



TATA TELESERVICES (MAHARASHTRA) LIMITED

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**12th Annual Report
2006-2007**

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TATA TELESERVICES (MAHARASHTRA) LIMITED

Year on Year Performance

[Amounts in Rs. Crores]

Particulars	2006-07	2005-06	2004-05	2003-04	2002-03	2001-02	2000-01	1999-00	1998-99
Income from Telecommunication	1,406.98	1,095.13	807.47	597.50	359.59	252.50	139.23	63.81	3.22
Profit / (Loss) before Finance and Treasury Charges, Depreciation, Exceptional Items & Tax	302.60	124.71	(66.12)	50.74	52.85	7.60	(46.42)	(119.57)	(28.19)
Loss before Extraordinary Item and tax	(315.39)	(492.96)	(527.86)	(269.68)	(205.00)	(148.49)	(208.91)	(270.14)	(62.38)
Extraordinary Item	(5.48)	47.25	-	-	-	-	-	-	-
Loss after tax	(310.61)	(541.06)	(527.86)	(269.68)	(205.00)	(148.49)	(208.91)	(270.14)	(62.38)
End of Period Subscribers (Nos. in Thousands)	3,074	1,840	1,006	488	232	165	75	22	12

BOARD OF DIRECTORS

Mr. Ratan N. Tata (*Chairman*)

Dr. Naushad Forbes

Mr. Arunkumar R. Gandhi

Prof. Ashok Jhunhunwala

Mr. N. S. Ramachandran

Mr. S. Ramadorai

Mr. Charles Antony (*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.

REGISTRARS & SHARE TRANSFER AGENTS

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

Ispat House, B. G. Kher Marg,

Worli, Mumbai – 400 018.

Tel 91 22 6661 5445

Fax 91 22 6660 5516 / 5517

Website: www.tataindicom.com

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

TATA TELESERVICES (MAHARASHTRA) LIMITED**12th ANNUAL REPORT 2006-07****CONTENTS**

AGM Notice	3
Directors' Report	15
Corporate Governance Report	29
Management's Discussion and Analysis of Financial Condition and Results of Operations	41
Auditor's Report	47
Balance Sheet	50
Profit & Loss Account	51
Schedules forming part of the Balance Sheet and Profit & Loss Account	52
Cash Flow Statement	70
Balance Sheet abstract and general business profile	71
Attendance Slip & Proxy Form	

NOTICE

Notice is hereby given that the 12th Annual General Meeting of Tata Teleservices (Maharashtra) Limited will be held on Friday, August 24, 2007 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, 2007 alongwith the Report of auditors thereon as well as the Directors' Report and for that purpose 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, 2007, 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. N. S. Ramachandran, who retires from the office of Director by rotation in this Annual General Meeting 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 the vacancy caused on the Board of Directors of the Company due to the retirement of Dr. Naushad Forbes, a Director of the Company who was liable to retire by rotation at this Annual General Meeting and who does not seek re-election, be not filled."

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 Prof. Ashok Jhunjhunwala, an 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, whose office shall be liable to retirement by rotation."
6. To consider and, if thought fit, to pass, with or without modifications, if any, the following 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:

TSR Darashaw Limited
 6-10, Haji Moosa Patrawala Industrial Estate,
 20, Dr. E. Moses Road,
 Near Famous Studio,
 Mahalaxmi,
 Mumbai - 400 011.

TATA TELESERVICES (MAHARASHTRA) LIMITED**12th ANNUAL REPORT 2006-07**

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."

7. To consider and, if thought fit, to pass, with or without modifications, if any, the following 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 Articles of Association of the Company be and are hereby altered in the manner stated below:

The following Article 60A be inserted after the existing Article 60 of the Articles of Association of the Company:

'60A. The Board may seek approval of Members for any business by way of Ordinary/Special Resolution/s through postal ballot after complying with the requirements stipulated from time to time under the Companies (Passing of the Resolution by Postal Ballot) Rules, 2001 whether or not such business is specified as the mandatory business under Rule 4 of the said Rules (as amended from time to time)."

8. To consider and if thought fit, to pass, with or without modifications, if any, the following resolution as a SPECIAL RESOLUTION:

"RESOLVED THAT in partial modification of the resolution passed in the Annual General Meeting of the Company held on August 5, 2005, consent of the Company be and is hereby accorded pursuant to the provisions of Section 198, 269, 309, 310, 314, 316, 317 and other applicable provisions, if any, of the Companies Act, 1956, to the re-appointment of Mr. Charles Antony as the Managing Director of the Company for a period of 3 years w.e.f. 1st October 2007 ("the Proposed Term").

RESOLVED FURTHER THAT pursuant to Section 198, 269, 309, 310, 314, 316, 317 and other applicable provisions, if any, of the Companies Act, 1956 and any other applicable laws and regulations, Mr. Charles Antony, be paid remuneration as follows w.e.f. October 1, 2007:

1. **Basic Salary:** Rs. 2,35,000 per month in the grade of Rs.125,000/- to Rs.4,00,000/- p.m. The Board of Directors or any committee thereof (hereinafter 'the Board') in its discretion may allow appropriate annual increment, the first increment being due on April 1, 2008.
2. **Special Allowance:** 33% of Basic Salary
3. **Performance Bonus:** Such remuneration by way of performance bonus up to 36 months of Basic Salary, in addition to Basic Salary, perquisites and allowance payable calculated with reference to the performance of the Company for each financial year and the appointee's performance during the year as evaluated by the Board. This amount would be subject to the overall ceilings stipulated in Sections 198, 309 and other applicable provisions of the Companies Act, 1956.
4. **Perquisites and Allowances:**
 - a) **Residential Accommodation:** The Company shall provide Company owned/leased accommodation to the appointee, and undertake its maintenance. The Company shall also pay for society charges and provide and pay for utilities such as gas, electricity, water etc. The perquisite value of the residential accommodation will be calculated as per the Income Tax Rules.

OR,

House Rent Allowance at 60% of Basic Salary; House Maintenance Allowance at 25% of Basic Salary.

- b) In addition to residential accommodation, the appointee shall be entitled to other perquisites and allowances of the value of 18% of the appointee's annual Basic Salary to cover the following: furniture, leave travel concession for self, wife and dependent children; normal medical reimbursement

for self, wife and dependent children; and utilities.

- c) Membership of Fort Medical Society [this is a Trust to take care of any exceptional medical expenses not covered in 4(b)] for self and for family when residing in India.
- d) The Company will pay fees of one club. This will not include admission and life membership fees.
- e) Payment of premium for appropriate medical insurance for hospitalization for self, wife and dependent children, provision of a Company car for official duties, provision of telephone at residence and cell phone (including payment of local calls and long distance official calls) and US Health Insurance for family with premium upto Rs.6,00,000/- p.a. shall not be included in the computation of perquisites for the purpose of calculating the ceiling mentioned in para 4(b) above.
- f) The Company's contribution to Provident Fund and Superannuation or Annuity Fund, if any, to the extent these either singly or together are not taxable under the Income Tax Act, gratuity payable as per the rules of the Company and encashment of leave at the end of the tenure, shall not be included in the computation of the limit referred to in para 4(b) above. In case the aggregate contribution of Provident Fund and Superannuation Fund is less than 27% of Basic Salary, the Special Allowance referred to in para 2 above shall be increased to that extent.
- g) *Minimum Remuneration:* Notwithstanding anything to the contrary herein contained, where in any financial year during the currency of the appointee's tenure, the Company has no profits or the profits are inadequate, the Company shall pay Basic Salary, perquisites, performance bonus and allowances as specified above as minimum remuneration.

Subject to the provisions of the Companies Act, 1956 and other applicable laws and subject to receipt of requisite consents and approvals, Mr. Antony would be eligible to avail of any other benefits in addition to the above, as per Company policies prevailing from time to time.

5. *Other Terms and conditions:*

- (a) The remuneration and other terms and conditions of this appointment may be varied/enhanced from time to time by the Board of Directors as it may in its discretion deem fit within the maximum amounts payable to the Managing Director as per Schedule XIII to the Companies Act, 1956 or within the limits permitted by Central Government whichever is higher, so as to conform with the provisions of the Companies Act, 1956.
- (b) The appointment may be terminated by either party giving to the other party six months' notice or the Company paying six months' Basic Salary in lieu thereof.
- (c) If at any time, Mr. Antony ceases to be a Director of the Company for any cause whatsoever, his appointment as Managing Director shall stand terminated forthwith. Moreover, if Mr. Antony ceases to be in the employment of the Company for any reason whatsoever, he shall also cease to be a Director of the Company.

RESOLVED FURTHER THAT the Board of Directors (including any Committee and/or delegates thereof) be and are hereby authorized to give effect to this resolution and to do such acts, thing and deeds in this connection as they may deem necessary or expedient."

9. To consider and if thought fit, to pass with or without modifications, if any, the following resolution as a SPECIAL RESOLUTION:

"RESOLVED THAT in partial modification of the resolutions passed earlier by the Company in general meeting and subject to the Company obtaining the requisite approvals including the approval of the Central Government under Section 269, 310, 311 and other applicable provisions if any of the Companies Act, 1956, an amount of Rs.5,59,828/- (Rupees Five Lakhs Fifty Nine Thousand Eight Hundred and Twenty Eight only) be paid to Mr. Charles Antony, Managing Director of the Company towards the remuneration for the year ended March 31 2007 in addition to payment of amount of Rs.1,37,19,126/- p.a. (plus reimbursement of entertainment expenses) as previously approved by the shareholders of the Company

TATA TELESERVICES (MAHARASHTRA) LIMITED**12th ANNUAL REPORT 2006-07**

and by the Central Government.

RESOLVED FURTHER THAT the Board of Directors (including any Committee and/or delegates thereof) be and are hereby authorized to give effect to this resolution and to do such acts, thing and deeds in this connection as they may deem necessary or expedient."

10. To consider, and, if thought fit, to pass, with or without modifications, the following resolution as a Special Resolution:

- "(a) **RESOLVED THAT** pursuant to Section 81 and all other applicable provisions of the Companies Act, 1956 (including any modification or re-enactment thereof, for the time being in force), subject to all applicable laws and in accordance with all relevant provisions of the Memorandum and Articles of Association of the Company and the listing agreements entered into by the Company with the stock exchanges where the Company's shares are listed and subject to such approvals, consents, permissions and/or sanctions of the Central Government, Reserve Bank of India and/or any other appropriate authorities, including banks, financial institutions or other lenders/creditors or holders of foreign currency convertible bonds issued by the Company earlier, as may be necessary, and subject to such conditions as may be prescribed by any of them while granting any such approval, consent, permission, or sanction, and which may be agreed to by the Board of Directors of the Company (hereinafter referred to as the "Board" which expression shall be deemed to include any Committee or authorized representative/s thereof), the consent of the Company be and is hereby accorded to the Board to offer, issue and allot, in the course of international offering(s) to eligible foreign investors (whether or not such investors are members of the Company) by way of circulation of an offering circular or prospectus or by way of private placement, foreign currency convertible bonds upto the aggregate principal amount equivalent to United States Dollars 200 million (hereinafter referred to as "Securities"), secured or unsecured, to be subscribed in one or more foreign currency/ies, which, at the option of the holders of the Securities and/or at the option of the Company may be converted into equity shares of the Company, such offer, issue and allotment to be made in one or more tranches, on such terms and conditions as may be decided and deemed appropriate by the Board at the time of offer, issue or allotment.
- (b) **RESOLVED FURTHER** that without prejudice to the generality of the above and subject to all applicable laws and regulations, the aforesaid issue of Securities may have all or any terms or combination of terms in accordance with international practices including but not limited to conditions in relation to payment of interest, additional interest, premium on redemption, prepayment and any other debt service payments whatsoever, and all such terms as are provided in issue of securities of this nature internationally including terms for issue of equity shares upon conversion of the Securities or variation of the conversion price of the Securities during the term of the Securities and the Company is also entitled to enter into and execute all such arrangements/agreements as the case may be with any lead managers, managers, underwriters, advisors, guarantors, depositories, custodians and all such agencies as may be involved or concerned in such offerings of Securities and to remunerate all such agencies including the payment of commissions, brokerage, fees or the like, and also to seek the listing of such Securities or securities representing the same on one or more stock exchanges outside India.
- (c) **RESOLVED FURTHER** that the Securities issued in foreign markets shall be deemed to have been made abroad and/or in the international market and/or at the place of issue of the Securities in the international market and may be governed by applicable foreign laws.
- (d) **RESOLVED FURTHER** that the Board be and is hereby authorised to issue and allot such number of equity shares as may be required to be issued and allotted upon conversion of any Securities referred to in paragraph (a) above or as may be necessary in accordance with the terms of the offering, all such equity shares being *pari passu* with the then existing equity shares of the Company in all respects.
- (e) **RESOLVED FURTHER** that for the purpose of giving effect to any offer, issue or allotment of Securities or securities representing the same or equity shares, as described herein above, the Board be and is hereby authorised on behalf of the Company to do all such acts, deeds, matters and things as it may

at its discretion deem necessary or desirable for such purpose, including without limitation to determine the terms and timing(s) of the issue(s), the class of investors to whom the Securities (or securities representing the same or equity shares, as described herein above) are to be issued, number of Securities (or securities representing the same or equity shares, as described herein above) to be issued in each tranche, issue price, face value, premium amount on issue / conversion of Securities, rate of interest, redemption period, etc. the utilization of issue proceeds, entering into of underwriting, marketing and depository arrangements, and with power on behalf of the Company to settle any questions, difficulties or doubts that may arise in regard to any such issue or allotment as it may in its absolute discretion deem fit.

- (f) **RESOLVED FURTHER** that the Board be and is hereby authorised to delegate all or any of the powers herein conferred to any Committee of Directors or Managing Director or any Director or any other Officer or Officers of the Company to give effect to the aforesaid 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: July 11, 2007.

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 the 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 the 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 the Company will remain closed from **Tuesday, August 7, 2007 to Friday, August 24, 2007** (both days inclusive).
5. 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.
6. 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.
7. 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.

TATA TELESERVICES (MAHARASHTRA) LIMITED**12th ANNUAL REPORT 2006-07****ANNEXURE****EXPLANATORY STATEMENT PURSUANT TO SECTION 173 (2) OF THE COMPANIES ACT, 1956****Item No. 3****Re-election of Mr. N. S. Ramachandran as Director**

Mr. N. S. Ramachandran belongs to the Indian Telecommunication Service. He was the Chairman and Managing Director of the Mahanagar Telephone Nigam Ltd. during 1995-1997. Prior to that he held many responsible positions in the Government, the more important ones being the posts of the chief executive of the Telecommunication department for the state of Karnataka, as General manager of planning and development of the telecom network of Delhi and as Director in the Rural Development Task Force of the Dept. of Telecom. He has been a specialist in the field of Telecom Network Planning and Operation and was deeply involved in the modernisation and digitalisation of Telecom networks.

He has also worked with the International Telecommunication Union (ITU) as a Senior Expert in Rural Network in Geneva, Maldives, Uganda and Zimbabwe.

When the country set up the Telecom Regulatory Authority of India (TRAI) in 1997, he was appointed as a Member and he held that office up to year 2000.

Mr. Ramachandran has been associated with the Company as an Independent Director since December 2002. Mr. Ramachandran is the Chairman of the Audit Committee, Investors' Grievance Committee and Remuneration Committee of the Company's Board. Apart from being a Director of the Company, Mr. Ramachandran is also a Director of Tata Teleservices Limited. He is also the Chairman of the Remuneration Committee and member of Audit Committee and Remuneration Committee of the Board of Directors of Tata Teleservices Limited.

Mr. Ramachandran does not hold any equity shares or any other securities in the Company.

Mr. Ramachandran retires as Director at this Annual General Meeting. The Board recommends the passing of this resolution in the interests of the Company. None of the Directors except Mr. N. S. Ramachandran, is deemed to be concerned or interested, directly or indirectly, in the passing of this resolution.

Item no. 4**Retirement of Dr. Naushad Forbes**

Dr. Naushad Forbes retires by rotation at this Annual General Meeting and is eligible for re-election. However, Dr. Forbes has informed the Board of Directors that he would not seek re-election as a Director of the Company in view of his other commitments.

It is proposed that the vacancy arising due to retirement of Dr. Forbes from the office of Director be not filled. Accordingly, an ordinary resolution to this effect is proposed for the members' approval. The Board recommends the passing of this resolution.

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

Item no. 5**Appointment of Prof. Ashok Jhunjunwala as Director liable to retire by rotation**

Prof. Ashok Jhunjunwala, who was appointed additional director of the Company on April 12, 2007 and holds office till the date of the ensuing Annual General Meeting. The Company has received a notice and deposit from a Member proposing Prof. Jhunjunwala's name for the office of a director on the Board of Directors of the Company.

Prof. Ashok Jhunjunwala is Professor of the Department of Electrical Engineering, Indian Institute of Technology, Chennai, India and was department Chair till recently. He received his B.Tech degree from IIT, Kanpur, and his MS and Ph.D degrees from the University of Maine. From 1979 to 1981, he was with Washington State University as Assistant Professor. Since 1981, he has been teaching at IIT, Madras.

Prof. Jhunjunwala leads the Telecommunications and Computer Networks group (TeNeT) at IIT Madras. This group is closely working with industry in the development of a number of Telecommunications and Computer Network Systems. TeNeT group has incubated a number of technology companies, which work in partnership with TeNeT group to develop world class Telecom and Banking products for Rural Markets. His Research