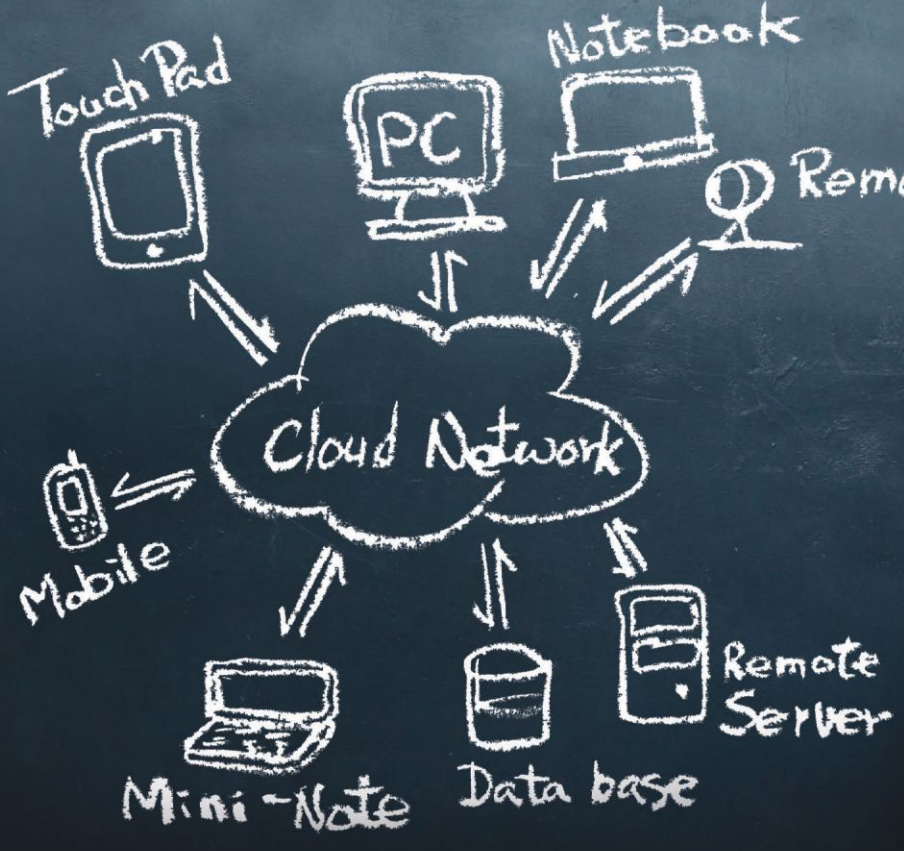
ANNUAL REPORT 2010-11





TATA

TATA TELESERVICES (MAHARASHTRA) LIMITED

TATA TELESERVICES (MAHARASHTRA) LIMITED

Year on Year Performance

(Rs. in Crores)

Particulars	2010-11	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05	2003-04	2002-03	2001-02	2000-01	1999-00	1998-99
Income from Telecommunication	2,248.74	2,069.10	1,941.68	1,707.19	1,406.98	1,095.13	807.47	597.50	359.59	252.50	139.23	63.81	3.22
Earnings Before Interest, Depreciation, Tax and Amortisation	1,146.77*	540.51	593.18	485.55	302.60	124.71	(66.12)	50.74	52.85	7.60	(46.42)	(119.57)	(28.19)
Profit / (Loss) before Extraordinary Item and tax	49.91	(298.00)	(158.39)	(124.81)	(315.39)	(492.96)	(527.86)	(269.68)	(205.00)	(148.49)	(208.91)	(270.14)	(62.38)
Extraordinary Item	-	-	-	-	(5.48)	47.25	-	-	-	-	-	-	-
Profit / (Loss) after tax	49.90	(298.01)	(159.60)	(125.74)	(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)	16,852	13,000	7,495	5,079	3,074	1,840	1,006	488	232	165	75	22	12

* 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. Koichi Takahara
Mr. Narasimhan Srinath
(Managing Director w.e.f. February 1, 2011)

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 5516 / 5517
e-mail: investor.relations@tatatel.co.in
Website: www.tatateleservices.com

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Sixteenth Annual General Meeting of Tata Teleservices (Maharashtra) Limited will be held on **Tuesday, August 16, 2011 at 1500 hours at** Kamalnarayan Bajaj Hall & Art Gallery, Bajaj Bhavan, Jamnalal Bajaj Marg, 226, Nariman Point, Mumbai 400 021

The Annual Report can be accessed at www.tatateleservices.com

NOTICE

Notice is hereby given that the Sixteenth Annual General Meeting of Tata Teleservices (Maharashtra) Limited will be held on **Tuesday, August 16, 2011 at 1500 hours at** Kamalnarayan Bajaj Hall & Art Gallery, Bajaj Bhavan, Jamnalal Bajaj Marg, 226, Nariman Point, Mumbai 400 021- to transact the following business:

ORDINARY BUSINESS

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

   "RESOLVED that the Company's audited Balance Sheet as at March 31, 2011, 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, 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."

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

   "RESOLVED THAT Mr. Amal Ganguli, who retires from the office of Director by rotation in this Annual General Meeting and being eligible offers himself for re-election, be and is hereby re-elected a Director of the Company, whose office shall be liable to retirement by rotation."

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

   "RESOLVED THAT Mr. D. T. Joseph, 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."

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, 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

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

   "RESOLVED THAT Mr. Narasimhan Srinath, 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."

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

   "RESOLVED THAT consent of the Company be and is hereby accorded pursuant to the provisions of Sections 269 and 316 and other applicable provisions, if any, of the Companies Act, 1956 ("Act") read with Schedule XIII to the Act, and any other applicable laws and regulations, to the appointment of Mr. Narasimhan Srinath ("the Appointee"), who is also Managing Director of Tata Teleservices Limited, as Managing Director of the Company for a period of 3 years w.e.f. February 1, 2011.

   RESOLVED FURTHER THAT subject to superintendence, control and direction of the Board, the Appointee shall perform such duties and functions as may be commensurate with his position as Managing Director of the Company, and as may be delegated by the Board from time to time.

   RESOLVED FURTHER THAT the Board be and is hereby authorized to take all such steps as may be necessary, proper and expedient to give effect to this resolution."

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

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

Mumbai
July 4, 2011

Madhav Joshi
Chief Legal Officer & Company Secretary

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 in respect of the business under Item Nos. 6 and 7 above are 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 also annexed.
3. The Register of Directors' Shareholding, Register of Proxies and Statutory Auditors' would be available for inspection by the Members, at the Meeting. All documents referred to in the accompanying Notice and Explanatory Statement are also open for inspection by the Members at the Registered Office of the Company on any day between 10.00 a.m. to 12.00 p.m. except Saturday, Sunday and Public Holiday up to the date of Annual General Meeting.
4. The Register of Members and Share Transfer Books of the Company will remain closed from **Friday, August 5, 2011** to **Tuesday, August 16, 2011** (both days inclusive).
5. Members/proxies should bring duly filled Attendance Slips to attend the Meeting.

6. 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 and 7 - Appointment of Mr. N. Srinath as Director and Managing Director

The Board of Directors ("Board") has appointed Mr. Narasimhan Srinath ("the Appointee" or "Mr. Srinath") as Additional Director of the Company w.e.f. February 1, 2011 and Managing Director of the Company for a period of 3 years w.e.f. February 1, 2011. Mr. Srinath is also Managing Director of Tata Teleservices Limited ("TTSL") and hence the appointment was made in compliance with the provisions of Section 316 of the Companies Act, 1956 ("Act"). Mr. Srinath would not draw any remuneration from the Company as Managing Director.

The Company and TTSL (which holds 37.65% of the total equity share capital of the Company) are working towards better operational and functional integration so as to take full advantage of operational synergies and to present a unified pan-India entity especially in reference to the common brands being used by each of these two entities. Similarly, the discerning enterprise customers across India must see the services as seamless without any issue with regard to the entities being legally distinct. The synergy in operations of the Company and TTSL could be achieved more efficaciously now that both the Companies have a common Managing Director.

Mr. Srinath aged 49 years, is Mechanical Engineer from IIT (Chennai) and has a Management Degree from IIM (Kolkata), specialising in Marketing and Systems. Since joining the Tata Administrative Services in 1986, Mr. Srinath has held positions in Project Management, Sales & Marketing, and Management in different Tata companies over the last 24 years.

Before joining the Company as Managing Director, Mr. Srinath was Managing Director of Tata Communications Limited.

The appointment of Mr. Srinath is by virtue of his employment in the Company and his appointment is subject to the provisions of Section 283(1) (l) of the Act. The terms and conditions of the appointment of Mr. Srinath also include provisions pertaining to adherence with the Tata Code of Conduct, intellectual property, non-competition, avoidance of conflict of interest with the Company and maintaining confidentiality. The appointment may be terminated by either party by giving to the other party six months' notice.

Upon the termination of the appointment, for any reason, whatsoever:

(i) the Appointee shall immediately tender his resignation from offices held by him in any subsidiaries and associated companies (excluding TTSL which would have a separate agreement with Mr. Srinath) without claim for compensation for loss of office; and

(ii) the Appointee shall not without the consent of the Company at any time thereafter represent himself as connected with the Company or any of the subsidiaries and associated companies (excluding TTSL which would have a separate agreement with Mr. Srinath).

The draft of the Agreement proposed to be signed between the Company and Mr. Srinath is available for inspection at the Registered Office of the Company between 10.00 a.m. to 12.00 p.m. on any day except Saturday, Sunday and Public Holiday.

Mr. Srinath is a member of the Finance Committee, Executive Committee, Investors' Grievance Committee and Securities Committee of the Company. He does not hold any equity shares or any other securities in the Company as of date.

The Board considers that the Company would be benefited immensely from Mr. Srinath's appointment and therefore recommends the passing of these resolutions.

None of the Directors of the Company except Mr. Srinath is in any way concerned or interested in these resolutions.

Resolution No.7 read with this explanatory statement should be treated as an abstract of the terms of the appointment of Mr. Srinath as Managing Director as required under Section 302 of the Act.

The Board recommends the passing of these Resolutions 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 4, 2011

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. Amal Ganguli	Mr. Mr. D. T. Joseph	Prof. Ashok Jhunjhunwala	Mr. N. Srinath
Date of Birth	October 17, 1939	December 21, 1945	June 22, 1953	July 8, 1962
Date of Appointment	March 24, 2009 (Appointed by shareholders at the AGM held on August 13, 2009)	May 8, 2009 (Appointed by shareholders at the AGM held on August 13, 2009)	April 12, 2007 (last (re-appointment by shareholders at the AGM held on August 13, 2009)	February 1, 2011
Qualifications	Chartered Accountant, Member of the Institute of Chartered Accountants in England & Wales and the ICAI	Masters degrees in English Literature and Economics from the University of Madras and University of Manchester, respectively	B. Tech from IIT, Kanpur & MS and Ph. D degrees from the University of Maine	Mechanical Engineering from IIT (Chennai) and a Management Degree from IIM (Kolkata)
Expertise in specific functional area	Rich experience in Finance	Rich experience in Administration	Rich experience in Telecom	Rich experience in Telecom
Number of shares held in the Company (Including held by dependents)	Nil	Nil	4,700	Nil
Directorships held in other Public Companies#	• Maruti Suzuki India Ltd. • Tata Communications Ltd. • Century Textile & Industries Ltd. • ICRA Ltd. • HCL Technologies Ltd. • New Delhi Television Ltd. • Triveni Turbines Ltd. • AVTEC Ltd. • Hughes Communications India Ltd. • Aricent Technologies (Holdings) Ltd.	• Shreyas Shipping & Logistics Ltd. • Mundra Port & Special Economic Zone Ltd. • Ocean Sparkle Ltd. • West Asia Maritime Ltd. • Shreyas Relay Systems Ltd. • Dedicated Freight Corridor Corporation of India Ltd.	• Polaris Software Lab Ltd. • Tejas Networks Ltd. • Sasken Communications Technologies Ltd. • 3i Infotech Ltd. • Tata Communications Ltd. • Exicom Tele-Systems Ltd.	• Tata Communications Ltd. • Tata Teleservices Ltd. • Tata Business Support Services Ltd. • Viom Networks Ltd. • Viom Infra Networks (Maharastra) Ltd.
Memberships / Chairmanships of Committees* of other Public Companies#	**Audit Committee** • Maruti Suzuki India Ltd.** • Tata Communications Ltd.** • Century Textile & Industries Ltd. • ICRA Ltd. • HCL Technologies Ltd. • New Delhi Television Ltd.** • Triveni Turbines Ltd. • Hughes Communications India Ltd.** • Aricent Technologies (Holdings) Ltd.**	**Audit Committee** • Shreyas Shipping & Logistics Ltd. • Mundra Port & Special Economic Zone Ltd. • West Asia Maritime Ltd. • Shreyas Relay Systems Ltd.** • Dedicated Freight Corridor Corporation of India Ltd. **Investors Grievance Committee** • Mundra Port & Special Economic Zone Ltd.	**Audit Committee** • Polaris Software Lab Ltd. • Tejas Networks Ltd. • Sasken Communications Technologies Ltd. **Investors Grievance Committee** • Polaris Software Lab Ltd.	**Audit Committee** • Tata Business Support Services Ltd.

* Includes only Audit Committee and Shareholders / Investors Grievance Committee

\# Public Companies excluding Foreign Companies and Section 25 Companies

** Chairmanship of the Committee

DIRECTORS' REPORT

Dear Members,

The Directors have pleasure in presenting the 16th Annual Report together with the audited financial statements of the Company for the year ended March 31, 2011 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	2010 - 11	2009 - 10
Telecom Revenue	**2,248.74**	2,069.10
Other Income	**67.20**	208.71
Profit on Sale of Long Term Investment	**834.93**	-
Total Income	**3,150.87**	2,277.81
Operation and Other Expenses	**1,818.50**	1,737.30
Provision for Contingencies	**185.60**	-
Earnings Before Interest, Depreciation, Tax and Amortisation ("EBIDTA")	**1,146.77**	540.51
Finance & Treasury Charges (Net)	**346.16**	317.62
Depreciation / Amortisation	**750.70**	520.89
Profit / (Loss) before tax	**49.91**	(298.00)
Wealth tax	**0.01**	0.01
Profit / (Loss) after tax	**49.90**	(298.01)

The total income for the year was Rs.3,150.87 Crores which included the profit on sale of the wholly owned subsidiary of Rs.834.93 Crores and telecom revenue of Rs.2,248.74 Crores, which was higher by 8%. Other income for the year was lower at Rs. 67.20 Crores as the scheme of subsidy from Department of Telecommunications ("DoT") under the Universal Service Obligations scheme ended on March 31, 2010. Operating expenses increased by 5%, mainly due to costs associated with the expanded rollout of GSM service besides operations of 3G services. The increase in expenses would have been higher but for the reduced handset subsidy and tighter control on expenses. The Company made a provision for Contingencies of Rs.185.60 Crores towards the outstanding claims/litigation. The Company reported EBIDTA of Rs.1,146.77 Crores (including profit on sale of subsidiary Rs.834.93 Crores), as compared to the previous year's EBIDTA of Rs.540.51 Crores. The depreciation was higher as it included an amount of Rs.184.81 Crores towards additional depreciation after re-estimation of the balance useful lives of certain items of plant and machinery. After taking into effect of the above, the Company made a profit after tax for the year of Rs.49.90 Crores.

India has the second largest telecom network in the world after China. As of April'2011, there were 861 million telephone connections in the country of which 827 million were wireless connections. Approximately 15-20 million mobile connections are being added every month. The national mobile tele-density is around 72 per hundred. The revenue growth however, is not in proportion to the subscriber growth, as many subscribers are having multiple SIMs from different operators which is facilitated by easy availability of the handsets supporting multiple SIMs.

The Company launched many services over the years involving significant investments and the new services like GSM and 3G are in the initial phase of gestation period. It is not uncommon for telecommunication service providers, due to high operation costs and inherently capital intensive industry, to have longer gestation period. The accumulated losses of the Company at the close of the year have exceeded its paid up capital and reserves, however, the Company is consistently making operating cash profits over the past few years.

The Company had availed of short term loans for payment of 3G licence fee and roll out of 3G network. The Company has got its Business Plan appraised by IDBI Bank Limited and is in the process of replacing the short term loans with the new long term loans. In May'2011, the Company has tied up for long term External Commercial Borrowings of USD 350 Million for refinancing of short term loans availed for 3G spectrum fees and for capex.

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 current subscriber base of 16.85 million consists of CDMA wireless subscribers, GSM wireless subscribers and wireline subscribers.

During the year, the Company focused on increasing its retail presence to achieve a better market penetration for its various products and services. The highly successful launch of GSM services under Tata DOCOMO brand has given a significant boost to subscriber additions. The Company's total subscriber base as on March 31, 2011 stood at 16.85 million, an increase of 30% over the previous year. The Company's wireless subscriber base in Rest of Maharashtra circle crossed 10 million, and the Company now has the 3rd largest subscriber base in this geography. The Company's wireless subscriber base in Mumbai circle crossed 5.9 million subscribers and the Company now has the 2nd largest subscriber base in this geography. During the year, the Company registered highest incremental wireless subscriber additions of 14.3% and end of period market share of 16.7%.

CDMA & Wireline Services

The Company offers High Speed Internet Access ("HSIA") service under the Tata Photon Plus brand across Mumbai and major towns in Maharashtra and Goa. During the year, the Company increased its focus on CDMA's inherent data capabilities. Five additional Towns in Rest of Maharashtra circle, now have Photon plus wireless broadband services, offering speeds upto 3.1 Mbps. Value Added Services ("VAS") of Photon TV and the new Photon Music that ride on photon access, are innovative services for customers.

The Company continued to focus on value added service offerings. Data and VAS revenues have now grown to account for 27% of the wireless revenues. The Company introduced several attractive product and service propositions such as Mobile TV, Music downloads and Personalised 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.

Tata Photon plus, HSIA has been awarded the coveted "Product of the year 2011" for best innovation under the category Wireless Mobile Broadband Category. Earlier NDTV had rated

Tata Photon as the Gadget of the year 2010. It also received in June'2011, six outdoor advertising awards.

As you know, the Company obtained 3G spectrum in Rest of Maharashtra circle, where it was the first and fastest operator to launch 3G services in record time with a range of new services like Video Calling, Mobile TV and App Stores. The Company did not pursue its bid for 3G spectrum in Mumbai due to what it considers to be unreasonably high bids. The Company would however continue to address the market requirements through Tata Photon plus which is strongly established as a leader in high speed data access. HSIA has also been made available on a growing range of mobile handsets. The Company is also exploring the options for 3G roaming with other operators.

The Company has laid over 2,175 kms. of buried fibre 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 Digital Mumbai offerings and would 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, along with Tata Teleservices Limited ("TTSL"), has a national footprint for its Tata Indicom conference call service, with 15 Points of Presence across the country for providing local access to conference bridges.

The Company has also made significant investments in the Enterprise and Small and Medium Enterprise ("SME") business segment. It has further expanded its wireline presence in Mumbai, Maharashtra & Goa and added a range of Enterprise products and services to become a complete provider of all enterprise needs. The Company continues to have significant presence in the wireline segment.

Network quality and Customer service

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

The Company continues to improve on 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. The Company also scored a unique first, with the introduction of a Performance Guarantee for CDMA, for high concern areas of call drops, bill complaint resolution and wait time at the call center.

GSM Services

Tata DOCOMO introduced many innovative Value Added Services to customers, across Voice, Text & Data verticals. "My song" (Reverse Caller tune) was a first and a unique proposition in telecom space from Tata DOCOMO, which allows users to listen to their favourite songs when they call others. Keeping the consumers in mind Tata DOCOMO also introduced Jobs & Matrimony search on mobile which allows users to search the perfect Job and the right match for themselves. The Pay for what you use concept was extended to GPRS services i.e. pay per site plans. Innovative packaging of Talktime and Data was also done.

During the year, Tata DOCOMO was the first to launch 3G services. We now offer 3G services in 19 towns in Rest of Maharashtra circle. In 3G Services, Tata DOCOMO offers high speed mobile broadband, Multimedia & Video calling facility and other video based services like mobile TV, video on demand etc.

Network Rollout

During the year, the Company successfully expanded GSM wireless services under 'Tata DOCOMO' brand to reach 898 towns in Maharashtra and Goa. The Company has also entered into international bi-lateral agreement with more than 140 operators across different countries to offer seamless International roaming facility to Tata DOCOMO subscribers.

The 3G rollout by the Company is one of the fastest by any standards with integration of complex network elements.

The Company has also now spread CDMA voice and Photon Whiz services in 1,184 towns and provides HSIA service in Maharashtra and Goa.

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

Human Resources

The Company assigns the highest degree of importance to its human resources which are very critical for a service organization like ours. The Human Resources ("HR") function of the Company constantly strives to achieve the mission of the Company by creating a favorable work environment and by institutionalizing a performance oriented work culture.

The Company has laid out strong processes to ensure it attracts and retains the right talent.

A rewards & recognition scheme for various awards is in place to encourage employees perform better.

The Company promotes a culture of innovation and has provided various forums (portals) for employees to post innovative ideas and suggestions. The Company recently won

the best innovative idea award under the Tata Innovista program.

The Company strongly believes that coaching employees removes barriers and boundaries and this culture emphasizes individual and team achievement towards the common organizational goal.

Regulatory Developments and Important Litigation

There have been many regulatory changes, prominent amongst which are implementation of Mobile Number Portability across India on January 20, 2011, auction of 3G spectrum, initiation of process to formulate a comprehensive National Telecom Policy ("NTP") 2011 and National Frequency Allocation Plan 2011.

Detailed information on the regulatory developments and important litigation 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 May 20, 2010, Dr. Mukund Rajan resigned from the position of Director and Managing Director of the Company to take up responsibility in another Tata company. Mr. Anil Kumar Sardana was appointed as Managing Director of the Company with effect from May 20, 2010. Mr. Anil Kumar Sardana resigned from the position of Managing Director of the Company to take up responsibility in another Tata company with effect from close of business hours of January 31, 2011. Mr. Anil Kumar Sardana continued as a Non-Executive director of the Company till May 19, 2011. The Board and the Company record its sincere appreciation of the valuable services rendered and contribution by Dr. Mukund Rajan and Mr. Anil Kumar Sardana especially for bringing in considerable operational efficiency and advantages arising out of association with and working in tandem with TTSL, this has resulted in improving cost effectiveness by way of combined purchase negotiations, marketing campaigns and brand building, regulatory affairs. The Board appointed Mr. N. Srinath as the Additional Director and Managing Director of the Company w.e.f. February 1, 2011. The resolutions for appointment of Mr. N. Srinath as Director and Managing Director of the Company are included in the Notice convening Annual General Meeting of the Company. The Board recommends these resolutions for your approval.

In accordance with the provisions of Article 71 and 72 of the Articles of Association of the Company, Mr. Amal Ganguli, Mr. D. T. Joseph and Prof. Ashok Jhunjhunwala 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.

Subsidiary

The Company had a Wholly Owned Subsidiary i.e. 21st Century Infra Tele Limited ("CITL") which was sold to Wireless - TT Info Services Limited (now Viom Networks Limited), the passive infrastructure subsidiary of TTSL, for net consideration of approximately Rs.956 Crores in May'2010.

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 appointed M/s. Sanjay Gupta & Associates, Cost Accountants, as Cost Auditor of the Company for the accounting year 2011-12.

Internal Auditors

The Board has empanelled select firms for handling various internal audits based on their experience effective April 1, 2011.

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;

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.

Balance Sheet Abstract and General Business Profile

Information pursuant to Department of Company Affairs' notification dated May 15, 1995, relating to the Balance Sheet Abstract and General Business Profile of the Company is given in the Annual Report for information of the shareholders.

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 equipment. 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.

(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	**2010-11**	2009-10
Earnings	**NIL**	NIL
Outgo	**11.27**	17.61
Capital Goods	**193.42**	577.51

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 Bombay Stock Exchange 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. As is the ethos of large Tata conglomerate, the Company too, has made small but significant contributions to this holistic canopy of corporate sustainability.

The Company has always promoted the highest standards of corporate ethics and compliance in dealing and conduct of its operations. The Company is committed to pursuing initiatives relating to environmental 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, mountain greening, 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, introduction of print manager to discourage wasteful paper usage.

The Company generates awareness about various NGOs and their area of work. The Company inserts ad campaigns of the NGO in the monthly bills sent out to its 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. Prior to the general elections, the Company launched a campaign urging voters to cast their votes after making an informed choice. The Company uses its wide subscriber network to create awareness through alerts say hightide timings during the monsoon via SMS alerts, and public services 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.

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 included:

- Safety sessions for all employees;
- Fire Mock drill once in every 6 month;
- Percolation of Safety Guidelines and Knowledge Management on health and safety through mailers (Do's & Don'ts during emergency, Ergonomic, Road Safety, articles related to Health, Safety during Fire, Flood and Earthquake etc.).

Acknowledgements

The Directors wish to place on record their sincere appreciation of the assistance and support extended by the employees, customers, financial institutions, banks, vendors, Government and others associated with the activities of the Company.

For and on behalf of the Board of Directors

Mumbai,
June 28, 2011

Kishor A. Chaukar
Chairman