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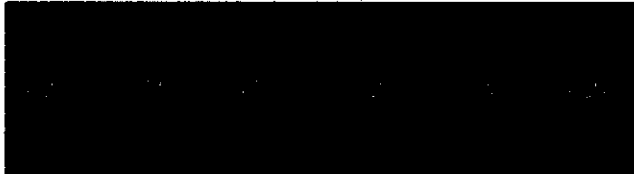
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**TATA**  
**TELECOM**

A **TATA** & Lucent Technologies  company

THE LIFELINE OF YOUR BUSINESS


## THE TATA TELECOM PLUS



TO MAKE SURE  
YOU NEVER MISS OUT  
ON A BUSINESS OPPORTUNITY,  
WE PUT THE FINEST MINDS IN THE  
BUSINESS AT YOUR DISPOSAL.  
ELEVEN NOBEL LAUREATES,  
FOR INSTANCE.

**TATA** Limited Telecommunications  
THE LIFELINE OF YOUR BUSINESS

**THE TECHNOLOGY PLUS** Behind Tata Telecom's business communication solutions are the finest minds in the world from Bell Labs, USA.




IN TIME, YOUR EMPLOYEE  
STRENGTH COULD DOUBLE,  
YOUR OFFICE SPACE COULD HALVE AND  
YOUR TURNOVER COULD QUADRUPLE.

THANKFULLY, OUR  
COMMUNICATION SYSTEM WILL  
EASILY KEEP PACE.

**TATA** Limited Telecommunications  
THE LIFELINE OF YOUR BUSINESS


**THE RANGE PLUS** We offer our customers a comprehensive range of the most advanced business communication solutions in the market.



SNIPER BULLETS. BLACKOUTS.  
CYCLONES. LANDSLIDES.  
MERCIFULLY, THERE'S ONE THING  
YOU WON'T HAVE TO WORRY ABOUT  
IN THE FUTURE.  
YOUR COMMUNICATION SYSTEM.

**TATA** Limited Telecommunications  
THE LIFELINE OF YOUR BUSINESS

**THE SERVICE REACH PLUS** Our team of service engineers reach customers in virtually every corner of the country.




WHEN IT COMES TO  
GROWING YOUR BUSINESS,  
YOU DEPEND ON CITIBANK.  
YOU DEPEND ON MAX TOUCH.  
YOU DEPEND ON IBM.  
YOU DEPEND ON THE TAJ GROUP.

EVER WONDER WHO THEY  
DEPEND ON?

**TATA** Limited Telecommunications  
THE LIFELINE OF YOUR BUSINESS

**THE CUSTOMER PLUS** Among our many customers are some of the most prestigious names in the corporate world.



WHILE FOR YEARS,  
YOU'VE SAVOURED OUR TEA,  
WORN OUR WATCHES, TRAVELLED  
IN OUR CARS AND STAYED IN OUR  
HOTELS, OUR COMMUNICATION  
SOLUTIONS HAVE TAKEN CARE  
OF YOUR BUSINESS.

**TATA** Limited Telecommunications  
THE LIFELINE OF YOUR BUSINESS

**THE TATA PLUS** The largest business communication solutions company in India also has the backing of the biggest industrial group: the Tatas.



**TECHIES '97 & '98** Tata Telecom Limited won the most coveted award in the communications industry in India, the Techies Awards for the **Best EPABXs** and the **Best Telecom Company**, for the second successive year. Proving yet again that we have made success a winning habit.



A TATA &amp; Lucent Technologies Company

## TATA TELECOM LIMITED

### DIRECTORS

H. N. SETHNA  
D. S. PENDSE  
R. VENKATARAGHAVAN  
S. K. BHATNAGAR  
H. B. SCHACHT  
C. G. GOLDER  
M. J. BUTCHER  
JOHN WINCHESTER

D. J. LOVATT  
HORATIO WONG

MARK LEIGH  
K. A. CHAUKAR

*Chairman*

*Appointed Additional Director w.e.f. Sept. 13, 1998  
From June-29, 1998 to March 1, 1999  
From June-29, 1998 to April 1, 1999  
Appointed w.e.f. June 29, 1998  
Appointed Alternate Director to  
Mr. M.J. Butcher w.e.f. May 26, 1999  
Appointed w.e.f. June 29, 1998  
Appointed Alternate Director to  
Mr. D.J. Lovatt w.e.f. May 26, 1999  
Appointed w.e.f. May 26, 1999  
Appointed Additional Director  
w.e.f. May 26, 1999*

### VICE PRESIDENT — FINANCE and COMPANY SECRETARY

RAVI PANDIT

### AUDITORS

M/s. C. C. CHOKSHI & CO.  
Chartered Accountants

### LEGAL ADVISOR

SHIRIN BHARUCHA

### REGISTERED OFFICE

Bombay House,  
24, Homi Mody Street,  
Mumbai 400 001.

### CORPORATE OFFICE

Shri Pratap Udyog, 4th Floor,  
274, Captain Gaur Marg,  
Srinivas Puri,  
New Delhi 110 065.

### WORKS

E-1/I, Gandhinagar Electronics Estate,  
Gandhinagar 382 044 (Gujarat).

Kanjikode West,  
Palakkad 678 623.

### BANKERS

BANK OF INDIA  
AMERICAN EXPRESS BANK LTD.  
BANK OF BARODA  
CANARA BANK  
STATE BANK OF TRAVANCORE  
CREDIT AGRICOLE INDOSUEZ  
THE LAKSHMI VILAS BANK LTD.

### REGISTRARS AND SHARE TRANSFER AGENTS

TATA SHARE REGISTRY LTD.  
Army & Navy Building,  
148, Mahatma Gandhi Road,  
Fort, Mumbai 400 001.  
Tel. No.: 2873831  
Fax No.: 2844160  
Web Site: www.tata.com/tsrl.

### REGIONAL OFFICES AND BRANCHES

AHMEDABAD, BANGALORE, BARODA,  
CALCUTTA, CHANDIGARH, CHENNAI, DELHI,  
GUWAHATI, HYDERABAD, JAIPUR,  
JAMSHEDPUR, LUCKNOW, MUMBAI,  
NAGPUR, PUNE.

### SERVICE CENTRES

ALLAHABAD, BHUBANESHWAR, COCHIN,  
COIMBATORE, GURGAON, INDORE, JAMMU,  
JODHPUR, KANPUR, KOTA, LUDHIANA,  
NOIDA, SRINAGAR, SURAT, TRIVANDRUM,  
VIZAG.

## NOTICE

NOTICE IS HEREBY GIVEN THAT THE THIRTEENTH ANNUAL GENERAL MEETING OF TATA TELECOM LIMITED will be held on Tuesday, July 27, 1999, at 4.00 p.m. at the Bombay House Auditorium, Bombay House, 24, Horni Mody Street, Mumbai 400 001, to transact the following business:

1. To receive and adopt the Directors' Report and the audited Profit and Loss Account for the year ended March 31, 1999 and the Balance Sheet as at that date.
2. To appoint a Director in place of Mr.M.J.Butcher, who was appointed a Director of the Company pursuant to Article 152 of the Articles of Association of the Company to fill the casual vacancy on the Board caused by the resignation of Mr.B.B.Dubash and who, pursuant to Section 262 of the Companies Act, 1956, holds office upto the date of this Annual General Meeting but is eligible for re-appointment and in respect of whom the Company has received a notice in writing, from a member proposing his candidature for the office of Director, under Section 257 of the Act.
3. To appoint a Director in place of Mr.Mark Leigh, who is appointed a Director of the Company pursuant to Article 152 of the Articles of Association of the Company to fill the casual vacancy on the Board caused by the resignation of Brig. K.Balasubramaniam and who, pursuant to Section 262 of the Companies Act, 1956, holds office upto the date of this Annual General Meeting, but is eligible for re-appointment and in respect of whom the Company has received a notice in writing, from a member proposing his candidature for the office of Director, under Section 257 of the Act.

4. **Appointment of Mr.S.K. Bhatnagar as a Director**

To appoint a Director in place of Mr.S.K.Bhatnagar who was appointed an Additional Director of the Company by the Board of Directors with effect from September 13, 1998, and who holds office upto the date of this Annual General Meeting under Section 260 of the Companies Act, 1956 read with Article 151 of the Articles of Association of the Company, but is eligible for re-appointment and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director under Section 257 of the Act.

5. **Appointment of Mr.K.A. Chaukar as a Director**

To appoint a Director in place of Mr.K.A. Chaukar who is appointed an Additional Director of the Company by the Board of Directors with effect from May 26, 1999, and who holds office upto the date of this Annual General Meeting under Section 260 of the Companies Act, 1956 read with Article 151 of the Articles of Association of the Company, but is eligible for re-appointment and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director under Section 257 of the Act.

6. To appoint Auditors to hold office from the conclusion of this meeting until the conclusion of the next meeting and to fix their remuneration.

7. **Creation of Charges**

To consider and, if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution:-

"RESOLVED that the consent of the Company be and is hereby accorded in terms of Section 293(1)(a) and other applicable provisions, if any, of the Companies Act, 1956, to the creation by the Board of Directors of the Company of such mortgages, charges and hypothecations in

## NOTICE (Contd.)

addition to the existing mortgages, charges and hypothecations created by the Company as the Board may direct, on such of the assets of the Company, both present and future, in such manner as the Board may direct, together with power to take over the management/undertaking of the Company in certain events to or in favour of all or any of the Financial Institutions, Investment Institutions and their subsidiaries, Army Group Insurance Fund, Banks, Mutual Funds and other Bodies Corporate (hereinafter referred to as the 'Lending Agencies')/Trustees for the holders of debentures/bonds or other instruments to secure the borrowings of the Company by way of loans/issue of debentures/bonds or other instruments which may be issued on a private placement basis or otherwise, not exceeding aggregate for the time being of the paid up capital and reserves not set apart for any purpose by an amount of Rs. 75 Crores which have been/are proposed to be obtained from, or privately placed with the Lending Agencies together with interest thereon at the agreed rates, further interest, liquidated damages, premium on pre-payment or on redemption, costs, charges, expenses and all other moneys payable by the Company to the Trustees under the Trust Deed and to the Lending Agencies under their respective Agreements/Loan Agreements/Debenture Trust Deed entered into/to be entered into by the Company in respect of the said borrowings.

RESOLVED FURTHER that the Board of Directors of the Company be and is hereby authorised to finalise with the Lending Agencies/Trustees or any of them, the documents for creating the mortgages/charges/hypothecations and to accept or make any alterations, changes, variations to or in the terms and conditions, to do all such acts, deeds, matters and things and to execute all such documents and writings as it may consider necessary, for the purpose of giving effect to this Resolution."

### Notes:—

- [a] The relative Explanatory Statements pursuant to Section 173 of the Companies Act, 1956, in respect of the business under item nos. 2 to 5 and 7 are annexed hereto.
- [b] A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER.
- [c] The Register of Members and the Share Transfer Books of the Company will remain closed from July 8, 1999 to July 27, 1999 (both days inclusive).
- [d] As per the provisions of the amended Companies Act, 1956, facility for making nominations is now available for shareholders, debentureholders and fixed deposit holders in respect of the shares, debentures and deposits held by them. Nomination forms can be obtained from the Registrars and Share Transfer Agents of the Company .

By Order of the Board of Directors

RAVI PANDIT

Vice President — Finance & Company Secretary

Mumbai, May 26, 1999

Registered Office:  
Bombay House,  
24, Homi Mody Street,  
Mumbai 400 001.

## EXPLANATORY STATEMENTS

As required by Section 173 of the Companies Act, 1956, the following Explanatory Statements set out all material facts relating to the business under item nos. 2 to 5 and 7 of the accompanying Notice dated May 26, 1999.

### Item Nos. 2 and 3

Mr. M.J. Butcher and Mr. Mark Leigh were appointed Directors of the Company under Article 152 of the Company's Articles of Association, on June 29, 1998 and May 26, 1999, respectively, to fill up the casual vacancies on the Board caused by the resignations of Mr.B.B. Dubash and Brig. K. Balasubramaniam. Under Section 262 of the Companies Act, 1956, Mr. Butcher and Mr. Leigh hold office only upto the date up to which Mr. Dubash and Brig K. Balasubramaniam, in whose vacancies they have been appointed, would have held office i.e. upto the date of the forthcoming Annual General Meeting. The Company has received notices under Section 257 of the Companies Act, 1956, from members proposing the candidature of Mr. Butcher and Mr. Leigh as Directors of the Company. Mr. Butcher and Mr. Leigh have been working as President & CEO and Chief Operating Officer, BCS Asia/Pacific, respectively, for Lucent Technologies. Both of them bring vast and varied international experience of telecom business. The Board is of the opinion that the continued association of Mr. Butcher and Mr. Leigh would be in the interest of the business of the Company and therefore commends their appointments.

### Item Nos. 4 and 5

Mr.S.K.Bhatnagar and Mr. K.A. Chaukar who were appointed Additional Directors of the Company by the Board with effect from September 13, 1998 and May 26, 1999 respectively, pursuant to Section 260 of the Companies Act, 1956, and Article 151 of the Articles of Association of the Company, hold office upto the date of the ensuing Annual General Meeting, and are eligible for re-appointment. Notices under Section 257 of the Companies Act, 1956, have been received from members proposing the candidature of Mr.S.K.Bhatnagar and Mr. K.A. Chaukar as Directors of the Company.

Mr. S.K. Bhatnagar was a member of the Indian Administrative Service (IAS) 1953 Batch and has a long and varied experience working with various departments of the Government of India. Some of the important assignments handled by Mr.Bhatnagar include being the Governor of Sikkim, Defence Secretary to the Government of India and Secretary to the Government of India for Ministry of Industrial Development. Besides our Company, Mr.Bhatnagar is also on the Board of a large number of public and private sector undertakings. He brings with him a very rich and wide working experience.

Mr. K.A. Chaukar, who started his career with Godrej Soaps Ltd., joined The Industrial Credit & Investment Corporation of India Ltd. (ICICI) in 1988 and in a short period of 5 years, rose to the level of Director of ICICI and Managing Director of ICICI Securities and Finance Company Ltd., Mumbai. In October' 98, he joined Tata Industries Ltd. as its Managing Director. Mr. Chaukar brings with him long and varied experience in the field of finance.

The Board is of the opinion that it is desirable that the Company should avail itself of the experience of Mr. S.K. Bhatnagar and Mr. K.A. Chaukar and therefore commends their appointments.

### Item No. 7

To meet the long term funds requirements of the Company, from time to time, the Company is required to borrow money from the Financial Institutions, Investment Institutions, Army Group Insurance Fund, Banks, Mutual Funds and other Bodies Corporate as well as through the issue of debentures/bonds on a private placement basis as set out in the Resolution. As security for these borrowings/issue of

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## EXPLANATORY STATEMENTS (Contd.)

debentures/bonds, the Company is required to create equitable mortgages and charges on certain movable and immovable properties of the Company as may be necessary under the terms of the borrowings/issue of debentures/bonds which will rank on a *pari passu* basis with the existing charges created by the Company.

In terms of Section 293(1)(a) of the Companies Act, 1956, it is necessary for the Company to obtain the approval of the Members before creation of the mortgages and/or charges in favour of the lending agencies/trustees as one of the conditions of these borrowings may give a right to the lending agencies to take over the management/undertaking of the Company in certain events.

It is therefore, proposed to obtain the approval of the shareholders for creating such mortgages/charges/hypothecations on the movable and immovable properties of the Company in favour of the lending agencies as set out in the Resolution at item no. 7 of the Notice.

The borrowing limit of Rs. 75 Crores in excess of paid up capital and free reserves of the Company has already been approved by the shareholders at their meeting held on September 1, 1998.

Your Directors commend the Resolution for acceptance by the Members.

Mr.R.Venkataraghavan and Mr.S.K.Bhatnagar who are Directors of the Financial Institutions on the Board of the Company may be deemed to be interested or concerned in the Resolution at item no. 7 of the Notice in the event the Company borrows money from their respective nominating Financial Institutions.



By Order of the Board of Directors

RAVI PANDIT

Vice President — Finance & Company Secretary

Mumbai, May 26, 1999  
Registered Office:  
Bombay House,  
24, Homi Mody Street,  
Mumbai 400 001.

1998-99

## DIRECTORS' REPORT

1. The Directors hereby present the Thirteenth Annual Report and the audited statement of accounts for the year ended March 31, 1999.

### 2. Financial Results

	(Rs. in Lacs)	
	Year ended	Previous Year ended
	31-3-1999	31-3-1998
[a] Sales and Services	17545.24	17658.02
[b] Profit before interest, depreciation & tax	(347.60)	1644.81
[c] Less: Interest	1204.99	1142.46
Depreciation	411.86	349.24
[d] (Loss)/Profit before tax	(1964.45)	153.11
[e] Less: Provision for taxation	0.60	16.70
[f] (Loss)/Profit after tax	(1965.05)	136.41
[g] Add: Excess provision for taxation for earlier years	2.58	55.05
[h] Profit Brought Forward	390.90	316.10
[i] Transferred from General Reserve	245.93	—
	(1325.64)	507.56
[j] Appropriations :—		
Proposed Dividend	—	106.05
Tax on proposed Dividend	—	10.61
[k] Balance Carried Forward	(1325.64)	390.90

### 3. Dividend

In view of the loss incurred during the year, the Directors are unable to recommend payment of a dividend.

### 4. Economic Scene

The Indian economy continued to remain sluggish throughout the year. The uncertainties surrounding the coalition government, coupled with sanctions imposed by the U.S.A. reduced the level of optimism in the market, adversely affecting fresh investments in Industry.

### 5. Telecommunications Scene

The Telecommunications business is undergoing a major transformation in India.

The liberalised policies of the government encourage privatisation of Basic and Cellular services creating significant long-term opportunities for the telecommunications equipment industry, in which your Company is a major player. However, the recently announced telecom policy could not fulfil the expectations of the Operators on issues relating to license fees, income sharing pattern etc., which could affect the growth of Telecom sector in the near future.

### 6. Business Analysis

The main lines of business in which your Company operates are divided into the Business Communications Systems Division

1998-99

## DIRECTORS' REPORT (Contd.)

(BCS), the Micro-wave Systems Division (MSD), the Cellphone Division and the Tatafone Division. The BCS and the Tatafone business are the core businesses which provide a strong foundation for the Company. The MSD business (including Transmission projects) is a Project Business where long term independently profitable network installation projects are undertaken to complement the core businesses. The Cellphone distribution activity was pursued since 1997 as a short term opportunity.

### Financial Results

In spite of the adverse economic conditions your Company registered healthy growth in both the core businesses. The BCS Division achieved a turnover of Rs.113 crores as compared to Rs.90 crores, in the previous year, registering a growth of 26%. The Tatafone business grew at the rate of 25%. This accounted for a turnover of Rs.49.25 crores as compared to Rs.39.43 crores achieved in the previous year.

The MSD business (including Transmission projects) on the other hand declined significantly to Rs.11.5 crores as compared to Rs.31.3 crores in the previous year, registering a fall of 63%. Being a project activity this business is of a cyclical nature. Considering the margins in such projects, your Company will continue to pursue this business, on a case by case basis.

The decline in the growth of cellular companies and changes in the marketing policies of cellular operators resulted in the reduction of cellphone turnover of the Company from Rs.18.2 crores in the previous year to Rs.4.4 crores in the year under review, a fall of 76%. The management is reviewing future prospects of this business segment.

On this background, the operations for the year resulted in a loss of Rs.4.22 crores as compared to a profit of Rs.1.36 crores in

the previous year. This loss was further compounded by the provisions for Doubtful Debts/Advances of Rs.9.52 crores (Previous Year Rs.1.34 crores) and Obsolescence of stocks to the tune of Rs.5.91 crores (Previous Year Rs.NIL).

### Provisions for Doubtful Debts/Advances and Material Obsolescence

The provisions for doubtful debts/advances and that for material obsolescence have been made from time to time, based on the realisation expectancy. However, on account of economic glut prevailing in the country and depressed money markets, the realisability of the old outstandings reduced significantly. As a result, the provisions made in the books on this account are higher.

On the other hand, the Company resorted to rationalisation and consolidation of its products by phasing out some of its product lines, in order to meet the changing need of the customers as also the policies of Department of Telecommunications (DoT). These phase out actions are reflected in higher provisions for stock obsolescence in the accounts for the year under review.

### Operations

With a market share in excess of 30%, the Company continues to be a leader in the Business Communications Systems. During the year under review, the Company also achieved the landmark of becoming the first telecom Company in India to have installed one million PBX ports. The receipt of Techies awards for, 'Best Telecom Company' and for the 'Best PBX', for the second year in succession, came as a recognition of the Company's dominance in the Business Communications Systems segment and the perception of the Company as a leading Telecom player. The Company also received the "Award for Excellence" from the Hon'ble Prime Minister of India, Shri A.B. Vajpayee, in recognition of the highest exports during

## DIRECTORS' REPORT (Contd.)

1996-97 in the Telecom category. This Award has been instituted by Electronics & Computer Software Promotion Council (Sponsored by Ministry of Commerce, Govt. of India).

On this background, due to intense competition in the market, the Company could not capitalise the advantage of its leadership, by obtaining the much deserved price preference for its products. The year was also an year of consolidation in the sense that the core business of PBX improved on one hand and the allied activities such as transmission products, cell phone etc., went through a phasing out period. The Company also saw the phasing out of some of its earlier generation models of PBXs namely; PSX, PMX and IDX. These models have been successfully replaced by Partner, Paradigm and Definity Systems, which are expected to be the most powerful and comprehensive product portfolio in Indian BCS market.

### 7. Future Opportunities

The changing business scenario in Telecom, Computing and Entertainment sectors in the next five years, translates directly into business opportunities for the Company. The overall liberalisation results into the Company's customers' businesses becoming more competitive, calling for higher degree of customer satisfaction. As a result, the customers are re-looking at their internal business processes and are discovering that they must make best use of the technology to gain competitive advantage and enhance their customers' satisfaction. Therefore improvements to the communications' infrastructure are critical to the success of their business. In this respect, your management feels confident that its ability to understand the challenges of customers' business and to provide solutions to improve their business performance, will in turn improve the business performance of the Company.

Realising the opportunities the business environment is offering, your management is endeavouring to transform the Company from a "Leading PBX Company" to the most preferred "Business Communication Solutions" Company. This is proposed to be achieved by offering end-to-end solutions, using, 'Best-In-Class products' for Voice, Data and Video communication. It is believed that these solutions backed up by investment in customer relationship will help in delivering best value to the customers.

Your Company is well positioned to achieve this goal with its comprehensive product portfolio for voice, data and video products, excellent manufacturing capabilities, global sourcing expertise enabling it to provide cost effective solutions, extensive service network to support customers and highly motivated workforce. It is believed that this unique mix of strength, coupled with its zeal for serving its customers better than anyone in the industry, positions the Company ahead of competition.

### 8. Key Initiatives

#### Formation of a Management Committee (MC)

In order to seize these opportunities, a Management Committee (MC) consisting of senior executives was formed with a clear mandate to address the issues affecting the operations of the Company, on a priority.

The MC has since identified increase in volume, reduction in book debts, optimisation of costs, improvement in inventory turnover ratio and employee motivation as the major focus areas. Systematic efforts are being made to bring objectivity and accountability in these areas, which, it is expected will yield positive results in the coming years.

#### Reorganisation into Business Segments

The BCS business is being divided into four Strategic Business Units (SBUs) namely,