



ANNUAL REPORT 2013

TATA TELESERVICES (MAHARASHTRA) LIMITED

Year on Year Performance

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

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

BOARD OF DIRECTORS

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

COMPLIANCE OFFICER

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

INVESTOR SERVICES

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

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

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

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

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

REGISTERED OFFICE

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

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

NOTICE

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

SPECIAL BUSINESS

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

"RESOLVED THAT Mr. Kishor A. Chaukar, who was appointed as an Additional Director of the Company and who holds office upto the date of this Annual General Meeting of the Company in terms of Section 260 of the Companies Act, 1956 ("Act") and is eligible for appointment and in respect of whom the Company has received a notice pursuant to Section 257 of the Act, be and is hereby appointed a Director of the Company, liable to retire by rotation."

ORDINARY BUSINESS

2. To receive, consider and adopt the Audited Statement of Profit and Loss for the year ended on March 31, 2013 and the Balance Sheet as at that date together with the reports of the Board of Directors and the Auditor's thereon.
3. To appoint a Director in place of Mr. N. Srinath, who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint a Director in place of Prof. Ashok Jhunjhunwala, who retires by rotation and being eligible offers himself for re-appointment.
5. To appoint a Director in place of Mr. D. T. Joseph, who retires by rotation and being eligible offers himself for re-appointment.
6. To consider and, if thought fit, to pass, with or without modifications, if any, the following as an Ordinary Resolution:

"RESOLVED THAT M/s. Deloitte Haskins & Sells, Chartered Accountants, having Firm Registration No. 117366W, retiring auditors of the Company, be and are hereby re-appointed as the Auditors of the Company to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting of the Company on remuneration to be decided by the Board of Directors."

Notes:

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

Registered Office

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

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

Mumbai
August 1, 2013

Bhaskar Chandran
President – Legal, Regulatory &
Company Secretary

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

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

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

Director of the Company is recommended by the Board.

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

Registered Office

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

Mumbai
August 1, 2013

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

Bhaskar Chandran
President – Legal, Regulatory &
Company Secretary

Important Communication to Members

The Ministry of Corporate Affairs has taken a "Green Initiative" by allowing service of notice/ documents including Annual Report by e-mail to members. To support this green initiative of the Government in full measure, members who wish to have e-copy of the annual report are requested to send an email to the Company at investor.relations@tatatel.co.in or to the Registrars and Share Transfer Agent at csg-unit@tsrdarashaw.com

Request to the Members

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

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

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

Public Companies excluding Foreign Companies and Section 25 Companies

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

** Chairmanship of the Committee

DIRECTORS' REPORT

Dear Members,

The Directors take pleasure in presenting the 18th Annual Report together with the audited financial statements of the Company for the year ended March 31, 2013 and other accompanying reports, notes and certificates.

Financial Results

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

(Rs. in Crores)

Particulars	2012 - 13	2011 - 12
Telecom Revenue	2,608.16	2,470.25
Other Income	77.39	37.22
Total Income	2,685.55	2,507.47
Operation and Other Expenses	2,089.38	1,945.36
Provision for Contingencies	95.54	13.28
Earnings Before Interest, Depreciation, Tax and Amortisation ("EBIDTA")	500.63	548.83
Finance & Treasury Charges	564.35	522.98
Depreciation / Amortisation	595.05	543.40
Profit / (Loss) for the year	(658.77)	(517.55)

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

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

Products and Services

The Company holds two Unified Access (basic + cellular) Service Licences ("UASL"), one for Mumbai Metro and the other for Maharashtra circle i.e., Rest of Maharashtra and Goa. The Company is a Category A (National) ISP Licensee and offers a broad range of internet-related services including Digital Subscriber Lines ("DSL"), leased lines and dial-up internet access.

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

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

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

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

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

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

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

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

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

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

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

Marketing Initiatives

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

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

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

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

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

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

Network quality and Customer service

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

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

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

Network Rollout

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

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

Quality and Processes

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

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

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

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

Human Resources ("HR")

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

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

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

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

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

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

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

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

Regulatory Developments and Important Litigation

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

Minimum Public Shareholding ("MPS")

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

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

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

Directors

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

In accordance with the provisions of Article 71 and 72 of the Articles of Association of the Company, Mr. N. Srinath, Prof. Ashok Jhunjhunwala and Mr. D. T. Joseph retire by rotation at the ensuing Annual General Meeting of the Company and being eligible, offer themselves for re-election. The Board of Directors recommends their re-election.

Holding Company

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

Dividend & Appropriations

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

Cost Audit

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

Internal Auditors

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

Statutory Auditors

M/s. Deloitte Haskins & Sells, Chartered Accountants, the present statutory auditors, retire at the conclusion of the ensuing Annual General Meeting and have confirmed their willingness and eligibility for re-appointment. The Audit Committee and the Board recommend their re-appointment.

Statutory Disclosures

Directors' Responsibility Statement

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

1. In the preparation of the annual accounts, the applicable accounting standards have been followed and there are no material departures;

2. They have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year ended March 31, 2013 and of the loss for the Company for that period;
3. They have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
4. They have prepared the annual accounts on a going concern basis.

Fixed Deposits

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

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

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

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

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

(Rs. in Crores)

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

Particulars of Employees

The particulars of employees as required under Section 217(2A) of the Act, read with the Companies (Particulars of Employees) Rules, 1975 and Companies (Particulars of Employees) Amendment Rules, 2011 forms part of this report. However, in pursuance of Section 219(1)(b)(iv) of the Act, this report is being sent to the shareholders of the Company excluding the aforesaid information. Any Member interested in obtaining a copy of such information may write to the Company Secretary at the registered office of the Company.

Corporate Governance

A report on Corporate Governance appears after this Report. A certificate from M/s. Deloitte Haskins & Sells, Chartered Accountants, with regard to compliance with the Clause 49 of the listing agreement by the Company is annexed hereto as Annexure I and forms part of this report.

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

Corporate Sustainability

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

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

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

Corporate Social Responsibility

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

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

For Project Learning, the Company has partnered with Coca-Cola-NDTV "Support my School" Campaign. This campaign is an initiative of 'Coca-Cola-NDTV' supported by partners like UN Habitat, CAF India, Sulabh & the Pearson Foundation that aims to create model schools in rural and semi-urban India to enhance the quality of education. As a key partner, the Company, alongwith Tata Teleservices Limited, adopts schools across India and establishes computer training centers with equipment sourced from its offices along with internet connectivity (wherever feasible).

Safety

The Company has a well defined and practiced Safety Policy in place. The Safety Policy comprises guidelines and standardized exercises based on robust processes.

The Safety Policy advocates zero tolerance when it involves the safety of employees and material. The initiatives taken by the Company include safety sessions for all employees; mock fire drills every 6 months and percolation of Safety Guidelines and Knowledge Management on health and safety through mailers and videos (Do's & Don'ts during emergency, Road Safety, articles related to Health, Safety during Fire, Flood and Earthquake etc.). Some of the key initiatives undertaken in 2012-13 to make the work place safe for employees include Six sigma Green Belt projects on safety & security, half yearly safety and security assessment drives, First Aid trainings, surprise safety checks, periodic review web casts with Chief Security Officer and Executive President – HR.

Carbon Credits

Under the commitment towards sustainable and environment responsive operations, the Company has swapped quite a few of its energy intensive BTS devices with energy efficient ones across Maharashtra circle. In continuation of earlier registered carbon mitigation project with APX VCS Registry and VCUs issuance for vintages 2008-2010, the aforesaid swapping activity has also been developed as CDM Projects in additional clusters within Maharashtra and is in final round of CDM registration with United Nations Framework Convention on Climate Change ("UNFCCC"). Therein, with successful swapping of more than 1,400 energy intensive BTS device with energy efficient ones across Maharashtra circle, the Company is significantly contributing in reduction of overall energy consumption and associated greenhouse gas emissions.

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
August 1, 2013

Kishor A. Chaukar
Chairman

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, 2013, 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 the compliance of the conditions of the 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, May 13, 2013

Saira Nainar
Partner
Membership No: 040081

CORPORATE GOVERNANCE REPORT FOR THE YEAR 2012-13

COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

The Company believes in the highest standards of good and ethical corporate governance practices. Good governance practices stem from the culture and mindset of the organization. It is therefore not merely about enacting regulations and procedures but also about establishing an environment of trust and confidence among various stakeholders. With a view to adopt the corporate governance in true spirit, the Board of Directors of the Company ("the Board") has put in place the "Tata Code of Conduct" for its employees including Managing Director and senior management. It 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. Further, the Company's corporate governance philosophy has been 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 is a comprehensive document that serves as the ethical road map for its employees and companies and also inter-alia governs the conduct of business in consonance with national interest, fair and accurate presentation of financial statements, being an employer providing equal opportunities to its employees, prohibition on acceptance of gifts and donations that can be intended or perceived to obtain business or uncompetitive favors, 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 has 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:

- declaration of financial results (quarterly or annual);
- declaration of dividends (interim and final);
- issue of securities by way of public/rights/bonus issue etc.;
- any major expansion plans or execution of new projects;
- amalgamation, mergers, takeovers and buy-back;
- disposal of whole or substantially whole of the undertaking; and
- any significant changes in policies, plans or operations of the Company.

In respect of declaration of financial results, the Trading Window remains closed for 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, in any number of the Securities of the Company. 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 designated 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.

CODE OF CONDUCT

All Directors and senior management personnel have affirmed compliance with the Code of Conduct for the financial year ended March 31, 2013. The declaration by Managing Director in this respect appears elsewhere in this Annual Report.

1. BOARD OF DIRECTORS

COMPOSITION

The Board of Directors as on March 31, 2013 comprised of Nine (9) Directors including a Non-Independent 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 the Managing Director under the supervision, direction and control of the Board. The Managing Director is assisted by a team of highly qualified and experienced professionals.

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

None of the Directors of a Company 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. Six meetings of the Board were held during the financial year ended on March 31, 2013 viz. April 19, 2012, May 4, 2012, July 25, 2012, August 29, 2012, October 30, 2012 and January 28, 2013.

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 as on March 31, 2013 are as follows:

Name of the Director	Category	Number of Board Meetings during the year 2012-13		Attendance at AGM held on August 29, 2012	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-Independent, Non-Executive	6	6	Yes	-	None	2	9	1	6
Mr. Amal Ganguli	Independent, Non-Executive	6	4	No	-	None	-	12	4	6
Mr. Nadir Godrej	Independent, Non-Executive	6	6	Yes	-	None	2	8	1	1
Prof. Ashok Jhunjhunwala	Independent, Non-Executive	6	6	Yes	4,700	None	-	7	1	5
Mr. D. T. Joseph	Independent, Non-Executive	6	4	Yes	-	None	-	7	1	5
Mr. N. S. Ramachandran	Independent, Non-Executive	6	6	Yes	-	None	-	2	1	2
Mr. S. Ramadorai	Non-Independent, Non-Executive	6	3	Yes	-	None	7	7	1	7
Mr. Katsuhiko Yamagata*	Non-Independent, Non-Executive	2	2	Not Applicable	-	None	Not Applicable	Not Applicable	Not Applicable	Not Applicable
Mr. Koji Ono**	Non-Independent, Non-Executive	4	4	Yes	-	None	-	1	-	-
Mr. N. Srinath (Managing Director)	Executive	6	6	Yes	-	None	-	6	-	2

* Ceased to be a Director with effect from May 30, 2012.

** Appointed as an Additional Director with effect from June 1, 2012 and was appointed a Director in the AGM of August 29, 2012.

All the information required to be placed before the Board of Directors under Clause 49 of the listing agreement, 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 are sent in advance to the Directors.

2. AUDIT COMMITTEE

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 to auditors, proposals and terms of appointment of internal auditors have been regularly placed

before the Audit Committee for review during the financial year 2012-13.

Composition

The Audit Committee of the Board 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"). The Committee comprises of 4 members of which 3 are Independent Non-Executive Directors and 1 of them is a Non-Independent Non-Executive Director. 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 as on March 31, 2013 is as follows:

Name of Member	Description	Category
Prof. Ashok Jhunjhunwala, (Chairman)	Chairman	Independent, Non-Executive
Mr. N. S. Ramachandran	Member	Independent, Non-Executive
Mr. S. Ramadorai	Member	Non-Independent, Non-Executive
Mr. Amal Ganguli	Member	Independent, Non-Executive

Meetings and attendance during the year

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. Details of meetings and attendance of each Member at such meetings are given below:

Name of the Members	May 4, 2012	July 25, 2012	October 30, 2012	January 28, 2013
Prof. Ashok Jhunjhunwala	Present	Present	Present	Present
Mr. N. S. Ramachandran	Present	Present	Present	Present
Mr. S. Ramadorai	Leave of Absence	Leave of Absence	Present	Leave of Absence
Mr. Amal Ganguli	Present	Present	Leave of Absence	Present

REMUNERATION COMMITTEE

Brief description of terms of reference

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.

Composition

The Company's Remuneration Committee comprises of 3 members of which 2 are Independent Non-Executive Directors and 1 of them is a Non-Independent Non-Executive Director. The Committee's composition as on March 31, 2013 is as under:

Name of the Member	Category
Mr. N. S. Ramachandran (Chairman)	Independent Non-Executive
Prof. Ashok Jhunjhunwala	Independent Non-Executive
Mr. Kishor A. Chaukar	Non-Independent, Non-Executive

Attendance during the year

During the financial year 2012-13, no meeting of the Remuneration Committee was held.

Remuneration paid to the Directors

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

Independent, Non-Executive 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 attending other Committee meetings.

Non-Executive Non-Independent Directors: No sitting fees are paid to Non-Independent Non-Executive 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 2012-13 are as follows:

A) Non-Executive Directors

Name of the Director	Sitting Fees (Rs.)
Mr. Kishor A. Chaukar	-
Mr. Amal Ganguli	1,05,000.00
Mr. Nadir Godrej	90,000.00
Prof. Ashok Jhunjhunwala	1,65,000.00
Mr. D. T. Joseph	60,000.00
Mr. N. S. Ramachandran	1,70,000.00
Mr. S. Ramadorai	-
Mr. Koji Ono	-
Mr. Katsuhiko Yamagata	-

B) Managing Director

Mr. N. Srinath, Managing Director of the Company does not draw any remuneration from the Company.

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 duplicate and renewed share certificates, etc. During the financial year 2012-13, the Committee met once on August 29, 2012. The Committee is authorized to delegate its powers to officers and employees of the Company and/or to the Company's Registrar and Share Transfer Agent. The delegates regularly attend to share transfer

formalities at least once in every 15 days. The Composition of the Committee as on March 31, 2013 is as follows:

Name of Member	Category	No. of Meetings during 2012-13	
		Held	Attended
Mr. N. S. Ramachandran (Chairman)	Independent, Non-Executive	1	1
Mr. N. Srinath	Executive Director	1	1

Mr. Madhav Joshi, who was the Chief Legal Officer & Company Secretary ceased to be an employee of the Company on reaching the age of superannuation on February 28, 2013. He was the Compliance Officer of the Company till February 28, 2013. Mr. Bhaskar Chandran was appointed as President – Legal, Regulatory & Company Secretary and Compliance Officer of the Company w.e.f. April 12, 2013.

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
3	135	136	2*

* since resolved.

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

In addition to the above, the Company also has various other committees, viz.

1. Ethics and Compliance Committee to consider matters relating to Insider Trading Code;
2. 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
3. Executive Committee to review business and strategy.

RISK MANAGEMENT

The Company has devised a formal Risk Management framework for risk assessment and minimization. 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 framework.

GENERAL BODY MEETINGS

The Company's first statutory meeting was held on April 24, 1995. Till date, the Company has held 17 AGMs and 14 Extra Ordinary General Meetings of the shareholders. The details of date, time and venue of the AGMs held during the last three years till March 31, 2013 are as under:

Particulars	Date	Time	Venue
15 th Annual General Meeting	August 9, 2010	3:00 p.m.	Kamalnarayan Bajaj Hall & Art Gallery, Bajaj Bhavan, Nariman Point, Mumbai - 400021

16 th Annual General Meeting	August 16, 2011	3:00 p.m.	Kamalnarayan Bajaj Hall & Art Gallery, Bajaj Bhavan, Nariman Point, Mumbai - 400021
17 th Annual General Meeting	August 29, 2012	3:00 p.m.	"Rangaswar", 4 th Floor, Yashwantrao Chavan Pratishthan Mumbai, Nariman Point, Mumbai - 400021

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

Particulars of the AGM	Section under which special 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.
	Section 31 of the Companies Act, 1956	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, 2013. None of the businesses proposed to be transacted at the ensuing AGM require passing a special resolution through Postal Ballot.

DISCLOSURE ON MATERIALLY SIGNIFICANT 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, 2013. Transactions with related parties are disclosed in Note No.34 forming part of the Financial Statements.

DETAILS OF NON-COMPLIANCE WITH REGARD TO CAPITAL MARKET

As per the continuous listing requirements, every Company (Other than Public Sector Company) shall maintain Public Shareholding of at least 25 percent. Any listed Company which has public shareholding below 25 percent on the commencement of the Securities Contracts (Regulation) (Amendment) Rules, 2010 ("SCRA"), shall increase its public shareholding to at least 25 percent, within a period of 3 years from the date of such commencement, in the manner specified by SEBI i.e., by June 3, 2013.

Your Company being a Listed Company is also required to comply with the above provisions. Your Company's public shareholding was 22.28% as on March 31, 2013. As per SCRA this holding should be increased to a minimum of 25%.

As the minimum public shareholding was not achieved, SEBI has issued certain directions vide Order dated June 4, 2013 (the "Order") to all non-compliant companies, pending final order. A

brief summary of the Order is as given below:

1. SEBI has directed for the purpose of complying with the requirement of public shareholding, till such time these Companies comply with the Minimum Public Shareholding requirement, inter alia, as under:
 - a) Freezing of Voting Rights and Corporate benefits like dividend, Rights, Bonus Shares, Split, etc. with respect to the excess of proportionate promoter/promoter group shareholding in the non-compliant companies.
For the purpose of above direction proportionate promoter/promoter group shareholding shall be computed on the basis of Public Shareholding in the Company at three times the existing public shareholding.
 - b) Prohibiting the promoter/promoter group and directors of these non-compliant companies from buying, selling or otherwise dealing in the securities of their respective companies, either directly or indirectly, in any manner whatsoever, except for the purpose of complying with the requirement of public shareholding.
 - c) Restraining the shareholders forming part of the promoter/promoter group from holding any new position as a director in any listed company.
 - d) Restraining the directors of such companies from holding any new position as a director in any listed company.
2. The said Order is without prejudice to the right of SEBI to take any other action, including the following against the non-compliant companies, their promoters and/or directors or issuing such directions in accordance with law:
 - a) levying monetary penalty under adjudication proceedings;
 - b) initiating criminal proceedings;
 - c) moving the scrip to trade-to-trade segment;
 - d) excluding the scrip from F&O segment;
 - e) any other action/direction as may be deemed appropriate.

In order to comply with the Minimum Public Shareholding Threshold (i.e., 25% of the aggregate paid up share capital of the company being held by the 'public' category of shareholders), the Company proposed to issue bonus shares to the public shareholders. An Extra Ordinary General Meeting of the shareholders of the Company was held on July 29, 2013 approving bonus issuance in the ratio of 2 new equity shares for every 15 existing equity held as on the record date (which is August 8, 2013). The bonus issuance will result in the public shareholding in the Company at 25.10%, which would be in compliance with the Securities Contracts (Regulation) (Amendment) Rules, 2010.

As required under Clause 49 of the listing agreement, for the financial year 2012-13, 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.

DISCLOSURE ON WHISTLE BLOWER POLICY

The Company has adopted a Whistle Blower Policy which ensures protection and confidentiality to whistle blowers. The Chairman of the Audit Committee is authorized to receive from whistle blowers the 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.

COMPLIANCE WITH MANDATORY REQUIREMENTS OF CLAUSE 49 OF THE LISTING AGREEMENT

The Company has complied with the mandatory requirements as stipulated under Clause 49 of the listing agreement. A certificate from M/s. Deloitte Haskins & Sells has been obtained and is annexed to the Director's Report.

IMPLEMENTATION OF NON-MANDATORY CORPORATE GOVERNANCE REQUIREMENTS

The Company has implemented the non-mandatory corporate governance requirements prescribed under Clause 49 of the listing agreement with the stock exchanges with respect to Remuneration Committee and Whistle Blower Policy. It has also provided office facilities to non executive Chairman of the Company.

CERTIFICATION WITH RESPECT TO FINANCIAL STATEMENTS

The certificate as required under Clause 49 of the listing agreement is furnished by the 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.

MEANS OF COMMUNICATION

The quarterly, half yearly and annual results are published in Business Line (English daily) and Navshakti (regional language newspaper). 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. <http://www.tatateleservices.com/t-aboutus-ttml-investors.aspx>

MANAGEMENT DISCUSSION & ANALYSIS

A detailed report on the Management Discussion and Analysis forms part of this Annual Report.

GENERAL SHAREHOLDER INFORMATION

Eighteenth Annual General Meeting

Date	September 23, 2013
Day	Monday
Time	3:00 p.m.
Venue	"Rangaswar", 4 th Floor, Yashwantrao Chavan Pratishthan Mumbai, Gen. Jagannathrao Bhosle 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, September 13, 2013 to Monday, September 23, 2013 (both days inclusive) for the purposes of the Eighteenth 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 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 Rs.)

Month	BSE		NSE	
	High	Low	High	Low
April'2012	15.00	13.30	14.95	13.30
May'2012	13.95	12.05	13.95	11.35
June'2012	14.70	12.55	14.80	12.55
July'2012	14.82	12.45	14.85	12.40
August'2012	13.60	10.50	14.70	10.45
September'2012	12.35	10.66	12.40	10.60
October'2012	12.55	10.80	12.45	10.80
November'2012	13.56	10.35	13.55	10.85
December'2012	12.60	11.55	12.65	11.50
January'2013	13.40	11.55	13.15	11.55
February'2013	12.00	8.55	12.00	9.60
March'2013	9.98	7.40	9.95	7.30

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

The performance of the Company's Share Price vis-à-vis the broad based BSE and NSE indices during the financial year 2012-13 are 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 2, 2012	14.72	17,478.15	14.70	5,317.90
As on March 28, 2013	7.90	18,835.77	7.85	5,682.55
Change (%)	-46.33	7.77	-46.60	6.86

Registrar and Share Transfer Agents

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

TSR Darashaw Private Limited

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

Tel.: 91 22 6656 8484

Fax: 91 22 6656 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.

Pursuant to clause 47(c) of the listing agreement, the Company obtains certificate from a Practicing Company Secretary on half-yearly basis to the effect that all the transfers are completed in the stipulated period. A copy of the certificate so received is submitted to both the stock exchanges, where the shares of the Company are listed.

Distribution of Shareholding

The broad shareholding distribution of the Company as on March 31, 2013 with respect to categories of investors was as follows:

Category of Investors		Percentage of Shareholding	
		As on March 31, 2013	As on March 31, 2012
Promoters & Promoter Group Companies	Indian	65.60*	65.60*
	Foreign	12.12	12.12
International Investors (FIIs / NRIs / OCBs / Foreign Banks / Foreign Corporate Bodies)		1.09	1.50
Indian Financial Institutions / Banks / Mutual Funds		0.12	0.35
Private Bodies Corporate		2.46	2.14
Individuals		18.61	18.29
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, 2013 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	3.68	3,36,211	73.97
501 to 1000	2.84	63,168	13.90
1001 to 2000	2.45	29,621	6.52
2001 to 3000	1.31	9,478	2.09
3001 to 4000	0.78	4,077	0.90
4001 to 5000	0.91	3,587	0.79
5001 to 10000	1.95	4,958	1.09
10001 and above	86.08	3,393	0.75
Total	100.00	4,54,493	100.00

The Company had a total of 4,54,493 shareholders as on March 31, 2013.

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

The equity shares of the Company are under compulsory dematerialized form. As of March 31, 2013, 99.85% of the total equity shares issued by the Company have been

dematerialised. 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 947 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 13, 2013 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, 2013, 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.

Mumbai
May 13, 2013

Mr. N. Srinath
Managing Director

MANAGEMENT DISCUSSION & ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Industry Structure and Developments

The Indian telecom sector story moderated in 2012 on the back of three consecutive years of high growth. The regime of falling tariffs, that had formed the backbone of the massive subscriber expansion in the previous years, finally flattened as players sought to strike a balance between growth, footprint expansion, profitability and some of the lowest consumer tariffs in the world.

The last financial year ended with the Hon'ble Supreme Court ("SC") judgement that cancelled the rights to provide services for several operators in many or all of India's 23 licensed service areas. That set the tone for this financial year providing little succor to operators. The multiple rounds of auctions elicited poor response, seeing little or no participation by operators already weighed down by debt and weakening cash flows.

According to Telecom Regulatory Authority of India ("TRAI"), the industry witnessed a real decline in overall HLR ("Home Location Register") subscriber numbers between February 2012 and February 2013 by 57 million. Driven by change in acquisition norms and operator reorientation towards better quality acquisitions, the percentage of VLR ("Visitor Location Register") subscribers (Active) increased from 74% to 83% in the corresponding period.

The telecom sector plays a role much beyond the 1.5% direct contribution to the national GDP through its impact on ~900 million of the Indian population. The state of affairs in the Indian telecom sector is linked more closely to the government and regulatory policies. The implementation of the edicts in the National Telecom Policy 2012 and revised spectrum related policies are awaited to infuse renewed confidence in the beleaguered sector.

Regulatory Developments

National Telecom Policy: The Department of Telecommunications ("DoT") announced the National Telecom Policy 2012 ("NTP 2012"), which provides an outline for the regulations of the telecom sector in the Country. The vision of this policy is to provide secure, reliable, affordable and high quality converged telecommunication services anytime, anywhere for an accelerated inclusive socio-economic development. The main thrust of this policy is on the multiplier effect and transformational impact of such services on the overall economy. It recognises the role of such services in furthering the national development agenda while enhancing equity and inclusiveness. The policy also recognises the predominant role of the private sector in this field and the consequent policy imperative of ensuring continued viability of service providers in a competitive environment.

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

Auction of Spectrum: Auctions held in November 2012 and March 2013 met with very limited response. Supreme Court ("SC") in its order dated February 15, 2013 has asked Government to auction the entire spectrum which became available as a result of quashing of the new licences by its judgment dated February 2, 2012. Empowered Group of Ministers ("EGoM") met on June 23, 2013 to decide on third round of spectrum auction, reserve price and renewal of licenses due to expire in 2014. On July 10, 2013, DoT has sought TRAI recommendation on reserve price for 3rd round of auction of spectrum. TRAI has issued Consultation Paper

("CP") on July 23, 2013. Comments by all stake holders are required to be submitted by August 14, 2013 and counter comments by August 21, 2013. The Open House Discussion is scheduled on August 24, 2013. Major issues raised in CP are quantum of spectrum to be auctioned, eligibility of participants, roll-out obligation, valuation & estimation of Reserve Price, review of Spectrum Usage Charge, refarming and spectrum trading.

3G ICR: In order to provide seamless 3G services to its subscribers, some of the operators who do not have GSM 3G spectrum in a circle have gone in for intra-circle roaming ("ICR") arrangement with other operators who have GSM 3G spectrum in that particular circle. DoT has objected to such ICR arrangements for provisioning of 3G services and is of the view that it is not permitted under UASL and has issued penalty show cause notices to operators. The matter is sub-judice.

One Time Spectrum Charge ("OTSC"): The Government by its decisions dated November 8, 2012, December 28, 2012 & March 15, 2013 has imposed OTSC for Spectrum beyond 6.2 MHz (GSM) for the period July 1, 2008 to December 31, 2012; Spectrum beyond 4.4 MHz (GSM) with effect from January 1, 2013; and Spectrum beyond 2.5 MHz (CDMA) with effect from January 1, 2013 for the balance period of license. Government has also permitted the operators to surrender the spectrum beyond 4.4 MHz (GSM) and beyond 2.5 MHz (CDMA) in case the operators do not want to pay OTSC. Since the Company and Tata Teleservices Limited ("TTSL") have in certain circles spectrum beyond 2.5 MHz in CDMA band, an OTSC demand of Rs.1,152.68 Crores has been raised on the Company and TTSL. Both the Company and TTSL have challenged the aforesaid decisions and demand before the Bombay High Court and Calcutta High court respectively. Similar petitions have been filed by other operators before various high courts.

The impugned decisions and demands have been stayed by the High Courts. While the impugned decisions and demand has been stayed, the Company and TTSL by its letter dated April 9, 2013, in order to protect financial liabilities, if any, have submitted to DoT to surrender the CDMA spectrum beyond 2.5 MHz in all circles except Mumbai and Delhi, where it has retained 1.25 MHz of additional spectrum. The actions of the Company have been under protest & without prejudice and subject to the outcome of the writ petitions. The Company and TTSL have also made payments towards first installment of OTSC for retaining 1.25 MHz of spectrum in Mumbai (by the Company, Rs.29.895 Crores) and in Delhi (by TTSL, Rs.33.015 Crores) for the balance period of license. Recently, DoT has issued a letter dated May 24, 2013 stating that the surrender of spectrum should be without any conditions. The writ petitions are pending. We have responded to DoT on July 9, 2013 reiterating our previous stand and quoting the Kolkata High Court order dated April 9, 2013 that "such surrender shall be without prejudice to the rights and contentions of the petitioner". We are in process of reconfiguring the CDMA network for release/surrender of spectrum in a phased manner.

National Roaming: Ceiling for National Roaming Tariff has been reduced. Outgoing local has been reduced from Rs.1.40/min to Rs.1.0/min and for outgoing STD, it has been reduced from Rs.2.40/min to Rs.1.50/min. STV ("Special Tariff Voucher") & Combo Voucher (Voice + Data) has been allowed.

Certain Amendments Issued by TRAI

- a. TRAI issued 6th amendment to Telecom Consumer Protection Regulation ("TCPDR") dated February 21, 2013, where TRAI defined the deactivation criteria due to non-usage of mobile numbers.
- b. TRAI 11th amendment to Telecom Commercial Communication Customer Preference Regulation ("TCCCPR") dated May 24, 2013 mandates : 2 paise as SMS termination charge and an additional 5 paise per promotional/transactional SMS charges effective from June 1, 2013.
- c. TRAI 12th amendment to TCCCPR dated May 24, 2013 mandates disconnection and blacklisting of any unregistered mobile/landline number used for telemarketing activities and all other numbers in the same name and address.
- d. TRAI issued 55th amendment to Telecommunication Tariff Order ("TTO") dated Jun 17, 2013 whereby it mandates the operator to offer first tariff offering both home and roaming charges same and second tariff offering incoming roaming free on a payment of a fixed fee. TRAI has also allowed combo vouchers and Special Tariff Vouchers ("STVs") for roaming effective from July 1, 2013.
- e. TRAI issued 5th amendment to Mobile Number Portability ("MNP") Regulation dated July 22, 2013 defining the process for porting of corporate subscribers.

EMR Violation: DoT has started issuing Show Cause Notice ("SCN") for violation of Electro Magnetic Radiation ("EMR") to all operators. The financial penalty raised till now is Rs.60.20 Crores for the Company.

Audit by the Comptroller and Auditor General ("CAG"): The Association of Unified Telecom Service Providers of India ("AUSPI") alongwith the Company had filed a Special Leave Petition ("SLP") before the SC against the order of Delhi High Court in not granting stay against the order of DoT seeking information for audit of accounts of Telecom Operators by CAG. The SC disposed of the SLP with the direction that the relevant information for calculation of revenue share based on licence fee may be shared; however, the CAG shall not audit the said accounts till the matter is disposed of by Delhi High Court. Meanwhile, another Petition filed by the Company alongwith AUSPI and other members challenging special Audit by DoT, was decided in industry's favour on February 10, 2011 by Hon'ble Telecom Disputes Settlement Appellate Tribunal ("TDSAT"). The TDSAT held that DoT cannot seek for special audit without assigning any reason as a matter of course. DoT filed an Appeal before the SC challenging the February 10, 2011 judgment passed by TDSAT, the Civil Appeal has been adjourned sine die. The Writ Petition filed by AUSPI alongwith the Company and other members challenging the vires of the Rule 5 of TRAI service providers (Maintenance of Books of Accounts and other documents) Rule 2002 as being ultra vires of Section 16 of the C&AG Act, 1971 read with Article 149 of the Constitution of India which gives power for Audit by CAG is pending adjudication before the Delhi High Court.

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. COAI filed appeal before the SC against the order of TDSAT. The appeal has been admitted and will be heard in due course. While the appeal is pending COAI & GSM operators filed an application being IA No. 6/2012 requesting Supreme Court to allow the Appeal in terms of Judgment dated February 2, 2012 passed in Writ Petition No. 423/2010 and 10/2011 (2G Judgment). The contention of the COAI & GSM operators is that the 2G Judgment squarely covers the issues which arise in the pending Appeal. The Application was against all the Dual tech operators who are party to the main Appeal including the Company. However, by subsequent IA No. 7/2012, the Company has been deleted from the Application. The Union of India in its reply to the IA has taken a stand that the Judgment of the TDSAT upholding the Dual Tech Policy of the Government deserves to be upheld and that the Dual Tech policy was neither considered nor set aside by the 2G Judgment dated February 2, 2012 and as such the February 2, 2012 judgment is not applicable to the present appeal. The Appeal along with the IA was on board for some-time. However, at the request of the Appellants i.e., COAI & GSM operators the appeal has been adjourned sine-die.

Telecommunication Interconnection Usage Charges

Regulation, 2009: AUSPI along with the Company had filed Petition challenging the Interconnection Usage Charges ("IUC") Regulation of March 2009 seeking Bill & Keep. COAI and other had also filed Petition seeking higher termination charges. The Hon'ble TDSAT vide its judgment dated September 29, 2010, held that the present arrangement shall continue till February 28, 2011, and remanded the matter back to TRAI for fresh consideration and framing of Regulations after hearing all the stakeholders. TRAI issued a consultation paper on April 27, 2011, for review of the IUC. TRAI however, filed an appeal against the judgment of TDSAT challenging the power and jurisdiction of TDSAT to review the Regulations framed by TRAI. There is no stay granted by SC and the consultation process has been completed and TRAI has filed its recommendations before SC. TRAI has sought the permission of SC for notifying the Regulations. However, the SC directed that the Appeals need to be heard and thereafter the Regulations may be notified. The matter was tagged up with the similar pending batch Appeals wherein the TRAI Jurisdiction was in issue. The Appeal being the lead has been heard on the issue of TRAI Jurisdiction and judgment has been reserved in the same on December 4, 2012 and the other batch appeals will be decided accordingly by the SC.

Telecom Commercial Communications Customer Preference Regulations, 2010:

TRAJ has announced Unsolicited Commercial Communications ("UCC") Regulation in December 2010 known as TCCCPR. Through this regulation, TRAI has imposed a promotional charge of 5 paise per SMS on promotional SMS w.e.f. October 25, 2011. This Regulation has substantially reduced UCC. TRAI amended this regulation in May 2013 and included the charge on transactional SMS also i.e., transaction charge at 5 paise per transaction SMS w.e.f. June 1, 2013. Now both transactional and promotional SMS are charged at 5 paise per SMS over and above the SMS TC of 2 paise per SMS. This amendment also mandates that the service provider shall ensure that no SMS, having similar signature, from any service or number originating more than 200 SMSs per hour, is delivered through their network. A compliance report on similar signature was submitted to TRAI on May 28, 2013.

Wireless Planning & Co-ordination (“WPC”) Demands:

WPC had raised initial Demand Notes for Rs.185 Crores for the Company on account of Microwave (“MW”) spectrum dues in 2007. Thereafter, WPC issued a number of Demand Notes for spectrum charges for the period 1998-99 to 2007-08 and revised those several times. The matter was contested by the Company in TDSAT which held that the fresh demand was to be raised after due reconciliation of accounts. TDSAT vide its judgment in Petition No. 102 of 2007 dated August 25, 2010 has directed DoT to charge only the simple interest on the principal dues and no penalty and interest on penalty to be charged. However, DoT has neither implemented this TDSAT order nor appealed against it in the SC. Contempt Petition/Execution Application being M.A. No. 189 of 2012 was filed against DoT before TDSAT. The said M.A. was dismissed with liberty given to the Company to file a fresh Petition. The fresh Petition by the Company has been filed before TDSAT and has been admitted. Liberty has been granted to approach TDSAT if DoT seeks to enforce the impugned demand. Time has been granted to DoT to file reply. Matter is listed on August 23, 2013 for framing of issues. WPC has once again revised the statement and have now issued a demand note of Rs.122.51 Crores for the Company covering period from 2007-08 upto 2011-12. The revised demand is primarily due to Adjusted Gross Revenue (“AGR”) re-assessment, charging of compound interest and levy of penalty. Reconciliation is in progress.

Subscriber Verification: A joint industry Petition had been filed in TDSAT challenging interpretation of slab based penalty. The TDSAT pronounced its judgment on April 12, 2012 allowing the Petition partially in favour of the Petitioners (operators) to the extent that penalty will be calculated on the basis of the Income Tax slab system i.e., penalty will be calculated for each slab separately and then added together. DoT has accepted the TDSAT order for penalty as per Income Tax slab w.e.f. April 1, 2009. It has clarified that closed demand - the demand raised by DoT and paid in full by the operators - will not be reopened. However, the demand not paid at all or paid partially will be recovered as per TDSAT direction. Future demands will be as per the Hon'ble TDSAT's order.

Green Telecom norms: DoT has issued guidelines for the implementation of the new norms of green telecom, to be implemented by the operators. The base year is 2011-12. The Company and TTSL has submitted its Carbon Foot Print report to TRAI for the year 2011-12 and first half of year 2012-13.

Value Added Services (“VAS”) Appeal: TRAI had issued a direction on July 4, 2011 mandating re confirmation within 24 hours of new VAS activation request by FAX or SMS. Industry made various representations on the ground that if implemented, this may reduce substantially the VAS revenues apart from causing inconvenience to subscribers. TRAI gave cognizance to Industry representations and amended the direction on July 10, 2013 accepting a Third Party consent gateway as an alternative. The Company and TTSL (collectively to be referred as “TTL”) has complied and implemented the new direction on July 18, 2013.

Information on other important litigations concerning the Company is as under:

WLL (M) – Walky: Bharat Sanchar Nigam Limited (“BSNL”) raised on January 15, 2005 demands w.e.f. 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 Access Deficit Charge

(“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 passed in Petition No. 118/2008, has not considered the directions of SC given in 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 is yet to consider the Company's application for stay. BSNL has been raising demands and disconnection notices upon the Company and hence the Company have started paying under protest to BSNL. The Petition will be listed up in due course for hearing.

BSNL is being persuaded to start the reconciliation process. A beginning has been made in the Maharashtra circle.

Computation of Licence Fee: TDSAT held in July 2006 that licence fee is payable only on revenues arising out of licensed activities. TDSAT later on decided the items that were to be excluded /included in the revenues. TDSAT held that benefit would be available from date of filing of petition in TDSAT. DoT filed appeal before SC. TTL also filed an appeal that it should apply from the date of first demand from DoT. The SC vide judgment dated October 11, 2011 upheld DoT's appeal and has held that Licensees have accepted the definition in UASL many times and TDSAT has no authority to rewrite the definition. Licensees can only challenge DoT's demands and period of 60 days was allowed. The circle wise applications/Petitions in terms of the judgment of the SC had been filed with the TDSAT circle wise. Further, Replies and Rejoinders were also filed by DoT and TTL respectively. TDSAT restrained DoT from taking any coercive steps for enforcement of any the impugned demands without its permission. These Petitions are tagged up with the other similar petitions and will be listed in last week of September for final hearing.

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 demand notice in November 2012 to the Company for short payment of licence fee of Rs.24.63 Crores for the year 2006-07 and Rs.27.48 Crores for the year 2007-08. A Petition has been filed by the Company challenging the impugned demand notice dated November 8, 2012, wherein DoT has called upon the Company to pay for the short payment of licence fee. There is no short payment in the licence fee. The entire fee has been paid. DoT is including the non telecom items in the AGR while calculating the licence fee. The matter was heard by TDSAT and TDSAT granted a stay of no coercive action. The matter is pending before TDSAT, time has been granted to parties to complete pleadings and will be listed on September 3, 2013 for hearing.

Spectrum usage charges: Various Private Telecom operators including the Company had filed Petitions before TDSAT challenging the order of DoT dated February 25, 2010, thereby increasing the Spectrum usage charges to 3% from 2%. The TDSAT, vide its judgment dated September 1, 2010, upheld the order of DoT and ordered payment of all outstanding Spectrum

usage charges along with 18% interest. Some GSM operators have obtained a conditional stay from SC. TTL and AUSPI have also filed an appeal. However, TTL has been paying in full the increased charges under protest. The Appeals have been admitted and are on board for further hearing.

Port Access Charges: TDSAT held that effective May 29, 2010, old charges of Rs.55,000/- port instead of Rs.39,000/- port would apply. BSNL has appealed to SC to claim back-charges while TTL has appealed seeking quashing of TDSAT order. The SC has granted stay on the subject and had asked the operators to give an undertaking that in the event they do not succeed in appeal, they would secure the interests of BSNL. The operators have also been asked to furnish bank guarantees for the differential amount in the Port Charges to the court. The matter has been tagged along with the IUC Appeals and other connected matters such as TRAI Jurisdiction appeal and Access Charges Appeal's batch. All these matters were referred to a larger bench, which has heard parties on powers of TRAI and has reserved the judgment on December 4, 2012.

BSNL Infrastructure Charges on Active Links Retrospectively: On June 12, 2012, BSNL issued circular no.2-2/2009-R&C (CFA) imposing increased Infrastructure charges on the telecom service providers for active links with retrospective effect from April 1, 2009. The Company, along with other service providers, has challenged the said impugned circular before the Hon'ble TDSAT for quashing and setting aside the invoice bearing no. CGMT/MH/NC/0910/TTML/1205 seeking differential infra charges for the period April 1, 2009 to March 31, 2013 and notice of disconnection for Maharashtra circle. TTSL has also filed a similar petition before the TDSAT for Jammu & Kashmir circle. TDSAT has granted stay in favour of the private operators restraining BSNL from taking any coercive action to enforce the demand for differential infrastructure charges and giving effect to the disconnection notices issued consequent to the Impugned Circular dated June 12, 2012. TDSAT vide its detailed common order of October 3, 2012 has made interim order absolute. Matter was listed on July 4, 2013, time was granted to BSNL to file reply by July 26, 2013 and Rejoinder to be filed by TTML by August 6, 2013. BSNL has not filed reply as yet. Matter is listed on August 7, 2013 for framing of issues.

Interconnect Charges: The matter regarding the Rate dispute for interconnect and access charges till June 2003 has been tagged with the TRAI Jurisdiction batch Appeals, Port Charges appeals etc., and has been referred to a larger bench. The TRAI jurisdiction issue was taken up first and has been heard finally and the judgment on this issue has been reserved on December 4, 2012. The other connected/tagged matters will be dealt with separately as indicated by the larger bench. No new date has been given in this matter.

New Port Charges: Appeal Nos. 20 & 21 of 2012 have been filed by BSNL and MTNL respectively against TRAI, challenging the Port Charges Regulation dated September 18, 2012, effective from October 1, 2012. In the said Regulation, TRAI provided the rates per GMSE @ Rs.4,000/- and for Tax Tandems @ Rs.10,000/-. BSNL/MTNL have challenged the same before TDSAT. TTL have been impleaded in this matter through AUSPI. Vide detailed order dated October 31, 2012, TDSAT directed for the implementation of the New Port Charges Regulations of 2012 from October 1, 2012 onwards subject to the conditions that the operators will give an undertaking to compensate BSNL & MTNL in case the Appeals are allowed and no coercive action will be taken against BSNL

and MTNL in case the Port Charges paid for the year 2012-13 are not be refunded back to operators by them. The Appeals were pending and TDSAT became non-functional due to non-availability of its presiding officers.

Thereafter, BSNL issued a Circular dated February 8, 2013 and subsequent clarification letters dated February 22, 2013 and February 28, 2013 seeking Port charges @ Rs.55,000/- or BGs for the differential amount between 2007 and 2012 rates for renewal, surrender and additional Ports. The said Circular and clarification letters have been challenged by AUSPI and COAI and its members before Delhi High Court. The High Court vide order dated March 18, 2013, stayed the Circular dated February 8, 2013. However, it inter alia directed the Parties (Petitioners) that an undertaking be submitted by CMD of the respective companies to secure the interest of BSNL in the event BSNL's challenge to 2012 Regulation is allowed. The High Court further directed that the Companies should not alienate their assets except in usual course of business till the matter is sub-judice. Division bench of Delhi High Court partially relaxed the order of the single judge in favour of industry and remanded the matter back to the Ld. Single judge for final adjudication. This is coming up on August 8, 2013 before the Delhi High Court.

The TDSAT in the meanwhile has resumed its functions and the main Appeals before it (Appeal Nos. 20 & 21 of 2012) were listed on July 5, 2013 wherein permission to file reply was granted. The same is being prepared and will be filed soon. The TDSAT also directed to get the matters transferred back from Delhi High Court to TDSAT.

Penalty @ 150% by DoT due to Shortfall in Payment of License Fee: TDSAT has held in favour of TTL quashing penalty of Rs.15 Crores and interest on penalty of Rs.6 Crores levied on TTSL and Rs.19 Crores levied on the Company by DoT alleging shortfall in payment of license fee. DoT has filed statutory appeal before the SC against the judgment of TDSAT and the said appeal has been admitted on March 14, 2011. The appeal is tagged alongwith other batch appeals and the same was listed on July 30, 2013 before the SC for hearing. DoT had sought an adjournment. Matter to be listed on September 4, 2013 for hearing.

Bharti SMS Termination Charges: On October 31, 2011, Bharti filed a Petition before the TDSAT against TTL seeking payment towards SMS termination charges for a sum of Rs.287.34 Crores on net basis for the period June 2009 to September 2011 in terms of the SMS Agreements dated August 29, 2008 and September 4, 2008. TDSAT vide its Judgment dated August 30, 2012 allowed the Petition filed by Bharti. Thereafter, Bharti filed an Execution application before TDSAT praying for execution of the order dated August 30, 2012.

While the execution application was pending, TTL challenged the TDSAT judgment dated August 30, 2012 in Civil Appeal No. 7355/2012 before the SC and also filed an Interim Application seeking (i) stay of the Judgment; and (ii) execution proceedings before the TDSAT. The Appeal has been admitted without any stay. However the SC has made it clear that if the Appeal is allowed then Bharti shall have to refund the amount paid by TTL with interest at the rate of 12%.

TDSAT vide its judgment dated November 1, 2012 allowed the Execution Petition of Bharti in terms of the order of the SC and directed TTL to pay the decretal amount within a period of 4 weeks from the date. The payment of Rs.66.38 Crores was made by the Company on 'without prejudice' basis to Bharti.

Idea SMS Termination Charges: A Petition has been filed by the Company challenging the impugned communication issued by Idea Cellular Ltd. (Idea) calling upon the Company to pay SMS Termination charges of Rs.2,19,69,654/- for the period July 1, 2012 to October 31, 2012 and also execute fresh Agreement for SMS termination, failing which threatening to withdraw/terminate SMS services on December 7, 2012. Idea is seeking SMS termination charges @ 10 paise per SMS. TTSL has also filed a similar petition before the TDSAT.

The impugned demand has been stayed by the TDSAT vide Order dated December 6, 2012. TDSAT, as an interim arrangement, by its interim Order dated December 6, 2012 has in the interim fixed SMS Termination charges at the rate of 50% of the amount demanded by respondent (i.e., Idea) @ 10 paise per SMS on net inflow of traffic basis i.e., effectively 5 paise per SMS. This amount will be calculated and paid with effect from the date of filing of this petition i.e., December 5, 2012. The Company has filed an application for review of the interim order to exclude from interim order the circles for which agreement specifically provides for no SMS Termination charges (i.e., Bill & Keep). While the Petition and the review applications are pending new TRAI regulations have come into effect from June 1, 2013 which prescribes SMS Termination charges at 2 paise per SMS. The matter came up before TDSAT and the interim order of paying termination charge of Re.0.05/- per SMS to Idea has been modified to Re.0.02/- per SMS vide order dated July 23, 2013. Matter will be listed on August 29, 2013. Pleadings to be completed in the meanwhile.

Vodafone SMS Termination Charges: The Petition has been filed by TTL challenging the impugned disconnection letter issued by Vodafone threatening TTL to make the payment for the SMS Termination Charges @ 10 paise per SMS w.e.f. April 1, 2011. The said Petition was heard and the interim order was pronounced on November 27, 2012 wherein TTL has been directed to pay at the rate of 50% of @10 paise per SMS on the net inflow of traffic from the date of filing of petition i.e., effectively @ 5 paise from November 15, 2012 onwards to Vodafone. Application for review of the interim order has been filed. While the Petition and the review applications are pending new TRAI regulations have come into effect from June 1, 2013 which prescribes SMS Termination charges at 2 paise per SMS. The matter came up before TDSAT and the interim order of paying termination charge of Re.0.05/- per SMS to Vodafone has been modified to Re.0.02/- per SMS vide order dated July 23, 2013. Matter will be listed on August 29, 2013. Pleadings to be completed in the meanwhile.

Opportunities and Threats

The market continues to evolve and therein lies the opportunity for operators to move beyond their traditional business models and realign to the new age of Indian telecom. This upcoming era shall not be driven by price alone. Smartphone penetration levels in the Indian market have grown to 9-10% at an urban level and 4% overall on the back of year on year growth of close to 52%. This is an indicator of a paradigm shift in Indian wireless consumer behavior space as the consumption of voice minutes is supplanted by a marked uptake in data, application and rich content services.

Against the background of the changing market dynamics, it is increasingly becoming apparent that massive subscriber acquisitions may not be the only way forward for growth. It has to be driven by innovation across service offerings, process improvement and network optimization. The Company stands steadfast in its relentless drive towards non-price based

innovation in this new emerging marketplace.

Last year heralded the beginning of a potentially new round of consolidation in the Indian telecom industry and the re-emergence over the course of this year and the next of several regional players. The scope of opportunity for the Company is defined by garnering incremental market share through the space left open by the market consolidation.

The Company offers a bouquet of telecom services in Mumbai and Maharashtra (comprising Rest of Maharashtra and Goa) telecom circles and has the widest breadth of service offerings across technology platforms (2G, 3G [in Rest of Maharashtra circle], CDMA) encompassing landline, wireless (CDMA, GSM and 3G) Mobile Services, voice, data and broadband services across one unified and integrated brand 'Tata DOCOMO'.

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 outlook for the Company is positive despite regulatory risks in the short term. The telecom sector continues to offer opportunities, both in voice and data, to the quality operators in the long run.

Albeit a late entrant, the Company's GSM business has witnessed rapid growth all of last year driven by a focus on the High Value Customers ("HVC"), process improvement across business lines and brand strength. The growth in the GSM business shall continue to partly offset the decline in the CDMA business, a decline stemming by shrinking CDMA ecosystem.

While the initial expectations around 3G are yet to be realized, the changing demographics and consumer behavior in India hold the promise of a very bright future for high speed mobile broadband services.

The Company continues to target at chipping away market-share from the incumbents and strongly believes that while the growth story of the years gone by may have flattened, a comparison of teledensities with comparable regions shows that there still is significant untapped potential in the Indian mobile market.

The Company has and shall continue to roll out all necessary measures to realize this potential and stands steadfast in its resolve to be counted amongst the top 3 operators.

The Company offers its GSM services in 898 Towns and CDMA services in 947 towns. The Company covers vast population through a network of ~10,000 Base Transceiver Stations and ~14,000 km of optical fibre in this region and a significant single brand retail presence.

Risks and Concerns

As is the case with any infrastructure project, the Company is exposed to a number of risks such as regulatory risks, technology risks, financing risks, interconnection risks & competition risks. The Company monitors these risks through the oversight of senior management personnel in each of its business segments. The Company is exposed to the specific risks in connection with the regulatory & management of investment and the environment within which it operates. The Company aims to understand, measure and monitor the various

risks to which it is exposed and to ensure that it adheres, as far as reasonably and practically possible, to the policies and procedures established by it to mitigate these risks. The key risks include:

Regulatory Risks

Telecom Policies in areas of allocation of spectrum, EMF radiation, rollout obligation, 3G Intra Circle Roaming, License Fee, Green technology issues, security guidelines and the decision to charge One Time Spectrum Charges within contracted amount of spectrum etc. have led to litigation and these issues are now pending before various courts.

The Company's licences are for fixed periods and are renewable for additional terms at the discretion of the Government.

Technological Risks

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 the decline in the CDMA ecosystem.

Changes in technology may require the Company to invest in newer 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. Major portion of 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, Policy uncertainty has made it difficult to either obtain fresh loans or tap financial market.

Interconnection Risks

After the split verdict of TDSAT in respect of 3G ICR roaming arrangement, DoT issued fresh SCN to various operators purporting to levy penalty for providing 3G services through ICR arrangement in those areas where operator do not have 3G spectrum. The responses of various operators have been rejected by DoT and the matter is pending before the SC and Delhi High Court. The operators have been allowed to continue with the existing arrangement. However, the Court has directed them not to add any new 3G subscriber and to maintain separate account for all such existing subscribers on 3G ICR.

In respect of SMS termination, various operators have raised invoices claiming SMS termination charges @ 10 paise per SMS. The motivation to do so has come from the order passed by TDSAT coupled with the facts that the tariff for SMS

termination charge was under forbearance by TRAI. The Company has challenged the action of the other operators before the TDSAT, which has passed interim direction to pay SMS termination charge @ 5 paise per SMS on net inflow of traffic basis from the date of filing of the petition. TRAI has recently prescribed a termination rate of 2 paise per SMS and has also levied 5 paise per SMS on Transactional SMSs.

Competition Risks

The Indian telecommunication industry has witnessed intense competition in the last four years with the entry of new operators. The tariffs are still 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.

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 the 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 losses for the year.

Developments on Human Resources Front

The Company continued to invest in its people and held multiple capability development interventions across functions and levels to sharpen people skills to cater to the dynamic nature of the Industry.

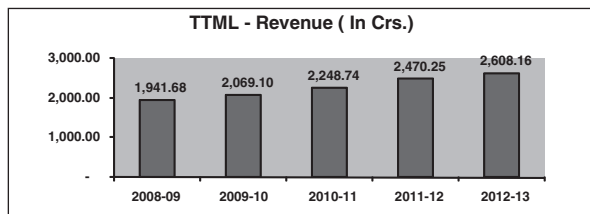
The Company strongly believes in the continuous growth and development of the employees. A robust framework Integrated

Leadership Development System ("ILDS") has been deployed during the year, which is a comprehensive mechanism for identifying, classifying, reviewing, development & grooming of leaders and succession planning. Talent Criticality and Potential Review - an automated user friendly system – has also been implemented for identifying key talent. Structured Leadership Training programs have also been conducted in partnership with IIM – Ahmedabad and TMTC (Tata Management Training Centre) to groom and develop leaders. The various initiatives undertaken by the Company have also been described in the Directors' Report. The Company had 1,386 employees on its rolls as on March 31, 2013 (Previous year 1,458 employees).

Key Financial Information & Operational Performance

Revenues from Telecommunication Services

During the year, revenues from telecommunication services increased to Rs.2,608.16 Crores (previous year Rs.2,470.25 Crores). This revenue growth was largely driven by increase in revenue from GSM Services.

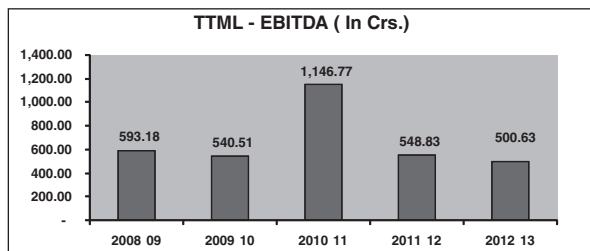


Other Income

Other income increased to Rs.77.39 Crores (previous year Rs.37.22 Crores).

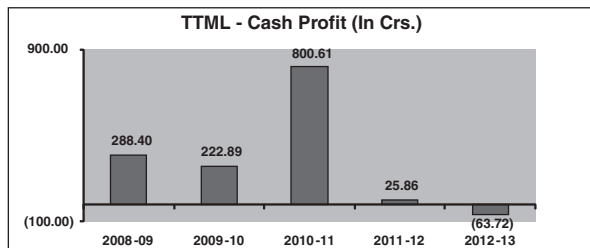
Earnings Before Interest, Depreciation, Taxation and Amortisation ("EBIDTA")

During the year, EBIDTA was Rs.500.63 Crores (previous year Rs.548.83 Crores).



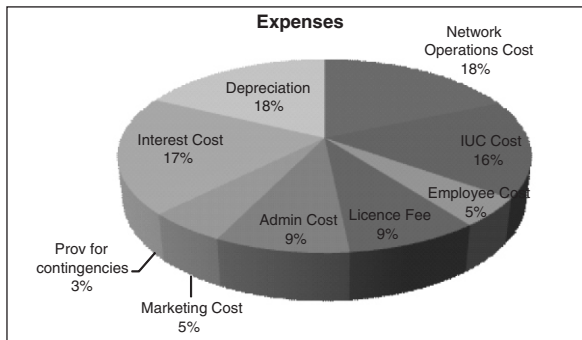
Cash Profit/Loss

During the year, Cash Loss was Rs. 63.72 Crores (Previous year was Cash Profit of Rs.25.86 Crores), mainly on account of one time charge for provision for contingencies aggregating Rs.72.54 Crores.



Expenses

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



Total depreciation for FY13 was Rs.595.05 Crores as compared to Rs.543.40 Crores in FY12.

Finance Charges

The Finance Charges increased from Rs.522.98 Crores to Rs.564.35 Crores due to higher long term borrowings and increase in interest rates.

Net Loss

The Company reported net loss of Rs.658.77 Crores for the year (previous year net loss Rs.517.55 Crores).

Fixed Assets

The Company continues to optimally grow its network in Mumbai and other cities in Maharashtra and Goa. The year-end Gross Block increased by Rs.393.39 Crores (Net of deletions of Rs.16.82 Crores but including foreign exchange fluctuation impact of Rs.174.48 Crores) to Rs.8,737.83 Crores (previous year Rs.8,344.44 Crores). The major increase in the Gross Block was on account of additions to transmission equipment and upgrade of existing sites. The Gross Block also includes the cost of 3G license fee of Rs.1,257.82 Crores.

The year-end Net Block has decreased from Rs.4,986.25 Crores to Rs.4,789.72 Crores. The year-end Capital Work-in-Progress is at Rs.26.72 Crores (previous year Rs.64.39 Crores).

Net Current Liabilities

The Net Current Liabilities increased from Rs.1558 Crores to Rs.1846 Crores primarily due to increase in short term borrowings.

Loan Funds

The total loan funds increased from Rs.5,520 Crores to Rs.6,296 Crores primarily to meet the working capital requirements and refinancing of short term loans.

AUDITORS' REPORT

TO THE MEMBERS OF TATA TELESERVICES (MAHARASHTRA) LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of Tata Teleservices (Maharashtra) Limited ("the Company") which comprise the Balance Sheet as at 31st March, 2013, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956 ("the Act") and in accordance with the accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2013;

- (b) in the case of the Statement of Profit and Loss, of the loss of the Company for the year ended on that date; and

- (c) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

Emphasis of Matter

Attention is invited to note no. 25.II. (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. 154.86 crores, being the LF on profit on sale of investment and bad debts written off during the earlier 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.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government in terms of Section 227(4A) of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required under provisions of Section 227(3) of the Act, we report that:
 - (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, Statement of Profit and Loss and Cash Flow Statement comply with the Accounting Standards referred to in Section 211(3C) of the Act.
 - (e) On the basis of written representations received from the directors as on 31st March, 2013 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2013 from being appointed as a director in terms of Section 274(1)(g) of the Act.

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

Saira Nainar
Partner

Mumbai, May 13, 2013

Membership No. 040081

ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

- (i) Having regard to the nature of the Company's business / activities / results during the year, clauses (xiii) and (xiv) of paragraph 4 of the Order are not applicable to the Company.
- (ii) In respect of its fixed assets:
 - (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
 - (b) The fixed assets were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanation given to us, 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 inventories:
 - (a) As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals.
 - (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories 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, to/from companies, firms or other parties covered 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 for the purchase of inventory and fixed assets and for the sale of goods

and services and during the course of our audit we have not observed any major weakness in such internal control system.

- (vi) According to the information and explanations given to us, the Company has not entered into any contracts or arrangements which are required to be entered in the Register maintained in pursuance of Section 301 of the Companies Act, 1956.
- (vii) According to the information and explanations given to us, the Company has not accepted any deposit from the public during the year. Hence the provision of clause (vi) of the Order is not applicable to the Company.
- (viii) In our opinion, the internal audit functions carried out during the year by firms 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 cost records maintained by the Company pursuant to the Companies (Cost Accounting Records) Rules, 2011 prescribed by the Central Government under Section 209(1)(d) of the Companies Act, 1956 and are of the opinion that, *prima facie*, the prescribed cost records have been maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- (x) According to the information and explanations given to us, in respect of statutory dues:
 - (a) The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Cess and other material statutory dues applicable to it with the appropriate authorities.
 - (b) There were no undisputed amounts payable in respect of Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Cess and other material statutory dues in arrears as at 31st March, 2013 for a period of more than six months from the date they became payable.
 - (c) Details of dues of Income-tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty and Cess which have not been deposited as on 31st March, 2013 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	Commissioner of Income Tax (Appeal)	A.Y. 2006-07	3.10
The Income-tax Act, 1961	Income tax demand	Commissioner of Income Tax (Appeal)	A.Y. 2009-10 - A.Y. 2012-13	12.41
The Income-tax Act, 1961	Income tax demand	Commissioner of Income Tax (Appeal)	A.Y. 2011-12	3.22
Finance Act	Service tax demand	Commissioner of Service Tax	Nov 2004 to April 2008	120.80

Statute	Nature of Dues	Forum where Dispute is pending	Period to which the amount relates	Amount involved (Rs. in Crores)
Finance Act	Service tax demand	CESTAT	April 2004 to March 2010	6.36
Finance Act	Service tax demand	Joint Commissioner Service Tax, Mumbai - II	2007-2012	0.10
Finance Act	Service tax demand	Commissioner Service Tax, Mumbai - II	April 2007 to March 2012	23.02
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 per cent of its net worth and the Company has not incurred cash losses during the financial year covered by our audit 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 financial institutions, banks and debenture holders.
- (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 by the Company during the year 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 of the Company, we report that funds raised on short-term basis have been used during the year for long-term investment to the extent of Rs.1,098.52 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, in our opinion, is prima facie not prejudicial to the interest of the Company.
- (xviii) According to the information and explanations given to us, the Company has not issued any debentures during the year.
- (xix) According to the information and explanations given to us, 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 material fraud on the Company has been noticed or reported during the year.

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

Saira Nainar
Partner

Mumbai, May 13, 2013

Membership No. 040081

BALANCE SHEET AS AT MARCH 31, 2013

	Note No.	As at March 31, 2013 Rs. in crores	As at March 31, 2012 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	(3,689.95)	(3,031.18)
		(1,792.75)	(1,133.98)
(2) Non Current Liabilities			
(a) Long-term borrowings	5	4,897.00	4,595.69
(b) Other long-term liabilities	6	66.86	235.65
(c) Long-term provisions	7	5.15	4.52
		4,969.01	4,835.86
(3) Current Liabilities			
(a) Short-term borrowings	8	1,071.91	703.80
(b) Trade payables	9	789.19	766.58
(c) Other current liabilities	10	759.82	756.83
(d) Short-term provisions	11	223.20	169.95
		2,844.12	2,397.16
Total		6,020.38	6,099.04
II. ASSETS			
(1) Non-Current Assets			
(a) Fixed assets	12		
(i) Tangible assets (Net Block)		3,246.18	3,295.70
(ii) Intangible assets (Net Block)		1,543.55	1,690.55
(iii) Capital work-in-progress		26.72	64.39
		4,816.45	5,050.64
(b) Long-term loans and advances	13	205.46	208.75
(2) Current Assets			
(a) Current Investments	14	50.35	-
(b) Inventories	15	3.19	3.81
(c) Trade receivables	16	297.67	304.76
(d) Cash and bank balances	17	86.31	137.39
(e) Short-term loans and advances	18	358.17	246.66
(f) Other current assets	19	202.78	147.03
		998.47	839.65
Total		6,020.38	6,099.04

See accompanying notes forming part of the financial statements

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

Saira Nainar
Partner

For and on behalf of the Board

Kishor A. Chaukar
(Chairman)

D. T. Joseph
(Director)

N. S. Ramachandran
(Director)

S G Murali
(Chief Financial Officer)

Place: Mumbai
Date : May 13, 2013

N. Srinath
(Managing Director)

Nadir Godrej
(Director)

Amal Ganguli
(Director)

Bhaskar Chandran
(President - Legal, Regulatory &
Company Secretary)

Prof. Ashok Jhunjunwala
(Director)

Koji Ono
(Director)

Place: Mumbai
Date : May 13, 2013

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2013

	Note No.	For the year ended March 31, 2013 Rs. in crores	For the year ended March 31, 2012 Rs. in crores
I. Income			
(a) Revenue from operations	20	2,634.54	2,488.44
(b) Other income	21	51.01	19.03
TOTAL REVENUE		2,685.55	2,507.47
II. EXPENSES			
(a) Employee benefits expenses	22	159.81	174.46
(b) Operating and other expenses	23	1,929.57	1,770.90
(c) Finance cost	24	564.35	522.98
(d) Depreciation and amortisation expenses	12	595.05	543.40
(e) Provision for contingencies	25	95.54	13.28
TOTAL EXPENSES		3,344.32	3,025.02
III. Loss for the year		(658.77)	(517.55)
IV. Earnings per share - Basic and Diluted (Rs.) (Refer note 37)		(3.47)	(2.73)
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

Saira Nainar
Partner

For and on behalf of the Board

Kishor A. Chaukar
(Chairman)

D. T. Joseph
(Director)

N. S. Ramachandran
(Director)

S G Murali
(Chief Financial Officer)

Place: Mumbai
Date : May 13, 2013

N. Srinath
(Managing Director)

Nadir Godrej
(Director)

Amal Ganguli
(Director)

Bhaskar Chandran
(President - Legal, Regulatory &
Company Secretary)

Prof. Ashok Jhunjunwala
(Director)

Koji Ono
(Director)

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2013

	April 1, 2012 to Mar 31, 2013 Rs. in crores	April 1, 2011 to Mar 31, 2012 Rs. in crores
A Cash flows from operating activities		
Net Loss before tax	(658.77)	(517.55)
Adjustments for :		
Depreciation/Amortisation	595.05	543.40
Loss / (Profit) on fixed assets sold (Net)	7.85	(12.47)
Profit on redemption of units (Current investment)	(0.52)	(0.98)
Interest income	(7.34)	(0.80)
Excess provision / Sundry credit balances in respect of earlier years written back	(39.80)	(13.16)
Provision for doubtful debts and advances	58.35	28.70
Provision for contingencies (Refer note 39)	29.17	13.28
Finance cost	564.35	522.98
	<u>1207.11</u>	<u>1,080.95</u>
Operating profit before working capital changes	548.34	563.40
Changes in working capital:		
Adjustments for (increase) / decrease in operating assets:		
Inventories	0.62	(0.03)
Trade receivables	(51.26)	(96.83)
Short-term loans and advances	(82.75)	41.38
Long-term loans and advances	3.29	(4.11)
Other current assets	(56.06)	(36.55)
Adjustments for increase / (decrease) in operating liabilities:		
Trade payables	52.88	(3.53)
Other current liabilities	150.52	78.90
Other long-term liabilities	(242.06)	(244.67)
Short-term provisions	3.39	(2.08)
Long-term provisions	0.63	0.53
Cash generated from operations	327.54	296.41
Taxes paid	(28.75)	(30.45)
Net cash generated from operating activities	298.79	265.96
B Cash flow from investing activities		
Purchase of fixed assets (including capital advances)	(469.18)	(443.77)
Proceeds from sale of fixed assets	3.85	16.13
Investment in term deposits	(48.50)	-
Purchase of current investments	(366.28)	(816.57)
Sale of current investments	366.80	817.55
Interest received	7.26	0.80
Net cash used for investing activities	(506.05)	(425.86)
C Cash flow from financing activities		
Proceeds from long term borrowings	504.14	2,880.21
Repayment of long term borrowings	(304.07)	(194.71)
Current maturities of long term borrowings	129.60	19.47
Proceeds from short term borrowings	1,032.50	1,319.90
Repayment of short term borrowings	(687.50)	(3,112.72)
Proceeds / (Repayment) of acceptances and cash credit accounts (Net)	23.11	(192.34)
Finance cost paid	(539.75)	(497.20)
Net cash generated from financing activities	158.03	222.61
Net increase in cash or cash equivalents	(49.23)	62.71
Cash and cash equivalents at the beginning of the year	137.39	74.68
Cash and cash equivalents at the end of the year	88.16	137.39
Reconciliation of cash and cash equivalents with the Balance Sheet:		
Cash and Bank Balances (Refer Note 17)	86.31	137.39
Less: Bank balances not considered as cash and cash equivalents as		
- In other deposit accounts (original maturity more than 3 months)	48.50	-
Add: Current investments considered as part of cash and cash equivalents (Refer Note 14)	50.35	-
Cash and cash equivalents at the end of the year	88.16	137.39

In terms of our report attached

For Deloitte Haskins & Sells
Chartered Accountants
Saira Nainar
 Partner

For and on behalf of the Board

Kishor A. Chaukar
 (Chairman)

D. T. Joseph
 (Director)

N. S. Ramachandran
 (Director)

S G Murali
 (Chief Financial Officer)

 Place: Mumbai
 Date : May 13, 2013

N. Srinath
 (Managing Director)

Nadir Godrej
 (Director)

Amal Ganguli
 (Director)

Bhaskar Chandran
 (President - Legal, Regulatory &
 Company Secretary)

Prof. Ashok Jhunjhunwala
 (Director)

Koji Ono
 (Director)

 Place: Mumbai
 Date : May 13, 2013

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 and 3G spectrum in Maharashtra and Goa circle (excluding Mumbai).

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).

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/ amortisation and impairment loss. Cost includes all costs incurred to bring the assets to their working condition and location (Also refer note 31) 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 and 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.

Indefeasible Rights of 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	
- Network Equipment	12
- Outside Plant	18
- Air- Conditioning Equipment	6
- Generators	6
- Electrical Equipments	4-6
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 are amortised 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".
- 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.
- 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 and translations

- i. Transactions in foreign currency are recorded at the original rates of exchange in force at the time transactions are effected.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

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 31).

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 except those relating to hedged long term assets / liabilities which pertain to acquisition of fixed assets which are adjusted to the cost of fixed assets (refer note 31).

f) Derivative financial instruments

Pursuant to the announcement on accounting for derivatives issued by the Institute of Chartered Accountants of India (ICAI), the Company 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 recognised as income (refer note 32 (ii)).

g) 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.

Compensated absences are provided for on the basis of actuarial valuation as at the end of the year.

h) 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.

Income from rendering other operating services are recognised as the services performed.

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

i) 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.

j) Borrowing costs

Costs of borrowing related to the acquisition or construction of fixed assets that are attributable to the Qualifying assets are capitalised as part of the cost of such asset. All other borrowing costs are recognized as expenses in the periods in which they are incurred.

k) Earnings per share

Basic 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. 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.

l) 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.

m) 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.

n) 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.

o) Impairment of assets

At each balance sheet date, the Company reviews the carrying amounts of its fixed assets to determine whether there is any indication that those assets suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

determine the extent of the impairment loss. The recoverable amount is the higher of an 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 that reflects the current market assessments of the time value of money and risks specific to the asset.

p) 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.

q) Contingent Liabilities

Provisions are recognized in respect of present probable obligations, the amount of which can be reliably estimated. Contingent Liabilities are disclosed in respect of possible obligations that may arise from past events whose existence and crystallization is confirmed by the occurrence or non-occurrence of one or more uncertain future events not within the control of the Company.

Note 3 :

Share Capital

a) Authorised, issued, subscribed and paid up Share Capital:

Authorised:

	As at March 31, 2013 Numbers	Rs. in crores	As at March 31, 2012 Numbers	Rs. in crores
Equity shares of Rs.10/- each with voting rights	2,500,000,000	2,500.00	2,500,000,000	2,500.00
	<u>2,500,000,000</u>	<u>2,500.00</u>	<u>2,500,000,000</u>	<u>2,500.00</u>

Issued, subscribed and paid up:

Equity shares of Rs.10/- each fully paid-up with voting rights	1,897,196,854	1,897.20	1,897,196,854	1,897.20
	<u>1,897,196,854</u>	<u>1,897.20</u>	<u>1,897,196,854</u>	<u>1,897.20</u>

b) Reconciliation of the number of shares outstanding:

Equity shares outstanding at the beginning of the year	1,897,196,854	1,897.20	1,897,196,854	1,897.20
Increase during the year	-	-	-	-
Decrease during the year	-	-	-	-
Equity shares outstanding at the end of the year	<u>1,897,196,854</u>	<u>1,897.20</u>	<u>1,897,196,854</u>	<u>1,897.20</u>

c) Terms/rights attached to equity shares:

The Company has only one class of equity shares having par value of Rs 10 per share. Each holder of equity shares is entitled to one vote per share.

d) Equity shares held by the ultimate holding company and its subsidiaries and associates:

Of the above 1,244,664,393 equity shares are held by Tata Sons Limited (the ultimate holding company) and its subsidiaries and associates as follows:

Name of the Shareholder	Relationship	As at March 31, 2013 (Refer Note below)	As at March 31, 2012
Tata Sons Limited	Ultimate holding company	-	393,065,478
Tata Teleservices Limited	Subsidiary of ultimate holding company	-	714,317,891
The Tata Power Company Limited	Associate of ultimate holding company	-	137,263,174
Panatone Finvest Limited	Subsidiary of ultimate holding company	-	17,850

Note: Tata Sons Limited ceased to be the ultimate holding company w.e.f March 26, 2013

e) Details of equity shares held in the Company by each shareholder holding more than 5% shares

Name of the Shareholder	As at March 31, 2013		As at March 31, 2012	
	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
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
The Tata Power Company Limited	137,263,174	7.24	137,263,174	7.24

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

	As at March 31, 2013 Rs. in crores	As at March 31, 2012 Rs. in crores		As at March 31, 2013 Rs. in crores	As at March 31, 2012 Rs. in crores
Note 4 :			Note 6 :		
Reserves and Surplus			Other Long-Term Liabilities		
			Others:		
(a) Securities Premium Reserve :	583.16	583.16	(a) Deposits from customers and others	0.48	1.42
(b) Deficit in Statement of Profit and Loss			(b) Payables on purchase of fixed assets - Under usance letter of credit	66.38	234.23
Opening balance	(3,614.34)	(3,096.79)		66.86	235.65
Add: Loss for the year	(658.77)	(517.55)			
Closing balance	(4,273.11)	(3,614.34)			
	(3,689.95)	(3,031.18)			
Note 5 :			Note 7 :		
Long-Term Borrowings			Long-Term Provisions		
Secured			Provision for employee benefits		
(a) Term Loans			For compensated absences	4.26	3.63
- From banks (Gross)	3,272.90	3,097.37	Others:		
Less Current maturities of long term debt	278.15	148.55	For asset retirement obligation (site restoration cost)	0.89	0.89
	2,994.75	2,948.82		5.15	4.52
(b) External Commercial Borrowings (ECB)	1,902.25	1,646.87			
	4,897.00	4,595.69			
Notes :			Note 8 :		
(a) Term Loans from banks			Short-Term Borrowings		
i) Stipulated securities for the loans are first pari pasu charge on the assets of the Company and one or more of the following as per terms of the arrangements with respective banks:			(a) Secured		
- by pledge of shares held by Tata Teleservices Limited in the Company,			From Banks		
- by assignment of the proceeds on sale of network in the event of cancellation of the telecom license,			(i) Short-Term Loans	290.00	75.00
- by assignment of telecom license,			(ii) Cash Credit Accounts	10.87	51.79
- by assignment of insurance policies and material project contracts,			(iii) Buyers' Credit	316.04	252.01
- by sponsor support undertaking of Tata Sons Limited				616.91	378.80
ii) Terms of repayment :-			(b) Unsecured		
- Term loans from banks are repayable in 36 quarterly instalments ending on 1st January, 2019			(i) From Banks		
iii) Interest rate :-			Short-Term Loans	415.00	325.00
- Interest rate for rupee long term loan is in the range of 10.75% to 11.00 % p.a.			(ii) Inter corporate deposits	40.00	-
(b) External Commercial Borrowings (ECB)				455.00	325.00
i) Stipulated securities for the loans are first pari pasu charge on the assets of the Company and one or more of the following as per terms of the arrangements with respective banks:				1,071.91	703.80
- by pledge of shares held by Tata Teleservices Limited in the Company,					
- by assignment of the proceeds on sale of network in the event of cancellation of the telecom license,					
- by assignment of telecom license,					
- by assignment of insurance policies and material project contracts,					
- by sponsor support undertaking of Tata Sons Limited					
ii) Terms of repayment :-					
- ECB loans are repayable in 3 annual instalments commencing from 31st March, 2020					
iii) Interest rate :-					
- Interest rate on ECB is linked to 6 months LIBOR + Spread (Spread not exceeding 4.5% p.a)					
			Notes :		
			Short-Term Borrowings - Secured		
			(a) Short-Term Loans		
			i) Stipulated securities for the loans are first pari pasu charge on the assets of the Company		
			ii) Interest rate :-		
			- Interest rate for rupee short term loan is in the range of 10.75% to 11.30 % p.a.		
			(b) Cash Credit Accounts		
			i) Stipulated securities for the loans are first pari pasu charge on the assets of the Company		
			ii) Interest rate :-		
			- Interest rate for cash credit is in the range of bank base rate + 1.75 % to 3.50% p.a.		
			(c) Buyers' Credit		
			i) Stipulated securities for the loans are first pari pasu charge on the assets of the Company		
			ii) Interest rate :-		
			- Buyers' credit is linked with LIBOR + Spread as applicable		

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

	As at March 31, 2013 Rs. in crores	As at March 31, 2012 Rs. in crores		As at March 31, 2013 Rs. in crores	As at March 31, 2012 Rs. in crores
Note 9 :			Note 11		
Trade Payables (Refer note 30)			Short-term Provisions		
(a) Total outstanding dues of Micro Enterprises and Small Enterprises	0.27	0.34	Provision for employee benefits		
(b) Total outstanding dues of creditors other than Micro Enterprises and Small Enterprises	739.95	693.79	(a) For compensated absences	0.98	0.17
(c) Acceptances	48.97	72.45	(b) For gratuity	3.50	0.92
	<u>789.19</u>	<u>766.58</u>	Provision - Others:		
			(a) For contingencies	197.31	168.14
			(b) For wealth tax	0.01	0.01
			(c) For estimated loss on derivatives	21.40	0.71
				<u>223.20</u>	<u>169.95</u>
Note 10 :					
Other Current Liabilities					
(a) Current maturities of long term debt (refer note 5 (a) i) & iii) above)	278.15	148.55			
(b) Interest accrued but not due on loans	32.37	28.46			
(c) Income received in advance	65.13	80.99			
(d) Other payables :					
(i) Temporary overdrawn bank balances as per books	0.15	1.05			
(ii) Statutory liabilities	10.10	15.04			
(iii) Deposits from customers	66.80	62.43			
(iv) Payable on purchase of fixed assets					
- Under Usance Letter of Credit	197.13	283.01			
- Other than Under Usance Letter of Credit	109.99	137.30			
	<u>759.82</u>	<u>756.83</u>			
:					

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, 2012	Additions	Deletions	Effect of foreign currency exchange differences	As at March 31, 2013	Upto March 31, 2012	For the year	Deletions	Upto March 31, 2013	As at March 31, 2013	As at March 31, 2012
(i) Tangible Assets											
Land											
Leasehold Land	7.11	-	-	-	7.11	1.43	0.11	-	1.54	5.57	5.68
Freehold Land	0.17	-	-	-	0.17	-	-	-	-	0.17	0.17
Office premises	6.86	-	-	-	6.86	1.79	0.11	-	1.90	4.96	5.07
Buildings	16.43	-	-	-	16.43	1.54	0.27	-	1.81	14.62	14.89
Plant and Machinery	5,841.80	216.48	16.46	174.48	6,216.30	2,578.78	429.87	4.84	3,003.81	3,212.49	3,263.02
(Refer Note (a) below)											
Furniture, Fixtures and Office Equipment	109.39	10.15	0.09	-	119.45	102.78	8.47	0.03	111.22	8.23	6.61
Vehicles	1.05	-	0.27	-	0.78	0.79	0.10	0.25	0.64	0.14	0.26
Total	5,982.81	226.63	16.82	174.48	6,367.10	2,687.11	438.93	5.12	3,120.92	3,246.18	3,295.70
Previous year	5,278.27	453.07	7.20	258.67	5,982.81	2,307.03	383.62	3.54	2,687.11		
(ii) Intangible Assets											
Licenses	2,183.03	-	-	-	2,183.03	597.67	142.49	-	740.16	1,442.87	1,585.36
Indefeasible Rights of Use ("IRU")	138.54	8.58	-	-	147.12	38.03	10.20	-	48.23	98.89	100.51
Computer Software	40.06	0.52	-	-	40.58	35.38	3.41	-	38.79	1.79	4.68
Total	2,361.63	9.10	-	-	2,370.73	671.08	156.10	-	827.18	1,543.55	1,690.55
Previous year	2,342.89	18.74	-	-	2,361.63	511.30	159.78	-	671.08		
(iii) Capital Work-In-Progress:											
Capital inventory [net of provision for obsolescence of Rs. 6.61 crores (previous year Rs. 15.75 crores)]										15.58	47.76
Assets under construction										11.14	16.63
									TOTAL	26.72	64.39
										4,816.45	5,050.64

Notes:

- Refer Note 31 regarding adjustment of foreign exchange differences on account of notification issued by Central Government.
- Remaining amortisation period for License fees is -
- for providing services using CDMA and GSM technology - 4.50 years (Previous Year 5.5 years)
- for providing services using 3G technology - 17.25 years (Previous year 18.25 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, 2013 Rs. in crores	As at March 31, 2012 Rs. in crores		As at March 31, 2013 Rs. in crores	As at March 31, 2012 Rs. in crores
Note 13 :			Note 17 :		
Long-Term Loans and Advances			Cash and Bank Balances		
Unsecured - considered good			(a) Cash and Cash Equivalents		
(a) Capital advances	15.49	15.88	(i) Cash in hand	0.04	0.02
(b) Premises and other deposits	32.41	30.79	(ii) Cheques on hand	0.36	0.03
(c) Prepaid expenses	2.70	7.22	(iii) Balance with banks in		
(d) Advance to suppliers	154.86	154.86	- Current accounts	29.91	47.03
	<u>205.46</u>	<u>208.75</u>	- Cash credit accounts	0.10	0.34
			- Term deposits with original maturity less than 3 months	7.40	89.97
				<u>37.81</u>	<u>137.39</u>
Note 14 :			(b) Other Bank Balances		
Current Investments (Un-quoted)			- Term deposits with original maturity more than 3 months but less than 12 months	48.50	-
(Valued at lower of cost and fair value)				<u>86.31</u>	<u>137.39</u>
Investments in Mutual Fund					
SBI liquid fund (273,419.43 units with face value of Rs. 1,000 each; fair value - Rs. 50.42 crores)	50.35	-			
	<u>50.35</u>	<u>-</u>			
			Note 18		
Note 15 :			Short-Term Loans and Advances		
Inventory			(Unsecured)		
(at lower of cost and net realisable value)			(a) Advances to employees (considered good)	0.71	0.83
Traded goods - Starter Kits	3.19	3.81	(b) Balance with government authorities (considered good)	83.56	34.78
	<u>3.19</u>	<u>3.81</u>	(c) Advance tax paid (Tax deducted at source)	75.56	46.81
			(d) Premises and other deposits (considered good)	37.45	37.20
Note 16 :			(e) Advances to related parties (considered good) (Refer note below)	50.39	28.11
Trade Receivables			(f) Prepaid expenses (considered good)	16.88	22.66
(Unsecured)			(g) Advances to suppliers		
(a) Outstanding for a period exceeding six months from the date they were due for payment			Secured, considered good	-	-
- Unsecured considered good	23.25	28.15	Unsecured, considered good	93.62	76.27
- Doubtful	141.30	77.64	Doubtful	2.87	2.88
Less: Provision for doubtful trade receivables	141.30	77.64	Less : Provision for doubtful advances	2.87	2.88
	<u>23.25</u>	<u>28.15</u>		<u>93.62</u>	<u>76.27</u>
(b) Others				<u>358.17</u>	<u>246.66</u>
- Unsecured considered good	274.42	276.61			
- Doubtful	15.73	21.04	Note :		
Less: Provision for doubtful trade receivables	15.73	21.04	Advances to related parties include :		
	<u>274.42</u>	<u>276.61</u>	Tata Teleservices Limited	50.39	27.36
	<u>297.67</u>	<u>304.76</u>	Drive India Enterprise Solutions Limited*	-	0.74
			Tata AIG General Insurance Company Limited*	-	0.01
				<u>50.39</u>	<u>28.11</u>

*No longer a related party from March 26, 2013

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

	As at March 31, 2013 Rs. in crores	As at March 31, 2012 Rs. in crores	April 1, 2012 to March 31, 2013 Rs. in crores	April 1, 2011 to March 31, 2012 Rs. in crores
Note 19				
Other Current Assets				
(a) Unbilled debtors	79.86	48.33		
(b) Unamortised expenses				
- Ancillary borrowing costs	5.04	5.04		
- Premium on forward contracts	12.15	9.49		
(c) Interest accrued on deposits	0.70	0.62		
(d) Amount paid under dispute [Also refer note 25]	105.03	83.55		
	<u>202.78</u>	<u>147.03</u>		
April 1, 2012 to March 31, 2013 Rs. in crores		April 1, 2011 to March 31, 2012 Rs. in crores		
Note 20 :				
REVENUE FROM OPERATIONS				
(a) Telecommunication services				
(i) Telephony	2,231.29	2,086.86		
(ii) Internet services	111.78	106.53		
(iii) Interconnection usage charges	250.63	243.20		
(iv) Sale of traded goods	14.46	33.66		
	<u>2,608.16</u>	<u>2,470.25</u>		
(b) Other operating income				
(i) Income from rendering of services	25.71	-		
(ii) Infrastructure sharing	0.67	3.77		
(iii) Profit on fixed assets sold / written off (Net)	-	12.21		
(iv) Subsidies from Department of Telecommunications (DoT)	-	2.21		
	<u>26.38</u>	<u>18.19</u>		
	<u>2,634.54</u>	<u>2,488.44</u>		
Note 21 :				
Other income				
(a) Excess provision / sundry credit balances in respect of earlier years written back	39.80	13.16		
(b) Interest income on term deposits with banks	7.34	0.80		
(c) Profit on sale / redemption of units (Current investment)	0.52	0.98		
(d) Miscellaneous receipts	3.35	4.09		
	<u>51.01</u>	<u>19.03</u>		
Note 22 :				
Employee benefits expenses				
(a) Salaries and bonus	143.11	158.73		
(b) Contribution to provident and other funds	9.75	7.02		
(c) Staff welfare	6.95	8.71		
	<u>159.81</u>	<u>174.46</u>		
Note 23 :				
Operating and other expenses				
(a) Network operation costs				
(i) Repairs and maintenance - plant and machinery	55.52	44.33		
(ii) Power	189.84	159.28		
(iii) Rent	106.17	75.94		
(iv) Rates and taxes	1.27	1.59		
(v) Insurance	1.39	1.32		
(vi) Infrastructure sharing cost	235.87	202.95		
(vii) Miscellaneous	28.38	32.19		
	<u>618.44</u>	<u>517.60</u>		
(b) Interconnection and other access costs				
	546.44	475.39		
(c) License fees and spectrum charges				
	293.34	269.81		
(d) Administrative and other expenses				
(i) Rent	10.31	11.86		
(ii) Rates and taxes	1.65	3.70		
(iii) Repairs and maintenance -others	13.16	13.78		
(iv) Travel and conveyance	11.38	9.36		
(v) Collection/credit verification charges	26.73	18.25		
(vi) Customer service and call centre cost	112.26	113.50		
(vii) Legal and profession fees	11.16	11.37		
(viii) Provision for doubtful debts and advances	58.35	28.70		
(ix) Insurance	0.01	0.06		
(x) Loss on fixed assets sold / written off (Net)	7.85	-		
(xi) Miscellaneous expenses	43.11	37.79		
	<u>295.97</u>	<u>248.37</u>		
(e) Marketing and business promotion expenses				
(i) Advertisement and business promotion expenses	55.35	103.56		
(ii) Hand set subsidy	26.48	34.23		
(iii) Sales commission and expenses	81.48	108.06		
(iv) Traded goods - starter kits				
Opening stock	3.81	3.78		
Add: Purchases	11.45	13.91		
Less: Closing stock	3.19	3.81		
	<u>12.07</u>	<u>13.88</u>		
	<u>175.38</u>	<u>259.73</u>		
	<u>1,929.57</u>	<u>1,770.90</u>		

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

	April 1, 2012 to March 31, 2013 Rs. in crores	April 1, 2011 to March 31, 2012 Rs. in crores
Note 24 :		
Finance cost		
(a) Interest expense		
On Term loans	500.66	417.51
On Inter-corporate deposits	2.48	-
On Cash credit accounts	6.62	1.63
On Acceptances	18.72	42.61
(b) Expenses for loan arrangement, bill discounting and bank charges	16.29	21.86
(c) Foreign exchange fluctuations (Net) (Refer note 31)	19.58	39.37
	<u>564.35</u>	<u>522.98</u>

25 Contingent liabilities and commitments

	As at March 31, 2013 Rs. in crores	As at March 31, 2012 Rs. in crores
I) Commitments:		
Estimated amount of contracts for tangible assets remaining to be executed on capital account and not provided for (net of advances)	113.65	223.66
II) Contingent Liabilities		
i) Claims against the company not acknowledged as debt		
Telecom regulatory matters* (Refer notes below)	309.10	112.84
Others**	314.08	269.17
 * Amounts are net of provision for contingencies made aggregating Rs 191.15 crores (previous year Rs. 168.14 crores)		
** Amounts are net of provision for contingencies made aggregating Rs 103.28 crores (previous year Rs 30.74 crores)		
Bank guarantees	251.13	254.86
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.

Notes:

Contingent liabilities in respect of telecom regulatory matters include:

- a) Bharat Sanchar Nigam Limited (BSNL) issued demand notices to pay Access Deficit Charge (ADC) aggregating 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 Rs.30.14 crores pertaining to ADC for the period from August 26, 2005 upto February 28, 2006. The balance amounts aggregating Rs.136.76 crores have been disclosed as Contingent Liability under 'Others'.

The Company during the period has made an on account payment to BSNL of Rs.0.66 crores; payments made till date aggregates Rs 111.61 crores (previous year - Rs 110.95 crores) in relation to the above.

- b) 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

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

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. 111.25 crores from DoT on January 3, 2013 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 27th April 2012. TDSAT has asked the Company to file the application as a misc. petition which was filed and has been admitted. The Company has filed its reply to the revised demand note. The demand is not in line with TDSAT order mentioned above. The WPC has additionally raised in Mar'13, demands for the financials years 2009-10, 2010-11 and 2011-12 aggregating Rs. 11.26 crores. The Company has sought details from WPC on the aforesaid demands.

- 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.154.86 crores, being the LF on profit on sale of investment and bad debts written off during an earlier year, as contingent liability and has also made payment of the same to DoT under protest. (Also refer * in Note 25 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 judgment and further the replies and rejoinders were also filed by DoT and TTML respectively. TDSAT restrained DoT from taking any coercive steps for enforcement of any impugned demands without its permission.

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.

- d) During the previous year, the Company 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. 52.11

crores. The Company had replied to DoT against the SCN in the previous year. The Company in November 2012 received a demand note from DoT. The Company has filed a petition before TDSAT against the demand. The matter was heard by TDSAT and TDSAT granted stay and restrained DoT from taking coercive action.

- e) A demand note for Rs. 290.17 crores for start up spectrum beyond 2.5MHz, being a one time spectrum charges claimed for the period from 1st January 2013 till the date of expiry of the licence, was received from the DoT. The company has filed a writ petition in the High Court against the demand and obtained a stay order. The Company has undertaken to surrender 1.25 MHz of CDMA spectrum after retaining 1.25 Mhz of spectrum over and above start up spectrum of 2.5 MHz in Mumbai and to surrender the spectrum beyond 2.5 Mhz in Maharashtra. The licence fees on the basis of the demand, for the spectrum retained amount to Rs. 104.58 crores for Mumbai. The Company has also paid under protest the first installment of Rs. 29.90 crores subsequent to the year. It is not expected that there would be any significant adverse effect on the Company's business on account of the spectrum to be surrendered.

	As at March 31, 2013 Rs. in crores	As at March 31, 2012 Rs. in crores
ii) Disputed income tax demands with respect to tax deducted at source and other matters in appeals before relevant authorities	26.03	70.66
iii) Notices received from Service Tax authorities:		
Show cause notices	26.28	60.60
Demand notices	127.17	6.36
iv) Sales Tax	0.09	0.09
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 millions (Rs. 404.41 crores) to be fulfilled during a period of 8 years commencing from the 29th January 2003, failing which the Company will be liable to pay the differential customs duty, together with interest and penalties, if imposed. Till the end of the period, the Company has fulfilled the export obligation to the extent of Rs.95.53 crores (previous year Rs 65.53 crores). The Company has received extension of time for fulfilling the obligations in respect of certain licenses. The Company filed a writ petition before the Bombay High Court against the decision of Policy Interpretation Committee (PIC) of Directorate General of Foreign Trade (DGFT) and the Bombay High Court quashed the decision of PIC and directed PIC to consider the matter afresh in accordance with the law in 4 months. The PIC has again decided that TTML & TCS are not group companies. The Company has again filed a writ petition in Bombay High Court against decision of PIC.		

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

vi) 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.

26 Payments to Auditors (excluding service tax)

	2012-13 Rs. in crores	2011-12 Rs. in crores
i) For audit	0.25	0.25
ii) For taxation matters	0.05	0.05
iii) For other services (for quarterly audits, certification work etc.)	0.26	0.29
iv) For reimbursement of expenses	0.02	0.02
	<u>0.58</u>	<u>0.61</u>

27 Value of imports on CIF basis in respect of:

	2012-13 Rs. in crores	2011-12 Rs. in crores
Capital goods	42.66	112.98

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

	2012-13 Rs. in crores	2011-12 Rs. in crores
Interest	117.21	95.87
Other	3.36	4.42
	<u>120.57</u>	<u>100.29</u>

29 Value of capital inventory consumed during the year:

	2012-13 Rs. in crores	%	2011-12 Rs. in crores	%
Spare parts - indigenous	0.51	100.00	0.38	100.00

30 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.

31 Pursuant to the notification issued by the Central Government extending the applicability of amendment to Accounting Standard 11 on 'The Effects of Changes in Foreign Exchange Rates' upto March 31, 2020, which provides an option for adjustment of foreign exchange gain / loss arising on long term foreign currency borrowings against the carrying value of related fixed assets, the Company has continued to exercise the option and has adjusted exchange loss aggregating Rs.174.48 crores for the year ended March 31, 2013 (Previous year Rs. 258.67 crores) against the carrying value of fixed assets. The balance amount, based on aforesaid adjustments, of plant and machinery to be amortised, as at the year-end, aggregates Rs. 387.19 crores (Previous year Rs. 247.54 crores).

32 Derivatives

i) Outstanding derivatives:

	As at March USD in millions	31, 2013 Rs. in crores	As at March 31, 2012 USD in millions	Rs. in crores
a) Forward contract	91.66	498.16	82.30	421.39
b) Currency options for hedging of foreign currency exposure	0.87 <u>92.53</u>	4.75 <u>502.91</u>	- 82.30	- 421.39

c) Interest rate swaps 350.00 1,902.25 100.00 512.00

ii) The mark to market loss on outstanding derivative contracts as at the period-end aggregate to Rs. 21.40 crores (Previous year - Rs. 0.71 crores)

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

	As at March 31, 2013 USD in millions	Rs. in crores	As at March 31, 2012 USD in millions	Rs. in crores
Vendor payables	53.00	288.04	84.92	434.79
External commercial borrowings	350.00 <u>403.00</u>	1,902.25 <u>2,190.29</u>	321.63 406.55	1,646.75 2,081.54

33 The disclosure as required under AS 15 regarding the Employee benefits is as follows:

Employee benefit plans

Defined contribution plans

The Company makes Provident Fund, Superannuation Fund and Employee State Insurance Scheme contributions which are defined contribution plans, for qualifying employees. Under the schemes, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. The Company recognised Rs 4.23 crores for the year ended 31 March, 2013 for Provident Fund contributions, Rs 0.56 crores for the year ended 31 March, 2013 for Superannuation Fund contributions and Rs 0.02 crores for the year ended 31 March, 2013 for Employee State Insurance Scheme contributions in the Statement of Profit and Loss. The contributions payable to these plans by the Company are at rates specified in the rules of the schemes.

Defined benefit plans

The Company offers the gratuity under employee benefit schemes to its employees

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Particulars	Year ended 31 March, 2013	Year ended 31 March, 2012
Components of employer's expense		
Current service cost	12,974,303	14,482,870
Interest cost	6,059,923	5,647,016
Expected return on plan assets	(5,340,579)	(4,218,976)
Actuarial losses/(gains)	14,571,455	(8,993,021)
Total expense recognised in the Statement of Profit and Loss	28,265,102	6,917,889
Actual contribution and benefit payments for the year		
Actual benefit payments	12,273,598	8,819,709
Actual contributions	13,377,714	13,435,928
Net asset / (liability) recognised in the Balance Sheet		
Present value of defined benefit obligation	105,973,826	71,293,208
Fair value of plan assets	70,976,403	62,099,760
Funded status [Surplus / (Deficit)]	(34,997,423)	(9,193,448)
Net asset / (liability) recognised in the Balance Sheet	(34,997,423)	(9,193,448)

Change in defined benefit obligations (DBO) during the year		
Present value of DBO at beginning of the year	71,293,208	68,448,681
Current service cost	19,721,672	14,482,870
Interest cost	6,059,923	5,647,016
Liability transferred in	6,397,186	-
Liability transferred out	(2,227,968)	-
Actuarial (gains) / losses	17,003,403	(8,465,650)
Benefits paid	(12,273,598)	(8,819,709)
Present value of DBO at the end of the year	105,973,826	71,293,208
Change in fair value of assets during the year		
Plan assets at beginning of the year	62,099,760	52,737,194
Expected return on plan assets	5,340,579	4,218,976
Actual company contributions	13,377,714	13,435,928
Actuarial gain / (loss)	2,431,948	527,371
Benefits paid	(12,273,598)	(8,819,709)
Plan assets at the end of the year	70,976,403	62,099,760
Actual return on plan assets	7,772,527	4,746,347

Particulars	Year ended 31 March, 2013	Year ended 31 March, 2012
Composition of the plan assets is as follows:		
Others (INSURER MANAGED FUNDS)	70,976,403	62,099,760
Actuarial assumptions		
Discount rate	8.00%	8.50%
Expected return on plan assets	8.70%	8.60%
Salary escalation	6.50%	6.50%
Mortality tables	Indian Assured Lives Mortality (2006-08) Ultimate	LIC 1994-96 (Ultimate)
Performance percentage considered		
Estimate of amount of contribution in the immediate next year	37,366,316	22,167,751

The expected rate of return on plan assets is determined after considering several applicable factors such as the composition of the plan assets, investment strategy, market scenario, etc.. In order to protect the capital and optimise returns within acceptable risk parameters, the plan assets are well diversified.

The discount rate is based on the prevailing market yields of Government of India securities as at the balance sheet date for the estimated term of the obligations.

The estimate of future salary increases considered, takes into account the inflation, seniority, promotion, increments and other relevant factors.

Experience adjustments

Gratuity		
Present value of DBO	99,226,457	71,293,208
Fair value of plan assets	70,976,403	62,099,760
Funded status [Surplus / (Deficit)]	(28,250,054)	(9,193,448)
Experience (gain) / loss adjustments on plan liabilities	6,553,180	(5,999,614)
Experience gain / (loss) adjustments on plan assets	2,431,948	527,371

Actuarial assumptions for long-term compensated absences		
Discount rate	8.00%	8.50%
Expected return on plan assets	0.00%	0.00%
Salary escalation	6.50%	6.50%

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Note 34

Related party disclosure (in terms of Accounting Standard - 18)

i) Details of transactions with related parties

Rs. in crores

For the year ended March 31, 2013		Investing parties		Fellow Subsidiaries (up to March 26, 2013)										
	Tata Sons Limited (Ultimate holding company upto March 26, 2013)	Tata Teleservices Limited (Fellow subsidiary upto March 26, 2013)	Viom Infra Networks (Maharashtra) Limited (Formerly known as 21st Century Infra Tele 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 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	-	12.62	-	-	-	-	-	-	-	-	-	-	-	-
- Customer Service and Call Centre Cost	-	4.73	-	-	13.07	55.58	-	-	-	-	-	-	-	-
- Advertisement and Business promotion expenses	-	22.61	-	-	-	-	-	-	-	-	-	-	-	-
- Network operation cost	-	15.07	125.33	-	-	0.01	-	-	-	-	-	-	-	-
- Administrative and Other Expenses	0.01	2.41	-	-	-	-	-	-	-	-	-	-	-	-
- Rent	-	-	-	1.31	-	-	-	-	-	-	0.01	-	-	-
- Interconnection and Other access costs	-	212.82	-	-	-	-	-	-	-	-	-	-	-	-
- Infrastructure Sharing Cost	-	-	98.43	-	-	-	-	-	-	-	-	-	-	-
★ 2) Income :														
- Rent	-	2.02	-	-	-	-	-	-	-	-	-	-	-	-
- Rendering Telecom Services	0.31	20.89	0.01	+	2.98	18.32	0.81	0.14	1.09	1.56	1.27	0.92	0.53	0.18
- Interconnect Income	-	30.54	-	-	-	-	-	-	-	-	-	-	-	-
★ 3) Reimbursement of Expenses														
-	-	5.83	-	-	-	-	-	-	-	-	-	-	-	-
4) Purchase of Fixed Asset	-	5.88	-	-	-	-	-	-	-	-	-	-	-	-
5) Outstanding as at March 31, 2013 :														
Sundry Debtors	0.11	1.58	-	-	-	-	-	-	-	-	-	-	-	-
Sundry Creditors	+	-	-	-	-	-	-	-	-	-	-	-	-	-
Loans and Advances	-	50.39	-	-	-	-	-	-	-	-	-	-	-	-
Security Deposits Taken	-	1.73	-	-	-	-	-	-	-	-	-	-	-	-
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 Limited

Tata International Limited

Tata Autocomp Systems Limited

Advirus Therapeutics Private Limited

Smart Value Homes Private Limited

Tata Industrial Services Limited

MMP Mobi Wallet Payment Systems Limited

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Note 34

Related party disclosure (in terms of Accounting Standard - 18)

i) Details of transactions with related parties

Rs. in crores

For the year ended March 31, 2013	Fellow Subsidiaries (up to March 26, 2013)													Key Management Personnel	
	Infiniti Retail Limited	e-Next 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	Total
★ 1) Expenses : - Salary - Customer Service and Call Centre Cost - Advertisement and Business promotion expenses - Network operation cost - Administrative and Other Expenses - Rent - Interconnection and Other access costs - Infrastructure Sharing Cost	15	16	17	18	19	20	21	22	23	24	25	26	27	28	12.62 73.38 34.57 152.90 3.49 2.86 212.83 120.87
★ 2) Income : - Rent - Rendering Telecom Services - Interconnect Income	1.14	2.13	0.37	0.07	0.05	1.72	-	2.80	0.03	0.32	0.16	1.07	-	-	2.02 58.87 30.54
★ 3) Reimbursement of Expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-	5.83
4) Purchase of Fixed Asset	-	-	-	-	-	-	-	-	-	-	-	-	-	-	5.88
5) Outstanding as at March 31, 2013 : Sundry Debtors Sundry Creditors Loans and Advances Security Deposits Taken Security Deposits Given	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1.69 - 50.39 1.73 -

★ 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 International Limited
 Tata AutoComp Systems Limited
 Advirus Therapeutics Private Limited
 Smart Value Homes Private Limited
 Tata Industrial Services Limited
 MMP Mobi Wallet Payment Systems Limited

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Note 34

Related party disclosure (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 (Maharashtra) Limited (Formerly known as 21st Century Infra Tele Limited)	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 - Customer Service and Call Centre Cost - Advertisement and Business promotion expenses - Network operation cost - Administrative and Other Expenses - Rent - Interconnection and Other access costs - Infrastructure Sharing Cost	-	-	11.51	-	-	-	-	-	-	-	-	-	-	-	
	-	-	-	-	11.60	68.07	-	-	-	-	-	-	-	-	
	1.38	-	37.44	-	-	-	-	-	-	-	0.01	-	-	-	
	-	100.47	23.78	-	-	-	-	-	-	-	-	-	-	-	
	0.01	-	8.00	1.55	-	0.20	-	-	-	-	-	-	-	-	
	-	-	164.59	-	-	-	-	-	-	-	-	-	-	-	
	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
	-	83.77	-	-	-	-	-	-	-	-	-	-	-	-	
	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
★ 2) Income : - Rent - Rendering Telecom Services - Sale of Network Interface Units - Interconnect Income	-	★	2.31	-	-	-	-	-	-	-	-	-	-	-	
	0.21	-	14.16	★	1.51	16.86	0.41	0.33	1.33	0.61	0.59	0.71	0.40	0.07	
	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
	-	-	24.07	-	-	-	-	-	-	-	-	-	-	-	
★ 3) Reimbursement of Expenses	-	-	7.12	-	-	-	-	-	-	-	-	-	-	-	
	-	-	33.41	-	-	-	-	-	-	-	-	-	-	-	
4) Purchase of Fixed Asset	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
5) Outstanding as at March 31, 2012 : Sundry Debtors Sundry Creditors Loans and Advances Security Deposits Taken Security Deposits Given	-	0.00	7.45	★	0.17	1.75	0.07	0.02	0.26	0.06	0.04	-	0.03	0.01	
	0.02	5.18	-	-	0.12	0.02	-	-	★	-	-	0.27	-	-	
	-	-	27.36	★	-	-	-	-	-	0.01	-	-	-	-	
	-	-	1.73	-	-	-	-	-	-	-	-	-	-	-	
	-	14.44	-	-	-	-	0.01	-	-	-	-	-	-	-	

★ 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
 Tata Autocomp Systems Limited
 Advinus Therapeutics Private Limited
 Tata Advanced Systems Limited

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Note 34

Related party disclosure (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		
	Infiniti Retail Limited	e-Next Financials Limited	Tata Consulting Engineers Limited	Tata Petrodyne Limited	Computational Research Laboratories Limited	Tcs E-Serve Limited	TC Travel 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	Total
★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
★2) Income :															
- 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	0.94	-	40.61
- Sale of Network Interface Units	-	-	-	-	-	-	-	-	-	-	-	0.05	-	-	0.05
- Interconnect Income	-	-	-	-	-	-	-	-	-	-	-	-	-	-	24.07
★3) Reimbursement of Expenses															
4) Purchase of Fixed Asset	-	-	-	-	-	-	-	-	-	-	-	-	-	-	7.12
5) Outstanding as at March 31, 2012 :															
Sundry Debtors	0.03	0.23	0.05	✈	✈	0.03	-	0.12	✈	✈	✈	0.01	0.20	-	10.53
Sundry Creditors	✈	-	-	-	-	0.03	0.03	✈	-	-	0.09	0.74	-	-	5.73
Loans and Advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	28.11
Security Deposits Taken	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1.73
Security Deposits Given	-	-	-	-	-	-	-	-	-	-	-	-	-	-	14.45

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
Tata Autocomp Systems Limited
Advinus Therapeutics Private Limited
Tata Advanced Systems Limited

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Note 34

Related party disclosure (in terms of Accounting Standard - 18)

ii) Details of all related parties and their relationships

A Investing Parties

- 1 Tata Sons Limited (Holding Company upto March 26, 2013)
- 2 Tata Teleservices Limited (Fellow Subsidiary upto March 26, 2013)

B List of Fellow Subsidiaries (Upto March 26, 2013)

- 1 Tata Internet Services Limited
- 2 Tata Business Support Services Limited
- 3 Tata Consultancy Services Limited
- 4 Tata Housing Development Company Limited
- 5 Tata Realty & Infrastructure Limited
- 6 Tata AIG Life Insurance Company Limited
- 7 Tata AIG General Insurance Company Limited
- 8 Tata Sky Limited
- 9 CMC Limited
- 10 Tata Asset Management Limited
- 11 Tata Securities Limited
- 12 Infiniti Retail Limited
- 13 e-Nxt Financials Limited
- 14 Tata Consulting Engineers Limited
- 15 Tata Petrodyne Limited
- 16 Computational Research Laboratories Limited
- 17 Tcs E-Serve Limited
- 18 TC Travel And Services Limited
- 19 Tata Capital Limited
- 20 Tata Investment Corporation Limited
- 21 Ewart Investments Limited
- 22 Tata Trustee Company Limited
- 23 Tata Advanced Systems Limited
- 24 Viom Networks Limited (Formerly known as Wireless TT Info Services Limited)
- 25 Drive India Enterprise Solutions Ltd
- 26 Viom Infra Networks (Maharashtra) Limited (Formerly known as 21st Century Infra Tele Limited)
- 27 Tata International Limited
- 28 Indian Rotorcraft Limited
- 29 Tata International AG, Zug
- 30 Tata Limited
- 31 Panatone Finvest Limited
- 32 TS Investments Limited
- 33 Niskalp Infrastructure Services Limited (formerly Niskalp Energy Limited)
- 34 Tata Industries Limited
- 35 Advinus Therapeutics Limited
- 36 Tata Autocomp Systems Limited
- 37 Ewart Investment Private Limited
- 38 MMP Mobi Wallet Payment Systems Limited

C Key Management Personnel (Managing Director)

- 1 Mr. N.Srinath

- 35 The Company is engaged in providing telecommunication services under Unified Access License. These, in the context of AS 17 on "Segment reporting", are considered to constitute a single reportable segment.

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

	Apr'12 - Mar'13 Rs. in crores	Apr'11 - Mar'12 Rs. in crores
Residential flats for accommodation of employee	0.13	0.07
Cell sites and others	352.22	290.69

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

	As at March 31, 2013 Rs. in crores	As at March 31, 2012 Rs. in crores
Due not later than one year	167.95	86.99
Due later than one year and not later than five years	489.04	347.95
Due later than five years	657.13	684.16

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.

37 Earnings per share data

	Apr'12 - Mar'13	Apr'11 - Mar'12
i) Loss after Tax (Rs. in crores)	(658.77)	(517.55)
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.)	(3.47)	(2.73)

- 38 No provision for current income tax is required to be made as, on the basis of the company's computations, there is no taxable income. Deferred tax charges / credits have not been recognized in view of the tax holiday enjoyed by the Company and on considerations of prudence.

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

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Rs. in crores

Sr. No.	Description	As at April 1, 2012	Additions during the year	Amounts used / reversed	As at March 31, 2013
1	Provision for Contingencies	168.14 (154.86)	29.17* (13.28)	- -	197.31 (168.14)

- 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 Department of Telecommunication (DoT) and other parties.
- c. Provision for contingencies amounting to Rs. 97.12 crores (previous year Rs 30.74 crores) have been netted off against amount paid under dispute (Note 19)
- * Additions during the year to provision for contingencies is netted off against amount paid under dispute of Rs 66.38 crores
- 40 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.

- 41 The figures of the previous year have been regrouped / reclassified wherever necessary to correspond with those of the current year's classification / disclosure.

Signatures to Notes '1' to '41'

For and on behalf of the Board

Kishor A. Chaukar
(Chairman)

D. T. Joseph
(Director)

N. S. Ramachandran
(Director)

S G Murali
(Chief Financial Officer)

Place: Mumbai
Date : May 13, 2013

N. Srinath
(Managing Director)

Nadir Godrej
(Director)

Amal Ganguli
(Director)

Bhaskar Chandran
(President - Legal, Regulatory & Company Secretary)

Prof. Ashok Jhunjunwala
(Director)

Koji Ono
(Director)



TATA

TATA TELESERVICES (MAHARASHTRA) LIMITED

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

ATTENDANCE SLIP

Eighteenth Annual General Meeting on Monday, September 23, 2013

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 EIGHTEENTH ANNUAL GENERAL MEETING of the Company at "Rangaswar", 4th Floor, Yashwantrao Chavan Pratishthan Mumbai, Gen. Jagannathrao Bhosle Marg, Nariman Point, Mumbai – 400 021 at 1500 hours on Monday, September 23, 2013.

Member's/Proxy's name in Block Letters

Member's/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

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

EIGHTEENTH ANNUAL GENERAL MEETING of the Company to be held on Monday, September 23, 2013 and at any

adjournment thereof.

Signature

Signed thisday of2013.

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 shareholders 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

BOOK-POST



If undelivered please return to
Tata Teleservices (Maharashtra) Limited
Voltas Premises, T. B. Kadam Marg, Chinchpokli, Mumbai - 400 033.



TATA is a registered trademark of Tata Sons Ltd. The DOCCOMO logo is a trademark of NTT DOCCOMO, INC. (Japan) in India.

FORM A

Format of Covering letter of the annual audit report to be filed with the stock exchanges

1.	Name of the Company	Tata Teleservices (Maharashtra) Limited
2.	Annual Financial Statements for the year ended	March 31, 2013
3.	Type of Audit Observation	<p>Matter of Emphasis</p> <p>"Attention is invited to note no. 25.II. (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. 154.86 crores, being the LF on profit on sale of investment and bad debts written off during the earlier 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.</p> <p>Our opinion is not qualified in respect of this matter."</p>
4.	Frequency of Observation	<p>Appeared for the First time / Repetitive /</p> <p>Since March 31, 2012</p>
5.	<p>To be signed by -</p>  <p>Mr. N. Srinath Managing Director of the Company</p>  <p>Mr. S. G. Murali Chief Financial Officer</p>	



Prof. Ashok Jhunjhunwala
Audit Committee Chairman of the Company

Auditor of the Company
Refer our Audit Report dated May 13, 2013
on the financial statements of the Company
For DELOITTE HASKINS & SELLS
Chartered Accountants
(Firm Registration No. 117366W)



Saira Nainar
Partner

Membership No. 040081
Mumbai, September 4, 2013