



0

TATA TELESERVICES (MAHARASHTRA) LTD.



8th Annual Report
2002-03

BOARD OF DIRECTORS

Dr. J. J. Irani (Chairman)

Mr. Ishaat Hussain

Mr. R. Gopalakrishnan

Mr. Kishor A. Chaukar

Mr. Firdose A. Vandrevala

Mr. N. S. Ramachandran

Mr. Pradman Kaul

Mr. S. Ramakrishnan (Managing Director)

COMPLIANCE OFFICER

Mr. Madhav Joshi

Chief Legal Officer & Company Secretary

Investor Services Executive

Mr. Hiten Koradia

Tel – 022 5661 5251

e-mail – ir@tatatel.co.in

STATUTORY AUDITORS

M/s. Deloitte Haskins & Sells

Chartered Accountants

19th Floor, 'Nirmal',

Nariman Point,

Mumbai 400 021.

REGISTRARS & SHARE TRANSFER AGENTS

Tata Share Registry Limited

Army & Navy Building,

148, Mahatma Gandhi Marg,

Fort, Mumbai 400 001.

Tel 91 22 5656 8484 (Extn. 240 / 241 / 242)

Fax 91 22 5656 8494

e-mail – csg-unit@tatashare.com

website – www.tatashare.com

REGISTERED OFFICE

Ispat House, B. G. Kher Marg,

Worli, Mumbai – 400 018.

Tel 91 22 5661 5445

Fax 91 22 5660 5516 / 5517

Website: www.tataindicom.com

e-mail: ir@tatatel.co.in

TATA TELESERVICES (MAHARASHTRA)8th Annual Report 2002-2003

TATA TELESERVICES (MAHARASHTRA) LIMITED
(Formerly Hughes Tele.com (India) Limited)**CONTENTS**

AGM Notice	3
Directors' Report	9
Corporate Governance Report	16
Management's Discussion and Analysis of Financial Condition and Results of Operations	25
Auditors' Report	33
Balance Sheet	36
Profit & Loss Account	37
Schedules forming part of the Balance Sheet and Profit & Loss Account	38
Cash Flow Statement	51
Balance Sheet abstract and general business profile	53
Attendance Slip & Proxy Form	55

NOTICE

Notice is hereby given that the 8th Annual General Meeting of Tata Teleservices (Maharashtra) Limited (formerly known as Hughes Tele.com (India) Limited) will be held on **Wednesday, August 6, 2003 at 1530 hours** at Bombay House Auditorium, Bombay House, 24, Homi Mody Street, Fort, Mumbai – 400 001 to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the audited accounts for the Financial year ended March 31, 2003 alongwith the Report of auditors thereon as well as the Directors' Report.
2. To consider and, if thought fit, to pass, with or without modifications, if any, the following as an ORDINARY RESOLUTION (if on date of the meeting, the financial institutions hold not less than 25% of the Subscribed Capital of your Company, the resolution will be proposed to be passed as a SPECIAL RESOLUTION in terms of section 224-A of the Companies Act, 1956)

"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."

SPECIAL BUSINESS

3. To consider and if though fit, to pass with or without modifications, if any, the following resolution as an ordinary resolution:

"RESOLVED THAT Mr. R. Gopalakrishnan, a Director appointed in casual vacancy, who ceases to hold office at this Annual General Meeting and in respect of whom the Company has received a notice pursuant to Section 257 of the Companies Act, 1956, be and is hereby appointed a Director of the Company liable to retire by rotation."

4. To consider and if though fit, to pass with or without modifications, if any, the following resolution as an ordinary resolution:

"RESOLVED THAT Mr. F. A. Vandrevale, a Director appointed in casual vacancy, who ceases to hold office at this Annual General Meeting and in respect of whom the Company has received a notice pursuant to Section 257 of the Companies Act, 1956, be and is hereby appointed a Director of the Company liable to retire by rotation."

5. To consider and if though fit, to pass with or without modifications, if any, the following resolution as an ordinary resolution:

"RESOLVED THAT Mr. Pradman Kaul, a Director appointed in casual vacancy, who ceases to hold office at this Annual General Meeting and in respect of whom the Company has received a notice pursuant to Section 257 of the Companies Act, 1956, be and is hereby appointed a Director of the Company liable to retire by rotation."

6. To consider and if though fit, to pass with or without modifications, if any, the following resolution as an ordinary resolution:

"RESOLVED THAT Dr. J. J. Irani, who was appointed additional director, who ceases to hold office at this Annual General Meeting and in respect of whom the Company has received a notice pursuant to Section 257 of the Companies Act, 1956, be and is hereby appointed a Director of the Company liable to retire by rotation."

7. To consider and if though fit, to pass with or without modifications, if any, the following resolution as an ordinary resolution:

"RESOLVED THAT Mr. Ishaat Hussain, who was appointed additional director, who ceases to hold office at this Annual General Meeting and in respect of whom the Company has received a notice pursuant to Section 257 of the Companies Act, 1956, be and is hereby appointed a Director of the Company liable to retire by rotation."

8. To consider and if though fit, to pass with or without modifications, if any, the following resolution as an ordinary resolution:

"RESOLVED THAT Mr. S. Ramakrishnan, who was appointed additional director, who ceases to hold office at this Annual General Meeting, and in respect of whom the Company has received a notice pursuant to Section 257 of the Companies Act, 1956, be and is hereby appointed a Director of the Company liable to retire by rotation."

TATA TELESERVICES (MAHARASHTRA)8th Annual Report 2002-2003**TATA TELESERVICES (MAHARASHTRA) LIMITED**

(Formerly Hughes Tele.com (India) Limited)

9. To consider and if thought fit, to pass with or without modifications, the following resolution as a special resolution:
- "RESOLVED THAT pursuant to section 163 of the Companies Act, 1956, and other applicable provisions, if any, of the Companies Act, 1956, the Register of Members, Index of Members, Register of Debentureholders, Index of Debentureholders and copies of all annual returns prepared under section 159 together with copies of certificates and documents required to be annexed thereto under section 161, shall be kept at the following address instead of at the registered office of the Company:

Tata Share Registry Limited
Army and Navy Building,
148, Mahatma Gandhi Marg,
Fort, Mumbai – 400 001

RESOLVED FURTHER THAT the Company Secretary and/or any officer of the Company appointed by the Board of Directors be and is/are hereby authorised to take all the necessary steps in order to give effect to this resolution."

10. To consider and if thought fit, to pass with or without modifications, the following resolution as a special resolution.
- "RESOLVED THAT pursuant to the provisions of Section 31 and other applicable provisions, if any, of the Companies Act, 1956, the existing Articles 44, 61, 75 and 79 be and are hereby replaced with the new Articles 44, 61, 75 and 79 respectively as under:

Article 44

- (a) At every General Meeting, the chair shall be taken by the Chairman of the Board of Directors.
- (b) If at any meeting the Chairman of the Board of Directors be not present within fifteen minutes after the time appointed for holding the meeting, or is unable or unwilling to act as Chairman of the meeting, then the Directors present shall elect one of them to be Chairman of the meeting.
- (c) If no Director is present within fifteen minutes after the time appointed for holding the meeting or no director is willing to act as Chairman of the meeting, the members present shall choose one amongst themselves to be Chairman of the meeting.

Article 61

Until otherwise determined by a General Meeting, the number of Directors shall not be less than three (3) nor more than twelve (12) or such higher number as may be permitted from time to time under the Companies Act, 1956.

Article 75

- (a) The Chairman or the Managing Director may at any time and the Company Secretary shall upon the requisition of a Director convene Meetings of the Board by giving a reasonable advance notice in writing to every director. Notice of any meeting will include a written agenda specifying all matters proposed to come before that meeting.
- (b) The quorum for a meeting of the Board of Directors will be in accordance with the provisions of Section 287 of the Act. Any adjournment for want of quorum will be governed in accordance with the provisions of Section 288 of the Act.

Article 79

Subject to the provisions of the Act, the Board may adopt resolutions by circulation without convening a meeting in accordance with the provisions of Section 289 of the Act."

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

Madhav Joshi
Chief Legal Officer & Company Secretary

Registered Office:
Ispat House,
B. G. Kher Marg,
Worli, Mumbai - 400 018.

Dated: May 5, 2003

Notes:

1. 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 your Company not less than 48 hours before the commencement of the meeting.
2. The Explanatory Statement pursuant to section 173(2) of the Companies Act, 1956 is annexed hereto and forms part of this Notice.
3. All documents referred to in the accompanying Notice and Explanatory Statement are open for inspection by the Members at the registered office of your Company on all working days between 11.00 a.m. to 1.00 p.m. up to the date of Annual General Meeting.
4. The Register of Members and Share Transfer Books of your Company will remain closed from July 15, 2003 to August 6, 2003 (both days inclusive).
5. Members are requested to notify immediately change of address, if any, at the registered office of your Company.
6. Members who hold shares in the dematerialised form are requested to bring their Client ID and DP ID numbers for easy identification of attendance at the Annual General Meeting.
7. A circular on the Nomination facility is available on the Company's web-site www.tataindicom.com. 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 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 Members' own risk.

ANNEXURE

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

Item No. 2

It is proposed to re-appoint M/s Deloitte Haskins & Sells, Chartered Accountants, retiring auditors of your Company as Auditors on a remuneration to be decided by the Board of Directors. If the shareholdings of the public financial institutions, Government companies, Central Government, State Government, financial and other institutions established by any Provincial or State Act in which a State Government holds not less than fifty-one per cent of the subscribed share capital, nationalised banks and general insurance companies, is 25% or more of the subscribed share capital of your Company on the date of the ensuing Annual General Meeting, this resolution would be passed as a SPECIAL RESOLUTION. As on March 31, 2003, the above-referred institutions/bodies held 9.53% of the subscribed share capital of your Company.

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

Item No. 3

Mr. R. Gopalakrishnan was appointed a Director of the Company on December 6, 2002 in casual vacancy caused due to resignation of Mr. Pramod Mittal. He holds office till this Annual General Meeting. Your Company has received a notice pursuant to Section 257 of the Companies Act, 1956 from a member signifying an intention to propose Mr. Gopalakrishnan as a candidate for the office of Director. Mr. Gopalakrishnan is therefore eligible for appointment to the office of Director at the ensuing Annual General Meeting.

He is a graduate in Physics from Calcutta University and in Engineering from IIT, Kharagpur. After a long illustrious career in Levers (in India & abroad), he joined Tata Sons Ltd. in August 1998.

In addition to being on your Company's Board, Mr. Gopalakrishnan is the Executive Director of Tata Sons Ltd. He is the Chairman of Tata Honeywell Ltd. & Rallis India Ltd. and Vice Chairman of the Tata Chemicals Ltd. He is also a Director of Tata Engineering & Locomotive Co. Ltd., The Tata Power Company Ltd., ICI India Ltd., Idea Cellular Ltd., Tata Teleservices Ltd., Castrol India Ltd., Tata Technologies Ltd., Sheba Properties Ltd. and Tata AutoComp Systems Ltd. He is also a member of Audit Committee, Remuneration Committee and Investors' Grievance Committee in some of these companies.

Your Board considers that the Company would benefit immensely from Mr. Gopalakrishnan's rich and varied experience and therefore recommends his appointment.

None of the Directors except Mr. R. Gopalakrishnan is deemed to be interested or concerned in the passing of this resolution.

Item No. 4

Mr. F. A. Vandrevalla was appointed a Director of the Company on December 6, 2002 in casual vacancy caused due to resignation of Mr. Vinod Kumar Mittal. He holds office till this Annual General Meeting. Your Company has received a notice pursuant to

TATA TELESERVICES (MAHARASHTRA)8th Annual Report 2002-2003**TATA TELESERVICES (MAHARASHTRA) LIMITED**

(Formerly Hughes Tele.com (India) Limited)

Section 257 of the Companies Act, 1956 from a member signifying an intention to propose Mr. Vandrevale as a candidate for the office of Director. Mr. Vandrevale is therefore eligible for appointment to the office of Director at the ensuing Annual General Meeting.

In addition to being on your Company's Board, Mr. Vandrevale is the Managing Director of The Tata Power Company Ltd. and also a Director of Tata Ryerson Ltd., Tata Teleservices Ltd., Af-Taab Investment Co. Ltd., NELCO Ltd., North Delhi Power Ltd., Tata Chemicals Ltd., Power Trading Corporation of India Ltd., Videsh Sanchar Nigam Ltd. and Chemical Terminal Trombay Ltd. Apart from being a member of the Audit Committee and Chairman of the ESOP Compensation Committee constituted by your Company's Board of Directors, He is also a member of the Audit Committee of Tata Ryerson Ltd. and a member of the Investors' Grievance Committee of The Tata Power Company Ltd.

He graduated with a Bachelor of Technology Degree from Indian Institute of Technology, Kharagpur and subsequently completed Post Graduate Diploma in Business Management from Xavier Labour Relations Institute, Jamshedpur.

Before joining The Tata Power Company Ltd. in 2001, he held several important positions at Tata Steel including that of a Deputy Managing Director (New and Allied Business).

Your Board considers that the Company would benefit immensely from Mr. Vandrevale's rich experience in the field of infrastructure and telecom and therefore recommends his appointment.

None of the Directors except Mr. F. A. Vandrevale is deemed to be interested or concerned in the passing of this resolution.

Item No. 5

Mr. Pradman Kaul was appointed a Director of the Company on December 6, 2002 in casual vacancy caused due to resignation of Mr. Francis X. Frantz. He holds office till this Annual General Meeting. Your Company has received a notice pursuant to Section 257 of the Companies Act, 1956 from a member signifying an intention to propose Mr. Kaul as a candidate for the office of Director. Mr. Kaul is therefore eligible for appointment to the office of Director at the ensuing Annual General Meeting. Mr. Kaul is an independent director as regards your Company.

In addition to being on your Company's Board, Mr. Kaul is also a Director of Hughes Software Systems Ltd., Hughes Escorts Communications Ltd., Primus Telecom (USA) and Optimus (USA). Apart from being a member of the Audit Committee and ESOP Compensation Committee constituted by your Company's Board of Directors, Mr. Kaul is also a member of the Remuneration Committee of the Board of Hughes Software Systems Ltd.

Mr. Kaul has been associated with your Company since inception. Your Board considers that the Company would benefit immensely from Mr. Kaul's rich experience in the field of telecom and management and therefore recommends his appointment.

None of the Directors except Mr. Kaul is deemed to be interested or concerned in the passing of this resolution.

Item No. 6

Dr. J. J. Irani, was appointed an Additional Director of the Company on December 6, 2002. He ceases to hold office at this Annual General Meeting. Your Company has received a notice pursuant to Section 257 of the Companies Act, 1956 from a member signifying an intention to propose Dr. Irani as a candidate for the office of Director. Dr. Irani is therefore eligible for appointment to the office of Director at the ensuing Annual General Meeting.

In addition to occupying the position of Chairman of your Company's Board, Dr. Irani is also the Chairman of Tata Refractories Ltd., Tata Ryerson Ltd., TRF Ltd. Tata Teleservices Ltd. and a Director of Tata Sons Ltd., The Tata Iron and Steel Co. Ltd., Tata Industries Ltd., Tata Engineering & Locomotive Co. Ltd., Tata International Ltd., Tata Incorporated, New York, BOC India Ltd., Motor Industries Ltd., Industrial Development Bank of India Ltd., Goodlass Nerolac Paints Ltd. and Asset Reconstruction Co. (India) Ltd. Apart from being a member of the Investors' Grievance Committee constituted by your Company's Board of Directors, Dr. Irani is also a member of the Remuneration Committee, Audit Committee of some of these companies.

He is the Chairman of the Board of Governors of Xavier Labour Relations Institute, Jamshedpur.

Dr. Irani holds BSc and MSc degrees from the University of Nagpur. He also holds a MMet and PhD from the University of Sheffield, UK.

He joined Tata Iron and Steel Company in 1968 and held various positions before being appointed the Managing Director in 1992, a position he held for almost a decade.

He was bestowed with the honorary degree of Doctor of Metallurgy by University of Sheffield in 1993. In 1997, Her Majesty Elizabeth II conferred on Dr. Irani an Honorary Knighthood (KBE).

Your Board considers that the Company would benefit immensely from Dr. Irani's rich experience in the field of infrastructure and telecom and therefore recommends his appointment.

None of the Directors except Dr. Irani is deemed to be interested or concerned in the passing of this resolution.

**Item No. 7**

Mr. Ishaat Hussain, was appointed an Additional director of the Company on December 6, 2002. He ceases to hold office at this Annual General Meeting. Your Company has received a notice pursuant to Section 257 of the Companies Act, 1956 from a member signifying an intention to propose Mr. Hussain as a candidate for the office of Director. Mr. Hussain is therefore eligible for appointment to the office of Director at the ensuing Annual General Meeting.

In addition to being on your Company's Board, Mr. Hussain is the Chairman of Voltas Ltd. and Tata Finance Co. Ltd. He is also a Director of Tata Sons Ltd., The Tata Iron and Steel Co. Ltd., Titan Industries Ltd., Tata INC., Tata Infomedia Ltd., Tata Teleservices Ltd., Tata Industries Ltd., Tata Internet Services Ltd., Tata AIG general Insurance Co. Ltd., Tata AIG Life Insurance Co. Ltd., CMC Ltd., Idea Cellular Ltd., and Videsh Sanchar Nigam Ltd. Mr. Hussain is also a member of the Audit Committee, Investors' Grievance Committee and other committees in some of these companies.

He is a graduate in Economics and a Chartered Accountant from England and Wales.

After an illustrious career with Tata Steel, he joined the Board of Tata Sons as an Executive Director and has been the Finance Director of Tata Sons Ltd. since July 2000.

Your Board considers that the Company would benefit immensely from Mr. Hussain's rich experience in the field of finance and therefore recommends his appointment.

None of the Directors except Mr. Hussain is deemed to be interested or concerned in the passing of this resolution.

Item No. 8

Mr. S. Ramakrishnan, who is the Managing Director of Tata Teleservices Limited (which is the holding company of your Company), was appointed by the Board of Directors of your Company as an Additional Director at its meeting held on December 6, 2002 and thus holds office till this Annual General Meeting. He was also appointed as the Managing Director of your Company for a period of 5 years w.e.f. December 6, 2002 which appointment was approved by the Members on February 7, 2003.

Mr. Ramakrishnan's professional qualifications include a degree in B. Tech (Mechanical) from IIT (Madras) and a management degree from IIM (Ahmedabad).

He has been associated with the Tata Group for more than 30 years. He joined the Tata Administrative Services in 1972 and during his long tenure handled a multitude of national as well as international projects. He joined the Taj Group of hotels in 1973 and became a whole-time Director of Indian Hotels Limited in 1982. He was involved in the conceptualisation and implementation of various hotel projects in India and neighbouring countries.

He moved to Tata Industries in 1992 and promoted projects such as Oil Exploration, Bangalore Technology Park, and Telecom Services projects for both basic and cellular services in Andhra Pradesh. From September 1997 till September 1999, he held the office of the Deputy Managing Director of Indian Hotels Limited.

Since October 1999, he holds the office of the Managing Director of Tata Teleservices Limited (TTSL).

He is also a Director of Tata Industries Limited, Tata Housing Development Company Limited, Tata Projects Limited, Piem Hotels Limited, Oriental Hotels Limited, Tata Petrodyne Limited, ITEL Industries Private Limited and Tata Telecom Limited.

He is a member of the Audit Committee in some of these companies. Mr. Ramakrishnan was appointed an Additional director of the Company on December 6, 2002. He ceases to hold office at this Annual General Meeting. Your Company has received a notice pursuant to Section 257 of the Companies Act, 1956 from a member signifying an intention to propose Mr. Ramakrishnan as a candidate for the office of Director. Mr. Ramakrishnan is therefore eligible for appointment to the office of Director at the ensuing Annual General Meeting.

Mr. Ramakrishnan may be deemed to be interested in the passing of this resolution. No other Director is concerned or interested in the passing of this resolution.

Item No. 9

Your Company has appointed Tata Share Registry Limited as its Registrars and Share Transfer Agents for physical as well as dematerialized shareholdings.

Tata Share Registry Limited is one of the leading R&T agents in India, presently servicing investor population of approximately 4.5 million. It is the first registrar in India accredited as an ISO 9001 Company. It is registered with the Securities and Exchange Board of India as a Category I Registrar to Issue and Securities Transfer Agent with NSDL & CDSL Depository Connectivity.

The Board seeks the consent of the members for keeping the Register and Index of Members, Register and Index of Debenture holders and copies of annual returns together with all documents required to be annexed thereto, at the office of Tata Share Registry Limited, Army and Navy Building, 148, Mahatma Gandhi Marg, Fort, Mumbai – 400 001.

The above records will be open for inspection from 10.30 a.m. to 1.00 p.m. and from 2.00 p.m. to 4.30 p.m. on all working days

TATA TELESERVICES (MAHARASHTRA)8th Annual Report 2002-2003**TATA TELESERVICES (MAHARASHTRA) LIMITED**

(Formerly Hughes Tele.com (India) Limited)

(Monday to Friday -excluding bank holidays) on payment of specified fees. Extracts and copies of the aforesaid records can also be taken on payment of specified fees.

Your Board seeks the consent of the members for the above and recommends the passing of this resolution as a special resolution.

None of the Directors is deemed to be concerned or interested, directly or indirectly, in passing this resolution.

Item No. 10

Consequent upon takeover of the Company by Tata Teleservices Limited, some of the clauses of the Articles of Association of your Company which were based on the provisions of the Joint Venture Agreement dated September 27, 1997 between the erstwhile promoters and the Company have become redundant and are therefore proposed to be amended. The respective existing provisions are reproduced hereunder.

Existing Articles**"Article 44**

At every General Meeting, the chair shall be taken by the Chairman of the Board of Directors. If at any meeting the Chairman of the Board of Directors be not present within thirty minutes after the time appointed for holding the meeting, then the Members present shall elect one of the Members to take the chair."

"Article 61

The business of the Company will be managed by the Board of Directors which will consist of twelve (12) Directors, of which, subject to Article 62 and 66, ISPAT Shareholders and HE Shareholders have a right to nominate four (4) Directors each while ALLTEL Mauritius or its designated Affiliate has a right to nominate one (1) Director. In any corporate proceeding held for the purpose of electing Directors the JVA Shareholders will cast their votes in favour of the persons so nominated. By reason of HE's experience in launching telecommunications projects, ISPAT will, prior to the funding of the first Capital Call, consult with HE as to the identity of one of ISPAT's nominees to the Board, and ISPAT will not, without HE's prior written consent, seek to remove such Director prior to the end of the project launch period which is the first day of the fiscal quarter beginning after the tenth anniversary of the issuance of the Licence to the Company."

"Article 75

- (a) Meetings of the Board may be called upon at least twenty-one (21) days notice (or a shorter notice, if so consented by all the Directors entitled to attend and vote at that meeting) by the Managing Director or any other Director and unless otherwise agreed, will be convened at least once in every calendar quarter. Notice of any meeting will include a written agenda specifying, in reasonable detail, all matters proposed to come before that meeting.
- (b) The presence of a simple majority of Directors, that includes at least one Director (present in person or through telephone) nominated and identified as necessary for a quorum by each of ALLTEL Mauritius or its designated Affiliate, HNS Mauritius or its designated Affiliate and ISPAT will constitute a quorum for the conduct of business at a meeting of Directors. In the event of a lack of quorum at a duly called meeting of the Board, the meeting will reconvene at the same time and place three business days later (provided that any member who nominated any missing Directors has been given no less than sixty (60) hours advance notice of such reconvention by telephone or as otherwise permitted by these Articles) at which time three Directors present will constitute a valid quorum."

"Article 79

Subject to the provisions of the Act, the Board may adopt resolutions by circulation signed by each Director or his Alternate without convening a meeting."

None of your directors is or is deemed to be interested in passing this resolution.

By order of the Board
For **Tata Teleservices (Maharashtra) Limited**
Madhav Joshi
Chief Legal Officer & Company Secretary

Registered Office:
Ispat House, B. G. Kher Marg,
Worli, Mumbai 400 018

Dated May 5, 2003:

DIRECTORS' REPORT

Dear Members,

Your Directors have pleasure in presenting their Eighth Annual Report together with the Audited Statements of Accounts of your Company for the year ended March 31, 2003.

Financial Highlights

The Financial highlights of the operations are given below:

(Rs. Crores)			
Particulars	Year ended March 31, 2003	Year ended March 31, 2002	% Change +/(-)
Telecom Revenue	359.59	252.50	42
Other Income	10.05	24.00	(58)
Total Income	369.64	276.50	34
Total expenditure	296.24	238.99	24
EBITDA	73.40	37.51	95
Finance & Treasury Charges	61.10	72.29	(15)
Cash Profit / (Cash Loss)	12.30	(34.78)	—
Depreciation & Amortisation	217.30	113.71	91
Profit / (Loss) before tax	(205.00)	(148.49)	38
Provision for taxation	—	—	—
(Loss) for the year	(205.00)	(148.49)	38

During the year under review, your Company consolidated its operations. Total income recorded an impressive growth of 42% while the expenses increased only by 24%. The Operating Profit (EBITDA) recorded a 95% increase. The margins improved from 5% to 18%.

During the year, your Company recorded its first cash profit of Rs.12.30 crores as against a cash loss of Rs. 34.78 crores during the previous year.

The loss for the year was higher by Rs. 56.51 crores on account of additional depreciation of Rs. 105.67 crores consequent to revision in the useful life of fixed assets (please refer 'Management's Discussion and Analysis' section for further details).

The Company had on April 15, 2002 filed a petition with the Telecom Disputes Settlement and Appellate Tribunal (TDSAT) for recovery of excess amount of interest and penalty recovered by DoT. The Company has claimed in its petition a refund of Rs. 104.33 crores based on its estimate of the excess paid. On March 17, 2003 the TDSAT disposed the petition in favour of the Company and DoT will now be required to modify its demand for interest and penalty under the migration package. Since DoT, as of date, has not intimated a revised calculation and still has time to go in appeal against the TDSAT order, no credit has been taken in the accounts.

Dividend

Your Directors regret their inability to recommend any dividend for the year under consideration.

Appropriations

No appropriations are proposed to be made for the year under consideration.

Operations

Your Company believes in providing competitive world class telecom services to its valued customers and that its strong customer orientation places it in a unique position to maintain and sustain its competitive advantage.