Operator: Good evening, ladies and gentlemen. Welcome to the Tata Communications Q2 FY27 earnings conference call. The results for the quarter ending September 30, 2026, have been announced, and the data pack is available on our website. Please note that all participants will be in listen-only mode, and this conference is being recorded.

We have with us today from the management team Mr. Ganesh Lakshminarayanan, MD and CEO; Mr. Siddharth Moondra, CFO; Mr. Rajiv Sharma, Head of Investor Relations; and Ms. Deshna Patnaik, DGM, Investor Relations. We will begin the call with opening remarks from MD and CEO Mr. Ganesh, followed by CFO Mr. Siddharth on the company's business and financial performance. After 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.

Ganesh Lakshminarayanan - MD & CEO: Thank you. Thanks, Inba. Good evening, everyone, and thank you for joining us today. It has been 6 months now, exactly 6 months since I took over as the CEO and MD. In my last call, I shared that the best advice I received as I began this journey was to first build a team, second, lay out a simple plan for the organization that everyone could align with, and third, start executing the plan.

I am very happy to say that the full team is now in place. We finally have the full team, with Narotam Sharma joining us as the Chief Transformation Officer since the last investor call. Narotam will lead our enterprise-wide transformation agenda and ensure that Tata Communications is future-ready. He brings more than two decades of experience in large-scale digital transformation and most recently served as the CIO at Jubilant Networks. With this, I am very happy that the team is fully in place.

Inba, if we could go to the second slide. I think the next important thing was to roll out a plan that is consistent internally and externally, and that everybody can align with. As you could see from the slide, we had shared that we would take care of our customers, take care of our employees, and focus our energy on absolute EBITDA growth. My single largest focus in the last 6 months has been profitable growth.

I am very happy to share that our EBITDA has crossed 1,400 crores, and EBITDA growth is about 21.2%. This is the highest year-on-year EBITDA growth ever achieved, including since the recent M&As. The other aspect I am personally happy about is that the profitability of our digital portfolio has improved significantly. The digital portfolio reported an EBITDA margin of -3.6% versus -6.9% in the previous quarter. Our losses have become less than half of what they were in Q1. With this, we are very close to EBITDA break-even for the overall digital portfolio.

Growth has been strong as well. The order book for this quarter has shown robust double-digit growth. Our customer wins this quarter have been spread across almost all regions and segments. In the UK and APAC, we are winning strongly with financial services. In the Americas, we are

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winning strongly with new clouds, and hyperscalers are driving the momentum. The Indian market is witnessing a significant uptick in the cloud portfolio, and as GCC customers continue to expand their operations, we are helping them set up their new locations. We are also getting repeat business from 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 the enterprise context, and translate enterprise intelligence into business outcomes.

In AI, after meeting close to 200-odd customers, I am very confident that the days of technology-forward experiments that result in high costs and no ROI are definitely coming to an end. Our customers are executing new business models with clear ROI and full control over costs. We believe that this shift represents a significant opportunity and reinforces our conviction that AI-enabled customer journeys will become an important growth driver for the company.

Inba, if you could go to the next slide. I wanted to share with you our unified stack for AI. I think the 3 things you really need to make enterprise AI work are, first, a trusted AI foundation; second, an enterprise context layer that can take enterprise data and turn it into intelligence; and third, an execution layer that enables enterprises to operationalize this intelligence toward workflows at scale.

Our hardware, the first layer, is truly sovereign by design. We provide enterprises with a secure, governed AI foundation that enables them to deploy AI confidently. It allows them to meet security, compliance, and data residency requirements.

Once they are confident that the enterprise data is secure, the next step is to turn that data into intelligence. Through our Kaleyra acquisition, we have the capability to create an enterprise-wide intelligence layer that connects their enterprise data, workflows, relationships, and institutional knowledge. This gives the AI system the context required to make smarter decisions and operate within clearly defined governance boundaries.

If data is not transformed into intelligence, there is only hallucination. If that intelligence does not transform into actions, it is like having the smartest and highest-paid employee in your company with no real output.

With Kaleyra, we transform this enterprise context into action by rapidly deploying AI applications and agents across voice, messaging, and digital channels. By connecting organizational knowledge with execution, our customers are automating workflows, which enhances customer and employee experience and accelerates business outcomes. This capability is enabling our interaction business to evolve from delivering a channel-based solution to orchestrating AI-powered journeys.

Our real moat lies in building that connective tissue between enterprise knowledge and enterprise execution. A lot of this may sound like theory, but let me bring it to life with 2 significant wins we have had this quarter. Are we on the right slide? Okay.

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One of our notable AI-led wins this quarter was with Tata Consumer. Tata Consumer, as you know, is a large FMCG company. They have a large number of people who go into the field. We have enabled their field sales teams through Sales Saathi, an AI-powered assistant that delivers personalized guidance, recommendations, and battle cards through multilingual voice interactions.

We were not selected merely for our voice AI capability. We were selected for our ability to combine deep communications integration with frontline teams and our ability to create a customer-owned enterprise context layer, the ontology layer that is badly needed by AI. This layer allows Tata Consumer to retain complete control over its business knowledge and insights. It is their ontology, it is secure, and it is their property. Our action layer, which is the voice AI assistant, has strong support for all Indian languages.

We are seeing a similar trend in customer experience transformation. You might say that Tata Consumer is our sister company, but we are seeing similar success with HDFC ERGO. Our voice AI agents are now live within customer journeys at HDFC ERGO General Insurance, which is 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 highly regulated environments that demand stringent compliance and governance standards. These engagements illustrate the growing demand for AI systems that do more than just generate insights. These are models and business problems that are purely ROI-backed solutions, which we are enabling with our unified AI stack that combines the hardware layer, the intelligence layer, and the action layer.

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 center build-out in India. This win highlights our ability to enable the high-performance infrastructure that powers next-generation AI workloads, and it further strengthens our position within the evolving AI ecosystem.

The demand for D-to-D-to-D connectivity remained robust during the quarter. It is being driven by accelerating AI infrastructure deployments in India. With more than 80,000 kilometers of terrestrial fiber, 30,000 kilometers of metro fiber, and connectivity across 180 data centers, we have established a strong foundation to capture this growing opportunity.

While we 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 the unified AI stack is really setting the path for future growth.

The most important and interesting part is the nature of this growth. The nature of growth is changing for us. It is creating new opportunities and driving profitability. 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 amazing financial performance in Q2.

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Siddharth Moondra – CFO: Thank you, Ganesh. Let me start with the quarter's performance. Q2 FY27 consolidated revenue came in at {? Rs.6,688 crores ?}, up 9.6% year-over-year. Data revenue for the quarter came in at 5,810 crores, representing growth of 12.2% year-over-year. Digital portfolio revenue was up 18.6% on a year-over-year basis.

Digital revenue growth was broad-based, led by interaction, next-generation connectivity, and the IoT platform. The top line has certain foreign exchange impacts arising from a strengthening dollar. Normalizing for the same, data revenue saw growth of about 6% on a year-over-year basis. Digital portfolio growth at constant currency was healthy and in the double digits.

I am happy to report that EBITDA for the quarter came in at 1,422 crores, up 21.2% on a year-over-year basis. For the first half, EBITDA growth on a year-over-year basis stood at 14.8%. EBITDA margin for the quarter came in at 21.3%.

The improvement in profitability was 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 toward break-even for the digital portfolio.

PAT after minority interest for this quarter stood at Rs.341 crores, up 86% on a year-over-year basis. I am pleased to share that we have reached an in-principle agreement with the Canada Revenue Agency on settling a long-standing tax matter in our Canadian subsidiary. The corresponding contingent liability as of March 31, 2026, stood at {? Rs.1,658 crores ?}. The terms of settlement are currently under finalization.

Finalization will be completed, and we will make the necessary disclosures in due course. FCF for the quarter was 212 crores, a sharp improvement from negative FCF in the previous quarter. Our EBITDA-to-operating-cash-flow conversion improved to 72%, demonstrating our focus on driving agility while maintaining discipline in capital and working capital management.

Cash capex trended upward 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 11,197 crores. Net debt-to-EBITDA stood at 2.17x. Net debt-to-EBITDA held steady despite dividend payments this quarter. ROCE came in at 15.9%, up 71 basis points on a year-over-year basis, 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 toward break-even. We are encouraged by the improvements delivered across our financial metrics, which are an outcome of focused execution and increasing operating leverage.

More importantly, I am encouraged to see the uplift in the order book this quarter. With that, we can open the floor for questions.

Operator: Thank you very much. Ladies and gentlemen, we will now begin the question-and-answer session. Anyone who wishes to ask a question may click on the raise-hand icon in the participants

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tab on your screen. We request participants to restrict themselves to 2 questions and then return to the queue for more questions. To rejoin the queue, you may click the raise-hand icon again.

We will wait for a moment while the question queue assembles. We take the first question from Balaji Subramanian of IIFL. Please go ahead.

Balaji Subramanian – IIFL: Am I audible?

Operator: Yes.

Balaji Subramanian – IIFL: Thank you for the opportunity, and congratulations on a great set of numbers. Probably after a long time, you have delivered strong revenue growth in digital accompanied by significant margin expansion.

My first question is a bit high-level. You used to talk about certain revenue growth numbers and EBITDA margin targets. Can we have some perspective on how one should look at these going forward, given the progress that you have recently achieved? After this, I will have a quick follow-up.

Ganesh Lakshminarayanan – MD & CEO: Thank you, Balaji. Since I have taken over, in the last 3 calls, Sid and I have completely emphasized our exclusive focus on profitable growth, expanding EBITDA, and bringing in operating leverage. We are on track with that commitment. We are seeing good progress in our EBITDA expansion.

We have seen 15% EBITDA growth in the first half of FY27, and we are seeing significant growth in the areas where we want to see growth. We are seeing growth in next-generation connectivity, which is growing by almost 27%. Our digital portfolio as a whole has grown 18%. We are highly focused on achieving the right quality of growth.

You can also see that EBITDA-to-OCF conversion is improving, and our ROCE is improving. We are definitely on the right track.

The second thing I would point out is the recent wins we have highlighted. The nature of our growth is different. We are winning with our unified AI stack. We are winning large network expansion projects with neo-cloud operators and AI software companies. I think this year we will absolutely deliver what we have promised. We are focused on delivering what we have promised. We will come back to you on the investor call in February and talk about the longer-term growth that lies ahead of us.

With the performance in H1, we are entering H2 with a lot of confidence and momentum. There are opportunities across the network, opportunities across cloud and infrastructure, and the interaction fabric has gained a significant amount of traction in H1. We are confident about the growth ahead, but more importantly, I want to emphasize that we are delivering on the commitment we made to you at the beginning of the year: that we would focus on profitable growth this year.

We have delivered 15% EBITDA growth in the first half of FY27, with good-quality profitability showing up in our cash flows. We will absolutely be looking forward to the investor call, where we can outline the growth opportunities ahead of us.

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Balaji Subramanian – IIFL: Thank you, Ganesh, for the in-depth answer. My other question is on the margin expansion itself in the digital portfolio, to be more specific. I can see that a significant part of the margin expansion has come from the improvement in the NR-to-GR ratio. That is despite the fact that the contribution of collaboration and CPaaS is at an all-time high, which is typically a lower-margin business.

Is it fair to say that the contribution margin in the other parts of the digital portfolio is seeing a meaningful uptick, considering that some of these newer products and platforms that you have recently launched come with superior margins? Would that be a fair statement to make?

Ganesh Lakshminarayanan – MD & CEO: That is a fair observation. As I said, the quality of our growth is changing. I have pointed out that an important driver of profitability is the change in sales contribution margin, which is the NR minus all the costs associated with that sale. That is showing up in our execution.

Our sales team is focused on delivering profitable growth. The AI-led platform wins, such as Commotion, which I discussed in relation to Tata Consumer and HDFC ERGO, are platform-level revenues that come with higher profitability and recurring revenues, almost like SaaS businesses. That is why you are seeing the shift in the NR-to-GR ratio, and that is what is resulting in the EBITDA improvement in the digital business.

I have said that we want to look at our business as platforms, infrastructure, and services and solutions—the 3 buckets. We want to see a healthy mix of these 3 types of revenue. What you are seeing in the digital portfolio is the beginning of that execution. You are seeing growth coming from the right products with higher profitability. That is what is helping us improve the profitability of the EBITDA business.

Balaji Subramanian – IIFL: Understood. This was quite helpful. Thank you very much, and all the best for the coming quarters.

Ganesh Lakshminarayanan – MD & CEO: Thank you, Balaji.

Operator: Thank you. Our next question is from Sanjesh Jain of ICICI Securities. Please go ahead.

Sanjesh Jain – ICICI Securities: Good evening, and thank you for the opportunity. I have a few questions. First, on the order book, Ganesh, you said that this quarter we have seen double-digit order book growth. I think this is the first time in 2 and a half years that we have seen double-digit order book growth.

If we look at the data business adjusted for currency, the growth is around 6%, as Sid said. When should we see constant-currency growth in the data business reach double digits, now that the order book has been quite strong? Some perspective on the order book in this quarter would also be helpful. That is my first question, Ganesh.

Ganesh Lakshminarayanan – MD & CEO: Thank you. Even in the order book, Sanjesh, our focus is on getting more recurring business and more high-profitability business as part of our future revenue. The order book is essentially future revenue. Once we implement it, it converts into revenue.

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We think we had our best quarter in Q2. I am hoping that there will be even better quarters in the future, but Q2 has been excellent. A significant amount of our order book has come from recurring business. A higher share of our business has come from recurring revenue, and a higher share of our business has come from network products.

We are watching the current constant-currency numbers very closely. Our focus is going to be on constant-currency growth. You can see that even in constant-currency terms, our EBITDA has been around 10% on a year-over-year basis. We are focused on constant-currency metrics as well.

We have also invested in undersea cable and DC-to-DC connectivity. We are seeing significant demand emerging in the core connectivity business. Let us wait for 1 more quarter. You will definitely see—I am hoping that we will continue our focus on profitable growth, and the network growth that we have seen in the order book should convert into revenue. We are definitely looking for better prospects for the network business.

To add a little more perspective on the order book, it is very well diversified, and we have had wins across the board. There are no large wins that form a significant part of this order book. This consists of several wins across several businesses. Another aspect is that some of these wins have come against very strong and credible competition. This gives us even more confidence in the strength of our products and our ability to continue this in the future.

Sanjesh Jain – ICICI Securities: Great. I think that is good news. We should expect this to convert into revenue in the coming years, right?

Ganesh Lakshminarayanan – MD & CEO: Correct. We should have good growth.

Sanjesh Jain – ICICI Securities: Second, Ganesh, you have given us a good amount of detail on the unified AI stack that we are building. Just to understand, in Tata Communications' overall revenue, both in core connectivity and digital...

Ganesh Lakshminarayanan – MD & CEO: Sanjesh, we cannot hear you.

Operator: Mr. Sanjesh Jain, are you still there? I think we have lost the connection for Mr. Sanjesh Jain. If he rejoins the queue, we will unmute his connection.

In the meantime, we would like to request participants who wish to ask a question to join the question queue by clicking on the raise-hand icon. We will take the next question from Vibhor Singhal of Nuvama Equities. You may go ahead, Mr. Singhal.

Vibhor Singhal – Nuvama Equities: Thank you for taking my question, and congratulations to the entire management team for a wonderful performance, especially on the margins.

Ganesh, I have 2 questions from my side, and then I have 1 question for Siddharth as well. You talked about the unified AI stack strategy that we are following, which combines our GPU infrastructure with the capabilities that Commotion brings.

To get some more perspective on this, you mentioned a couple of projects that you won with Tata Consumer and others. Are these applications restricted to our sub-verticals of next-generation

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connectivity, CPaaS, media, and cloud, or are we actually moving beyond the application offerings that we used to provide to customers? Does that open up a completely new field of business that we can envisage and that can grow much more strongly in those areas? Any perspective on where these deals are coming from and the nature of the work that we are doing would be very helpful.

Ganesh Lakshminarayanan – MD & CEO: That is a very interesting question. To scale enterprise AI, a company like Tata Consumer or HDFC ERGO needs multiple layers of a technology stack, and we bring all of that. What we have been able to do in both of these situations and in other customer situations is stitch together solutions that are based on customer outcomes.

Let us take the example of Tata Consumer. If you want to see everything that goes into making that solution, first, you need a hardware layer. That is a basic requirement. That is where you need to run the intelligence and the models. We have that.

The hardware layer alone is not enough. You also need the ability to securely bring in enterprise data, which we have through our security fabric. On top of that, you need the capability to convert enterprise data into intelligence, which is the ontology layer that Commotion brings. We have that.

That is still not enough. You then need to convert that intelligence into action. For that action to happen, you need a voice AI capability, which we have from Commotion. There is something even simpler: to make the voice calls happen, you need the ability to have countrywide voice-calling capability with our own phone numbers, along with a robust voice network that we want to provide. We have that.

We also have to do this securely. We cannot do this over the internet. We have to do this over MPLS because voice calls are not allowed over the public internet. We have that capability.

Ganesh Lakshminarayanan – MD & CEO: If you look at this, to make a real, high-ROI enterprise use case happen, you need the entire stack. Tata Communications has always had the stack. We have built the stack through our acquisitions and our GPU investments. What we are doing now is bringing it together to create unique solutions for our customers.

Take HDFC ERGO. To make HDFC ERGO work, you need contact center software. We have it in our portfolio through our own contact center software, as part of our interaction fabric. You need voice AI agents. You need the ability to connect enterprise data over a secure, high-performance network. You need the ability to make phone calls happen, both inbound and outbound. You also need the ability to provide the customer with the phone numbers they need—the unique phone numbers required for their end consumers to call them.

Again, the Voice Fabric, Security Fabric, GPU hardware fabric, network fabric, and intelligence fabric are all needed to make a solution like that happen. Tata Communications has all of them.

For a customer like HDFC ERGO or Tata Consumer, they do not have to go to multiple providers. They do not have to go to an {? ontology ?} software company or a CRM company. To put all of that together, they previously had to go to 5 different providers. Now we have built it into 1 simple stack. I think that is the power of what we have in Tata Communications, and it is beginning to resonate in the market. We will see more solutions like this offered by Tata Communications. That is our hope.

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Vibhor Singhal – Nuvama Equities: Understood. Thank you very much for that detailed answer, Ganesh. It actually opens up 2 more questions from my side, if I may.

Is it fair to say that in a deal like HDFC ERGO or Tata Consumer, the revenue accruing from that deal would actually be spread across different parts? Some portion would go to the voice business, some portion to, let us say, the IoT business, and it would be spread across different segments?

Ganesh Lakshminarayanan – MD & CEO: That is a fair point. You should think of us as putting multiple fabrics together to stitch a nice suit. The fabric makers will get their portion, but the suit is what the customer wears.

Vibhor Singhal – Nuvama Equities: Understood. You also mentioned the voice component quite a few times. Does that mean that the voice business of Tata Communications, which we had been ignoring and assumed would die its own natural death, could see some revival? Is there a possibility of a plan or strategy that could enable this voice business to start seeing more traction, given that, as you mentioned, you probably cannot make WhatsApp calls because of data-security reasons?

Ganesh Lakshminarayanan – MD & CEO: It is too early to say, Vibhor. Voice is becoming the execution layer for AI agents more and more. With AI agents acting almost as co-workers in multiple parts of the company, there is a resurgence in voice calling.

The constraints of human agents managing call centers are going away. AI agents are available in plenty, so service levels are improving in customer service. We are able to make a lot of calls because they are not humans making the calls; AI agents are taking the calls. There is definitely an improvement in that part of the voice business, but it is too early to say whether it is material or not.

Vibhor Singhal – Nuvama Equities: Understood. Just 1 last question from my side, and then I will have 1 more question for Siddharth. On the media business, I think that in this quarter as well, while we saw some uptick on a quarter-on-quarter basis, on a year-on-year basis it still remains quite soft. Could you provide some perspective on what exactly is affecting the business and when you think we could see it supporting the growth, which is very strong in the other divisions?

Ganesh Lakshminarayanan – MD & CEO: I think the media business has done really well this quarter in terms of profitability. We are making all the right bets. We are bringing more synergies between the media business and the network business.

The media business is very cyclical; it depends on the big events. For example, media has the Olympics coming up next year. We are getting ready to provide support for the LA Olympics. There were some events in the Middle East that were cancelled because of the challenges there.

However, we are very bullish on the media business. We have the right capabilities across production, playout, and distribution. If we combine that with the excellent global network backbone we have, we believe that we can capture a bigger share of the growing digital distribution of media. We are very bullish. Sid, would you like to speak to this?

Siddharth Moondra – CFO: In addition to what Ganesh mentioned, from a cost perspective, we have undertaken a number of initiatives to reduce the overall cost structure in the media business. Some of those initiatives have already started playing out, and some will start playing out in the coming

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quarters.

There is greater interaction and integration happening between the various business units in terms of our network buying at the back end. We also see significant consolidation and cost-optimization opportunities there. Therefore, both from an {? NR ?} perspective and from a {? LOB ?} contribution margin perspective, we see many positive growth drivers in the coming quarters.

Vibhor Singhal – Nuvama Equities: Understood. In fact, that was going to be my next question for Siddharth. Siddharth, on the margins, we saw a very strong performance in the digital portfolio. We are finally moving toward break-even and possibly reaching the positive side very soon.

As you mentioned, the media business was one of the segments where we improved profitability. Were there any other digital verticals where you saw the maximum traction and the most improvement in margins compared with the other verticals?

Siddharth Moondra – CFO: It was across the board, Vibhor. Our mobility business has also seen substantial improvement in profitability, and we continue to be very strong and focused on that vertical. We are seeing opportunities for margin improvement across all the verticals.

Vibhor Singhal – Nuvama Equities: Understood. My final question is this: if I back out the digital margins that we have provided for the quarter from the data margins, the implied margin for the core connectivity business comes out to almost 44.8%, or around 45%. That is a very healthy margin. Do you believe that margin is sustainable at these levels?

Siddharth Moondra – CFO: What we have achieved as of now for the quarter should be achievable in the coming quarters as well. There are no one-offs or other such events impacting our Q2 performance in any manner.

Vibhor Singhal – Nuvama Equities: Understood. It is great to hear that. Thank you for taking my questions, and I wish you all the best for the remainder of the year. Thank you.

Ganesh Lakshminarayanan – MD & CEO: Thank you, Vibhor.

Operator: Thank you. Our next question is from Avnish Tiwari of {? Vaikarya ?}. Please go ahead.

Avnish Tiwari – {? Vaikarya ?}: Am I audible?

Operator: Yes.

Avnish Tiwari – {? Vaikarya ?}: My first question is on the AI layer that you have—so {? Commotion ?}, {? Ceredo AI ?}. Could you talk about your revenue model? Also, if you would like to disclose how many clients or accounts you have seen this uptick in, whether attached to an existing offering, a standalone offering, or a bundled deal, whichever way it is? How many clients have taken it up?

Ganesh Lakshminarayanan – MD & CEO: Let me not disclose the number of customers yet. We want to keep it under wraps for some more time. Our model is SaaS-based. It is a platform fee, plus they pay for all the consumables. It is a very healthy, recurring business.

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It is not just about {? Commotion ?} as a platform. If you look at the 2 solutions, it is the monetization of all our assets. It is not just the {? ontology ?} layer and the voice AI layer. It includes the network layer, which consists of the voice calls and minutes, as well as our GPUs, which are used.

We are providing this as a solution, and the pricing varies from solution to solution. Some of it is based on how we want to think about this: platform plus consumables. However, it spans our entire portfolio. Someone asked me whether the revenue goes back to the individual businesses. Yes, it does go back into the individual towers as well.

Right now, you should think of this as a platform-led pricing model: a fixed, SaaS-like model on a recurring basis, plus usage-based charges for consumables.

Avnish Tiwari – {? Vaikarya ?}: Is this what is powering your {? Collaboration's HIS ?} revenue? If I look at the last 2-3 quarters sequentially, they have been performing quite well. Is this kind of synergistic AI leverage helping you, or is there something else helping you accelerate or deliver good growth in that business?

Ganesh Lakshminarayanan – MD & CEO: Our goal is to make the entire {? CIS ?} platform AI-enabled. We run {? Commotion ?} and {? CIS ?} together as 1 entity under 1 leader and as 1 P&L.

The customer experience function of multiple companies, as you saw in the HDFC ERGO case, is going through a massive AI-led transformation. We have these customers and have been providing solutions to them previously. With the addition of {? Commotion ?} to our capabilities, we are significantly participating in customer experience transformation using AI because we have that unified stack of contact center software, the AI {? ontology ?} layer, voice AI agents, and the underlying GPUs and network required to make the entire contact center transformation happen.

Our goal is for the {? CIS ?} business to become an AI-led, platform-enabled business, and that will show up in improved profitability for that business as well.

Avnish Tiwari – {? Vaikarya ?}: Just 1 last question. Apart from this {? Commotion ?} layer and this {? Collaboration's HIS ?} layer, are there any other areas where you are trying to infuse AI leverage? Is it AI in the network, next-generation connectivity, or anywhere else?

Ganesh Lakshminarayanan – MD & CEO: Since {? Commotion ?} is part of our portfolio, we are undertaking a massive AI-led transformation of our entire company, not just of the products we offer to customers.

In our own company, we are reimagining the business using the same unified stack we are offering to our customers. You will hear more from us on this, but rest assured that the transformation we are bringing to customer service, sales, delivery, and assurance will be accompanied by a similar reimagination of our own company, and it is already happening.

I think we will share more with you when we speak about this at the Investor Day. Your observation is very valid. We will be undertaking a massive transformation of our own company using this AI product.

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Avnish Tiwari – {? Vaikarya ?}: Thank you.

Operator: Thank you. We will take our next question from Aditya Bansal of Motilal Oswal. Please go ahead.

Aditya Bansal – Motilal Oswal: Congratulations on a very strong quarter. My question is around the cloud business. Growth was relatively muted, but I want to understand whether it is a deliberate strategy to focus more on the {? Vayu ?} private cloud rather than the distribution of third-party offerings, which is leading to muted growth but better profitability. Is that understanding correct?

Ganesh Lakshminarayanan – MD & CEO: Both Sid and I have been very consistent that we want to focus on absolute EBITDA growth. Therefore, shifting toward higher-quality revenue is very important for us.

Selling our own AI cloud and our own sovereign cloud is our focus. We want to make sure that we are focused on the GPU utilization of the assets in which we have invested. We are focused on selling our own cloud through multiple channels.

Hopefully, you will see in the future that we are definitely investing in the cloud business. We are seeing huge momentum in our cloud order book in the Indian market. I think this business will be a much better business going forward.

Your observation is valid: we want to make sure that the revenue we get from this cloud business comes through our own platforms and our own products so that the margins are better.

Aditya Bansal – Motilal Oswal: Thank you. My second question is on the digital margins. There has obviously been a very healthy improvement, but are there any medium-term targets? I believe you will share more detail on the Analyst Day, but are there any medium-term targets that you are looking at for this business, first in terms of profitability and then in terms of the margin potential, given that this is inherently a lower-margin portfolio? That would be my last question.

Ganesh Lakshminarayanan – MD & CEO: I have already stated that we are focused on absolute EBITDA growth. Our commitment to making the entire digital business EBITDA-positive as soon as possible is our everyday focus, so hopefully you will see that in the coming quarters.

When I speak to you at an Investor Day, I want to discuss how we want to look at the business. I am beginning to see the business as a mix of platforms, solutions, and infrastructure. All 3 have different financial characteristics. Their capital intensities are different, and their profitability is different.

However, we need all 3 to be part of the portfolio, and all 3 will be part of every tower we provide. The goal would be to have a healthy mix of platform revenue, infrastructure-led revenue, and services- and solutions-led revenue, so that we can balance capital intensity and profitability in the right way.

There is a great deal of focus on the digital business. We are growing well. Even on a constant-currency basis, we have done very well. The nature of the revenue is changing. The {? NR to GR ?} ratio is improving, as someone pointed out. We are committed to making this business

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profitable at the earliest.

Aditya Bansal – Motilal Oswal: Thank you, and all the best.

Operator: Thank you. Our next question is from Sanjay Jain of ICICI Securities. Sanjay, you may go ahead.

Sanjay Jain – ICICI Securities: I hope you can hear me now.

Operator: Yes.

Sanjay Jain – ICICI Securities: Thank you. Ganesh, I was asking about each of these business aspects. I think our emphasis remains very clear that we need to integrate AI. Can you help us understand what the revenue opportunity is, both in the core business from an AI-led opportunity and in digital services? What is the proportion of revenue today, and how do you see it shaping up over the next 2-3 years?

Ganesh Lakshminarayanan – MD & CEO: As I said in the last answer, I want to look at our business as a portfolio of platforms, infrastructure, and services and solutions. I am not really focused on saying how much of this is AI revenue, and I am not sure whether we are going to go down that path.

However, the demand you asked about is a very interesting question. There is tremendous growth in data center capacity in India. Not only is data center capacity growing at an aggregate level, but individual data centers are becoming extremely high-powered data centers. This means that demand for connectivity from data centers is increasing many times over.

Our projection is that 70 petabytes of traffic will be needed by 2036. We are at about 2 or 3 right now. The recent wins we have had with neo-cloud operators and hyperscalers tell us that demand across all 3 layers of connectivity—subsea cables, NLD cables, and metro cables, as well as last-mile connectivity within multiple markets—is definitely increasing. That is the first source of demand.

The second source of AI demand is infrastructure. We believe that 60% of future infrastructure will go toward inferencing. The strong network capabilities we have position us well to provide this inferencing edge across the globe. That is the second set of demand we are seeing.

The third set of demand is the large opportunity for the platform layer. The AI operating system we have acquired, the ontology layer we are providing through Commotion, and the AI OS that actually takes action represent the third layer of demand.

The fourth layer of demand is the action layer: voice AI agents, the phone calls that need to be made using voice AI, and the interactions that need to take place over SMS and WhatsApp.

Across the multiple stacks required to scale enterprise AI, Tata Communications has a role to play. Where we do not merely have a role to play, we have a leadership position. We have a leadership position in data center-to-data center connectivity, a strong share of the submarine cable market, and a strong share of metro connectivity, and you have seen us invest in these areas.

I think we are well positioned to be the unified stack for enterprise AI in the future.

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Sanjay Jain – ICICI Securities: That is a huge opportunity and demand. But Ganesh, is this largely an Indian market for us, or are we also looking at global markets across these stacks? A lot of it appears to be focused on the Indian market, at least the infrastructure layer and...

Ganesh Lakshminarayanan – MD & CEO: That is not true. Our network layer is very global. We can build out our infrastructure layer using our strong assets across the globe. We have multiple points of presence across the globe, which are essentially small data centers that we can convert into inference-edge locations.

Therefore, I do not think it is restricted to India. Some of the customer conversations we are having on Commotion are global. I have been to the Middle East and Europe, and the AI stack, including the ontology layer from Commotion, is resonating well with every customer we have spoken to. I do not think it is India-first.

Operator: Sanjay, are you connected? It looks like we have lost the connection for Sanjay again. We will move to our next participant, Hardik Goyal from Union Mutual Fund. You may go ahead, Mr. Goyal.

Hardik Goyal – Union Mutual Fund: Am I audible?

Ganesh Lakshminarayanan – MD & CEO: Yes, Mr. Hardik.

Hardik Goyal – Union Mutual Fund: Congratulations on a great set of results and great margin expansion in the digital portfolio. We understand that you will not comment on the trajectory of margins, but can we get some perspective on what led to the 330 basis points of quarter-on-quarter improvement—operating leverage, gross margin, or a change in mix?

Operator: Hardik, sorry to interrupt. If you are using a hands-free device, could you take off the earphones and speak? Your audio is not very clear.

Hardik Goyal – Union Mutual Fund: Is it better?

Operator: Yes, it is better. Could you please repeat your question?

Hardik Goyal – Union Mutual Fund: On the margin expansion, could you give us some perspective on what led to this quarter-on-quarter improvement in the digital portfolio? Was it operating leverage, internal efficiencies, margin expansion on the gross margin side, or a change in the mix within the digital portfolio? Some perspective would help us understand how we can reach break-even and subsequent profitability in this segment.

Ganesh Lakshminarayanan – MD & CEO: It is solid execution across all sub-products in the portfolio.

First, our revenue has grown. Our digital business revenue has grown 18% year-over-year, led by top-line growth. Even on a constant-currency basis, we have grown significantly. Therefore, the first factor is tremendous growth in the digital portfolio.

Second, the mix of revenue is changing. As you could see, the GR-to-NR ratio is changing for the digital portfolio, so the quality of revenue is improving.

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Third, and most importantly, operating leverage is taking effect. Our razor-sharp focus on costs and keeping costs under control while driving growth is definitely what is resulting in this improvement.

We are very pleased with our year-over-year performance in the digital portfolio. Our commitment is to drive absolute EBITDA growth, make sure that we deliver double-digit EBITDA growth this year, and turn the digital portfolio EBITDA-positive as soon as possible. This will continue on these 3 fronts: grow the top line, grow it in the right way with the right mix of revenue, and continue to keep costs under control.

Hardik Goyal – Union Mutual Fund: That helps a lot. Thank you, and all the best.

Operator: Thank you. Our next question is from Bharat Sheth of Quest Investment Managers. Please go ahead. Mr. Bharat Sheth, could you please unmute your microphone and ask your question now?

Bharat Sheth – Quest Investment Managers: Am I audible now?

Operator: Yes.

Bharat Sheth – Quest Investment Managers: Congratulations, Ganesh, and {? team ?} on the results. Ganesh, my first question is about your initial opening remark, in which you said that you are seeing good traction in core connectivity. Could you provide some perspective on what will drive this, when we should start seeing it in our numbers, and how it will help us grow EBITDA?

Ganesh Lakshminarayanan – MD & CEO: As you know, the connectivity business is a high-EBITDA business.

Bharat Sheth – Quest Investment Managers: Correct.

Ganesh Lakshminarayanan – MD & CEO: We maintain leadership in all 4 forms of connectivity: subsea, NLD, metro, and last mile. We have continued to invest in connectivity.

There are 2 parts to connectivity growth. The first is the underlying infrastructure, and the second is the innovative platforms we have built on top of it.

If you look at our business, next-generation connectivity platforms are growing at approximately 27% year-over-year. To give you an idea of that platform, if you are a company connecting to the cloud and connecting to multiple clouds, you are spending a lot of money duplicating connectivity, duplicating security, and duplicating landing zones, with no flexibility.

Our MCC Flex, which is the Multi-Cloud Connect product and is currently up and running for some of the largest banks in the world, allows these banks to connect to the cloud through a simple mesh with full control over their security in 1 place, without duplicating across multiple landing zones. It reduces their egress costs and gives them much greater control over security and other costs.

This concept of the MCC Multi-Cloud Connect platform, which sits on top of our underlying infrastructure and connects to 80% of cloud locations across the globe, is a major differentiator in the profitability of the business.

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If you look at the dynamic DC-to-DC connectivity product we have launched, we launched it just over 6 months ago and have seen tremendous traction among global customers that are looking to connect their data centers from west to east using a very deterministic latency path, which is important for them.

It is not just about resilience. It is a self-healing network that can say, "If the first path fails and I take the second path, what will my latency be?" We are the only provider that can do this globally. We can provide a deterministic latency path to our customers using this dynamic DC-to-DC network.

Take a look at our multi-cloud networking product. We have built a software platform that helps our customers connect 2 clouds using our underlying infrastructure. Across the globe, there are platform companies that do this and telecom companies that do not have this capability. We are bringing these 2 capabilities together.

I think that is the future of our network business. We will continue to be the leader in infrastructure, but we will be the innovator on the platform side. This combination will help us expand the business and maintain its profitability.

Bharat Sheth - Quest Investment Managers: In the past, our core connectivity business was growing in the 1-3% range. How should we think about it? Can we see the growth rate improve, and when do we expect that growth rate to improve? Some perspective on that would be helpful.

Ganesh Lakshminarayanan - MD & CEO: In the past, growth was also affected by cable cuts. However, if you look at what is happening in the world, AI-led traffic growth is east-west traffic. It is not only north-south traffic. It is the growth in connections between data centers.

That AI growth is not coming from the older-size cables that offered 1 GB or 2 GB. People are now asking for 500 gig connectivity. They are asking for connectivity that is latency-sensitive.

We operate a B2B network, and in India we are one of the very few providers—actually, the only one—that operates a high-quality B2B network that does not carry B2C traffic. Our network is designed to connect 2 data centers through the shortest path. Therefore, the latency we provide to our customers is very different from the network backbones that other B2C telecom customers would use.

More and more customers are choosing our data center-to-data center connectivity because it is purpose-built for B2B. New demand is emerging. I mentioned one of our biggest wins from a neo-cloud operator that is setting up a data center in India.

We are providing the entire connectivity between the metro connectivity and the subsea connectivity they need between the data centers they have here and the data centers they will have in the US. I think the network business is exciting and performing very well.

Bharat Sheth - Quest Investment Managers: Thank you, and all the best.

Bharat Sheth - Quest Investment Managers: Thank you.

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Ganesh Lakshminarayanan – MD & CEO: {? Inba ?}, let us take 1 last call and 1 last question, and then we will close.

Operator: We can take that as the last question.

Ganesh Lakshminarayanan – MD & CEO: Thank you.

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

Note: {? ... ?} indicates a figure or name where audio clarity was insufficient for confident transcription. Verify against the source audio or the company's published filings.

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