

Ref: K/953/NSE&BSE/2023-24

Date: 13.12.2023

The Secretary
BSE Limited
Phiroze Jeejeebhoy Towers
Dalal Street
Mumbai- 400 001
Scrip Code: 523610

The Manager
National Stock Exchange of India Limited
Exchange Plaza,
Bandra Kurla Complex, Bandra (E)
Mumbai- 400 051
Scrip Code: ITI

Dear Sir/Madam,

Sub: **Revision in Credit Rating**

Ref: **Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015**

With reference to the captioned subject, we wish to inform that Brickwork Ratings vide its letter dated 12.12.2023, has revised the credit ratings of the Company, as under:

Facilities	Amount (Rs Crore)	Tenure	Rating
Fund Based	2,445.00	Long Term	BWR D/ Downgraded
Non-fund Based	2,024.50	Short Term	BWR D/ Downgraded
Total	4469.50		

The report from the credit rating agency covering the rationale for revision in credit rating is enclosed.

This is for your kind information and records please.

Thanking you

Yours faithfully
For ITI Limited

Shalini Ghatak
Company Secretary

Encl: as above

RATING RATIONALE

12Dec2023



ITI Limited

Brickwork Ratings downgrades the ratings for the Bank Loan Facilities of Rs. 4469.50 Crs. of ITI Limited based on best available information, as the issuer did not cooperate.

Particulars

Facilities**	Amount (Rs.Crs.)		Tenure	Rating#	
	Previous	Present		Previous (24 Aug 2023)	Present
Fund Based	2445.00	2445.00	Long Term	BWR BB+ /Stable Continues to be in ISSUER NOT COOPERATING* category/Downgraded	BWR D Continues to be in ISSUER NOT COOPERATING* category/Downgraded
Non Fund Based	2024.50	2024.50	Short Term	BWR A4+ Continues to be in ISSUER NOT COOPERATING* category/Downgraded	BWR D Continues to be in ISSUER NOT COOPERATING* category/Downgraded
Grand Total	4469.50	4469.50	(Rupees Four Thousand Four Hundred Sixty Nine Crores and Fifty lakhs Only)		

#Please refer to BWR website www.brickworkratings.com for definition of the ratings

**Details of Bank Loan facilities, consolidation or instruments are provided in Annexure

*Issuer did not cooperate; based on best available information.

RATING ACTION / OUTLOOK / NATURE OF NON-COOPERATION

Material Event: There has been a delay in debt servicing by ITI Limited ('the company') in respect of debt not rated by BWR. BWR has learnt about this from the publicly available information viz., disclosures by the company about the rating downgrades by other CRAs in view of this default.

Impact of the Material Event: The Bank Loan Ratings of the company were downgraded to BWR BB+ /Stable /BWR A4+ and continued in the ISSUER NOT COOPERATING* on 24 Aug 2023 as the company did not cooperate in submitting the requisite information for a rating review.

As per recent publicly available information, BWR understands that there are delays in debt servicing (principal) in respect of a term loan facility of Rs.120 Crs. availed by the company from Canara Bank. The delay is stated to be on account of the delay in project receivables realisation (ASCON Project) and strained liquidity.

The poor liquidity of the company is reflected by the losses at the EBITDA level in FY23 and H1FY24 due to a significant decline in the scale of operations. The company reported a Total Operating Income (TOI) of ~Rs.1395 Crs in FY23 (PY ~Rs.1860 Crs) and ~Rs.403 Crs in H1FY24 (PY ~Rs.364 Crs). The company reported a net loss of Rs.360 Crs in FY23 (PY Rs.120.08 Crs) and a net loss of Rs.228.40 Crs in H1FY24. Resultantly, the debt protection metrics have deteriorated as on FY23 and continue to remain subdued as on H1FY24. The company's stretched receivables and increased reliance on bank borrowings have further impaired the company's liquidity position.

BWR has not rated the said term facility of Canara Bank. Hence, in view of the cross-default and keeping in view the poor liquidity condition of the company arising from continuing losses at EBITDA and net level as on 30 Sep 2023, delays in receivables realisation and the information regarding delay in interest servicing in WC facilities (as available from the public information, however, within a period of 30 days) BWR expects that the liquidity position may further deteriorate and may impact the BWR rated facilities too.

Post the rating action by BWR in August 2023, the company has shared some limited information, however, not all the requisite information for a review of the rating is available with BWR. The company has not submitted the monthly 'No Default Statement' (NDS) for the months of Oct 2023 and Nov 2023, despite followup by BWR.

Therefore, keeping in view the poor liquidity, weak financial profile, imminent default likely to arise from the strained liquidity, best available information and in terms of extant regulatory guidelines, BWR has downgraded the ratings to BWR D and continued the ratings in the ISSUER NOT COOPERATING* category.

The ability of the company to improve its receivables realisation cycle and regularise the debt servicing shall remain a key rating monitorable. The company

has informed BWR that it is in the process of regularising the accounts.

**Issuer did not cooperate; based on best available information.*

LIMITATIONS OF THE RATING

Information availability risk is a key factor in the assessment of credit risk as generally non-cooperation by the rated entities to provide required information for a review of the assigned rating may also be accompanied by financial stress. Users of the credit rating should therefore take into account the possible deterioration in the credit quality of the rated entity arising from its non-transparency and withholding of information required for a review of the rating.

ABOUT THE ENTITY

Macro Economic Indicator	Sector	Industry	Basic Industry
Telecommunication	Telecommunication	Telecom - Equipment & Accessories	Telecom - Equipment & Accessories

Incorporated in 1948, ITIL is India's first Public Sector Undertaking, which became a public limited company on 23 November 1985. ITIL is listed on the NSE and BSE. The company is a pioneer in the Indian Telecom equipment market with a diversified product portfolio that includes electronic switching exchanges, transmission equipment, microelectronic equipment, telephone instruments, equipment for Defence, turnkey telecom services, and ground stations for satellite communications. The Central Government (President of India) held 89.97% and the Government of Karnataka held 0.03% of the share capital as on date.

ITI Limited has six manufacturing units in Bangalore, Naini, Rae Bareli, Mankapur, Pallakad and Srinagar. The manufacturing facilities of ITIL have been accredited with a quality management system as per ISO 9001-2015, environmental management system as per ISO 14001-2015, customer satisfaction as per ISO: 10002:2018, OHSAS 18001, and so on. The company's various products and services are having approvals/certifications from recognised bodies such as the Technical Specification Evaluation Certificate (TSEC) issued by QA and Inspection Circle of BSNL, International Electrotechnical Commission (IEC), Bureau of Indian Standards (BIS), National Payments Corporation of India (NPCI), Vikram Sarabhai Space Center (VSSC), Telecommunication Engineering Center (TEC), MasterCard and so on.

(As per the information shared during Feb'22 rating review)

KEY FINANCIAL INDICATORS (Standalone)

Key Parameters	Units	FY 21 - 22 (Audited - Annual)	FY 22 - 23 (Audited - Annual)	FY 23 - 24 (Unaudited - Midterm-H1)
Operating Revenue	Rs.Crs.	1860.73	1395.45	403.51
EBITDA	Rs.Crs.	108.75	-153.57	-101.73
PAT	Rs.Crs.	120.08	-360.10	-228.40
Tangible Net Worth	Rs.Crs.	2573.48	2339.60	2080.94
Total Debt / Tangible Net Worth	Times	0.64	0.82	0.95
Current Ratio	Times	1.01	0.97	0.92

NON-COOPERATION WITH PREVIOUS CREDIT RATING AGENCY

Nil

ANY OTHER INFORMATION

Nil

RATING HISTORY FOR THE PREVIOUS THREE YEARS (including withdrawal and suspended)

Facilities	Current Rating ^Å (2023)			2023 (History)		2022		2021		2020	
	Type	Tenure	Amount (Rs.Crs.)	Date	Rating	Date	Rating	Date	Rating	Date	Rating

Facilities	Current Rating ^Å (2023)			2023 (History)		2022		2021		2020	
Fund Based	LT	2445.00	BWR D (Continues to be in ISSUER NOT COOPERATING* category/Downgraded)	03Mar2023	BWR BBB+ Stable (ISSUER NOT COOPERATING*/Downgraded ^Å)	03Jan2022	BWR A- (CE)Positive to Stable (Upgraded with change in Outlook)	NA	NA	31Dec2020	BWR BBB+ (CE)Stable to Positive (Reaffirmation and change in Outlook)
		0.00	NA	24Aug2023	BWR BB+ Stable (Continues to be in ISSUER NOT COOPERATING* category/Downgraded)	24Feb2022	BWR A- (CE)Stable (Reaffirmation)	NA	NA	NA	NA
Non Fund Based	ST	2024.50	BWR D (Continues to be in ISSUER NOT COOPERATING* category/Downgraded)	03Mar2023	BWR A2 (ISSUER NOT COOPERATING*/Downgraded ^Å)	03Jan2022	BWR A2+ (CE) (Upgraded)	NA	NA	31Dec2020	BWR A2 (CE) (Reaffirmation)
		0.00	NA	24Aug2023	BWR A4+ (Continues to be in ISSUER NOT COOPERATING* category/Downgraded)	24Feb2022	BWR A2+ (CE) (Reaffirmation)	NA	NA	NA	NA
Grand Total		4469.50	(Rupees Four Thousand Four Hundred Sixty Nine Crores and Fifty lakhs Only)								

COMPLEXITY LEVELS OF THE INSTRUMENTS - Simple

BWR complexity levels are meant for educating investors. The BWR complexity levels are available at [www.brickworkratings.com / download / ComplexityLevels.pdf](http://www.brickworkratings.com/download/ComplexityLevels.pdf). Investors queries can be sent to info@brickworkratings.com.

Hyperlink/Reference to applicable Criteria

- [General Criteria](#)
- [Approach to Financial Ratios](#)
- [Default Recognition and Default Curing Period](#)
- [Manufacturing Companies](#)
- [Short Term Debt](#)
- [What Constitutes Non-Cooperation](#)

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ITI Limited

ANNEXURE-I

Details of Bank Facilities rated by BWR

SL.No.	Name of the Bank/Lender	Type Of Facilities	Long Term(Rs.Crs.)	Short Term(Rs.Crs.)	Total(Rs.Crs.)
1	Bank of Baroda	Cash Credit-Sanctioned	528.60	–	528.60
2	Bank of Baroda	Bank Guarantee-Sanctioned	–	760.03	760.03
3	Bank of Baroda	Letter of Credit-Sanctioned	–	289.40	289.40
4	Bank of Baroda	Covid -19 Emergency Line Credit-Sanctioned	2.69	–	2.69

SL.No.	Name of the Bank/Lender	Type Of Facilities	Long Term(Rs.Crs.)	Short Term(Rs.Crs.)	Total(Rs.Crs.)
5	Canara Bank	Covid -19 Emergency Line Credit-Sanctioned	80.00	–	80.00
6	Canara Bank	Letter of Credit-Sanctioned	–	8.60	8.60
7	Canara Bank	Bank Guarantee-Sanctioned	–	10.00	10.00
8	Canara Bank	Cash Credit-Sanctioned	77.40	–	77.40
9	Central Bank of India	Cash Credit-Sanctioned	44.00	–	44.00
10	Central Bank of India	Bank Guarantee-Sanctioned	–	1.00	1.00
11	Central Bank of India	Letter of Credit-Sanctioned	–	30.00	30.00
12	Indian Bank	Letter of Credit-Sanctioned	–	5.00	5.00
13	Indian Bank	Bank Guarantee-Sanctioned	–	5.00	5.00
14	Indian Bank	Cash Credit-Sanctioned	10.00	–	10.00
15	Punjab National Bank	Cash Credit-Sanctioned	46.00	–	46.00
16	Punjab National Bank	Bank Guarantee-Sanctioned	–	36.00	36.00
17	Punjab National Bank	Letter of Credit-Sanctioned	–	48.00	48.00
18	State Bank Of India (SBI)	Credit Exposure Limit (CEL)-Sanctioned	–	2.50	2.50
19	State Bank Of India (SBI)	Bank Guarantee-Sanctioned	–	290.00	290.00
20	State Bank Of India (SBI)	Letter of Credit-Sanctioned	–	109.00	109.00
21	State Bank Of India (SBI)	Cash Credit-Sanctioned	385.00	–	385.00
22	Un tied portion from consortium of banks	Cash Credit-Proposed	1217.31	–	1217.31
23	Un tied portion from consortium of banks	BG/ILC-Proposed	–	353.97	353.97
24	Union Bank of India	Letter of Credit-Sanctioned	–	55.00	55.00
25	Union Bank of India	Cash Credit-Sanctioned	54.00	–	54.00
26	Union Bank of India	Bank Guarantee-Sanctioned	–	21.00	21.00
Total			2445.00	2024.50	4469.50
TOTAL (Rupees Four Thousand Four Hundred Sixty Nine Crores and Fifty lakhs Only)					

Print and Digital Media

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