



June 27, 2019

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 Rating

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 assigned the following ratings for the bank facilities/instruments of Tata Teleservices (Maharashtra) Limited (the "Company"):

Instrument	Amount (Rs. in Crores)	Rating	Remarks
Long Term Bank Facilities - Term Loan	1,192.50	CARE A+; Stable	Assigned
Long Term Bank Facilities - Fund based - Cash Credit	50 (reduced from 120)	CARE A+; Stable	Long Term rating reaffirmed, outlook assigned to Stable and removed from Credit Watch with Developing Implications.
Short Term Bank Facilities - Non Fund based - BG/LC	209	CARE A1+	Short term rating reaffirmed, removed from Credit Watch with Developing Implications
Long Term / Short Term - Fund based / Non Fund based	1,000	CARE A+; Stable / CARE A1+	Assigned
Commercial Paper	9,000	CARE A1+	Short term rating reaffirmed, removed from Credit Watch with Developing Implications



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: L64200MH1995PLC086354 Website www.tatateleservices.com



The ratings assigned to the bank facilities/instruments of Tata Teleservices (Maharashtra) Limited (the "Company") were placed on 'Credit Watch with Developing Implications' on account of the announcement by the Company to combine their consumer telecom business with Bharti Airtel Limited. The credit watch has been removed and the Outlook is assigned to 'Stable' based on the receipt of approvals for the demerger of Consumer Mobile Business.

The Ratings Rationale of CARE dated June 26, 2019 is enclosed.

This is for your information and records.

Thanking you,

Yours faithfully,
For Tata Teleservices (Maharashtra) Limited

A handwritten signature in blue ink, appearing to read 'Vrushali Dhamnaskar'.

Vrushali Dhamnaskar
Assistant Company Secretary

Encl.: As stated above.

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Tata Teleservices (Maharashtra) Limited

June 26, 2019

Ratings

Facilities/Instruments	Amount (Rs. crore)	Rating1	Rating Action
Long Term Bank Facilities – Term Loan	1,192.50	CARE A+; Stable (Single A Plus; Outlook: Stable)	Assigned
Long Term Bank Facilities – Fund Based- Cash Credit	50.00 (reduced from 120.00)	CARE A+; Stable (Single A Plus; Outlook: Stable)	Long term rating reaffirmed; outlook assigned to Stable and removed from Credit Watch with Developing Implications
Short Term Bank Facilities – Non Fund Based- BG/LC	209.00	CARE A1+ (A One Plus)	Short-term rating reaffirmed; removed from Credit Watch with Developing Implications
Long-term/Short-term- Fund based/Non-fund based	1,000.00	CARE A+; Stable/CARE A1+ (Single A Plus; Outlook: Stable/A One Plus)	Assigned
Total Bank Facilities	2,451.50 (Rupees Two Thousand Four Hundred Fifty One Crore and Fifty Lakhs only)		
Commercial Paper issue	9,000.00 (Rupees Nine Thousand Crore only)	CARE A1+ (A One Plus)	Short term rating reaffirmed; removed from Credit Watch with Developing Implications

Details of Facilities/instruments in Annexure-1
Detailed Rationale & Key Rating Drivers

The ratings assigned to the bank facilities/instruments of Tata Teleservices (Maharashtra) Limited (TTML) were placed on 'Credit Watch with Developing Implications' on account of the announcement by TTSL (Tata Teleservices Limited) and TTML to combine their consumer telecom business with Bharti Airtel Limited. The credit watch has been removed based on receipt of conditional approval from Department of Telecommunications (DoT) for the demerger of Consumer Mobile Business (CMB). TTSL has already received final approval from National Company Law Tribunal (NCLT) for the demerger and NCLT's final approval for TTML is awaited and expected to come in the first week of July 2019.

The ratings strengths continues to factor in continued support from Tata Sons. Tata Sons has infused about Rs. 46,595.05 crore from January 01, 2014 to June 21, 2019 into the business.

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 mobile business to Bharti Airtel Limited, stem losses in the wake of intense competition and continued support from the Tata Sons will remain the key rating sensitivities.

Detailed description of the key rating drivers**Key Rating Strengths**

Continued demonstrated 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 referred as Tata Tele) marked foray of the Tata group into the telecom sector. The company has been continuously receiving financial and managerial support from Tata Sons. Tata Sons has infused about Rs. 46,595.05 crore from January 01, 2014 to June 21, 2019 into the business to funds the losses as well as for capital expenditure. The ratings of Tata Tele centrally derive comfort from the support of Tata Sons.

Key Rating Weaknesses

Subdued operating performance leading to continued losses: The total subscriber base of Tata Tele has declined from 33.07 million as on March 31, 2018 to 17.68 million as on March 31, 2019. The decline in subscriber base has adversely impacted the income from operations and profitability of Tata Tele. The total operating income of the Tata Tele has decreased to Rs.

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

4,144 crore in FY19 from Rs. 7,495 crore in FY18. Tata Tele had announced the sale of its Consumer Mobile Business (CMB) to Bharti Airtel which had led to shift of subscribers from Tata Tele network to other networks. DoT has approved the merger of TTSL and TTML Consumer Mobile Business with Bharti Airtel, subject to the condition that the latter furnishes a bank guarantee for one-time spectrum charges and the rest for the deferred payment of spectrum that would be acquired from TTSL. Later, Bharti Airtel has received stay on demand raised by DoT from TDSAT. TTSL has already sought NCLT approval for the demerger and TTML is expected to receive the NCLT approval in the first week of July 2019. The enterprises business will continue to remain under Tata Tele.

High leverage position: The cash generation from the business operation continues to be negative. Also, the high losses incurred in the past have adversely impacted the networth of the company. Furthermore, the debt levels continue to be high. However, the debt levels are expected to reduce post demerger of CMB business. Despite infusion of funds by the promoters, Tata Tele's capital structure remains subdued. During FY19, Tata Tele reported profit of Rs. 365 crore at the PBILDT (Profit Before Interest Lease Depreciation and Tax) level against the losses of Rs. 656 crore during the previous year. However, the debt coverage indicators and gearing continues to remain subdued. Further, Tata Tele has recently raised term loan for the repayment of existing debt. The ratings mainly 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 subscriber base growth has been flat. The increase in the subscriber addition of larger operators is primarily due to exit of the smaller players. However, the increase in subscribers have not brought proportionate incremental revenue to the telecom players on account of intense competition in the sector which had led to limited scope for increasing the tariffs. Development of new technologies and the rapid change in technology had led to increased challenges for the players with regards to return on investments in the current technology and additional investments in the new technology. Also, the telecom sector in India is also surrounded by regulatory uncertainties and Tata Tele remains susceptible to adverse regulatory changes. The government reduced termination charges for domestic calls from 14 paise to 6 paise and international calls from 53 paise to 30 paise has adversely impacted profitability of large incumbent players. The intense competition and regulatory uncertainties have further aggravated the losses of Tata Tele.

Liquidity Analysis: Tata Tele is currently funding its gap through working capital borrowings primarily through CP issues. The utilization of fund based limits remain low during the year. The average utilization of non-fund based limits remain around 60%-70% during the year. Tata Tele had cash and cash equivalents of Rs.1,943.66 crore as on March 31, 2019. Furthermore, by virtue of being part of the Tata group, Tata Tele enjoys substantial financial flexibility characterized by demonstrated continued support from Tata Sons.

Analytical approach: Considering the operational and financial linkages, combined financials of TTSL and TTML are considered for analytical approach together referred to as Tata Tele. The ratings centrally derives comfort from parent support i.e. Tata Sons.

Applicable Criteria

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

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

[Criteria for Short Term Instruments](#)

[Rating Methodology - Mobile Service Provider](#)

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

[Rating methodology- Factoring Linkages](#)

About the Company

Incorporated on March 13, 1995 as Hughes Ispat Ltd., TTML was acquired by the Tata group in December 2002. As on March 31, 2019, the Tata Group holds 74.36% stake in TTML. Incorporated in 1995, TTSL is a part of the Tata group, with Tata Sons Ltd holding 70.40% stake in the company as on March 31, 2019.

TTSL, along with TTML provides CDMA services in 19 telecom services, GSM services in 18 telecom circles and has launched 3G services in 9 circles. 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. TTML also holds the National Internet Service provider-Internet Telephony license.

Following are the brief financials of Tata Tele:

Brief Financials (Rs. crore)	FY18 (A)	FY19 (A)#
Total operating income	7,495	4,144
PBILDT	-656	365
PAT	-27,472	-5,898
GCA (Gross Cash Accruals)	-25,853	-5,288
Overall gearing (times)	NM	NM
Interest coverage (times)	-ve	0.08

A: Audited; # based on abridged audited financials provided by the company.

*The financials are adjusted as per CARE Standards

Status of non-cooperation with previous CRA: Not Applicable

Any other information: Not Applicable

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

Annexure-1: Details of Instruments/Facilities

Name of the Instrument	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. crore)	Rating assigned along with Rating Outlook
Fund-based - LT-Cash Credit	-	-	-	50.00	CARE A+; Stable
Non-fund-based - ST-Bank Guarantees	-	-	-	209.00	CARE A1+
Fund-based-Long Term	-	-	April 08, 2021	1192.50	CARE A+; Stable
LT/ST Fund-based/Non-fund-based-EPC / PCFC / FBP / FBD / WCDL / OD / BG / SBLC	-	-	-	1000.00	CARE A+; Stable / CARE A1+
Commercial Paper	-	-	7 days to 364 days	9000.00	CARE A1+

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 2019-2020	Date(s) & Rating(s) assigned in 2018-2019	Date(s) & Rating(s) assigned in 2017-2018	Date(s) & Rating(s) assigned in 2016-2017
1.	Term Loan-Long Term	LT	-	-	-	1)Withdrawn (05-Oct-18)	1)CARE A+ (Under Credit watch with Developing Implications) (10-Nov-17) 2)CARE A- (Under Credit watch with Developing Implications) (24-Oct-17)	1)CARE A-; Negative (27-Mar-17) 2)CARE A (01-Nov-16) 3)CARE A (04-Aug-16)
2.	Fund-based - LT-Cash Credit	LT	50.00	CARE A+; Stable	-	1)CARE A+ (Under Credit watch with Developing	1)CARE A+ (Under Credit watch with Developing	1)CARE A-; Negative (27-Mar-17)

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating history			
		Type	Amount Outstanding (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 2019-2020	Date(s) & Rating(s) assigned in 2018-2019	Date(s) & Rating(s) assigned in 2017-2018	Date(s) & Rating(s) assigned in 2016-2017
						Implications) (05-Oct-18)	Implications) (10-Nov-17) 2)CARE A- (Under Credit watch with Developing Implications) (24-Oct-17)	2)CARE A (01-Nov-16) 3)CARE A (04-Aug-16)
3.	Non-fund-based - ST-Bank Guarantees	ST	209.00	CARE A1+	-	1)CARE A1+ (Under Credit watch with Developing Implications) (05-Oct-18)	1)CARE A1+ (Under Credit watch with Developing Implications) (10-Nov-17) 2)CARE A2+ (Under Credit watch with Developing Implications) (24-Oct-17)	1)CARE A2+ (27-Mar-17) 2)CARE A1 (01-Nov-16) 3)CARE A1 (04-Aug-16)
4.	Fund-based-Short Term	-	-	-	-	-	-	-
5.	Fund-based/Non-fund-based-LT/ST	-	-	-	-	-	1)CARE A+ / CARE A1+ (Under Credit watch with Developing Implications) (10-Nov-17) 2)CARE A- / CARE A2+ (Under Credit watch with Developing Implications) (24-Oct-17)	1)CARE A-; Negative / CARE A2+ (27-Mar-17) 2)CARE A (01-Nov-16) 3)CARE A (04-Aug-16)
6.	Fund-based - ST-Term loan	ST	-	-	-	1)Withdrawn (05-Oct-18)	1)CARE A1+ (Under Credit watch with Developing Implications) (10-Nov-17) 2)CARE A2+ (Under Credit watch with Developing Implications) (24-Oct-17)	1)CARE A2+ (27-Mar-17) 2)CARE A1 (01-Nov-16) 3)CARE A1 (04-Aug-16)
7.	Commercial Paper	ST	9000.00	CARE A1+	1)CARE A1+ (Under Credit watch with Developing Implications)	1)CARE A1+ (Under Credit watch with Developing Implications)	1)CARE A1+ (Under Credit watch with Developing Implications)	-

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating history			
		Type	Amount Outstanding (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 2019-2020	Date(s) & Rating(s) assigned in 2018-2019	Date(s) & Rating(s) assigned in 2017-2018	Date(s) & Rating(s) assigned in 2016-2017
					(16-May-19)	(20-Mar-19) 2)CARE A1+ (Under Credit watch with Developing Implications) (12-Dec-18) 3)CARE A1+ (Under Credit watch with Developing Implications) (05-Oct-18) 4)CARE A1+ (Under Credit watch with Developing Implications) (26-Jun-18)	(22-Dec-17)	
8.	Fund-based-Long Term	LT	1192.50	CARE A+; Stable	-	-	-	-
9.	LT/ST Fund-based/Non-fund-based-EPC / PCFC / FBP / FBD / WCDL / OD / BG / SBLC	LT/ST	1000.00	CARE A+; Stable / CARE A1+	-	-	-	-

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. Investors/market intermediaries/regulators or others are welcome to write to care@careratings.com for any clarifications.

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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.

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