

This is the management commentary for Q2FY27. The detailed transcript with Q&A will follow shortly

Q2 FY27 MD & CEO Commentary

Thank you. Good evening, everyone, and thank you for joining us today.

Last quarter, I shared what I learned from our customers, the leadership team we were putting in place, and the clear priorities that would guide our next phase of growth. The message was simple: **build the team, lay out a simple plan for everyone in the org to align to, and execute with discipline.**

Today, I am pleased to say that our leadership team is now fully in place with Narottam Sharma joining us as Chief Transformation Officer. Narottam will lead our enterprise-wide transformation agenda and ensure Tata Communications is future-ready. He brings more than two decades of experience in large-scale digital transformation and most recently serving as CIO at Jubilant FoodWorks.

With this, I am happy to say, that the team and the plan are well aligned across the organisation.

Our Q2 performance and our H1 performance is clear evidence of our focused execution.

My single largest focus has been profitable growth and happy to share our EBITDA has crossed INR 1,400 crores mark and EBITDA growth is at 21.2% YoY.

This is the highest year-on-year EBITDA growth ever achieved since the recent M&As.

Moreover, profitability of our digital portfolio has improved significantly.

Digital portfolio reported EBITDA margin of negative 3.6%, versus negative 6.9% in the previous quarter.

Our losses have become less than half of what was in Q1.

With this we are very close to EBITDA break even for the overall digital portfolio.

Order Book this quarter has seen robust double-digit growth.

Our customer wins this quarter has been ubiquitous across all regions and segments.

In UK and APAC markets, we are winning strong with financial services,

In Americas- neo clouds and hyper-scalers are driving momentum

India market is witnessing big uptick in the cloud portfolio.

GCC customers continue to expand their operations by setting up new locations and we started seeing repeat business from existing GCC customers.

We are particularly encouraged that a growing proportion of our recent wins are from AI-led demand.

As enterprises focus on scaling AI, customers are increasingly seeking partners that can securely deploy AI, connect it with enterprise context, and translate intelligence into business outcomes.

The days of technology forward experiments which resulted in high costs and no ROI is coming to an end. Our customers are executing new business models with clear ROI and full control over the cost.

We believe this shift represents a significant opportunity and reinforces our conviction that AI-enabled customer journeys will become an important growth driver for the company.

Our confidence is underpinned by our Three layers AI Stack combining a trusted AI foundation, an enterprise context layer, and an execution platform that enables enterprises to operationalize AI at scale.

Our Hardware layer is sovereign by design. We provide enterprises with a secure, governed AI foundation that enables them to deploy AI confidently while meeting security, compliance, and data residency requirements.

Data & Intelligence: The Enterprise Brain

Through Commotion, we create an enterprise-wide intelligence layer that connects data, workflows, relationships, and institutional knowledge.

This gives AI systems the context required to make smarter decisions and operate within clearly defined governance boundaries.

If data is not transformed to intelligence – there is only hallucination.

All intelligence without the action layer – is having the smartest and highest paid employee without real output.

Code & Action: Turning Intelligence into Outcomes

With Commotion, we transform enterprise context into action by rapidly deploying AI applications and agents across voice, messaging, and digital channels.

By connecting organizational knowledge with execution, enterprises can automate workflows, enhance customer and employee experiences, and accelerate business outcomes.

This capability is enabling our Interaction business to evolve from delivering channel-based solutions to orchestrating AI-powered customer journeys.

Our moat lies in building the connective tissue between enterprise knowledge and enterprise action.

One of our notable AI-led wins this quarter was with Tata Consumer, where we are enabling field sales teams through Sales Saathi, an AI-powered assistant that delivers personalized guidance, recommendations, and battle cards through multilingual voice interactions.

We were selected for our ability to combine deep communications integration with frontline teams, a customer-owned enterprise context layer that preserves control over business knowledge and insights, and strong support for colloquial Indian languages.

We are seeing a similar trend in customer experience transformation.

Our Voice AI agents are now live within customer journeys at HDFC ERGO General Insurance, India's leading private sector general insurer. They currently support policy servicing in multiple Indian languages, with more languages planned soon. This deployment underscores our platform's ability to operate effectively in a highly regulated environments that demands stringent compliance and governance standards.

These engagements illustrate the growing demand for AI systems that do more than generate insights. Demand for our AI offerings remains robust and diversified.

During the quarter, we secured a multi-million-dollar engagement with a leading global neo-cloud provider to deliver multi-terabit connectivity for the interconnection of large-scale GPU clusters supporting its AI data centre build-out in India. This win highlights our ability to enable the high-performance infrastructure that powers next-generation AI workloads and further strengthens our position within the evolving AI ecosystem.

Demand for DC-to-DC connectivity remained robust during the quarter, driven by accelerating AI infrastructure deployments.

In India - With over 80,000 kilometres of terrestrial fiber, 30,000 kilometers of metro fibre, and connectivity across 118 data centres, we have established a strong foundation to capture this growing opportunity.

While we will continue to invest in expanding our capabilities, we remain focused on disciplined execution, scaling capacity in line with customer demand and leveraging anchor customer led expansion opportunities to ensure efficient capital deployment.

Our investments, focus on profitability and success with AI stack is setting the path for future growth and the most important and interesting part is that the colour of this growth is changing for us and is creating new opportunities.

While execution remains the key, we are very excited about what is coming next for us.

With that, let me hand it over to Sid, who will take you through the financial performance in greater details.

Q2 FY27 CFO Commentary

Thank you, Ganesh.

Let me start with the quarter performance. The Q2 FY27 consolidated revenue came in at INR 6,688 Cr, up 9.6% YoY. Data revenue for the quarter came in at INR 5,810 Cr, growth of 12.2% YoY. Digital Portfolio revenue is up 18.6% YoY. Digital revenue growth was broad based led by Interaction, Next gen connectivity and IoT platform. The topline has certain forex impacts accruing from a strengthening dollar. Normalizing for the same, data revenue saw a growth about 6% YoY; digital portfolio growth at constant currency was healthy double digits.

I am happy to report that EBITDA for the quarter came in at INR 1,422, up 21.2% YoY. H1 EBITDA YoY growth is at 14.8%. EBITDA margins for the quarter came in at 21.3%. The improvement in profitability is driven by a significant reduction in losses across the digital portfolio. Our digital portfolio reported an EBITDA margin of -3.6%. As Ganesh mentioned, we are making steady progress towards breakeven for digital portfolio.

PAT after MI for this quarter stood at INR 341cr, up 86% YoY. I am pleased to share, that we have reached an in-principal agreement with the Canada Revenue agency on settling a long-standing tax matter at our Canada subsidiary. The corresponding contingent liability as on March 31, 2026 stood at INR 1,658 crores. The terms of settlement are currently under finalization, and we will make necessary disclosures in due course.

FCF for the quarter was INR 212 Cr, sharp improvement from a negative FCF in the previous quarter. Our EBITDA-to-Operating Cash Flow conversion improved to 72%, demonstrating our focus in driving agility while maintaining disciplined capital and working capital management.

Cash capex trended up this quarter, reflecting investments in our undersea cable assets and DC-to-DC network expansion. These investments are aligned with long-term demand opportunities. At the same time, we remain disciplined in our capital allocation, with a strong focus on capital efficiency and sustaining healthy portfolio-level ROCE.

We ended the quarter with Net debt of INR 11,197 Cr. Net debt/ EBITDA stands at 2.17x. Net debt/ EBITDA has held steady despite dividend payments this quarter. ROCE came in at 15.9%, up by 71bps YoY, driven by our focus on capital efficiency.

Overall, we are pleased with the progress we are making on digital portfolio margin expansion and remain committed to driving the portfolio break-even. We are encouraged by the improvements delivered across our financial metrics, an outcome of focused execution and increasing operating leverage. More importantly, I am encouraged to see the uplift in Order Book this quarter. With that, we will open the floor for questions.