हिंदी केवल एक भाषा नहीं बल्कि हमारी राष्ट्रीय पहचान है ।

ITI LIMITED
(A Govt. of India Undertaking)

आईटीआई लिमिटेड
(भारत सरकार का उपक्रम)

Ref: K/953/NSE&BSE/2026-27
Date: 04.08.2026

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 M/s India Ratings and Research (Ind-Ra) vide its publication on 03.08.2026 and Email communication dated 03.08.2026, has assigned credit rating as IND BB+/Positive/IND A4+

The details of Bank Limits rated is given below:

Instrument Type	Size of Issue (INR million)	Rating Assigned with Outlook/ Watch	Rating Action
Bank loan facilities	42,213.90 (reduced from 48,516.90)	IND BB+/Positive/IND A4+	Affirmed, Outlook Revised to Positive

This is for your kind information and records please.

Thanking you

Yours faithfully
For ITI Limited

Y Sathyan
Digitally signed by Y Sathyan
Date: 2026.08.04 14:58:21 +05'30'

Y Sathyan
Company Secretary

Encl: as above

India Ratings Revises Outlook on ITI's Bank Loan Facilities to Positive; Affirms 'IND BB+'

Aug 03, 2026 | ITI Limited | Other Telecom Services

India Ratings and Research (Ind-Ra) has revised the Outlook on ITI Limited's (ITIL) bank loan facilities to Positive from Stable, while affirming the ratings as follows:

Details of Instruments

Instrument Type	Regulator of Instrument	Date of Issuance	Coupon Rate	Maturity Date	Size of Issue (INR million)	Rating Assigned with Outlook/Watch	Rating Action
Bank loan facilities	RBI	-	-	-	42,213.90 (reduced from 48,516.90)	IND BB+/Positive/IND A4+	Affirmed,Outlook Revised to Positive

Analytical Approach

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

Detailed Rationale of the Rating Action

The Outlook revision to Positive reflects the anticipated strengthening of ITIL's credit profile, supported by Ind-Ra's expectation of continued improvement in profitability margins, following the moderate operational recovery witnessed in FY26, alongside the ongoing monetisation of non-core land assets. The agency expects these factors to enhance the company's liquidity position, facilitate deleveraging, and contribute to a meaningful reduction in its overall debt burden. Furthermore, proceeds from the proposed monetisation of an additional land parcel during the current fiscal year are expected to support debt reduction and strengthen the balance sheet. The same remains rating monitorable.

The ratings continue to derive support from ITIL's strong strategic linkages with the GoI, which underpin expectations of continued institutional and financial support, if required. Additionally, the company's established presence of over seven decades in the telecommunications sector, coupled with its proven track record of executing strategically significant telecom and infrastructure projects, reinforces its operational credibility and supports the overall assessment of its creditworthiness.

However, the ratings are constrained by high customer concentration risk. The ratings are also constrained by the non-payment of undisputed statutory dues, non-compliance with listing obligations and disclosure requirements (LODR), and comments in auditor's report as part of company's corporate governance.

List of Key Rating Drivers

Weaknesses

- Customer concentration risk and high receivables
- Weak corporate governance
- Competitive industry; technological and regulatory risk

Strengths

- Established track record of executing critical projects
- Revenue to grow in near-to-medium term, backed by strong order book
- Moderate improvement in profitability margin in FY26, further expansion expected in medium term
- Strong linkages with GoI
- Improvement in credit profile on account of significant reduction in debt levels

Detailed Description of Key Rating Drivers

Customer Concentration Risk and High Receivables: The company primarily caters to public sector undertakings' **(**PSUs) customer base, including the Ministry of Defence, the Ministry of Home Affairs and government agencies such as Bharat Sanchar Nigam Limited (BSNL; rated 'IND AAA(CE)'/Stable), BharatNet, accounting for more than 90% of its overall revenue. ITIL has high customer concentration, with the top three customers contributing nearly 74% to the total revenue in FY26 (FY25: 84%). Based on the current orderbook, comprising of projects from BSNL and Army Static Switched Communication Network (ASCON), management expects customer concentration to remain high in the near-to-medium term.

Additionally, with the key customers being government entities, the receivable outstanding as a percentage of revenue improved to 133% in FY26 receivable period: 486 days from 194% in FY24 (709 days). The outstanding receivables remained high at INR29,057 million in FY26 despite writing off old debtors worth INR3,017 million.

However, given ITIL's longstanding relationships with its key customers and ability to strategically execute projects for these customers, Ind-Ra expects the outstanding receivables to improve in the medium term, with no key additional bad debt to be recorded. Any deviation from the agency's expectation will remain a key monitorable.

Weak Corporate Governance: Over FY21-FY23, statutory auditors provided a qualified opinion on the company's audited financials; however, during FY24-FY26, the statutory auditors have refrained from providing an opinion, largely on matters —where the previous auditors have provided a qualified opinion on—such as non-recording of certain liabilities and provisions. Additionally, as per the company's disclosures, the composition of directors is not in line with the Securities and Exchange Board of India listing regulations, due to an insufficient number of independent directors, leading to non-compliance with the LODR requirements.

However, being a PSU, the appointment of directors is undertaken by the GoI, and the proposal for appointing the requisite number of independent board directors is under process with the administrative ministry, as per the company. Moreover, the company has been irregular in depositing undisputed statutory dues, amounting to nearly INR2,230 million, which remain unpaid, as per the FY25 annual report; this is likely to have remained largely same in FY26, as confirmed by the management. The auditors also mentioned that although the internal audit mechanism is in place, but its scope, coverage and the internal audit system does not commensurate with the size and nature of the company's business.

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, ITIL was the first PSU of GoI post-independence. Supported by qualified and experienced professionals and management team, for more than seven decades, the company has an established track record of executing projects in sectors such as telecommunications, defence and information technology. Over these years, the company has successfully displayed its ability to execute some of the strategically important and mission critical projects for the GoI such as Make in India, Digital India and ASCON.

Revenue to Grow in Near-to-Medium Term, Backed by Strong Order Book: Despite a decline in revenue to INR21,837 million in FY26 (FY25:INR36,164 million) due to certain unforeseen challenges faced by the company, resulting in operational delays in executing the projects in FY26, the agency expects the revenue to improve in the near-to-medium term owing to postponement of certain projects from FY26 to FY27 and a strong order book. The rise in execution pace and a strong outstanding order book of INR1,86,257 million as on 31 March 2026, including high-value and critical projects such as BharatNet Phase -III, BSNL 4G roll out and ASCON, provides comfort for the revenue visibility for next two-to-three years. The revenue stood strong at INR36,164 million in FY25 due to the execution of BSNL 4G project.

Moderate Improvement in Profitability Margin in FY26, Further Expansion Expected in Medium Term: ITIL's gross margins increased to 16% in FY26 (FY25: 6%; FY24: 6%) due to improved product mix and a decline in employee expenses to INR1,460 million (around INR1,950 million; around INR2,350 million). Subsequently, the company reported a positive EBITDA of INR436 million with an EBITDA margin of 2% in FY26, as against EBITDA losses in FY24 and FY25.

In FY26, the company also recorded certain exceptional expenses, such as bad debt write-offs, provisions for doubtful debts, and liquidated damages as part of reversals from income of nearly INR3,500 million. While, ITIL reported strong exceptional income of about INR8,300 million from the sale of land, the agency notes that the EBITDA generated out of normal operations of the company, although improved in FY26, remains moderate. Ind-Ra expects profitability to further improve from FY27, supported by higher revenue generation and execution of new projects at improved margins, as confirmed by the management. Any deviation from these exceptions will remain a key monitorable.

Strong Linkages with GoI: The GoI owns nearly 90% of the company, with the Department of Telecommunication (DoT) under the Ministry of Telecommunications, exercising supervision over its operations. The GoI also appoints the company's board of directors; hence, also overviews the operations. As a PSU under the Ministry of Communication, ITIL plays a crucial role in the telecommunication and technology sector, contributing to and supporting government initiatives such as Digital India and Make in India. ITIL has been key contractor for major government projects by BSNL, MTNL, the Ministry of Defence and the Ministry of Rural Development; thereby, serving as a strategically important entity for GoI.

ITIL receives financial and non-financial support from the GoI on a consistent basis, which is likely to continue in the medium term. The company received a financial revival package worth INR41,567.9 million—constituting INR18,927.9 million grant-in aid and INR22,640 million capex (equity) grant—as approved from the Cabinet Committee on Economic Affairs in February 2014. Until FY26, the company has received the entire grant-in-aid and part of the capex grant, amounting to INR11,915.6 million, with the remaining INR10,724.4 million capex grants yet to be received in future years as per capex plans. Out of the total grants, INR3,175.6 million was received over FY22–FY26.

Additionally, ITIL had received INR2,996.9 million of statutory grant towards the payment of statutory liabilities over FY21-FY24. Lastly, the company also received soft loans worth from INR3,000 million from the DoT in 2014-15 for paying salaries to employees; this is currently entirely outstanding and shall be repaid in the near-to-medium term. Moreover, the company receives non-financial support from the GoI such as availability of some projects on preferential basis, support for receiving timely approvals on land monetisation activities, timely payments from government-owned entities. Ind-Ra believes that this indirect support is critical for the entity to service its debt obligations in a timely manner until the standalone operations turnaround.

Improvement in Credit Profile on Account of Significant Reduction in Debt Levels: ITIL's debt levels significantly declined to INR7,649 million at FYE26 (FYE25: INR14,206 million). The agency takes comfort because the external debt outstanding reduced to INR4,649 million at FYE26 (FYE25: INR11,806 million); this is entirely short-term borrowing. Thus, the sanctioned limits have also reduced from April'2026 onwards. The remaining debt is in the form of soft loan of INR3,000 million from the GoI. While the profitability has improved in FY26, it is still low since the interest coverage is below 1.0x. The agency believes that on account of low operating profitability, the company will have to rely on land monetisation/or an advance from customers and/or government support to fund the interest servicing.

The company has received proceeds of nearly INR9,000 million from the Central Tax Department in March 2026, Bengaluru, for the sale of 21 acres of land parcel in Bengaluru, wherein the amount has been fully utilised towards the repayment of borrowings, leading to a reduction in the company's debt levels and finance cost over FY26. Furthermore, it has additional land parcels that are in the process of monetisation with one of the parcels at the auctioning stage, and the amount realised would further be utilised towards further repayment of borrowings and working capital requirements.

ITIL's financial credit profile continues to be weak in the agency's view despite the reduction in the external debt outstanding. The gradual improvement in operating cash flows and the cash inflows from the ongoing land monetisation are expected to support the company's liquidity and ease the pressure on financial credit profile in the agency's view. However, the quantum and timelines on land monetisation remains monitorable.

Liquidity

Stretched; Supported by Parent: Ind-Ra believes that the ITIL's liquidity is stretched and needs to be backed by direct or indirect support from the parent in case of need. The capex is backed by the capex grants received from the government over the years. The company has received capex grant of INR3,175.6 million from the GoI over FY22–FY26, as part of the relief package, with INR10,724.4 million still unutilised; this will support future capex requirements. Additionally, advance received from customers supports the company's operational cashflow requirements. ITIL reported cash and cash equivalents of INR3,508 million at FYE26. However, only 50% of this amount is estimated to be unencumbered and readily available for the company's use.

The fund-based working capital limits were almost fully utilised, with average utilisation of 91% for 12 months ended April 2026. For one of the months, the limits were fully 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, the entire debt is in the form of working capital facilities. Ind-Ra expects the cash flow from operations to remain negative in the near term owing to high working capital requirements. In FY26, the company reduced its working capital debt from the proceeds received from the sale of a land parcel valued at INR9,028 million. Furthermore, the management is actively working on monetisation of more land parcels and intends 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 a credit negative.

Rating Sensitivities

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

- an improvement in the liquidity position

- an improvement in the operational performance

- progress towards improvement of governance issues

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

- lower than expected improvement in the operational and financial performance

- any deterioration in the liquidity

- weakening of linkages with its parent

Any Other Information

Not applicable

About the Company

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

ITIL is listed on the National Stock Exchange of India Limited and BSE Limited, with the President of India (90%) holding the majority stake and the public holding the remaining share (10%).

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

Key Financial Indicators

Particulars (Consolidated; INR million)	FY26	FY25
Revenue	21,837	36,164
EBITDA	436	-599
EBITDA margin (%)	2.0	-1.7
Interest coverage (x)	0.45	-0.3
Net leverage (x)	17.0	-22.3
Source: ITIL, Ind-Ra		

Status of Non-Cooperation with previous rating agency

Not applicable

Rating History

Instrument Type	Current Rating/Outlook			Historical Rating/Outlook
	Rating Type	Rated Limits (INR million)	Current Rating	21 May 2025
Bank loan facilities	Long-term/Short-term	42,213.90	IND BB+/Positive/IND A4+	IND BB+/Stable/IND A4+

Bank wise Facilities Details

Complexity Level of the Instruments

Instrument Type	Complexity Indicator
Bank loan facilities	Low

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

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APPLICABLE CRITERIA AND POLICIES

Evaluating Corporate Governance

Corporate Rating Methodology

Parent and Subsidiary Rating Linkage

Short-Term Ratings Criteria for Non-Financial Corporates

The Rating Process

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