November 16, 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 ICRA Limited ("ICRA") has revised (downgraded) its ratings on the bank facilities of the Company as follows:

<table>
<thead>
<tr>
<th>Instrument</th>
<th>Amount (Rs. in Crores)</th>
<th>Rating Action</th>
</tr>
</thead>
<tbody>
<tr>
<td>Term Loans</td>
<td>359 (earlier Rs. 490 Crores)</td>
<td>Revised to [ICRA]A- from [ICRA]A; Negative outlook reaffirmed</td>
</tr>
<tr>
<td>Fund Based / Non-Fund Based Limits</td>
<td>465</td>
<td>Revised to [ICRA]A- from [ICRA]A; Negative outlook reaffirmed</td>
</tr>
<tr>
<td>Unallocated</td>
<td>188 (earlier Rs. 57 Crores)</td>
<td>Revised to [ICRA]A- from [ICRA]A; Negative outlook reaffirmed</td>
</tr>
</tbody>
</table>

The Rating Rationale of ICRA for revision in credit rating is enclosed.

This is for your information and records.

Thanking you,

Yours faithfully,
For Tata Teleservices (Maharashtra) Limited

[Signature]
Kiran Thacker
Company Secretary

Encl.: As stated above.
ICRA has revised the long term rating to \([\text{ICRA}]A-\) (pronounced as ICRA A minus) from \([\text{ICRA}]A\) (pronounced as ICRA A) for the Rs. 359.0 crore (earlier Rs. 490 crore) term loans, Rs. 465 crore Long-Term Fund Based/Non-Fund Based Limits, and Rs. 188 crore (earlier Rs. 57 crore) unallocated limits of Tata Teleservices (Maharashtra) Limited (TTML). The outlook on the long-term rating has been reaffirmed at Negative.

The rating action factors in the continuing weak operational and financial performance of the company marked by y-o-y decline in revenues over the last three quarters, consistent pressures on profitability and strained debt coverage indicators. The Q2FY2017 performance is further impacted by higher amortisation expense and finance cost owing to capitalization of spectrum acquired in March 2015 auctions. Against this, the company’s debt level has registered a marginal increase in debt (excluding deferred spectrum liabilities) from Rs. 8,803 crore as on March 31, 2016 to Rs. 8,929 crore as on September 30, 2016. Moreover, given the insufficiency of cash flow generation to meet the scheduled repayment obligations, reliance on rollover/refinancing of maturing debt remains high for the company. This apart, the company remains vulnerable to foreign exchange fluctuation risk given that a sizeable proportion of debt is denominated in foreign currency.

TTML’s subscriber addition and growth in revenues have been limited, have lagged the industry and the company has reported fluctuating revenue market share (RMS) in past few quarters. Further the industry faces headwinds in the form of heightened competitive intensity and erosion of pricing power post the launch of services by Reliance Jio Infocomm Limited (RJIL). This is likely to put further pressure on TTML’s revenue and profitability. In such a scenario, the debt coverage metrics of the company are unlikely to report significant improvement in the medium term. Further, the ongoing dispute with NTT DoCoMo over the payout by Tata Sons Limited for NTT DoCoMo’s stake in TTSL remains to be resolved.

The rating however continues to factor in the support available to TTML from its strong parentage as is evident from the funds infusion of around Rs. 2000 crore in October 2016 to fund the spectrum payout. Renewal of spectrum in the recent auctions has removed the business continuity risks for the company. The rating also factors in TTML’s operational linkage with TTSL and cost synergies from synchronization of operations of both the companies. Further the company has eased the repayment burden in the near term by refinancing part of its short term borrowings in H1FY2017 and continues to make efforts to align its debt repayment commitments with its cash flows. The company has also initiated efforts to improve its operational efficiency and is also trying to reduce its loss making subscribers to improve its average ARPU. The company is also redrawing its business plan while looking at various options including launch of 4G services, additional funds infusion, sale of non-core assets, monetisation of excess spectrum and exiting certain circles/business segments etc.

ICRA has taken note of the recent announcement regarding the replacement of the Chairman at Tata Sons, the Holding company of TTML. ICRA is monitoring the ongoing developments and the impact of the same on the company’s financial or operational performance.
Company Profile
Tata Teleservices (Maharashtra) Limited, earlier known as Hughes Tele.com Limited, was originally promoted by Hughes Electronics Corporation (HEC), the Ispat Group, Alltel Corporation and their associate companies as Hughes Ispat in March 1995. The company commenced its operations in the year 1998.

In December 2002, the Tata group of companies acquired a 50.83% stake in the company (through TTSL) from original promoters and 20% stake through an open offer in the market. In March 2009, NTT DoCoMo acquired a 12.12% stake in the company through an open offer. TTML currently offers fixed line services, mobile services (CDMA and GSM) and broadband services across two major circles namely Mumbai Metro and Rest of Maharashtra (including Goa). TTML also offers 3G services in Rest of Maharashtra (including Goa) circle. TTML has around 10.3 million subscribers (including wireline subscribers) as on June 30, 2016.

Recent Results
For FY2016, company reported revenue of Rs. 3,025 crore and net loss of Rs. 498 crore as against the revenue of Rs. 2,939 crore and net loss of Rs. 615 crore in FY2015.

For H1FY2017, company reported operating income of Rs. 1,448 crore and total comprehensive loss of Rs. 580 crore as against the operating Income of Rs. 1,497 crore and total comprehensive loss of Rs. 260 crore in H1FY2016.

For further details please contact:
Analyst Contacts:
Mr. Anjan Ghosh (Tel. No. +91-22-6114 3407)
aghosh@icraindia.com

Sachin Sachdeva (Tel. No. +91 124 4545 307)
sachin.sachdeva@icraindia.com

November 2016

© Copyright, 2016, ICRA Limited. All Rights Reserved
Contents may be used freely with due acknowledgement to ICRA
Registered Office
ICRA Limited
1105, Kailash Building, 11th Floor, 26, Kasturba Gandhi Marg, New Delhi 110001
Tel: +91-11-23357940-50, Fax: +91-11-23357014

Corporate Office
Mr. Vivek Mathur
Mobile: +91 9871221122
Email: vivek@icraindia.com

Building No. 8, 2nd Floor, Tower A, DLF Cyber City, Phase II, Gurgaon 122002
Ph: +91-124-4545310 (D), 4545300 / 4545800 (B) Fax; +91-124-4050424

Mumbai
Mr. L. Shivakumar
Mobile: +91 9821086490
Email: shivakumar@icraindia.com
3rd Floor, Electric Mansion
Appasaheb Marathe Marg, Prabhadevi
Mumbai—400025,
Board : +91-22-61796300; Fax: +91-22-24331390

Kolkata
Mr. Jayanta Roy
Mobile: +91 9903394664
Email: jayanta@icraindia.com
A-10 & 11, 3rd Floor, FMC Fortuna
234/3A, A.J.C. Bose Road
Kolkata—700020
Tel +91-33-22876617/8839 22800008/22831411,
Fax +91-33-22870728

Chennai
Mr. Jayanta Chatterjee
Mobile: +91 9845022459
Email: jayantac@icraindia.com
5th Floor, Karumuttu Centre
634 Anna Salai, Nandanam
Chennai—600035
Tel: +91-44-45964300; Fax: +91-44 24343663

Bangalore
Mr. Jayanta Chatterjee
Mobile: +91 9845022459
Email: jayantac@icraindia.com
'The Millenia'
Tower B, Unit No. 1004, 10th Floor, Level 2 12-14, 1 & 2,
Murphy Road, Bangalore 560 008
Tel: +91-80-43326400; Fax: +91-80-43326409

Ahmedabad
Mr. L. Shivakumar
Mobile: +91 9821086490
Email: shivakumar@icraindia.com
907 & 908 Sakar -II, Ellisbridge,
Ahmedabad-380006
Tel: +91-79-26585049, 26585494, 26584924; Fax: +91-79-25569231

Pune
Mr. L. Shivakumar
Mobile: +91 9821086490
Email: shivakumar@icraindia.com
5A, 5th Floor, Symphony, S.No. 210, CTS 3202, Range
Hills Road, Shivajinagar,Pune-411 020
Tel: +91-20-25561194-25560196; Fax: +91-20-25561231

Hyderabad
Mr. Jayanta Chatterjee
Mobile: +91 9845022459
Email: jayantac@icraindia.com
4th Floor, Shobhan, 6-3-927/A&B, Somajiguda, Raj
Bhavan Road, Hyderabad—500083
Tel: +91-40-40676500