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August 03, 2026

The Secretary
National Stock Exchange of India Ltd
Exchange Plaza, C/1, Block G,
Bandra Kurla Complex, Bandra (East)
Mumbai – 400 051
NSE Symbol: TEJASNET

The Secretary
BSE Limited
P J Towers,
Dalal Street,
Mumbai – 400 001
BSE Scrip Code: 540595

Dear Sir/Madam,

Re: Q1 FY27 Earnings Conference Call – Transcript

Please find enclosed the transcript of the Q1 FY27 Earnings Conference Call held on July 28, 2026.

This is for your kind information and record.

Yours sincerely,
For Tejas Networks Limited

ANANTHA MURTHY NARAYANA

Digitally signed by ANANTHA MURTHY NARAYANA
Date: 2026.08.03 11:55:46 +05'30'

Anantha Murthy N
Company Secretary & Compliance Officer

"Tejas Networks Limited

Q1 FY27 Earnings Conference Call"

July 28, 2026

MANAGEMENT: **MR. ARNOB ROY – MANAGING DIRECTOR AND CHIEF EXECUTIVE OFFICER – TEJAS NETWORKS LIMITED**
MR. AVS PRASAD – CHIEF FINANCIAL OFFICER – TEJAS NETWORKS LIMITED
DR. KUMAR N. SIVARAJAN – CHIEF TECHNOLOGY OFFICER – TEJAS NETWORKS LIMITED
MR. PREETHAM UTHAIAH – CHIEF OPERATING OFFICER – TEJAS NETWORKS LIMITED

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

Moderator: Ladies and gentlemen, good day, and welcome to the Tejas Networks Limited Q1 FY27 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, then zero on your touch-tone phone. Please note that this conference is being recorded.

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

Mohit: Thank you, Anushka. Good morning, everyone. Thank you for joining on the Q1 FY27 Earnings Conference Call of Tejas Networks Limited. We have the management of Tejas Networks on this call represented by Mr. Arnob Roy, Managing Director and CEO; Mr. AVS Prasad, CFO; Dr. Kumar N. Sivarajan, CTO; and Mr. Preetham Uthaiah, COO.

I would now 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: Thank you. Good morning, everyone, and welcome to our earnings call presentation for Q1. So I'll start with our revenues of Q1, which was INR402 crores, 20% growth over Q4. Profit after tax improved slightly and same for order book, which also saw a small growth.

In terms of the revenue mix, it was evenly split between India and international, and we'll add some color to that as we get along. From a closing order book, this quarter, most of our business wins were domestic. That's why at the end of the quarter, the order book was 93% domestic and 7% international.

In terms of Q1 highlights, our revenues were driven largely by international shipments of 5G radios and domestic shipments of optical and FTTx products. And this international shipment was to a customer in Europe, and this was one of our first significant customer wins for 5G internationally.

And the other highlight was our first commercial win for end-to-end 5G network deployment in South America. And end-to-end basically means it's beyond the radios, it's also the baseband unit and the core. So this represents a complete end-to-end Tejas technology stack for our 5G network deployment. The other highlight was we continued with our patent filings and filed 46 patents in Q1, taking our global count to 722.

I'll now hand you over to our CFO, AVS Prasad, for walking you through the financial numbers.

AVS Prasad: Good morning, everyone. Thanks, Arnob. As indicated, the revenue is around INR402 crores, a 21% quarter-on-quarter increase compared to Q4 of FY26. At the PBT level, PBT is around negative INR271 crores compared to INR281 crores in Q4.

Coming to the balance sheet items in terms of inventory, there is a reduction of inventory from the previous level of INR2,438 crores to INR2,358 crores. And as we have been saying earlier, this inventory -- the high levels of inventory are on account of advanced procurements in terms of materials for addressing the add-on orders and preparedness to address the other customer requirements.

And at net receivable level, the net receivables after the customer advance adjustments currently stand at INR2,232 crores compared to INR1,905 crores. The net working capital increased mainly on account of the net trade receivables increase and also corresponding increased scheduled payouts.

The cash position stands at INR589 crores compared to INR505 crores in Q4. On the debt side, the net debt increase is mainly, as what I mentioned earlier, due to net working capital increase as well as increased payouts, and also the company's focus in terms of continued investments in terms of capex. So there's an increase in borrowings. The gross borrowing stands at INR4,866 crores and net borrowings at INR4,277 crores.

Arnob Roy: Thanks, Prasad. I'll now take you through some more details about our business for Q1 as well as the outlook. So to give you a little bit more color about Q1, one of the highlights was, as I mentioned, the end-to-end 5G network win for an operator in South America. And the supply of 5G massive MIMO radios to a global customer in partnership with NEC. We were also selected by a global Tier 1 telco for a joint R&D project in 5G. And this has quite a lot of significance for us because successful execution over here, we expect will lead to future increase in our business engagement in terms of product shipments and so on.

And lastly, we are still awaiting the expansion order for the BSNL 4G with additional 26,000 sites. There has been a lot of news items about this recently. And I can only comment that it's in the final stages of conclusion in terms of awarding of the order. There is a discussion with our system integration partners regarding the final Ts and Cs and so on. And we expect that this will materialize very soon, probably in this quarter.

So as you can see from the first 3 items, international traction for our wireless products and technology is increasing, which is a very encouraging sign for us. In terms of wireline, we continue to expand our market share and business with the Tier 1 Indian telcos for optical as well as FTTx products. And we -- for Tier 1 telco, we expanded our FTTx footprint for the pan-India residential broadband rollout.

For 2 other Tier 1s, we supplied our optical equipment, 100-gig, 400-gig DWDM equipment for the 5G backhaul networks for the enterprise services network and also for hyperscaler data center connectivity. The utilities continues to be a strong sector for us, and we were selected as a vendor for the communication network modernization of a large power utility. This has been a very successful business for us, and we continue to win newer business as the utilities keep modernizing their networks from the older TDM/SDH network to a more IP-based network.

Internationally, our optical products continued to win additional market share, and this was for an existing customer in Africa, a leading wholesale bandwidth provider. And we did a lot of network expansion for them using our state-of-the-art 100-gig, 400-gig coherent DWDM equipment.

A few other highlights. Our latest product, which was announced recently, the 1600-D3, the data center interconnect product. It was selected as a global finalist among the top 3 at the prestigious Leading Lights awards for 2026. This is indeed a recognition to be proud of because this is one of the most respected organizations in this field. And the fact that they recognized us among the 2 other global OEMs as one of the most innovative products that were launched. This is actually a significant recognition of our R&D capabilities.

We won the Bangalore Chamber of Industry and Commerce award for manufacturing excellence. We signed MoUs with IIT Gandhinagar and Maharashtra IT to catalyze and nurture the local innovation ecosystem for next-generation telecom. We increased our patent filings. We filed 46 new patent applications, taking the account to 722, of which 380 have already been granted and the rest are in the process of analysis and going through the next steps.

We also successfully completed the field and lab trials, the demonstration of D2M or our broadcast radio solution. And this was also a significant milestone where along with Prasar Bharati and FreeStream, we were engaged in extensive field trials for our broadcast equipment.

So in terms of the key business drivers for our products today, one of the important trends that we see and that we highlighted was the expansion of 5G deployment in emerging markets. And we expect the 5G rollouts to continue until 2030 and overtaking the 4G deployments at a very rapid pace. Globally, 5G is also going to serve a lot of fixed broadband applications. And those number of subscriptions are set to triple and reach 90 million globally by 2030, and this is going to be an important application of 5G as well, which we will serve.

And then the other part of it, I talked about the expansion of existing 4G networks in India and emerging international markets. Of course, the BSNL 4G is one of the key opportunities over here. But apart from that also, we see engagements in a 4G network expansion in several emerging international markets.

In the wireline segment, the rapid growth of data centers and connectivity is driving a lot of our business, especially for the optical. And also, this is also resulting in the last mile increase in the last mile connectivity, both in terms of numbers as well as in terms of bandwidth. So we see the enterprise connectivity bandwidth going up significantly, and that is leading to a lot of our equipment being purchased and deployed in those applications.

We see a significant increase in residential broadband complexity, and we have Tier 1 partners in India, which are driving that growth with our FTTx equipment. As the wireless networks are expanding, the backhaul connectivity for those networks, those are also a significant part of our business. And I highlighted the modernization of utility networks from the older TDM technology to IP-based networks, and that's also continues to be one of our key drivers.

So looking forward, we see the rapid deployment and global adoption of AI is going to be one of the key drivers for our business. And to walk you through the details of what that really means, I'll hand it over to our CTO, Dr. Kumar Sivarajan.

Kumar N. Sivarajan: Thank you, Arnob. So I'll take a few minutes to outline how AI is impacting the network and also what we are doing about it. So all of us are using AI. AI has replaced search. All websites are using chatbots. We are doing a lot of image processing and click videos and everything with AI. So all this has immediately increased the traffic within the Internet.

There's a lot more computing being added in data centers, which is, of course, driving the growth of NVIDIA and the like. And the central data centers have significant addition of computing capability for AI training. There's also computing being added at the edge for what is called AI inferencing, okay?

So this introduction of AI for pretty much everything that we do today has led to significant growth in the traffic. So AI has increased the traffic by 20x. Immediately, the optical network is being built out, both between data centers. Data centers need to be interconnected with high bandwidth and low latency connections. So the high bandwidth here is tens of terabits and the data centers could be 100 kilometers or even 1,000 kilometers apart.

Consistent with that, we also need to increase the bandwidth in the aggregation and metro networks, which connects the users to the core. So this is what is happening in the network due to AI. Now if you look at the next slide on what we are doing about it, we are enhancing our portfolio, both wireless and optical. First, those network traffic requirements based on AI.

In terms of 6G, I use here broadly on wireless and what the industry is also starting to do because 6G will impact both the wireless and the optical network. So starting from the left, with the introduction of AI, we will need 6G or 5G-Advanced to be able to address the new AI applications. So this could go beyond phones to meta glasses and other devices in the next few years.

This is for -- wireless users will access it through the 5G-Advanced or 6G radio access network. But there is also increase in traffic going from homes and businesses. So in homes, we are enhancing our portfolio of PON to go to 50 gig PON from the current 10 gig PON. Businesses will also be served with higher bandwidth in the access. Typically, it's 10/100 gig today. We'll go to about 800 gig, okay?

The same increase in traffic will carry through the rest of the network. So at the core of the network today, we are at mostly 400-gig wavelengths. That will go to 1.2 terabit or even 1.6 terabit wavelengths. The WDM network, which typically operates on one pair of fibers and adding additional bands, used to operate in this conventional band or C-band.

In the last few years, we've added another band, L-band, but by 2030, we also expect to add a third band. So we'll have 3 bands of WDM with 100-plus wavelengths operating at speeds up to 1.6 terabits per second. So this is the future in the next few years.

By 2030, I think all of these products will have to be there. And we have a significant investment in R&D across both wireless and wireline to build out this portfolio so we can take advantage and address the products needed to build out this network to support AI.

So with that, I hand it back to Arnob to conclude this presentation.

Arnob Roy: Thank you, Kumar. So in summary, some of the key takeaways or the key messages from our business in Q1 is, first of all, growing international traction for our wireless products, our new 5G wins in international regions and multiple other engagements with telecom operators. Our joint R&D partnership with global Tier 1 telco is also an endorsement of that.

And a lot of our credibility is also coming from our network performance in the BSNL 4G network, which is an endorsement of our product scalability and reliability, and that has given us a lot of credibility when we engage with full customers, including the Tier 1 telco that I'm referring to.

In terms of wireline, business has been seeing steady growth and driven by growth in data center connectivity, residential & enterprise broadband. And we have a very good incumbency in the Indian private telcos. And as their business grows, we see our business expanding and as well as increasing market share in those networks as well.

And finally, we are well positioned for an AI-driven future. We have a lot of investments in 5G-Advanced and wireless and 6G for our wireless portfolio. And the portfolio of products, also investments for building products, for building this end-to-end high-bandwidth, low latency networks required for AI infrastructure and also user access.

So with this, I come to the conclusion of our presentation and open the floor for Q&A.

Moderator: Thank you very much. We will now begin the question-and-answer session. We take the first question from the line of Tushar Khurana from Peace Wealth.

Tushar Khurana: Sir, my first question is regarding this BSNL receivables that we have. Since we are now in the final stage of getting this order for 26,000 sites, does that mean our receivables situation should also improve and we should start getting the payment from BSNL given that was subject to some acceptance tests that were left? So any comments on that?

Arnob Roy: I didn't get your last part of the statement. Your receivables and then you added given the add-on order or what is it?

Tushar Khurana: So, sir, there were some acceptance tests that were left for some of the sites after which you were able to get those payments, right?

Arnob Roy: Correct. Acceptance test. Okay. Yes, understood. Yes, that's correct. I think for the expansion orders one of the parts was also the completing of the acceptance tests and some of the pending features and all those kinds of things. So those are also in a very advanced stage and coming to a closure. So yes, you're right. We expect a lot of the BSNL receivables to also get cleared during the quarter, as we move along for the expansion project.

Tushar Khurana: That's wonderful, sir. And sir, my second question is regarding the international order wins that we have got on the wireless side for 5G radios and the one with the collaboration with NEC. I just want to understand, these order wins are mainly for the TSPs or enterprises. And if you could quantify also the number of sites that we have begun with?

Arnob Roy: Yes. So these are all for TSPs. All of them are for TSPs, for mobile network services. And see, I cannot quantify the number of sites because I don't have permission from the customers themselves. But more importantly, getting this incumbency, getting this reference, network deployments is probably the most important thing. And as their network deployment happens and expands, I mean, this should lead to not only more business from these existing TSPs, but serve as a really good reference for other customers in those regions.

Tushar Khurana: Great. Great. And sir this NEC, I was reading about this NEC was actually restructuring their 5G RAN business. So does that mean are we going to be exclusive partner for them wherever there is NEC brownfield expansion happening or even, say, greenfield, there we will be the exclusive partner for NEC, where we'll be doing the manufacturing for them? Or how is it really placed for Tejas Networks here?

Arnob Roy: Yes. So we are their partners for their 5G radios and beyond. So their focus is on the software side for the 5G network, on the vRAN and so on. For the varieties of radios, today's radios as well as the future ones, and in some cases, 4G radios as well, we are their preferred partner, which is probably the right word to use. And because we also have a deep partnership with them for the development and manufacturing of these products. So yes, our radios are the ones that should actually be going along with their products.

Tushar Khurana: Sir, can you also quantify what is the total market size for them right now? What kind of total business they were doing presently in the 5G RAN side?

Arnob Roy: Yes, I don't have those numbers with me right now. And I know they have a significant business in Japan and a significant business in Europe. And we are looking at this partnership of getting market traction in those markets along with them.

Moderator: We take the next question from the line of Jainis Chheda from Kemfin Family Office.

Jainis Chheda: Am I audible?

Arnob Roy: Yes, you are.

Jainis Chheda: Sir, just one question from my side. Now, since in the BSNL there was a performance-linked payment that was there, are there similar conditions in the international orders as well?

Arnob Roy: No, no. There are no such conditions because, for the international orders, especially the one in South America and then the other one also, the wins, the purchase orders came after an extensive POC. So our products were already proven in the POC network, after which these orders came. So there is no payment linked to performance. But it is very important for us to have a really good performance in the network for any expansions and also further businesses, and them providing a good reference network for us.

Jainis Chheda: So what will be the payment cycle type for these supplies that you have made recently? Is it 60 to 90 days or longer?

Arnob Roy: No, it will be the regular payment cycle that we have for most customers. There is nothing exceptional over here. Or like BSNL, it is not like that. I mean most of them are our standard. It varies between 60 to 90 days, and this is also with the same terms.

Moderator: We take the next question from the line of Rajakumar from RK Invest.

Rajakumar: Sir, the first question is, I just want to know, what is the path to profitability?

Arnob Roy: So, the first part is, of course, increasing our business and market share. As you know, we came off from FY25 -- a very successful FY25 and FY26 results were not as expected because a lot of the deals we were expecting to close at the time didn't materialize. Whereas we kept on investing on R&D for future technology development.

So the first path to profitability is, of course, growing our business. And with the momentum that we have and also getting the expansion order will give us a lot of tailwind in that direction. Apart from that, as a part of the growth of business, we have to leverage our partnerships with our global OEMs -- partners, right, NEC and others, for growing our international business.

And then finally, optimizing our operating expenses in line with our business and cost engineering for improving margins and working capital management to reduce finance costs over time. And as you know, a lot of the inventory build-out that had been made for the expansion order. Now with this coming in, we expect a lot of that to go away, reducing our working capital requirements for the future.

We also expect our receivables to come down with the completion of all the acceptances and delivering all the deferred features for BSNL. So overall, I would say, we are in a very positive direction, as you can see from our financial results from Q1 of FY26 to Q4 to Q1. I mean, the trajectory is positive, in terms of revenue, PBT, inventory and so on. Maybe not to the scale at which we were expecting, but the positive trajectory is there.

And as we continue to go along, we are growing our business. I think on all the parameters that I talked about, revenue, working capital, inventory, receivables, we should see a lot of positive progress on all of that. And I believe we are on the path to profitability.

Rajakumar: Okay. So in terms of timeline, can we take it as anywhere between 12 to 18 months, we can see a positive bottom line?

Arnob Roy: I would say our first target will be positive EBITDA and EBIT and then going to PAT profitability as well. And yes it will take some time. 12 to 18 months is a reasonable time to expect.

Rajakumar: Sir, just one more question. Just on the receivable, I see that the receivable has moved from INR1,900 crores to INR2,232 crores. So it's almost INR325 crores movement, and you have done revenues of about INR400 crores in this quarter. So which means almost whatever your revenue you have done, it's remaining in the AR only. And I know that there is no BSNL order both in this current quarter and the previous quarter. So why we are seeing a sticky collection in even the non-BSNL segment also?

Arnob Roy: No, we had collections for the non-BSNL segment also. But with this increase in revenue, I think whatever we have shipped, the increased shipments of this quarter have gone into the receivables.

That's why -- that's one of the reasons that you're seeing the receivables gone up.

Moderator: We take the next question from the line of Sugandhi Sud from BTH Capital.

Arnob Roy: We can't hear you, Sugandhi.

Sugandhi: A couple of things. If you could give us an idea about the warranty provision, and what is the internal policy that we follow for making these provisions because they have been a recurring item on the P&L for the last couple of quarters. And in terms of what is the origin of these provisions, because they're sizable compared to the kind of business we used to do in the pre-BSNL order era.

So just trying to also figure out how to look about profitability from a long-term perspective in terms of -- I understand that the BSNL order is a big proof of concept for our execution in 5G. But in terms of how profitable, the kind of net profit that we make from the order against the kind of provisions that we make. I'm just assuming here, most of them come from our PSU businesses only. So could you give us an idea about that?

Arnob Roy: Yes. So I think your first question was about warranty costs, and they are usually determined by potential fault rates and repair requirements and anticipated claims during the warranty period, and is driven by our cumulative installed base. So right now, the distortion that you see in this increased warranty provision is because of this large BSNL network that was rolled out. And as you've seen in our financial performance in the past, this was not a very big factor.

And in the future, we also don't see this going to happen. And as the product base -- the products stabilizes, which is what is happening, and the field experience matures, we are -- the warranty costs are expected to normalize. So this has been a one-off case because of the large network deployment that has happened, and it is going to stabilize and come down as we get along. So we are on the path to that.

The other part was -- your question about profitability. I kind of answered the question, that driven by revenue growth in international as well as domestic, and then managing of working capital and margin improvements that will come along with the international business and so on. So I think that remains the same.

While the BSNL business is there, as you can see, all our efforts and focus is on the private market, the private telco market, both in India as well as international. And during the quarter, we have made significant progress in that direction, especially -- and the heartening thing to note is all our new technology investments in 5G, in optical, in FTTx, all of them are getting traction. And so the vision of how these technologies would evolve and how the market would adopt them is kind of playing out. So that's the positive part.

The add-on order is -- would be a really good tailwind for us in terms of cleaning up the inventory that was built, cleaning up the receivables, and really improving our working capital significantly. So that's the good part of the add-on order when it comes in. But from all other parameters in terms of new business wins and our international business growth, I think we are on a very positive trajectory, and we hope to continue this going forward.

Sugandhi: Sure. Sir, in terms of the add-on orders, the economics would be more or less on the same line as for the initial INR1 lakh size?

Arnob Roy: That's correct. That's correct. It's going to be on the same line as that.

Sugandhi: If I'm not mistaken, there was some service revenue element which was supposed to last for a longer period. Do we accrue any revenue on account of services provided to BSNL on the existing base today?

Arnob Roy: Not yet. That's going to start. The AMCs are going to start after site acceptance and the warranty period getting over. It's going to start. So the significant amount of service revenues, the AMC revenues, that has not started yet.

Sugandhi: Sorry, what is the timeline for that?

Arnob Roy: It's going to start in the next few quarters.

Sugandhi: Sure. Okay. And if you can give us a split of the current quarter's revenues between wireless and wireline?

Arnob Roy: Yes, I mean -- we don't get into those details in terms of more revenue split. But I can definitely say that there's been a significant amount of wireless business, and that has been also been mostly international, right? So it is a significant part, but I wouldn't like to give any numbers in terms of the wireless, wireline. We don't give that. But we have said that India has been 50% and international 50%, right? So international has been largely wireless and some wireline also for some of our existing customers.

Sugandhi: That's encouraging. Sir, any -- and I noticed that you're not giving the order book anymore. I mean that's a number you used to share previously. But if you could just give us...

Arnob Roy: Yes, we did that, right? I think I shared the number. So at the end of my first slide, if you see, was INR1,529 crores, which is a slight increase over Q4, which was INR1,514 crores. So we did win new orders during the quarter, which has increased our order book slightly.

Sugandhi: Sure, sir. And how much of that would be international?

Arnob Roy: If you see I also mentioned at the beginning of the presentation, that most of the new wins during the quarter has been for the domestic, apart from the South American 5G network. So that's why the split between current split of India international is like 93% India and 7% international, and we hope to change that profile going forward.

Sugandhi: And I'm assuming there's no element of BSNL order in this at present.

Arnob Roy: No, the new add-on order is not part of this. Whatever in terms of -- whatever the service revenue aims is, and all those kind of things for which we have POs, they would be in the backlog. The add-on revenues are not part of the backlog as of yet, the order book.

Sugandhi: And the South American order is already included in this?

Arnob Roy: Yes, that is included in the order book.

Sugandhi: So is that, sir, like -- is that like a pilot level of contract? Or are we talking about slightly -- is it a network rollout or just a testing sort of order that we're talking in South America?

Arnob Roy: Yes.

Sugandhi: And is it within a strategy for new...

Arnob Roy: Yes. As I said, we went through an extensive POC for our products before we were given this order. Yes, and this is the initial order for the network, because operators also build -- most international and private operators build network in steps, right? I mean since there is nothing like a tendering process like BSNL, where they buy everything together and then slowly deploy over a period of time, most of the operators buy some amount and deploy them, and then expand the network as they get more customers, as they get more territory, and so on. So this is like that, right?

I mean we finished a POC successfully. We won the initial order, and on the success of this, we expect additional orders to come, which we are aware of. They have network expansion requirement, but this will keep happening over time, which is usually the way it happens for most private operators.

Sugandhi: True. Sir, and I noticed that after that initial increase in our employee accretion, which we saw from 2021 to '25, we've had a sort of stable number last year. So any guidance that you can give us? And also, what you capitalize and expense, put together in your R&D, how much of that would be employee expenses?

Arnob Roy: So the employee costs are more or less flat. We are managing our expenses. And I said last year, we did a significant increase because even while the business was not panning out as expected, we wanted to make sure that product and technology-wise, we were up and current. And that's what happened. So now that a lot of that is done, I think our employee expenses are expected to remain flat for some more time. So that's going to happen.

Moderator: We take the next question from the line of Pratap Maliwal from Mount Intra Finance.

Pratap Maliwal: Hi. Am I audible?

Arnob Roy: Yes, you are.

Pratap Maliwal: I just wanted to follow on from the point that you said that you expect the AMC orders to come in from this year. So could you just help us understand what could be the size of these contracts that we get? At the time of signing of the BSNL deal, I believe the management had pointed out that the initial INR7,500 crores was for the supply of equipment, and then the AMCs will come in, which would also be to the tune of thousands of crores. And over what period would these revenues be recognized? Could you just help me on that part?

Arnob Roy: So the AMC revenues would be recognized over a period of 8 years when it starts.

Pratap Maliwal: Okay. Just some detail around what could be the size of the AMC revenues.

Arnob Roy: So we have not yet shared the AMC numbers for the network. I think when that materializes, we are going to share that with you. Okay?

Pratap Maliwal: Okay. See, sir, my understanding is the AMC revenue would be higher margin. So is that a key component of our path to profitability, as the previous participant had asked? Is that something that we are factoring in? That's what I'm trying to gauge here.

Arnob Roy: No. So yes, that's correct. I think the AMC revenues come with a much higher margin, obviously. So that's going to definitely help our profitability when it starts, and it's going to start in the next few quarters. That's going to start at the end of the deployment and acceptance and warranty period. But you're right. Yes, the AMCs will come with higher margin and impact our financials very positively.

Pratap Maliwal: Okay. And just one last detail. So when these AMC orders come in, is it going to be one large kind of a lumpy contract like the supply of equipment was? Or is it more nuanced as in which circle the equipment was deployed in that circle, AMC orders come in first or something like that, sir?

Arnob Roy: Yes, mostly it is going to be like that. It's going to be circle by circle AMC POs that are going to come based on the timeline of the deployment and so on. So that's how it's going to happen. But it will be a multi-year contract. It's not going to be year after year contract. It will be a multi-year contract, but they'll come split into circles, and that's the way it will come.

Moderator: We take the next question from the line of Shailesh from InvestYadnya.

Shailesh: I have a question about D2M. So we got an approval of D2M in last quarter. So how is this going to pan out? Are there any orders about D2M or will there be any certainty about orders, any contracts or any particular revenue would be there? I don't want guidance, but how will be the trajectory for D2M? I want to understand that.

Arnob Roy: I'll hand you over to our COO, Preetham, who is closely following the trial and the business, and he can update.

Preetham Uthaiah: For D2M, basically, we are waiting for the Prasar Bharati tender to happen. Once the tender is out, we will be partnering with one of the SI partners like FreeStream or anybody else who is participating and that process will take some time. So at this point in time, there is no clarity on when exactly the tender will happen. So that is the path it will take for us to really get into the market. The tender has to come. We have to participate with the SI. And after the selection, we see the revenue.

Arnob Roy: So all the trials that have happened is with our equipment, exclusively with our broadcast radios.

Shailesh: So I want to understand -- again one question about that also that are there any other players who have got that approval of D2M in India, specifically if you want to understand that.

Preetham Uthaiah: There may be multiple SI partners who would participate in this tender. But like Arnob mentioned, the D2M equipment, we are uniquely positioned to be one of the only players who have that kind of equipment available as of today.

Arnob Roy: There hasn't been any other POC with anybody else's equipment.

Preetham Uthaiah: Yes. Only our equipment has undergone proof-of-concept trials.

Shailesh: And do you have the numbers of total TAM for D2M, any specific -- is there any TAM where we can get the understanding of market, how large that market is?

Preetham Uthaiah: If the rollout happens nationwide to the scale at which we anticipate it to happen, then it could be close to $ 1 billion of TAM. But it really depends on the pace at which it is rolled out. So I mean the rollout might happen in phases. So, it may not be all of it will happen in one shot.

Arnob Roy: So I think it's probably better to give the number of sites directionally. So overall, if it is a nationwide rollout, we are talking about the number of sites, which are very similar to what we have seen for BSNL. But it all depends on...

Kumar Sivarajan: It will be less -- less than BSNL.

Arnob Roy: Right. Probably less than that.

Preetham Uthaiah: Well, the broadcast sites will be lower. So it will be lesser number of sites compared to the BSNL network.

Shailesh: Okay. And one last question about that. I read the news about that TCS got the expansion deal for BSNL. Is that the same expansion that we were talking about? Or is there another next phase of expansion is there for 4G?

Arnob Roy: No, this is the same expansion order that we're talking about for these 26,000 sites.

Moderator: We take the next question from the line of Rajveer Singh from Vivek Investment Managers.

Rajveer Singh: My first question is on the R&D return. Tejas is investing heavily in R&D. Can you let me know which recent R&D investments are closest to commercialization, and when should investors expect meaningful revenue from them?

Arnob Roy: The R&D investments keeps happening on a continuous basis, and a lot of these are an evolution of the technology that we play in. For example, we started our wireless journey using 4G, right? So as we were doing 4G, the natural evolution was investment in 5G, and that's what we have been investing in for the last more than 12 months. More than -- close to 24 months, we have been investing.

As our 4G products were getting deployed, that investment had happened, and that is now leading to commercialization, the beginning of commercialization, and we are seeing the initial successes. So while now we expect growth in our 5G business, we have already started investing in 5G-Advanced and 6G as well, right? So it is not one single new product which is -- there's investment will come out and get commercialized. It's like an ongoing process and evolution of our technology, right?

And similarly for optical, if you see, it's like the technology space is the same, say, optical transmission of high-capacity traffic. And when we started optical, it was 100 gig, 10 gigabit moving to 100 gigabit, then it moved to 200. Now we are supporting up to 1.2 terabit per channel. The major deployments are happening in 400 gig and 800 gig and so on. So as that happens, as the technology and new innovations come in, we'll be investing ahead of time before they get adopted. And as and when the adoption of those technologies happen, we'll be commercializing them.

So I mean, the summary is that it's not really one new product which we are launching for which we are going to see commercialization. It's like an evolutionary process of the technology and products that we have.

Rajveer Singh: Understood. Okay. So my second question is on the competitive position. So against global vendors like Nokia, Ericsson and Huawei, where does Tejas believe it has a strong technological edge today?

Arnob Roy: So in terms of wireless, if you see, our radio technology is really where we are standing out, right? And that's why we get a lot of attention, especially the BSNL network performance has proven the kind of the maturity of our technology.

And in terms of the wide portfolio of RAN that we have or the radios that we have, and that's where the global partnerships are also coming into play, right? So from that point of view, I would say wireless, very efficient, high-performing radios, the macro radios that we have. Our entire solution with BBU has a lot of differentiators in terms of being an integrated BBU with transport and other capabilities.

So first of all, I would say the equipment performance and secondly, the versatility of the equipment in terms of how it can be deployed in the network and reducing the overall opex and capex of the network. That's as far as wireless goes.

Similarly, from a wireline point of view, there are many differentiators. One part is the access, we have a very strong portfolio in access where we can combine the FTTx and enterprise services and high bandwidth, low-latency services in a single product using the convergence of all the technologies that we have. Our optical products are, again, absolutely state-of-the-art in terms of performance, power, density.

The reason that our data center product has been selected as a global finalist is that we are absolutely leading-edge in terms of power and density and the services and the capacity of the product in terms of the services it offers. So I think that's -- in a way, that's a minimum requirement if you want to grow in your international business as well as the Indian private telco business. So in a nutshell, whenever we make these products, I think those differentiators are built-in and designed and then the quality of your portfolio is what really matters in terms of being able to win over the competition that you're talking about.

Rajveer Singh: It sounds great. My last question is on artificial intelligence. So if AI infrastructure spending accelerates globally over the next 5 years existing Tejas products, do you think would benefit without requiring additional R&D?

Kumar Sivarajan: No, clearly increase in AI means increase in bandwidth, connecting data centers, and connecting users to the data center, which is the access. So the current product sales will improve. It's also required for us to develop higher capacity products, both in the access and in the core, right? And that's what I outlined. So yes, there will be increase in our current product sales, but we also need higher capacity because networks will become higher capacity, and we are investing in that to evolve our products.

Arnob Roy: And if you see the current round of investments are happening heavily in terms of building the central data centers, where Kumar talked about learning versus inference and so on. So as this infrastructure gets built and then the AI adoption, I think we have probably have kind of scratched the surface in terms of AI adoption across the world.

And when that really goes mainstream and everybody becomes a heavy user of AI, that's where the investments will move from the centralized data structures to the edge and then to the last mile, to the access, to the users as well, right? And that's where Kumar talked about our 50-gig PON, and then 6G and 5G-Advanced technologies coming into play.

So as and when that matures, the different segments of our products will see a lot more business traction. And we are kind of continuing to invest to in-line with the vision of how the networks will evolve with that deployment.

Moderator: We take the next question from the line of Vijay from Subhkam Ventures.

Vijay Sarthy: Just wanted to check with you, sir. For the 1.6T DWDM platform, can you name the trials are going on with the India sector or international hyperscalers? What stage are we in, in terms of trials? And what specific technology gap that you foresee, and how quickly you think you can come closer to that? That's the first question. The second is, in your presentation, you talked a lot about the solutions that you give end-to-end. Could we have the time line of those trials and launches possible?

Arnob Roy: Yes. When I talk about 1.6T WDM, if you see our current products, which are getting deployed, also support up to 1.6 terabits per channel performance in WDM, and they are getting traction right now. And what happens is that when you support up to 1.2 terabits, people actually based on their network requirements, they run the equipment at maybe 400 gigabits per channel or 800 gigabits per channel based on the capacity of the network, right?

But we are seeing the capacity goes up to 1.2 terabits, and the customers have already tried it and seen it for the maximum performance, and then they buy it and deploy it for their requirements while they have tested for the peak performance.

Similarly, the new DCI product, the TJ1600-D3 product is at the initial customer engagements right now. We are positioning it for field trials. So I think this year, we expect to go through several POCs and field trials. And maybe towards the end of the financial year or early financial year, this new product will also start seeing customer deployment and so on.

But we have already positioned it across several large opportunities, both in India as well as globally. The other one, we talked about end-to-end solutions. I think I referred to end-to-end network for a 5G win. And in that end-to-end, what I referred to was the combination of our radios, our base band equipment, and the core, which is a substantial amount of technology coming together completely from Tejas. So that was the wireless end-to-end solution.

Now, if you combine it, the other end-to-end part of it is when you combine the wireless with our wireline products because this wireless network, right from the radio sites connecting to the core and so on, requires a wireline network, which runs over fiber. So even that network, and that's when I talk about 5G backhaul wins that I talked about during the quarter -- that's where our wireline equipment also comes into play.

And yes, as of today, as a combination of wireline and wireless, we have all the products and technologies that any operator can use to build a complete network. However, I mean, that's not how all major Tier 1 operators always have multi-vendor networks across each and every technology. So that's the way people purchase as well. But yes, one of our strengths is the end-to-end solutions that we have for wireless and wireline.

Vijay Sarthy: My bad, sorry. I was referring to the end-to-end transformation with respect to AI native BBU all the way up to NG-DWDM. So we look at MIMO, you talked about CLS band -- C+L+S band DWDM, then you talked about 1.6T. So I'm just trying to understand, when do we see this coming into reality in the next to the forthcoming quarters? So do we see MIMO's first commercial wins on that side and then progressing ourselves to the 1.6T DWDM? How does that stack work? So just trying to understand how does the flow will come through.

Kumar Sivarajan: 6G will get commercialized only around 2030. Maybe 2029 will be the product. So we'll gear up in stages for that. The 256 TR massive MIMO will be what will happen. First, spectrum has to be allotted, 7 gigahertz. Then standards have to be finalized, right? So the date from 3GPP for 6G is 2030. So we expect to have product launches just before that, probably in 2029.

But we will have technology capability demonstrations and so on, starting next year, progressing towards a commercial product with full capability in that timeframe. The reason is not entirely with us. The reason is also the standards have to be finalized. The phone ecosystem, which may not be phones in 6G, it could be other kinds of user equipment. That has to mature, right?

Again, in WDM, today it's mainly C+L-band. So 1.6T is there. The addition of the S-band will happen as the capacity crunch hits, right? And that also will happen in the next 2, 3 years. S-band is already there, but the demand will pick up around the same timeframe when the traffic scales up, when 6G gets deployed, and a lot more of this virtual reality and all that happens at the edge of the network.

Vijay Sarthy: And on the...

Kumar Sivarajan: Roughly, it's 2029-'30.

Vijay Sarthy: Yes. Sure.

Arnob Roy: We are also running out of time now. So can we -- we'll have time for one last question. You can...

Vijay Sarthy: Sure. So I'll just combine 2 questions in one, so if you can help me answer that. So AI edge router product, are we -- when we do testing, do we also have Saankhya as the designed AI accelerator chip or do we initially go with some of the AI accelerator chips that are available in the market? How do we do that? And what is the time line for that? That is one.

Second, on a broader basis, do we say that from FY27 all the way to '30, '31, we will have a consistent revenue growth unlike the past that we have had. And therefore, we have set of growth stages like D2M, plus you have AI, you have the DWDM AI, then AI hyperscaler business, plus the 6G coming in. So should we expect a consistent progressive revenue growth from '27 to '30, '31? These are the 2 questions.

Arnob Roy: Maybe let me start with the second one. You're right. I think given the R&D investments and the products that we have, which are very relevant, not only for the business opportunities today, not only for the network of today, but also as AI deployment happens, Kumar kind of explained how they're going to be relevant.

So as that happens, yes, we expect to see more business wins, more market share, and more adoption of existing as well as the new products coming in. So yes, I think the goal is and the expectation is that in the next few years we should see business growth and as well as profitable growth, right? I mean, coming off the back of this large BSNL order, right? So that is there.

And as far as the edge router you're talking about, yes, it's more of a routing product. It doesn't have any AI engine in it right now, but it is more towards enabling the scalability of edge networks connected with the -- that's where a lot of the AI inferencing infrastructure and all will be connected to.

And this will provide the infrastructure for high bandwidth, low-latency connectivity, connecting the end users to those inferencing sites. That's the main application. And the technology over here is basically providing high-speed switching and low-latency communication between the end user to the edge.

Vijay Sarthy: Okay.

Arnob Roy: So once again, thank you very much for attending the earnings call, and if you have any further questions, feel free to reach out through our company website, and we'll be happy to answer the questions as they come along. Thank you very much.

Moderator: Ladies and gentlemen, we take that as the last question for the day. I would now like to hand the conference over to the management for their closing comments.

Arnob Roy: No, I think I made my management comments. So thanks to everyone for attending this call, and I hope we have given a good picture of the business of Q1 and the progress that we have made from FY26.

Looking forward, we are very bullish about our future. We are very bullish about all the investments that we have made over the past 12 months and the industry outlook that we see from our customer base and new customers, especially in the international market. And thank you for your continued partnership, and we hope to stay engaged with you as we make progress in our business. So thank you once again.

Moderator: Thank you. On behalf of ICICI Securities Limited, that concludes this conference. Thank you 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