15 October 2025

2QFY26 Results Update | Sector: Telecom

# Tata Communications

| | |
|---|---|
| Estimate change | ↔ |
| TP change | ↑ |
| Rating change | ↔ |

| | |
|---|---|
| Bloomberg | TCOM IN |
| Equity Shares (m) | 285 |
| M.Cap.(INRb)/(USDb) | 557.2 / 6.3 |
| 52-Week Range (INR) | 2000 / 1291 |
| 1, 6, 12 Rel. Per (%) | 16/14/0 |
| 12M Avg Val (INR M) | 898 |

**Financials & Valuations (INR b)**

| Y/E March | FY26E | FY27E | FY28E |
|---|---|---|---|
| Net Sales | 246.6 | 265.8 | 286.6 |
| EBITDA | 48.7 | 55.8 | 61.0 |
| Adj. PAT | 12.0 | 17.5 | 21.5 |
| EBITDA Margin (%) | 19.7 | 21.0 | 21.3 |
| Adj. EPS (INR) | 42.0 | 61.5 | 75.3 |
| EPS Gr. (%) | 46.0 | 46.6 | 22.5 |
| BV/Sh. (INR) | 120.3 | 160.7 | 209.9 |
| **Ratios** | | | |
| Net D:E | 2.9 | 1.8 | 1.1 |
| RoE (%) | 37.1 | 43.8 | 40.7 |
| RoCE (%) | 11.6 | 15.5 | 17.9 |
| Payout (%) | 47.7 | 40.6 | 39.9 |
| **Valuations** | | | |
| EV/EBITDA (x) | 13.4 | 11.4 | 10.1 |
| P/E (x) | 46.2 | 31.5 | 25.7 |
| P/BV (x) | 16.1 | 12.1 | 9.2 |
| Div. Yield (%) | 1.0 | 1.3 | 1.6 |
| FCF Yield (%) | 1.5 | 2.5 | 3.3 |

**Shareholding Pattern (%)**

| As On | Jun-25 | Mar-25 | Jun-24 |
|---|---|---|---|
| Promoter | 58.9 | 58.9 | 58.9 |
| DII | 14.8 | 14.5 | 13.2 |
| FII | 17.2 | 17.0 | 18.1 |
| Others | 9.1 | 9.6 | 9.9 |

FII includes depository receipts

**CMP: INR1,938 TP: INR1,750 (-10%) Neutral**

## Steady 2Q; data EBITDA margin improves, but TCR contracts

- Tata Communications (TCOM) delivered steady 2Q, with ~7% YoY (~1% QoQ) growth in data revenue and 145bp data EBITDA margin expansion.
- TCOM's consol. EBITDA grew 4% YoY (3% QoQ), but came in **~3% below** our estimate as margin expanded by a modest 17bp QoQ to 19.2% (75bp miss), due to a sharp ~28pp contraction in TCR margins (linked to implementation of new incentivized payout structure).
- Management indicated that the order book was stable in 1HFY26 (on high base of 1HFY25) as healthy deal wins in Enterprise were offset by headwinds in service provider segment. The funnel remains robust, with a 60% contribution from the digital portfolio.
- As per management, rising data center (DC) investments bode well for TCOM in multiple ways – through its leadership in DC-to-DC connectivity, investments in AI Cloud, Multi Cloud Connect and potential monetization of land parcels, among others. However, there is currently no agreement with TCS for its recent announcement on AI data center investments.
- We build in ~8% data revenue CAGR over FY25-28E, with data revenue reaching INR246b by FY28. We believe **the ambition of doubling data revenue (INR280b by FY28) remains a tall ask without further acquisitions**.
- We also believe **reaching 23-25% EBITDA margin by FY28 would be difficult** and build in ~21.3% consolidated EBITDA margin in FY28.
- Our FY26-28 revenue and EBITDA estimates are broadly unchanged. We build in ~11% consolidated EBITDA CAGR over FY25-28E.
- We value TCOM's data business at 9.5x Dec'27E EV/EBITDA and the voice and other businesses at 5x EV/EBITDA to arrive at our revised **TP of INR1,750**. **We reiterate our Neutral rating.** Acceleration in data revenue growth, along with margin expansion, remains key for re-rating.

## Steady quarter, reported margins weaker despite improvement in data margins

- Consolidated gross revenue grew ~2.3% QoQ (+8.1% YoY on like-for-like basis) to INR61b (1% higher). However, adjusted for FX benefits, the growth was modest at ~0.4% QoQ.
  - Data revenue at INR51.8b (in line) grew 7.3% YoY (+1% QoQ), driven by ~15% YoY (~1% QoQ) growth in digital portfolio and modest ~1% YoY/QoQ growth in core connectivity.
- Consolidated net revenue (a proxy for gross margin) at INR34.1b continued to grow at slower pace, rising ~3% YoY (+4% QoQ) due to continued weakness in net revenue growth for data portfolio (up 7% YoY vs. 15% YoY gross revenue growth).
- Consolidated adjusted EBITDA grew 3% QoQ (+13% YoY on like-for-like basis) to INR11.7b (3% miss) due to higher other expenses (up 7% QoQ).
  - Consolidated adjusted EBITDA margin expanded 15bp QoQ (75bp YoY) to 19.2%, but came in ~75bp lower than our estimate as improvement in data EBITDA margins was offset by weaker margins in voice and other subsidiaries (especially TCR).

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- Reported Consol. PAT came in at INR1.8b (-19% YoY, -4% QoQ).
- Net debt inched up INR12b QoQ to INR113b, due to dividend payments and investments in STT. Net debt/EBITDA rose to 2.45x (vs. 2.1x in Mar'25).
- Committed capex increased to ~INR6b in 2Q (vs. INR4.4b in 1QFY26), while cash capex declined ~20% QoQ to INR5.1b (though up ~13% YoY).
- Reported RoCE (annualized) declined further to 15.1% vs. 15.4% in 1QFY26.
- FCF stood at INR2.2b in 2QFY26 (vs. outflow of INR6.2b QoQ).
- For 1HFY26, revenue/EBITDA grew 7%/6%. Based on our estimates, the 2HFY26 implied revenue/EBITDA run rate stands at 7%/13%.

## Key takeaways from the management interaction

- Strategic bets: TCOM is seeing strong progress both in product and capability build-out as well as receiving good early customer traction. The company launched Voice AI platform to strengthen its Kaleyra.ai platform value proposition. Further, AI Cloud is seeing good customer traction, with early deal wins for its sovereign AI cloud from a large payments player. TCOM's digital fabric tool enabled a large contract win with the GST Appellate Tribunal. Management expects **strategic bets to contribute at least 10% of the incremental digital revenues in FY26, which will scale up to INR100b by FY30.**
- **Order book and funnel:** TCOM's enterprise order book grew in double digits; however, overall order book was flat due to headwinds in the service provider segment. Management noted that 1HFY25 had the benefit of several large deal wins, and 1HFY26 order book was better than 2HFY25, which faced macro headwinds, with cloud/international order books growing in healthy mid-teen/double digits in 2Q. The funnel remains robust, with digital portfolio accounting for ~60%.
- **Potential collaboration with TCS on data centers:** Management noted that TCOM and TCS have been collaborating in various areas for a long period of time. Rising DC capacity in India will be beneficial for TCOM's core connectivity (DC to DC connectivity), digital fabric (Multi Cloud Connect, AI Cloud with liquid cooling) as well as from potential monetization of land parcels. However, there is no firm agreement at the moment.
- **FX benefits:** Normalizing for FX movement, consolidated revenue growth was **up by a modest 0.4% QoQ (vs. reported 2.3% QoQ growth).**
- **Data EBITDA margins:** ~140bp QoQ improvement in data EBITDA margin was driven by 1) improvement in Vayu Cloud portfolio, 2) right-sizing in certain verticals in line with the growth, and 3) operating leverage with rising scale. However, near-term margins are likely to be impacted by the revenue loss and costs associated with the Red Sea cable cut and a change in the payout structure in TCR.

## Valuation and view

- We currently model ~14% CAGR in digital revenue over FY25-28 and expect digital to account for ~54% of TCOM's data revenue by FY28 (vs. ~49% currently). Acceleration in digital revenue remains key for re-rating.
- Our FY26-28E revenue remains broadly unchanged and believe TCOM's ambition of doubling data revenue by FY28 remains a tall ask without further

acquisitions. Overall, we build in ~8% data revenue CAGR over FY25-28, with data revenue reaching INR246b by FY28 (vs. TCOM's ambition of INR280b).

- We lower our FY26E EBITDA by a modest 1% while keeping our FY27-28E EBITDA broadly unchanged. We believe that margin expansion to 23-25% by FY28E could be challenging, given the rising share of inherently lower-margin businesses in TCOM's mix amid weakness in core connectivity. Our FY28 margin estimate is ~21.3%.
- We roll forward our valuations to Dec'27E (from Sep'27) and ascribe 9.5x EV/EBITDA to the data business and 5x EV/EBITDA to voice and other businesses. We ascribe an INR37b (or INR132/share) valuation to TCOM's 26% stake in STT data centers to arrive at our revised **TP of INR1,750 (earlier INR1,685)**.
- After the recent run-up (TCOM: +15% in last five day), the stock now trades at ~12.5x one-year forward EV/EBITDA (~22% premium to the LT average).
- We **reiterate our Neutral rating** as we await sustained acceleration in data revenue growth, along with margin expansion, before turning more constructive on TCOM.

**Cons. Quarterly Earnings** **(INR b)**

| Y/E March | FY25 | | | | FY26 | | | | FY25 | FY26E | FY26E | Est |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 1Q | 2Q | 3Q | 4Q | 1Q | 2Q | 3QE | 4QE | | | 2QE | Var (%) |
| **Revenue** | 55.9 | 56.4 | 57.7 | 59.9 | 59.6 | 61.0 | 62.6 | 63.4 | 229.9 | 246.6 | 60.5 | 1 |
| YoY Change (%) | 17.2 | 15.8 | 2.4 | 5.2 | 6.6 | 8.1 | 8.5 | 5.8 | 9.7 | 7.2 | 0.0 | |
| Total Expenditure | 44.6 | 46.0 | 46.2 | 48.7 | 48.2 | 49.3 | 49.9 | 50.6 | 185.4 | 197.9 | 48.5 | 2 |
| **EBITDA** | **11.4** | **10.4** | **11.5** | **11.2** | **11.4** | **11.7** | **12.8** | **12.8** | **44.5** | **48.7** | **12.1** | **-3** |
| YoY Change (%) | 11.0 | 2.7 | 1.6 | 6.2 | 0.0 | 12.5 | 10.7 | 14.4 | 5.3 | 9.3 | 0.0 | |
| **EBITDA Margin (%)** | **20.3** | **18.5** | **20.0** | **18.7** | **19.1** | **19.2** | **20.4** | **20.2** | **19.4** | **19.7** | **20.0** | |
| Depreciation | 6.3 | 6.5 | 6.4 | 6.7 | 6.7 | 6.8 | 6.9 | 6.9 | 25.9 | 27.2 | 6.7 | 1 |
| Interest | 1.7 | 1.9 | 1.9 | 1.8 | 1.8 | 2.0 | 1.7 | 1.6 | 7.3 | 7.1 | 1.8 | 15 |
| Other Income | 0.2 | 0.1 | 0.3 | 0.7 | 0.2 | -0.2 | 0.3 | 0.5 | 1.3 | 0.8 | 0.3 | -157 |
| **PBT Before EO Expense** | **3.5** | **2.2** | **3.6** | **3.4** | **3.1** | **2.8** | **4.5** | **4.8** | **12.6** | **15.2** | **3.9** | **-29** |
| Exceptional (gain)/loss | -0.9 | -1.3 | -0.1 | -5.8 | 0.2 | 0.2 | 0.0 | 0.0 | -8.1 | 0.4 | 0.0 | |
| **PBT** | **4.4** | **3.4** | **3.7** | **9.1** | **2.9** | **2.5** | **4.5** | **4.8** | **20.7** | **14.8** | **3.9** | **-35** |
| Tax | 0.9 | 1.0 | 1.3 | 1.8 | 0.7 | 0.8 | 1.0 | 1.1 | 4.9 | 3.6 | 0.9 | |
| Rate (%) | 19.7 | 28.3 | 34.0 | 19.2 | 22.5 | 32.3 | 22.5 | 22.5 | 23.5 | 24.2 | 22.5 | |
| MI & P/L of Asso. Cos. | 0.2 | 0.2 | 0.1 | -3.0 | 0.4 | -0.1 | -0.1 | -0.1 | -2.5 | -0.4 | -0.1 | |
| **Reported PAT** | **3.3** | **2.3** | **2.4** | **10.4** | **1.9** | **1.8** | **3.6** | **3.8** | **18.4** | **11.5** | **3.1** | **-41** |
| **Adj PAT** | **2.5** | **1.0** | **2.2** | **4.6** | **2.1** | **2.0** | **3.6** | **3.8** | **10.3** | **11.5** | **3.1** | **-34** |
| YoY Change (%) | -34.9 | -55.8 | -3.5 | 23.9 | -14.9 | 108.5 | 59.7 | -18.4 | -14.5 | 11.4 | 24.6 | |

E: MOFSL Estimates

| Consolidated performance | 2QFY25 | 1QFY26 | 2QFY26 | YoY | QoQ | 2QFY26 | vs. est. |
|---|---|---|---|---|---|---|---|
| **Revenue** | **56,414** | **59,599** | **60,998** | **8.1** | **2.3** | **60,542** | **0.8** |
| Network costs | 24,600 | 27,291 | 27,154 | 10.4 | (0.5) | 27,973 | (2.9) |
| Staff cost | 11,748 | 12,178 | 12,696 | 8.1 | 4.3 | 12,335 | 2.9 |
| Operating and other expenses | 9,637 | 8,762 | 9,412 | (2.3) | 7.4 | 8,144 | 15.6 |
| Total expenditure | 45,985 | 48,230 | 49,261 | 7.1 | 2.1 | 48,452 | 1.7 |
| **EBITDA** | **10,429** | **11,368** | **11,736** | **12.5** | **3.2** | **12,090** | **(2.9)** |
| Depreciation and amortization | 6,482 | 6,657 | 6,788 | 4.7 | 2.0 | 6,730 | 0.9 |
| **EBIT** | **3,948** | **4,711** | **4,948** | **25.4** | **5.0** | **5,360** | **(7.7)** |
| Other income | 100 | 171 | (172) | (273.1) | (200.8) | 300 | (157.5) |
| Interest expense | 1,894 | 1,765 | 2,020 | 6.6 | 14.4 | 1,750 | 15.4 |
| **PBT** | **2,153** | **3,117** | **2,756** | **28.0** | **(11.6)** | **3,910** | **(29.5)** |
| Income tax | 976 | 654 | 821 | (15.9) | 25.5 | 880 | (6.6) |
| **PAT before exceptional items** | **1,177** | **2,463** | **1,935** | **64.5** | **(21.4)** | **3,030** | **(36.1)** |
| Exceptional items | 1,294 | (204) | (210) | | | — | |
| **PAT after exceptional items** | **2,470** | **2,258** | **1,725** | **(30.2)** | **(23.6)** | **3,030** | **(43.1)** |
| Minority interest | (238) | (424) | (2) | (99) | (100) | (20) | (93) |
| Share of associates/JVs | 40 | 65 | 107 | 168 | 64 | 70 | 53 |
| **Reported net income** | **2,272** | **1,900** | **1,831** | **(19.4)** | **(3.6)** | **3,080** | **(40.6)** |
| **Adjusted net income** | **979** | **2,104** | **2,041** | **108.5** | **(3.0)** | **3,080** | **(33.7)** |
| **Adjusted EPS (INR/share)** | **3.4** | **7.4** | **7.2** | **108.5** | **(3.0)** | **10.8** | **(33.7)** |
| **Margins (%)** | | | | | | | |
| **EBITDA** | **18.5** | **19.1** | **19.2** | **75 bp** | **17 bp** | **20.0** | **(73)bp** |
| EBIT | 7.0 | 7.9 | 8.1 | 112 bp | 21 bp | 8.9 | (74)bp |
| PBT | 3.8 | 5.2 | 4.5 | 70 bp | (71)bp | 6.5 | (194)bp |
| Adjusted PAT | 1.7 | 3.5 | 3.3 | 161 bp | (19)bp | 5.1 | (174)bp |

E: MOFSL Estimates

## Segmental performance

**Data segment: 2Q data revenue up ~7% YoY, driven by ~15% YoY growth in Digital Portfolio; data EBITDA margin expands ~145bp QoQ**

- Gross revenue was up ~7% YoY to INR51.8b (+1% QoQ, 0.5% below).
  - Core-connectivity revenue grew by a modest ~1% YoY to INR26.4b (+1% QoQ, 2% below) as 5% QoQ growth in Enterprise was offset by 8% QoQ dip in service providers' revenue.
  - **Digital portfolio revenue was up 15% YoY (+1% QoQ)** to INR25.4b (1% ahead), driven by higher growth in Media (+29% YoY, 18% ahead, boosted by World Athletic deal) and Collaboration and CPaaS (+13% YoY, 4% ahead). Next-Gen connectivity (+29% YoY) continued robust growth trajectory, while growth moderated sharply in Cloud Hosting & Security (+13% YoY, vs. 27% YoY in 1Q) and Incubation revenue declined 9% YoY.
    - ✓ However, net revenue at INR34.1b grew by a modest 3% YoY (+4% QoQ) as digital portfolio net revenue grew ~7% YoY (vs. ~15% YoY growth in gross revenue).
    - ✓ Data EBITDA at INR9.6b (+9% QoQ, +8% YoY) was **~4% above our estimate** as **EBITDA margin expanded 145bp QoQ** (+5bp YoY, 75bp beat), despite weaker growth in Core-connectivity, likely on declining losses in the digital portfolio.

**Voice:** Voice revenue at INR4.1b grew ~3% QoQ (though down ~5% YoY, 4% beat). Voice EBITDA declined 6% QoQ (-14% YoY) to INR412m (10% miss), as margin declined ~90bp QoQ to 10.2% (155bp miss).

**Others:**

- The Campaign Registry (TCR) revenue grew ~7% QoQ to INR2b (+28% YoY). However, EBITDA declined ~35% QoQ to INR.9b (42% miss) as margins contracted sharply to 44.1% (from 72.3% QoQ, 75.5% YoY) due to revision in variable pay structure and one-time incentive payouts.
- TCTSL revenue grew ~34% QoQ (on low base of 1Q) and EBITDA was up 15% QoQ to ~INR540m despite ~350bp QoQ dip in margins to 20.4%.

**Exhibit 1: Segmental results**

| | 2QFY25 | 1QFY26 | 2QFY26 | YoY (%) | QoQ (%) | 2QFY26E | vs. est |
|---|---|---|---|---|---|---|---|
| **Segmental gross revenue (INR m)** | | | | | | | |
| **Gross revenue** | **57,279** | **59,598** | **60,998** | **6.5** | **2.3** | **60,542** | **0.8** |
| **Voice** | **4,255** | **3,945** | **4,060** | **(4.6)** | **2.9** | **3,891** | **4.3** |
| **Data** | **48,262** | **51,302** | **51,789** | **7.3** | **0.9** | **52,041** | **(0.5)** |
| Core connectivity | 26,134 | 26,198 | 26,366 | 0.9 | 0.6 | 26,826 | (1.7) |
| Digital portfolio | 22,128 | 25,105 | 25,423 | 14.9 | 1.3 | 25,215 | 0.8 |
| Digital platforms and services | 20,353 | 23,604 | 23,805 | 17.0 | 0.9 | 23,564 | 1.0 |
| Incubation services | 1,775 | 1,501 | 1,618 | (8.8) | 7.8 | 1,651 | (2.0) |
| **Others** | **4,761** | **4,351** | **5,149** | **8.1** | **18.3** | **4,611** | **11.7** |
| Rentals | 573 | 491 | 486 | (15.2) | (1.0) | 550 | (11.7) |
| TCTSL | 2,604 | 1,967 | 2,640 | 1.4 | 34.3 | 1,996 | 32.3 |
| TCR | 1,584 | 1,893 | 2,023 | 27.7 | 6.8 | 2,065 | (2.0) |
| **Segmental net revenue (INR m)** | | | | | | | |
| **Net revenue** | **33,194** | **32,900** | **34,130** | **2.8** | **3.7** | **35,257** | **(3.2)** |
| **Voice** | **957** | **832** | **815** | **(14.8)** | **(2.1)** | **854** | **(4.6)** |
| **Data** | **29,399** | **29,731** | **30,001** | **2.0** | **0.9** | **30,676** | **(2.2)** |
| Core connectivity | 21,142 | 20,663 | 21,198 | 0.3 | 2.6 | 21,327 | (0.6) |
| Digital portfolio | 8,257 | 9,067 | 8,803 | 6.6 | (2.9) | 9,350 | (5.8) |
| **Others** | **2,838** | **2,337** | **3,313** | **16.8** | **41.8** | **3,726** | **(11.1)** |
| Rentals | 572 | 490 | 485 | (15.3) | (1.0) | 550 | (11.8) |
| TCTSL | 834 | 130 | 958 | 14.9 | 639.0 | 1,297 | (26.1) |
| TCR | 1,431 | 1,717 | 1,870 | 30.6 | 8.9 | 1,879 | (0.5) |
| **Segmental EBITDA (INR m)** | | | | | | | |
| **EBITDA** | **11,294** | **11,368** | **11,736** | **3.9** | **3.2** | **12,090** | **(2.9)** |
| **Voice** | **478** | **436** | **412** | **(13.7)** | **(5.5)** | **455** | **(9.5)** |
| **Data** | **8,957** | **8,813** | **9,643** | **7.7** | **9.4** | **9,304** | **3.6** |
| **Others** | **1,859** | **2,119** | **1,681** | **(9.6)** | **(20.6)** | **2,330** | **(27.8)** |
| Rentals | 352 | 279 | 250 | (29.0) | (10.5) | 329 | (24.0) |
| TCTSL | 312 | 471 | 540 | 73.2 | 14.7 | 469 | 15.1 |
| TCR | 1,196 | 1,369 | 892 | (25.4) | (34.9) | 1,532 | (41.8) |
| **Segmental EBITDA margin (%)** | | | | | | | |
| **EBITDA margin** | **19.7** | **19.1** | **19.2** | **(47.7)** | **16.6** | **20.0** | **(72.9)** |
| **Voice** | **11.2** | **11.1** | **10.2** | **(107)bp** | **(90)bp** | **11.7** | **(155)bp** |
| **Data** | **18.6** | **17.2** | **18.6** | **6bp** | **144bp** | **17.9** | **74bp** |
| **Others** | **39.1** | **48.7** | **32.7** | **(640)bp** | **(1,604)bp** | **50.5** | **(1,789)bp** |
| Rentals | 61 | 57 | 51 | (995)bp | (544)bp | 60 | (836)bp |
| TCTSL | 12.0 | 23.9 | 20.4 | 847 bp | (349)bp | 23.5 | (306)bp |
| TCR | 75.5 | 72.3 | 44.1 | (3,140)bp | (2,821)bp | 74.2 | (3,013)bp |

## Exhibit 2: Revenue build-up for TCOM

| | 3QFY24 | 4QFY24 | 1QFY25 | 2QFY25 | 3QFY25 | 4QFY25 | 1QFY26 | 2QFY26 | YoY | QoQ |
|---|---|---|---|---|---|---|---|---|---|---|
| **Data revenue – geographical mix** | **46.2** | **46.6** | **46.9** | **48.3** | **49.0** | **51.0** | **51.3** | **51.8** | **7.3** | **0.9** |
| India | 19.4 | 19.3 | 20.4 | 20.5 | 20.6 | 21.4 | 21.8 | 20.3 | (1.3) | (6.8) |
| Rest of World | 26.8 | 27.2 | 26.6 | 27.8 | 28.5 | 29.6 | 29.5 | 31.5 | 13.7 | 6.6 |
| **Gross revenue by currency** | **56.3** | **56.9** | **56.3** | **57.7** | **58.0** | **59.9** | **59.6** | **61.0** | **6.5** | **2.3** |
| INR | 20.2 | 20.1 | 21.6 | 21.9 | 21.9 | 23.4 | 23.5 | 25.0 | 13.9 | 6.5 |
| Others | 36.1 | 36.8 | 34.7 | 35.8 | 36.1 | 36.5 | 36.1 | 36.0 | 1.9 | (0.3) |
| **Data revenue customer mix** | **46.2** | **46.6** | **46.9** | **48.3** | **49.0** | **51.0** | **51.3** | **51.8** | **7.3** | **0.9** |
| Service Providers | 8.8 | 8.6 | 10.7 | 11.4 | 11.8 | 10.2 | 13.6 | 12.1 | (0.5) | (11.2) |
| Enterprise | 37.4 | 38.0 | 36.3 | 36.9 | 37.2 | 40.7 | 37.7 | 39.7 | 9.9 | 5.3 |
| **Data revenue segment mix** | **46.2** | **46.6** | **46.9** | **48.3** | **49.0** | **51.0** | **51.3** | **51.8** | **7.3** | **0.9** |
| Core-connectivity | 25.2 | 25.7 | 25.5 | 26.1 | 25.9 | 26.6 | 26.2 | 26.4 | 0.9 | 0.6 |
| Digital portfolio | 21.0 | 20.8 | 21.4 | 22.2 | 23.1 | 24.4 | 25.1 | 25.4 | 14.9 | 1.3 |
| Digital Platforms and Services | 19.8 | 19.7 | 20.0 | 20.4 | 21.7 | 22.7 | 23.6 | 23.8 | 17.0 | 0.9 |
| Incubation services | 1.2 | 1.2 | 1.4 | 1.9 | 1.5 | 1.7 | 1.5 | 1.6 | (8.8) | 7.8 |
| **Core connectivity customer mix** | **25.2** | **25.7** | **25.5** | **26.1** | **25.9** | **26.6** | **26.2** | **26.4** | **0.9** | **0.6** |
| Service Providers | 8.0 | 7.8 | 8.0 | 8.2 | 8.7 | 7.6 | 8.6 | 7.9 | (9.0) | (8.2) |
| Enterprise | 17.2 | 17.9 | 17.5 | 17.9 | 17.3 | 19.0 | 17.6 | 18.5 | 5.8 | 5.0 |
| **Digital Platforms and services segment mix** | **19.8** | **19.7** | **20.0** | **20.4** | **21.7** | **22.7** | **23.6** | **23.8** | **17.0** | **0.9** |
| Collaboration & CPaaS | 10.5 | 10.5 | 10.4 | 11.1 | 11.8 | 11.4 | 11.7 | 12.6 | 12.9 | 7.4 |
| Cloud, Hosting and Security | 3.8 | 4.0 | 4.2 | 4.2 | 4.3 | 5.1 | 5.3 | 4.7 | 13.1 | (11.0) |
| Next Gen Connectivity (IZO & SDWAN) | 2.3 | 2.1 | 2.1 | 2.2 | 2.5 | 2.6 | 2.7 | 2.8 | 28.8 | 3.0 |
| Media Services | 3.1 | 3.1 | 3.4 | 2.9 | 3.1 | 3.5 | 3.9 | 3.7 | 29.3 | (4.2) |

Source: MOFSL, Company

## Exhibit 3: We ascribe a TP of INR1,750 to TCOM

| | Dec'27E EBITDA (INR b) | EV/EBITDA (X) | Enterprise Value INR b | Enterprise Value INR/share |
|---|---|---|---|---|
| **Data** | **54.2** | **9.5** | **515** | **1,807** |
| Voice and other businesses | 5.5 | 5 | 27 | 96 |
| Value of 26% stake in the data center | | | 37 | 132 |
| **Enterprise value** | | | **580** | **2,035** |
| Consolidated debt | | | 87 | 304 |
| Net equity value | | | 493 | 1,730 |
| **Rounded fair value, including dividend** | | | | **1,750** |
| % Upside (Downside) | | | | -10% |
| CMP (INR) | | | | 1,938 |

Source: MOFSL, Company

**Exhibit 4: Summary of our estimate revisions**

| | FY26E | FY27E | FY28E |
|---|---|---|---|
| **Voice revenue (INR b)** | | | |
| Old | 15.4 | 14.6 | 13.7 |
| Actual/New | 15.9 | 14.9 | 14.2 |
| Change (%) | **3.5** | **2.4** | **3.4** |
| **Data revenue, incl. TCR (INR b)** | | | |
| Old | 220.3 | 241.0 | 261.9 |
| Actual/New | 218.7 | 237.5 | 258.0 |
| Change (%) | **-0.7** | **-1.5** | **-1.5** |
| **Consolidated revenue (INR b)** | | | |
| Old | 245.9 | 266.4 | 287.0 |
| Actual/New | 246.6 | 265.8 | 286.6 |
| Change (%) | **0.3** | **-0.2** | **-0.2** |
| **Consolidated EBITDA (INR b)** | | | |
| Old | 49.1 | 56.0 | 61.1 |
| Actual/New | 48.7 | 55.8 | 61.0 |
| Change (%) | **-0.9** | **-0.3** | **-0.3** |
| **Voice EBITDA (INR b)** | | | |
| Old | 1.8 | 1.7 | 1.5 |
| Actual/New | 1.7 | 1.6 | 1.5 |
| Change (%) | **-3.5** | **-2.1** | **0.0** |
| **Data EBITDA, incl. TCR (INR b)** | | | |
| Old | 44.2 | 50.9 | 56.0 |
| Actual/New | 43.7 | 50.5 | 55.5 |
| Change (%) | **-1.0** | **-0.8** | **-1.0** |
| **EBITDA margin (%)** | | | |
| Old | 20.0 | 21.0 | 21.3 |
| Actual/New | 19.7 | 21.0 | 21.3 |
| Change (%) | **-23bps** | **-1bps** | **-3bps** |
| **PAT (INR m)** | | | |
| Old | 12.8 | 18.2 | 21.9 |
| Actual/New | 12.0 | 17.5 | 21.5 |
| Change (%) | -6.5 | -3.7 | -2.2 |

Source: MOFSL, Company

CONFERENCE CALL

## Detailed takeaways from the management interaction

- **Strategic bets:** TCOM is seeing strong progress both in product and capability build-out as well as receiving good early customer traction. The company launched Voice AI platform to strengthen its Kaleyra.ai platform value proposition. Further, AI Cloud is seeing good customer traction, with early deal wins for its sovereign AI cloud from a large payments player. TCOM's digital fabric tool enabled a large contract win at the GST Appellate Tribunal. Management expects **strategic bets to contribute at least 10% of the incremental digital revenues in FY26, which will scale up to INR100b by FY30.**
- **Order book and funnel:** TCOM's enterprise order book grew in double digits; however, the total order book was flat due to headwinds in the service provider segment. Management noted that 1HFY25 had the benefit of several large deal wins, and 1HFY26 order book was better than 2HFY25, which faced macro headwinds, with cloud/international order books growing in healthy mid-teen/double digits in 2Q. The funnel remains robust, with digital portfolio accounting for ~60%.
- **Potential collaboration with TCS on data centers:** Management noted that TCOM and TCS have been collaborating in various areas for a long period of time. Rising DC capacity in India will be beneficial for TCOM's core connectivity (DC to DC connectivity), digital fabric (Multi Cloud Connect, AI Cloud with liquid cooling) as well as from potential monetization of land parcels. However, there is no firm agreement at the moment.
- **FX benefits:** Management indicated that normalizing for FX movement, the consolidated revenue growth was up **by a modest 0.4% QoQ (vs. the reported 2.3% QoQ growth).**
- **Data EBITDA margins: ~**140bp QoQ improvement in data EBITDA margin was driven by 1) improvement in Vayu Cloud portfolio, 2) right-sizing in certain verticals in line with the growth, and 3) operating leverage with rising scale. However, near-term margins are likely to be impacted by the revenue loss and costs associated with the Red Sea cable cut and a change in the payout structure in TCR.
- **TCR margins:** The sharp contraction in TCR margins from 75% to 44% was due to a one-time impact arising from special management incentive payouts to reward the team for the scale-up of the business and to align compensations with the future growth ambitions. Management expects **TCR margins to settle in low-to-mid 50s in the steady state.**
- **Deal wins:** The company is seeing improved momentum in its international business with a multi-million deal win in Europe (German manufacturer for security offering) and a large deal win in APAC (one of the largest mobility players for interaction fabric).
- **ROCE, capex and growth ambitions**: Management reaffirmed their long-term ambition to i) double data revenue, ii) improve EBITDA margins to 23-25% range, iii) increase RoCE to 25%+, and iv) reduce leverage to <2x. However, the company continues to pursue strategic investments (such as GPUs to build-out AI capability, funding STT's growth plans, etc.), which could impact RoCE in the near term but will deliver value in the longer run. Management indicated that capex could remain in the range of 11-12% of sales in the near term.

- **Core-connectivity:** The growth was impacted by cable cuts in the Red Sea, with the impact likely to continue in 3QFY26. Management indicated that DC to DC connectivity remains the key growth driver for the segment, where TCOM has **~40% share** in the Indian market and is exploring investments in international markets.
- **Digital portfolio:** Media and Next-Gen Connectivity reported ~30% YoY growth, with Media benefitting from the World Athletics deal. Revenue growth in Cloud and Security was impacted by certain delays in one of the large deals, which should now be reflected in 3Q. Management remains confident of achieving mid-to-high-teen growth in Cloud in FY26. In the interaction fabric, there is a gradual shift from SMS to non-SMS, which should enable a margin uptick. The growth in MoVE and IoT fabric was impacted by access pricing erosion.
- **STT stake:** TCOM continues to invest in STT to maintain its 26% stake. The company has no plans to either reduce or increase its stake in STT (data centre entity) in the near term.
- **Other income and tax:** Other income turned negative in 2Q, due to the mark-to-market impact from the unfavorable FX movements. The tax rate was higher due to withholding tax on dividends from TCR.
- **Staff optimization:** The company has been right-sizing its workforce to align costs with business priorities, incurring some one-time restructuring expenses during the quarter. Management explained that the benefits of these actions will start to reflect in margins over the coming quarters.

## Story in charts

**Exhibit 5: Consol revenue increased 2.3% QoQ (+8% YoY on LTL basis); Adj. EBITDA margin expanded ~17bp QoQ**

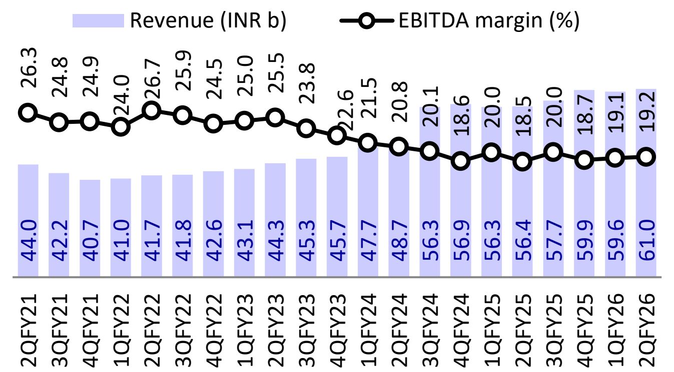



**Exhibit 6: Data revenue up ~1% QoQ (+7% YoY); margin expanded ~144bp QoQ**

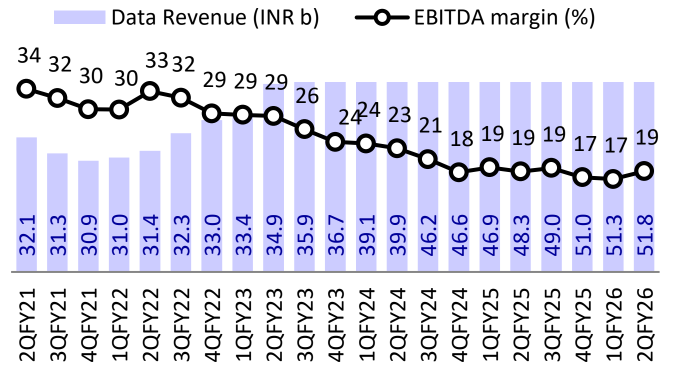
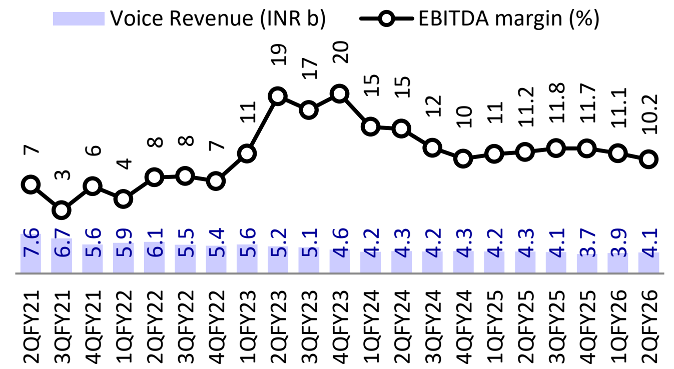
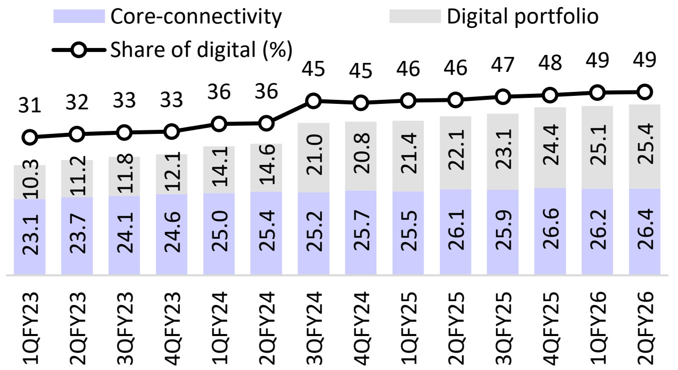



**Exhibit 7: Voice revenue grew 2.9% QoQ; margin contracted ~90bp QoQ**



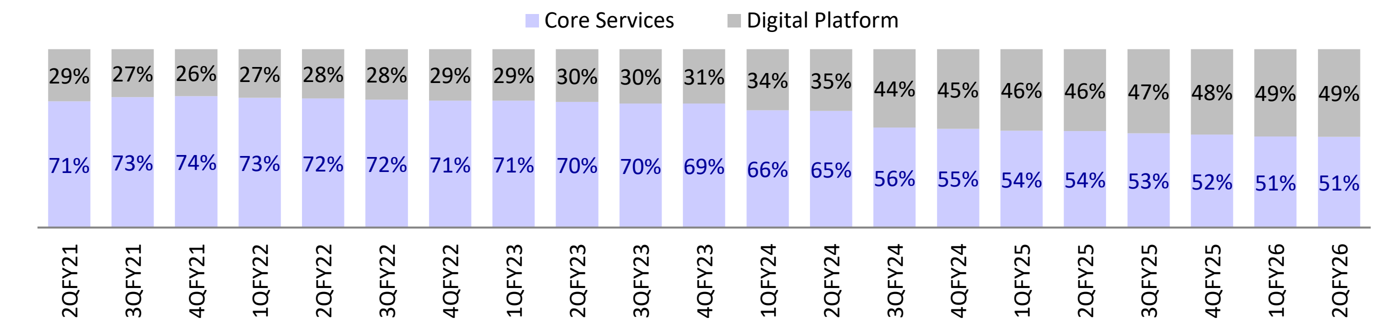

Source: MOFSL, Company

**Exhibit 8: Digital portfolio revenue up ~1.3% QoQ (+15% YoY)**



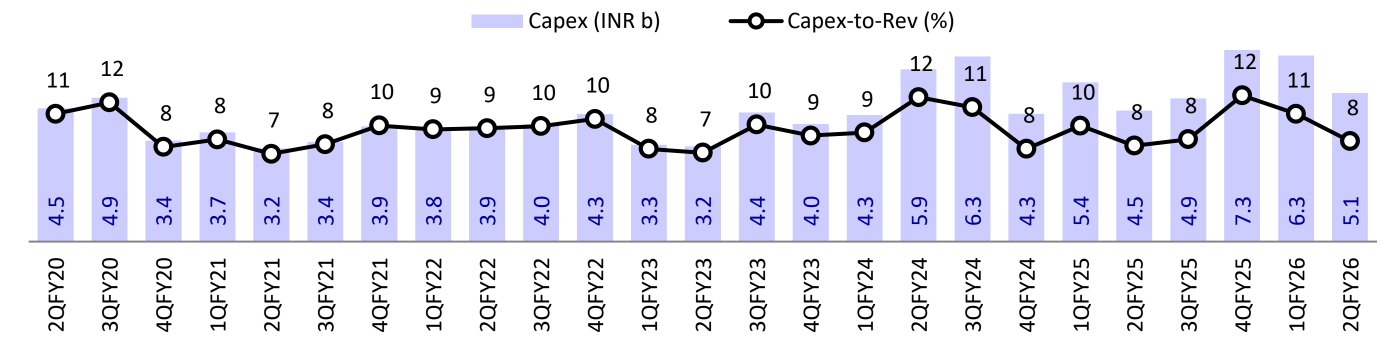

Source: MOFSL, Company

**Exhibit 9: Share of digital portfolio in the data revenue mix steady at ~49% in 2QFY26**



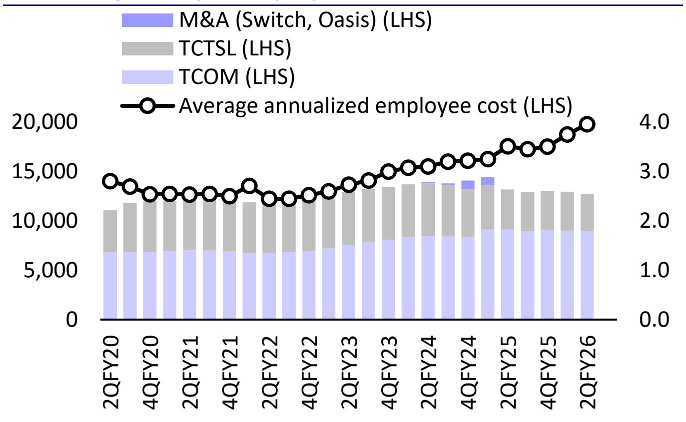

*Revised in line with the new reporting structure; Source: MOFSL, Company

**Exhibit 10: Quarterly cash capex declined ~20% QoQ to INR5.1b (though up ~13% YoY)**



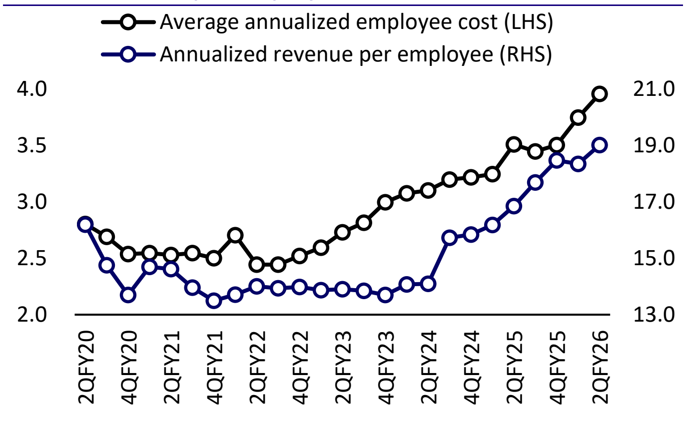

Source: MOFSL, Company

**Exhibit 11: TCOM's FTE base declined ~249 in 2QFY26, while the average cost per employee increased ~6% QoQ**



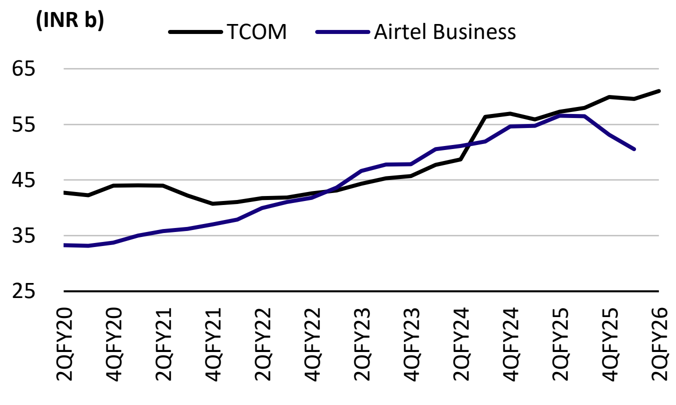

Source: MOFSL, Company

**Exhibit 12: TCOM's annual cost per employee increased to INR4m; revenue per employee increased ~4% QoQ**



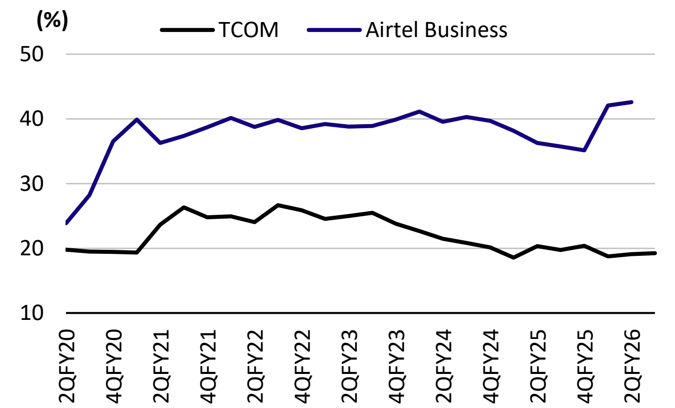

Source: MOFSL, Company

**Exhibit 13: After the Kaleyra acquisition, TCOM's gross revenue surpassed Bharti's enterprise revenue**



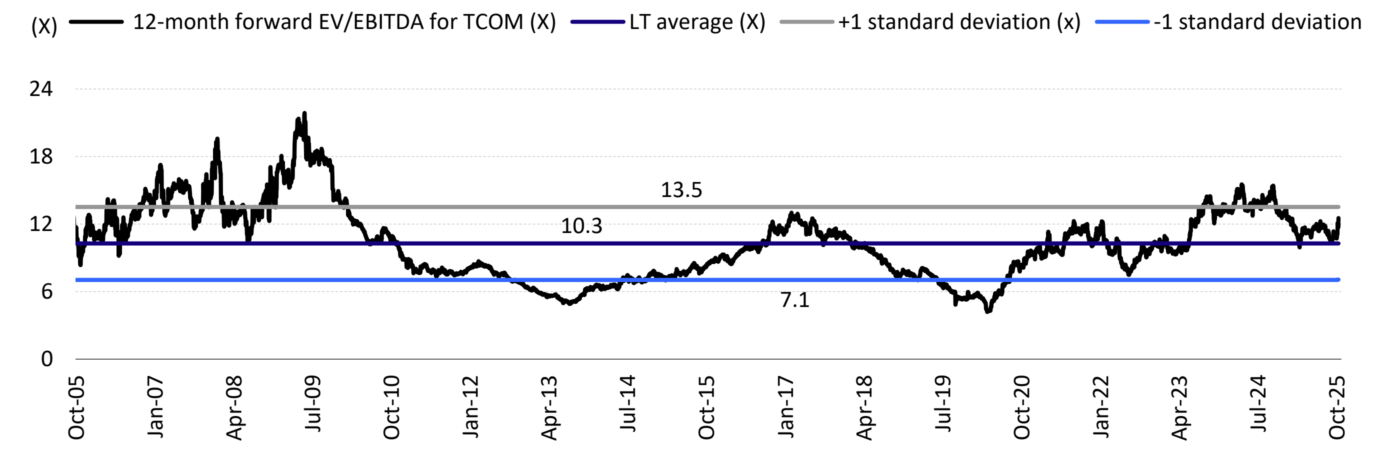

Source: MOFSL, Company

**Exhibit 14: However, Bharti's enterprise business EBITDA margin is significantly ahead of TCOM's**




Source: MOFSL, Company

**Exhibit 15: Post recent run-up, TCOM trades at 12.5x EV/EBITDA, a ~22% premium to its long-term average 12-month forward EV/EBITDA**




Source: MOFSL, Company

# Financials and valuations

| Consolidated - Income Statement | | | | | | | | | (INRb) |
|---|---|---|---|---|---|---|---|---|---|
| **Y/E March** | **FY20** | **FY21** | **FY22** | **FY23** | **FY24** | **FY25** | **FY26E** | **FY27E** | **FY28E** |
| **Total Income from Operations** | **170.7** | **171.0** | **167.2** | **178.4** | **209.7** | **229.9** | **246.6** | **265.8** | **286.6** |
| Change (%) | 3.3 | 0.2 | -2.2 | 6.7 | 17.5 | 9.7 | 7.2 | 7.8 | 7.8 |
| Network Cost | 67.8 | 63.3 | 62.0 | 63.8 | 80.9 | 100.5 | 107.3 | 115.0 | 123.2 |
| Staff Cost | 30.4 | 30.5 | 30.4 | 36.0 | 44.5 | 45.6 | 48.6 | 51.8 | 55.3 |
| Operating & Other Expense | 39.6 | 34.6 | 32.6 | 35.5 | 42.0 | 39.3 | 42.1 | 43.2 | 47.1 |
| **Total Expenditure** | **137.8** | **128.4** | **125.0** | **135.2** | **167.4** | **185.4** | **197.9** | **210.0** | **225.6** |
| % of Sales | 80.7 | 75.1 | 74.7 | 75.8 | 79.8 | 80.6 | 80.3 | 79.0 | 78.7 |
| **EBITDA** | **32.9** | **42.6** | **42.3** | **43.2** | **42.3** | **44.5** | **48.7** | **55.8** | **61.0** |
| Margin (%) | 19.3 | 24.9 | 25.3 | 24.2 | 20.2 | 19.4 | 19.7 | 21.0 | 21.3 |
| Depreciation | 23.6 | 23.1 | 22.0 | 22.6 | 24.7 | 25.9 | 27.2 | 28.5 | 29.9 |
| **EBIT** | **9.3** | **19.5** | **20.2** | **20.6** | **17.6** | **18.6** | **21.4** | **27.3** | **31.0** |
| Int. and Finance Charges | 4.7 | 4.2 | 3.6 | 4.3 | 6.4 | 7.3 | 7.1 | 6.0 | 4.8 |
| Other Income | 0.7 | 1.6 | 3.3 | 3.6 | 2.8 | 1.3 | 0.8 | 0.9 | 1.0 |
| **PBT bef. EO Exp.** | **5.3** | **16.8** | **19.9** | **19.9** | **14.0** | **12.6** | **15.2** | **22.2** | **27.2** |
| EO Items | -3.9 | -0.7 | 0.1 | 0.8 | -2.4 | 8.1 | 0.4 | 0.0 | 0.0 |
| **PBT after EO Exp.** | **1.4** | **16.1** | **20.0** | **20.6** | **11.6** | **20.7** | **15.6** | **22.2** | **27.2** |
| Total Tax | 2.3 | 3.5 | 5.2 | 3.0 | 2.1 | 4.9 | 3.6 | 5.0 | 6.1 |
| Tax Rate (%) | 162 | 22 | 26 | 14 | 18 | 24 | 23 | 23 | 23 |
| Minority Interest | 0.0 | 0.0 | 0.0 | -0.3 | -0.2 | -0.4 | -0.4 | -0.3 | -0.4 |
| **Reported PAT** | **-0.9** | **12.5** | **14.8** | **18.0** | **9.7** | **16.3** | **12.4** | **17.5** | **21.5** |
| **Adjusted PAT** | **3.0** | **13.3** | **14.8** | **17.2** | **12.0** | **8.2** | **12.0** | **17.5** | **21.5** |
| Change (%) | -582.2 | 340.2 | 11.5 | 16.4 | -30.0 | -32.0 | 46.0 | 46.6 | 22.5 |
| Margin (%) | 1.8 | 7.8 | 8.8 | 9.6 | 5.7 | 3.6 | 4.8 | 6.6 | 7.5 |

| Consolidated - Balance Sheet | | | | | | | | | (INRb) |
|---|---|---|---|---|---|---|---|---|---|
| **Y/E March** | **FY20** | **FY21** | **FY22** | **FY23** | **FY24** | **FY25** | **FY26E** | **FY27E** | **FY28E** |
| Equity Share Capital | 2.9 | 2.9 | 2.9 | 2.9 | 2.9 | 2.9 | 2.9 | 2.9 | 2.9 |
| Total Reserves | -15.6 | -1.7 | 6.4 | 12.3 | 15.0 | 27.4 | 31.4 | 43.0 | 57.0 |
| **Net Worth** | **-12.8** | **1.2** | **9.3** | **15.2** | **17.9** | **30.2** | **34.3** | **45.8** | **59.8** |
| Minority Interest | 0.0 | 0.3 | 0.3 | 0.3 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Total Loans | 81.6 | 98.0 | 79.0 | 75.3 | 101.2 | 108.8 | 93.8 | 78.8 | 63.8 |
| Lease Liabilities | 39.9 | 14.4 | 12.2 | 10.4 | 11.5 | 14.8 | 14.8 | 14.8 | 14.8 |
| Deferred Tax Liabilities | -2.5 | -2.8 | -1.9 | -3.2 | -5.2 | -11.6 | -11.6 | -11.6 | -11.6 |
| **Capital Employed** | **106.3** | **111.0** | **98.9** | **98.0** | **125.3** | **142.2** | **131.2** | **127.8** | **126.8** |
| Gross Block | 129.1 | 151.3 | 170.4 | 190.3 | 226.9 | 0.0 | 0.0 | 0.0 | 0.0 |
| Less: Accum. Deprn. | 28.6 | 51.7 | 73.8 | 96.4 | 121.1 | 0.0 | 0.0 | 0.0 | 0.0 |
| **Net Fixed Assets** | **100.5** | **99.6** | **96.6** | **93.9** | **105.8** | **119.9** | **117.3** | **114.7** | **111.7** |
| Right to Use Assets | **16.0** | **13.3** | **11.5** | 10.0 | 11.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Goodwill on Consolidation | 0.9 | 1.1 | 1.1 | 1.2 | 17.8 | 19.3 | 19.3 | 19.3 | 19.3 |
| Capital WIP | 4.5 | 6.1 | 8.7 | 11.5 | 13.3 | 11.0 | 11.0 | 11.0 | 11.0 |
| **Total Investments** | **15.6** | **22.3** | **15.7** | **19.5** | **16.1** | **18.0** | **18.0** | **18.0** | **18.0** |
| **Curr. Assets, Loans & Adv.** | **72.0** | **67.8** | **61.0** | **66.0** | **74.4** | **77.7** | **72.7** | **77.0** | **84.7** |
| Inventory | 0.7 | 0.3 | 0.4 | 1.6 | 0.8 | 1.6 | 1.6 | 1.6 | 1.6 |
| Account Receivables | 32.3 | 26.1 | 25.8 | 27.4 | 37.6 | 40.1 | 41.6 | 44.1 | 46.8 |
| Cash and Bank Balance | 9.1 | 9.3 | 7.4 | 10.6 | 8.4 | 17.6 | 10.4 | 10.7 | 14.0 |
| Loans and Advances | 29.9 | 32.1 | 27.3 | 26.4 | 27.6 | 18.5 | 19.1 | 20.6 | 22.2 |
| **Curr. Liability & Prov.** | **103.2** | **99.3** | **95.6** | **103.9** | **113.1** | **103.7** | **107.1** | **112.3** | **117.9** |
| Account Payables | 38.4 | 32.4 | 30.1 | 32.8 | 36.6 | 35.7 | 36.9 | 39.8 | 42.9 |
| Other Current Liabilities | 57.3 | 60.0 | 57.9 | 62.7 | 67.3 | 58.7 | 60.1 | 61.8 | 63.6 |
| Provisions | 7.5 | 6.9 | 7.7 | 8.5 | 9.3 | 9.4 | 10.0 | 10.7 | 11.4 |
| **Net Current Assets** | **-31.2** | **-31.5** | **-34.6** | **-37.9** | **-38.7** | **-26.0** | **-34.3** | **-35.2** | **-33.3** |
| **Appl. of Funds** | **106.3** | **111.0** | **98.9** | **98.0** | **125.3** | **142.2** | **131.2** | **127.8** | **126.8** |

# Financials and valuations

| Ratios | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| **Y/E March** | **FY20** | **FY21** | **FY22** | **FY23** | **FY24** | **FY25** | **FY26E** | **FY27E** | **FY28E** |
| **Basic (INR)** | | | | | | | | | |
| **EPS** | **10.6** | **46.5** | **51.8** | **60.3** | **42.3** | **28.7** | **42.0** | **61.5** | **75.3** |
| Cash EPS | 93.3 | 127.7 | 129.2 | 139.7 | 128.9 | 119.7 | 137.6 | 161.5 | 180.3 |
| BV/Share | -44.9 | 4.1 | 32.5 | 53.3 | 62.7 | 106.0 | 120.3 | 160.7 | 209.9 |
| DPS | 4.0 | 14.0 | 20.7 | 21.0 | 16.7 | 25.0 | 20.0 | 25.0 | 30.1 |
| Payout (%) | 37.9 | 30.1 | 39.9 | 34.8 | 39.5 | 69.2 | 47.7 | 40.6 | 39.9 |
| **Valuation (x)** | | | | | | | | | |
| P/E | 183.4 | 41.7 | 37.4 | 32.1 | 45.9 | 67.4 | 46.2 | 31.5 | 25.7 |
| Cash P/E | 20.8 | 15.2 | 15.0 | 13.9 | 15.0 | 16.2 | 14.1 | 12.0 | 10.7 |
| P/BV | -43.2 | 478.4 | 59.5 | 36.4 | 30.9 | 18.3 | 16.1 | 12.1 | 9.2 |
| EV/Sales | 3.8 | 3.7 | 3.7 | 3.4 | 3.1 | 2.9 | 2.6 | 2.4 | 2.2 |
| EV/EBITDA | 19.7 | 14.9 | 14.7 | 14.1 | 15.1 | 14.8 | 13.4 | 11.4 | 10.1 |
| Dividend Yield (%) | 0.2 | 0.7 | 1.1 | 1.1 | 0.9 | 1.3 | 1.0 | 1.3 | 1.6 |
| FCF Per Share | 36.5 | 64.5 | 89.7 | 103.2 | 39.0 | 25.0 | 74.3 | 91.7 | 102.6 |
| **Return Ratios (%)** | | | | | | | | | |
| RoE | -41.2 | -227.9 | 283.3 | 140.6 | 72.9 | 34.1 | 37.1 | 43.8 | 40.7 |
| RoCE | -5.8 | 14.8 | 16.3 | 20.6 | 14.4 | 10.7 | 11.6 | 15.5 | 17.9 |
| RoIC | -7.5 | 20.2 | 21.3 | 28.5 | 20.0 | 15.6 | 17.6 | 23.5 | 28.0 |
| **Working Capital Ratios** | | | | | | | | | |
| Fixed Asset Turnover (x) | 1.3 | 1.1 | 1.0 | 0.9 | 0.9 | NA | NA | NA | NA |
| Asset Turnover (x) | 1.6 | 1.5 | 1.7 | 1.8 | 1.7 | 1.6 | 1.9 | 2.1 | 2.3 |
| Inventory (Days) | 2 | 1 | 1 | 3 | 1 | 3 | 2 | 2 | 2 |
| Debtor (Days) | 69 | 56 | 56 | 56 | 65 | 64 | 62 | 61 | 60 |
| Creditor (Days) | 82 | 69 | 66 | 67 | 64 | 57 | 55 | 55 | 55 |
| **Leverage Ratio (x)** | | | | | | | | | |
| Current Ratio | 0.7 | 0.7 | 0.6 | 0.6 | 0.7 | 0.7 | 0.7 | 0.7 | 0.7 |
| Interest Cover Ratio | 2.0 | 4.6 | 5.6 | 4.8 | 2.7 | 2.6 | 3.0 | 4.6 | 6.5 |
| Net Debt/Equity | -7.6 | 69.9 | 7.3 | 3.7 | 4.9 | 3.5 | 2.9 | 1.8 | 1.1 |

| Consolidated - Cash Flow | | | | | | | | | (INRb) |
|---|---|---|---|---|---|---|---|---|---|
| **Y/E March** | **FY20** | **FY21** | **FY22** | **FY23** | **FY24** | **FY25** | **FY26E** | **FY27E** | **FY28E** |
| OP/(Loss) before Tax | -0.8 | 12.5 | 20.0 | 20.6 | 11.6 | 20.7 | 15.6 | 22.2 | 27.2 |
| Depreciation | 23.6 | 23.1 | 22.0 | 22.6 | 24.7 | 25.9 | 27.2 | 28.5 | 29.9 |
| Interest & Finance Charges | 4.7 | 4.2 | 3.6 | 4.3 | 8.3 | 6.0 | 6.3 | 5.1 | 3.8 |
| Direct Taxes Paid | -2.8 | -5.0 | 0.9 | -2.0 | -2.2 | -8.4 | -3.6 | -5.0 | -6.1 |
| (Inc)/Dec in WC | -2.5 | -5.5 | -4.7 | -0.6 | -11.0 | -10.1 | 1.1 | 1.2 | 1.4 |
| **CF from Operations** | **22.1** | **29.4** | **41.8** | **45.0** | **31.4** | **34.1** | **46.7** | **52.0** | **56.2** |
| Others | 3.1 | 2.4 | 0.2 | -1.1 | 0.5 | -5.0 | -0.8 | 0.0 | 0.0 |
| **CF from Operating incl EO** | **25.2** | **31.8** | **42.0** | **43.8** | **31.8** | **29.1** | **45.8** | **52.0** | **56.2** |
| (Inc)/Dec in FA | -14.9 | -13.4 | -16.5 | -14.4 | -20.7 | -22.0 | -24.7 | -25.9 | -26.9 |
| **Free Cash Flow** | **10.4** | **18.4** | **25.6** | **29.4** | **11.1** | **7.1** | **21.2** | **26.1** | **29.3** |
| (Pur)/Sale of Investments | -0.5 | -6.9 | 9.4 | -3.2 | -3.6 | 0.0 | 0.0 | 0.0 | 0.0 |
| Others | 0.0 | 0.3 | -1.9 | -0.8 | -2.1 | 0.2 | 0.8 | 0.9 | 1.0 |
| **CF from Investments** | **-15.3** | **-20.0** | **-8.9** | **-18.4** | **-26.4** | **-21.8** | **-23.8** | **-25.1** | **-26.0** |
| 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 | -4.0 | -8.4 | -27.8 | -13.0 | 3.2 | 1.1 | -15.0 | -15.0 | -15.0 |
| Interest Paid | -3.9 | -2.5 | -2.5 | -3.5 | -5.3 | -5.6 | -7.1 | -6.0 | -4.8 |
| Dividend Paid | -1.5 | -1.1 | -4.0 | -5.9 | -6.0 | -4.8 | -7.1 | -5.7 | -7.1 |
| Others | 0.0 | 0.5 | -0.6 | 0.1 | -0.1 | 0.0 | 0.0 | 0.0 | 0.0 |
| **CF from Fin. Activity** | **-9.4** | **-11.6** | **-34.9** | **-22.2** | **-8.2** | **-9.4** | **-29.2** | **-26.7** | **-26.9** |
| **Inc/Dec of Cash** | **0.6** | **0.2** | **-1.8** | **3.2** | **-2.8** | **-2.0** | **-7.2** | **0.3** | **3.3** |
| Opening Balance | 8.5 | 9.1 | 9.3 | 7.4 | 10.6 | 11.5 | 17.6 | 10.4 | 10.7 |
| **Closing Balance** | **9.1** | **9.3** | **7.4** | **10.6** | **8.4** | **17.6** | **10.4** | **10.7** | **14.0** |

## N O T E S

| Explanation of Investment Rating | |
|---|---|
| **Investment Rating** | **Expected return (over 12-month)** |
| BUY | >=15% |
| SELL | < - 10% |
| NEUTRAL | < - 10 % to 15% |
| UNDER REVIEW | Rating may undergo a change |
| NOT RATED | We have forward looking estimates for the stock but we refrain from assigning recommendation |

*In case the recommendation given by the Research Analyst is inconsistent with the investment rating legend for a continuous period of 30 days, the Research Analyst shall be within following 30 days take appropriate measures to make the recommendation consistent with the investment rating legend.

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