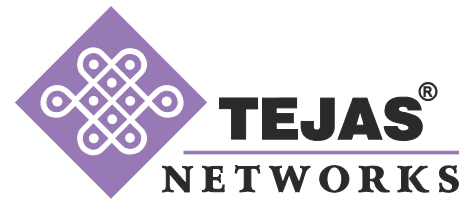


Tejas Networks Ltd.

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Tel : +91- 80- 4179 4600/700/800
Fax: +91- 80- 2852 0201



August 10, 2021

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,
Fort, Mumbai – 400 001
BSE Scrip Code: 540595

Dear Sir/Madam,

Re: ICRA Rating - Tejas Networks Limited - Ratings placed on watch with positive implications

Please find enclosed the ICRA Credit Rating action dated August 9, 2021 following the announcement of Material event stating that the Ratings have been placed on watch with positive implications.

The same is also made available on the Company's website at www.tejasnetworks.com

Kindly take the above on record.

Yours sincerely
For Tejas Networks Limited




N R Ravikrishnan
General Counsel, Chief Compliance Officer
& Company Secretary

Encl; as above

August 9, 2021

Tejas Networks Limited- Ratings placed on watch with positive implications

Summary of rating action

| Instrument* | Previous Rated Amount (Rs. crore) | Current Rated Amount (Rs. crore) | Rating Action |
|---|--------------------------------------|-------------------------------------|--|
| Long Term / Short Term - Fund Based | 90.00 | 90.00 | [ICRA]A-%/[ICRA]A2+%; Placed on watch with positive implications |
| Long Term / Short Term - Non Fund Based | 193.50 | 193.50 | [ICRA]A-%/[ICRA]A2+%, Placed on watch with positive implications |
| Long Term / Short Term - Unallocated | 276.36 | 276.36 | [ICRA]A-%/[ICRA]A2+%, Placed on watch with positive implications |
| Total | 559.86 | 559.86 | |

*Instrument details are provided in Annexure-1; % - Rating placed on watch with positive implications

Rationale

Material Event

On July 29, 2021, Tejas Networks Limited (TNL) announced that it has executed definitive agreements with Panatone Finvest Limited (PFL), a subsidiary of Tata Sons Private Limited (TSPL) which will entail preferential allotment of 1.94 crore equity share aggregating to Rs. 500 crore, preferential allotment of 3.68 crore warrants (Series A warrants) aggregating to Rs. 950 crore and preferential allotment of 1.55 crore warrants (Series B warrants) aggregating to Rs. 400 crore. This is subject to shareholder approval in the ensuing Extraordinary General Meeting (EGM) scheduled on August 25, 2021 as well as regulatory approvals. Further, TNL also announced that PFL and certain other companies of the Tata group would also acquire up to 4.03 crore equity shares of TNL through open offer in accordance with SEBI Takeover Regulations.

Impact of Material Event

ICRA has noted the above event and placed the outstanding long-term rating of [ICRA]A- (pronounced ICRA A minus) and short-term rating of [ICRA]A2+ (pronounced ICRA A two plus) on rating watch with positive implications. ICRA will monitor the progress of the acquisition as well as completion of the open offer as per proposed timelines and its impact on the credit profile of the company. Accordingly, ICRA will take appropriate rating action, going forward.

Please refer to the following link for the previous detailed rationale that captures Key rating drivers and their description, Liquidity position, Rating sensitivities, Key financial indicators: [Click here](#)

Analytical approach

| Analytical Approach | Comments |
|---------------------------------|--|
| Applicable Rating Methodologies | Corporate Credit Rating Methodology |
| Parent/Group Support | Not Applicable |
| Consolidation/Standalone | The ratings are based on the consolidated financial profile of the rated entity, which are all enlisted in Annexure-2. |

About the company

Tejas Networks Limited was incorporated in the 2000. It designs and manufactures optical transmission products, which find application in cellular backhaul, high-speed broadband and backbone network of telecom service providers for the transportation of data and voice over optical fiber. The company's products are also used in defense communication networks and by utility companies. The company successfully completed its IPO in June 2017 and is now a listed company.

Key financial indicators (audited)

| Consolidated | FY2020 | FY2021 |
|--|--------|--------|
| Operating Income (Rs. crore) | 396.5 | 527.9 |
| PAT (Rs. crore) | -237.1 | 37.5 |
| OPBDIT/OI (%) | 2.1% | 13.5% |
| PAT/OI (%) | -59.8% | 7.1% |
| Total Outside Liabilities/Tangible Net Worth (times) | 0.1 | 0.1 |
| Total Debt/OPBDIT (times) | 3.3 | 0.3 |
| Interest Coverage (times) | 1.1 | 19.2 |

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

| | Instrument | Type | Current Rating (FY2022) | | | Chronology of Rating History for the past 3 years | | | | |
|---|----------------|------------------------|--------------------------|-----------------------------------|---------------------------|---|-------------------------------|---------------------------------|---------------------------------|--------------|
| | | | Amount Rated (Rs. crore) | Amount Outstanding as (Rs. crore) | Date & Rating in | Date & Rating in FY2021 | Date & Rating in FY2020 | | Date & Rating in FY2019 | |
| | | | | | | | Aug 9, 2021 | June 22, 2020 | | Nov 22, 2019 |
| 1 | Fund Based | Long Term / Short Term | 90.0 | - | [ICRA]A- %/ [ICRA]A2+% | [ICRA]A- (Stable)/ [ICRA]A2+ | [ICRA]A (Stable)/ [ICRA]A1 | [ICRA]A (Positive)/ [ICRA]A1 | [ICRA]A (Positive)/ [ICRA]A1 | |
| 2 | Non Fund Based | Long Term / Short Term | 193.50 | - | [ICRA]A- %/ [ICRA]A2+% | [ICRA]A- (Stable)/ [ICRA]A2+ | [ICRA]A (Stable)/ [ICRA]A1 | [ICRA]A (Positive)/ [ICRA]A1 | [ICRA]A (Positive)/ [ICRA]A1 | |
| | Unallocated | Long Term / Short Term | 276.36 | - | [ICRA]A- %/ [ICRA]A2+% | [ICRA]A- (Stable)/ [ICRA]A2+ | [ICRA]A (Stable)/ [ICRA]A1 | [ICRA]A (Positive)/ [ICRA]A1 | [ICRA]A (Positive)/ [ICRA]A1 | |

% - Rating placed on watch with positive implications

Complexity level of the rated instrument

| Instrument | Complexity Indicator |
|---------------------------------------|----------------------|
| Long Term / Short Term Fund Based | Simple |
| Long Term / Short Term Non Fund Based | Very Simple |
| Long Term / Short Term Unallocated | Unallocated |

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 analyzing 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, is available on ICRA's website: [Click Here](#)

Annexure-1: Instrument details

| ISIN No/Banker Name | Instrument Name | Date of Issuance / Sanction | Coupon Rate | Maturity Date | Amount Rated (RS Crore) | Current Rating and Outlook |
|-------------------------|-------------------------|-----------------------------|-------------|---------------|-------------------------|----------------------------|
| Kotak Mahindra Bank | Fund based facility | NA | NA | NA | 5.00 | [ICRA]A-%/[ICRA]A2+% |
| Citibank | Fund based facility | NA | NA | NA | 55.00 | [ICRA]A-%/[ICRA]A2+% |
| Axis Bank | Fund based facility | NA | NA | NA | 25.00 | [ICRA]A-%/[ICRA]A2+% |
| Standard Chartered Bank | Fund based facility | NA | NA | NA | 5.00 | [ICRA]A-%/[ICRA]A2+% |
| Kotak Mahindra Bank | Non-fund based facility | NA | NA | NA | 65.00 | [ICRA]A-%/[ICRA]A2+% |
| Axis Bank | Non-fund based facility | NA | NA | NA | 83.50 | [ICRA]A-%/[ICRA]A2+% |
| Standard Chartered Bank | Non-fund based facility | NA | NA | NA | 45.00 | [ICRA]A-%/[ICRA]A2+% |
| - | Unallocated limits | NA | NA | NA | 276.36 | [ICRA]A-%/[ICRA]A2+% |

Source: Company; % - Rating placed on watch with positive implications

Annexure-2: List of entities considered for consolidated analysis

| Company Name | Ownership | Consolidation Approach |
|--|-----------|------------------------|
| Tejas Communication Pte Limited | 100.00% | Full Consolidation |
| Tejas Communications (Nigeria) Limited | 100.00% | Full Consolidation |
| Tejas Israel Limited | NA* | Full Consolidation |
| vSave Energy Pvt Limited | NA** | Full Consolidation |

Source: Company

*wholly owned subsidiary since acquisition on August 17, 2010 and liquidated with effect from November 25, 2018 **wholly owned subsidiary since incorporation on November 06, 2013 which has been dissolved and struck off with effect from July 28, 2018

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About ICRA Limited:

ICRA Limited was set up in 1991 by leading financial/investment institutions, commercial banks and financial services companies as an independent and professional investment Information and Credit Rating Agency.

Today, ICRA and its subsidiaries together form the ICRA Group of Companies (Group ICRA). ICRA is a Public Limited Company, with its shares listed on the Bombay Stock Exchange and the National Stock Exchange. The international Credit Rating Agency Moody's Investors Service is ICRA's largest shareholder.

For more information, visit www.icra.in

ICRA Limited



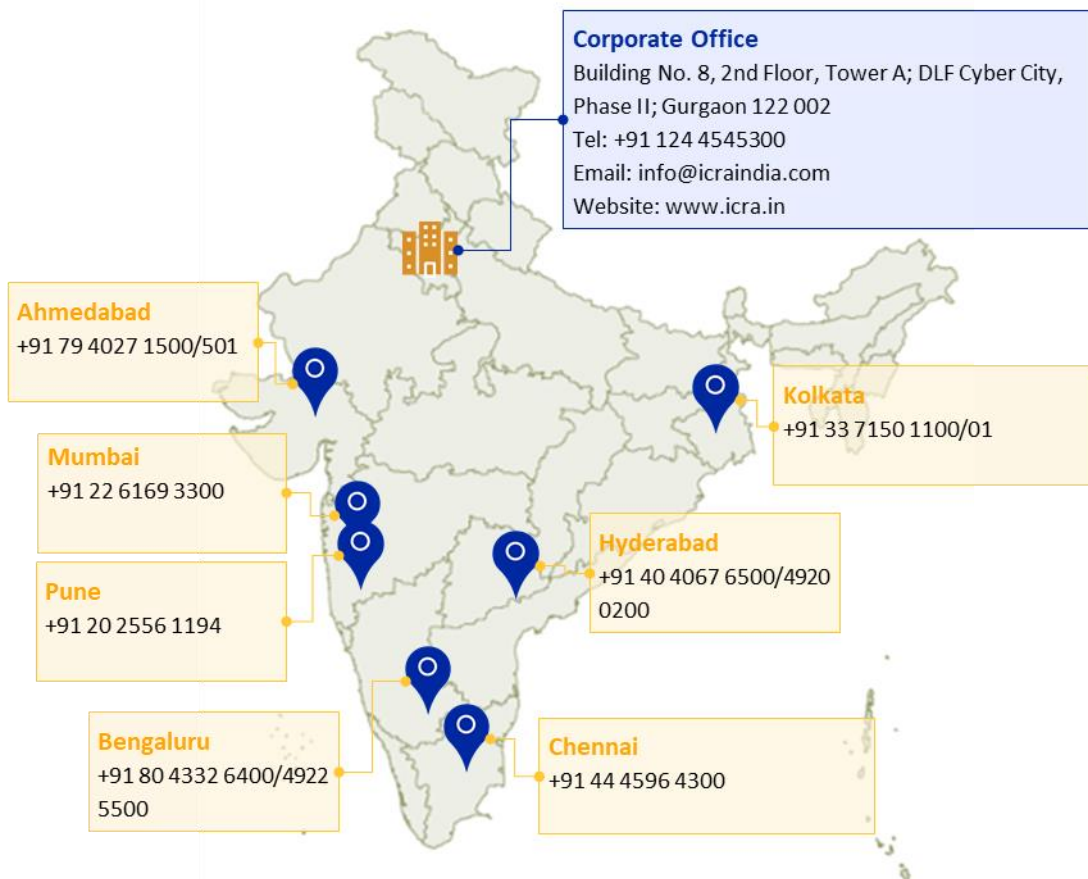
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Branches



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