TATA COMMUNICATIONS

Q4 & FY2016

Analyst and Investor Meet

July 29, 2015 at 09:45 AM IST

MAIN SPEAKERS:

Vinod Kumar, Managing Director and Group CEO

Pratibha Advani, Chief Financial Officer

Anthony Bartolo – President of Unified Communication and Collaboration and Mobility Business

Sumeet Walia – President of Global Enterprise Business

For a copy of presentation made during the analyst meet please visit below link:

http://www.tatacommunications.com/sites/default/files/AR-Q4FY16BusinessHighlighStrategyUpdate-FR-20160519.pdf

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Mahesh Pratap Singh: Good morning. And welcome all, thanks for being with us after slightly longest night for all of you. We hopefully during the course of event give you some context of events and what has led to that.

Let me start with round of introduction first, I am Mahesh Pratap Singh – Manage, Investor Relations here. We are joined by senior management today, Vinod – Managing Director and Group CEO, Anthony – President of Unified Communication and Collaboration and Mobility Business, Sumeet – President of Global Enterprise Business and Pratibha – Chief Financial Officer.

Before we get started, I would like to remind everyone about the Safe Harbor statement. Anything we say today which reflects any outlook for the future of which can be constituted as forward-looking statements must be viewed in conjunction with the risk and uncertainties we face. These risks can result in actual results to be very different than what is implied in these forward-looking statements. The Company does not undertake to update these forward-looking statements publicly, so we advise you to exercise due caution in reading the forward-looking statements.

With that out of way, let me give you a sense of the agenda for the day. We will start with Vinod giving his strategy update, a qualitative sense of where the business is heading, an update on lot of recent developments and announcements we have made. Vinod will be followed by Anthony who will take you through our UCC business in terms of the proposition, our right to play, right to win and what is our strategy there. He will be followed by Sumit who will talk you through our Global Enterprise Segment, you would recollect that enterprise business has been the key growth driver for us in the data segment and we will give you specific anecdotes and examples in terms of why we win and why are we making an impact in the overall global enterprise space. And after that we will join all the management members will join you back of stage for any question-and-answers you may have.

A reminder that this event is also being live webcast for the benefit of remote participants, so as we get into Q&A mode and as you are asking questions it will be helpful for everyone's benefit if you can introduce yourself with your name and the firm name or the fund name you are representing. And please signal an assistant nearby to just get a mike before you ask questions so that the audio is clear even for the people who are on webcast. After Q&A we would request your company for lunch.

Thanks again for being with us. And with that I would like to invite Vinod to get started with the presentation.

Vinod Kumar: Thanks, Mahesh. And Good Morning, Ladies and Gentlemen, Thank you for joining us today. I will first begin with brief explanation as to why we are not announcing our results for the last year and last quarter. We have tried very hard, I apologize for keeping some of you up quite late at night, I can promise you that we were up late and working and trying to get the issue resolved. It really boiled down to fairly technical point related to the valuation and impairment testing related to our holding in our sister company TTSL. And that we had the opinion of a big globally reputed big four accounting firm that gave the valuation, however, Deloitte, our statutory auditors for Tata Communications wanted to do their own independent testing and also wanted to do some sensitivity analysis. We provided as much information as we could because we are a minority shareholder in the Company and do not have access to all the information ourselves, we provided as much information as we could. But they needed some more information and they cooperated with us and worked through the night but could not get it done, and we finally decided that it is better not to rush them into doing something and given them the time in order to complete their exercise comprehensively and satisfy themselves, rather than them apply any qualification to the accounts which would not be something that any of us desire. So that is really the issue, the rest of the results were all done well in time several days before and we were on track and we did not anticipate this issue taking as long as it did. And this is the only reason why we there was a hold up, I can tell you that there was no slip up whatsoever in terms of governance or other controls that lead to any concerns from the auditors or that has caused the delay in the accounts.

The question all of you will have on your minds is what next, how soon? We expect this to be a matter of days and we have obviously the deadline of the end of the month which we will fully comply with but we are hoping to get more details, Deloitte is building their own model as well to do the sensitivity analysis themselves on our holding of the shares in TTSL. That might take a few days and as soon as they give us an answer, the rest of it is done will be plugged that into the numbers and we will be ready to go. So as far as the core business that you watch or other aspects, the numbers were all done and on track, so we were eager to share it with you but it will have to wait by a few days. So that is as much as I can say at this point, that is full disclosure I can assure you.

The other reason why we decided we should proceed with the Analyst Meeting today, and we do not have the usual turnout, I am sure there are more people dialing in and also watching the webcast, but the other reason is we clearly knew that we were going to sign the data centre deal which got done during the course of last night in terms of the final paperwork and exchanging of the signed documents.

We are very pleased to announce that we have entered into a strategic partnership with ST Telemedia from Singapore to expand our data centre business and this covers both the assets that we have in Singapore as well as in India. ST Telemedia will acquire a 74% stake in both entities, the Singapore business and the India business and the values are listed on the slide. Their 100% enterprise value for the India business is Rs.31.3 billion and SGD 232.4 million for the Singapore business, that is roughly about USD 640 million across both India and Singapore businesses and they will be acquiring a 74% stake in that.

From a strategic perspective, as I have given you an insight earlier, our thinking was driven by two factors. Yes we are seeing a significant demand for data centre space around the world and the same applies in India and Singapore as well. But we see it as a fairly CAPEX intensive business and given the commitments that we have made to all our investors and shareholders on debt reduction as well as focusing on ROCE, this does not fit with the profile that is required, because this is a scale business, if you want to be in it as we have created market leadership in India and we know what it takes. It takes a lot of capital, it takes sustained capital investment and a willingness to work with very long payback periods. And we decided that we will be better off focusing on the services inside the data centre and to and from the data centre. So the cloud, security, hosting, CDN and the connectivity services is what we will focus our capital deployment on. In STT we found a great partner, it is a blue chip organization, they operate with a long-term view of markets, they are known to have a very good track record in working with partners in JV situations. And the Tata Group and the Singapore Government linked companies have had a long relationship and we work across many industries and have had many successful partnerships. So in addition to the excellent valuation we have derived for the business, the caliber of partner was a major driver in forming this joint venture with ST Telemedia. So overall, I think it is a very strong story for the business. We monetized through the 70% majority stake sale in the data centre business, the funds will be substantially used for debt reduction, it is on many of your minds, I am sure the question will get asked. I will not be sharing with you the exact dollar, what will be used for debt reduction and what will be used for other investments but the idea is to substantially use it for debt reduction which will improve our ratios considerably and also have an impact on the P&L. The second part is, it allows us to focus on the services where we see significant growth, you are going to hear about some of it today but there is a lot more that we are doing in the data centre services as well which you had a chance to hear about last year in one of the Analyst Meetings. And so overall we are very encouraged by this deal.

In terms of closing, that is the next question. What I can say that this closing here is relatively straightforward, there is no regulatory approvals required. Most of the conditions relate to some innovation of customer contrasts as well as a few leases that need to get moved over. So the commercial conditions that have to be met and therefore we expect that the closing will be in a matter of months and there will be different timing for the Singapore business or Singapore transaction closing and the closing of the India transaction. They will be within a few months of each other but we will be doing them separately because we have structured it as two separate transactions but with the same partner. So that is really all I have to share. Maybe if you have some more questions that I will try and answer during the Q&A on the data centre transaction.

When I look back at last year I wish I could share the numbers with you, I cannot, therefore I am going to talk about some of the key qualitative aspects. Just giving you a sneak preview of the next two speakers, we have Anthony Bartolo who heads our Unified Communication and Mobility Portfolio who will be speaking about the strategy for the UCC business and how it is unfolding and what plans we have; and Sumeet Walia who heads the Global Enterprise Services business. These two guys, between the two of them are driving two of the largest growth engines, one from a product perspective and the other from a segment perspective for the business.

So what I have in the slide is in many ways can be attributed to the work that they have done over the past year. We have had some significant wins, a recent win which we announced was Air France-KLM win for network services providing connectivity and security services for Air France-KLM on a global basis. This is a landmark win for us because we won against an incumbent who has been there for a very long time, so therefore clearly the creativity and the forward-looking solutions that Tata Communications offers was appealing, that caused someone who has worked with a carrier for maybe two decades to switch to us. It is significant because it is a global network, it is significant because it is a multi-product sale and it is also significant because it is a multi-year contract, Sumeet will be talking about some of this. So it ticks the box on our strategy at many levels and this is a great illustration of that.

We were placed again in the Leadership category in Gartner's Magic Quadrant for Global Network Service Providers and that was the third time in a row that we have achieved that. I believe we have secured our spot there. We cannot rest easy, it is a competitive and tough position to hold but that positioning allows us to participate in more bids, more RFPs and is definitely a very important thing for our business.

An important focus for us over the last two years has been to create the organization and create the framework ready for partnering because we believe that direct selling will not fully realize the potential of Tata Communications. To get more channels to market through systems integration partners, through other value added resellers, through the carrier relationships that we have is very critical. And we have seen a big growth in the revenue from partners, the frameworks and guidelines and automation related to working with partners made big strides last year and we expect that they will pay fairly significant dividends to us in the coming year.

There are other things on the slide, I do not intend on touching every one of them. But the one that makes me really proud in this slid is winning the Aon Best Employers Award, we were chosen for the first time by Aon in the top 25 employers in India and now our aspiration is to try and achieve the same thing on a global basis as well. At the end of the day it is our team that makes a difference, they create the products, they the create customer experience and that translates into the numbers that dance and the numbers that you see. So at the end of the day if our employees are happy and satisfied and like to coming to work at Tata Communications we will deliver and exceed the results that we promised you. So that was a major accolade and the one I am especially proud of.

We have spoken about the voice business, so the intention of this slide is not really to give you more details on the voice business but I just want to say that one of the things that we believe that we achieved, okay we might miss things by a quarter or two here and there, but broadly speaking, when we say we are driving a strategy and driving change, we do achieve it. Mahesh pulled this slide out and the statistic out, in 2013 we gave a forward looking view saying that the voice business will account for 15% of our net revenues and the data would account for 85%, and the picture at that time was actually quite different. Fast forwarding now, this is exactly where we are, our data business is 87% of our net revenues and our voice business is 13% of our net revenues. Yes, the voice business has declined, when the results come out you will see that the data business also grew fairly significantly in order to make up for most of the shortfall of the voice business. We hope that we will be able to achieve a similar transformation and demonstrate through actual numbers transformation we are driving in the mix of voice to data as one but also within the data business the shift towards more managed services, the shift towards more enterprise customers and the shift towards more sustained innovation base services.

Next topic I want to quickly cover on is on Neotel. As we have shared with you we called off the Vodacom transaction due to a prolonged regulatory approval process. Essentially the competitive landscape in South Africa lead to a situation where there is some fuzziness with the spectrum related regulations and also the players compete in a very different manner and essentially tie the regulatory process up into knots when the competitors are involved, if I can speak very candidly about it. And both Vodacom and us came to a point that we felt that in spite of submitting revised versions of the deal the competitors were creating constant stream of objections that we decided to call the deal off. So as of now it is business as usual at Neotel, the business has a strong asset, the customers have been very steady especially in the enterprise space, SMB customers have been growing. The impact of the transaction was largely on the wholesale business where once we announce a deal with Vodacom the competitors to Vodacom stopped buying services from Neotel. And funnily enough, now that the transaction has been called off some of them are coming back to the table and we are seeing our wholesale business begin to revive again. Having said that, our intention continues to remain steady that from a strategic perspective we will have to exit South Africa, so we are working on alternatives both in terms of arrangements with the banks as well as with potential buyers. And there are parties who are interested, we are in discussions with multiple parties to see what is best for Neotel and what is best for the shareholders of Neotel. It is too early to share any of those details at this point, so please do not press me on it because I cannot speak to the details. But what I can say is the business is steady, supporting the business is going to be not a significant drain for Tata Communications and we are looking at alternatives to find a new home for Neotel.

So coming back, and this is really a tee up for Anthony and for Sumeet. Our strategy continues to remain as I had committed before. We have five different pivots that we are really working on as far as the business is concerned. I will begin with top right. First is to take all our services, network services, our UCC services, our hosting and cloud enablement services and to make them suitable for public, private, hybrid deployments. Very simply speaking, our enterprise customers want to keep certain things in-house and have control over it and they want a private environment and they want certain aspects of their ICT stack in a public environment. And the two have to work seamlessly with each other both from an integration standpoint, from an SLA standpoint, from a security standpoint and from a commercial standpoint. So a lot of what we are doing with our portfolio is to make it ready for this environment.

The next one, I will come diagonally left, to the left corner here and that is making the internet fit for business. The internet as I have said before has largely been a platform that has been designed for consumer use, but increasingly we are finding business customers also shifting their network workloads as well as their application workloads over the internet and we being one of the largest operators of the global internet backbone carrying about 10% of the world's traffic and about a quarter of the world's internet routes being broadcast directly on us, are perfectly positioned to help customers make this transition of running only on private networks to using the internet in a more widespread manner.

The third aspect, and this will be a big focus for Anthony and his team going forward, is how to make everything mobile compatible. And part of it is the services that we offer, part of it also how we offer the services to our customers. So we have a lot of work going on both from a product, process as well as IT perspective to make sure that we are mobile ready. And so the consumer companies are already doing it and we experience that in our day to day lives, but the similar transition is taking place with the B2B space as well.

Coming to the middle of this chart is to be the Uber of the ICT space. What we mean by that? Simply speaking is to say that we are building our services, leveraging partners extensively, we are not trying to build everything ourselves, we are trying to control our CAPEX, spend CAPEX where there is real value that we will add directly, leverage other peoples' assets and capabilities and really derive value by providing the integration of multiple assets around the world.

And finally coming to the last bubble here, is to make sure that we deliver a world-class customer experience by providing an integrated service that sits across partners and across the various platforms that we will operate.

I would not go into this slide into too much detail, but these platforms are really helping us leverage the infrastructure we have. Anthony will talk about this. While we focus on the integrated layer on top, while we will integrate partner services, one of the stickiest things we have and one of the things that allows us to create differentiated offerings is infrastructure that we own and we have a lot of infrastructure on the network side, we are leveraging it fully and using it as strategic capability. This will come out as we speak in the subsequent presentations, but it is equally applicable in the network space, in the data centre services space and unified communications and also on the mobility area. All these platforms and the new services, and I have shared this slide with you, also create headroom for us to grow both by gaining a market share within the services that we are already operating in but that can only take us so far in a competitive landscape but we have increased our addressable market using the services that we have already deployed, this is not a figment of our imagination, based on the services that we have already deployed by about $16 billion. So the addressable market that we are playing in is about $57 billion and that is the market size as of 2019.

So from a strategic perspective when the numbers come out you will see we execute well and we are on track for the transformation. We are leveraging the technology trends that are enabling us to move quickly, but equally it is important for us to make sure that we do not overly rely on traditional services, that we invest in the innovation and we continue to stay ahead of the curve as far as what customers' needs are concerned.

And finally, I think the commitment that we have to improve the ROCE and maximize shareholder value remains as steady and central to our thinking and our actions and you will continue to see that in the numbers in the coming quarters as well.

So thank you for your support and patience. And again, I apologize that we could not put the numbers out but hopefully you understand the reason, it is a very ring-fenced tight reason, it is a technicality, it does not reflect on any weakness on governance on our part, it was just coordination across multiple companies and multiple auditing agencies that we could not get done in time that resulted in us being unable to publish the numbers last evening as expected and we hope we will get over that in the coming days. Thank you and I am going to hand this over to Anthony now.

Anthony Bartolo: Thank you, Vinod. Thanks for joining us, Ladies and Gentlemen. My name is Anthony Bartolo, I run the Unified Communications and Mobility businesses at TCL. See, I will go through a bit of the strategy around Unified Communications, just a little definition around Unified Communications. It is a high tech space that effectively encompasses the tools that are mission critical for enterprises, mission critical from the perspective of being able to accompany to deliver productivity and communications between their own constituents, their customers, their partners and their vendors around the world and internally. So examples of that, audio conferencing, video conferencing, web conferencing, call centre capabilities, PBX and IP telephony. These are just some examples of Unified Communications. Unified Communications happens to be in the sweet spot of any digital transformation, you will hear that word over the coming year, digital transformation. You see us in the heart of that and so too is mobility and we happen to be in the sweet spot.

So key aspect about UC growth is that it is global, it is a global phenomenon, it is one that is being going on now for the last few years, it has been happening particularly with multinationals and it has been driven a lot in part by mobility and tools that are now in the hands of the constituents that our customers are trying to serve. We are seeing some significant growth in the industry which I will talk about in a minute. But there is also some interesting statistics. So some 93% of companies, mid to large corporations are looking to deploy a UC solution or enhance the UC solution. Now what is really interesting about that, now that is small to mid, small to mid is defined as anything less than 400 seats is small, greater than 400 seats to 1,000 seats are about mid-sized companies and greater than 1,000 seats are generally called large enterprises.

The interesting statistic that underlines that is some 49% of them are global companies and when an enterprise wants to deploy a global UC solution that is when Tata Communications comes to the fore because we are present in a global manner. It is that global capillarity and that global reach which becomes incredibly important. When you marry that global phenomenon of UC growth and you marry a global backbone and reaching capillarity as Vinod had mentioned a little bit earlier, it puts us in a very special place for your customers in terms of being able to fulfil their particular ambitions.

So what's going on is that CIOs are being asked to make good on the Unified Communications promise that is to deploy something globally and deploy it consistently and that is a more difficult task then one would imagine. The colored dots on the slide are simply representations of the fact that domestic carriers have solutions for domestic in-region within their legal jurisdiction to deliver their particular services. But when a CIO needs to deploy a globally consistent offering and a globally accessible offering, in order for that to happen they would have to rely on speaking to everyone of those people carriers in all the countries that they want to function in and negotiate a service level agreement, a contract, a pricing and that would take significant amount of time and resource in order to achieve that. They see Tata Communications as a one stop global partner somewhere where in a singular contract offering a consistent service level agreement, a consistent operating procedure and ability to deploy the fundamentals of a unified communications strategy that they have that they need to implement that is being approved by their board and the benefits thereof are very determined by how fast I can get these solutions delivered. So we start to come to the fore in terms of servicing our customers from that perspective. By the way, it is a very large industry in totality, it is about a $62 billion industry growing at a 16% CAGR, now that is the industry in totality. Where we address, we are in the $5 billion range of products and we constantly expand the products that we are selling to that range, but it is a very large market and very large opportunity and it has got a very healthy growth rate and that is why we participate and we are in that particular sweet spot.

How we participate? We do that through a suite of products that we call in totality a stack. That stack looks like following. I will start the top, because it is quite familiar for most which is Contact Centres. We deploy our solutions in a hosted manner, so we take this wonderful platform which is our network which has some 710,000 kilometers of terrestrial and sub-sea cable that circumnavigates the globe and we bolt on to that particular platform these key services that are considered mission critical and they are required globally by our multinational and our UC customers. And what that means is it is available globally, it provides built in high availability, it provides business continuity and they are valuable things for our customers. And we built mission critical applications like our Contact Centre capability, both applications and its infrastructure on a hosted manner so that you can consume it in sachet pricing manner, you consume it on a per-seat basis, you do not have to build, versus on-premise were you have to take, you have to build a whole bunch of iron and build it on-premise, that is a very CAPEX intensive activity and it is very long cycle for building such solutions. In this case the solutions are already built up there in the cloud, it is hosted and our customers can consume it at will, so it is an instance ROI capability for them.

The other is Unified Communications as a service (UCaaS) and video managed services. Much like Contact Centres they are another application, in this case it is video or its IP telephony or your PBX capability built into the cloud and ready for consumption. We have done the same for Unified Conferencing which is audio conferencing, web conferencing, content and these are key base fundamentals for any UC deployment. And they are all built on SIP Trunking, so we talked about that network, that network is a set of trunks and a huge growth driver is SIP and I will talk a little bit about SIP in the coming slide but it is a huge growth driver because it is becoming a fundamental requirement for our customers to deploy a holistic UC capability. And all these services are built on that global Tier-1 network, that is the fundamental platform that we have and we built UC platforms on top of that, that scalability, that resiliency and that reach is of critical importance to our customers and it is getting recognized by multinationals on an ever increasing basis.

The other is all our services, we offer with intention to partner. We have partnership in our DNA, we do that as you can see through our 1,600 carrier relationships, by definition they are partnerships and we also white label our services i.e. we do not rest on simply the laurels of our brand though we do go direct to customers, we do take those services and allow them to be re-skinned or rebranded which is what we call white labelling to a partner who may want to offer those services in their jurisdiction to either look much more global than they really are but not invest a CAPEX on replicating the service, and we see that time and time again.

So our services are modular and they focus on their core strengths. Now this is actually what is one of the main reasons why I found Tata Communications attractive when I came over, it’s because we have taken an holistic approach, a holistic perspective here. It is important to understand it’s not what you deploy in high technology, a lot of the time it’s how you deploy it, and we take a very different perspective that is actually quite unique. Many talk about some of the services I just articulated such as contact centre capabilities or IP telephony or audio or video or web conferencing and they talk about the application and we talk about it in technical terms in terms of uptime, how long is that service up and running for versus downtime when there is an issue and you use your customer capabilities. And we talk about this in telephony terms which is three nines which is 99.9% or four nines or five nines capability. Many do not talk beyond the application because they do not own much beyond this level of application. The reality is that application sits in a data centre that is interconnected by SIP trunking or trunks that rides on top of an MPLS or IP backbone that sits on a physical layout, a physical transport layout. The difference when we offer the service is that 99.9 does not reside just at the application layer ignoring the other areas of potential point of values but we talk about it as an integrated

SLA, we talk about it as an integrated service level agreement that we have with our customers that cover that full stack because we have visibility to that full stack, we can control that full stack, we can manage that full stack and we monitor that full stack, that is why their platform is absolutely fundamental, absolutely key and becomes a paramount at some point for our customers. So when we talk about a service level agreement it is just not for one simple componentconveniently, we talk about it right across that full stack and we talk about that globally and it is actually a very powerful proposition and it makes us quite different.

So we ask our customers, and sometimes we do not have to ask them to look deeper, because their dependencies are very-very relevant, especially when we are talking about mission critical applications. An example is taking a look at when our customers consider deploying a UC offering, we encourage them to look at a global partner. When a customer, I mentioned this a little bit earlier, we have done this with trunking, we have done this will SIP and I will talk about SIP in a little bit more broader terms in a second, when our customers are deploying trunking around the world they do not have to go and negotiate with a domestic carrier with a singular jurisdiction, we are talking about multinationals here, so they usually reside in a multinational by definition in many countries and imagine if they had to try a CIO who is going to deliver this globally consistent solution, once again globally and must look, feel and function the same. Yet you are dealing with a carrier in every single individual country who has a different service level agreement, different operating procedure, separate contract and they have to negotiate them and they can be quite protracted. Imagine now a singular service that can serve multiple countries with a single service level agreement, a single contract and a single off writing procedure when you need it. You can see that we are enabling plug and play UC, the ability to allow a CIO who has got a strategy to deploy Unified Communications he will need to partner with someone at a fundamental level to help them deploy globally, that is very attractive to them.

SIP is simply a protocol that sits on one of those trunks. Why is it worth mentioning here? Why it is worth mentioning is because it is breaking down a lot of silos that sit within enterprises, it is a fundamental building block that is quite sticky and it is actually vital to any progressive enterprise. It is a technology that efficiently binds and simplifies different network components as highlighted on this slide whether is messaging or mobility or video or telephony or audio or data and it allows a customer to bind those and simplify the network. So instead of buying a trunk for each of these separate services, SIP is a protocol that now allows all of those to seamlessly work together on a singular trunk. So this technology is what is growing at about a 17% CAGR, it is about $17.5 billion business on its own and it starts to appear on a global basis for customers. So CIOs are using it as their consolidation point for a lot of these key services and we are one of the only providers that offer a global service. So they come to us as a first point of call to allow them to deploy this fundamental trunking capability for them to be able to build services on top of that, so that puts us in a very key position as an early trusted advisor for these customers. As Sumeet will talk a little bit about later, it puts us in a very advantageous position.

So what we do with this particular platform is we have taken this network platform, we have taken this trunking capability and what we effectively do with our services is we centralize that complexity, what was once a very complex solution to deploy, think about a contact centre which is an extremely complex capability and solution and we centralize that and build it on behalf of many customers in our cloud. And then we offer it to our customers on a hosted basis. We do this and we take that complexity away and we just distribute the benefit, we distribute the simplicity to a customer to consume that product on a sachet pricing basis, on a per user basis so that we can grow and contract with any of our customers and every customer I have spoken to has plans to grow. It seems to be a common thing with any customer that I speak to but they do not want to sometimes build in additional capacity because they are not sure when that growth is going to happen. So to be able to consume that in the cloud gives enough flexibility to not have to deploy a very large amount of CAPEX or make a bet on that particular growth but we can grow along with them and we provide them those services. So we do that with Unified Conferencing whether it is audio conferencing, video conferencing, we deal with IP telephony and we deal with contact centre capability and we do this with best in class partners, we do not build this technology from scratch, it is our network that is our key platform, it is the combination of putting these services together in a unique way that makes us differentiated from everybody else. Now what we do is we take our own trusted partners, our technology partners, we use their R&D capabilities and focus on that particular technology and what we do is bolt it on to our network and we make it available on a global basis and it has been taken up quite well by our customers. An example of this simplifying something that was once traditionally very complex and being adopted by customers SBI. So you know the State Bank of India, very well-known institution of course to most of you, they had an intention to redefine the customer experience including collaboration, contact centre capabilities, mobility capabilities and what they want to do was adopt a big bang approach which was take on next generation collaboration in mobility. They created SBI Exclusive which is a unique anytime any channel offering for its high networth individual customers. Now when we talk about any channel, what we are talking about a channel in terms of this service is whether a high network individual comes into SBI by a video or whether it is by audio ,email, chats or services, you want to treat that customer with the same set of values and capabilities as possible. And what they wanted to is allow their customers to connect remotely with their relationship managers through any one of these particular mediums and allow them to seek expert advice on new services. Beyond being a conventional contact centre these transactions enable customers to execute end-to-end investment transactions online now. And we did this implementation end-to-end in a speedy 104 days to implement, this is unheard of, if they were to deploy this on-premise which is order the gear, install the gear, get all the gear up and running, keep it updated, update the software on a regular basis. With a product of this complexity for them to deploy this level of service to their customers in 104 days is something that we are very proud of and so too was SBI. They chose us because we provided that complete customer experience suite in the cloud because we got a strong track record of hosted contact centre services, we now own a majority of market share on hosted contact centre services here in India. We have won Frost & Sullivan awards now I believe for the fourth year in a row, we also won cloud services awards strategy as well. We are not doing it alone, I mentioned this before, partnering is incredibly important to us. We believe that the market is so large that keeping away at it on your own, can be done but can be much more prudent to involve partners and create an ecosystem and what we have done is we have created this platform through an API infrastructure that allows us to take advantage of that set of partners and bring services to market much faster than we otherwise would and therefore get an opportunity to capture that revenue growth. So we are partnering for growth, we will continue to do that, we believe it is a fundamental part of our DNA and you can expect to see that continue for us. And that strategy is worthwhile, we have grown on average 26% CAGR over the last three years, we have doubled the business over the last three years, so this is a strategy that serves us pretty well and we see no reason why this is likely to abate in the coming years.

So finally, we think planning for long-term with both your customers and our technology partners is imperative. We provide modular services for our customers that allows them to integrate their services into their strategy and their roadmap at their pace. We provide unparalleled reach, I think you know that as an investor community and that reach is recognized worldwide. We are scalable, resilient and we remain loyal to those utility models and our services are built on that bedrock Tata Communications platform, the Tier 1 infrastructure is a key stepping stone for us, I think we have done a nice job and hopefully you will agree on stepping off that particular platform and offering new ecosystems and platforms to our customers and partners. So look forward to speaking to you for the rest of the day. Thank you very much. Now I hand over to Sumeet.

Sumeet Walia: Thanks, Anthony. That would have been quite a bit for you to digest in terms of what Anthony put together. I will cover up the enterprise business update. I will use the next 15-20 minutes to really share couple of things but I want to first start with the slide and why we have called it partnering for growth. Partnering as you will see as I progress in the presentation is really built around couple of themes. One is, we partner with our customers to co-create solutions, we are partnering with other SIs and other go to market partners to enhance our reach in the market place and we are partnering to actually create platforms and other cloud ecosystems with a whole range of other technology partners as well. And growth, growth because we are fortunate to be in an enterprise environment and our addressable market is poised for high growth in the years ahead and we will significantly benefit from that high growth as well. So over the next 15-20 minutes I will walk you through how the enterprise business has evolved over the last couple of years and why we are poised well to capture bulk of that growth ahead of us. I will also cover some case studies which will give you a good insight to how we have been able to strategically work with our customers to help them grow globally as well as become a strategic partner to them in their transformation to digital.

So if you look at our enterprise business and how we have evolved over the years, we started with a single country operation that was in India and we built a large network in and around India itself, we built a data centre facility, we ran a whole range of other network services. So we did a fair amount of network build and a fair amount of creation of services for the India market and that held us in good stead in the initial phase. In the second phase of our journey in the enterprise market we then looked at outside India customers and we looked at North America and we looked at Europe, but we looked at those companies who were looking at coming into India. So in some sense we became their vehicle to enter India, so we became their shall I say, the India route specialist for them. That also in some sense laid the foundation for us to build our relationships with these customers globally, we then started proliferating the relationships with these customers in those markets directly as well. We then took a step forward and then we started to build our emerging market conversation and you need to keep in mind that as the economies are moving from the west to the east this conversation of most of the global MNCs who are based in North America and in Europe are looking to set basis emerging markets. We then started to construct a large base in and around our capability on emerging markets. We also started to service customers in the emerging market itself as well. And in the final phase, and that is where we are now, is that we have emerged as a completely true global service provider, we are able to participate, get a seat on the table and win global deals which involve pan-European or pan-American networks which may or may not have a footprint in India or may or may not have footprint in the emerging markets as well. So that in some sense how we have evolved over the period of time and that is where we stand today as a true global service provider. What that has done for us is that it has now given us totally 3,600 customers, the enterprise universe that we have today is 3,600 customers. We have over 45% of our revenues coming from outside the home market which is in India, we have a market leading position in India, we have over 27% market share in the home market in India as well.

I want to take a minute to give you a little bit of color on these 3,600 customers. We are very-very focused on market segmentation, so we spend a fair amount of time deep profiling customers and choosing customers and markets in which we believe our capability to win will be very-very high. And at that backdrop as you can see, we cover a range of customer segments and this list is by no means an exhaustive list, this is where we have the permission to display the logos, I would love to display the entire list that we have. But the block on top should give you an indication of the kind of customers that we work with. So if we look at the Fortune 500 list or you look at the ET 500 list we cover a very large portion of these customers. And actually if you extend that Fortune 500 to a Fortune 2000 kind of a universe, a bulk of that universe is a part of our customer base as well and we cut across a whole range of industry sectors across manufacturing, ecommerce, new age services like healthcare etc. Our markets of presence and our segments of operation cut across this entire spectrum.

I want to take a minute and cover three, four case studies which will actually demonstrate to you as to how we have lived this transformation through a customer lens. Vinod spoke about the Air France-KLM deal that we won more recently. I want to give a little bit of more color to that deal. So our relationship with Air France-KLM actually started way back in 2012, so in 2012 when we started to engage Air France-KLM we won two small contracts with them, a couple of 100k, maybe even less than 100k. And at that time we were establishing ourselves, establishing our credibility with the customer and we were talking largely to just the telecom department. But having won those two contracts, what we then ensured is that we sustain the relationship and the engagement, we continuously went back to the customer sharing with him through our consultative selling approach the upgrades that we are doing to our capabilities, how we are enhancing our service portfolio and over time we started to upsell to the customer as well, we then upsold a little bit of services on top of the layer that we had already sold to the customer. But through this whole engagement we also started elevating the pitch by virtue of the capability that we kept building at the back of the service portfolio width that we carried. And a moment of reckoning shall I say came in 2015, that was last year when the customer started to embark on a much broader digital transformation journey, where they wanted to really change the customer experience or the passenger experience of how the customer experiences Air France-KLM. And I have added a quote from the CIO which really is a good sense of what their thinking was when they started this journey. But by virtue of the relationship that we have had with them, by virtue of the capabilities that we were able to demonstrate them by virtue of the engagement and the consultative approach that we used with them, they chose us to work with them on building their foundation block on which they will build the entire digital transformation. So what they were looking for was more intelligent, a super-fast network which will allow connectivity across the 170 sites globally, so they look to replace the legacy of infrastructure that they had. Vinod spoke about the fact that this was replacement of the incumbent, we were not only up against the incumbent but we were up against three, four significant Tier-I European telcos as well. And so we won against that kind of competition and price was not the only reason why the customer chose us.

So this was to give you a sense of how we have been able to move the needle from being a supplier to being the most strategic partner. And as I look ahead into 2016, what we have been able to build with the customer will open up and is opening up conversations with them across a whole range of other services that we had which will enable the digital transformation. And our relationship today is not only limited to the CIO but is cutting across their business units as well. So also to give you a sense of the depth of engagement that we have been able to cover.

The other perspective I would like to place I front of you is also how we have been able to move the needle from being a point services or a point to point services company to a more fulfilling managed services company. Anthony spoke about the portfolio that we have been building on UC and how that portfolio is becoming more and more relevant to the enterprises of today. So if I look at the last 18-24 months of our engagement with our customers around our managed services portfolio, we have been seeing significant amount of growth especially around our new services which is really around hosting around UC and SIP, contact center solution, security and these customers which are represented here are reflective of those growth that we have been able to see. And that actually is putting us at the center of their IT strategy into the future as well, so that is giving us a very important seat on the table as these customers look at their IT transformation for themselves ahead. So our new services are growing at the rate of about 40% on a year-on-year basis for us, just the focus on some of these services.

The other case study I want to touch up on is how we have been able to mine our existing customers and gain from the share of mind and share of wallet with these customers by virtue of the portfolio width that we again carry. And this really is a three step process, the first example that I would like to share is with the large private sector bank in India. So when we started to build the relationship you typically enter into your first phase as a telecom service provider, you build an initial amount of network services. In your second phase you actually gain credibility at the back of what you have delivered and that allows you to engage the customer with a broader portfolio around cloud, around UC and other services. And having then established yourself across not just telecom but also other managed services and having delivered a differentiated customer experience and proven yourself from a technology perspective, we then start engaging our customers with a much deeper transformational agenda. So if you look at the example that we have indicated over here on the large financial services company or the large bank from India, we have been able to transfer and migrate the relationship from six, seven products that we started with to 12 products where we are in 2016. And based on the conversations that we have been having with the customer we expect to take this to over 20 products or 20 services. We are so integrated with the customer in the sense that the customers rollout of branches is married to our access rollout, so there is a very strong interrelation on where the customer is likely to grow and where our network is likely to grow. More recently, we were a part of the customers digital transformation as well when they decided to video enable all their branches and we were at the center of that transformation to video enable all their branches.

The other example in the same context is a very large European insurance company. Again, we started with three products to start with and typically they are network services products, this was a deployment for a VP and network to start with. Having established ourselves as a credible VPN or a network services company, we had the right to play and the right to engage with the customer across cloud and across collaboration services as well. And that enablement has proven to the customer that we have the capability to have a much deeper agenda with them and we expect that by 2016 going into 2018 we will have over nine products over there, we will have by virtue the credibility established with the customer, the length of the contract keeps increasing. So we start with a contract which has maybe 24 month duration and then it starts increasing as the customers confidence on us keeps increasing as well. And more so, as you can see, and I do not know whether you can catch this, the share of managed services is also gradually increasing, so that plays into how we have been able to mine our customers quite significantly once we build the initial relationship with the customers. So I thought these three examples will give you a sense of how we are playing out the transformation of what we are trying to achieve with our customers across the markets in which we operate.

In some sense, our ability is also linked to our market reputation in some of these markets. And as we have been able to win not only our customers, we have also been able to at the back of the successes that we have been having with our customers we have also started to get significant amount of industry recognition. Vinod spoke about the Gartner recognition that we have been getting for three consecutive years, guys you need to understand is it’s an achievement that we are very-very proud of. Because to get position in the Gartner's leader quadrant is actually an execution as well as a vision combination, so it is about your leadership on your vision and your leadership on your execution. So that I think is a very strong indication of what credibility we have been able to achieve, there is a list of various awards that we have won for Frost and Sullivan in India, these awards are awards that we feel again very-very proud of, these awards are awards that we have been winning for multiple years, it is again reaffirmation of the market leading position that we carry in the India market as well. Having done that, we also recognize that we need to build our brand and over the last many years we have been investing and building our brand more and more, so our relationship and our association with F1 has given us rich dividends. We have a tag line in the F1 world where it is said that if we can do it for F1 we can do it for anyone and that has actually worked very well for us. Whenever we have exposed customers to our relationship with F1 and what we have been able to do for that sport, it has paid us rich dividends in terms of the engagements we are able to drive back with our enterprise customer, that is a very high capability building exercise for us as well. More recently, we have taken on the Heathrow Express which is the fast train that runs from the Heathrow London Airport to the city and the passenger traffic on that train is largely large business enterprise customers and that has again given us great amount of visibility and therefore capability to show to those customers that we are present in those markets. We also have joint branding exercises that we do with multiple customers specific inside the Heathrow Express as well.

We have gone beyond now just being a provider of services, but we are also creating platforms and ecosystems around us. And industry leading companies are now choosing to work with us as a global partner as they look for either new product development or as they look at create cloud ecosystems for themselves. And we are partnering with people like Cisco and Microsoft and Amazon and Salesforce to create that cloud ecosystem. So this is again to give you a sense of how our overall market reputation globally is enhancing itself on a, I would argue, quarter-on-quarter basis.

That said, what lies ahead of us and how is it that we are going to capture our growth to the future. I spent some time explaining to you how the business is growing itself and how the business is transforming itself, but it is important to also share with you what lies into the future. And before I do that, it is important to understand as to what is happening in the environment in which we are operating, and I am not going to spend too much of time giving you the details of the big macro trends that are happening or the big IT trends that are happening in the enterprise space. But safe to say, if I want to just convert these trends into transactions or into conversations that the ICT world understands better, it really translates, and I convert that into a word map, it talks about four, five big trends, it talks about cloud, it talks about digital, it talks about mobility, it talks about security. So all of these things as you put them together on a word map, this is a reflection of digital transformation that the customers are embarking on and this transformation is not something which is going to happen, it is happening, we are participating in it now. So as you look at and as we engage with CIOs globally, the conversation with these CIOs has rapidly changed, it is no longer about technology and what kind of services you have, it is actually looking to address business problems. It is looking to address needs on how can you make my business more agile for me, it is looking to address on I have a global workforce so how can you create a seamless global infrastructure for me. It is about how can I extend the reach and reach more customers either through digital or through mobility. So the conversation with the CIOs are more built around those conversations and therefore adoption of cloud is not an option, adoption of security, adoption of UC services is not an option, that is happening while we speak. Gartner more recently surveyed 400 CEOs globally and over 30% of those CEOs said that we are going to invest our moneys for the years ahead around creating digital transformation, around driving greater customer experience and driving big data. And the Air France-KLM example that I quoted earlier is about driving this differentiated customer experience and it is giving you an example on how that agenda is getting translated into execution and how we are partnering to create that execution. Now that does for us is that that opens up a significantly large opportunity for us, so what that does is that our addressable market which Vinod spoke about earlier at the overall Tata Communications level, at the enterprise services level that translates to a $20 billion market by 2019 which is growing at 20% CAGR. We have over the last three years been meeting market growths quite significantly, I am quite confident that we will continue to beat market growth in the future as well.

The question that then follows for us is that, so how will you capture this and do you have the right capabilities and the engagement with the customers to capture this growth that we are talking about. And the answer really lies in two parts, one is, why are we winning with our customers or what is the value that we bring to the customers and why will the customers continue to buy from us. And so I have tried to list down what is the value that we are bringing to the customers and why are customers engaging us today. And it is really around four, five key things. One is, because we help them in their global aspirations and we take them to global markets. The second is about our agility and our innovation capability and our ability to co-create solutions with the customers. And I spoke earlier about our consultative selling approach and how we engage the customers to build customized solutions and not just vanilla offerings are being pushed to customers. It is about our agility and it is about our ability to deliver quickly to our customers, it is about our width of portfolio of services, these are reasons why customers tell us they choose to come back and work back with us. More importantly, it is also about the future and how we are building our cloud and our ecosystems around cloud services and platforms.

And finally, and I think by no yardstick lastly, it is also about the trust and integrity that Tata Communication stands for. And as we engage customers across markets in which we operate this is an important factor why we get a seat on the table as well. If I translate that into how sustainable is our engine for the future, and I look at what is the values that then come back for Tata Communications and how can we capitalize on that in some sense. All of what we are doing with our customers in terms of co-creation, engaging our customers is at the back of the global network that we have created, Anthony spoke about the width of the network that we have, that is a very-very strong point to start with and that is the foundation block, but our engagements our co-creation, our ability to mine our customers actually improving our customer intimacy and therefore our customer retention capabilities with our customers well. And that is therefore translating into an increased share of wallets with our customers and that is resulting in higher long-term contracts and therefore longer-term value for Tata Communications.

In summary, I really feel that we are on to an engine that we have got high momentum behind us, we are adding close to 600 logos as you saw earlier on a year-on-year basis, so that momentum is going to allow us to mine our customers, participate with them in their digital transformation because of the width of capabilities that we have and the approach that we take to building longer term relationships with our customers.

So if I were to just sum it all up and I want to go back to what I started with which was partnering for growth and I hope you have now an appreciation of why I meant partnering for growth. And I look at our key differentiators and these are differentiators that I spoke about earlier and I will not touch upon them again. So looking at our key differentiators and where we are coming from, we are looking at our next three years built around six Ps and they are built across three towers and those are the key strategic priorities for us if you will. And the first two Ps are, the first tower is around Partnership and Presence, and partnerships you know you have heard Vinod talk about it, you have heard Anthony, you have head me talk about partnerships because we are paying a lot of stress, emphasis and bets on how we will grow through these partnerships. So when we talk of presence and partnerships we are looking at expanding and going deeper in our international markets through very deep global account management. I spoke about deep profiling of customers and customer acquisition is going to be key to keep that engine of growth going for us over there. In India we have already got a market leading position, we want to reach unassailable market position in India and that leadership position continues to get strength and we keep adding couple of percentage points of market share on a year-on-year basis. And around partnerships which is really leveraging Indian SIs and other SIs globally as go to market partners along with creating and partnering with other cloud providers to build that ecosystem for us. The other pillar is around using our Portfolio and Platforms. And I spoke about the portfolio width that we carry and this is really about enabling and participating with the customers and bringing to them the entire width of our portfolio through a very differentiated customer experience and through a very differentiated service delivery. We also want to look at a very differentiated engagement on our commercial models and that is where our platform approach comes in and that is something that we believe will hold us into the future as well. And finally around profitability and productivity. We ultimately got to do what we are offering to our customers as well. so we are looking to automate a lot of our old internal transactional business, we are looking to digitize the customer engagement interfaces that we have, we are looking at the entire lifecycle of our customer management and we are looking at various analytics around that to help us better with pricing trends, cross sell and upsell opportunities, win-loss analysis. So we keep that momentum going into the future as well.

So that in summary is our focus as we build into the future across these six Ps as well. With that, I would like to end and I would like to call Pratibha to share a few words before we end.

Pratibha Advani: Thank you, Sumeet. The fact that you mentioned that we have continued to beat market growth numbers was music to my ears. Good morning to all of you. I wanted to take this opportunity to share a piece of news with you. While some of you may be aware, Mahesh has decided to move on and pursue new exciting opportunities. Vinod and I would like to express our sincere gratitude and appreciation to Mahesh, he has done an absolutely sterling and commendable job of transforming the IR function and bringing us, the Management Team, close to all of you. Thank you, Mahesh, and wish you all the best for your future endeavours.

Mahesh Pratap Singh: Thank you, everyone. With that, we would open the Q&A for all of you. Anybody who has a question can just signal.

Manish Jain: Hi, my name is Manish Jain from Sage One Investment Advisors. I had one question for Anthony. The question was, when you gave the example of SBI and if you could give let's say this deal has got you Rs.100 as revenue, how much of that will be recurring revenue for you going ahead?

Anthony Bartolo: Sure. Most of it would be recurring revenue because there is usually very little upfront and it is on a recurring basis, so the bulk of the revenue will be recurring and the term period will be the only thing that becomes negotiated when that happens, in the next three years or so, I think it is a three year period.

Manish Jain: Thanks. And second question was for Sumeet, you mentioned you are adding 600 customers per annum on a base of 3,600, what is the net addition of customers, so 600 is the net addition to 3,600?

Sumeet Walia: That is right.

Manish Jain: And the second question was on Air France, you mentioned in 2012 we had $100,000 as the initial value coming to you, if you could give an insight as to what is that with this deal in 2016 would be the kind of revenue coming to you?

Sumeet Walia: So with the customer where we have the contract we are not allowed to disclose the value, but let me put it like this, the initial contract that we signed in 2012, and I gave $100,000 as an indicative number, I think it was a little smaller than $100,000. What we have signed with them in 2016 is multifold of 100k… several million dollars, multi million dollars.

Manish Jain: And last question is for Vinod, in terms of the transformation happening, if I look at the pricing power as a yardstick for the firm TCL, this is sort of subjective, if the index of pricing power was 100 for you in 2012, what would you say it is in 2016?

Vinod Kumar: Sorry, I am not being difficult here but how do you define pricing power?

Manish Jain: Pricing power is something let's say if you have a customer today and tomorrow you want to offer additional bouquet of services with higher pricing level, you will lose some customers, you will lose volume when you increase your prices, so if you had that as an index.

Vinod Kumar: I am not sure if I can answer it that way, what I would say is though that the extent of price erosion declines as you have these services which are one, stickier. For example in Anthony's case, SBI or other customers who are selling contact centre, it is such an integral application that you have very little price erosion for those kind of services. And what that does then, it also begins to slow down the price erosion on your even basic network services. So I look at it that having a bundle set of services, especially the kind of managed services like security, like the UC portfolio, hosted contact centre, they may reduce the price erosion level by anywhere from 15% to 25% per year. So if normal course if let's say a customer is buying network service and they are buying contact centre service on top of that and your normal price erosion for network services is 10%, you will probably be able to get away with about 7.5% reduction rather than the full 10%. But that contact centre service itself will probably not even, it will be decline flat pricing and in some cases as you add features you can extract more margin from the customers.

Manish Jain: So basically bundling effect coming into play?

Vinod Kumar: Yes.

Anthony Bartolo: It is one of the benefits of having a cloud solution, the product is not static so we constantly update the product and the customer sees value and derives value from it rather than taking through price erosion cycle.

Manish Jain: And just added to this question is, are you also seeing longevity of the customer retention rate?

Vinod Kumar: Very much so, firstly when we move from even on network services where we are selling simple private lines or point to point it should be one year contracts to global network service. So even if a regional network you are offering your contract length will immediately will go to about three years minimum and potentially five years. So you may have some price reduction built into the contract but at least you have the customer in hand.

Gaurav Malhotra: Hi, this is Gaurav Malhotra from Citi. Just had a couple of questions on the data center acquisition. If you could just give us some sense of the revenue, the EBITDA, any broad numbers on that will be quite helpful.

Pratibha Advani: I will be sharing with you, well I would not be able to give you the exact numbers and you would understand the sensitivity around result time, but our data centre business in India is sub-100 million and our EBITDA is sub-30%.

Gaurav Malhotra: But this is for the India business right, you also have a Singapore…

Pratibha Advani: We do not share data separately for this.

Gaurav Malhotra: Any sense just on this, in terms of the size of how the proportionate size.

Pratibha Advani: It is significantly smaller, that is all that I can share.

Vinod Kumar: You are talking about 14 data centres in India and you are asking about three data centers in Singapore

Rumit Dugar, Religare Securities: Hi, this is Rumit here, I had four questions. First one is for Vinod. Given that you have, on one side enterprise and telco from a customer perspective and on the other side you have got these various products like UCC, so how do you structure your sales organization in that context, is it structured at the customer level and then you have product sales organizations and how many sales guys do you have? So that is the first one. The second question is, at an enterprise level I see that the number of customers are almost 3,600 and talking about net addition of almost 600. So what could be the market share that typical incumbents or telcos have in these as a customer matures**.** And follow-up is, what is the sale cycle for Air France deal, I mean how long did it take?

Vinod Kumar: I will let Sumeet answer that, and if you have your fourth question, you should hold it otherwise my small head will not keep track of it. So we have about 1,100 sales people and sales organization is broadly broken up into three segments or sub-segments if you want to call it. So Sumeet heads the global enterprise sales team, their targets, the multinational customers and the large Indian customer. And they have a target list of about 7,500 customers that they are targeting and the focus will be really to get to those customers and then mine them deep and that is where the bulk of the spend is when you look at global enterprises. Then we have the service provider segment, they have about 1,600 customers today, the universe is about 2,000 customers that they target across ISPs, media and entertainment companies, traditional and digital broadcast companies as well as telcos of all shapes and sizes. And that is their second segment. The third segment is a group that focuses on the OTT players or what we call the next gen players, so the Facebooks and Googles and Yahoos and Microsofts of the world, about 40-odd accounts they target and we have relationships with roughly half of them at this point. So that is how the sales organization is structured. And then we have two product groups, one is headed by Anthony where he manages entire Unified Communication and Mobility Services portfolio and then we have Genius Wong who heads a product group that manages all the Network Services and Data Centre Services. So the sales team then will take the entire set of solutions across Anthony's portfolio and Genius' portfolio and sell it to the customers. We have solution architects who will pick these products from the shelf and package them into solutions that are relevant for what the customer wants. However, in some cases especially as we rollout new services the sales organization will not be fully ready, technically competent or understand the needs of the customers enough to position the new services effectively. So we will have BD functions or sales overlay function that will specialize on certain products and our goal is to try and minimize the period so that we do not increase our overheads too much, but for all new services we will have BD resources. So for example right now for our hosting services and cloud enablement services we have BD teams that will work alongside the sales teams because it is fairly technical and fairly complex sale. As the sales team becomes familiar with it then we will withdraw that and they will have multipurpose sales and solution engineers working. And the second question was on Air France-KLM and the journey there, right?

Rumit Dugar: No, the question was, if I see the list of customers on the enterprise size, its almost 3,600, so it seems like the revenue per customer is not very large. So I just wanted to understand that for a typical mature customer what could be the market share of the incumbent or your market share? I am just trying to understand that what kind of market shares you can get in mature customers and what could be the revenue size at that stage?

Vinod Kumar: It varies again by segment, you look at your next gen segment we have one customer relationship which is more than $100 million. So I will leave that aside and this question is probably more relevant to Sumeet's organization and therefore I will let Sumeet answer the question.

Sumeet Walia: So let me answer your previous question that you asked as well which is, how long did the Air France cycle take us? Like I said, this was an ongoing relationship but from the time they decided that they wanted to create this digital transformation it took us a good six to nine months before we were able to fulfil the requirement from what they started to where they are today and the deployment will take a little longer as well, so that is the opinion on the first part of your question.

On second part of your question in terms of what is the size of our wallet that we are able to enjoy with some of these enterprise customers. As Vinod was trying to point out it really varies by geography. The average ticket size, you are right, if I look at it an aggregate level is relatively smaller but that again varies by geography. So if I look at for example in our Europe geography, a Europe geography the average ticket size is much higher than what I would experience in the India geography for example, but that is also reflective of the market position that we have in India versus the market position and the opportunity that we are presenting ourselves in Europe for example. That said, I also think because in India we have had a longer tenure with these customers, our wallet sizes and therefore our share of wallet with these customers in many cases, at the top end of our segmentation pyramid goes as high as 50% - 55% as well. But the average, and I do not want to hazard a guess, I do not have the real number with me, would be lower than 50% - 55% at an average across all our geographies.

Vinod Kumar: I will stick my neck out a little bit more. A typical Indian customer, I am not talking your largest customer,I am saying mid-band their spend with us will be about $1 million, Rs.5 crore - Rs.6 crore. And because the spend of customers here on ICT that is not as big as a large multinational. If you go to the US or Europe your spend will be in the range of $2 million to $3 million for the midsized customers, we have $10 million customers also, that would be typical. Our wallet share in India will be on an average about 30% - 35% quite similar to the market share that we have reflected. Our share of wallet when it comes to an international customer would be sub-5% and that is why we are seeing our international business grow rapidly because we have a lot of headroom to grow and in India because we are the market leader we grew 1% market share last year which is quite a big deal because we are already at 26%, we are grow into 27% market share. But we think that as we redefine, the growth in India will come not just by more wallet share, it will also come by going into adjacent services whereas the growth in the international will come from actually even from network services getting more wallet share.

Rumit Dugar: Right, that is helpful, thank you. The next question is to Anthony, what would be the typical deal sizes in the UCC space and if you could talk a little bit about whom do you compete with and would players like **Vonage**, etc., would be your competition, so I think some color there would be really helpful.

Anthony Bartolo: It is a good question. We have a wide diversity of products, so getting the average size of a deal it is a difficult thing to give, but I will try and stratify a little, I will try and break it down a little bit for you. The contact centre space tends to be, they are not the things that you just subscribe for a year, they are strategic to a customer so they usually do multi-year deals and depends on how many seats that a customer purchases. So they are usually in the range of three to a couple of thousand seats at a time, we have got some other works which are much bigger. So they are going to be larger ticket size numbers, so there could be a total contract values that are in the vicinity of $2 million to $3 million and above, depending on the size and depending on the channels that they want to purchase, some channels may be more expensive to consume than others. In the SIP trunking side you can have customers in the $10,000 or $20,000 MRC (monthly recurring charges) to $100,000 to $200,000. What we are seeing though is that number does not get smaller, we are seeing when they get a taste of SIP trunking we are watching that, they are starting to push more traffic into this particular type and make it more global. So they will start off in one geography or one particular rail or tributary and then they will start to add on top of that, because what it's doing is it's substituting PRI or ISDN sort of end-to-end which are 30%, 40% to 55% more expensive. So for them they see not only the efficiency from a topological perspective on the technology but they are also seeing tremendous efficiency from the dollar spend which was not ours in the first place, which is a net game for us. So that is the type of spread that you see right across the field. Can you remind the second question?

Rumit Dugar: Who do you compete with.

Anthony Bartolo: The people we compete with tend to be very large, pseudo multinational, carriers, so they would be BT or Orange, those type of players. They are also customers of ours in some other aspects. So that is as I mentioned Vonage is a customer of ours, so we enable our customers in some cases to compete in their particular segment of the market, at the same time we co-habitate.

Rumit Dugar: Vonage would be like a white label buyer for you?

Anthony Bartolo: Yes, that is correct. Vonage actually consumes trunks from us, and they would build their own services on top of that.

Rumit Dugar: And the last question, Pratibha could you help us with the CAPEX guidance for FY17 if possible, given that data centre deal has been announced.

Pratibha Advani: It should be in the range of $200 million to $250 million.

Anupam Tiwari: Hi, this is Anupam Tiwari from Principle Mutual. Is there any probability of further investment in TTSL?

Vinod Kumar: No.

Anupam Tiwari: On this data centre deal, as you said this business is CAPEX intensive, so if your new partner decides to do further CAPEX you need to maintain your share of CAPEX for that, the company or JV whatever it is it will leverage on itself to do the CAPEX?

Vinod Kumar: Answer is yes, but we believe we will manage it within the guidance we have given.

Piyush Choudhary: Hi, this is Piyush from CIMB. First question is to Sumeet, depending on the capabilities which you have developed on the enterprise side over the last few years as well as on the product side, in terms of feet on the ground, what are the geographies which would be kind of key focus areas over the next couple of years? And if you could help us understand the addressable market for us, like probably in Europe, US and what is our current market share so that it helps us to understand probably two to three years down the line what is the potential size we are looking at. And secondly for Vinod, firstly congratulations on the deal conclusion of the data centre; the net debt to EBITDA guidance that you had earlier given, what is the change or what is he strategy over there now considering that north of $400 million is now coming in as the proceeds from data centres, so some colour for the three to four-year kind of guidance.

Sumeet Walia: So to your first question, and like Vinod indicated earlier as well, our positions in our international markets i.e. North America, Europe and Asia, we are the market challenger, so talking market share in those markets would not be the right thing to do, we would be sub-5% in many of those markets if not all those markets. And therefore the opportunity that is ahead of us, and I spoke about that $20 billion addressable market, a large part of that $20 billion addressable market will come from these markets, the India market is to my mind based on the numbers that we see from various analysts is not more than $2 billion - $2.5 billion. So a large part of our growth will come from those international markets. And the fact that we have a small market share position should give you a size of what is the growth opportunity for us in the years ahead as well, so that is going to give you a sense of just the market opportunity. In term of which markets and how we are doing across our markets, I think if I look back at the last 18 - 24 months, we have been very-very successful in Europe, we have won some large logos from that market. I think it is also to do at the backdrop of just the economic environment in those mature economies where customers are looking at not just the incumbent but are willing to work with challengers like us and therefore give us a seat on the table. But like I commented earlier, that was a position 18 - 24 months back but today the position is shifting to transformation and digital transformation, so we are now getting a seat on the table and winning deals not because of challenges that they are facing on cost pressures that they are facing but more driven by the transformation that they want to do and how Tata Communications can be a strategic partner in those transformations. And therefore I think as I look into the future, US and Europe stands to be the two big geographies where bulk of our growth will come from.

Piyush Choudhary: And what would be the size of the Europe enterprise market which you are targeting, because there would be segments and products which you are not participating.

Sumeet Walia: So what we do is that while we look at the overall addressable market, and like I commented earlier we are very focused on segmentation and really that is to do with the number of feet on street that we in the market place. And so when I say Europe we are really present in three geographies, we are present in UK, we are present in France and we are present in Germany. And we opportunistically cover other parts of Europe, so whether it is the Nordics or other markets but we cover them from these three bases where we have feet on the street as well. And as a result of which when we cater to these markets we actually cater driven by segmentation principles and therefore choice of customers rather than addressing a broader market across product categories if you will. So we have a 7,500 customer universe in which we operate. And so as we acquire we keep adding to that universe based on the principles of segmentation that we have. So we are very focused on choosing our customers and those customer choices are really driven by either the size of the customer and it kind of ties back to the point on what is the ticket size or the scale size of these customers. If I look at our sweet spot of customers, our customers who typically have between $5 billion to $8 billion of telecom spend or overall revenues, they are present in at least five to seven geographies, they have a multi-geography focus, they have over 5,000 to 10,000 kind of employee universe globally distributed, so those are the kind of customers that we target and that is the reason why I commented on. If I look at the Fortune 2,000 list, bulk of our customers and our sweet spot will actually lie in those market segments.

Vinod Kumar: In terms of your question on debt, as I said we would be using a substantial portion of what we are getting through the data centre sell for debt reduction, although not all of it. We continue to maintain what we have said before is we will get to a 2x to 2.5x debt to EBITDA ratio and that is something that we believe we can achieve.

Nishit Rathi, CWC Advisors: Hi, Vinod. Just a question on the DC deal, is land part of the deal?

Vinod Kumar: No, it is not.

Nishit Rathi: So which will mean you will earn rentals?

Vinod Kumar: That is right.

Nishit Rathi: Can you quantify that?

Vinod Kumar: No.

Nishit Rathi: But the value which is there in your P&L, the TCDC P&L it will be approximately the same amount, right? There is a rental value which comes in TCDC P&L it is fair to assume it will continue?

Vinod Kumar: Yes, that will continue, that is right. So the land and the building stay with TCL, we will be leasing that space to the data centre entity and collecting rental.

Nishit Rathi: So that will be expenses to the data centre entity?

Vinod Kumar: We will get revenue into TCL.

Nishit Rathi: Secondly, so you will be generating significantly free cash flow year, right. Given that you are guiding for EBITDA margin expansion and your CAPEX guidance has gone down dramatically, we will see significant free cash flow in the next year, is that a fair assessment?

Vinod Kumar: That is how we plan to get to 2x to 2.5x debt to EBITDA.

Nishit Rathi: So we will see organic debt reduction substantially next year?

Vinod Kumar: We will see, I do not want to add substantial because then it is subject to definition, but we will see reduction from our operating free cash flow that will contribute to debt reduction.

Nishit Rathi: And I know you cannot talk numbers, but if you could just give us a qualitative sense of how the quarter will be, specifically we saw some real turbulence last quarter in voice…

Vinod Kumar: Listen, if you want me to stay here for the next Analyst Meeting please do not make me give you a qualitative statement, you will hear very soon.

Pratibha Advani: Smiles on our face should be an indication.

Vinod Kumar: SEBI will go after her, not me.

Sandeep Shah, CIMB: Hi. Just a question on the network side, so if you look at there are software defined networks which are also coming into play, so whether this will lead to a shrinkage of the market on the network management side or will it create the opportunity for the network vendors?

Vinod Kumar: So that is a great question, it is on software defined networks and the impact it will have on our business. We see the whole shift in both network architecture and service, the way service is consumed moving towards software defined networks both at the LAN & the WAN spaces, we see there' all upside and opportunity actually on multiple fronts. One is, the ability for us to rollout services will significantly expand, the speed with which we can rollout global capabilities will be much shorter. The cost at which we can do it, because we will be using standard hardware and then running various versions of software on top of it and the ability to change suppliers if it does not work out either from economics or quality or feature standpoint also really empowers the service provider. From a revenue standpoint we see it as not threatening in any way, it is just a new way in which services will be delivered and therefore we see the shift towards software defined networking more as a margin driver rather than something that will impact our revenues. The only thing we have to watch out for is there will be a new breed of competitors that can come into this space. However, it is not as simple as people say you can't just take some software and put it on a few servers and create a global network, you need underlying infrastructure and so for a player like us that has global reach that Anthony spoke about, it is a very powerful combination because we can extend the capillarity and the reach of that network and rollout new services much faster than we have ever been able to do, it requires us to continue being nimble and agile but for us we look at it real upside. I think I touched on this in the last analyst meeting but this is the next inflection for us that we are getting ready for. So it is just early stages but we look at it as big opportunity.

Sandeep Shah: The second question is on the network management side, we enforced that there are many deals which are coming for renewals from the incumbents which are largely large telecom OEMs or the operators. But at the same time in terms of winning of those deals with the new players like TCL, it's not been very frequent in terms of larger deal sizes, so do you believe that the wallet share churn from incumbent to new players like TCL for the deals which are coming on renewal on the network management side, do you believe that is an opportunity where the client is actually looking to churn the vendors?

Vinod Kumar: Yes definitely, for a challenger like us. Okay, you have to look at it in which market, in India quite often we are the incumbent, we are in a strong position. An incumbent is not something we got, we earned the position, I would rather say leadership rather than incumbency in India. Therefore we have to really work on making churn, stay on top of churn of churn management. In the last few years Sumeet has actually built an organization that specifically makes sure that the customers where contracts are coming up for renewal we defend very strongly. However, in international which is a bigger pie that we are going after, we are the challenger and therefore we are constantly on the lookout for opportunities to get in and the door that opens when a contract comes up for renewal is frankly upside for us more than downside.

Sumeet Walia: If I may just add, on the point you are making which is around network management and some of these contracts which are coming up, many of these contracts actually reside with incumbent SIs and the network providers work at the back of those SIs. And I spoke about our partnering with some of these global SIs including the Indian global SIs, so as those contracts come up for renewal we will engage and we are engaging with all of these SIs and we are seeing that pipeline of deals grow. So that is an indirect answer to how we are looking at the pipeline grow for us as well. So your point is right, many of those deals are in renewal and many of these SIs are competing for them and we will participate in those deals as well.

Sandeep Shah: And just last question, what could be the peak margins on the network management side, because if we look at the segmental revenues of some of the incumbents the margins which they make on the network management side is close to around high single-digit or close to around mid-single-digit.

Vinod Kumar: Firstly, just to clarify, we are not in the business of network management, what we offer is managed network services. When we say network management it is somebody who is just looking at the connectivity which is provided by another provider. Our business is actually providing the connectivity itself and we offer that on a managed end-to-end SLA basis. So the margin profile is completely different, on a network services you are talking between 20% to 30% EBITDA margins depending on whether it is a more traditional service or something. So it is different from an SI that is just managing the network that they buy from us and only provide the warm bodies that look at screens, that is not what we do.

Rahul Maheshwari: Rahul Maheshwari from IDBI Mutual Fund. Just as you told that you are the leaders in data centre, you have a great market share, the coming trend is about the data analytics, so how TCL finds opportunity over there and what is the market size and how the tends would be coming going forward? And can you give an illustration or something example which can drive the growth towards data analytics?

Vinod Kumar: So data analytics, big data and so on, the market size, I really do not want to hazard a guess but there is a billion somewhere there and the reports that you read, they talk about it in tens of billions of dollars. But dissecting it to say how much of it is in the services space, how much of it is in the actual big data application and then how much of it is in computed storage, today is anybody's guess. I will just say that big data and analytics are being used extensively, a lot of our CIO conversations are centered around that. Customers are seriously looking at not just those who are ecommerce companies and so on, we are talking about manufacturing companies, retail companies, those who are in even B2B services are definitely leveraging big data techniques to make more informed decisions. Data set is also expanding rapidly so the compute power that is required is also increasing, all that is true and we see that trend pull. So what are we doing about it that now affects us? One is, it definitely contributes to the amount of space that is required in data centres, the second is, the compute power that is required is not something that individual companies can actually maintain themselves and therefore they will be turning to high performance compute solutions on a usage basis, that is the second trend that we see. And the third thing is, in some cases customers are saying even a big data solution like Hadoop, they do not want their own in-house implementation, they want to buy it as a service. So we will benefit from these requirements and the transition towards big data in multiple levels. Our datacentre entity will definitely see a requirement for bigger footprints that we will see, although now that we will have 26% share in that and not entirely own it. But what we are more excited about and we have live cases of it already, we have rolled out Hadoop as a service for one of our customers and the next stage will be for us to sell that Hadoop as a service to our customers so they can actually buy that and consume it as and when needed rather than create that capability themselves. And then the third aspect is, we made an investment in an artificial intelligence company about a year and half ago called Sentient and Sentient is actually creating a service for high performance computing as a service but that is probably a year or so away. But this trend is still in the early stage and we will keep abreast of it.

Rahul Maheshwari: Sir, it is a high margin business?

Vinod Kumar: It depends, the high performance compute is probably not a high margin business, it is probably a 10% to 15% margin business but when you move up the stack say into Hadoop as a service or some other big analytics platform as a service you will be talking about 20% to 30% margins. But that is a guess to be honest because this is brand new, I do not think anybody in the world has critical mass to be able to say what is the margin accurately on these services.

H. S. Patel: Hello, I am Mrs. Patel over here, I am from HS Advisors. Sir, I have two questions for you. Tata Communications is entering into two partnerships, maybe many partnerships, but I would like to enquire for the two partnerships, strategic partnership with ST Telemedia and our global technical partnership with Irish markets, Irish TV rather. I would like to know what is the percentage of the partnership over here, how much revenue is it going to fetch and what will be our market share on basis of this partnership?

Vinod Kumar: So there are two different kinds of partnerships, thank you for your question, it is good to see you at the Analyst Meeting in addition to the AGMs. The Irish TV partnership is really one where we are helping them with digital broadcasting, so there I do not know the exact value of the deal, I do not think we have published it but it is a customer relationship but we have jointly created some services that help them do streaming of video content and that is the relationship there. The one with STT that we announced this morning is on the data centre business where we are selling a 74% stake in our India and Singapore data centre businesses to STT. The overall transaction size is around US$640 million at an enterprise value and our share will be what we will recover from that or receive from that transaction is 74% of the US$640.

Amruta Pabalkar: Hi, this is Amruta from Morgan Stanley. I have two questions. Firstly, just to confirm on the data center deal, would you continue to receive the rentals, the only impact of $400 million - $450 million we getting in would be $1.5 million to $1.8 million of your EBITDA, does this change your EBITDA margin estimate of around 30% three years forward by end of fiscal 2018 for your data business? And secondly, of the 700-odd acre your core land, do you have any other monetization plans that you can share?

Vinod Kumar: So the first question there, we still maintain a 30% margin profile from medium to long-term that we are working towards and in the short-term you will see some drop in EBITDA as a percentage because of the data centre business, but frankly we are seeing other services grow fairly rapidly like the portfolio that Anthony presented that we believe that the EBITDA margin will grow back up to the 30% target that we have set for ourselves and the commitment we have made. As far as the 700 acres of land roughly that we have, non-surplus land, we do not have any updates to provide and there is no monetization that is planned in the coming fiscal year.

Piyush Choudhary, CIMB: Just to clarify on that net debt to EBITDA target, you are including now Neotel also in this like 2x to 2.5x or this is for core?

Vinod Kumar: It is for core, you know the math my friend.

Piyush Choudhary: No, after doing the math we are almost there, so should we assume that the dividend payout can potentially increase in light of the CAPEX guidance which you have.

Vinod Kumar: Let me get through this dividend first and then we will talk about future dividend. But the Neotel also, I do not want to set any expectation but we are working on exiting that business and extinguish that debt obligation also which is ring-fenced locally but we still assume it in our calculations, but this one we are talking about the core business.

Piyush Choudhary: And if I may ask one question on the non-core side, any update you can share on the surplus land, we heard that there was a consultant appointed and they were going to submit a report to the Ministry in the Government of India, Hemisphere, so if any update you could share?

Vinod Kumar: The update frankly is not for me to share because the consultant has been appointed by DoT, what I can say though is the consultant has been actively working on analyzing the situation and making a recommendation. What that recommendation is and so on, I am not privy to right now, firstly it is not even prepared. But there is a lot of work that is going on within DoT and Ministry of Finance to collect all the facts and I think the only data point that I can put on the table and you can read whatever you want into it is that the various arms of the government are more united and working on it now then before.

Ashwin Reddy: Hi, this is Ashwin from CWC. A quick question on Air France-KLM deal, can you expand further on the implication of this? So should we see a further acceleration in growth in the business or what is needed for the momentum to continue or how do we see the growth ahead?

Vinod Kumar: It is one of the deal that we have done and I do not think it is the deal itself that changes the trajectory in any way. The significance is that I think it shows even with very traditional European companies how a challenger like us is able to make a difference and win in the market place. It will definitely open more opportunities for us in the airline industry. We already have some strong wins with Emirates and couple of Middle Eastern airlines and that is a space that the incumbent SITA has been providing services to airlines for quite some time. These are good references for us to knock on the doors of other airline customers. So I would say in terms of a catalyzing aspect it would be more within the airline industry, obviously it is a large multinational so we will use it as a reference elsewhere also.

Sameer Mistry: Hi, this is Sameer from Birla Sun Life Insurance. While Pratibha mentioned the reduced CAPEX guidance of about $200 million to $250 million that is what you are planning, how much of this CAPEX would be towards say maintenance, regular CAPEX and how much would be towards more innovative services offerings and all?

Pratibha Advani: So about $100-odd million would be towards regular CAPEX for maintenance and the balance $100 million we would use to strategic projects and expansions.

Sameer Mistry: And one question regarding the ROCE, obviously you all are looking at improving the ROCE of the business as a whole and post possibly the stake sell-off in the data center business and reduction in debt and possibly Neotel in the future, what kind of ROCE you all are targeting as such in the future?

Pratibha Advani: We have guided that over the next three years, our intent or desire is to hit 15% ROCE.

Sameer Mistry: And one question on the global telecom consolidation which has been going on, what kind of challenges and possibly what kind of opportunities are you all looking at in this particular space?

Vinod Kumar: Frankly, at this stage we are not looking to either consolidate or be consolidated. We believe that the platform that we have is of a size that can grow considerably on its own and we see when some of the players are getting into consolidation mode it actually de-focuses them from being active in the market place. So we look at organic growth and we are pretty confident that we can maintain above market rate of growth doing that ourselves.

Mahesh Pratap Singh: While we take questions from here, I will probably squeeze couple of questions from the webcast. Vinod, so there is one question on what is the strategy of the data centre services layer after the data centre infrastructure transaction being concluded? So that is one question.

Vinod Kumar: So I think the question is on data centre services, over the last year we have really doubled down on our resources and activity related to both product management and in the last one year we have increased the resources, especially within Sumeet's organization on the go-to-market resources that we have. So the focus is going to continue to be to build out our public, private hosting and cloud enablement services to significantly expand our security services using both in-house development as well as white label partnerships and to add sales and BD resources so that we can grow revenues. We have created some good services frankly that I think are not reaching enough of our customers therefore we need to make sure that our sales team is both trained and has adequate number of resources to get these market leading offerings in front of our customers.

Mahesh Pratap Singh: Another question is from Aditya JIPL Capital which is, you got the data centre transaction done, presumably you are looking for a buyer in Neotel, is there any other investment or transaction you are pursuing at this stage?

Vinod Kumar: Not that I am aware of.

Mahesh Pratap Singh: I do not think we have any more questions in the room, so I will hand it back to Vinod for closing remarks.

Vinod Kumar: Thank you very much for joining us. Again, we hope that in the coming days we will be able to finalize this one pending issue with the auditors on the carrying value of TTSL and we will be able to publish the accounts for last quarter and last year. Thank you again for your patience.

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