



October 25, 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 Ratings**

In terms of Regulation 30(6) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we hereby inform you that CARE Ratings Limited ("CARE") has revised ratings on the bank facilities of the Company and has placed on 'Credit Watch with Developing Implications', as per the details given hereunder:

Facilities	Amount (Rs. in Crores)	Rating Action
Long Term Bank Facilities	5,433.00	CARE A- (A Minus); Credit Watch with Developing Implications
Bank Facilities – Fund Based – LT – Cash Credit	140.00	CARE A- (A Minus); Credit Watch with Developing Implications
Bank Facilities – Non-Fund Based – St - BG	1,005.00	CARE A2+ (A Two Plus); Credit Watch with Developing Implications
Bank Facilities – Fund based – ST – Term Loan	550.00	CARE A2+ (A Two Plus); Credit Watch with Developing Implications
Bank Facilities - Proposed	98.00	CARE A- / CARE A2+ (Single A Minus / A Two Plus); Credit Watch with Developing Implications
Total Facilities	Rs. 7,226.00 (Rupees Seven Thousand Two Hundred Twenty Six Crores Only)	

The Rating Rationale of CARE dated October 24, 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**

Registered Office : Voltas Premises T. B. Kadam Marg Chinchpokli Mumbai 400 033  
Tel.:91 22 6667 1414 Fax: 91 22 6660 5335 email : investor.relations@tatatel.co.in  
CIN: L64200MH1995SPLC086354 Website www.tatateleservices.com

## Tata Teleservices (Maharashtra) Limited

October 24, 2017

### Ratings

Facilities	Amount (Rs. crore)	Rating <sup>1</sup>	Rating Action
Long term Bank Facilities- Term loan	5433.00	CARE A- (A Minus); Credit Watch with Developing Implications	Placed on Credit Watch with Developing Implications
Bank Facilities-Fund Based- LT-Cash Credit	140.00	CARE A- (A Minus); Credit Watch with Developing Implications	Placed on Credit Watch with Developing Implications
Bank Facilities-Non-Fund Based - ST-BG	1,005.00	CARE A2+ (A Two Plus) ; Credit Watch with Developing Implications	Placed on Credit Watch with Developing Implications
Bank Facilities-Fund Based - ST-Term loan	550.00	CARE A2+ (A Two Plus) ; Credit Watch with Developing Implications	Placed on Credit Watch with Developing Implications
Bank Facilities- Proposed	98.00	CARE A - / CARE A2+ (Single A Minus / A Two Plus); Credit Watch with Developing Implications	Placed on Credit Watch with Developing Implications
<b>Total Facilities</b>	<b>Rs. 7226 crores (Rs. Seven Thousand Two Hundred Twenty Six Crore only)</b>		

### Detailed Rationale & Key Rating Drivers

The ratings on the bank facilities of Tata Teleservices (Maharashtra) Limited (TTML) has been placed on '**Credit Watch with Developing Implications**' on account of the announcement by TTML to combine the consumer telecom business of Tata Teleservices Limited (TTSL) and TTML with Bharti Airtel Limited.

The ratings continue to factor in the financial support derived by virtue of TTML, being part of the Tata group and its strategic importance as the group operates in domestic mobile communication segment through TTML along with associate company TTSL (rated CARE A-/CARE A2+; Place on Credit Watch with Developing Implications).

The rating strengths are, however, tempered by continued losses, high leverage position on account of significant debt funded capital expenditure and intense competition in the industry.

Ability of the company to timely complete the sale of its consumer telecom business and stem losses in the face of intense competition and continued support from the Tata Group remain the key rating sensitivities.

### Detailed description of the key rating drivers

#### Key Rating Strength

#### Continued financial support from the Tata Group

TTML was established in 1995 as Hughes Ispat Limited and was acquired by the Tata group in 2002. TTSL and TTML together (Tata Tele) marked foray of the Tata group into the telecom sector. The Tata group has operations in more than 80 countries across six continents and exports products and services to 85 countries. The board of Tata Sons has approved an investment of Rs 14,000 crore in TTSL, either in the form of equity or optionally compulsory convertible

<sup>1</sup>Complete definitions of the ratings assigned are available at [www.careratings.com](http://www.careratings.com) and in other CARE publications.

preference shares or any other equity linked instrument. The proceeds will be used for debt repayment of TTSL and TTML, which would reduce the interest cost. The rating centrally factors in continued support from the Tata Group.

### **Key Rating Weaknesses**

#### ***Sub-optimal operating performance leading to continued losses***

As on March 31, 2017, Tata Tele had a total wireless subscriber base of 48.9 Million as compared to previous year level of 60.01 Million. There was a reduction in subscriber base of CDMA technology. The CDMA subscriber base of the entire industry declined from 15.07 million at the end of Dec-16 to 12.59 million at the end of Mar-17, thereby showing a quarterly decline rate of 16.46%. Tata Tele with 6.9 million subscribers was the leading operator in CDMA service.

The decline in subscriber base and lower ARPU's on account of increased competition impacted the income from operations and profitability of Tata Tele. During FY17, the net sales of Tata Tele declined by around 11% on y-o-y basis and continued losses at the PAT level. Tata Tele may continue to report losses in the medium term considering the intense competition in the industry.

#### ***High leverage position***

Tata Tele, as any other telecom service provider, requires significant funding on an on-going basis for expanding telecom infrastructure including roll out and expansion of its GSM and 3G services. Major portion of this cost is funded by way of debt. The company relies heavily on debt largely to fund working capital requirements and refinance short term loans resulting in a weak capital structure. Though the company has slowed down its capex in view of the on-going regulatory uncertainties, given its loss making operations, the capital structure is expected to remain highly leveraged in the near term. Also, the interest coverage is below unity and cash generation continues to be negative. The high losses incurred in the past have impacted the networth of the company and it continues to remain negative.

Furthermore Tata Tele has bulky repayments over the next 5 years. The ratings derive comfort from the parent support; i.e. Tata Sons as the business operations may continue to report losses in the medium term.

#### ***Highly competitive industry and regulatory uncertainties***

The Indian telecom industry has grown remarkably in terms of subscriber base; however, the additional subscribers have not brought proportionate incremental revenue to the telecom players on account of intense competition in the sector which had led to limited space for increasing the tariffs. The telecom sector in India is also surrounded by regulatory uncertainties and Tata Tele remains susceptible to adverse regulatory changes. Also, with the entry of the new operator offering telephony services at low prices has further increased the competition intensity of the telecom sector in India thereby leading to continued pressure on the profitability of Tata Tele in the medium term.

**Analytical approach:** Considering the operational and financial linkages, combined financials of TTSL (Tata Teleservices Limited) and TTML are considered for analytical approach together referred to as Tata Tele.

### **Applicable Criteria**

[Criteria on assigning Outlook to Credit Ratings](#)

[CARE's Policy on Default Recognition](#)

[Criteria for Short Term Instruments](#)

[Financial ratios - Non-Financial sector](#)

[Rating methodology- Factoring Linkages](#)

### About the Company

Incorporated on March 13, 1995 as Hughes Ispat Ltd., Tata Teleservices (Maharashtra) Limited (TTML) was acquired by the Tata group in December 2002. As on September 30, 2017, the Tata Group holds 62.60% stake in TTML while NTT Docomo INC holds 11.76%. TTML is engaged in providing fixed wireline, wireless and mobile services in Maharashtra and Goa through two Unified Access (Basic and Cellular) Services Licenses, one for Mumbai circle and another for Rest of Maharashtra (including Goa) circle, and provides telecommunication services using both Code Division Multiple Access (CDMA) technology and Global System for Mobile Communications (GSM) technology under the aforesaid licenses. TTML also holds the National Internet Service provider-Internet Telephony license. Incorporated in 1995, Tata Teleservices Limited (TTSL) is a part of the Tata group, with Tata Sons Ltd holding 47.91% stake and NTT Docomo INC holding 21.63% in the company as on September 30, 2017.

Following are the brief financials of Tata Tele:

Brief Financials (Rs. crore)	FY16 (Audited)	FY17 (Audited)
Total operating income	13,603	12,216
PBILDT	2,442	1,747
PAT (before exceptional items)	-3,359	-4,223
PAT (after exceptional items)	-3,745	-6,879
GCA	-1,209	-4,330
Overall Gearing	Negative	Negative
Interest Coverage	0.71	0.38

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

**Any other information: Not Applicable**

**Rating History for last three years:** Please refer Annexure-2

**Note on complexity levels of the rated instrument:** CARE has classified instruments rated by it on the basis of complexity. This classification is available at [www.careratings.com](http://www.careratings.com). Investors/market intermediaries/regulators or others are welcome to write to [care@careratings.com](mailto:care@careratings.com) for any clarifications.

**Analyst Contact:**

Name: Pawan Matkari

Tel: 91-22- 6754 3529

Email: [pawan.matkari@careratings.com](mailto:pawan.matkari@careratings.com)

**\*\*For detailed Rationale Report and subscription information, please contact us at [www.careratings.com](http://www.careratings.com)**

**About CARE Ratings:**

CARE Ratings commenced operations in April 1993 and over two decades, it has established itself as one of the leading credit rating agencies in India. CARE is registered with the Securities and Exchange Board of India (SEBI) and also recognized as an External Credit Assessment Institution (ECAI) by the Reserve Bank of India (RBI). CARE Ratings is proud of its rightful place in the Indian capital market built around investor confidence. CARE Ratings provides the entire spectrum of credit rating that helps the corporates to raise capital for their various requirements and assists the investors to form an informed investment decision based on the credit risk and their own risk-return expectations. Our rating and grading service offerings leverage our domain and analytical expertise backed by the methodologies congruent with the international best practices.

**Disclaimer**

CARE's ratings are opinions on credit quality and are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. CARE has based its ratings/outlooks on information obtained from sources believed by it to be accurate and reliable. CARE does not, however, guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by CARE have paid a credit rating fee, based on the amount and type of bank facilities/instruments.

In case of partnership/proprietary concerns, the rating /outlook assigned by CARE is based on the capital deployed by the partners/proprietor and the financial strength of the firm at present. The rating/outlook 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.

## Annexure-1: Details of Instruments

Name of the Instrument	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. crore)	Rating assigned along with Rating Outlook
Term Loan-Long Term	-	-	March 2028	5433.00	CARE A- (Under Credit watch with Developing Implications)
Fund-based - LT-Cash Credit	-	-	-	140.00	CARE A- (Under Credit watch with Developing Implications)
Non-fund-based - ST-Bank Guarantees	-	-	-	1005.00	CARE A2+ (Under Credit watch with Developing Implications)
Fund-based/Non-fund-based-LT/ST	-	-	-	98.00	CARE A- / CARE A2+ (Under Credit watch with Developing Implications)
Fund-based - ST-Term loan	-	-	-	550.00	CARE A2+ (Under Credit watch with Developing Implications)

## Annexure-2: Rating History of last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating history			
		Type	Amount Outstanding (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 2017-2018	Date(s) & Rating(s) assigned in 2016-2017	Date(s) & Rating(s) assigned in 2015-2016	Date(s) & Rating(s) assigned in 2014-2015
1.	Term Loan-Long Term	LT	5433.00	CARE A- (Under Credit watch with Developing Implications)	-	1)CARE A-; Negative (27-Mar-17) 2)CARE A (01-Nov-16) 3)CARE A (04-Aug-16)	1)CARE A (14-Jul-15)	1)CARE A (24-Mar-15) 2)CARE A (16-Jul-14)
2.	Fund-based - LT-Cash Credit	LT	140.00	CARE A- (Under Credit watch with Developing Implications)	-	1)CARE A-; Negative (27-Mar-17) 2)CARE A (01-Nov-16) 3)CARE A (04-Aug-16)	1)CARE A (14-Jul-15)	1)CARE A (24-Mar-15) 2)CARE A (16-Jul-14)
3.	Non-fund-based - ST-Bank Guarantees	ST	1005.00	CARE A2+ (Under Credit watch with Developing Implications)	-	1)CARE A2+ (27-Mar-17) 2)CARE A1 (01-Nov-16) 3)CARE A1 (04-Aug-16)	1)CARE A1 (14-Jul-15)	1)CARE A1 (24-Mar-15) 2)CARE A1 (16-Jul-14)
4.	Fund-based-Short Term	-	-	-	-	-	-	-
5.	Fund-based/Non-fund-based-LT/ST	LT/ST	98.00	CARE A- / CARE A2+ (Under Credit watch with Developing	-	1)CARE A-; Negative / (27-Mar-	1)CARE A (14-Jul-15)	1)CARE A (24-Mar-15) 2)CARE A

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating history			
		Type	Amount Outstanding (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 2017-2018	Date(s) & Rating(s) assigned in 2016-2017	Date(s) & Rating(s) assigned in 2015-2016	Date(s) & Rating(s) assigned in 2014-2015
				Implications)		17) 2)CARE A (01-Nov-16) 3)CARE A (04-Aug-16)		(16-Jul-14)
6.	Fund-based - ST-Term loan	ST	550.00	CARE A2+ (Under Credit watch with Developing Implications)	-	1)CARE A2+ (27-Mar-17) 2)CARE A1 (01-Nov-16) 3)CARE A1 (04-Aug-16)	1)CARE A1 (14-Jul-15)	1)CARE A1 (24-Mar-15) 2)CARE A1 (16-Jul-14)

**CONTACT****Head Office Mumbai****Ms. Meenal Sikchi**

Cell: + 91 98190 09839

E-mail: [meenal.sikchi@careratings.com](mailto:meenal.sikchi@careratings.com)**Ms. Rashmi Narvankar**

Cell: + 91 99675 70636

E-mail: [rashmi.narvankar@careratings.com](mailto:rashmi.narvankar@careratings.com)**Mr. Ankur Sachdeva**

Cell: + 91 98196 98985

E-mail: [ankur.sachdeva@careratings.com](mailto:ankur.sachdeva@careratings.com)**Mr. Saikat Roy**

Cell: + 91 98209 98779

E-mail: [saikat.roy@careratings.com](mailto:saikat.roy@careratings.com)**CARE Ratings Limited****(Formerly known as Credit Analysis & Research Ltd.)**

Corporate Office: 4th Floor, Godrej Coliseum, Somaiya Hospital Road, Off Eastern Express Highway, Sion (East), Mumbai - 400 022

Tel: +91-22-6754 3456 | Fax: +91-22-6754 3457 | E-mail: [care@careratings.com](mailto:care@careratings.com)**AHMEDABAD****Mr. Deepak Prajapati**

32, Titanium, Prahaladnagar Corporate Road,

Satellite, Ahmedabad - 380 015

Cell: +91-9099028864

Tel: +91-79-4026 5656

E-mail: [deepak.prajapati@careratings.com](mailto:deepak.prajapati@careratings.com)**BENGALURU****Mr. V Pradeep Kumar**

Unit No. 1101-1102, 11th Floor, Prestige Meridian II,

No. 30, M.G. Road, Bangalore - 560 001.

Cell: +91 98407 54521

Tel: +91-80-4115 0445, 4165 4529

Email: [pradeep.kumar@careratings.com](mailto:pradeep.kumar@careratings.com)**CHANDIGARH****Mr. Anand Jha**

SCF No. 54-55,

First Floor, Phase 11,

Sector 65, Mohali - 160062

Chandigarh

Cell: +91 99888 05650

Tel: +91-172-5171 100 / 09

Email: [anand.jha@careratings.com](mailto:anand.jha@careratings.com)**CHENNAI****Mr. V Pradeep Kumar**

Unit No. O-509/C, Spencer Plaza, 5th Floor,

No. 769, Anna Salai, Chennai - 600 002.

Cell: +91 98407 54521

Tel: +91-44-2849 7812 / 0811

Email: [pradeep.kumar@careratings.com](mailto:pradeep.kumar@careratings.com)**COIMBATORE****Mr. V Pradeep Kumar**

T-3, 3rd Floor, Manchester Square

Puliakulam Road, Coimbatore - 641 037.

Tel: +91-422-4332399 / 4502399

Email: [pradeep.kumar@careratings.com](mailto:pradeep.kumar@careratings.com)**HYDERABAD****Mr. Ramesh Bob**

401, Ashoka Scintilla, 3-6-502, Himayat Nagar,

Hyderabad - 500 029.

Cell : + 91 90520 00521

Tel: +91-40-4010 2030

E-mail: [ramesh.bob@careratings.com](mailto:ramesh.bob@careratings.com)**JAIPUR****Mr. Nikhil Soni**

304, Pashupati Akshat Heights, Plot No. D-91,

Madho Singh Road, Near Collectorate Circle,

Bani Park, Jaipur - 302 016.

Cell: +91 – 95490 33222

Tel: +91-141-402 0213 / 14

E-mail: [nikhil.soni@careratings.com](mailto:nikhil.soni@careratings.com)**KOLKATA****Ms. Priti Agarwal**

3rd Floor, Prasad Chambers, (Shagun Mall Bldg.)

10A, Shakespeare Sarani, Kolkata - 700 071.

Cell: +91-98319 67110

Tel: +91-33- 4018 1600

E-mail: [priti.agarwal@careratings.com](mailto:priti.agarwal@careratings.com)**NEW DELHI****Ms. Swati Agrawal**

13th Floor, E-1 Block, Videocon Tower,

Jhandewalan Extension, New Delhi - 110 055.

Cell: +91-98117 45677

Tel: +91-11-4533 3200

E-mail: [swati.agrawal@careratings.com](mailto:swati.agrawal@careratings.com)**PUNE****Mr. Pratim Banerjee**

9th Floor, Pride Kumar Senate,

Plot No. 970, Bhamburda, Senapati Bapat Road,

Shivaji Nagar, Pune - 411 015.

Cell: +91-98361 07331

Tel: +91-20- 4000 9000

E-mail: [pratim.banerjee@careratings.com](mailto:pratim.banerjee@careratings.com)

CIN - L67190MH1993PLC071691