

**ITI LIMITED**  
(A Govt. of India Undertaking)



**आईटीआई लिमिटेड**  
(भारत सरकार का उपक्रम)

Ref: K/953/NSE&BSE/2025-26

Date: 23.05.2025

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: **Assigning of 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 India Ratings & Research assigned credit rating as IND BB+/Stable/IND A4+ received by the company on 22.05.2025. The details of Bank Limits rated is given below:

Instrument Type	Size of Issue (million)	Rating assigned along with Outlook/Watch	Rating Action
Fund-based working capital limits	INR 13,647.60	IND BB+/Stable/IND A4+	Assigned
Proposed non-fund-based working capital limits	INR 11,853.00	IND BB+/Stable/IND A4+	Assigned
Non-fund-based working capital limits	INR 22,163.90	IND BB+/Stable/IND A4+	Assigned
Proposed fund-based working capital limits	INR 852.40	IND BB+/Stable/IND A4+	Assigned

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

Y Sathyan  
Company Secretary

Encl: as above

ITI Limited, Registered and Corporate Office, ITI Bhavan, Doorvaninagar, Bengaluru-560 016, India

आईटीआई लिमिटेड, पंजीकृत एवं निगमित कार्यालय, आईटीआई भवन, दुरवाणीनगर, बेंगलूरु 560 016, भारत

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## India Ratings Assigns ITI's Bank Facilities 'IND BB+'/Stable/'IND A4+'

May 21, 2025 | Other Telecom Services

India Ratings and Research (Ind-Ra) has rated ITI Limited's (ITIL) bank facilities as follows:

### Details of Instruments

Instrument Type	Date of Issuance	Coupon Rate	Maturity Date	Size of Issue (million)	Rating assigned along with Outlook/Watch	Rating Action
Fund-based working capital limits	-	-	-	INR13,647.60	IND BB+/Stable/IND A4+	Assigned
Proposed non-fund-based working capital limits	-	-	-	INR11,853	IND BB+/Stable/IND A4+	Assigned
Non-fund-based working capital limits	-	-	-	INR22,163.90	IND BB+/Stable/IND A4+	Assigned
Proposed fund-based working capital limits	-	-	-	INR852.40	IND BB+/Stable/IND A4+	Assigned

### Analytical Approach

To arrive at the ratings, Ind-Ra has taken a fully consolidated view of ITI and its 49% joint venture – India Satcom Limited. The agency also derives strength from ITI's parent the government of India (GoI; shareholding of 90% equity of ITI), given ITI's strong legal, operational and strategic linkages with the GoI.

### Detailed Rationale of the Rating Action

The ratings reflect ITI's weak operating profitability as well as financial credit profile, along with the high customer concentration risk. Additionally, the ratings are constrained by the non-payment of un-disputed statutory dues, non-compliance with listing obligations and disclosure requirements (LODR), and comments in auditor's report as part of company's corporate governance. However, the ratings are supported by the established operational history of ITI of more than seven decades to execute strategically important projects, for its customers. The ratings are also supported by strong linkages of ITI with its parent GoI.

### List of Key Rating Drivers

#### Weaknesses

- Weak profitability with EBITDA losses in FY23 and FY24, signs of recovery in 9MFY25
- Customer concentration risk and high receivables
- Weak financial credit profile
- Weak corporate governance
- Competitive industry; technological and regulatory risk

#### Strengths

- Established track record of executing critical projects

- Pickup in revenue in 9MFY25, backed by strong order book
- Strong linkages with Gol

## Detailed Description of Key Rating Drivers

**Weak Profitability with EBITDA losses in FY23 and FY24, Signs of Recovery in 9MFY25:** ITI had reported positive EBITDA through FY20-FY22 but reported losses in FY23 and FY24. The EBITDA stood at negative INR1,536 million and negative INR3,190 million in FY23 and FY24, respectively, owing to the high fixed cost and low revenue realisation. While the company continued to reported EBITDA loss (negative INR317 million) during 9MFY25, owing to a pickup in the revenue during that period, the EBITDA losses are on the declining trend quarter on quarter from 1QFY25. The agency expects the profitability to recover FY26 onwards, supported by higher revenue and new projects being entered at better margins as confirmed by the management. Any deviation from the same will remain key monitorable.

**Customer Concentration Risk and High Receivables:** Majority of ITI clients are public sector undertakings (PSUs), the ministry of defence and other government agencies such as Bharat Sanchar Nigam Limited (BSNL; non-convertible debentures rated at ['IND AAA\(CE\)/Stable'](#)), Ministry of Defence, BharatNet, India Air Force, Ministry of Home Affairs, etc. constituting more than 90% of its overall revenue. Additionally, the client concentration is high with the top three clients contributing close to 50% to the total revenue in FY24. Since the current outstanding orderbook has major projects from BSNL and ASCON, the customer concentration is likely to remain high in the near-to-medium term. Additionally, owing to the major customers being government entities, the receivable outstanding were also high at INR24,408 million at FYE24 (193% of revenue) and debtor days elevated at 705 (FY23: 635 days). However, given the longstanding relationships ITI enjoys with these clients and the strategically important contracts executed by ITI for these customers, Ind-Ra expects the receivables to be collected in the medium term with no major bad debts to be recorded. Any deviation from the agency's expectation will remain a monitorable.

**Weak Financial Credit Profile:** Ind-Ra believes ITI's financial credit profile is weak since it had a debt outstanding of INR17,955 million at FYE24 and the company reported negative operating profits (EBITDA) during the year. A significant portion amounting to INR14,955 million of this debt is a short-term borrowing and the rest is in the form of a soft loan from the Gol. Considering this, along with the negative operating profitability, the agency believes, the company will have to rely on debtor realisation and/or an advance from customers and/or government support to fund the interest servicing. The total debt outstanding reduced to INR14,651 million at FYE25, with the repayment of INR3,303 million funded through the money received from land monetisation, advances received from customers and timely realisation of revenue.

During 3QFY24, there were some delays by the company in the payment of principal and interest on some of the bank loans; however, these defaults were rectified by the company before FYE24 as confirmed by the management and highlighted in the annual report for that year. Additionally, while the soft loan is not from banks but from the Gol, as per the auditor's report for FY24, there is delay in payment of both principal and interest on the soft loan also from the company's side on the soft loan amounting to INR1,200 million. However, as confirmed by the management, loan repayment is not applicable basis the terms and conditions mentioned in sanction letter. The gradual improvement in operating cash flows and the cash inflows from the ongoing land monetisation are likely to support the liquidity of the company and ease the pressure on financial credit profile in agency's view. However, the quantum and timelines on land monetisation remain monitorable.

**Weak Corporate Governance:** Over FY21-FY23, the statutory auditors had provided qualified opinion on the company's audited financials. However, they refrained from providing a view in FY24, largely due to the previous qualified opinions such as non-recording of certain liabilities and non-recording of certain provisions. Additionally, as per the company's disclosure, the composition of directors is not in line with the Securities and Exchange Board of India's listing regulations due to the insufficient number of independent directors, leading to non-compliance with LODR requirements. However, ITI being a PSU, the appointment of directors is by the order of Gol and the proposal for appointment of the requisite number of independent directors on the board is under process with the administrative ministry as per the company. Moreover, the company has not been regular in depositing undisputed statutory dues and the same amounting to around INR2,229

million were unpaid as per the FY24 annual report. The auditors have also mentioned that although the internal audit mechanism is in place in ITI, the scope, coverage and requisite size of the internal audit system are not commensurate with the size and nature of its business. Ind-Ra notes that the ratings remain restricted by the above-mentioned factors.

**Competitive Industry; Technological and Regulatory Risk:** The company is exposed to technological risk due to the rapidly evolving nature of the telecommunication industry. It has to constantly upgrade and adopt its manufacturing processes and supply chain to meet the requirement of its customers. Also, the company operates in a highly competitive business environment, due to the presence of several organised and unorganised players. This limits its bargaining power/pricing ability, thereby constraining any major uptick in margins.

**Established Track Record of Executing Critical Projects:** Incorporated in 1948, ITI was the first PSU established by the GoI post-independence. Over the last over seven decades, the company has a track record of executing projects in the fields of telecommunications, defence, information technology, etc. Over these years, the company has successfully displayed its ability to execute some of the strategically important and mission critical projects for army, defence, Indian Space Research Organisation (ISRO), GoI's Make in India, Digital India, Army Static Switched Communication Network (ASCON), etc.

**Pickup in Revenue in 9MFY25, Backed by Strong Order Book:** ITI's revenue had dipped over FY22-FY24 from INR18,607 million in FY22, to INR13,954 million in FY23 and further to INR12,636 million in FY24, owing to certain operational challenges in a few large projects during these years. That said, the revenue bounced back in 9MFY25 and stood at INR25,707 million. The pick-up in the pace of execution and a strong outstanding order book of INR1,59,648 million at end-9MFY25, including some of the high-value and critical projects such as Bharat Net Phase-III, BSNL 4G roll out and ASCON ensure a comfortable revenue visibility for the next two-to-three years.

**Strong Linkages with GoI:** The GoI directly owns 90% of ITI. The Department of Telecommunication (DoT), under the Ministry of Communications, exercises supervision over the operations of the company. Additionally, as the GoI appoints directors on the board of the company, it overviews the operations.

As a PSU under Ministry of Communications, ITI plays a crucial role in telecommunication and technology sectors, contributing to the government's vision of a 'Digital India' and 'Make In India'. ITI has been key contractor for major government projects of BSNL, Mahanagar Telephone Nigam Limited (MTNL; non-convertible debentures rated at ['IND AAA\(CE\)/Rating Watch With Negative Implications'](#)), Ministry of Defence, Ministry of Rural Development. etc., thereby making it a strategically important entity for the GoI.

ITI receives financial and non-financial support from the GoI on a consistent basis, which is likely to continue in the medium term. ITI receives financial support from the GoI as per the Cabinet Committee on Economic Affairs (CCEA)-approved revival package of INR41,567.9 million (constituting INR18,927.9 million grant-in aid and INR22,640 million capex (equity) grant). ITI was declared a sick company in 2004 due to losses and erosion of net worth and to help it turnaround and restore its financial health, this revival package was approved in February 2014. Until end-9MFY25, the company had received the entire grant-in-aid and out of total capex grant of INR22,640 million, a partial amount of INR11,915.6 million was received, with remaining INR10,724.4 million, capex grant yet to be received. Out of the total grants, INR2,585.6 million was received over FY22-9MFY25. Additionally, ITI received INR2,996.9 million of statutory grant towards the payment of statutory liabilities over FY21-FY24. Lastly, the company had also received a soft loan of INR3,000 million from DoT in 2014 for the payment of salaries to employees; this loan is entirely outstanding and shall be repaid in the near-to-medium term, according to ITI's management. In addition to these direct financial supports, the availability of some of the projects on preferential basis, support to obtain timely approvals for the company's various land monetisation efforts, timely payments from other government-owned entities which are ITI's customers are some of the non-financial supports provided by the GoI to ITI. Ind-Ra believes this indirect support is critical for the entity to service its debt obligations in a timely manner until the standalone operations turnaround.

## Liquidity

**Stretched although Supported By Parent:** Ind-Ra believes ITI's liquidity is stretched and needs to be backed by direct or indirect support from its parent in case of need. The capex is backed by the capex grants received from the government over the years. The company received INR2,585.6 million as capex grant received from the Gol over FY22-9MFY25 as part of the relief package, with INR10,724.4 million still unutilised, which will support future capex requirements. Additionally, the advances received from customers (around INR10,000 million received in FY24), support the operational cashflow requirements. At FYE24, ITI had INR6,503 million of no-lien marked cash and cash equivalent, a large part of which was on account of an advance received for executing the projects in its pipeline. The cash balance as of end-1HFY25 stood at around INR5,640 million.

The fund-based working capital limits were almost fully utilised with an average utilisation of 97% for 12 months ended March 2025. For some of the months, the limits were over-utilised owing to the interest being charged on the last day of the month; however, the interest payment was made good the next day as confirmed by the management. Apart from the soft loan of INR3,000 million provided by DoT, the entire debt is in the form of working capital facilities. The cash flow from operations is likely to remain negative in the near term owing to ITI's high working capital requirement. Nevertheless, the management is actively working on land monetisation and intend to repay the entire debt in the near-to-medium term. Any significant delay in land monetisation, resulting in pressure on the liquidity in the absence of any financial support direct and/or indirect from the government will be negative for the ratings.

## Rating Sensitivities

**Negative:** Factors that could, individually or collectively, on a sustained basis, lead to a negative rating action include:

- a sustained weakness in the operational and financial performance of the company
- any deterioration in the liquidity
- weakening of linkages with the parent

**Positive:** Factors that could, individually or collectively, on a sustained basis, lead to a positive rating action:

- an improvement in the liquidity position of the company
- an improvement in the operational performance of the company
- resolution of corporate governance issues

## Any Other Information

Not applicable

## About the Company

Incorporated in 1948, ITI is a PSU, offering a wide array of products and services to telecom service providers, Ministry of Defence and other Gol agencies. ITI's product portfolio includes telecommunication equipments, electronic products, solar panel, smart energy meters and various other diversified products. The company's service portfolio includes cloud solutions, data center hosting, electronic contract manufacturing and various manufacturing and testing services.

ITI is listed on both the exchanges (National Stock Exchange and Bombay Stock Exchange) and is majorly held by the President of India (90% stake) and rest (10%) is with public.

The company has five manufacturing facilities across India located in Bengaluru, Naini, Rae Bareli, Mankapur and Palakkad along with a research and development centre in Bengaluru.

## Key Financial Indicators

Particulars (Consolidated)	FY24	FY23
Revenue (INR million)	12,636	13,954
EBITDA (INR million)	-3,190	-1,536
EBITDA margin (%)	-25.2	-11.0
Interest coverage (x)	-1.3	-0.7

Net leverage (x)	-3.6	-11.9
Source: ITI, Ind-Ra		

## Status of Non-Cooperation with previous rating agency

Not applicable

## Rating History

Instrument Type	Current Rating/Outlook		
	Rating Type	Rated Limits (million)	Rating/Outlook
Fund-based working capital limits	Long term/Short term	INR 14,500	IND BB+/Stable/IND A4+
Non-fund based working capital limits	Short term	INR 34,016.9	IND BB+/Stable/IND A4+

## Bank wise Facilities Details

The details are as reported by the issuer as on (21 May 2025)

#	Bank Name	Instrument Description	Rated Amount (INR million)	Rating
1	State Bank of India	Fund-based working capital limits	5100	IND BB+/Stable/IND A4+
2	Bank of Baroda	Fund-based working capital limits	5286	IND BB+/Stable/IND A4+
3	Indian Bank	Fund-based working capital limits	1047.6	IND BB+/Stable/IND A4+
4	Union Bank of India	Fund-based working capital limits	540	IND BB+/Stable/IND A4+
5	Canara Bank	Fund-based working capital limits	774	IND BB+/Stable/IND A4+
6	Central Bank of India	Fund-based working capital limits	440	IND BB+/Stable/IND A4+
7	Punjab National Bank	Fund-based working capital limits	460	IND BB+/Stable/IND A4+
8	State Bank of India	Non-fund-based working capital limits	10690	IND BB+/Stable/IND A4+
9	Bank of Baroda	Non-fund-based working capital limits	9677.9	IND BB+/Stable/IND A4+
10	Indian Bank	Non-fund-based working capital limits	200	IND BB+/Stable/IND A4+
11	Union Bank of India	Non-fund-based working capital limits	760	IND BB+/Stable/IND A4+

12	Canara Bank	Non-fund-based working capital limits	186	IND BB+/Stable/IND A4+
13	Central Bank of India	Non-fund-based working capital limits	310	IND BB+/Stable/IND A4+
14	Punjab National Bank	Non-fund-based working capital limits	340	IND BB+/Stable/IND A4+
15	NA	Proposed Fund-based working capital limits	852.4	IND BB+/Stable/IND A4+
16	NA	Proposed Non-fund-based working capital limits	11853	IND BB+/Stable/IND A4+

## Complexity Level of the Instruments

Instrument Type	Complexity Indicator
Fund-based working capital limits	Low
Non-fund-based working capital limits	Low

For details on the complexity level of the instruments, please visit <https://www.indiaratings.co.in/complexity-indicators>.

## Contact

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**About India Ratings and Research:** India Ratings and Research (Ind-Ra) is committed to providing India's credit markets accurate, timely and prospective credit opinions. Built on a foundation of independent thinking, rigorous analytics, and an open and balanced approach towards credit research, Ind-Ra has grown rapidly during the past decade, gaining significant market presence in India's fixed income market.

Ind-Ra currently maintains coverage of corporate issuers, financial institutions (including banks and insurance companies), finance and leasing companies, managed funds, urban local bodies and project finance companies.

Headquartered in Mumbai, Ind-Ra has seven branch offices located in Ahmedabad, Bengaluru, Chennai, Delhi, Hyderabad, Kolkata and Pune. Ind-Ra is recognised by the Securities and Exchange Board of India, the Reserve Bank of India and National Housing Bank.

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For more information, visit [www.indiaratings.co.in](http://www.indiaratings.co.in).

## **Solicitation Disclosures**

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## **APPLICABLE CRITERIA AND POLICIES**

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### **Evaluating Corporate Governance**

### **Corporate Rating Methodology**

### **The Rating Process**

### **Parent and Subsidiary Rating Linkage**

### **Short-Term Ratings Criteria for Non-Financial Corporates**

## **DISCLAIMER**

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