TATA COMMUNICATIONS

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Analyst and Investor Day

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MAIN SPEAKERS:

Vinod Kumar, Managing Director and Group CEO

Sanjay Baweja, Chief Financial Officer

Rangu Salgame – CEO, Growth Ventures Group

Sanjeev Patel – CEO, TCPSL

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

http://www.tatacommunications.com/sites/default/files/TataCommunications-FY14ResultsandAnalystDay.pdf

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Mahesh Pratap Singh: Good Evening, everyone. First of all, a very warm welcome, on behalf of the Tata Communications team. Thank you so much for taking time out to be with us, we really appreciate your interest in Tata Communications. I am Mahesh Pratap Singh, and I manage Investor Relations at Tata Communications.

Let me start with a quick round of introductions, today, we are joined by Mr. Vinod Kumar who is our Managing Director and Group CEO; Mr. Sanjay Baweja who is our Chief Financial Officer. We are also joined by a couple of senior members from our global management team – Mr. Rangu Salgame who is Chief Executive Officer of Growth Ventures Group and Mr. Sanjeev Patel who is Chief Executive Officer of Tata Communications Payment Solutions Limited.

Before we start, I quickly want to cover Safe Harbor statement. I would like to remind everyone that anything we say today which reflects any outlook for the future or which can be construed as a forward-looking statement must be viewed in conjunction with the risk and uncertainties we face. A detailed statement and explanation of these risks is included but not limited to what we have outlined in our annual filings, and the Company does not undertake to update these forward-looking statements publicly.

With that out of the way let me quickly touch upon today's agenda: We will start with Vinod giving you an update on macro landscape and how we are making progress on our strategic direction; he will be followed by Rangu who will give you an update and overview on our Global Data Center business and our strategy; he will be followed by Sanjeev who will talk you through TCPSL – the payment and ATM services business we do in India; and Sanjay will conclude the presentation by giving you an update on financial strategy and specifically covering Q4 FY14 and FY14 earnings; After that, we will open up for Q&A.

A request the for Q&A session; if I can request everyone to introduce themselves before they ask the question, for the benefit of everyone in the room as well as on the webcast. There will be an opportunity for people who are on webcast to ask questions, we intend to take some of the questions which are not already covered by in-room audience towards the end of the event, and if we cannot take your questions we will definitely come back and respond to you over the e-mail. After Q&A session we will request your company for dinner; dinner is served right outside the hall.

With that I would now like to invite Vinod to come over and share his views. Over to you, Vinod.

Vinod Kumar: Good Evening. Thank you so much for joining us today, we are very pleased to be sharing what we believe are a fairly strong set of numbers that indicate the progress that the Company is making in terms of executing its strategy. Before I share the results I do actually want to thank the bunch of people I have here in the front row for making these results come together and for the numbers that we achieve as a business. You see the numbers but in terms of building the strategy is all about people and creating an engaged organization, and I am very proud of the team that I have, that help us post these numbers; it is not just those who are sitting in the front row but all Tata Communications employees and leadership team members, my sincere thanks to each of you.

We will talk about a few things. Let us just touch upon briefly what is driving our strategy and especially where we are going with this business and what is shaping our investments, our strategy and so on. And it is really what is happening in the larger market place. I do not intend on going to the next couple of slides in excruciating detail, which I am sure we have spoken about in the past but for those of you who are joining us for the first time in an analyst meeting and even just to emphasize that this is not something that we have seen as a flash in the pan, it is something that we are consistently seeing in the marketplace. And each of these are trends that are impacting us as consumers, clearly as well as businesses and as professionals.

The first is increased usage of wireless to access not just consumer applications but also enterprise applications. Every conversation we have with CIOs around the world, the conversations very quickly move to what is your mobility strategy, not in terms of providing mobile services, it is really about how do you build your Data Center services, what is your network strategy in order to support this increasingly fragmented access world which is driven by mobility. At the same time, we are seeing mobile wireless speeds increase quite dramatically, we do not always feel that way here in Mumbai but if you go around the world the speeds of mobile access is changing quite dramatically as mobile network operators deploy 3G to 4G to LTE and so on.

Just pointing over there, the internet of things or machine-to-machine is no longer just something that you read in futurist magazines and so on. Businesses are talking to us saying we deploy more sensors, we are collecting data from multiple sources and there will be millions of sensors that even individual businesses try to collect the data from, and that is shaping the way IT applications are evolving.

And then what is happening at the same time is the growth of emerging markets continues, clearly, the emerging markets from an equity stand point may be in the last six quarters have taken bit of a hit, that is also being changed right now, but the economic activity and what we are seeing from our MNC customers clearly points to a continued emphasis on emerging markets, and an increasingly globalized world. What all of this is driving is that enterprises and that is sort of a middle gear on the chart here that is turning the whole strategy, are looking for network solutions and data center solutions that leverage both the private infrastructure, so captive solutions that the enterprise may own themselves or dedicated solutions that providers like us offer, but also that needs to be integrated with the internet with cloud-based solutions so on and so forth.

So what you have on the left of the page really is in a way a repeat of what I discussed in the previous slide, but what we are taking as direct implications for our strategy and shaping it as we go forward and baking this into every product plan, every segment plan, every account strategy is what you see on the right side. Which is we are finding that within IT organizations that we serve, there is a shift in the power equation, it is not just in the hands of IT anymore, the enterprise end users within the customers we serve, are actually controlling the outcome and that means they want to know where their IT money is being spent, where their network dollars are being spent, and want a direct correlation to business outcome. And that is quite a big shift that we have seen in the last couple of years and it is going to accelerate. We call that the democratization of the IT landscape, right, that is one aspect. So it is not just a CIO's organization, but a large number of end users like you and me within the business who are dictating where IT spend should go. Democratization of the IT landscape also means for a player like us that the ability to break into new markets is much greater than ever, there is an automatic leveling of the playing field that somebody like us that is a global challenger that is growing around the world can benefit from. Obviously, we had to position ourselves in the right place and capture the right opportunities. This is driving the CIO, who we approach generally to ask for more flexible network architecture, and asking us for what we call "Hybrid Public Private Solutions." So they want solutions that will leverage the internet, and at the same time they want part of their network traffic or their data center to run on dedicated network or dedicated data center. And there are not many providers in the world who can easily straddle both, and I will come to that in the next slide.

And as I mentioned, the fragmentation of the wireless access, some of you may sit there and say do you need to be a mobile provider actually to compete in this space? We look at it quite in a contrarian way that because there is so much fragmentation of access, it is not just fixed line, and fixed line and wireless, and within wireless you have the traditional mobile access mechanisms, you also have WiFi, you have unlicensed spectrum that can be used in certain countries quite freely, it is creating more and more options at higher speeds for enterprises to access the network and through that network access the applications. We see that over the next few years as a great way to change the shape and size of our addressable market. And as we speak in the future you will hear us talk about products and services, you will see us announce things in the press over the course of this year that really address this.

And the reason we can do all of that is because we have an incredible foundation, we have an incredible foundation in terms of network and capability that reaches 99.7% of the global GDP. We can talk about network charts and number of terabits of bandwidths so on and so forth, but increasingly it really is about what markets can you serve, what populations can you cover. And the uniqueness of our infrastructure platform is, I would not get into technical jargon here, on one hand, we operate the international fiber optic network, undersea network that allows us to offer dedicated solutions to a large bank, to a large Telco, to a mobile operator, to an ISP, to a content provider, so on and so forth. At the same time, we carry 8% of the world's internet traffic, so that is the public network. We facilitate through our network access to 20% of the internet routes, and have this incredibly powerful IP backbone network, again top 5 in 5 continents; there is no other carrier in the world that has that capability. Bringing these two things together, the ability to build a private and a captive solution, if you are used to the concept of captive, and melding it or bridging it with a public solution that uses the internet, is what our infrastructure allows us to do. Similarly, with our Data Center services, if you are a large enterprise customer, and you want to dedicate a data center or you want 100 racks in one of our data centers we can offer it. We can also integrate that solution with a hosting solution or a cloud-based infrastructure as a service component in order to give you a holistic offering. This is going to be a big part of what we do as we go.

And then the market leadership and scale that we have built across multiple product segments or service segments is again extremely important for us. In the past we have spoken extensively about our capabilities in voice, today we carry about a billion minutes of international voice every single week. We have managed to grow market share in an overall market which is generally declining. I spoke about the IP network in the India market in the enterprise space we have maintained and grown our market leadership position, serving a larger and larger number of the largest enterprises in this country.

Our emerging market focus principally addressing South East Asia, Middle East and Africa and the Indian subcontinent, really is helping us quite a bit as these MNC customers that we serve outside India grow. And I will talk a little bit about the logos we are acquiring and the rate at which our enterprise businesses is growing. And the core of all this infrastructure that has extensive reach is that it really enables convergence on a IP-based network which in our world is sort of a given, we are really now talking about what do we do with an IP-based network and what the future holds, and we are well positioned for that.

So moving on, if I look back at last year, we feel quite proud about what we have achieved and I would not necessarily talk about the financial performance itself here but I would like to talk about what each of our business unit does, and what role it plays in our portfolio, and how keeping all of this together is an important part of our strategy, and I will highlight the role of each of our business units as we go through. First, if you look at the Global Voice Services (GVS) business or our wholesale voice business which is what we have historically been known for. if you go back to 2002 and earlier that is what VSNL did, that business if we just stayed absolutely still would be a $200 million business right now against the close to 3.5 billion that we are today. The role of the GVS business in our portfolio is cash generation. We have the largest market share by traffic, as I said, we have about 19% market share, we carry about a billion minutes of international voice every single week and our market presence there has been growing. We have been doing increasing number of outsourcing deals, building value-added services, improving our routing engine and so on and so forth. But at the end of the day that group's job is to run that business as efficiently as possible in order to generate 100 plus million dollars of free cash flow for us to feed into the portfolio. And they have done a really good job of doing that based on the growth rates that Sanjay would be talking about. During the course of last year especially in Q1 and Q2, this business was favorably aided and you saw the surge in the numbers and also in the EBITDA percentage of this for our Voice business. Due to India termination rates running at a higher level than we had seen in the past, but that came off in the second half of the year and we have been sharing that detail with you as well.

In order to de-risk this business, while we run it efficiently we look at how we can diversify the traffic. Diversify the traffic along two dimensions; one is to make sure we get more retail traffic or traffic from the source, so we get it directly from a mobile operator or directly from a large telco, rather than picking it up in the wholesale market. And more than 50% of our wholesale voice traffic right now is on longer term contract. So in other words, we lock in the price or we at least have a benchmark price that we are working with, but we are not fighting for that minute every single day. And we have been quite successful in doing it. Our long term contracts are growing, the mix from retail to wholesale is growing, and also we have been doing more outsourcing kind of deals that we have reported to you in the past that allows us to keep this business on a fairly steady course. But the reality is this is not a market that is growing at 15% per year or even 10% per year. So fighting for every minute of traffic is important but we are very focused on margin here rather than just trying to collect minutes of traffic.

The Data business is a one that clearly we have been investing fairly significantly over the course of the last 5 to 7-years. We offer a range of services from VPN Services to Private Line Services and Data Center Services. We serve both enterprises, so large MNCs or large enterprises that require connectivity on a cross boarder basis or a typically long distance international basis, and we provide services to other telcos. So whether it is a mobile operator or a large fixed line operator, regional or international, when they need to go outside their borders we are one of the largest providers of backbone capacity. We also serve content providers and ISPs extensively through the IP backbone that we operate and while we have not specifically spoken about this segment that much, in the future you will see that we will be leveraging this capability and this segment and an ecosystem of the content providers and the associated service providers on the other side. So we look at it as content on one side and eyeballs on the other side. And we have a lot that we can do in this space and this is an important part of our data services strategy.

The tight rope walk that this business has is technology is constantly evolving and what is traditional ones becomes outmoded fairly quickly, and therefore we have to keep investing in creating new services and capabilities. At the same time, we have been very focused on leveraging the cost base that we have built, both in terms of the fixed asset that we have in terms of based on CAPEX deployed, but also in terms of the considerable OPEX that has gone into creating a world-class product engineering and services organization. Over the last few years I believe that you have seen and our numbers now demonstrate that we are seeing the scale effect of this business. We are beginning to see how these assets are able to sweat more and drive more top line growth without the OPEX, for example, linearly increasing or proportionately increasing. And we believe that we still have considerable headroom to sweat the assets that we have deployed both in terms of CAPEX as well as OPEX. And you have seen that in terms of our EBITDA over the course of last year increasing by about 300 bps. This has come from two things; one is we continue to be laser-focused on cost optimization, we ran some very aggressive and ambitious programs in order to improve productivity and make all parts of our business, but it shows up more in the data business, leaner and more productive, and we believe that we still have remnants of that that will show in the numbers during the course of this fiscal year.

Capital efficiency and cash generation were not words associated with this business 3-4-years ago, because we were in a 'build' mode and we frankly were trying to create underlying capability and we needed a certain critical mass of both infrastructure as well as operating capability that we now have in place. But over the course of the last year the data business turned positive on a cash generation basis as defined by EBITDA minus CAPEX, and this was the first time ever, and we are very pleased by this accomplishment during FY14.

Neotel, while we are in discussion to sell Neotel and those discussions are ongoing, the deal is not done till the deal is done. And therefore during the course of last year and even to this day we are working on making Neotel a stronger and more efficient business unit. The numbers in FY14 for Neotel were very strong; we had almost a triple fold increase in EBITDA, and on ZAR terms and dollar terms they managed to grow in terms of revenues as well. I am sure you will have many questions on Neotel, we will save some of that for the Q&A.

The highlights of last year in terms of financial performance; the growth rates that we have posted needs to also be looked at on a year-on-year basis of course, but also in the context of the industry and our peers both in India and around the world, and clearly we have outpaced our peer group when you make an apples-to-apples comparison and when you look at the segments that we serve, and we believe that this momentum is very strong in the business. At the same time while driving the top line the numbers clearly indicate that we have improved our productivity at the cost level which has translated into improved profitability. Within that, just speaking on the global enterprise space, we acquired about 660 new logos last year which is quite a good performance if you look at the fact that we are very focused on large enterprises, this does not include small and medium size enterprises and so on, we go after large enterprises in India, typically that would mean a company that is Rs.1,000 crore and up in revenue, internationally our average customers would be $4-$5 billion and up in revenue. So it is not that there is a massive universe of them that you can go, pick them up. In that context, we acquired about 660 new logos, and the growth was uniform in terms of both gaining greater traction in India where we are the market leader with close to 24% market share for enterprise data services, and therefore here it is more about increasing the wallet share or changing the scope of services that we offer to our customers. Internationally, we made probably the best headway that we have in the Forbes 2000 segment that in our history as a company. This has come both by selling more of the services that we have, so for example our MPLS services or which is a private VPN solution grew by 19% year-on-year. I can tell you that we can look at any analyst report the global MPLS internet revenue is not even growing at 5-6%. Our global ethernet revenues grew by 24% last year, which again is probably twice what the industry growth rate is.

So while our services that we have had in the pipeline for the last couple of years are generating revenues, we cannot rest easy and we have been very focused on rolling out new services within the scope of communication, collaboration services and IT infrastructure services or data center-based infrastructure services that we offer. Some of them are listed over here, but I will pick a couple; one is “Jamvee” which is a device-agnostic, access-agnostic, video conference service that is great for global collaboration. The second one is “Indicash.” Sanjeev is going to talk about it in a lot more in his presentation on Tata Communications Payment Solutions, but Indicash – we were the first ones on the block to get a license from the RBI for white label ATMs, and we are rapidly rolling it out as we speak across tier-III to tier-VI and some larger urban areas.

And then I will just highlight the last one which is cloud-based broadcast quality video transcoding and delivery services. So we started focusing on the media and entertainment segment about 3-years ago, starting off initially offering them connectivity services or taking our traditional network services, putting a little bit of a different wrapper and different pricing strategy, and offering it. That strategy has evolved to now offering media and entertainment segment specific solutions that cater to the needs which are unique to that segment. So we will continue to evolve. And in the Data business we will have to selectively make investments in creating these new services.

At the same time we also have to keep an eye on underlying infrastructure. Just these are without going to the technology of it I think I have spoken about this in the past in a fiber wave length could carry 10 gig that went up to 40 gig, and last year we deployed it across the pacific and Intra-Asia where we took our fiber backbone to 100 gig backbone. In simple terms, it just means that compared to 3-years ago from the same fiber we can get 10x the capacity. And in our labs, we have been testing and we have completed the field-to-field trial for 400 gig deployments. So from 100 gig in the next couple of years, we expect the capacity that we can extract out of these networks will increase up to four-fold. It would not be on every route and every segment because there are limitations of distance, but it just gives you an indication, if you are looking at assets sweating, what the potential is for the powerful reach and network base that we have created.

Over the course of last year, we have also got multiple recognitions, I do not intend going through each of these, these are from telecom and technology industry analysts. We won five different awards in the most recent Frost & Sullivan event for capabilities that we have in India, and we are really proud of it for two reasons – one is in some cases we won it for the 7th year in a row, so we in Tata Communications do not, will not take our leadership position for granted, we will fight for it every single year that we are in the market. And the second thing is we are winning across multiple categories. So if you look at that it is not just about we are a network service provider or we are just an enterprise provider, we are winning awards in Enterprise and we are winning awards in wholesale, we are winning for network Services, and we are winning for data center services, we are building for new services like Contact Center, and that is why these are important for us because it is showing strategy in action.

Another feather in our cap last year was being awarded Best Wholesale Carrier and we have toiled for this and defied many odds, and I have shared with our team that shows that when there is still an opportunity in what many will consider a commoditized market or a crowded market to go in and make a difference if you have a clear and focused product strategy, and if you can create a unique customer experience.

From global network service providers we are already in the leadership quadrant of magic quadrant of Gartner's analysis for Asia Pac; last year, we got pushed into the leadership quadrant for global network services providers. I can tell you that I have been in this industry for 25-years, and that top right quadrant has always belonged to four or five players who have been sitting there for a long time. We moved in first into the bottom right, then we moved to the top left, and we got pushed into the top right during the course of last year, and you might say 'So What?' and I can tell you that this is the reference point that many of our customers, the large MNCs use before they issue an RFP. They say show us the magic quadrant, are you on it and which quadrant you belong to and then we will decide what RFP that you get chosen for. So we feel that this is a validation of our strategy and validation of the spirit of the Company, and we believe that it would bode well for us as we unfold.

Another data point without going to the numbers in detail here, it is a great example of strategy at work. We talk about Network Services moving from traditional to VPN, we talk about Managed Services, I am sure some of you sit there and look at it and say, "What do your numbers say?" I think this chart over here shows the progression from FY10 to FY14, and over the course of the 5-years show where we have been spending our CAPEX, where we have been putting our investments, what we called out as our 'services strategy' and you can see that as evidenced in the far right column of this chart, but keep in mind that what we have done is also while delivering 17% growth for the Data Services portfolio. So it is not just changing the composition, it has also been about growing the business at the same time. So our Traditional Services which are the Traditional Connectivity Services, they are important for us, there is no question about it, and in fact many of them have shown growth like Private Lines both international and domestic, IP Transit, IRUs, internet Lease lines. Some other carriers might call these Managed Services but we call them Traditional Services. But our Managed Services portfolio are talking about MVoIP Data Center Services, Video Conferencing, Telepresence, Transformation Services, Payment Solutions like Indicash, the Mobility portfolio and so on, has steadily been increasing, and making a bigger and bigger part of our portfolio. So for me in" my whole presentation I can talk about strategy and all of you will say "So What?" and this is the 'So what slide?'

The other "So What Slide" is the New Services growth; our New Services touched $135 million last year and at the same time we have had to make investments and create this portfolio, and it is important to track the EBITDA on this portfolio, and over time the cash flow that it generates as well, and the EBITDA improved from (-31%) the previous year to (-16%) and showing the right trend for us as we go forward with the traction we are getting in New Services.

In summary, I will say that we have a large addressable market, that we continue to expand based on what I described earlier in terms of our Network Services strategy that is aligned with where our customers are going. Our infrastructure continues to be best-in-class, thus have the global reach. Using this infrastructure with an emphasis on emerging markets, we are able to provide a broad range of communication services. We are not changing the mission-vision strategy of the Company, and it is really about using what we have, we believe we are in a good place and the market position that we have created has momentum, it has definitely improved and our operating metrics are improving, and we still believe there is some headroom there. It is important for us to create multiple growth engines. I believe as a management team we have shown that we can create new services, enter new markets, stick in and fight it out till we acquire scale. We will have to do that. We can be innovative, but also we had to create scale for our services, and that takes a certain level of execution rigor, which we will be focused on based on the strength and breadth of the management team that we have at Tata Communications.

With that I will hand this over to Rangu Salgame who is the CEO of our Growth Ventures. Rangu heads a broad portfolio that in a way might not make up the logic of how it all comes under him, but it is really an area where we incubate many businesses, but he has also taken on recent responsibilities for some of our mainstream business areas. I will let Rangu now focus and talk about the Data Center business and our strategy that is driving it.

Rangu Salgame: Thank you, Vinod. Good Evening, everybody, and it is good to be here. This is the first time we are speaking about our Data Center strategy and what we have been doing in this space. This is a market that many of you have been reading in the headlines of what is going on in the world in Cloud, Data Center, and Big Data. So I will put it all together and share with you what we at Tata Communications have been doing for a number of years. So it is not something new. We have made significant investments over the years, but in the recent past we have really brought a lot of these things together and consolidated our position in the market. I am going to share some of that and share with you also on the demand side what really is driving this demand in the market and how we are positioning ourselves with our strategy with our assets and our infrastructure that we have in place on a global scale.

Most of you may know, but what is a data center. Data Center is essentially a physical location of a building with sophisticated power management, power supply, where companies, service providers, enterprises place their computer servers to run their IT infrastructure. This could be of large bank, it could be an internet company running their apps, it could be a service provider where they may have cable landing or a mobile operator running their mobile operations. So that is a basic essence of a Data Center but the whole management of Data Center is a sophisticated operation, and they are site-specific and they are connected to global networks depending on the Data Center. On top of that you provide Managed Services like Cloud, manage those things, these are the terms that you may have heard that enterprises are more and more adopting in how they run their IT infrastructure.

Let me give you a quick snapshot of what is happening on the data side. This is a very simple but a very powerful notion, this is the essence of what is driving the whole Data Center industry. It is about the explosion of data, and many analysts report you see, no matter which way you look at it the data is exploding in the market, and this analysis shows that 10x growth of data in the coming years. Today, it is about 4.5 zettabytes of data that is generated in the world. Let me give a data point that really captures all this; 90% of the data that we have on internet today globally, was generated just in the last 18 months. So extrapolate this for the coming next 5-10 years. The amount of data that is going to explode in the internet is almost unfathomable, and all that data has to be stored somewhere, computational things have to be done on it and moved around the world. So that is really what Big Data is about. That is what really Data Center drivers are in terms of the demand side of the market. And emerging markets continue to be a very big user of data, and the demand side in terms of the next 5 to 10 years, 70% of the growth is going to come from emerging markets.

So what is really driving the explosion of Big Data? Just a couple of key points I will point out that really the explosion of data is coming from; First is the internet economy, everything you see on the internet today whether it is video, whether it is cloud, social media is generating tremendous amount of data that has to be stored and moved around on a global basis. A simple example like video; until recent years all video entertainment, content entertainment was delivered over television, just in the last two years, entertainment has now dramatically moved over to the internet over the top non-linear television. These things are driving massive amounts of video on the internet, and video produced by users like YouTube, these things are big video, big data that is driving traffic on the internet. Other things like social media like Facebook or other kinds of social media that brings in data not only in the form of users, but how data is communicated or different messaging services and content that is shared between the users. Cloud which is an enterprise kind of application, technology infrastructure that CIOs around the world are moving from dedicated private IT infrastructure to cloud-based which is sharing infrastructure across different applications on as-demand as-needed basis. So these are some of the key drivers that is driving the use of internet. Some of the future trends that Vinod touched upon, the internet of things, machine-to-machine, these are some of the early trends that are going to drive again the use and production of data around the world.

I talked about the IT infrastructure and now will talk about some of the economics of the Data Center. In the old days, Data Centers were based with a very large infrastructure, CAPEX investment, but there has been a lot of innovation that has happened around power management, alternative energy sources, that is driving the cost of the Data Centers down from a scaling perspective, and companies which have been able to invest at the right places at the right time with the right kind of power infrastructure have been able to harness the scale effect of Data Center.

Just to give you a market opportunity here, we are looking about on a global basis over $25 billion of market size just for Co-location services. This is not even for Cloud and Managed Hosting Services, and this is growing about 18% to 20% on a global basis, in emerging markets is growing a little faster, but even in developed markets like US and Western Europe is growing over 15% year-over-year. And that if you look at from a Cloud and Managed Hosting Services perspective is another $100 to $150 billion. Of course, that includes IT Services and other aspects but for a service provider like us there is a significant piece of the cloud market that is yet to be tapped.

I would not go into a lot of details here but just to give you a feel what does a typical CIO look for. In a global MNC to large enterprises even in India, CIOs are looking for different ways to adopt Cloud and IT infrastructure into their environment. One of the biggest shifts that happened is IT decisions are not just made by CIOs anymore. Lot of these are becoming business decisions. For example, some of the CRM applications like Sales Force and others have become cloud-enabled. These are being bought and decisions being made by the sales head or the marketing head and the CIO has the responsibility to deliver the value to the users within the corporation. So those kind of decisions are really fragmenting within a large enterprise, and in the end it flows into how a Data Center provider provides the services to the CIO or by a carrier. And if you are a content provider you fit into the same equation, if you are an app provider for the enterprise, or if you are an app provider to a consumer you are hosting this in large environments where you are able to provide those apps on a global basis, real time as you need and expand the capacity as required.

To give a scale on what the global market looks like, what are the big demand drivers. Now let me come to a little bit to India market, I am going to spend the next few minutes focusing on the India, Singapore or the emerging markets where we have gained significant market leadership position. And what is happening in India? The three big markets that are driving demand in the India and emerging markets; One is the global technology giants. These are examples of the global technology companies which are making significant investments because these are all data driven, these are applications which are driven by Data Centers, and how they are hosted and delivered from the Data Centers. Those companies are coming to countries like India, Singapore to make significant investments because these are big growth markets and thus driving the huge demand for Data Centers in this market. The second is the global MNCs. This is the traditional market that we have been serving and large telecom companies have been servicing, which is the big banks, the global industrial companies which have a huge presence in emerging markets and making more investments in countries like India. Also they have lot of offshore facilities in countries like India where they want to bring the Data Center operations as well closer to their IT operations. The third is the large Indian domestic enterprises. Our Indian banks and Indian enterprises have evolved over the last 10 years, and now IT decisions and Data Center decisions are becoming much more strategic and CIO level and CEO decisions, like it has become at the global level as well. So that is driving Data Center decisions at a strategic level, where banks and large Indian companies want providers who can provide high-end high-reliable Data Centers in India. So these are the big three trends that are driving demand in the Indian market.

So where do we come into play here? Tata Communications on a global basis, we have a large footprint of Data Centers; we have 44 Data Centers around the world, 2 just got added recently, I will go into that in a minute. And we have over a million net sq.ft. of real estate space in Data Center. So that makes us one of the formidable players on the global stage but more importantly all of these Data Centers are connected by our high speed fiber network, and that really differentiates how our infrastructure plays on a global basis and specifically in emerging markets as well. From a market position in India, most of the analysts position us #1 in the market; we are the market leader in India. In countries like Singapore we did not exist in the market four years ago and today we are about over 4% of market share. So our investments have started paying off in markets that we started moving in a few years ago and customers are making significant investments in these markets and is playing well to our strategy.

So what is our vision in the Data Center space? It is really being emerging markets provider of choice for global corporations and local corporations as well. That is really a simple vision of what we have. We do have a global footprint which helps us fill a total solution for our customers.

What is the value proposition in the market? This is important to see how our Data Center strategy fits into the larger piece of Tata Communications where we have a global sales coverage, we have global network connectivity, we have real estate assets around where we built a Data Center, and together now we are able to offer these Managed Services like Co-location which is a basic Data Center service, along with Managed Hosting, Security which is one of the big differentiators that we have in our offerings to help Data Center hosting be much more secure for large enterprises and carriers. And Cloud, which we have just entered the market in recent years and we have a lot of offerings coming in managed and private and public cloud offerings. So that together, with the India cost base and the infrastructure that we build globally positions us as the true end-to-end total solutions provider for enterprises and carriers in the Data Center space.

Here is a pictorial view of our infrastructure. I would not go into the details, it is also on our website with a global connectivity picture along with the Data Center positions. So this really gives you a snapshot of our position on the global stage when it comes to providing Data Center solutions to global corporations in emerging markets. And that is where we are positioned. What is the value proposition to these three segments I talked about earlier? For companies like cloud providers, these are big technology companies that I mentioned earlier, We really become an integrated provider of Data Center and network as these companies are in most emerging markets. Every internet company is eyeing those 2 billion consumers in the emerging markets, so that is really driving them to look for integrated providers because it is very difficult for them to come and build their own Data Centers in these emerging markets. They want a trusted partner, they want a provider who can really provide them global connectivity, carry this traffic on high speed networks and also provide a resilient Data Center in these countries, and that is the value proposition that we provide to this market segment.

Similarly, the global MNCs, large banks, who are setting up their operations in India and Singapore, and Singapore is also an entry gate for the Asia-Pac market are looking for providers where data is secure. More and more banks are under serious concern in terms of cyber attacks, in terms of privacy. So they are looking for providers who can truly provide them a Data Center that is secure.

When it comes to Indian enterprises it is a continued evolution of the services that we provide to Indian enterprises. They have bought Network Services from us. They have bought other services from us. Now as Data Centers are becoming strategic, they are looking for a provider who can provide them a platform to grow with them.

Just a quick snapshot of where we are going from here. As I mentioned we have 44 Data Centers, 2 of them just coming up live as we speak in fact, and our near term plans here include building Tier-IV facility in Ahmedabad. There is a financial smart city being built in Gujarat and we are building a Tier-IV which is India's first truly Tier-IV Data Center, which is the high end of the Data Center in terms of categorization of how Data Center is segmented in the market. We are just literally launching our new Data Center over 100,000 sq.ft. in Delhi, which is coming up live this month, and that should add a significant amount of capacity in our portfolio in India. We are planning for a Greenfield in Bangalore and in Mumbai in the coming 18 months. So that is kind of our whole Data Center expansion plans in the coming 18 months.

In Singapore, we just added in fact a 3rd facility, which went live about a couple of months ago. In addition to that we are expanding our current big Data Center that we have in Singapore called TCX, we are adding another 30,000 sq.ft. of Data Center space. So that is our continued expansion and commitment to the Singapore market as part of our near-term growth plans.

And the other third piece I want to mention is 'Strategic Alliances.' We have embarked on a new program about six months ago to build alliances with Data Center providers in markets where we do not intend to have our own physical facilities-based Data Centers. These are markets where our customers may want to have a Data Center solution as part of a global or emerging market solution, and we would not want to build a Data Center but we want to have a partnership there. This is a CAPEX light model to expand a reach globally, and given our network reach that really makes us a very compelling partner for most of these local Data Center providers, and we have 9 alliances that we have struck in the last 6 months that is really expanding our reach in the global market again. So together this gives you kind of a feel about where we are today from 44 Data Centers, to about adding 9 partnerships and expanding with another 2 Data Centers in the next 18 months and more capacity in existing Data Centers as well.

To summarize, we really believe this is a very attractive market to be in from a global perspective but also in India and emerging markets. I shared with you some of the data points, why this demand is just not cyclical or near term. It is truly secular and truly long term and at a scale that has been unprecedented in the technology world, in terms of the scale of the explosion of data and the need for Data Centers. We believe Tata Communications is very well positioned to compete in this market and provide true value to these global customers and in country emerging markets customers, and I shared with you why the sales organization or network asset really help us provide this complete reach as well as solution. If you look at some of the largest global MNCs from US or Western Europe it is not about just finding a Data Center in India but they truly want a partner who is global in every nature in every scale, in a way of how we do business. So we have local sales coverage in these countries, we have local network connectivity, global connectivity and we are a trusted partner to do business here. So really we believe we are well positioned to compete in that market on a global as well as emerging market. And we see a significant momentum that we have. In the recent past we have consolidated to gain market share and we have been growing in terms of our capacity in double digits but from a revenue perspective we have been growing faster than our capacity. So really from a momentum perspective the top line growth has been growing faster than the market and we are seeing a continued expansion of our EBITDA margins in this segment. We are very well positioned from a momentum perspective. And looking ahead two aspects to it; we are expanding our capacity which I shared with you earlier, and also we continue to invest in developing new services and Manage Hosting, Security and Cloud. Together as a portfolio we believe we are well positioned for the coming years in this space.

Thank you. I will hand off to Sanjeev Patel who is the CEO of our TCPSL business.

Sanjeev Patel: Thank you, Rangu. I will take you through our strategy and the overview of what we have been doing in Tata Communications Payment Solutions. It is a pretty heartening story in terms of our ability to currently capitalize on an opportunity that has been with us for some time but I think you will now see the benefits of us having been in this business and having taken it to where it is at.

Tata Communications Payment Solutions is a 100% owned subsidiary of Tata Communications, primarily in the business of Banking Solutions. So we do service 40 leading banks in India, pretty much who's who of the private sector and public sector banks. We are one of the India's largest managed service ATM providers. That forms the core of our business. But we are in a whole lot of other banking infrastructure businesses like POS management, so we do retail POS management, we do mobile POS for banks again, we also do hosted core banking solutions for urban cooperative banks, which is a growing market in today's day and age, we do card management, we do financial inclusion systems. Effectively, we do the whole range of 'Banking Infrastructure Solutions' for banks. We are sort of a bank in a box if you look at it. So we are on various payment networks pretty much the big three – RuPay, Visa and MasterCard. Today, in the white label ATM space we are one of the forerunners. We are the first company that actually got a white label license from the Reserve Bank of India. We are also the largest provider in that space today, and we sort of outstripped competition by far in that place. It is sort of an area that we believe we have played a very pioneering role, and it is an opportunity in the future that we necessarily would like to be forerunners in and taking far beyond just the basic provision of banking services in rural locations. I will talk about it a bit more in the coming few slides.

Where we are at as a business? Our business started largely as a managed ATM service provider for banks and that is really where our ATM management experience has come from. We manage about 18,000 ATMs today for banks and this is under the 'Brown Label' model. We have been able to capitalize on that background and experience and this is across the country in all sorts of terrains, metro, urban, semi-urban, rural, we have got ATMs in the Andaman and Nicobar Islands. These have been challenges that we have been able to sort of work our way through over the last 4 years, to come up with a wealth of experience and learning, embed that in our system, and actually take that forward into something that is wholly our business, which is the Indicash business. We have gone past the basic learning curve over the last 4 years and we have reached scale. At 19,000 ATMs we are one of the largest service providers in our country which has 160,000 ATMs. It is a

13% market share and that scale does bring us benefits, because we now have set-ups right across the country. We are pretty much able to manage ATMs in thousands of locations today. The cost efficiencies and synergies that actually come about from that is something that we have been able to leverage of.

Obviously, what is happening in India now and is just bound to increase in the future is a slowly accelerating pace of banking penetration in the rural markets. If we are talking about voting population of 840 million people and a banked population less than 400 million, you already have a whole set of people who could be banked, who have access to mobile phones, who are able to vote, but do not have bank accounts. So for the first mover into those places you definitely have an opportunity that is just waiting to be had and we are really looking at capitalizing on that opportunity as we speak. So increasing bank accounts, increasing debit cards, would drive increasing transactions in these areas and we want to be positioned to actually benefit from that.

What we are doing with our existing businesses? This is something that you probably would have been aware of. Some of our prior deals were not probably very favorable by way of profitability or even break even. So a large part of what we have been doing this year is actually either renegotiating or exiting some of these historical contracts which were 3 or 4 years old and that has just taken us further on the path to profitability.

If I was to look at as of 31st March where we are, we are at about 19,000 ATMs, out of which about 1,200 are white label, and about 17,800 brown label ATMs. If we just look at the order book that we have on hand, we have an order book of about 40,000 that is 15,000 under the Reserve Bank of India white label license and 25,000 which is comprised of the existing brown label contracts that we have, and the Ministry of Finance 3 states that we have got in hand. So it works out to a total of 40,000. Our revenues if you notice, that has grown multi fold. We have grown 10 fold in the last 3 years from about Rs. 400 million to about Rs. 473 crore; we are just short of Rs. 500 crore now, which is a reasonably large top line business with us being a dominant player in a market that can only grow in the future.

A large part of the investments that actually happened, happened over the year 2013 where we were running a negative EBITDA margin of 36%. We through a whole lot of measures over FY14 and really tight control over costs, we have actually reduced that down to 19%. So, we are well on our way to turning EBITDA positive in the coming future. It has largely been through a contract-by-contract exit from or renegotiation of large contracts, which may not have been making money depending on the circumstances, depending on the conditions under which they were signed, depending on the terms of the agreements, we have been able to rework through a whole lot of that. The icing on the cake is the 'White Label' business where we actually have far more flexibility in terms of location, in terms of deploying modules, than anything that you will actually have via a bank contract. There are a whole lot of serviceable agreements, let us say locational constraints, format constraints that actually exist with banks, which do not necessarily exist in the white label. We are pretty much free to implement and deploy ATMs where you would like in the format that you would like. The majority of the existing ATM base that is again the 18,000 ATMs that are already in place, these ATMs have actually now matured to an extent that we are getting a reasonably good number of transactions out of them, and a large part of the fixed costs have been amortized over a significantly larger base now.

If we were to look at FY14, probably the best year that we have had, so we are servicing 27% more ATMs; we have moved up to about 18,000 from 14,000 that we were before, we have been able to garner 38% higher revenue over the previous year with only 20% increase in direct costs and 2% increase in staff overhead. So obviously now, these are the economies of scales that are actually coming in. What we have been able to do is pretty drastic renegotiation and realignment of our cash replenishment agency cost. So we operated about 7 or 8 large cash replenishment agencies in the country, if you are aware of this, this is your largest single cost as an ATM managed service provider going up to about 35% of the costs. So, we have been able to sort of realign this across a whole slew of contracts and banks and geographies to be able to arrive at significant cost optimizations out there. We were talking about running 19,000 ATMs, every per unit change that we were able to make and implement across the country multiplies itself by 19,000 straightaway. Going back to the drawing board we have been able to reduce the power, the AC, site CAPEX in itself, we have gone and renegotiated site rentals due to a sort of depressed property market, and we have been able to extract cost efficiency out of there. Improvements of staff productivity in itself, getting more out of the staff that we already have, managing more, better automation. So there is a whole slew of stuff, but you get the picture. We have also moved our 24X7 national operating center out of Mumbai and into Pune. That is into our Dighi premise in Pune and obviously there are significant costs and staff efficiencies that we have been able to extract out of that. All in all on the cost front we have really been able to curtail that very significantly.

From a revenue perspective, it is really all about transaction numbers. A large variable that determines most of these contracts or for example white label is pretty much a main revenue line. It depends on the number of transactions that you get. The number of transactions that you get depends really on a couple of things – Which bank's brand do you have on your ATMs? And how well you select your sites. So, I think what we have been able to do over the last year is actually significantly use the data that we have on 18,000 ATMs already that were under our management, and use it well enough to either relocate ATMs or manage the due deployments for our white label ATMs. We have also changed the site selection process, rather than delegate this down to brokers and sort of hope that they are getting you good sites, we actually brought it fully in-house. So, it may not exactly be rocket science, because it is part science and part art, but getting the selection of the site is critical. Once you get a good site, you are going to run profits for the next five years, seven years, however long your contract is, but if you get a bad site, you are going to run losses on that site for seven years. So, we have been sort of able to bring that in-house, use both analytics as well as sort of personal expertise from a whole lot of managers to be able to define the site. And that is really working well for us now.

Just to give you an idea on what we believe is the jewel in our crown and where TCPSL's future lies, which is in Indicash, this is our white label ATM that we were the first to roll out an ATM out there, and this was rolled out in Chandrapada in Tier-V location, just outside Mumbai. We plan to roll out 15,000 of these ATMs that is our Reserve Bank of India license. And the reason we have been so fast of the blocks in this is because we really do believe this is a very significant opportunity for us to use all the expertise and infrastructure that we have to dominate as well as capitalize on the space. So, two-third of these needs to be deployed in Tier-III to Tier-VI locations, just to give you an idea, Tier-III location is a location with a population less than 50,000. So by the time we hit Tier-V and Tier-VI it is less than 10,000 and less than 5,000, these are hitherto unpenetrated areas in India. Now, the sort of paradox is that today about 55% of India's accounts are in Tier-I and Tier-II locations but the banks have put about 80% of their ATMs into these locations, which means 45% of the banking accounts are in locations where there are only 25% of the ATMs. Obviously, a huge undeserved demand, but banks would tend to go to places where their high net worth customers are, and that is really what has happened. The Reserve Bank of India issued the licenses so that people actually put ATMs in there and aid in the financial inclusion initiatives that the RBI has, and that is really what we are working on.

We have had to work with the whole lot of new templates, because going into smaller geographies means number of transactions are going to be lower, and you need to run them at far lower costs. So, one model which we have actually used very successfully and pretty much for the first time in the market is 'SHOP in SHOP.' And by Shop-in-Shop we actually mean an ATM in a proper kirana store so the CAPEX costs are pretty much negligible, the shop keeper also serves as an evangelist for ensuring that people in that community will actually use the ATM. So, we do work incentive schemes, giving him an incentive for a certain number of transactions been reached. These are all new things that we have had to think up on the fly because of the new geographies that we were entering. Obviously, being part of the Tata Group, we have been able to capitalize on the footprint that we have both from a corporate as well as retail perspective, so you have got offices, you have got factories, you have got retail stores, 5% of our deployments are actually in Tata locations.

PORTA CABINs, for example, you have open air markets where there are no established shops, but there is a significant amount of footfall. So, we actually work with a sort of prefab PORTA CABIN, that just goes in, we put it in there, it has got place for VSAT, if you notice the one that we have in Andhra Pradesh out there, it has got enough place for a VSAT, that cost a few lakhs to just put up to install. But we effectively have been able to create an ATM space out of nowhere to be able to leverage of the footfalls that is happening out there.

Alliances again, we have been able to enter into some huge alliances with organizations that serve Tier-III to Tier-VI locations. So, Andhra Pradesh State Road Transport Corporation (APSRTC), AP Rythu Bazars are open air markets that happen on a weekly basis in various locations, so they sort of move around from town-to-town from habitat-to-habitat, and we have actually been able to sort of enter into an alliance with them at reasonably low rents. So nowhere close to sort of the rents that you would actually be paying in metro cities but getting you more transactions because these are underpenetrated markets, you are not really competing with anybody, and a huge footfall that is happening. So, we have had to work with different formats, not a standard VSAT format, but actually using Data Cards and Dongle-based alternatives for connectivity. So, you will be able to find an ATM pretty much in a store without any VSAT attached to it, just plugged into the store keeper's electricity terminals and operating off a data card. So, I think to an extent it is a democratization of this whole ATM space and we are proud to actually be sort of leading that initiative for the Reserve Bank of India.

A promoter-based model, in which promoters would actually go out and put ATMs for us and they would benefit from the revenue that they are able to generate from it, we would operate with the fixed cost. So, let us say, building societies, you could just take the ATM from me and I would actually just operate at a fixed cost for him, with him getting the revenue benefit, and this is actually the white label model that applies abroad.

Rapid "for bank" deployment, in this you actually deploy white label ATMs for banks that want to increase their presence rapidly in certain locations. So maybe an urban cooperative bank wants to increase its visibility in let's say Kolhapur. So, you would actually deploy let us say 50 ATMs for him or rebrand your white label ATMs for him for a period of time, for him to be actually able to get that benefit. So, these are the models that we are working, all of them are new and there have been learnings that we have had along the way which we intend taking all the way to 15,000 ATMs too. So, what we have been able to get over 1,500 ATMs, we should be able to take on to 15,000 ATMs.

What we also have, and this is something where we actually differ or where white label ATM operators are able to defer from bank ATMs that are actually deployed today. Reserve Bank of India allows for the provision of services other than just cash withdrawals, cash deposits at these places. We have already started third-party advertising in these locations and what we find is various companies see this as pretty much the only available organized media vehicle in Tier-III to Tier-VI locations. So, we have been able to tie up with Tata Motors, FedEx, HDFC Mutual Fund, various companies, to actually advertise in these locations. So we actually rebrand the room, we use the ATM screens, we also use the outside windows for people to be able to advertise in these locations. It is sold through standard media agencies as a media vehicle, the way you sell television spots. The opportunity really is in the fact that in a few years time, we would have 10,000 of such locations across Tier-III to Tier-VI areas, fully under our management. You can just sort of see that the sky is limit in what you can do there. We have got third-party sales that we are going to be starting soon, where you would actually have promoters selling products from this. It is a fully installed and a secure room with connectivity available out there that is under our management.

Data Capture, there is a whole lot of buyer behavior, that can be got through, research done at these ATMs. You have got transactional data, you have got transaction value data. So, this is data that is extremely valuable if we are able to monetize it for any company looking at entering these markets, and again, I do not really see a proxy, I do not see anybody else being in this space as we speak right now. These are all plans that we have that are already in discussion with parties to sort of implement. We have got lead generation that can happen over there. We are in talks with some of the eCommerce firms for using these ATM rooms again as delivery points. You can pick up items that he is ordered on the net or even ordered from these rooms and themselves. I have a fully functioning computer in that room with connectivity into any standard network. You have got cardless withdrawal that can happen. The Reserve Bank of India and NPCI are allowing for a whole lot of transactions including bill payments to be happening in these ATMs, we are working on pilots with them for the bill payments. You have got financial inclusion and CSR activities that we are going to be beginning at these ATMs. So, all in all, it is not just about the ATMs any longer, it is not just about the cash withdrawals, but it is about the footfall that will actually be using these sites and what else we can do over there. We really see that and Tata Communications as well as TCPSL as being a huge opportunity for the group in the coming future. That is really what we are looking at.

So, that is pretty much it for me, and I will hand it over to Sanjay to take you on from here.

Sanjay Baweja: Thank you, Sanjeev, and Good Evening, everyone. What I am going to do is, talk a little bit on the progress that we have done over the key focus areas that we have been talking about over the last few quarters and few years, and then also about the financial results which already all of you must have downloaded, received, and you are now ready for the next part of it.

So, just to give you a perspective of where we were to where we are now, and I think it is important for you to look at the kind of growth we have been able to sustain in revenue, and more importantly, the profitability. And I think where I would like to draw your attention is clearly this growth in terms of EBITDA percentage which has really gone up over the last few years and we believe that the trajectory that we have shown will continue and we will have significant growth. We have been talking about the profitability metrics, you keep asking us specific questions on the EBITDA growth and the EBITDA numbers and we believe that whatever numbers that we have got, these are sustainable, and we will continue to grow in a manner that helps it. Vinod talked about the leverage that we have in terms of our operating leverage, Rangu mentioned about the aspect of Data Center space, which is now going to be available, which we can fill up very rapidly and that is where we will see significant amount of increase as we go along in our EBITDA and this is a demonstration of what is to come and what has already happened. Also look at the amount of cash that we are generating and we are going to talk about that. Deleveraging, cash generation have been our focus areas, and I think we have demonstrated that over the last few years we have really taken a leap in terms of our growth and our profitability. The biggest aspect of this is the change in the EBITDA percentages that we have been to sustain right from 9.3% to about 15.5%, and I think that is something which we believe as a trajectory we will continue to grow.

The other focus area for us has been the CAPEX intensity and I think that is something again we have been very committed to making sure that the numbers tell the right story in terms of our CAPEX intensity. We have done the heavy lifting earlier in terms of putting the infrastructure in place and now is the time for us to reap that benefit. If you notice, good 171% of Core capex as % of core EBITDA to now at about 60% level, I think clearly the focus has been to conserve cash, yet not let go in terms of building our capacity and capability, so we continue to spend as you are all aware between $250 million to $300 million of cash every year in terms of our CAPEX and yet the amount of impact we get in terms of profitability is huge. GVS has always been a very highly cash generating business for us, and it has been growing rapidly in that context, but also the fact that the Data Services also is now moving into a cash positive realm, and that is what is helping us to get much more focus on our deleveraging exercise that we have been on for the last few years. This really then reflects that. Clearly, the net debt, we have been able to move from $1.5 billion to now about $1.38 billion, and I think that is the important aspect. We have been talking about the Net Debt / EBITDA at the range of 3, and we have come pretty close to it, and our journey to get below 3 is there. We have a stated objective, we have talked about it, in a couple of years we will be below 3, and I think we are moving very fast into that territory, hopefully we will be there.

Also, we have been talking about our debt profile and I think that is again something which we have really focused and committed to in terms of our cost of loans, our average cost of borrowings is really down, a slight aberration, increase, like Rangu told all of us that the consolidation of our Data Center space, so we have created a separate company. We had to borrow in terms of Indian rupees and therefore that impacted us by about 10 basis points, etc., but that is I believe is temporary, we will continue to generate a lot more cash in the Data Center business, and that will help us retire significant amount of the rupee debt that we have got there, But overall I think it is a story of cost reduction in the debt and that is getting reflected in our financials.

I think Data Centers – we have talked about that, like I said, it is a profitable business, we have shown that and now clearly the operating EBITDA margin of that business, you are going to see the financials when we give you the detailed financials in the annual report. But clearly, these are the kind of profit margins that we have in this business, and we believe these are sustainable, and we are likely to grow them as we go along. This is like Rangu mentioned really a high growth area for us, and we believe that the profitability and the revenue growth in this business is going to be pretty rapid, much more than what we have seen in some other parts of our business.

Now, to come to the actual financial results for the year 2014 and the quarter. Clearly, I think consolidated revenues have been up, we have continued to show growth as far as our revenues are concerned. Our startup segment has done significant growth, more importantly, we have shown significant improvement in our core sector in terms of our profitability, and I think that is what has changed our scenario from 12.0 % to 15.5% as far as our EBITDA percentages is concerned. We have shown in terms of consolidated numbers, about Rs.780 crore of EBITDA, there is some adjustment, and there is hit that we have taken from the Canada Pension Fund, That is something which we cannot really control this time, the Government in Canada decided that the life of the people is elongated so they have reduced the mortality rate, and therefore we have been hit as far as our financials are concerned. Hopefully, all of them will continue to live long enough but we will continue to derive more returns from our investments, and we will not have such hits in the future. But clearly I think despite these hits, we have shown a remarkable growth as far as profitability is concerned; Q4 EBITDA 60% growth year-on-year, and I think that is a really significant number and also 19% year-on-year growth as far as revenue is concerned.

One of the other aspects that we have taken and I think I am sure all of you must be very eager to ask about that, is this charge that we have taken about Rs. 1,500 million. As a process, one continues to look at all our investments and continues to monitor the investments whether they are within the carrying value or not, and for this year end we have looked at the Neotel investment and we thought in view of our continuing discussions that are going on, that Rs.150 crore provision at the consolidated level needs to be taken, and this would add up to the existing earlier write-down that we might have taken or the losses that we might have taken from a P&L perspective already. So this is something in the true transparency mode that we have always been, we thought we will share that with you and not wait for any trigger that might come along sometime later maybe.

Now specifically to our profitability, we have talked about this 14% year-on-year growth in terms of revenue, EBITDA margins a good 12% going up to 15.5%, 47% growth on a year-to-year basis, and most important aspect of negative number turning to a positive number, and that has happened really after a long time as far as our consolidated results are concerned. And that was happening and you are all aware because of the kind of investments that we were doing in our capacity and capability, we were putting a considerable amount of CAPEX which was leading to a higher amount of depreciation, although cash generation was still there, our EBITDA was pretty robust, yet, it was not enough for us to look at PBT on a consolidated basis and for the core business. However now we have reached that stage where we have passed that now, and we will continue to see the benefits of the financial leverage that we have, because of more and more EBITDAs, considering that our depreciation line is almost constant, because our CAPEX is lower than our depreciation that we have on a year-to-year basis, our interest costs are also constant, in fact, they have come off from last year to the current year, we believe that the higher EBITDA that we generate, most part of that will go into PBT and PAT line, and I think that is where we are in terms of the threshold in terms of our improvement in profitability going forward and that is a very important aspect of our numbers, which you might have already analyzed.

Just to give a segment wise analysis, core segment again 13.9% growth on year-to-year basis, and add to that 32% growth from a profitability perspective on EBITDA. I think what is important to note is that we have focused on our cost management, we have worked on programs, we have looked at costs not only on a marginal basis, but look at a zero base mechanics, we have realized and analyzed most of our costs. Sanjeev talked about the TCPSL aspect, this is one such example where we have focused on cost. Even in the other parts of the business, each and every element of cost we have relooked at and this aspect is continuing. We have launched a project last year, we do not want to talk about that much, but that is a significant project for us, a lot of it has already been taken into our cost benefit, some of the benefits that we are going to drive from it is going to happen in the coming year, but clearly the focus has been on profitability, the focus has been on growth, and therefore, this is an example of profitable revenue growth that we have been to derive for our business. The big change of course is in terms of the PAT negative coming to a PAT positive number and that is I think what is important from our perspective, not only at the core business level, but also at the consolidated business level. We were plagued with a significant amount of loss even with the Neotel side, but that is also if you notice, just at the breakeven level and we believe that going forward in the next year, we will see a positive number as we go along for Neotel.

Just to segregate the core business into Voice and Data, we have shown improvement, you are aware we had a phenomenal Q1 and Q2 as far as Voice business is concerned, where the EBITDA margins had gone up to as high as about 11%, but at every point in time we kept maintaining that those numbers were not sustainable so to say, the real range that we can talk about from Voice perspective is between 7% to 8.5%, and we believe therefore these numbers here are now normalized in that sense. They have normalized from an overall perspective. However, we believe these are very-very sustainable, and we will continue to drive that benefit over. We have 11% revenue growth here. More importantly, is the data business where we have got a significant up in terms of 17.1% growth in revenue.

An important aspect to note is, all these numbers have been achieved despite whatever hits that we have taken, be it for Pension Funds, etc, Also what is critical is the fact that if you recollect that even in the last quarter's time, I specifically said that we will be able to maintain the 20% margins at the Data level and our belief is that these numbers are sustainable and are likely to grow as more of our new businesses start generating more and more cash. For example, Sanjeev mentioned about the EBITDA positive track that he is aiming for in the next year, Vinod talked to you about the new services, how they are tracking in terms of their profitability. As we generate more and more profitability from the new services, you will notice that our overall Data business, the profitability is bound to grow and get better and better.

This is the Q4 numbers; on an overall basis, so 5.3% quarter-on-quarter revenue growth, on EBITDA like I said, 60% growth year-on-year, though stable between the last two quarters, but clearly what is important is the PBT numbers, which have gone positive, and this is before the exceptional items I think clearly focused on getting our profitability right, and moving to a PAT positive number and that is what has been our focus. This quarter as you notice is slightly negative, thanks to the one exceptional item that we just talked about, but overall I think really a good movement in terms of profitability, in terms of revenue, in terms of overall profit numbers.

This is a slide of Q4 essentially, and I am sure all of you have already gone through this for the quarter, I do not want to put much time on this, but really a 16% growth here and startup of course Neotel has shown considerable growth in terms of revenue and in profitability… for this quarter particularly they had some one-time benefit. But overall, 60% growth in consolidated EBITDA and that is what is critical for us. We have got another slide on Voice and Data for the quarter, but just elements of division in that – 13% and 20% growth in Voice and Data. So I do not want to get into more detail.

I think what we can now do is open up for question-and-answer session. I will invite my colleagues to come up on stage here.

Sachin Shah, Emkay Global Investment Managers: You did show a slide about your GDS, where you showed that your traditional business has come down from two-thirds to about 40%. So what does it really mean in terms of your business, does it mean that it makes your customers more sticky with you, it gives you better pricing in terms of premium pricing to your competitors, or can you avoid the commoditization in terms of pricing for the business, can you throw some more light on that, please?

Vinod Kumar: It is quite a few things; first is the Traditional Services have shorter contracts, as I said, typically, if customer is buying a private line from you, they buy usually on a one-year contract, and it is easy to migrate out of that, regardless of the commercial terms, because you can replace one pipe with another. When you buy MPLS service for example, typically the contracts tend to be longer, but more importantly, it is more integrated into the customer's fabric, it is a longer migration process. The other important thing is the upsell opportunities when you sell some of our Managed VPN Services for example, are much greater typically a customer buy, MPLS would immediately buy our security services, we can go and then sell them some IP Services for Voice or Video Conferencing on top of that, so on and so forth. The ability to upsell is much more when we have them using our Managed VPN Services.

Sachin Shah: Does it help you in any premium pricing?

Vinod Kumar: It does help in pricing, because of the churn being lower and the contracts being for a longer duration. That is really it. Because in our business the price pressure is there across all our services, so we just factor that into our strategy, but it is really about how you add and layer on more value, and therefore keep the customers with you for a longer.

Sachin Shah: After this write-off, what is the carrying value of Neotel now?

Sanjay Baweja: We generally are not declaring the amounts of investments, etc., so we will leave it at that at the moment.

Reena Verma Bhasin, Merrill Lynch: I have three small questions; firstly, on your Data margins, you have been talking about 20% figure level that you are comfortable with, but I notice that you have gone there rather quickly versus last quarter. So if you could please help us understand how you are looking at margins over the next six months maybe more short term? My second question is on your CAPEX; you have talked about 400G trials and 100G upgrades. What is your guidance and why do you need to do this when your utilization is sub-25% as we understand it, am I wrong there? And, I guess, if you could just please help us understand what is the EBITDA one off in 4Q for Neotel, because you talked about the revenue one-offs?

Sanjay Baweja: I will cover the Data margins perspective; I think what has happened is like we said, our cost focus has borne fruit in that sense, and therefore you see a significant amount of increase in our profitability. We believe that it is completely sustainable and we think this will continue at this level. And of course like I said, as we continue to generate more revenues and more profitability from our new services, overall blended Data margins are likely to go up. But as of now we will say that this is a sustainable level that we would like to work around. So 20% is the number that we are very comfortable with going forward and we believe that for the next six months or something, we will have this kind of range because like we said, we continue to focus on putting more capabilities and more capacities in place, and therefore there will be some amount of expenditure that we will do in terms of our capabilities. As far as Neotel EBITDA is concerned, this quarter it has jumped to 33%, if you see, their average overall EBITDA would be in the range of 23% to 25%. I will request Vinod to answer the 400G aspect.

Vinod Kumar: Just one thing to add on Data margins, and that is, we have to be focused also equally on service creation, and on leveraging the capabilities we have to create future growth markets for us, therefore we will be prudent and selective, but invest in marketing in terms of creating more brand awareness, leveraging some of the recognitions we have got like from Gartner for example, but also expand our sales force very carefully. We are extremely prudent about how we do that, but we believe that we will not be exploiting the capabilities we have created if we do not build that front end engine, that is why we are cautious in saying that we have reached 20%

right now, but we believe that we can sustain it even while building for the future of this company, we do not want to be just looking at the next quarter.

On CAPEX our guidance remains the same; we will remain tightly within the range of $250 to $300 million, you have heard Rangu talk about some of the capacity expansion and so on, we believe that we can fund most of that by rearranging our CAPEX within the portfolios. For example, what we might save on network by extracting more capacity, by deploying 100 G or 400 G, what that gets released allows us to get into the Data Center business and expand our footprint and so on and so forth. So you will see a rearrangement within that envelope, but we believe we can stick within the envelope that we have shared with you in the past based on guidance we have given.

The comment on 25% utilization, it is a much longer discussion to be honest with you, because there is not 25% capacity just lying around in our network which is not utilized. What we have is headroom to grow, because there is a difference between what cable systems are designed for, which is called design capacity and what is actually activated capacity. So, the design capacity we have considerable headroom on many of our routes, but we are activating capacity almost on a just-in-time basis as forecasts show and what our funnel looks like. So, 100G, 400G, gives greater life for our assets, and in a way creates an entry barrier for new people to come into these because the costs of building cable systems has not changed that dramatically in terms of laying the cables. Yes, you can extract more from the fiber that is there, but if you have to build a cable across the Pacific, it still cost pretty much the same as it did 5 years ago.

Sanjay Baweja: I will just add one more aspect to 10G to 100G, to 400G. Clearly, one very important aspect is that it really reduces our cost per unit of delivery. And that is helping us actually to reduce our costs and maintain the margins despite having price erosion which is a known fact in this industry, so that is another point.

Reena Verma Bhasin: In terms of the scale of the upgrade, can you give us any idea on what scale of the upgrade you are adopting for 100G?

Vinod Kumar: It is really selective; most of our fiber is capable of supporting 100G, not all of our fiber will be, for us it's probably a higher percentage than most other players, but not all fiber across all distances can get upgraded to 400Gs, so that is why 400G, what we are doing is a on trial basis, is more to indicate where we are going and how we can leverage this. Over time, I think over the next two years, nearly all our network will be at 100G regardless of distance, today, I would say that this is a 'guess,' so 'don't hold my feet to the fire' but I would say less than 10% of our network is at 100G.

Sanjay Baweja: And in fact, whatever upgrades that we have done in last a year or so, all have been at 100G, so we are not now going back to 40G at all, we have already gone on to the 100G.

Piyush Choudhary, CIMB: Just to take this CAPEX discussion a little further, if you have to hypothetically upgrade all your network to 100G in the next two years, what is the likely CAPEX program in that? Secondly, a question to Sanjeev. We have seen ATMs have grown this quarter, but the top line has actually remained flat; marginally down. So, how should we read that? Sanjay, you have mentioned in the past about the non-core asset sale program of land of next one year of $50 to $100 million. So any progress over there? And the timelines for Neotel, what are the milestones which we should track now?

Sanjay Baweja: It is not everything can be put into a 100G, whatever is already being used will continued to be used like that. Every upgrade that we do, so every new strand that we use, we will use it on 100G basis, and it is not that the entire network suddenly can be converted into 100G kind of, but all upgrades now will happen at 100G and that is the important aspect. So that brings down our every per unit cost, new marginal cost of delivery continues to go down.

As far as the other question is on the land sale, we are continuing our focus on that and we believe that this year we should expect some amount of land sale happening, we do not want to quantify the amount or the time period, whether it has happened in which quarter, but we are focused on that, we continue to engage in that activity and we believe that this year we should see some non-core assets sale.

Vinod Kumar: Just to add color to it and we will let Sanjeev address the question on ATM. Just note that 40G, 100G, and 400G can all coexist. So there is no need for us to just upgrade the whole network. Each time we upgrade now, it will be 100G as Sanjay said, and when 400G gets tested wherever applicable based on demand we will. So we are actually in a pretty good position over there, and the CAPEX per unit of capacity declines, 40 to 100 is not a proportional increase, it is more economical.

On land sale, I think while we are focused on it, and we are driving it with specificity, but at the same time it is with the eye to deleverage, but we do not have any operational dependence on it, therefore we will be prudent in terms of timing and maximize the asset value. I would like to highlight that. So we are doing it, but it is not like I have to get it done within this next quarter, to release certain cash, we do not want to do that.

In terms of Neotel, I do not want to commit to the timelines, the discussions are ongoing. Clearly, the fact that we have come this far and the fact that we have taken an impairment at this stage, we feel that directionally it is right, but it is a complex multiparty discussion, and therefore we do not want to specify a timeline. Technicalities like whether the exclusivity is still on, when will it expire, and so on, are really technicalities, you can always reset those, I am anticipating a question from someone here, so I am saying, so things like, given how far we have come in the game, just saying there is a date, and it will have to get finished by day after tomorrow and will it be extended by a week, we will be very prudent as will the other parties and explore everything. I am sure each of you are witness to and have participated in M&As, it is not done till the deal is done. So therefore we would rather not put a date out and then either weaken our negotiating position or set an unrealistic expectation. It has been proceeding in the right way and our intention has been signaled quite clearly and we would like to leave it at that.

Sanjeev Patel: I think your question was about the last quarter, right. So, what we did towards the end of the third quarter, we actually exited a portfolio of reasonably mature ATMs, again it was a bit of philosophical shift in that. We would not do business just because we had a marquee name on board. We did it to make sure the business is sustainable business coming out of there. ATMs that actually replaced that would have been new deployments that would not have really reached maturity at that point of time through the last quarter. So that is really the difference that you are seeing. While there is an increase in the overall number of ATMs, a lot of them have not reached maturity and will start reaching maturity after six months from the date of deployment. So we are already moving into that phase.

Sunil Tirumalai, Credit Suisse: Just carrying on the first response that you gave on the pricing, you made a comment that the pricing is always under pressure in your business. I wanted to understand in two parts of your business; one, your submarine cable, and in your data center, wanted an industry view in terms of how capacity is being set up – is a lot of new capacity coming in the Cable business and in the Data Center business may be globally and in the geographies that you are operating in, that would be helpful?

Vinod Kumar: When I talk about pricing, frankly, last year we saw lower price erosion across nearly all our services compared to let us say an average of the last three years. However, when we see that, we do not drive price down, we are prudent in how both in the Voice business as well as in the Data business, on how we manage our pricing. But what I tell my teams is, assume that prices will come down and build your cost structure for it, and therefore what we can get as upside, there will be based on the prudency. And sometimes there is irrational behavior in the marketplace, anecdotally I have been in this business too long, holding your breath and hoping for price erosion to taper off, eventually turn you blue in the face and you will die. Therefore we would rather anticipate price erosion and plan for it. But, if you just take last year specifically against what we thought the market would go, or what we had seen in the previous years, it was a better year, but let us wait and see if a trend actually happens there. In terms of capacity build up, we are not actually seeing capacities as being added all over the place on the submarine network world. There will always be select routes, and there are routes in the world today which are under served, where capacities will get created, but on the big routes, if you look at the Atlantic, the Pacific, out of India, going westbound to Europe, we are not seeing any capacity being added, there are no major projects as we speak even in the Middle East right now, it is not to say that no cable will ever get built in the world. As the dependency of the networks in our professional and in personal lives increase, there will be needs for higher and higher levels of diversity. Keep in mind the traffic is growing 60% on the networks. So it is not that no cable will ever get built, but they will not get built at the speed at which they did in the past for two reasons; one is the entry cost is high; and the second is because of the upgradeability using higher wavelength technologies we can get more out of what is already out there. All that leads to, frankly stabilization in prices, hopefully, if some level of rationality exists in the market, which we will try and drive.

On Data Center, there is a need for capacity; the capacity addition is really a function of more data growing like what Rangu explained. Also the need for storage is growing quite dramatically, and we feel it will be really a demand-led capacity addition that you will see. Obviously, you cannot build Data Centers just entirely on a just-in-time basis, and therefore, you will have some step-function increases in capacity. Overall, when you average it across players, we think there is enough demand to justify building capacity. And the life of these data centers is 20 plus years, and therefore the assets will serve use over a period of time, Rangu, I do not know if you want to comment anything specifically on data center capacity addition.

Rangu Salgame: Overall, I think on a global basis, demand is outstripping supply, and also just from an overall market perspective there is segmentation happening in the market, where there is a low end of the market which looks for more commodity-based data center and then there is a premium end of the market, which is looking for a more holistic solution, more reliable and managed services. So the market has really segmented itself well, and there are providers who approach the market differently.

Nitin Gandhi, KIFS Securities: To Rangu, you said something about entry to New York, Santa Clara, London markets. Can you share something on your investments, market potential and payback period, and what is the pie we are targeting on this?

Rangu Salgame: A couple of things; our Santa Clara, New York locations have been in for a long time, it is part of some of the acquisitions we have made in those locations as a company, and from a strategy perspective these are Data Centers where we use to fill the larger solutions that we provide to the customer. So if there is a western customer, US based enterprise or a customer who wants big data center footprint in India, Singapore, as part of the solution they want a piece in Santa Clara, New York, we are able to fill that solution. So we do not compete for the local market business, so that is very important aspect I would like to communicate. So those pieces will have total solution for the customer. So overall that is how we have managed that part of the business, and even there we are expanding in other geographies as I mentioned, even with a lighter CAPEX model or no CAPEX model through alliances. So that is how we fill the solution. In terms of overall payback, I think as Vinod mentioned, on one hand these are long term assets which provide services for 25 to 30 years and the payback of these are reasonable in line with the assets, but the important point I would like to highlight in this business is the stickiness of the revenue and the customer base. So, typically the contract terms are long-term, they are five to ten years, and the stickiness of the customer is very high. So these are two very important attributes of the Data Center market.

Sanjay Baweja: Just to add from an India perspective, of course, where we have a legacy of huge amount of real estate, which is available to us, which we are using to monetize in a sense, by building Data Centers. Rangu mentioned about 100,000 sq .ft. Data Center coming up in Delhi, which is going to get operational in a month or so. So I think that is something probably unique to us, because of the kind of real estate we have, but surely that is something that we will take advantage of in the coming years.

Vinod Kumar: Just to clarify one thing, we are not adding any new capacity or building new Data Centers in Santa Clara or New York, we have capacity, as Rangu said from Tyco acquisition days, that we are leveraging. Typical paybacks for Greenfield projects are about eight years, but obviously in India in many cases, we own the land, and therefore it can be a little bit lower than that. Now keep in mind that this is just purely for the co-location revenue, but because it is integrated into the rest of our business we make revenue from hosting, we make revenue from security services, from other network services. So the customer payback probably is much lower when you look at the basket of services we offer.

B Srinivas Rao, Deutsche Bank: A couple of questions; first, you mentioned that termination rates had hardened in India in the first half, and kind of normalized in the second half, this is for the Voice business, why did it happen – any particular reason, what was the dynamics behind it? Second is on your data revenues; they have grown about 18% to 19% this year, I think over a 3-year period they have still grown probably about 15ish percent. Can they grow at a faster rate over the next three years than they have done in the past three years? The reason I ask this question is, every time they talk of data people talk of usage, and that is really not important, if I may say so. Data usage explodes at faster rate every era if I may say. So it is interesting but to be honest it does not bring in the dough. Third question is on the TCPSL again; what can be the revenue size in five years? The reason we ask is, while we understand the white label in ATM business, a) the fit within the Company is something which we have always struggled to understand, but more than that can that be a reasonably big revenue and in EBITDA and profit opportunity, given that the RBI is also parallely encouraging significant amount of mobile banking and platforms and activities.

Vinod Kumar: India voice, I wish I was smart enough to give you an answer on exactly what drives it, the market has behaved like this with certain pace, Srini, therefore it is just the players, somebody raises the price, others follow, and then we have to be very careful that you are running a sensible business and we are not chasing traffic for the sake of traffic. Also, given the overall position that we have in the voice marketplace globally, we have to be careful in trend setting and therefore we play a cautious strategy as far as voice margins are concerned, and are more focused on margins than on minutes. Therefore you will see actually certain quarters our minutes come down and we just let it go down because we feel that if we chase it, we will create a trend in a slippery slope for everybody. So that is a general comment on the voice business.

In India if you look at the last several years, you have had periods when this has happened; last year it just happened at a higher magnitude, we do not believe it was a sustained level at which it went. That is why Sanjay in his expectation said, we still are cautious, and we will still maintain 7% to 8.5% EBITDA band rather than over commit on that, because it is a little bit unpredictable.

On Data growth rates, I completely agree with you, just like in Voice we are not chasing traffic in meg or gig just for the sake of it, but the reality is, data traffic is growing quite rapidly, and that is a contributor to revenue growth, we cannot ignore it, we have to plan for it, and accommodate it, is because of the lives that we lead, and naturally we are consuming a lot more data driven by video to a very large extent, driven by user generated content as an important element of that. We believe that the top line growth rate is sustainable, is not going to be easy, but given the services portfolio that we have built, and that is why we have shown how we have been to move with the customers but faster than our competitors, and we continue to invest in creating new services and changing the addressable market, we believe that for the next couple of years we will be able to maintain those kind of growth rates based on our position. In many cases, the addressable market is big and we are a small player, for example, in the MNC space, yes, we are growing very rapidly, we are acquiring logos, but still there is room that we see, that will not be subject to the vagaries of the overall economy, so on and so forth. And therefore that is the advantage of starting from a smaller base if you look at it.

On TCPSL I know you would not hold me to it, but I know you will hold me to it, therefore I do not want to commit to any number, but we believe that it is a multi-fold revenue increase possibility over a five-year period. While there is Mobile Commerce, M Money, M Wallets and so on and so forth, you look at the number of ATMs as relative to population penetration rates, it does not have to go to the US level, it does not have to go to the UK level. Even if it goes to the China level it is quite considerable. India is still a very cash-based economy. While the change will take place we do not believe that is going to just take away the opportunity.

The third is, Sanjeev went into a fair detail, to give you an idea of the possibilities that Tier-III to Tier-VI coverage of Indicash provides and we will look at how we can leverage that presence of the 10,000 to 15,000 ATMs to the maximum possible way, we are not just looking at ATM-based cash disbursement, we are playing around the definition of what this business can be, but what I can assure you is it is not just going to stop at an ATM business. We have network, we have in many cases clean safe environment which is air-condition with some level of security or a person present over there, and we think the possibilities are quite immense. What we will have to look at is how this relates to our core business and what we do with that as an asset, but we believe it is a powerful asset where we will create value, later on we will figure out what to do with it. But, we believe that the effort that we have gone to put into this platform we are going to leverage fully and it will bring value to our stakeholders.

Yogesh Doshi, Taurus Stock Broking: Are we not supposed to provide for an impairment of our investment in Tata Teleservices.

Sanjay Baweja: We have looked at the value; our carrying value is pretty low, and based on the valuation that we have got done from an independent agency I think we do not need to impair any of our TTSL investment.

Vinod Kumar: On this point, there is a lot of uncertainty around timing, process, valuation methodology, so on and so forth. Therefore, after much discussion with our auditors and the audit committee and the board, we felt that there is no need to impair for it right now prematurely without knowing how this is going to unfold.

Himanshu Shah, HDFC Securities: Our employee cost has increased sequentially, even adjusted for Canada provision impact by around 7-8% from Rs.616 crore to around Rs.660 odd crore. Anything specific into it sir? And should this be the base line for future quarters?

Sanjey Baweja: Our employee cost have been pretty stable if you were to compare on an annual basis. Although you are taking a quarter view, but I think overall our growth in revenue is much higher and please also remember there is considerable amount of our people who work overseas. So I do not see any major increase, in fact, we have been very-very stable as far as our manpower costs are concerned, really solid in terms of our cost containment in that area.

Himanshu Shah: But should this quarter run rate be the base line run rate for future quarters, adjusted for this provision impact?

Sanjay Baweja: If you look at the full year for example, there is a huge $10 million impact as far as pension funds is concerned, but yes, if you can reduce that amount for this quarter which is about $5 million, that will be the number that you can take.

Vinod Kumar: You have to look at it as a percentage cost because there will be some increase based on salary revisions and also incremental headcount that we will have to add to support the growth of the business, but it is not going to go out of whack from what you have seen so far.

Participant: What tax rates are applicable to you? Because I find tax rates are substantially higher as compared to the EBITDA.

Sanjay Baweja: No, the tax rate are normal tax rate. For example, in India, in every location or every entity that we have in various countries, what you look at is from a consolidated perspective there are certain entities which are on a negative profit basis. So, once you consolidate it comes as a net and therefore the tax which is paid on the entity which has the normal tax looks higher as a percentage. Going forward, you will notice that as we grow in our profitability, and almost all our entities across the globe generate more profit, you will see our tax rates coming down considerably.

Miten Lathia, HDFC MF: What should the tax rate be on a stable state basis across all geographies?

Sanjay Baweja: It will depend on the entities across the globe, but I think somewhere in the range of about 30% or slightly less.

Ketan Shah, Comgest: Sir, what will be your debt repayment over the next two years?

Sanjay Baweja: We have about $300 odd million of debt that we have to repay over this year and then the next, but considering the fact that we have refinanced about $500 million in the current year we do not see that as an issue, in fact, that becomes an opportunity for us to take advantage of the market rates specifically if they are low. So we have taken for example you notice how we have taken that advantage over the last couple of years, we will continue to take those advantages as we go along to reduce our cost of debt rather than let it go up.

Ketan Shah, Comgest: So, you will do around $100 million of refinancing in say FY15?

Sanjay Baweja: We will probably do more than that; closer to $200 million, but to me because we have done $500 million in the last year, I do not see that as a big challenge, in fact, as our profitability gets better and better, the financing rates will come down.

Ketan Shah, Comgest: Your CAPEX for FY15 will be around $250 million?

Sanjay Baweja: The range of $250-300 million is what we believe is good enough for us.

GV Giri, IIFL: Just a follow up on the tax question, in the core business also the tax seems to be about 75%?

Sanjay Baweja: Our core business is except Neotel, everything else, we have about 46 entities across the globe in various countries because for licensing, etc., we have to have entities, and there are certain entities which do not necessarily generate profit. When you look at the consolidated number, even the India company, standalone for example, TCPSL, you looked at the consolidated numbers, TCPSL is a negative number, but when you look at a consolidated number, the profit looks lower than the actual profit that we have for the India standalone entity, yet the tax number therefore will look higher. So that is the reason. And as we go along and each of the entities start making more and more money, you will notice that our tax rates are actually going to come down below 30s what we are targeting ourselves, but that will happen sometime in the future.

Piyush Choudhary, CIMB: Just a couple of questions on Data Center; we have around Rs.375 crore of top line this year. So, what is the market size in India as of now? What do you think like in five years would be the big opportunity in India in terms of Data Center? Secondly, what would be the utilization level as of now for the Data Center?

Rangu Salgame: From a market size perspective, India market is about little over $200 million in that range and the market is growing in the low-20s from a growth rate perspective. Last three years CAGR has been about 20-22%. From a utilization perspective, the overall industry has been growing at a phenomenal rate over 20% as I mentioned and the build out of the demand side has been outstripping supply, so the utilization of the industry, the CAPEX is going in, the industry is building more capacity and so the utilization is tough to measure in terms of equilibrium rate. So, overall, the demand is being filled in by the capacity that is going in. So, I think it is tough to gauge the utilization from that aspect if that is what your question was.

Piyush Choudhary: I was asking about the utilization for Tata Com?

Sanjay Baweja: As far as our utilization is concerned, I think we build our Data Centers more in modular fashion, so as we go along for example, in Mumbai or in Chennai or in Pune, because the infrastructure or the real estate is already built, the buildings are already there, but we build them up as we go along. Whatever we have already built I think we are between 70% to 85% capacity utilization.

Rangu Salgame: Just to add to what Sanjay mentioned, let me give a little picture about how our Data Center evolves. We just built this Data Center in Delhi, what we call as "GK" which is about 100,000 sq.ft. has multi-floors, and what happens is we build the building, we build all the ingredients of the building that has to have the Data Center characteristics, and then as we plan we add what is called as a 'Quad;' Quad is a quadrangle of a floor and each quad is fitted as we plan for the demand, the quad is fitted with all the fittings thus necessary to house all the Data Center equipment, the computers, the storage equipment and so on, and the network, routers and those things have come in. And as the demand gets filled in we start planning for the next quad. And that is how we start adding quad and that requires CAPEX at a very segmented or a step function. So we do not put all the CAPEX upfront and build and wait for the demand to get filled in. The shell gets built, but then the each quad gets added every quarter, every six months as the demand comes in. And we forecast the demand, so we are able to predict it; it is not a long lead cycle in this business, on the other hand, if the business moves in a certain direction, that gives us enough predictability or forecast and demand, that we can plan the capacity well in advance, so we can time it in terms of the market and the deals coming in.

Naveen Kulkarni, Phillip Capital: Just have a couple of questions; the impairment charge of Rs.150 crore that you have taken, could you explain the nature of this charge for Neotel? Secondly, what is the total invested equity capital in this business, and what is the current book value?

Sanjay Baweja: So the impairment charge is based on our assessment of the carrying value. We are not at the moment disclosing the overall impact, because considering that we are in midst of a transaction, and there is a confidentiality aspect of it, so we do not want to go into the details of the investment, etc. We have been declaring that over the past few years, but as of now we are going to just stay out of talking about this at the moment, but the impairment has been done because of our assessment that the value has gone to the extent below the carrying value, and therefore Rs.150 crore is the impairment that we take.

Participant: Neotel transaction is taking some time. If at all it is possible to comment, if spectrum is not a part of the transaction, do you think the transaction still exists or it does not exist?

Vinod Kumar: It is bit of a theoretical question because Neotel comes with the spectrum that it has and we are talking about the entire Neotel business, including the assets, there is no way to carve spectrum out or leave it behind. So that is a moot point actually to debate those options.

Sanjay Baweja: Just one request, it is not necessary always to believe what media reports.

Mahesh Pratap Singh: I think there do not seem to be any more questions. There were a few questions in webcast and most of them had got covered by in-room audience. So if your question is still not clarified in the Q&A session, please drop a mail to us and we will get back to you.

With that I hand it over to Vinod for closing remarks.

Vinod Kumar: I would say thank you very much for your patience. We not only want to share the numbers, but also give you insight into some of the businesses that we are getting into, that we have been for a while, but we felt it was important to showcase both the Data Center business as well as the Payment Solutions business. So hopefully you have an idea of the multi-pronged strategy that we have at work, and we will continue to work hard to deliver results and hopefully you are pleased with what you saw over the course of the last year. Thank you for joining us please join us for dinner.

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