

ANNUAL REPORT

2011-12



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TATA TELESERVICES (MAHARASHTRA) LIMITED

TATA TELESERVICES (MAHARASHTRA) LIMITED

Year on Year Performance

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

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

BOARD OF DIRECTORS

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

COMPLIANCE OFFICER

Mr. Madhav Joshi
 Chief Legal Officer & Company Secretary

INVESTOR SERVICES

Mr. Hiten Koradia
 Manager - Investor Relations
 Tel: 91 22 6661 5445
 E-mail: investor.relations@tatatel.co.in

STATUTORY AUDITORS

M/s. Deloitte Haskins & Sells
 Chartered Accountants
 12, Dr. Annie Besant Road,
 Opp. Shiv Sagar Estate,
 Worli, Mumbai - 400 018.

REGISTRARS & SHARE TRANSFER AGENTS

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

REGISTERED OFFICE

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

CONTENTS

Notice	2
Directors' Report	5
Corporate Governance Report	10
Management Discussion and Analysis of Financial Condition and Results of Operations	16
Auditors' Report	22
Balance Sheet	24
Profit & Loss Account	25
Notes forming part of the Financial Statements	26
Cash Flow Statement	43
Attendance Slip & Proxy Form	

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

NOTICE

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

ORDINARY BUSINESS

- To consider and, if thought fit, to pass, with or without modifications, if any, the following as an Ordinary Resolution:
"RESOLVED THAT the Company's audited Balance Sheet as at March 31, 2012, the audited Profit and Loss Account and the audited Cash Flow Statement for the financial year ended on that date together with Directors' and Auditors' Report thereon be and are hereby approved and adopted."
- To consider and, if thought fit, to pass, with or without modifications, if any, the following as an Ordinary Resolution:
"RESOLVED THAT M/s. Deloitte Haskins & Sells, Chartered Accountants, having Registration No. 117366W, retiring auditors of the Company, be and are hereby re-appointed as the Auditors of the Company to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting of the Company on remuneration to be decided by the Board of Directors."
- To consider and, if thought fit, to pass, with or without modifications, if any, the following as an Ordinary Resolution:
"RESOLVED THAT Mr. N. S. Ramachandran who retires from the office of Director by rotation in this Annual General Meeting and being eligible offers himself for re-election, be and is hereby re-elected a Director of the Company, whose office shall be liable to retirement by rotation."
- To consider and, if thought fit, to pass, with or without modifications, if any, the following as an Ordinary Resolution:
"RESOLVED THAT Mr. S. Ramadorai who retires from the office of Director by rotation in this Annual General Meeting and being eligible offers himself for re-election, be and is hereby re-elected a Director of the Company, whose office shall be liable to retirement by rotation."
- To consider and, if thought fit, to pass, with or without modifications, if any, the following as an Ordinary Resolution:
"RESOLVED THAT Mr. Nadir Godrej who retires from the office of Director by rotation in this Annual General Meeting and being eligible offers himself for re-election, be and is hereby re-elected a Director of the Company, whose office shall be liable to retirement by rotation."

SPECIAL BUSINESS

- To consider and, if thought fit, to pass, with or without modifications, if any, the following as an Ordinary Resolution:
"RESOLVED THAT Mr. Koji Ono, who was appointed as an Additional Director of the Company and who holds office upto the date of this Annual General Meeting of the Company in terms of Section 260 of the Companies Act, 1956 ("Act") and in respect of whom the Company has received a notice pursuant to Section 257 of the Act, be and is hereby appointed a Director of the Company, liable to retire by rotation."
- To consider and if thought fit, to pass with or without modifications, if any, the following resolution as an Ordinary Resolution:
"RESOLVED THAT pursuant to the provisions of Section 293(1)(d) and other applicable provisions, if any, of the

Companies Act, 1956 (including any statutory modifications or re-enactments thereof and hereinafter referred to as the "Act"), the Company hereby accords its consent to the Board of Directors (which expression shall be deemed to include any Committee/s thereof and hereinafter referred to as the "Board"), for borrowing any sum or sums of money from time to time from any one or more of the Company's bankers and/or from any one or more other persons, firms, body corporates or financial institutions, whether in India or abroad and whether by way of cash credit, advance or deposits, loans, debentures or bill discounting and whether unsecured or secured by mortgage, charge, hypothecation or lien or pledge of the Company's assets, licences and properties, whether immovable or movable or stock-in-trade (including raw materials, stores, spare parts and components in stock or in transit) and work-in-progress and all or any of the undertaking of the Company, notwithstanding that the moneys to be borrowed together with moneys already borrowed by the Company (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) will or may exceed the aggregate of the paid-up capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purpose, so that the total amount upto which the moneys may be borrowed by the Board and outstanding at any time shall not exceed the sum of Rs. 13000,00,00,000/- (Rupees Thirteen Thousand Crores only).

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

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

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

ORDINARY BUSINESS

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

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

Registered Office

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

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

Mumbai
July 18, 2012

Madhav Joshi
Chief Legal Officer & Company Secretary

Notes:

- A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE AT THE MEETING INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER.** A proxy form, in order to be effective, should be deposited at the Registered Office of the Company not less than 48 hours before the commencement of the meeting.
- The Explanatory Statement pursuant to section 173(2) of the Companies Act, 1956 in respect of the business under Item No. 6 & 7 above is annexed hereto and forms part of this Notice. The relevant details as required by Clause 49 of the Listing Agreements entered into with the Stock Exchanges, of persons seeking appointment/re-appointment as Directors are annexed herewith.
- The Register of Directors' Shareholding and Register of Proxies would be available for inspection by the Members at the Meeting.
- The Register of Members and Share Transfer Books of the Company will remain closed from Friday, August 17, 2012 to Wednesday, August 29, 2012 (both days inclusive).
- Members/proxies should bring duly filled Attendance Slips to attend the Meeting.
- Members whose shareholding is in electronic mode are requested to direct change of address notifications to their respective Depository Participants.

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

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

Mr. Koji Ono was appointed as Additional Director of the Company with effect from June 1, 2012. As per the provisions of the Companies Act, 1956 ("Act"), Mr. Ono holds office only upto the date of the forthcoming Annual General Meeting of the Company.

The Company has received Notice along with requisite deposit under Section 257 of the Act, proposing his appointment as a Director of the Company.

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

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

Item No. 7 - Increase in Borrowing Powers

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

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

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

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

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

Registered Office

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

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

Mumbai
July 18, 2012

Madhav Joshi
Chief Legal Officer & Company Secretary

Important Communication to Members

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

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

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

Public Companies excluding Foreign Companies and Section 25 Companies

* Includes only Audit Committee and Shareholders / Investors Grievance Committee

** Chairmanship of the Committee

DIRECTORS' REPORT

Dear Members,

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

Financial Results

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

(Rs. in Crores)

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

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

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

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

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

Products and Services

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

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

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

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

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

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

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

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

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

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

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

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

Marketing Initiatives

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

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

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

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

Network quality and Customer service

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

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

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

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

Network Rollout

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

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

Quality and Processes

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

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

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

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

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

Human Resources

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

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

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

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

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

Regulatory Developments and Important Litigation

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

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

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

Directors

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

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

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

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

Dividend & Appropriations

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

Cost Audit

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

Internal Auditors

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

Statutory Auditors

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

Statutory Disclosures

Directors' Responsibility Statement

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

1. In the preparation of the annual accounts, the applicable accounting standards have been followed and there are no material departures;
2. They have, in the selection of the accounting policies, consulted the Statutory Auditors, and have applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the loss of the Company for the period;

3. They have taken proper and sufficient care, to the best of their knowledge and ability, for the maintenance of adequate accounting records in accordance with the provisions of the Act, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
4. They have prepared the annual accounts on a going concern basis.

Fixed Deposits

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

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

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

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

(Rs. in Crores)

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

Particulars of Employees

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

Corporate Governance

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

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

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

Corporate Sustainability

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

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

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

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

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

Safety

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

Carbon Credits

The Company, demonstrating its commitment towards overall sustainable and environment friendly operations has been issued carbon credits, based upon successful registration of its energy efficiency project under the Voluntary Carbon Standard (VCS 2000.7). The commitment has been enhanced with the similar exercise being carried out for the operations across Maharashtra circle under the Clean Development Mechanism (CDM). The initiatives pertaining to swapping of base station electronics not only result in a significant reduction of overall energy consumption but also contribute positively towards the environment by reducing the demand from fossil fuel based energy generation and thereby contribute in reduced emission of Greenhouse Gases.

Acknowledgements

The Directors wish to place on record their sincere appreciation of the assistance and support extended by the employees, shareholders, 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,
July 17, 2012

Kishor A. Chaukar
Chairman

Annexure I**AUDITORS' CERTIFICATE****To the members of
Tata Teleservices (Maharashtra) Limited**

We have examined the compliance of conditions of Corporate Governance by Tata Teleservices (Maharashtra) Limited for the year ended on March 31, 2012, as stipulated in Clause 49 of the Listing Agreement of the said Company with the stock exchanges.

The Compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied in all material aspects with the conditions of Corporate Governance as stipulated in the above-mentioned Listing Agreement.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

For **Deloitte Haskins & Sells**
Chartered Accountants
(Registration No. 117366W)

Mumbai, Dated: May 4, 2012

A. B. Jani
Partner
Membership No: 46488

CORPORATE GOVERNANCE REPORT FOR THE YEAR 2011-12

STATEMENT OF COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

The Company believes in the highest standards of good and ethical corporate governance practices. The Company's Board of Directors ("the Board") has adopted the Tata Code of Conduct for its employees including its senior management and Managing Director. The Company has also adopted a Code of Conduct for its Non-Executive Directors. Both these Codes are available on the website of the Company i.e. www.tatateleservices.com. The Company's corporate governance philosophy has been further strengthened through the Tata Code of Conduct for Prevention of Insider Trading and Code of Corporate Disclosure Practices.

TATA CODE OF CONDUCT

The Tata Code of Conduct inter-alia governs conduct of business in consonance with national interest; fair and accurate presentation of financial statements; being an equal opportunities employer; prohibition of taking gifts and donations, which can be perceived to be intended to obtain business or uncompetitive favours; practicing political non-alignment; maintaining quality of products and services; being a good corporate citizen; ethical conduct; and commitment to enhancement of shareholder value.

CODE OF CONDUCT FOR PREVENTION OF INSIDER TRADING

In compliance with the Securities & Exchange Board of India (Prevention of Insider Trading) Regulations, 1992 ("Regulations"), the Company had framed a Code of Conduct for Prevention of Insider Trading and Code of Corporate Disclosure Practices ("Code") for prevention of insider trading and ensuring timely disclosures of all material price sensitive information in a transparent manner. In terms of the Code, Specified Persons (Directors/Officers/ Designated Employees) of the Company are prohibited from dealing in the securities of the Company during the period when the Trading Window is closed. The Trading Window for dealing in securities of the Company is closed for the following purposes namely (a) declaration of financial results (quarterly or annual) (b) declaration of dividends (interim and final) (c) issue of securities by way of public/rights/bonus issue etc. (d) any major expansion plans or execution of new projects (e) amalgamation, mergers, takeovers and buy-back (f) disposal of whole or substantially whole of the undertaking and (g) any significant changes in policies, plans or operations of the Company. In respect of declaration of financial results, the Trading Window remains closed 7 days prior to the date on which quarterly or annual results are declared. The Specified Persons within six months of buying or selling any number of Securities of the Company cannot enter into an opposite transaction i.e. sell or buy, as the case may be. As regards declaration of interim dividend and other matters referred to in (c) to (g) above, Managing Director/Chief Executive Officer is required, well before initiation of such activity/project, to form a core team of Designated Employees and/or Designated Group Persons who would work on such assignment. Managing Director/Chief Executive Officer is also required to designate a senior employee who would be in-charge of the project. Such team members are required to execute an undertaking not to deal in the securities of the Company till the Price Sensitive Information regarding the

activity/project is made public or the activity/project is abandoned and the Trading Window would be regarded as closed for them. The Trading Window is opened 24 (twenty-four) hours after the information referred to above is made public.

WHISTLE BLOWER POLICY

The Company has adopted a Whistle Blower Policy which affords protection and confidentiality to whistle blowers. The Audit Committee Chairman is authorized to receive from whistle blowers, Protected Disclosures under this policy. The Audit Committee is also authorized to supervise the conduct of investigations of any disclosures made by whistle blowers in accordance with the policy.

No class of personnel has been denied access to the Audit Committee.

Code of Conduct

All Directors and senior management personnel have affirmed compliance with the respective Codes for the financial year ended March 31, 2012. The declaration by Managing Director in this respect appears elsewhere in this Annual Report.

BOARD OF DIRECTORS

Composition

As on March 31, 2012, the Company had Nine (9) Directors with a Non-Executive Chairman. Eight (8) (88.88%) Directors were Non-Executive and 5 (55.55%) of them were Independent Directors. The Company is managed by Managing Director under the supervision and control of the Board. Managing Director is assisted by a team of highly qualified and experienced professionals.

The Board has agreed that Non-Executive Directors are not and shall not be responsible for the day-to-day affairs of the Company.

None of the Directors is a member in more than 10 mandatory committees nor acts as a Chairman in more than 5 mandatory committees across all public companies in which he is a Director.

The Board met at least once in each quarter and the maximum time gap between two Board meetings did not exceed the limit prescribed in Clause 49 of the listing agreement. Five meetings of the Board were held during the financial year ended on March 31, 2012. The meetings of the Board were held on April 26, 2011, July 26, 2011, August 16, 2011, November 3, 2011 and February 3, 2012.

The names and categories of the Directors on the Board, their attendance at Board Meetings and Annual General Meeting ("AGM") held during the year, the number of Chairmanships/ Directorships of the Board (Directorship does not include alternate directorship, directorship of private limited companies, Section 25 companies and companies incorporated outside India) and of the Committees of the Board (Chairmanship/ Membership of Board Committees include only Audit Committee and Shareholders/Investors' Grievance Committee across all public limited companies (listed as well as unlisted) including those of the Company) held by them are as follows:

Name of the Director	Category	Number of Board Meetings during the year 2011-12		Attendance at AGM held on August 16, 2011	Number of Shares held (including held by dependents)	Relationship with other Directors	No. of Directorships in all Public Companies		No. of Committee Positions held in all Public Companies	
		Held	Attended				Chairman	Member	Chairman	Member
Mr. Kishor A. Chaukar (Chairman)	Non-Executive	5	5	Yes	-	None	4	11	1	5
Mr. Amal Ganguli	Independent, Non-Executive	5	2@	No	-	None	-	11	5	5
Mr. Nadir Godrej	Independent, Non-Executive	5	2	No	-	None	3	9	1	1
Prof. Ashok Jhunjhunwala	Independent, Non-Executive	5	5	Yes	4,700	None	-	7	1	4
Mr. D. T. Joseph	Independent, Non-Executive	5	4	Yes	-	None	-	7	1	5
Mr. N. S. Ramachandran	Independent, Non-Executive	5	5	Yes	-	None	-	2	1	2
Mr. S. Ramadorai	Non-Executive	5	3	Yes	-	None	8	7	4	5
Mr. Anil Sardana*	Non-Executive	1	1	Not Applicable	-	None	Not Applicable	Not Applicable	Not Applicable	Not Applicable
Mr. Koichi Takahara**	Non-Executive	1	1	Not Applicable	-	None	Not Applicable	Not Applicable	Not Applicable	Not Applicable
Mr. Katsuhiko Yamagata***	Non-Executive	4	4	Yes	-	None	-	1	-	-
Mr. N. Srinath (Managing Director)	Executive	5	5	Yes	-	None	-	6	-	2

*Ceased to be a Director with effect from May 19, 2011.

** Ceased to be a Director with effect from July 21, 2011.

*** Appointed as a Director with effect from July 26, 2011 to fill the casual vacancy caused by resignation of Mr. Koichi Takahara.

@ In addition also participated in one meeting over teleconference.

All information required to be placed before the Board of Directors under Clause 49 of the listing agreements, has been duly placed. Dates of the Board/Committee Meetings in the ensuing year are decided before the start of the financial year and are communicated to all the Directors well in advance. Additional meetings of the Board are held when deemed necessary by the Board. The Agenda along with the explanatory notes is sent in advance to the Directors.

Directors' Remuneration

None of the Non-Executive Directors has any material pecuniary relationship or transaction with the Company.

Independent Directors: Sitting fee of Rs. 15,000/- per head per meeting is paid to the Independent Directors for physically attending meetings of the Board, Audit and Remuneration Committees and Rs.5,000/- per head per meeting for other Committee meetings.

Non-Executive Non-Independent Directors: No sitting fees are paid to Non-Executive Non-Independent Directors.

The Company also reimburses out-of-pocket expenses incurred by the Directors for attending Meetings and for business of the Company.

None of the Directors has been issued any stock options by the Company during the year or anytime in the past.

The details of remuneration paid by the Company to its Directors during the financial year 2011-12 are as follows:

A) Non-Executive Directors

Name of the Director	Sitting Fees (Rs.)
Mr. Kishor A. Chaukar	-
Mr. Amal Ganguli	60,000
Mr. Nadir Godrej	30,000
Prof. Ashok Jhunjhunwala	1,35,000
Mr. D. T. Joseph	60,000
Mr. N. S. Ramachandran	1,55,000
Mr. S. Ramadorai	-
Mr. Anil Sardana	-
Mr. Koichi Takahara	-
Mr. Katsuhiko Yamagata	-

B) Managing Director

Mr. N. Srinath who is a Managing Director of the Company does not draw any remuneration from the Company.

AUDIT COMMITTEE

Composition

The Audit Committee of the Board of the Company has been constituted in compliance with the provisions of Clause 49 of the listing agreement read with Section 292A of the Companies Act, 1956 ("Act") and comprises of 4 members. All of them are Non-Executive Directors and 3 of them are Independent Directors. The Committee functions under the Chairmanship of Prof. Ashok Jhunjhunwala. The Audit Committee meetings are also

attended by Managing Director, Chief Financial Officer, Statutory Auditors and Internal Auditors. The functional heads are also invited as and when required. The Company Secretary acts as the Secretary to the Committee. The composition of the Committee is as follows:

Name of Member	Category	No. of Meetings during 2011-12	
		Held	Attended
Prof. Ashok Jhunjhunwala (Chairman)	Independent, Non-Executive	4	4
Mr. N. S. Ramachandran	Independent, Non-Executive	4	4
Mr. S. Ramadorai	Non-Executive	4	2
Mr. Amal Ganguli	Independent, Non-Executive	4	2

The Audit Committee met at least once in each quarter and the maximum time gap between two Audit Committee meetings did not exceed the limit prescribed in Clause 49 of the listing agreement. Four Audit Committee meetings were held during the financial year ended on March 31, 2012. The meetings were held on April 26, 2011, July 26, 2011, November 3, 2011 and February 3, 2012.

Terms of Reference

The terms of reference for the Audit Committee are broadly as under:

- Overseeing the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible.
- Recommending the appointment and removal of external auditor, fixation of audit fee and also approval of payment for any other services.
- Reviewing the quarterly, half yearly and annual financial statements before submission to the Board, focusing primarily on any related party transactions as per Accounting Standard 18.
- Reviewing with the management, external and internal auditors, the adequacy of internal control systems and ensuring compliance therewith.
- Reviewing the adequacy of the internal audit function, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure, and coverage and frequency of internal audit.
- Discussing with internal auditors any significant findings and follow up thereon.
- Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting these matters to the Board.
- Discussing with external auditors before the commencement of the audit about the nature and scope of audit as well as having post-audit discussions to ascertain any areas of concern.

- Reviewing the Company's financial and risk management policies.
- Looking into reasons for any substantial defaults in payment to depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors.
- Reviewing the functioning of the Whistle Blower Policy adopted by the Company.
- Reviewing the report on Management Discussion & Analysis of Financial Condition and Results of Operations, to be included in the Company's Annual Report to its shareholders.

Management Discussion & Analysis of Financial Condition and Results of Operations, statements of related party transactions, internal audit reports, fraud-related reports, quarterly results, management letters from auditors, proposals and terms of appointment of internal auditors have been regularly placed before the Audit Committee for review during the financial year 2011-12.

INVESTORS' GRIEVANCE COMMITTEE

Composition & Terms of Reference

The Investors' Grievance Committee of the Board looks into redressal of the shareholders' complaints in respect of any matter including transfer of shares, non-receipt of annual report, dematerialization of shares, issue of duplicates and renewed share certificates etc. During the financial year 2011-12, the Committee met once on August 16, 2011. The Committee is authorized to delegate its powers to officers and employees of the Company and/or of the Company's Registrar and Share Transfer Agent. The delegates regularly attend to share transfer formalities at least once every 15 days. The Composition of the Committee is as follows:

Name of Member	Category	No. of Meetings during 2011-12	
		Held	Attended
Mr. N. S. Ramachandran (Chairman)	Independent, Non-Executive	1	1
Mr. N. Srinath	Executive	1	1

Mr. Madhav Joshi, Chief Legal Officer & Company Secretary, is the Compliance Officer of the Company.

The details of complaints received and redressed during the year is as follows:

Opening Balance	Received during the year	Resolved during the year	Closing Balance
1	160	158	3*

* since resolved.

The status of complaints is reported to the Board on a quarterly basis.

REMUNERATION COMMITTEE

The Company has constituted a Remuneration Committee for the purpose of approving from time to time, the remuneration payable to Managing Director and Executive Director/s and to

discharge any other duties and functions as may be specified under the law, or to perform such task/s as may be entrusted by the Board from time to time. During the financial year 2011-12, the Committee met once on May 23, 2011. The Company's Remuneration Committee comprises 3 Directors, all of whom are Non-Executive Directors and two are Independent Directors. The Committee's composition is as under:

Name of Member	Category	No. of Meetings during 2011-12	
		Held	Attended
Mr. N. S. Ramachandran (Chairman)	Independent, Non-Executive	1	1
Prof. Ashok Jhunjhunwala	Independent, Non-Executive	1	-
Mr. Kishor A. Chaukar	Non-Executive	1	1

The Board has also constituted other Committees i.e. Ethics and Compliance Committee to consider matters relating to Insider Trading Code, Nominations Committee to make recommendations regarding the composition of the Board and identification of Independent Directors to be inducted on the Board and to take steps to refresh the composition of the Board from time to time and Executive Committee to review business and strategy.

RISK MANAGEMENT

The Company has devised a formal Risk Management Framework for risk assessment and minimisation. Further the Company assesses the risk management framework periodically. The scope of the Audit Committee includes review of the Company's financial and risk management policies.

GENERAL BODY MEETINGS

The Company's first statutory meeting was held on April 24, 1995. Till date, the Company has held 16 AGMs and 13 Extra Ordinary General Meetings of the shareholders. The details of the last 3 AGMs are as under:

Particulars	Date	Venue
14 th AGM	August 13, 2009	Mumbai
15 th AGM	August 9, 2010	Mumbai
16 th AGM	August 16, 2011	Mumbai

Details of special resolutions passed in the above referred meetings are as under:

Particulars of the AGM	Section under which resolution was passed	Purpose
15 th AGM held on August 9, 2010	Section 198, 269, 309 and 316 of the Companies Act, 1956	Appointment of Mr. Anil Kumar Sardana as Managing Director and remuneration for a period of 3 years.
	Common Seal and Execution of Documents	Amendment of Article 91 to simplify provisions for affixation of the common seal.

POSTAL BALLOT

No postal ballot was conducted during the financial year ended on March 31, 2012.

RELATED PARTY TRANSACTIONS

There were no materially significant related party transactions during the year which in the opinion of the Board may have potential conflicts with the larger interests of the Company. Apart from paying sitting fees, there was no pecuniary transaction undertaken by the Company with the independent/non-executive directors during the year ended March 31, 2012. Transactions with related parties are disclosed in Note No. 24.14 forming part of the Financial Statements.

COMPLIANCE WITH CAPITAL MARKET LAWS

There has neither been any non-compliance on the part of the Company on any matter related to capital markets during the last three years nor have any penalties or strictures been imposed on the Company in this respect.

As required under Clause 49 of the listing agreement, for the financial year 2011-12, the Company has submitted to the BSE Limited and the National Stock Exchange of India Limited, quarterly compliance reports signed by the Compliance Officer of the Company, confirming compliance with the mandatory requirements of the said Clause.

MEANS OF COMMUNICATION

The quarterly, half yearly and annual results are published in Marathi and English Newspapers. The financial results, shareholding patterns, press releases and presentations made to institutional investors and analysts are also available on the website of the Company i.e. www.tatateleservices.com

CERTIFICATION WITH RESPECT TO FINANCIAL STATEMENTS

The certificate as required under Clause 49 of the listing agreement is furnished by Managing Director and the Chief Financial Officer of the Company to the Board of Directors of the Company with respect to accuracy of financial statements and adequacy of internal controls.

IMPLEMENTATION OF NON-MANDATORY CORPORATE GOVERNANCE REQUIREMENTS

The Company has implemented the nonmandatory corporate governance requirements prescribed under Clause 49 of the listing agreement with the stock exchanges with respect to Remuneration Committee and Whistle Blower Policy.

MANAGEMENT DISCUSSION & ANALYSIS

The Management Discussion and Analysis is attached and forms part of this Annual Report.

GENERAL SHAREHOLDER INFORMATION

Annual General Meeting

The ensuing Seventeenth Annual General Meeting is scheduled to be held on Wednesday, August 29, 2012 at 1500 hours at "Rangswar", 4th Floor, Yashwantrao Chavan Pratishthan Mumbai, Gen. Jagannathrao Bhonsale Marg, Nariman Point, Mumbai - 400 021.

Financial Year

The Company follows the April-March, financial year. The financial results for first, second (half yearly) and third quarters are generally published in July, October and January respectively. Annual audited financial results are generally published in April/May/June. The financial results are uploaded on the Company's website.

The financial results are also available on the website of the Corporate Filing and Dissemination System viz. www.corpfiling.co.in for public viewing.

Date of Book Closure

The share transfer books & the Members' register will be closed between Friday, August 17, 2012 to Wednesday, August 29, 2012 (both days inclusive) for the purposes of the Seventeenth Annual General Meeting.

Listing on the Stock Exchanges

The Company's equity shares are listed on the following exchanges:

BSE Limited ("BSE") P. J. Towers Dalal Street Mumbai - 400 023.	The National Stock Exchange of India Limited ("NSE") Exchange Plaza, 5 th floor, Plot No. C/1, 'G' Block, Bandra-Kurla Complex, Bandra (E), Mumbai - 400 051.
Stock Code : 532371	Stock Symbol : TTML

The Company has paid annual listing fees to both the stock exchanges within the stipulated time.

Market Price Data

The High & Low on closing price of the Company's shares during each month in the last financial year were as follows:

(Amount in Rupees)

Month	BSE		NSE	
	High	Low	High	Low
April 2011	19.10	17.30	19.05	17.30
May 2011	18.25	14.65	18.30	14.55
June 2011	19.25	16.20	19.30	16.20
July 2011	22.80	18.95	22.80	19.05
August 2011	22.30	17.10	22.40	17.05
September 2011	19.50	17.10	19.55	17.05
October 2011	17.75	16.35	17.80	16.35
November 2011	17.65	13.95	17.60	13.90
December 2011	14.67	11.92	14.65	11.90
January 2012	15.91	12.23	15.95	12.25
February 2012	17.85	14.95	17.85	14.95
March 2012	15.90	14.10	15.85	14.00

Performance of the Company's Share Price in comparison to BSE and NSE indices

The performance of TTML's Share Price vis-à-vis the broad based BSE and NSE indices during the financial year 2011-12 is

as under:

Particulars	TTML Share Price v/s BSE		TTML Share Price v/s NSE	
	TTML Share Price (Rs.)	BSE Sensex	TTML Share Price (Rs.)	NIFTY
As on April 1, 2011	17.40	19,420.39	17.35	5,826.05
As on March 31, 2012	14.70	17,404.20	14.65	5,295.55
Change (%)	(15.52%)	(10.38%)	(15.56%)	(9.11%)

Registrar and Share Transfer Agents

The Company has appointed TSR Darashaw Limited (formerly Tata Share Registry Limited) as its Registrar & Share Transfer Agents. Shareholders are advised to approach TSR Darashaw Limited ("TSR") on the following address for any shares & demat related queries and problems:

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 8496
E-mail: csg-unit@tsrdarashaw.com
Website: www.tsrdarashaw.com

Share Transfer System

All physical share transfers are handled by TSR. The transferee is required to furnish the transfer deed, duly completed in all respects, together with the share certificates to TSR at the above said address in order to enable TSR to process the transfer. As regards transfers of dematerialized shares, the same can be effected through the demat accounts of the transferor/s and transferee/s maintained with recognized Depository Participants.

Distribution of Shareholding

The broad shareholding distribution of the Company as on March 31, 2012 with respect to categories of investors was as follows:

Category of Investors		Percentage of Shareholding	
		As on March 31, 2012	As on March 31, 2011
Promoters & Promoter Group Companies	Indian	65.60*	65.60*
	Foreign	12.12	12.12
International Investors (FIIs / NRIs / OCBs / Foreign Banks / Foreign Corporate Bodies)		1.50	1.73
Indian Financial Institutions / Banks / Mutual Funds		0.35	0.42
Private Bodies Corporate		2.14	2.24
Individuals		18.29	17.89
TOTAL		100.00	100.00

*Tata Teleservices Limited (Promoter) has pledged its shareholding equivalent to 26% of the Company's total paid-up capital to secure the term loans/facilities availed by the Company.

The broad shareholding distribution of the Company as on March 31, 2012 with respect to size of holdings was as follows:

Range (No. of Shares)	% of Paid-up Capital	Total No. of Shareholders	% of Total No. of Shareholders
1 to 500	3.94	3,61,575	74.92
501 to 1000	2.96	65,864	13.65
1001 to 2000	2.50	30,336	6.29
2001 to 3000	1.32	9,565	1.98
3001 to 4000	0.76	3,964	0.82
4001 to 5000	0.87	3,442	0.71
5001 to 10000	1.86	4,724	0.98
10001 and above	85.78	3,150	0.65
Total	100.00	4,82,620	100.00

The Company had a total of 4,82,620 shareholders as on March 31, 2012.

The quarterly shareholding patterns filed with the stock exchanges are also uploaded on the website of the Company and are also available on the website of the Corporate Filing and Dissemination System viz. www.corpfiling.co.in and are available for public viewing.

Dematerialization of Shares & Liquidity

As of March 31, 2012, 99.85% of the total equity shares issued by the Company have been dematerialised. The equity shares of the Company are under compulsory dematerialized form.

The equity shares of the Company are available for dematerialisation with both the depositories in India i.e. National Securities Depository Limited ("NSDL") and Central Depository Services (India) Limited ("CDSL").

Outstanding Employee Stock Options, GDRs, ADRs, etc.

The Company has not issued any GDRs/ADRs/Warrants. There are no outstanding Foreign Currency Convertible Bonds ("FCCBs") and Employee Stock Options.

Where we offer service

The Company now offers GSM service in 898 Towns and CDMA services in 1,191 towns in the States of Maharashtra and Goa through its telephone exchanges located at Turbhe (Navi Mumbai), Nariman Point (Mumbai), Marol (Mumbai), Andheri (Mumbai), Pune, Nasik, Panjim, Nagpur, and Kolhapur.

Address for correspondence

Shareholders holding shares in physical mode are requested to direct all equity shares related correspondence /queries to TSR and only the non-shares related correspondence and complaints regarding TSR should be addressed to the Compliance Officer at the registered office of the Company. Shareholders holding shares in electronic mode (dematerialized) should address all shares-related correspondence to their respective Depository Participants only.

Auditors' Certificate

The certificate dated May 4, 2012 issued by M/s. Deloitte Haskins & Sells, Statutory Auditors on compliance with the Corporate Governance requirements by the Company is annexed to the Directors' Report.

DECLARATION REGARDING COMPLIANCE BY BOARD MEMBERS AND SENIOR MANAGEMENT PERSONNEL WITH THE COMPANY'S CODE OF CONDUCT

This is to confirm that the Company has adopted a Code of Conduct for its employees including the Managing Director. In addition, the Company has adopted a Code of Conduct for its Non-Executive Directors. Both these codes are available on the Company's website.

I confirm that the Company has in respect of the financial year ended March 31, 2012, received from the Senior management Team of the Company and the Members of the Board a declaration of compliance with the Code of Conduct as applicable to them.

For the purpose of this declaration, Senior Management Team means the Chief Financial Officer, employees in the General Manager cadre and above and the Company Secretary as on March 31, 2012.

Mumbai
May 4, 2012

Mr. N. Srinath
Managing Director

MANAGEMENT DISCUSSION & ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Industry Structure and Developments

In the last 3 years, the Indian telecom sector has witnessed tremendous mobile subscriber growth on the back of falling tariffs. Today, India has the second largest telecom network in the world after China. As on April 30, 2012 there were more than 952 million telephone connections in the country of which 921 million were wireless connections and 31 million Wireline connections and approximately 8-10 million mobile (SIM) connections are being added every month.

A lot of this has been due to very positive policies of the Government that have led to increased competition and consequently falling tariffs which have made Indian mobile services among the cheapest in the world. However, certain structural imbalances persist that, if corrected, could lead to even better growth and the country truly leveraging the capabilities of telecom to bridge the digital divide.

The lack of a level playing field amongst operators, the absence of true technology neutrality, a changing regulatory environment creating uncertainty in the minds of investors and lenders and a need for greater clarity and transparency in the decision making process are important issues that need to be addressed. These are manifest in the lopsided allocation and pricing of scarce spectrum in the past. The recent announcement of the National Telecom Policy 2012 is a welcome step in the right direction and it is expected that other policy announcements of the Government will address past issues and set the industry on a growth trajectory for the next 20 years.

For the industry to have a sustained growth and profitability it is important to find the right balance between providing affordable tariffs to consumers, ensuring an adequate rate of return to operators and generating an appropriate income stream to the Government for allocating scarce national resources like spectrum to the sector.

The market is also going through an evolution with the changing needs of consumers. While voice and SMS continue to be the mainstay for revenue today for the operators, future growth is expected to come more from data services including content and applications. The promise of retail broadband to fulfill the aspirations of the citizens of this country on the back of advanced wireless technologies is still evolving. New generation services like m-commerce, m-health and m-education will play a major role in driving the larger social agenda for the country.

This will necessitate that telecom companies continue to evolve with the market if they are to truly provide value to their consumers and to remain competitive on a sustained basis. Differentiation on the back of greater understanding of the consumer will determine success in the future. Companies must now move beyond simple “minutes and megabytes” to cater to an ever expanding consumer need of greater speeds and reliability, a comprehensive portfolio of services and applications running on rapidly developing handsets such as feature phones, smartphones, tablets and other similar devices.

Regulatory Developments

National Telecom Policy: The Department of Telecommunications (“DoT”) announced the National Telecom Policy 2012 (“NTP 2012”) with the following major objectives:

- a. Availability of affordable and effective communications for the citizens;
- b. Establish appropriate mechanisms to achieve balance between competition and consolidation while dealing with the legacy issues in the sector;
- c. Ensuring continued viability of service providers;
- d. Strike a balance between the interests of users/ consumers, service providers and government revenue;
- e. Increase in rural teledensity from 39 to 70 by the year 2017 and 100 by the year 2020;
- f. Evolving a policy framework for financing the sector consistent with long term sustainability.

The policy will be implemented by issuing notifications from time to time.

Access Deficit Charges (“ADC”) a levy paid by private telecom operators to Bharat Sanchar Nigam Limited (“BSNL”) for meeting the cost of unprofitable operations in rural areas, was abolished by TRAI w.e.f. April 1, 2008. Hon’ble Telecom Disputes Settlement Appellate Tribunal (“TDSAT”) on petition by BSNL upheld Telecom Regulatory Authority of India (“TRAI”) action. Appeals have been filed by BSNL before Supreme Court against these orders of the TDSAT. Being statutory appeals, these have been admitted by Hon’ble Supreme Court (“SC”). However, no stay of TDSAT order has been granted. These appeals are on regular Board of the SC and will be listed in due course.

Audit by The Comptroller and Auditor General (“CAG”): The Association of Unified Telecom Service Providers of India (“AUSPI”) alongwith with its members has filed a Petition before TDSAT challenging the letters dated March 16, 2010 whereby DoT sought information from the Telecom Service Providers for audit by CAG. The Petition challenges the powers of CAG to audit the accounts of private companies and Rules 5(b) of the TRAI Service Providers (Maintenance of Books of Accounts and other Documents) Rules 2002. The TDSAT has held that the DoT cannot seek special Audit without assigning any reason and struck down the action of DoT seeking special Audit by CAG. As regards, the rule making power and the vires of the Rules 5(b) of the TRAI Service Providers (Maintenance of Books of Accounts and other Documents) Rules 2002, a writ petition has been filed by AUSPI before the Hon’ble High Court of Delhi. The writ petition has been admitted and is listed for final hearing.

Public Interest Litigation (“PIL”) in Supreme Court: Mr. Prashant Bhushan, Advocate had filed a PIL before the SC challenging the Policy of First Cum First Service (“FCFS”) based upon the press release dated January 10, 2008 and all actions taken pursuant thereto including cancellation of licences and allocation of spectrum as a result thereof. SC vide its judgment dated February 2, 2012 has struck down the FCFS policy and has directed disposal of spectrum by auction method. It has also cancelled 122 Unified Access Service (“UAS”) Licences issued in 2008 including 3 CDMA licences in Assam, Jammu and Kashmir and North East circles of Tata Teleservices Limited (“TTSL”). By modifying its judgment dated February 2, 2012, SC has extended validity of 122 cancelled UAS licences from June 2, 2012 to September 7, 2012. Operators whose licences have

been cancelled, filed Review Petitions in SC. SC vide its order dated April 3, 2012 dismissed all the Review Petitions. TTSL has filed Curative Petition which is the last available legal remedy. The cancelled licences contribute about 1% of total revenues of the TTSL.

Dual technology: DoT had issued on October 19, 2007, a press release permitting the use of alternate wireless technologies by UAS Licensees. UAS Licensees who were using CDMA technology for wireless access were permitted to use GSM technology and vice-versa. In August 2008, the Hon'ble Delhi High Court upheld the Government's decision. On March 31, 2009, TDSAT dismissed a petition filed by the Cellular Operators Association of India ("COAI") and other GSM operators against the Government's decision to allow dual technology. TDSAT also directed DoT to immediately review the subscriber base of BSNL and Mahanagar Telephone Nigam Limited ("MTNL") in all the circles and withdraw the spectrum allocated beyond the criteria laid down by DoT. SC on appeals by BSNL and MTNL has for the time being, stayed such requirement to surrender the spectrum. COAI has also filed appeal before the SC against the order of TDSAT. The appeals have been admitted and will be heard in due course. COAI's application seeking withdrawal of spectrum and order allocation of the spectrum only through auction pursuant to the judgment of the SC dated February 2, 2012 has been listed for hearing on July 31, 2012.

Telecommunication Interconnection Usage Charges Regulation, 2003: The TRAI amended Telecommunication Interconnection Usage Charges Regulation, 2003 vide Telecommunication Interconnection Usage Charges (Tenth Amendment) Regulations, 2009 which became effective from April 1, 2009 reduced termination charges for all types of domestic calls viz. fixed to fixed, fixed to mobile, mobile to fixed and mobile to mobile to 20 paise per minute from 30 paise per minute and increased termination charges for incoming international calls to 40 paise per minute from 30 paise per minute. This change has been challenged by incumbent operators before the TDSAT. The Company, TTSL and AUSPI have filed an appeal demanding a 'Bill & Keep' arrangement. Arguments in all these appeals have been concluded in March 2010. The TDSAT vide its judgment dated September 29, 2010 had remanded the matter for fresh consideration by TRAI in a time bound manner after holding consultation with all the stakeholders. TRAI has filed statutory appeal against the said judgement of TDSAT in SC, inter alia challenging the powers of TDSAT to interfere with the regulations framed by TRAI. The appeal has been admitted and would come up for hearing in due course; however there is no stay in the interim. TRAI had filed an application requesting the SC to allow TRAI to notify the Regulations. The application was dismissed and case might be heard in July/August 2012.

Telecom Commercial Communications Customer Preference Regulations, 2010: TRAI has announced a new Unsolicited Commercial Communications ("UCC") Regulation in December, 2010. It has been amended many times. Though the Regulation has created hardships for business users, it has substantially reduced UCC. TRAI has also imposed charge of 5 paise per SMS on commercial SMS.

3G Intra Circle Roaming ("ICR"): In order to provide seamless 3G services to its subscribers, operators who do not have 3G spectrum in a circle have gone in for ICR arrangement with other operators, who have 3G spectrum in that particular circle. DoT and TRAI have objected to such ICR arrangement for

provisioning of 3G services. Industry has vehemently opposed DoT's view that 3G ICR is not permitted under UAS Licenses. DoT has issued notices to the operators who have had 3G ICR agreements to stop providing the services under the agreements. TDSAT had admitted the Petition and restrained DoT from taking any coercive action. The TDSAT has given a divided judgment and hence the regulatory uncertainty still continues.

TRAI recommendations on auction of spectrum: As per directives of SC, TRAI had come out with the consultation paper on auction of spectrum. TRAI submitted its recommendations on April 23, 2012. It recommended auction of only one slot of 5 Mhz and the Reserve Price of Rs.18,000/- Crores plus for pan India 5 Mhz spectrum in 1800 MHz band while spectrum in 800/900 Mhz band should have double the Reserve Price. Telecom Commission referred back these recommendations to TRAI for review and TRAI reiterated its recommendations. Empowered Group of Ministers has been set up to guide and supervise the auction of spectrum.

Telecom Consumer Compliant Redressal Regulations, 2012 & Telecom Consumers Protection Regulations, 2012: TRAI has issued Telecom Consumer Compliant Redressal Regulations, 2012 aimed at optimizing the existing complaint redressal mechanism. The existing 3-tier structure has been revised to a 2-tier structure.

TRAI also issued the Telecom Consumers Protection Regulations, 2012 aimed at overhauling tariff structure and improving overall transparency to subscribers.

The Company has already put in place all necessary systems and processes for ensuring compliance for aforesaid regulations.

TRAI recommendations on Guidelines for Unified Licence (UL)/Class Licence inter-alia say that UAS licences will no longer be issued with linked spectrum. Spectrum, if required, will have to be obtained separately; reduction in maximum penalty to Rs.10 Crores from Rs.50 Crores and linking penalties to the nature of the infringement and the number of violations has been recommended. Union Cabinet has approved introduction of UL and has authorized the DoT to issue guidelines after obtaining approval of the Minister of Communications.

Efficient Utilisation of Numbering Resources: The availability of new numbers is under severe pressure in view of the rapid growth of mobile connections. The TRAI suggestions for making more numbers available in the 10 digit format and for considering the long term feasibility of using 11 digit formats have not been accepted by DoT, which has sought the views of TRAI on shifting fixedline operators from level 5 and 3 to 4. The Company has pointed out that this move would be anti consumer.

Opportunities and Threats

The Company offers a bouquet of telecom services in Mumbai and Maharashtra (comprising Rest of Maharashtra and Goa) telecom circles encompassing landline, wireless (CDMA, GSM and 3G) Mobile Services, voice, data and broadband services across one unified and integrated brand Tata DOCOMO.

The Company won 3G Spectrum in Maharashtra circle during the 3G Spectrum auctions held in April-May 2010. The Company believes that this region of over 100 million people comprising of rapidly growing cities such as Pune, Nasik,

Aurangabad, Vasai and Nagpur has high growth potential and would help Company in further strengthening its market positioning. In Mumbai, which in comparison has a significantly smaller population of around 20 million people, the Company already has multiple telecommunication assets including its EDGE enabled GSM platform, a substantial wireline broadband access infrastructure and extremely successful wireless broadband services offered on the CDMA platform through the Photon offerings, all of which the Company will continue to leverage effectively. It is also exploring possibility of roaming arrangements with other operators for GSM 3G services as and when there is clarity around the regulations.

Information on important litigations concerning the Company is as under:

WLL (M) Walky: BSNL raised on January 15, 2005, demands with effect from November 14, 2004 stating that 'fixed wireless' services provided by the Company under the brand name "WALKY" had mobility features and should be treated as mobile for the purpose of Interconnect Usage Charges Regulations and that ADC was payable on such calls. TDSAT negated Company's appeal. The Company filed an appeal before the SC which vide order dated April 30, 2008 confirmed that ADC was payable on fixed wireless service. As there were claims and counter-claims between the Company and BSNL, the senior counsel of BSNL offered and SC directed that quantification of amounts payable to each other be made by TDSAT.

TDSAT in its judgment dated April 15, 2010 has not considered the directions of SC vide its judgment dated April 30, 2008 to reconcile claims and counter claims and quantify amounts payable by parties to each other. The Company has filed an appeal in SC against TDSAT order of April 15, 2010, which was admitted by SC on July 23, 2010. SC has not granted any stay on payments and the Company has made payment under protest of Rs. 110.95 Crores. The Petition is likely to come up in due course for hearing.

Computation of Licence Fee: TDSAT in its judgment of July 2006, had laid down the principle that revenues accruing from non-licensed activities should not attract licence fee and directed TRAI to prepare a list of items to be included and excluded from Adjusted Gross Revenue ("AGR") which attracts licence fee.

The matter was decided in 2007 by TDSAT, which based on TRAI recommendations, identified various items to be excluded from AGR. The order would be effective from the date of filing of petitions in TDSAT. DoT filed an appeal in the SC challenging the whole order, while the Company and TTSL filed an appeal seeking implementation of the order from the first demand for the year 1999-00, raised by DoT in May 2003. SC in its judgment dated October 11, 2011 held that definition of AGR as given in UAS Licence Agreement was sacrosanct and TDSAT couldn't rewrite it. However it has directed that, in case if Licensee feels that in raising a specific demand, DoT has not followed the definition, it can challenge it in TDSAT. The Company, TTSL and other operators have filed applications/ Petitions challenging the demands of Licence Fee received since 2001. In the meanwhile, DoT has been directed by TDSAT not to enforce any additional demand, that it may raise, without the leave of the TDSAT. The matter is now listed on July 26, 2012 for further hearing.

Fulfillment of Roll-out Obligations: As a UAS Licensee, the Company was required to complete certain rollout obligations within 1st and 3rd years from the effective date of its license(s).

The coverage had to be certified by the Telecommunication Engineering Center ("TEC"). Due to the reasons not in the control of any of the UASL operators, the first year norms could not be met by any of them.

Despite various representations from the industry and the Company, DoT on June 4, 2007, issued show cause notices to the Company and other operators alleging non-fulfillment of the stipulated rollout obligations at the end of the first year. The notices required the Company to explain to DoT, why liquidated damages of Rs.14 Crores (i.e. Rs.7 Crores each for Mumbai and Maharashtra circle) should not be recovered from the Company for the alleged failure. The Company has replied to the notices. The Company has received legal opinion that the demands are invalid under law.

Special Audit by DoT: DoT had appointed M/s. S. K. Mittal & Co., New Delhi to audit licence fee payments for years 2006-07 and 2007-08. The audit was aimed at finding out whether DoT was losing out on licence fees because of some interpretations and practices adopted by leading telecom operators. Based upon the Audit report, DoT had issued a show cause notice dated January 31, 2012 to operators demanding short payment towards licence fee alongwith differential licence fee and interest. DoT has raised a demand of Rs.24.67 Crores (inclusive of interest for year 2006-07) and Rs.24.71 Crores (inclusive of interest for year 2007-08) for TTML. The Company has filed its reply to the show cause notices in April 2012.

Spectrum usage charges: TTSL and the Company filed a Petition before TDSAT challenging the order dated February 25, 2010 issued by DoT increasing the spectrum usage charges from 2% of AGR to 3%. Similar Petitions have been filed by other operators also. The Company's petition was dismissed by TDSAT vide judgement dated September 1, 2010. Appeal has been filed before the SC which has been admitted on February 14, 2011.

Karnataka Letter of Intent of 1997: The erstwhile promoters of the Company in 1997 had applied in the name of the Company for basic services licence in Karnataka circle. A letter of Intent ("LoI") was issued by DoT to the Company. However, DoT did not take a decision till March 1999 on certain pending issues/requests by the Company and the LoI lapsed. DoT recovered in 1999 from Maharashtra licence payments, a sum of Rs.50 Crores alleging failure on the part of the Company to sign licence for Karnataka. The Company filed a refund petition in Hon'ble TDSAT. During the hearing, DoT lodged a counter - claim for loss of licence fee and claimed interest on it. TDSAT ordered refund of Rs.50 Crores and dismissed the counter-claim on the ground that it (TDSAT) had no jurisdiction. On appeal by DoT, Supreme Court held that TDSAT had the jurisdiction and remanded the case for re-hearing to TDSAT. TDSAT held on July 11, 2011 that DoT counter-claim of Rs.3,500 Crores (Rs.309 Crores towards loss of fee and interest thereon since 1997 of Rs.3,200 Crores) was invalid and also dismissed the Company's claim of refund of Rs.50 Crores. DoT has subsequently recovered Rs.50 Crores from the company. There was no impact on Profit & Loss (P&L) Account of the Company as provision had been made in 1999.

Roll out obligations for GSM : though there is no licence term prescribing any roll out obligation on dual technology GSM spectrum, DoT field officers have been insisting that such obligation applies and that the dual tech operators should submit their networks for testing. As a measure of abundant caution and without prejudice to the legal position, the Company

and other dual tech operator have submitted the network for testing which is in progress.

Segment-wise or product-wise performance

The Company is in the business of providing a wide range of telephony products in Mumbai and Maharashtra (including Goa) Service Areas. Details of various products and services are provided in the Directors' Report.

Outlook

The national teledensity is over 78% mark, but accounting for the considerable multi-simming phenomenon in the industry, the 'actual' tele-density is much lesser. Considering the teledensity of other comparable regions and countries in Asia, there is a significant market in India still waiting to be tapped and the Company will take all the necessary initiatives to become a major player in its chosen areas of operation.

The Company will also benefit from its association with TTSL, which has licences to provide telecom services in 20 circles across India. TTSL has also been permitted by DoT to use GSM Technology in 17 Circles and has been allocated GSM spectrum in 16 circles. It has also won 3G spectrum in 8 circles, primarily in the western belt of the country.

The Company has successfully launched GSM services under the Tata DOCOMO brand in Mumbai and Maharashtra circles in August'2009. It has been successful in winning 3G spectrum for Maharashtra circle (which includes Goa). The Company has been making cash profits in last 25 quarters.

The Company expanded its network throughout the States of Maharashtra and Goa and the Company now offers GSM services in 898 Towns and CDMA services in 1,191 towns by the end of the financial year 2011- 2012. The Company successfully launched 3G wireless service under 'Tata DOCOMO' brand in 17 Towns in Maharashtra circle. The Company's Photon[™] high speed internet services along with some other strategies will enable it to compete in Mumbai, where it did not pursue, bidding for 3G spectrum due to what it considered exorbitantly high bid price.

Risks and Concerns

As is the case with any infrastructure project, the Company is exposed to a number of risks. The Company assesses the risks every year and presents them to the Audit Committee in line with Clause 49 of the Listing Agreement with stock exchanges. The key risks include:

Regulatory Risks

The Indian telecommunications industry is subject to extensive Government regulation, especially as regards allocation of spectrum and introduction of new services. Allegations relating to allocation of 2G spectrum and consequent chargesheets filed by CBI, cancellation of 122 licenses by SC, flip flops in Government policies have created lot of uncertainty especially in last 2 years in telecom sector.

The Government considers telecommunications licences provide broad discretion to the Government to modify, at any time, the terms and conditions of the licences and take over the entire services, equipment and networks or terminate or suspend the licences, if necessary or expedient, in the public interest or in the interest of national security or in the event of a national emergency, war or similar situation.

The Company's licences are for fixed periods and are renewable for additional terms at the discretion of the Government. There can be no assurance that any of the Company's licenses will be renewed at all or renewed on the same or better terms.

The entire spectrum allocation policy is being reviewed by the Government in view of the judgment of the SC in the 2G case dated February 2, 2012 whereby the SC has cancelled the FCFS policy and mandated allocation of spectrum through auction only. The implications of the judgment are still being debated at various levels in the Government and other forums and there is no clarity as of now regarding the policy. The President of India has sought advice of SC as to 'whether the only permissible method for disposal of all natural resources across all sectors and in all circumstances is by the conduct of auctions' and other contentious matters in telecom'.

If the press reports are true, the Company may be required to pay market determined prices for existing CDMA and GSM spectrum or obtain additional 2G spectrum in the future on payment basis which may impose additional financial burden on the Company.

Technological Risks

Due to continued discrimination by the Government, CDMA has received lesser spectrum allocations and no alternate band of spectrum has been identified for expansion which coupled with limited availability of handsets and limited scope for international roaming have led to decline in CDMA ecosystem.

Changes in technology may require the Company to invest in such technologies and buy spectrum required for it in an auction which would demand substantial capital investments.

Competing services such as 4G are being launched by competition for which the Company currently has no spectrum. These products would compete with the existing voice and data offerings of the company and would adversely impact its current market share and pricing.

The telecommunication industry has seen rapid changes in technology. Although the Company strives to keep its technology up to date in accordance with the latest international technological standards, the technology currently employed by it may become obsolete or subject to competition from new technologies in the future.

Financing Risks

The Company is a telecommunication service provider and requires significant funding on an ongoing basis for expanding telecom infrastructure including services to be offered using GSM technology. More than half of the project cost is funded by way of debt that is subject to a number of terms and conditions including periodic review of the business plan. Besides, the Company has also borrowed recently additional funds for making 3G spectrum payment of Rs.1,257.58 Crores. Policy uncertainty has made it difficult to obtain fresh loans.

Interconnection Risks

No operator has been able to win pan-india 3G spectrum and hence roaming arrangements assume great importance. The Company and TTSL will require roaming arrangements in 13 circles where they have not been able to win 3G spectrum. Augmentation of capacities or creation of separate interconnection facilities for GSM services are some of the

business requirements which are dependent on co-operation of other operators. DoT has decided that ICR for 3G in non spectrum circles is not allowed. Operators including the Company had challenged it before TDSAT which gave divided judgment and thus the regulatory uncertainty continues.

Competition Risks

The Indian telecommunication industry has witnessed intense competition in last 3 years with the entry of 4-5 new operators leading to further fall in tariffs. The tariffs are among the lowest in the world. Competition also creates need for higher expenditure on marketing and advertising.

Dependency on the Promoters

The Company has closely aligned and integrated its business operations and strategies with those of TTSL and also shares certain infrastructure (e.g. billing platform, intelligent network platform etc.) and activities (e.g. procurement) with TTSL. The Company benefits from the goodwill associated with the Tata DOCOMO brand that Tata Sons Limited and NTT DOCOMO Inc. have permitted the Company to use for marketing its products and services. The Company's central services sharing arrangements with TTSL allow it to jointly negotiate with equipment suppliers and service providers and benefit from economies of scale. In addition, the Company offers roaming services to its CDMA/GSM mobile subscribers, who can roam in the service areas where TTSL network is operational and vice-versa. Although all the above positively impact the Company's performance, if the Company is viewed as a standalone enterprise, this inter-dependency may be perceived to be an area of concern.

Internal Control Systems and their adequacy

An Audit Committee of the Board of Directors has been constituted as per the provisions of Section 292A of the Companies Act, 1956 ("Act") and Corporate Governance requirements specified by the stock exchanges.

The internal audit for various functions/aspects is conducted by independent firms, which conduct reviews and evaluation and present their reports to the Audit Committee and the management at regular intervals.

The Internal Auditors' Reports dealing with internal control systems are considered by the Audit Committee and appropriate actions are taken, wherever necessary.

Analysis of Financial Condition and Results of Operations

The financial statements have been prepared in accordance with the requirements of the Act, the Indian Generally Accepted Accounting Principles (Indian GAAP) and the Accounting Standards as prescribed by the Institute of Chartered Accountants of India. The Board of Directors believes that it has been objective and prudent in making estimates and judgement relating to the financial statements and confirms that these financial statements are a true and fair presentation of the Company's operations and profits for the year.

Developments on Human Resources Front

The entry of new service providers has substantially increased competition in the market. Increase in choices means more effort and higher decibel volumes in acquiring and retaining subscribers which in turn makes it imperative to retain valuable and skilled intellectual capital. The offer of higher monetary compensation by other operators and other service sectors like

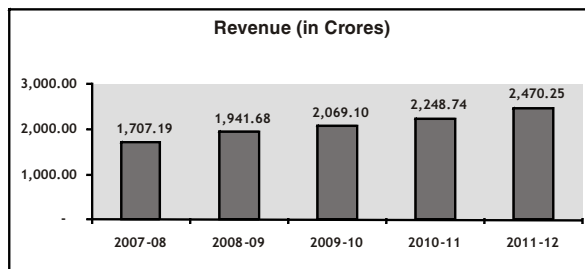
retail and media have also increased the challenges of retention. The initiatives undertaken by the Company have been described in the Directors' Report.

The Company and TTSL 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 with reference to the common brands being used by each of these two entities. Some senior employees of the Company have been deputed to TTSL to take up national responsibility (TTSL and the Company), as such only a portion of cost of such employees is charged to the Company. The Company had 1,458 employees on its rolls as on March 31, 2012 (Previous year 1,725 employees).

Key Financial Information & Operational Performance

Revenues from Telecommunication Services

During the year, revenues from telecommunication services increased to Rs.2,470.25 Crores (previous year Rs.2,248.74). This revenue growth was largely driven by increase in VAS and Data revenue.

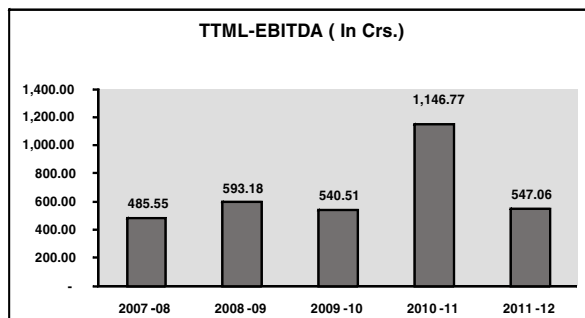


Other Income

Other income decreased to Rs.35.44 Crores (previous year Rs.67.20 Crores), which includes subsidies received from the Universal Service Obligation Fund towards provision of Rural Household Direct Exchange Lines ("RDELS") in specified Short Distance Charging Areas ("SDCAs") amounting to Rs.2.21 Crores (previous year Rs. 6.87 Crores). As RDELS scheme has come to an end, there is no likelihood of the Company benefitting from such subsidies any further.

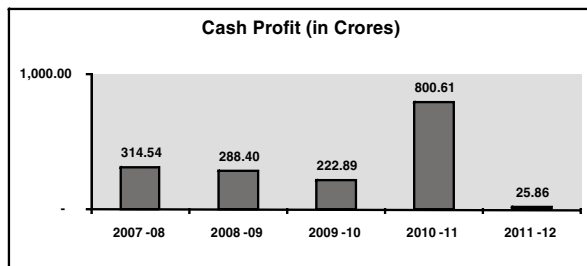
Earnings Before Interest, Depreciation, Taxation and Amortisation ("EBIDTA")

During the year, EBIDTA was Rs.547.06 Crores (previous year Rs.1,146.77). During the previous year, the Company had profit on sale of long term investment of Rs.834.93 Crores resulting into higher EBIDTA.



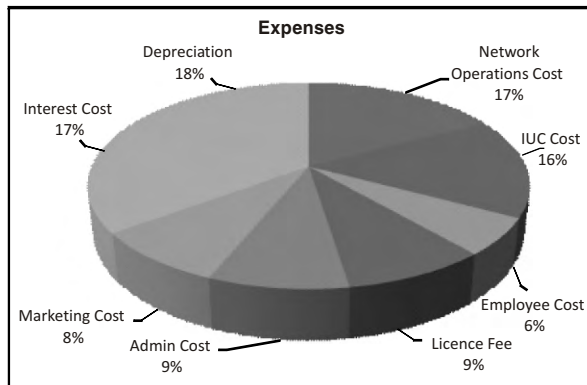
Cash Profit

During the year, Cash Profits was Rs.25.86 Crores (Previous year Rs.800.61 Crores including profit on sale of long term investment of Rs.834.93 Crores).



Expenses

The major expenses as a percentage of total cost were as follows:



Total depreciation for FY12 was Rs.543.40 Crores as compared to Rs.750.50 Crores in FY11 (which included additional depreciation of Rs. 184.81 Crores as a result of re-estimation of the balance useful life of certain items of plant and machinery considering up-gradation of equipment on account of enhancement of technology and the consequent enhanced pace of planned replacement).

Finance Charges

The Finance Charges increased from Rs.346.16 Crores to Rs.521.20 Crores due to higher long term borrowings and increase in interest rates. In May'2011, the Company has tied up for long term External Commercial Borrowings of USD 350 Million for refinancing of short terms loans availed for 3G spectrum fees and for capex. Out of above borrowings, the Company as of March 31, 2012 has utilized USD 321.63 Million.

Net Profit

The Company reported net loss of Rs.517.54 Crores for the year (previous year net profit of Rs.49.89 Crores which was after profit on sale of investments of Rs.800.61 Crores). The Company launched its full mobility services using CDMA technology in the second half of 2003-04 and before it became profitable, launched GSM services only in August'2009 and 3G Services in 2010 in Rest of Maharashtra Circle in 17 towns. It is not uncommon for large green-field infrastructure telecom projects to incur losses during the initial few years of each phase of project.

Fixed Assets

The Company continues to grow its network in Mumbai and other cities in Maharashtra and Goa. The year-end Gross Block increased by Rs.730.48 Crores (Net of deletions of Rs.7.20 Crores) to Rs.8,344.44 Crores (previous year Rs.7,621.16 Crores). The major increase in the Gross Block was on account of addition in Network Sites for GSM and HSIA. The Gross Block also includes the cost of 3G license fee Rs.1,257.82 Crores.

The year-end Net Block has increased from Rs. 4,802.83 Crores to Rs.4,986.25 Crores. The year-end Capital Work-in-Progress is at Rs.64.39 Crores (previous year Rs.128.23 Crores).

Net Current Liabilities

The Current Liabilities decreased from Rs.920 Crores to Rs.680 Crores primarily due to increase in trade receivables and payment of suppliers credit.

Loan Funds

The total loan funds increased from Rs.4,653 Crores to Rs.5,520 Crores primarily on account of payment of suppliers credit.

AUDITORS' REPORT

TO THE MEMBERS OF TATA TELESERVICES (MAHARASHTRA) LIMITED

1. We have audited the attached Balance Sheet of TATA TELESERVICES (MAHARASHTRA) LIMITED ("the Company") as at March 31, 2012, the Statement of Profit and Loss and the Cash Flow Statement of the Company for the year ended on that date, both annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and the disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by the Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. Attention is invited to note no. 24.3 (i)(c), regarding setting aside of the Order of the Telecom Disputes Settlement & Appellant Tribunal (TDSAT) regarding computation of License fees (LF) by the Hon'ble Supreme Court of India (SC). The TDSAT Order stated that income from sale of securities is not related to the licensed activity and that bad debts written off, waivers and discounts are actual monies lost by service providers and hence should be deducted from Adjusted Gross Revenue (AGR) while computing the LF. The Company, has considered Rs.154.36 crores, being the LF on profit on sale of investment and bad debts written off during the previous year, as contingent liability and has also made payment of the same to Department of Telecommunications (DOT) under protest. Prior to the aforesaid judgment, the Company had received provisional assessment orders from DOT, against which applications have now been filed with the TDSAT in line with the aforesaid judgment. Our opinion is not qualified in respect of this matter.
4. As required by the Companies (Auditor's Report) Order, 2003 (CARO) issued by the Central Government in terms of Section 227(4A) of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 5 and 6 of the said Order.

5. Further to our comments in paragraph 3 above and Annexure referred to in paragraph 4 above, we report as follows:
 - (a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (b) in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - (c) the Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - (d) in our opinion, the Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this report are in compliance with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956;
 - (e) in our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (i) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2012;
 - (ii) in the case of the Statement of Profit and Loss, of the loss of the Company for the year ended on that date and
 - (iii) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.
6. On the basis of the written representations received from the Directors as on March 31, 2012 taken on record by the Board of Directors, none of the Directors is disqualified as on March 31, 2012 from being appointed as a director in terms of Section 274(1)(g) of the Companies Act, 1956.

For Deloitte Haskins & Sells
Chartered Accountants
(Registration No. 117366W)

A B Jani
Partner

Mumbai, dated: May 4, 2012

Membership No. 46488

ANNEXURE TO THE AUDITORS' REPORT

Re: Tata Teleservices (Maharashtra) Limited

(Referred to in Paragraph 4 of our report of even date)

- (i) Having regard to the nature of the Company's activities, clauses (xiii) and (xiv) of CARO are not applicable.
- (ii) In respect of its fixed assets:
 - (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of the fixed assets.
 - (b) All fixed assets have not been physically verified by the management during the year but there is a regular program of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
 - (c) The fixed assets disposed off during the year, in our opinion, do not constitute a substantial part of the fixed assets of the Company and such disposal has, in our opinion, not affected the going concern status of the Company.

- (iii) In respect of its inventory:
 - (a) As explained to us, the stocks of trading goods were physically verified during the year by the Management at reasonable intervals.
 - (b) In our opinion and according to the information and explanation given to us, the procedures of physical verification of stocks followed by the Management were reasonable and adequate in relation to the size of the Company and the nature of its business.
 - (c) In our opinion and according to the information and explanations given to us, the Company has maintained proper records of its inventories and no material discrepancies were noticed on physical verification.
- (iv) The Company has neither granted nor taken any loans, secured or unsecured, from companies, firms or other parties listed in the Register maintained under Section 301 of the Companies Act, 1956.
- (v) In our opinion and according to the information and explanations given to us, there is an adequate internal control

system commensurate with the size of the Company and the nature of its business with regard to purchases of inventory and fixed assets and the sale of goods and services. During the course of our audit, we have not observed any major weakness in such internal control system.

- (vi) In respect of contracts or arrangements entered in the Register maintained in pursuance of Section 301 of the Companies Act, 1956, to the best of our knowledge and belief and according to the information and explanations given to us:
- The particulars of contracts or arrangements referred to Section 301 that needed to be entered in the Register maintained under the said Section have been so entered.
 - Where each of such transaction is in excess of Rs.5 lakhs in respect of any party, the transactions have been made at prices which are *prima facie* reasonable having regard to the prevailing market prices at the relevant time except in respect of certain purchases for which comparable quotations are not available and in respect of which we are unable to comment.
- (vii) According to the information and explanations given to us, the Company has not accepted any deposit from the public during the year.
- (viii) In our opinion, the internal audit functions carried out during the year by firm of Chartered Accountants appointed by the Management have been commensurate with the size of the Company and the nature of its business.
- (ix) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central

Government for the maintenance of cost records under Section 209(1) (d) of the Companies Act, 1956 in respect of telecommunication activities and are of the opinion that *prima facie* the prescribed accounts and records have been made and maintained. We have, however, not made a detailed examination of the records with a view to determining whether they are accurate or complete. To the best of our knowledge and according to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records for any other product of the Company.

- (x) According to the information and explanations given to us in respect of statutory dues:
- The Company has generally been regular in depositing undisputed dues, including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and other material statutory dues applicable to it with the appropriate authorities.
 - There were no undisputed amounts payable in respect of Income-tax, Wealth Tax, Custom Duty, Excise Duty, Cess and other material statutory dues in arrears as at March 31, 2012 for a period of more than six months from the date they became payable.
 - Details of dues of Income-tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty and Cess which have not been deposited as on March 31, 2012 on account of disputes are given below:

Statute	Nature of Dues	Forum where Dispute is pending	Period to which the amount relates	Amount involved (Rs. in Crores)
The Income-tax Act, 1961	Income tax demand	Income Tax Appellate Tribunal	A.Y. 1998-99	0.08
The Income-tax Act, 1961	Income tax demand	Commissioner of Income Tax (Appeal)	A.Y. 2006-07	15.43
The Income-tax Act, 1961	Income tax demand	Commissioner of Income Tax (Appeal)	A.Y. 2008-09	3.12
The Income-tax Act, 1961	Income tax demand	Commissioner of Income Tax (Appeal)	A.Y. 2009-10	21.94
The Income-tax Act, 1961	Income tax demand	Commissioner of Income Tax (Appeal)	A.Y. 2010-11	9.44
The Income-tax Act, 1961	Income tax demand	Commissioner of Income Tax (Appeal)	A.Y. 2011-12	17.82
The Income-tax Act, 1961	Income tax demand	Commissioner of Income Tax (Appeal)	A.Y. 2012-13	2.83
Service Tax Act	Service tax demand	Commissioner of Service Tax	Nov 2004 to April 2008	60.40
Service Tax Act	Service tax demand	Additional Commissioner	April 2005 to March 2010	0.20
Service Tax Act	Service tax demand	CESTAT	April 2004 to March 2010	6.36
Sales Tax Act	Sales Tax Demand	Joint Commissioner (Appeal) II	April 2001 to March 2004	0.09

- (xi) The accumulated losses of the Company at the end of the financial year are more than fifty percent of its net worth and the Company has not incurred cash losses in the financial year and in the immediately preceding financial year.
- (xii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of dues to banks and financial institutions.
- (xiii) In our opinion and according to the information and explanations given to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiv) In our opinion and according to the information and explanations given to us, the terms and conditions of the guarantees given by the Company for loans taken by others from banks and financial institutions are not *prima facie* prejudicial to the interests of the Company.
- (xv) In our opinion and according to the information and explanations given to us, the term loans have been applied for the purposes for which they were obtained, other than temporary deployment pending application.
- (xvi) In our opinion and according to the information and explanations given to us and on an overall examination of the Balance Sheet, we report that funds raised on short-term

basis have been used during the year for long-term investment to the extent of Rs 982.34 crores.

- (xvii) According to the information and explanations given to us, the Company has not made preferential allotment of shares to parties and companies covered in the Register maintained under Section 301 of the Companies Act, 1956 at a price which is *prima facie* not prejudicial to the interests of the Company.
- (xviii) The Company has not issued any debentures during the year.
- (xix) The Company has not raised any money by way of public issues during the year.
- (xx) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no fraud on the Company has been noticed or reported during the year.

For Deloitte Haskins & Sells
Chartered Accountants
(Registration No. 117366W)

A B Jani
Partner

Mumbai, dated: May 4, 2012

Membership No. 46488

BALANCE SHEET AS AT MARCH 31, 2012

	Note No.	As at March 31, 2012 Rs. in Crores	As at March 31, 2011 Rs. in Crores
I. EQUITY AND LIABILITIES			
(1) Shareholders' Funds			
(a) Share capital	3	1,897.20	1,897.20
(b) Reserves and surplus	4	<u>(3,031.18)</u>	<u>(2,513.63)</u>
		(1,133.98)	(616.43)
(2) Non Current Liabilities			
(a) Long-term borrowings	5	4,595.69	1,727.50
(b) Other long-term liabilities	6	235.65	404.34
(c) Long-term provisions	7	<u>4.52</u>	<u>3.99</u>
		4,835.86	2,135.83
(3) Current Liabilities			
(a) Short-term borrowings	8	776.25	2,796.02
(b) Trade payables	9	775.13	757.21
(c) Other current liabilities	10	675.84	587.49
(d) Short-term provisions	11	<u>200.69</u>	<u>189.49</u>
		2,427.91	4,330.21
Total		<u><u>6,129.79</u></u>	<u><u>5,849.61</u></u>
II. ASSETS			
(1) Non-Current Assets	12		
(a) Fixed Assets			
(i) Tangible Assets (Net Block)		3,295.70	2,971.24
(ii) Intangible Assets (Net Block)		1,690.55	1,831.59
(iii) Capital work-in-progress		<u>64.39</u>	<u>128.23</u>
		5,050.64	4,931.06
(b) Long-term loans and advances	13	53.89	49.78
(2) Current Assets			
(a) Inventories	14	3.81	3.78
(b) Trade receivables	15	304.81	236.63
(c) Cash and cash equivalents	16	137.96	74.68
(d) Short-term loans and advances	17	406.57	417.50
(e) Other current assets	18	<u>172.11</u>	<u>136.18</u>
		1,025.26	868.77
Total		<u><u>6,129.79</u></u>	<u><u>5,849.61</u></u>

See accompanying notes forming part of the financial statements

In terms of our report attached
For Deloitte Haskins & Sells
Chartered Accountants

A.B.Jani
 Partner

For and on behalf of the Board

Kishor A. Chaukar
 (Chairman)

N. S. Ramachandran
 (Director)

Nadir Godrej
 (Director)

S G Murali
 (Chief Financial Officer)

N. Srinath
 (Managing Director)

Prof. Ashok Jhunjhunwala
 (Director)

Katsuhiko Yamagata
 (Director)

Madhav J. Joshi
 (Chief Legal Officer and
 Company Secretary)

Amal Ganguli
 (Director)

Place: Mumbai
 Date : May 4, 2012

Place: Mumbai
 Date : May 4, 2012

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2012

	Note No.	2011-12 Rs. in Crores	2010-11 Rs. in Crores
I. Income			
(a) Revenue from operations	19	2,470.25	2,248.74
(b) Other income	20	35.44	67.20
(c) Profit on sale of long term investment (Refer note 24.19)		-	834.93
TOTAL REVENUE		2,505.69	3,150.87
II. EXPENSES			
(a) Employee benefits expenses	21	174.46	165.65
(b) Operating and other expenses	22	1,770.90	1,652.87
(c) Finance cost (Net)	23	521.20	346.15
(d) Depreciation and amortisation expense (Refer note 24.20)	12	543.40	750.70
(e) Provision for contingencies (Refer note 24.18)		13.28	185.60
TOTAL EXPENSES		3,023.24	3,100.97
III. (Loss) / Profit for the year		(517.55)	49.90
IV. Earnings Per Share - Basic and Diluted (Rs.) (Refer note 24.16)		(2.73)	0.26
Par Value (Rs.)		10.00	10.00

See accompanying notes forming part of the financial statements

In terms of our report attached
For Deloitte Haskins & Sells
Chartered Accountants

A.B.Jani
Partner

For and on behalf of the Board

Kishor A. Chaukar
(Chairman)

N. S. Ramachandran
(Director)

Nadir Godrej
(Director)

S G Murali
(Chief Financial Officer)

N. Srinath
(Managing Director)

Prof. Ashok Jhunjhunwala
(Director)

Katsuhiko Yamagata
(Director)

Madhav J. Joshi
(Chief Legal Officer and
Company Secretary)

Amal Ganguli
(Director)

Place: Mumbai
Date : May 4, 2012

Place: Mumbai
Date : May 4, 2012

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Note 1:

Corporate Information

Tata Teleservices (Maharashtra) Limited ("the Company"), was incorporated on March 13, 1995. The Company is licensed to provide basic and cellular telecommunication services. The Company presently holds two Unified Access (Basic and Cellular) Service Licenses, one for Mumbai Service Area and another for Maharashtra and Goa and provides telecommunication services using Code Division Multiple Access (CDMA) technology/ Global System for Mobile Communications (GSM) technology under the aforesaid licenses. The Company also holds the National Internet Service provider – Internet Telephony license. The Company during the previous year had succeeded in winning the bid for 3G spectrum in Maharashtra and Goa circle (excluding Mumbai) (Also refer Note 24.12).

The Company is a subsidiary of Tata Sons Limited. (the ultimate holding company)

Note 2:

Significant Accounting Policies

(a) Basis of accounting and preparation of financial statements

The accounts have been prepared to comply in all material aspects with applicable accounting principles in India, the Accounting Standards (AS) notified in the Companies (Accounting Standards) Rules 2006 and relevant provisions of the Companies Act, 1956 (the Act). The financial statements have been prepared in the format prescribed by the Revised Schedule VI to the Act.

(b) Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires estimates and assumptions to be made that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities on the date of the financial statements and the reported amounts of revenues and expenses during the reporting year. Differences between actual results and estimates are recognised in the periods in which the results are known / materialise.

(c) Fixed Assets

Fixed assets are stated at their historical cost of acquisition or construction, less accumulated depreciation/ amortization and impairment loss. Cost includes all costs incurred to bring the assets to their working condition and location (Also refer note 24.9) and Site Restoration cost obligations where outflow of resources is considered probable.

Assets retired from active use and held for disposal are stated at lower of net book value or net realisable value.

Expenditure related to and incurred during the construction period of switches and cell sites are capitalised as part of the construction cost and allocated to the relevant fixed assets.

Capital inventory comprises of switching equipment, field unit cards, and capital stores that are carried under Capital Work-In-Progress till such time as they are issued for new

installation or replacement.

The Company capitalises software and related implementation costs as intangible assets, where it is reasonably estimated that the software has an enduring useful life.

License fees paid by the Company for acquiring licenses to operate telecommunication / internet telephony services are capitalised as intangible assets.

Indefeasable Rights to Use ('IRU') bandwidth capacities by the Company are capitalised as intangible assets.

Assets acquired pursuant to an agreement for exchange of similar assets are recorded at the net book value of the assets given up, with an adjustment for any balancing receipt or payment of cash or any other form of consideration.

d) Depreciation

- i) Fixed assets are depreciated on a straight line basis, based on the following estimates of their useful economic lives:

	Useful Life (In years)
Buildings	60
Plant and Machinery (Also refer Note 24.20)	
- Network Equipment	12
- Outside Plant	18
- Air- Conditioning Equipment	6
- Generators	6
- Electrical Equipments	6
Computers	3
Office Equipments	3
Computer Software	3
Furniture and Fittings	3
Vehicles	5

Depreciation rates derived from the above are not less than the rates prescribed in Schedule XIV to the Companies Act, 1956.

- ii) Leasehold land and premises are amortised uniformly over the period of lease.
- iii) License fees is amortized uniformly over the original license period of 20 years / extended period as permitted by DoT, as applicable, from the date of commencement of operations. Since the Company has intention of being in business for a period well beyond 10 years and the telecommunication business cannot be carried on without the Telecom license, the useful life of the asset will exceed the rebuttable presumption of 10 years under AS 26 on "Intangible Assets" (Refer note 24.12).
- iv) Indefeasible Right to Use ('IRU') bandwidth capacities by the Company are amortised over a period of fifteen years based on management estimate of useful life of the assets or period of the agreement whichever is lower.
- v) Depreciation on additions and deletions to assets during the year is charged to revenue pro rata to the period of their use.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

- vi) The Company provides for obsolescence of its slow moving capital inventory by way of depreciation, at the rate of 33.33% p.a. of cost.

e) Foreign Currency transactions

- i. Transactions in foreign currency are recorded at the original rates of exchange in force at the time transactions are effected.
- ii. Foreign currency denominated assets and liabilities are reported as follows:
 - a) Monetary items are translated into rupees at the exchange rates prevailing at the balance sheet date. Non-Monetary items such as fixed assets are carried at their historical rupee values.
 - b) Gains/losses arising on settlement of foreign currency transactions or restatement of foreign currency denominated assets and liabilities (monetary items) are recognised in the statement of profit and loss, except for long term assets/liabilities which pertain to acquisition of fixed assets which are adjusted in the cost of fixed assets (Refer note 24.9).
- iii. In case of forward exchange covers, the premium or discount arising at the inception of the contract is amortised as expense or income over the life of the contract.
- iv. Pursuant to the announcement on accounting for derivatives issued by the Institute of Chartered Accountants of India (ICAI), the Company in accordance with the principle of prudence as enunciated in Accounting Standard 1 on 'Disclosure of Accounting Policies' provides for losses in respect of all outstanding derivative contracts at the Balance Sheet date by marking them to market. Any gains arising on such mark to market are not recognized as income. (Refer note 24.10 (ii)).

f) Employee benefits

Retirement benefit costs are expensed to revenue as incurred.

Contributions to the Provident and Superannuation Funds are made in accordance with the rules of the Funds.

The Company participates in a group gratuity cum life assurance scheme administered by the Life Insurance Corporation (LIC). Provision for the year in respect of gratuity is made on the basis of actuarial valuation as at the end of the year.

Leave encashment is provided for on the basis of actuarial valuation as at the end of the year.

g) Revenue recognition

Revenue from telecommunication services is recognised as the service is performed on the basis of actual usage of the Company's network in accordance with contractual obligations and is recorded net of service tax. The amount charged to subscribers for specialised features which entitle them to access the network of the Company and where all other services and products are paid for separately, are recognised as and when such features are activated.

Unbilled revenues resulting from unified access services provided from the last billing cycle date to the end of each period are estimated and recorded. Revenues from Unified Access Services rendered through prepaid cards are recognized based on usage by the customers during the year and over the validity period in case of upfront collection.

Revenue is recognised when it is earned and no significant uncertainty exists as to its ultimate realisation or collection.

h) Government Grants

Subsidies granted by Government for providing telecom services in rural areas are recognized as income in accordance with the relevant terms and conditions of the scheme / agreement with DoT.

i) Borrowing costs

Borrowing costs attributable to the acquisition of a qualifying asset, as defined in AS 16 on "Borrowing Costs", are capitalised as part of the cost of acquisition. Other borrowing costs are expensed as incurred.

j) Earnings per share

The Company reports basic and diluted earnings per share in accordance with AS 20 on "Earnings Per Share". Basic earning per share is computed by dividing the net profit or loss for the year by the weighted average number of Equity shares outstanding during the year. Diluted earnings per share is computed by dividing the net profit or loss for the year by the weighted average number of Equity shares outstanding during the year as adjusted for the effects of all dilutive potential equity shares, except where the results are anti-dilutive.

k) Operating Leases

Assets taken on lease under which all significant risks and rewards of ownership are effectively retained by the lessor are classified as operating leases. Lease payments under operating leases are recognized as expenses as incurred in accordance with the respective lease agreements.

l) Cash Flow Statement

The Cash Flow statement is prepared by the indirect method set out in AS 3 on "Cash Flow Statements" and presents Cash flows by operating, investing and financing activities of the Company.

m) Finance and Treasury charges

Net finance and treasury charges are disclosed in the financial statements. Interest and other income earned from treasury operations are reduced from the costs of treasury operations.

n) Inventories

Inventories are valued at lower of cost and net realizable value. Cost of Inventories comprises of all cost of purchases and other costs incurred in bringing the inventories to their present location and condition. Cost of traded goods is determined on weighted average basis.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

o) Income Tax

Current Income tax is measured at the amount expected to be paid to the tax authorities in accordance with Indian Income Tax Act, 1961.

Deferred income tax reflect the current year timing differences between taxable income and accounting income for the period and reversal of timing differences of earlier years/period. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future income will be available except that deferred tax assets in case there are unabsorbed depreciation and losses, are recognised if there is virtual certainty that sufficient future taxable income will be available to realise the same.

p) Impairment of assets

An asset is considered as impaired in accordance with AS 28 on "Impairment of Assets" when at the balance sheet date there are indications of impairment and the carrying amount of the asset, or where applicable the cash generating unit to which the asset belongs, exceeds its

recoverable amount (i.e. the higher of the asset's net selling price and value in use). In assessing the value in use, the estimated future cash flows expected from the continuing use of the asset and from its ultimate disposal are discounted to their present values using a pre-determined discount rate. The carrying amount is reduced to the recoverable amount and the reduction is recognized as an impairment loss in the Statement of profit and loss.

q) Investments

Current investments are carried at lower of cost and fair value. Long term investments are carried at cost. Provision is made to recognise a decline other than temporary in the carrying amount of long term investments.

r) Contingent Liabilities

Contingent Liabilities as defined in AS 29 on "Provision, Contingent Liabilities and Contingent Assets" are disclosed by way of notes to accounts. Provision is made if it becomes probable that an outflow of future economic benefits will be required for an item previously dealt with as a contingent liability.

Note 3 :

Share Capital

Authorised:

2,500,000,000 Equity Shares of Rs.10/- each with voting rights

Issued and Subscribed

1,897,196,854 (Previous year 1,897,196,854) Equity Shares of Rs.10/- each fully paid-up with voting rights

	As at March 31, 2012 Rs. in Crores	As at March 31, 2011 Rs. in Crores
Authorised:		
2,500,000,000 Equity Shares of Rs.10/- each with voting rights	<u>2,500.00</u>	<u>2,500.00</u>
	<u>2,500.00</u>	<u>2,500.00</u>
Issued and Subscribed		
1,897,196,854 (Previous year 1,897,196,854) Equity Shares of Rs.10/- each fully paid-up with voting rights	<u>1,897.20</u>	<u>1,897.20</u>
	<u>1,897.20</u>	<u>1,897.20</u>

Notes :

- i) Of the above 1,244,664,393 Equity Shares are held by Tata Sons Limited (the ultimate Holding Company) and its Subsidiaries / Associates as follows:

Name of the Shareholder	Relationship	As at March 31, 2012	As at March 31, 2011
Tata Sons Limited	Ultimate holding company	393,065,478	393,065,478
Tata Teleservices Limited	Subsidiary of Ultimate holding company	714,317,891	714,317,891
The Tata Power Company Limited	Associate of Ultimate holding company	137,263,174	137,263,174
Panatone Finvest Limited	Subsidiary of Ultimate holding company	17,850	17,850

- ii) Details of Equity Shares held in the Company by each shareholder holding more than 5% shares

Name of the Shareholder	As at March 31, 2012		As at March 31, 2011	
	No of Shares held	% of Holding	No of Shares held	% of Holding
Tata Teleservices Limited	714,317,891	37.65	714,317,891	37.65
The Tata Power Company Limited	137,263,174	7.24	137,263,174	7.24
Tata Sons Limited	393,065,478	20.72	393,065,478	20.72
NTT Docomo Inc.	229,856,926	12.12	229,856,926	12.12

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

	As at March 31, 2012 Rs. in Crores	As at March 31, 2011 Rs. in Crores		As at March 31, 2012 Rs. in Crores	As at March 31, 2011 Rs. in Crores
Note 4 :			Note 8 :		
Reserves and Surplus			Short-Term Borrowings		
(a) Securities Premium Reserve :			(a) Secured		
Balance as per last Balance Sheet	583.16	583.16	From Banks (Refer note 5 (i) above)		
(b) Surplus :			Short-Term Loans	75.00	210.00
Balance in Statement of Profit and Loss			Cash Credit Accounts	51.79	12.85
Balance as per last Balance Sheet	(3,096.79)	(3,146.69)	Acceptances	324.46	590.35
Add: (Loss)/Profit for the year	(517.55)	49.90		451.25	813.20
Closing balance	(3,614.34)	(3,096.79)	(b) Unsecured		
	(3,031.18)	(2,513.63)	From Banks		
			Short-Term Loans	325.00	1,982.82
				325.00	1,982.82
				776.25	2,796.02
Note 5 :			Note 9 :		
Long-Term Borrowings			Trade Payables (Refer note 24.8)		
Secured			(a) Total Outstanding dues of Micro Enterprises and Small Enterprises	0.34	0.35
From Banks			(b) Total Outstanding dues of Creditors other than Micro Enterprises and Small Enterprises:		
Term Loans	2,948.82	1,727.50		774.79	756.86
External Commercial Borrowings (ECB)	1,646.87	-		775.13	757.21
	4,595.69	1,727.50			
Notes:			Note 10 :		
i) Stipulated securities for the loans are either one or more of the following as per terms of the arrangements with respective banks:			Other Current Liabilities		
- by first pari passu charge on the assets of the Company,			(a) Current maturities of long term debt	148.55	129.08
- by pledge of shares held by Tata Teleservices Limited in the Company,			(b) Interest accrued but not due on loans	28.46	2.68
- by assignment of the proceeds on sale of network in the event of cancellation of the telecom license,			(c) Other payables :		
- by assignment of telecom license,			(i) Temporary overdrawn bank balances as per books	1.05	37.35
- by assignment of insurance policies and material project contracts,			(ii) Statutory liabilities	15.04	63.09
- by sponsor support undertaking of Tata Sons Limited (the Ultimate Holding Company).			(iii) Deposits from Customers	62.43	63.86
ii) Terms of repayment :-			(iv) Payable on purchase of fixed assets		
a) Long-term loans are repayable in 36 quarterly instalments ending on January 1, 2019.			- Under Usance Letter of Credit	368.80	169.77
b) ECB loans are repayable in 3 annual installments commencing from March 31, 2020.			- Other than Under Usance Letter of Credit	51.51	121.66
				675.84	587.49
Note 6 :			Note 11 :		
Other Long-Term Liabilities			Short-term Provisions		
Others:			Provision for Employee benefits		
(a) Deposits from Customers and Others	1.42	2.44	(a) For Compensated absences	0.17	0.39
(b) Payables on purchase of fixed assets - Under Usance Letter of Credit	234.23	401.90	(b) For Gratuity	0.92	1.57
	235.65	404.34	Others:		
Note 7 :			(a) For Contingencies (Refer note 24.18)	198.88	185.60
Long-Term Provisions			(b) For Wealth Tax	0.01	0.01
Provision for Employee benefits			(c) For Estimated loss on derivatives	0.71	1.92
(a) For Compensated absences	3.63	3.50		200.69	189.49
Others:					
(a) For Asset retirement obligation (site restoration cost)	0.89	0.49			
	4.52	3.99			

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Note 12 :

FIXED ASSETS

Rs. in Crores

PARTICULARS	GROSS BLOCK			DEPRECIATION / AMORTISATION			NET BLOCK			
	As at April 1, 2011	Additions	Deletions	As at March 31, 2012	Upto March 31, 2011	For the year	Deletions	Upto March 31, 2012	As at March 31, 2012	As at March 31, 2011
(i)Tangible Assets										
Land										
Leasehold Land	7.11	-	-	7.11	1.32	0.11	-	1.43	5.68	5.79
Freehold Land	-	0.17	-	0.17	-	-	-	-	0.17	-
Office premises	6.86	-	-	6.86	1.68	0.11	-	1.79	5.07	5.18
Buildings	16.43	-	-	16.43	1.27	0.27	-	1.54	14.89	15.16
Plant and Machinery (Refer Note a below)	5,135.86	709.67	3.73	5,841.80	2,209.10	370.40	0.72	2,578.78	3,263.02	2,926.76
Furniture, Fixtures and Office Equipment	110.96	1.90	3.47	109.39	93.04	12.56	2.82	102.78	6.61	17.92
Vehicles	1.05	-	-	1.05	0.62	0.17	-	0.79	0.26	0.43
Total	5,278.27	711.74	7.20	5,982.81	2,307.03	383.62	3.54	2,687.11	3,295.70	2,971.24
Previous year	4,534.10	754.72	10.55	5,278.27	1,659.90	649.82	2.69	2,307.03		
(ii) Intangible Assets										
Licenses (Refer note 24.12)	2,183.03	-	-	2,183.03	455.20	142.47	-	597.67	1,585.36	1,727.83
Indefeasible Rights of Use ("IRU")	119.80	18.74	-	138.54	28.71	9.32	-	38.03	100.51	91.09
Computer Software	40.06	-	-	40.06	27.39	7.99	-	35.38	4.68	12.67
Total	2,342.89	18.74	-	2,361.63	511.30	159.78	-	671.08	1,690.55	1,831.59
Previous year	1,040.04	1,302.85	-	2,342.89	410.42	100.88	-	511.30		
(iii) Capital Work-In-Progress:										
Capital Inventory [net of provision for obsolescence of Rs. 15.75 crores (previous year Rs. 15.75 crores)]									47.72	108.85
Assets under construction									16.67	19.38
								TOTAL	64.39	128.23
									5,050.64	4,931.06

Notes:

- Refer note 24.9 regarding adjustment of foreign exchange differences on account of notification issued by Central Government.
- Refer note 24.20 to financial statements regarding re-estimation of balance useful life of certain items of Plant and Machinery.
- Remaining amortisation period for License fees is -
 - for providing services using CDMA and GSM technology - 5.5 years (Previous Year 6.5 years)
 - for providing services using 3G technology - 18.25 years (Previous year 19.25 years)
- The legal formalities in respect of one of the buildings are in the process of being completed.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

	As at March 31, 2012 Rs. in Crores	As at March 31, 2011 Rs. in Crores		As at March 31, 2012 Rs. in Crores	As at March 31, 2011 Rs. in Crores
Note 13 :			Note 17		
Long-Term Loans and Advances			Short-Term Loans and Advances		
Unsecured - considered good			(Unsecured)		
(a) Capital Advances	15.88	24.82	(a) Advances to employees	0.83	0.91
(b) Premises and other deposits	30.79	24.96	(b) Balance with Government authorities	34.78	94.80
(c) Prepaid Expenses	7.22	-	(c) Advance Tax paid (Tax Deducted at Source)	46.81	16.36
	<u>53.89</u>	<u>49.78</u>	(d) Premises and other deposits	37.20	35.80
			(e) Advances to related parties (Refer note 2 below)	28.11	2.45
			(f) Prepaid Expenses	27.70	35.29
			(g) Advances to suppliers	234.01	234.51
				<u>409.45</u>	<u>420.12</u>
			Less : Provision	2.88	2.62
				<u>406.57</u>	<u>417.50</u>
Note 14 :			Notes :		
Inventory			1. Considered good	406.57	417.50
(at lower of cost and net realisable value)			Considered doubtful	2.88	2.62
Traded Goods - Starter Kits	3.81	3.78		<u>409.45</u>	<u>420.12</u>
	<u>3.81</u>	<u>3.78</u>			
			2. Advances to related parties include :		
			Tata Teleservices Limited	27.36	
			Drive India Enterprise Solutions Limited	0.74	2.44
			Tata AIG General Insurance Company Limited	0.01	0.01
			Tata AIG Life Insurance Company Limited *	-	-
			Tata Internet Services Limited *	-	-
				<u>28.11</u>	<u>2.45</u>
Note 15 :			Note 18		
Trade Receivables			Other Current Assets		
(Unsecured)			(a) Unbilled debtors	48.33	58.35
(a) Outstanding for a period exceeding six months from the date they were due for payment	105.79	88.79	(b) Unamortised premium on forward contracts	9.49	2.83
(b) Others	297.70	218.08	(c) Amount paid under dispute [Also refer note 24.3 (a)]	114.29	75.00
	<u>403.49</u>	<u>306.87</u>		<u>172.11</u>	<u>136.18</u>
Less: Provision	98.68	70.24			
	<u>304.81</u>	<u>236.63</u>			
Note:					
Considered good	304.81	236.63			
Considered Doubtful	98.68	70.24			
	<u>403.49</u>	<u>306.87</u>			
Note 16 :					
Cash and Cash Equivalents					
Balance with Banks in					
- Current Accounts	47.03	24.28			
- Cash Credit Accounts (Refer note 5 (i) above)	0.34	0.10			
- Term Deposit Accounts (Including Interest accrued Rs.0.62 Crores (previous year Rs.0.30 Crores))	90.59	50.30			
	<u>137.96</u>	<u>74.68</u>			

* Since the figures are less than the denominations disclosed, the figures do not appear

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

	April 1, 2011 to March 31, 2012 Rs. in Crores	April 1, 2010 to March 31, 2011 Rs. in Crores		April 1, 2011 to March 31, 2012 Rs. in Crores	April 1, 2010 to March 31, 2011 Rs. in Crores
Note 19 :			Administrative and other expenses		
REVENUE FROM OPERATIONS			Rent (net of recoveries Nil (previous year Rs. 0.41 Crores))	11.86	11.55
Telecommunication Services			Rates and taxes	3.70	2.65
Telephony	2,086.86	1,890.05	Repairs and Maintenance -others	13.78	14.94
Internet Services	106.53	94.71	Travel and conveyance expenses	9.36	11.42
Interconnection Usage Charges	243.20	229.67	Collection/Credit verification charges	18.25	10.02
Sale of Traded Goods	33.66	34.31	Customer service and call centre cost	119.21	108.94
	<u>2,470.25</u>	<u>2,248.74</u>	Bad Debts written off	-	237.94
Note 20 :			Provision for Doubtful Debts written back	-	(237.94)
Other Income			Provision for Doubtful Debts and Advances	28.70	26.57
Subsidies from Department of Telecommunications (DoT)	2.21	6.87	Insurance Expenses	0.06	0.02
Excess provision/Sundry credit balances in respect of earlier years written back	13.16	18.19	Miscellaneous expenses	43.45	46.28
Infrastructure Sharing	3.77	7.11	Contractual and other claims and liabilities (Net)	-	(1.44)
Profit on Fixed assets sold/written off (Net)	12.47	30.39		<u>248.37</u>	<u>230.95</u>
Miscellaneous Receipts	3.83	4.64	Marketing and business promotion expenses		
	<u>35.44</u>	<u>67.20</u>	Advertisement and business promotion expenses	103.56	152.76
Note 21 :			Hand set Subsidy (Net of Nil (Previous year Rs.6.60 Crores) incentive received)	34.23	7.63
Employee benefits expenses			Sales Commission and Expenses	108.06	139.39
Salaries and Bonus	158.73	147.52	Traded Goods - Starter Kits		
Contribution to Provident and other Funds	7.02	7.26	Opening Stock	3.78	6.40
Staff Welfare	8.71	10.87	Add: Purchases	13.91	19.58
	<u>174.46</u>	<u>165.65</u>	Less: Closing stock	3.81	3.78
Note 22 :				<u>13.88</u>	<u>22.20</u>
Operating and other expenses				<u>259.73</u>	<u>321.98</u>
Network Operation costs				<u>1,770.90</u>	<u>1,652.87</u>
Repairs and Maintenance - Plant and Machinery [including capital inventory consumed Rs.0.38 Crores (Previous year Rs.2.14 Crores)]	44.33	44.38	Note 23 :		
Power	159.28	150.19	Finance Cost (Net)		
Rent	75.94	65.91	Interest		
Rates and taxes	1.59	1.71	On Term Loans	417.51	346.05
Insurance	1.32	1.32	On Inter-corporate deposits	-	0.57
Infrastructure Sharing Cost	202.95	167.06	On Cash Credit Accounts	1.63	3.20
Miscellaneous	32.19	20.61	On Vendor financing	42.61	26.70
	<u>517.60</u>	<u>451.18</u>	Expenses for loan arrangement, bill discounting and bank charges	21.86	21.21
Interconnection and other access costs (Net of excess provision in respect of earlier years written back Nil (previous year Rs. 3.07 Crores))	475.39	426.93	Foreign exchange fluctuations (Net) (Refer note 24.10(ii))	39.37	18.88
License fees and Spectrum Charges	269.81	221.83		<u>522.98</u>	<u>416.60</u>
			Less: Interest Capitalized (Refer note 24.12)	-	62.82
				<u>522.98</u>	<u>353.79</u>
			Less : Interest Income on :		
			On Term Deposits with Banks	0.80	1.12
			On Income tax refund	-	0.11
			Profit on sale / redemption of units (Current Investment)	0.98	6.41
				<u>1.78</u>	<u>7.64</u>
				<u>521.20</u>	<u>346.15</u>

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Note 24:

	As at March 31, 2012 Rs. In Crores	As at March 31, 2011 Rs. In Crores
24.1 Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	223.66	108.75
24.2 a) Bank Guarantees	254.86	271.88
b) Counter guarantees given by the Company on behalf of group Company	39.00	39.00
Counter guarantees have been given by the Company in the ordinary course of business and no liability is expected to accrue in this respect.		
	As at March 31, 2012 Rs. In Crores	As at March 31, 2011 Rs. In Crores

24.3 Contingent liabilities :

i) Claims against the company not acknowledged as debt		
Telecom Regulatory Matters* (Refer notes below)	208.90	223.69
Others	159.84	146.50

* Amounts are net of provision for contingencies made aggregating to Rs 198.88 Crores (previous year Rs. 185.60 Crores) (Also refer note 24.18)

Notes:

Contingent liabilities in respect of Telecom Regulatory Matters include:

- Bharat Sanchar Nigam Limited (BSNL) issued demand notices to pay Access Deficit Charge (ADC) aggregating to Rs.166.90 Crores, including interest, for the period November 14, 2004 upto February 28, 2006, the date after which ADC is payable on Net Adjusted Gross Revenue Basis. The demands stated that 'fixed wireless' services provided by the Company under the brand name "WALKY" had mobility features and should be treated as mobile services for the purpose of Interconnect Usage Charges Regulations and ADC was payable on such calls. The Company filed an appeal to the Hon'ble Telecom Dispute and Settlement Appellate Tribunal (TDSAT) in this regard, wherein the TDSAT negated the Company's appeal. The Company further filed an appeal before the Hon'ble Supreme Court (SC) who vide order dated April 30, 2008 confirmed that ADC was payable and since there were claims and counter-claims between the Company and BSNL, the SC directed that quantification of amounts payable to

each other be made by TDSAT. The Company had filed a review petition in SC which was rejected.

The Company filed a petition in TDSAT to determine / reconcile amounts payable to each other and Hon'ble Telecom Dispute and Settlement Appellate Tribunal (TDSAT) vide its order dated August 12, 2008 held that BSNL and the Company should exchange relevant information and reconcile the differences. However, on April 15, 2010, TDSAT confirmed BSNL demands for period up to August 25, 2005 and has given BSNL liberty to lodge its claim for a further period up to February 28, 2006. The Company filed an appeal before SC against the aforesaid TDSAT order dated April 15, 2010. The SC vide its order dated July 23, 2010 admitted the appeal but no stay has been granted. The SC had asked for details/break up of demands which have been filed. The Company has also filed stay application in the SC.

Out of the aforesaid Rs.166.90 Crores, the Company, has, till date, provided for amounts aggregating to Rs.30.14 Crores pertaining to ADC for the period from August 26, 2005 upto February 28, 2006. The balance amounts aggregating to Rs.136.76 Crores have been disclosed as Contingent Liability under 'Telecom Regulatory Matters' as the Company is of the view that these demands include amounts relating to 'wireline' services and ADC.

The Company during the year has made an on account payment to BSNL of Rs.35.95 Crores; aggregating payments made till year end Rs.110.95 Crores (previous year - Rs.75 Crores) in relation to the above.

- The Company had received a demand letter dated March 17, 2008 from Department of Telecommunications (DoT) for Rs.8.38 Crores, being a demand for spectrum charges for the period from April 1, 2005 to February 29, 2008. This demand was subsequently revised to Rs.184.69 Crores by DoT, vide its demand letters dated July 3, 2008, for the period from October 1, 1998 to June 30, 2008 which was further increased to Rs. 266.00 Crores vide letter dated February 28, 2009. The amount was again revised to Rs.259.70 Crores vide letter dated November 25, 2009 for the extended period till November 30, 2009. The Company had represented to the Wireless Planning Commission (WPC) various items of differences mentioned in the demand orders, vide letter dated September 24, 2008. Though the Company has now received a revised demand of Rs. 71.39 Crores from DoT on August 5, 2011 the reconciliation process with WPC is in progress. Hon'ble TDSAT vide its order dated August 25, 2010 has held that the Company should be given credit for all payments made on producing proof and no penalty should be levied and only simple interest should be charged. The Company has been following up the matter with WPC and had also filed an execution petition before Hon'ble TDSAT on April 27, 2012. TDSAT has asked the Company to file the application as a Misc. Petition which the Company will do.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

- c) The definition of Adjusted Gross Revenue ("AGR") does not specifically include capital gain from sale of shares/securities and does not specifically allow exemption for bad debts in computation of License Fees ("LF") payable to the Government. The TDSAT had vide its' Order dated August 30, 2007, held that income from sale of securities is not related to licensed activity and hence should not attract LF and that bad debts written off, waivers and discounts are actual monies lost by service providers and hence should be deducted from AGR. The DoT had filed an appeal in SC against the aforesaid TDSAT Order. The Company has considered Rs.154.36 Crores, being the LF on profit on sale of investment and bad debts written off during the previous year, as contingent liability and has also made payment of the same to DoT under protest. (Also refer * under Note 24.3 above). The SC vide its' Order dated October 11, 2011 has set aside the Order passed by TDSAT and has given leave to the licensees to approach TDSAT in case if specific demands have been raised by DoT not in accordance with the Licence Agreement. Prior to the aforesaid judgment, the Company had received provisional assessment orders from DoT, against which applications have now been filed with the TDSAT in line with the aforesaid judgement. The Company has not received any further demands on this matter and hence no accounting treatment for the said order is considered necessary in the books of account, at this stage.

	As at March 31, 2012 Rs. In Crores	As at March 31, 2011 Rs. In Crores
ii) Disputed Income Tax demands with respect to Tax deducted at source and other matters in Appeals before relevant Authorities	70.66	0.08
iii) Notices received from Service Tax authorities: Show cause notices	60.60	60.60
Demand notices	6.36	6.36
iv) Sales Tax	0.09	0.21
v) The Company has imported certain capital equipment under "Export Promotion of Capital Goods Scheme" of the Central Government at a concessional rate of Customs Duty. The Company has undertaken export obligation to the extent of USD 100.8 million (Rs. 404.41 Crores) to be fulfilled during a period of 8 years commencing from the January 29, 2003, failing which the Company will be liable to pay the differential customs duty, together with interest and penalties, if imposed. Up-till the end of the period, the Company has fulfilled the export obligation to the extent of Rs.65.53 Crores (previous year Rs.52.79 Crores). The Company has received extension of time for fulfilling the obligations in respect of certain licenses. Besides, the Company has also filed a writ petition in Bombay High Court regarding interpretation of term 'group company'.		
vi) The Company in 2002 had filed a petition before Hon'ble TDSAT claiming refund of Rs.50 Crores recovered by DoT		

in 1999 alleging failure to sign basic services license agreement for Karnataka circle after accepting Letter of Intent (LoI). DoT during the proceedings before TDSAT claimed from the Company Rs.303 Crores towards loss of (opportunity to earn) license fee and Rs.351 Crores as interest till October 31, 2002. TDSAT allowed refund of Rs.50 Crores to the Company with interest of 17% p.a. and dismissed the counter-claim based on a law point (i.e. TDSAT had no jurisdiction) and facts. DoT appealed to the Hon'ble Supreme Court which without commenting on the merits of the counter-claim confirmed that TDSAT had jurisdiction and remanded the matter to TDSAT for fresh adjudication. DoT had filed with TDSAT a counter-claim of Rs.2,015 Crores which includes Rs.303 Crores towards loss of (opportunity to earn) license fee and interest of Rs.1,712 Crores calculated up to March 31, 2008. The matter has been argued on merits and TDSAT on July 11, 2011 dismissed DoT counter-claim. TDSAT also dismissed TTML claim of refund of Rs.50 Crores. DoT has recovered Rs.50 Crores from the Company.

- vii) During the year, the Company has received show cause notice (SCN) from DoT based on special audit conducted for the financial years 2006-07 and 2007-08, towards alleged short payment of license fees and interest thereon aggregating Rs.49.38 Crores. The Company has replied to DoT against the SCN in the last quarter of the current year.
- viii) As regards disputes and claims referred to above against the Company, appropriate competent professional advice is available to the Company based on which, favorable outcomes are anticipated and no liability is expected to accrue to the Company.

24.4 Payments to Auditors (excluding service tax)

	2011-12 Rs. In Crores	2010-11 Rs. In Crores
i) Audit fees	0.25	0.21
ii) Tax Audit fees	0.05	0.05
iii) Other matters (for Quarterly audits, certification work etc.)	0.29	0.31
iv) Out of pocket expenses	0.02	0.01
	<u>0.61</u>	<u>0.58</u>

24.5 Value of imports on CIF basis in respect of:

	2011-12 Rs. In Crores	2010-11 Rs. In Crores
Capital Goods	112.98	193.42

24.6 Expenditure in Foreign Currency (Accrual basis) on account of:

	2011-12 Rs. In Crores	2010-11 Rs. In Crores
Interest	95.87	20.61
Other	4.42	3.02
	<u>100.29</u>	<u>23.63</u>

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

24.7 Value of Capital Inventory consumed during the year :

	2011-12		2010-11	
	Rs. in Crores	%	Rs. In Crores	%
Indigenous	0.38	100.00	2.14	100.00

24.8 Information regarding the total outstanding dues of Micro Enterprises and Small Enterprises in Note 9 is given to the extent the same is available with the Company.

24.9 The Central Government, vide notification dated March 31, 2009, amended AS 11 on 'The Effect of Changes in Foreign Exchange Rates', whereby, companies have been given an option to account for exchange differences arising on reporting of long-term foreign currency monetary items (assets/liabilities) in so far as they relate to acquisition of a depreciable capital asset, to be added/deducted from the cost of the asset and for others to be accumulated in a separate reserve to be amortized over the balance life of the asset/liability but not beyond March 31, 2011. The aforesaid option is effective with retrospective effect in respect of accounting periods commencing on or after December 7, 2006. Accordingly, the Company opted to exercise this option during the year ending March 31, 2009 and had given the effect of the same in the accounts upto financial year 2010-11, the date upto which the Company had exercised the same. The Central Government, vide notification dated May 11, 2011, has extended the applicability of the earlier notification upto March 31, 2012 and vide notification dated December 29, 2011, has further extended the applicability of the aforesaid notification upto March 31, 2020.

Accordingly, pursuant to the aforesaid extension of the notification, the Company continued to exercise the option and has adjusted the exchange loss aggregating to Rs.258.67 Crores for the year from April 1, 2011 to March 31, 2012 (Previous year Rs.6.81 Crores) against the carrying value of fixed assets.

The balance amount, based on aforesaid adjustments, of Plant and Machinery to be amortized, as at the year-end, aggregates to Rs. 247.54 Crores (Previous year Nil).

24.10 Derivatives

i) Outstanding derivatives :

	As at Mar 31, 2012		As at Mar 31, 2011	
	USD in Millions	Rs. in Crores	USD in Millions	Rs. in Crores
a) Forward Contract	82.30	421.39	65.35	291.43
b) Currency options for hedging of foreign currency exposure	-	-	70.00	313.79
Total	82.30	421.39	135.35	605.22
c) Interest Rate Swaps	100.00	512.00	0.99	4.41

ii) The mark to market loss of outstanding derivative contracts as at the year-end aggregate to Rs 0.71 Crores (Previous year - Rs. 1.92 Crores)

iii) The foreign currency exposure that are not hedged by derivative instruments:

	As at Mar 31, 2012		As at Mar 31, 2011	
	USD in Millions	Rs. in Crores	USD in Millions	Rs. in Crores
Vendor payables	84.92	434.79	107.91	481.22
External Commercial Borrowings	321.63	1,646.75	-	-
	406.55	2,081.54	107.91	481.22

24.11 The disclosure as required under AS 15 regarding the Company's gratuity plan is as follows:

Particulars	As at March 31, 2012 Rs. in Crores	As at March 31, 2011 Rs. in Crores
Projected benefit obligation, beginning of the year	6.84	5.35
Service cost	1.45	1.56
Interest cost	0.56	0.43
Actuarial Gain on obligation	(0.85)	(0.04)
Benefits paid	(0.88)	(0.46)
Projected benefit obligation, end of the year	7.12	6.84

Projected benefit obligation, end of the year	7.12	6.84
Fair value of plan assets at the end of the year	6.20	5.27
Net liability recognized in the Balance Sheet	0.92	1.57

Fair Value of Plan Assets at the beginning of the year	5.27	3.73
Expected Return on Plan Assets	0.42	0.29
Contributions	1.34	1.23
Benefit Paid	(0.88)	(0.46)
Actuarial Gain / (Loss) on Plan Assets	0.05	0.48
Fair Value of Plan Assets at the end of the year	6.20	5.27
Total Actuarial Gain / (Loss) Recognized	0.90	0.52

Actuarial Assumptions:		
Discount rate	8.50%	8.25%
Rate of increase in compensation levels of covered employees	6.50%	6.50%
Rate of Return on Plan Assets	8.60%	8.00%

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Category of Assets	As at March 31, 2012 Rs. in Crores	As at March 31, 2011 Rs. in Crores
Insurer Managed Funds	6.20	5.27
Total	6.20	5.27

Experience Adjustment	Apr'11-Mar'12 Rs. in Crores	Apr'10-Mar'11 Rs. in Crores
On Plan Liability Loss	(0.60)	0.21
On Plan Asset Gain/(Loss)	0.05	0.48

In accordance with the accounting policy followed in this regard, the Company commenced amortization of the aforesaid payment in the previous year, on commencement of 3G operations and the same is being amortized over a period of 20 years in-line with the Unified Access services (UAS) License agreement, as amended.

The borrowing costs attributable to the aforesaid aggregating Rs. Nil (Previous year Rs.62.82 Crores) have been capitalized during the year in accordance with AS 16 on 'Borrowing Costs'.

24.12 The Company during the previous year, succeeded in winning the bid for 3G spectrum in Maharashtra circle (including Goa and excluding Mumbai). The bid price paid towards the related spectrum fees aggregating to Rs.1,257.82 Crores have been capitalised under License under Fixed Assets.

24.13 The Company is engaged in providing Telecommunication Services under Unified Access License. These, in the context of Accounting Standard 17 on "Segment reporting", are considered to constitute a single reportable segment.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Note 24.14

Related Party disclosures (in terms of Accounting Standard - 18)

i) Details of transactions with Related Parties

Rs. in Crores

For the year ended March 31, 2012		Fellow Subsidiaries													
Ultimate Holding Company	Tata Sons Limited	Viom Infra Networks (Formerly known as 21st Century Infra Tele	Tata Teleservices Limited	Tata Internet Services Limited	Tata Business Support Services Limited	Tata Consultancy Services Limited	Tata Housing Development Company Limited	Tata Realty & Infrastructure Limited	Tata AIG Life Insurance Company Limited	Tata AIG General Insurance Company Limited	Tata Sky Limited	CMC Limited	Tata Asset Management Limited	Tata Securities Limited	
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	
★ 1) Expenses :															
- Salary	-	-	11.51	-	-	-	-	-	-	-	-	-	-	-	
- Customer Service and Call Centre Cost	-	-	-	-	11.60	68.07	-	-	-	-	-	-	-	-	
- Advertisement and Business promotion expenses	1.38	-	37.44	-	-	-	-	-	-	-	0.01	-	-	-	
- Network operation cost	-	100.47	23.78	-	-	-	-	-	-	-	-	-	-	-	
- Administrative and Other Expenses	0.01	-	8.00	-	-	0.20	-	-	-	-	-	-	-	-	
- Rent	-	-	-	1.55	-	-	-	-	-	-	-	-	-	-	
- Interconnection and Other access costs	-	-	164.59	-	-	-	-	-	-	-	-	-	-	-	
- Infrastructure Sharing Cost	-	83.77	-	-	-	-	-	-	-	-	-	-	-	-	
- Interest	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
★ 2) Income :															
- Towards Recharge Coupon Vouchers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
- Rent	-	-	2.31	-	-	-	-	-	-	-	-	-	-	-	
- Rendering Telecom Services	0.21	-	14.16	+	1.51	16.86	0.41	0.33	1.33	0.61	0.59	0.71	0.40	0.07	
- Sale of Network Interface Units	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
★ 3) Reimbursement of Expenses															
4) Purchase of Fixed Asset	-	-	33.41	-	-	-	-	-	-	-	-	-	-	-	
5) Outstanding as at March 31, 2012 :															
Sundry Debtors	-	0.00	7.45	+	0.17	1.75	0.07	0.02	0.26	0.06	0.04	-	0.03	0.01	
Sundry Creditors	0.02	5.18	-	-	0.12	0.02	-	-	+	-	-	0.27	-	-	
Loans and Advances	-	-	27.36	+	-	-	-	-	-	0.01	-	-	-	-	
Security Deposits Taken	-	-	1.73	-	-	-	-	-	-	-	-	-	-	-	
Security Deposits Given	-	-	-	-	-	-	0.01	-	-	-	-	-	-	-	
Inter-corporate Deposits	-	14.44	-	-	-	-	-	-	-	-	-	-	-	-	

★ ★ ★ Since the figures are less than the denominations disclosed, the figures do not appear
Figures above are inclusive of Service Tax where ever applicable

Others Include
Ewart Investments Limited
Tata Trustee Company Limited
Tata International Limited

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Note 24.14

Related Party disclosures (in terms of Accounting Standard - 18)

i) Details of transactions with Related Parties

Rs. in Crores

For the year ended March 31, 2012	Fellow Subsidiaries												Key Management Personnel	Total	
	Infiniti Retail Limited	e-Nxt Financials Limited	Tata Consulting Engineers Limited	Tata Petrodyne Limited	Computational Research Laboratories Limited	Tcs E-Serve Limited	TC Travel And Services Limited	Tata Capital Limited	Tata Investment Corporation Limited	Tata Advanced Systems Limited	Viom Networks Limited (Formerly known as Wireless TT Info Services Limited)	Drive India Enterprise Solutions Ltd	Others	Managing Director	
★ 1) Expenses :	15	16	17	18	19	20	21	22	23	24	25	26	27	28	
- Salary	-	-	-	-	-	-	-	-	-	-	-	-	-	-	11.51
- Customer Service and Call Centre Cost	-	-	-	-	-	-	-	-	-	-	-	-	-	-	79.67
- Advertisement and Business promotion expenses	-	-	-	-	-	-	-	-	-	-	-	6.42	-	-	45.25
- Network operation cost	-	-	-	-	-	-	-	-	-	-	-	-	-	-	124.25
- Administrative and Other Expenses	-	-	-	-	-	-	0.61	-	-	-	-	13.73	-	-	22.55
- Rent	-	-	-	-	-	-	-	-	-	-	-	0.13	-	-	1.69
- Interconnection and Other access costs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	164.59
- Infrastructure Sharing Cost	-	-	-	-	-	-	-	-	-	-	-	-	-	-	83.77
- Interest	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
★ 2) Income :	+	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- Towards Recharge Coupon Vouchers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- Rent	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2.31
- Rendering Telecom Services	0.42	0.72	0.29	0.03	0.07	0.09	-	0.69	0.03	+	0.12	0.02	0.19	-	39.86
- Sale of Network Interface Units	-	-	-	-	-	-	-	-	-	-	-	0.05	-	-	0.05
★ 3) Reimbursement of Expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-	7.12
4) Purchase of Fixed Asset	-	-	-	-	-	-	-	-	-	-	-	-	-	-	33.41
5) Outstanding as at March 31, 2012 :															
Sundry Debtors	0.03	0.23	0.05	+	+	0.03	-	0.12	+	+	+	0.01	0.02	-	10.35
Sundry Creditors	+	-	-	-	-	-	0.03	+	-	-	-	-	-	-	5.73
Loans and Advances	-	-	-	-	-	-	-	-	-	-	-	0.74	-	-	28.11
Security Deposits Taken	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1.73
Security Deposits Given	-	-	-	-	-	-	-	-	-	-	-	-	-	-	14.45
Inter-corporate Deposits	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

★ Since the figures are less than the denominations disclosed, the figures do not appear
 ★ Figures above are inclusive of Service Tax where ever applicable
 ★ Others include

Ewart Investments Limited
 Tata Trustee Company Limited
 Tata International Limited

Note 24.14. Related Party disclosures (in terms of Accounting Standard - 18)

i) Details of transactions with Related Parties

Ultimate Holding Company			Subsidiary Company (Upto to May 20, 2010)	Fellow Subsidiaries														(Rs. in Crores)
For the year ended March 31, 2011			Tata Sons Limited	21st Century Infra Tele Limited	21st Century Infra Tele Limited	Tata Teleservices Limited	Viom Networks Limited (Formerly known as Wireless TT Info Services Limited)	Drive India Enterprise Solutions Limited	Tata Internet Services Limited	Tata Business Support Services Limited	Tata Consultancy Services Limited	Tata Housing Development Company Limited	Tata Realty & Infrastructure Limited	Tata AIG Life Insurance Company Limited	Tata AIG General Insurance Company Limited	Tata Sky Limited	CMC Limited	
			1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	

✦ Since the figures are less than the denominations disclosed, the figures do not appear
 ★ Figures above are inclusive of Service Tax where ever applicable

★ Others include

Ewart Investments Ltd.

Tata Trustee Company Ltd.

Tata Advanced Systems Ltd.

Note 24.14 Related Party disclosures (in terms of Accounting Standard - 18)

i) Details of transactions with Related Parties

(Rs. in Crores)													
For the year ended March 31, 2011	Fellow Subsidiaries											Key Management Personnel	Total
	Infiniti Retail Limited	e-Nxt Financials Limited	Tata Consulting Engineers Limited	Tata Petrodyne Limited	Computational Research Laboratories Limited	Tata Asset Management Limited	TCS E-Serve Limited	TC Travel And Services Limited	Tata Capital Limited	Tata Securities Limited	Tata Investment Corporation Limited		
	16	17	18	19	20	21	22	23	24	25	26	27	28
j) Details of transactions with Related Parties	★1) Expenses :												
	- Salary	-	-	-	-	-	-	-	-	-	-	-	1.21
	- Customer Service and Call Centre Cost	-	-	-	-	-	-	-	-	-	-	-	-
	- Advertisement and Business promotion expenses	-	-	-	-	-	-	-	-	-	-	-	-
	- Network operation cost	-	-	-	-	-	-	-	-	-	-	-	-
	- Administrative and Other Expenses	-	-	-	-	-	-	-	-	-	-	-	-
	- Rent	0.32	-	-	-	-	-	0.38	-	-	-	-	-
	- Interconnection and Other access costs	-	-	-	-	-	-	-	-	-	-	-	-
	- Infrastructure Sharing Cost	-	-	-	-	-	-	-	-	-	-	-	-
	- Interest	-	-	-	-	-	-	-	-	0.56	-	-	-
★2) Income :													
- Towards Recharge Coupon Vouchers	0.01	-	-	-	-	-	-	-	-	-	-	-	-
- Rent	-	-	-	-	-	-	-	-	-	-	-	-	-
- Rendering Telecom Services	0.35	1.34	0.17	0.07	0.07	0.54	0.04	-	0.47	0.05	0.02	✚	0.01
- Sale of Network Interface Units	-	-	-	-	-	-	-	-	-	-	-	-	-
★3) Reimbursement of Expenses													
4) Purchase of Fixed Asset	-	-	-	-	-	-	-	-	-	-	-	-	-
5) Security Deposits Repaid	-	-	-	-	-	-	-	-	-	-	-	-	-
6) Security Deposits Given	-	-	-	-	-	-	-	-	-	-	-	-	-
7) Repayment of inter corporate deposit	-	-	-	-	-	-	-	-	-	-	-	-	-
8) Sale of Subsidiary Company	-	-	-	-	-	-	-	-	-	-	-	-	-
9) Outstanding as at March 31, 2011 :													
Sundry Debtors	0.03	0.30	0.03	✚	0.01	0.03	0.02	-	0.15	0.02	✚	-	✚
Sundry Creditors	0.01	-	-	-	-	-	-	-	0.04	-	-	-	-
Loans and Advances	-	-	-	-	-	-	-	-	-	-	-	-	-
Security Deposits Taken	-	-	-	-	-	-	-	-	-	-	-	-	-
Security Deposits Given	-	-	-	-	-	-	-	-	-	-	-	-	-

★ Since the figures are less than the denominations disclosed, the figures do not appear

★ Figures above are inclusive of Service Tax where ever applicable

★ Others include

Ewart Investments Ltd.

Tata Trustee Company Ltd.

Tata Advanced Systems Ltd.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Note 24.14

Related Party disclosures (in terms of Accounting Standard - 18)

ii) Details of all Related Parties and their relationships

A Holding Company

Tata Sons Limited

B List of Fellow Subsidiaries

- 1 Tata Teleservices Limited
- 2 Tata Internet Services Limited
- 3 Tata Business Support Services Limited
- 4 Tata Consultancy Services Limited
- 5 Tata Housing Development Company Limited
- 6 Tata Realty & Infrastructure Limited
- 7 Tata AIG Life Insurance Company Limited
- 8 Tata AIG General Insurance Company Limited
- 9 Tata Sky Limited
- 10 CMC Limited
- 11 Tata Asset Management Limited
- 12 Tata Securities Limited
- 13 Infiniti Retail Limited
- 14 e-Nxt Financials Limited
- 15 Tata Consulting Engineers Limited
- 16 Tata Petrodyne Limited
- 17 Computational Research Laboratories Limited
- 18 Tcs E-Serve Limited
- 19 TC Travel And Services Limited
- 20 Tata Capital Limited
- 21 Tata Investment Corporation Limited
- 22 Ewart Investments Limited
- 23 Tata Trustee Company Private Limited
- 24 Tata Advanced Systems Limited
- 25 Viom Networks Limited (Formerly known as Wireless TT Info Services Limited)
- 26 Drive India Enterprise Solutions Limited
- 27 Viom Infra Networks (Maharashtra) Limited (Formerly known as 21st Century Infra Tele Limited)
- 28 Tata International Limited

C Key Management Personnel (Managing Director)

- 1 Mr. N.Srinath

24.15 (a) Operating lease rent expenses for the year in respect of lease agreements entered from April 1, 2001.

	Apr'11 - Mar'12 Rs. in Crores	Apr'10 - Mar'11 Rs. in Crores
Residential Flats for accommodation of employee	0.07	0.06
Cell Sites and others	290.69	241.25

(b) Future Minimum Lease Payments under Non-Cancellable Operating Lease:

	As at March 31, 2012 Rs. in Crores	As at March 31, 2011 Rs. in Crores
Due not later than one year	86.99	143.10
Due later than one year and not later than five years	347.95	453.70
Due later than five years	684.16	804.79

The agreements are executed for a period ranging from 6 months to 15 years with a renewable clause and in many cases also provide for termination at will by either party giving a prior notice period ranging between 30 to 90 days.

24.16 Earnings Per Share Data

	Apr'11 - Mar'12	Apr'10 - Mar'11
i) (Loss) / Profit after Tax (Rs. in Crores)	(517.55)	49.90
ii) Weighted average number of shares Outstanding.	1,897,196,854	1,897,196,854
iii) Nominal Value of Equity Shares (Rs.)	10.00	10.00
iv) Basic and Diluted Earnings per Share (Rs.)	(2.73)	0.26

24.17 No provision for current income-tax has been made in the accounts, since the Company estimates that there will be no taxable profits for the year. Deferred Tax charges/credits have not been recognized in view of the tax holiday enjoyed by the Company and on considerations of prudence as set out in AS 22 on "Accounting for Taxes on Income".

24.18 The following table sets forth the movement in the provision for contingencies:

Rs. in Crores

Sr. No.	Description	As at April 1, 2011	Additions during the year	Amount used / reversed	As at March 31, 2012
1	Provision for Contingencies	185.60	13.28	-	198.88
		-	(185.60)	-	(185.60)

a. Figures pertaining to the previous year have been disclosed in brackets.

b. Provision for contingencies are primarily towards the outstanding claims / litigations against the Company relating to DoT and other parties.

24.19 The Company in an earlier year had entered in to a share purchase agreement with Viom Networks Limited for selling its stake in its wholly owned subsidiary viz. 21st Century Infra Tele Limited. The Company had, accordingly, accounted for profit (net of related

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

expenses) on the aforesaid sale aggregating to Rs.834.93 Crores during the previous year, on completion of the necessary formalities.

24.20 During the last quarter of the previous year, the Company re-estimated the balance useful life of certain items of plant and machinery considering up-gradation of equipment on account of enhancement of technology and the consequent enhanced pace of planned replacement. As a result the depreciation charge for the previous year was higher by Rs. 184.81 Crores.

24.21 The accumulated losses of the Company at the close of the year have exceeded its paid-up capital and reserves due to the high operation costs and on account of the industry being inherently capital intensive. However, the Company is consistently making operating cash profits over the past few years.

The Company has successfully launched services using

GSM technology in an earlier year and 3G services more recently in the previous year with added focus on acquiring revenue earning subscribers. The Company has also introduced measures for operational efficiency to enable optimal use of facilities and resources. The Company has already tied up and is utilizing sanction limits from banks besides availing additional long term funding through External Commercial Borrowings (ECBs) to support the ongoing expansion plans.

Accordingly, based on the aforesaid considerations, the Company is confident of its' ability to continue its' business as a going concern and the accounts have been prepared on that basis.

24.22 The figures of the previous year have been regrouped wherever necessary to correspond with those of the current year in-line with the Revised Schedule VI to the Companies Act, 1956.

Signatures to Notes '1' to '24'

In terms of our report attached
For Deloitte Haskins & Sells
Chartered Accountants

A.B.Jani
Partner

Place: Mumbai
Date : May 4, 2012

For and on behalf of the Board

Kishor A. Chaukar
(Chairman)

N. S. Ramachandran
(Director)

Nadir Godrej
(Director)

S G Murali
(Chief Financial Officer)

Place: Mumbai
Date : May 4, 2012

N. Srinath
(Managing Director)

Prof. Ashok Jhunjhunwala
(Director)

Katsuhiko Yamagata
(Director)

Madhav J. Joshi
(Chief Legal Officer and
Company Secretary)

Amal Ganguli
(Director)

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2012

	2011-12 Rs. in Crores	2010-11 Rs. in Crores
A Cash flows from operating activities		
Net (Loss) / Profit before tax	(517.55)	49.90
Adjustments for :		
Depreciation/Amortisation (Refer note 24.20)	543.40	750.70
(Profit) on Fixed assets sold (Net)	(12.47)	(30.39)
Profit on redemption of units (Current Investment)	(0.98)	(6.41)
Interest Income	(0.80)	(1.23)
Profit on Sale of Long term investment (Refer note 24.19)	-	(834.93)
Provision for contingencies (Refer note 24.18)	13.28	185.60
Finance Cost (Net)	522.98	353.79
	1065.41	417.13
Operating profit before working capital changes	547.86	467.03
(Increase) in trade receivables	(68.18)	(30.86)
(Increase) in loans and advances and other assets	(29.11)	(216.41)
(Increase) / Decrease in Inventory	(0.03)	2.62
(Decrease) / Increase in liabilities and provisions	(73.42)	8.27
Net Cash generated from operating activities	377.12	230.65
B Cash flow from investing activities		
Purchase of Fixed Assets	(702.44)	(1,858.09)
Proceeds from sale of Fixed Assets	16.13	38.25
Purchase of Current Investments	(816.57)	(5,183.41)
Sale of Current Investments	817.55	5,189.82
Proceeds from sale of long term Investment (Refer note 24.19)	-	956.33
Net Cash used for investing activities	(685.33)	(857.10)
C Cash flow from financing activities		
Proceeds from Long term borrowings	3,062.90	720.44
Repayment of Long term borrowings	(194.71)	(170.27)
Current maturities of Long term borrowings	19.47	(41.19)
Proceeds from Short term borrowings	1,319.90	3,314.78
Repayment of Short term borrowings	(3,112.72)	(2,640.00)
Repayment of Acceptances and Cash Credit Accounts (Net)	(226.95)	(140.59)
Finance Cost paid	(497.20)	(366.25)
Interest received	0.80	1.23
Net cash generated from financing activities	371.49	678.15
Net increase in cash or cash equivalents	63.28	51.70
Cash and cash equivalents at beginning of the year	74.68	22.98
Cash and cash equivalents at end of the year	137.96	74.68
	63.28	51.70

Notes: 1. Components of Cash and Cash Equivalents include Cash and Bank balances in Current Accounts (Refer note 16).
2. Purchases of Fixed Assets are inclusive of movements in Capital Work-in-Progress between the commencement and end of the year.

In terms of our report attached
For Deloitte Haskins & Sells
Chartered Accountants

A.B.Jani
Partner

For and on behalf of the Board

Kishor A. Chaukar
(Chairman)

N. S. Ramachandran
(Director)

Nadir Godrej
(Director)

S G Murali
(Chief Financial Officer)

N. Srinath
(Managing Director)

Prof. Ashok Jhunjhunwala
(Director)

Katsuhiko Yamagata
(Director)

Madhav J. Joshi
(Chief Legal Officer and
Company Secretary)

Amal Ganguli
(Director)

Place: Mumbai
Date : May 4, 2012

Place: Mumbai
Date : May 4, 2012

NOTES



TATA TELESERVICES (MAHARASHTRA) LIMITED

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

ATTENDANCE SLIP

Seventeenth Annual General Meeting on Wednesday, August 29, 2012

Reg. Folio No..... DP ID*..... Client ID*.....

Name

Address

I certify that I am a registered shareholder / proxy for the registered shareholder of the Company. I hereby record my presence at the SEVENTEENTH ANNUAL GENERAL MEETING of the Company at "Rangaswar", 4th Floor, Yashwantrao Chavan Pratishthan Mumbai, Gen. Jagannathrao Bhonsale Marg, Nariman Point, Mumbai 400 021 at 1500 hours on Wednesday, August 29, 2012.

Member/Proxy name in Block Letters

Member/Proxy's Signature

Note: Please fill in this slip and hand over at the ENTRANCE TO THE AUDITORIUM.

* Applicable for shareholder(s) holding shares in electronic (dematerialized) form.



TATA TELESERVICES (MAHARASHTRA) LIMITED

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

PROXY FORM

Reg. Folio No..... DP ID*..... Client ID*.....

I/We of

..... in the district of

..... being a member/members of the above named Company hereby

appoint of in the

district of or failing him

..... of in the district of

..... as my/our proxy to vote for me/us on my/our behalf at the

SEVENTEENTH ANNUAL GENERAL MEETING of the Company to be held on Wednesday, August 29, 2012 and at any

adjournment thereof.

Signature

Signed thisday of2012.

Affix a
15 ps.
Revenue
Stamp

Note: This form in order to be effective should be duly stamped, completed and signed and must be deposited at the Registered Office of the Company, not less than 48 hours before the meeting.

* Applicable for investors holding shares in electronic (dematerialised) form.




TATA TELESERVICES (MAHARASHTRA) LIMITED

Voltas Premises, T. B. Kadam Marg, Chinchpokli, Mumbai - 400 033.
Tel.: 91 22 6661 5445 Fax : 91 22 6660 5517
Website : www.tatateleservices.com

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If undelivered please return to
Tata Teleservices (Maharashtra) Limited
Investors Relations, D-26, TTC Industrial Area, MIDC, Sanpada, P.O. Turbhe, Navi Mumbai - 400 703.

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