TATA COMMUNICATIONS
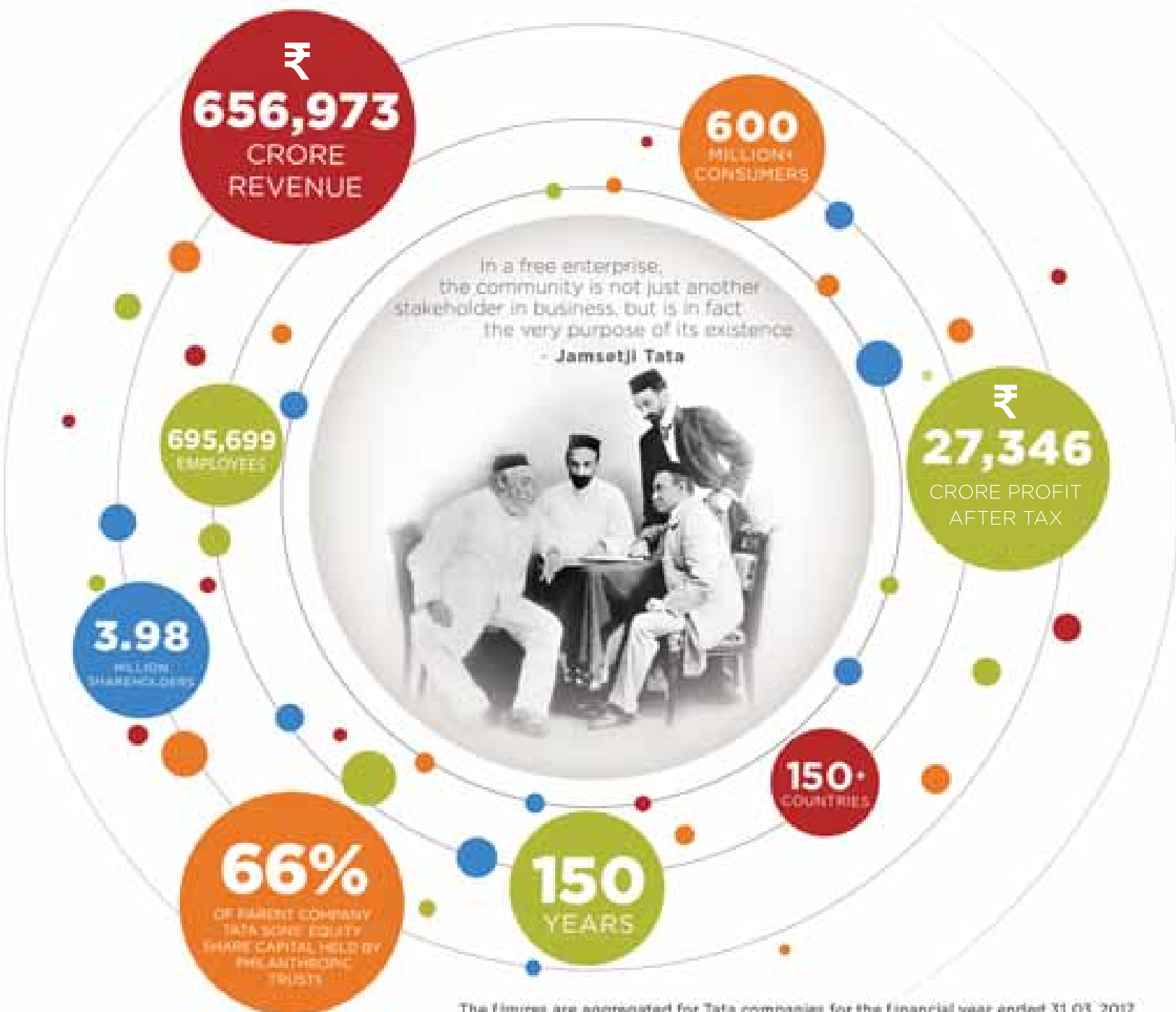
ANNUAL REPORT 2018

ENABLING YOUR DIGITAL FUTURE NOW

A NEW WORLD OF COMMUNICATIONS™

LEADERSHIP WITH TRUST
SINCE 1868

₹ **656,973**
CRORE
REVENUE

600
MILLION
CONSUMERS

*In a free enterprise,
the community is not just another
stakeholder in business, but is in fact
the very purpose of its existence*

Jamsetji Tata

695,699
EMPLOYEES

₹ **27,346**
CRORE PROFIT
AFTER TAX

3.98
MILLION
SHAREHOLDERS

150+
COUNTRIES

66%
OF PARENT COMPANY
TATA SONS' EQUITY
SHARE CAPITAL HELD BY
PHILANTHROPIC
TRUSTS

150
YEARS

The figures are aggregated for Tata companies for the financial year ended 31.03.2017.

From pioneering businesses, to pioneering welfare practices,
to pioneering national institutions,
the Tata Group remains committed to improving the lives
of communities we serve globally, based on leadership with trust.

Picture (left to right): The four partners – Jamsetji Tata, Founder of the Tata Group;
R. D. Tata, father of J. R. D. Tata; Sir Ratan Tata, younger son of the Founder;
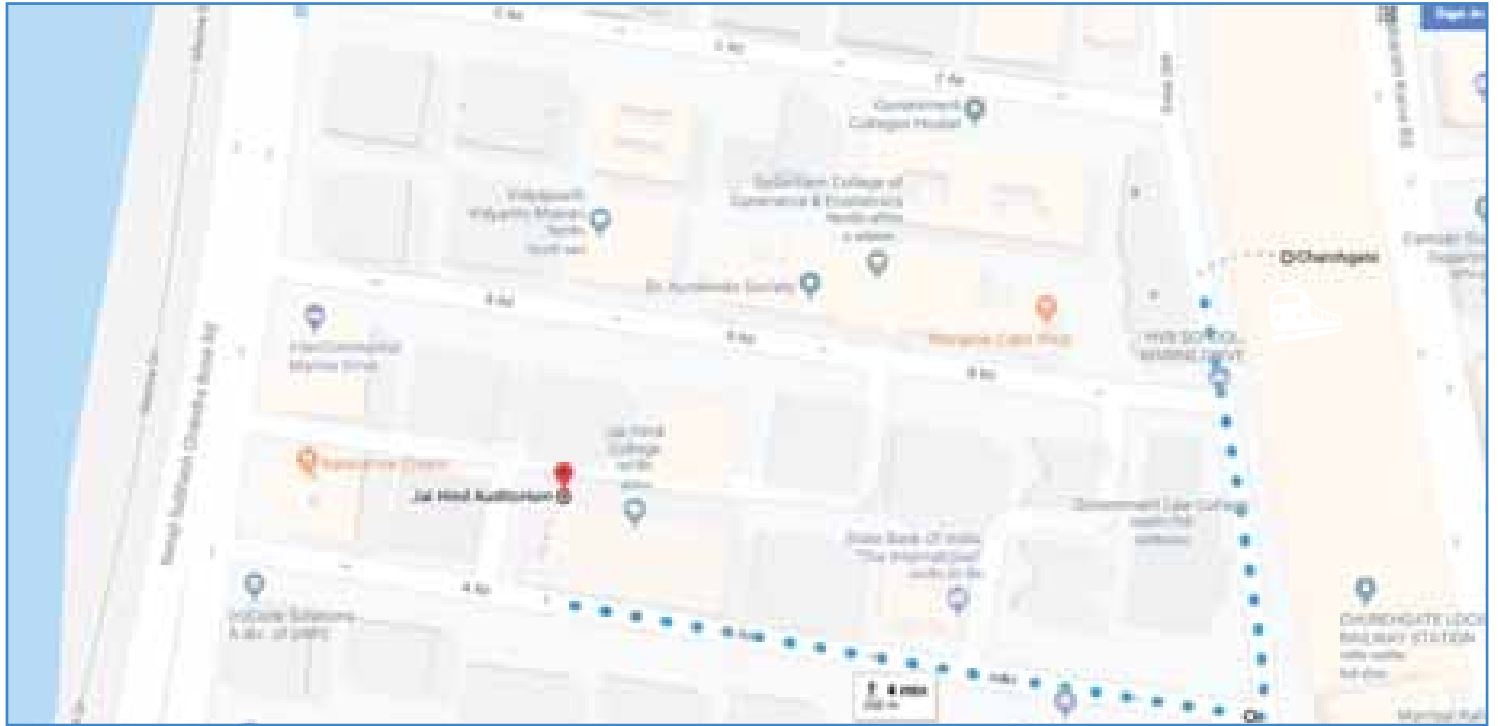and Sir Dorabji Tata, elder son of the Founder.

tata150.com

OUR VISION

To deliver a New World of Communications™ to advance the reach and leadership of our customers and partners

ROUTE MAP TO THE AGM VENUE

Pama Thadhani Auditorium,
Jai Hind College, 'A' Road, Churchgate,
Mumbai – 400 020

ANALYST AWARDS AND RECOGNITION

- **Gartner Magic Quadrant for Network Services, Global, 2018[1]**
  Tata Communications has been positioned as a Leader in the Gartner Magic Quadrant for Network Services, Global, for the fifth consecutive year

- **Gartner Magic Quadrant for Managed Hybrid Cloud Hosting, Asia / Pacific, 2017[2]**
  Tata Communications has been positioned as a Niche Player in the Gartner Magic Quadrant for Managed Hybrid Cloud Hosting, Asia / Pacific

- **2017 Frost & Sullivan India Digital Transformation Awards**

  ○ Enterprise Telecom Service Provider – Large Enterprise (third year running)

  ○ Enterprise Data Service Provider of the Year (ninth year running)

  ○ Hosted Contact Center Service Provider of the Year (sixth year running)

  ○ Third Party Datacenter Service Provider of the Year (second year running)

  ○ IoT New Product / Service Innovation (new award this year)

- **NetEvents 2017**
  NetFoundry clinched the IoT & Cloud Innovation Award Innovation Leader – IoT

- **2017 Frost & Sullivan Best Practices Awards – Asia Pacific**
  Managed UC Services Provider of the Year (second year running)

- **TechXLR8 Asia Awards 2017**
  Best IoT Connectivity Solution

- **Ovum Industry Congress On The Radar Awards 2017 – Internet of Things**
  Tata Communications deployed a citywide LoRa network in an Indian city with 1.3 million inhabitants and provided LoRa-powered devices and application development to provide multiple, smart city solutions

- **MEF 2017 Awards**

  ○ Enterprise Application of the Year – Cloud Connectivity

  ○ Enterprise Application of the Year – Finance

[1]Gartner, Inc. "Magic Quadrant for Network Services, Global" by Danellie Young, Katja Ruud, Bjarne Munch, Takeshi Ikeda, Neil Rickard, Lisa Pierce, February 27th, 2018

[2]Gartner Magic Quadrant for Managed Hybrid Cloud Hosting, Asia Pacific, To Chee Eng et al. 31 Oct 2017

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

TABLE OF CONTENTS

TABLE OF CONTENTS

CEO'S STATEMENT

PROVIDING DIGITAL INFRASTRUCTURE SERVICES GLOBALLY

Tata Communications is operating at a pivotal moment in the evolution of human activity. By design, we are at the very forefront of seismic change – the so-called 'Fourth Industrial Revolution' – now underpinning the world's fast-growing digital economy.

Once a pure play connectivity provider, we have successfully transformed ourselves into a much broader global communications service provider able to leverage a network reach that encompasses countries representing ~98% of the world's GDP.

Today, as we look to the needs of our next generation of customer, we seek to reinvent Tata Communications to be the leading global digital infrastructure service provider not only to make the digital transformation journey of our customers simple, but also to accelerate their business' path to success.

Through our unparalleled insights and capabilities, we aim to help our customers make sense of and navigate the vast potential offered by emerging and disruptive technologies such as the Internet of Things (IoT), Artificial Intelligence (AI), Big Data, mobility and cloud computing. We are uniquely placed to help our customers embrace new opportunities starting to make their presence felt in the global economy. By getting ahead of the curve – and staying ahead – we're enabling our customers' digital future, now.

Principal focus

Our mission is clear, to deliver a New World of Communications™ to advance the reach and leadership of our customers and partners. The reach and capabilities of our global network as well as the breadth of our innovative product portfolio, put Tata Communications at the epicentre of the world's digital transformation.

Major highlights

We are similarly clear on our financial objectives. While our traditional services continue to be under margin pressure, we are focused on growing our Growth and Innovation services revenues. By investing in services and innovation and continuing to use and improve the efficiencies of our existing assets, we expect that demand for our services will increase and remain strong in the face of increased competition and downward pressure on pricing.

During the current fiscal year, Tata Communications passed several key milestones, including:

- **Filing of the Surplus Land Scheme of Arrangement and Reconstruction with the NCLT** – the mechanism to demerge 773.13 acres of land originally acquired from the Government of India in 1986 was approved at a shareholders' meeting in May 2018.

- **Five-year anniversary of MQ + MQ APAC Hosting launch** - we have been positioned as a Leader in the Gartner Magic Quadrant for Network Services, Global for the fifth consecutive year and in November 2017 have made our debut in the Magic Quadrant for Managed Hybrid Cloud Hosting, Asia / Pacific.

- **Launch of MOVE and IoT Services in India** – offering fully managed solutions underpinned by our global network and partnerships with 600+ mobile network operators.

- **Expanding our IZO™ Private Cloud footprint in Europe, Middle East and Asia Pacific** – to tackle the data sovereignty concerns that large enterprises are beginning to experience, we launched three IZO™ Private Cloud nodes in Germany, the UAE and in Malaysia.

- **Investing in our infrastructure in the Americas** – by connecting the new Seabras-1 cable system to Tata Communications Global Network, we will address the inbound and outbound needs of Brazil, the fifth largest IT market in the world.

- **Adding three new points of presence in Jacksonville, Florida; Minneapolis, Minnesota and St. Louis, Missouri** – we also grew the footprint of 48 PoPs across both major cities and the emerging business hubs of the US.

- **Driving digital innovation by investing in the future –** for example through our MOVE borderless IoT connectivity and start-ups such as NetFoundry to connect any app via software-only, application-specific networks.

Looking ahead

As we look to the future, we will continue to execute our clearly articulated strategy to become a global digital infrastructure services provider – increasing product penetration with existing customers. At the same time, we shall be securing and accelerating our own internal digital transformation, which in turn will sharpen our focus on free cash flow and ROCE. Above all, we will ensure that each and every team member is wholly aligned and committed to delivering sustained and growing value to customers, shareholders and the communities in which we operate.

On behalf of the Board, I would like to extend a big thank you to everyone at Tata Communications for working so hard to take our business – and that of our customers – to the next level, as the digital era opens up so many new opportunities. Your efforts are hugely appreciated.

VINOD KUMAR, Managing Director and Group CEO

PERFORMANCE HIGHLIGHTS 2017-2018

Progress through partnership

Tata Communications' priority remains nurturing growth for both our own business and that of our customers through trusted partnerships. This will enable us to accelerate success as digital transformation reshapes our future. With collaboration central to Tata Communications' nurturing growth strategy, we entered into several strategic partnerships during this past fiscal year. The aim of each was to push the boundaries of innovation and shape the future by using best-in-class global technology platforms to help underpin each partner's digital transformation.

Key examples include partnerships with:

- **Thai start-up DRVR –** to deliver smarter international fleet management across Thailand, Myanmar, Philippines and Indonesia through our MOVE IoT mobility solution.

- **The European PGA golf tour –** through a media services tie-up that will see Tata Communications deliver video feeds from 47 tournaments across five continents, reaching half a billion fans.

- **Cloudera –** a cloud-optimised machine learning / analytics platform that further strengthens our managed services for Big Data.

- **MotoSport TV –** to deliver video content including Ultracast for live 360° videos and virtual reality content via its internet television platform.