

ANNUAL REPORT

2011-12



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TATA TELESERVICES (MAHARASHTRA) LIMITED

TATA TELESERVICES (MAHARASHTRA) LIMITED

Year on Year Performance

Particulars	(Rs. in Crores)										
	2011-12	2010-11	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05	2003-04	2002-03	
Income from Telecommunication	2,470.25	2,248.74	2,069.10	1,941.68	1,707.19	1,406.98	1,095.13	807.47	597.50	359.59	
Earnings Before Interest, Depreciation, Tax and Amortisation	547.05	1,146.77*	540.51	593.18	485.55	302.60	124.71	(66.12)	50.74	52.85	
Profit/(Loss) before Extraordinary Items and Tax	(517.55)	49.91	(298.00)	(158.39)	(124.81)	(315.39)	(492.96)	(527.86)	(269.68)	(205.00)	
Extraordinary Items	-	-	-	-	-	(5.48)	47.25	-	-	-	
Profit/(Loss) after tax	(517.55)	49.90	(298.01)	(159.60)	(125.74)	(310.61)	(541.06)	(527.86)	(269.68)	(205.00)	
End of Period Subscribers (Nos. in Thousands)	14,127	16,852	13,000	7,495	5,079	3,074	1,840	1,006	488	232	

* Including Rs.834.93 Crores towards profit on sale of wholly owned tower subsidiary

BOARD OF DIRECTORS

Mr. Kishor A. Chaukar (*Chairman*)
 Mr. Amal Ganguli
 Mr. Nadir Godrej
 Prof. Ashok Jhunjhunwala
 Mr. D. T. Joseph
 Mr. N. S. Ramachandran
 Mr. S. Ramadorai
 Mr. Koji Ono (*w.e.f. June 1, 2012*)
 Mr. Katsuhiko Yamagata (*upto May 30, 2012*)
 Mr. Narasimhan Srinath (*Managing Director*)

COMPLIANCE OFFICER

Mr. Madhav Joshi
 Chief Legal Officer & Company Secretary

INVESTOR SERVICES

Mr. Hiten Koradia
 Manager - Investor Relations
 Tel: 91 22 6661 5445
 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.

REGISTRARS & SHARE TRANSFER AGENTS

TSR Darashaw Limited
 6-10, Haji Moosa Patrawala Industrial Estate,
 20, Dr. E. Moses Road,
 Near Famous Studio, Mahalaxmi,
 Mumbai - 400 011.
 Tel: 91 22 6656 8484
 Fax: 91 22 6656 8494 / 6656 8496
 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 5517
 e-mail: investor.relations@tatatel.co.in
 Website: www.tatateleservices.com

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Seventeenth Annual General Meeting of Tata Teleservices (Maharashtra) Limited will be held on on **Wednesday, August 29, 2012 at 1500 hours** at "Rangaswar", 4th Floor, Yashwantrao Chavan Pratishthan Mumbai, Gen. Jagannathrao Bhonsale Marg, Nariman Point, Mumbai 400 021

NOTICE

Notice is hereby given that the Seventeenth Annual General Meeting of Tata Teleservices (Maharashtra) Limited will be held on Wednesday, August 29, 2012 at 1500 hours at "Rangaswar", 4th Floor, Yashwantrao Chavan Pratishthan Mumbai, Gen. Jagannathrao Bhonsale Marg, Nariman Point, Mumbai 400 021 to transact the following business:

ORDINARY BUSINESS

- 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, 2012, 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."
- 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, having Registration No. 117366W, 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."
- To consider and, if thought fit, to pass, with or without modifications, if any, the following as an Ordinary Resolution:
"RESOLVED THAT Mr. N. S. Ramachandran 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."
- 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."
- 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 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

- To consider and, if thought fit, to pass, with or without modifications, if any, the following as an Ordinary Resolution:
"RESOLVED THAT Mr. Koji Ono, 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."
- To consider and if thought fit, to pass with or without modifications, if any, the following resolution as an Ordinary Resolution:
"RESOLVED THAT pursuant to the provisions of Section 293(1)(d) and other applicable provisions, if any, of the

Companies Act, 1956 (including any statutory modifications or re-enactments thereof and hereinafter referred to as the "Act"), the Company hereby accords its consent to the Board of Directors (which expression shall be deemed to include any Committee/s thereof and hereinafter referred to as the "Board"), 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, body corporates or financial institutions, whether in India or abroad and whether by way of cash credit, advance or deposits, loans, debentures or bill discounting 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 and outstanding at any time shall not exceed the sum of Rs. 13000,00,00,000/- (Rupees Thirteen Thousand Crores only).

RESOLVED FURTHER THAT pursuant to the provisions of Section 293 (1) (a) and other applicable provisions, if any, of the Act, the Company hereby accords its consent to the Board to mortgage and/or create charge in such form and manner and with such ranking and at such time and on such terms as the Board may determine, on all or any of the movable and/or immovable properties of the Company, both present and future and/or the whole or any part of the undertaking(s) of the Company together with the power to take over the management of business and concern of the Company in certain events of default, in favour of the lender(s), agent(s) and trustee(s) for securing the borrowings of the Company availed/to be availed by way of loan(s) (in foreign currency and/or rupee currency) and convertible/non-convertible securities (including fully/partly convertible debentures and/or non-convertible debentures with or without detachable or non-detachable warrants and/or secured premium notes and/or floating rates notes/bonds or other debt instruments), issued/to be issued by the Company upto the limits approved under Section 293 (1) (d) of the Act together with interest at the respective agreed rates, additional interest, compound interest in case of default, accumulated interest, liquidated damages, commitment charges, premia on prepayment, remuneration of the agent(s) and/or trustee(s), premium (if any) on redemption, all other costs, charges and expenses including any increase as a result of devaluation/revaluation/fluctuation in the rates of exchange and all other monies payable by the Company in terms of the Loan Agreement(s), Debenture Trust Deed(s) or other Agreements or any other document entered into/to be entered into between the Company and the lender(s)/ investor(s)/agent(s) and/or trustee(s) in respect of the said loans/borrowings/debentures and continuing such specific terms and conditions and covenants in respect of enforcement of security as may be stipulated in that behalf and agreed to between the Board and the lender(s), agent(s) and/or trustee(s).

RESOLVED FURTHER THAT the Board be and is hereby authorized to delegate all or any of the powers herein

conferred to any Committee of Directors or the Managing Director or any Director or any other Officer or Officers of the Company to give effect to this resolution."

ORDINARY BUSINESS

8. To consider and, if thought fit, to pass, with or without modifications, if any, the following as an Ordinary Resolution:

"RESOLVED THAT the vacancy caused on the Board of Directors of the Company due to the retirement of Mr. Kishor A. Chaukar, a Director of the Company who is liable to retire by rotation at the conclusion of this Annual General Meeting in accordance with the Article 72 of the Articles of Association of the Company and who does not seek re-election, be not filled."

Registered Office

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

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

Mumbai
July 18, 2012

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 form, 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. 6 & 7 above is annexed hereto and forms 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 annexed herewith.
- The Register of Directors' Shareholding and Register of Proxies would be available for inspection by the Members at the Meeting.
- The Register of Members and Share Transfer Books of the Company will remain closed from Friday, August 17, 2012 to Wednesday, August 29, 2012 (both days inclusive).
- Members/proxies should bring duly filled Attendance Slips to attend the Meeting.
- Members whose shareholding is in electronic mode are requested to direct change of address notifications to their respective Depository Participants.

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

Item No. 6 - Appointment of Mr. Koji Ono as Director

Mr. Koji Ono was appointed as Additional Director of the Company with effect from June 1, 2012. As per the provisions of the Companies Act, 1956 ("Act"), Mr. Ono holds 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 his appointment as a Director of the Company.

Details regarding Mr. Ono and his brief resume have been given in Annexure attached to the Notice. Keeping in view the experience and expertise of Mr. Ono, his appointment as a Director of the Company is recommended by the Board.

None of the Directors of the Company except Mr. Ono is in any way concerned or interested in this resolution. The Board recommends the passing of Resolution No. 6 in the interests of the Company.

Item No. 7 - Increase in Borrowing Powers

The Company offers telecom services in Mumbai and Maharashtra (comprising Maharashtra and Goa) telecom circles. The Company has launched several services over the years involving significant investments. The Company is relatively a new entrant in GSM and 3G services are still in a gestation phase in the country. The successful launch of GSM services under the Tata DOCOMO brand in 2009 and the integration of CDMA services under the same brand in the latter part of the last fiscal have helped to boost the quality of subscriber additions. The Company has the 3rd largest wireless subscriber base in Mumbai and Maharashtra circles. The Company, in order to maintain its competitiveness in the market, needs to continuously invest in its network, both in the wireline and wireless (CDMA & GSM) segments to match competitors' reach, gain better incremental market share and maintain its growth in subscriber base.

Given the backdrop of the regulatory changes which are currently being discussed, there is a possibility of the operators being asked to pay extra money even for their existing spectrum in CDMA and/or GSM streams. Without prejudice to legal rights of the Company, if it is required to make any such payment, it may have to be funded through additional borrowings.

Keeping in view the likely debt requirements of the Company in the next 2-3 years, the existing borrowing powers of the Board of Rs.8,500 Crores may not be adequate and therefore may need to be increased to Rs.13,000 Crores.

The Company might be required to mortgage and/or create charge on the movable and immovable properties of the Company, both present and future and/or the whole or any part of the undertaking(s) of the Company in favour of the lender(s) and trustee(s) for securing the borrowings of the Company availed/to be availed by way of loan(s) (in foreign currency and/or rupee currency) and securities (issued/to be issued by the Company), from time to time, subject to the limits approved by members under Section 293 (1)(d) of the Companies Act, 1956.

None of the Directors of the Company is in any way concerned or interested in this resolution. The Board recommends the passing of Resolution No. 7 in the interests of the Company.

Registered Office

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

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

Mumbai
July 18, 2012

Madhav Joshi
Chief Legal Officer & Company Secretary

Important Communication to Members

The Ministry of Corporate Affairs has taken a "Green Initiative" by allowing service of notice/ documents including Annual Report by e-mail to members. To support this green initiative of the Government in full measure, members who have not registered their e-mail addresses, so far, are requested to register their e-mail addresses, in respect of electronic holdings with the Depository through their concerned Depository Participants or alternatively send an email to the Company at investor.relations@tatatel.co.in or the Registrars and Share Transfer Agent at csg-unit@tsrdarashaw.com.

Details of Directors Seeking Re-appointment at the Annual General Meeting ("AGM")

Particulars	Mr. S. Ramadorai	Mr. N. S. Ramachandran	Mr. Nadir Godrej	Mr. Koji Ono
Date of Birth	October 6, 1944	March 25, 1939	August 26, 1951	October 8, 1956
Date of Appointment	August 10, 2006	December 6, 2002	March 12, 2008	June 1, 2012
Qualifications	B.Sc., Bachelor of Engineering degree in Electronics & Telecommunications from Indian Institute of Science, Bangalore and Master's degree in Computer science from the University of California (UCLA), USA	M. E. (Power Engineering)	B.S. (Chem. Eng.) from the Massachusetts Institute of Technology, USA, M. S. (Chem. Eng.) from Stanford University, USA and MBA from Harvard Business School	Masters degree in Engineering from Waseda University in Japan as well as Masters in Computer Science from Syracuse University, USA.
Expertise in specific functional area	Rich experience in IT	Rich experience in Telecom (Member of TRAI from 1997 to 2000)	Rich experience in FMCG industry	Rich experience in Sales, Marketing, Business Development & strategy
Number of shares held in the Company (Including held by dependents)	Nil	Nil	Nil	Nil
Directorships held in other Public Companies#	<ul style="list-style-type: none"> ● Tata Industries Ltd. ● Tata Consultancy Services Ltd. ● Tata Elxsi Ltd. ● Tata Technologies Ltd. ● CMC Ltd. ● Hindustan Unilever Ltd. ● Piramal Healthcare Ltd. ● Tata Communications Ltd. ● Computational Research Laboratories Ltd. ● Tata Advanced Systems Ltd. ● Asian Paints Ltd. ● BSE Ltd. ● Tata Lockheed Martin Aerostructures Ltd. ● Tata Aerospace Systems Ltd. 	<ul style="list-style-type: none"> ● Tata Teleservices Ltd. 	<ul style="list-style-type: none"> ● Godrej Industries Ltd. ● Godrej Agrovet Ltd. ● Godrej Tyson Foods Ltd. ● Godrej & Boyce Mfg. Co. Ltd. ● Godrej Properties Ltd. ● Godrej Consumer Products Ltd. ● Mahindra & Mahindra Ltd. ● KarROX Technologies Ltd. ● The Indian Hotels Co. Ltd. 	Nil
Memberships / Chairmanships of Committees* of other Public Companies#	<p>Audit Committee</p> <ul style="list-style-type: none"> ● Tata Technologies Ltd.** ● Tata Advanced Systems Ltd.** ● Computational Research Laboratories Ltd.** ● Tata Elxsi Ltd. ● Hindustan Unilever Ltd. ● BSE Ltd. <p>Investor Grievance Committee</p> <ul style="list-style-type: none"> ● Tata Consultancy Services Ltd. ● BSE Ltd.** 	<p>Audit Committee</p> <ul style="list-style-type: none"> ● Tata Teleservices Ltd. 	<p>Audit Committee</p> <ul style="list-style-type: none"> ● Mahindra & Mahindra Ltd. <p>Investor Grievance Committee</p> <ul style="list-style-type: none"> ● Godrej Consumer Products Ltd.** 	Nil

Public Companies excluding Foreign Companies and Section 25 Companies

* Includes only Audit Committee and Shareholders / Investors Grievance Committee

** Chairmanship of the Committee

DIRECTORS' REPORT

Dear Members,

The Directors have pleasure in presenting the 17th Annual Report together with the audited financial statements of the Company for the year ended March 31, 2012 and other accompanying reports, notes and certificates.

Financial Results

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

(Rs. in Crores)

Particulars	2011 - 12	2010 - 11
Telecom Revenue	2,470.25	2,248.74
Other Income	35.44	67.20
Profit on Sale of Long Term Investment	NIL	834.93
Total Income	2,505.69	3,150.87
Operation and Other Expenses	1,945.36	1,818.52
Provision for Contingencies	13.28	185.60
Earnings Before Interest, Depreciation, Tax and Amortisation ("EBIDTA")	547.05	1,146.77
Finance & Treasury Charges (Net)	521.20	346.15
Depreciation / Amortisation	543.40	750.70
Profit / (Loss) for the year	(517.55)	49.90

The total income for the year was Rs.2,505.69 Crores, an increase of 8% over previous year (excluding the impact of profit on sale of long term investments). Other income for the year was at Rs.35.44 Crores.

India has the second largest telecom network in the world after China. As on April 30, 2012, as per Telecom Regulatory Authority of India ("TRAI"), there were more than 952 million telephone connections in the country of which 921 million were wireless connections and 31 million were Wireline connections. Approximately 8-10 million mobile connections (SIMs) are being added every month. The national tele-density is 78 per hundred.

The Company has launched several services over the years involving significant investments. The Company is relatively a new entrant in GSM and 3G services are still in a gestation phase in the country. It is not uncommon for telecommunication companies, by virtue of the high operational costs and the capital intensive nature of the industry, to have longer gestation periods as compared to some other sectors. The accumulated losses of the Company at the close of the year have exceeded its paid up capital and reserves. However, the Company has been consistently making operating cash profits over the past few years.

The Company had availed of short term loans for the payment of 3G licence fees and the roll out of the 3G network. The Company got its Business Plan appraised by IDBI Bank Limited for the availment of long term External Commercial Borrowings ("ECB") of USD 350 million for replacing the short term loans with new long term loans. In May' 2011, the Company tied up for long term ECB of USD 350 Million for refinancing of short term loans availed for 3G spectrum fees and for capex. The Company has so far availed ECB of USD 342.03 Million with an average maturity period of 10 years.

Products and Services

The Company holds two Unified Access (basic + cellular) Service Licences ("UASL"), one for Mumbai Metro and the other for Maharashtra circle i.e. Rest of Maharashtra and Goa. The subscriber base of 14.13 million as on April'2012 consists of CDMA wireless, GSM wireless and wireline subscribers.

The successful launch of GSM services under the Tata DOCOMO brand in 2009 and the integration of CDMA services under the same brand in the latter part of the last fiscal have helped to boost the quality of subscriber additions. The Company has the 3rd largest wireless subscriber base in Mumbai and Maharashtra circles.

Tata DOCOMO introduced Family Plans on CDMA and Walky. These plans authorize subscribers, multiple connections at one rental with free CUG calling within the family members. Tata DOCOMO pioneered the launch of Roam Free Plans in GSM wherein subscribers can enjoy free incoming roaming benefit without extra charges.

The Company continues to be successful in its High Speed Internet Access ("HSIA") services under the Photon brand. Photon services have continued to gather both industry and consumer endorsements. Frost and Sullivan chose Photon as the best wireless broadband service provider of the year for both 3G as well as HSIA services. During the year, the Company added 19 additional towns in Maharashtra circle to offer Photon Plus wireless broadband services. The Company launched the Photon Max service, which effectively doubles the speed of the earlier Photon Plus services, in Mumbai & Pune. The Photon Max won 'Product of the Year' in the wireless broadband category (best innovation). Available on the CDMA technology platform, the Photon Max provides users with a never-before browsing experience and seamless in-building coverage.

The Company has continued to focus on Value Added Service ("VAS") offerings. Data and VAS revenues have now grown to account for 32% of the wireless revenues. The Company introduced several attractive product and service propositions such as Mobile TV, Music downloads and Personalized Caller tunes. The Company was the first to launch a Wi-Fi Router Hub on Photon Plus and also on a dual hub supporting Photon Plus and 3G. The Company implemented innovative ways like leveraging syndicated ad-networks to drive visibility and ease of discovery of VAS services via the Internet.

Tata DOCOMO introduced many innovative VAS to its GSM customers across Voice, Text & Data. A rich media service called Gametanium, which is an exclusive Android gaming platform, was launched which allows subscribers to experience a superior gaming experience with 30 exclusive games. A social initiative titled Saral Rozgaar was also launched which empowers subscribers to search for blue-collar job opportunities at very conducive costs. Tata DOCOMO launched Tutor on Mobile to drive education on mobile via offerings of conferencing & podcasting with domain experts at a very pocket-friendly cost, Go Bubble for Mumbai customers which is a mobile-coupon based service offering deals and discounts at popular chains and restaurants, Jobs & Matrimony search on mobile which allows users to search for the perfect Job and the right match for themselves among others.

Recent trends in the business and consumer environment are portending a growth story around data. Mobile internet is registering phenomenal growth year after year in India. In order to leverage this trend, the Company has introduced a new

business unit which will focus on life-enhancing services like Home Surveillance, m-Commerce, Location Based services (eg. School bus tracking) etc.

As you know, the Company obtained 3G spectrum in Maharashtra circle where it was the first private operator to launch 3G with a range of new services like Mobile TV and App Stores. The Company was not successful in its bid for 3G spectrum in Mumbai. The Company would however continue to address the market requirements through the Photon Plus which is being made available on a growing range of handsets. The Company is also exploring the options for 3G roaming with other operators subject to Regulatory clearances.

The Company has laid over 2,224 km of fiber optic cable across Mumbai and already connects over 20,000 buildings with broadband services. To expand the network further at optimal cost, the Company has entered into co-build agreement with other operators. The Company would continue to make investments to strengthen its wireline offerings and would work to increase voice and data penetration in already wired buildings.

The Company is a Category A (National) ISP Licensee and offers a broad range of internet-related services including Digital Subscriber Lines ("DSL"), leased lines and dial-up internet access.

The Company has also made significant investments in products and services specifically for the Enterprise and Small and Medium Enterprise business segments. The Company along with Tata Teleservices Limited ("TTSL") has a national footprint for its Conference Call service with 15 Points of Presence across the country for providing local access to conference bridges.

Marketing Initiatives

Tata DOCOMO mounted the 'Keep it Simple' campaign which highlighted service delivery differentiators and gave proof points of its promise of simplicity.

Maharashtra circle got a splendid response for its national level SMS based engagement program called "Jeet Ki Ghanti", the first-of-its-kind in this category. This program was designed to reward existing Tata DOCOMO customers (CDMA or GSM) for reposing their faith in our network. In Maharashtra circle, 2 customers won Chevrolet Beat Cars and approximately one dozen customers won motorbikes.

Another national level campaign which saw tremendous response in the Maharashtra circle was the 'Network Campaign' which established the promise of ubiquity on Tata DOCOMO's network.

Various marketing innovations were implemented during the year and the Company bagged the prestigious 'Exchange 4 Media' award for using non conventional media (Ganpati boat branding) under silver category.

Network quality and Customer service

As per the Indian Telecom Services Performance Indicators Reports by TRAI, the Company's network is congestion free for the last eleven consecutive quarters.

The Company continues to improve the quality of its customer services. Brand Tata DOCOMO offers easy and simple tariff plans and easy to navigate customer care IVR and direct access to the customer care executives. As a retention measure, the Company has launched a tool which models usage patterns,

flags customers with high propensity to churn for subsequent health check call and issue resolution, if any.

On Photon, a Data Traffic Management Module was implemented to enhance customer experience. Multiple initiatives were successfully implemented on the network and information technology which are the backbone of the business.

Network Rollout

During the year, the Company successfully expanded GSM wireless services to reach 898 towns in the states of Maharashtra and Goa. The Company has also entered into international bi-lateral agreements with more than 140 operators globally to offer seamless International roaming facility. The Company has also now spread CDMA voice and Photon Whiz services in 1,191 towns and provides HSIA service in the states of Maharashtra and Goa.

During the year, the Company focused on operational efficiency and quality control measures with a constant endeavor to further improve its network quality. The Company also successfully unlocked the bandwidth potential in its existing transmission network and offered transmission bandwidth to new operators.

Quality and Processes

The Company has undertaken ISO 9001:2008 certification to demonstrate its capability to consistently provide services that enhance customer satisfaction through effective deployment of a quality management system. The Company was the first basic telecommunication provider to get the coveted ISO 9001:2000 certification in August 2002. In the surveillance audit for ISO 9001:2008 Certification conducted by TUV India in October 2010, the Company was awarded a Certificate of Continuation for ISO 9001:2008 with 'Nil' Non-Conformance.

The Company along with TTSL has also recently been awarded the ISO 27001:2005 Certification for Information Security Management System.

The Company is also taking active part in the Tata Business Excellence Model ("TBEM") process with knowledge sharing and appropriate support being extended by Tata Quality Management Services ("TQMS"), a division of Tata Sons Limited.

The model enables the leadership to set direction of the organization based on its Vision, Mission and Values and to strategize its business priorities based on a variety of environmental factors like competition, industry, technology and regulatory changes as well as internal capabilities. The Company attempts to achieve business excellence through various quality (six sigma/Kaizen) projects and drive service excellence and cost optimization throughout the organization.

The Company promotes a culture of innovation and has provided various forums (portals) for employees to post innovative ideas and suggestions. Many employees have posted their ideas on Tata Innoverse and were considered for implementation within the Company as well as other Tata Companies.

Human Resources

The Company assigns very high importance to its human resources and constantly strives to achieve the mission and objectives of the Company by creating a favorable work environment and by institutionalizing a performance oriented work culture. The Financial Year 2011-12 was a significant year

for the Company marked by a number of change initiatives in the area of organization restructuring, change management and process improvements to enhance Employee Productivity and Capability Development in line with the Business Plans.

The integration of the CDMA and GSM Business lines was done to enable effective go to market strategy with an enhanced operational synergy. The process was driven with adequate focus and sensitivity to ensure a smooth transition to the new integrated Mobility Organisation. Besides this, the Company has reviewed the Organisation Structures for various other Verticals/Functions to bring about greater synergy.

The Company has continued to invest in its people and held multiple capability development interventions across the functions and levels to sharpen the people's skills to cater to the dynamic nature of the Industry. The Company strongly believes that coaching employees removes barriers and boundaries and this culture emphasizes individual and team achievement towards the common organizational goal.

The Company has a robust Reward, Recognition and Incentive Programs to enable and encourage employees to perform better. The Performance management system has been reviewed and improved. The Company has laid out strong processes and systems to ensure leveraging of its people's potential besides attraction and retention of the right talent.

Regulatory Developments and Important Litigation

There have been many regulatory changes during the year, prominent amongst which is the announcement of the National Telecom Policy (NTP) 2012. Availability of affordable and effective communications for the citizens is at the core of the vision and goal of NTP'12. It proposes to delink spectrum from licences, announces plans to introduce free national roaming and introduction of national level mobile number portability, lays emphasis on increasing rural teledensity from 39 to 70 by the year 2017 and 100 by the year 2020 and making available broadband on demand.

Other important developments have been the TRAI recommendation on guidelines for Unified Licence/Class Licence and migration of Existing Licences to Unified Licence, TRAI recommendations on "Allocation of Spectrum in 2G band", View of DoT field officers that dual technology operators should meet additional rollout obligation in respect of GSM spectrum, DoT's view that intra-circle roaming ("ICR") is permitted for 2G but not for 3G in non spectrum circles, Enhanced EMF radiation norms to be implemented by September 1, 2012, Supreme Court ("SC") judgment in 2G case, its impact on future allocation of Spectrum and cancellation of 122 licences of 2008, National Frequency Allocation Plan 2011, Telecom Consumer Complaint Redressal Regulations, 2012 & Telecom Consumers Protection Regulations, 2012 and SC judgment that definition of Adjusted Gross Revenue as given in the License needs to be followed to levy revenue share based licence fee.

Detailed information on the regulatory developments and important litigations has been provided in the report on Management Discussion & Analysis of Financial Condition and Results of Operations which forms part of this Annual Report.

Directors

Effective July 21, 2011, Mr. Koichi Takahara resigned from the position of Director of the Company on his relocation to Japan. The Board and the Company record their sincere appreciation of the valuable services rendered and contribution made by Mr. Koichi Takahara. The Board appointed Mr. Katsuhiko

Yamagata as Director of the Company w.e.f. July 26, 2011 to fill the casual vacancy caused by resignation of Mr. Koichi Takahara.

Effective May 30, 2012, Mr. Katsuhiko Yamagata resigned from the position of Director of the Company on his relocation to Japan. The Board and the Company record its sincere appreciation of the valuable services rendered and contribution made by Mr. Katsuhiko Yamagata. The Board appointed Mr. Koji Ono as Additional Director of the Company w.e.f. June 1, 2012.

In accordance with the provisions of Article 71 and 72 of the Articles of Association of the Company, Mr. S. Ramadorai, Mr. N. S. Ramachandran and Mr. Nadir Godrej retire by rotation at the ensuing Annual General Meeting of the Company and being eligible, offer themselves for re-election. The Board of Directors recommends their re-election. Mr. Kishor A. Chaukar retires by rotation on the date of the Annual General Meeting of the Company and does not seek re-election.

Dividend & Appropriations

In view of the accumulated losses, the Directors regret their inability to recommend any dividend for the year under consideration. No appropriations are proposed to be made for the year under consideration.

Cost Audit

Pursuant to the Order No.F. NO. 52/26/CAB-2010 dated May 2, 2011 by Cost Audit Branch of Ministry of Corporate Affairs read with Section 233B of the Companies Act, 1956 ("Act") and subject to the approval of the Central Government, the Board of Directors of your Company has re-appointed M/s. Sanjay Gupta & Associates, Cost Accountants, as Cost Auditor of the Company for the accounting year 2012-13. The Cost Audit Report for the financial year 2011-12 is yet to be placed before the Board. The Cost Audit Report is required to be filed within 180 days from the close of the financial year to which the report relates.

Internal Auditors

The Board has empanelled select firms for handling various internal audits based on their capabilities and experience.

Statutory Auditors

M/s. Deloitte Haskins & Sells ("DHS"), Chartered Accountants, the present statutory auditors retire at this meeting and are eligible for re-appointment. The Audit Committee and the Board recommend their re-appointment.

Statutory Disclosures

Directors' Responsibility Statement

Pursuant to the provisions of Section 217(2AA) of the Act, the Directors, based on the representations received from the operating management, confirm that:

1. In the preparation of the annual accounts, the applicable accounting standards have been followed and there are no material departures;
2. They have, in the selection of the accounting policies, consulted the Statutory Auditors, and have applied them consistently and made judgments 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 loss of the Company for the period;

3. 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 Act, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
4. They have prepared the annual accounts on a going concern basis.

Fixed Deposits

The Company has not accepted any deposits within the meaning of Section 58A of the Act and the rules made thereunder.

Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo

The disclosures as required under the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 are given below:

- (i) Energy Conservation:
 - a. Electricity is used for the working of the Company's telephone exchanges and other network infrastructure equipments. The Company regularly reviews power consumption patterns across its network and implements requisite improvements/changes in the network or processes in order to optimize power consumption and thereby achieve cost savings.
 - b. Reduction of Diesel Generator ("DG") running during power cuts through DG on delay Management system.
 - c. Periodic energy audit and implementation of audit recommendations.
 - d. Also see section 'Corporate Sustainability' for further details on initiative.
- (ii) Technology Absorption: The Company has not imported any technology. The Company has not yet established separate Research & Development facilities.
- (iii) Foreign Exchange Earnings and Outgo:

(Rs. in Crores)

Particulars	2011-12	2010-11
Earnings	NIL	NIL
Outgo	100.29	11.27
Capital Goods	112.98	193.42

Particulars of Employees

The particulars of employees as required under Section 217(2A) of the Act, read with the Companies (Particulars of Employees) Rules, 1975 forms part of this report. However, in pursuance of Section 219(1)(b)(iv) of the Act, this report is being sent to the shareholders of the Company excluding the aforesaid information. Any Member interested in obtaining a copy of such information may write to the Company Secretary at the registered office of the Company.

Corporate Governance

A report on Corporate Governance appears after this report. A certificate from M/s. Deloitte Haskins & Sells, Chartered Accountants with regard to compliance with the corporate

governance code by the Company is annexed hereto as Annexure I and forms part of this report.

The Company has fully complied with all mandatory requirements prescribed under Clause 49 of the listing agreements with the BSE Limited ("BSE") and the National Stock Exchange of India Limited ("NSE"). The Company has also implemented some of the non-mandatory provisions.

Corporate Sustainability

The contribution of the Tata group towards nation building has been far-reaching. In keeping with the Tata ethos, the Company too has made small but significant contributions to corporate sustainability.

The Company has always promoted the highest standards of corporate ethics and compliance in all its dealings and in the conduct of its operations. The Company is committed to pursuing initiatives relating to environment preservation, management of natural resources, community health, education and empowerment of children.

In keeping with the Tata Climate Change policy, the Company seeks to continuously find ways to reduce carbon footprint and leverage telecommunications reach for initiatives aimed at the benefit of society and the environment including sharing of tower infrastructure resulting in substantial reductions in energy consumption, encouraging use of audio and video conference instead of travel for reduction of carbon dioxide emissions, introduction of highly efficient power sources and air-conditioning equipment at its network centers, encouraging customers to switch to an e-bill instead of receiving printed bills, statements and receipts, encouraging employees to re-use stationery and introduction of print manager to discourage wasteful paper usage.

The Company generates awareness about various NGOs and their area of work by inserting advertising campaigns of the NGO in the monthly bills sent out to customers. The initiative was launched to encourage people from different walks of life to engage in acts of giving; be it in cash, time, skills or simple acts of kindness. The Company uses its wide subscriber network to create awareness through SMS alerts on say hightide timings during the monsoon and public service issues like Swine Flu prevention.

Unemployed youth from under-privileged families in rural areas across various districts of Maharashtra are chosen to undergo training to become electrical and telecom wiremen in a training program designed and supported by the Company. The telecom wiremen's training was conducted by the Company's engineers and managers. All the trainees were thereafter referred to franchisees/contractors in Company's areas of operations, and the Company also helped them get suitable jobs in their respective talukas.

Safety

The Company has in place a Safety Policy. The Safety Policy aims at ensuring zero harm to employees and material within and outside the office premises. The initiatives taken by the Company include Safety sessions for all employees; Fire Mock drill once every 6 months and Percolation of Safety Guidelines and Knowledge Management on health and safety through mailers (Do's & Don'ts during emergency, Road Safety, articles related to Health, Safety during Fire, Flood and Earthquake etc.).