November 15, 2016

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 Revision in Ratings

In terms of Regulation 30(6) of the SEBI ( Listing Obligations and Disclosure Requirements) Regulations, 2015, we hereby inform you that CRISIL Limited (“CRISIL”) has revised (downgraded) its ratings on the bank facilities of the Company as follows:

<table>
<thead>
<tr>
<th>Total Bank Loan Facilities Rated</th>
<th>Rs. 51.66 Billion</th>
</tr>
</thead>
<tbody>
<tr>
<td>Long Term Rating</td>
<td>CRISIL A-/Negative (Downgraded from ‘CRISIL A/Negative’)</td>
</tr>
<tr>
<td>Short Term Rating</td>
<td>CRISIL A2+ (Downgraded from ‘CRISIL A1’)</td>
</tr>
</tbody>
</table>

The Rating Rationale of CRISIL dated November 14, 2016 for revision in credit rating is enclosed.

This is for your information and records.

Thanking you,

Yours faithfully,
For Tata Teleservices (Maharashtra) Limited

Kiran Thacker
Company Secretary

Encl: As stated above.
CRISIL has downgraded its ratings on the bank facilities of Tata Teleservices (Maharashtra) Ltd (TTML; part of Tata Tele) to 'CRISIL A-/Negative/CRISIL A2+' from 'CRISIL A/Negative/CRISIL A1'.

The Tata group operates its mobile telecommunication business through Tata Teleservices Ltd (TTSL; rated CRISIL A-Negative/CRISIL A2+) and TTSL’s associate, TTML. For arriving at its ratings, CRISIL has combined the business and financial risk profiles of TTSL and TTML, together referred to, herein, as Tata Tele. The entities are in the same line of business and under a common management. CRISIL has applied its group notch-up framework to factor in, intensity of distress support available from the Tata group. For the purpose of analysis, preference shares issued to Tata Sons Ltd (Tata Sons; rated 'CRISIL AAA/FAAA/Stable/CRISIL A1+') by TTSL have been considered as quasi equity as they carry low dividend and are compulsorily convertible to equity.

The rating downgrade reflects lower-than-expected improvement in the financial risk profile and CRISIL's expectation of a subdued business risk profile, considering the heightened competition in the telecom sector. The ratings, however, continue to reflect the ongoing financial support demonstrated by the Tata group, to Tata Tele. However this rating strength is offset by the highly leveraged capital structure, modest operating profit margin and weak market position leading to losses.

Operating margin rose to 18.6% in fiscal 2016, vis-a-vis 12% in fiscal 2015, mainly due to drop in termination charges and cost rationalisation measures, lowering overhead expenses. Nevertheless, the interest coverage ratio remains below unity, as against CRISIL’s earlier expectations.

Intense competition, following the launch of services by Reliance Jio Infocomm Ltd (Reliance Jio, rated 'CRISIL AAA/CrRISIL AAA(SO)/Stable'), may further constrain the business risk profile. To withstand the competition, large incumbents have beefed up their spectrum holdings in the recently concluded auctions. Given Tata Tele’s weaker market position as compared to its peers and the expected downward pressure on data pricing, CRISIL believes that the group will have to aggressively price its broadband offerings, in the nine circles where it offers 3G services and three circles, where it may roll out 4G services, in order to sustain its subscriber base. This, in turn, could further impact the financial risk profile and delay a sustainable break-even on an interest coverage basis.

CRISIL believes association with the Tata group enables Tata Tele to leverage the parent brand in marketing its products and services. Furthermore, Tata Tele receives significant financial and management support from the Tata group, which has infused Rs 67 billion by way of compulsorily convertible preference shares since January 2014 (Rs 22 billion in the current fiscal). Management, personnel, and funding support from the Tata group will continue. Any significant change in shareholding of Tata Tele will be closely monitored. The Tata group, through Tata Sons and other entities, holds over 60% equity stake in TTSL and 63% stake in TTML. NTT DOCOMO Inc (Docomo; rated ‘AA-/Stable/A-1+’ by S&P Global), holds 26.5% stake in TTSL, and has exercised its put option to exit TTSL. However, the option is on Tata Sons and does not have any financial bearing on Tata Tele.

Debt protection metrics remain stretched, with high debt to EBITDA ratio and negative net cash accrual. Capital structure is also weak, despite funding support received from Tata Sons; debt may increase in fiscal 2017, as compared to fiscal 2016, partly on account of deferred payment liabilities of Rs 23 billion towards spectrum purchased in October 2016. In the current fiscal, liquidity has been supported by cash inflow of Rs 28 billion (through partial stake sale in Vion Networks Ltd) and Rs 9 billion (through refund of tax deducted at source [TDS], which was under litigation previously).

Outlook: Negative

Notwithstanding the timely funding support that CRISIL expects Tata Tele to receive from the Tata group over the medium term, the business and financial risk profiles will continue to be constrained by intense competition and limited presence in the mobile broadband segment. The ratings may be downgraded if the company’s inability to sustain its subscriber base, leads to moderation in revenue and operating profit, or if the financial risk profile weakens further. The outlook may be revised to ‘Stable’ in case of a substantial and sustained improvement in leverage indicators, most likely on account of a large equity infusion.

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 3G services in nine circles. As on July 31, 2016, Tata Tele had a wireless subscriber base of 58.67 million and fixed-line subscriber base of 1.7 million.

For fiscal 2016, TTML reported net loss of Rs 4.97 billion on revenue of Rs 29.72 billion, against Rs 6.15 billion and
Rs 28.93 billion, respectively, in fiscal 2015. For the six months ended September 30, 2016, net loss was Rs 5.8 billion on revenue of Rs 14.48 billion, against Rs 2.6 billion and Rs 14.97 billion, respectively, in the previous year.

Annexure 1 - Details of various bank facilities

<table>
<thead>
<tr>
<th>Facility</th>
<th>Amount (Rs. Million)</th>
<th>Rating</th>
<th>Facility</th>
<th>Amount (Rs. Million)</th>
<th>Rating</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash Credit/ Overdraft facility*</td>
<td>2750</td>
<td>CRISIL A-/Negative</td>
<td>Cash Credit/ Overdraft facility*</td>
<td>2750</td>
<td>CRISIL A-/Negative</td>
</tr>
<tr>
<td>Letter of credit &amp; Bank Guarantee**</td>
<td>22746</td>
<td>CRISIL A2+</td>
<td>Letter of credit &amp; Bank Guarantee**#</td>
<td>24296</td>
<td>CRISIL A1</td>
</tr>
<tr>
<td>Long Term Loan</td>
<td>6690</td>
<td>CRISIL A-/Negative</td>
<td>Long Term Loan</td>
<td>10607</td>
<td>CRISIL A-/Negative</td>
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<tr>
<td>Proposed Term Loan</td>
<td>19474</td>
<td>CRISIL A-/Negative</td>
<td>Proposed Long Term Bank Loan Facility</td>
<td>7</td>
<td>CRISIL A/ Negative</td>
</tr>
<tr>
<td></td>
<td>0</td>
<td>--</td>
<td>Short Term Loan</td>
<td>14000</td>
<td>CRISIL A1</td>
</tr>
<tr>
<td>Total</td>
<td>51660</td>
<td>--</td>
<td>Total</td>
<td>51660</td>
<td>--</td>
</tr>
</tbody>
</table>

*Interchangeable between fund-based and non-fund-based limits to the extent of Rs.1500 million
**Includes buyer’s credit limit of USD25 million
#Includes buyer’s credit limit of USD25 million

Links to related criteria

CRISILs Approach to Financial Ratios
CRISILs Bank Loan Ratings - process, scale and default recognition
Rating Criteria for Manufacturing Companies
Rating Criteria for Mobile Telephony Services
CRISILs Criteria for Consolidation
Criteria for Notching up Stand Alone Ratings of Companies based on Group Support
Criteria for rating Short-Term Debt (including Commercial Paper)

For further information contact:

<table>
<thead>
<tr>
<th>Media Relations</th>
<th>Analytical Contacts</th>
<th>Customer Service Helpdesk</th>
</tr>
</thead>
</table>
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Last updated: April 2016

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