



November 17, 2017

BSE Limited  
Listing Department  
P. J. Towers,  
Dalal Street, Fort  
Mumbai – 400 001

National Stock Exchange of India Ltd.  
Listing Department  
Exchange Plaza, Plot No. C-1, Block G,  
Bandra Kurla Complex,  
Bandra (E), Mumbai – 400 051

**Scrip Code: 532371**

**Scrip Symbol: TTML**

Dear Sir / Madam,

**Re.: Intimation of Revision in Rating**

In terms of Regulation 30(6) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we hereby inform you that ICRA Limited ("ICRA") has upgraded its long-term rating on the following bank facilities of the Company to [ICRA]A+ (Stable). The rating watch with developing implications has been removed and Stable outlook has been assigned.

Instruments	Amount Rated (Rs. Crores)	Rating Action
Term Loans	359 <sup>^</sup>	Upgraded to [ICRA]A+(Stable) from [ICRA]A-; rating watch with developing implications removed
Fund-based/Non-Fund based limits	465	Upgraded to [ICRA]A+(Stable) from [ICRA]A-; rating watch with developing implications removed
Unallocated Limits	188	Upgraded to [ICRA]A+(Stable) from [ICRA]A-; rating watch with developing implications removed

<sup>^</sup>amount outstanding as on September 30, 2017 stands at Rs. 203 Crores

The Rating Rationale of ICRA dated November 17, 2017 for the revision in credit rating is enclosed.

This is for your information and records.

Thanking you,

Yours faithfully,  
For Tata Teleservices (Maharashtra) Limited

Kiran Thacker  
Company Secretary

Encl.: As stated above.

**TATA TELESERVICES (MAHARASHTRA) LIMITED**

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CIN: L64200MH1995SPLC086354 Website www.tatateleservices.com

November 17, 2017

## Tata Teleservices (Maharashtra) Limited

### Summary of rated instruments

Instruments*	Amount Rated (Rs. crore <sup>†</sup> )	Rating Action
Term Loans	359 <sup>^</sup>	Upgraded to [ICRA]A+(Stable) from [ICRA]A-, rating watch with developing implications removed
Fund-based/Non-Fund based limits	465	Upgraded to [ICRA]A+(Stable) from [ICRA]A-, rating watch with developing implications removed
Unallocated Limits	188	Upgraded to [ICRA]A+(Stable) from [ICRA]A-, rating watch with developing implications removed

\*Instrument details are provided in Annexure-1

<sup>^</sup>amount outstanding as on September 30, 2017 stands at Rs. 203 crore

### Rating action

ICRA has upgraded the long-term rating to [ICRA]A+ (pronounced ICRA A plus) from [ICRA]A- (pronounced ICRA A minus) for the Rs. 359-crore term loans (amount outstanding as on September 30, 2017 stands at Rs. 203 crore), Rs. 465-crore long-term fund-based/non-fund based limits, and Rs. 188-crore unallocated facilities of Tata Teleservices (Maharashtra) Limited (TTML)<sup>1</sup>. The rating watch with developing implications has been removed and Stable outlook has been assigned.

### Rationale

The rating action factors in the demonstrated support from the promoters Tata Sons Limited {Rated [ICRA]AAA(Stable)/A1+} by way of planned funds infusion of upto Rs. 20,000 crore in the Group {comprising TTML and its group company Tata Teleservices Limited (TTSL)} as well as exit from the loss making wireless business by merging the same with that of Bharti Airtel Limited (with transfer of a small portion of DoT Spectrum liability in this business). Approximately Rs. 2,300 crore has already been infused in the Group in H1 FY2018 and the balance is expected to be infused shortly. The proposed funds will be used for part repayment of existing debt and meeting operating losses over the medium term. With the exit from the wireless business and the fund infusion, the Group will be left with around Rs. 17,000 crore of bank debt along with some portion of deferred spectrum liabilities and the residual business comprising Enterprise Business, Retail Wire-line & Broadband and its stake in ATC Telecom Infrastructure Private Limited. The Group has plans to monetise its existing businesses and use the proceeds to repay a major portion of the balance debt.

Nevertheless, the rating is constrained by company's as well as Group's weak financial profile characterised by high debt level and moderate cash flow generation from its remaining business segments (post merger of wireless business with that of Bharti Airtel Limited). ICRA also understands that along with continued and timely promoter support, conclusion of the announced deal as well as the planned asset monetisation plans will be critical towards the debt servicing of the company/Group.

<sup>†</sup> 100 lakh = 1 crore = 10 million

<sup>1</sup> For complete rating scale and definitions, please refer to ICRA's website [www.icra.in](http://www.icra.in) or other ICRA Rating Publications.

## Key rating drivers

### Credit strengths

- **Continuing support from promoters** – The company being a part of the Tata Group continues to derive strength from its strong parentage. The promoter - Tata Sons Limited {Rated [ICRA]AAA(Stable)/A1+} continues to remain committed to meet all funding requirements of the company/Group towards debt repayments as well as operating losses.
- **Expected reduction in cash burn in medium term** – with the transfer of loss making wireless business, the Group's cash burn is expected to reduce. The remaining business segments are expected to be generating relatively better cashflows than wireless operations.
- **Further planned deleveraging** - in addition to the demerger of wireless operations, the Group also plans to monetize its other business segments to further deleverage its balance sheet.

### Credit weaknesses

- **Persisting high debt** – with the proposed infusion of funds by promoters, the debt is expected to reduce considerably, however the remaining debt would remain high in relation to its expected cash flow generation.
- **Timely fund infusion and conclusion of deals** – The deal of merging its wireless operations with that of Bharti Airtel Limited is subject to various approvals and the timely conclusion of same is important for the Group to contain its cash burn. Further deleveraging will also depend on timely conclusion of proposed monetisation of other business segments at expected valuations.

### Analytical approach:

For arriving at the ratings, ICRA has considered the standalone financial and operating profile of TTML along with applying the rating methodologies as mentioned below.

### Links to applicable criteria

[Corporate Credit Rating Methodology](#)  
[Rating Methodology for Mobile Service Providers](#)

### About the company:

TTML is a telecommunication service provider licenced to provide telecommunication services in Mumbai Metro and Rest of Maharashtra (including Goa). TTML is an integrated player across technologies (CDMA, GSM and 3G (in Maharashtra service area)) products (voice, data and other enterprise services) and customer segments (retail, large corporate and small and medium enterprises). TTML is listed on BSE and NSE and has 6.7 million wireless subscribers as on July 31, 2017. However, the wireless operations are being merged with that of Bharti Airtel Limited.

**Key financial indicators**

	<b>FY16</b>	<b>FY17</b>
Operating Income (Rs. Crores)	2,972	2,703
PAT (Rs. Crores)	-358	-2,356
OPBDIT/ OI (%)	26.5%	24.2%
RoCE (%)	5.2%	-11.6%
Total Debt/ TNW (times)	Negative	Negative
Total Debt/ OPBDIT (times)	15.3	25.0
Interest coverage (times)	1.2	0.5
NWC/ OI (%)	-5.8%	-8.7%

**Status of non-cooperation with previous CRA:** Not applicable

**Any other information:** Not applicable

**Rating History for last three years**

**Table**

S. No.	Name of Instrument	Current Rating					Chronology of Rating History for the past 3 years			
		Type	Rated amount (Rs. Crores)	Month - year & rating	Month - year & rating	Month - year & rating	Month - year & Rating in FY2017	Month - year & Rating in FY2016	Month - year & Rating in FY2015	
1	Fund-based Limits (Term Loans)	Long term		Nov 2017	Oct 2017	July 2017	Nov 2016	March 2016	Dec 2014	
			359*	[ICRA]A+(Stable)	[ICRA]A-&	[ICRA]A-(Stable)	[ICRA]A-(Negative)	[ICRA]A-(Negative)	[ICRA]A-(Stable)	
2	Fund-based/Non-fund Based limits	Long term	465	[ICRA]A+(Stable)	[ICRA]A-&	[ICRA]A-(Stable)	[ICRA]A-(Negative)	[ICRA]A-(Negative)	[ICRA]A-(Stable)	
3	Unallocated Limits	Long term	188	[ICRA]A+(Stable)	[ICRA]A-&	[ICRA]A-(Stable)	[ICRA]A-(Negative)	[ICRA]A-(Negative)	[ICRA]A-(Stable)	

\* amount outstanding as on September 30, 2017 stands at Rs. 203 crore  
& - under rating watch with developing implications

**Complexity level of the rated instrument:**

ICRA has classified various instruments based on their complexity as "Simple", "Complex" and "Highly Complex". The classification of instruments according to their complexity levels is available on the website [www.icra.in](http://www.icra.in)

**Annexure-1  
Instruments Details**

<b>Name of the instrument</b>	<b>Date of issuance</b>	<b>Coupon rate</b>	<b>Maturity Date</b>	<b>Size of the issue (Rs. Cr)</b>	<b>Current Rating and Outlook</b>
Fund-based Term Loans	-	-	FY2019	359*	[ICRA]A+(Stable)
Fund-based/Non-fund Based limits	-	-	-	465	[ICRA]A+(Stable)
Unallocated Limits	-	-	-	188	[ICRA]A+(Stable)

Source: Tata Teleservices (Maharashtra) Limited

*\*amount outstanding as on September 30, 2017 stands at Rs. 203 crore*

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About ICRA Limited:

**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.

Today, ICRA and its subsidiaries together form the ICRA Group of Companies (Group ICRA). ICRA is a Public Limited Company, with its shares listed on the Bombay Stock Exchange and the National Stock Exchange. The international Credit Rating Agency Moody's Investors Service is ICRA's largest shareholder.

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

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