



Q2 and H1 FY16 Earnings Update

27th October, 2015

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Q2 and H1 FY16 Performance Overview

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Improving core business performance

Normalized Core business performance for Canada Pension and other one-offs

Rs million	Q2 FY15	Q1 FY16	Q2 FY16	H1 FY15	H1 FY16
Reported Core EBITDA	5,783	6,033	6,680	11,495	12,714
Add: Actuarial impact of Canada pension fund	301	(103)	267	474	163
Normalized Core EBITDA	6,084	5,930	6,947	11,969	12,877
Normalized EBITDA as % of revenue from Ops	13.5%	13.1%	14.9%	13.3%	14.0%

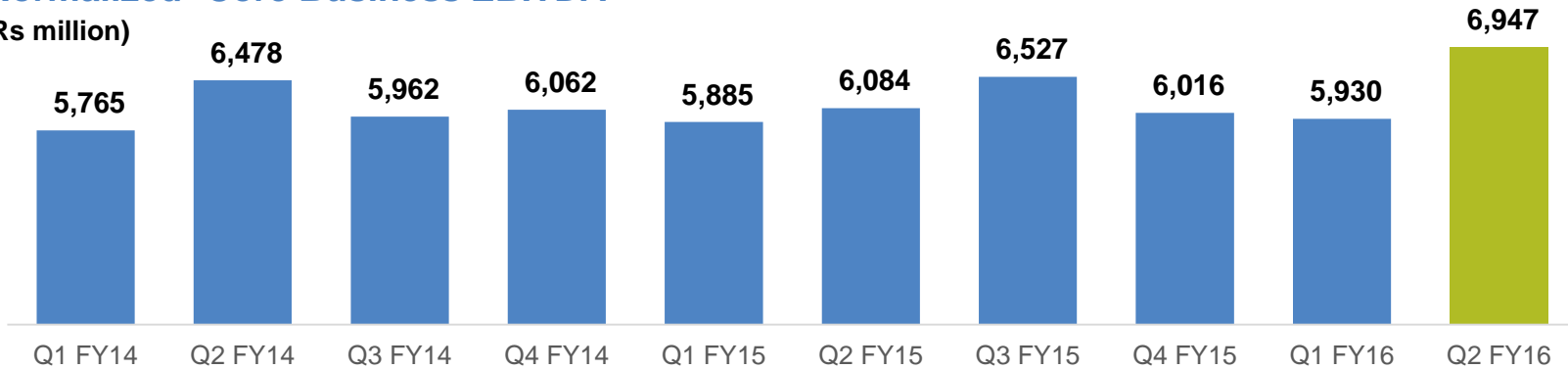
Rs million	Q2 FY15	Q1 FY16	Q2 FY16	H1 FY15	H1 FY16
Reported Core PBT	1,501	601	1,335	2,016	1,936
Add: Actuarial impact of Canada pension fund	301	(103)	267	474	163
Less: Other Income on Tax refund	1,275	-	-	1,275	-
Less: Other Op. Income towards export benefits	-	264	243	-	507
Normalized Core PBT	527	234	1,359	1,215	1,592

Significant improvement in Core EBITDA margins and PBT

Strongest quarter for core business

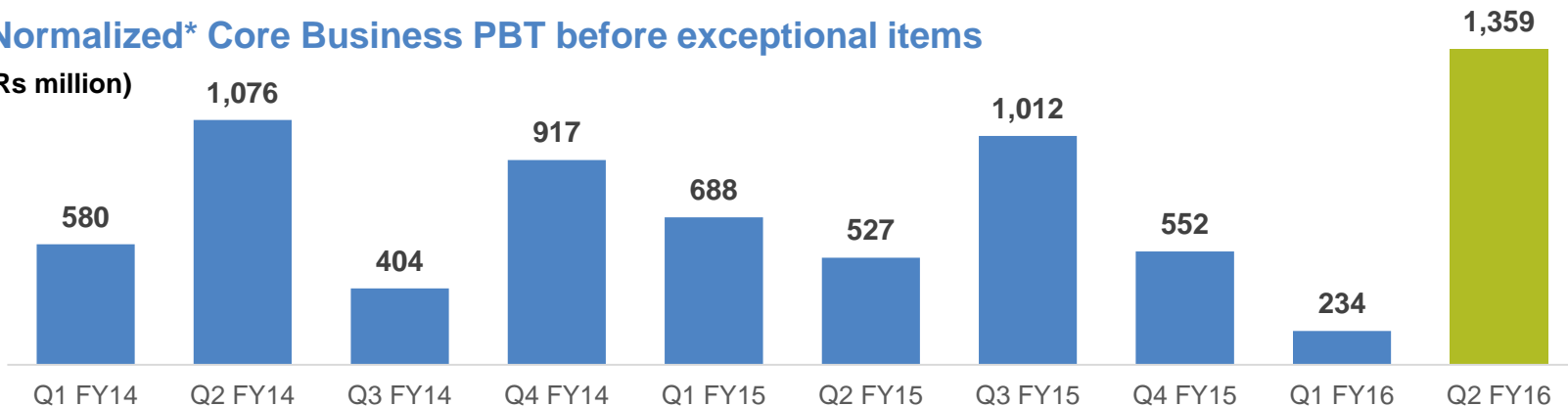
Normalized* Core Business EBITDA

(Rs million)



Normalized* Core Business PBT before exceptional items

(Rs million)



Q2 FY16 performance reflects continued momentum in data segment aided by temporary market shift in voice segment

* A detailed reconciliation of reported to normalized numbers referred above can be found in our quarterly investor fact sheets

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Segment Highlights (1/2)

- **Data segment continues to perform well**
 - H1 FY16 revenues up 15.5% Y-o-Y; Q2 FY16 revenues up 16.9% Y-o-Y
 - H1 FY16 Data reported EBITDA up 14.5% Y-o-Y; Q2 FY16 reported EBITDA up 10.7% Y-o-Y. H1 / Q2 FY16 Data EBIT positive.
 - H1 FY16 Data FCF (EBITDA less Capex) marginally positive in spite of significant step-up in capex
 - Broad based growth momentum across service lines. Enterprise and next-gen customers are leading growth. Seeing early and promising signs of growth recovery in carrier / service provider segment
- **Strong Q2 for Voice segment driven by favorable market shift in India termination**
 - H1 FY16 net revenues down 7.6% Y-o-Y reflecting structural weakness in the industry; Q2 FY16 net revenues up 9.0% Y-o-Y due to temporary market shift in India termination
 - H1 FY16 EBITDA stable Y-o-Y. Increase in Q2 FY16 net revenues on largely fixed cost has flown down to EBITDA favorably impacting Q2 FY16 performance
 - Need to wait and watch for longevity of favorable market shift
 - Remain focused on fine tuning Go-to-Market and operational initiatives to drive our goal of maximizing incremental net revenues / margins

Segment Highlights (2/2)

- **Start-up / Neotel**

- Competition tribunal hearing to take place from 23rd November, 2015 to 11th December, 2015
- Base annuity business and underlying operations remain firmly stable. Recent start-up performance volatile given nature and timing of project based revenues.
- Depreciation of ZAR continues to adversely impact reported start-up performance in Rupees. Average INR/ZAR depreciated 11% in Q2 FY16 over Q2 FY15 and 9.2% H1 FY16 over H1 FY15
- H1 FY16 Start-up revenue down 4.7% Y-o-Y and Q2 FY16 revenues down 18.0% Y-o-Y

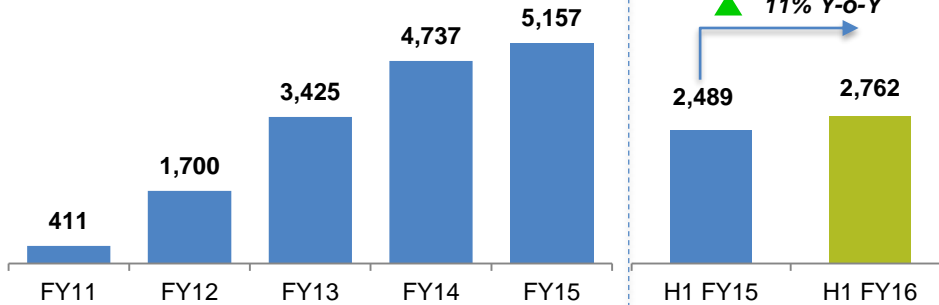
Progress on TCPSL



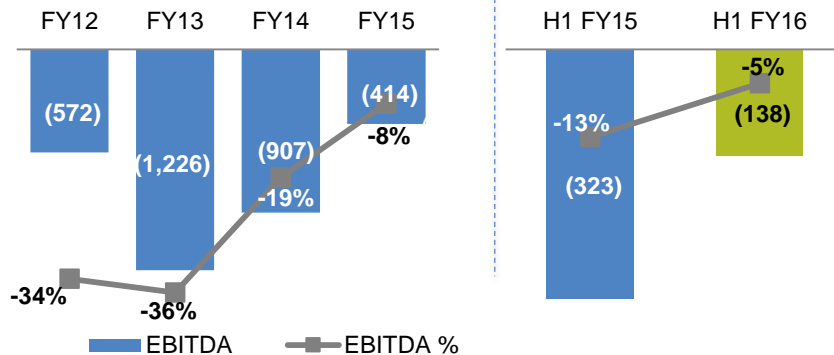
INR Million

TCPSL - long term sustainable profitability continues to be a priority

TCPSL Revenues



TCPSL EBITDA



Number of ATMs	Sep-2014	Jun-2015	Sep-2015
BLA/MOF	18,086	13,466	12,976
Indicash WLA	2,572	5,592	6,229
Total	20,658	19,058	19,205

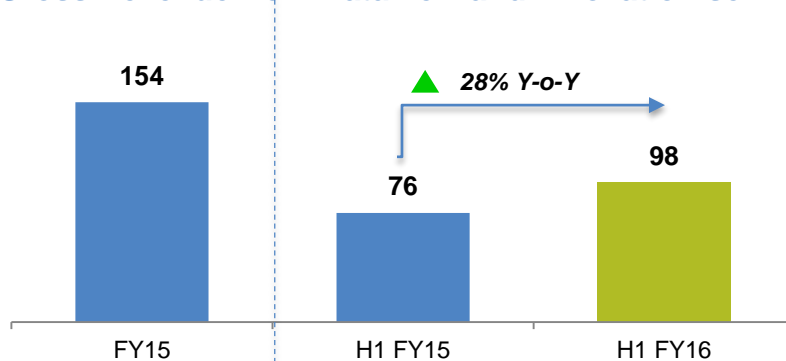
- While business attained an EBITDA break-even in Q4 exit, driving ATM portfolio rebalancing and rationalization for long term sustainable profitability continues to be a priority
- Primary objective is to sustain and improve operating profitability
 - Rationalizing BLA/MOF ATM portfolio with an eye on profitability
 - Minimal further net additions on BLA/MOF deployments
 - Driving strong cost focus and scale efficiencies
 - Moderating indicash WLA deployments and capex
- Expect improvement trend in TCPSL EBITDA to sustain and aiming for a positive EBITDA in FY16

Update on new services

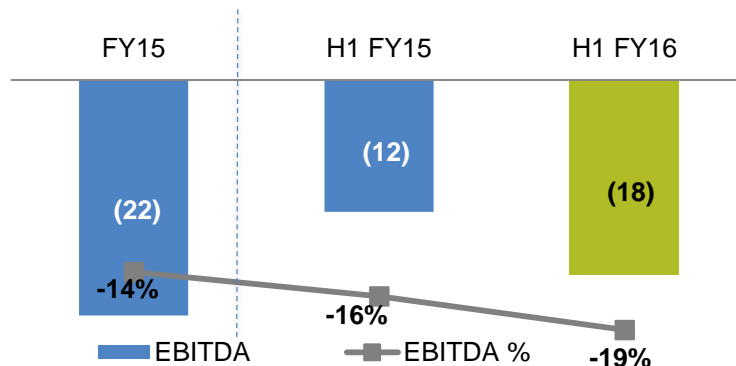
USD Million

Continuing to evolve the business strategy and make investments to capture emerging opportunities

Gross Revenue from Data new and innovation services



EBITDA from Data new and innovation Services



- **Continuing to step up investments**
 - Developing next wave of new services and investing in associated market facing activities (market conditioning and sales enablement)
- **Market response has been encouraging and seeing some initial break through deals**
 - Healthy pipeline activity
 - Recent high profile wins include a complex global hosted contact center win and a global media and broadcasting win
- **Expect financial performance to accelerate as funnel translation picks pace and new services start gaining scale**

Some definitional re-alignments in new services to better capture evolving portfolio. FY15 and H1 FY15 restated accordingly.

New and Innovation services include: IZO , IDC (Hosting, MSS), Healthcare , Media and media management, UCC (SIP-T, VS & IPT, GHCC), Mobile New Services and innovation

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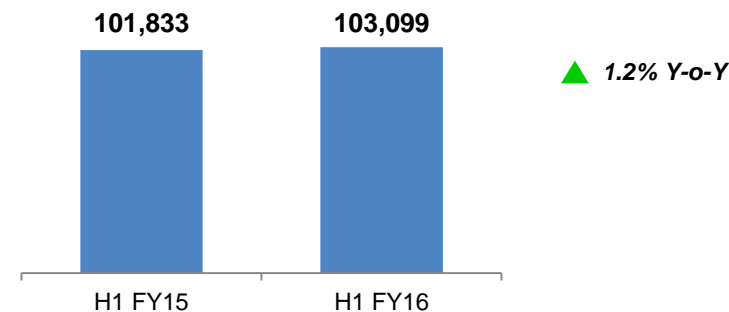
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Consolidated Financial Performance – H1 FY 2016

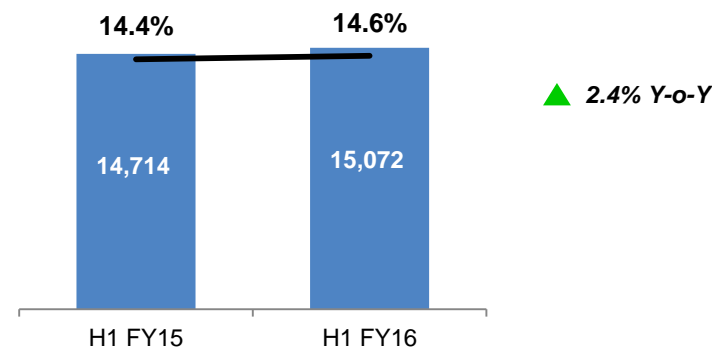
INR Mn

Particulars	H1 FY 2015	H1 FY 2016
Revenue from operations	101,833	103,099
Operating EBITDA	14,714	15,072
<i>Operating EBITDA %</i>	<i>14.4%</i>	<i>14.6%</i>
Operating EBIT	4,182	3,787
<i>Operating EBIT %</i>	<i>4.1%</i>	<i>3.7%</i>
PBT	2,599	1,663
<i>PBT (% of total income)</i>	<i>2.5%</i>	<i>1.6%</i>
PAT	710	(278)
<i>PAT (% of total income)</i>	<i>0.7%</i>	<i>-0.3%</i>

Revenue from Operations



Operating EBITDA and margins (% of gross revenue)



Financial Performance by Segment – H1 FY 2016

INR Mn

	CORE		STARTUP		CONSOLIDATED	
	H1 FY15	H1 FY16	H1 FY15	H1 FY16	H1 FY15	H1 FY16
Gross Revenues	90,137	91,957	11,697	11,142	101,833	103,099
Y-o-Y Growth		2.0%		-4.7%		1.2%
EBITDA	11,495	12,714	3,219	2,358	14,714	15,072
Y-o-Y Growth		10.6%		-26.7%		2.4%
EBIT	2,054	2,479	2,128	1,307	4,182	3,787
PBT	2,016	1,936	582	(273)	2,599	1,663
PAT after Minority Interest	128	(5)	582	(273)	710	(278)

Average Rs/\$ Exchange rate: H1 FY15 at 60.18; H1 FY16 at 64.17
 Average Rs/ZAR Exchange rate: H1 FY15 at 5.65; H1 FY16 at 5.13

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Core Business by Business Unit – H1 FY 2016

INR Mn

	Global Voice Services (GVS)		Global Data Services (GDS)	
	H1 FY15	H1 FY16	H1 FY15	H1 FY16
Gross Revenues	46,223	41,242	43,914	50,715
Y-o-Y Growth		-10.8%		15.5%
Net Revenue	6,399	5,910	31,261	35,696
Y-o-Y Growth		-7.6%		14.2%
EBITDA¹	3,024	3,014	8,471	9,699
EBITDA Margin %	6.5%	7.3%	19.3%	19.1%
Y-o-Y EBITDA Growth		-0.3%		14.5%
EBIT¹	1,997	2,050	57	429
EBIT Margin %	4.3%	5.0%	0.1%	0.8%

¹ Management estimates based on internal MIS and cost allocation assumptions

Average Rs/\$ Exchange rate: H1 FY15 at 60.18; H1 FY16 at 64.17

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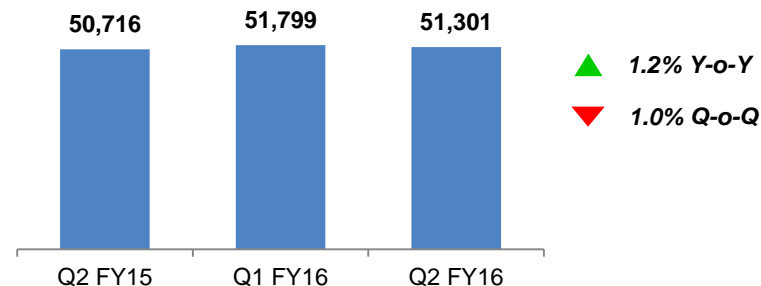
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Consolidated Financial Performance – Q2 FY 2016

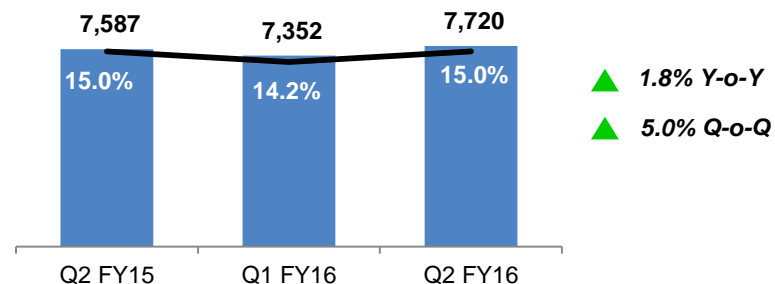
INR Mn

Q2 FY 2015	Particulars	Q1 FY 2016	Q2 FY 2016
50,716	Revenue from operations	51,799	51,301
7,587	Operating EBITDA	7,352	7,720
15.0%	<i>Operating EBITDA %</i>	14.2%	15.0%
2,356	Operating EBIT	1,761	2,026
4.6%	<i>Operating EBIT %</i>	3.4%	3.9%
2,120	PBT	602	1,061
4.0%	<i>PBT (% of total income)</i>	1.1%	2.0%
924	PAT	(339)	60
1.8%	<i>PAT (% of total income)</i>	-0.6%	0.1%

Revenue from Operations



Operating EBITDA and margins (% of gross revenue)



Financial Performance by Segment – Q2 FY 2016

INR Mn

	CORE			STARTUP			CONSOLIDATED		
	Q2 FY 2015	Q1 FY 2016	Q2 FY 2016	Q2 FY 2015	Q1 FY 2016	Q2 FY 2016	Q2 FY 2015	Q1 FY 2016	Q2 FY 2016
Gross Revenues	44,950	45,383	46,574	5,766	6,415	4,727	50,716	51,799	51,301
Y-o-Y Growth			3.6%			-18.0%			1.2%
Q-o-Q Growth			2.6%			-26.3%			-1.0%
EBITDA	5,783	6,033	6,680	1,804	1,318	1,040	7,587	7,352	7,720
Y-o-Y Growth			15.5%			-42.4%			1.8%
Q-o-Q Growth			10.7%			-21.1%			5.0%
EBIT	1,013	977	1,502	1,343	784	523	2,356	1,761	2,026
PBT	1,501	601	1,335	619	1	(274)	2,120	602	1,061
PAT after Minority Interest	305	(339)	334	619	1	(274)	924	(339)	60

Average Rs/\$ Exchange rate: Q2 FY15 at 60.58; Q1 FY16 at 63.43 ; Q2 FY16 at 64.91

Average Rs/ZAR Exchange rate: Q2 FY15 at 5.63; Q1 FY16 at 5.24; Q2 FY15 at 5.01

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Core Business by Business Unit – Q2 FY 2016

INR Mn

	Voice Solutions			Data Services		
	Q2 FY 2015	Q1 FY 2016	Q2 FY 2016	Q2 FY 2015	Q1 FY 2016	Q2 FY 2016
Gross Revenues	22,816	20,548	20,695	22,134	24,836	25,879
Y-o-Y Growth			-9.3%			16.9%
Q-o-Q Growth			0.7%			4.2%
Net Revenue	3,017	2,620	3,290	15,771	17,290	18,406
Y-o-Y Growth			9.0%			16.7%
Q-o-Q Growth			25.5%			6.5%
EBITDA¹	1,297	1,300	1,715	4,486	4,734	4,965
EBITDA Margin %	5.7%	6.3%	8.3%	20.3%	19.1%	19.2%
Y-o-Y EBITDA Growth			32.3%			10.7%
Q-o-Q EBITDA Growth			32.0%			4.9%
EBIT¹	760	824	1,226	253	153	277
EBIT Margins %	3.3%	4.0%	5.9%	1.1%	0.6%	1.1%

¹ Management estimates based on internal MIS and cost allocation assumptions

Average Rs/\$ Exchange rate: Q2 FY15 at 60.58; Q1 FY16 at 63.43 ; Q2 FY16 at 64.91

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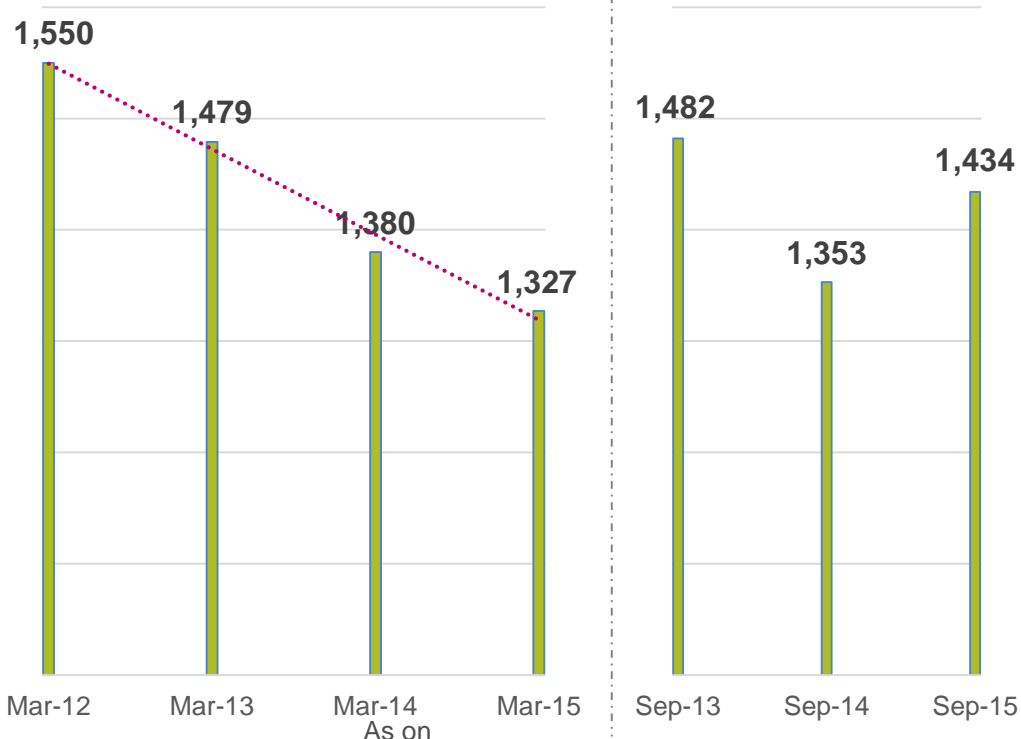
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Core business debt profile (1/2)

Improving operating performance driving core business deleveraging

Core Business – Net Debt *

USD Millions



*SGD 561 Mn Debt is fully swapped into USD but appears at USD/SGD closing rates. As on 30th September, 2015, considering closing rate of 1.4232 against hedge rate of 1.2449, net debt would be higher by \$56 mn if considered at the hedge rate.

Key highlights

- Core business is operating at peak debt levels and deleveraging remains a key priority
- Lower interest expense and capex intensity with improved operating performance have set stage for core business deleveraging
- Increase in Sep-15 net debt is due to altering working capital cycle (driven by enterprise led data growth) and higher capex spend
- Sep-14 net debt was benefitted by an one-off income tax refund of \$96 million during Q2 FY15

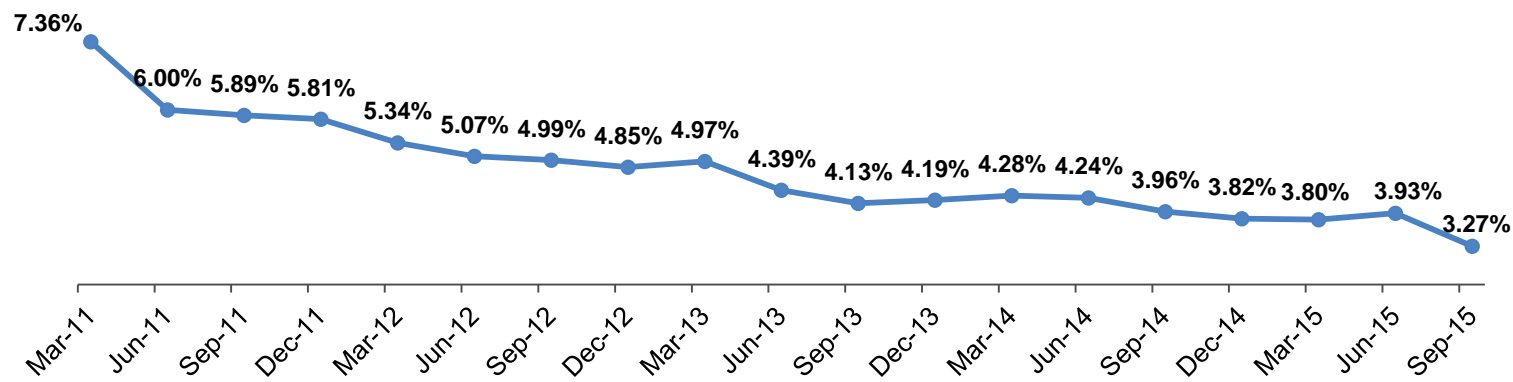
Core business debt profile (2/2)



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

- Opportunistically raised USD 260 million long term foreign currency debt in Q1FY16 at substantially lower rates driving reduction in average cost of borrowing.
 - Utilized to prepay higher cost long term debt of USD 175 million maturing in Dec 2015 and USD 85 million of short term debt.
- Balance FY16 core business debt maturity (excluding short term loans) is \$423 million of which \$200 million has been tied up at competitive rates as a committed term loan facility.
- Core business cash and cash eq. as on Sep 30, 2015 is USD 310 million
- Well placed to refinance the gap and manage debt profile at competitive terms

Core Business - Average Cost of Loans



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

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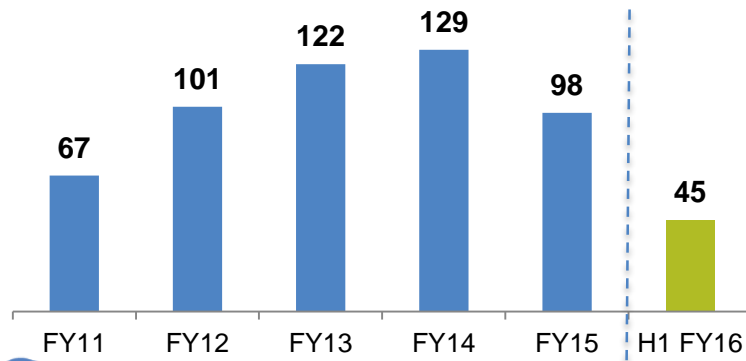
Capital expenditure and cash generation

Core Business Capex - Key Highlights

- Capex is closely aligned to market opportunity, strategic direction and has accelerated payback
- Current capex predominantly focused on strategic projects and Data growth
- Pursuing asset light, partnership driven growth strategy to minimize / substitute capex
- Recent uptick in capex is due to rapid growth in data center business, complex enterprise client deployments, new service creation and network investments
- Strong discipline and governance around capital allocation and expenditure
- Expect FY16 Core business capex to be about \$350 mn

GVS – Continues to generate free cash

GVS EBITDA less GVS Capex (\$ million)

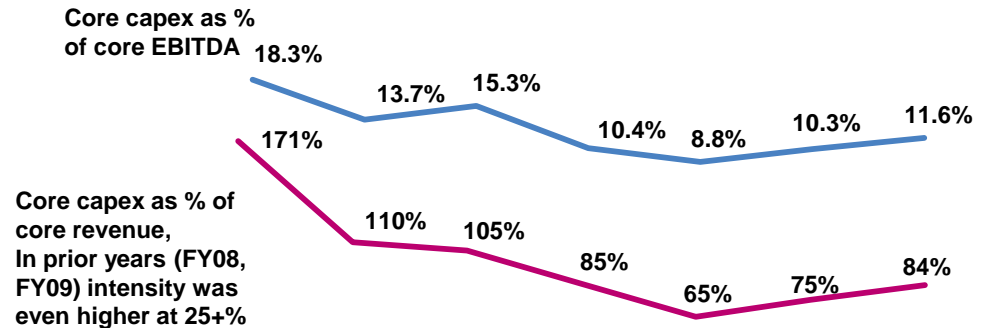


Note: FY14 and FY15 are like-to-like. FY13 and periods prior to that are not restated for recent sub-segment re-classifications.

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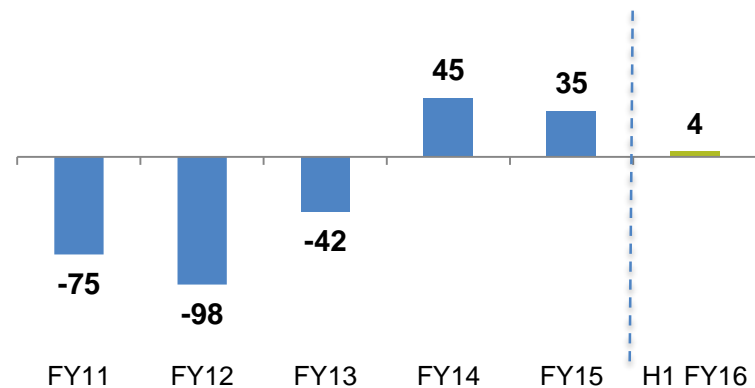
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Reducing Core Business Capex Intensity



GDS – Positive FCF in spite of capex step-up

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



Way ahead – H2 FY16



Data

- Expect sustained revenue traction as strong order book translation in to revenues continues
- New services to continue leading growth and will need ongoing investments in capex and opex (front-end and service creation)
- Redeploying data FCF with an emphasis on innovation, partnering and speeding up to complete feature sets of new services
- Composition of revenues to continue improving in favour of complex solution led, stickier annuity revenue streams from enterprises
- Expect H2 FY16 to deliver continued strong Y-o-Y EBITDA growth

Voice

- Need to wait and watch for longevity of favourable market shift in India terminations
- Manage cost and capex to maximize FCF generation
- Expect \$80-90 mn FCF in FY16

Remain optimistic about continued momentum in H2 FY16

Governing Objectives and Way Forward



Maximize long term intrinsic value for our shareholders by :

Strategic Focus Areas

Driving Capital Efficiency

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

Improving Margin Profile

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

Investing for Sustainable Long-term Growth

- Reshape portfolio
- Traditional services facing challenges
- Need to invest in new services / innovation to differentiate and accelerate growth.

Creating Financial and Strategic Flexibility

- Free cash flow (FCF) generation and balance sheet deleveraging is a key priority
- Pursue opportunities for unlocking intrinsic value
- Rationalize businesses with subpar return profile

Maximize shareholder returns by improving core business RoCE

Summary

1

Executing well and on track on our transformational agenda

2

Quickly changing tech trends offers significant opportunities as well as risks. Traditional services facing challenges

3

Need to invest in new services/innovation to differentiate and accelerate growth. Remain focused on execution.

4

On path to maximize shareholder returns by substantially improving Core business RoCE



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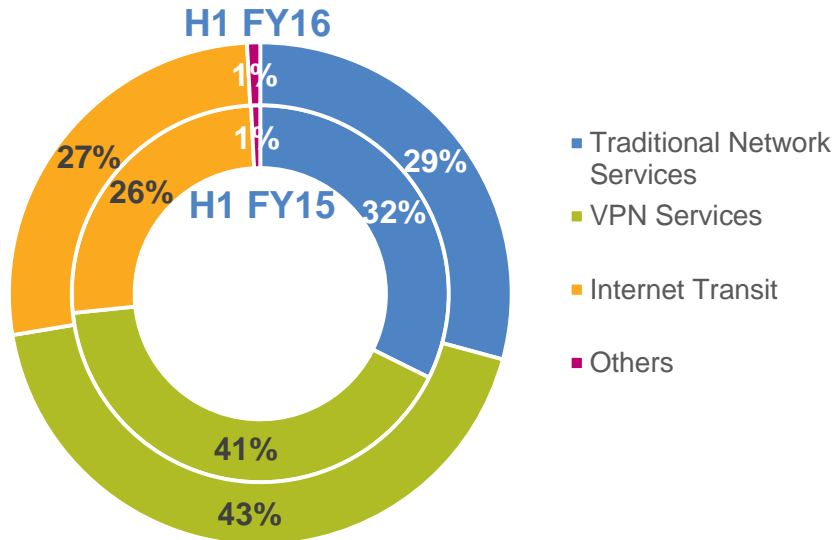


Appendix 1 – Additional Slides

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GDMS | YoY Gross Revenue Product Mix

Network Services



Network Service Portfolio

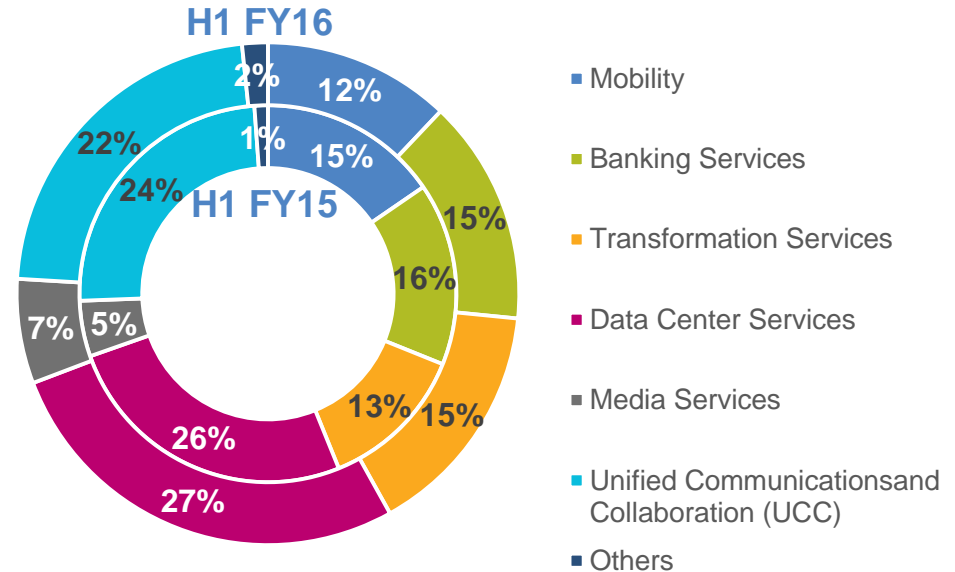
Traditional Network Services: IPL, NPL, IRUs

VPN Services : DGE and VPN

Internet Transit – IP-T, ILL

Other: Inmarsat, GNS others

Managed Services



Managed Services Portfolio:

Banking Services: TCPSL

Transformation Services: TCTSL

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

Media Services: Vconnect, Broadcast, CDN, Mosaic

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

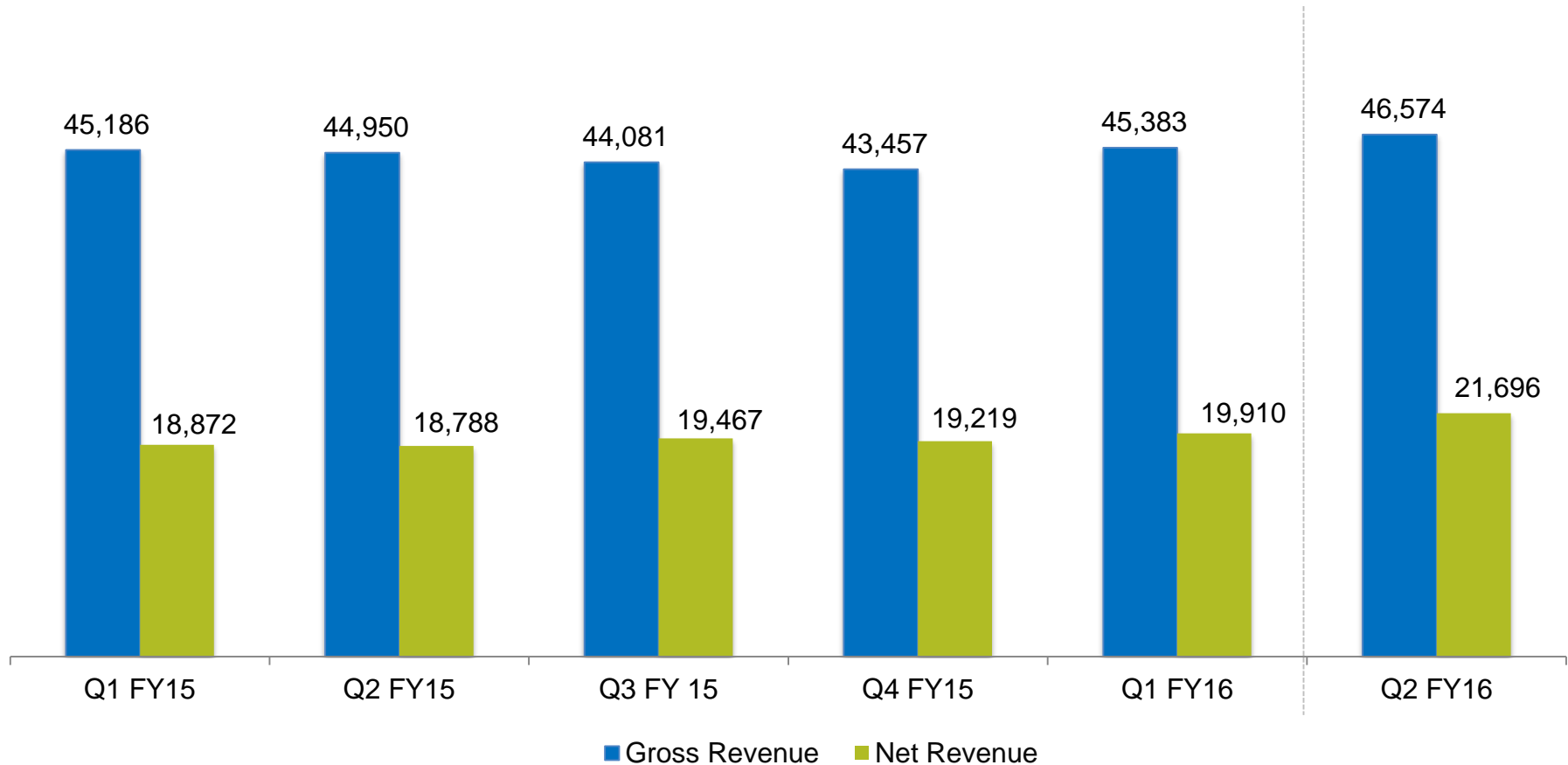
Other: MSS, SaaS

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Core Business Gross and Net Revenues

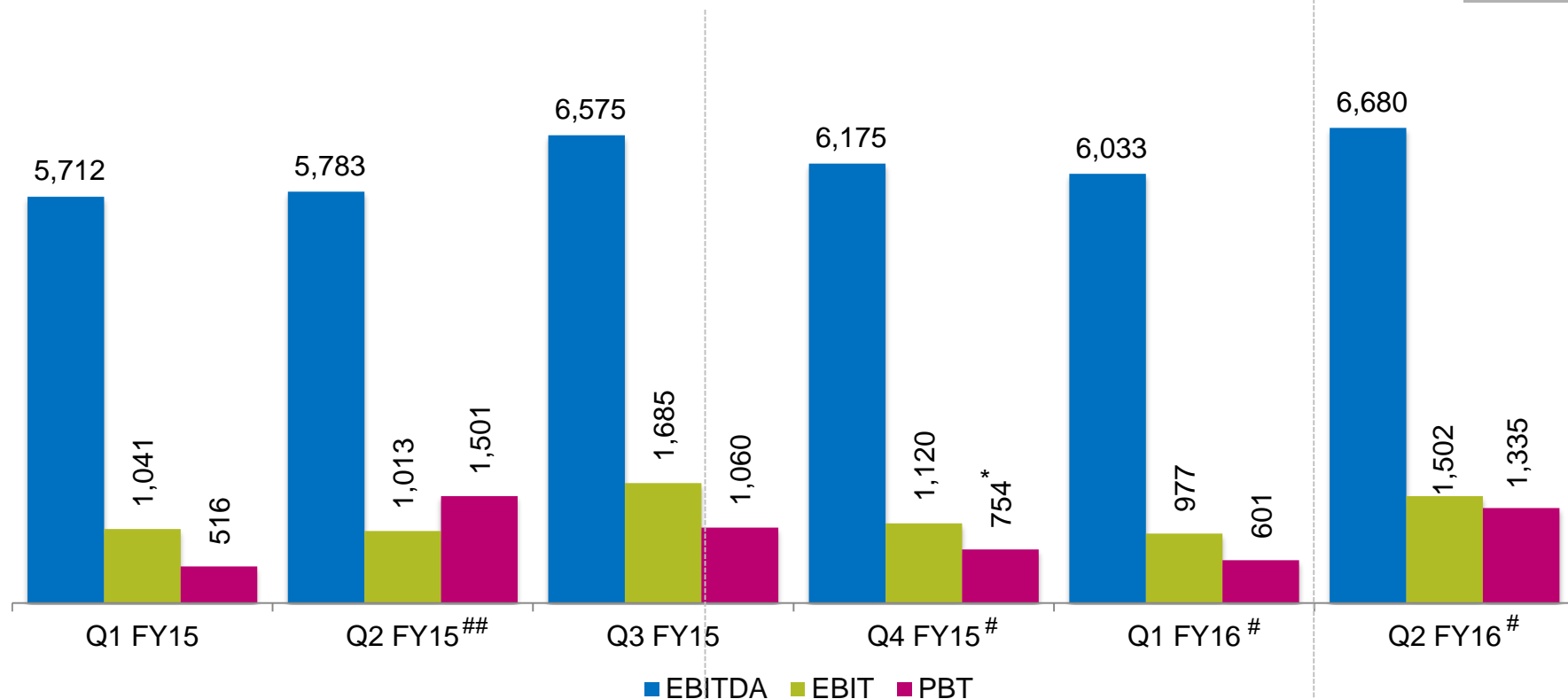
INR Mn



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

Core Business EBITDA, EBIT and PBT

INR Mn



* Profit Before Tax without Exceptional Items

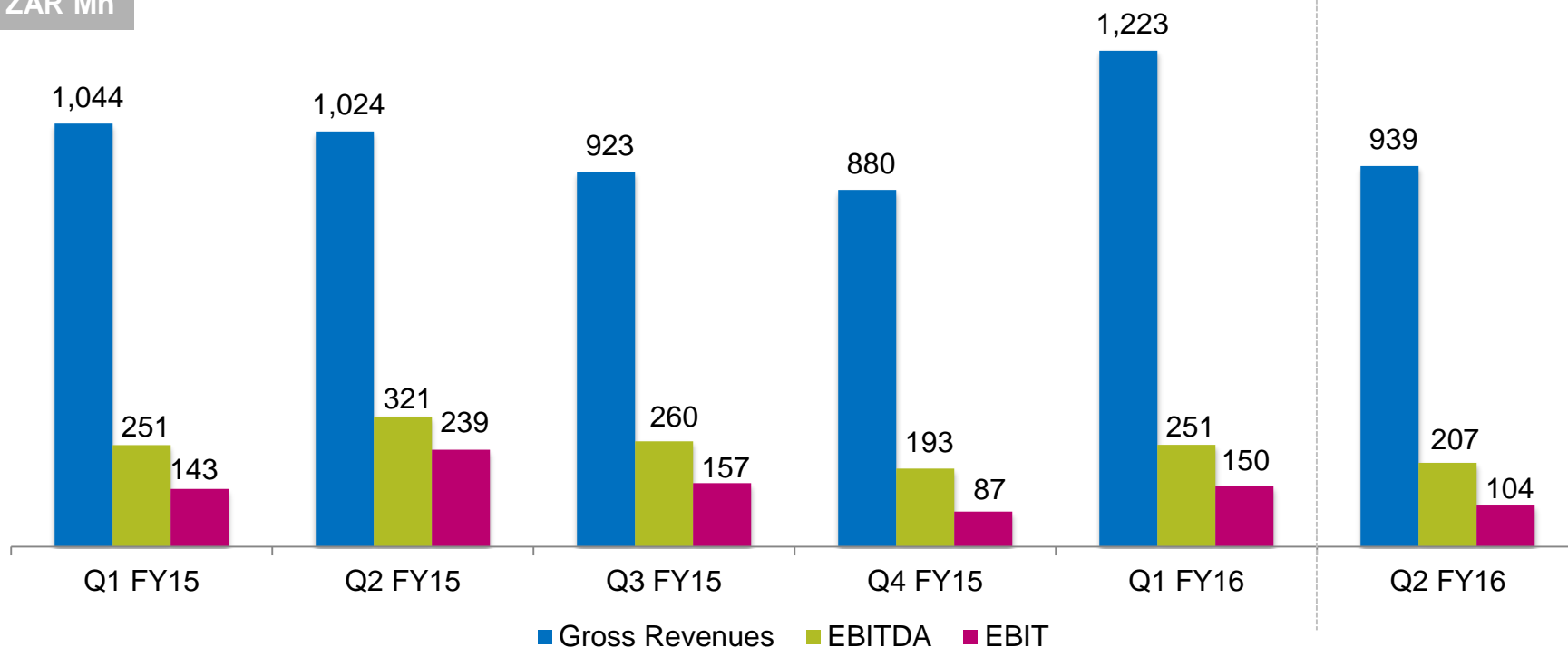
Q4 FY15, Q1 FY16 and Q2 FY16 PBT includes other operating Income of Rs 43 million, and Rs 264 million, Rs 243 million respectively, towards export benefits received

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

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

Quarterly trends : Neotel

ZAR Mn



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



Appendix 2 – Introduction and Overview of Tata Communications

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Company overview

- Tata Communications Limited ('TCL') is a leading provider of enterprise & wholesale Data Services and wholesale long distance Voice Solutions
- 48.9% owned by the Tata Group, which is one of India's largest and most reputed multinational conglomerates
- Business consists of 3 segments: Voice Solutions, Data Services and Start-ups (primarily South Africa Operations – Neotel)
- Leader in enterprise data services & wholesale long distance voice services in India; and international voice services, wholesale connectivity and mobile signaling globally
- Total 9,661 employees as of Sep'15. 988 employees in the South African operations and 8,673 in core business (Data+Voice)

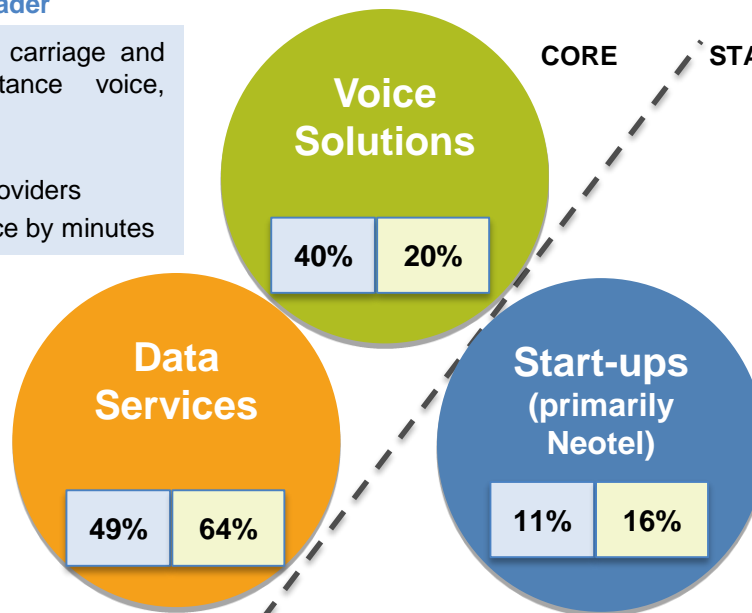
Business Model

Mature; Stable Scale Business – Market Leader

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

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

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



START-UPS¹

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

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

* Transaction is subject to regulatory approvals

% of gross Revenue ²	% of EBITDA ²
40%	20%
49%	64%
11%	16%

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

² for the six months ending Sep'15

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TATA COMMUNICATIONS

Tata Communications' transformation and growth

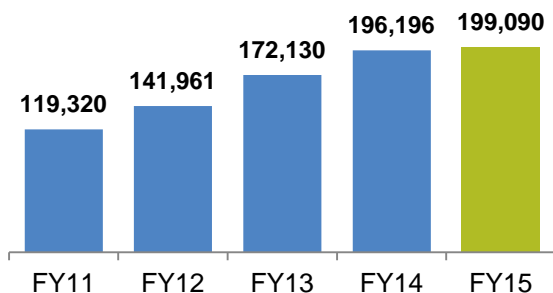


Gartner, Inc "Magic Quadrant for Network Services, Global" Neil Rickard, Bjarne Munch, 14 January 2015. Gartner does not endorse any vendor, product or service depicted in its research publications, and does not advise technology users to select only those vendors with the highest ratings or other designation.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

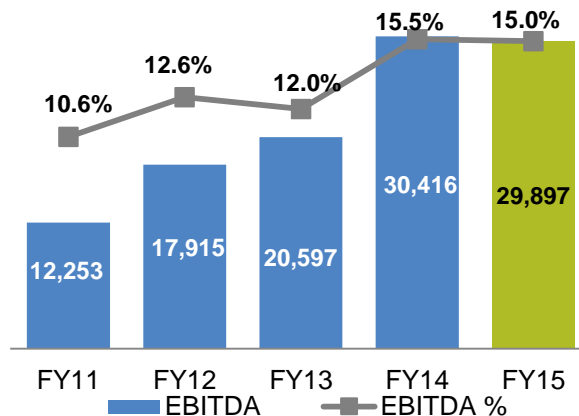
Sustained profitable growth over the years

Summary Financials

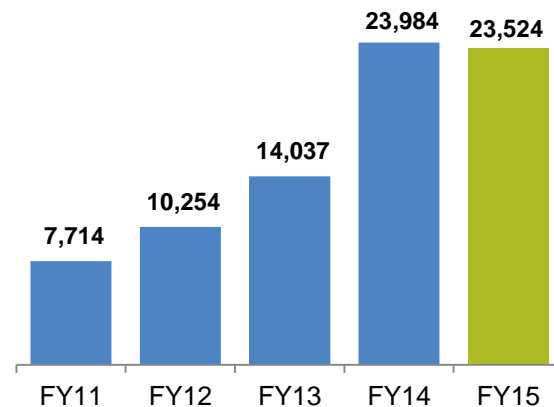
Consolidated Revenue from Operations (INR mn)



Consolidated EBITDA (INR mn)



Consolidated Cash Profit¹ (INR mn)



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

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

We are creating new, strategic pivots



Develop 'Sharing Economies' ecosystem in ICT space

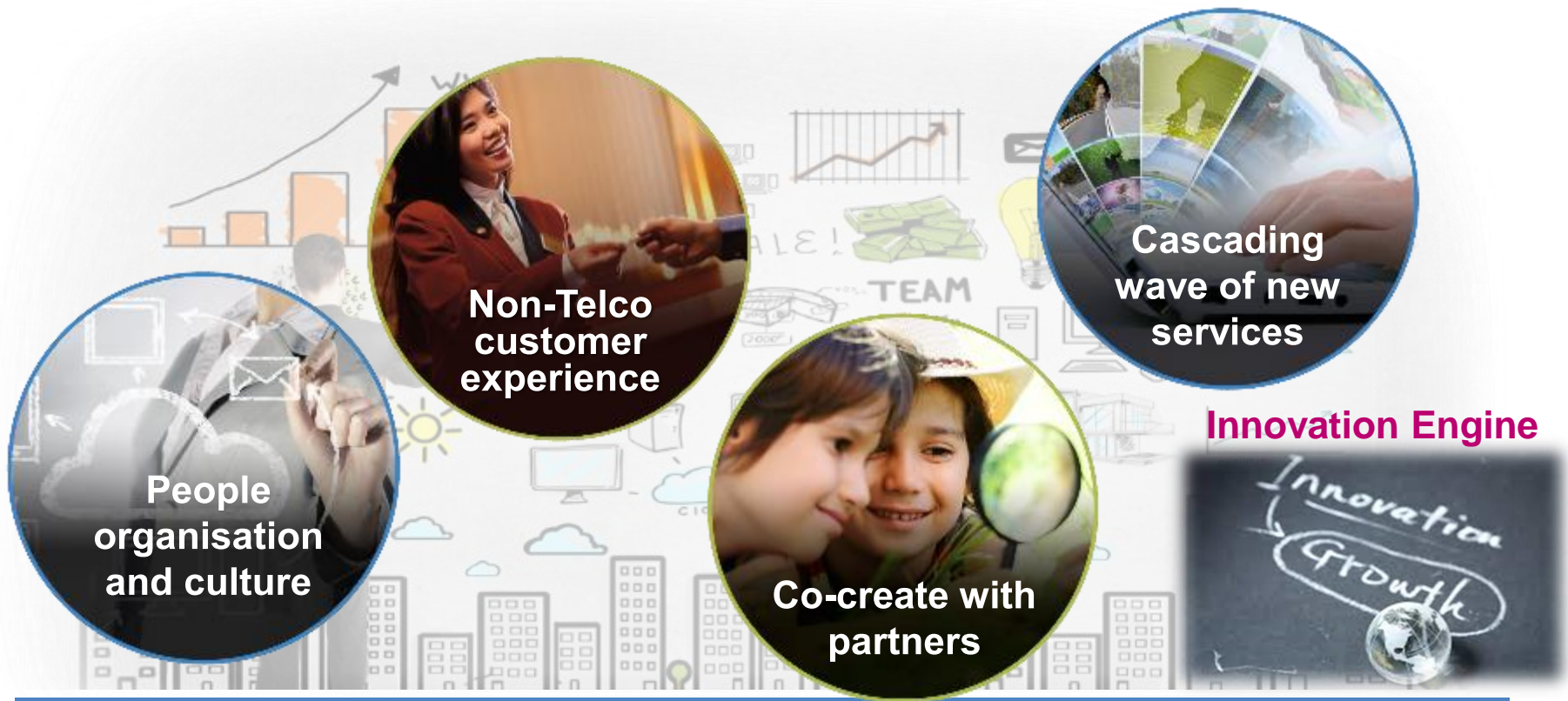
Create public - private / hybrid model

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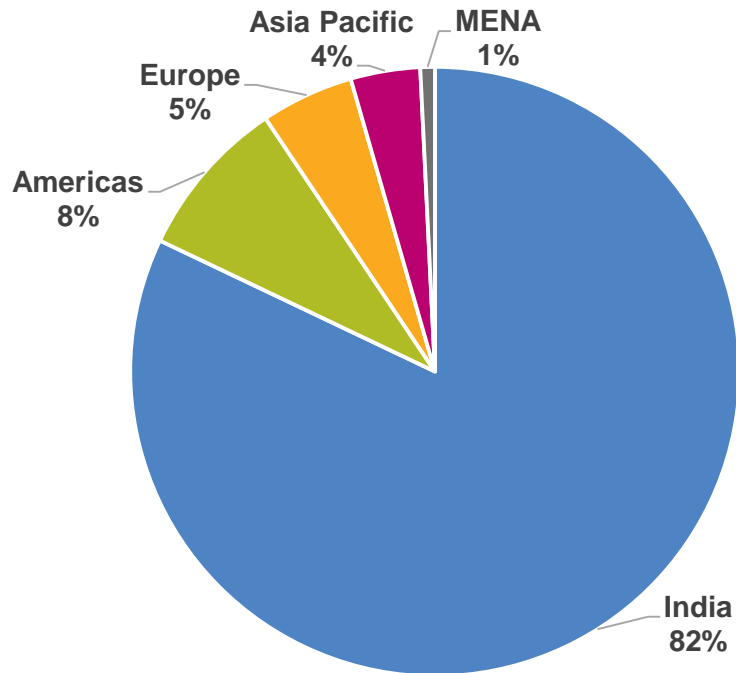
Tata Communications – strategy evolution



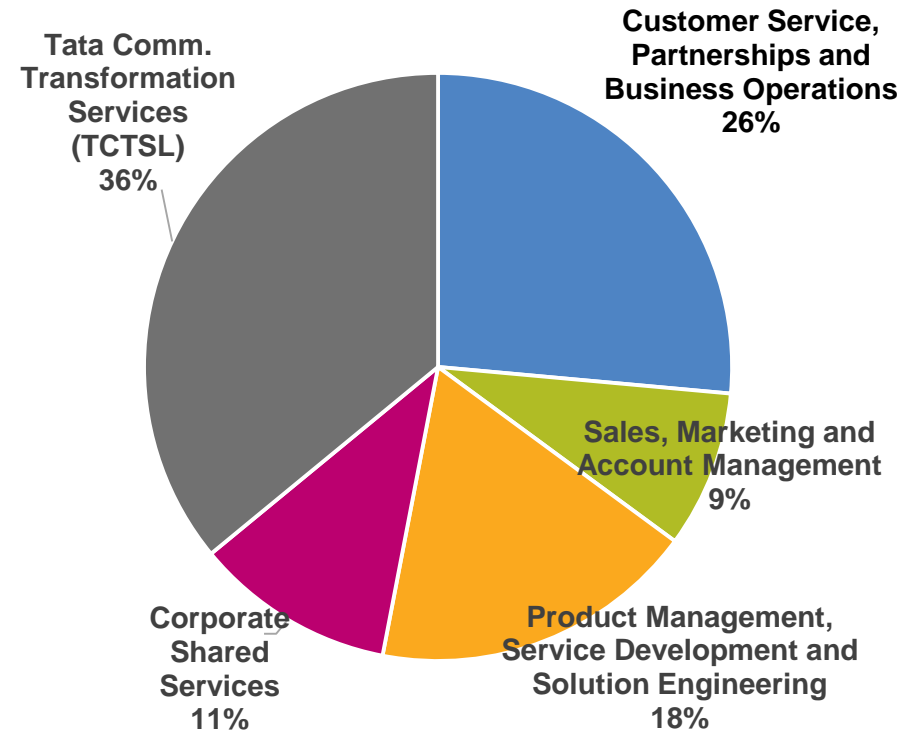
Headcount split by geography and function

8,673 Employees in Core business as on September 30, 2015*

By Geography



By Function



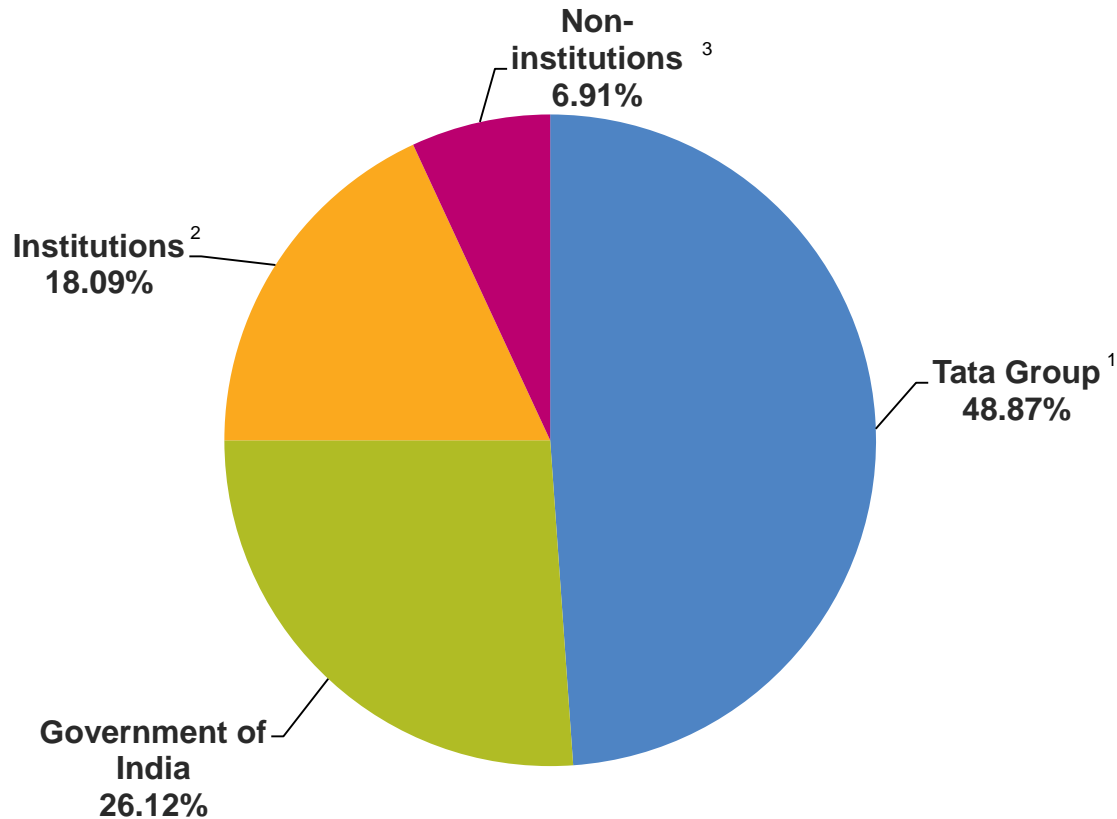
* In addition to this, the company has 988 employees in its South Africa Operations (Neotel)

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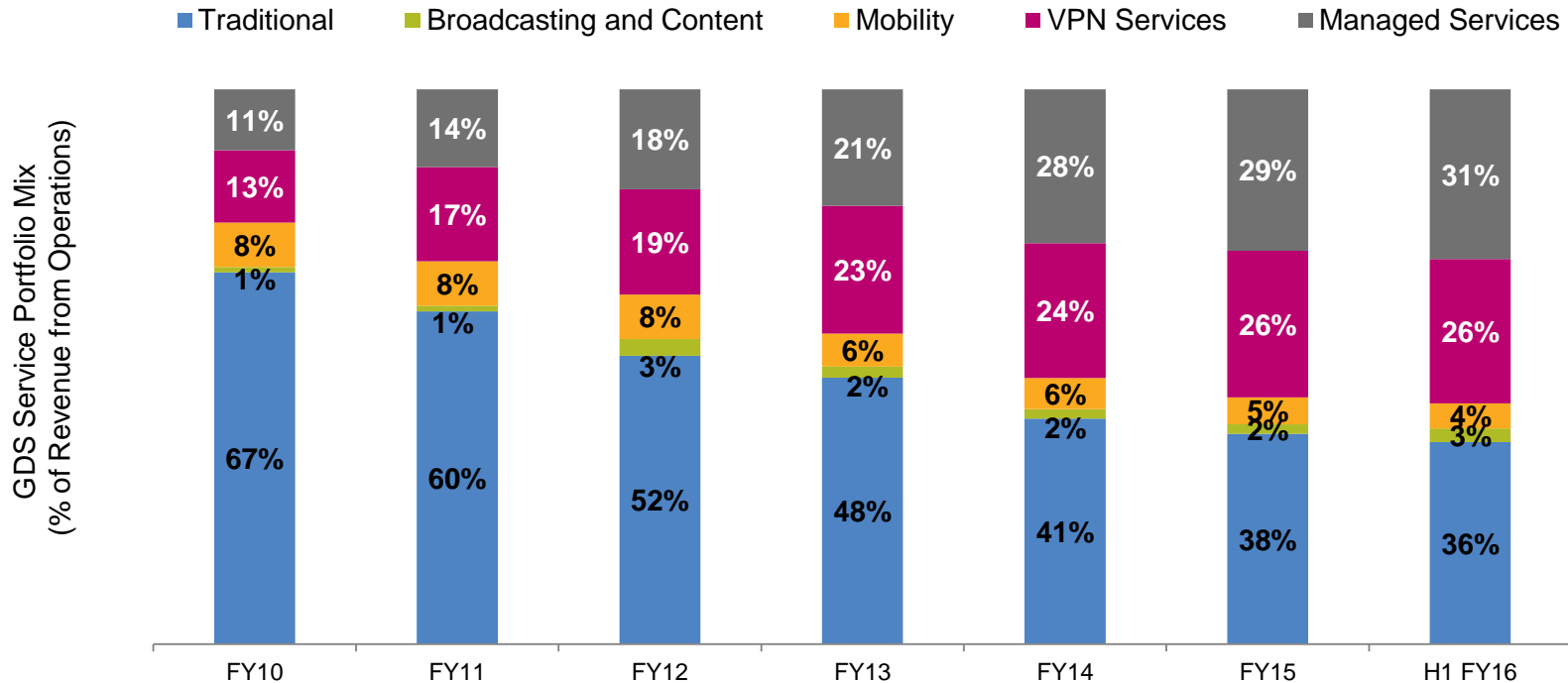
Shareholding pattern

As on September 30, 2015



1. Tata group includes Panatone Finvest Ltd (31.10%), Tata Sons (13.07%), and Tata Power Ltd. (4.71%)
2. Institutions include Mutual funds (6.39%), Financial institutions (4.52%), Insurance companies (0.59%) and Foreign Institutional Investors (6.60%)
3. Non-institutions include individuals (4.28%), Bodies corporate (2.46%) and others (0.18%)

Data portfolio continues to evolve beyond traditional services



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



We will continue to accelerate our success

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



We are at a strategic inflection point



Vision

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

Raison d'être: power the internet economy and globalisation



THANK
YOU

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