



“Tejas Networks Limited
Q4 FY'26 Earnings Conference Call”

April 15, 2026



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

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

Arnob Roy: Yes. Thank you, Mohit. Good evening and welcome everyone to our quarterly earnings call presentation. At the outset, let me sincerely apologize for the delay. We have a delay of an hour. We had a lot of technical problems uploading other materials to the SEBI site and that largely caused the delay.

So, once again, I profusely apologize for the delays for the start of the conference. So, let me begin by walking you through the Q4 financial numbers. So, in Q4, we had a revenue of INR333 crores as opposed to INR307 crores in Q3.

And for the year, we had revenues of INR1,103 crores. We had a net PAT loss of INR211 crores in Q4 as opposed to INR197 crores of PAT loss in Q3. And for the entire year, we had a PAT loss of INR909 crores.

We had a growth in order book at the end of Q4. We ended with INR1,514 crores at the end of Q4 as opposed to INR1,019 crores at the end of Q4 of FY25. So, from a revenue mix, India once again dominated our business, 88% was from India.

And from order book also, it was very similar where it was dominated by the India business as far as bookings are concerned. So even though we made initial wireless business with customers, our quarter revenue was driven largely by the sale of wireline products to India private and international customers. And as I mentioned, we had a significant order book year-on-year growth.

So I would like to now hand you over to our CFO Sumit for taking you through the financial numbers and details.

Sumit Dhingra: Good evening, everyone. The revenue for the quarter 4 was INR333 crores compared to INR307 crores in the previous quarter, a quarter-on-quarter growth of 8%. EBIT for the quarter was negative INR219 crores as against negative INR239 crores in the previous quarter.

And profit after tax was negative INR211 crores compared to negative INR197 crores in the previous quarter. The full year revenue was INR1,103 crores and profit after tax of negative INR909 crores. Inventory at the end of the quarter stood at INR2,438 crores compared to INR2,363 crores in the previous quarter.

Receivables at INR3,258 crores and payables at INR478 crores. The cash position at the end of the quarter was INR505 crores and a net debt of INR3,531 crores. At gross level, the borrowings were INR4,035 crores at the end of the quarter.

And I'll ask Arnob to take over the next few slides.

Arnob Roy:

Thank you, Sumit. I'd like to add some color to the business that has happened over Q4 and also review our business during the year. So during the quarter, some of the significant things that happened in our wireless business was signing an agreement with NEC to manufacture and supply our 5G Massive MIMO radios for a global customer.

The other significant thing was that we received an initial order for the expansion of 4G networks from a customer in South Asia. And we have multiple ongoing field trials for our 4G and 5G RAN products across South Asia and the Americas. And we recently successfully completed a 5G POC in South America.

For our wireline business, in the quarter, we completed the shipment of a significant number of IP/MPLS routers for BharatNet Phase III. As you know, we are the largest supplier in terms of number of circles for BharatNet Phase III. And several sites are now carrying live traffic.

We supplied a major amount of 100 gig and 400 gig WDM systems to a Tier-1 telco in India for their 5G backhaul network, for the enterprise services, and also for their services for hyperscaler data center connectivity. We were selected to build a nationwide, multi-terabit DWDM network for a hyperscaler data center application in India. And it was a proud moment for us when we implemented a multi-country backbone network for a famous global sporting event using our state-of-the-art WDM products.

This was a global sporting event which happened recently. Other highlights during the year, our products got recognized at ET Telecom for our innovative Satcom IoT solution.

And we also won the prestigious Golden Peacock Awards for our 5G RAN solutions. We launched our state-of-the-art ultra-compact and hyperscalable data center interconnect product at MWC, at Mobile World Congress in Barcelona. It was launched by the Honorable Minister of Communications.

We filed 63 patents in Q4, bringing the cumulative count to 676, out of which 371 have been granted. We also received PLI incentives for FY25, an additional INR69 crores, reaching a total of INR469 crores for FY25. A few corporate updates for the year. We had some changes at the Board as well as our senior management. So we appointed Mr. Srikumar Vijayasekharan as Additional Director, Non-Executive and Independent Director of the company, with effect from April 15th, subject to the approval of shareholders. Mr. Srikumar is a Chartered Accountant with over 40 years

of experience, covering audit and assurance services, including eight years as COO at Deloitte.

Mr. P. R. Ramesh, who was an Independent Director of the company, resigned effective closing business hours of April 18th. And Mr. Srikumar has taken over his spot as the Independent Director of the company. I am currently the Executive Director and Chief Operating Officer, but I've been appointed as the Managing Director and CEO of the company effective today till 2028. And this is subject to the approvals of the shareholders of the company.

Few more updates. Mr. Preetham Uthaiah, who is currently the Vice President of Product Line Management of the company, has been appointed as the Chief Operating Officer of the company with effect from today. Mr. AVS Prasad, who is currently the Financial Controller of Tejas, has been appointed as the Chief Financial Officer of the company with effect from 16th of May. Mr. Sumit Dhingra, our current CFO, has resigned from the services of the company, and it will be effective from the close of business hours on May 15th.

So a quick review of FY26. So this year has been a year of consolidation for us. A lot of the technology and products that we developed over the last 3-4 years achieved commercial scale and deployment at a global scale. The BSNL 4G/5G network went live across 100,000 sites and was launched by the Honorable Prime Minister in 2025. We deployed our largest indigenous router networks in the country through the BSNL 4G backhaul network, or the MAAN network, as well as for the BharatNet Phase III networks.

We had a very successful global rollout of our WDM products with 400 gig and 800 gig wavelength services, both in India as well as internationally. And we also continued the deployment of the world's largest satellite IoT network with our vehicle tracking system solution. We continued the innovation journey with our new products and technology launches.

We launched our 5G 64 TR massive MIMO radio during IMC at Indian Mobile Congress, and it was launched by the Honorable MOC. We launched our WDM system, our C+L band capable WDM system, which transmits over 76 terabits of data over a single pair of fiber. That was also launched by the Honorable Minister of Communications.

We launched our cloud-native converged 4G/5G core also during the year, and it is undergoing trials at multiple locations across the world, across multiple customer networks. And at MWC during last year, we launched our hyperscalable data center interconnect platform, which over a very compact form factor launches over 50 terabits of data in a single footprint. And we also talked about the patents filed during the year. 147 patents are filed in FY26, with more than 150 contributions to the evolving 3GPP standards.

Last year, we announced strategic partnerships with NEC and Rakuten, and in the last financial year, we developed these partnerships further. So we signed our first contract for the supply of massive MIMO radios with NEC for an international deployment. And with Rakuten Symphony, we have partnered with Open RAN Solutions, and we have multiple ongoing POCs across the world, and one of them was completed successfully very recently.

A significant achievement was expanding our wireless footprint, both in India as well as internationally. We covered new geographies, and the two deals we talked about are the 5G massive MIMO radio for the global customer and the Open RAN deployments. We also signed up several new applications. We did successful POCs for 5G private networks, and also the 5G RAN pilot for the Kavach network.

So looking forward from a future business outlook, we see that AI is going to be one of the killer applications which are going to drive the mega trends for a network transformation, both in terms of the traffic in the network as well as transformation of the network architecture. So with the rapid adoption of AI applications, by 2033, AI traffic is predicted to be more than 60% of the total network.

We'll have more than 100 million physical AI machines connected to the network by 2035. The profile of traffic is going to change dramatically from today's downstream-heavy traffic to upstream traffic, where upstream traffic will outpace the downstream traffic and that will require significant network transformation. Most enterprises will adopt AI heavily with running GenAI workloads off the cloud, and this is also going to drive from the traditional compute cloud-based traffic that they access is going to get transformed to an AI-based access from the cloud.

So, with this trend, AI is going to drive a network infrastructure build super-cycle, which basically means that the current communication service provider networks, the CSP networks, will not be sufficient to handle the traffic growth in the coming years. And the other transformation that will happen is that close to 50% of the new AI traffic will be processed at the edge nodes, where edge inferencing is going to play a big role in the architecture of the global AI networks.

There will be significant investments in new networks with 400 gig, 800 gig connectivity, even at the access and at the edge to cater to the significant traffic growth. And AI is also expected to accelerate the adoption of 6G, and AI technology will be natively embedded in the RAN and edge and core of the network.

From a business impact, we'll see a lot of convergence of not only access and backhaul, but also it will converge with compute at the network edge to support the edge AI infrastructure and the edge inferencing workloads in the network. There will be significant scaling up of our optical solutions and packet switching and routing and convergence with the edge compute in the edge and access networks.

And the data center connectivity will go to multi-terabit scale, which is already scaling up to that level, but is going to scale up significantly to provide for the AI cloud interconnect. So we have built our current platforms to scale very efficiently for the networks of the future, to handle the traffic capacities as well as the traffic characteristics of future networks. Our new generation 5G products are being designed to scale and evolve into 5G-Advanced and 6G products with much higher uplink capacities.

Our high-capacity optical, which supports 1.2 terabit per channel, is going to scale to 1.6 terabit and beyond to support the terabit-scale data center connectivity of the future. Our multi-terabit

edge node is going to again scale in capacity and interface and also going to integrate with compute capacity and compute infrastructure to support edge AI applications.

And our next-generation access will evolve supporting further convergence of wireless and wireline access solutions. And AI will be adopted in our network management all across for driving automation, for driving network management and fault prediction and network configuration and driving a huge amount of automation and optimization of the network.

So the key takeaways for FY26 is that it has been a year of consolidation and transformation for us. The technologies that we have developed in the past reached commercial scale of deployment in very large networks. We expanded our portfolio significantly and launched several state-of-the-art products in wireless and wireline.

We had several international wireless wins. They were the starting point of our international expansion for wireless business. And we made progress with the initial strategic partnerships that we had launched with several global partners. So we are well-positioned for long-term success. From an industry point of view, we see AI that will drive a lot of demand for network build-out and as a result for our equipment as well.

We have a product roadmap which is well-positioned to leverage the future opportunities that we see. And we have strong partnerships in place to expand our global customer footprint. So before I end the presentation, I do want to make a few comments about the financial results in FY26. As we mentioned, this has been a year of transition for us after the execution of the massive BSNL project in FY25, which gave us a significant amount of revenues.

We needed a runway in FY26 to consolidate and transition our business beyond BSNL. And several large customer projects that we were actually planning for, both for wireline and wireless products have got delayed, which resulted in significant revenue shortfall and the resulting financial loss.

However, we had not cut down on the investments during the year because of our outlook for the future and the industry trends that we see. Based on our FY27 business outlook, we believe that with our current investments and cost structure, we will be able to achieve better financial results. And net-net, while it has been a tough year for us business-wise, much has been achieved to set us on a path for the future. With that, I come to an end to our introductory remarks and open the floor for Q&A.

Moderator: Thank you very much. We will now begin the question and answer session. Our first question comes from the line of Shailesh Jahagirdar from InvestYadnya.. Please go ahead.

Shailesh Jahagirdar: Hi, am I audible?

Management: Yes, you are audible, Shailesh.

Shailesh Jahagirdar: So, my question is that in February we got a Massive MIMO deal for 5G networks and also a deal for 4G network in South Asia. So, is there any data for quantify these orders or deals so that we can consider the future outlook of this deal, how it will affect the revenue and the overall financials

and the timeline of this project?

Arnob Roy: So, Shailesh, typically we do not go into specific deal numbers and all, but a lot of 5G Massive MIMO business will actually get revenue over this current financial year in FY27. Some of the revenue of the 4G deal happened in the past financial year and we expect more expansion on that during the current financial year. But beyond that, we do not share any deal-specific numbers for any project.

Shailesh Jahagirdar: Okay. And my second question was the BSNL additional PO of 18,000 sites. So, the same PO is delayed and is there any upgrade on that?

Sanjay Malik: Yes, this is Sanjay Malik here. So, thanks for this question. So, yes, it is the same add-on PO which has been there. So, active discussions are still going on with the BSNL team on the sites at which they have to have these 4G sites and their configurations. So, that discussion has been happening and quite active discussion. We are still keeping our inventory here for delivering to these sites in a quick turnaround once we get the PO, but yes, as of now the discussions are definitely on.

Shailesh Jahagirdar: So, just to add on so we have inventory. So, the timeline for that order will be pretty much less than the previous BSNL orders?

Sanjay Malik: Sorry?

Shailesh Jahagirdar: So, we have the inventory for the upcoming PO of BSNL. So, the timeline, I just want to ask that the timeline would be much lesser than previous PO?

Sanjay Malik: That's right. So, because one thing is that now the sites are commercial. So, it's already tested out. So, once we receive the order, we have the inventory. So, definitely the delivery time would be much faster.

Shailesh Jahagirdar: Okay. Thank you. That's all from my side.

Sanjay Malik: Thank you.

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

Pranav Kshatriya: Hi. Thank you for the opportunity. My first question is regarding the order book. I mean, this INR1,500 odd crores order book, you said almost 83% of that is coming from the India business. Does that include the BSNL 4G project as well?

Arnob Roy: No, that does not include the BSNL 4G project.

Pranav Kshatriya: So, this is purely BharatNet and other private Telco whatever you might have?

Arnob Roy: Yes. This is from our customers, both in India as well as international, for our wireline and wireless business, but doesn't include the BSNL 4G at all.

Pranav Kshatriya: And should we assume that most of this will be sort of executable in this year itself? And hence, potentially the revenue should be somewhat similar, if not higher than this number. I'm asking directionally, not the exact number?

Arnob Roy: Yes, a good portion of this will be converted to revenues in this current financial year.

Pranav Kshatriya: Okay. And the second question is regarding the cost of goods sold. So, the memory prices have gone up? Does that impact the margins for your product at all?

Arnob Roy: Yes. The cost of memory does impact the cost of our products, even though it's a small component of our product cost. Usually, those are much smaller compared to the much more expensive class-A components that we use for network processing, for optics and all those kinds of things.

But yes, the cost and also the lead time is also a challenge for us. And we are addressing this in multiple ways, because there are newer products, newer technologies which are out there. And we'll be addressing that. And also, as a part of the increase, we are also renegotiating our costs, our prices with customers as well as for the new opportunities which are out there to make sure that we protect our margins.

Pranav Kshatriya: Okay. Because, I mean, the purpose to ask this question was to understand how much should we expect the margin compression at the contribution margin level, because it's not only the memory, even the chip prices have sort of inched up because that demand for chips has also been higher. So, can you give some qualitative or quantitative number that how much could be the impact on the margins?

Arnob Roy: Yes. As I said, as you asked the specific memory where the increase has been the largest, right? I mean, other increases selectively have not been as dramatic as memory. But thankfully, memory is only a very small portion of our use. As you know, it's like high-volume components. So, even large memories, the cost of those are not very high compared to the several thousand dollars of BOM cost that we have of our product, upwards of many thousands of dollars.

So, it's a very small component. But nevertheless, I think we are kind of making sure it is accounted in our cost and basically renegotiating and re-offering our new prices with the escalation to make sure that we protect our margin. And the same holds for other cost escalations which are there, which are far more controlled and also in a very controlled way.

In the sense that we also have long-term pricing contracts with our suppliers also, right? So, those transitions happen very slowly and we have the window of negotiating prices on any new deals that we sign to account for the cost escalation.

Pranav Kshatriya: Sure. Last question from my side. Since you're not giving any revenue guidance as such -- I mean, last year you did give revenue guidance. How should we look at the revenue growth for FY27 and margin given various -- I mean, any quantitative or qualitative color will be helpful?

Arnob Roy: Yes. Pranav, we've never given revenue or any other financial number guidance in the past. And so, I think we will stick to that. I mean, we are not in a position to give any new guidance. However,

as I said, we have a stronger business outlook and that's why I talked about that with all the investments that are made and with our positive business outlook, we have continued the investments during the year. Even though business didn't materialize because we figured out that the investments in product evolution and building the new technologies was very important for our future business growth. So, we continued on that. So, obviously, our outlook is positive, very positive for the future and we expect to see growth. But as a practice, we never quantified in terms of numbers.

- Moderator:** Our next question comes from the line of Ritesh Poladia from Girik Capital.
- Ritesh Poladia:** Question is on balance sheet. There's a good increase in intangibles under development from INR400 crores to INR960 crores. What does that part of it is?
- Sumit Dhingra:** Yes. So, I think intangible under development commonly consists of our product development effort and also related to the IP or the technology license or the technology transfer that we did with NEC early part of or towards the end of the previous year. And that is partly getting reflected in the intangible under development.
- Ritesh Poladia:** So, that investment was about INR550-odd crores. Everything has been done or still it is to be done?
- Sumit Dhingra:** A large part of it is done. I think it is linked to milestones and I think balanced milestones we expect to get done within the next one or two quarters.
- Arnob Roy:** With the commercialization of all the investments that we made, which are as part of the intangible assets, all of them will get capitalized as and when we have commercial feasibility and commercial adoption of all the new technologies and products that we developed, including this licensing.
- Ritesh Poladia:** Sure. And from that IP only you got this first order from NEC customer?
- Arnob Roy:** Well, that was part of the agreement with NEC that we licensed some technology and we built radios for the future.
- Ritesh Poladia:** So, is this part of the same agreement where you got the first order because your order book is INR1,500 crores and 80% is India. So, that would be very small amount, right?
- Arnob Roy:** Yes. As I said, we signed the contract for the supplies and so the revenue for that business will actually happen in FY27. So, it is part of the same partnership even though the two contracts are separate. The technology licensing contract and this supply contract are different completely.
- Ritesh Poladia:** Okay. So, when do we see the revenue from this technology agreement?
- Arnob Roy:** Yes, no, no. From this new contract with NEC, we will see the revenue for that in FY27. During the current financial year.
- Ritesh Poladia:** Sure. Sir, as this becomes a bit complex, could you at least give us some sense that what kind of or

what amount of opportunities you are chasing right now and by what times this will get fructified or what are the milestones which we can look for it?

Sanjay Malik: Again, on this, definitely, we have been chasing quite large opportunities. Again, from wireless perspective, quite a few of those are international opportunities which we have built over last one year. And if you would have seen that we have started quite a few trials also. So, again, difficult to give the overall size of the funnel number, but it is substantial. And those will be getting again ordered in the coming year and revenue booking also should happen from that in the coming year.

Ritesh Poladia: Sure. I understand your constraint in commenting further, but just to take it a bit forward, will this opportunity be multiples of what you got in BSNL?

Sanjay Malik: Multiples of what we got in BSNL? The original one, no it would not be that 100,000 sites kind of thing. But because those numbers outside India are a little bit smaller as compared to BSNL. But I think from our product perspective, reference building perspective, and coming to the international wireless area, I think that would be very, very significant.

Ritesh Poladia: Sure. And regarding R&D spend for FY27, will it remain? Is there any cut down or are you still going strong on your R&D investments, whatever you are looking for?

Arnob Roy: So, we will continue our R&D investments, but obviously we will tailor it to the business outlook that we have and how we see the business maturing. So, as I said, we will be optimizing it to make sure that we get much better financial results. But as of now, we plan to continue with our investments because the business outlook that we see in FY27, we should be able to achieve better financial results even with our current investments and cost structure. But we will keep optimizing that as we see the business progress during the year.

Ritesh Poladia: Sure. And one final question on receivables, where do we see this number going in FY27?

Sumit Dhingra: I think on receivables, two points. One is the number that you see needs to be looked at in the context of the corresponding advance that we have received as part of the BSNL 4G order, which is currently showing up in current liabilities. Having said that, we expect the remaining collections from BSNL to significantly happen during this current financial year. So, we expect the receivables to progressively come down over the next couple of quarters. Obviously, this will also increasingly be a function of also the incremental business scale-up that happens over the next few quarters.

Ritesh Poladia: Yes, that I understand, but the entire BSNL 4G will be collected in this year?

Sumit Dhingra: A significant portion of that should get collected this year. Okay, that's again also linked to milestones, and those progressively are getting complete. So, we expect that to lead to collections over the next few quarters.

Moderator: Your next question comes from the line of Avnish Kumar from Ritu Financial Services. Please go ahead.

Avnish Kumar: So, first of all, I had a complaint like the timing for the con call was 7:15 and we started around

8:15, and the results were -- I mean, the presentation was out at 8:13 or 8:12. So, we didn't get any time to read or analyze the presentation before the con-call. And this has been repeated for the past seven, eight quarters. I requested four, five quarters earlier also that time should be given to the investors to analyze and read the report at least, but still the same story.

Arnob Roy: Yes, I think this time, especially, we had a lot of problems in uploading, and that took a lot more time. So, we had to postpone a little bit. And once again, I apologize for the entire delay and the short window between the upload and the start of this call. We'll make sure that it doesn't happen in the future.

Avnish Kumar: Thank you. And secondly, sir, congratulations on the patents that you've got in this quarter and the developments that you've got on the third side. Well, the presentation that you gave was too technical for a layman like me. So, it sounded like Greek and Latin for me, but whatever you said, I mean, congratulations for that. But as an investor, if we see the financials, I'm pretty disappointed with the way Tejas is going. And I believe the shareholders' money is being taken for granted. I do not see any progress in the financials. Even now, you're not able to give any kind of clarity on the future that we hold. Pretty bad situation that we are in right now. I'm very disappointed?

Arnob Roy: I agree, Avnish. I think, of course, as part of the company and its management, I mean, it's been disappointing for us also as well. There was a lot of business that, as you said, as I mentioned, that we had planned for, based on which we had made investments that got delayed.

And Yes, so we think that after this BSNL project, this has been a year of transition for us. And going forward, with everything that we have done and invested in, we should be looking at a much more better and predictable financial results going forward.

Avnish Kumar: I just wanted to say, like, see, our share price has come down from the lifetime high of INR1,495 to it came down in the range of INR300 also. I understand that market forces are there that drive the share prices apart from the financials. But you know, you should take care about the shareholders' money also. And some guidance should be given about the future. This is just my recommendation. Rest, I leave up to your wisdom?

Arnob Roy: Sure. We'll take this into account.

Moderator: Thank you. The next question comes from the line of Pratap Maliwal from Mount Intra Finance Private Limited. Please go ahead.

Pratap Maliwal: Yes. Hi, sir. Thanks for taking my question. I just wanted to have a clarification regarding that earlier participant's question regarding the NEC deal for the supply of the massive MIMO radios. So is that part of our current order book of INR1,500 crores, or is that yet to come in? As you said that it will be revenue out in FY '27. So is that already part of our order book?

Sanjay Malik: Okay. So for this deal, actually -- so that basically means that we are entering this account with NEC. So that is the first PO which has been received, which is part of the INR1,500 crores. And as we go along, purchase orders would come as the rollout progresses through the year.

- Pratap Maliwal:** Okay. And this would be -- can you give us any idea of how we kind of understand that this will scale up? Because, you know, as you're saying that the outlook FY '27 is that we get some better results this, you know, because FY '26 has been a year of transition. So can you give us some idea on how this is expected to scale up?
- Management:** You mean this particular deal or the overall business in general?
- Pratap Maliwal:** Both, sir. But in particular, the NEC deal, because as you're saying that we get some follow-on purchase orders as well. So, what can we expect the scalability to be?
- Sanjay Malik:** Yes, so it all basically depends upon the rollout which the customer does. So as the rollout happens, then the new purchase orders will keep coming. So difficult to, again, give a number projection on it. But I would say, I think the follow-on orders would be, again, better than whatever we have as of now.
- Pratap Maliwal:** Okay. Now, just one thing, when I look at our FY '26, we've had a PAT loss of approximately INR900 crores. Now, FY '27, as you're saying that, you know, it'll be a year of transition and we get better results. What is our path back to profitability? Can you give us some understanding on that front?
- Arnob Roy:** Yes, I think we expect much better business in FY '27 based on the opportunities that we see. And with that and with we will also manage our costs at the current level and optimize as required to make sure that we have a path to profitability because, you know, this has, as I said, this has been a one-off year where business got delayed, but we didn't want to compromise on our investments for the future opportunities.
- But going forward, I think we will ensure that, you know, one part of it is the business which is out there and our cost structure which is there, they are in line. And we do expect that, you know, from the business outlook that we see in FY '27, we should end up with much better financial results. And as the business progresses, we will monitor and optimize our costs accordingly.
- Pratap Maliwal:** Are we expecting to be PAT positive in FY '27?
- Management:** Yes, we don't give the financial guidance, but yes, that's the goal.
- Moderator:** Thank you. The next question comes from the line of Darshil Jhaveri from Crown Capital. Please go ahead.
- Darshil Jhaveri:** Hello. Good evening, sir. Thank you so much for taking my question. Sir, as I understand, you're not going to give any guidance, but with regards to just our inventories and receivables, so that's putting a serious strain on our, you know, balance sheet. What is the company's aim regarding that? I understand even if we -- if I net off the other current liabilities for receivables, that still is like nearly double the revenue than what we've done in FY '26.
- So just wanted to understand, like, what do we expect out of this? And what is -- has company, you know, modeled out if, you know, BSNL order is even delayed by another year, because that's

not in our hands, right? So the PO -- so what is the inventory level? Will there be deterioration? Will there be some other write-off that we need to take? So what do you feel is the, you know, realistic outlook that we can have with regards to our inventories and receivables, sir?

Sumit Dhingra:

So I think on receivables, I broadly clarified in response to the earlier question. We are expecting to get the balance collections from BSNL significantly during this year, and that should lead to improvement from a receivable standpoint. On inventory also, I think, as you alluded to, I think a large part of this is also coming from the advanced procurement action that we took for the BSNL add-on order.

Now, right now we continue to be in discussions with them with respect to getting the order, and, you know, obviously the inventory here is something that gets used in the radios that we sell, and those can potentially also be sold to other customers. So that's where it is. For now, I don't think we have any further clarity with respect to the BSNL add-on order.

Arnob Roy:

See, the inventory for these products -- the BSNL 4G products -- are not unique to BSNL. I mean, they are like a wide range of radios for 4G and 4G upgradeable to 5G, which are applicable for customers, for any kind of customers, right? So many of the opportunities that we are positioning ourselves internationally in the private 4G networks and all those kinds of things all use the same products.

So, the inventory will also be used for many of those opportunities when they convert. So it's not very unique to BSNL. However, I mean, as you have noted that most of it had been procured for BSNL, so a significant part of it will go along with BSNL add-on order. But independently, they will be consumed along with other business opportunities that we have globally.

Darshil Jhaveri:

Okay. Fair enough, sir. And just another question regarding like a cash generation ability, sir. So even in the current year, I think we've been able to only generate around INR135 crores of cash. So that takes into account all the change in inventory advances that we've gotten. And on base of that, I think we have invested, I think, around INR700 crores in intangible assets, right, sir? So majorly, if I'm not wrong, our investment in intangible is debt funded. What is the rationale behind that?

Because I don't know if this is sustainable at a certain level, right, sir. If we are not going to be PAT positive in FY27, we might be -- our funding are intangible with debt, but it will take time to get traction, we'll get orders, we'll get minute orders. But in that time, I don't want that our company's balance sheet deteriorates so much that, we have bigger issues than research and development. So any comments on that, sir?

Arnob Roy:

No, I agree with your observation. The point is that since we are in the deep-tech space, being in a situation where you don't invest in technology evolution is a bigger risk for the future of your business than the other way around, right? So from that point of view, in FY26, we took the call that even with the business shortfall that we see, with the transition that is happening and with the technology that we needed to develop to leverage the future, that we will continue with our investment.

And we have done that. And as you see, we have launched many products, which will help us for the business of the future. But I think going forward in FY27, as I said, the financial diligence of investments versus returns and revenues and all will be far more tighter because I believe the significant investment has gone in and we have achieved much of the goals that we had in mind.

So in FY27 and beyond, it will be a much more, you know, well-balanced investment that will happen in line with the business outlook, which we will continue to evolve and monitor very closely.

Darshil Jhaveri: Fair enough. So just one last question from my end. So right now we are at around INR1,500 crores of order book. If you may, is there any kind of target of the order win that we want? I'm not saying specifically for this year, maybe with the new technologies over a period of 3 years, what is the target that we can have in terms of order wins? Because even if some kind of direction we can get like, in this, that would be really helpful, sir.

Arnob Roy: Well, as I said, the investments have been made with an eye on significant growth, because and this significant growth will be, of course, year-over-year numbers, if you leave out the one-off BSNL project, those kinds of projects will come and there will be spikes in our business when they happen. But if you look at the business trend, without those one-off projects kind of thing, whatever you see, we will hopefully see business growth on top of what we've seen earlier in FY24 and so on. So that's all I can say.

I think the overall growth in our opportunities, there will be significant growth in our opportunities, there will be a lot more investments happening from operators, from enterprises, from ISPs, and so on. And we are well-positioned over there. So obviously this investment has been made with a business which is several multiples of what we have done in FY26, right. So that's basically the outlook based on which we have made all the investments.

Darshil Jhaveri: Okay, fair enough. That's it from my side, sir. All the best.

Arnob Roy: Thank you.

Moderator: Thank you. The next question comes from the line of Shailesh Jahagirdar from Invest Yadnya. Please go ahead.

Shailesh Jahagirdar: Hi, sir. I was in queue again. So I had a question about data center connectivity business. So TCS is actively building the data centers, actively participating in data center building. They have a plan of when we go to. Do we have certain benefits of being a Tata Group company and we can get a CEO from TCS in some way? Do we have a benefit, not in terms of amount, but in terms of being a group company? That's what my question was.

Arnob Roy: Well, I mean, independent of being a group company, we are engaged with not only TCS, but other data center builders for our products. And a lot of our success in Optical has been as part of those data center build-outs.

So TCS is, yes, one of our important customers as well for that, for data center applications. And

yes, we are closely engaged with them on their future business plans. But I'd like to highlight that they are not the only one for our data center business related growth.

Shailesh Jahagirdar: Okay. Thank you. That was my question.

Moderator: Thank you. The next question comes from the line of Arpit Jain from Wallfort Financial Services Limited. Please go ahead.

Arpit Jain: Hello. Can you hear me?

Arnob Roy: Yes, we can hear you, Arpit.

Arpit Jain: Yes. Hi, hi, hi. So over the last year, we filed on a couple of patents. I just wanted an idea regarding when do these patents generate revenue for us? And what is the rationale behind filing so many patents? So what's the future outlook regarding these patents?

Arnob Roy: Yes, see, as a deep-tech company, we need to file patents to one is to protect our inventions so that our innovations are not replicated easily. The second part of this is that especially in the wireless space, there is a lot of the patents that go into what are called the standard essential patents. These are patents which are used for building wireless products as per the new standards of 5G or 5G-Advanced or 6G based on 3GPP standards evolution.

So as a wireless company, and also from our other business, we need this patent portfolio to be both from a point of protection of innovation as well as a defensive portfolio where you would be cross-licensing patents from other companies which are absolutely essential in nature as far as developing your wireless products and technology are concerned.

So in summary, both in terms of protecting your innovations and also for giving us a solid base for being able to cross-license patents and technologies with other technology developers.

Arpit Jain: Okay.

Arnob Roy: And this is more than a direct monetization of the number of patents that we have. It is monetization in a little indirect way.

Arpit Jain: Okay, thank you.

Arnob Roy: Yes, we have time for one last question.

Moderator: Sure, sure. Thank you. Our next question comes from the line of Rajakumar Vaidyanathan from RK Invest. Please go ahead.

R. Vaidyanathan: Yes, good evening. Can you hear me?

Management: Yes, we can hear you.

R. Vaidyanathan: Yes, thanks for the opportunity. So just a couple of questions. So the first question is, is it

reasonable to expect a breakeven in FY'27 and a PAT positive in FY'28?

Arnob Roy: That's the goal. I mean, we do not give guidance, but that's really the goal. As I said, FY'26 has been a year of investment and FY'27, we expect to see far better financial results in terms of the business outlook that we have and with the investments and the expense control that we will have within the company. The expectation is that, yes, financial turnaround as quickly as possible, starting with FY'27.

R. Vaidyanathan: Okay. And the second question is on this elongated DSO that you have with the BSNL order. So do you expect that elongated DSO even for the order that is under execution because you still not collected about INR3,000 crores. So will the same issue happen with the current order as well?

Arnob Roy: No, you're talking about the collections from the upcoming order, kind of thing there -- for add-on order. Is that what you're talking about?

R. Vaidyanathan: Yes, there are two issues. The one, whatever AR that is outstanding that we have shown in as of March 2026 that you said that you will be able to collect significantly in FY'27. So my question is the order that you are executing, which is about INR1,500 crores -- the orders on hand that you mentioned, right? So there also the DSO will be elongated DSO or there do you expect the collections to happen much faster?

Sanjay Malik: Yes, so two things. So number one, out of this INR1,500 crores of order book, BSNL purchase order is still not part of that because as we said that we are still in discussion to get that into the purchase order. Second, the collection for this should be faster than the original order because first time we kind of delivered the product, tested it, then there is acceptance testing, and then there is kind of rigorous testing against integration with their existing elements and all that.

So those things will not be there when we go for this add-on PO because these add-on POs would be same technology, similar products to be integrated or to be installed. So the delivery time and installation time and acceptance time would be much faster.

R. Vaidyanathan: Okay, got it sir. So the last question is, can you give me what is the total headcount as of March '26 vis-à-vis March '25?

Sumit Dhingra: Total headcount is roughly about 2,300 employees and that has broadly remained the same compared to the previous year.

R. Vaidyanathan: Okay, thank you so much.

Moderator: Thank you. Ladies and gentlemen, with this, I now hand the conference over to the management for closing comments.

Arnob Roy: Yes, so thank you Mohit. So thanks everyone for attending the call and for all your questions. You know, again, once again, first of all, once again, my apologies for starting this an hour later than the scheduled time.

And secondly, as you've seen the results of FY'26, the key takeaway I want you gentlemen to have is that yes, the results have been quite disappointing. But at the same time, we are positive about our future based on which we have made substantial investments during the year to make sure our products are ready, and technologically ready and capable for the business and the technology transition that we see.

So we look forward to a much better future, and with that mindset, the investments have been made and I hope to work with you all and connect with you all in future again and deliver a much better FY'27. Thank you.

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

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