



Report Junction

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BOARD OF DIRECTORS

Mr. Ratan N. Tata (*Chairman*)

Mr. Arunkumar R. Gandhi

Mr. Nadir Godrej

Prof. Ashok Jhunjhunwala

Mr. N. S. Ramachandran

Mr. S. Ramadorai

Mr. Anil Sardana

Dr. Mukund Rajan (*Managing Director*)

COMPLIANCE OFFICER

Mr. Madhav Joshi

Chief Legal Officer & Company Secretary

INVESTOR SERVICES

Mr. Hiten Koradia

Asst. Manager – Investor Relations

Tel: 91 22 6661 5152

e-mail: investor.relations@tatatel.co.in

STATUTORY AUDITORS

M/s. Deloitte Haskins & Sells

Chartered Accountants

12, Dr. Annie Besant Road,

Opp. Shiv Sagar Estate,

Worli, Mumbai – 400 018.

REGISTRAR & SHARE TRANSFER AGENT

TSR Darashaw Limited

6-10, Haji Moosa Patrawala Industrial Estate,

20, Dr. E. Moses Road,

Near Famous Studio, Mahalaxmi,

Mumbai – 400011.

Tel: 91 22 66568484

Fax: 91 22 66568494 / 66568496

Email: csg-unit@tsrdarashaw.com

Website: www.tsrdarashaw.com

REGISTERED OFFICE

Voltas Premises, T B Kadam Marg,

Chinchpokli, Mumbai – 400 033.

Tel: 91 22 6661 5445

Fax: 91 22 6660 5516 / 5517

e-mail: investor.relations@tatatel.co.in

Website: www.tataindicom.com

Report

TATA TELESERVICES (MAHARASHTRA) LIMITED**13th ANNUAL REPORT 2007-08**

CONTENTS	Page No.
Notice	03
Directors' Report	07
Corporate Governance Report	19
Management's Discussion and Analysis of Financial Condition and Results of Operations	30
Auditors' Report	41
Balance Sheet	44
Profit & Loss Account	45
Schedules forming part of the Balance Sheet and Profit & Loss Account	46
Cash Flow Statement	66
Balance Sheet Abstract and Company's General Business Profile	67

PLEASE CHECK FOR EXCLUSIVE SHAREHOLDER OFFER ON PAGE NO. 69 & 70



NOTICE

Notice is hereby given that the thirteenth Annual General Meeting of **Tata Teleservices (Maharashtra) Limited** will be held on **Tuesday, August 12, 2008 at 1500 hours** at Bombay House Auditorium, Bombay House, 24, Homi Mody Street, Fort, Mumbai 400 001 to transact the following business:

ORDINARY BUSINESS

1. To consider and, if thought fit, to pass, with or without modifications, if any, the following as an Ordinary Resolution:
"RESOLVED that the Company's audited Balance Sheet as at March 31, 2008, the audited Profit and Loss Account and the audited Cash Flow Statement for the financial year ended on that date together with Directors' and Auditors' Report thereon be and are hereby approved and adopted."
2. To consider and, if thought fit, to pass, with or without modifications, if any, the following as an Ordinary Resolution:
"RESOLVED THAT M/s Deloitte Haskins & Sells, Chartered Accountants, retiring auditors of the Company, be and are hereby re-appointed as the Auditors of the Company to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting of the Company on remuneration to be decided by the Board of Directors."
3. To consider and, if thought fit, to pass, with or without modifications, if any, the following as an Ordinary Resolution:
"RESOLVED THAT Mr. Arunkumar R. Gandhi, who retires from the office of Director by rotation in this Annual General Meeting and being eligible offers himself for re-election, be and is hereby re-elected a Director of the Company, whose office shall be liable to retirement by rotation."
4. To consider and, if thought fit, to pass, with or without modifications, if any, the following as an Ordinary Resolution:
"RESOLVED THAT Mr. S. Ramadorai, who retires from the office of Director by rotation in this Annual General Meeting and being eligible offers himself for re-election, be and is hereby re-elected a Director of the Company, whose office shall be liable to retirement by rotation."

SPECIAL BUSINESS

5. To consider and, if thought fit, to pass, with or without modifications, if any, the following as an Ordinary Resolution:
"RESOLVED THAT Dr. Mukund Rajan who was appointed as an Additional Director of the Company and who holds office upto the date of this Annual General Meeting of the Company in terms of Section 260 of the Companies Act, 1956 (Act) and in respect of whom the Company has received a notice pursuant to Section 257 of the Act be and is hereby appointed a Director of the Company, liable to retire by rotation."
6. To consider and, if thought fit, to pass, with or without modifications, if any, the following as an Ordinary Resolution:
"RESOLVED THAT Mr. Anil Sardana, who was appointed as an Additional Director of the Company and who holds office upto the date of this Annual General Meeting of the Company in terms of Section 260 of the Companies Act, 1956 (Act) and in respect of whom the Company has received a notice pursuant to Section 257 of the Act 1956, be and is hereby appointed a Director of the Company, liable to retire by rotation."
7. To consider and, if thought fit, to pass, with or without modifications, if any, the following as an Ordinary Resolution:
"RESOLVED THAT Mr. Nadir Godrej, who was appointed as an Additional Director of the Company and who holds office upto the date of this Annual General Meeting of the Company in terms of Section 260 of the Companies Act, 1956 (Act) and in respect of whom the Company has received a notice pursuant to Section 257 of the Act be and is hereby appointed a Director of the Company, be liable to retire by rotation."
8. To consider and, if thought fit, to pass, with or without modifications, if any, the following as an Ordinary Resolution:
"RESOLVED THAT pursuant to the provisions of Section 293 (1) (d) and other applicable provisions, if any, of the

TATA TELESERVICES (MAHARASHTRA) LIMITED**13th ANNUAL REPORT 2007-08**

Companies Act, 1956 (including any statutory modifications or re-enactments thereof), the Company hereby accords its consent to the Board of Directors, for borrowing any sum or sums of money from time to time from any one or more of the Company's bankers and/or from any one or more other persons, firms, bodies corporate or financial institutions, whether in India or abroad, and whether by way of cash credit, advance or deposits, loans or bill discounting, issue of debentures or other securities or otherwise and whether unsecured or secured by mortgage, charge, hypothecation or lien or pledge of the Company's assets, licences and properties, whether immovable or movable or stock-in-trade (including raw materials, stores, spare parts and components in stock or in transit) and work-in-progress and all or any of the undertaking of the Company notwithstanding that the moneys to be borrowed together with moneys already borrowed by the Company (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) will or may exceed the aggregate of the paid-up capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purpose, so that the total amount upto which the moneys may be borrowed by the Board of Directors (hereinafter referred to as 'the Board' which expression shall include any Committees thereof) and outstanding at any time shall not exceed the sum of Rs. 6,000,00,00,000/- (Rupees Six Thousand Crores only) and the Board is hereby authorised to execute such debenture trust deeds or mortgage, charge, hypothecation, lien, promissory notes, deposit receipts and other deeds and instruments or writings containing such conditions and covenants as it may deem fit."

Registered Office:

Voltas Premises,
T B Kadam Marg,
Chinchpokli,
Mumbai - 400 033.

By order of the Board
For **Tata Teleservices (Maharashtra) Limited**

Mumbai,
June 11, 2008

Madhav Joshi
Chief Legal Officer & Company Secretary

Notes:

- A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE AT THE MEETING INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER.** A proxy, in order to be effective, should be deposited at the registered office of the Company not less than 48 hours before the commencement of the meeting.
- The Explanatory Statement pursuant to section 173(2) of the Companies Act, 1956 in respect of the business under Item No. 5 to 8 above are annexed hereto and form part of this Notice. The relevant details as required by Clause 49 of the Listing Agreements entered into with the Stock Exchanges, of persons seeking appointment/re-appointment as Directors are also annexed.
- The Register of Directors' Shareholding, Register of Proxies and Statutory Auditors' Certificate on Employee Stock Option Plan would be available for inspection by the Members, at the Meeting. All documents referred to in the accompanying Notice and Explanatory Statement are also open for inspection by the Members at the registered office of the Company on all working days between 11:00 a.m. to 1:00 p.m. up to the date of Annual General Meeting.
- The Register of Members and Share Transfer Books of the Company will remain closed from **Tuesday, July 29, 2008 to Tuesday, August 12, 2008** (both days inclusive).
- Members/proxies should bring duly filled Attendance Slips to attend the Meeting.
- A circular on the Nomination facility is available on the Company's web-site www.tataindicom.com under the link "TTML" under the "About Us" link. The shareholders holding shares in physical mode only are requested to go through the circular and appoint nominee/s, if any, in respect of their physical shareholdings at the earliest.
- Members whose shareholding is in electronic mode are requested to direct change of address notifications to their respective Depository Participants.
- Members may kindly note that, for security reasons, no handbags or parcels of any kind will be allowed inside the Bombay House Auditorium and those will have to be deposited outside the Auditorium on the counter provided, at the Member's own risk.**



EXPLANATORY STATEMENT PURSUANT TO SECTION 173 (2) OF THE COMPANIES ACT, 1956

Items no. 5, 6 and 7

Appointment of Directors liable to retire by rotation

Dr. Mukund Rajan was appointed as an Additional Director of the Company with effect from January 23, 2008 and Mr. Anil Sardana and Mr. Nadir Godrej were appointed as Additional Directors of the Company with effect from March 12, 2008.

As per the provisions of the Companies Act, 1956 (Act), the above Directors, hold office only upto the date of the forthcoming Annual General Meeting of the Company. The Company has received Notice along with requisite deposit under Section 257 of the Act, proposing their appointment as a Director of the Company.

Details regarding the persons proposed to be appointed as Directors and their brief resume have been given in the Annexure attached to the Notice. Keeping in view the experience, and expertise of these persons, their appointment as Directors of the Company is recommended by the Board.

Each of the Directors may be deemed to be concerned or interested, directly or indirectly, in resolution relating to his own appointment.

Item no. 8

The Company plans to roll out network for GSM Operations immediately after allocation of spectrum and expand its CDMA network to match competitors' reach, gain better incremental market share and maintain its growth in subscriber base and market share.

The Company also plans to increase its CDMA network to 1200 towns by 2010. The Company has also drawn up plans for expanding its network and introducing newer service offerings with the objective to garner a sizeable market share (especially in the rapidly growing mobile telephony market segment).

The Company estimates capex requirement of upto Rs. 1,700 Crores by 2010 and the existing borrowing powers of Rs. 4,000 Crores therefore may not be adequate. Keeping in view the debt requirements of the Company in the next 2/3 years, the existing limits for borrowings need to be increased from Rs. 4,000 Crores to Rs. 6,000 Crores.

The Board commends the resolution for approval of the Members.

None of the Directors is interested or concerned in the passing of this resolution.

Registered Office:

Voltas Premises,
T B Kadam Marg,
Chinchpokli,
Mumbai – 400 033.

Mumbai,
June 11, 2008

By order of the Board
For **Tata Teleservices (Maharashtra) Limited**

Madhav Joshi
Chief Legal Officer & Company Secretary

Details of Directors Seeking Appointment/Reappointment at the Annual General Meeting

Particulars	Mr. Arunkumar R. Gandhi	Mr. S. Ramadorai	Dr. Mukund Rajan	Mr. Anil Sardana	Mr. Nadir Godrej
Date of Birth	March 15, 1943	October 6, 1944	April 5, 1968	April 16, 1959	August 26, 1951
Date of Appointment	August 10, 2006	August 10, 2006	January 23, 2008	March 12, 2008	March 12, 2008
Qualifications	Fellow member of Institute of Chartered Accountants of England & Wales, and that of India. Associate Member of Chartered Institute of Taxation, London	Bachelor's degree in Physics from Delhi University. Engineering in Electronics & Telecommunications from Indian Institute of Science, Bangalore. Master's degree in Computer Science from University of California, USA.	B. Tech from IIT, Delhi. Masters & Doctorate in International Relations from Oxford University.	Electrical Engineering from Delhi University. Post Graduate in Cost Accountancy (ICWAI). Post Graduate Diploma in Management.	B. S. (Chemical Engineering) from the Massachusetts Institute of Technology, USA. M. S. (Chemical Engineering) from Stanford University, USA. MBA from Harvard Business School.
Expertise in specific functional area	Rich experience in Finance, Merger & Acquisition	Rich experience in Information Technology & Business	Rich experience in Telecom and Business	Rich experience in Business, Turnaround & change management	Rich experience in various Industries
Number of shares held in the Company	Nil	Nil	Nil	Nil	Nil
Directorships held in other Public Companies (excluding Foreign Companies)	<ul style="list-style-type: none"> Tata Sons Ltd. Tata Tea Ltd. Tata Communications Ltd. Tata Asset Management Ltd. Tata Business Support Services Ltd. Benares Hotels Ltd. The Paper Products Ltd. Wireless – TT Info Services Ltd. 	<ul style="list-style-type: none"> Tata Industries Ltd. Tata Consultancy Services Ltd. Tata Communications Ltd. Tata Elxsi Ltd. Tata Technologies Ltd. CMC Ltd. WTI Advanced Technology Ltd. Hindustan Lever Ltd. Nicholas Piramal India Ltd. Tata Teleservices Ltd. C-Edge Technologies Ltd. Computational Research Laboratories Limited 	<ul style="list-style-type: none"> Tata Communications Ltd. Tata Teleservices Ltd. Piem Hotels Ltd. 	<ul style="list-style-type: none"> Tata Power Company Ltd. Tata Teleservices Ltd. Coastal Gujarat Power Ltd. Maithon Power Ltd. North Delhi Power Ltd. 	<ul style="list-style-type: none"> Godrej Industries Ltd. Godrej Agrovet Ltd. Goldmohur Food & Feeds Ltd. Godrej Global Solutions Ltd. Godrej & Boyce Mfg. Co. Ltd. Godrej Properties Ltd. Godrej Consumer Products Ltd. Mahindra & Mahindra Ltd. Godrej Sara Lee Ltd. KarROX Technologies Ltd. Godrej Gold Coin Acquafed Ltd. Avestha Gengraine Technologies Ltd. Godrej Oil Plantations Ltd. Cauvery Palm Oil Ltd.
Memberships/ Chairmanships of Committees of other Indian Public Companies **	Audit Committee <ul style="list-style-type: none"> The Paper Products Ltd. 	Audit Committee <ul style="list-style-type: none"> Tata Elxsi Ltd. Tata Technologies Ltd.* Hindustan Lever Ltd. Shareholders/Investors Grievance Committee <ul style="list-style-type: none"> Tata Consultancy Services Ltd. 	Nil	Audit Committee <ul style="list-style-type: none"> Coastal Gujarat Power Ltd. Maithon Power Ltd. 	Audit Committee <ul style="list-style-type: none"> Godrej Global Solutions Ltd.* Mahindra & Mahindra Ltd. Godrej Sara Lee Ltd. Shareholders/Investors Grievance Committee <ul style="list-style-type: none"> Godrej Consumer Products Ltd.*

* Chairmanship of the Committee

** Includes only Audit Committee and Shareholders / Investors Grievance Committee



DIRECTORS' REPORT

Dear Members,

The Directors have pleasure in presenting the 13th Annual Report together with the audited financial statements of the Company for the year ended March 31, 2008 and other accompanying reports, notes and certificates.

Financial Results

The financial results of the Company's operations during the year are given below:

(Rs. Crores)

Particulars	2007-08	2006-07
Telecom Revenue	1,707.19	1,406.98
Other Income	82.41	17.44
Total Income	1,789.60	1,424.42
Expenditure	1,304.05	1,121.82
Earnings Before Interest, Depreciation, Tax and Amortisation (EBIDTA)	485.55	302.60
Finance & Treasury Charges (Net)	171.01	171.76
Depreciation	439.35	446.23
Loss before Extraordinary item and tax	124.81	315.39
Extraordinary item	-	(5.48)
Loss before tax	124.81	309.91
Fringe Benefit tax	0.93	0.70
Loss after tax	125.74	310.61

The total revenue grew by 26% to Rs. 1,790 crores. The subscriber base grew by 65% to cross 50 lakhs, mainly through the increased additions to the Prepaid Mobile subscriber base. Other income includes the subsidy received from the Universal Services Obligation (USO) Fund for providing telephony service in rural areas (to compensate the lower revenues compared to the costs incurred for operations at these locations). The increased mix of prepaid subscribers resulted in lower Average Revenue per User (ARPU) apart from reduced tariffs due to competitive market moves. Cost optimization efforts, however, ensured a lower rate of increase of 16% in operating expenses, compared with 26% increase in revenues. The Company reported a positive EBIDTA of Rs. 485.55 crores, representing a significant improvement over the previous year's EBIDTA of Rs. 302.60 crores.

Indian Telecom – Phenomenal growth continues

Liberalization of the Indian Telecom Sector began in the year 1991. India today has the second largest telecom network in the world after China. As of March 31, 2008, there were more than 300 million telephone connections in the country of which 261 million were mobile connections. Approximately 8 million mobile connections are being added every month. The tele-density which was less than 1 per hundred in 1984 is today over 26 per hundred. Telephone connections are to be expected to touch the 500 million mark by the year 2010.

This growth, however, has been concentrated mainly in urban areas, while rural teledensity remains low at less than 7%. Despite a steady fall in the ARPU with ever declining tariffs (Indian telecommunication tariffs are the lowest in the world), Indian telecom companies have been expanding their network and increasing their coverage of areas in rural India. The Government of India, through the Department of Telecommunications (DoT), has also sought to assist the process of enhancement of rural penetration by extending upto March 2009 its scheme of giving subsidies on rural lines, and by allocating funds from the USO Fund for construction of shared passive infrastructure in rural areas.

TATA TELESERVICES (MAHARASHTRA) LIMITED**13th ANNUAL REPORT 2007-08**

36 new companies have applied for licenses in various circles (aggregating to 482 applications for various circles) and DoT has accepted the recommendation of the Telecom Regulatory Authority of India (TRAI) that there should be no cap on the number of telecom operators per circle (notwithstanding the fact that this would cause scarcity of spectrum for the existing operators). DoT has already issued 7-8 new mobile licences, and the licensees are awaiting spectrum allocation to start operations. There could thus be 10-12 operators fighting for market share in any circle.

Consequent to policy clarifications by DoT, the Company has been permitted by DoT to apply for spectrum which can be used to deploy GSM technology. The Company paid Rs. 393 crores for such permission for its two telecom circles of Mumbai and Rest of Maharashtra (including Goa). The GSM option will help the Company to address the challenges posed by increased competition in an environment where spectrum availability is constrained. Cost efficiencies will be achieved in the GSM roll-out by re-use of much of the network infrastructure created for the CDMA deployment.

The UASL License of the Company has also been amended. The Company expects to roll-out GSM services after it is allotted spectrum by DoT.

The Company's Performance

The Company holds two Unified Access (basic + cellular) Service Licences ("UASL"), one for Mumbai Metro and the other for the Rest of Maharashtra and Goa.

During the year, the Company consolidated its position in the market by increasing its share of new additions in the wireless market (i.e. fixed wireless and mobile). Its incremental market share placed it at the 4th position in its areas of operation. The Company also launched, towards the end of the year, the Virgin Mobile brand, targeted at the youth segment.

Products and Services

During the year, the Company focused on increasing its retail presence to penetrate the market better with its various products and services. The Company increased its subscriber base in the mobile and fixed wireless categories, as also in the wireline space, apart from enhancing its offerings of value added services.

The wireless/mobile subscriber base almost doubled from 27.70 lakhs to 46.80 lakhs. This growth was fueled by the increase in network coverage, accompanied by the introduction of new handsets at attractive prices, and the introduction of creative tariffs.

The Company has reciprocal roaming arrangements with Tata Teleservices Limited (TTSL), which offers services in 18 other telecom circles, and thus the Company's subscribers enjoy pan-India mobility. TTSL has also signed Unified Access Service licence agreements with DoT for the last remaining circles of Jammu and Kashmir, North East and Assam and would roll out services in these circles in the next few months. The Company has also entered into arrangements with overseas telecom operators to provide international roaming facilities to its subscribers.

Following is a comparative summary of subscriber numbers achieved by the Company as at the end of the year under review vis-a-vis the previous year:

(Figures in Lakhs)

Particulars	As on March 31, 2007	As on March 31, 2008
Wireless/Mobile Subscribers	27.70	46.80
Wireline Subscribers	3.00	4.00
Total	30.70	50.80

The Company, using the franchisee model, has opened a large number of True Value Shops to display its range of products and services and increase accessibility for its customers.

The Company continued to focus on value added service offerings. Welcome Tunes (Caller Ringback Tunes), video streaming and other data and content services brought in improved revenues.

The Company is a Category A (National) ISP Licensee and offers a broad range of Internet-related product offerings including DSL, leased lines and dial-up internet access.



The Company, along with TTSL, has a national footprint for its popular Tata Indicom conference call service, with 15 Points of Presence across the country for providing local access to conference bridges.

The Company also offers its products and services through a web-based online retail store called 'i-Choose' whereby anybody can buy a handset along with the tariff plan chosen by him/her simply by making an on-line payment. The device ordered is delivered at the customer's home.

New Customer Offerings

During the year, the Company introduced several attractive product and service propositions that addressed specific customer needs:

- The launch of the USB Plug-to-surf Modems has provided instant wireless internet access to thousands of lap-top and desktop owners. The product has also been launched in the prepaid segment for consumers who have budget constraints, such as students.
- The launch of the 'Go One' Starter kit which enables a consumer to have life time connectivity at a very affordable tariff of Rs. 1.00 per minute across all local network calls has helped to break barriers and made mobile connectivity more affordable.
- Electronic recharge was introduced which helped the Company to reduce costs on printing, octroi, and logistics. The current penetration of E-recharge is 70% of total recharges.
- The launch of Special Tariff Vouchers (STVs) for different segments of consumers with feature specific needs such as STD or night time calling helped consumers to get better tariff benefits.
- The launch of "copy a ring tone" (popular name * 2 copy) helped to improve the penetration of Caller Ring back Tunes.

Network Infrastructure

During the year, the Company rolled out CDMA wireless services in 208 new towns in Maharashtra and Goa. It now offers services in 565 towns and also along the major national highways linking various towns in Maharashtra and Goa. The Company's subscribers are therefore able to enjoy uninterrupted services while traveling by road and rail along major travel routes in Maharashtra and Goa.

The Company had participated in 2004 in an open bidding process for providing fixed phones in rural areas with support from the USO Fund. It won bids in 43 Short Distance Charging Areas (SDCAs), and started providing services in many rural villages in the interiors of Maharashtra. The scheme has been extended by DoT to March 31, 2009, and the Company has already installed over 3.48 lakh rural lines, for which it is eligible to get subsidies towards meeting part of the capital expenditure and operating costs incurred for every line installed and operational at these locations.

The Company implemented cost efficiency measures by optimizing its infrastructure, increasing the utilization factor, and through the use of power saving equipment. The Company, in co-operation with other private operators, focused on increasing the sharing of passive infrastructure like towers, duct space and site equipment amongst the operators, with a view to optimizing network costs and operating expenses. On similar lines, expansion of the fiber back bone has been carried out in several areas through cost effective sharing arrangement, with other service providers

Passive Tower Infrastructure Transfer

To capitalize on the opportunity created by the increased industry focus on infrastructure sharing, the Company like other leading telecom operators, proposes to concentrate on its core business activity i.e. providing telecommunication services, and transfer its Passive Tower Infrastructure to a Wholly Owned Subsidiary (WoS) which would be formed for this purpose.

The Company may subsequently divest some or all of the equity and/or preference shares that would be held by the Company in the WoS in favour of investor/s or infrastructure providers including Wireless Tata Tele Info Limited (WTTIL), a tower subsidiary of TTSL, and/or merge it with any other entity including WTTIL. No decision has been made in this regard but the Board will adopt structures as may be advised to optimize value. Appropriate approvals, as may be required in law, will be sought at the appropriate time. Approval of the Members to go through this process has already been obtained through Postal Ballot, the results of which were announced on May 28, 2008.