

August 18, 2025

## ITI Limited: Long-term ratings upgraded to [ICRA]BB (Stable); Short-term ratings reaffirmed and assigned for enhanced amount

### Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Long term/Short term – Fund based – Cash credit	1,890.00	1,450.00	[ICRA]BB (Stable); upgraded from [ICRA]BB- (Stable)/[ICRA]A4; reaffirmed
Long term/Short term – Non-fund based	2,390.53	3401.69	[ICRA]BB (Stable); upgraded from [ICRA]BB- (Stable)/[ICRA]A4; reaffirmed and assigned for enhanced amount
<b>Total</b>	<b>4,280.53</b>	<b>4,851.69</b>	

\*Instrument details are provided in Annexure I

### Rationale

The rating upgrade factors in expectation of an improvement in ITI Limited's (ITI) financial risk profile with the execution of relatively better profitable orders driving growth in turnover and profitability. The order book has been strong at around Rs. 19,000 crore as of June 2025, providing comfortable revenue visibility. While ITI continued to report operating-level losses, the losses reduced in FY2025 and the company is expected to report operating profits in FY2026.

Further, a successful monetisation of a land parcel resulted in a Rs. 200-crore inflow from C-DOT. The proceeds from the land sale have brought down the debt and strengthened the liquidity position to an extent. ICRA believes that there are more such land parcels available with the company which can be further monetised and the proceeds can be used to reduce the debt as well as employed for working capital. This also has the potential to improve the credit profile of the company substantially, though the amount and timing of the land sale remains to be seen.

The ratings continue to factor in ITI's parentage, with the Government of India (GoI) holding a ~90% stake in the company, along with the vast experience of its management and its presence in some strategically important projects in the information, communication and technology (ICT) space. ITI continues to benefit from the grants received from the Government under the financial revival package approved by the Cabinet Committee on Economic Affairs (CCEA) in 2014. As per the approved revival plan, the total capital grant and revenue grant sanctioned by the Government is Rs. 2,264 crore and Rs. 1,892.8 crore, respectively. The capex grant is used to buy capital equipment for the projects, while the revenue grant is for managing operating costs and statutory obligations etc. The revenue grant has been fully received and utilised in the past and up to Rs. 1,191 crore of the capex grant has been received till FY2024-25. Further, a capex support of Rs. 105 crore has been sanctioned in Union Budget FY2026 and a support of Rs. 200 crore is projected for FY2027.

Supported by its track record, ITI has won key projects like BSNL's 4G network project, the ASCON Phase IV project of the Ministry of Defence, the BharatNet Phase III project, supply of smart energy meters, etc. However, despite a robust order book, execution challenges cannot be completely ruled out, which can result in a stretched working capital cycle and elevated debt levels.

ITI's financial performance showed an uptick in FY2025, with the company reporting a turnover of Rs. 3,616 crore. However, it continued to incur operating losses, largely due to the BSNL 4G project, which contributed nearly 50% to the revenue but offered thin margins. Elevated finance costs further weighed on the net profitability. While the company has taken steps to reduce the fixed costs and overheads, the limited contribution from key projects was insufficient to offset the expenses. Looking ahead, the margins are expected to improve, driven by a strong order pipeline and a more favourable and profitable

project mix. Nonetheless, the company's ability to execute projects efficiently and profitably will be a critical factor in determining its future performance.

Further, the liquidity remains stretched owing to the elongated working capital intensity and elevated receivables. The high receivables and the sizeable working capital blocked in unbilled revenues have led to higher reliance on external debt and almost full utilisation of the limits. This, coupled with the modest profit generation, has translated into weak debt coverage indicators.

The Stable outlook on the long-term rating reflects ICRA's opinion that ITI Limited will benefit from its healthy order book position and will be able to report revenue growth, going forward, with an improvement in the profit generation.

## Key rating drivers and their description

### Credit strengths

**Long operational track record and experienced management** - ITI has over seven decades of operational expertise in manufacturing equipment and providing services to industries like telecom, defence, information technology, banks, financial institutions etc. Its operations are currently managed by Mr. Rajesh Rai, who has a vast experience in the telecommunication industry. He is supported by an experienced team with a strong technical background.

**Operational and financial support from GoI** - ITI is a government-owned company with a ~90% stake held by the GoI and its operations are administered by the DoT under the Ministry of Communications. With the first-mover advantage, ITI has been one of the key contractors for the projects of BSNL, MTNL, Ministry of Defence, Ministry of Rural Development, etc., in the last few decades. Given its strategic importance, ITI has been involved in Government projects such as Make in India, Digital India, Smart City.

ITI was declared a sick company in 2004 due to past losses and erosion of net worth. To restore ITI's financial health, the CCEA approved a fund infusion of Rs. 4,157 crore in 2014 under SICA provisions. Till April 2025, ITI had received Rs. 1,191.56 crore of capex grant and the entire share of the revenue grant. Despite the removal of letter of comfort, the GoI continues to support ITI. The Government has asked other ministries (clients of ITI) to support ITI's liquidity by making timely payments. The GoI is also extending support to the company in terms of approval/facilitation for land monetisation activities, the purpose of which is to make the company debt-free and to mitigate the finance cost completely.

**Strong order book translating into healthy revenue visibility** - ITI has won key projects like BharatNet Phase III, the defence ministry's Ascon project, supply of smart energy meters, network for spectrum, etc. ITI also has a preferred supplier status among its key customers. The revenue visibility remained healthy with a strong order book of over Rs. 19,000 crore as of June 2025.

### Credit challenges

**Weak financial profile and stretched liquidity position** - ITI's financial profile is weak, characterised by low operational cash flows, losses in the last fiscals and high working capital intensity. Despite the strong order wins, the revenues and accruals were affected by project delays. These factors, coupled with the elongation in the receivable cycle, resulted in a stretched liquidity position.

The company recorded operating losses in FY2025 primarily due to the BSNL 4G project, which accounted for approximately 50% of the revenue and carried low contribution margins. Additionally, high finance costs because of elevated interest rates further impacted the bottomline. Although the fixed costs and overheads have been reduced, the limited contribution from low-margin projects was insufficient to cover the financial expenses. However, the new orders are stated to have better margins which will improve the margin profile.

Further, the revenue bookings and earnings are volatile due to the lumpy nature of the order inflows and erratic execution of bulk tender contracts. Pending receivables on past orders and sizeable unbilled revenues owing to delays in order execution have resulted in high working capital intensity, which in turn has kept the reliance on external debt high. High debt levels and subdued profit generation have translated into weak debt coverage metrics, reflected in an estimated interest coverage of less than 1 times for FY2025.

**High customer concentration risk** – ITI’s client profile primarily includes PSUs, the Ministry of Defence and other Government agencies and consists of entities such as BSNL, MTNL, EESL, BBNL, etc. Over 95% of ITI’s revenues and its current order book is from Government customers. Going forward, the company’s dependence on major clients will remain high because of its large order book; however, ITI remains critical for the customers too and has longstanding relations with them along with a priority quota.

### Environmental and social risks

ITI is exposed to the risks of tightening regulations on environment and safety. There were no pending show cause/legal notices from the Central Pollution Control Board (CPCB)/State Pollution Control Board (SPCB) at the end of FY2025. This indicates that ITI has been able to mitigate the regulatory risks by demonstrating a sound operational track record and ensuring regulatory compliance.

ITI 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 products and services. Further, intellectual property (IP) is a critical element of the business. The patent rights may be overturned by its competitors which may adversely affect the business and reputation. Therefore, while ITI remains exposed to the aforementioned social risk, it does not materially affect its credit profile as of now.

### Liquidity position: Stretched

ITI’s liquidity is stretched owing to the elevated working capital intensity, translating into consistently high utilisation of the working capital limits amid muted profitability. Delays in order execution and an elongated receivable cycle have kept the working capital intensity elevated, which along with the weak profitability has exerted pressure on the company’s liquidity position. The company has no term loans on its books apart from a soft loan of Rs. 300 crore from the Government.

### Rating sensitivities

**Positive factors** – The ratings can be upgraded if the company demonstrates a consistent improvement in its liquidity position and profitability on a sustained basis.

**Negative factors** – Pressure on the ratings could arise if ITI is unable to improve its profitability and liquidity position. Further, any weakening of support from or linkages with the GoI can result in a rating revision.

### Analytical approach

Analytical approach	Comments
Applicable rating methodologies	<a href="#">Corporate Credit Rating Methodology</a>
Parent/Group support	Parent/Group Support: Government of India The ratings derive comfort from ITI’s strong parentage with majority ownership of the GoI. ITI is of some strategic importance for the GoI as an instrument of policy implementation, which ICRA expects should induce the Government to extend timely financial support to the rated entity
Consolidation/Standalone	The rating is based on the consolidated financial statements of the rated entity (details in Annexure II)

## About the company

ITI Limited, a public sector undertaking established in 1948, operates in the telecommunications technology segment with manufacturing units across five locations and an R&D centre in Bengaluru. The company maintains a pan-India presence through 11 MSP centres and offers a diversified product portfolio spanning telecom, defence, ICT and smart technologies. ITI executes turnkey telecom projects via its network system unit and is actively investing in technology upgrades, including cloud services through its Bengaluru data centre. Its strategic focus on high-growth areas like IoT, smart cities, and encryption solutions backed by in-house R&D positions it well for future scalability and sectoral relevance.

## Key financial indicators (audited)

ITI Limited Consolidated	FY2024	FY2025
Operating income	1,269.1	3,619.0
PAT	-569.1	-233.1
OPBDIT/OI	-24.7%	-1.6%
PAT/OI	-44.8%	-6.4%
Total outside liabilities/Tangible net worth (times)	4.3	5.4
Total debt/OPBDIT (times)	-5.8	-25.2
Interest coverage (times)	-1.3	-0.3

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 (FY2026)				Chronology of rating history for the past 3 years							
				FY2026		FY2025		FY2024		FY2023	
Instrument	Type	Amount rated (Rs. crore)	Date	Rating	Date	Rating	Date	Rating	Date	Rating	
Cash credit	Long term/ Short term	1,450.00	Aug 18, 2025	[ICRA]BB (Stable) / [ICRA]A4	May 24, 2024	[ICRA]BB- (Stable) / [ICRA]A4	May 19, 2023	[ICRA]BBB- (Stable) / [ICRA]A3	-	-	
							Dec 06, 2023	[ICRA]D/D	-	-	
Non-fund based	Long term/ Short term	3401.69	Aug 18, 2025	[ICRA]BB (Stable) / [ICRA]A4	May 24, 2024	[ICRA]BB- (Stable) / [ICRA]A4	May 19, 2023	[ICRA]BBB- (Stable) / [ICRA]A3	-	-	
							Dec 06, 2023	[ICRA]D/D	-	-	

## Complexity level of the rated instruments

Instrument	Complexity indicator
Long term/Short term – Fund based – Cash credit	Simple
Long term/Short term – Non-fund based	Very 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	Long term/Short term – Fund based – Cash credit	-	-	-	1,450.00	[ICRA]BB (Stable) /[ICRA]A4
NA	Long term/Short term – Non-fund based	-	-	-	3401.69	[ICRA]BB (Stable) /[ICRA]A4

Source: Company

[Please click here to view details of lender-wise facilities rated by ICRA](#)

**Annexure II: List of entities considered for consolidated analysis**

Company name	Ownership	Consolidation approach
India Satcom Limited	49.06%	Equity method

Source: Annual report

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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.

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