





Every time your business excels, we get a little closer to realising our vision



Our vision is to globalise India through e-Communication. We provide your business with cutting-edge communication solutions that help you excel and become globally competitive. We bring you the latest technological advances in Internet communication, virtual private networks, CRM solutions and voice & data networking solutions. We are driven by customer responsiveness and aspire to be the most trusted partners of our customers. We, as a Tata and Avaya company, enable corporate India to become a significant player in the global market.

- ► Enterprise Class IP Solutions (ECLIPS): VoIP Data Networking
- Unified Messaging ▶ Contact Center & CRM Solutions
- ▶ Videoconferencing Solutions ▶ Telephony Solutions





TATA TELECOM LIMITED

DIRECTORS

K. A. CHAUKAR
NIRU MEHTA
MARK LEIGH
HORATIO WONG
S. CHANDRASEKAR
S. RAMAKRISHNAN
N. SRINATH
PRADEEP MALLICK

COMPANY SECRETARY

VISHAL KOHLI

C. B. BHAVE

AUDITORS

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

REGISTERED OFFICE

Matulya Centre, 'A' Block, 249, Senapati Bapat Marg, Lower Parel (West), Mumbai-400 013.

CORPORATE OFFICE

DLF Square, II Floor, M-Block, Jacaranda Marg, DLF City, Phase II, Gurgaon-122 002.

WORKS

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

REGIONAL OFFICES

BANGALORE, CHENNAI, DELHI, KOLKATA, MUMBAI, PUNE

BRANCHES AND SERVICE CENTRES

AHMEDABAD, ALLAHABAD, AMBALA, AURANGABAD, BARODA, BHATINDA, BHOPAL, BHUBANESHWAR, CHANDIGARH, COCHIN, COIMBATORE, DULIAJAN, GOA, GUWAHATI, HYDERABAD, INDORE, JABALPUR, JAIPUR, JAMMU, JAMSHEDPUR, JODHPUR, JORHAT, LUCKNOW, LUDHIANA, MUMBAI, NAGPUR, NOIDA, PATNA, RANCHI, SHILLONG, SILIGURI, SRINAGAR, SURAT, TENGA, TEZPUR, TRIVANDRUM, VIZAG.

BANKERS

Chairman

Vice Chairman

BANK OF INDIA
CREDIT AGRICOLE INDOSUEZ
CENTURION BANK LTD.
IDBI BANK LTD.

REGISTRARS AND SHARE TRANSFER AGENTS

TATA SHARE REGISTRY LTD. (TSRL), Army & Navy Building, 148, Mahatma Gandhi Road, Fort, Mumbai-400 001.

AUDIT COMMITTEE

S. CHANDRASEKAR — Chairman S. RAMAKRISHNAN C. B. BHAVE

SHAREHOLDERS'/INVESTORS' GRIEVANCE COMMITTEE

PRADEEP MALLICK — Chairman S. CHANDRASEKAR NIRU MEHTA

ETHICS AND COMPLIANCE COMMITTEE

PRADEEP MALLICK — Chairman S. CHANDRASEKAR C. B. BHAVE NIRU MEHTA 2002-2003



NOTICE

NOTICE IS HEREBY GIVEN THAT THE SEVENTEENTH ANNUAL GENERAL MEETING OF THE MEMBERS OF TATA TELECOM LIMITED will be held on Wednesday, the 30th day of July, 2003 at 11:00 A.M. at the Bombay House Auditorium, Bombay House, 24, Homi Mody Street, Mumbai – 400001, to transact the following business:

Ordinary Business

- 1. To receive and adopt the Directors' Report, audited Profit and Loss Account for the year ended March 31, 2003 and the Balance Sheet as at that date.
- 2. To declare dividend on equity shares.
- 3. To appoint a Director in place of Mr. K. A. Chaukar who retires by rotation and is eligible for re-appointment.
- 4. To appoint a Director in place of Mr. Mark Leigh who retires by rotation and is eligible for re-appointment.
- 5. To appoint a Director in place of Mr. Horatio Wong who retires by rotation and is eligible for re-appointment.
- 6. To appoint Auditors to hold office from the conclusion of this meeting upto the conclusion of the next Annual General Meeting and to fix their remuneration.

Notes:

- a. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself / herself and the proxy need not be a member. In order to be effective, the proxy must be received by the Company not less than 48 hours before the meeting.
- b. Member / Proxy holder must bring the attendance slip to the meeting and hand it over at the entrance duly signed.
- c. The Register of Members and the Share Transfer Books of the Company will remain closed from July 09, 2003 to July 30, 2003 (both days inclusive).
- d. The dividend on Equity Shares as recommended by the Directors for the year ended March 31, 2003, if declared at the meeting, will be payable on and after August 13, 2003, to those Members whose names stand on the Register of Members of the Company on July 30, 2003.
- e. As per the provisions of the Companies Act, 1956, facility for making nominations is now available for shareholders in respect of the shares held by them. Nomination forms can be obtained from the Registrars and Share Transfer Agents of the Company.
- f. Members are requested to notify, immediately, any change in their address to the Company's Registrar and Share Transfer Agents.
- g. Members are requested to bring their copy of the Annual Report.

By Order of the Board of Directors

VISHAL KOHLI Company Secretary

Place : Mumbai Date : May 20, 2003

Registered Office: Matulya Centre, 'A' Block, 249, Senapati Bapat Marg, Lower Parel (West), Mumbai – 400013. 2002-2003



Brief Resume and other information in respect of the Directors seeking re-appointment at the Annual General Meeting:

Mr. K. A. Chaukar

Mr. K. A. Chaukar aged about 56 years, holds a Bachelor of Arts (Economics) Degree from Karnataka University and a PGDBA from the Indian Institute of Management, Ahmedabad. He also holds a DEA – Rural Economics from University of Dijon, France. He joined the Board of Directors of the Company in the year 1999.

Mr. K. A. Chaukar is currently the Managing Director of Tata Industries Limited (TIL). TIL is one of the two principal holding companies of the Tata Group, India's largest and best known conglomerate. TIL acts as the diversification and new projects-promotion arm of the Tata Group, and spearheads the entry of the Group in the emerging, high-tech and sunrise sectors of the economy. In his capacity as Managing Director of TIL, Mr. Chaukar is responsible for enhancing the value and the interest of TIL in TIL-promoted companies. One of the tasks performed in the quest for this value enhancement is to provide strategic direction to these companies. Mr. Chaukar is also a member of the Tata Group Executive Office, which is engaged in strategy formulation at the House of Tatas. Mr. Chaukar was previously the Managing Director of ICICI Securities & Finance Co. Ltd. (July 1993 to October 1998) and a member of the Board of Directors of ICICI Limited from February 1995. His other experiences include stints in Bhartiya Agro Industries Foundation, a Public Trust engaged in rural development on a no-profit-no-loss basis and based in Pune, Maharashtra, and Godrej Soaps Ltd.

Nature of expertise in specific functional areas - Diversification, New Projects and Strategy Formulation

As on March 31, 2003, Mr. K. A. Chaukar was a Director and Member of Committees of Boards of other companies as under:

 Directorship
 Member of Committees of Board

 Tata Industries Limited
 Information Technology Park Limited

 Concorde Motors Limited
 - Audit Committee

 Tata Advanced Materials Limited
 Tata Honeywell Limited

Tata Teleservices Limited - Audit Committee

Oriental Floratech Limited - Remuneration Committee

Information Technology Park Limited <u>Tata Autocomp Systems Limited</u>

Tata Autocomp Systems Limited - Audit Committee

Tata Honeywell Limited <u>Tata Internet Services Limited</u>

Sitel India Private Limited <u>Tata Teleservices Limited</u>

Idea Cellular Limited - Audit Committee

Audit Committee

Tata Teleservices (Maharashtra) Limited - Audit Committee

- Remuneration Committee

Videsh Sanchar Nigam Limited

- Audit Committee

Idea Cellular Limited

- Investor Grievance Committee

Tata Teleservices (Maharashtra) Limited

- Audit Committee

Mr. Mark Leigh

Tata Internet Services Limited

Videsh Sanchar Nigam Limited

Mr. Mark Leigh aged about 46 years, holds a Mechanical Engineering Degree (Parts A, B & C) and Degree in Technology C & D (Part 2) from City & Guilds, London Institute. He joined the Board of Directors of the Company in the year 1999.

During the years 1992-2000 he held the following positions: Director, MobileOne Ltd. (a Joint Venture of Philips & HK Telecom); General Manager with Philips Communication System (HK / China); Director of Corporate Operations (Asia Pacific) with Philips Electronics Group; Chief Operating Officer (1998-99) & President (1999-2000) of Enterprise Networks, Lucent Technologies (Asia



Brief Resume and other information in respect of the Directors seeking re-appointment at the Annual General Meeting: (Contd.)

Pacific). He has been working as President with Avaya (Asia Pacific) since 2000.

Nature of expertise in specific functional areas - Managing and growing complex business across Asia Pacific

As on March 31, 2003, Mr. Mark Leigh was a Director of other companies as under:

- Avaya Australia Private Limited
- Avaya (China) Communication Co., Ltd.
- Avaya Hong Kong Company Limited
- Avaya Korea Limited
- Avaya Singapore Private Limited
- Avaya India Pvt. Ltd.

Mr. Horatio Wong

Mr. Horatio Wong aged about 58 years, holds a RIA Degree from Soc. of Ind. Accountants of Ontario, a BA Degree from Comp. Sc. York University, Toronto and a CMA Degree from Soc. of Management Accountants of Ontario. He joined the Board of Directors of the Company in the year 2000.

During the years 1973-98 he held the following positions: Financial Analyst with IBM, Canada; Manager Finance with Xerox; Sr. Financial System Analyst with Ontario Hydro and VP Finance with C&K Intl. Fashions. From 1990-94 he worked as a self employed consultant at Toronto. He was Financial Controller with Philips Semiconductors during the years 1994-98. He has been working as CFO with Lucent Technologies BCS since 1998.

Nature of expertise in specific functional areas - Finance

As on March 31, 2003, Mr. Horatio Wong was a Director of other companies as under:

- Avaya Australia Private Limited
- Avaya (China) Communication Co., Ltd.
- Avaya Hong Kong Company Limited
- Avaya Japan Limited
- Avaya Korea Limited
- Avaya (Malaysia) Sdn. Bhd.
- Avaya Philippines Inc.
- Avaya Singapore Private Limited
- Avaya India Pvt. Ltd.



DIRECTORS' REPORT

 The Directors hereby present the seventeenth Annual Report and the audited statement of accounts for the year ended March 31, 2003.

2. Financial Results

Rs. in lakhs

	Year ended 31/03/2003	Year ended 31/03/2002
Sales & services (gross)	3,25,74.81	2,63,16.29
Sales & services (net)	3,19,02.01	2,56,95.13
Profit before interest, depreciation & tax (EBIDA)	37,17.45	32,13.09
Less: Interest and finance charges (net)	2,09.43	3,24.25
Depreciation	5,11.53	4,59.64
Profit before tax	29,96.49	24,29.20
Less: Provision for tax (including deferred tax)	11,40.66	8,61.07
Profit after tax	18,55.83	15,68.13
Balance brought forward from previous year	3,46.02	(4,37.40)
Amount available for appropriations	22,01.85	11,30.73
Appropriations :	.com	
Proposed dividend	3,55.83	2,84.71
Corporate dividend tax	45.59	_
Transfer to general reserve	10,00.00	5,00.00
Balance carried to Balance Sheet	8,00.43	3,46.02

3. Dividend

Your Directors are pleased to recommend the payment of dividend at the rate of Rs. 2.50 per share (25%) on 1,42,33,232 Equity Shares of Rs. 10/- each for the year ended March 31, 2003, subject to the sanction of the shareholders in the ensuing Annual General Meeting.

4. Operations

Your Company is focused on positioning itself as a leader in offering end-to-end Converged Solutions and Contact Center/CRM Solutions to Enterprise customers. Keeping this in view, the product portfolio is being expanded so as to meet the evolving customer needs in an effective manner. Your Company has added solutions like Work Force Management Software, Wide Area Network Switch (PSAX), Call Status Display Solution for Contact Center, Media Gateways and Media Server of Avaya for IP Network. These all will enhance your Company's capability to deliver end-to-end solution to the customers.

Your Company has also increased its focus on improving Customer Responsiveness by deploying an improved 'Customer Engagement Model'. As a part of this strategy, Company has launched CEO Forum on Customer Responsiveness. The forum's objective is to share experiences of CEO from different industries to improve customer responsiveness. The Forum's inaugural session was attended by more than 150 CEOs at seminars held in Mumbai & Delhi.

Customer Service is one of the major thrust areas. Your Company continues to create a major differentiation for itself, against its competitors through its service delivery to the customers. Your Company is also creating additional value through Customer Services by offering innovative services value propositions to the customers.

Your Company has also taken action to redesign the organization to improve its overall customer engagement. New roles such as "Solution Architects", and "Business Development Managers" have been developed, who would have expertise in customer discovery process as well as products and applications, to design appropriate solutions for customers' evolving requirements.



DIRECTORS' REPORT (Contd.)

Your Company continues to put lot of emphasis on training people to build up competencies in new areas of technology in order to deliver best-in-class customer services.

The Company has also entered into Partnership with new System Integrators like HP, Network Solution and CMC in addition to the earlier relationships, which your Company has with IBM, NIIT and Servion. This will further enable your Company to address end-to-end solution requirements including customized applications required by market.

5. Business Outlook

Communication Technology, today plays a major role in enhancing performance of business across industries through higher productivity, improved customer engagements and security. The business model for Contact Center Industry is also based on communication technology platform. Use of appropriate technology helps customers in achieving their mission critical operations while improving the Return on Investments.

Businesses are looking at upgrading their communication infrastructure to improve their customer engagement by using latest technology like Converged Solutions, IP VPNs, Videoconferencing etc. As per recent 'Business World' survey of CIOs conducted in March 2003, 60% of the major Indian companies are planning to spend more on Information and Communication Technology in coming years. This provides a greater opportunity to your Company for offering its solutions.

Your Company was earlier offering primarily Voice Solutions (e.g. EPABX) to the customers and business was largely driven by volume. However due to deregulation in communications industry, changing customer needs, and global technological innovations, opportunities in voice solutions have declined and opportunities in Contact Centers and Converged Solutions have grown. Your Company has kept abreast with the market and technological changes and today offers solutions for Converged Communications, Teleconferencing and Contact Centers. Your Company has expanded on the services offered to include Project Management, System Integration, Application Development, etc. which offer growth in revenues and profitability. Your Company will continue to look at expansion of solution / product portfolio in related areas to maintain growth.

The Contact Center Industry continues to grow as more and more organizations from USA and Europe are outsourcing their CRM/back office processes to cost effective/competent destinations like India. A number of MNCs have set up their Off-shore Contact Centers in India during the last year. As per Industry estimate (Source – Frost & Sullivan) Contact Center Industry is likely to grow at CAGR of over 30% during next 2/3 years and this will offer substantial opportunities to your Company for providing Contact Centers & CRM Solutions to the customers. However, the Contact Center Industry may be adversely impacted due to changes

in global economy and competition from other destinations like Philippines, China, etc.

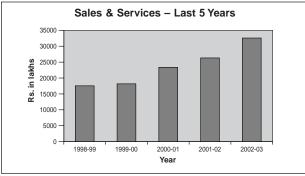
Telecom Service Providers are in a consolidation phase, and are registering substantial growth in their subscribers' population. Major players are emerging in the service provider market. As per the Annual Report for 2002-03 of Department of Telecommunications (DOT), the Mobile subscribers are growing at over 100%, while Fixed line subscribers are growing at about 22% and this provides tremendous opportunity for Solutions offered by your Company.

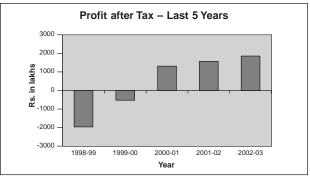
In April 2002, Government had opened up IP Telephony in a limited manner. This gave an opportunity for enterprises to shift the close user group communication on IP Telephony. This opened up a new area of business for your Company with a potential of substantial growth. However, regulatory restrictions on connectivity between public telephony network and IP network may limit the growth opportunities and companies would be cautious while deciding for IP Telephony.

6. Financial Results

The Company, for the year ended March 31, 2003, recorded a turnover of Rs. 3,25,74.81 lakhs, as compared to Rs. 2,63,16.29 lakhs for the year ended March 31, 2002, representing a growth of about 24%. The profit before tax is Rs. 29,96.49 lakhs for the year ended March 31, 2003 as compared to Rs. 24,29.20 lakhs for the previous year. The profit after tax is Rs. 18,55.83 lakhs as compared to Rs. 15,68.13 lakhs for the previous year.

Despite intense competition, the Company's performance was encouraging.







DIRECTORS' REPORT (Contd.)

7. Recognition conferred on the Company

During the year under review, your Company has continued to get appreciation awards from Avaya, particularly for contributions made in the Asia Pacific Region. The Company earned the distinction of being the 'Largest Business Partner' of Avaya in the Asia Pacific Region.

In the category of "India's Most Respected Companies", Businessworld rated your Company as No. 8 in Telecommunications.

Deloitte Touche Tohmatsu rated the Company 17th in the category of "Fastest Growing Technology Company" in India and 213th in Asia Pacific Region.

Tata Telecom bagged the following "Frost & Sullivan" Awards 2002 :

- Market Engineering Award for 'Market Leadership in Interaction CRM Market in India'
- Marketing Strategy Award in 'Enterprise Voice Equipment Market'

Voice and Data conferred award for Leadership in 'Private Switching Systems' in 2001-02, for the third consecutive year.

The World HRD Congress honoured your Company with an award for "Organisation with Innovative HR Practices" in the Services Sector.

8. New Products

Your Company has been enhancing the product portfolio to address the enterprise customers' need for converged communication services covering Voice, Data and Video Networks and also Contact Center Solutions. During the year under review, your Company launched the following new products and solutions:

- Eclips IP Solutions for Convergence Applications. The product range includes Media Server and Media Gateways for IP Networks.
- (2) Web Office.
- (3) Wide Area Network Switch PSAX.
- (4) Work Force Management Applications software from IEX
- (5) Call Status display wallboards from Symon Corporation.
- (6) Multimedia Contact Center Applications based on Avaya Interaction Centres.

9. Finance

The Company, during the year under review, issued Commercial Paper amounting to Rs. 2000 lakhs, which was assigned credit rating of P1+ (highest short term credit rating)

by the 'Credit Rating Information Services of India Limited' (CRISIL), thereby reducing working capital demand loan component of fund based limit sanctioned by its consortium of bankers. This has resulted in saving in interest cost for the Company.

10. Organisational Initiatives

Your Company aims to be the best-in-class Customer Responsive organization with a strong focus on offering 'end to end' solutions in the Convergence space for Enterprise Customers i.e. Voice, Data & Video. In order to achieve this objective, the major thrust of your Company has been on (1) expansion of product portfolio for end-to-end enterprise communication solutions (2) deployment of state-of-the-art information systems and (3) development of competencies.

Your Company remains in touch with its global suppliers such as Avaya, Nice, LG, Polycom, etc., to bring best-of-the-class product offerings to its customers. The Company has set-up a state-of-the-art lab for demonstrating various solutions based on latest technologies. It also helps in supporting application development for customized needs of the customers.

Your Company has set up a Web based portal for attracting overseas customers who are likely to outsource their Front and back office processes to India. This portal provides them an effective means to establish connectivity with Consultants in Contact Center areas, Infrastructure Providers, Real Estate Providers and other Agencies who can help in setting up their outsource business units. This will help in generating enhanced opportunities for Contact Center business.

During the course of the year, the Company put a great deal of focus in improving competency of its employees through variety of skill enhancement training programs.

Your Company has successfully implemented SAP based ERP / CRM solution during the last 12 months period. The new system enables Tata Telecom employees and Business Partners in providing a uniform and effective experience to all its customers.

11. Fixed Deposits

The Company has not accepted any Fixed Deposits during the year.

12. Directors

Mr. K. A. Chaukar, Mr. Mark Leigh and Mr. Horatio Wong, retire by rotation and being eligible, offer themselves for re-appointment.

13. Auditors

Members are requested to appoint Auditors for the current year and to authorize the Board of Directors to fix their remuneration. M/s. C.C. Chokshi & Co., Chartered Accountants, the retiring Auditors have under Section 224



DIRECTORS' REPORT (Contd.)

(1B) of the Companies Act, 1956, furnished a certificate of their eligibility for re-appointment.

14. Personnel

The Board places on record it's appreciation for the hard work and dedicated efforts put in by all the employees. The relations between the management and employees continue to remain cordial on all fronts. Information as per Section 217 (2A) of the Companies Act, 1956, read with Companies (Particulars of Employees) Rules, 1975, marked as Annexure 'A' forms part of this report.

15. Particulars required to be furnished by the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988

- (i) Part A pertaining to conservation of energy is not applicable to the Company.
- (ii) Part B pertaining to particulars relating to technology absorption is as per Annexure B to this report.
- (iii) Part C pertaining to foreign exchange earnings and outgoings is as contained in item nos. 17 and 18 of Schedule 20 of the accounts.

16. Directors' Responsibility Statement as per Section 217

Pursuant to Section 217 (2AA) of the Companies Act, 1956, the Directors, based on the representations received from the Operating Management, confirm that -

- in the preparation of the annual accounts, the applicable accounting standards have been followed and that there are no material departures;
- (ii) they have, in the selection of the accounting policies, consulted the Statutory Auditors and have applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period;
- (iii) they have taken proper and sufficient care, to the best of their knowledge and ability, for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) they have prepared the annual accounts on a going concern basis.

17. Audit Committee

During the year under review, Mr. C.B. Bhave was appointed as Member of the Audit Committee, in place of Mr. Niru Mehta. The details relating to Audit Committee are mentioned in the 'Corporate Governance Report', which forms a part of the Annual Report.

18. Shareholders' / Investors' Grievance Committee

During the year under review, Mr. Pradeep Mallick was appointed as the Chairman of the Shareholders'/ Investors' Grievance Committee. The details relating to Shareholders'/ Investors' Grievance Committee are mentioned in the 'Corporate Governance Report', which forms a part of the Annual Report.

19. Ethics & Compliance Committee

The Board of Directors had, at its meeting held on 23rd October, 2002, adopted the 'Code of Conduct', pursuant to the Securities & Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992. In terms of the said 'Code of Conduct', an Ethics & Compliance Committee was constituted. The details relating to Ethics & Compliance Committee are mentioned in the 'Corporate Governance Report', which forms a part of the Annual Report.

20. Corporate Governance

Pursuant to Clause 49 of the Listing Agreement with Stock Exchanges, a Management Discussion and Analysis Report, Corporate Governance Report and Auditors' Certificate regarding compliance of conditions of Corporate Governance are made a part of the Annual Report.

21. Acknowledgements

The Board is thankful to the Bankers of the Company for their continued support. It also takes this opportunity to express gratitude to its technical collaborators; Avaya, USA and OKI Electric Industry Co. Ltd., Japan, and its major partners; 'LG', 'Nice' and 'Polycom' for their continued co-operation, support and assistance.

For and on behalf of the Board of Directors

K. A. CHAUKAR NIRU MEHTA
Chairman Vice Chairman

Mumbai, May 20, 2003