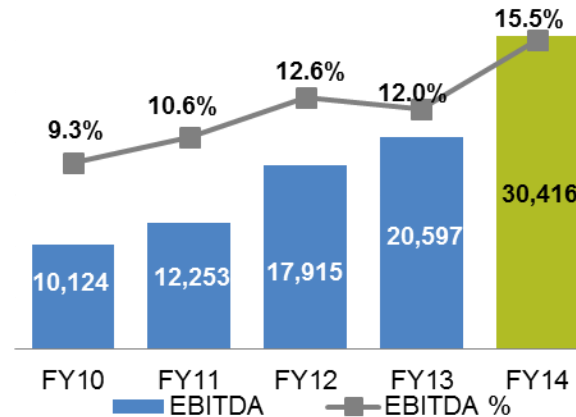
# Sustained profitable growth over the years

## Summary Financials

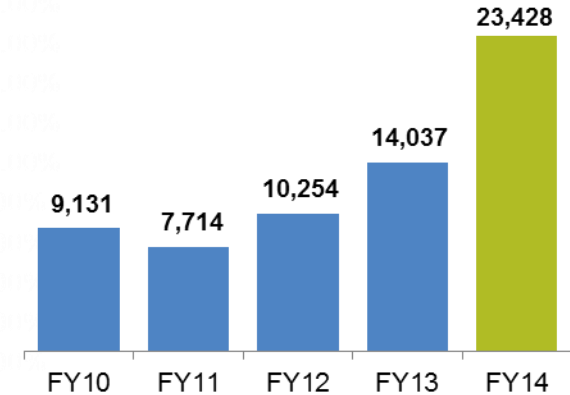
Consolidated Revenue from Operations (INR mn)



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 & Impairment)

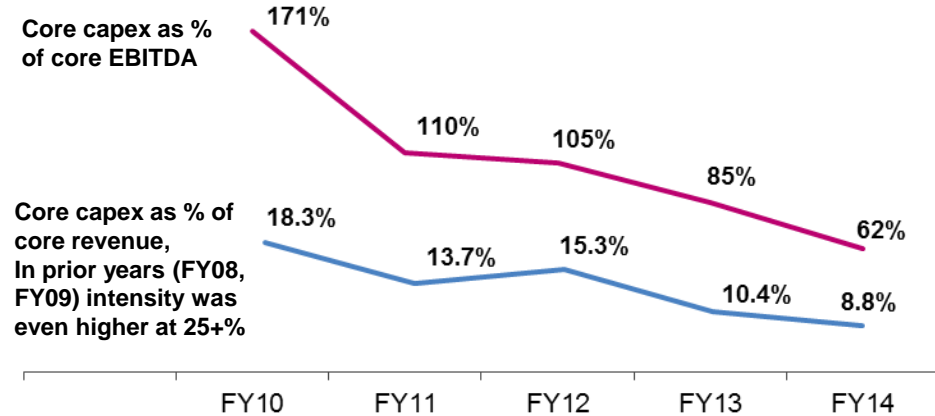
- Revenue growth momentum continues, outpacing industry and peers growth rates
- 620 bps EBITDA margin improvement over last 4-years, while continuing to step up investments in transforming the business and expanding in to attractive value chain adjacencies
- Onset of operating leverage and strong cost discipline driving significant cost efficiencies across all elements of the cost structure
- Significant build-up in cash profits

# Driving capital efficiency and cash generation

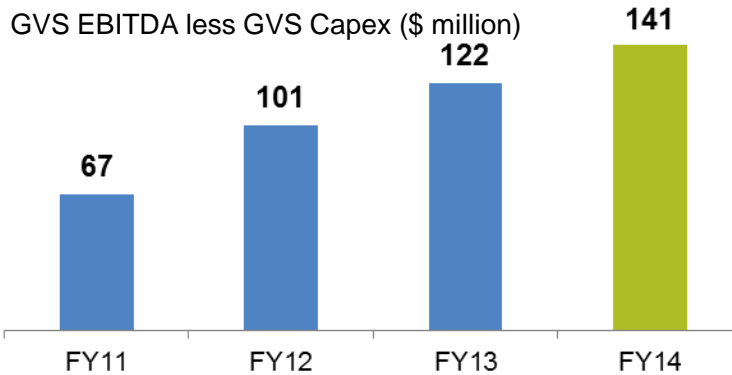
## Core Business Capex - Key Highlights

- 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 and accelerated payback
- Current capex predominantly focused on strategic projects and GDS growth
- Strong discipline, governance around capital allocation and expenditure
- FY14 core business capex of USD 253 million

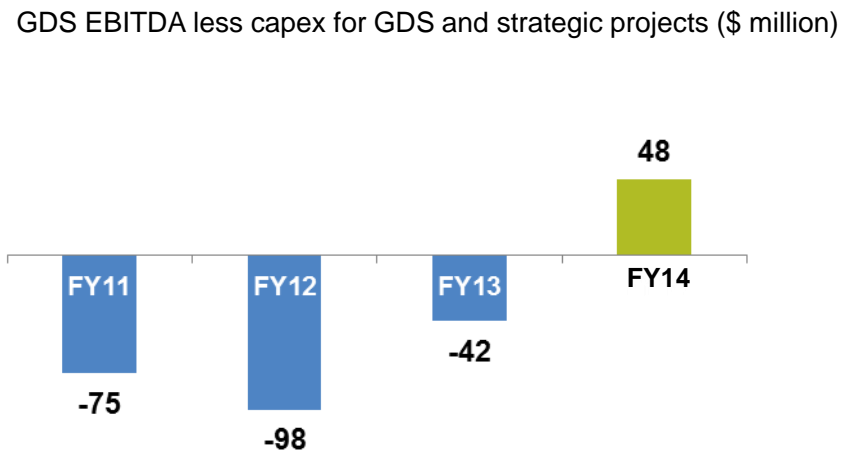
## Reducing Core Business Capex Intensity



## GVS – Strong Cash Generation Profile



## GDS – Turning the Corner on Cash Generation



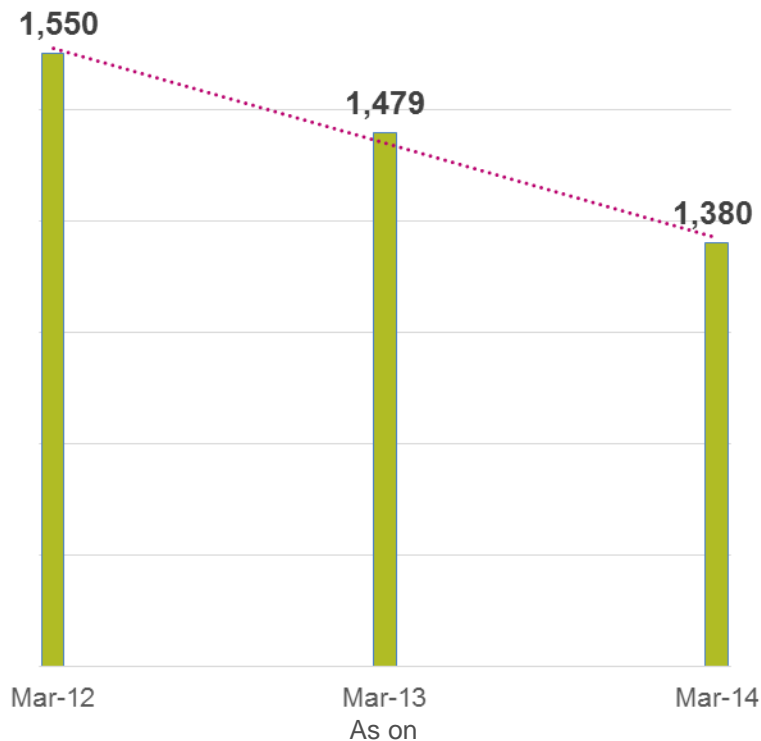
# Commencement of core business deleveraging



Reduced capex intensity and improved Operating performance driving core business deleveraging

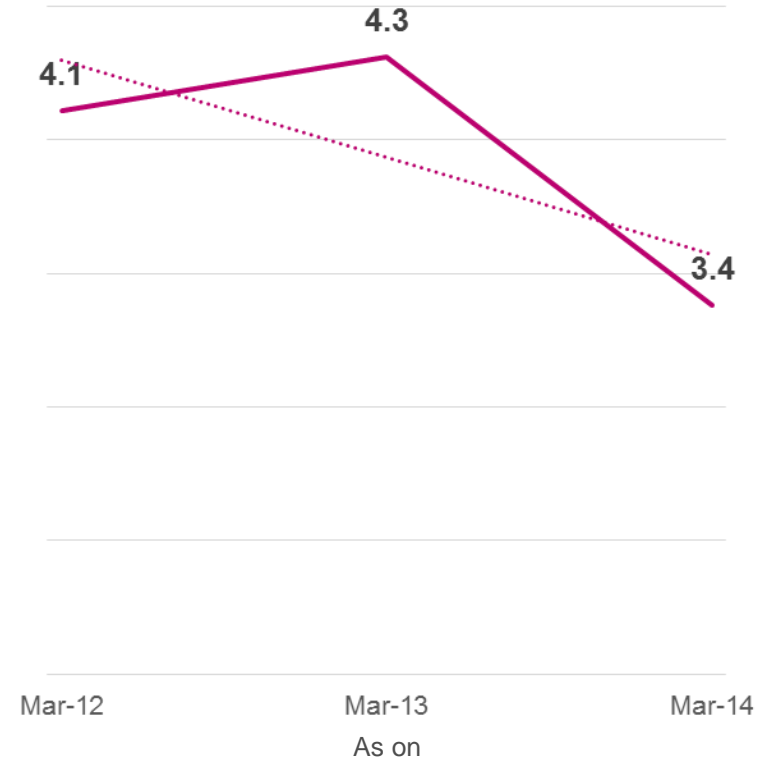
## Core Business – Net Debt

USD Millions



## Core Business leverage – Net Debt / LTM EBITDA

LTM refers to last twelve months EBITDA.



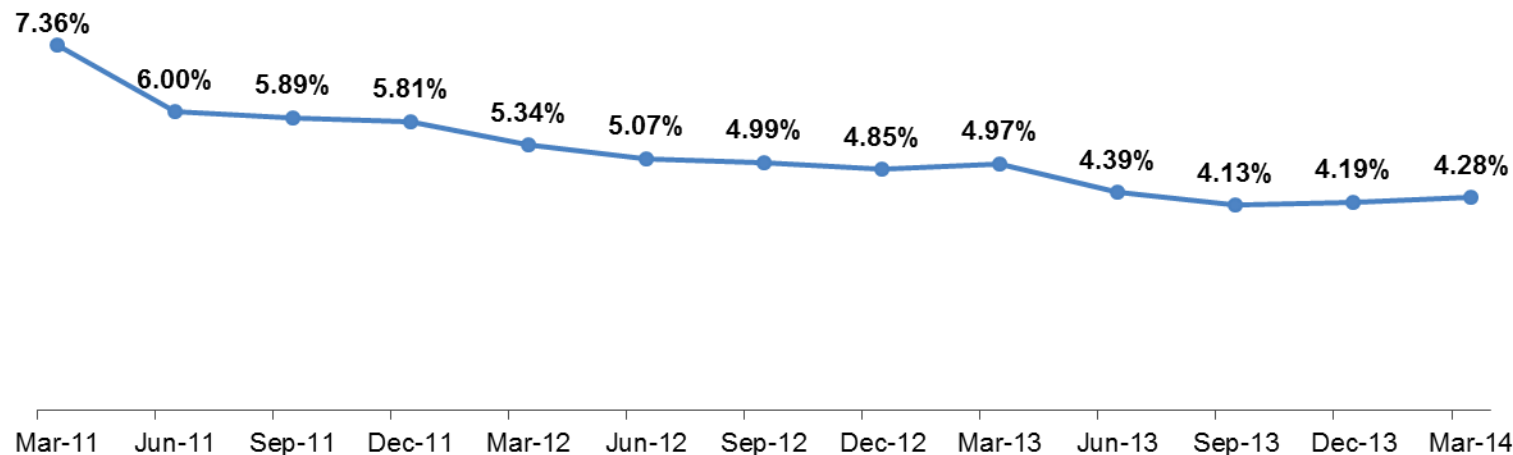
# Optimizing debt profile and reducing interest cost



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

- Replaced higher cost rupee debts with foreign currency borrowings, in-line with business currency mix
- Refinanced over \$530 million debt during FY14 at competitive rates further driving reduction in average cost of loans
- FY15 core business debt maturity (excluding short term loans) is \$273 million
- During Q4 FY14, slight increase in gross debt and cost of borrowings is due to Rupee borrowings taken for recently hived off Tata Communications Data Centers Pvt. Ltd. (TCDC). This however has no impact on core business net debt

### 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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# Completed hive-off of India Colocation business



## Creating strategic and financial flexibility

- Completed transfer of India Colocation business into a wholly owned subsidiary – Tata Communications Data Centers private limited (TCDC) effective 1<sup>st</sup> March, 2014
- TCDC will enable us to provide greater management focus and the ability to capitalise on Indian Data center growth prospects effectively

## TCDC is a market leader in a high growth industry with attractive margin profile

TCDC FY14 Financial Performance Snapshot	IN INR Millions
Revenue from Operations	3,756
Operating EBITDA	1,134
<i>Operating EBITDA margin %</i>	<i>30%</i>





## Financial Update and Q4 and FY14 Earnings Review

- Progress on Key Focus Areas
- Earnings Review - Q4 and FY14

# Highlights: FY14 and Q4 FY14

## Consolidated financial highlights

- **FY14 records annual consolidated net profit; best performance in the past five years**
  - FY14 consolidated revenues up 14%, consolidated EBITDA up 48%,
  - Strong profitable growth in core business with GDS EBITDA up 38% y-o-y and GVS EBITDA up 24%. Core business PAT positive in FY14
  - Startup segment grew 14% YoY and EBITDA nearly tripled
- **Q4 FY14 performance reflects underlying growth momentum and disciplined execution**
  - Consolidated Q4 revenues of Rs 52,153 million, up 19% y-o-y and 5% q-o-q
  - Consolidated Q4 EBITDA up 60% y-o-y at Rs 7,798 million

Q4 Consolidated Operating EBITDA (normalized)	Rs million
Reported Consolidated EBITDA	7,798
Add: Actuarial impact of Canada pension fund	306
Normalize: Backdated revenues recognized in Neotel post billing dispute resolution	(600)
<b>Normalized Consolidated EBITDA</b>	<b>7,504</b>

# Impairment in carrying value of Neotel

## Background

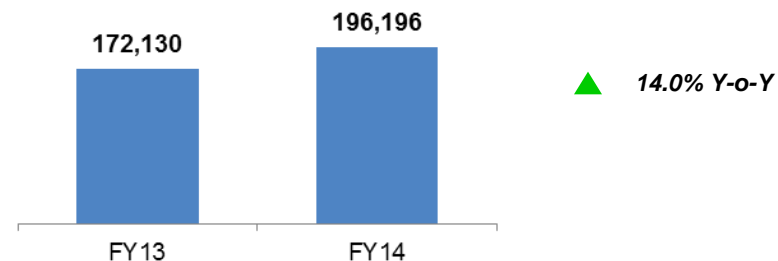
- The Company evaluates the recoverability of the carrying value of its investments when there are indications that a decline in value below carrying amount may be other-than-temporary
- The Company continues to be in discussions regarding a potential acquisition of Neotel
- Based on the initial and ongoing discussions, and management's current assessment of Neotel valuation, there are indications that there is a decline in Neotel value below carrying amount, which may be other-than-temporary
- As a result of these indications, the company has decided to record impairment charges for other-than-temporary declines in Neotel carrying value, during the year ended March 31, 2014 to the extent of Rs 1,500 million in its consolidated financials

# Consolidated Financial Performance – FY 2014

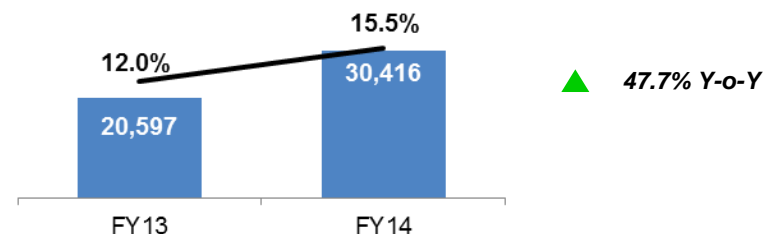
INR Mn

Particulars	FY 2013	FY 2014
Revenue from operations	172,130	196,196
Operating EBITDA	20,597	30,416
<i>Operating EBITDA %</i>	<i>12.0%</i>	<i>15.5%</i>
Operating EBIT	327	9,502
<i>Operating EBIT %</i>	<i>0.2%</i>	<i>4.8%</i>
Profit Before Tax and Exceptional Items	(5,349)	3,782
Exceptional Items – (Income) / Expense	(1,042)	(662)
PBT	(4,307)	4,444
<i>PBT (% of total income)</i>	<i>-2.5%</i>	<i>2.2%</i>
PAT	(6,233)	1,014
<i>PAT (% of total income)</i>	<i>-3.6%</i>	<i>0.5%</i>

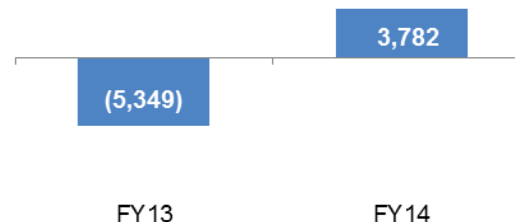
## Revenue from Operations



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



## Profit Before Tax and Exceptional Items



## Financial Performance by Segment – FY 2014

INR Mn

	CORE		STARTUP		CONSOLIDATED	
	FY 2013	FY 2014	FY 2013	FY 2014	FY 2013	FY2014
<b>Gross Revenues</b>	153,181	<b>174,509</b>	18,948	<b>21,687</b>	172,130	<b>196,196</b>
<b>Y-o-Y Growth</b>		<b>13.9%</b>		<b>14.5%</b>		<b>14.0%</b>
<b>EBITDA</b>	18,649	<b>24,676</b>	1,948	<b>5,740</b>	20,597	<b>30,416</b>
<b>Y-o-Y Growth</b>		<b>32.3%</b>		<b>195%</b>		<b>47.7%</b>
<b>EBIT</b>	1,006	<b>6,212</b>	(679)	<b>3,291</b>	327	<b>9,502</b>
<b>Profit Before Tax and Exceptional Items</b>	(1,271)	<b>3,841</b>	(4,077)	<b>(59)</b>	(5,349)	<b>3,782</b>
<b>PBT</b>	(230)	<b>4,503</b>	(4,077)	<b>(59)</b>	(4,307)	<b>4,444</b>
<b>PAT after Minority Interest</b>	(2,463)	<b>1,042</b>	(3,770)	<b>(27)</b>	(6,233)	<b>1,014</b>

Average Rs/\$ Exchange rate: FY13 at 54.38; FY14 at 60.48

Average ZAR/\$ Exchange rate: FY13 at 8.50; FY14 at 10.13

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## Core Business by Business Unit – FY 2014

INR Mn

	Global Voice Services (GVS)		Global Data Services (GDS)	
	FY 2013	FY 2014	FY 2013	FY 2014
<b>Gross Revenues</b>	85,647	<b>95,395</b>	67,534	<b>79,113</b>
<b>Y-o-Y Growth</b>		<b>11.4%</b>		<b>17.1%</b>
<b>Net Revenue</b>	14,459	<b>15,694</b>	49,930	<b>57,560</b>
<b>Y-o-Y Growth</b>		<b>8.5%</b>		<b>15.3%</b>
<b>EBITDA<sup>1</sup></b>	7,306	<b>9,045</b>	11,343	<b>15,631</b>
<b>EBITDA Margin %</b>	8.5%	<b>9.5%</b>	16.8%	<b>19.8%</b>
<b>EBIT <sup>1</sup></b>	5,259	<b>7,111</b>	(4,253)	<b>(900)</b>
<b>EBIT Margin %</b>	6.1%	<b>7.5%</b>	-6.3%	<b>-1.1%</b>

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

Average Rs/\$ Exchange rate: FY13 at 54.38; FY14 at 60.48

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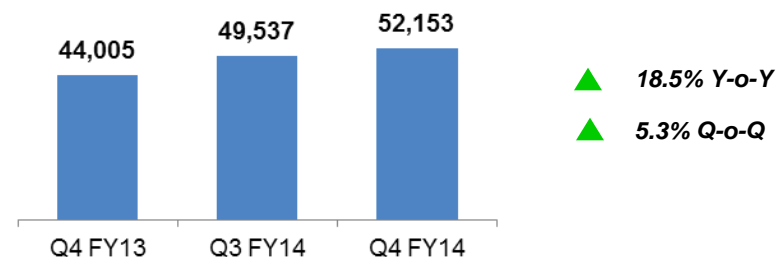
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# Consolidated Financial Performance – Q4 FY 2014

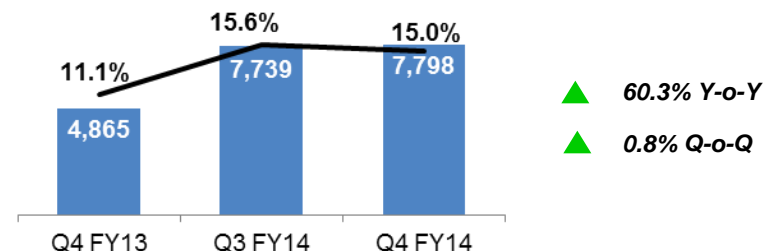
INR Mn

Q4 FY 2013	Particulars	Q3 FY 2014	Q4 FY 2014
44,005	Revenue from operations	49,537	52,153
4,865	Operating EBITDA	7,739	7,798
11.1%	<i>Operating EBITDA %</i>	15.6%	15.0%
593	Operating EBIT	2,537	2,555
1.3%	<i>Operating EBIT %</i>	5.1%	4.9%
(872)	Profit Before Tax and Exceptional Items	1,222	1,164
(1,833)	Exceptional Items – (Income) / Expense		1,500
961	PBT	1,222	(336)
2.2%	<i>PBT (% of total income)</i>	2.4%	-0.6%
(52)	PAT	355	(1,232)
-0.1%	<i>PAT (% of total income)</i>	0.7%	-2.3%

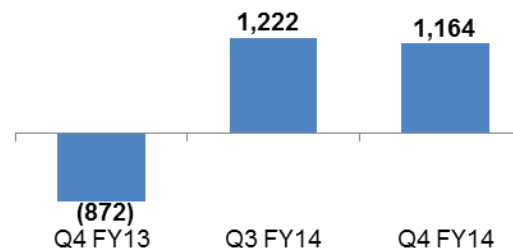
## Revenue from Operations



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



## Profit Before Tax and Exceptional Items



# Financial Performance by Segment – Q4 FY 2014

INR Mn

	CORE			STARTUP			CONSOLIDATED		
	Q4 FY 2013	Q3 FY 2014	Q4 FY 2014	Q4 FY 2013	Q3 FY 2014	Q4 FY 2014	Q4 FY 2013	Q3 FY 2014	Q4 FY 2014
<b>Gross Revenues</b>	39,345	44,340	45,793	4,660	5,196	<b>6,360</b>	44,005	49,537	<b>52,153</b>
<b>Y-o-Y Growth</b>			16.4%			36.5%			18.5%
<b>Q-o-Q Growth</b>			3.3%			22.4%			5.3%
<b>EBITDA</b>	4,523	6,123	6,007	343	1,615	<b>1,791</b>	4,865	7,739	<b>7,798</b>
<b>Y-o-Y Growth</b>			32.8%			422%			60.3%
<b>Q-o-Q Growth</b>			-1.9%			10.9%			0.8%
<b>EBIT</b>	795	1,370	1,483	(203)	1,166	<b>1,072</b>	593	2,537	<b>2,555</b>
<b>Profit Before Tax and Exceptional Items</b>	(4)	980	902	(868)	242	<b>262</b>	(872)	1,222	<b>1,164</b>
<b>PBT</b>	1,829	980	(598)	(868)	242	<b>262</b>	961	1,222	<b>(336)</b>
<b>PAT after Minority Interest</b>	744	92	(1,494)	(796)	263	<b>262</b>	(52)	355	<b>(1,232)</b>

Average Rs/\$ Exchange rate: Q4 FY13 at 54.19; Q3 FY14 at 62.06; Q4 FY14 at 61.83  
 Average ZAR/\$ Exchange rate: Q4 FY13 at 8.94; Q3 FY14 at 10.15; Q4 FY14 at 10.87

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# Core Business by Business Unit – Q4 FY 2014

INR Mn

	Global Voice Services (GVS)			Global Data Services (GDS)		
	Q4 FY 2013	Q3 FY 2014	Q4 FY 2014	Q4 FY 2013	Q3 FY 2014	Q4 FY 2014
<b>Gross Revenues</b>	21,882	23,996	<b>24,879</b>	17,463	20,345	<b>20,914</b>
Y-o-Y Growth			13.7%			19.8%
Q-o-Q Growth			3.7%			2.8%
<b>Net Revenue</b>	3,800	3,617	<b>3,641</b>	12,514	14,766	<b>15,403</b>
Y-o-Y Growth			-4.2%			23.0%
Q-o-Q Growth			0.6%			4.3%
<b>EBITDA<sup>1</sup></b>	2,125	1,988	<b>1,896</b>	2,397	4,135	<b>4,112</b>
EBITDA Margin %	9.7%	8.3%	<b>7.6%</b>	13.7%	20.3%	<b>19.7%</b>
<b>EBIT<sup>1</sup></b>	1,618	1,460	<b>1,533</b>	(822)	(90)	<b>(50)</b>
EBIT Margins %	7.4%	6.1%	<b>6.2%</b>	-4.7%	-0.4%	<b>-0.2%</b>

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

Average Rs/\$ Exchange rate: Q4 FY13 at 54.19; Q3 FY14 at 62.06; Q4 FY14 at 61.83

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## Q&A Session

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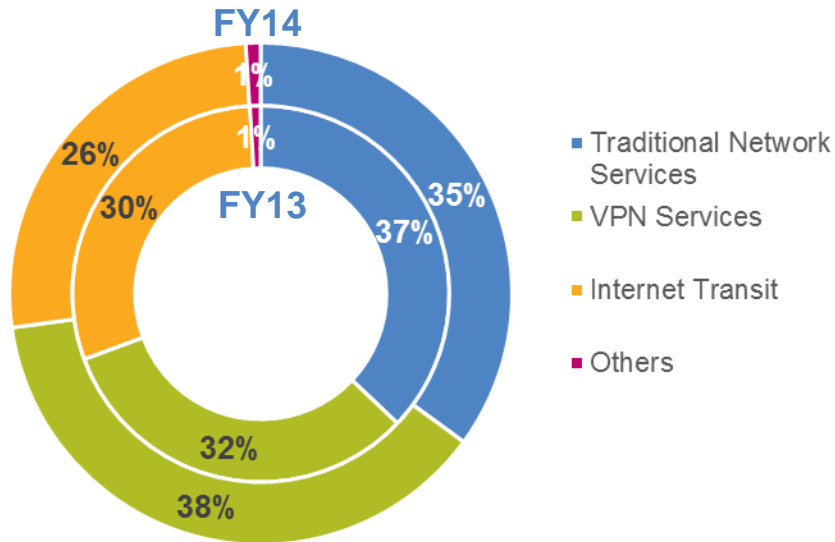


## Appendix 1 – Additional Slides

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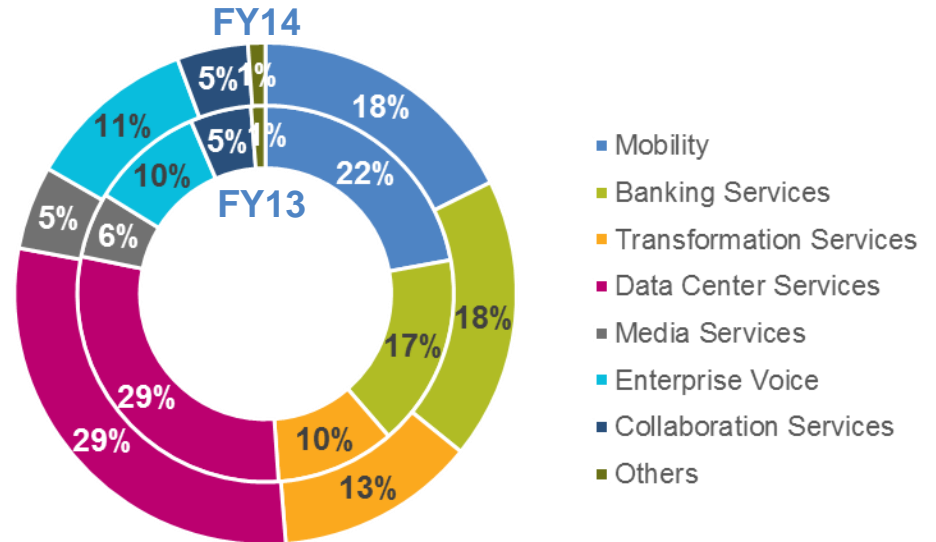
# GDMS | YoY Gross Revenue Product Mix

## Network Services



- Traditional Network Services
- VPN Services
- Internet Transit
- Others

## Managed Services



- Mobility
- Banking Services
- Transformation Services
- Data Center Services
- Media Services
- Enterprise Voice
- Collaboration Services
- Others

### 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:** Colo, Hosting, Cloud (IaaS)

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

**Collaboration Services:** Telepresence

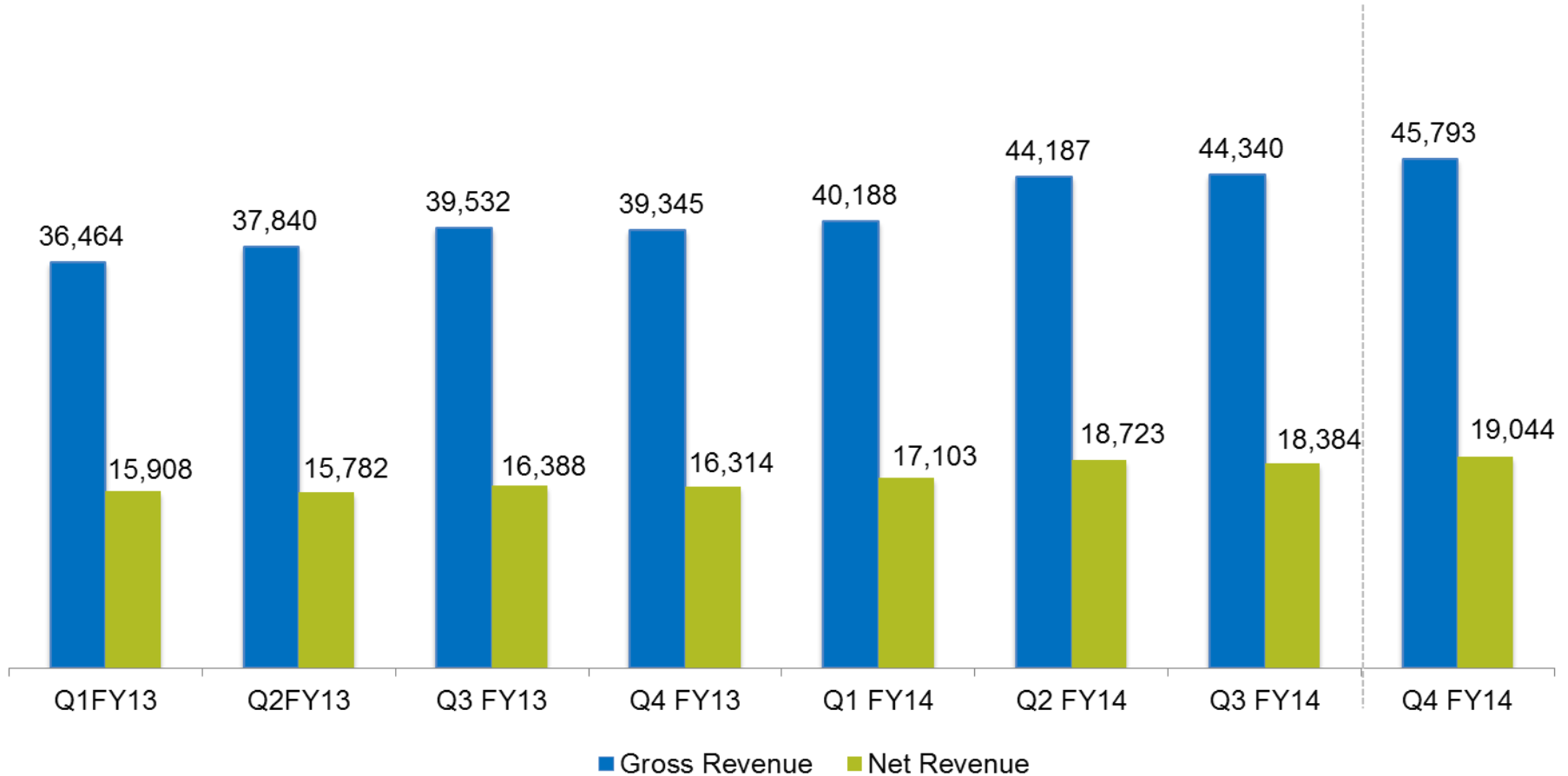
**Other:** MSS, SaaS

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# Core Business Gross and Net Revenues

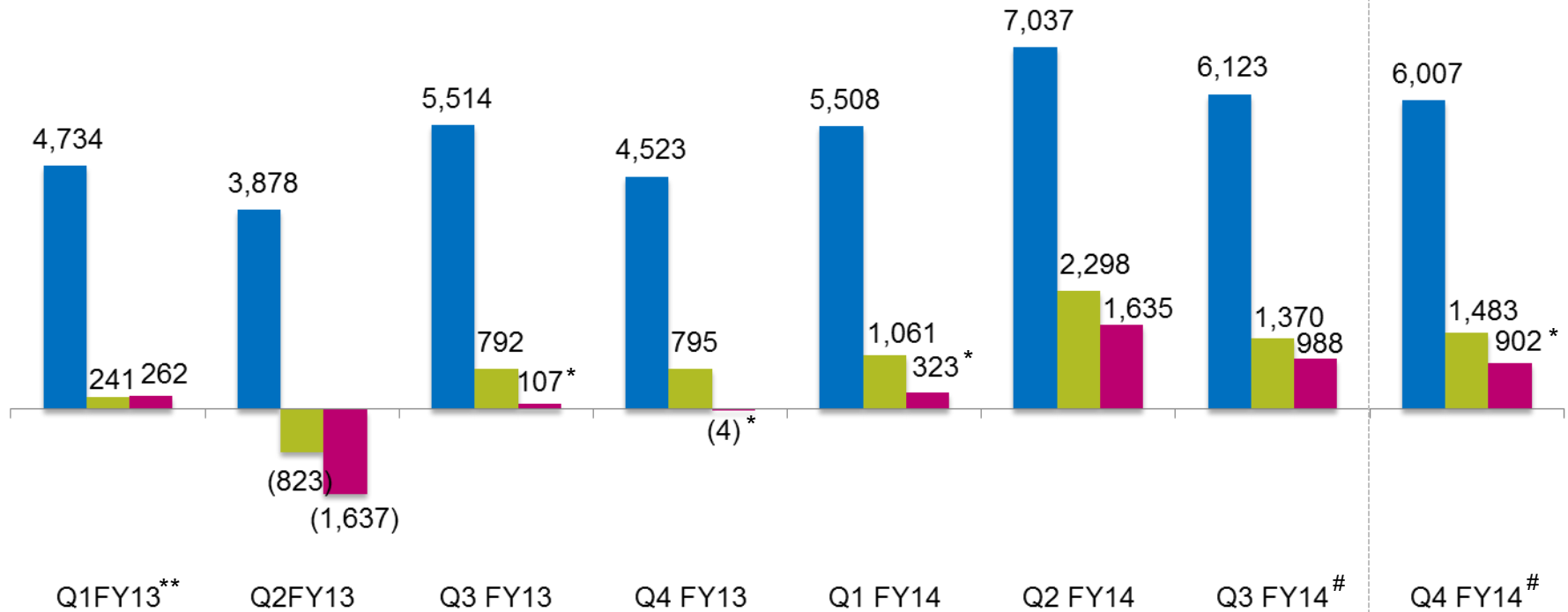
INR Mn



Average Rs/\$ Exchange rate: Q1 FY13 at 53.98; Q2 FY13 at 55.21; Q3 FY13 at 54.12; Q4 FY13 at 54.19; Q1 FY14 at 55.83; Q2 FY14 at 62.21; Q3 FY14 at 62.06; Q4 FY14 at 61.83

# Core Business EBITDA, EBIT and PBT

INR Mn



\* Profit Before Tax and Exceptional Items

■ EBITDA ■ EBIT ■ PBT

\*\* Q1 FY13: PBT includes an amount of Rs. 1,105 million being reversal of a provision made in earlier year consequent to a favorable order from TDSAT.

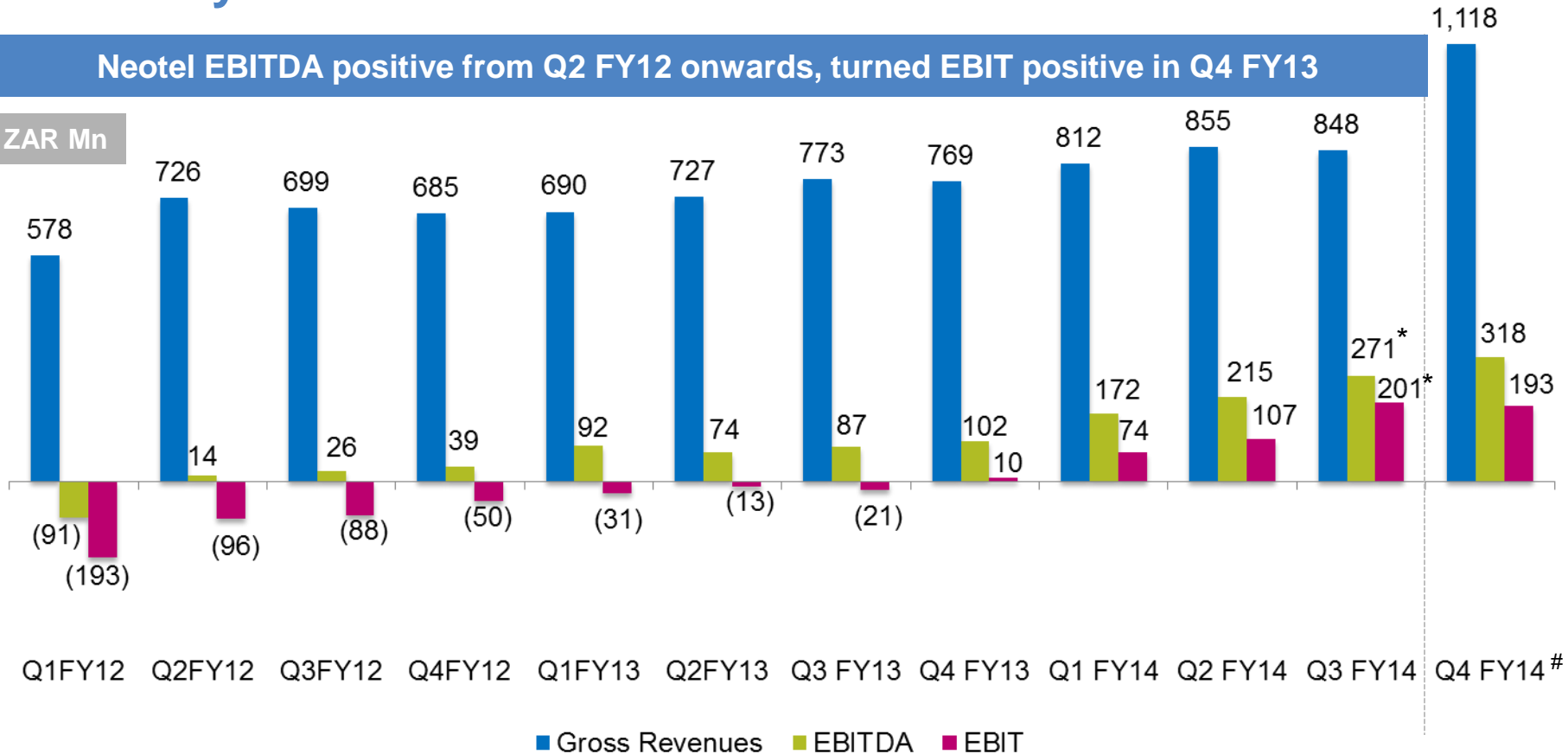
# Q3 FY14 and Q4 FY14 PBT includes other operating Income of Rs 424 million and Rs 40 million respectively, towards export benefits received

Average Rs/\$ Exchange rate: Q1 FY13 at 53.98; Q2 FY13 at 55.21; Q3 FY13 at 54.12; Q4 FY13 at 54.19; Q1 FY14 at 55.83; Q2 FY14 at 62.21; Q3 FY14 at 62.06; Q4 FY14 at 61.83

# Quarterly trends : Neotel

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

ZAR Mn



# Q4 FY14 includes Rs 60 crore backdated revenues being recognized post billing dispute resolution

\* Q3 FY14 EBITDA includes network cost write back in respect of earlier years amounting to Rs 337 million. EBIT is higher due to retrospective depreciation adjustment for nine month period (9M FY14) on account of increase in useful life of assets

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; Q1 FY14 at 9.48; Q2 FY14 at 10.00; Q3 FY14 at 10.15; Q4 FY14 at 10.87

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## Appendix 2 – Introduction and Overview of Tata Communications

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# 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 8,128 employees as of Mar'14. 948 employees in the South African operations and 7,180 in core business (GVS+GDS) and corporate

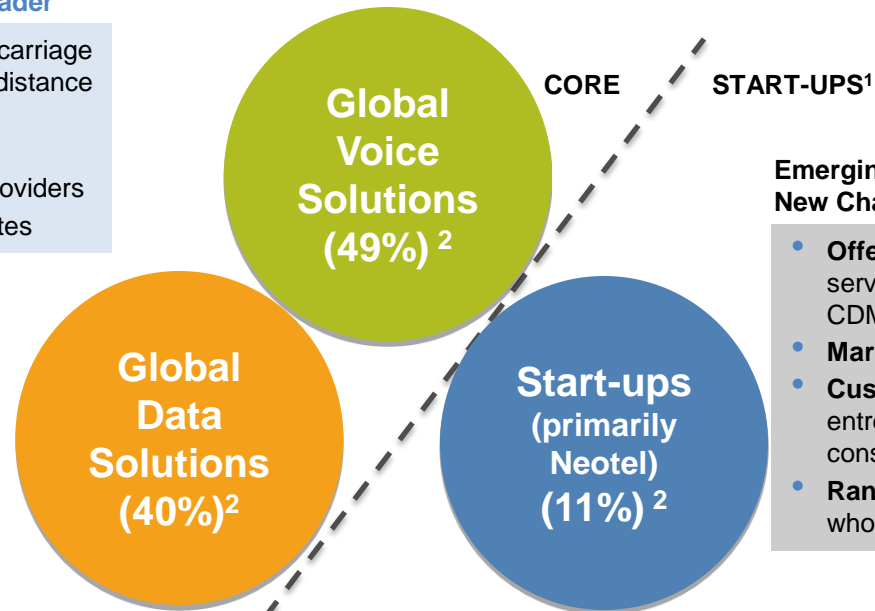
## Business Model

### 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, and mid-market 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

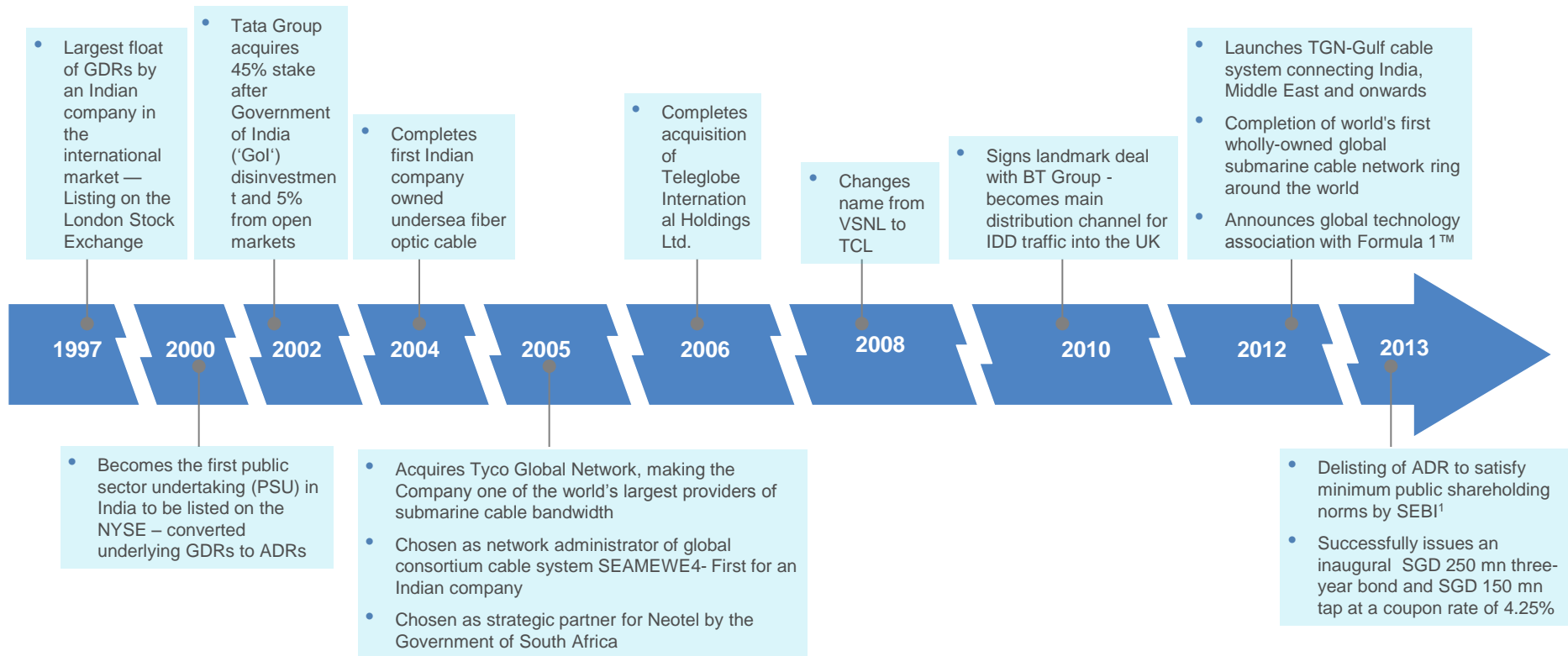
<sup>1</sup> Start-ups also includes United Telecom Limited (UTL) Nepal (26.66% shareholding) besides Neotel (67.32% shareholding)

<sup>2</sup> (%) of total gross revenues for year ending Mar'14

# 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



# Our Vision and Strategy



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**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**  
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)



**Madhusudhan MR**  
Chief Network Officer & Head  
Customer Service and Ops.  
(India)



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



**John Freeman**  
General Counsel  
(Singapore)



**Tri Pham**  
Chief Strategy Officer  
(Singapore)



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



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



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

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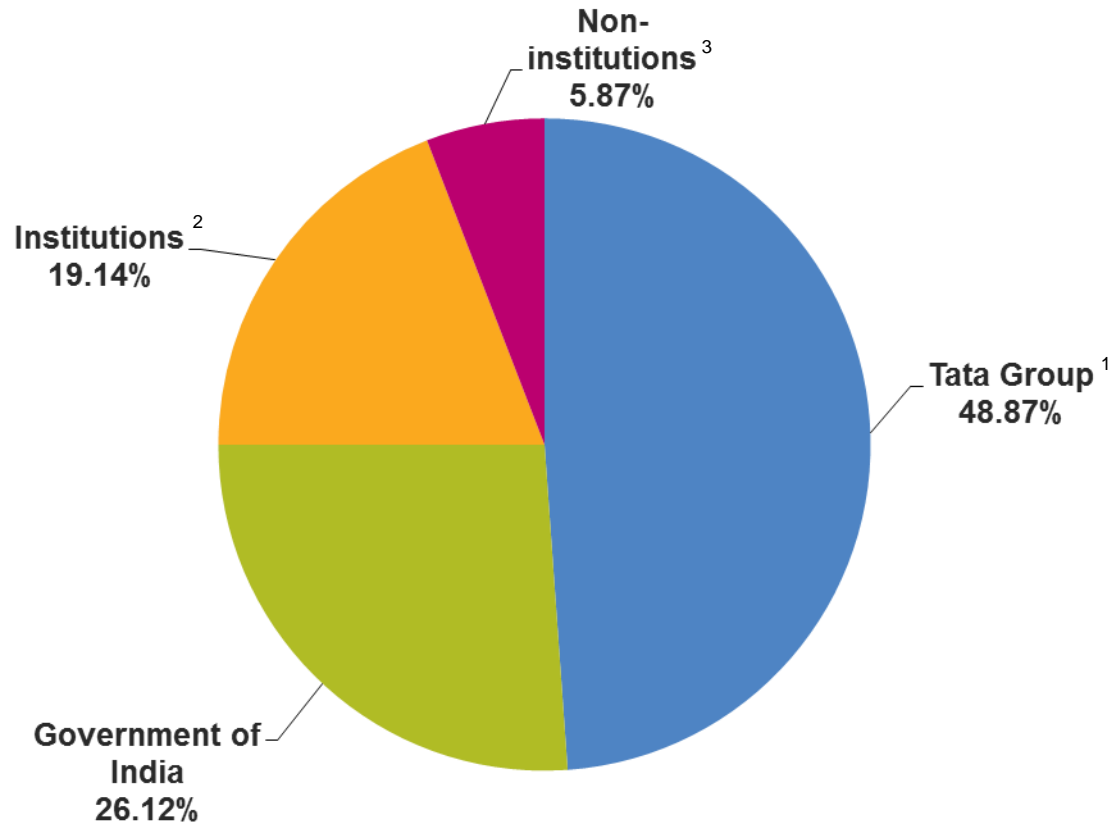
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(Country) represents where each executive is located.

# Shareholding pattern

As on March 31, 2014



1. Tata group includes Panatone Finvest Ltd (31.10%), Tata Sons (13.06%), and Tata Power Ltd. (4.71%)
2. Institutions include Mutual funds (2.78%), Financial institutions (6.73%), Insurance companies (2.60%) and Foreign Institutional Investors (7.02%)
3. Non-institutions include individuals (3.92%), Bodies corporate (1.81%) and others (0.14%)

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