

Tejas Networks

15 April 2026

Operator: Ladies and gentlemen, good day and welcome to the Tejas Networks Limited Q4 FY26 earnings conference call hosted by ICICI Securities Limited. As a reminder, all participant lines will be in 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 and 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 Limited. Thank you and over to you, sir.

Mohit Mishra – ICICI Securities: Thank you. Good evening everyone. Thank you for joining the Q4 FY26 results conference call of Tejas Networks Limited. We have the management of Tejas Networks with us on this call, represented by Mr. Arnab Roy, Executive Director and COO; Mr. Sumit Dhingra, CFO; Dr. Kumar N. Sivarajan, CTO; and Mr. Sanjay Malik, Chief Business and Strategy Officer. I would like to invite Mr. Arnab Roy to initiate with opening remarks, after which we will have a Q&A session. Thank you and over to you, sir.

Management: Thank you, Mohit. Good evening and welcome everyone to our quarterly earnings call presentation. At the outset, let me sincerely apologize for the delay of an hour. We had technical problems uploading the materials to the SEBI site, which caused the delay. I profusely apologize for the late start.

Let me begin by walking you through our Q4 financial numbers. In Q4, we had revenue of 333 crores as opposed to 307 crores in Q3. For the year, we had revenues of 1,103 crores. We had a net PAT loss of 211 crores in Q4 as opposed to 197 crores of PAT loss in Q3. For the entire year, we had a loss of 909 crores.

We had growth in our order book at the end of Q4, ending with 1,514 crores compared to 1,019 crores at the end of Q4 FY25. Regarding our revenue mix, India once again dominated our business at 88%. Our order book was also dominated by the India business. Even though we made progress in our wireless business with customers, our revenue was driven largely by the sale of wireline products to Indian private and international customers. As I mentioned, we had significant year-on-year order book growth. I would like to now hand you over to our CFO, Sumit, to take you through the financial numbers in detail.

Management: Good evening, everyone. The revenue for Q4 was 333 crores compared to 307 crores in the previous quarter, a quarter-on-quarter growth of 8%. The EBITDA for the quarter was negative 219 crores as against negative 239 crores in the previous quarter. The profit after tax was negative 211 crores compared to negative 197 crores in the previous quarter.

Full-year revenue was 1,103 crores and the profit after tax was negative 909 crores. Inventory at the end of the quarter stood at 2,438 crores compared to 2,360 crores in the previous quarter. Receivables were at 3,258 crores and payables at 478 crores. The cash position at the end of the quarter was 505 crores with a net debt of 3,531 crores. At a gross level, borrowings were 4,035 crores at the end of the quarter. I will ask Arnab to take over the next part of the presentation.

Management: Thank you, Sumit. I would like to add some color to the business during Q4 and review our business during the year. In our wireless business, significant highlights included signing

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Tejas Networks

15 April 2026

an agreement with NEC to manufacture and supply our 5G massive MIMO radios for global customers. We also received an initial order for the expansion of 4G networks from a customer in South Asia. We have multiple ongoing field trials for our 4G and 5G RAN products across South Asia and the Americas, recently completing a successful 5G POC in South America.

For our wireline business, we completed the shipment of a significant number of IP MPLS routers to BharatNet Phase 3. We are the largest suppliers in terms of circles for BharatNet Phase 3, and several sites are now carrying live traffic. We supplied 100G and 400G WDM systems to a tier-one telco in India for their 5G backhaul networks, enterprise services, and hyperscaler data center connectivity. We were selected to build a nationwide multi-terabit WDM network for a hyperscaler data center application in India. For a major global sporting event, we implemented the backbone of a multi-country network using our state-of-the-art WDM technology.

Other highlights include our Satcom IoT solution being recognized by ET Telecom and winning the Golden Peacock Award for our 5G RAN solutions. We launched our converged platform and hyperscalable data center interconnect product at MWC in Barcelona. We filed 63 patents in Q4, bringing the cumulative count to 676, of which 371 have been granted. We received PLI incentives for FY25 of 69 crores, reaching a total of 467 crores.

Regarding corporate updates, we appointed Mr. Shiv Kumar Vijaykrishnan as an Additional Director and Independent Director effective April 15, subject to shareholder approval. Mr. Shiv Kumar is a Chartered Accountant with over 40 years of experience, including 8 years as a CFO. Mr. C.R. Ramesh resigned as an Independent Director effective April 18.

I have been appointed as the Managing Director and CEO effective today until 2028, subject to shareholder approval. Additionally, Mr. Pritam Muthayya has been appointed as the Chief Operating Officer, and Mr. A.V.S. Prakash has been appointed as the Chief Financial Officer effective May 16. Mr. Sumit Dhingra has resigned as CFO, effective May 15.

FY26 has been a year of consolidation. Our BSNL 4G/5G network went live across 100,000 sites. We deployed the largest indigenous router networks in the country through the BSNL backhaul and BharatNet Phase 3 networks. We had successful global rollouts of 400G and 800G WDM services and continued deploying the world's largest satellite IoT network for vehicle tracking.

We launched the 64TR massive MIMO 5G radio at IMC and our C+L band capable WDM system, which transmits 76.8 terabits over a single fiber pair. Our cloud-native 4G/5G core is undergoing trials globally. We filed 147 patents in FY26 and made more than 150 contributions to 3GPP standards. Our strategic partnerships with NEC and Rakuten Symphony were further developed, including our first contract for massive MIMO radios with NEC and Open RAN solutions with Rakuten.

Looking forward, AI will drive network transformation. By 2030, AI traffic is predicted to be more than 60% of total network traffic. This will require low latency and jitter. This trend will drive a network infrastructure build super cycle. Communication service provider networks will need to handle immense growth, with 50% of new AI traffic processed at edge nodes. We will see significant investment in 400G and 800G connectivity at the edge.

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Tejas Networks

15 April 2026

Our platforms are built to scale for these future capacities. Our 5G products are designed to evolve into 5G-Advanced and 6G. Our optical solutions, currently supporting 1.2 terabits per channel, will scale to 1.6 terabits. AI will also drive automation in our network management.

FY26 was a year of transition following the massive BSNL project in FY25. Several large projects we planned for were delayed, resulting in a revenue shortfall and financial loss. However, we have not cut R&D investments due to our positive outlook. Based on our FY27 business outlook, we believe our current investment structure will lead to better financial results. While it has been a tough year, we have set a path for the future. We now open the floor for Q&A.

Operator: Thank you very much. We will now open the question and answer session. Anyone who wishes to ask a question may press star and then one. The first question comes from the line of Shailesh Jahagirdar from Invest Yagnya. Please go ahead.

Shailesh Jahagirdar – Invest Yagnya: Hi, am I audible? In February, we secured a massive MIMO deal for a 5G network and a 4G deal in South Asia. Is there data to quantify these deals and their impact on future revenue and timelines?

Management: Shailesh, we typically don't disclose specific deal numbers. A lot of the 5G massive MIMO business will generate revenue in FY27. Some revenue from the 4G deal occurred last year, with more expansion expected this year. We do not share specific figures per project.

Shailesh Jahagirdar – Invest Yagnya: Regarding the additional BSNL order for approximately 18,000 sites, is there an update on that?

Management: This is Sanjay Malik. Active discussions are ongoing with BSNL regarding site locations and configurations. We are keeping inventory ready to deliver these sites quickly once we receive the formal order.

Shailesh Jahagirdar – Invest Yagnya: Since we have the inventory, will the delivery timeline be much shorter than the previous BSNL order?

Management: That is correct. The sites are already commercially tested. Once we receive the order, delivery will be much faster.

Operator: Thank you. The next question comes from the line of Pranav Kshatriya from Emkay Global. Please go ahead.

Pranav Kshatriya – Emkay Global: Thank you for the call. Regarding the 1,514 crore order book, you mentioned 88% is from India. Does that include the BSNL 4G project?

Management: No, it does not include the BSNL 4G project.

Pranav Kshatriya – Emkay Global: So this is purely BharatNet and other private telcos? Should we assume most of this is executable this year, making revenue similar to if not higher than this number?

Management: A good portion of this will be revenue in the current financial year.

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Tejas Networks

15 April 2026

Pranav Kshatriya – Emkay Global: Regarding the cost of goods sold, memory prices have gone up. Does that impact your product margins?

Management: Memory cost does impact us, though it is a smaller component compared to optics or processors. We are addressing this through new technology and renegotiating prices with customers to protect our margins.

Pranav Kshatriya – Emkay Global: Can you quantify the impact on margins?

Management: We do not provide specific financial guidance. However, our outlook is very positive for the future, and we expect growth despite these costs.

Operator: Thank you. The next question comes from the line of Ritesh Poladia from Girik Capital. Please go ahead.

Ritesh Poladia – Girik Capital: Thanks for the opportunity. There is a large increase in intangibles under development from 400 crores to 950 crores. What does that represent?

Management: This consists of our product development efforts and the technology licensing agreement we signed with NEC. It is reflected in the intangibles under development.

Ritesh Poladia – Girik Capital: The NEC investment was around 550 crores. Is that fully accounted for?

Management: A large part is done. It is linked to milestones, and we expect the balance to be completed within the next two quarters. These will be capitalized as we achieve commercial adoption.

Ritesh Poladia – Girik Capital: Will we see revenue from the technology agreement in FY27?

Management: Yes, we will see revenue from the new contract with NEC in FY27.

Ritesh Poladia – Girik Capital: What is the size of the opportunities we are currently chasing?

Management: We are chasing large opportunities, particularly international wireless deals where we have started trials. The funnel is substantial, and we expect orders and revenue booking in the coming year.

Ritesh Poladia – Girik Capital: Will these opportunities be as large as BSNL?

Management: International numbers are generally smaller than the 100,000 sites from BSNL, but from a reference-building and global footprint perspective, they are very significant.

Ritesh Poladia – Girik Capital: Regarding R&D for FY27, will you maintain current investment levels?

Management: We will continue our R&D investments but will tailor them to the business maturity to achieve better financial results. We believe our current cost structure is sustainable given the FY27 outlook.

Ritesh Poladia – Girik Capital: Where do you see receivables going in FY27?

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Tejas Networks

15 April 2026

Management: Current receivables should be viewed alongside BSNL advances. We expect significant collections from BSNL this year, leading to a progressive reduction in receivables over the next few quarters.

Operator: Thank you. The next question comes from the line of Avnish Kumar from Britu Financial Services. Please go ahead.

Avnish Kumar – Britu Financial Services: Good evening. This is the seventh or eighth quarter where the presentation was released just minutes before the call, leaving no time for analysis. This needs to be corrected. Financially, I am very disappointed. I do not see progress in the financials or clarity on the future.

Management: We apologize for the technical upload issues this time. Regarding the financials, FY26 was a transition year after the massive BSNL project. With the investments we have made, we expect more predictable and better financial results going forward.

Operator: Thank you. The next question comes from the line of Pratap Maliwal from Mount Intra Capital. Please go ahead.

Pratap Maliwal – Mount Intra Capital: Is the NEC massive MIMO deal part of the 1,514 crore order book?

Management: Yes, the first PO received for that entry into the account is part of the 1,514 crores. Follow-on orders will come as rollouts progress.

Pratap Maliwal – Mount Intra Capital: We had a loss of nearly 900 crores in FY26. What is the path back to profitability?

Management: We expect much better business in FY27. We will manage costs while pursuing opportunities. With the investments made, we believe we have a path to profitability starting this year.

Pratap Maliwal – Mount Intra Capital: Do you expect to be PAT positive in FY27?

Management: That is the goal, though we do not give specific guidance.

Operator: Thank you. The next question comes from the line of Darshini Jhaveri from Crown Capital. Please go ahead.

Darshini Jhaveri – Crown Capital: Inventory and receivables are putting a strain on the balance sheet. If the BSNL order is delayed further, will there be inventory write-offs?

Management: We expect significant BSNL collections this year. The inventory procured is not unique to BSNL; these are 4G and 5G radios that can be sold to other global customers or for private networks.

Darshini Jhaveri – Crown Capital: We are funding R&D and intangibles with debt. Is this sustainable if we are not PAT positive soon?

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Tejas Networks

15 April 2026

Management: Being in deep tech, failing to invest in technology is a bigger risk. We took the call to continue investments despite the business shortfall in FY26. In FY27, the balance between investment and revenue will be tighter.

Darshini Jhaveri – Crown Capital: Over a 3-year period, what is the target for order wins?

Management: Our investments are aimed at significant growth—multiples of what we did in FY26. While projects like BSNL create spikes, the underlying trend without those one-offs should show consistent growth.

Operator: Thank you. The next question is from Shailesh Jahagirdar from Invest Yagnya.

Shailesh Jahagirdar – Invest Yagnya: Regarding data center connectivity, do we benefit from being a Tata Group company while working with TCS on their data center projects?

Management: We are engaged with TCS and other data center builders. TCS is an important customer, but we are also successful with other global hyperscalers and data center providers independently.

Operator: Thank you. The next question is from Arpit Jain from Walfort Financial Services.

Arpit Jain – Walfort Financial Services: What is the rationale behind filing so many patents and when do they generate revenue?

Management: We file patents to protect our innovations and for defensive purposes in the wireless space involving standard essential patents. This allows us to cross-license technologies with other global developers. It is an indirect but essential way to monetize our R&D.

Operator: Thank you. The last question comes from the line of Rajkumar Vaidyanathan from RK Invest.

Rajkumar Vaidyanathan – RK Invest: Is it reasonable to expect a breakeven in FY27 and to be PAT positive in FY28?

Management: That is a reasonable goal. We expect significantly better financial results in FY27 compared to the investment-heavy FY26.

Rajkumar Vaidyanathan – RK Invest: Regarding the 1,514 crore order book, will the DSO be elongated like BSNL?

Management: No, because the current order book does not include the complex BSNL project. For new orders with existing products, delivery, installation, and acceptance will be much faster.

Rajkumar Vaidyanathan – RK Invest: What was the total headcount as of March 31?

Management: The total headcount is approximately 2,300 employees, which remains broadly the same as the previous year.

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Tejas Networks

15 April 2026

Operator: Ladies and gentlemen, I now hand the conference over to the management for closing comments.

Management: Thank you, everyone, for attending the call. I apologize again for the delay. While the FY26 results have been disappointing, we remain positive. We have made substantial investments to ensure our products are ready for the global technology transformation. We look forward to a much better FY27. Thank you.

Operator: On behalf of ICICI Securities Limited, that concludes this conference. Thank you all for joining us. You may now disconnect your lines.

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