



“Tejas Networks Limited
Q1 FY26 Earnings Conference Call”

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MODERATOR: **MR. MOHIT MISHRA – ICICI SECURITIES**

Moderator: Ladies and gentlemen, good day, and welcome to the Tejas Networks Limited Q1 FY '26 Earnings Conference Call. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star, then zero on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Mohit Mishra from ICICI Securities. Thank you, and over to you, sir.

Mohit Mishra: Good evening, everyone. Thank you for joining on Tejas Networks Limited Q1 FY '26 Results Conference Call. We have the management of Tejas Networks on this call represented by Mr. Arnob Roy, Executive Director and CEO; Mr. Sumit Dhingra, CFO; Dr. Kumar N. Sivarajan, CTO; and Mr. Sanjay Malik, Chief Strategy and Business Officer.

I would like to invite Mr. Arnob Roy to initiate with opening remarks, post which we will have a Q&A session. Over to you, sir.

Arnob Roy: Thank you. Good evening, everyone, and welcome to the Tejas' earnings call for Q1. So first of all, just a quick update on our financials for Q1. We had a net revenue of INR202 crores, which was lower than our Q4 revenues of INR1,907 crores. We had a loss of INR194 crores, which was higher than our losses in Q4 of FY '25.

And the order book at the end of Q1 was INR1,241 crores, which is higher than our closing order book in Q4 of FY '25. We also expect and we have been intimated for winning an order of ~INR1,500 crores for the deployment of the BSNL expansion sites of 18,000-plus in BSNL's 4G network, and we expect to be in receipt of the order shortly.

The revenue mix for Q1 was 81% of the revenue came from India and 19% from international. And the mix of our order book, closing order book was 92% India and 8% international, still dominated a lot by our India business. So one of the key reasons for the shortfall of revenue in Q1 was the delayed receipt of PO and shipment of ~18,000 sites of BSNL 4G network, which we were expecting to do in Q1 but has got delayed a bit.

For a few other customers, we also had delays in shipment, getting shipment clearances and also arrival of inventory. And in this quarter, our revenue was led by key shipments to several India Private and international customers.

Some of the key highlights for the quarter was that BSNL's 4G expansion project has got started, and they have TCS, our systems integration partner, has received the APO for additional 18,000-plus sites. And they have intimated to us that the expected value of PO or supply of RAN equipment will be in the range of INR1,500 crores.

We also received an initial order for a private 5G deployment under BSNL's Captive Non-Public Network initiative. And while this is a small order, this is an important first order for us for this particular application of building private 5G networks.

We also signed a strategic partnership with Rakuten Symphony for developing integrated 5G Open

RAN solutions and also take our combined solutions globally. We also entered into a partnership with Intel for integrating our SL-3000 Direct-to-Mobile (D2M) chipsets in their laptops and also partnerships with mobile manufacturers, such as Lava and HMD to launch D2M-enabled mobile phones using the SL-3000 chipsets.

We also started several POCs and engagements with multiple domestic and international operators for 4G and 5G radios, both in India as well as internationally. For our wireless business, we received our first order for BharatNet Phase-III with an SI partner for the supply of IP routers, and we are in engagement with other partners as well for other circles.

We supplied our GPON equipment for BharatNet Last Mile Connectivity project in Gujarat. We received several run-rate orders for our DWDM equipment from a few Tier 1 Indian telcos for their 4G/5G backhaul capacity augmentation. We won several tenders in the critical infrastructure sector also and for supply of wireline equipment to railways, oil, gas and defense mainly for our optical products.

And from our existing customers, the international customers in Africa and Europe, we won network expansion business for both our DWDM as well as our GPON equipment. We also launched our 1.2 terabit per wavelength DWDM solution earlier this year during Bharat Telecom event, and it was launched by the Honorable Union Minister of Communications of India.

A few other updates for the quarter are Parag Naik, our Executive Vice President, he was conferred the prestigious Pandit Deendayal Upadhyaya Telecom Excellence Award by the Ministry of Communications. We were recognized as the Supply Chain Leader of the Year for Technology and Electronics at the SCM Middle East Conclave & Awards in Dubai. And we received PLI incentives of INR122 crores for Q3 of FY '25.

I'll now hand it over to our CFO, Sumit, for giving you details on our financials.

Sumit Dhingra:

Thanks, Arnob. Good evening, everyone. For the quarter ended June 30, 2025, the revenue for Tejas Networks was INR202 crores compared to the previous quarter's revenue of INR1,907 crores. Revenue is lower mainly due to delay in purchase orders, delay in certain inventory arrivals and shipment clearances for a few customers.

I think as Arnob briefly mentioned in his statement, our profitability for the quarter at EBIT level was negative INR232 crores. This is mainly driven by lower revenues against which we have significant fixed costs even though there was an improvement in material margin during the quarter, and also lower variable costs during the quarter helped partly offset the impact.

At PBT level, our profitability stood at negative INR297 crores, and the main difference is essentially finance cost of about INR75 crores. And PAT for the quarter was negative INR194 crores. On the balance sheet side, inventory at the end of quarter was INR2,537 crores, slightly higher than the inventory for the previous quarter. The increase is mainly to cater to some of the purchase orders that are expected to get executed. And as we've been talking about in the earlier quarters, we've taken some advanced inventory actions for certain select components.

Our trade receivables stood at INR4,453 crores. We had collections of ~INR650 crores during the

quarter. The trade receivables are on the higher side, but at the same time, against these, we have advances of about INR1,460 crores that are correspondingly also sitting in other liabilities. So on a net basis, the trade receivable number is lower to that extent.

Our cash position at the end of Q1 was INR545 crores and borrowings stood at INR3,990 crores. The increase in borrowings is mainly on account of working capital purposes as well as for certain capex-related investments that we have been doing over the quarters.

With this, I'll hand it over to Arnob.

Arnob Roy:

Thanks, Sumit. So in summary, as far as our business outlook is concerned, driven by the continuing growth in data consumption, we see continued investments in fixed and mobile networking technologies worldwide, which is driving the growth of our business. And the key applications are the data center connectivity led by many of the new AI data centers, which are getting established, the continued digitalization of cities and economies, modernization of utility networks, the huge investments that are continuing to happen for broadband connectivity and the expansion of 4G and 5G networks globally.

So these contribute to our business drivers. And in line with those applications, we continue to invest in developing our portfolio. And over FY '25 and in Q1 of FY '26, we have expanded our portfolio significantly and increased our addressable market. We continue to evolve our 5G solutions developing multiple 4G/5G radios over multiple bands.

We enhanced our portfolio with advanced 5G Massive MIMO radios, both our in-house ones and with the partnership with NEC. We acquired a field-proven 4G/5G core with the licensing agreement with NEC, expanded our IP/MPLS router family to cover multiple access aggregation networks, including BharatNet.

We enhanced our optical portfolio with state-of-the-art transmission technology of 800 gigabits and 1.2 terabits per channel DWDM systems and enhanced our FTTx portfolio with 10-gig PON products.

So the addressable market segments for our products are projected to grow globally. And our domestic opportunities include large projects in both private and government sectors, where the investment in networks continue in response to the huge demand in bandwidth. We have signed up several new customers and registered new application wins in both private and government sectors, which are set to expand in the current year.

Our partnerships with NEC and Rakuten are expected to give us access to global customers and expand our joint go-to-market opportunities in the international markets. And our continued investment in expanding our global sales footprint and strategic initial wins will give us strong momentum for increasing our international business.

In summary, we are bullish about our growth drivers, and we continue to invest in R&D and sales investments and go-to-market as we look forward to growth in our business in the coming years. So with that, we will open the floor to questions.

- Moderator:** Our first question comes from the line of Vimal Jamnadas Gohil from Alchemy Capital Management.
- Moderator:** I'm really sorry to interrupt you. Sir, your line is breaking in between. Sir, still your line is breaking.
- Arnob Roy:** Should we move on and let him join again?
- Moderator:** Sure. Definitely. Our next question comes from the line of Pranav Kshatriya from Emkay.
- Pranav Kshatriya:** I have a few questions. Firstly, can you give some breakup on the India revenue? How much is that India Private and how much is the India Government revenue?
- Arnob Roy:** Okay. From this quarter, we've kind of stopped giving that breakup because what we realized was that those numbers didn't have the clarity because a lot of the India revenue that we claimed as India Private based on the end customer, the direct customer was a private entity. But sometimes there are government as the end customer and a private end customer as well. So that number was not very clear. That's why we kind of left it as India and International.
- Pranav Kshatriya:** Okay. Fair enough.
- Arnob Roy:** In general, as far as the past criteria is concerned, the way we used to report, the India government revenues were around 16% of the total and 65% was India Private.
- Pranav Kshatriya:** Okay. Second question is that we've seen the quarter-on-quarter decline in employee costs. I mean how should we look at the employee costs going ahead? And is it because of larger -- I mean, capitalization of some of the expenses?
- Sumit Dhingra:** I think there's a decrease in employee cost in this quarter, mainly on account of certain provision reversals that happened on account of certain exits in the company. And also, there were certain other variable pay provisions, which got reversed. In general, our employee cost is in line with our investments that we've been talking about, particularly on the R&D and international sales side. And we expect it to continue to increase going forward.
- Pranav Kshatriya:** Okay. One more question is, you talked about 4G and 5G proof of concept being employed with various international as well as domestic private customers. So my question is that how long should we see this culminating into the revenue?
- Because if I look at -- you have in the previous call, very categorically clarified that FY '24 should be seen as a base and not FY '25. So from that point of view, how important is scaling up the 4G/5G proof of concept for revenue? And will that revenue come in this year? Or it's more likely to come in next year for - if at all this rectifies?
- Arnob Roy:** We are engaged with several POCs and other engagements with customers, both in India and internationally. And especially our partnerships with NEC and Rakuten was for addressing a lot more of the international customers in conjunction with them. And we hope to see some of the new business closures in 4G and 5G this year. We are in fairly deep discussions with multiple operators globally.

- Pranav Kshatriya:** Okay. And my last question is that you used to provide the number of patents which are issued to Tejas Networks. Is that number updated – I mean, updated number is available? Or how should we see this trending?
- Arnob Roy:** Yes. The total patents that we have today are 548.
- Moderator:** Thank you. Our next question comes from the line of Ritesh from Girik Capital. Please go ahead.
- Ritesh:** Thanks for the opportunity. A couple of questions on accounts. What does this pertain to allowance for expected credit loss of INR18 crores? Is this on BSNL or any other project?
- Sumit Dhingra:** It is across our customer base. And basically, every quarter, we do expected credit loss provisioning based on our metrics and as per accounting standards. And this is a combination of movement in the credit loss through the quarter. So it is not necessarily linked to any one particular customer. If you see our historical data, I think every quarter, we report this number, capturing the movement in the credit loss through the quarter.
- Ritesh:** And this INR4,500 crores receivables, this would be more on a BSNL and what is his typical payment cycle on this?
- Sumit Dhingra:** A large part of it is on account of BSNL 4G project and there are other receivables as well. And the collection cycle on this is linked to certain milestones, which are related to project delivery and project execution and installation commissioning and thereafter, certain other steps leading up to the closure of or completion of the network rollout. So more than the timeline, it's linked to completion of those milestones.
- Ritesh:** Sure. So by September balance sheet, the majority of these receivables will be collected or it's a long duration?
- Sumit Dhingra:** We expect a reasonable reduction in these receivables over the next couple of quarters through the year.
- Ritesh:** Also, on the operational side, now this -- the 4G 1 lakh site is done. How is the review of the performance of this 100,000 sites and is there any fine-tuning needed or the project is as per the expected, your parameters?
- Kumar Sivarajan:** This is Kumar. Yes, so the radios over 90,000 sites are deployed and functioning and the performance of the network is satisfactory. There's always some optimization needed in all mobile networks for improving coverage and reducing call drops and things of that nature. That continues, but the product performance is quite satisfactory.
- Ritesh:** Okay. That's great to know. Also, if you can comment on this initial order of the BSNL CNPN Captive Non-Public Network initiatives. So what kind of order size one can look at once this initial orders are happening?
- Arnob Roy:** Well, as I said, this is our first win and deployment of a private 5G network. It is a small order for one of the utility companies. And as we complete our deployment over here, this could be a good

reference for us for many other applications like this in India as well as globally.

- Ritesh:** So can we say that what you were doing for the government as a government business now can happen on this totally on captive power -- captive network over the next, say, 3, 5 years?
- Arnob Roy:** I didn't understand the connection with the government. It is our same standard products, which have a different application for the private 5G networks. And it's not connected with the government. Kumar, do you want to add?
- Kumar Sivarajan:** Yes. So the CNPN is just the term for what is normally called private 5G networks. So this is a network within an industrial complex or a mine or campus, which uses the spectrum of an operator because India hasn't auctioned spectrum specifically for private 5G. But then the network is built and operated by the private entity. So this is what is normally called private 5G and we're just making a beginning in that business.
- Ritesh:** Sure. That's all from my side. Thank you, sir.
- Moderator:** Thank you. Our next question comes from the line of Pratap Maliwal from MountIntra Finance. Please go ahead.
- Pratap Maliwal:** Yes, my line got cut in between, so I apologize if these are repeat questions. But just a couple of questions here on the BSNL expansion order, INR1,526 crores that you pointed out. So do we expect to receive it and then execute it within this financial year?
- Arnob Roy:** Yes, that's what the expectation is.
- Pratap Maliwal:** Okay. And just a follow-up here. So there was a news article where there was a statement by the Minister of State for Communications, who said that after successfully installing 100,000 towers on 4G, we'll approach the cabinet to approve another 100,000 towers. Probably a little premature to ask it, but then is there any detail or any color you can give me on this?
- Arnob Roy:** No. We have also read this article. We've heard about it. And as of now, we have not received any intimation of the process of how that will go through, but we do expect to participate in that if that comes and compete favorably in this opportunity.
- Pratap Maliwal:** Sure, sir. And regarding the BharatNet order, did you call out the order size that we are winning here in BharatNet?
- Arnob Roy:** What was the question BharatNet? What was that?
- Pratap Maliwal:** The order size, the order sizes that we are competing for here?
- Arnob Roy:** Okay. No, we don't disclose the order values per customer or per order. We don't do that.
- Pratap Maliwal:** Okay, sure. Thanks for taking my query.
- Moderator:** Thank you. Our next question comes from the line of Vikash Baid an Investor. Please go ahead.

- Vikash Baid:** I wanted an understanding of what is the total order book right now. And if you can give the breakup between BSNL and others because largely we are doing the work for BSNL. So the current order book as it stands and what is the expected in the current financial year? What kind of order book are we expected to have in terms of our visualization of the work that may come to us later?
- Arnob Roy:** Yes. So the current order book is INR1,241 crores as we mentioned and this does not include anything from BSNL. It is mainly our wireline business and some wireless opportunities, but this does not include any orders from BSNL. And as I said, we are expecting the add-on business of 18,000-plus sites. And that's going to be a separate order. The value is going to be roughly INR1,500 crores for us. But that's not what is mentioned in the order book of INR1,200 something crores.
- Vikash Baid:** Okay. And this is expected to come in the next couple of quarters, the BSNL order?
- Arnob Roy:** Yes, it's supposed to come and get executed in this financial year.
- Vikash Baid:** Okay. And are we also expecting such similar or larger orders from entities other than BSNL?
- Arnob Roy:** As I said, we are engaged with several operators in India as well as globally for our 4G/5G products. So in terms of size, I mean, what we saw last year of 100,000 sites, a single order. I don't think we'll have something of that size, but we're looking at multiple opportunities and multiple operators with smaller size networks.
- Vikash Baid:** Okay, sir. Thank you.
- Moderator:** Thank you. Our next question comes from the line of Khush Gosrani from InCred Asset Management. Please go ahead.
- Khush Gosrani:** Hi, sir. Thank you for the opportunity. If you could just highlight more on the recent Rakuten, the partnership that we have done. And what kind of products we could cross sell and what kind of -- just if you could give more flavor on it, that would be helpful?
- Kumar Sivarajan:** Yes. So Rakuten is a well-known provider of one component of the Open RAN solution, what is called the CU/DU. So we are working with them to offer a joint solution with Rakuten CU/DU and Tejas radio units to customers worldwide. So that's the nature of the collaboration.
- Khush Gosrani:** Sure. And so how Rakuten equipment have been used, so where majorly what my understanding was in Japan. But outside Japan, how has been their performance?
- Arnob Roy:** I believe they are used in Japan and Europe and other places around the world. I'm not aware of all the countries they are used in.
- Khush Gosrani:** Sure. Got it. And in terms of our balance sheet, the inventory, would we need to invest more post the INR1,500 crores for the 18,000 sites? Would we require more debt to increase our inventory to procure the inventory, or the debt level should remain around INR4,000 crores?
- Sumit Dhingra:** I think we've made significant procurement for that order, but we may need to still do some

incremental orders, particularly where the lead times are not as high. Regarding your question on whether this would increase the debt or would it come down, I think it's a function of when the orders materialize vis-a-vis some of the other working capital movements. So difficult to comment on the debt levels from that perspective.

Khush Gosrani: Sure. And last question would be, what is your capex plans for this year, if you could highlight on that?

Sumit Dhingra: I think we continue to invest on the R&D side and also to some extent on developing our supply chain for the increased product portfolio or expanded product portfolio as we go along. In addition to that, as we announced a couple of quarters back, we had technology collaboration with NEC. So some of these aspects are essentially what are going to drive our investments in capex over the next few quarters. Beyond that, I think it will be difficult to give a number around that.

Khush Gosrani: Okay. But it should remain similar to last year's level of INR650 crores? Or...

Sumit Dhingra: I think progressively, it may increase a little bit. And in addition to that, there would be an impact of NEC-related investments that we've talked about. So all that would cumulatively impact the capex for the year.

Moderator: Thank you. Our next question comes from the line of Ritesh from Girik Capital.

Ritesh: Yes. The question is on BharatNet. Several people have announced a huge order win, but we haven't got many orders or is the PO getting delayed on that? Your comment, sir?

Arnob Roy: No. As I mentioned, we've also started receiving orders for the BharatNet project for our routers. I think the people who have announced the large orders are the system integrators (SIs) who have won the tenders in different circles. And their order consists of not only the equipment but also fiber and deployment and services and building NOCs etc.

So the SIs who have directly participated in the tender, they have made those announcements for the projects. But as an OEM, we are going to be suppliers to those SIs. And we are working with them for supplying -- for signing up agreements for the supply of our routers. And we got our initial orders, which I talked about.

Moderator: Thank you. Our next question comes from the line of Khush Gosrani from InCred Asset Management.

Khush Gosrani: Just on the receivables side, you mentioned it would be on milestone basis that you will receive on the previous BSNL order. But these milestones should get completed in next 1 year or it will take more time to reach these milestones? How should we think about it?

Sumit Dhingra: A large part of it should get collected during this financial year. There will be a small portion, which could go beyond that as per the milestones, but significantly large part should get done this year.

Moderator: Our next question comes from the line of Karan Raja from 54 Ventures.

- Karan Raja:** Sir, to previous participant, we spoke about the 2 circles where we have been considered and been awarded the PO for the BharatNet deployment. Would you be able to share the number or perhaps a range for the circles where we may not be considered?
- Arnob Roy:** No, there is nothing like that. There are multiple SIs who have won different circles. And most of them have bid our equipment as one of the OEMs for their router supplies. As of now, we are in discussions with many of them, and in some cases we are going through testing, certification and related activities.
- So we are in discussion with many of them for supplying our routers for their circles. And that's where things are at present. So it will not be possible to say where we are going to be finally deployed.
- Karan Raja:** No, that's fair. Thank you for that clarification. Another question, and perhaps this was discussed in the past. In our previous calls, there has always been an option or a prospect for Kavach deployment. Can you please speak about that? Is that an opportunity we are still considering or not?
- Sanjay Malik:** No, I think Railways also is going to go for this captive network, and they are considering various technology options as of now. So we are definitely engaged with them. And yes, the tender has got delayed a little bit. But once it is released, we would be one of the strong contenders for it.
- Karan Raja:** All right. So a couple more questions. One, considering the recent geopolitical actions, my assumption is that telecom equipment now becomes critical and especially indigenous telecom equipment becomes critical as part of national security. Have we received any interest from the Ministry of Defence or any other undertakings for any form of project?
- Arnob Roy:** So we are engaged with the defence sector for their upcoming opportunities. As you know, in the past, we have supplied to defence networks for multiple projects and for various applications. So we remain engaged right now. As of now, there is no major specific project to really talk about, but there are several discussions ongoing for multiple applications.
- Moderator:** Our next question comes from Ritesh from Girik Capital.
- Ritesh:** The question is on NEC collaboration. So the entire investment will happen in this year itself? Or will it be over FY '26 and '27?
- Sumit Dhingra:** A large part of it will happen this year. I think maybe a small portion could trickle down to the next year as well.
- Ritesh:** Okay. And what are the -- when do we see the revenue flowing out of this investment?
- Arnob Roy:** Yes. As I said earlier, we are engaged with multiple customers, including the existing customers of NEC. And we hope to see some wins and project closures in this financial year.
- Moderator:** Thank you. As there are no further questions from the participants, I now hand the conference over to Mr. Arnob Roy: for closing comments.

Arnob Roy: Thank you. So I would like to close by saying that our global business opportunity and market drivers still look quite strong based on the demand for data and bandwidth growth. So we remain bullish about our future, and we continue to invest in R&D for developing, expanding and evolving our products as well as investing in partnerships and sales growth globally in line with the opportunities that we see. And over a period of time, we do see significant growth in our business as we continue to execute on our business plans.

So thank you, and thanks to everyone for taking the time and attending the conference. And with that, I'd like to close the call. Thank you.

Moderator: Thank you. On behalf of Tejas Networks Limited, that concludes this conference. Thank you for joining us, and you may now disconnect your lines.

Note: This transcript has been edited for readability and does not purport to be a verbatim record of the proceedings