BUY (Upgrade from ADD)

CMP: **INR 1,614** Target Price: **INR 2,000** ▲ 24%

ICICI Securities

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14 September 2025

India | Equity Research | Company Update

Tata Communication

Telecom

Biz shaping up well, TCom hopeful on acceleration of profitability

We hosted Tata Communications (TCom)'s management – Mr. Kabir Ahmed Shakir, CFO – for an NDR in the UK. Summarily, we learn, TCom remains excited about its digital business as key parameters are advancing encouragingly, and order book (OB) growth remains healthy. Further, TCom was faced with certain challenges in Kaleyra, and core connectivity – the company is making headway towards the resolution of both; accordingly, growth and profitability outlook remains healthy. Alongside, TCom reiterated its guidance of achieving data revenue of INR 280bn with EBITDA margin of 23–25% by FY28. We retain our estimates, and TP at INR 2,000 (core business EV/EBITDA multiple to 12x). We upgrade our rating to **BUY** (from *Add*) post the recent stock price correction.

Digital services: Resilient business and encouraging KPIs

TCom's internal assessment shows its digital services business shaping up well, with: 1) stronger product penetration per customer in the past three years – stems from more multiple fabric deal wins. 2) Sharp rise in customers in the 'million-dollar' club. This should increase efforts on customer mining. 3) Net Promoter Score (NPS), at 84, is among the industry's best across geographies and services. Consequently, TCom's digital services OB (orderbook) is now in a phase of vigorous double-digit expansion. Customers are recognising TCom's digital services, and the company is winning services even with customers who have no existing relationships with it in core connectivity.

TCom has completed first phase large-scale deployment of GPUs (mostly H100s), and next phase of deployment will be done basis market demand. In mean time, company is building use cases for internal operational efficiencies.

Kaleyra – path to profitability

TCom was dealing with two challenges in Kaleyra: 1) A few contracts were won on aggressive bidding, and were economically unviable. TCom has been working on re-negotiation and closure of certain contracts. 2) improving SMS buying efficiencies thereby expanding gross profit margins. Further, customers are now looking for an omnichannel partner; here Kaleyra has strong offering, and non-SMS channels have relatively better profitability. The company is hopeful of increasing profitability with the rise in non-SMS' contribution.

Financial Summary

Y/E March (INR mn)	FY24A	FY25A	FY26E	FY27E
Net Revenue	2,09,688	2,31,086	2,49,701	2,70,737
EBITDA	42,301	45,690	51,421	58,540
EBITDA Margin (%)	20.2	19.8	20.6	21.6
Net Profit	12,040	9,338	15,619	21,317
EPS (INR)	34.0	64.4	54.8	74.8
EPS % Chg YoY	(30.0)	(22.4)	67.3	36.5
P/E (x)	38.2	49.3	29.4	21.6
EV/EBITDA (x)	13.0	12.1	10.7	9.3
RoCE (%)	14.2	9.9	14.0	16.9
RoE (%)	72.9	38.8	44.6	46.0

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Market Data

Market Cap (INR)	460bn
Market Cap (USD)	5,211mn
Bloomberg Code	TCOM IN
Reuters Code	TATA.BO
52-week Range (INR)	2,175 /1,291
Free Float (%)	41.0
ADTV-3M (mn) (USD)	11.9

Price Performance (%)	3m	6m	12m
Absolute	(5.1)	7.0	(20.2)
Relative to Sensex	(6.1)	(3.9)	(19.0)

ESG Score	2023	2024	Change
ESG score	**68.4**	**70.9**	**2.5**
Environment	47.1	51.2	4.1
Social	60.9	73.4	12.5
Governance	81.5	81.9	0.4

Note - Score ranges from 0 - 100 with a higher score indicating higher ESG disclosures.

Source: SES ESG, I-sec research

Previous Reports

19-07-2025: Q1FY26 results review

11-06-2025: Company Update

Core connectivity – woes largely behind

Core connectivity revenue growth was hurt in the past 18 months from – 1) three cable cuts, and a delay in fixing them due to the Red Sea issue. Post restoring cables in Q3FY25, TCom is working on winning volume market share back; and 2) revenues from SAARC slipping due to geopolitical and USD issues. TCom believes that these issues are largely behind with some tail impact left for the coming quarters. However, the company remains excited about the rising demand for cable capacities from DC-to-DC connectivity, where it has already signed a large deal. US experience suggests network capacity demand likely presenting a positive surprise with the adoption of AI and increased DC footprint in the local market.

TCom reiterates guidance

The company has reiterated its guidance:

- Increasing data revenue to INR 280bn by FY28 (vs. INR 195bn in FY25), where digital services' contribution shall be 60% (vs. 47% in FY25). TCom remains confident on acceleration in revenue growth on the back of rising relevance among its customers, improving product penetration, multiple fabric deals, and healthy growth in its OB.
- EBITDA margin will likely be in the range of 23–25% by FY28 (vs. ~20% in FY25).
- TCom has been investing USD 50–60mn p.a. on new product development. It has also been investing on feet-on-the-street while absorbing losses from the Kaleyra acquisition. TCom has been cautious with its decision to dilute margins in the past two years, and has invested in long-term growth and capabilities. The company anticipates improved profitability in the Kaleyra acquisition, and operating leverage should aid margin improvement for overall digital services.
- RoCE of over 25% – the company shall maintain capital allocation discipline, but would not compromise on investment for growth.

Digital services: Strength in business, KPIs encouraging

TCom has four digital services layers (termed as 'fabric') that are an overlay on the underlying infrastructure, including fibre. This was necessitated by business transition, and the company's aim to increase its relevance quotient among customers. Core connectivity (legacy business) gave access only to CPO (chief procurement office), and were RFP-led services. Core connectivity does not allow the company to become a part of boardroom conversations, and business strategies; but, restricted to lowest cost service provider. Digital services are helping TCom boost its relevance quotient among its customers, and conversations/discussions span across CEO, CFO, CMO, CIO and other decision centres.

Over the years, TCom has expanded its services portfolio across services layers; therefore, having a presence in multiple fabrics that are key for the majority of large organisations. The company now stands uniquely positioned, where it has strong network/communications; and, it has built an equally robust overlay. The company provides holistic services/solutions offerings, putting it in a strong position. The alternative, available to its customers today, is hiring 10–15 different vendors to stitch an equal solution – this increases complexity, and touch points.

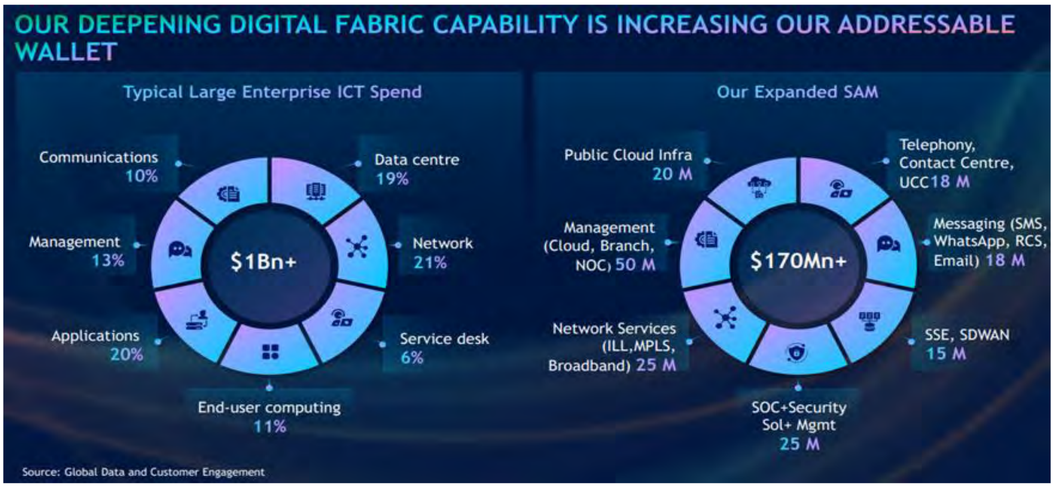
TCom has four digital fabrics: 1) Network fabrics, which provide solutions for connectivity. 2) Cloud and security fabrics. 3) IoT fabrics. 4) Interaction fabrics, which includes CPaaS.

Exhibit 1: TCom's four key digital fabrics

Source: I-Sec research, Company data

A large corporate spends almost over USD 1bn on ICT (information & communication technology) with three large services - network (21%), applications (20%), and Data centre (19%). TCom digital fabric is now helping company to address over USD 170mn worth of requirement for large corporate; and growing. However, TCom only has 30 customers in USD 10mn+ revenue bracket suggesting large untapped opportunity.

Exhibit 2: Digital fabrics is helping TCom to expand addressable wallet



Source: I-Sec research, Company data

TCom is encouraged with the initial favourable signs for its digital services. The company measures its success in digital services against three key parameters – i) rising relevance (product penetration per customer); ii) increase in USD 1mn/5mn/10mn-bracket customers; and iii) NPS score; consequently, OB (orderbook) resilience. It has seen encouraging output on each of these parameters, mainly –

- Product penetration per customer has jumped sharply in the past three years. This indicates the rising relevance of TCom for the customer, better customer mining, and higher loyalty. In the past three years, the company had majority deal wins, which included solutions from multiple digital fabrics vs. its earlier plain vanilla service.
- Rising number of customers in the 'million-dollar' club. Customers with an annual revenue of over USD 10mn have increased from 14 in FY21 to 30 in FY25, from26 to 35 in the USD 5–10mn club and 172 to 225 in the USD 1–5mn club.
- NPS' score has jumped to 84; not only twice that of its nearest competitor, but also industry-leading. The score is based on a survey of 900+ customers. TCom, leads across services and geographies, making the leadership position broad-based.
- Consequently, strong growth in its OB – has grown in healthy double-digits (high teens) in FY25.

The encouraging outcomes has been TCom wining deals for digital services from new customers. Earlier, core connectivity services benefitted the company with getting its foot-in-the-door, and later being able to upsell digital services. In FY25, the company started winning digital services even with customers who had no core connectivity engagement with TCom – it won contracts worth USD 50mn for security services from new customer.

Exhibit 3: Key parameters showing encouraging signs for TCom's digital services

Source: I-Sec research, Company data

Why has revenue growth been underwhelming in digital services?

TCom positioning in digital services argument appears quite compelling, and key parameter trends reinforce its capabilities. However, financial performance has been underwhelming. The company believes, the attitude of 'why fix something not broken?' among enterprise customers has been the biggest barrier. TCom is helping/educating customers on appreciating potential business advantages of owning unified digital solutions, realising efficiency gains and transition is a matter of '*when*' and not '*if*'. Uncertain macros and geopolitical tensions have added to delays in decision making.

Kaleyra – path to profitability

TCom believes, the Kaleyra acquisition was very core to the company's digital fabric, and addresses the vital CRM module (customer relationship management). However, it was faced with a few initial hiccups – 1) a few deals were economically unfavourable, and need to be renegotiated/terminated; and 2) SMS/ services buying efficiencies. Even so, these are getting addressed.

In FY25, Kaleyra's (including Campaign Registry) revenue was USD 295mn vs. its CY22 revenue of USD 339mn. This implies that Kaleyra's revenue dipped post acquisition, which was owing to cautious efforts of working on only profitable contracts. The company stated that the CPaaS industry revenue is growing at 8–10% p.a.; however, Kaleyra's growth is expected at ~15%, ahead of industry. Kaleyra is an omnichannel business communication API-based platform, offering personalised messages, chatbots, programmable voice services, Whatsapp and more. TCom believes, the company is better equipped to handle the transition from SMS-based services to the omnichannel platform; and probably industry focus shift towards profitability will also aid profitable growth.

TCom is confident of a turnaround in Kaleyra (Campaign Registry is already profitable), and sees an immediate lever from improving SMS/ services buying efficiencies. Erstwhile, Kalerya made large purchases of SMS through aggregators, which was inefficient. Further, a shift to omnichannel such as voice, Whatsapp, emails etc. should further help profitability.

Exhibit 4: Kaleyra post-acquisition performance

INR mn	FY24	FY25
Kaleyra Consolidated		
Revenue	8,634	18,748
Expenses	9,236	20,692
EBITDA	**(602)**	**(1,944)**
EBITDA (%)	*(7.0)*	*(10.4)*
The Campaign Registry		
Revenue	2,664	6,623
Expenses	915	1,676
EBITDA	**1,749**	**4,947**
EBITDA (%)	*65.6*	*74.7*
Kaleyra + Campaign Registry		
Revenue	11,297	25,371
Expenses	10,151	22,368
EBITDA	**1,147**	**3,003**
EBITDA (%)	*10.1*	*11.8*

Source: I-Sec research, Company data; Note; Acquisition completed on 5th Oct'23

Kaleyra Consolidated = Kaleyra Africa + Kaleyra Dominicana + Kaleyra Inc + Kaleyra US + Kaleyra Spa + Kaleyra UK

The Campaign Registry = Campaign Registry + Campaign Registry Canada

The Switch – robust production capabilities

The Switch acquisition is a strong addition to TCom's media portfolio, and comes with good production capabilities. Switch has consoles already installed in 72 stadiums in US, which has been significantly restricted currently; therefore, TCom now enjoys the advantage on production of live sports in US. Switch opened the door for TCom into the studio business with its production centre in LA, US. The studio hosts multiple content productions for Netflix. Switch's performance has been stable with EBITDA margin at ~13%, post-acquisition in May'23.

Exhibit 5: The Switch post-acquisition performance

INR mn	FY24	FY25
The Switch Enterprise		
Revenue	6,563	7,737
Expenses	5,670	6,724
EBITDA	**893**	**1,013**
EBITDA (%)	*13.6*	*13.1*

Source: I-Sec research, Company data; Note; Acquisition completed on 1th May'23

Deployed GPUs, and building internal AI capabilities

TCom has completed first phase of GPUs deployment (mostly H100s), and was the first Indian corporate to have an established tie-up with Nvidia. We understand that the 1,000 GPUs are a minimum requirement for participation in government tender (refer details for policy).

As per article (refer), '*in the IndiaAI Mission, the government will subsidise GPU access through a coupon-based system up to 40%. This model was previously announced alongside the January procurement but is now being integrated into the empanelment framework. Government, through the IndiaAI Mission, has started working on developing indigenous AI models, including large multimodal models (LMMs), domain-specific AI applications, and foundational model.*'

The company observes that AI adoption in Indian enterprise has been slower-than-anticipated, and it has been vigilant towards the development of AI in India. Some of its large peers have refrained from investing in GPUs, and a few others such as Yotta and E2E have increased their GPU capacities to 4,000units, or more. TCom has invested in capacity, and capabilities, but would remain disciplined on investment and shall follow revenues.

Alongside, TCom has been implementing use-case for internal purposes, and has been developing applications. It has adopted AI in services including core and digital services; and operations such as filling RFPs etc.

Core connectivity – woes largely behind

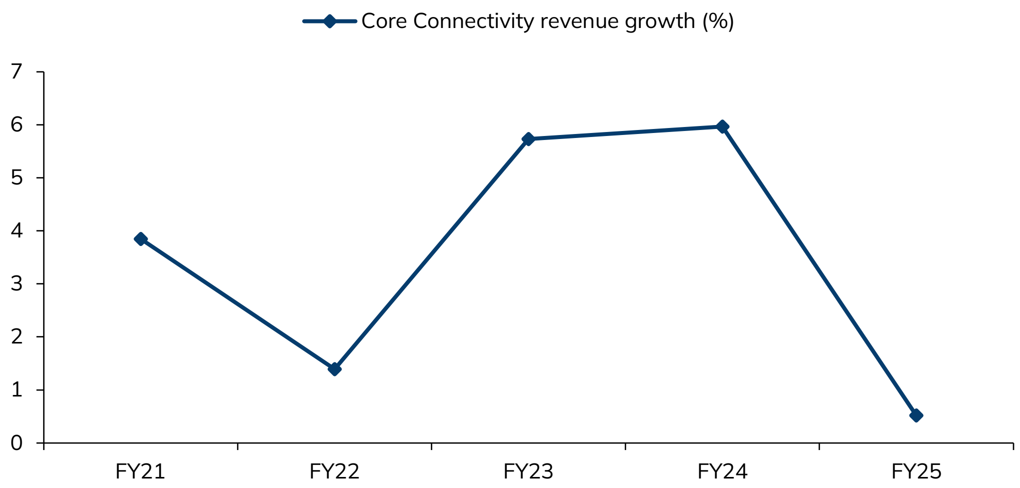
Core connectivity has been facing pricing pressure for several years now, and realisations were on a downward spiral led by decrease in cost curve. TCom's data volumes grew ~20%, while pricing decline was ~15%; therefore, core connectivity revenue growth was restricted to ~5%. Core connectivity margins were protected as costs were also falling.

Core connectivity faced a few challenges, which has hurt growth in the last 18 months, where it has grown only 2–3%. The challenges stemmed from: 1) the Red Sea issue delaying the rectification of three cables cut in the route, which has hurt volumes for TCom. Though the cable were restored Q3FY25, the company is working on winning back its volumes market share; and 2) SAARC region undergoing geopolitical issues. TCom has made provisions on receivables, and reduced business with these countries to negligible. The traffic generated in the SAARC region was largely on-net; therefore, the entire revenue loss flowed down to EBITDA. A small portion of revenue is still left, which should be knocked-off in the coming quarter(s).

TCom remains excited about the opportunity for DC-to-DC connectivity where the company has recently signed a large deal with a global cloud service provider to connect DC across Mumbai, Chennai and Hyderabad. TCom remains hopeful of network opportunities arising from adoption of AI, and the rising footprint of DC in India. US has shown increasing demand for fibre capacity, which should accelerate sharply with the increased offtake of AI, and India too may follow suit.

Further, TCom does not see much of an impact from the rising deployment of sub-sea cable systems by OTT players such as Meta, and others. However, TCom would have to step up its investments in fibre capacity, as it has cable system utilisation running at high levels.

Exhibit 6: Core connectivity revenue growth



Source: I-Sec research, Company data

TCom reiterates guidance

1) Increasing data revenue to INR 280bn by FY28 (vs. INR 195bn in FY25), where digital services' contribution shall be 60% (vs. 47% in FY25). TCom remains confident on acceleration in revenue growth on the back of rising relevance among its customers, improving product penetration, multiple fabric deals, and healthy growth in its OB.

2) EBITDA margin will likely be in the range of 23–25% by FY28 (vs. ~20% in FY25). TCom has been investing USD 50–60mn p.a. on new product development. It has also invested on feet-on-the-street while absorbing losses from the Kaleyra acquisition. TCom has been cautious with its decision to dilute margins in the past two years, and has invested in long-term growth and capabilities. The company anticipates improved profitability in the Kaleyra acquisition, and operating leverage should aid margin improvement.

3) RoCE of over 25% – the company shall maintain capital allocation discipline, but would not compromise on investment for growth.

Exhibit 7: TCom reiterated guidance for FY28

Source: I-Sec research, Company data

Non-core assets monetisation/AGR risk

TCom has a large land bank, which it plans to monetise over the next few years. It is in the process of clearing land papers (a few land parcels are still registered under the name of VSNL), changing use-case for the land and addressing other issues.

Data centre offers a unique positioning for TCom, and the company remains committed to maintaining its 26% stake in STT-India. However, the stake remains non-core for TCom and it is evaluating all options.

AGR contingent liability is INR 100bn, and sub-judice. While the company believes in the worst-case of liability crystalising, it has enough non-core asset for monetisation.

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Exhibit 8: TCom SoTP-based valuation

(INR mn)	FY27E
Consolidated	
EBITDA (adj. IND AS 116)	54,623
Multiple (x)	*12.0*
EV	**6,55,471**
Less net debt	83,049
Equity value...(a)	**5,72,422**
Data Centre	
EBITDA	9,519
Multiple (x)	*15.0*
EV	**1,42,790**
TCom stake (%)	*26.0*
Attributable EV... (b)	**37,125**
EV (a + b)	**6,92,597**
Less net debt	83,049
Equity value	**6,09,547**
Outstanding shares (mn)	285
Equity value per share (INR)	**2,139**
Pending AGR liability (50%)	*136*
Fair value (INR/sh)	**2,000**

Source: I-Sec research, Company data

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Financials

Exhibit 9: Segmental EBITDA

(INR mn)	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	CAGR (%, FY25-27E)
Voice								
Revenue	27,908	22,864	20,542	16,991	16,328	15,287	13,234	(10.0)
Growth (%)	*(17.3)*	*(18.1)*	*(10.2)*	*(17.3)*	*(3.9)*	*(6.4)*	*(13.4)*	
% of total revenue	*16.3*	*13.7*	*11.5*	*8.1*	*7.1*	*6.1*	*4.9*	
EBITDA	**1,728**	**1,534**	**3,410**	**2,187**	**1,862**	**1,529**	**926**	**(29.5)**
EBITDA (%)	*6.2*	*6.7*	*16.6*	*12.9*	*11.4*	*10.0*	*7.0*	
Growth (%)	*(34.4)*	*(11.2)*	*122.4*	*(35.9)*	*(14.8)*	*(17.9)*	*(39.4)*	
% of total EBITDA	*4.1*	*3.6*	*7.9*	*5.2*	*4.1*	*3.0*	*1.6*	
Data								
Revenue	1,25,993	1,27,795	1,40,970	1,71,805	1,92,973	2,17,822	2,39,993	11.5
Growth (%)	*6.1*	*1.4*	*10.3*	*21.9*	*12.3*	*12.9*	*10.2*	
% of total revenue	*73.7*	*76.4*	*79.0*	*81.9*	*83.5*	*87.2*	*88.6*	
EBITDA	**39,728**	**39,897**	**38,070**	**36,616**	**36,520**	**41,627**	**48,810**	**15.6**
EBITDA (%)	*31.5*	*31.2*	*27.0*	*21.3*	*18.9*	*19.1*	*20.3*	
Growth (%)	*38.4*	*0.4*	*(4.6)*	*(3.8)*	*(0.3)*	*14.0*	*17.3*	
% of total EBITDA	*93.2*	*94.4*	*88.2*	*86.6*	*79.9*	*81.0*	*83.4*	
Others (subsidiaries, RE)								
Revenue	17,106	16,603	16,890	20,892	20,291	16,592	17,510	(7.1)
Growth (%)		*(2.9)*	*1.7*	*23.7*	*(2.9)*	*(18.2)*	*5.5*	
% of total revenue	*10.0*	*9.9*	*9.5*	*10.0*	*8.8*	*6.6*	*6.5*	
EBITDA	**1,177**	**847**	**1,710**	**3,498**	**7,376**	**8,265**	**8,804**	**9.2**
EBITDA (%)	6.9	5.1	10.1	16.7	36.4	49.8	50.3	
Growth (%)		*(28.1)*	*102.0*	*104.6*	*110.8*	*12.1*	*6.5*	
% of total EBITDA	*2.8*	*2.0*	*4.0*	*8.3*	*16.1*	*16.1*	*15.0*	

Source: I-Sec research, Company data

Exhibit 10: Data segment revenue

(INR mn)	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	CAGR (%, FY25-27E)
Data revenue	**1,25,993**	**1,27,795**	**1,40,970**	**1,71,805**	**1,92,973**	**2,17,822**	**2,39,993**	**11.5**
Growth (%)		*1.4*	*10.3*	*21.9*	12.3	12.9	10.2	
Core connectivity	89,147	90,387	95,570	1,01,272	1,01,798	1,08,002	1,12,825	5.3
Growth (%)		*1.4*	*5.7*	*6.0*	0.5	6.1	4.5	
Digital platform & services	36,846	37,407	45,400	70,533	91,175	1,09,820	1,27,168	18.1
Growth (%)		*1.5*	*21.4*	*55.4*	29.3	20.4	15.8	
Data net revenue	**90,811**	**91,728**	**99,530**	**1,10,058**	**1,14,798**	**1,26,055**	**1,37,574**	**9.5**
Growth (%)		*1.0*	*8.5*	*10.6*	4.3	9.8	9.1	
Core connectivity	73,108	73,348	77,390	81,405	81,419	85,301	89,110	4.6
Growth (%)		*0.3*	*5.5*	*5.2*	0.0	4.8	4.5	
Digital platform & services	17,703	18,380	22,140	28,653	33,379	40,754	48,463	20.5
Growth (%)		*3.8*	*20.5*	*29.4*	16.5	22.1	18.9	
Core connectivity								
Services providers	31,061	30,234	31,603	31,585	32,496	32,821	33,132	1.0
Growth (%)		*(2.7)*	*4.5*	*(0.1)*	2.9	1.0	1.0	
Enterprises	58,052	60,151	63,967	69,688	69,303	75,182	79,693	7.2
Growth (%)		*3.6*	*6.3*	*8.9*	(0.6)	8.5	6.0	
Digital services								
Collab & CPaaS	18,516	15,027	15,338	29,496	44,797	50,173	55,591	11.4
Growth (%)		*(18.8)*	*2.1*	*92.3*	51.9	12.0	10.8	
Cloud & Security	8,991	9,906	12,599	14,507	17,767	23,097	27,717	24.9
Growth (%)		*10.2*	*27.2*	*15.1*	22.5	30.0	20.0	
Next Gen Connectivity	4,811	5,816	7,010	9,766	9,316	12,111	14,534	24.9
Growth (%)		*20.9*	*20.5*	*39.3*	(4.6)	30.0	20.0	
Media	3,281	4,515	5,791	12,110	12,853	16,709	20,051	24.9
Growth (%)		*37.6*	*28.2*	*109.1*	6.1	30.0	20.0	
Incubation	1,281	2,148	4,652	4,653	6,441	7,730	9,275	20.0
Growth (%)		*67.6*	*116.6*	*0.0*	38.4	20.0	20.0	

Source: I-Sec research, Company data

Exhibit 11: Consolidated P&L

(INR mn)	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	CAGR (%, FY25-27E)
Revenue	**1,71,001**	**1,67,247**	**1,78,383**	**2,09,688**	**2,31,086**	**2,49,701**	**2,70,737**	**8.2**
Growth (%)		*(2.2)*	*6.7*	*17.5*	*10.2*	*8.1*	*8.4*	
Network opex	63,333	61,995	63,755	80,864	1,00,478	1,09,638	1,16,575	7.7
%o of revenue	*37.0*	*37.1*	*35.7*	*38.6*	*43.5*	*43.9*	*43.1*	
Employee cost	30,491	30,403	35,975	44,530	45,573	49,219	53,156	8.0
%o of revenue	*17.8*	*18.2*	*20.2*	*21.2*	*19.7*	*19.7*	*19.6*	
Other expenses	34,572	32,582	35,471	41,993	39,345	39,424	42,466	3.9
%o of revenue	*20.2*	*19.5*	*19.9*	*20.0*	*17.0*	*15.8*	*15.7*	
Total expenses	**1,28,395**	**1,24,980**	**1,35,200**	**1,67,387**	**1,85,396**	**1,98,280**	**2,12,197**	**7.0**
Growth (%)		*(2.7)*	*8.2*	*23.8*	*10.8*	*6.9*	*7.0*	
EBITDA	**42,606**	**42,267**	**43,182**	**42,301**	**45,690**	**51,421**	**58,540**	**13.2**
EBITDA (%)	*24.9*	*25.3*	*24.2*	*20.2*	*19.8*	*20.6*	*21.6*	
Growth (%)		*(0.8)*	*2.2*	*(2.0)*	*8.0*	*12.5*	*13.8*	
D&A	23,139	22,045	22,618	24,697	25,921	26,666	27,096	2.2
EBIT	**19,467**	**20,222**	**20,564**	**17,604**	**19,769**	**24,755**	**31,444**	**26.1**
Growth (%)		*3.9*	*1.7*	*(14.4)*	*12.3*	*25.2*	*27.0*	
Other income	1,568	3,321	3,632	2,825	1,303	954	986	(13.0)
Finance cost	4,202	3,603	4,325	6,442	7,291	6,841	5,916	(9.9)
PBT	**16,833**	**19,940**	**19,871**	**13,988**	**13,782**	**18,868**	**26,513**	**38.7**
Growth (%)		*18.5*	*(0.3)*	*(29.6)*	*(1.5)*	*36.9*	*40.5*	
Exceptional item	(747)	60	764	(2,357)	9,026	-	-	
Tax	3,549	5,221	2,966	2,135	4,865	3,774	5,833	9.5
ETR (%)	**21**	*26.2*	*14.9*	*15.3*	*35.3*	*20.0*	*22.0*	
Minority	30	(39)	(291)	(188)	(421)	(525)	(637)	
PAT	**12,506**	**14,818**	**17,960**	**9,683**	**18,364**	**15,619**	**21,317**	**7.7**
Growth (%)		*18.5*	*21.2*	*(46.1)*	*89.6*	*(14.9)*	*36.5*	
EPS (INR)	44	52	63	34	64	55	75	7.7
Growth (%)		*18.5*	*21.2*	*(46.1)*	*89.6*	*(14.9)*	*36.5*	

Source: I-Sec research, Company data

Exhibit 12: Balance sheet parameters

(INR mn)	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	CAGR (%, FY25-27E)
Capital productivity								
Gross block	**3,38,349**	**3,40,635**	**3,48,199**	**3,59,309**	**3,55,228**	**4,07,832**	**4,35,622**	**10.7**
Data rev/ GB (x)	*0.37*	*0.38*	*0.40*	*0.48*	*0.54*	*0.53*	*0.55*	
EBITDA/ GB (x)	*0.13*	*0.12*	*0.12*	*0.12*	*0.13*	*0.13*	*0.13*	
Capex	**13,636**	**16,564**	**14,931**	**20,823**	**22,056**	**26,467**	**27,790**	**12.2**
intensity (% of data rev)	*10.8*	*13.0*	*10.6*	*12.1*	*11.4*	*12.2*	*11.6*	
Dep/ capex (x)	*1.7*	*1.3*	*1.5*	*1.2*	*1.2*	*1.0*	*1.0*	
Capital employed	97,889	85,394	87,667	1,16,192	1,36,163	1,40,722	1,43,768	2.8
pre-tax ROCE (%)	19.7	21.3	23.0	16.6	15.1	17.3	21.6	
Leverage								
Net debt	77,489	67,206	57,114	91,260	93,769	89,459	83,049	(5.9)
ND/ EBITDA (x)	*1.8*	*1.6*	*1.3*	*2.2*	*2.1*	*1.7*	*1.4*	
AGR dues (contingent)					77,771	77,771	77,771	
AGR / EBITDA (x)					*1.7*	*1.5*	*1.3*	
Cash conversion								
Inventory days	1	1	3	1	2	2	2	
Debtor days	56	56	56	65	63	64	65	
Creditor days	69	66	67	64	56	54	52	
Cash conversion	**(13)**	**(8)**	**(8)**	**3**	**9**	**12**	**15**	

Source: I-Sec research, Company data

Exhibit 13: Concise cashflow statement

(INR mn)	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	CAGR (%, FY25-27E)
Ops CF (after tax & lease)	33,625	42,449	40,868	39,306	35,232	44,994	50,166	19.3
% of EBITDA	*78.9*	*100.4*	*94.6*	*92.9*	77.1	87.5	85.7	
Chg. in WC	(5,526)	(4,052)	(552)	(11,004)	(10,113)	(2,270)	(2,764)	
CFO	**28,099**	**38,397**	**40,317**	**28,302**	**25,119**	**42,724**	**47,402**	**37.4**
% of revenue	*16.4*	*23.0*	*22.6*	*13.5*	10.9	17.1	17.5	
Capex	(13,636)	(16,564)	(14,931)	(20,823)	(22,056)	(26,467)	(27,790)	
FCF	**14,463**	**21,833**	**25,385**	**7,479**	**3,063**	**16,257**	**19,612**	**153.1**
% of EBIT	*74.3*	*108.0*	*123.4*	*42.5*	15.5	65.7	62.4	
Finance cost	(2,515)	(2,476)	(3,487)	(5,278)	(5,635)	(6,841)	(5,916)	
FCFE	**11,948**	**19,356**	**21,898**	**2,201**	**(2,572)**	**9,416**	**13,695**	
Acquisitions	-	(1,696)	(905)	(12,708)	(527)	-	-	
Dividend	(1,152)	(4,016)	(5,930)	(6,014)	(4,772)	(6,060)	(8,271)	

Source: I-Sec research, Company data

Peer Comparison

Exhibit 14: Telecom valuation snapshot

	CMP (INR)	MCap INR bn	Revenue (INR bn)			CAGR (%) FY25-27E	Cash EBITDA (INR bn)			CAGR (%) FY25-27E
			FY25	FY26E	FY27E		FY25	FY26E	FY27E	
Bharti Airtel	1,930	11,102	1,730	2,029	2,318	15.8	780	904	1,103	18.9
Bharti Hexacom	1,847	924	85	95	113	15.0	35	42	55	25.6
Reliance Jio	-	-	1,141	1,281	1,523	15.5	561	649	830	21.6
Vodafone Idea	6.5	461	436	475	571	14.5	92	100	168	35.1
Tata Comm	1,764	503	231	250	271	8.2	46	51	59	13.2
Indus Towers	384	1,034	301	335	360	9.3	182	131	141	(12.1)
Railtel Corp	378	121	35	42	48	17.7	5	6	7	11.4

Source: I-Sec research, Company data

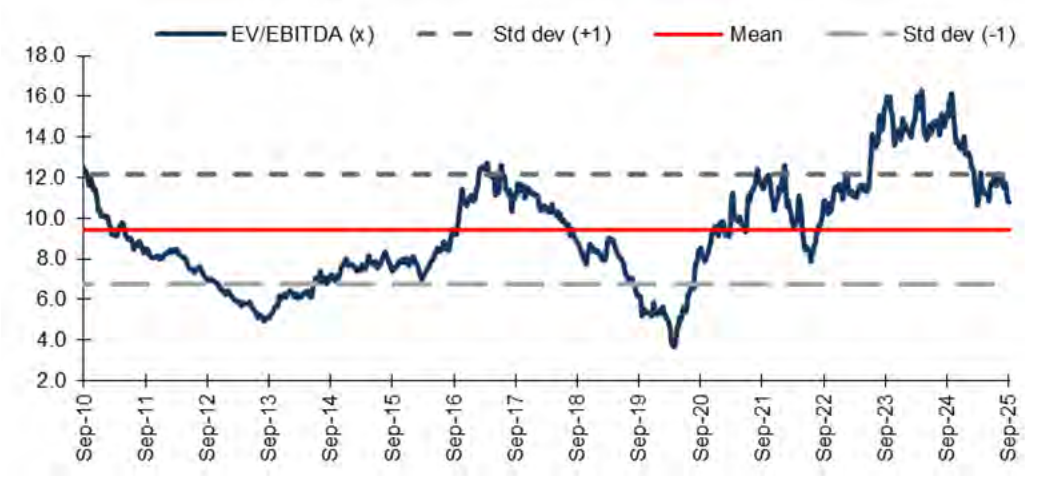
Exhibit 15: Telecom valuation snapshot

	PE (x)		EV/EBITDA (x)		ROCE (%, pre-tax)		ND/ cash EBITDA (x)		Capex intensity (%)	
	FY26E	FY27E	FY26E	FY27E	FY26E	FY27E	FY26E	FY27E	FY26E	FY27E
Bharti Airtel	48.7	31.0	13.3	10.6	20.5	28.2	1.0	0.5	20.3	17.1
Bharti Hexacom	54.1	34.4	22.6	16.8	27.8	38.4	0.5	0.0	15.8	13.9
Reliance Jio					9.6	12.8	2.5	1.9	24.1	19.7
Vodafone Idea			22.5	13.9	(0.8)	3.9	17.9	11.1	42.1	35.0
Tata Comm	32.2	23.6	11.5	10.0	17.3	21.6	1.7	1.4	10.6	10.3
Indus Towers	14.6	13.2	7.7	6.9	18.1	18.2	(0.1)	(0.4)	15.8	9.7
Railtel Corp	35.1	30.1	19.9	17.6	18.6	19.5	(0.9)	(0.7)	8.6	8.2

Source: I-Sec research, Company data

Band Chart

Exhibit 16: TCom's one-year forward EV/EBITDA



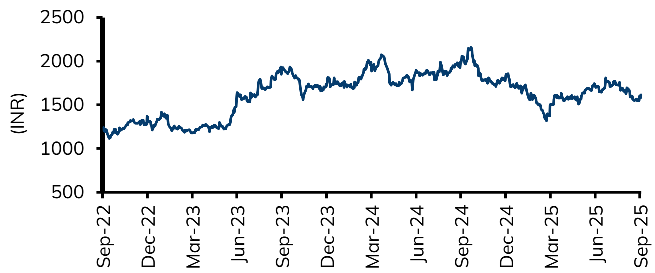
Source: I-Sec research, Bloomberg

Exhibit 17: Shareholding pattern

%	Dec'24	Mar'25	Jun'25
Promoters	58.9	58.9	58.9
Institutional investors	31.5	31.5	32.0
MFs and other	10.6	11.9	12.5
Banks/ FIs	0.0	0.0	0.0
Insurance Cos.	2.6	2.2	2.1
FIIs	18.3	17.4	17.4
Others	9.6	9.6	9.1

Source: Bloomberg, I-Sec research

Exhibit 18: Price chart



Source: Bloomberg, I-Sec research

Financial Summary

Exhibit 19: Profit & Loss

(INR mn, year ending March)

	FY24A	FY25A	FY26E	FY27E
Net Sales	**2,09,688**	**2,31,086**	**2,49,701**	**2,70,737**
Operating Expenses	1,67,387	1,85,396	1,98,280	2,12,197
EBITDA	**42,301**	**45,690**	**51,421**	**58,540**
EBITDA Margin (%)	2.0	1.9	2.1	2.2
Depreciation & Amortization	24,697	25,921	26,666	27,096
EBIT	17,604	19,769	24,755	31,444
Interest expenditure	6,442	7,291	6,841	5,916
Other Non-operating Income	2,825	1,303	954	986
Recurring PBT	**11,631**	**22,807**	**18,868**	**26,513**
Profit / (Loss) from Associates	-	-	-	-
Less: Taxes	2,135	4,865	3,774	5,833
PAT	9,496	17,942	15,095	20,680
Less: Minority Interest	(188)	(421)	(525)	(637)
Extraordinaries (Net)	-	-	-	-
Net Income (Reported)	**9,683**	**18,364**	**15,619**	**21,317**
Net Income (Adjusted)	**12,040**	**9,338**	**15,619**	**21,317**

Source Company data, I-Sec research

Exhibit 20: Balance sheet

(INR mn, year ending March)

	FY24A	FY25A	FY26E	FY27E
Total Current Assets	74,417	80,451	86,453	90,451
of which cash & cash eqv.	8,425	5,874	5,184	1,594
Total Current Liabilities & Provisions	1,13,120	1,10,623	1,15,044	1,19,868
Net Current Assets	**(38,703)**	**(30,172)**	**(28,592)**	**(29,417)**
Investments	16,082	27,139	27,139	27,139
Net Fixed Assets	1,19,072	1,16,559	1,19,538	1,23,411
ROU Assets	11,035	14,304	14,304	14,304
Capital Work-in-Progress	13,270	10,999	10,999	10,999
Total Intangible Assets	17,837	19,325	19,325	19,325
Other assets	-	-	-	-
Deferred Tax Assets	7,170	8,067	8,067	8,067
Total Assets	**1,32,494**	**1,55,224**	**1,59,783**	**1,62,829**
Liabilities				
Borrowings	**1,01,178**	**1,08,801**	**1,03,801**	**93,801**
Deferred Tax Liability	**1,959**	**1,407**	**1,407**	**1,407**
Provisions	-	-	-	-
Other Liabilities	-	-	-	-
Equity Share Capital	2,850	2,850	2,850	2,850
Reserves & Surplus	15,014	27,362	36,921	49,968
Total Net Worth	**17,864**	**30,212**	**39,771**	**52,818**
Minority Interest	39	31	31	31
Total Liabilities	**1,32,494**	**1,55,224**	**1,59,783**	**1,62,829**

Source Company data, I-Sec research

Exhibit 21: Quarterly trend

(INR mn, year ending March)

	Sep-24	Dec-24	Mar-25	Jun-25
Net Sales	57,674	57,981	59,904	59,599
% growth (YOY)	18.4	2.9	5.2	5.8
EBITDA	11,170	11,810	11,221	11,368
Margin %	19.4	20.4	18.7	19.1
Other Income	141	287	688	171
Extraordinaries	429	(149)	8,890	(626)
Adjusted Net Profit	1,843	2,509	1,514	2,526

Source Company data, I-Sec research

Exhibit 22: Cashflow statement

(INR mn, year ending March)

	FY24A	FY25A	FY26E	FY27E
Operating Cashflow	**42,824**	**39,221**	**48,172**	**53,344**
Working Capital Changes	(11,004)	(10,113)	(2,270)	(2,764)
Capital Commitments	(33,531)	(22,583)	(26,467)	(27,790)
Free Cashflow	**(1,711)**	**6,525**	**19,435**	**22,790**
Other investing cashflow	**7,092**	**795**	**954**	**986**
Cashflow from Investing Activities	7,092	795	954	986
Issue of Share Capital	-	-	-	-
Interest Cost	(5,278)	(5,635)	(6,841)	(5,916)
Inc (Dec) in Borrowings	6,680	5,040	(5,000)	(10,000)
Dividend paid	(6,014)	(4,772)	(6,060)	(8,271)
Others	-	-	-	-
Cash flow from Financing Activities	(8,130)	(9,356)	(21,079)	(27,365)
Chg. in Cash & Bank balance	**(2,749)**	**(2,036)**	**(690)**	**(3,590)**
Closing cash & balance	7,296	5,339	5,184	1,594

Source Company data, I-Sec research

Exhibit 23: Key ratios

(Year ending March)

	FY24A	FY25A	FY26E	FY27E
Per Share Data (INR)				
Reported EPS	42.2	32.8	54.8	74.8
Adjusted EPS (Diluted)	34.0	64.4	54.8	74.8
Cash EPS	108.1	141.6	134.6	156.1
Dividend per share (DPS)	16.7	25.0	21.3	29.0
Book Value per share (BV)	62.7	106.0	139.5	185.3
Dividend Payout (%)	39.5	76.3	38.8	38.8
Growth (%)				
Net Sales	17.5	10.2	8.1	8.4
EBITDA	(2.0)	8.0	12.5	13.8
EPS (INR)	(30.0)	(22.4)	67.3	36.5
Valuation Ratios (x)				
P/E	38.2	49.3	29.4	21.6
P/CEPS	14.9	11.4	12.0	10.3
P/BV	25.7	15.2	11.6	8.7
EV / EBITDA	13.0	12.1	10.7	9.3
EV / Sales	2.6	2.4	2.2	2.0
Dividend Yield (%)	1.0	1.5	1.3	1.8
Operating Ratios				
Gross Profit Margins (%)	-	-	-	-
EBITDA Margins (%)	20.2	19.8	20.6	21.6
Effective Tax Rate (%)	15.3	35.3	20.0	22.0
Net Profit Margins (%)	5.7	4.0	6.3	7.9
NWC / Total Assets (%)	(29.2)	(19.4)	(17.9)	(18.1)
Net Debt / Equity (x)	5.1	3.1	2.2	1.6
Net Debt / EBITDA (x)	2.2	2.1	1.7	1.4
Profitability Ratios				
RoCE (%)	14.2	9.9	14.0	16.9
RoE (%)	72.9	38.8	44.6	46.0
RoIC (%)	19.4	17.0	19.5	23.7
Fixed Asset Turnover (x)	0.6	0.7	0.6	0.6
Inventory Turnover Days	1.5	2.5	2.5	2.5
Receivables Days	65.4	63.3	64.3	65.3
Payables Days	63.6	56.4	54.4	52.4

Source Company data, I-Sec research

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