

Business Standard

Investment in digital competencies holds us in good stead: Vinod Kumar

Internet of things and mobility space to grow exponentially, says MD & CEO of Tata Communications

Nirmalya Behera & Jayajit Dash | New Delhi April 04, 2017 Last Updated at 00:31 IST



Tata

Vinod Kumar, MD & CEO, Tata Communications

Communications' Payment Solutions business took a drubbing in October-December due to demonetisation. The company, however, hopes revenues will pick up as cash will continue to play an important role in the economy. In an interview with *Nirmalya Behera* and *Jayajit Dash*, **Vinod Kumar**, managing director and chief executive officer of Tata Communications, speaks about the ATM business, the partnership with Nilesat and data services growth. Edited excerpts:

What was the effect of demonetisation on earnings from the ATM business? Will revenue from ATM operations shore up in 2017-18?

The payment solutions business was adversely affected by demonetisation in October-December. But the business is steadily getting back on track. While there will be a shift in consumer behaviour towards other modes of payment, the need for cash in ATMs was adequately demonstrated in the early weeks after the announcement of demonetisation. We believe cash will continue to play an important role for some more time.

Are you looking at divesting your subsidiary Tata Communications Payment Solutions?

There is currently no coordinated effort to divest the ATM business.

Tata Communications has sold its data centres in India and Singapore. What other de-leveraging steps are you planning?

We are comfortably placed with our net debt to Ebitda at 2.9x and the cost of debt at sub three per cent. Our strategy of deleveraging is on target. The business is generating healthy free cash flow. We have completed the India and Singapore data centre transactions with ST Telemedia. We have also completed the sale of Neotel to Liquid Telecom, a privately owned, pan-African telecom group.

How will your partnership with Nilesat strengthen your overseas presence?

While India is our largest market and we continue to have a leadership presence in the enterprise communications solutions space with 28 per cent market share, more than 75 per cent of our revenue comes from markets other than India.

We are celebrating our 15th anniversary this year and in these 15 years, we have transformed from a public sector undertaking to a global provider of communications and managed services with innovative solutions across cloud computing, unified communications and the Internet of Things (IoT).

We are set to work closely with Nilesat on a cost-effective and reliable hybrid solution for media delivery for users in the West Asia and North Africa.

What are your growth projections for the data services business? What factors will fuel the growth?

Digitisation continues to create new avenues, and our investment in digital competencies holds us in good stead. The data business is expanding and we are building our growth services platform to broaden the addressable size of the market. Our endeavour is to improve longer-term productivity, enrich customer experience and allow decision making based on business and market insights. We will continue to invest in the IoT (Internet of Things), security and mobility; areas that are poised to grow exponentially.