

Rating Rationale

04 May 2026

Bharat Sanchar Nigam Limited

Brickwork Ratings reaffirms the rating assigned to the bonds amounting to Rs. 8,500 Crs

Particulars

Instruments**	Previous Amount (Rs. Crs)	Present Amount (Rs. Crs)	Tenor	Previous Rating (05 May 2025)	Present Rating
NCD	8500.00	8500.00	Long Term	BWR AAA CE (Stable) (Reaffirmation)	BWR AAA CE (Stable) (Reaffirmation)
Total	8500.00	8500.00	Rupees Eight Thousand Five Hundred Crores Only		

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

*Details of Instruments, consolidation or instruments are provided in Annexures

Note: The CE rating is based on the Sovereign guarantee of the Govt of India for the bonds. Unsupported ratings are assessed at BWR BBB (Stable) for bonds. CE rating assigned to bonds is based on the unconditional & irrevocable guarantee from the GoI along with T-structure. This complies with SEBI circular dated 28th September, 2022.

RATING ACTION / OUTLOOK

Brickwork Ratings (BWR) has reaffirmed ratings to BWR AAA (CE) for the bonds of Rs. 8,500 Crs of Bharat Sanchar Nigam Ltd (BSNL or the company). The ratings continue to draw strength from the Company's ownership (100% owned by the GoI), strategic importance to the government, widespread network and rural outreach, and structured payment mechanism for the servicing of interest & principal payments of bonds. The CE ratings also derive comfort from the sovereign guarantee available from the Government of India (GoI). The guarantee is unconditional, continuing, and legally enforceable, and the provided credit enhancement complies with SEBI regulations. The rating for bonds also factors in the trustee-monitored structured payment mechanism, which has been functioning efficiently. On a standalone basis, BWR has reaffirmed the ratings of BSNL at BWR BBB (stable), due to its improved operational and financial performance in FY 25 and 9MFY 26.

The outlook has been maintained as stable, as the Company is expected to continue receiving support from the GoI in the medium term.

KEY COVENANTS OF THE INSTRUMENT/FACILITY RATED

Particulars	Details
Issuer	Bharat Sanchar Nigam Ltd
Proposed Issue Size	Base Size of Rs. 1000 Crs with an option to retain over subscription of Rs. 7500 Crs. Total issue size of Rs. 8500 Crs
Type of Instrument	GoI Guaranteed, redeemable, taxable and Listed NCDs
Face Value	Rs. 10 Lakhs each
Mode of Issue	Private Placement
Coupon Rate	6.79%
Coupon Payment Frequency	Half Yearly
Objects of the Issue	Refinancing of existing debt
Tenor	10 years (Sep 23, 2030)
Terms of Guarantee	Unconditional and Irrevocable guarantee and continuing obligation for payment of principal amount of the Bonds issued by the company, accrued Interest thereon, and any other amount due towards the Bond Holders
Structured Payment Mechanism	The company will open a designated Trust & Retention Account (TRA) in the name of Bharat Sanchar Nigam Ltd - Bond Account in which the required funds will be deposited by the company (as per the agreed mechanism) towards interest and principal amount.
Put/Call Option	None
Principal repayment	Bullet repayment at maturity.

Adequacy of Credit Enhancement Structure: BWR has assessed the attributes of the availability of the guarantee issued by the Government of India (GoI) in favor of the rated Bonds. The bonds issued by BSNL are backed by an irrevocable, unconditional and legally enforceable guarantee from GoI with a T-days structured payment mechanism administered by the Trustees, to ensure timely servicing of interest and principal repayments. The aforesaid guarantee is irrevocable, unconditional, and legally enforceable.

KEY RATING DRIVERS

Credit Strengths:-

Availability of Sovereign Guarantee for Bonds: The GoI has provided a sovereign guarantee for the bonds via its guarantee deed dated 9th September 2020, which covers both the principal and normal interest due to bondholders. The DoT will review the utilisation of funds raised under the issue and guarantee on an annual basis to ensure there is no risk of default in the repayment of principal or interest to the bondholders.

Trustee-administered structured payment mechanism in place: A trustee-administered payment mechanism has been put in place to ensure the timely payment of interest & principal obligations on the bonds. This is done through a tripartite agreement between BSNL, the trustee (SBICAP Trustee Company Limited), and the GoI. The trustee will facilitate the timely servicing of BSNL's obligations by the DoT even if BSNL does not have sufficient funds to do so. BSNL has raised GoI guaranteed bonds amounting to Rs. 8,500 Crs involving a structured payment mechanism as explained below:

(T-30)th day*: Trustees to inform BSNL and the government in writing regarding the due date for payment of interest or principal amount so that the necessary arrangements can be made for meeting the interest/principal obligations on the bonds.

(T-10)th day*: The designated trust and retention account is to be funded by BSNL to the extent of the interest/principal obligation on the bonds.

(T-8)th day*: If the designated trust and retention account is not funded to the requisite extent by T1-8, the trustees shall forthwith invoke the government's guarantee by sending a Notice of Invocation to it. (T-3)th day*: Last date by which the government shall deposit the requisite funds in the designated trust and retention account as per the Notice of Invocation served by the trustees. *T being the due date for payment of interest or repayment of principal of the bond. In the event of the mentioned day not being a business day, it will be taken to indicate the next business day.

Robust Market Positioning: BSNL caters to a wide range of customers through its offerings, which can be broadly divided into consumer fixed assets (broadband and landline, among others), consumer mobility (GSM 2G, GSM 3G & 4G), and enterprise solutions. According to the TRAI, BSNL has a total subscriber base (wireline+wireless) of~ 9.98 Crs as on 31 Dec 2025. It is the 4th largest mobile telecommunications network in India.

Wholly owned by the GoI and of a strategically important nature: BSNL is wholly owned by the GoI through the DoT, and all the directors of BSNL are appointed by the President of India. At present, Mr. A. Robert J. Ravi, Chairman & Managing Director (CMD). BSNL has vast working experience in the field of telecommunications. Furthermore, the GoI continuously monitors the borrowing plans of BSNL, as it has to get approval for all its borrowing plans from its board. BSNL provides telecom services in remote areas, along borders, and extremism-affected areas, and also aids in disaster relief. Thus, BSNL is considered to be a strategically important organization for the GoI. Also, the GoI banks heavily depend on BSNL for the execution of various government projects of national importance.

Improved operating and financial performance: Operating performance of BSNL has improved significantly over fiscals 2025 and 2026, supported by cost optimisation measures and the launch of 4G services in India. Post launch of 4G services, BSNL's wireless subscriber base has improved to 9.98 crore subscribers as on December 31, 2025, as compared to 9.79 Crs as on 31 Dec 2024. Moreover, ARPU has increased in the last three fiscal years from Rs 71 to Rs 102 for the Consumer Mobility segment, and from Rs 561 to Rs 586 for the FTTH segment.

Operating revenue grew 7.4% on-year to Rs 20896.66 crore in fiscal 2025, against Rs 19334.89 crore in fiscal 2024. Growth has accelerated during fiscal 2026, where revenue grew 9% to reach Rs 15477.95 crore in the first nine months of FY 26, against Rs 14196.81 crore for the comparative period of FY 25. Operating profit margin improved from 1.05% in FY 24 to 13.73% in FY 25 and further to 16.99% in 9M FY 26

Deleveraging: The overall debt has reduced to Rs 14,743.70 crore as of December 2025, from Rs 28092 crore as of March 2023, supported by funding from the GoI. Reduction in debt and improvement in operating performance have led to an improvement in the financial risk profile, though it remains modest. The interest coverage ratio stood at 1.88 times for fiscal 2025 (0.11 times for fiscal 2024) and at 2.2 times 9M fiscal 2026. Further, debt comprises sovereign guaranteed bonds only with no principal obligations until fiscal 2030. Further bank debt of the company is unlikely to increase materially, as any major investment in spectrum will be funded by the GoI over the medium term

Credit Risks:-

High employee cost: BSNL has a large employee base, and the staff costs accounts significant proportion of the costs as a percentage of revenues. In FY25, BSNL's employee cost stood at ~Rs. 6,707.27 Crs., which is ~32% of its revenues. Although the VRS scheme was implemented to reduce the employee costs, it still continues to remain high as compared to the industry standards. The same is on account of the legacy issues carried forward from the takeover of operations from the erstwhile Central Government's Department of Telecom Services (DTS). The employee cost is expected to remain on the higher side going forward over the medium term.

Technological and Regulatory Risk: The industry continues to face risk of technological obsolescence and huge capex requirements from time to time to upgrade the network and a price-sensitive subscriber base. Further, the industry is also closely monitored and regulated by TRAI. The industry is currently making further capital investments for a complete rollout of 5G across the country, which will mostly be debt-funded and impact their financials. Increasing subscriber base, and **ever**-growing data consumption and the need for speed are key revenue and growth drivers for the industry. Also, the rollout of 5G by the other TSPs provides them an edge in the competition over the Company. Thus the industry remains susceptible to regulatory and technological risks.

Modest Credit profile: Despite the increase in BSNL's revenues in FY25 vis-a-vis FY24 it continued to incur losses at the net level due to high employee costs, interest expenses, and other operating inefficiencies. The Company has a cost structure wherein ~80-85% of the costs are fixed costs and are majorly driven by employee cost (FY25: 32%), power & fuel costs (FY24: ~9%), and SGA expenses (FY24: 15%), amongst others. Further, during 9MFY26, it also continued to incur losses at the net level. In order to support the company, the government is offering various revival packages (in the past & present). In FY22, the GOI passed the second revival package for BSNL/MTNL, amounting to Rs. 1.64 lakh Crs in order to support the

Company. In FY23, the Government passed Rs 89000 Crs. Of those, ~88% funds have been released

Analytical Approach and Applicable Rating Criteria: Credit-enhanced rating: The rating is based on credit enhancement in the form of an unconditional & irrevocable guarantee from the GoI. Unsupported rating and bank facilities: Standalone; factoring 100% ownership of the GoI. Also, the contribution from the subsidiaries is trivial in nature.

Profile of CE provider: Government of India, by way of an irrevocable, unconditional, and enforceable guarantee for the payment of interest and principal of the rated bonds.

Rating Sensitivities: (For CE & unsupported rating):

Positive: Not Applicable.

Negative factors:

- Significant dilution of stakes by GoI in the Company, leading to a change in control.
- Any major loss of subscribers in the Company owing to any foreseeable reasons or decline in ARPU
- Non-compliance with the trustee-administered structure payment mechanism by any of the parties involved in the transaction.

LIQUIDITY INDICATORS - Adequate

BSNL has cash and cash equivalents of Rs 1359 Crs. as on 30 Sep 2025, at the standalone level. The Company is expected to register cash accruals of Rs 11,104 Crs against Repayment Liabilities of R 0.09 Crs s in FY 26. While the liquidity has been impacted in past by the operating losses incurred by the BSNL, it is supported by the infusion of additional equity from the GOI. During FY24, GOI infused ~ Rs. 46,380 Crs as equity. Also, GOI infused Rs 22850 Crs in FY25 and further infused Rs 61,712 Crs. Thus, cumulatively, GOI has infused Rs 1,31,712 Crs in FY 24 26 for Capex, clearance of AGR dues, and Administrative allotment of spectrum. Additionally, the rated bonds derive comfort from the T- guarantee structure administered by the trustee. The Bonds are unconditionally & irrevocably guaranteed by GOI and as a direct obligation of GOI, which would ensure timely payment. The liquidity is also strengthened by the asset monetization plans of Land in the medium term

Company Profile

Macro Economic Indicator	Sector	Industry	Basic Industry
Telecommunication	Telecommunication	Telecom - services	Telecom - cellular & fixed line services

Bharat Sanchar Nigam Ltd. was incorporated on 15th September 2000. It took over the business of providing telecom services & network management from the erstwhile Central Government Departments of Telecom Services (DTS) and Telecom Operations (DoT), with effect from 1st

October 2000 on a going concern basis. The public sector units provide a comprehensive range of telecom services in India, including regular wireless, wireline, and broadband services. BSNL also has the exclusive license from the GOI to issue satellite phones to enterprises and defense forces. Besides these services, BSNL is the sole agency for meeting the communication requirements of the defense forces all over the country and the maritime borders. As of 29th Feb 24, BSNL had a subscriber base of 99.03 million (wireline+wireless).

ESG Profile:

Pillar	Key Focus Area	Status/Progress
Environmental	Solar Power & Indigenous Stack	High focus on reducing the carbon footprint of towers.
Social	Bridging the Digital Divide	Market leader in rural connectivity; crucial for national security.
Governance	Financial Turnaround	Positive EBITDA achieved; shift toward AI-led operational efficiency.

KEY FINANCIAL INDICATORS (Standalone)

Key Parameters	Units	FY 2024	FY 2025	9MFY 2026
Result Type		Audited	Audited	Audited
Operating Revenue	Rs.Crs	19,330.71	20841.00	15477.95
EBITDA	Rs.Crs	203.87	2809.76	2630.38
PAT	Rs.Crs	-5,370.73	-2246.53	--3708.93
Tangible Net Worth	Rs.Crs	73510.54	133085.98	
Total Debt/ Tangible Net Worth	Times	0.32	0.17	
Current Ratio	Times	1.48	4.14	

NON-COOPERATION WITH PREVIOUS CREDIT RATING AGENCY: There are no instances of non-cooperation with any other CRAs.

Any Other Information: No other Information

RATING HISTORY FOR THE PREVIOUS THREE YEARS [including withdrawal and suspended]

Sr No	Instrument / Facilities	Current Rating 2026			Rating History		
		Type	Amount (Rs.Crs.)	Rating	2025	May 2024	April 2023
1	NCD	Long Term	8,500.00	BWR AAA (CE)/ Stable (Reaffirmation)	BWR AAA (CE)/ Stable (Reaffirmation) (05 May 2025)	BWR AAA (CE)/ Stable (Reaffirmation) (06 May 2024)	BWR AAA (CE)/ Stable (Reaffirmation) (25-Apr-2023)
	Total (A)		8,500.00	Rupees Eight Thousand and Five Hundred Crores			

Hyperlink/Reference to Applicable Criteria

- [General Criteria](#)
- [Approach to Financial Ratios](#)
- [Credit Enhanced Debt](#)
- [Rating Based on Government Support](#)
- [Services Sector](#)
- [Infrastructure Sector](#)

Analytical Contacts	
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ANNEXURE I

Details of Bank facilities rated by BWR: NA

www.brickworkratings.com/download/ComplexityLevels.pdf

ANNEXURE II

INSTRUMENT (NCD/Bonds/CP/FDs) DETAILS:

Sr. No.	Instrument	Issue Date	Amount (Rs Crs)	Coupon Rate	Maturity date	ISIN particulars	Complexity of instruments
1.	Bonds	23-Sep-2020	8500.00	6.79% (semi-annual frequency)	23-Sep-2030	INE103D08021	Simple
Total	8500.00	8500.00	Rupees Eight Thousand Five Hundred Crores Only				

ANNEXURE III

List of entities consolidated: Not Applicable

ANNEXURE 1V

List of instruments and regulators

As required by SEBI CRA Circular dated Feb 10, 2026, a list of activities or instruments falling under the purview of various FSRs, along with the names of respective FSRs, is being disclosed below

Instrument/Activity	Regulator
Listed/Proposed to be listed bonds/debentures/preference share (all securities)	SEBI
Unlisted/Proposed to be unlisted Bonds/Debentures/ Preference share (all securities)	MCA
Listed PTCs / Securitisation Notes (originated by entities regulated by RBI) ¹	SEBI
Listed PTCs / Securitisation Notes (originated by entities not regulated by RBI)- ¹	SEBI
Unlisted PTCs / Securitisation Notes (originated by entities regulated by RBI)- ¹	RBI
Listed Commercial Paper and NCDs with original maturity less than 1 year	RBI
Unlisted Commercial Paper and NCDs with original maturity less than 1 year	RBI
Loan Facilities (Fund/Non-Fund Based) from Bank/NBFCs/NHB/FIs ⁻²	RBI
External Commercial Borrowings and other similar borrowings	RBI
Certificates of Deposit	RBI
Fixed Deposits raised by NBFC's, Banks, HFCs, Fis	RBI

Fixed Deposits raised by corporates other than NBFCs, Banks, HFCs, Fis	MCA
Inter Corporate Deposits/Loans extended by Corporates	MCA
Borrowing programme - ³	-
Issuer Ratings ⁴	-
Credit Ratings for Capital Protection Oriented Schemes (by Mutual Funds and AIFs)	SEBI
Credit quality ratings (CQRs) for Mutual Fund Schemes and Schemes of AIFs	SEBI
Listed Security Receipts	SEBI
Unlisted Security Receipts	RBI
Independent Credit Evaluation (ICE)	RBI
Expected Loss Ratings (for Loan Facilities (Fund/Non-Fund Based) from Bank/NBFCs/NHB/Fis)	RBI
Expected Loss Ratings (Listed/Proposed to be listed bonds/debentures/preference share (all securities))	SEBI
Expected Loss Ratings (Unlisted/Proposed to be unlisted Bonds/Debentures/Preference share (all securities))	MCA
Unlisted PTCs / Securitisation Notes (originated by entities not regulated by RBI) - ¹	Investor-side Regulator such as IRDAI, PFRDA ⁵
Monitoring Agency	SEBI
Research activities, incidental to rating, such as research for Economy, Industries and Companies ⁶	NA

- Includes securitisation transactions involving assignee payout, acquirer's payout.
- Includes bank facilities such as liquidity facility, second loss facility that are part of securitisation transactions.
- The rated instrument may involve issuance of different instruments such as debt securities (listed or otherwise), bank loans, commercial paper (listed or otherwise), etc. The regulator of the instrument may accordingly be SEBI, RBI or MCA and can only be determined upon issuance. In PRs subsequent to issuance(s), BWR shall separately capture the rated quantum details along with names of respective regulators.
- There is no instrument being rated and hence, Regulator of the Instrument is not applicable.
- These ratings were assigned during regulatory regime prior to the introduction of SEBI CRA Circular dated Feb 10, 2026, and accordingly, investor side regulators have been included.
- Permitted by SEBI vide SEBI Master Circular for CRAs

Grievance Management: For any grievances relating to rating of instruments regulated by SEBI, please contact sebigrievance@brickworkratings.com. Kindly note that for activities or instruments falling under the purview of FSRs other than SEBI, the grievance/dispute redressal mechanisms and investor protection mechanisms provided by SEBI shall not be available

For any grievances relating to rating of instruments regulated by other FSR (Financial Sector Regulators), please contact grievance@brickworkratings.com

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