ROLTA

April 5, 2016

To,	To,
BSE Limited Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400001.	**National Stock Exchange of India Limited** Listing Department "Exchange Plaza" Bandra Kurla Complex, Bandra (East) Mumbai – 400051.

Dear Sirs/Madam

Sub: Intimation of revision in Ratings under the SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015.

This has reference to the Regulation 30(6) of the SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015 ("the Regulations"). In accordance with the said Regulation(s), please find below the details of revision in ratings for the Company and its Subsidiaries.

Name of the Company	Credit Rating Agency	Type of Credit Rating	Existing	Revised
Rolta India Limited	Fitch Ratings	Long Term Foreign and Local Currency Issuer Default Ratings	BB-	B
Rolta LLC (USD127mn) @10.75%	Fitch Ratings	Senior Unsecured Notes due 2018	BB-	B
Rolta Americas LLC (USD367mn) @8.875	Fitch Ratings	Senior Unsecured Notes due 2019	BB-	B

The report from the credit rating agency covering the rationale for the revision in credit rating is enclosed.

This is for your information and records.

Yours faithfully,

For ROLTA INDIA LIMITED,

Company Secretary

Encl: a/a

Fitch Downgrades Rolta India to 'B'; Outlook Negative

Fitch Ratings – Singapore/Sydney – XXX: Fitch Ratings has downgraded Rolta India Limited's (Rolta) Long-Term Foreign- and Local-Currency Issuer Default Ratings (IDRs) to 'B' from 'BB-'. The Outlook is Negative.

Simultaneously, Fitch has downgraded the ratings on the Rolta LLC's USD127m 10.75% senior unsecured notes due 2018 and Rolta Americas LLC's USD367m 8.875% senior unsecured notes due 2019, and Rolta's senior unsecured rating to 'B' from 'BB-' and assigned Recovery Ratings of 'RR4'. The notes are guaranteed by Rolta.

The 'RR4' Recovery Rating reflects our calculations of average recovery in a stressed situation - based on our assessment of the distressed going-concern enterprise value of Rolta's business. This recovery calculation reflects INR26bn of secured loans that rank ahead of the unsecured notes.

The downgrade reflects our expectations that Rolta's leverage and liquidity will weaken due to lower-than-expected cash generation and high receivable days. We expect its CFO-adjusted leverage to deteriorate to over 7.0x for the financial year ending March 2016 (FY16) - higher than the 5.0x level at which we would consider negative rating action. We forecast its leverage to remain around 5.0x-6.0x during FY17-18, as receivable days could increase to 170-180 days (FY16 estimated: 163 days) given most of its revenue growth is driven by orders from the Indian central and state governments.

The Outlook is Negative due to uncertainty over the company's ability to improve its cash generation to boost liquidity. We believe that the company will struggle to raise debt in the capital markets to meet its 2018 and 2019 US dollar bond maturities – both of these bonds are trading around, or below, 50 cents to the dollar – and the willingness of local banks to provide additional funding to meet these obligations is uncertain.

Unrestricted cash could decline to around INR3bn (FY15: INR5.4bn), which will be insufficient to cover its short-term debt of INR3.7bn at end-March 2016. We have no visibility if Indian banks will roll over Rolta's maturing debt in the future. However, to date, banks have shown willingness to continue to lend to the company on a secured basis.

KEY RATING DRIVERS

Worsening Receivable Days: Receivable days could remain high due to payment delays by India's central and state governments, which we estimate will together account for around 40% of FY16 revenue. We think that receivables will increase to INR17.5bn at end-March 2016 (FY15: INR12.7bn) or about half of its FY16 revenue. Of this amount, about 90% are less than 180 days old. Nevertheless, Fitch believes Rolta has a high chance of collecting these receivables because most receivables are from either government agencies or U.S.-based multi-national corporates.

Flat Revenue; Lower Profitability: We forecast Rolta's FY17 revenue will rise by a low-single-digit percentage based on its order book of INR30bn, or 0.7x of its FY16 revenue. FY17-18 operating EBITDAR margin could decline to around 30% (estimated FY16: 32%) as it executes less-profitable government projects and expenses a greater proportion of its development expenditure.

Rolta's financial profile could receive boost in 2018-2019 if it implements the Indian defence ministry's battlefield management system (BMS) order in partnership with state-owned Bharat Electronics Limited (BEL). It submitted its design documents to Indian government in February 2016 and will likely submit and get its prototype tested within 12-18 months. The government pre-selected the Rolta-BEL team and another consortium to develop prototypes, and the USD8bn order will be distributed between the two consortia.

Likely FCF Deficit: We forecast Rolta will report a small FCF deficit during FY17-18 as its cash flow from operations of INR5bn-6bn could fall short of its capex of INR4.5bn-5bn and dividends of around INR450m-500m. We think that FY16-17 capex/revenue is likely to remain around 12%-13% (estimated FY16: 13%) as it will need to invest in developing prototypes for the Indian BMS systems and other regular IT orders. However, management guides that capex will be lower at around INR2.5bn-3bn. Rolta pays about 20% of its net income in dividends.

Weak Liquidity: The company's ability to meet its 2018 and 2019 bond maturities is a key credit concern. The ratings are likely to be downgraded further unless the company develops a credible, timely plan to meet these obligations. Rolta's liquidity for the next 12 months is dependent on its ability to refinance its maturing debt as unrestricted cash is depleting and FCF is likely to be negative.

The company has limited capacity to raise additional debt given it is very close to breaching its incurrence covenant of EBITDA/interest of 3.0x in its bond documents. Its ability to refinance through capital markets could be limited given the negative impact of a short-seller report in 2015.

KEY ASSUMPTIONS

Fitch's key assumptions within our rating case include:

- Revenue to rise by low-single-digit percentage in FY17 on a stable order book.
- Operating EBITDAR margin to trend down to 30%.
- Negative FCF as FY17 CFO of INR5bn-6bn may be insufficient to fund capex of INR4.5bn-5bn and dividends around INR450m-500m.
- Capex/revenue to remain around 12%-13%.

RATING SENSITIVITIES

Negative: Future developments that may, individually or collectively, lead to a downgrade include:
- Further deterioration in liquidity, such as evidence that banks are reluctant to roll over maturing loans or the failure to develop a credible, timely plan to meet the 2018 bond obligation.
- Further deterioration in receivable days leading to CFO-adjusted leverage remaining over 6.0x (estimated FY16: over 7.0x).

Positive: Future developments that may, individually or collectively, lead to revision of Outlook to Stable from Negative include:

- Faster-than-expected collection of receivables resulting in CFO-adjusted leverage improving to below 5.0x.
- Any positive rating action would require an improvement in liquidity, including a credible, timely plan to meet the 2018 bond maturity.

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