

Tata Communications | BUY

Data revenue growth muted; but profitability improved

Tata Communications' (TCOM) consolidated revenue was slightly higher at INR 61bn (up 2.3% QoQ and up 6.5% YoY), vs. JMFe/cons of INR 60.3bn/INR 60.8bn due to higher voice revenue and TCTSL revenue. However, the data segment revenue was 0.7% lower than JMFe at INR 51.8bn due to lower digital portfolio revenue, though partly offset by slightly higher core connectivity revenue. Consolidated EBITDA was also slightly higher than JMFe at INR 11.6bn (but lower than cons of INR 12.2bn), led by 144bps QOQ improvement in data EBITDA margin. Net debt was up QoQ at INR 113bn at end 2QFY26 or net debt to EBITDA of 2.4x (vs INR 101bn at end 1QFY26 or net debt to EBITDA of 2.2x), primarily due to dividend payments of INR 7.3bn. We maintain our BUY rating on TCOM (revised TP of INR 2,250/share) based on 11x FY27 EV/EBITDA multiple for the data segment, (in line with 5-year historical average of 10.9x) as we expect data segment EBITDA to grow at a robust CAGR of ~22% over FY25-28E.

- **Data revenue 2% lower than JMFe at INR 51.8bn due to lower digital portfolio revenue, while overall revenue slightly better on higher voice and TCTSL revenue:** Consolidated revenue was slightly higher at INR 61bn (up 2.3% QoQ and up 6.5% YoY), vs. JMFe/cons of INR 60.3bn/INR 60.8bn due to higher voice revenue (at INR 4.1bn vs JMFe of INR 3.9bn) and TCTSL revenue (at INR 2.6bn vs JMFe of INR 1.9bn). However, the data segment revenue was 0.7% lower than JMFe at INR 51.8bn (up 0.9% QoQ and 7.3% YoY), as digital portfolio revenue was 2% lower than JMFe at INR 25.4bn (up 1.3% QoQ and 14.9% YoY), though partly offset by slightly higher core connectivity revenue at INR 26.4bn (up 0.6% QoQ and up 0.9% YoY). The lower digital portfolio revenue growth was primarily on account of decline in cloud and cyber-security (down 11% QoQ but up 13.1% YoY) and media (down 4.2% QoQ but up 29.3% YoY on low base); though supported by healthy growth in Collaboration & CPaaS (up 7.4% QoQ and 12.9% YoY), incubation portfolio (up 7.8% QoQ but down 8.8% YoY) and next-gen connectivity (up 3% QoQ and up 28.8% YoY).
- **Cons EBITDA also slightly higher than JMFe at INR 11.6bn, led by improvement in data EBITDA margin:** Staff cost was higher at INR 12.7bn (up 4.3% QoQ); but this was partly offset by lower network cost at INR 27.2bn (down 0.5% QoQ), being 44.5% of revenues (vs. 45.8% of revenues in 1QFY26); and lower other operating costs at INR 9.4bn (up 7.4% QoQ). Hence, reported EBITDA at INR 11.7bn (up 3.2% QoQ and up 3.9% YoY), was slightly higher than JMFe of INR 11.6bn (but lower than cons of INR 12.2bn), resulting in EBITDA margin of 19.2% in 2QFY26 (vs. 19.1% in 1QFY26). This was primarily led by 144bps QoQ improvement in data EBITDA margin to 18.6% in 2QFY26. However, PAT was lower at INR 1.8bn vs. JMFe/cons of INR 2.6bn/INR 3.1bn due to lower other income (at negative INR 0.2bn vs JMFe of +INR 0.2bn), slightly higher tax, and one-off expenses of INR 0.2bn (staff optimisation cost of INR 1bn; partly offset by gain of INR 0.8bn on sale of property).
- **Capex increased QoQ to INR 6bn (vs. INR 4.4bn in 1QFY26); while net debt up QoQ to INR 113bn:** Capex increased QoQ to INR 6bn in 2QFY26 or 9.8% of revenue (vs. INR 4.4bn or 7.3% of revenue in 1QFY26). Further, management guided capex to be ~11-12%



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Recommendation and Price Target

Current Reco.	BUY
Previous Reco.	BUY
Current Price Target (12M)	2,250
Upside/(Downside)	15.1%
Previous Price Target	2,000
Change	12.5%

Key Data – TCOM IN

Current Market Price	INR1,956
Market cap (bn)	INR557.3/US\$6.3
Free Float	40%
Shares in issue (mn)	285.0
Diluted share (mn)	285.0
3-mon avg daily val (mn)	INR1,471.9/US\$16.7
52-week range	2,000/1,291
Sensex/Nifty	82,605/25,324
INR/US\$	88.1

Price Performance

%	1M	6M	12M
Absolute	17.1	22.9	1.3
Relative*	16.8	14.6	-0.1

* To the BSE Sensex

Financial Summary

(INR mn)

Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Net Sales	2,07,847	2,31,086	2,46,300	2,70,406	3,03,111
Sales Growth (%)	16.5	11.2	6.6	9.8	12.1
EBITDA	43,172	45,690	49,758	62,147	73,327
EBITDA Margin (%)	20.8	19.8	20.2	23.0	24.2
Adjusted Net Profit	13,591	9,338	13,493	22,387	29,969
Diluted EPS (INR)	47.7	32.8	47.3	78.6	105.2
Diluted EPS Growth (%)	-21.0	-31.3	44.5	65.9	33.9
ROIC (%)	17.4	10.5	13.1	18.9	23.7
ROE (%)	82.3	38.8	39.0	48.4	47.4
P/E (x)	41.0	59.7	41.3	24.9	18.6
P/B (x)	31.2	18.5	14.3	10.4	7.6
EV/EBITDA (x)	15.1	14.5	13.1	10.3	8.5
Dividend Yield (%)	0.9	1.3	0.8	1.4	1.9

Source: Company data, JM Financial. Note: Valuations as of 15/Oct/2025

JM Financial Research is also available on: Bloomberg - JMFR <GO>, FactSet, LSEG and S&P Capital IQ.

Please see Appendix I at the end of this report for Important Disclosures and Disclaimers and Research Analyst Certification.

of sales. Separately, net debt was at INR 113bn at end 2QFY26 or net debt to EBITDA of 2.4x (vs INR 101bn at end 1QFY26 or net debt to EBITDA of 2.2x), primarily due to dividend payments of INR 7.3bn.

- **Reiterate BUY rating on TCOM with revised TP of INR 2,250:** We have cut our FY26 EBITDA estimate by 8% post management expressed uncertainty in achieving EBITDA margin of 20% in FY26, due to continued red sea cable cuts and deterioration in TCR's profitability post introduction of new incentive compensation structure. However, we have slightly increased our FY27-FY28 revenue/EBITDA estimates by ~1%, factoring slightly higher revenue in connectivity business to account marginally for TCS-announced data centre opportunity. Further, we have rolled forward our valuations to Sep'27; hence, our TP has been revised upwards to INR 2,250 (from INR 2,000). We are building in a robust ~22% data segment EBITDA CAGR over FY25-28E driven by **a)** strong growth in digital portfolio, positioned strongly across key megatrends like cloud, AI, IoT, etc.; **b)** overall EBITDA margin improving from current ~19% to ~23% by FY27 (lower end of management guidance of 23%-25%) as operating leverage and acquisition synergies are likely to be partly offset by adverse revenue mix. Hence, we reiterate our BUY rating on TCOM with revised target price of INR 2,250/share, based on an 11x Sep'27 EV/EBITDA multiple for the data segment (in line with 5-year historical average of 10.9x). Key risks: **a)** weak global macro leading to deferment in discretionary tech spends; **b)** significant delay beyond FY27 to get to positive EBITDA margin in Digital portfolio segment; **c)** adverse AGR ruling.

2QFY26 concall takeaways

1) On TCS-announced 1GW data centre opportunity, management said that **TCOM would be in very strong collaboration with TCS in many areas** (including data centre connectivity); TCOM has been collaborating with TCS in the past as well.

Further, added that **TCOM has a very strong position of the DC-DC connectivity in India**, with 40% market share and **expects to benefit from doubling data centre capacity in India over next 5 years**.

2) Order book flat QoQ despite multiple deal wins; sales funnel continues to be healthy and diversified:

a) Overall order book was flat QoQ in 2QFY26, driven by headwinds in the service provider segment. However, **enterprise order book and international order book both grew healthy double-digit QoQ**.

b) Key deal wins: i) Multi-year, multi-million dollar deal from German manufacturer in security fabric; ii) A large deal with one of the world's largest mobility players in APAC region in interaction fabric; and iii) Multi fabric multi-crore deal from GST Appellate Tribunal (GSTAT).

c) Sales funnel continues to be healthy and diversified across core connectivity and digital services (contributing 60%).

3) Its subsidiary TCR's (The Campaign Registry) EBITDA margin declined to 44% in 2QFY26 (from 72% in 1QFY26) due to introduction of new incentive compensation structure for the management team. Further, it guided for TCR EBITDA margin to stabilise in low-to-mid 50s (~50-55%). Further, management shared that it **continues to face subsea cable cuts in the Red Sea**. Owing to these factors, management **didn't guide whether its overall EBITDA margin to exceed 20% in FY26 or not** (EBITDA margin was 19.2% in 1HFY26)

4) Management attributed 144bps QoQ improvement in data EBITDA margin in 2QFY26 to operating leverage and right-sizing the operating model.

5) Net Debt increased to INR 113bn in 2QFY26 (vs. 101bn in 1QFY26) due to dividend payments of INR 7.3bn and investments in STT to maintain its 26% stake. Further, management reiterated its **stance of maintaining 26% stake in STT's India data centre business**.

6) Management guided for capex at 11-12% of sales. Further, said that they will invest in further GPUs only after existing 1000 GPUs are utilised fully (getting good traction in AI cloud segment for model training purposes).

2QFY26 result review

Exhibit 1. Consolidated quarterly snapshot

INR mn	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26	2QFY26	QoQ (%)	YoY (%)
Revenue	56,334	57,279	57,981	59,904	59,599	60,998	2.3%	6.5%
Operating costs	45,092	45,985	46,171	48,683	48,230	49,261	2.1%	7.1%
-Network Expenses	23,638	24,600	25,134	27,125	27,291	27,154	-0.5%	10.4%
-Staff Expenses	11,446	11,748	11,240	11,361	12,178	12,696	4.3%	8.1%
-Other costs	10,008	9,637	9,797	10,197	8,762	9,412	7.4%	-2.3%
Reported EBITDA	11,242	11,294	11,810	11,221	11,368	11,736	3.2%	3.9%
Depreciation & Amortization	6,474	6,482	6,371	6,725	6,657	6,788	2.0%	4.7%
EBIT	4,768	4,812	5,438	4,496	4,711	4,948	5.0%	2.8%
Net interest cost	1,722	1,894	1,869	1,824	1,765	2,020	14.4%	6.6%
Other Income	263	100	287	688	171	-172		
Extraordinary	857	429	-149	5,778	-626	-210		
Profit Before Tax	4,167	3,447	3,707	9,137	2,491	2,546	2.2%	-26.1%
Tax	868	976	1,262	1,759	654	821		
PAT from discontinued operations		-238	-207	-319	0	0		
Share in profit of associates	29	40	121	232	64	106		
Reported PAT	3,328	2,272	2,360	7,291	1,900	1,831	-3.6%	-19.4%
Reported EPS	11.7	8.0	8.3	25.6	6.7	6.4	-3.6%	-19.4%
Tax/PBT (%)	21%	28%	34%	19%	26%	32%		
Reported EBITDA margin (%)	20.0%	19.7%	20.4%	18.7%	19.1%	19.2%		
Network Opex (as % of revenue)	42.0%	42.9%	43.3%	45.3%	45.8%	44.5%		

Source: Company, JM Financial.

Exhibit 2. Net debt increased QoQ by INR 12bn to INR 113bn in 2QFY26; Net Debt to EBITDA stood at 2.4X at end 2QFY26

INR bn	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26	2QFY26
Gross Debt	106	113	110	109	113	118
Foreign Currency Loans	77	80	77	76	70	70
INR Loans	30	33	33	33	43	48
Cash & Cash Equivalent	10	8	5	15	12	5
Net Debt	96	105	105	94	101	113
Net Debt to EBITDA (X)	2.1	2.3	2.2	2.1	2.2	2.4
Weighted Average Cost of Debt (%)	5.9%	5.8%	5.6%	5.3%	5.7%	5.6%

Source: Company, JM Financial.

Exhibit 3. Segment-wise capex break-up and capex intensity

	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26	2QFY26	QoQ (%)	YoY (%)
Capex (INR Mn)								
Voice	6	26	31	3	11	4	-67.0%	-85.4%
Data	3,927	4,754	6,981	5,359	3,775	5,477	45.1%	15.2%
Core Connectivity	2,073	3,415	3,750	2,774	2,377	3,020	27.1%	-11.6%
Digital Portfolio	1,854	1,339	3,231	2,585	1,398	2,457	75.8%	83.5%
Others	627	499	521	609	579	490	-15.3%	-1.7%
Total	4,560	5,278	7,533	5,970	4,365	5,971	36.8%	13.1%
Capex intensity (i.e. capex as % of gross revenue)								
Voice	0.2%	0.6%	0.7%	0.1%	0.3%	0.1%		
Data	8.4%	9.9%	14.2%	10.5%	7.4%	10.6%		
Core Connectivity	8.1%	13.1%	14.5%	10.4%	9.1%	11.5%		
Digital Portfolio	8.7%	6.1%	14.0%	10.6%	5.6%	9.7%		
Others	12.0%	10.5%	10.8%	11.7%	13.3%	9.5%		
Total	8.1%	9.2%	13.0%	10.0%	7.3%	9.8%		

Source: Company, JM Financial.

Exhibit 4. Segmental KPIs snapshot

INR mn	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26	2QFY26	QoQ (%)	YoY (%)
Geography wise Data Revenue Mix								
India	43.5%	42.6%	40.7%	42.0%	42.4%	39.2%	-324bps	-342bps
International	56.5%	57.4%	59.3%	58.0%	57.6%	60.8%	324bps	342bps
Customer wise Data Revenue Mix								
Service provider	23.1%	22.6%	22.2%	23.5%	26.5%	23.3%	-319bps	72bps
Enterprise	76.9%	77.4%	77.8%	76.5%	73.5%	76.7%	319bps	-72bps
Customer wise Core Connectivity Revenue Mix								
Service provider	31.3%	29.6%	29.4%	28.6%	32.9%	30.0%	-289bps	41bps
Enterprise	68.7%	70.4%	70.6%	71.4%	67.1%	70.0%	289bps	-41bps

Source: Company, JM Financial.

Exhibit 5. Consolidated segmental performance quarterly snapshot

INR mn	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26	2QFY26	QoQ (%)	YoY (%)
Gross Revenue								
Voice	4,227	4,255	4,105	3,741	3,945	4,060	2.9%	-4.6%
Data	46,878	48,262	49,032	50,961	51,302	51,789	0.9%	7.3%
Core connectivity	25,502	26,134	25,903	26,562	26,198	26,366	0.6%	0.9%
Digital portfolio	21,377	22,128	23,130	24,399	25,105	25,423	1.3%	14.9%
Collaboration & CPaaS	10,447	11,140	11,773	11,437	11,715	12,578	7.4%	12.9%
Cloud and cyber security	4,157	4,151	4,320	5,139	5,276	4,694	-11.0%	13.1%
Next Gen Connectivity	2,078	2,172	2,485	2,581	2,716	2,798	3.0%	28.8%
Media Services	3,367	2,889	3,083	3,513	3,898	3,736	-4.2%	29.3%
Incubation Services	1,328	1,775	1,468	1,729	1,501	1,618	7.8%	-8.8%
Others	5,228	4,761	4,843	5,201	4,351	5,149	18.3%	8.1%
Rentals	571	573	577	438	491	486	-1.0%	-15.2%
TCTSL	2,793	2,604	2,561	2,955	1,967	2,640	34.3%	1.4%
TCPSL	0	0	0	0	0	0	NM	NM
TCR	1,454	1,584	1,705	1,808	1,893	2,023	6.8%	27.7%
Total	56,334	57,279	57,981	59,904	59,599	60,998	2.3%	6.5%
Net Revenue (i.e. Gross Profit)								
Voice	976	957	981	916	832	815	-2.1%	-14.8%
Data	29,022	29,399	29,453	29,102	29,731	30,001	0.9%	2.0%
Core connectivity	20,669	21,142	20,902	21,008	20,663	21,198	2.6%	0.3%
Digital portfolio	8,353	8,257	8,551	8,093	9,067	8,803	-2.9%	6.6%
Others	2,642	2,838	2,908	3,287	2,337	3,313	41.8%	16.8%
Rentals	571	572	576	437	490	485	-1.0%	-15.3%
TCTSL	758	834	788	1,205	130	958	639.0%	14.9%
TCPSL	0	0	0	0	0	0		
TCR	1,313	1,431	1,544	1,646	1,717	1,870	8.9%	30.6%
Total	32,640	33,194	33,342	33,305	32,900	34,130	3.7%	2.8%
Gross Margin (%)								
Voice	23.1%	22.5%	23.9%	24.5%	21.1%	20.1%	-102bps	-241bps
Data	61.9%	60.9%	60.1%	57.1%	58.0%	57.9%	-2bps	-299bps
Core connectivity	81.0%	80.9%	80.7%	79.1%	78.9%	80.4%	153bps	-50bps
Digital portfolio	39.1%	37.3%	37.0%	33.2%	36.1%	34.6%	-149bps	-269bps
Others	50.5%	59.6%	60.0%	63.2%	53.7%	64.3%	1064bps	475bps
Rentals	100%	100%	100%	100%	100%	100%	2bps	-3bps
TCTSL	27%	32%	31%	41%	7%	36%	2970bps	426bps
TCPSL								
TCR	90%	90%	91%	91%	91%	92%	177bps	211bps
Overall	57.9%	58.0%	57.5%	55.6%	55.2%	56.0%	75bps	-200bps
EBITDA								
Voice	462	478	483	440	436	412	-5.5%	-13.7%
Data	9,237	8,957	9,413	8,910	8,813	9,643	9.4%	7.7%
Others	1,543	1,860	1,913	1,871	2,119	1,681	-20.7%	-9.6%
Rentals	324	352	364	207	279	250	-10.5%	-29.0%
TCTSL	229	312	215	350	471	540	14.7%	73.2%
TCPSL	0	0	0	0	0	0	NM	NM
TCR	1,115	1,196	1,334	1,314	1,369	892	-34.9%	NA
Total	11,242	11,294	11,810	11,221	11,368	11,736	3.2%	3.9%
EBITDA Margin (%)								
Voice	10.9%	11.2%	11.8%	11.7%	11.1%	10.2%	-90bps	-107bps
Data	19.7%	18.6%	19.2%	17.5%	17.2%	18.6%	144bps	6bps
Others	29.5%	39.1%	39.5%	36.0%	48.7%	32.7%	-1605bps	-640bps
Rentals	57%	61%	63%	47%	57%	51%	-544bps	-995bps
TCTSL	8%	12%	8%	12%	24%	20%	-349bps	847bps
TCPSL	#DIV/0!	#DIV/0!	NM	NM	NM	NM	NM	NM
TCR	77%	75%	78%	73%	72%	44%	-2821bps	-3140bps
Overall	20.0%	19.7%	20.4%	18.7%	19.1%	19.2%	17bps	-48bps
Gross revenue growth YoY (%)								
Voice	1.1%	-0.7%	-3.0%	-12.8%	-6.7%	-4.6%		
Data	20.0%	21.0%	6.3%	9.6%	9.4%	7.3%		
Core connectivity	2.1%	2.9%	2.8%	3.2%	2.7%	0.9%		
Digital portfolio	51.6%	52.5%	10.5%	17.5%	17.4%	14.9%		
Collaboration & CPaaS	138.1%	174.2%	11.7%	8.8%	12.1%	12.9%		
Cloud and cyber security	9.3%	-0.8%	12.5%	28.8%	26.9%	13.1%		
Next Gen Connectivity	13.3%	7.7%	9.2%	23.6%	30.7%	28.8%		
Media Services	12.6%	-7.6%	-2.0%	13.9%	15.8%	29.3%		
Incubation Services	21.9%	58.9%	29.2%	57.4%	13.0%	-8.8%		
Others	17.4%	4.9%	-12.3%	-15.0%	-16.8%	8.1%		
Overall	18.1%	17.6%	3.8%	5.2%	5.8%	6.5%		
EBITDA growth YoY (%)								
Voice	-25.5%	-23.5%	-3.6%	-0.2%	-5.6%	-13.7%		
Data	-3.1%	-4.5%	-4.4%	1.0%	-4.6%	7.7%		
Others	1631.0%	1096.4%	62.3%	43.7%	37.3%	-9.6%		
Overall	9.8%	11.2%	2.4%	6.2%	1.1%	3.9%		

Source: Company, JM Financial

Assumptions and Estimates

Exhibit 6. TCOM – Key operational assumptions

Particulars	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E	CAGR (%)	Comments
Consolidated Financials (INR Bn)												
Revenue	164	171	171	167	178	208	231	246	270	303	9%	
YoY Growth (%)		3.9%	0.2%	-2.2%	6.7%	16.5%	11.2%	6.6%	9.8%	12.1%		
Reported EBITDA	25.3	32.9	42.6	42.3	43.2	43.2	45.7	49.8	62.1	73.3	17%	Assumed EBITDA margin to improve to 23% in FY27 vs company's ambition of 23-25% margin in FY27
Reported EBITDA Margin (%)	15.4%	19.3%	24.9%	25.3%	24.2%	20.8%	19.8%	20.2%	23.0%	24.2%		
YoY Growth (%)		25.0%	29.3%	1.4%	-4.2%	-14.2%	-4.8%	2.2%	13.8%	5.3%		
Cash EBITDA	25.3	29.6	38.8	38.8	39.9	39.6	42.0	46.1	58.4	69.5	18%	
Cash EBITDA Margin (%)	15.4%	17.4%	22.7%	23.2%	22.4%	19.1%	18.2%	18.7%	21.6%	22.9%		
YoY Growth (%)		12.6%	30.7%	2.2%	-3.6%	-14.7%	-4.6%	2.8%	15.5%	6.2%		
Cash Capex	17.3	16.6	13.5	16.5	14.9	20.3	13.4	23.2	24.3	25.5		
Cash Capex Intensity (% of Revenue)	11%	10%	8%	10%	8%	10%	6%	9%	9%	8%		
FCF	1.1	8.6	18.3	25.5	29.0	11.5	15.7	20.7	29.6	36.7	33%	
YoY Growth (%)		669%	112%	39.7%	13.5%	-60.4%	37%	31.5%	42.8%	24.2%		
Net Debt	84.9	91.5	77.5	67.2	57.1	91.3	93.8	87.2	73.5	54.4		
Net Debt/Reported EBITDA (x)	3.3	2.8	1.8	1.6	1.3	2.1	2.1	1.8	1.2	0.7		
Net Debt/Cash EBITDA (x)	3.3	3.1	2.0	1.7	1.4	2.3	2.2	1.9	1.3	0.8		
Segmental Revenue and EBITDA break-up												
1) Voice												
Revenue	38.7	33.8	27.9	22.9	20.5	17.0	16.3	16.2	15.7	15.2	-2%	
EBITDA	3.3	2.6	1.7	1.5	3.4	2.2	1.9	1.8	1.8	1.7	-2%	
EBITDA Margin (%)	8.6%	7.8%	6.2%	6.7%	16.6%	12.9%	11.4%	11.4%	11.4%	11.4%		
2) Data												
Revenue	111	119	126	128	141	172	195	212	235	267	11%	Assumed revenue of INR 267bn in FY28 vs company's revised ambition of +INR 280bn in FY28.
EBITDA	26.5	34.4	43.6	43.5	42.6	37.6	36.5	43.2	55.2	66.0	22%	
EBITDA Margin (%)	23.9%	28.9%	34.6%	34.1%	30.2%	21.9%	18.7%	20.4%	23.5%	24.8%		
i) Core Connectivity												
Revenue	82.1	85.8	89.1	90.4	95.6	101	104	108	113	119	4%	
EBITDA	27.0	32.4	39.4	39.7	42.5	45.2	45.4	48.4	51.9	54.6	6%	
EBITDA Margin (%)	32.9%	37.7%	44.1%	43.9%	44.4%	44.7%	43.6%	45.0%	45.9%	46.0%		
ii) Digital Portfolio												
Revenue	28.5	32.9	36.8	37.4	45.4	70.3	91.0	104	122	148	18%	
EBITDA	-0.5	2.0	4.3	3.9	0.1	-7.7	-8.9	-5.3	3.3	11.4	NM	
EBITDA Margin (%)	-1.8%	6.0%	11.6%	10.3%	0.3%	-10.9%	-9.7%	-5.1%	2.7%	7.7%		

Source: Company, JM Financial.

Exhibit 7. Consolidated revenue breakup for TCOM

Particulars	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Revenue break-up (INR Bn)										
Voice	38.7	33.8	27.9	22.9	20.5	17.0	16.3	16.2	15.7	15.2
Data - Core Connectivity	82.1	85.8	89.1	90.4	95.6	101.3	104.1	107.6	113.0	118.6
Data - Digital Portfolio	28.5	32.9	36.8	37.4	45.4	70.3	91.0	104.0	121.8	147.9
Others	15	18	17	17	17	19	20	19	20	21
Total	164	171	171	167	178	208	231	246	270	303
Revenue proportion (%)										
Voice	24%	20%	16%	14%	12%	8%	7%	7%	6%	5%
Data - Core Connectivity	50%	50%	52%	54%	54%	49%	45%	44%	42%	39%
Data - Digital Portfolio	17%	19%	22%	22%	25%	34%	39%	42%	45%	49%
Others	9%	11%	10%	10%	9%	9%	8%	8%	7%	7%
Total	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Revenue growth (%)										
Voice		-13%	-17%	-18%	-10%	-17%	-4%	-1%	-3%	-3%
Data - Core Connectivity		5%	4%	1%	6%	6%	3%	3%	5%	5%
Data - Digital Portfolio		16%	12%	1%	21%	55%	29%	14%	17%	21%
Others		20%	-6%	-3%	2%	14%	2%	-6%	7%	8%
Total		4%	0%	-2%	7%	17%	11%	7%	10%	12%

Source: Company, JM Financial.

Exhibit 8. Consolidated EBITDA breakup for TCOM

Particulars	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
EBITDA break-up (INR Bn)										
Voice	3.3	2.6	1.7	1.5	3.4	2.2	1.9	1.8	1.8	1.7
Data - Core Connectivity	27.0	32.4	39.4	39.7	42.5	45.2	45.4	48.4	51.9	54.6
Data - Digital Portfolio	-0.5	2.0	4.3	3.9	0.1	-7.7	-8.9	-5.3	3.3	11.4
Others	-4.5	-4.1	-2.7	-2.8	-2.8	3.4	7.3	4.8	5.1	5.6
Total	25.3	32.9	42.6	42.3	43.2	43.2	45.7	49.8	62.1	73.3
EBITDA proportion (%)										
Voice	13%	8%	4%	4%	8%	5%	4%	4%	3%	2%
Data - Core Connectivity	107%	98%	92%	94%	98%	105%	99%	97%	83%	74%
Data - Digital Portfolio	-2%	6%	10%	9%	0%	-18%	-19%	-11%	5%	16%
Others	-18%	-12%	-6%	-7%	-7%	8%	16%	10%	8%	8%
Total	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
EBITDA growth (%)										
Voice		-21%	-34%	-11%	122%	-36%	-15%	-1%	-3%	-3%
Data - Core Connectivity		20%	22%	1%	7%	7%	0%	7%	7%	5%
Data - Digital Portfolio		NM	114%	-10%	-96%	NM	NM	NM	NM	242%
Others		NM	NM	NM	NM	NM	114%	-35%	8%	8%
Total		30%	30%	-1%	2%	0%	6%	9%	25%	18%
EBITDA Margin (%)										
Voice	9%	8%	6%	7%	17%	13%	11%	11%	11%	11%
Data - Core Connectivity	33%	38%	44%	44%	44%	45%	44%	45%	46%	46%
Data - Digital Portfolio	-2%	6%	12%	10%	0%	-11%	-10%	-5%	3%	8%
Others	-30%	-23%	-16%	-17%	-17%	18%	37%	26%	26%	26%
Total	15%	19%	25%	25%	24%	21%	20%	20%	23%	24%

Source: Company, JM Financial.

Exhibit 9. Change in estimates and TP

	New	Old	Divergence
TP (INR)	2,250	2,000	12.5%
Rating	BUY	BUY	
Revenue (INR bn)			
FY26	246.3	244.7	0.6%
FY27	270.4	267.7	1.0%
FY28	303.1	299.1	1.3%
EBITDA (INR bn)			
FY26	49.8	53.9	-7.8%
FY27	62.1	62.0	0.2%
FY28	73.3	72.8	0.7%
PAT (INR bn)			
FY26	13.5	16.5	-18.3%
FY27	22.4	22.0	2.0%
FY28	30.0	28.7	4.4%
EPS (INR)			
FY26	47.3	58.0	-18.3%
FY27	78.6	77.0	2.0%
FY28	105.2	100.7	4.4%

Source: JM Financial

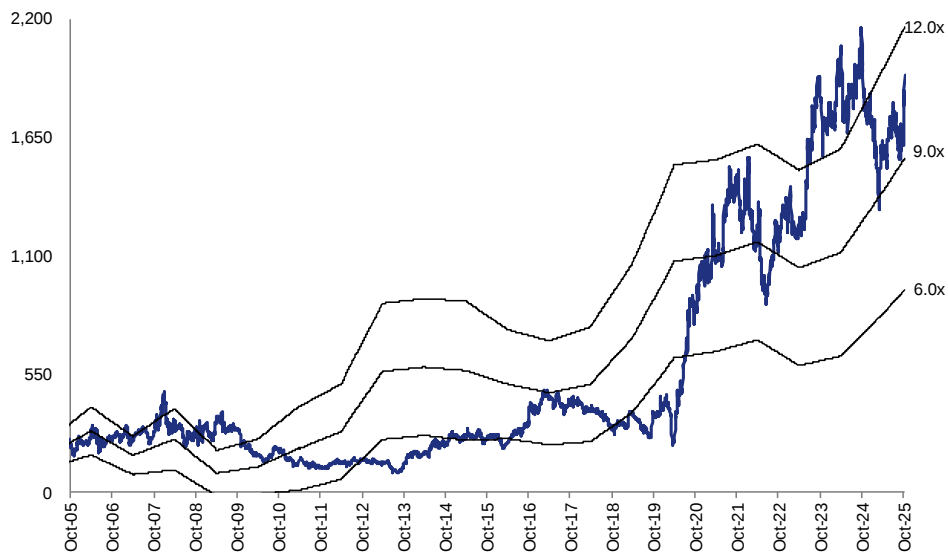
Valuation

Exhibit 10. TCOM's SOTP valuation of INR 2,250/share

	Sep'27E Reported EBITDA (INR Bn)	EV/EBITDA multiple (x)	Enterprise Value (INR Bn)	Per Share Value (INR)
Data Business	60.6	11.0	667	2,340
Voice and Other Business	8.6	5.0	43	151
Value of Investment in Data Center Business (26% Stake)	11.6	16.0	48	169
Total Firm Value			758	2,660
Less: Net debt			79	276
Less: AGR Contingent Liability (Assumed 50% Probability of actualisation)			39	136
Equity value			641	2,250

Source: Company, JM Financial.

Exhibit 11. TCOM one-year forward EV/EBITDA chart



Source: Company, JM Financial.

Financial Tables (Consolidated)

Income Statement					(INR mn)
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Net Sales	2,07,847	2,31,086	2,46,300	2,70,406	3,03,111
Sales Growth	16.5%	11.2%	6.6%	9.8%	12.1%
Other Operating Income	0	0	0	0	0
Total Revenue	2,07,847	2,31,086	2,46,300	2,70,406	3,03,111
Cost of Goods Sold/Op. Exp	80,787	1,00,478	1,05,909	1,10,867	1,21,244
Personnel Cost	43,428	45,573	49,260	54,081	60,622
Other Expenses	40,459	39,345	41,373	43,312	47,917
EBITDA	43,172	45,690	49,758	62,147	73,327
EBITDA Margin	20.8%	19.8%	20.2%	23.0%	24.2%
EBITDA Growth	0.0%	5.8%	8.9%	24.9%	18.0%
Depn. & Amort.	23,974	25,921	27,217	28,833	30,699
EBIT	19,199	19,769	22,541	33,314	42,628
Other Income	2,641	1,303	1,353	1,405	1,460
Finance Cost	6,301	7,291	7,239	6,416	5,578
PBT before Excep. & Forex	15,539	13,782	16,654	28,303	38,510
Excep. & Forex Inc/Loss(-)	0	0	0	0	0
PBT	15,539	13,782	16,654	28,303	38,510
Taxes	2,135	4,865	3,664	6,510	9,242
Extraordinary Inc./Loss(-)	-3,908	9,026	0	0	0
Assoc. Profit/Min. Int.(-)	-188	-421	-502	-594	-701
Reported Net Profit	9,683	18,364	13,493	22,387	29,969
Adjusted Net Profit	13,591	9,338	13,493	22,387	29,969
Net Margin	6.5%	4.0%	5.5%	8.3%	9.9%
Diluted Share Cap. (mn)	285.0	285.0	285.0	285.0	285.0
Diluted EPS (INR)	47.7	32.8	47.3	78.6	105.2
Diluted EPS Growth	-21.0%	-31.3%	44.5%	65.9%	33.9%
Total Dividend + Tax	4,760	7,125	4,722	7,836	10,489
Dividend Per Share (INR)	16.7	25.0	16.6	27.5	36.8

Source: Company, JM Financial

Cash Flow Statement					(INR mn)
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Profit before Tax	11,631	22,807	16,654	28,303	38,510
Depn. & Amort.	24,697	26,283	27,217	28,833	30,699
Net Interest Exp. / Inc. (-)	9,211	9,203	7,239	6,416	5,578
Inc (-) / Dec in WCap.	-11,004	-10,113	-2,730	-2,342	-2,534
Others	-517	-10,692	-1,353	-1,405	-1,460
Taxes Paid	-2,197	-8,380	-3,162	-5,916	-8,541
Operating Cash Flow	31,820	29,108	43,866	53,889	62,252
Capex	-20,327	-13,358	-23,159	-24,317	-25,532
Free Cash Flow	11,493	15,750	20,708	29,572	36,720
Inc (-) / Dec in Investments	-6,388	-8,630	0	0	0
Others	275	201	1,353	1,405	1,460
Investing Cash Flow	-26,440	-21,788	-21,806	-22,912	-24,072
Inc / Dec (-) in Capital	0	0	0	0	0
Dividend + Tax thereon	-6,014	-4,772	-4,722	-7,836	-10,489
Inc / Dec (-) in Loans	6,680	5,040	5,000	-15,000	-15,000
Others	-8,248	-10,139	-10,739	-9,441	-8,664
Financing Cash Flow	-7,581	-9,871	-10,462	-32,277	-34,153
Inc / Dec (-) in Cash	-2,201	-2,550	11,599	-1,300	4,026
Opening Cash Balance	10,626	8,425	5,874	17,473	16,173
Closing Cash Balance	8,425	5,874	17,473	16,173	20,199

Source: Company, JM Financial

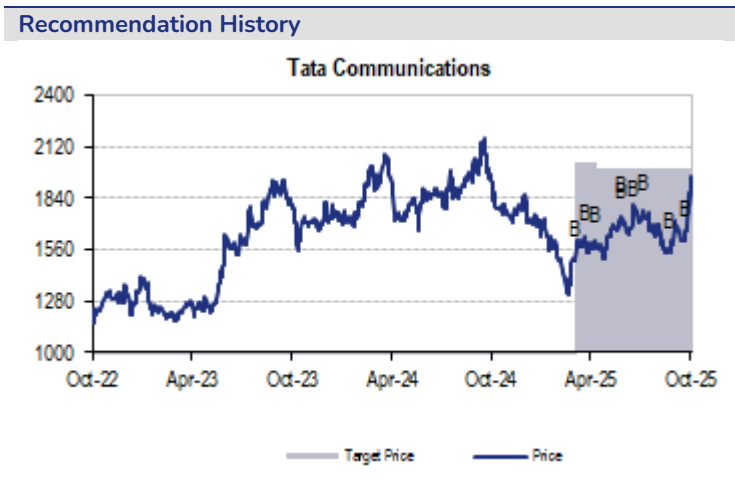
Balance Sheet					(INR mn)
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Shareholders' Fund	17,864	30,212	38,982	53,533	73,013
Share Capital	2,850	2,850	2,850	2,850	2,850
Reserves & Surplus	15,014	27,362	36,132	50,683	70,163
Preference Share Capital	0	0	0	0	0
Minority Interest	39	31	31	31	31
Total Loans	1,01,178	1,08,801	1,13,801	98,801	83,801
Def. Tax Liab. / Assets (-)	0	0	0	0	0
Total - Equity & Liab.	1,19,081	1,39,043	1,52,813	1,52,365	1,56,845
Net Fixed Assets	1,47,944	1,50,189	1,49,630	1,48,140	1,46,060
Gross Fixed Assets	1,16,837	1,19,864	1,19,306	1,17,815	1,15,735
Intangible Assets	17,837	19,325	19,325	19,325	19,325
Less: Depn. & Amort.	0	0	0	0	0
Capital WIP	13,270	10,999	10,999	10,999	10,999
Investments	0	0	0	0	0
Current Assets	97,669	1,15,657	1,32,841	1,40,127	1,55,718
Inventories	835	1,578	1,682	1,847	2,070
Sundry Debtors	37,584	40,061	43,373	48,359	55,039
Cash & Bank Balances	8,425	5,874	17,473	16,173	20,199
Loans & Advances	0	0	0	0	0
Other Current Assets	50,826	68,144	70,312	73,748	78,410
Current Liab. & Prov.	1,26,533	1,26,803	1,29,657	1,35,902	1,44,932
Current Liabilities	49,975	51,872	52,872	54,981	58,013
Provisions & Others	76,557	74,931	76,786	80,921	86,919
Net Current Assets	-28,864	-11,145	3,183	4,225	10,786
Total - Assets	1,19,081	1,39,043	1,52,814	1,52,365	1,56,845

Source: Company, JM Financial

Dupont Analysis					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Net Margin	6.5%	4.0%	5.5%	8.3%	9.9%
Asset Turnover (x)	1.8	1.6	1.5	1.6	1.8
Leverage Factor (x)	7.1	6.0	4.7	3.6	2.7
RoE	82.3%	38.8%	39.0%	48.4%	47.4%
Key Ratios					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
BV/Share (INR)	62.7	106.0	136.8	187.8	256.2
ROIC	17.4%	10.5%	13.1%	18.9%	23.7%
ROE	82.3%	38.8%	39.0%	48.4%	47.4%
Net Debt/Equity (x)	5.2	3.4	2.5	1.5	0.9
P/E (x)	41.0	59.7	41.3	24.9	18.6
P/B (x)	31.2	18.5	14.3	10.4	7.6
EV/EBITDA (x)	15.1	14.5	13.1	10.3	8.5
EV/Sales (x)	3.1	2.9	2.7	2.4	2.0
Debtor days	66	63	64	65	66
Inventory days	1	2	2	2	2
Creditor days	81	70	68	68	66

Source: Company, JM Financial

History of Recommendation and Target Price			
Date	Recommendation	Target Price	% Chg.
18-Mar-25	Buy	2,030	
4-Apr-25	Buy	2,030	0.0
23-Apr-25	Buy	2,000	-1.5
9-Jun-25	Buy	2,000	0.0
11-Jun-25	Buy	2,000	0.0
1-Jul-25	Buy	2,000	0.0
18-Jul-25	Buy	2,000	0.0
5-Sep-25	Buy	2,000	0.0
3-Oct-25	Buy	2,000	0.0



APPENDIX I

JM Financial Institutional Securities Limited

Corporate Identity Number: U67100MH2017PLC296081

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New Rating System: Definition of ratings	
Rating	Meaning
BUY	Expected return $\geq$ 15% over the next twelve months.
ADD	Expected return $\geq$ 5% and $<$ 15% over the next twelve months.
REDUCE	Expected return $\geq$ -10% and $<$ 5% over the next twelve months.
SELL	Expected return $<$ -10% over the next twelve months.

Note: For REITs (Real Estate Investment Trust) and InvIT (Infrastructure Investment Trust) total expected returns include dividends or DPU (distribution per unit)

Previous Rating System: Definition of ratings	
Rating	Meaning
BUY	Total expected returns of more than 10% for stocks with market capitalisation in excess of INR 200 billion and REITs* and more than 15% for all other stocks, over the next twelve months. Total expected return includes dividend yields.
HOLD	Price expected to move in the range of 10% downside to 10% upside from the current market price for stocks with market capitalisation in excess of INR 200 billion and REITs* and in the range of 10% downside to 15% upside from the current market price for all other stocks, over the next twelve months.
SELL	Price expected to move downwards by more than 10% from the current market price over the next twelve months.

* REITs refers to Real Estate Investment Trusts.

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