

Ratings

Rating Rationale

December 22, 2017 | Mumbai

Tata Teleservices (Maharashtra) Limited

'CRISIL A1+' assigned to CP

Rating Action

Total Bank Loan Facilities Rated	Rs.5166 Crore
Long Term Rating	CRISIL AA-/Stable (Reaffirmed)
Short Term Rating	CRISIL A1+ (Reaffirmed)

Rs.6500 Crore Commercial Paper	CRISIL A1+ (Assigned)
--------------------------------	-----------------------

1 crore = 10 million

Refer to annexure for Details of Instruments & Bank Facilities

Detailed Rationale

CRISIL has assigned its '**CRISIL A1+**' rating to the commercial paper programme of Tata Teleservices (Maharashtra) Ltd (TTML), and reaffirmed its 'CRISIL AA-/Stable/CRISIL A1+' ratings on the bank facilities.

The ratings continue to centrally factor the strong support expected from Tata Sons Ltd (Tata Sons; 'CRISIL AAA/FAAA/Stable/CRISIL A1+') to Tata Teleservices Ltd (TTSL) and its associate, TTML. TTSL and TTML have together been referred to herein as Tata Tele.

Tata Sons plans to invest Rs 20,000 crore in Tata Tele (against the earlier planned Rs 14,000 crore), which will be used primarily to repay debt. Remaining bank debt is expected to be refinanced through debt instruments of short to medium term maturity. Tata Sons will work with Tata Tele in case the latter needs to arrange for any shortfall in liquidity that may be required for timely debt repayment.

Analytical Approach

CRISIL has applied its parent notch-up criteria to factor in the extent of support expected from Tata Sons. The ratings are centrally based on parent support.

Preference shares issued to Tata Sons by TTSL have been considered as quasi equity as they carry low dividend and are compulsorily convertible to equity.

Key Rating Drivers & Detailed Description

Strengths

* **Expectation of strong support from resourceful parent:** Tata Tele receives significant financial and management support from Tata Sons, which has invested substantial funds in Tata Tele in the past and plans to infuse an additional Rs 20,000 crore (Rs 2300 crore already invested). Tata Sons, along with its affiliates, holds more than 95% (on a fully diluted basis) stake in Tata Tele. Furthermore, association with the Tata group enables Tata Tele to leverage the parent brand to market products and services.

Weakness

* **Low profitability and reducing market share amid intense competition:** Business risk profile remains weak. Though the enterprise, and fixed line and broadband businesses have shown resilience, operating performance of the mobility segment has been weakened by falling market share (in terms of revenue) and reducing profitability.

* **Weak capital structure and debt protection metrics:** Despite fund infusion, capital structure will remain subdued as operating profit is insufficient to cover interest obligation. This will also lead to average debt protection metrics.

Outlook: Stable

The rating is centrally based on support from Tata Sons. CRISIL believes the parent will continue to support Tata Tele in a timely manner.

Upside scenario

* More-than-expected support from Tata Sons

Downside scenario

* Any deterioration in the credit risk profile of Tata Sons
 * Change in stance of support by Tata Sons

About Tata Tele

Tata Tele provides global system for mobile communication (GSM) services in 18 circles, code division multiple access

(CDMA) services in 19 circles, and third-generation services in 9 circles. As on June 30, 2017, it had a wireless subscriber base of 4.37 crore and fixed-line subscriber base of 0.18 crore.

Key Financial Indicators

Particulars	Unit	2017	2016
Revenue	Rs crore	2761	2999
Profit After Tax	Rs crore	-2357	-358
PAT Margins	%	-85.3	-11.9
Adjusted Debt/Adjusted Net worth	Times	-1.07	-0.94
Interest coverage	Times	0.56	1.19

Any other information: Not applicable

Note on complexity levels of the rated instrument:

CRISIL complexity levels are assigned to various types of financial instruments. The CRISIL complexity levels are available on www.crisil.com/complexity-levels. Users are advised to refer to the CRISIL complexity levels for instruments that they consider for investment. Users may also call the Customer Service Helpdesk with queries on specific instruments.

Annexure - Details of Instrument(s)

ISIN	Name of instrument	Date of allotment	Coupon rate (%)	Maturity date	Issue size (Rs crore)	Rating assigned with outlook
NA	Commercial Paper	NA	NA	7-365 days	6,500	CRISIL A1+
NA	Cash Credit/ Overdraft facility*	NA	NA	NA	275.00	CRISIL AA-/Stable
NA	Letter of credit & Bank Guarantee**	NA	NA	NA	2,739.28	CRISIL A1+
NA	Short Term Loan	NA	NA	NA	500.00	CRISIL A1+
NA	Long Term Loan-1	NA	NA	Mar-2018	100.00	CRISIL AA-/Stable
NA	Long Term Loan-2	NA	NA	Jan-2019	208.6	CRISIL AA-/Stable
NA	Proposed Term Loan	NA	NA	NA	1,343.12	CRISIL AA-/Stable

*Interchangeable between fund-based and non-fund-based limits to the extent of Rs.150 crore

**Includes buyer's credit limit of USD2.5 crore (around Rs. 161.6 Crore)

Annexure - Rating History for last 3 Years

Instrument	Current			2017 (History)		2016		2015		2014		Start of 2014
	Type	Quantum	Rating	Date	Rating	Date	Rating	Date	Rating	Date	Rating	Rating
Commercial Paper	ST	6500	CRISIL A1+		--		--		--		--	--
Fund-based Bank Facilities	LT/ST	2426.72	CRISIL AA-/Stable/CRISIL A1+	21-11-17	CRISIL AA-/Stable/CRISIL A1+	14-11-16	CRISIL A-/Negative	08-04-15	CRISIL A/Negative/CRISIL A1		No Rating Change	CRISIL A/Stable/CRISIL A1
				17-10-17	CRISIL A/Watch Developing/CRISIL A1/Watch Developing							
				07-07-17	CRISIL A/Stable/CRISIL A1							
Non Fund-based Bank Facilities	LT/ST	2739.28	CRISIL A1+	21-11-17	CRISIL A1+	14-11-16	CRISIL A2+		No Rating Change		No Rating Change	CRISIL A1
				17-10-17	CRISIL A1/Watch Developing							
				07-07-17	CRISIL A1							

Table reflects instances where rating is changed or freshly assigned. 'No Rating Change' implies that there was no rating change under the release.

Annexure - Details of various bank facilities

Current facilities			Previous facilities		
Facility	Amount (Rs.Crore)	Rating	Facility	Amount (Rs.Crore)	Rating
Cash Credit/ Overdraft facility*	275	CRISIL AA-/Stable	Cash Credit/ Overdraft facility*	275	CRISIL AA-/Stable
Letter of credit & Bank Guarantee**	2739.28	CRISIL A1+	Letter of credit & Bank Guarantee**	2739.28	CRISIL A1+
Long Term Loan	308.6	CRISIL AA-/Stable	Long Term Loan	308.6	CRISIL AA-/Stable
Proposed Term Loan	1343.12	CRISIL	Proposed Term Loan	1343.12	CRISIL

		AA-/Stable			AA-/Stable
Short Term Loan	500	CRISIL A1+	Short Term Loan	500	CRISIL A1+
Total	5166	--	Total	5166	--

*Interchangeable between fund-based and non-fund-based limits to the extent of Rs.150 crore

**Includes buyer's credit limit of USD2.5 crore (around Rs. 161.6 Crore)

Links to related criteria
CRISILs Approach to Financial Ratios
CRISILs Bank Loan Ratings - process, scale and default recognition
Rating criteria for manufacturing and service sector companies
Rating Criteria for Mobile Telephony Services
CRISILs Criteria for Consolidation
CRISILs Criteria for rating short term debt
Criteria for Notching up Stand Alone Ratings of Companies based on Group Support

For further information contact:

Media Relations	Analytical Contacts	Customer Service Helpdesk
<p>Saman Khan Media Relations CRISIL Limited D: +91 22 3342 3895 B: +91 22 3342 3000 saman.khan@crisil.com</p> <p>Naireen Ahmed Media Relations CRISIL Limited D: +91 22 3342 1818 B: +91 22 3342 3000 naireen.ahmed@crisil.com</p> <p>Jyoti Parmar Media Relations CRISIL Limited D: +91 22 3342 1835 B: +91 22 3342 3000 jyoti.parmar@crisil.com</p>	<p>Sachin Gupta Senior Director - CRISIL Ratings CRISIL Limited D:+91 22 3342 3023 Sachin.Gupta@crisil.com</p> <p>Nitesh Jain Director - CRISIL Ratings CRISIL Limited D:+91 22 3342 3329 nitesh.jain@crisil.com</p> <p>Nitin Narayanan Rating Analyst - CRISIL Ratings CRISIL Limited D:+91 22 3342 3889 Nitin.Narayanan@crisil.com</p>	<p>Timings: 10.00 am to 7.00 pm Toll free Number:1800 267 1301</p> <p>For a copy of Rationales / Rating Reports: CRISILratingdesk@crisil.com</p> <p>For Analytical queries: ratingsinvestordesk@crisil.com</p>

Note for Media:

This rating rationale is transmitted to you for the sole purpose of dissemination through your newspaper / magazine / agency. The rating rationale may be used by you in full or in part without changing the meaning or context thereof but with due credit to CRISIL. However, CRISIL alone has the sole right of distribution (whether directly or indirectly) of its rationales for consideration or otherwise through any media including websites, portals etc.

About CRISIL Limited

CRISIL is an agile and innovative, global analytics company driven by its mission of making markets function better. We are India's foremost provider of ratings, data, research, analytics and solutions. A strong track record of growth, culture of innovation and global footprint sets us apart. We have delivered independent opinions, actionable insights, and efficient solutions to over 100,000 customers.

We are majority owned by S&P Global Inc., a leading provider of transparent and independent ratings, benchmarks, analytics and data to the capital and commodity markets worldwide.

For more information, visit www.crisil.com

Connect with us: [TWITTER](#) | [LINKEDIN](#) | [YOUTUBE](#) | [FACEBOOK](#)

About CRISIL Ratings

CRISIL Ratings is part of CRISIL Limited ("CRISIL"). We pioneered the concept of credit rating in India in 1987. CRISIL is registered in India as a credit rating agency with the Securities and Exchange Board of India ("SEBI"). With a tradition of independence, analytical rigour and innovation, CRISIL sets the standards in the credit rating business. We rate the entire range of debt instruments, such as, bank loans, certificates of deposit, commercial paper, non-convertible / convertible / partially convertible bonds and debentures, perpetual bonds, bank hybrid capital instruments, asset-backed and mortgage-backed securities, partial guarantees and other structured debt instruments. We have rated over 24,500 large and mid-scale corporates and financial institutions. CRISIL has also instituted several innovations in India in the rating business, including rating municipal bonds, partially guaranteed instruments and microfinance institutions. We also pioneered a globally unique rating service for Micro, Small and Medium Enterprises (MSMEs) and significantly extended the accessibility to rating services to a wider market. Over 1,10,000 MSMEs have been rated by us.

CRISIL PRIVACY NOTICE

CRISIL respects your privacy. We use your contact information, such as your name, address, and email id, to fulfil your request and service your account and to provide you with additional information from CRISIL and other parts of S&P Global Inc. and its subsidiaries (collectively, the "Company") you may find of interest.

For further information, or to let us know your preferences with respect to receiving marketing materials, please visit www.crisil.com/privacy. You can view the Company's Customer Privacy at <https://www.spglobal.com/privacy>

Last updated: April 2016

DISCLAIMER

This disclaimer forms part of and applies to each credit rating report and/or credit rating rationale that we provide (each a "Report"). For the avoidance of doubt, the term "Report" includes the information, ratings and other content forming part of the Report. The Report is intended for the jurisdiction of India only. This Report does not constitute an offer of services. Without limiting the generality of the foregoing, nothing in the Report is to be construed as CRISIL providing or intending to provide any services in jurisdictions where CRISIL does not have the necessary licenses and/or registration to carry out its business activities referred to above. Access or use of this Report does not create a client relationship between CRISIL and the user.

We are not aware that any user intends to rely on the Report or of the manner in which a user intends to use the Report. In preparing our Report we have not taken into consideration the objectives or particular needs of any particular user. It is made abundantly clear that the Report is not intended to and does not constitute an investment advice. The Report is not an offer to sell or an offer to purchase or subscribe for any investment in any securities, instruments, facilities or solicitation of any kind or otherwise enter into any deal or transaction with the entity to which the Report pertains. The Report should not be the sole or primary basis for any investment decision within the meaning of any law or regulation (including the laws and regulations applicable in the US).

Ratings from CRISIL Rating are statements of opinion as of the date they are expressed and not statements of fact or recommendations to purchase, hold, or sell any securities / instruments or to make any investment decisions. Any opinions expressed here are in good faith, are subject to change without notice, and are only current as of the stated date of their issue. CRISIL assumes no obligation to update its opinions following publication in any form or format although CRISIL may disseminate its opinions and analysis. CRISIL rating contained in the Report is not a substitute for the skill, judgment and experience of the user, its management, employees, advisors and/or clients when making investment or other business decisions. The recipients of the Report should rely on their own judgment and take their own professional advice before acting on the Report in any way.

Neither CRISIL nor its affiliates, third party providers, as well as their directors, officers, shareholders, employees or agents (collectively, "CRISIL Parties") guarantee the accuracy, completeness or adequacy of the Report, and no CRISIL Party shall have any liability for any errors, omissions, or interruptions therein, regardless of the cause, or for the results obtained from the use of any part of the Report. EACH CRISIL PARTY DISCLAIMS ANY AND ALL EXPRESS OR IMPLIED WARRANTIES, INCLUDING, BUT NOT LIMITED TO, ANY WARRANTIES OF MERCHANTABILITY, SUITABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE. In no event shall any CRISIL Party be liable to any party for any direct, indirect, incidental, exemplary, compensatory, punitive, special or consequential damages, costs, expenses, legal fees, or losses (including, without limitation, lost income or lost profits and opportunity costs) in connection with any use of any part of the Report even if advised of the possibility of such damages.

CRISIL Ratings may receive compensation for its ratings and certain credit-related analyses, normally from issuers or underwriters of the instruments, facilities, securities or from obligors. CRISIL's public ratings and analysis as are required to be disclosed under the regulations of the Securities and Exchange Board of India (and other applicable regulations, if any) are made available on its web sites, www.crisil.com (free of charge). Reports with more detail and additional information may be available for subscription at a fee – more details about CRISIL ratings are available here: www.crisilratings.com.

CRISIL and its affiliates do not act as a fiduciary. While CRISIL has obtained information from sources it believes to be reliable, CRISIL does not perform an audit and undertakes no duty of due diligence or independent verification of any information it receives and / or relies in its Reports. CRISIL keeps certain activities of its business units separate from each other in order to preserve the independence and objectivity of the respective activity. As a result, certain business units of CRISIL may have information that is not available to other CRISIL business units. CRISIL has established policies and procedures to maintain the confidentiality of certain non-public information received in connection with each analytical process. CRISIL has in place a ratings code of conduct and policies for analytical firewalls and for managing conflict of interest. For details please refer to: <http://www.crisil.com/ratings/highlightedpolicy.html>

CRISIL's rating criteria are generally available without charge to the public on the CRISIL public web site, www.crisil.com. For latest rating information on any instrument of any company rated by CRISIL you may contact CRISIL RATING DESK at CRISILratingdesk@crisil.com, or at (0091) 1800 267 1301.

This Report should not be reproduced or redistributed to any other person or in any form without a prior written consent of CRISIL.

All rights reserved @ CRISIL