



## **FY2014 Annual Update**

**Presented By:**

Vinod Kumar, MD & Group CEO

**August 4<sup>th</sup>, 2014**

# Safe Harbor Statement

Some of the statements herein constitute “forward-looking statements” that do not directly or exclusively relate to historical facts. These forward-looking statements reflect our intentions, plans, expectations, assumptions and beliefs about future events and are subject to risks, uncertainties and other factors, many of which are outside our control. Important factors that could cause actual results to differ materially from the expectations expressed or implied in the forward-looking statements include known and unknown risks. Because actual results could differ materially from our intentions, plans, expectations, assumptions and beliefs about the future, you are urged to view all forward-looking statements contained herein with caution. Tata Communications does not undertake any obligation to update or revise forward looking statements, whether as a result of new information, future events or otherwise.

# Fundamental market shifts are changing and levelling the playing field for players like Tata Communications

## Market Shifts

Move from Private to Public Internet / Hybrid solutions

Wireless to access Enterprise Applications - Bring Your Own Device (BYOD) / telecommuters

Internet of Things: Bandwidth explosion / Security

More last mile options with growth in wireless speeds

Next-generation carriers expanding into Enterprise Solutions

Globalization with emerging markets growth

## Implications

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

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

**THE GLOBAL BUSINESS FACILITATOR**

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

# FY2014 - Highlights

## Strong Financial Performance

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

## Accelerated Momentum with Global Enterprises

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

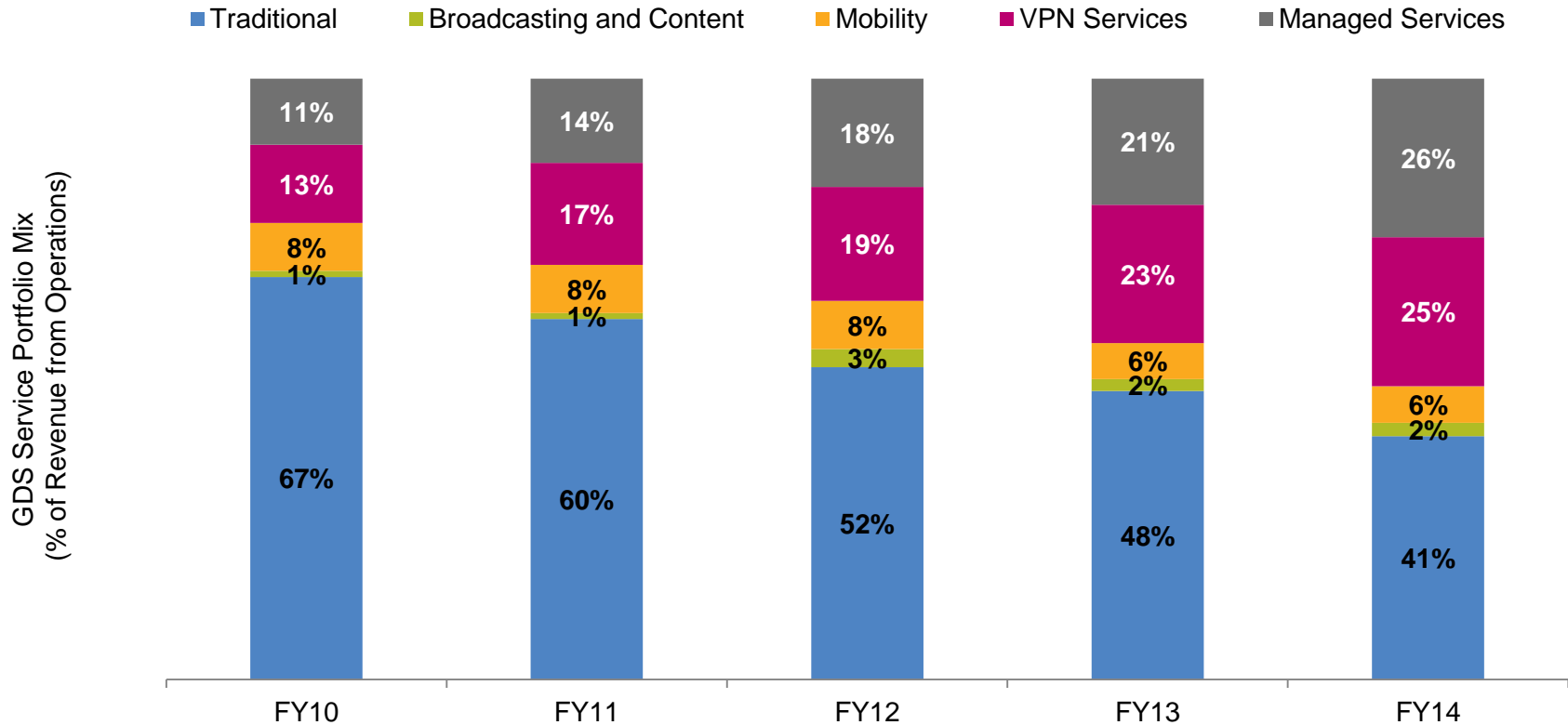
## Launched Several New Products and Services

- jamvee™ - Multi-device compatible cloud-based video conferencing service
- Indicash – White Label ATM Network
- Mobile Messaging Exchange
- Mobile VoIP Platform
- Cloud-based broadcast-quality video transcoding and delivery

## Ongoing Investments in Network Infrastructure and Solutions

- 100G services on TGN pacific and Intra-Asia.
- Launched global low latency network which connect major financial capitals in Asia, the United Kingdom and the United States
- Network readiness for enabling international voice over LTE

# GDS portfolio continues to evolve beyond traditional services



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

# Strengthening global market position and recognition

## Frost & Sullivan 2013 India ICT Awards

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

## Frost & Sullivan 2013 Best Practices Awards

- Asia Pacific Managed Video Collaboration Service Provider of the Year

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



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



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

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

Figure 1. Magic Quadrant for Global Network Service Providers



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

This Magic Quadrant graphic was published by Gartner, Inc. as part of a larger research note and should be evaluated in the context of the entire report. The Gartner report is available upon request from Tata Communications. Gartner does not endorse any vendor, product or service depicted in its research publications, and does not advise technology users to select only those vendors with the highest ratings. Gartner research publications consist of the opinions of Gartner's research organization and should not be construed as statements of fact. Gartner disclaims all warranties, expressed or implied, with respect to this research, including any warranties of merchantability or fitness for a particular purpose.

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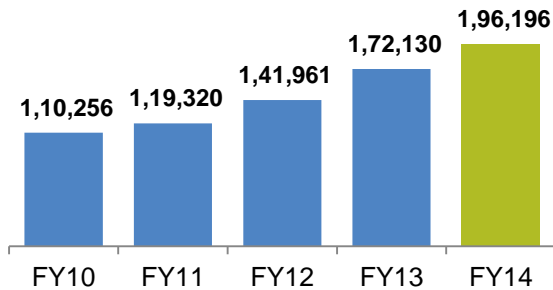
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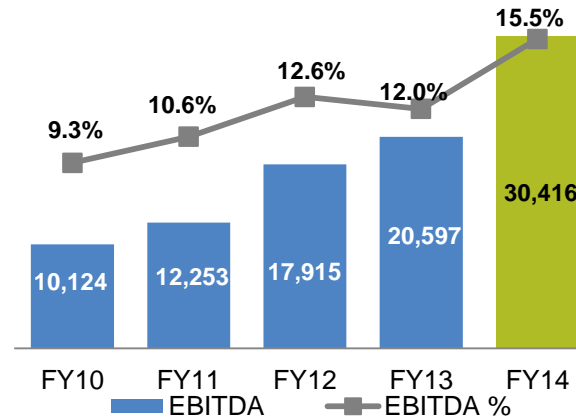
# Sustained profitable growth over the years

## Summary Financials

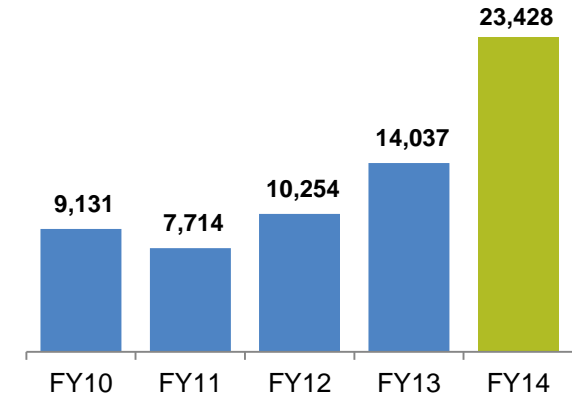
Consolidated Revenue from Operations (INR mn)



Consolidated EBITDA (INR mn)



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



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

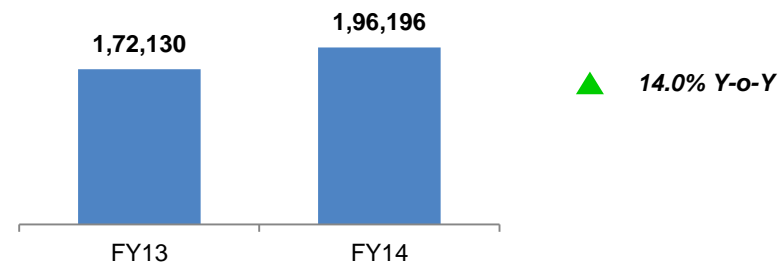
- Revenue growth momentum continues, outpacing industry and peers growth rates
- 620 bps EBITDA margin improvement over last 4-years, while continuing to step up investments in transforming the business and expanding in to attractive value chain adjacencies
- Onset of operating leverage and strong cost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

# Consolidated Financial Performance – FY 2014

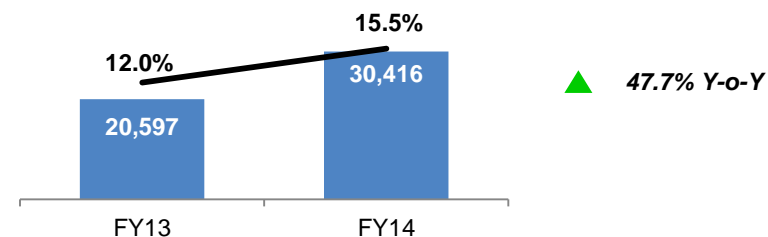
INR Mn

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

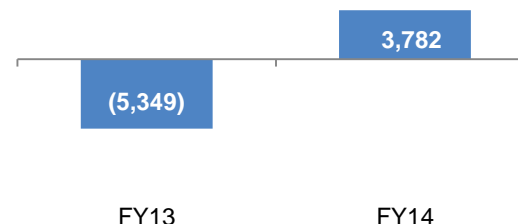
## Revenue from Operations



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



## Profit Before Tax and Exceptional Items





# Thank you

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