

April 22, 2026, at 06:30 pm IST

Q4 FY2026 Earnings Call Transcript

Management Participants:

Ganesh Lakshminarayanan, Managing Director and
Chief Executive Officer - Designate

Kabir Ahmed Shakir, Chief Financial Officer

Siddhartha Mundra, Chief Financial Officer - Designate

Rajiv Sharma, VP and Head, Investor Relations

Sudeshna Patnaik, Deputy General Manager, Investor
Relations

Moderator:

Ladies and gentlemen, good evening, and welcome to the Tata Communications Limited Q4 FY26 Earnings Conference Call. The results for the quarter ending 31 March, 2026 have been announced, and the data pack is available on our website. Please note all the participant lines will be in a listen-only mode. And this conference is being recorded.

We have with us from the management team, Mr. Ganesh Lakshminarayanan, MD and CEO - Designate, Mr. Kabir Ahmed Shakir, CFO, Mr. Siddhartha Mundra, CFO - Designate, Mr. Rajiv Sharma, Head of Investor Relations and Ms. Sudeshna Patnaik, DGM, Investor Relations.

We will begin the call with opening remarks from Ganesh on the business performance and outlook, followed by Siddhartha on the company's business and financial performance. Post that, we will open the floor for questions for the management. In the event that the management line drops, we request participants to stay connected while we reconnect them to the meeting.

Some of the statements made in today's call may be forward-looking in nature and are subject to risks and uncertainties. The company does not undertake to update these forward-looking statements publicly.

I now hand the call over to Ganesh. Over to you, sir.

Ganesh Lakshminarayanan: Thanks, Inba. Thank you. Good evening, everybody, and thank you for joining our Q4 and full year FY26 earnings call. This is my first call as CEO and MD of this remarkable organisation. It's a big privilege for me to lead Tata Communications in its next phase of growth.

I would like to start by extending my sincere appreciation for Lakshminarayanan, who is a prior CEO. On behalf of the Board and the entire organisation, I want to thank Lakshmi for his remarkable contribution to this great institution. I also want to thank Kabir for his disciplined execution over the last many years, I wish the best to him in his future endeavours. Kabir is on the call today. I'm very glad he is joining today on the call. Given it is his last earnings call, we have decided that we will deflect all the tough questions to him, so keep your questions ready.

I'm also pleased to welcome Siddhartha, who will be taking over from Kabir. Rajiv, my Investor Relations Head, is looking at me very anxiously. He and his team have been prepping me and Sid for this call, and one of the questions he wanted me to have an answer was, Ganesh, what's your north star for Tata Communication. So I told him, Rajiv, I'm sure people on the call are smart enough to know that I'm still finding my way around our corporate headquarters in BKC with just 10 days into the job after Lakshmi left. I'm not ready to point to any north star. But however, I told them, I will share three important things. One, the most important one is what am I learning I've been spending my time, it has been about 45 days, I'm spending with the team and the customers. Why I joined Tata Communication and my excitement about the long-term future of Tata Communications. In a way, it's my personal investment thesis to stay long on this company. Third, I will also share my views on near to medium term. So let me go through all of these three before we talk about FY26 and Q4.

Over the past few weeks, it's been an exciting time for me. I've been meeting customers across markets, across geographies, engaging closely with our teams and spending time across our businesses. I am learning a lot. One thing I'm very excited about is all the customers I've met, I've met close to 2 dozen customers so far, they have told me unanimously that Tata Communications is their preferred partner. It reflects in our NPS. Our score is 83, and particularly in the India market, we have an NPS score of 95. It's truly a golden benchmark among the peers in this industry.

The second thing I heard from them is, they want us to work across their digital infrastructure. They are expecting Tata Communications to bring the trusted infrastructure that will get them ready for the AI transformation. What I also see is that we are truly uniquely positioned as a global commtech player. As a global commtech player today, we serve more than 50% of the Global Fortune 500 companies. I am told close to 60% of our revenue comes from international markets.

We have a very broad portfolio as a commtech player. Our digital platforms are now for the first time trending more than 50% of our data revenue. I am learning a lot. We're taking care of our customers. We have a broad portfolio. We are truly uniquely positioned as a global commtech player.

Let me talk about the second one, which is my long-term excitement about what's happening in the industry. I personally see that there are 2 big trends shaping the future. And I firmly believe that we are uniquely poised to capture those 2 trends.

One, if you look at all of our markets, in markets like India, Indonesia, in the developing markets, we see the customer front end is digitised. When I say customer front end is digitised, we can buy groceries online, we can trade shares online, we can order shoes online. But the back end is still yet to be digitised. The supply chain in the factories, the logistics, warehouses. My favourite example is that, during COVID times, we could order pizza online and get it tracked every minute, but we didn't know how where our oxygen cylinders were. I think there is a big opportunity in a lot of these markets where the back end of the country is still need to be digitised. This is a white space where our network, our Cloud, our Edge capabilities will position us strongly.

The second trend, which is happening is the AI-led transformation. If you look at what's happening in AI, the real ROI of all AI investments, when it comes when the AI is working with enterprise intelligence, enterprise data, and the odd architecture is evolving very fast. You will know that for AI to work effectively, you need constant training and that training is happening centrally and the inference is moving to the Edge. And this needs a unified infra, it needs an AI-ready connectivity, which is higher bandwidth, higher speed but also something which will move at expected speed all the time. It also means that compute will be closer to the end customer. To these 2 trends, to power enterprise AI at scale, and digitise the supply chain, our customers will need the unified infra from a trusted partner. That is what Tata Communication is all about.

We are uniquely combining our network backbone, our cloud and security infra and our new Commotion AI-enabled interaction fabric to pull the programmable infra platform, which will power enterprise AI at scale globally. The long-term, these 2 strengths will create demand and with the broad portfolio we have built, we are poised to capture that effectively.

Let me go through this near to medium-term view. We believe, and you all have been here that we have gone to 2 distinct phases in the last 5-6 years. In the first phase of it, we got financially fit. We built a disciplined balance sheet. You've seen those results and we use that balance sheet in the second phase, where invested organically and inorganically to build our digital fabric. We believe we are entering a phase where we will prioritise profitable growth.

As we evaluate the strategic choices, our focus on disciplined capital allocation will continue. As a management team, me and Sid's immediate priority is ensuring continuity in strategy, strengthening the execution momentum and delivering profitable growth. And I'm happy to share that our Q4 and FY26 results are in the right direction.

For the full-year of FY26, data growth came in at 9.4%. Our digital portfolio grew by almost 17%, at 16.7%. The growth momentum was visible across the board for the digital

platforms, but my personal callout is our next-gen connectivity platforms is leading the pack at 24% growth YoY.

On this quarter's performance, I'm sure it will bring smile to all your faces. The data revenue for the quarter was up 6.1% QoQ. The digital portfolio was almost up 10% QoQ at 9.4%, and the core connectivity, again, my favourite, grown by 2.8% QoQ.

As you could see the growth was strong across the portfolio, especially our interaction fabric, both employee interaction and customer interaction did really well. This quarter also, we also saw growing traction in our AI cloud and increasing adoption of our commercial AI platform.

On the funnel, it continues to be robust. 70% of the open funnel comes from our digital fabric. I'm also pleased to share that our order booking for the quarter has been healthy double-digit YoY growth. Now our international order book has been particularly strong this quarter.

Let me talk about some of the wins. I think that brings colour to our performance. See, one thing we are very pleased about is network transformation, was a key theme for this quarter, especially our IZO Hybrid WAN has been a big win across regions. We closed multiple wins. We displaced incumbents and modernise legacy networks of our customers. Especially, I want to call out 2 notable wins in the U.K. region, one with a global wine major and one with a large automotive services player. I think these wins bring the best of what we have. We have the global fibre footprint. We have integrated services, and we have a software-defined platform, which is making these wins possible.

I also want to go a little deeper into a few wins, which actually truly brings out the power of the multi-tower portfolio we have built. One example is a leading global bank. They selected us to establish their global capability centre, GCC, in India. It's a true digital fabric win, which included both our Network Fabric and the Interaction Fabric. This proves our ability to enable GCCs with secure, cloud-ready, globally connected network environment.

It also allows seamless collaboration between India hubs and their employees worldwide. And as the GCCs continue to grow in India, it helps us to capitalise on that growth. The second win is we won a multi-million dollar multi-year deal in APAC with a global bank. And this is the exciting product, IZO Multi Cloud. It connects across 4 locations, and MCC provides direct low latency and with the fibre backbone we have, we can provide sub-three millisecond latency to major clouds, and it also lowers the egress cost of our customers. It's a scalable interconnect platform for large multi-cloud environments. Most enterprise customers are working with multiple clouds and this IZO Multi-Cloud Connect is a big value add for our customers.

The third win I want to call out is a large managed secure edge services win for a leading life insurance company. Across 155 locations, we demonstrated the strength of our integrated collaboration offering. We combined a UCaaS platform, devices, network, managed services to deliver a superior user experience and with tangible cost benefits for our customers. These 3 wins, hopefully, shows the power of our portfolio and how is it winning in the market.

Let me close by saying we are truly better positioned to serve global enterprises with a unified infra they're going to need for AI transformation. We are uniquely combining our Network Fabric, our cloud and security fabric and our AI-enabled Interaction Fabric into a programmable platform, which will power enterprise AI at scale. In the short to medium-term, we will get stronger with focused growth on profitability and capital discipline.

I will now hand over to Siddhartha to take you through the financial performance in more detail.

Siddhartha Mundra:

Thank you, Ganesh. It's a real pleasure to be a part of Tata Communications. Let me start with the full-year performance. The FY26 consolidated revenue came in at INR 24,803 crore, up by 7.3% YoY. Data revenues came in at INR 21,352 crore up 9.4% YoY. The Q4 FY26 consolidated revenue came in at INR 6,554 crore, growing 5.9% QoQ and 9.4% YoY.

The top line has certain forex benefits accruing from a strengthening dollar. Normalising for the same, the revenue growth stood at 3.8% on QoQ and 3.7% on a YoY basis.

Data revenue for the quarter came in at INR 5,684 crore, growing 6.1% QoQ and 11.5% YoY. As we look ahead, we expect the momentum to continue even as we remain mindful of potential near-term headwinds arising from geopolitical developments in West Asia.

FY26 consolidated EBITDA came in at INR 4,822 crore, up 5.5% YoY. EBITDA margins for the full-year were at 19.4%, around 30 bps lower on a YoY basis. The decline in margins were primarily driven by a shift in the data revenue mix.

EBITDA for the quarter came in at INR 1,284 crore, up 4.5% QoQ and 14.4% YoY. Our EBITDA margins for the quarter were at 19.6%, lower by 25 bps QoQ and 86 bps on a YoY basis. Data EBITDA for the quarter came at INR 1,048 crore, up 3.4% QoQ and 17.6% YoY. Data EBITDA margin for the quarter stood at 18.4%, down 47 bps QoQ and up 96 bps YoY. The digital margin in this quarter has shown improvement, and we will continue to monitor to see how these sustain.

FY26 full-year PAT for the continuing business stood at INR 1,044 crore, down 35.8% on a YoY basis. Last year's PAT had profits from sale of assets. Adjusted for this, the FY26 PAT has grown by 8.1% on a YoY basis. PAT for the quarter came in at INR 263 crore, lower by 28% on QoQ and 65% on a YoY basis.

Q4 tax rate is higher, primarily due to tax incidences pertaining to certain one-offs and prior period items in foreign jurisdictions. The FY26 consolidated free cash flow was at INR 1,474 crore, which is almost 4x of the FY25 levels, driven by tax refunds and better working capital management.

FCF for the quarter stood at INR 828 crore, lower on a QoQ basis, primarily because of the tax refunds that came in last quarter. Cash CAPEX for this quarter stood at INR 718 crore. Our FY26 consolidated cash CAPEX is at INR 2,433 crore and remains within our range of 9% - 10% of overall sales.

We ended the year with net debt of INR 9,601 crore, driven lower by better working capital management. The net debt-to-EBITDA stood at 1.99x. ROCE came in at 14.9%, which was up 51 basis points on a QoQ basis. Our ROCE is based on 12 months rolling numbers. On the subsidiaries, the TCTS revenue for the quarter came in at INR 198 crore, up 3.9% on a QoQ basis and down 33% on a YoY basis.

EBITDA margins improved to 23.3%. TCL revenue for the quarter came in at INR 235 crore, up 8.4% QoQ and 30.1% on a YoY basis. EBITDA margin stood at 60.2%. Overall, it was a very satisfactory quarter with robust digital revenue growth, improving ROCE and net debt-to-EBITDA coming down below 2x and digital losses trending downwards.

I will now ask the operator to open the forum for Q&A.

Moderator:

Thank you very much sir. Ladies and gentlemen, we will now begin the question-and-answer session.

We will wait for a few seconds until the question queue assembles. We take the first question from Sanjesh Jain of ICICI Securities. Please go ahead.

Sanjesh Jain: Yes. Good evening. Hopefully, you can hear me.

Ganesh Lakshminarayanan: Yes. Yes, Sanjesh, we can hear you.

Sanjesh Jain: Thanks for the opportunity. Ganesh, you covered a lot of things which I thought I will ask in your opening statement. But one small, probably if you would have dwelt on it, you said you have met over 2 dozen customers, hopefully you have met a customer who is unsatisfied. And what is one complaint or an opportunity or a challenge you are hearing from a customer with TATACOMM need to address probably in the next 1-3 year? And again, what would be your priority for next 1 - 3 years?

Ganesh Lakshminarayanan: On the priority for next 2-3 years, Sanjesh, you have to give me a little bit of time. After I finish 100 days, I will come and talk about FY27. Definitely, we want to come and talk about our long-term priorities immediately after that. I think I'm still learning a lot. I'll come back on the longer-term priorities.

The conversations with my customers, what is very encouraging for me is, they are not just talking about connectivity. I'll give you an example of an insurance customer I met. The conversation was around, how can we build AI agents who can operate as relationship managers for their field service agents? So there's an expectation that TATACOMM can serve them to scale enterprise AI. And we have all the ingredients to do that.

We have the Commotion platform, which can help them build the voice AI solution. We have the multi-cloud connect platform to make sure that those AI agents can connect with all their enterprise data they need. We have the connectivity platform to make sure that all the insurance branches can make use of those AI agents.

I think the customers want us to say yes, more often, and say, yes, across the digital portfolio. It's very encouraging to hear they're expecting Tata Communications to help them to scale enterprise AI with a broad portfolio we have built.

Customers want us to do more and we need to do a better job of explaining the full portfolio we have built in a truly integrated fashion. I think they're pleasantly surprised that we have all these capabilities. I think our immediate priority is to make sure that we tell the story of the integrated unified infra, which can power enterprise AI.

Sanjesh Jain: That's clear, Ganesh. But you are coming from a global company which has large AI portfolio. Now when you look at Tata Communications, how do you see the preparedness for transition or providing this AI-led services, which you appear to be very confident and excited about. But from a preparedness from an organisation perspective, where are we?

Ganesh Lakshminarayanan: Again, it's too early for me to comment on our readiness. But from what I've learned so far, our sales teams need to be enabled more to tell this integrated story. We need to be able to not just talk about individual towers of our product, how we can deliver outcomes for them. That is number one.

Second, we really need to make sure that we do a better job of bringing this voice AI and the AI OS, which we are building through Commotion to life, I think that's another important thing we need to do.

Third, they are really looking at us to deliver them the network which will enable them for the centralised training and Edge inferencing. That is going to need a high-bandwidth, high-speed, predictable speed, which we need. I think the IZO DC-to-DC connectivity product we have launched, we need to make sure that we can serve the global customers.

And finally, we need to really increase the awareness of everything we have built and we are building with more than 300 of Fortune 500 customers we serve globally. That is all I

have learned so far. I'll come and share more as we think about it. But I think this opportunity to help enterprise AI scale with the unified infra is an exciting opportunity for all of us.

Sanjesh Jain: That's quite helpful. It appears that you're seeing more gap in the communication than the product itself, right? From whatever I can hear you, it appears that we are doing a lot of things, but customers are clearly not appraised with entire portfolio, services and all.

Ganesh Lakshminarayanan: Both, I would say, is opportunity. But the first thing is to make sure that our story gets out in the right fashion, and the integrated unified infra story gets out to our customers in a better fashion.

Sanjesh Jain: Great. Ganesh, my second question is on the order book. FY25, again was a double-digit growth year for us on order books. FY26, you said we had a good double-digit growth. But when we look at revenue growth, we are barely touching 10%, right? And this is a quarter we came close to that, we were even lower than that.

How should we think about a strong order book, which we built in the past two years and final appears to be good by your commentary. Now when should we be seeing a healthy double-digit growth, probably mid-teens or early teens kind of a growth? Now there is some forex element also. We are looking purely an underlying growth, which appears less than 9%. What is stopping this conversion of order book into equally strong revenue growth?

Ganesh Lakshminarayanan: Sanjesh, I think my immediate priority is to focus on growth and profitability. I have heard from the prior transcripts that our EBITDA growth is flat to low-single-digits, and you would like us to change. I would like to make sure that, in the near to medium term, we are focusing on improving the quality and durability of the growth.

We want to make sure that the improvement in profitability we have seen because of the digital growth happening at 16.7%, the operating leverage kicking in. The losses on the digital portfolio has come down in Q4. We would like to make sure that the digital portfolio breaks even at the earliest.

We also want to make sure that we balance the portfolio between connectivity products, usage products and digital products. My focus is going to be on growth and profitability to make sure that the digital products breaks even quickly and we focus on improving the absolute EBITDA growth YoY.

Sanjesh Jain: And when you say Ganesh, you want to include the profitability, this is, I hope, with an eye that the investment in the future growth is not compromised, right?

Ganesh Lakshminarayanan: Absolutely. I think what I'm very encouraged to see is that, if you look at Q4, our absolute EBITDA has grown in double-digits. Our digital products have grown at 16.7%. We are seeing the operating leverage kicking in. We have also used this year, the last year to come out of low margin and onerous contracts. You saw that our EBITDA-to-debt ratio came down below 2x. And more importantly, across our portfolio, we have some new products which are high on profitability like the multi-cloud connect, the employee interaction, they're all gaining momentum. I think our immediate focus is to get to the right portfolio mix, continue to improve the digital product portfolio profitability, accelerate the high margin products we have, which is multi-cloud connect and employee interaction. I am sure that will help us continue to invest on future growth as well.

Moderator: Thank you. We'll move to our next question, that's from Aditya Suresh from Macquarie. Please go ahead.

Aditya Suresh: Yeah, thank you for the opportunity. So, two parts. First on growth, what drove the sequential momentum this quarter? And I guess, is that a position which you think is sustainable into the full-year for FY27? That's question one.

Question two is on margins. Why was core connectivity margins softer this quarter. Can you just talk to that a little bit? And within the digital portfolio, I appreciate you don't give a breakdown, but which are the elements which are still underperforming for you and some of the steps you're taking, please? Thank you.

Siddhartha Mundra: I'll just comment on the sequential growth in the digital portfolio. So the growth has been broad-based in our digital portfolio. All segments have grown well. From a percentage growth perspective, we have seen some large deal wins happening in the Media business as well as in the MOVE and IoT business, and they have grown north of 20% on a sequential basis.

The other parts of the business have also done well, including some good wins in the collaboration and CIS business. The next-gen connectivity, as Ganesh also pointed out, has been a strong business segment for us. That also continues to do well. So I would say the overall growth has been quite broad-based and we see growth coming in from all the segments.

Moderator: Does that answer your question, Mr. Aditya Suresh?

Ganesh Lakshminarayanan:No. I think, there was a part around core connectivity margins.

Siddhartha Mundra: Core connectivity margins, yeah. So the core connectivity margins, they came in from an NR perspective, there was marginally lower compared to last quarter. To our mind, I mean, they are largely in that range of that 80% to 82%. Last quarter was marginally higher, but I think we are broadly operating in this band. So I don't think we should read in too much in terms of the minor drop that may have happened in this quarter.

Moderator: Thank you. We move to our next question. Our next question is from Balaji Subramanian of IIFL. Please go ahead.

Balaji Subramanian: Hi, good evening. All the best Ganesh and thanks for the detailed commentary. My first question would be on, you did mention that there will be a continuity of the strategy. Probably, it is too early, but does that mean that the data revenue doubling target which Lakshmi had said, that still holds good? That would be my first question.

Ganesh Lakshminarayanan:Thanks Balaji. Thank you very much. It's too early for me to comment on forward-looking numbers, but I sincerely believe that we are uniquely positioned to capture the momentum, which is coming from the AI-driven demand. Our connectivity products, especially the next-gen products, which we have launched, you saw that we have gone 24% YoY growth.

Within the digital portfolio, some of the highly profitable products like employee interactions, we continue to see traction. I think what we really want to focus on is in the near to medium term, we want to drive growth and profitability. We want to make sure that YoY, we continue to see healthy EBITDA growth. We will continue to invest in future growth as well. I'm sure it will come. But in the near to medium-term, we want to make sure that we focus on driving profitable growth.

Getting the Digital portfolio to breakeven at the fastest, by really accelerating some of the high profitable products that are resonating in the market like multi-cloud connect, employee interaction, some of those things.

Balaji Subramanian: So that earlier aspiration that was treated as it will be taken in more in an organic manner and not really that hard aspirations that was mentioned. That is something which you will probably look at as you settle more into the role. Is that right? Is that the way to look at it?

Ganesh Lakshminarayanan: I'm not sure I'm ready to state those kind of things. I think we will share more in the Investor Day, and I'll share more as I finish 100 days. I think all at this point of time, we would like to focus on is the profitable growth we want to see in the near to medium term.

As I explained in my speech, the long-term prospects of AI driving demand and with our global GTM, where we serve more than 300 of the Global Fortune 500, 60% of our revenue coming from international markets and the broad portfolio we have built where more than half of the revenue comes from non-connectivity products. I think those are all the foundations we will build on. But in the near to medium term, we want to see that there is healthy growth in our EBITDA.

Balaji Subramanian: My second question would be on, can you throw some light on the potential opportunities from AI data centres and on a related note, whether is there anything to worry about regarding the memory shortage and some of the disruption to logistics that we have seen because of the existing geopolitical situation?

Ganesh Lakshminarayanan: Let me address the geopolitical situation first. I think like all of you, we are also watching this very closely. There are multiple risks, we are assessing. The first one I would say is all of our employees are really safe. That's the first and foremost on the people side. So this is important, I think most of our employees are safe. On the demand side, we are seeing some risks. We have seen some events getting postponed and cancelled like the F1 Race in Bahrain and Saudi Arabia and the MotoGP Race in Doha to later this year. We are hoping that it's not a cancellation. It will come back strongly.

On the demand side, that's the impact we are seeing. On the cost side, we are tracking this very closely, both the energy cost and anything to do with the chip-related costs. At this point of time, except for the demand side challenges, we don't see a big issue in the cost side challenges, but we are assessing this every week, every day. And if there is anything material, we'll come back in the next call. But we will make sure that we continue to watch this very closely and make sure that you guys are briefed in the next call.

Balaji Subramanian: Got it. And my first question on the AI data centre demand?

Ganesh Lakshminarayanan: That's actually an exciting opportunity as well. Every risk as an opportunity as well. If you look at data centre connectivity with the strong global backbone we have, a lot of our customers are today talking to us about offering them a resilient connectivity. If you look at the latest products we have launched, which is IZO DC-to-DC connectivity, it actually provides a resilient network, which also self-provisions itself for any challenges in connectivity and also provisions bandwidth on demand.

The DC-to-DC connectivity globally is a big opportunity. In India, we expect this to be at least \$1 billion opportunity by 2030. The number of data centres coming out in India is going to only explode and Tata Communication is uniquely positioned to capture it because we have a pure B2B network, which offers very low latency, highly resilient connectivity across various different cities. We also see that the concentration of DCs are going to move away from Mumbai to second tier and third tier cities.

Mumbai itself, we expect 10 to 12 data centres to come up and we expect this to be about 4x increase in the data centre bandwidth need, which will come. And given that we have a true B2B network, we have robust data centre-to-data centre connectivity and more importantly, we have the software platform on the top to do bandwidth on demand, the products like IZO DC-to-DC connectivity. It positions us well to capture this opportunity.

Balaji Subramanian: Thanks. That is very clear. I have a follow-up, but I will come back later in the queue. Thanks and all the best. Thanks.

Moderator: Thank you. We'll take our next question from Vibhor Singhal of Nuvama Equities.

Vibhor Singhal:

Hi, thanks for taking my questions. And congratulations and welcome to the Board Ganesh and Siddhartha. And Kabir, wish you all the best in your future endeavours. A couple of questions from my side, one for Ganesh and one bookkeeping question for Siddhartha.

Ganesh, in your opening remarks, you mentioned that you're seeing these 2 trends. One is that while the front end is digitised, the back end still remains legacy, while there is, of course, the other trend in AI-led transformation. And we at TATACOMM intend to basically capture both these trends and opportunities. If I basically dig a little deeper into them, these 2 represent completely different spectrum of applications and uses for enterprises. One is about the latest new technology development, which is still in very nascent stages and enterprises are still not sure about how we can use that to maximise the benefit. And the other is all about legacy modernisation. So in terms of the capabilities that we have in Tata Communications, do you believe the current setup that you have in terms of the sales engine or the delivery capabilities, we have enough resources at our disposal to be able to capture both ends of the spectrum?

And a related question, where do you see the overlap in these two things with the industry system integrators, the likes of the TCSs and the smaller IT services companies. Would there be a competition that you see with them? And how does that impact our growth prospect that we're talking about over the next, let's say, 3-5 years kind of a journey? Post that, I'll have a follow-up question for Siddhartha, please.

Ganesh Lakshminarayanan: Fantastic question, and I'm excited to talk about it, because I firmly believe in it. First and foremost, we have the GTM. We serve 300 of the global Fortune 500 companies. And if you look at India, we serve all the ET500 companies pretty much everybody. One, we have the GTM and you heard me say that we have the best NPS, right? We have 83% NPS globally and in India, we have almost 95% NPS. The customers trust Tata Communications to provide this important solution.

Let me talk about the first one, which is the back end being digitised. So what do you need for a factory or a supply chain or a warehouse to get digitised? First and foremost, they need to be connected. We have a managed Wi-Fi solution which can really drive full digitisation, seamless connectivity without any dark spots in big factories and warehouses. We also have an integration between the managed Wi-Fi and WAN. It's just not about traffic within the factory, but it's about how they connect to external world as well. So that's the first fundamental backbone and we have that solution.

Second is Edge computing closer to the factory. Most of these solutions are going to need a cloud infrastructure, a sovereign cloud infrastructure which is closer to their factories and warehouses. And if you look at our IZO Vayu Cloud, we have that solution as well. So that's the second thing, I would say.

Third is, if you look at manufacturing companies they need a platform where a CIO can get end-to-end visibility of their environment, which provides inventory, configuration, and monitoring. Our ThreadSpan platform brings all of that together. A CIO can confidently look at not only the IT security, but what is called the OT security, which is basically the factory environment and stuff like that.

On top of it, we have a managed services offering, which can make these factories and warehouses easy to consume all this technology. I'm really excited to see that the end-to-end portfolio we have should address the back end digitisation problem I talked about.

Now let me shift to the AI story. I think if you look at true enterprise AI ROI, it's going to come from AI agents working with enterprise data. If you work with Internet data, you get a little bit of benefit. But if you take a bank, for example, the biggest ROI for a bank is going to come from an AI agent distribute loans, right? And if you talk about an AI agent deciding how to distribute loan, one, you need to make sure that the AI agent is working

in all the branches, which is the inferencing part. They're getting trained on enterprise data in the central part and to make that happen, you need multiple things.

One, you just need an AI agent platform. We have that on Commotion. You need to make sure that the East-West traffic, which is a training happening centrally, inferencing happening on Edge is going to need a lot of traffic. With predictable speed, we have that important one. It's going to need computing closer to Edge. We can provide that as well with our Vayu Cloud platform. And it is going to need stable branch connectivity, which we can do that as well.

I think driving enterprise AI to scale is going to need a unified infra from a partner like TATACOMM, who's a pure B2B global Comtech player. I think we have that as well. I think what we need to do better is tell the story, get our GTM enable, get our products stitch together, continue to invest in these parts of our portfolio. I think these 2 trends we can monetise.

Vibhor Singhal:

Got it. Thanks for the very detailed answer. Just a follow-up on the second part. In the second strategy, when we're talking about the AI led transformation. The capability to develop these agents, which can basically work on the enterprise data, are we already investing into building those agents? Are we kind of investing into building LLMs also? Or are we only looking at using OpenSource LLMs? And also are we also looking to partner with these various LLM providers like, let's say, Anthropic, OpenAI, or other such platform companies?

Ganesh Lakshminarayanan: I think, Vibhor, the space is evolving really, really fast. We have invested recently into the Commotion platform. And in my 15 - 20 conversations with the NBFC, with an insurance agent, there's a lot of demand for this voice AI platform. What it points to me though is, well, it's a unique use case to come up with collection agents who are AI agents, relationship manager who are AI agents, it points to an unified infra demand. It's just not about the AI agent alone. The agent is going to need security. The AI agents need to connect to an enterprise data. The AI agents will be able to connect to a voice infrastructure. I think those are all our strengths, which is our moat, I say.

The Commotion investment gives us a great opportunity to participate in this exciting journey where a real AI agent who works on enterprise data solving enterprise use cases, which delivers real ROI, we have the building blocks to participate in this. But as I said, it's also a very fast evolving. We will not only work with Commotion, we'll also look to partner with other AI companies on this side. But with the global GTM we have, with the high NPS we have and the trust we have built, I'm expecting that we should be able to capitalise on the enterprise AI as well.

Vibhor Singhal:

Perfect. Great to hear that. Just one last question for Siddhartha. Siddhartha, in this quarter, we saw very strong growth. If I look at the consol growth, the Data growth and the Digital growth, these were 9%, 12% and 19% on a YoY basis. Now assuming almost 60% of our revenue is outside India, I would assume a good part of the revenue growth would have come because of the very sharp INR depreciation in this quarter.

Would we be able to kind of strip out the currency benefit from this growth number and provide the individual numbers in a manner similar to constant currency growth or, let's say, in dollar terms or whatever metrics in which we can strip out the impact of the currency movement?

Siddhartha Mundra:

Yeah. So what you're saying is right. For the quarter, on a YoY basis, we have reported 9% kind of a growth and as a part of my opening commentary also, I had given up some numbers, but I can read that again for you. The overall revenue on a YoY basis, on a flat currency basis, the revenue growth stood at 3.8% and on a QoQ basis, it was also a similar kind of a number of around 3.7% YoY basis.

- Vibhor Singhal:** Got it. And would we be able to give a similar number for the Digital growth, the Digital business, which grew by 19%, what would that be in a flat currency environment?
- Siddhartha Mundra:** Vibhor, we don't provide that data for the other parts of business.
- Vibhor Singhal:** Fair. I will try to back-calculate, if I can. Thank you so much for taking my questions. I will get back into queue if I have anything more. Thanks.
- Moderator:** Thank you. We take our next question from Vinit Manek from Karma Capital Advisors. Please go ahead.
- Vinit Manek:** Yeah. It's good to hear your energetic voice, Ganesh. And you have answered most of my questions. But just one thing from my side that how do you guys now look at STT as a non-core investment for us? Because there has been a development at the global entity, where KKR and Singtel has taken stake. How should we look at this investment from a going-forward basis? Any plans to monetise in the near-term and get the cash out of it, which will help us to reduce the debt or help us that cash to put in the future growth capital? Or do we have plans to further infuse capital to grow that business on a going-forward basis? Just wanted your views on the same.
- Ganesh Lakshminarayanan:** Thanks, Vinit. I told that I will deflect the tough question to Kabir. I'll have Kabir answer the STT one.
- Kabir Ahmed Shakir:** Hi, Vinit, good to hear from you. Maybe you would have missed it out. STT already made a statement, press release, I think a few weeks ago, probably sometime in middle of January, if I'm not wrong, that they are looking for a potential IPO for their Indian asset. And of course, this is all subject to the transaction, firstly closing. That transaction is with the regulatory authorities as with any other M&A transactions. Once that gets closed, as I'm sure STT look at those options.
- As far as TATACOMM is concerned, we want to ensure that we get the right value for our asset and we are quite delighted with the fact that IPO will probably give the right value discovery for our stake. And closer to time, I'm sure the management will decide in what tranches and how we will monetise that and then take that forward. So that's what we have done. We have engaged with STT and we have engaged with the new buyer and secured our rights on the monetisation of which IPO is the lead option.
- Vinit Manek:** Got it. Thank you for the clarification and all the best Kabir for new endeavour.
- Moderator:** Thank you. Our next question is from Avnish Tiwari of Vaikarya Change LLP. Please go ahead.
- Avnish Tiwari:** Hi. Wish you really best, Kabir, in your future. And Ganesh, welcome and wish you also best for the journey here. This topic of you working with enterprise in their AI journey, do you need to look at getting some talent, which can help you do this because this seems to be a pretty exciting area, but may require a very different kind of talent to stitch together AI-driven solutions, partner with AI products and firms which you need.
- Ganesh Lakshminarayanan:** Yes. So absolutely, yes. I think, Avnish, that's a great question. But I'm also excited that we have made an investment in Commotion. We have a very bright set of high talent engineers who are there. I think our fundamental building blocks to capitalise on this unified infra is there. I think what we really need to do is to use our GTM to build these outcome-based solutions using the building blocks.
- When I talked about the loan disbursement agent or the collection agent or the relationship agent, it is not about the individual parts of our portfolio, but really stitching that together to make that outcome happen. We do have a strong asset in Commotion. Some of the products we have launched like the dynamic DC-to-DC connectivity, the Multi-Cloud

Connect helps us to make sure that we are getting ready for the network, which is needed for the enterprise AI to scale. With the cloud and security portfolio we have, we have a good engineering team and a set of amazing product managers. We're going to challenge them to bring the Edge compute we need.

I think the GTM needs to strengthen the way we tell the story. I think we need to start with customer in, talk about the outcomes we can deliver and gain the customers' trust. I'm very happy to see the number of POCs we are currently doing and the early wins we have seen in that space, especially the Multi-Cloud Connect as well as the Commotion AI, we are seeing some good traction.

Avnish Tiwari: I was going one layer up also, let's say, having the people who can go to these enterprises, understand their problems, how can they grow their revenue or save costs and then they figure out a solution whether to requiring your products or maybe stitching together using the outside, knowing all the AI work which is going on, the products out there rather than just focusing on selling own products. I was thinking more from, let's say, service layer where you sort of go to enterprise and solve their problem and it may be solved by your products or may be solved by anything else also.

Ganesh Lakshminarayanan: Yes. If you look at our GTM, it's actually multi-tiered, right? We have our account executives who work with these 300 out of the Fortune 500 companies you mentioned in all of India, so that's the first layer. Then we have a second layer who are what we call business development managers and solution specialists who work in these individual towers, right? We have the Network Fabric, we have the Cloud and Security Fabric, and we also have the Interaction Fabric.

On top of it, we have built this ThreadSpan, which is the integrated platform, which brings this Digital Fabric to life for the need of an AI solution. And we're also building services team on top of it, which can help enterprises to manage that infrastructure.

We're also investing in what is called a strategic product group, which has got some very high senior resources in each region, which can talk about domain-specific solutions and then bring all these towers together. It's an exciting journey. I think I could leverage the experience I've gotten from my prior companies and bring that GTM to life in Tata Communications as well.

Avnish Tiwari: Great, thank you, Ganesh and wish you very best.

Moderator: Thank you. We take our next question from Balaji Subramanian of IIFL. Please go ahead.

Balaji Subramanian: Thanks for taking my question again. I just had a question on this strong revenue growth that we have seen in collaboration and CPaaS. Is part of it due to Commotion Inc. acquisition, which probably is getting captured here? If that is the case, any sense on the quantification from the same? And the other thing is I was going through Twilio's earnings call, where they have talked about some price increases that T-Mobile in the U.S. has taken. So is that the reason why the collaboration and CPaaS revenue is up so sharply? If that is the case, then are we looking at this rate sustaining forward as in whatever the base we have seen in 4Q FY26? So some colour here would be very helpful.

Ganesh Lakshminarayanan: Let me talk about the collaboration platform. I think the example I gave on a big global bank, see the solution we are offering is very unique. Along with the UCaaS platforms, we offer the capabilities of GCC employees or any global employees to connect from a platform like Teams or Webex into mobile numbers and phone numbers directly. I think it's a very unique solution given the growing nature of GCCs in India, given the unique product we have built. And that's the solution along with all the connectivity that GCC is going to need, which has helped us to win big deals. I want to really grow that part, which is the employee interaction suite, which is a very important place. So that's what is driving some of the collaboration growth.

And our CPaaS revenues are up because of volume growth, not price hike, right? Commotion is a very interesting because it's AI enabling all the customer interactions. We talked about how we are using them to set up a collection agent to set up a relationship manager and insurance company. We already see about five customers have signed up for that platform play. I wouldn't say that it's got anything to do with price, but it's volume growth which has driven our CPaaS revenue. But we are truly excited about this collaboration platform, voice collaboration platform, which is our UCaaS product, employee interaction suite. I think that's a very unique solution we have built with our global voice backbone and the platform we have built, I think that's when we would love to scale.

Balaji Subramanian: Got it. So Commotion is included in collaboration and CPaaS segment only?

Siddhartha Mundra: Yes, Balaji, but it is not material contributor to the revenue.

Balaji Subramanian: Got it. Basically, based on the strength that you are seeing in UCaaS and the employee collaboration suite, etc, it is kind of fair to assume that most of this growth is underlying business growth and there is no lumpy revenue or something which is there in this particular quarter. That would be a fair statement, right?

Ganesh Lakshminarayanan: Yes. I don't think there's lumpiness in the Q4. There is usage growth. The volume growth has happened on the CPaaS side, and we are seeing some good wins on our UCaaS side.

Balaji Subramanian: Great. This is very helpful. Thanks once again and all the best.

Ganesh Lakshminarayanan: Thank you very much, Inba. That brings us to 7:30. I would love to close the call. Thanks a lot for joining. I think we take all your best wishes, me and Sid, and we'll come back next quarter to talk more about the year.

Moderator: Thank you very much, sir. Ladies and gentlemen, on behalf of Tata Communications, that concludes today's call. Thank you for joining us. You may now click on the leave icon to exit the meeting. Thank you all for your participation. Goodbye.

This is a transcription and may contain transcription errors. The Company or sender takes no responsibility for such errors, although an effort has been made to ensure high level of contextual accuracy.