



July 7, 2017

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 upgraded its ratings on the bank facilities of the Company as follows:

Total bank loan facilities rated	Rs. 5,166 Crore
Long-term rating	CRISIL A/Stable (upgraded from 'CRISIL A-/Negative')
Short-term rating	CRISIL A1 (upgraded from 'CRISIL A2+')

The Rating Rational of CRISIL dated July 7, 2017 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.

**TATA TELESERVICES (MAHARASHTRA) LIMITED**

Registered Office : Voltas Premises T. B. Kadam Marg Chinchpokli Mumbai 400 033  
Tel.:91 22 6667 1414 Fax: 91 22 6660 5335 email : investor.relations@tatatel.co.in  
CIN: L64200MH1995PLC086354 Website www.tatateleservices.com

## Rating Rationale

July 07, 2017 | Mumbai

### Tata Teleservices (Maharashtra) Limited

Ratings upgraded to 'CRISIL A/Stable/CRISIL A1'

#### Rating Action

<b>Total Bank Loan Facilities Rated</b>	<b>Rs.5166 Crore</b>
<b>Long Term Rating</b>	<b>CRISIL A/Stable (Upgraded from 'CRISIL A-/Negative')</b>
<b>Short Term Rating</b>	<b>CRISIL A1 (Upgraded from 'CRISIL A2+')</b>

*1 crore = 10 million*

*Refer to annexure for Details of Instruments & Bank Facilities*

#### Detailed Rationale

CRISIL has upgraded its ratings on the bank facilities of Tata Teleservices (Maharashtra) Ltd (TTML; part of Tata Tele) to '**CRISIL A/Stable/CRISIL A1**' from 'CRISIL A-/Negative/CRISIL A2+'.

The Tata group operates its mobile telecommunication business through Tata Teleservices Ltd (TTSL; rated 'CRISIL A/Stable/CRISIL A1') 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.

The rating upgrade is driven by substantial fund infusion by Tata Sons Ltd (Tata Sons; rated 'CRISIL AAA/FAAA/Stable/CRISIL A1+') and its commitment to provide further support to TTSL. The board of Tata Sons has approved an investment of Rs 14,000 crore in TTSL (Rs 2,000 crore in fiscal 2017, and Rs 12,000 crore to be infused in fiscal 2018 either in the form of equity or compulsory convertible preference shares). The proceeds will be used for debt repayment and the corresponding interest cost will also reduce. As on March 31, 2017, combined debt(TTSL + TTML) was Rs 34,089 crore (excluding deferred payment liabilities to Government of India, for spectrum).

After the fund infusion and purchase of stake from NTT Docomo Inc, the stake of Tata Sons in TTSL will increase to over 90% (on a fully diluted basis) from 36% as on March 31, 2016. In May 2017, the Competition Commission of India has approved the plea of Tata Sons (and three other companies of the Tata group) for acquiring the entire 21.63% stake of NTT Docomo in TTSL. CRISIL believes Tata Sons will retain its majority stake in Tata Tele over the medium term.

In fiscal 2017, the standalone performance of Tata Tele has deteriorated further. The operating performance is expected to remain weak over the medium term owing to intensifying competition in the Indian telecom industry. However, Tata Sons is likely to provide timely support for debt servicing and to fund operating losses. The benefits of strong parent support is partially offset by a weak standalone operating performance.

#### Analytical Approach

Given the proposed change in the shareholding of Tata Sons and its commitment of continued support, CRISIL has revised its analytical approach. CRISIL has now applied its parent notch-up criteria (against the earlier approach of group notch-up) to factor in the intensity of distress support available from Tata Sons. The ratings are centrally based on parent support.

#### Key Rating Drivers & Detailed Description

##### Strengths

\* **Expectation of strong support from a resourceful parent:** Tata Tele receives significant financial and management support from Tata Sons, which has approved investment of Rs 14,000 crore in TTSL, leading to a majority stake (over 90% on a fully diluted basis). Furthermore, association with the Tata group enables Tata Tele to leverage the parent brand to market its products and services. Any material change in shareholding or in policy of support will be closely monitored.

##### Weakness

\* **Low profitability and reducing market share amid intense competition:** Tata Tele's business risk profile remains weak. Though the enterprise segment has shown resilience, the operating performance of the mobility business has been adversely impacted by a falling market share in revenue and a reducing profitability margin. The market share has come down to 5.6% in the quarter through March 2017 from 7.1% in the quarter through March 2015. Intense competition, following the launch of Reliance Jio services, will constrain the business risk profile. If the price war continues, it will exert further pressure on the margin and market share of Tata Tele.

\* **Weak capital structure and debt protection metrics:** Despite the fund infusion, Tata Tele's capital structure will remain weak as the operating profit is insufficient to cover the interest fully. This will also lead to weak debt protection metrics.

##### Outlook: Stable

The rating is centrally based on the support of Tata Sons to Tata Tele. The outlook may be revised to Positive if there is substantial improvement in cash accrual or further equity infusion, leading to a better financial risk profile. The outlook may be revised to 'Negative' if there is any change in the extent of support from Tata Sons or if its shareholding in Tata Tele reduces.

## 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 April 30, 2017, it had a wireless subscriber base of 47.53 million and fixed-line subscriber base of 1.8 million.

In fiscal 2017, TTML reported a net loss (after exceptional items) of Rs 2,357 crore on revenue of Rs 2,761 crore, against Rs 358 crore and Rs 2,999 crore, respectively, in fiscal 2016.

**Any other information:** Not applicable

### Note on complexity levels of the rated instrument:

CRISIL complexity levels are assigned to various types of financial instruments. The CRISIL complexity levels are available on [www.crisil.com/complexity-levels](http://www.crisil.com/complexity-levels). Users are advised to refer to the CRISIL complexity levels for instruments that they consider for investment. Users may also call the Customer Service Helpdesk with queries on specific instruments.

### Annexure - Details of Instrument(s)

ISIN	Name of instrument	Date of allotment	Coupon rate (%)	Maturity date	Issue size (Rs crore)	Rating assigned with outlook
NA	Cash Credit/ Overdraft facility*	NA	NA	NA	275.00	CRISIL A/Stable
NA	Letter of credit & Bank Guarantee**	NA	NA	NA	2739.17	CRISIL A1
NA	Short Term Loan	NA	NA	NA	500.00	CRISIL A1
NA	Long Term Loan-1	NA	NA	Sep-2017	100.00	CRISIL A/Stable
NA	Long Term Loan-2	NA	NA	Mar-2018	100.00	CRISIL A/Stable
NA	Long Term Loan-3	NA	NA	Jan-2019	342.06	CRISIL A/Stable
NA	Proposed Term Loan	NA	NA	NA	1109.77	CRISIL A/Stable

\*Interchangeable between fund-based and non-fund-based limits to the extent of Rs.150 Crore

\*\*Includes buyer's credit limit of USD25 Million (approx. Rs.161.6 Crore)

### Annexure - Rating History for last 3 Years

Instrument	Current			2017 (History)		2016		2015		2014		Start of 2014
	Type	Quantum	Rating	Date	Rating	Date	Rating	Date	Rating	Date	Rating	Rating
Fund-based Bank Facilities	LT/ST	2426.83	CRISIL A/Stable/ CRISIL A1		No Rating Change	14-11-16	CRISIL A-/Negative	08-04-15	CRISIL A/Negative/ CRISIL A1		No Rating Change	CRISIL A/Stable/ CRISIL A1
Non Fund-based Bank Facilities	LT/ST	2739.17	CRISIL A1		No Rating Change	14-11-16	CRISIL A2+		No Rating Change		No Rating Change	CRISIL A1

Table reflects instances where rating is changed or freshly assigned. 'No Rating Change' implies that there was no rating change under the release.

### Annexure - Details of various bank facilities

Current facilities			Previous facilities		
Facility	Amount (Rs.Crore)	Rating	Facility	Amount (Rs.Crore)	Rating
Cash Credit/ Overdraft facility*	275	CRISIL A/Stable	Cash Credit/ Overdraft facility*	275	CRISIL A-/Negative
Letter of credit & Bank Guarantee**	2739.17	CRISIL A1	Letter of credit & Bank Guarantee**	2274.6	CRISIL A2+
Long Term Loan	542.06	CRISIL A/Stable	Long Term Loan	669	CRISIL A-/Negative
Proposed Term Loan	1109.77	CRISIL A/Stable	Proposed Term Loan	1947.4	CRISIL A-/Negative
Short Term Loan	500	CRISIL A1	--	0	--
<b>Total</b>	<b>5166</b>	<b>--</b>	<b>Total</b>	<b>5166</b>	<b>--</b>

\*Interchangeable between fund-based and non-fund-based limits to the extent of Rs.150 Crore

\*\*Includes buyer's credit limit of USD25 Million (approx. Rs.161.6 Crore)

### Links to related criteria

[CRISILs Approach to Financial Ratios](#)

[CRISILs Bank Loan Ratings - process, scale and default recognition](#)

[Rating criteria for manufacturing and service sector 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:

Media Relations	Analytical Contacts	Customer Service Helpdesk
<p><b>Saman Khan</b> Media Relations <b>CRISIL Limited</b> D: +91 22 3342 3895 B: +91 22 3342 3000 <a href="mailto:saman.khan@crisil.com">saman.khan@crisil.com</a></p> <p><b>Tanuja Abhinandan</b> Media Relations <b>CRISIL Limited</b> D: +91 22 3342 1818 B: +91 22 3342 3000 <a href="mailto:tanuja.abhinandan@crisil.com">tanuja.abhinandan@crisil.com</a></p> <p><b>Jyoti Parmar</b> Media Relations <b>CRISIL Limited</b> D: +91 22 3342 1835 B: +91 22 3342 3000 <a href="mailto:jyoti.parmar@crisil.com">jyoti.parmar@crisil.com</a></p>	<p><b>Sachin Gupta</b> Senior Director - CRISIL Ratings <b>CRISIL Limited</b> D:+91 22 3342 3023 <a href="mailto:Sachin.Gupta@crisil.com">Sachin.Gupta@crisil.com</a></p> <p><b>Nitesh Jain</b> Director - CRISIL Ratings <b>CRISIL Limited</b> D:+91 22 3342 3329 <a href="mailto:nitesh.jain@crisil.com">nitesh.jain@crisil.com</a></p> <p><b>Nitin Narayanan</b> Rating Analyst - CRISIL Ratings <b>CRISIL Limited</b> D:+91 22 3342 3889 <a href="mailto:Nitin.Narayanan@crisil.com">Nitin.Narayanan@crisil.com</a></p>	<p>Timings: 10.00 am to 7.00 pm Toll free Number:1800 267 1301</p> <p>For a copy of Rationales / Rating Reports: <a href="mailto:CRISILratingdesk@crisil.com">CRISILratingdesk@crisil.com</a></p> <p>For Analytical queries: <a href="mailto:ratingsinvestordesk@crisil.com">ratingsinvestordesk@crisil.com</a></p>