15 October 2026
2QFY27 Results Update | Sector: Telecom

Tata Communications

Estimate change	↑
TP change	↑
Rating change	↔

Bloomberg	TCOM IN
Equity Shares (m)	285
M.Cap.(INRb)/(USDb)	502.8 / 5.3
52-Week Range (INR)	2110 / 1323
1, 6, 12 Rel. Per (%)	1/18/-1
12M Avg Val (INR M)	845

Financials & Valuations (INR b)

Y/E March	FY27E	FY28E	FY29E
Net Sales	272	300	329
EBITDA	56.2	62.9	70.6
Adj. PAT	14.9	19.5	24.9
EBITDA Margin (%)	20.6	21.0	21.5
Adj. EPS (INR)	52.3	68.4	87.4
EPS Gr. (%)	35.4	30.9	27.9
BV/Sh. (INR)	150.0	194.5	252.0
Ratios			
Net D:E	2.2	1.3	0.7
RoE (%)	38.6	39.7	39.2
RoCE (%)	12.9	16.1	18.8
Payout (%)	44.0	42.5	40.4
Valuations			
EV/EBITDA (x)	10.6	9.1	7.8
P/E (x)	33.4	25.5	20.0
P/BV (x)	11.6	9.0	6.9
Div. Yield (%)	1.3	1.7	2.0
FCF Yield (%)	2.9	3.8	4.9

Shareholding Pattern (%)

As On	Jun-26	Mar-26	Jun-25
Promoter	58.9	58.9	58.9
DII	19.9	19.1	14.8
FII	13.8	14.4	17.2
Others	7.5	7.6	9.1

FII includes depository receipts

CMP: INR1,745 TP: INR1,980 (+12%) Neutral

Strong 2Q; lower digital losses drive strong EBITDA growth

- Tata Communications (TCOM) delivered a strong 2QFY27, with reported EBITDA rising 21% YoY (5% beat). EBITDA margin expanded ~200bp YoY to 21.3%, driven by lower digital losses (-3.6% in 2QFY27 vs. -6.9% QoQ).
- Data revenue grew 12.2% YoY (+1.8% QoQ), driven by healthy performance across the digital portfolio (+19% YoY, +2.6% QoQ), while core connectivity growth sustained at 6% YoY (+0.9% QoQ).
- Management indicated that order book grew in strong double-digit, supported by diversified deal wins across geographies and increasing traction in AI-led and higher-margin network solutions, which provides healthy revenue visibility.
- Further, the company remains focused on driving profitable growth with target of achieving double-digit EBITDA growth in FY27 (~15% YoY in 1H). Digital losses halved QoQ and management is targeting digital EBITDA break-even at the earliest through its focus on improving the quality of revenue, operating leverage and tighter cost controls.
- We raise our FY27-29 EBITDA estimates by 3-4% factoring in the reduction in digital segment losses. We build in a FY26-29E CAGR of ~10%/13.5% in revenue/EBITDA, with margin expanding to ~21.5% by FY29E.
- We believe the new CEO's focus on driving profitable growth is beginning to yield results, with encouraging progress on reducing digital losses. However, we await sustained improvement in financial performance and more clarity on the medium-term growth strategy before turning more constructive on TCOM.
- **Reiterate our Neutral rating on TCOM with a revised TP of INR1,980.**

~5% EBITDA margin beat driven by reduction in digital losses

- Gross revenue at INR66.9b grew 9.6% YoY (1.6% QoQ, our est. INR67.9b).
- Data revenue at INR58.1b rose 12.2% YoY (+1.8% QoQ), driven by 19% YoY (2.6% QoQ) growth in the digital portfolio and ~6% YoY (0.9% QoQ) growth in core-connectivity revenue. Adjusted for FX, growth was ~6% YoY.
- Collaboration & CPaaS (+28% YoY) and Next Gen Connectivity (+27% YoY) continued outperformance, while revenue growth in Cloud & cybersecurity (+6% YoY), and Media (-5% YoY) remained muted
- Net revenue (a proxy for gross margin) at INR36.8b grew 7.7% YoY (+2.7% QoQ), due to weaker digital growth (+8% YoY vs. 19% YoY on gross basis).
- Reported EBITDA at INR14.2b surged 21% YoY (+16% QoQ, 8% miss) as margin expanded ~200bp YoY (+255bp QoQ, one-off cost in 1Q) to 21.3% (130bp beat). Digital operating losses halved QoQ to -3.6% (vs. -6.9% QoQ).
- Reported PAT at INR3.4b rose 86% YoY (2.5x QoQ). Adjusted for exceptional items of INR0.37b, consol. PAT came in at INR3.8b (+85% YoY, +57% QoQ) and was broadly in line with our estimate as 5% higher EBITDA was offset by lower other income (59% miss) and higher interest cost (+6.5% QoQ, 13% higher vs. our est).

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- Net debt rose ~INR8b QoQ to INR112b, with net debt-to-EBITDA inching up to ~2.2x (vs. 2.1x QoQ).
- Committed capex stood at ~INR6.6b (flat QoQ), while cash capex surged ~60% YoY to INR8.1b (+17% QoQ).
- Reported FCF of INR 2.1b (vs. outflow of INR4.4b QoQ, largely stable YoY).
- Reported RoCE (annualized) improved to 15.9% (vs. 14.7% QoQ).
- 1HFY27, revenue/EBITDA/adj. PAT grew 10%/15%/49%.
- 1HFY27 calculated pre-IND AS EBITDA rose ~13% YoY to INR23.6b, with margin expanding ~45bp YoY to 17.8%.
- For 2HFY27, the implied growth in revenue/EBITDA/PAT stood at 10%/18%/29%.

Key takeaways from the management interaction

- **Digital portfolio:** Digital losses reduced sharply, supported by double-digit constant-currency revenue growth, improvement in revenue mix, and operating leverage. A rising contribution from higher-margin proprietary platforms and recurring SaaS-like revenue, improving NR/GR ratio, and cost discipline are expected to drive further margin expansion. Management reiterated its focus on delivering profitable growth and digital EBITDA breakeven at the earliest.
- **Margins:** Consolidated EBITDA growth benefited from loss reduction in digital portfolio and operating leverage. Management expects to sustain core connectivity EBITDA margins of ~45%, and reiterates its double-digit EBITDA growth guidance for FY27.
- **Order book:** Management highlighted robust double-digit order book growth in 2QFY27, supported by strong and diversified order inflows across geographies and segments. Demand was driven by financial services in the UK and APAC, neo cloud operators and hyperscalers in the Americas, and cloud services in India, alongside GCC expansion and repeat business. An increasing share of recurring, higher-margin network contracts and AI-led opportunities, coupled with a diversified deal pipeline, provides healthy revenue visibility.
- **Connectivity:** Management remains constructive on core connectivity growth, supported by rising AI-led demand and its leadership across subsea, NLD, metro, and last-mile networks. Growth in next-generation connectivity is driven by increasing adoption of software-enabled solutions, including MCC Flex, which enables cost-efficient multi-cloud connectivity across ~80% of global cloud locations.

Valuation and view

- Management reiterated its commitment to achieving double digit EBITDA growth in FY27 (~15% in 1HFY27), with tangible progress towards achieving break-even in digital business in the near term, supported by improving revenue mix, operating leverage, and continued cost discipline.
- We believe the new CEO's focus on driving profitable growth is beginning to yield results, with encouraging progress on reducing digital losses. However, we await sustained improvement in financial performance and more clarity on the medium-term growth strategy before turning more constructive on TCOM.
- We raise our FY27-29 EBITDA estimates by 3-4% factoring in the reduction in digital segment losses. We build in a CAGR of ~10%/13.5% in revenue/EBITDA over FY26-29E, with margin expanding to ~21.5% by FY29E (vs. 19.4% in FY26).

- We value TCOM's data business at 8.5x Dec'28E EV/EBITDA and the voice and other businesses at 3x EV/EBITDA. Further, we ascribe INR77b (INR272/share) value to TCOM's 26% stake in STT data center (implies ~USD3.1b equity value) to arrive at our revised **TP of INR1,980** (earlier INR1,865). **We reiterate our Neutral rating.**

Cons. Quarterly earnings summary **(INR b)**

Y/E March	FY26				FY27E				FY26	FY27E	FY27E	Est
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE			2QE	Var (%)
Revenue	**59.6**	**61.0**	**61.9**	**65.5**	**65.8**	**66.9**	**69.0**	**70.7**	**248.0**	**272.4**	**67.9**	**-1.5**
YoY Change (%)	6.6	8.1	7.3	9.4	10.5	9.6	11.4	7.9	7.9	9.8		
Total Expenditure	48.2	49.3	49.6	52.7	53.5	52.7	54.2	55.9	199.8	216.2	54.3	-3.1
EBITDA	**11.4**	**11.7**	**12.3**	**12.8**	**12.3**	**14.2**	**14.8**	**14.9**	**48.2**	**56.2**	**13.5**	**5.0**
YoY Change (%)	0.0	12.5	6.6	14.4	8.2	21.2	20.6	15.9	8.3	16.5		
EBITDA Margin (%)	19.1	19.2	19.8	19.6	18.7	21.3	21.5	21.0	19.4	20.6	20.0	
Depreciation	6.7	6.8	7.5	7.3	7.4	7.4	7.6	7.9	28.3	30.3	7.5	-1.3
Interest	1.8	2.0	2.0	1.8	1.9	2.0	1.8	1.7	7.6	7.4	1.8	13.1
Other Income	0.2	-0.2	2.6	0.4	0.1	0.2	0.2	0.2	3.0	0.7	0.4	-59.0
PBT Before EO Expense	**3.1**	**2.8**	**5.3**	**4.1**	**3.2**	**5.0**	**5.7**	**5.4**	**15.4**	**19.3**	**4.7**	**6.5**
Exceptional (gain)/loss	0.2	0.2	0.8	-0.2	1.1	0.4	0.0	0.0	1.0	1.4	0.0	
PBT	**2.9**	**2.5**	**4.6**	**4.3**	**2.1**	**4.6**	**5.7**	**5.4**	**14.4**	**17.9**	**4.7**	**-1.3**
Tax	0.7	0.8	1.0	1.8	0.9	1.2	1.3	1.2	4.3	4.6	1.1	
Rate (%)	22.5	32.3	22.0	42.2	40.7	26.8	22.5	22.5	30.0	25.8	22.5	
MI & P/L of Asso. Cos.	0.4	-0.1	-0.1	-0.1	-0.1	0.0	-0.1	-0.1	0.0	-0.2	-0.1	
Reported PAT	**1.9**	**1.8**	**3.7**	**2.6**	**1.3**	**3.4**	**4.4**	**4.4**	**10.0**	**13.5**	**3.7**	**-7.5**
Adj PAT	**2.1**	**2.0**	**4.4**	**2.4**	**2.4**	**3.8**	**4.4**	**4.4**	**11.0**	**14.9**	**3.7**	**2.4**
YoY Change (%)	-14.9	108.5	98.8	-47.5	14.3	85.0	0.6	79.4	6.8	35.4		

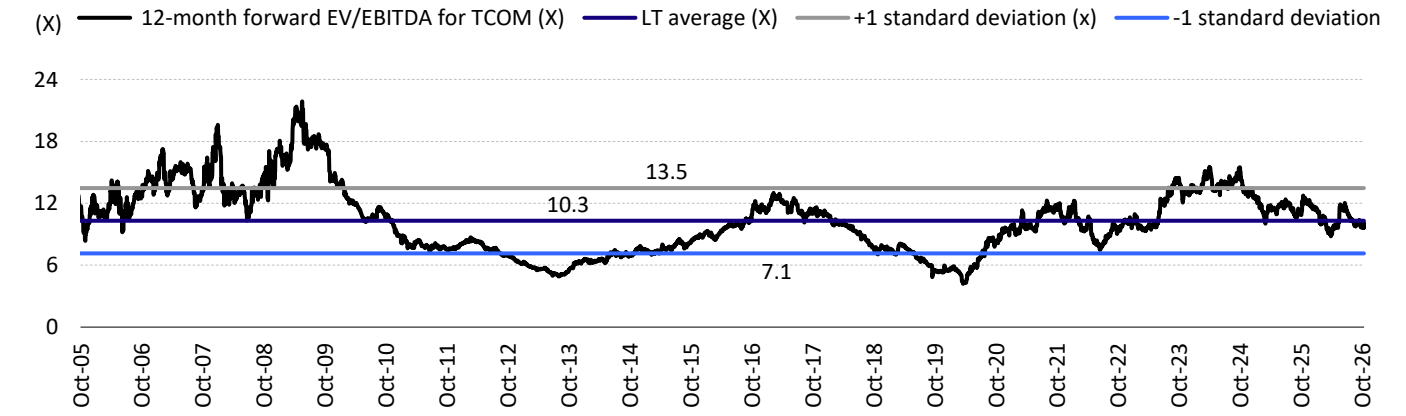
E: MOFSL Estimates

Exhibit 1: We ascribe a TP of INR1,980 to TCOM

	Dec 2028E EBITDA (Rs bn)	EV/EBITDA (X)	Enterprise Value INR b	Enterprise Value INR/share
Data	**64.3**	**8.5**	**546**	**1,917**
Voice and other businesses	4.4	3	13	45
Value of 26% stake in the data center			77	272
Enterprise value	**68.7**	**9.3**	**637**	**2,234**
Consolidated debt			79	278
Net equity value			**558**	**1,957**
Rounded fair value, including dividend				**1,980**

Source: MOFSL, Company

Exhibit 2: TCOM trades at ~10.1x EV/EBITDA, broadly in line with the long-term average 12-month forward EV/EBITDA



Source: MOFSL, Company

Segmental performance summary:

Data: 2Q data revenue up 10% YoY, driven by ~19% YoY growth in digital portfolio; data EBITDA margin expands 105bp YoY (125bp beat)

Gross revenue was up ~12.2% YoY to INR58.1b (+1.8% QoQ, vs. our est. INR59.1b).

- Core-connectivity revenue grew ~6% YoY to INR27.9b (+1% QoQ), driven by 9% YoY (+1.8% QoQ) growth in Enterprise, partly offset by ~2% YoY (-1% QoQ) dip in service providers' revenue.
- Digital portfolio revenue was up 19% YoY (+2.6% QoQ) to INR30.2b, driven by 28% YoY growth in Collaboration and CPaaS, +27% YoY growth in Next-Gen connectivity and 19% YoY in Incubation. The growth remained tepid in Cloud and Security portfolio (+6% YoY on weak base, -5% QoQ), while Media revenue declined -5% YoY (though recovery from -16% YoY in 1Q).
- However, net revenue at INR32.3b continued to grow at lower pace of ~7.6% YoY (+2.7% QoQ) as digital portfolio net revenue grew 8% YoY (vs. 19% YoY growth in gross revenue).
- Data EBITDA came in at INR11.4b (+19% YoY, +19% QoQ, 5% beat) as EBITDA margin expanded ~105bp YoY (125bp beat) to 19.7%. 1QFY27 had a one-off expense, so QoQ margins are not strictly comparable.

Voice: Voice revenue at INR3.7b declined ~9% YoY (-3% QoQ). Voice EBITDA fell 40% YoY (-9% QoQ) to INR246m (~12% miss), as margin declined ~350bp YoY to 6.7% (-40bp QoQ).

Others:

- The Campaign Registry (TCR) revenue grew ~37% YoY to INR2.8b (+7% QoQ). TCR EBITDA doubled YoY (~8% QoQ) to INR1.8b (12% beat) as margins improved further to ~64.3% (+110bp QoQ, significantly above 44.1% reported in 2QFY26).
- TCTSL revenue declined 32% YoY (-2% QoQ) and EBITDA fell 11% YoY (-3% QoQ) to INR483m, even though margins expanded ~640bp YoY to 26.9% (stable QoQ).

Exhibit 3: Consolidated performance

	2QFY26	1QFY27	2QFY27	YoY	QoQ	2QFY27E	vs. est.
Revenue	**60,998**	**65,828**	**66,879**	**9.6**	**1.6**	**67,894**	**(1.5)**
Network costs	27,154	31,441	31,815	17.2	1.2	31,598	0.7
Staff cost	12,696	12,397	11,788	(7.2)	(4.9)	13,204	(10.7)
Operating and other expenses	9,412	9,689	9,058	(3.8)	(6.5)	9,544	(5.1)
Total expenditure	49,261	53,527	52,660	6.9	(1.6)	54,346	(3.1)
EBITDA	**11,736**	**12,301**	**14,219**	**21.2**	**15.6**	**13,548**	**5.0**
Depreciation and amortization	6,788	7,394	7,409	9.2	0.2	7,506	(1.3)
EBIT	**4,948**	**4,907**	**6,809**	**37.6**	**38.8**	**6,041**	**12.7**
Other income	(172)	129	164	(195.2)	26.8	400	(59.0)
Interest expense	2,020	1,859	1,979	(2.0)	6.5	1,750	13.1
PBT	**2,756**	**3,177**	**4,994**	**81.2**	**57.2**	**4,691**	**6.5**
Income tax	821	860	1,240	51.0	44.2	1,056	17.5
PAT before exceptional items	**1,935**	**2,317**	**3,754**	**94.0**	**62.0**	**3,636**	**3.3**
Exceptional items	(210)	(1,064)	(365)			-	
PAT after exceptional items	**1,725**	**1,254**	**3,389**	**96.4**	**170.3**	**3,636**	**(6.8)**
Minority interest	(2)	45	54	(3,713)	20	(20)	(371)
Share of associates/JVs	107	44	(33)	(130)	(175)	70	(146)
Reported net income	**1,831**	**1,342**	**3,410**	**86.3**	**154.1**	**3,686**	**(7.5)**
Adjusted net income	**2,041**	**2,406**	**3,776**	**85.0**	**56.9**	**3,686**	**2.4**
Adjusted EPS (INR/share)	**7.2**	**8.4**	**13.2**	**85.0**	**56.9**	**12.9**	**2.4**
Margins (%)							
EBITDA	19.2	18.7	21.3	202 bp	257 bp	20.0	131 bp
EBIT	8.1	7.5	10.2	207 bp	273 bp	8.9	128 bp
PBT	4.5	4.8	7.5	295 bp	264 bp	6.9	56 bp
Adjusted PAT	3.3	3.7	5.6	230 bp	199 bp	5.4	22 bp

Exhibit 4: Digital growth driven by Collaboration & CPaaS and Next-Gen Connectivity, while media revenue declined YoY

	2QFY25	3QFY25	4QFY25	1QFY26	2QFY26	3QFY26	4QFY26	1QFY27	2QFY27	YoY	QoQ
Data revenue – geographical mix	**48.3**	**49.0**	**51.0**	**51.3**	**51.8**	**53.6**	**56.8**	**57.1**	**58.1**	**12.2**	**1.8**
India	20.6	20.0	21.4	21.8	20.3	22.3	22.7	22.3	22.0	8.6	(1.3)
Rest of World	27.7	29.1	29.6	29.5	31.5	31.3	34.2	34.8	36.1	14.5	3.8
Gross revenue by currency	**57.3**	**58.0**	**59.9**	**59.6**	**61.0**	**61.9**	**65.5**	**65.8**	**66.9**	**9.6**	**1.6**
INR	22.0	21.8	23.4	23.5	25.0	24.0	24.4	24.1	23.7	(5.2)	(1.5)
Others	35.3	36.2	36.5	36.1	36.0	37.9	41.2	41.7	43.1	19.9	3.4
Data revenue customer mix	**48.3**	**49.0**	**51.0**	**51.3**	**51.8**	**53.6**	**56.8**	**57.1**	**58.1**	**12.2**	**1.8**
Service Providers	12.1	12.2	12.0	13.6	12.1	12.3	13.2	13.6	13.9	15.0	2.2
Enterprise	36.1	36.8	39.0	37.7	39.7	41.3	43.6	43.5	44.2	11.3	1.6
Data revenue segment mix	**48.3**	**49.0**	**51.0**	**51.3**	**51.8**	**53.6**	**56.8**	**57.1**	**58.1**	**12.2**	**1.8**
Core-connectivity	26.1	25.9	26.6	26.2	26.4	27.0	27.7	27.7	27.9	6.0	0.9
Digital portfolio	22.1	23.1	24.4	25.1	25.4	26.6	29.1	29.4	30.2	18.6	2.6
Digital Platforms and Services	20.4	21.7	22.7	23.6	23.8	25.0	27.2	27.6	28.2	18.6	2.4
Incubation services	1.8	1.5	1.7	1.5	1.6	1.5	1.9	1.8	1.9	19.1	6.2
Core connectivity customer mix	**26.1**	**25.9**	**26.6**	**26.2**	**26.4**	**27.0**	**27.7**	**27.7**	**27.9**	**6.0**	**0.9**
Service Providers	8.7	8.6	8.6	8.6	7.9	7.6	7.8	7.9	7.8	(1.7)	(1.2)
Enterprise	17.4	17.3	18.0	17.6	18.5	19.4	20.0	19.8	20.2	9.3	1.8
Digital Platforms and services segment mix	**20.4**	**21.7**	**22.7**	**23.6**	**23.8**	**25.0**	**27.2**	**27.6**	**28.2**	**18.6**	**2.4**
Collaboration & CPaaS	11.1	11.8	11.4	11.7	12.6	13.9	15.0	15.5	16.1	28.2	4.1
Cloud, Hosting and Security	4.2	4.3	5.1	5.3	4.7	5.1	5.4	5.3	5.0	6.2	(5.3)
Next Gen Connectivity (IZO & SDWAN)	2.2	2.5	2.6	2.7	2.8	2.9	3.1	3.6	3.6	27.1	(0.3)
Media Services	2.9	3.1	3.5	3.9	3.7	3.1	3.7	3.3	3.6	(4.5)	9.2

Source: MOFSL, Company

Exhibit 5: Segmental results

	2QFY26	1QFY27	2QFY27	YoY (%)	QoQ (%)	2QFY27	vs. est
Segmental gross revenue (INR m)							
Gross revenue	**60,998**	**65,828**	**66,879**	**9.6**	**1.6**	**67,894**	**(1.5)**
Voice	**4,060**	**3,819**	**3,700**	**(8.8)**	**(3.1)**	**3,746**	**(1.2)**
Data	**51,789**	**57,084**	**58,101**	**12.2**	**1.8**	**59,085**	**(1.7)**
Core connectivity	26,366	27,685	27,940	6.0	0.9	28,201	(0.9)
Digital portfolio	**25,423**	**29,399**	**30,161**	**18.6**	**2.6**	**30,884**	**(2.3)**
Digital platforms and services	23,805	27,584	28,233	18.6	2.4	29,087	(2.9)
Incubation services	1,618	1,815	1,928	19.1	6.2	1,797	7.2
Others	**5,149**	**4,924**	**5,077**	**(1.4)**	**3.1**	**5,063**	**0.3**
Rentals	486	501	505	4.0	0.8	520	(2.9)
TCTSL	2,640	1,838	1,797	(32.0)	(2.3)	1,884	(4.7)
TCR	2,023	2,585	2,776	37.2	7.4	2,658	4.4
Segmental net revenue (INR m)							
Net revenue	**34,129**	**35,810**	**36,769**	**7.7**	**2.7**	**37,257**	**(1.3)**
Voice	**815**	**693**	**662**	**(18.8)**	**(4.5)**	**683**	**(3.0)**
Data	**30,001**	**31,421**	**32,273**	**7.6**	**2.7**	**32,787**	**(1.6)**
Core connectivity	21,198	22,547	22,729	7.2	0.8	22,843	(0.5)
Digital portfolio	**8,802**	**8,874**	**9,544**	**8.4**	**7.5**	**9,944**	**(4.0)**
Others	**3,313**	**3,696**	**3,835**	**15.7**	**3.8**	**3,787**	**1.3**
Rentals	485	500	504	4.0	0.9	520	(3.0)
TCTSL	958	857	805	(15.9)	(6.0)	848	(5.0)
TCR	1,870	2,339	2,525	35.0	7.9	2,419	4.4
Segmental EBITDA (INR m)							
EBITDA	**11,736**	**12,301**	**14,219**	**21.2**	**15.6**	**13,548**	**5.0**
Voice	**412**	**270**	**246**	**(40.2)**	**(8.8)**	**280**	**(12.0)**
Data	**9,643**	**9,616**	**11,422**	**18.5**	**18.8**	**10,880**	**5.0**
Others	**1,681**	**2,415**	**2,550**	**51.7**	**5.6**	**2,388**	**6.8**
Rentals	250	287	284	13.6	(1.1)	302	(6.1)
TCTSL	540	496	483	(10.6)	(2.6)	495	(2.5)
TCR	892	1,633	1,784	100.1	9.3	1,591	12.1
Segmental EBITDA margin (%)							
EBITDA margin	**19.2**	**18.7**	**21.3**	**202.0**	**257.4**	**20.0**	**130.6**
Voice	**10.2**	**7.1**	**6.7**	**(350)bp**	**(41)bp**	**7.5**	**(82)bp**
Data	**18.6**	**16.8**	**19.7**	**104 bp**	**281 bp**	**18.4**	**125 bp**
Others	**32.7**	**49.0**	**50.2**	**1,757 bp**	**118 bp**	**47.2**	**306 bp**
Rentals	51	57	56	476 bp	(110)bp	58	(194)bp
TCTSL	20.4	27.0	26.9	642 bp	(10)bp	26.3	61 bp
TCR	44.1	63.2	64.3	2,018 bp	110 bp	59.8	442 bp

Exhibit 6: Summary of our estimate revisions

	FY27E	FY28E	FY29E
Voice revenue (INR b)			
Old	14.8	14.1	13.6
Actual/New	14.7	14.0	13.5
Change (%)	-0.7	-0.6	-0.6
Data revenue, incl. TCR (INR b)			
Old	249.3	277.0	304.6
Actual/New	248.2	275.7	305.1
Change (%)	-0.4	-0.5	0.1
Consolidated revenue (INR b)			
Old	273.9	301.4	329.0
Actual/New	272.4	299.7	328.9
Change (%)	-0.5	-0.6	0.0
Consolidated EBITDA (INR b)			
Old	54.4	61.3	68.0
Actual/New	56.2	62.9	70.6
Change (%)	3.3	2.6	3.8
Voice EBITDA (INR b)			
Old	1.1	1.0	1.0
Actual/New	1.0	1.0	0.9
Change (%)	-7.7	-7.6	-7.5
Data EBITDA, incl. TCR (INR b)			
Old	50.1	56.9	63.4
Actual/New	52.0	58.6	66.2
Change (%)	3.9	3.1	4.4
Consolidated EBITDA margin (%)			
Old	19.9	20.4	20.7
Actual/New	20.6	21.0	21.5
Change (%)	77bp	64bp	79bp
PAT (INR m)			
Old	14.4	19.3	24.3
Actual/New	14.9	19.5	24.9
Change (%)	3.5	1.1	2.7

Source: MOFSL, Company



Detailed takeaways from the management interaction

- **Order book:** Management highlighted robust double-digit order book growth in 2QFY27, with the quarter witnessing one of the strongest order inflows. Wins were diversified across geographies and business segments, with financial services driving demand in the UK and APAC, neo cloud operators and hyperscalers in the Americas, and cloud services in India. GCC customers also contributed through new location setups and repeat business. Importantly, the order book witnessed an increasing contribution from recurring, higher-margin network contracts and AI-led opportunities. Management highlighted that the order book was diversified across several deals rather than being dependent on a few large contracts, providing confidence in future revenue conversion.
- **Digital portfolio:** Management reiterated its focus on achieving EBITDA breakeven in the digital portfolio at the earliest, supported by healthy revenue growth, improving revenue mix, and operating leverage. Digital revenue saw healthy double-digit growth in constant currency. TCOM is prioritizing higher-margin proprietary platforms and recurring revenue over lower-margin offerings. Going forward, management intends to evaluate its portfolio across three categories: platforms, infrastructure, and services & solutions, each having different profitability and capital intensity characteristics. A balanced revenue mix across these businesses is expected to support sustainable profitability, with further details likely at the Feb'27 investor event.
- **Constant-currency growth:** Data revenue grew 6% YoY on a constant currency basis. Digital portfolio revenue growth remained in healthy double digits even after adjusting for currency movements. Management indicated that 1HFY27 EBITDA growth was ~10% in constant currency basis vs. ~15% reported growth.
- **Tax matter:** Management announced that Tata Communications has reached an in-principle agreement with the Canada Revenue Agency to settle a long-standing tax dispute involving its Canadian subsidiary. The matter carried a contingent liability of INR16.6b as of Mar'26. The terms of the settlement are currently being finalized, with the company expected to make the necessary disclosures subsequently.
- **Margin and operating leverage:** Consolidated EBITDA growth was supported by lower losses in digital portfolio and operating leverage. Management highlighted margin improvement across multiple digital verticals, including the MOVE and media businesses, driven by cost optimization and better revenue quality. Core connectivity EBITDA margin at current levels (~45%) should be sustainable in the coming quarters, with no material one-offs contributing to 2Q performance. Management reiterated its commitment to double-digit EBITDA growth in FY27, supported by a continued focus on profitable growth and cost discipline.
- **Digital margin expansion:** Digital portfolio operating losses reduced notably, driven by three key factors: strong revenue growth, improving revenue mix, and operating leverage. Management highlighted an improvement in the net revenue-to-gross revenue (NR/GR) ratio, reflecting a rising contribution from higher-margin proprietary platforms and recurring SaaS-like revenue. AI-led platform solutions, including Commotion-based offerings, are generating higher sales contribution margins, while stringent cost controls are allowing

incremental revenue to flow through to EBITDA. Management expects these factors to drive further margin expansion and remains committed to achieving digital portfolio EBITDA breakeven at the earliest.

- **Voice business:** Management highlighted the potential revival in enterprise voice traffic, driven by the increasing adoption of AI-powered voice agents across customer service and enterprise workflows. AI agents are enabling companies to handle significantly higher call volumes without the traditional constraints of human-operated contact centers, potentially supporting increased voice traffic. TCOM is leveraging its existing voice network, numbering infrastructure, contact center platforms, and Commotion's voice AI capabilities to deliver integrated AI-led customer engagement solutions. While management acknowledged improving opportunities in the voice business, it indicated that it is still too early to assess whether AI-driven demand could materially alter the segment's revenue trajectory.
- **Media business:** Management highlighted a meaningful improvement in media business profitability during 2QFY27, supported by cost rationalization and increasing integration with the company's global network infrastructure. Revenue performance remains cyclical and dependent on major sporting and broadcasting events, with certain Middle Eastern events getting cancelled affecting the revenue growth. The company is preparing to support upcoming major sporting events, including the LA Olympics, while leveraging its capabilities across production, playout, and distribution to capture opportunities in digital media delivery. Management expects further profitability improvement from network procurement synergies, consolidation, and cost optimization initiatives, some of which have already started contributing, with additional benefits expected over the coming quarters.
- **Cloud business:** Management acknowledged relatively muted cloud revenue growth, reflecting a deliberate strategic shift toward higher-margin proprietary offerings rather than third-party cloud distribution. The company is prioritizing its own sovereign cloud and AI cloud platforms, alongside improving utilization of its existing GPU infrastructure, to enhance profitability and capital efficiency. Management highlighted strong cloud order book momentum in India, supported by increasing enterprise demand for sovereign infrastructure and AI workloads. While this shift may constrain near-term reported revenue growth, management expects an increasing contribution from owned platforms and products to improve the profitability and quality of cloud revenue over time.
- **Connectivity:** Management remains constructive on the core connectivity business, supported by accelerating AI-led demand and the company's leadership across subsea, national long-distance (NLD), metro, and last-mile connectivity. Next-generation connectivity revenue growth was driven by increasing adoption of software-enabled networking solutions. Its Multi-Cloud Connect (MCC Flex) platform enables enterprises to connect across multiple cloud environments while reducing duplicated connectivity and security costs, leveraging TCOM's network reach across ~80% of global cloud locations. Additionally, the recently launched dynamic DC-to-DC connectivity platform is witnessing strong traction, offering deterministic latency and self-healing network capabilities. Management believes the combination of proprietary

software platforms and global network infrastructure should support higher-value contracts, improving growth prospects and sustaining profitability.

- **Data center/connectivity:** Management highlighted a significant structural opportunity from AI-led data center expansion, which is driving demand for high-bandwidth, low-latency connectivity across subsea, NLD, metro, and last-mile networks. The company secured a multi-million-dollar contract with a global neo cloud provider for multi-terabit connectivity supporting AI data center infrastructure in India. Management indicated that AI-driven data center connectivity requirements are increasing materially, with customers increasingly demanding capacities of up to 500Gbp vs. traditional 1-2Gbp connections. Management expects AI-led east-west data traffic, higher-capacity networks, and anchor customer-led infrastructure expansion to support medium-term growth in its high-margin connectivity business.

Story in charts

Exhibit 7: Consol. revenue grew ~9.6% YoY (+1.6% QoQ); EBITDA margin expanded ~200bp YoY (~255bp QoQ)

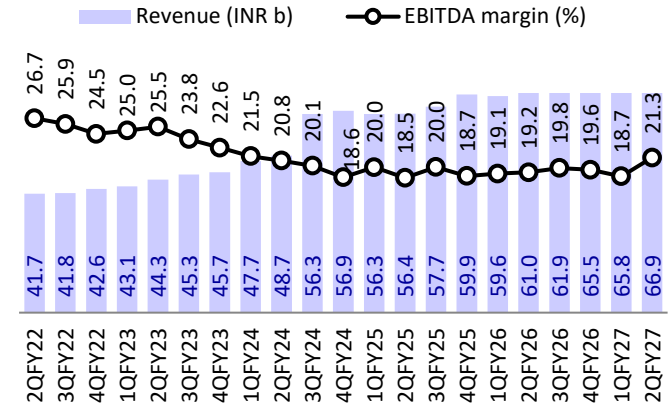


Exhibit 8: Data revenue grew ~12.2% YoY (+1.8% QoQ); margin expanded ~105bp YoY (+280bp QoQ)

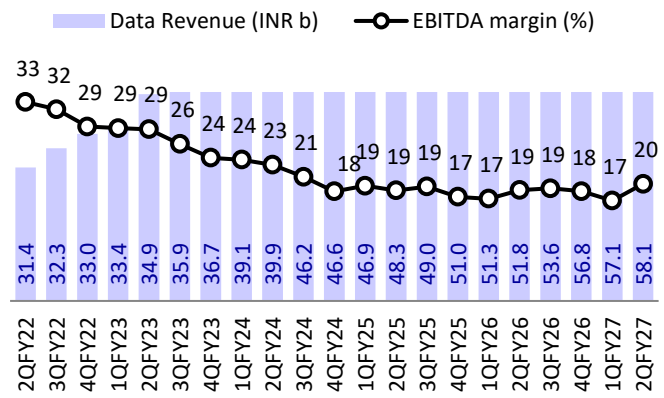
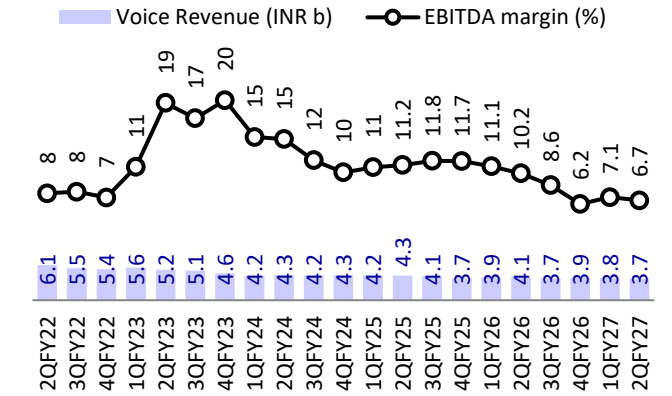
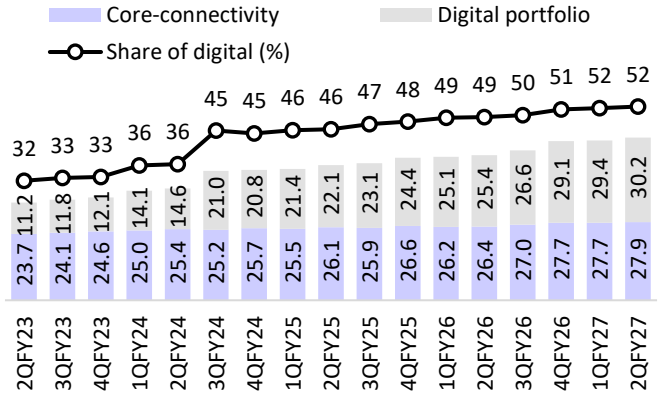


Exhibit 9: Voice revenue declined ~9% YoY (-3% QoQ); margin contracted ~40bp QoQ



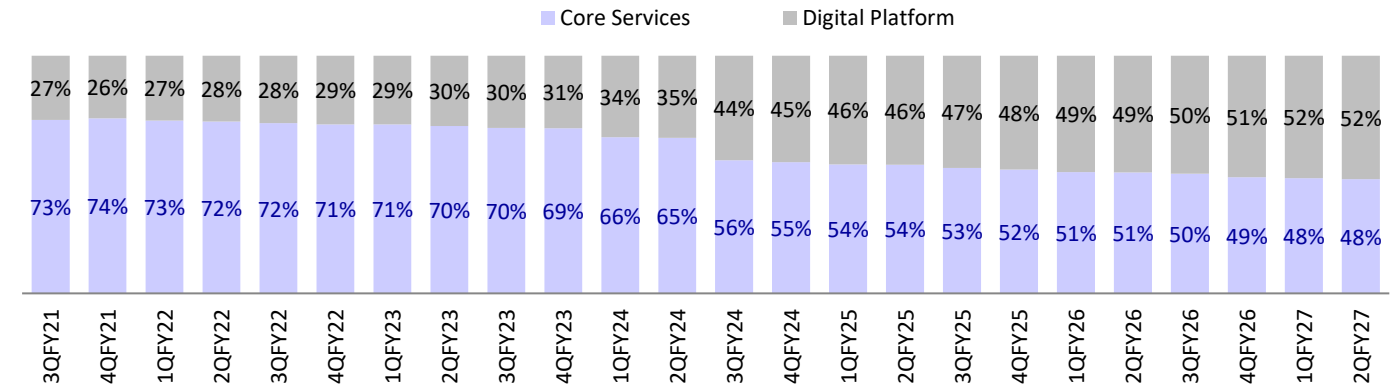
Source: MOFSL, Company

Exhibit 10: Digital portfolio revenue up ~18.6% YoY (+2.6% QoQ), while core-connectivity grew ~6% YoY (~1% QoQ)



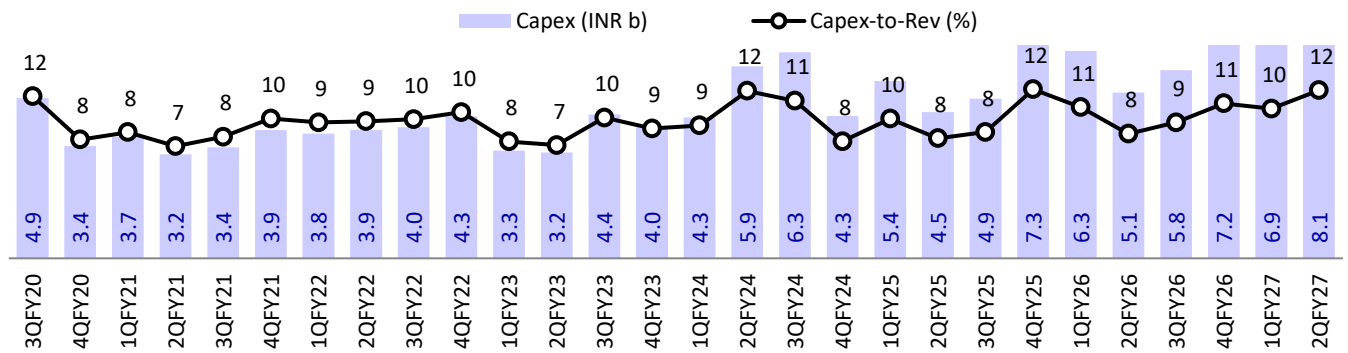
Source: MOFSL, Company

Exhibit 11: Share of digital portfolio in the data revenue mix increased to ~52% in 2QFY27



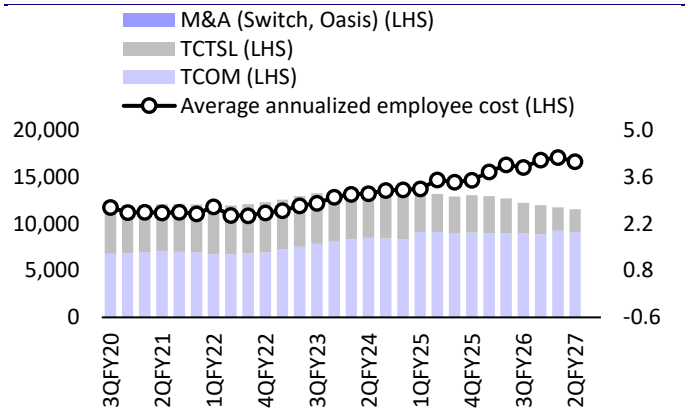
*Revised in line with the new reporting structure; Source: MOFSL, Company

Exhibit 12: Quarterly cash capex surged ~17% QoQ to INR8.1b (+60% YoY)



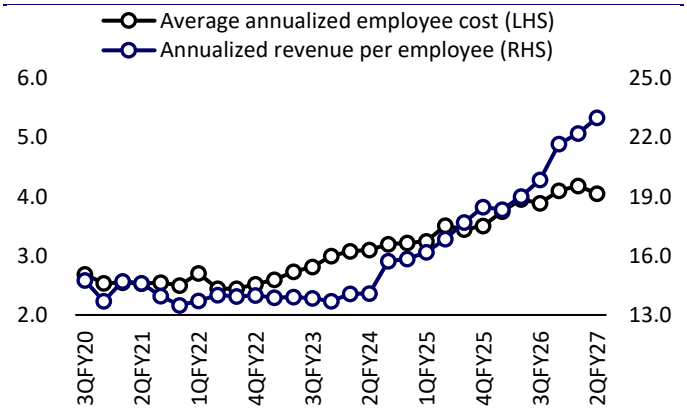
Source: MOFSL, Company

Exhibit 13: TCOM's FTE base declined by 217 in 2Q, while the average cost per employee inched up 2% YoY



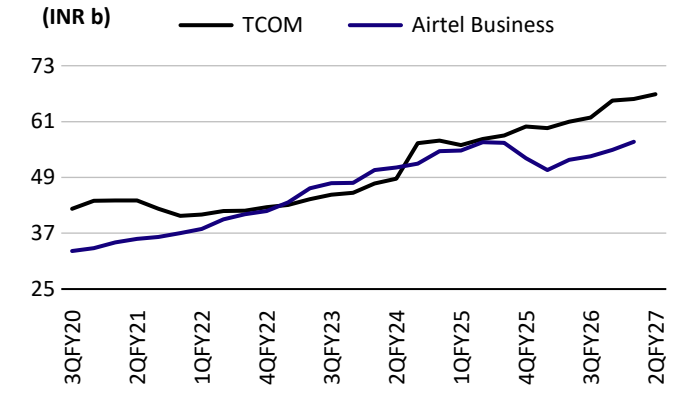
Source: MOFSL, Company

Exhibit 14: TCOM's annual cost per employee stood at INR4.1m; revenue per employee rose 3.5% QoQ to INR23m



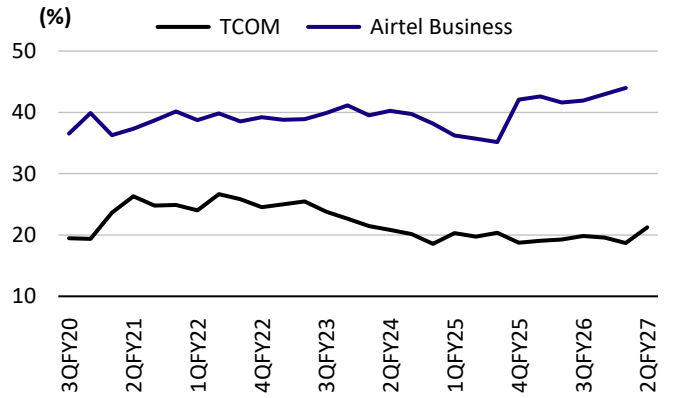
Source: MOFSL, Company

Exhibit 15: After the Kaleyra acquisition, TCOM's gross revenue surpassed Bharti's enterprise revenue



Source: MOFSL, Company

Exhibit 16: However, Bharti's enterprise business EBITDA margin is significantly ahead of TCOM's



Source: MOFSL, Company

Financials and valuations

Consolidated - Income Statement									(INRb)
Y/E March	**FY21**	**FY22**	**FY23**	**FY24**	**FY25**	**FY26**	**FY27E**	**FY28E**	**FY29E**
Total Income from Operations	**171.0**	**167.2**	**178.4**	**209.7**	**229.9**	**248.0**	**272.4**	**299.7**	**328.9**
Change (%)	0.2	-2.2	6.7	17.5	9.7	7.9	9.8	10.0	9.8
Network Cost	63.3	62.0	63.8	80.9	100.5	113.6	123.3	134.8	148.0
Staff Cost	30.5	30.4	36.0	44.5	45.6	49.4	54.5	59.9	65.8
Operating & Other Expense	34.6	32.6	35.5	42.0	39.3	36.8	38.5	42.0	44.5
Total Expenditure	**128.4**	**125.0**	**135.2**	**167.4**	**185.4**	**199.8**	**216.2**	**236.8**	**258.3**
% of Sales	75.1	74.7	75.8	79.8	80.6	80.6	79.4	79.0	78.5
EBITDA	**42.6**	**42.3**	**43.2**	**42.3**	**44.5**	**48.2**	**56.2**	**62.9**	**70.6**
Margin (%)	24.9	25.3	24.2	20.2	19.4	19.4	20.6	21.0	21.5
Depreciation	23.1	22.0	22.6	24.7	25.9	28.3	30.3	32.4	34.5
EBIT	**19.5**	**20.2**	**20.6**	**17.6**	**18.6**	**20.0**	**25.9**	**30.5**	**36.1**
Int. and Finance Charges	4.2	3.6	4.3	6.4	7.3	7.6	7.4	6.2	5.5
Other Income	1.6	3.3	3.6	2.8	1.3	3.0	0.7	1.2	2.1
PBT bef. EO Exp.	**16.8**	**19.9**	**19.9**	**14.0**	**12.6**	**15.4**	**19.3**	**25.5**	**32.7**
EO Items	-0.7	0.1	0.8	-2.4	8.1	-1.0	-1.4	0.0	0.0
PBT after EO Exp.	**16.1**	**20.0**	**20.6**	**11.6**	**20.7**	**14.4**	**17.9**	**25.5**	**32.7**
Total Tax	3.5	5.2	3.0	2.1	4.9	4.3	4.6	6.2	8.0
Tax Rate (%)	22	26	14	18	24	30	26	25	25
Minority Interest	0.0	0.0	-0.3	-0.2	-0.4	-0.4	-0.2	-0.3	-0.3
Reported PAT	**12.5**	**14.8**	**18.0**	**9.7**	**16.3**	**10.4**	**13.5**	**19.5**	**24.9**
Adjusted PAT	**13.3**	**14.8**	**17.2**	**12.0**	**10.3**	**11.0**	**14.9**	**19.5**	**24.9**
Change (%)	340.2	11.5	16.4	-30.0	-14.5	6.8	35.4	30.9	27.9
Margin (%)	7.8	8.8	9.6	5.7	4.5	4.4	5.5	6.5	7.6

Consolidated - Balance Sheet									(INRb)
Y/E March	**FY21**	**FY22**	**FY23**	**FY24**	**FY25**	**FY26**	**FY27E**	**FY28E**	**FY29E**
Equity Share Capital	2.9	2.9	2.9	2.9	2.9	2.9	2.9	2.9	2.9
Total Reserves	-1.7	6.4	12.3	15.0	27.4	31.6	39.9	52.6	69.0
Net Worth	**1.2**	**9.3**	**15.2**	**17.9**	**30.2**	**34.5**	**42.7**	**55.4**	**71.8**
Minority Interest	0.3	0.3	0.3	0.0	0.0	2.0	2.0	2.0	2.0
Total Loans	98.0	79.0	75.3	101.2	108.8	105.8	90.8	75.8	70.8
Lease Liabilities	14.4	12.2	10.4	11.5	14.8	16.7	16.7	16.7	16.7
Deferred Tax Liabilities	-2.8	-1.9	-3.2	-5.2	-11.6	-13.8	-13.8	-13.8	-13.8
Capital Employed	**111.0**	**98.9**	**98.0**	**125.3**	**142.2**	**145.2**	**138.4**	**136.1**	**147.5**
Net Fixed Assets	**99.6**	**96.6**	**93.9**	**105.8**	**119.9**	**130.4**	**127.1**	**123.7**	**120.2**
Goodwill on Consolidation	1.1	1.1	1.2	17.8	19.3	24.4	24.4	24.4	24.4
Capital WIP	6.1	8.7	11.5	13.3	11.0	8.5	8.5	8.5	8.5
Total Investments	**22.3**	**15.7**	**19.5**	**16.1**	**18.0**	**20.0**	**20.0**	**20.0**	**20.0**
Curr. Assets, Loans & Adv.	**67.8**	**61.0**	**66.0**	**74.4**	**77.7**	**74.3**	**78.4**	**88.1**	**112.1**
Inventory	0.3	0.4	1.6	0.8	1.6	1.0	1.0	1.0	1.0
Account Receivables	26.1	25.8	27.4	37.6	40.1	41.7	45.1	48.8	52.6
Cash and Bank Balance	9.3	7.4	10.6	8.4	17.6	11.8	12.6	18.5	38.6
Loans and Advances	32.1	27.3	26.4	27.6	18.5	19.8	19.8	19.8	19.8
Curr. Liability & Prov.	**99.3**	**95.6**	**103.9**	**113.1**	**103.7**	**112.5**	**120.1**	**128.6**	**137.7**
Account Payables	32.4	30.1	32.8	36.6	35.7	43.2	47.4	52.2	57.3
Other Current Liabilities	60.0	57.9	62.7	67.3	58.7	59.5	61.9	64.6	67.4
Provisions	6.9	7.7	8.5	9.3	9.4	9.8	10.8	11.9	13.0
Net Current Assets	**-31.5**	**-34.6**	**-37.9**	**-38.7**	**-26.0**	**-38.2**	**-41.7**	**-40.5**	**-25.7**
Appl. of Funds	**111.0**	**98.9**	**98.0**	**125.3**	**142.2**	**145.2**	**138.4**	**136.1**	**147.5**

Financials and valuations

Ratios									
Y/E March	**FY21**	**FY22**	**FY23**	**FY24**	**FY25**	**FY26**	**FY27E**	**FY28E**	**FY29E**
Basic (INR)									
EPS	**46.5**	**51.8**	**60.3**	**42.3**	**36.1**	**38.6**	**52.3**	**68.4**	**87.4**
Cash EPS	127.7	129.2	139.7	128.9	127.1	137.8	158.4	182.0	208.6
BV/Share	4.1	32.5	53.3	62.7	106.0	120.9	150.0	194.5	252.0
DPS	14.0	20.7	21.0	16.7	25.0	17.5	23.0	29.1	35.3
Payout (%)	30.1	39.9	34.8	39.5	69.2	45.4	44.0	42.5	40.4
Valuation (x)									
P/E	37.5	33.7	28.9	41.3	48.3	45.2	33.4	25.5	20.0
Cash P/E	13.7	13.5	12.5	13.5	13.7	12.7	11.0	9.6	8.4
P/BV	430.7	53.6	32.8	27.8	16.5	14.4	11.6	9.0	6.9
EV/Sales	3.4	3.4	3.1	2.8	2.6	2.5	2.2	1.9	1.7
EV/EBITDA	13.6	13.4	12.8	13.8	13.5	12.7	10.6	9.1	7.8
Dividend Yield (%)	0.8	1.2	1.2	1.0	1.4	1.0	1.3	1.7	2.0
FCF Per Share	64.5	89.7	103.2	39.0	25.0	72.3	101.2	114.2	129.0
Return Ratios (%)									
RoE	-227.9	283.3	140.6	72.9	42.8	34.0	38.6	39.7	39.2
RoCE	14.8	16.3	20.6	14.4	10.7	10.3	12.9	16.1	18.8
RoIC	20.2	21.3	28.5	20.0	15.6	13.9	19.0	24.7	32.1
Working Capital Ratios									
Fixed Asset Turnover (x)	1.1	1.0	0.9	0.9	NA	NA	NA	NA	NA
Asset Turnover (x)	1.5	1.7	1.8	1.7	1.6	1.7	2.0	2.2	2.2
Inventory (Days)	1	1	3	1	3	1	1	1	1
Debtor (Days)	56	56	56	65	64	61	60	59	58
Creditor (Days)	69	66	67	64	57	64	64	64	64
Leverage Ratio (x)									
Current Ratio	0.7	0.6	0.6	0.7	0.7	0.7	0.7	0.7	0.8
Interest Cover Ratio	4.6	5.6	4.8	2.7	2.6	2.6	3.5	4.9	6.6
Net Debt/Equity	69.9	7.3	3.7	4.9	3.5	3.2	2.2	1.3	0.7

Consolidated - Cash Flow									(INRb)
Y/E March	**FY21**	**FY22**	**FY23**	**FY24**	**FY25**	**FY26**	**FY27E**	**FY28E**	**FY29E**
OP/(Loss) before Tax	12.5	20.0	20.6	11.6	20.7	14.4	17.9	25.5	32.7
Depreciation	23.1	22.0	22.6	24.7	25.9	28.3	30.3	32.4	34.5
Interest & Finance Charges	4.2	3.6	4.3	8.3	6.0	4.6	6.6	5.0	3.4
Direct Taxes Paid	-5.0	0.9	-2.0	-2.2	-8.4	-7.2	-4.6	-6.2	-8.0
(Inc)/Dec in WC	-5.5	-4.7	-0.6	-11.0	-10.1	2.5	4.3	4.8	5.3
CF from Operations	**29.4**	**41.8**	**45.0**	**31.4**	**34.1**	**42.5**	**54.5**	**61.5**	**67.8**
Others	2.4	0.2	-1.1	0.5	-5.0	2.3	1.4	0.0	0.0
CF from Operating incl EO	**31.8**	**42.0**	**43.8**	**31.8**	**29.1**	**44.8**	**55.9**	**61.5**	**67.8**
(Inc)/Dec in FA	-13.4	-16.5	-14.4	-20.7	-22.0	-24.2	-27.0	-28.9	-31.1
Free Cash Flow	**18.4**	**25.6**	**29.4**	**11.1**	**7.1**	**20.6**	**28.8**	**32.5**	**36.8**
(Pur)/Sale of Investments	-6.9	9.4	-3.2	-3.6	0.0	9.5	0.0	0.0	0.0
Others	0.3	-1.9	-0.8	-2.1	0.2	0.1	0.7	1.2	2.1
CF from Investments	**-20.0**	**-8.9**	**-18.4**	**-26.4**	**-21.8**	**-14.6**	**-26.3**	**-27.7**	**-29.0**
Issue of Shares	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Inc/(Dec) in Debt	-8.4	-27.8	-13.0	3.2	1.1	-17.3	-15.0	-15.0	-5.0
Interest Paid	-2.5	-2.5	-3.5	-5.3	-5.6	-5.0	-7.4	-6.2	-5.5
Dividend Paid	-1.1	-4.0	-5.9	-6.0	-4.8	-7.1	-5.0	-6.6	-8.3
Others	0.5	-0.6	0.1	-0.1	0.0	-6.6	-1.4	0.0	0.0
CF from Fin. Activity	**-11.6**	**-34.9**	**-22.2**	**-8.2**	**-9.4**	**-36.0**	**-28.8**	**-27.8**	**-18.8**
Inc/Dec of Cash	**0.2**	**-1.8**	**3.2**	**-2.8**	**-2.0**	**-5.8**	**0.8**	**6.0**	**20.1**
Opening Balance	9.1	9.3	7.4	10.6	11.5	17.6	11.8	12.6	18.5
Closing Balance	**9.3**	**7.4**	**10.6**	**8.4**	**17.6**	**11.8**	**12.6**	**18.5**	**38.6**

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SELL	< - 10%
NEUTRAL	< - 10 % to 15%
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