January 09, 2026

Tejas Networks Limited: [ICRA]A1+ assigned for commercial paper; ratings reaffirmed for bank Lines

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Long Term/Short Term - Fund based limits	4,709.0	4,810.0	[ICRA]A+(Stable)/[ICRA]A1+; reaffirmed
Long Term/Short Term – Non Fund based facilities	40.0	40.0	[ICRA]A+(Stable)/[ICRA]A1+; reaffirmed
Long Term/Short Term – Unallocated limits	101.0	-	-
Long Term – Term Loan	1,150.0	1,150.0	[ICRA]A+(Stable); reaffirmed
Commercial Paper	-	500.0	[ICRA]A1+; assigned
Total	**6000.0**	**6500.0**	

**Instrument details are provided in Annexure I*

Rationale

The reaffirmation of Tejas Networks Limited's (TNL) ratings factors in the strong parentage of Panatone Finvest Limited (PFL), which is a subsidiary of Tata Sons Private Limited {TSPL; rated [ICRA]AAA(Stable)/[ICRA]A1+} and an investment holding company of the Tata Group. Further, the ratings draw comfort from TNL's strong track record in the industry and its long-term relationships with some large clients, which have helped it maintain a healthy market share in the optical networking space in India. TNL reported a significant growth in revenues to Rs. 8923.2 crore in FY2025, supported by the execution of BSNL's 4G network project, demonstrating product development strength and project execution capabilities in the wireless segment.

The increase in the scale of operations along with the production-linked investment (PLI) scheme helped improve the operating margins in FY2025. The Atmanirbhar Bharat Abhiyan of the Government of India (GoI), which is aimed at limiting import dependence and increasing the demand for indigenous products, supports growth for the company. TNL received PLI incentives in the last few years (received Rs. 27.8 crore in FY2024 and Rs. 312.6 crore in FY2025). Further, in the current fiscal, TNL received Rs. 207.9 crore as the first tranche (85%) of eligible incentives for Q3 and Q4 FY2025 under the design-led PLI scheme for manufacturing telecom and networking products.

ICRA takes note of the degrowth in revenues and operating losses in H1FY2026. However, ICRA expects the company's performance to improve gradually. Further, the company maintains strong liquidity in the form of cash and liquid investments of over Rs. 406 crore as on September 30, 2025, along with sizeable undrawn limits.

The ratings factor in the company's moderate order book position of Rs. 1204 crore as on September 30, 2025, and high working capital intensity. ICRA notes that the moderation in operating income has also put pressure on the profit margins. Thus, the addition of the order book and an improvement in scale and profitability remains a key monitorable. Further, TNL's profitability and cash flows are also exposed to foreign exchange rate fluctuation risks.

The large size of the BSNL 4G order and the short period of execution had kept the working capital intensity elevated and consequently increased the working capital debt in FY2025 which is expected to reduce in the near term. Further, the company intends to undertake investments in R&D, product development, sales and supply chain over the 12-18months, partly funded by external debt. The debt, combined with the lower margins is likely to keep the coverage indicators subdued in the near term. However, the cash flow position is expected to improve with expected healthy collections and liquidation of inventory. The improvement in the working capital intensity also remains a key monitorable.

The ratings continue to be constrained by stiff competition from global players such as Nokia, Ciena, and Huawei, among others, who have a more diversified product offering and the advantage of economies of scale. TNL, similar to its peers, needs to continuously invest in research and development (R&D) to stay competitive in a technologically-intensive industry. TNL's long-term revenue prospects will be linked to the capital expenditure cycles of its customer base.

The Stable outlook on the [ICRA]A+ rating reflects ICRA's opinion that TNL will continue to benefit from its extensive track record in the industry, financial flexibility as a part of the Tata Group along with its healthy capital structure. Further, the outlook underlines ICRA's expectations that the entity's incremental capex, aimed at expanding the product portfolio and staying competitive in a technologically-intensive industry, will be funded in a manner that is able to durably maintain its debt protection metrics commensurate with the existing rating.

Key rating drivers and their description

Credit strengths

Strong parentage of Tata Group; strategic importance in telecommunication business – TNL has a strong promoter profile as PFL is a subsidiary of Tata Sons Private Limited (TSPL) and the investment holding company of the Tata Group. PFL acquired a majority stake in TNL, leading to an inflow of ~Rs. 1,850 crore in FY2022 and FY2023. ICRA expects PFL to be willing to extend financial support to TNL, should there be a need, given its strategic importance to the Tata Group to expand its presence in networking products. As of September 2025, PFL held a ~54% stake in TNL. It enjoys considerable financial flexibility from being a part of the Tata Group.

Technically qualified management and established relationships with customers – TNL has a technically qualified management team and diversified product offerings, evident from its strong intellectual property portfolio and a healthy market share in the optical networking market in India. Also, its long-term relationships with some large clients enable it to generate repeat business, thus supporting the revenue profile. Further, TNL acquired Saankhya Labs (P) Ltd. to enhance its wireless products offering. TNL has also entered into technology collaboration agreements with NEC Corporation, Japan (NEC), for the development of advanced wireless technologies for the global telecom industry. As part of the technology collaboration agreement, the company is required to pay a total of ~USD 60 million as per milestones and some portion will be payable in the next 1-2 quarters.

Credit challenges

Moderate order book position and profitability remain exposed to raw material prices – The outstanding order book as on September 30, 2025,was Rs. 1,204 crore, which provides limited revenue visibility. TNL has moderate gross margin and high fixed expenses. The significant dip in the operating income in H1FY2026 has put the profit margin under pressure as TNL has not been able to absorb the high fixed cost base. TNL received an order of over 50,000 TJ1400 routers for BharatNet Phase III packages in Q3FY2026. TNL is also expecting a healthy inflow of orders in wireless as well as wireline products from both domestic and international clients. Thus, the addition of the order book remains a key monitorable.

The company is exposed to foreign exchange risk through its sales and services in foreign countries, and purchases from overseas suppliers in foreign currencies. However, the risk is mitigated partly through hedging and a natural hedge between the export receivables and the import payables.

High working capital intensity – TNL's financial profile has historically been characterised by high inventory holding and collection days. The large size of the BSNL 4G order and the short period of execution had kept the working capital intensity elevated and consequently increased the working capital debt in FY2025. The debt combined with the lower margins is likely to keep the coverage indicators subdued in the near term. However, the cash flow position is expected to improve with expected collections and liquidation of inventory. The improvement in the working capital intensity, thus, remains a key monitorable.

Stiff competition from globally reputed players – The company is exposed to stiff competition from other global players such as Nokia, Huawei, and Ciena, among others, who have a long presence and a more diversified product portfolio. Similar to its peers, TNL needs to continuously invest in R&D to remain competitive in a technologically-intensive industry.

Environmental and social risks

Environmental considerations – TNL is exposed to the risks of tightening regulations on environment and safety. TNL has been able to mitigate the regulatory risks with a sound operational track record and ensuring regulatory compliance.

Social considerations – TNL designs and manufactures wireline and wireless networking products, with focus on technology, innovation and R&D. The business is characterised by rapid technological changes, customer requirements, evolving industry standards and launch of new products and services. Further, intellectual property (IP) is a critical element of the business.

Liquidity position: Strong

The company's liquidity profile is strong, aided by unencumbered cash and liquid investments of ~Rs. 406 crore as on September 30, 2025, and availability of sanctioned undrawn fund-based working capital limits from banks. ICRA expects the liquidity to remain strong in FY2026 and beyond, with expected healthy cash flow from operations with expected reduction in the working capital intensity despite a moderation in profitability. The company intends to undertake investments in R&D, product development, sales and supply chain over the 12-18months, partly funded by external debt.

Rating sensitivities

Positive factors – The ratings could be upgraded if there is a demonstration of stronger linkages with the parent group than currently envisaged. Further, ICRA could upgrade TNL's ratings if it demonstrates sustained growth in revenue and profitability along with reduction in working capital intensity, resulting in an improvement in the financial risk profile.

Negative factors – Any sustained pressure on the revenue and profitability or inability to improve the working capital cycle which could adversely impact the credit metrics/liquidity profile could result in a downgrade. Also, pressure on TNL's ratings could arise in case of larger-than-expected debt-funded capex/acquisitions, which could significantly impact its financial profile and liquidity position. Further, any weakening of support or linkages with the parent can result in a rating revision.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology
Parent/Group support	Parent Company: Panatone Finvest Limited (PFL; Tata Sons Private Limited holds 99.99% stake in PFL).ICRA expects PFL to be willing to extend financial support to TNL, should there be a need, given its strategic importance to the Tata Group
Consolidation/Standalone	For arriving at the ratings, ICRA has considered the consolidated financials of TNL

About the company

TNL, incorporated in 2000, designs and manufactures wireline and wireless networking products, with a focus on technology, innovation and R&D. TNL's carrier-class products are used by telecom service providers, utilities, governments, and defense networks in more than 75 countries. TNL has an extensive portfolio of telecom products for building end-to-end telecom network. The company completed its IPO in 2017 and is currently a part of Panatone Finvest Limited (a subsidiary of Tata Sons Private Limited).

Key financial indicators (audited)

TNL (consolidated)	FY2024	FY2025	H1FY2026
Operating income	2,470.9	8,923.2	463.8
PAT	63.0	446.5	-501.0
OPBDIT/OI	11.1%	14.1%	-92.6%
PAT/OI	2.5%	5.0%	-108.0%
Total outside liabilities/Tangible net worth (times)	1.6	1.7	1.9
Total debt/OPBDIT (times)	6.8	2.7	-5.0
Interest coverage (times)	5.7	5.0	-2.7

Source: Company, ICRA Research; All ratios as per ICRA's calculations; Amount in Rs. Crore;

PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

		Current rating (FY2026)					Chronology of rating history for the past 3 years					
		FY2026					FY2025		FY2024		FY2023	
		Type	Amount rated (Rs. Crore)	Jan 09, 2026	Date	Rating	Date	Rating	Date	Rating	Date	Rating
1	**Fund-based limits**	Long term/ Short term	4810.0	**[ICRA]A+ (Stable)/ [ICRA]A1+**	October 29, 2025	[ICRA]A+(Stable)/ [ICRA]A1+	Mar 31, 2025	[ICRA]A+ (Stable)/ [ICRA]A1+	Apr 10, 2023	[ICRA]A+ (Stable)/ [ICRA]A1+	Apr 07, 2022	[ICRA]A+ (Stable)/ [ICRA]A1+
					June 10, 2025	[ICRA]A+(Stable)/ [ICRA]A1+	Jul 23, 2024	[ICRA]A+ (Stable)/ [ICRA]A1+	-	-	-	-
2	**Non-fund based facilities**	Long term/ Short term	40.0	**[ICRA]A+ (Stable)/ [ICRA]A1+**	October 29, 2025	[ICRA]A+(Stable)/ [ICRA]A1+	Mar 31, 2025	[ICRA]A+ (Stable)/ [ICRA]A1+	Apr 10, 2023	[ICRA]A+ (Stable)/ [ICRA]A1+	Apr 07, 2022	[ICRA]A+ (Stable)/ [ICRA]A1+
					June 10, 2025	[ICRA]A+(Stable)/ [ICRA]A1+	Jul 23, 2024	[ICRA]A+ (Stable)/ [ICRA]A1+	-	-	-	-
3	**Unallocated limits**	Long term/ Short term	-	-	October 29, 2025	[ICRA]A+(Stable)/ [ICRA]A1+	Mar 31, 2025	[ICRA]A+ (Stable)/ [ICRA]A1+	Apr 10, 2023	[ICRA]A+ (Stable)/ [ICRA]A1+	Apr 07, 2022	[ICRA]A+ (Stable)/ [ICRA]A1+
					June 10, 2025	[ICRA]A+(Stable)/ [ICRA]A1+	Jul 23, 2024	[ICRA]A+ (Stable)/ [ICRA]A1+	-	-	-	-
4	**Term loan**	Long term	1150.0	**[ICRA]A+ (Stable)**	October 29, 2025	[ICRA]A+(Stable)	Mar 31, 2025	[ICRA]A+ (Stable	-	-	-	-
					June 10, 2025	[ICRA]A+(Stable)	-	-	-	-	-	-
5	**Commercial Paper**	Short term	500.0	**[ICRA]A1+**	-	-	-	-	-	-	-	-

Complexity level of the rated instrument

Instrument	Complexity indicator
Long Term/Short Term - Fund based limits	Simple
Long Term/Short Term – Non Fund based facilities	Simple
Long Term – Term Loan	Simple
Short Term – Commercial Paper	Simple

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional or legal aspects. Details on the complexity levels of the instruments are available on ICRA's website: [Click here]

Annexure I: Instrument details

ISIN	Instrument name	Date of issuance	Coupon rate	Maturity	Amount rated (Rs. crore)	Current rating and outlook
NA	Fund based limits	NA	NA	NA	4810.0	[ICRA]A+(Stable)/[ICRA]A1+
NA	Non Fund based facilities	NA	NA	NA	40.0	[ICRA]A+(Stable)/[ICRA]A1+
NA	Term Loan - I	Jul 07, 2024	NA	Dec 31, 2027	400.0	[ICRA]A+(Stable)
NA	Term loan - II	Mar 10, 2025	NA	April 30, 2029	500.0	[ICRA]A+(Stable)
NA	Term loan - III	April 15, 2025	NA	Dec 12, 2029	250.0	[ICRA]A+(Stable)
NA*	Commercial Paper	-	NA	-	500.0	[ICRA]A1+

*Source: Company, *-Unplaced*

Please click here to view details of lender-wise facilities rated by ICRA

Annexure II: List of entities considered for consolidated analysis

Company name	TNL Ownership	Consolidation approach
Tejas Communication Pte. Limited	100.0%	Full Consolidation
Tejas Communication (Nigeria) Limited	100.0%	Full Consolidation
Saankhya Labs Inc.	100.0%	Full Consolidation

Source: Company data; Tejas Communications (Nigeria) Limited (wholly-owned subsidiary of Tejas Communication Pte. Limited and step-down subsidiary of TNL)

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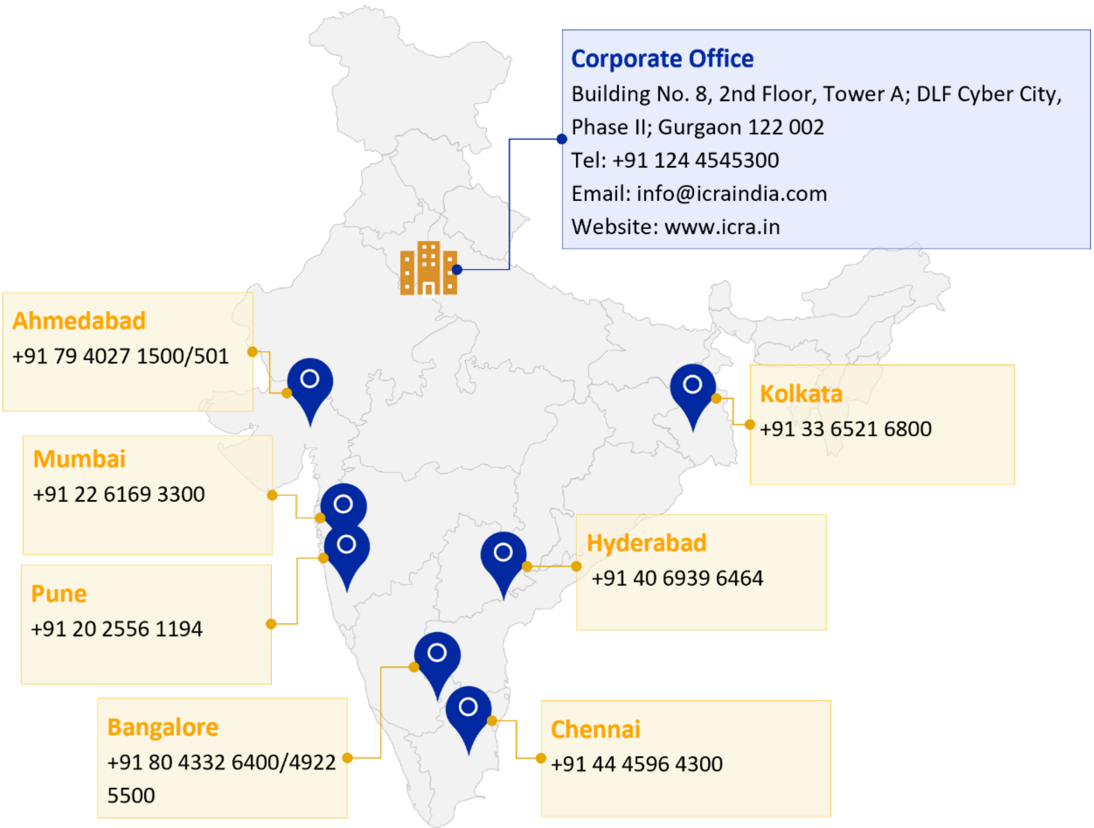

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