

Tata Teleservices (Maharashtra) Limited

June 27, 2025

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long Term Bank Facilities	20.00	CARE AA-; Stable	Reaffirmed
Long term / Short Term Bank Facilities	2,411.50 (Enhanced from 2,381.50)	CARE AA-; Stable / CARE A1+	Reaffirmed
Short Term Bank Facilities	20.00 (Reduced from 50.00)	CARE A1+	Reaffirmed
Commercial Paper	7,500.00	CARE A1+	Reaffirmed

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

Reaffirmation of ratings assigned to bank facilities and instruments of TATA Teleservices (Maharashtra) Limited (TTML) primarily factor continuation of strong support expected from TATA Sons Private Limited (TATA Sons, holding company). Until June 2019, TATA Sons infused ₹46,595 crore in the TATA Tele Business Services (TTBS)² and continues to issue a support letter to the company, indicating that it will take necessary financial actions to organise for any shortfall in liquidity during the period of 12 months from the balance sheet date. Ratings also factor improvement in operating income by ~ 9.75% to ₹1,308 crore in FY25 (refers to April 01 to March 31), while the profit before depreciation interest and depreciation (PBILDT) margin remained stable at 43.83% (PY: 44.41%). Going forward, CARE Ratings Limited (CareEdge Ratings) expects growth in topline and expansion of PBILDT due to small and medium enterprises increasingly adopting cloud-based solutions, as businesses go digital.

However, rating strengths are tempered by a highly leveraged position with debt repayment falling due in FY26. Ratings further remain underpinned by regulatory changes, intense competition and technology risks associated with the industry and capital-intensive operations. Thus, continued support from TATA Sons and the company's ability to improve its financial risk profile, while rationalising its debt levels will remain a key rating monitorable.

CareEdge Ratings takes cognisance of end of the four-year moratorium on (AGR) related liabilities. Accordingly, these AGR dues is to be paid in six annual instalments starting from March 31, 2026. On October 19, 2021, TTBS opted for moratorium of AGR dues under the telecom reform package provided by Department of Telecommunications (DoT) to telecom companies on October 14, 2021. In this regard, TTBS provided for entire pending dues, including accrued interest, where the provision created were transferred to borrowings as deferred payment liability, totalling at ₹19,256 crore as on March 31, 2025 (₹3,636 crore in TTML and ₹15,620 crore in TTSL).

TTBS, and major telecommunication service providers (TSPs) filed curative petition with the honourable supreme court's (SC) order for rectifying computational errors and erroneous disallowances in liabilities claimed by the DoT. CareEdge notes that this petition was rejected by the SC in September 2024. Subsequently, the company along with other TSPs filed a writ petition on May 17, 2025, seeking direction to DoT to consider and act upon the company's pending representation seeking waiver of interest, penalty and interest on penalty forming major part of AGR dues. However, the SC dismissed the writ petition on May 19, 2025. TTBS is pursuing other remedies for relief of AGR dues along with other telcos, the outcome of this will remain monitorable.

Furthermore, the SC held that license fee paid by telecom companies will be treated as capital expenditure and not revenue expenditure, implying that license fees paid will be a depreciable asset, compared to being treated as an operating expense. Any Adverse financial impact of the judgement will be a key rating monitorable.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Significant turnaround in the operational and financial performance of TTML, with improvement in profitability.
- Debt to earnings before interest, taxation, depreciation, and amortisation (EBIDTA) below 3.5x on a sustained basis.

Negative factors

- Any Change in the stance of TATA Sons, resulting in a lack of financial support to TTML.
- Dilution in controlling stake by TATA Sons.

¹Complete definition of ratings assigned are available at www.careratings.com and other CARE Ratings Limited's publications.

² TATA Tele Business Services is the umbrella brand under which both, TATA Teleservices (Maharashtra) Limited [TTML; subsidiary of TTSL (rated CARE AA-; Stable/ CARE A1+)] and TTSL, operate on account of similar business operations.

- Any Substantial deterioration in the credit profile of TATA Sons.

Analytical approach:

Standalone; while factoring in the operational and financial linkages with the holding company, i.e., TATA Sons, which are integral to the operations of TTML. Furthermore, the ratings centrally derive comfort from the holding company's support, which is clearly articulated and demonstrated by the support letter issued by TATA Sons, indicating that it will take all the necessary financial actions for any shortfall in liquidity that may arise to meet the company's financial obligations and the timely payment of debt for the ensuing 12 months. CARE Ratings has applied parent notch up framework to arrive the ratings of TTML.

Outlook: Stable

The Stable outlook factors in expected stability in the company's financial and operational performance considering increasing data requirements by enterprises due to operations rapidly moving towards cloud-based solutions as businesses move away from on-premise solutions. The outlook factors in support letter issued by TATA Sons and past track record of support from TATA Sons, ensuring timely servicing of the company's debt obligations.

Detailed description of key rating drivers:

Key strengths

Entity integral to the TATA group

TTBS marked the foray of the TATA Group in the telecom sector. Both companies have been continuously receiving financial and managerial support from TATA Sons, which has infused ₹46,595 crore in TTBS to fund losses, debt repayments, and for capital expenditure (capex) and has provided for DoT obligations in its annual accounts. TTML's board comprises senior members from the TATA group, lending management strength and business-specific expertise to the company. TTML's ratings centrally derive comfort from the support of TATA Sons to arrange for meeting shortfalls in liquidity. Despite the availability of support, the entity has been meeting its liquidity on its own, without further fresh infusion of funds from promoters since June 2019, by mobilising resources at competitive interest rates.

Key weaknesses

Moderate financial risk profile

TTML financial performance remained stable in FY24 with an increase of 9.75% in the total operating income (TOI) and stable profit before interest, lease rentals, depreciation and taxation (PBILDT) margin at 43.83% (PY: 44.41%) in FY25. The company continues to remain focused on small and medium enterprise segment. Considering TTBS' wide optical fibre network of 132,000 km, and a strong brand presence, its enterprise business is expected to grow.

While the company continues to report losses at after-tax levels considering high finance costs of ₹1,694 crore in FY24 (PY: ₹1,622 crore), majority (60% of total finance cost in FY24) of which, are non-cash in nature, including interest on liability component of compound financial instruments and interest on deferred payment liabilities. Hence, the company's ability to improve its profitability while scaling up operations remain a key monitorable.

Highly leveraged capital structure

TTML's capital structure continues to remain highly leveraged, with a total debt of ₹20,415 crore (including rupee term loans, commercial paper, financial lease obligations, deferred payment liabilities and the accrued interest on debt instruments as on March 31, 2025). The company's long-term debt majorly increased due to accrual of interest on liability of compound financial instruments and deferred payment liabilities. TTML has significant repayments falling due in FY26.

The highly leveraged position, and high losses incurred, continue to adversely impact the company's net worth, leading to weak debt coverage indicators and capital structure. Thus, support from the parent, TATA Sons, will remain crucial to meet timely debt servicing, regulatory payouts, and operational deficiencies.

Highly competitive nature and technology risk associated with the industry coupled with capital-intensive nature of operations

Apart from existing broadband internet and wireless internet service providers, TTML continues to face competition from existing telecommunication companies providing similar services at competitive rates. Predatory pricing by new entrants in the broadband segment may adversely impact the company's market share. As the company is engaged in managed network services as well, it faces intense competition from both, established large-scale and small-scale tech companies entering the space. Fixed broadband providers are investing in technologies that offer faster broadband services. Changes in technology may impact broadband industry operations, as witnessed in the telecom industry. Rolling out a fixed broadband network requires significant capital investments

over time. This involves designing a network, where last-mile connectivity is to be established. As a result, the service provider must incur ongoing operational expenditure (opex) or capex.

Liquidity: Adequate

TTML had free liquidity balance of ₹100 crore as on March 31, 2025. Additionally, TTML has unissued CPs of ₹ 6,500 crore as of May 2025, which provides adequate liquidity to refinance existing debt and meet shortfalls in liquidity. Being part of the TATA Group, TTML enjoys substantial financial flexibility, characterized by demonstrated continued support from TATA Sons. The company obtained a support letter from TATA Sons, indicating it will take necessary financial actions to organise for any shortfall in liquidity during the period of 12 months from the balance sheet date.

Assumptions/Covenants

Name of Instrument – Term Loans	Detailed Explanation
A. Financial covenants	NA
B. Non-financial covenants	1) TATA Sons and its affiliates will hold a minimum of 51% unencumbered voting equity stake in the company throughout the tenor of the facility. 2) TATA Sons and its affiliates will retain management control of the company throughout the tenor of the facility.

Environment, social, and governance (ESG) risks

TTML remains committed to a holistic and integrated approach towards adopting Environmental, Social and Governance (ESG) principles in its businesses and has members in the board of directors (BoD) with expertise in ESG. The company provides its employees and associates with safe, healthy, and fair working conditions. The company continually works with its vendors and suppliers to reduce environmental impacts of sourcing and has clauses on sustainable sourcing and green initiatives in its procurement policy.

Applicable criteria

[Definition of Default](#)

[Factoring Linkages Parent Sub JV Group](#)

[Liquidity Analysis of Non-financial sector entities](#)

[Rating Outlook and Rating Watch](#)

[Financial Ratios – Non financial Sector](#)

[Service Sector Companies](#)

[Infrastructure Sector Ratings](#)

[Short Term Instruments](#)

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Telecommunication	Telecommunication	Telecom - Services	Telecom - Cellular & fixed line services

Incorporated on March 13, 1995, as Hughes Ispat Limited, TTML was acquired by the TATA group in December 2002. In 2016, TTML issued non-cumulative redeemable preference shares to TTSL, which entitled TTSL to additional voting rights of 26.26%, due to which, TTML became a subsidiary of TTSL. As on March 31, 2025, TTSL (the holding company) owns a 48.30% (74.36% voting rights) of the company's paid-up equity share capital and TATA Sons (the ultimate holding company) owns 19.58%. TTML is engaged in providing wireline voice and data services and managed network services to its customers under the common brand 'TATA Tele Business Services', along with TTSL. The company holds a Unified License in Maharashtra and Goa, and an Internet Service Provider (ISP) Category-A license and provides telecommunication and network services to its customers in Maharashtra and Goa.

Brief Financials (₹ crore)	March 31, 2023 (A)	March 31, 2024 (A)	March 31, 2025 (A)
Total operating income	1,106.17	1,191.18	1,308.04
PBILDT	493.21	529.23	573.36
PAT	(1,144.72)	(1,228.44)	(1,275.32)
Overall gearing (times)	NM	NM	NM
Interest coverage (times)	0.33	0.33	0.34

A: Audited NM: Not meaningful; Note: these are latest available financial results

Status of non-cooperation with previous CRA: Not applicable

Any other information: Not applicable

Rating history for last three years: Annexure-2

Detailed explanation of covenants of rated instrument / facility: Annexure-3

Complexity level of instruments rated: Annexure-4

Lender details: Annexure-5

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Commercial Paper-Commercial Paper (Standalone)	INE517B14AB4	19-Nov-24	7.90	18-Nov-25	105.00	CARE A1+
	INE517B14AB4	19-Nov-24	7.90	18-Nov-25	750.00	CARE A1+
	INE517B14AC2	29-Jan-25	8.05	15-Sep-25	95.00	CARE A1+
	INE517B14AC2	18-Jun-25	6.15	15-Sep-25	50.00	CARE A1+
	Proposed				6500.00	CARE A1+
Fund-based - LT-Bank Overdraft		-	-	-	20.00	CARE AA-; Stable
LT/ST Fund-based/Non-fund-based-EPC / PCFC / FBP / FBD / WCDL / OD / BG / SBLC		-	-	-	2411.50	CARE AA-; Stable / CARE A1+
Non-fund-based - ST-Bank Guarantee		-	-	-	20.00	CARE A1+

Commercial paper outstanding as on June 18, 2025

Annexure-2: Rating history for last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2025-2026	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023
1	Fund-based - LT-Cash Credit	LT	-	-	-	1)Withdrawn (28-Jun-24)	1)CARE AA-; Stable (29-Jun-23)	1)CARE AA-; Stable (30-Jun-22)
2	Non-fund-based - ST-Bank Guarantee	ST	20.00	CARE A1+	-	1)CARE A1+ (28-Jun-24)	1)CARE A1+ (29-Jun-23)	1)CARE A1+ (30-Jun-22)
3	Commercial Paper-Commercial Paper (Standalone)	ST	7500.00	CARE A1+	-	1)CARE A1+ (28-Jun-24)	1)CARE A1+ (29-Jun-23)	1)CARE A1+ (30-Jun-22)
4	Fund-based-Long Term	LT	-	-	-	1)Withdrawn (28-Jun-24)	1)CARE AA-; Stable (29-Jun-23)	1)CARE AA-; Stable (30-Jun-22)
5	LT/ST Fund-based/Non-fund-based-EPC / PCFC / FBP / FBD / WCDL / OD / BG / SBLC	LT/ST	2411.50	CARE AA-; Stable / CARE A1+	-	1)CARE AA-; Stable / CARE A1+ (28-Jun-24)	1)CARE AA-; Stable / CARE A1+ (29-Jun-23)	1)CARE AA-; Stable / CARE A1+ (30-Jun-22)
6	Debentures-Non Convertible Debentures	LT	-	-	-	-	-	1)Withdrawn (30-Jun-22)
7	Fund-based - LT-Bank Overdraft	LT	20.00	CARE AA-; Stable	-	1)CARE AA-; Stable (28-Jun-24)	1)CARE AA-; Stable (29-Jun-23)	1)CARE AA-; Stable (30-Jun-22)

LT: Long term; ST: Short term; LT/ST: Long term/Short term

Annexure-3: Detailed explanation of covenants of rated instruments/facilities: Not applicable**Annexure-4: Complexity level of instruments rated**

Sr. No.	Name of the Instrument	Complexity Level
1	Commercial Paper-Commercial Paper (Standalone)	Simple
2	Fund-based - LT-Bank Overdraft	Simple
3	LT/ST Fund-based/Non-fund-based-EPC / PCFC / FBP / FBD / WCDL / OD / BG / SBLC	Simple
4	Non-fund-based - ST-Bank Guarantee	Simple

Annexure-5: Lender details

To view the lender wise details of bank facilities please [click here](#)

Note on complexity levels of rated instruments: CareEdge Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for clarifications.

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