



ANNUAL REPORT 2013

TATA TELESERVICES (MAHARASHTRA) LIMITED

Year on Year Performance

Particulars	(Rs. in Crores)									
	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05	2003-04
Income from Telecommunication	2,608.16	2,470.25	2,248.74	2,069.10	1,941.68	1,707.19	1,406.98	1,095.13	807.47	597.50
Earnings Before Interest, Depreciation, Tax and Amortisation	500.63	548.83	1,146.77*	540.51	593.18	485.55	302.60	124.71	(66.12)	50.74
Profit/(Loss) before Extraordinary Items and Tax	(658.77)	(517.55)	49.91	(298.00)	(158.39)	(124.81)	(315.39)	(492.96)	(527.86)	(269.68)
Extraordinary Items	-	-	-	-	-	-	(5.48)	47.25	-	-
Profit/(Loss) after tax	(658.77)	(517.55)	49.90	(298.01)	(159.60)	(125.74)	(310.61)	(541.06)	(527.86)	(269.68)
End of Period Subscribers (Nos. in Thousands)	10,534	14,127	16,852	13,000	7,495	5,079	3,074	1,840	1,006	488

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

BOARD OF DIRECTORS

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

COMPLIANCE OFFICER

Mr. Bhaskar Chandran
 President – Legal, Regulatory & Company Secretary
 (w.e.f. April 12, 2013)

INVESTOR SERVICES

Mr. Hiten Koradia
 Manager – Investor Relations
 e-mail: investor.relations@tatatel.co.in

STATUTORY AUDITORS**M/s. Deloitte Haskins & Sells**

Chartered Accountants
 Indiabulls Finance Centre, Tower 3,
 32nd Floor, Elphinstone Mills Compound,
 Senapati Bapat Marg, Elphinstone (W),
 Mumbai - 400 013.

REGISTRARS & SHARE TRANSFER AGENTS**TSR Darashaw Private Limited**

6-10, Haji Moosa Patrawala Industrial Estate,
 20, Dr. E. Moses Road,
 Near Famous Studio, Mahalaxmi,
 Mumbai – 400 011.
 Tel: 91 22 6656 8484
 Fax: 91 22 6656 8494 / 6656 8496
 Email: csg-unit@tsrdarashaw.com
 Website: www.tsrdarashaw.com

REGISTERED OFFICE

Voltas Premises, T. B. Kadam Marg,
 Chinchpokli, Mumbai – 400 033.
 Tel: 91 22 6661 5445
 Fax: 91 22 6660 5517
 e-mail: investor.relations@tatatel.co.in
 Website: www.tatateleservices.com

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Eighteenth Annual General Meeting of Tata Teleservices (Maharashtra) Limited will be held on **Monday, September 23, 2013** at 1500 hours at "Rangaswar", 4th Floor, Yashwantrao Chavan Pratishthan Mumbai, Gen. Jagannathrao Bhosle Marg, Nariman Point, Mumbai – 400 021

NOTICE

Notice is hereby given that the Eighteenth Annual General Meeting of Tata Teleservices (Maharashtra) Limited ("the Company") will be held on **Monday, September 23, 2013** at 1500 hours at "Rangaswar", 4th Floor, Yashwantrao Chavan Pratishthan Mumbai, Gen. Jagannathrao Bhosle Marg, Nariman Point, Mumbai – 400 021 to transact the following business:

SPECIAL BUSINESS

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

"RESOLVED THAT Mr. Kishor A. Chaukar, 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 is eligible for appointment 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."

ORDINARY BUSINESS

2. To receive, consider and adopt the Audited Statement of Profit and Loss for the year ended on March 31, 2013 and the Balance Sheet as at that date together with the reports of the Board of Directors and the Auditor's thereon.
3. To appoint a Director in place of Mr. N. Srinath, who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint a Director in place of Prof. Ashok Jhunjhunwala, who retires by rotation and being eligible offers himself for re-appointment.
5. To appoint a Director in place of Mr. D. T. Joseph, who retires by rotation and being eligible offers himself for re-appointment.
6. 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 Firm 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."

Notes:

1. **A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT ONE OR MORE PROXY(IES) TO ATTEND AND VOTE AT THE MEETING INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER.** A proxy form, in order to be effective, should be deposited at the Registered Office of the Company not less than 48 hours before the commencement of the meeting.
2. The Explanatory Statement pursuant to section 173(2) of the Companies Act, 1956 in respect of the business under Item No. 1 above is annexed hereto and forms part of this Notice. The relevant details as required by Clause 49 of the Listing Agreements entered into with the Stock Exchanges, of persons seeking appointment/re-appointment as Directors are annexed herewith.
3. The Register of Directors' Shareholding and Register of Proxies would be available for inspection by the Members at the Meeting.
4. The Register of Members and Share Transfer Books of the Company will remain closed from Friday, September 13, 2013 to Monday, September 23, 2013 (both days inclusive).
5. Members/proxies should bring duly filled Attendance Slips to attend the Meeting.
6. Members whose shareholding is in electronic mode should request respective Depository Participants for change of address and to Registrar & Transfer Agent in case of holding shares in physical mode.
7. In continuation of the shareholders resolution passed on July 29, 2013 on issue of bonus shares to non-promoter shareholders of the Company, it is further clarified that the bonus shares rank pari passu in all respects including dividend entitlement, if any.
8. Bodies Corporate members are requested to send a certified copy of the board resolution authorising their representatives to attend and vote at the meeting.
9. Member are entitled to hold their shares in dematerialised ("Demat") form. Those Members who are holding shares in physical form are requested to dematerialise their shares by approaching any of the Depository Participant/s. In case any Member wishes to dematerialise his/her/its shares and needs any assistance, he/she/it may write to the Registrar & Transfer Agent of the Company at csg-unit@tsrdrashaw.com and/or to the Investor Relations officer of the Company at investor.relations@tatatel.co.in.

Registered Office

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

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

Mumbai
August 1, 2013

Bhaskar Chandran
President – Legal, Regulatory &
Company Secretary

EXPLANATORY STATEMENT PURSUANT TO SECTION 173 (2) OF THE COMPANIES ACT, 1956**Item No. 1 - Appointment of Mr. Kishor A. Chaukar as Director**

Mr. Kishor A. Chaukar was appointed as an Additional Director of the Company with effect from September 5, 2012 pursuant to Section 260 of the Companies Act, 1956 ("the Act"). As per the provisions of the said section, Mr. Chaukar holds office only upto the date of this Annual General Meeting of the Company. The Company has received Notice along with requisite deposit under Section 257 of the Act, proposing his appointment as Director of the Company.

Details regarding Mr. Chaukar and his brief resume have been given in Annexure attached to the Notice. Keeping in view the experience and expertise of Mr. Chaukar, his appointment as a

Director of the Company is recommended by the Board.

Mr. Chaukar is not related to any other Director of the Company and none of the Directors of the Company, except Mr. Chaukar, is in any way concerned or interested in this resolution. The Board recommends the Resolution at Item No. 1 for approval by the Members.

Registered Office

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

Mumbai
August 1, 2013

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

Bhaskar Chandran
President – Legal, Regulatory &
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 wish to have e-copy of the annual report are requested to send an email to the Company at investor.relations@tatatel.co.in or to the Registrars and Share Transfer Agent at csg-unit@tsrdarashaw.com

Request to the Members

Members are requested to send their question(s), if any, in advance to the Company Secretary / Chief Financial Officer at the Registered Office address of the Company or email at investor.relations@tatatel.co.in so that the answers/details can be kept ready at the Annual General Meeting.

Details of Directors as on the date of this Notice seeking Appointment/Re-appointment at the Annual General Meeting ("AGM")

Particulars	Mr. Kishor A. Chaukar	Mr. N. Srinath	Prof. Ashok Jhunjunwala	Mr. D. T. Joseph
Date of Birth	August 1, 1947	July 8, 1962	June 22, 1953	December 21, 1945
Date of Appointment	September 5, 2012 (appointed as an Additional Director by the Board of Directors on September 3, 2012)	February 1, 2011 (last re-appointment by shareholders at the AGM held on August 16, 2011)	April 12, 2007 (last re-appointment by shareholders at the AGM held on August 16, 2011)	May 8, 2009 (last re-appointment by shareholders at the AGM held on August 16, 2011)
Qualifications	Post Graduate in Management from the IIM (Ahmedabad)	Mechanical Engineering from IIT (Chennai) and a Management Degree from IIM (Kolkata)	B. Tech from IIT (Kanpur) & MS and Ph. D degrees from the University of Maine	Masters degrees in English Literature and Economics from the University of Madras and University of Manchester, respectively
Expertise in specific functional area	Rich experience in Finance and telecom	Rich experience in Telecom	Rich experience in Telecom	Rich experience in Administration
Number of shares held in the Company (Including held by dependents)	Nil	Nil	4,700	Nil
Directorships held in other Public Companies#	<ul style="list-style-type: none"> • Tata Teleservices Ltd. • Tata Autocomp Systems Ltd. • Tata Communications Ltd. • Tata Investment Corporation Ltd. • Tata Business Support Services Ltd. • Tata Petrodyne Ltd. • Advinus Therapeutics Ltd. • Praj Industries Ltd. • Tata AIA Life Insurance Co. Ltd. • Tata Trustee Co. Ltd. 	<ul style="list-style-type: none"> • Tata Communications Ltd. • Tata Teleservices Ltd. • Tata Business Support Services Ltd. • Viom Networks Ltd. • Viom Infra Networks (Maharashtra) Ltd. 	<ul style="list-style-type: none"> • Polaris Software Lab Ltd. • Tejas Networks Ltd. • Sasken Communications Technologies Ltd. • 3i Infotech Ltd. • Tata Communications Ltd. • Exicom Tele-Systems Ltd. 	<ul style="list-style-type: none"> • Adani Ports & Special Economic Zone Ltd. • Shreyas Shipping & Logistics Ltd. • Shreyas Relay Systems Ltd. • Ocean Sparkle Ltd. • West Asia Maritime Ltd.
Memberships / Chairmanships of Committees* of other Public Companies#	Audit Committee <ul style="list-style-type: none"> • Tata Autocomp Systems Ltd. • Tata Teleservices Ltd. • Tata Business Support Services Ltd. • Tata Trustee Co. Ltd. • Advinus Therapeutics Ltd. Investors' Grievance Committee <ul style="list-style-type: none"> • Tata Communications Ltd.** • Tata Investment Corporation Ltd. 	Audit Committee <ul style="list-style-type: none"> • Tata Business Support Services Ltd. 	Audit Committee <ul style="list-style-type: none"> • Sasken Communications Technologies Ltd. • Tejas Networks Ltd. • Polaris Software Lab Ltd. Investors' Grievance Committee <ul style="list-style-type: none"> • Polaris Software Lab Ltd. • 3i Infotech Ltd. 	Audit Committee <ul style="list-style-type: none"> • Shreyas Shipping & Logistics Ltd. • Adani Ports & Special Economic Zone Ltd. • West Asia Maritime Ltd. • Shreyas Relay Systems Ltd. Investors' Grievance Committee <ul style="list-style-type: none"> • Adani Ports & Special Economic Zone Ltd.

Public Companies excluding Foreign Companies and Section 25 Companies

* includes only Audit Committee and Shareholders / Investors' Grievance Committee

** Chairmanship of the Committee

DIRECTORS' REPORT

Dear Members,

The Directors take pleasure in presenting the 18th Annual Report together with the audited financial statements of the Company for the year ended March 31, 2013 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	2012 - 13	2011 - 12
Telecom Revenue	2,608.16	2,470.25
Other Income	77.39	37.22
Total Income	2,685.55	2,507.47
Operation and Other Expenses	2,089.38	1,945.36
Provision for Contingencies	95.54	13.28
Earnings Before Interest, Depreciation, Tax and Amortisation ("EBIDTA")	500.63	548.83
Finance & Treasury Charges	564.35	522.98
Depreciation / Amortisation	595.05	543.40
Profit / (Loss) for the year	(658.77)	(517.55)

The Company registered an income growth of 7% at Rs.2,685.55 Crores, compared to Rs.2,507.47 Crores in the previous year. Operating expenses increased by 7% mainly due to an increase in interconnect cost and network operation cost.

The Company is an integrated player across technologies viz. wireline, CDMA, GSM & 3G (in Rest of Maharashtra circle), products (i.e., voice, data & other enterprise services) and customer segments (Enterprise, SME & Retail) covering over 80% of the population through a network of Base Transceiver Station ("BTS") and optical fibre in Mumbai & Maharashtra. Increase in data penetration and availability of data enabled devices are expected to drive the growth in Telecom revenues in future. Our Company is well positioned to leverage this opportunity. The accumulated losses of the Company at the end of the financial year have exceeded its paid-up equity capital and reserves. However, the Company has been consistently making cash profits (EBITDA – financing costs) over the past few years except in the current year.

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 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 portfolio of services provided by the Company includes Data and Internet connectivity across wireline and wireless technologies, Fixed line and Mobile voice services, Managed services, Verticals based mobile applications and Cloud services.

The Company's subscriber base (wireless + wireline) was 10.53 million as on March 31, 2013.

Building on the positive momentum in GSM, this year the Company has started to focus on high-value customers ("HVCs") as a category. Around the central theme of *"refreshingly different, surprisingly accessible"*, a series of product and services targeted at HVCs have been launched during the year. Various other products were designed to deliver better value for money such as Roam-free and Unlimited On-net plan, 899 Postpay plan, 250 Smartlife plan offering dual benefit of voice and 3G/2G data to prepay customers.

The Company continues to be successful in its High Speed Internet Access ("HSIA") services under the Photon brand. Photon services have continued to gather both industry and consumer endorsements. Tata DOCOMO Photon was voted Product of the Year for the third consecutive year by Product of the Year (India) Pvt. Ltd. This award is affirmation of our leadership in the market - both in products and amongst users. Being an innovative brand, the Company continuously strive to make products more relevant to the needs of the consumers. By offering the consistent and reliable internet speeds on our network, the Company have been able to retain the trust of data users. One important experience innovation this year was the introduction of single-click access to account information from the dialer and landing page.

To increase its reach to customers, the Company also introduced the "Demo at Doorstep" offer, under which data services are made available to the customers with just a phone call.

In accordance with market dynamics, the Company also revised its base rate tariff. This would further help in improving revenue per minute & Average Revenue Per User ("ARPU").

This year, the Company introduced several relevant Value Added Services ("VAS") catering to the VAS-hungry youth segment. Music, the largest and most popular VAS service, saw the introduction of a new portal 'Legends of Music' celebrating the legacy of past greats. 'Guess a song' and 'CRBT app' have enhanced user engagement with his music. To maintain lead in the growing data segment, the Company introduced "smart-life plans" that bundle data with voice purchases, did tie-ups with leading handset manufacturers like Nokia and Samsung under the "Smartpicks" program and initiated direct selling of data packs on internet and wireless application portal ("WAP"). To promote the consumption of 3G data in Rest of Maharashtra circle, a slew of Rich Media Services ("RMS") have been launched including a customized gaming portal, Gametanium, High Definition premium games from EA games and the launch of WorldSpace radio on WAP.

The Company provides broadband services through its fiber optic cable laid across Mumbai region and the Company has entered into co-build agreement with other operators to expand its network.

The Company has also made significant investments in products and services specifically for the Enterprise and Small and Medium Enterprise (SME) business segments.

The Company has established itself firmly in fixed line voice services. In 2012-13, the Company became one of the first service providers in India to launch "SIP Trunk" services, which is a scalable and a cost effective medium for voice connectivity, using IP technology. In another first, the Company launched Xpress VPN - a cost effective and secure way to connect remote and small offices of an Enterprise to VPN, using CDMA network.

The service provides ideal connectivity for ATMs, warehouses etc. In order to leverage the increased penetration of smart phones & tablets and our strength in wireless Data, the Company is also focusing on offering vertical based applications on mobile phones and Tablets. These include Field Force Management, Sales Force Management, Field Data Capture, Vehicle tracking and management etc.

Marketing Initiatives

In the later part of FY11-12, the Company integrated the CDMA and GSM services across voice and data into a unified Brand Entity – Tata DOCOMO. This has led to the associated marketing efficiencies and has helped create synergies in selling machinery and opened up the bases of different brand to cross-sell opportunities in FY12-13.

In consonance with the overall HVC focused strategy, the marketing initiatives have centered around conveying our service promise, reassuring people of our network's reliability apart from romancing our HVC products.

The Company reinforced the brand proposition "Pay Only For What You Use" campaign. The Company unveiled one of the biggest signages in the world admeasuring around 30,000 Sq. ft. on the Pune-Mumbai expressway.

Various marketing activities were conducted to create a stronger connect with the populace. Various initiatives were undertaken to enhance the brand visibility in a creative manner such as Photon Robo, Photon Valet car tags, Janmashtmi innovation at a children's park, lifts makeover within ambient space; all these were done at well-planned strategic locations.

The year ended on a positive note for Photon, with the high decibel outdoor campaign on the product leading to an increase in daily average sales in Mumbai. Create Brand for Youth, a two-month long best college band hunt contest "Rockstar" was organized across various colleges in the Maharashtra circle. The activity was a huge success in terms of participation along with the buzz it generated among the college-going crowd.

The Maharashtra circle bagged two accolades under the prestigious 'Exchange 4 Media' OOH awards in the Bronze and Gold categories for our much talked about Photon Robo innovation. The jury members and panel of judges adjudged unanimously and voted the best innovation executed under the "Telecom & Service" Category and awarded the initiative a Gold followed by a Bronze award in the "Most innovative use of indoor OOH media in point of purchase environment" category.

Network quality and Customer service

In line with the Quality of Service Performance Indicators recommended by TRAI, the Company is committed to provide congestion free network for both Voice and Data customers of the Company.

Improvement of the quality of its customer services continues to be the focus activity for the Company. Brand Tata DOCOMO offers easy and simple tariff plans and easy to navigate customer care IVR and direct access to the customer care executives. As a retention measure, the Company continues to use tools that model usage patterns, flag customers with a high propensity to churn for subsequent health check calls and issue resolution, if any. Segmented service differentiation was a focal point and therefore increasing efforts were put in to deliver superior and differentiated customer service in each transaction with customers.

The Data Traffic Management Module is monitored continuously in order to enhance customer experience along with an integrated contact center with well equipped representatives, higher efficiencies and customer friendly processes. Strategic initiatives were undertaken on the network and IT systems.

Network Rollout

During the year, the Company continued its focus on maintaining Network Availability and Uptime for the GSM wireless services in 898 towns and CDMA voice and Photon Whiz services in 947 towns in states of Maharashtra and Goa. The Company has also entered into international bi-lateral agreements with more than 200 operators globally to offer seamless International roaming facility. The Company also provides HSIA service in 29 towns in the states of Maharashtra and Goa.

There has been constant focus on improving the operational efficiency and quality control measures with an endeavor to further improve its network quality for both Voice and Data services. The Company also successfully utilized the bandwidth potential and wide spread fiber network of its existing transmission setup and offered transmission bandwidth to new operators.

Quality and Processes

The Company has undertaken TL 9000 (R 5.0) certification to demonstrate its capability to consistently provide services that enhance customer satisfaction through effective deployment of a quality management system. The Company received this prestigious certification for the first time in December 2012 for Data Products [Multiprotocol Label Switching (MPLS), ILL, Digital Loop Carrier (DLC), National Private Leased Circuits (NPLC)].

The Company was also awarded with ISO 27001, ISMS (Information Security Management Systems) Certification in May 2011. The first Surveillance Audit was successfully completed in June 2012. The Company was awarded with BS 25999-2:2007, BCMS (Business Continuity Management Systems) certification in June 2012. The first Surveillance Audit was successfully completed in November 2012.

The Company is also taking active part in the Tata Business Excellence Model ("TBEM"), an Excellence Model pursued by the Tata Group. The Company attempts to achieve business excellence through various quality (six sigma/Kaizen) projects and drive service excellence and cost optimization throughout the organization.

The Company promotes a culture of innovation and has provided various forums (portals) for employees to post innovative ideas and suggestions against Business Challenges and to showcase their Innovations. The Company is one of the most active Tata Companies to promote a culture of Innovation through this platform.

Human Resources ("HR")

Focus on human resources has been a key strategic driver for the Company. During the year 2012-13, the Company rolled out significant people initiatives to enhance and leverage people potential to realize the organization's strategic goals.

As part of the organization strategy, the Company developed and deployed VISION 2015. VISION 2015 was created with the involvement of the Leadership teams and has been deployed

systematically down the line through employee town hall meetings and other communication channels to align all employees with the strategic direction.

This year the Company also clarified and reinforced the Tata Values in the organization through various interventions viz. employee communications, leadership training and process changes. The Company has introduced assessment of personal effectiveness behaviors/attributes of employees in line with Values, as a part of performance management system (*my PREP*) during the year. A revamped 'My Prep' system has been put in place to enable a more objective and business aligned performance management system in the Company to establish a sound performance culture.

The Company has reviewed the Organization Structure and roles for various Verticals/Functions to bring enhanced efficiencies and optimal productivity. The transition has been driven with ample focus and sensitivity.

The Company has introduced an employee engagement framework with a revised reward and recognition program to facilitate enhanced employee engagement leading to higher productivity. The Company has also given adequate attention to focused action planning and implemented the feedback that emerged from employee engagement survey, to further enhance employee morale.

During the year, the Company has also focused on a renewed Internal Career movements program through the Leadership Enhancement and Progression ("LEAP") across levels and business lines.

The communication process has been strengthened and new channels have been introduced to provide a consistent experience to all the employees across the Company in line with our One HR organization approach.

Regulatory Developments and Important Litigation

Detailed information on the regulatory developments and important litigations have been provided in the report on Management Discussion & Analysis, which forms part of this Annual Report.

Minimum Public Shareholding ("MPS")

The Securities Exchange Board of India ("SEBI") vide Circular dated June 4, 2010, required all listed companies to raise the minimum public shareholding upto 25% within 3 years. Further, SEBI vide its various circulars prescribed the manner and norms for achieving the minimum public shareholding. Public shareholding in the Company was only 22.28% as on March 31, 2013. In order to comply with the said requirements, the Promoter, Tata Sons Limited made an Offer for Sale which met with limited success and the public shareholding has increased to 22.82%. SEBI has taken note of failure to reach the minimum public holding before the deadline of June 3, 2013 and has passed an interim order imposing certain restrictions. The details of restrictions imposed by SEBI have been provided in the Corporate Governance Report.

In order to comply with the Minimum Public Shareholding Threshold (i.e., 25% of the aggregate paid up share capital of the company being held by the 'public' category of shareholders), the Company proposed to issue bonus shares to the public shareholders. An Extra Ordinary General Meeting of the shareholders of the Company was held on July 29, 2013 approving bonus issuance in the ratio of 2 new equity shares for every 15 existing equity held as on the record date i.e., August 8,

2013. The bonus issue once completed will result in the public shareholding in the Company at 25.10%, which would be in compliance with the Securities Contracts (Regulation) (Amendment) Rules, 2010.

Directors

Mr. Kishor A. Chaukar was appointed as an Additional Director & Chairman of the Company with effect from September 5, 2012 and will hold office till the forthcoming AGM. A notice has been received from a Member proposing Mr. Chaukar as a candidate for the position of a Director liable to retire by rotation. The Board of Directors recommends his appointment.

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

Holding Company

Your Company ceased to be the subsidiary company of Tata Sons Limited with effect from March 26, 2013.

Dividend & Appropriations

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

Cost Audit

Pursuant to the Order No. F. NO. 52/26/CAB-2010 dated May 2, 2011 by Cost Audit Branch of Ministry of Corporate Affairs read with Section 233B of the Companies Act, 1956 ("Act") and subject to the approval of the Central Government, the Board of Directors of your Company has re-appointed M/s. Sanjay Gupta & Associates, Cost Accountants, as Cost Auditor of the Company for the financial year 2013-14. The Cost Audit Report for the financial year 2012-13 would be placed before the Board in due course. The Cost Audit Report is required to be filed within 180 days from the close of the financial year to which the report relates.

Internal Auditors

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

Statutory Auditors

M/s. Deloitte Haskins & Sells, Chartered Accountants, the present statutory auditors, retire at the conclusion of the ensuing Annual General Meeting and have confirmed their willingness and eligibility 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 selected such accounting policies and 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 ended March 31, 2013 and of the loss for the Company for that period;
3. They have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
4. They have prepared the annual accounts on a going concern basis.

Fixed Deposits

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

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

Your Company being a telecommunication service provider is not involved in any manufacturing activity and as such the provisions of Section 217 (1) (e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 are not applicable.

However, the following information will give an idea of the efforts made by the Company:

- (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.
 - d. Also see section 'Corporate Sustainability' for further details on initiative.
- (ii) Technology Absorption: The Company has not imported any technology. The Company has not yet established separate Research & Development facilities.
- (iii) Foreign Exchange Earnings and Outgo:

(Rs. in Crores)

Particulars	2012-13	2011-12
Earnings	Nil	Nil
Outgo	120.57	100.29
Capital Goods	42.66	112.98

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 and Companies (Particulars of Employees) Amendment Rules, 2011 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 Clause 49 of the listing agreement by the Company is annexed hereto as Annexure I and forms part of this report.

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

Corporate Sustainability

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

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

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

Corporate Social Responsibility

The Company, through its Corporate Social Responsibility ("CSR") initiatives, empowers people, educates and provides them with a means of earning a livelihood. The Company periodically outsources data entry and back office work to non-government organizations (NGOs), which constitute an important part of its business. By leveraging these competencies, the Company has been able to undertake projects that have the capability of creating sustainable livelihoods.

The Company's CSR strategy is focused on three broad indicators of development - human, social and economic. Projects that focus on education geared towards employability, employee volunteering, employment generation and employability are undertaken as a part of the CSR strategy.