

October 17, 2017

## Bharti Airtel Limited

Bharti Airtel Limited (BAL) and Tata Telecom Group (Tata Teleservices Limited and Tata Teleservices Maharashtra Limited) have announced on October 12, 2017 that they will combine their consumer mobile business (CMB).

As per the agreement, BAL will take the wireless customers of the Tata Telecom Group (more than 40 million) and Group's spectrum while assuming a small portion of the Tata Telecom Group's spectrum liabilities. BAL will also get right to use the Tata Telecom Group's existing fibre network. The other business namely – enterprise business, fixed line, broadband and fibre network will remain in the Tata Telecom Group. Further the Tata Telecom Group will also retain its stake in telecom tower company-ATC Telecom Infrastructure Private Limited (ATC TIPL). All past liabilities and dues are also to be settled by the Tata Telecom Group. With the merger, BAL will gain a healthy subscriber base (and revenue potential, the Tata Telecom Group had around 5.8% revenue market share in Q1FY2018) along with a spectrum portfolio of 178.5 MHz (out of which 73 MHz is liberalised) across bands. Moreover, BAL will be adding only a small portion of deferred spectrum liabilities.

At present, ICRA has outstanding ratings of [ICRA]AA+(Stable)/[ICRA]A1+ on BAL. The ratings take into account BAL's established market position in the telecom industry in India, its integrated telecommunications operations, its diversified presence across geographies and business verticals, economies of scale with presence in large telecom markets like India and Africa, and Singapore Telecommunications Limited's (rated Aa3(stable) by Moody's Investor Services) 36.46% effective ownership.

**The previous rating rationale is available on the following link:**

<https://www.icra.in/Rationale/ShowRationaleReport/?Id=34570>

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