

JUNE 11, 2015

CARE ASSIGNS 'CARE AAA (SO)' RATING TO THE BANK FACILITIES OF BHARAT SANCHAR NIGAM LIMITED

Rating

Facilities	Amount (Rs. crore)	Ratings ¹	Remarks
Long-term Bank Facilities*	8000	CARE AAA (SO) [Triple A (Structured Obligations)]	Assigned

**The above rating is based on the credit enhancement in the form of "Letter of Comfort" (LOC) (File No. 10-19/2011-SU.I) dated September 6, 2011 together with letter dated February 5, 2014 renewing the said "LOC" for a further period of three years ending September 5, 2017, issued by Director (PSU-I), Department of Telecommunications, Ministry of Communications & IT, Government of India, ensuring timely payment of BSNL's debt obligations. The "LOC" is issued on renewal basis and the rating is subject to timely renewal of the "LOC" during the tenure of the rated facilities as stipulated in the terms of sanction of the rated bank facilities. The rating will cease to remain valid in case of non-renewal of the "LOC" at least 90 days prior to the expiry of "LOC" and lenders do not seek mandatory prepayment of the facilities.*

Rating Rationale

The rating assigned to the bank facilities of Bharat Sanchar Nigam Limited (BSNL) is based on the credit enhancement in the form of 'Letter of Comfort' from Department of Telecom (DoT) under the Ministry of Communication and Information Technology, Government of India (GoI).

Background

Incorporated in September 2000, BSNL is wholly owned by GoI. BSNL took over the business of providing of telecom services and network management from the erstwhile Central Government Departments of Telecom Services (DTS) and Telecom Operations (DTO), with effect from October 1, 2000.

Presently, the services provided by BSNL include the entire spectrum of telecom services including fixed line, GSM mobile, CDMA mobile, national long distance (NLD), international long distance (ILD), Wireless in Local Loop (WLL), Internet, virtual private network (VPN), ISDN, leased line, intelligent network and electronic private automatic branch exchange (EPABX) services.

During FY14 (refers to the period April 1 to March 31), BSNL has booked net loss of Rs.6601 crore (Rs.7702 crore during FY13) on total operating income of Rs.27,996 crore (Rs.27,128 crore in FY13).

As on December 31, 2014, BSNL is the largest wireline operator and wireline broadband service provider in the country with 16.93 million wireline subscribers (62.71% market share) and 9.98 million wireline broadband subscribers (65.14% market share). It is also the fifth largest wireless operator in India with 81.38 million subscribers (8.62% market share).

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****For detailed Rationale Report and subscription information, please contact us at www.careratings.com**

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¹ Complete definition of the ratings assigned are available at www.careratings.com and other CARE publications

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In case of partnership/proprietary concerns, the rating assigned by CARE is based on the capital deployed by the partners/proprietor and the financial strength of the firm at present. The rating may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor in addition to the financial performance and other relevant factors.

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