

5 million subscribers and growing

BOARD OF DIRECTORS

Mr. Ratan N. Tata (Chairman)

Mr. Arunkumar R. Gandhi

Mr. Nadir Godrej

Prof. Ashok Jhunjhunwala

Mr. N. S. Ramachandran

Mr. S. Ramadorai

Mr. Anil Sardana

Dr. Mukund Rajan (Managing Director)

COMPLIANCE OFFICER

Mr. Madhav Joshi

Chief Legal Officer & Company Secretary

INVESTOR SERVICES

Mr. Hiten Koradia

Asst. Manager – Investor Relations

Tel: 91 22 6661 5152

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

STATUTORY AUDITORS

M/s. Deloitte Haskins & Sells

Chartered Accountants

12, Dr. Annie Besant Road,

Opp. Shiv Sagar Estate,

Worli, Mumbai – 400 018.

REGISTRAR & SHARE TRANSFER AGENT

TSR Darashaw Limited

6-10, Haji Moosa Patrawala Industrial Estate,

20, Dr. E. Moses Road,

Near Famous Studio, Mahalaxmi,

Mumbai - 400011.

Tel: 91 22 66568484

Fax: 91 22 66568494 / 66568496

Email: csg-unit@tsrdarashaw.com

Website: www.tsrdarashaw.com

REGISTERED OFFICE

Voltas Premises, T B Kadam Marg,

Chinchpokli, Mumbai – 400 033.

Tel: 91 22 6661 5445

Fax: 91 22 6660 5516 / 5517

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

Website: www.tataindicom.com

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NOTICE

Notice is hereby given that the thirteenth Annual General Meeting of **Tata Teleservices (Maharashtra) Limited** will be held on **Tuesday, August 12, 2008 at 1500 hours** at Bombay House Auditorium, Bombay House, 24, Homi Mody Street, Fort, Mumbai 400 001 to transact the following business:

ORDINARY BUSINESS

1. To consider and, if thought fit, to pass, with or without modifications, if any, the following as an Ordinary Resolution:
“RESOLVED that the Company’s audited Balance Sheet as at March 31, 2008, the audited Profit and Loss Account and the audited Cash Flow Statement for the financial year ended on that date together with Directors’ and Auditors’ Report thereon be and are hereby approved and adopted.”
2. To consider and, if thought fit, to pass, with or without modifications, if any, the following as an Ordinary Resolution:
“RESOLVED THAT M/s Deloitte Haskins & Sells, Chartered Accountants, retiring auditors of the Company, be and are hereby re-appointed as the Auditors of the Company to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting of the Company on remuneration to be decided by the Board of Directors.”
3. To consider and, if thought fit, to pass, with or without modifications, if any, the following as an Ordinary Resolution:
“RESOLVED THAT Mr. Arunkumar R. Gandhi, who retires from the office of Director by rotation in this Annual General Meeting and being eligible offers himself for re-election, be and is hereby re-elected a Director of the Company, whose office shall be liable to retirement by rotation.”
4. To consider and, if thought fit, to pass, with or without modifications, if any, the following as an Ordinary Resolution:
“RESOLVED THAT Mr. S. Ramadorai, who retires from the office of Director by rotation in this Annual General Meeting and being eligible offers himself for re-election, be and is hereby re-elected a Director of the Company, whose office shall be liable to retirement by rotation.”

SPECIAL BUSINESS

5. To consider and, if thought fit, to pass, with or without modifications, if any, the following as an Ordinary Resolution:
“RESOLVED THAT Dr. Mukund Rajan who was appointed as an Additional Director of the Company and who holds office upto the date of this Annual General Meeting of the Company in terms of Section 260 of the Companies Act, 1956 (Act) and in respect of whom the Company has received a notice pursuant to Section 257 of the Act be and is hereby appointed a Director of the Company, liable to retire by rotation.”
6. To consider and, if thought fit, to pass, with or without modifications, if any, the following as an Ordinary Resolution:
“RESOLVED THAT Mr. Anil Sardana, who was appointed as an Additional Director of the Company and who holds office upto the date of this Annual General Meeting of the Company in terms of Section 260 of the Companies Act, 1956 (Act) and in respect of whom the Company has received a notice pursuant to Section 257 of the Act 1956, be and is hereby appointed a Director of the Company, liable to retire by rotation.”
7. To consider and, if thought fit, to pass, with or without modifications, if any, the following as an Ordinary Resolution:
“RESOLVED THAT Mr. Nadir Godrej, who was appointed as an Additional Director of the Company and who holds office upto the date of this Annual General Meeting of the Company in terms of Section 260 of the Companies Act, 1956 (Act) and in respect of whom the Company has received a notice pursuant to Section 257 of the Act be and is hereby appointed a Director of the Company, be liable to retire by rotation.”
8. To consider and, if thought fit, to pass, with or without modifications, if any, the following as an Ordinary Resolution:
“RESOLVED THAT pursuant to the provisions of Section 293 (1) (d) and other applicable provisions, if any, of the

Companies Act, 1956 (including any statutory modifications or re-enactments thereof), the Company hereby accords its consent to the Board of Directors, for borrowing any sum or sums of money from time to time from any one or more of the Company's bankers and/or from any one or more other persons, firms, bodies corporate or financial institutions, whether in India or abroad, and whether by way of cash credit, advance or deposits, loans or bill discounting, issue of debentures or other securities or otherwise and whether unsecured or secured by mortgage, charge, hypothecation or lien or pledge of the Company's assets, licences and properties, whether immovable or movable or stock-in-trade (including raw materials, stores, spare parts and components in stock or in transit) and work-in-progress and all or any of the undertaking of the Company notwithstanding that the moneys to be borrowed together with moneys already borrowed by the Company (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) will or may exceed the aggregate of the paid-up capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purpose, so that the total amount upto which the moneys may be borrowed by the Board of Directors (hereinafter referred to as 'the Board' which expression shall include any Committees thereof) and outstanding at any time shall not exceed the sum of Rs. 6,000,00,00,000/- (Rupees Six Thousand Crores only) and the Board is hereby authorised to execute such debenture trust deeds or mortgage, charge, hypothecation, lien, promissory notes, deposit receipts and other deeds and instruments or writings containing such conditions and covenants as it may deem fit."

Registered Office:

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

Mumbai,
June 11, 2008

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

Madhav Joshi
Chief Legal Officer & Company Secretary

Notes:

1. **A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE AT THE MEETING INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER.** A proxy, in order to be effective, should be deposited at the registered office of the Company not less than 48 hours before the commencement of the meeting.
2. The Explanatory Statement pursuant to section 173(2) of the Companies Act, 1956 in respect of the business under Item No. 5 to 8 above are annexed hereto and forms part of this Notice. The relevant details as required by Clause 49 of the Listing Agreements entered into with the Stock Exchanges, of persons seeking appointment/re-appointment as Directors are also annexed.
3. The Register of Directors' Shareholding, Register of Proxies and Statutory Auditors' Certificate on Employee Stock Option Plan would be available for inspection by the Members, at the Meeting. All documents referred to in the accompanying Notice and Explanatory Statement are also open for inspection by the Members at the registered office of the Company on all working days between 11.00 a.m. to 1.00 p.m. up to the date of Annual General Meeting.
4. The Register of Members and Share Transfer Books of the Company will remain closed from **Tuesday, July 29, 2008 to Tuesday, August 12, 2008** (both days inclusive).
5. Members/proxies should bring duly filled Attendance Slips to attend the Meeting.
6. A circular on the Nomination facility is available on the Company's web-site www.tataindicom.com under the link "TTML" under the "About Us" link. The shareholders holding shares in physical mode only are requested to go through the circular and appoint nominee/s, if any, in respect of their physical shareholdings at the earliest.
7. Members whose shareholding is in electronic mode are requested to direct change of address notifications to their respective Depository Participants.
8. **Members may kindly note that, for security reasons, no handbags or parcels of any kind will be allowed inside the Bombay House Auditorium and those will have to be deposited outside the Auditorium on the counter provided, at the Member's own risk.**

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

Items no. 5, 6 and 7

Appointment of Directors liable to retire by rotation

Dr. Mukund Rajan was appointed as an Additional Director of the Company with effect from January 23, 2008 and Mr. Anil Sardana and Mr. Nadir Godrej were appointed as Additional Directors of the Company with effect from March 12, 2008.

As per the provisions of the Companies Act, 1956 (Act), the above Directors, hold office only upto the date of the forthcoming Annual General Meeting of the Company. The Company has received Notice along with requisite deposit under Section 257 of the Act, proposing their appointment as a Director of the Company.

Details regarding the persons proposed to be appointed as Directors and their brief resume have been given in the Annexure attached to the Notice. Keeping in view the experience, and expertise of these persons, their appointment as Directors of the Company is recommended by the Board.

Each of the Directors may be deemed to be concerned or interested, directly or indirectly, in resolution relating to his own appointment.

Item no. 8

The Company plans to roll out network for GSM Operations immediately after allocation of spectrum and expand its CDMA network to match competitors' reach, gain better incremental market share and maintain its growth in subscriber base and market share.

The Company also plans to increase its CDMA network to 1200 towns by 2010. The Company has also drawn up plans for expanding its network and introducing newer service offerings with the objective to garner a sizeable market share (especially in the rapidly growing mobile telephony market segment).

The Company estimates capex requirement of upto Rs. 1,700 Crores by 2010 and the existing borrowing powers of Rs. 4,000 Crores therefore may not be adequate. Keeping in view the debt requirements of the Company in the next 2/3 years, the existing limits for borrowings need to be increased from Rs. 4,000 Crores to Rs. 6,000 Crores.

The Board commends the resolution for approval of the Members.

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

Registered Office:

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

Mumbai,
June 11, 2008

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

Madhav Joshi
Chief Legal Officer & Company Secretary

Details of Directors Seeking Appointment/Reappointment at the Annual General Meeting

Particulars	Mr. Arunkumar R. Gandhi	Mr. S. Ramadorai	Dr. Mukund Rajan	Mr. Anil Sardana	Mr. Nadir Godrej
Date of Birth	March 15, 1943	October 6, 1944	April 5, 1968	April 16, 1959	August 26, 1951
Date of Appointment	August 10, 2006	August 10, 2006	January 23, 2008	March 12, 2008	March 12, 2008
Qualifications	Fellow member of Institute of Chartered Accountants of England & Wales, and that of India. Associate Member of Chartered Institute of Taxation, London	Bachelor's degree in Physics from Delhi University. Engineering in Electronics & Telecommunications from Indian Institute of Science, Bangalore. Master's degree in Computer Science from University of California, USA.	B. Tech from IIT, Delhi Masters & Doctorate in International Relations from Oxford University.	Electrical Engineering from Delhi University. Post Graduate in Cost Accountancy (ICWAI). Post Graduate Diploma in Management.	B. S. (Chemical Engineering) from the Massachusetts Institute of Technology, USA. M. S. (Chemical Engineering) from Stanford University, USA. MBA from Harvard Business School.
Expertise in specific functional area	Rich experience in Finance, Merger & Acquisition	Rich experience in Information Technology & Business	Rich experience in Telecom and Business	Rich experience in Business, Turnaround & change management	Rich experience in various Industries
Number of shares held in the Company	Nil	Nil	Nil	Nil	Nil
Directorships held in other Public Companies (excluding Foreign Companies)	<ul style="list-style-type: none"> Tata Sons Ltd. Tata Tea Ltd. Tata Communications Ltd. Tata Asset Management Ltd. Tata Business Support Services Ltd. Benares Hotels Ltd. The Paper Products Ltd. Wireless – IT Info Services Ltd. 	<ul style="list-style-type: none"> Tata Industries Ltd. Tata Consultancy Services Ltd. Tata Communications Ltd. Tata Elxsi Ltd. Tata Technologies Ltd. CMC Ltd. WTTI Advanced Technology Ltd. Hindustan Lever Ltd. Nicholas Piramal India Ltd. Tata Teleservices Ltd. C-Edge Technologies Ltd. Computational Research Laboratories Limited 	<ul style="list-style-type: none"> Tata Communications Ltd. Tata Teleservices Ltd. Piem Hotels Ltd. 	<ul style="list-style-type: none"> Tata Power Company Ltd. Tata Teleservices Ltd. Coastal Gujarat Power Ltd. Maithon Power Ltd. North Delhi Power Ltd. 	<ul style="list-style-type: none"> Godrej Industries Ltd. Godrej Agrovet Ltd. Goldimohur Food & Feeds Ltd. Godrej Global Solutions Ltd. Godrej & Boyce Mfg. Co. Ltd. Godrej Properties Ltd. Godrej Consumer Products Ltd. Mahindra & Mahindra Ltd. Godrej Sara Lee Ltd. KarROX Technologies Ltd. Godrej Gold Coin Acquafeed Ltd. Avestha Gengraine Technologies Ltd. Godrej Oil Plantations Ltd. Cauvery Palm Oil Ltd.
Memberships / Chairmanships of Committees of Public Companies **	<p>Audit Committee</p> <ul style="list-style-type: none"> The Paper Products Ltd. 	<p>Audit Committee</p> <ul style="list-style-type: none"> Tata Elxsi Ltd. Tata Technologies Ltd.* Hindustan Lever Ltd. <p>Shareholders/Investors Grievance Committee</p> <ul style="list-style-type: none"> Tata Consultancy Services Ltd. 	Nil	<p>Audit Committee</p> <ul style="list-style-type: none"> Coastal Gujarat Power Ltd. Maithon Power Ltd. 	<p>Audit Committee</p> <ul style="list-style-type: none"> Godrej Global Solutions Ltd.* Mahindra & Mahindra Ltd. Godrej Sara Lee Ltd. <p>Shareholders/Investors Grievance Committee</p> <ul style="list-style-type: none"> Godrej Consumer Products Ltd.*

* Chairmanship of the Committee

** Includes only Audit Committee and Shareholders / Investors Grievance Committee

DIRECTORS' REPORT

Dear Members,

The Directors have pleasure in presenting the 13th Annual Report together with the audited financial statements of the Company for the year ended March 31, 2008 and other accompanying reports, notes and certificates.

Financial Results

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

(Rs. Crores)

Particulars	2007-08	2006-07
Telecom Revenue	1,707.19	1,406.98
Other Income	82.41	17.44
Total Income	1,789.60	1,424.42
Expenditure	1,304.05	1,121.82
Earnings Before Interest, Depreciation, Tax and Amortisation (EBIDTA)	485.55	302.60
Finance & Treasury Charges (Net)	171.01	171.76
Depreciation	439.35	446.23
Loss before Extraordinary item and tax	124.81	315.39
Extraordinary item	-	(5.48)
Loss before tax	124.81	309.91
Fringe Benefit tax	0.93	0.70
Loss after tax	125.74	310.61

The total revenue grew by 26% to Rs. 1,790 crores. The subscriber base grew by 65% to cross 50 lakhs, mainly through the increased additions to the Prepaid Mobile subscriber base. Other income includes the subsidy received from the Universal Services Obligation (USO) Fund for providing telephony service in rural areas (to compensate the lower revenues compared to the costs incurred for operations at these locations). The increased mix of prepaid subscribers resulted in lower Average Revenue per User (ARPU) apart from reduced tariffs due to competitive market moves. Cost optimization efforts, however, ensured a lower rate of increase of 16% in operating expenses, compared with 26% increase in revenues. The Company reported a positive EBIDTA of Rs. 485.55 crores, representing a significant improvement over the previous year's EBIDTA of Rs. 302.60 crores.

Indian Telecom – Phenomenal growth continues

Liberalization of the Indian Telecom Sector began in the year 1991. India today has the second largest telecom network in the world after China. As of March 31, 2008, there were more than 300 million telephone connections in the country of which 261 million were mobile connections. Approximately 8 million mobile connections are being added every month. The tele-density which was less than 1 per hundred in 1984 is today over 26 per hundred. Telephone connections are to be expected to touch the 500 million mark by the year 2010.

This growth, however, has been concentrated mainly in urban areas, while rural teledensity remains low at less than 7%. Despite a steady fall in the ARPU with ever declining tariffs (Indian telecommunication tariffs are the lowest in the world), Indian telecom companies have been expanding their network and increasing their coverage of areas in rural India. The Government of India, through the Department of Telecommunications (DoT), has also sought to assist the process of enhancement of rural penetration by extending upto March 2009 its scheme of giving subsidies on rural lines, and by allocating funds from the USO Fund for construction of shared passive infrastructure in rural areas.

36 new companies have applied for licenses in various circles (aggregating to 482 applications for various circles) and DoT has accepted the recommendation of the Telecom Regulatory Authority of India (TRAI) that there should be no cap on the number of telecom operators per circle (notwithstanding the fact that this would cause scarcity of spectrum for the existing operators). DoT has already issued 7-8 new mobile licences, and the licensees are awaiting spectrum allocation to start operations. There could thus be 10-12 operators fighting for market share in any circle.

Consequent to policy clarifications by DoT, the Company has been permitted by DoT to apply for spectrum which can be used to deploy GSM technology. The Company paid Rs. 393 crores for such permission for its two telecom circles of Mumbai and Rest of Maharashtra (including Goa). The GSM option will help the Company to address the challenges posed by increased competition in an environment where spectrum availability is constrained. Cost efficiencies will be achieved in the GSM roll-out by re-use of much of the network infrastructure created for the CDMA deployment.

The UASL License of the Company has also been amended. The Company expects to roll-out GSM services after it is allotted spectrum by DoT.

The Company's Performance

The Company holds two Unified Access (basic + cellular) Service Licences ("UASL"), one for Mumbai Metro and the other for the Rest of Maharashtra and Goa.

During the year, the Company consolidated its position in the market by increasing its share of new additions in the wireless market (i.e. fixed wireless and mobile). Its incremental market share placed it at the 4th position in its areas of operation. The Company also launched, towards the end of the year, the Virgin Mobile brand, targeted at the youth segment.

Products and Services

During the year, the Company focused on increasing its retail presence to penetrate the market better with its various products and services. The Company increased its subscriber base in the mobile and fixed wireless categories, as also in the wireline space, apart from enhancing its offerings of value added services.

The wireless/mobile subscriber base almost doubled from 27.70 lakhs to 46.80 lakhs. This growth was fueled by the increase in network coverage, accompanied by the introduction of new handsets at attractive prices, and the introduction of creative tariffs.

The Company has reciprocal roaming arrangements with Tata Teleservices Limited (TTSL), which offers services in 18 other telecom circles, and thus the Company's subscribers enjoy pan-India mobility. TTSL has also signed Unified Access Service licence agreements with DoT for the last remaining circles of Jammu and Kashmir, North East and Assam and would roll out services in these circles in the next few months. The Company has also entered into arrangements with overseas telecom operators to provide international roaming facilities to its subscribers.

Following is a comparative summary of subscriber numbers achieved by the Company as at the end of the year under review vis-a-vis the previous year:

(Figures in Lakhs)

Particulars	As on March 31, 2007	As on March 31, 2008
Wireless/Mobile Subscribers	27.70	46.80
Wireline Subscribers	3.00	4.00
Total	30.70	50.80

The Company, using the franchisee model, has opened a large number of True Value Shops to display its range of products and services and increase accessibility for its customers.

The Company continued to focus on value added service offerings. Welcome Tunes (Caller Ringback Tunes), video streaming and other data and content services brought in improved revenues.

The Company is a Category A (National) ISP Licensee and offers a broad range of Internet-related product offerings including DSL, leased lines and dial-up internet access.

The Company, along with TTSL, has a national footprint for its popular Tata Indicom conference call service, with 15 Points of Presence across the country for providing local access to conference bridges.

The Company also offers its products and services through a web-based online retail store called 'i-Choose' whereby anybody can buy a handset along with the tariff plan chosen by him/her simply by making an on-line payment. The device ordered is delivered at the customer's home.

New Customer Offerings

During the year, the Company introduced several attractive product and service propositions that addressed specific customer needs:

- The launch of the USB Plug-to-surf Modems has provided instant wireless internet access to thousands of lap-top and desktop owners. The product has also been launched in the prepaid segment for consumers who have budget constraints, such as students.
- The launch of the 'Go One' Starter kit which enables a consumer to have life time connectivity at a very affordable tariff of Rs. 1.00 per minute across all local network calls has helped to break barriers and made mobile connectivity more affordable.
- Electronic recharge was introduced which helped the Company to reduce costs on printing, octroi, and logistics. The current penetration of E-recharge is 70% of total recharges.
- The launch of Special Tariff Vouchers (STVs) for different segments of consumers with feature specific needs such as STD or night time calling helped consumers to get better tariff benefits.
- The launch of "copy a ring tone" (popular name * 2 copy) helped to improve the penetration of Caller Ring back Tunes.

Network Infrastructure

During the year, the Company rolled out CDMA wireless services in 208 new towns in Maharashtra and Goa. It now offers services in 565 towns and also along the major national highways linking various towns in Maharashtra and Goa. The Company's subscribers are therefore able to enjoy uninterrupted services while traveling by road and rail along major travel routes in Maharashtra and Goa.

The Company had participated in 2004 in an open bidding process for providing fixed phones in rural areas with support from the USO Fund. It won bids in 43 Short Distance Charging Areas (SDCAs), and started providing services in many rural villages in the interiors of Maharashtra. The scheme has been extended by DoT to March 31, 2009, and the Company has already installed over 3.48 lakh rural lines, for which it is eligible to get subsidies towards meeting part of the capital expenditure and operating costs incurred for every line installed and operational at these locations.

The Company implemented cost efficiency measures by optimizing its infrastructure, increasing the utilization factor, and through the use of power saving equipment. The Company, in co-operation with other private operators, focused on increasing the sharing of passive infrastructure like towers, duct space and site equipment amongst the operators, with a view to optimizing network costs and operating expenses. On similar lines, expansion of the fiber back bone has been carried out in several areas through cost effective sharing arrangement, with other service providers

Passive Tower Infrastructure Transfer

To capitalize on the opportunity created by the increased industry focus on infrastructure sharing, the Company like other leading telecom operators, proposes to concentrate on its core business activity i.e. providing telecommunication services, and transfer its Passive Tower Infrastructure to a Wholly Owned Subsidiary (WoS) which would be formed for this purpose.

The Company may subsequently divest some or all of the equity and/or preference shares that would be held by the Company in the WoS in favour of investor/s or infrastructure providers including Wireless Tata Tele Info Limited (WTTIL), a tower subsidiary of TTSL, and/or merge it with any other entity including WTTIL. No decision has been made in this regard but the Board will adopt structures as may be advised to optimize value. Appropriate approvals, as may be required in law, will be sought at the appropriate time. Approval of the Members to go through this process has already been obtained through Postal Ballot, the results of which were announced on May 28, 2008.

The above arrangement would be in line with the global trend of segregating the telecommunication service and telecommunication infrastructure business, with a view to adopt best management practices, establish highest operation standards, provide best in class value proposition to all stakeholders and also to identify separately the actual economic value addition arising out of passive infrastructure business and telecommunication service business.

Quality and Processes

The Company has undertaken ISO 9001:2000 certification to demonstrate its capability to consistently provide services that enhance customer satisfaction through effective deployment of a quality management system. The Company became the first basic telecommunication provider to get the coveted ISO 9001: 2000 certification in August 2002. In the recent ISO Surveillance Audit conducted by Intertek Quality Registrar in December 2007, the Company was awarded a Certificate of Continuation for ISO 9001:2000 with Zero Non-Conformance.

The Company undertook training and certification programs across all customer-facing units to ensure a consistent and superior customer experience. Internal quality audit is used as a management tool for independent assessment of the effectiveness of the quality management system, and to keep processes current with business needs and directions. The Company's Quality Assurance Team conducted internal quality audits, the findings of which were discussed in Management review meetings. Conformance levels of the Company's processes were continuously evaluated and corrective action taken towards improving products and services thereby ensuring improved customer satisfaction.

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

Regulatory Developments and Important Litigation

- a) There have been many regulatory changes which were announced during the year, prominent amongst these being termination of the Access Deficit Charge (ADC), the DoT's decision to introduce in phases the mobile number portability, the DoT's decision to allow use of alternate technologies by UASL licensees (CDMA operators, on payment of specified fees, can use GSM technology and vice versa), the TRAI regulations in respect of unsolicited calls and the DoT's enhancement of the subscriber base criterion for allocation of additional spectrum.
- b) The Company has also been a party to some important litigation like Fixed Wireless ADC demands of BSNL of 2004-05, the DoT's attempt to lodge a counter-claim on the Company for not signing in 1997 the licence agreement for basic services in the Karnataka circle, the penalty imposed by the DOT for the launch of innovative Push to Talk services, and industry litigation on exclusion of revenues unrelated to licensed activities for determining licence fee liability.

Information on these regulatory developments and important litigation have been provided in the report on Management's Discussion & Analysis of Financial Condition and Results of Operations which forms part of this Annual Report.

Dividend

In view of losses, the Directors regret their inability to recommend any dividend for the year under consideration.

Appropriations

No appropriations are proposed to be made for the year under consideration.

Share Capital

During the year, the Company issued an aggregate of 18,050 equity shares of Rs.10/- each at par, pursuant to the Company's Employee Stock Option Plan (the Company stopped granting fresh options under this scheme after April 2001). An aggregate of 8,40,48,942 equity shares of Rs. 10/- each, were issued at a premium of Rs. 14.49 per share, pursuant to the conversion of Foreign Currency Convertible Bonds (FCCBs).

Due to the above, the paid-up share capital of the Company now stands increased from Rs. 1,809.50 crores to Rs. 1,893.56 crores.

Directors

Effective February 29, 2008, Mr. Charles Antony who was the Managing Director of the Company, resigned from the Board of Directors. The Board records its sincere appreciation of the valuable services rendered by Mr. Charles Antony.

During the year, Dr. Mukund Rajan was appointed as an Additional Director with effect from January 23, 2008. The Board appointed Dr. Mukund Rajan as the Managing Director of the Company for a period of 5 years with effect from February 28, 2008. Approval of Members has been obtained through Postal Ballot, the results of which were announced on May 28, 2008.

Mr. Nadir Godrej and Mr. Anil Sardana were appointed as Additional Directors with effect from March 12, 2008. Mr. Nadir Godrej is an Independent Director. As per the provisions of the Section 260 of the Companies Act, 1956 (Act), these Directors hold office only upto the date of the forthcoming Annual General Meeting of the Company. The Company has received a notice under Section 257 of the Act along with requisite deposit, in respect of the above persons, proposing their appointment as Directors of the Company. Accordingly, resolutions seeking the approval of the Members for the appointment of Dr. Mukund Rajan, Mr. Nadir Godrej and Mr. Anil Sardana as Directors of the Company have been incorporated in the Notice of the forthcoming Annual General Meeting along with brief details about them. The Board recommends these appointments in the interests of the Company.

Mr. A. R. Gandhi and Mr. S Ramadorai retire by rotation and offer themselves for re-election, which the Directors consider to be in the best interests of the Company and therefore recommend for the approval of the shareholders.

Human Resources

With the entry of new service providers, competition in the market is substantially increasing. The increased choice available to customers leads to additional time and effort on the part of service providers to acquire and retain the customers, thereby creating increasing pressures on the service providers to retain valuable, trained human resources; the offer of higher monetary compensation by other operators and other service sectors like retail and media have also increased the challenge of retaining the employees. In this environment, the Company has been working towards institutionalizing a performance oriented culture. The HR systems e.g. recruitment, performance management system, and rewards and recognition, have been aligned with the business objectives of the Company. The Company attaches considerable importance to training and employee development with a focus on customer sensitivity, processes and ISO training. A regular communication channel is maintained with the employees through Town halls, Departmental meets and other such fora.

The Board of Directors sincerely thanks all the employees who have put in hard work and helped the Company to increase substantially its subscriber base during the year and to improve its financial performance.

Social Responsibility

Social responsibility is a way of life in every Tata Group Company. A number of community initiatives were undertaken by the Company during the year.

- ***Rural youth empowerment: Providing training and helping rural unemployed youth to get employment:***

The Company selected 27 unemployed youth from rural areas (3 open category candidates and 24 candidates in SC/ST/OBC category) across various districts of Maharashtra and supported their training on the twin program of Electrical Wiremen (Maharashtra Government syllabus) and Telecom Wiremen training designed by the Company. The Electrical Wiremen training was imparted by the Ramakrishna Mission at Sakwara (Vasai Taluka, Thane District), while the Telecom Wiremen training was conducted by the Company's Engineers and Managers. The training, lodging and boarding expenses for the 6 month courses were borne by the Company. All the trainees were thereafter referred to franchisees/contractors in the R-DEL roll out areas of the Company, and the Company helped them in getting suitable jobs in their respective Talukas.

- ***Collection and distribution of clothes to needy people in rural areas:***

Old clothes were collected from the employees and distributed to the needy and poor in rural areas, especially in Mikhada Taluka. The distribution of the clothes was carried out through the Ramakrishna Mission, Rural Health and Welfare Unit.

Auditors

- **Internal Auditors**

The Board has re-appointed M/s. Axis Risk Consulting Services Private Limited as the Internal Auditors, effective April 1, 2008.

- **Statutory Auditors**

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

Statutory Disclosures

- **Directors' Responsibility Statement**

Pursuant to the provisions of Section 217 (2AA) of the Companies Act, 1956, the Directors, based on the representations received from the operating management, confirm that:

1. In the preparation of the annual accounts, the applicable accounting standards have been followed and there are no material departures;
2. They have, in the selection of the accounting policies, consulted the Statutory Auditors, and have applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the loss of the Company for the period;
3. They have taken proper and sufficient care, to the best of their knowledge and ability, for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, 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.

- **Auditors' Observations**

(pl. refer paragraph xi in the Annexure to the Auditors' Report)

In our opinion, and according to the information and explanations given to us, the accumulated losses of the Company, at the end of the financial year are more than fifty percent of its net worth. The Company has not incurred cash losses during the financial year under audit and in the immediately preceding financial year.

Management Response:

Attention is invited to the following note (No. 28 in Schedule 16 forming part of the Balance Sheet and Profit and Loss Account), which is self-explanatory:

'28. The accumulated losses of the Company at the close of the year have exceeded its paid up capital and reserves. This, however, is not uncommon for telecommunication service providers in their initial years of commercial operations, due to high operation costs of heavy infrastructure and high capital requirement for building the network. The Company is consistently making cash profits, and has been able to grow its subscriber base and network. The Company would be able to meet its funding requirements with the various funding options including debt. The Company, during the year, also paid Rs. 392.66 crores as license fees for providing GSM services under the existing licenses and expects to roll-out the related services in due course after being allotted the required spectrum from DoT. The Company expects to take advantage of providing diversified products/services to its customers before the number portability regime is introduced apart from getting economies of operation by optimally using its infrastructure. The Company is therefore viewed as a "going concern" and the accounts have accordingly been prepared under the going concern assumption.'

- **Fixed Deposits**

The Company has not accepted any deposits within the meaning of Section 58A of the Companies Act, 1956 and the rules made thereunder.

- **Balance Sheet Abstract and Company's General Business Profile**

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

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

The disclosures as required under the Companies (Disclosure of Particulars in the Report of the Board of Directors)

Rules, 1988 are given below:

- (i) Energy Conservation: 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 networks and implements requisite improvements/changes in the network or processes in order to optimize power consumption and thereby achieve cost savings.
- (ii) Technology Absorption: The Company has not imported any technology. The Company has not yet established separate R & D facilities.
- (iii) Foreign Exchange Earnings and Outgo:

(Rs. Crores)

Particulars	Current Year	Previous Year
Earnings	Nil	NIL
Outgo	43.89	28.57
Capital Goods	197.88	467.48

• Particulars of Employees and Stock Options

The Company had issued stock options during the period 1999-2001. The information as required by the provisions of Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975 is annexed hereto as Annexure I and forms part of this report.

Further, the information as required to be disclosed in the Annual Report pursuant to the Securities & Exchange Board of India (Employees' Stock Option Schemes and Employees' Stock Purchase Scheme) Guidelines, 1999 is also annexed to this Directors' Report as Annexure II and forms part of this report.

A certificate from M/s Deloitte Haskins & Sells, Chartered Accountants, Statutory Auditors, with regard to the implementation of the Company's Employees' Stock Option Plan, would be open for inspection in the ensuing Annual General Meeting.

• Corporate Governance

A report on Corporate Governance appears after this report. A certificate from M/s. Deloitte Haskins & Sells (DHS), Chartered Accountants, Statutory Auditors, with regard to compliance with the corporate governance code by the Company is annexed hereto as Annexure III and forms part of this report.

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

Acknowledgements

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

For and on behalf of the Board of Directors



Ratan N. Tata
Chairman

Mumbai,
Date: June 11, 2008

ANNEXURE I

Particulars of employees pursuant to section 217(2A) of the Companies Act 1956 read with the Companies (Particulars of Employees) Rules, 1975 and forming part of the Directors' Report for the year ended March 31, 2008

a) Employed throughout the financial year and in receipt of remuneration exceeding Rs. 24 lacs per annum

Sr. No.	Name	Age	Designation	Qualifications	Date of Joining	Total Experience	Gross Remuneration	Net Remuneration	Particulars of Last Employment Held
1	Mr. A.R.K.Sarma	50	Additional Vice President- Network	B.Sc., AMIE	3-Aug-00	29	3,406,244	2,115,059	MTNL, General Manager (OP)
2	Mr. Dhananjay Saheba	52	Chief Technical Officer	M.Tech, MS	19-Jun-00	25	3,950,086	2506601	Lucent Technologies, Sr Manager - Business Development
3	Mr. Guruprakash Iyer	34	General Manager - Marketing	B.Sc., MBA	14-Sep-04	13	2,620,957	1809048	Bharti Cellular, Sr Manager
4	Mr. Haridev Khosla	50	Deputy COO & Head Network	B.E.	2-Mar-98	29	7,488,405	4,452,510	MTNL, Deputy General Manager
5	Mr. Joyjeet Bose	37	Additional Vice President - Sales	MBA	16-Sep-04	17	2,602,644	1,658,537	Hexacom India, DGM
6	Mr. Madhav J Joshi	55	Chief Legal Officer & Company Secretary	B.Com., LLB, FCS	1-Sep-98	37	7,253,490	4,297,051	Bayer Industries Limited, Director & Secretary
7	Mr. Mohan Ranganathan	56	General Manager - Project	BCS/PGDSM	1-Mar-07	30	2,615,818	1,581,258	TCS, Consultant
8	Mr. Pandarinath Savanur	51	Deputy General Manager - Network	B.Sc.	17-Nov-02	27	2,564,827	1,666,412	MTNL, Manager
9	Mr. Prakash N. Bugtani	41	Additional Vice President- Network	B.E.	22-Jun-98	20	3,170,663	1,988,760	HCPL, Microwave Communication - Sr. Manager Network
10	Mr. Pravin V. Patil	32	Additional Vice President - Sales	B.Com.	6-Mar-06	12	3,790,594	2,375,779	Reliance Infocom, Circle Head - Customer Service
11	Mr. Raghuvver Nayak Sujir	54	Additional Vice President- Network	B.E.	1-Sep-03	31	2,808,041	1,805,148	TISL, General Manager - Network
12	Mr. Rajesh Kovil	37	Additional Vice President - Sales	B.E.	1-Dec-04	15	3,530,695	2,342,617	Bharti Cellular, DGM - Sales
13	Mr. Ramesh Iyer	39	Vice President - Sales	B.E., MMM	31-Dec-05	17	3,601,132	2,186,747	Tata Infotech, Sr. Manager
14	Mr. S B Endigeri	58	Deputy General Manager - Network	B.Sc.	10-Sep-01	37	2,579,301	1,619,296	BSNL, Divisional Engineer
15	CA. S.Venkatesan	41	Chief Financial Officer	B.Sc., AICWA, FCA	21-Jan-04	21	4,843,616	2,853,465	Idea Cellular, GM - Finance
16	Mr. Sanjay Thakur	42	Additional Vice President- Network	B.E., M.E.	6-Jul-04	20	4,486,681	2,824,320	Ericssons India Ltd., General Manager - Network Consulting
17	Mr. Sanjay Y. Sethi	43	Principal Executive Officer	B.Com., MBA	1-Mar-05	22	4,138,782	2,654,968	Scoa Plc, Head - Corporate Operations
18	Mr. Shankar Varadharajan	34	Vice President	B.Tech., MBA, M.S.	8-Oct-04	12	3,509,989	2,269,589	Tata Infotech, Sr. Consultant
19	Mr. Shashank Pore	38	General Manager - Marketing	B.Sc., MMS	19-Jan-06	14	2,608,240	1,669,661	Reliance Industries, DGM
20	Mr. Suresh Singhal	44	Deputy General Manager - Network	B.Tech.	17-Apr-00	21	2,715,332	1,719,801	Atiaz Digital Pvt. Ltd., Product Manager
21	Mr. T. N. Srinivasan	42	Vice President - Customer Service Delivery	B.Com.	11-Aug-04	21	3,680,024	2,225,427	Idea Cellular, AGM - Credit & Activation

b) Employed for part of the financial year and drawing not less than Rs. 2 lacs per month

Sr. No.	Name	Age	Designation	Qualifications	Date of Joining	Total Experience	Gross Remuneration	Net Remuneration	Particulars of Last Employment Held
1	Mr. Abhay Metkar	39	General Manager - Sales	MMM	10-Dec-04	15	912,000	624426	Bharti Cellular, DGM - Sales
2	Mr. Ajay Mathur	35	Vice President - Marketing	B.Com., DSM	9-Jun-03	14	3,363,309	2456283	Reliance Infocomm Ltd., National Head - Direct Marketing
3	Mr. Anand Iyer	40	Vice President - Sales	PGDMM	30-Jun-07	20	2,152,289	1374765	DLF Home Developers, Sr. General Manager
4	Mrs. Antonette Teixeira	38	Secretary	B.A.	16-Apr-01	20	79,321	72275	Cable Corporation, Receptionist
5	CA. Bimal Khandelwal	38	General Manager - Finance & Accounts	ACA	23-Dec-06	14	1,175,296	596465	Idea Cellular, DGM - Finance & Accounts
6	Mr. Charles Antony	55	Managing Director	B.Sc. (Maths), B.S. (Electrical Engineering)	1-Oct-04	30	14,044,252	7551119	Tata Infotech Ltd, President & COO
7	Mr. Gopal Srinivasa Pai	51	General Manager - Sales	B.E., PGDM	29-Oct-98	29	1,513,584	1332410	Page Point Services India Ltd., Deputy General Manager
8	Mr. Hari Subrahmanian	39	General Manager - HR	B.E., MPM	19-Jul-04	18	2,208,214	1438506	Tata Services Ltd., Manager - HR
9	Mr. John Manavalan	32	Sr. Manager - Sales	B.A.	07-Feb-00	10	559,783	427222	Modi Xerox, Territory Manager - Sales
10	CA. Mahesh Ramanathan	38	Additional Vice President - Finance	PGDFM, ACA	26-Jul-07	15	2,191,004	1356212	Aircel Limited, Sr. General Manager
11	Mr. Manish Sathe	39	General Manager - Sales	B.Com.	21-Jan-08	16	635,199	454367	BPL Mobile Ltd., DGM - Sales
12	Mr. Millesh Ruparel	51	President Corporate-SCM	B.Com., MBA	16-Mar-08	28	173,212	149787	TTSL, Chief Officer - SCM
13	Dr. Mukund Rajan	40	Managing Director	B.Tech., Masters & Doctorate in International Relations	28-Feb-08	15	413,994	158443	Tata Sons Ltd., Vice President
14	CA. N.V. Prasad Iyer	41	Sr. Manager - Finance	B.Com., ACS, FCA	24-Feb-00	16	1,300,524	883615	Mangalore Refineries, Manager Finance & Secetrial
15	Mr. P Madhavan	41	Vice President - Operations	B.Sc.	15-Dec-05	19	1,992,509	1223388	Tata Teleservices Ltd., General Manager - Operation
16	Mr. Prakash Chaudhari	36	Manager - Network	DIE	11-Dec-00	14	305,415	226628.79	Telstra India Ltd, Engineer
17	Mr. Praveen Singh	33	Manager - Network	DEC	06-Jul-98	12	202,152	183174	Teletalk, Engineer
18	Mr. Rahul Gulekar	29	Customer Service Executive	B.Com.	04-Oct-04	6	61,300	60417	Reliance Infocomm, Executive
19	Mr. Raj Kakkar	48	Dy. General Manager - Sale	B.Sc., DBM	21-Dec-07	25	729,722	472415	Estel Communication, Regional Head - Sales
20	Mr. Rajendra Gogate	48	General Manager - Administration	B.Com.	07-Dec-00	24	1,312,419	911,457	Essar Group, DGM

Sr. No.	Name	Age	Designation	Qualifications	Date of Joining	Total Experience	Gross Remuneration	Net Remuneration	Particulars of Last Employment Held
21	Mr. Ratan Barhanpure	37	Sr Manager - Network Implementation	B.E.	02-Sep-02	16	437,947	338636	TISL, Sr. Manager - Network
22	Mr. Satish Krishnan Nair	28	Asst. Manager - Collection	MBA	09-Nov-04	6	108,833	107831	BPL, Sales Executive
23	Mr. Shekhar Banerjee	57	Vice President	B.Sc., LLB, MBA	1-May-06	38	3,709,256	2528795	TCS, Vice President - Marketing & Communication
24	Mr. Sunil Ahi	44	Sr. Manager - Sales	B.E.	22-Jun-06	23	924,444	705139	RL, Cluster Head - Sales
25	Mrs. Swati Arte	42	General Manager - Customer Service	B.A., MMIM	9-Aug-04	19	158,421	745388	Reliance Infocomm Ltd., Circle Head - Customer Care
26	Mr. Tajinder Singh Bhatia	45	Sr. Manager - Central Marketing	B.Sc.	30-Sep-04	21	461,111	313784	Max New York Life Insurance, Asst. Vice President
27	Mr. Valli Malaichamy	45	General Manager - Network	B.E.	31-Jan-05	22	320,981	247130.88	Bahrain Fibre Glass, Departmental Head - Material Management
28	CA. Venket Viswanath	40	General Manager - Customer Service	CA	16-Aug-07	18	1,862,147	1281981	Reliance Communication, General Manager
29	Mr. Victor D'Lima	32	Manager - Sales	B.Com.	01-Jun-99	11	241,672	182838	Page Point Services - Executive Sales
30	Mr. Vivek Darakh	40	General Manager - Sales	B.E., MBA	24-Dec-07	19	965,403	723995	Airtel Ltd., DGM - Sales

Notes :

- 1) Gross Remuneration includes Salary, Allowance, Provident Fund and Superannuation scheme with LIC and value of perquisites.
- 2) Net Remuneration excludes (from Gross Remuneration) Income Tax deducted, Profession Tax deducted, Perquisites, Company's contribution to Superannuation Fund & Provident Fund.
- 3) All appointments are contractual and terminable by notice on either side.
- 4) None of the above employees is related to any of the Directors.

ANNEXURE II

PARTICULARS PURSUANT TO THE SECURITIES & EXCHANGE BOARD OF INDIA (EMPLOYEES' STOCK OPTION SCHEMES AND EMPLOYEES' STOCK PURCHASE SCHEME) GUIDELINES, 1999

Options granted:

(i) Cumulative (cum.)	37,33,550
(ii) During the year 2007-08	Nil
Pricing formula	Not Applicable
Options vested (cum.)	25,13,630
Options exercised (cum.)	24,54,855
Options lapsed (cum.)	12,70,745
Total number of shares arising as a result of exercise of options (cum.)	24,54,855
Variation of terms of options	Not varied
Money realised by exercise of options (cum.) (Rs.)	2,45,48,550
Total number of options in force	7,950
Options granted to Senior managerial personnel during year 2007-2008:	NIL
Any other Employees to whom 5% or more of the total options have been granted during the year	None
Identified employees to whom options have been granted equal to 1% or more of the issued capital (excluding outstanding warrants & conversions) of the Company at the time of grant	None
Diluted Earning Per Share (EPS) pursuant to issue of shares on exercise of option calculated in accordance with International Accounting Standard (IAS 33)	
- with extra ordinary item (Rs.)	(0.70)
- without extra ordinary item (Rs.)	(0.70)
Number of employees to whom options have been granted:	
(i) Cumulative* till March 31, 2008	349
(ii) During FY 2007-08	Nil

* Also includes employees who have since left the employment of the Company

**ANNEXURE III
AUDITOR'S 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 31st March 2008, as stipulated in Clause 49 of the Listing Agreement of the said Company with the stock exchange.

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

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

We state that no investor grievance is pending for a period exceeding one month against the Company, based on the records maintained by the Investors Services Department and as certified by the Compliance Officer of the Company.

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*

A. B. Jani
Partner

Membership No: 46488

Mumbai, Dated: May 23, 2008

CORPORATE GOVERNANCE REPORT

STATEMENT OF COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

The Company believes in setting the highest standards in good and ethical corporate governance practices. As a part of the Tata Group, the Company has a strong legacy of fair, transparent and ethical governance practices. The Company's Board of Directors (hereinreferred to as 'the Board') has deployed a Code of Conduct for its senior management including the Managing Director. The Company has also adopted a Code of Conduct for its Non-Executive Directors. These Codes are available on the website of the Company i.e. www.tataindicom.com. The Company's corporate governance philosophy has been further strengthened through the Tata Code of Conduct for Prevention of Insider Trading and Code of Corporate Disclosure Practices.

TATA CODE OF CONDUCT

The major salutary principles of the Tata Code of Conduct are:

- (a) Conduct of business in consonance with national interest;
- (b) Fair and accurate presentation of financial statements;
- (c) Being a Equal Opportunities employer;
- (d) Prohibition on taking of gifts and donations, which can be perceived to obtain business or uncompetitive favours;
- (e) Practicing political non-alignment;
- (f) Maintaining quality of products and services;
- (g) Being a good Corporate Citizen;
- (h) Ethical conduct; and
- (i) Commitment to enhancement of shareholder value.

BOARD OF DIRECTORS

Composition

The Company's Board comprises of 8 Directors, 7 (87.5%) of them are Non-Executive, and 3 (37.5%) of them are Independent Directors. The Chairman is a Non-Executive Director. The Company is managed by the Managing Director under the supervision and control of the Board. The Managing Director is assisted by a team of highly qualified and experienced professionals.

In view of the rising trend in criminal prosecutions initiated against Non-Executive Directors on the Boards of companies even for alleged minor technical infractions of law, and in line with other Tata Companies, the Board has decided that Non-Executive Directors shall not be responsible for the day-to-day affairs of the Company. The above practice would continue to be adopted in the future as well. It is felt that this practice would help the Company to challenge prosecution/s, if any, initiated against its Non-Executive Directors.

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

The Board composition, the number of Chairmanships/Directorships of the Board, Chairmanships/Memberships of the Committees of the Board held by each of Directors as on March 31, 2008 is given below. Directorships do not include alternate Directorships, Directorships of private limited companies, Section 25 Companies and bodies corporate incorporated outside India, but includes Directorship of the Company. Chairmanship/Membership of Board Committees Includes only Audit and Shareholders/Investors Grievance Committees across all public limited companies (listed as well as unlisted) including that of the Company.

Name of the Director	Category	Number of Shares held in Company	Relationship with other Directors	No. of Directorships		No. of Committee Positions held in all Public Companies	
				Chairman	Member	Chairman	Member
Mr. Ratan N. Tata (Chairman)	Non-Executive Director	-	None	12	2	-	-
Mr. N. S. Ramachandran	Independent Director	-	None	-	2	1	2
Mr. Arunkumar R. Gandhi	Non-Executive Director	-	None	-	9	-	2
Mr. S. Ramadorai	Non-Executive Director	-	None	2	11	1	3
Prof. Ashok Jhunjhunwala	Independent Director	2,400	None	-	7	1	4
Mr. Anil Sardana*	Non-Executive Director	-	None	-	6	-	2
Mr. Nadir Godrej*	Independent Director	-	None	3	10	2	2
Dr. Mukund Rajan** Managing Director	Executive Director	-	None	-	4	-	1

* Appointed as additional director w.e.f. March 12, 2008.

** Appointed as additional director w.e.f. January 23, 2008 and Managing Director w.e.f. February 28, 2008.

Selection of New Directors

The Board is responsible for selection of new directors and periodically reviews its composition or need for any restructuring. The Non-Executive Directors are appointed on the recommendation of the Nominations Committee.

Board Meetings and Annual General Meeting

The Board meets at least once in each quarter and the maximum time gap between two Board meetings did not exceed the limits prescribed in Clause 49 of the listing agreement. Five meetings of the Board were held during the financial year ended on March 31, 2008. The Meetings of the Board were held on May 15, 2007, July 30, 2007, October 30, 2007, January 22, 2008 and March 31, 2008. The Annual General Meeting (AGM) was held on August 24, 2007. The details of participation of the Directors of the Company during the financial year ended March 31, 2008 in Board Meetings and AGM of the Company is as under:

Name of the Director	No. of Meetings during 2007-08		Attendance at Last AGM
	Held	Attended	
Mr. Ratan N. Tata	5	3	Yes
Dr. Naushad Forbes*	2	-	No
Mr. N. S. Ramachandran	5	5	Yes
Mr. Charles Antony*	4	4	Yes
Mr. Arunkumar R. Gandhi	5	5	Yes
Mr. S. Ramadorai	5	2	Yes
Mr. Anil Sardana*	1	1	Not Applicable
Mr. Nadir Godrej*	1	1	Not Applicable
Dr. Mukund Rajan*	1	1	Not Applicable
Prof. Ashok Jhunjhunwala*	5	5	No

* Member of the Board for part of the financial year 2007-2008.

Directors' Remuneration

None of the Non-executive Directors have any material pecuniary relationship or transaction with the Company.

Sitting fees are paid to Non-executive Directors for attending meetings of the Board and Committees. The Board has approved the payment of sitting fees to Non-Executive Directors as follows:

- Independent Directors – Rs. 8,000/- plus out of pocket expenses for every meeting of the Board and Audit Committee and Rs. 5,000/- per meeting for any other Committee of the Board.
- Non-independent Directors – Rs. 5,000/- for every meeting of the Board and any Committee of Board.

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

The Company pays remuneration by way of salary, allowances, retrials, perquisites, and performance pay to its Managing Director. Increments are decided by the Remuneration Committee within the salary scale approved by the Members and the limits approved by the Central Government. The contract with the Managing Director may be terminated by either party by giving six months notice or the Company paying six months salary in lieu thereof. There is no separate provision for payment of severance fees.

None of the Directors have been issued any stock options by the Company during the year.

The details of remuneration paid by the Company to its Directors during the financial year 2007-2008 is as follows:

A) Non Executive Directors

Name of the Director	Sitting Fees (Rs.)
Mr. Ratan N. Tata	-
Dr. Naushad Forbes*	-
Mr. N. S. Ramachandran	1,03,000
Mr. S. Ramadorai	10,000
Mr. Arunkumar R. Gandhi	55,000
Mr. Anil Sardana**	5,000
Mr. Nadir Godrej**	8,000
Prof. Ashok Jhunjhunwala	93,000

* Ceased to be a Director w.e.f. August 24, 2007.

** Appointed as Director w.e.f. March 12, 2008.

B) Managing Director

Name of the Director	Salary (Rs.)	Allowances (Rs.)	Retirals & Perquisites (Rs.)	Performance Pay	Total
Mr. Charles Antony*	25,85,000	35,19,458	22,29,794	57,10,000	1,40,44,252
Dr. Mukund Rajan**	1,92,414	96,207	1,25,373	-	4,13,994

* Ceased to be Managing Director w.e.f. February 29, 2008.

** Appointed as Managing Director w.e.f. February 28, 2008 for a period of 5 years subject to approval of the Members and the Central Government.

Information placed before Board of Directors

All information required to be placed before the Board under Clause 49 of the listing agreements with the stock exchanges, has been duly placed before the Board for its consideration.

AUDIT COMMITTEE**Composition**

The Audit Committee of the Board is constituted in compliance with the provisions of Clause 49 of the Listing Agreement read with Section 292A of the Companies Act, 1956 and comprises of 3 members all of whom are Non-Executive Directors and 2 of them are also Independent Directors. The Committee functions under the Chairmanship of Prof. Ashok Jhunjunwala who is an Independent Director. The Audit Committee is also attended by the Managing Director, Chief Financial Officer, Statutory Auditors and Internal Auditors. The functional heads are also invited as and when required. The Company Secretary acts as the Secretary to the Committee. The composition of the Committee is as follows:

Name of Member	Category	No. of Meetings during 2007-2008	
		Held	Attended
Prof. Ashok Jhunjunwala, Chairman	Independent Director	6	6
Mr. N. S. Ramachandran	Independent Director	6	6
Mr. A. R. Gandhi*	Non-Executive Director	6	6

* Mr. A. R. Gandhi, a fellow member of the Institute of Chartered Accountants of England and Wales, and that of India as well as an associate member of the Chartered Institute of Taxation, London, is a well-known financial and accounting expert and possesses rich and varied experience of more than 39 years in the field of finance, accounts, audit, taxation, mergers and acquisitions.

The Audit Committee meets at least once in each quarter and the maximum time gap between two Audit Committee Meetings did not exceed the limits prescribed in Clause 49 of the listing agreement. Six Audit Committee Meetings were held during the financial year ended on March 31, 2008. The Meetings were held on May 15, 2007, July 30, 2007, October 30, 2007, December 5, 2007, January 22, 2008 and March 10, 2008.

The last Annual General Meeting was held on August 24, 2007 and was attended by the then Chairman of the Audit Committee (Mr. N. S. Ramachandran).

Terms of Reference

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

- a) 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.
- b) Recommending the appointment and removal of external auditor, fixation of audit fee and also approval of payment for any other services.
- c) Reviewing with management, the quarterly, half yearly and annual financial statements before submission to the Board, focusing primarily on:
 - (i) any changes in accounting policies and practices
 - (ii) major accounting entries based on exercise of judgement by management
 - (iii) qualifications in draft audit report
 - (iv) significant adjustments arising out of audit
 - (v) the going concern assumption
 - (vi) compliance with accounting standards
 - (vii) compliance with stock exchange and legal requirements concerning financial statements
 - (viii) any related party transactions as per Accounting Standard 18.
- d) Reviewing with the management, external and internal auditors, the adequacy of internal control systems and ensuring compliance therewith.

- e) 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.
- f) Discussing with internal auditors any significant findings and follow up thereon.
- g) 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.
- h) 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.
- i) Reviewing the Company's financial and risk management policies.
- j) Looking into reasons for any substantial defaults in payment to depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors.
- k) Reviewing the functioning of the Whistle Blower Policy adopted by the Company.
- l) Reviewing the report on Management's Discussion & Analysis of Financial Condition and Results of Operation, to be included in the Company's Annual Report to its shareholders.

Management's Discussion & Analysis of Financial Condition and Results of Operations, statements of related party transactions, internal audit reports, fraud-related reports, quarterly results, management letters from Auditors, proposals and terms of appointment of internal auditors, as a part of financial results statements, have been regularly placed before the Audit Committee for review during the financial year 2007-08.

INVESTORS GRIEVANCES COMMITTEE

Composition & Terms of Reference

The Investors Grievances 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, non-receipt of declared dividends, dematerialisation of shares, IPO refunds and complaints, issue of duplicates and renewed share certificates, etc. The Committee is authorized to delegate its powers to officers and employees of the Company and/or of the Company's Registrar and Share Transfer Agent. The delegates regularly attend to share transfer formalities at least once every 15 days. The Composition of the Committee is as follows:

Name of the Member	Category	No. of Meetings during 2007-08	
		Held	Attended
Mr. N. S. Ramachandran, Chairman	Independent Director	1	1
Dr. Mukund Rajan*	Executive Director	Not Applicable	Not Applicable

* Dr. Mukund Rajan appointed as a Member of the Investors Grievances Committee w.e.f. February 29, 2008.

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

During the financial year 2007-08, the Committee met once i.e. on August 24, 2007. The position of outstanding investors' complaints is reported to the Board every quarter.

Summary of Investors' Complaints

The status of Investors' complaints as on March 31, 2008 is as follows:

Opening Balance	Received during Year	Resolved during Year	Closing Balance
1	244	244	1*

* Since resolved.

During the year no share transfer/complaints remained pending for more than 30 days.

RISK MANAGEMENT

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

GENERAL BODY MEETINGS

The Company's first statutory meeting was held on April 24, 1995. Till date, the Company has held 12 Annual General Meetings (AGMs) and 12 Extra Ordinary General Meetings of shareholders. The details of the last 3 AGMs are as under:

Particulars	Date	Venue
10th Annual General Meeting	August 5, 2005	Mumbai
11th Annual General Meeting	August 10, 2006	Mumbai
12th Annual General Meeting	August 24, 2007	Mumbai

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
10th AGM held on August 5, 2005	Section 198, 269, 309, 310, 314, 316, 317 of Companies Act, 1956	Appointment of Mr. Charles Antony and the remuneration to be paid for a period of 3 years from the date of his appointment as Managing Director of the Company
	Section 31 of Companies Act, 1956	Amendment to Articles of Association pertaining to Common Seal and Execution of Documents
	Section 81 of Companies Act, 1956	Further issue of Capital by way of Foreign Currency Convertible Bonds
12th AGM held on August 24, 2007	Section 163 of the Companies Act, 1956	Change in the address for keeping statutory registers of the Company
	Section 31 of the Companies Act, 1956	Amendment to Articles of Association to conduct any business through Postal Ballot
	Section 198, 269, 309, 310, 314, 316, 317 of Companies Act, 1956	Re-appointment of Mr. Charles Antony as Managing Director and the remuneration to be paid for a period of 3 years from the date of his reappointment as Managing Director of the Company
	Section 269, 310, 311	Increase in remuneration payable to Mr. Charles Antony for Financial Year 2006-07
	Section 81 of Companies Act, 1956	Further issue of Capital by way of Foreign Currency Convertible Bonds

POSTAL BALLOT

No postal ballot was conducted during the financial year ended on March 31, 2008. A Postal Ballot for obtaining approval of the Members under Section 293 (1) (a) of Companies Act, 1956 for transfer of the Passive Tower Infrastructure undertaking into a wholly owned subsidiary of the Company and for appointment of Dr. Mukund Rajan as the Managing Director was conducted in April-May 2008. The Postal Ballot was conducted by M/s Makarand Joshi and Co.

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 interests of the Company at large. 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, 2008. Transactions with related parties are disclosed in Note No. 17 of Schedule 16 to the Accounts in the Annual Report.

COMPLIANCE WITH LAWS

The Company has exercised due diligence in complying with all applicable laws in the matter of conduct of its business and in particular, there has neither been any non-compliance on the part of the Company on any matter related to capital markets during the last three years, nor have any penalties or strictures been imposed on the Company in this respect.

The Board periodically reviews compliance reports of applicable laws as prepared by the management as well as steps taken by the Company to rectify instances of non-compliance (if any).

As required under Clause 49 of the listing agreement, for the financial year 2007-08, the Company has submitted to the BSE and NSE, quarterly compliance reports signed by the Compliance Officer of the Company, confirming compliance with the mandatory requirements of the said Clause.

MEANS OF COMMUNICATION

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

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.

CODE OF CONDUCT FOR PREVENTION OF INSIDER TRADING

In compliance with the Securities & Exchange Board of India (Prevention of Insider Trading) Regulations, 1992, the Company has framed a Code of Conduct for Prevention of Insider Trading and Code of Corporate Disclosure Practices in line with other Tata Companies for prevention of insider trading and ensuring timely disclosures of all material price sensitive information in a transparent manner. The above Code was taken on record by the Board at its meeting held on July 19, 2004. In terms of the said Code of Conduct, the employees of the Company are prohibited from dealing in the securities of the Company during the period when the Trading Window is closed. The Trading Window for dealing in Securities of the Company is closed for the following purposes, namely (a) declaration of financial results (quarterly, half-yearly and annual), (b) declaration of dividends (interim and final), (c) issue of Securities by way of public/rights/bonus issue etc., (d) any major expansion plans or execution of new projects, (e) amalgamation, mergers, takeovers and buy-back, (f) disposal of whole or substantially whole of the undertaking, and (g) any significant changes in policies, plans or operations of the Company. In respect of declaration of financial results, the Trading Window remains closed from the end of the respective quarter, half-year or financial year, as the case may be. As regards declaration of interim dividend and other matters referred to in (c) to (g) above, the 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. The Managing Director/Chief Executive Officer is also required to designate a senior Employee who would be in-charge of the project. Such team members are required to execute an undertaking not to deal in the Securities of the Company till the Price Sensitive Information regarding the activity /project is made public or the activity/project is abandoned and the Trading Window would be regarded as closed for them. The Trading Window is opened 24 (Twenty-four) hours after the information referred to above is made public.

CODE OF CONDUCT

All Directors and senior management personnel have affirmed compliance with the respective codes for the financial year ended March 31, 2008. The declaration by the Managing Director in this respect appears elsewhere in this Annual Report.

IMPLEMENTATION OF NON-MANDATORY CORPORATE GOVERNANCE REQUIREMENTS

The Company has implemented the following non-mandatory requirements prescribed under Clause 49 of the listing agreement with stock exchanges with respect to corporate governance.

(i) Remuneration Committee

The Company has constituted a Remuneration Committee for the purpose of approving from time to time, the remuneration payable to the Managing Director and Executive Director/s and to discharge any other statutory duties and functions as may be specified under the law, or to perform such task/s as may be entrusted by the Board from time to time. During the financial year 2007-08, The Committee met once on June 20, 2007, in Mumbai. The meeting was attended by Mr. N. S. Ramachandran and Mr. Ratan N. Tata. The Company's Remuneration Committee comprises of 3 Directors, all of whom are Non-Executive Directors and 2 of whom are Independent Directors. The Committee's composition is as under:

Name of the Member	Category	No. of Meetings during 2007-08	
		Held	Attended
Mr. N. S. Ramachandran, Chairman	Independent Director	1	1
Mr. Ratan N. Tata	Non-Executive Director	1	1
Prof. Ashok Jhunjhunwala*	Independent Director	Not Applicable	Not Applicable

* Became a member of the Committee on September 6, 2007.

(ii) Whistle Blower Policy

The Tata Code of Conduct mandates that every employee of a Tata Company shall promptly report to the management any actual or possible violation of the said Code, or an event he or she becomes aware of that could affect the business or reputation of his/her or any other Tata Company.

The Company has adopted a Whistle Blower Policy, which affords protection and confidentiality to whistle blowers. The Audit Committee Chairman is authorized to receive 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 policy.

No personnel have been denied access to the Audit Committee.

MANAGEMENT'S DISCUSSION & ANALYSIS

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

GENERAL SHAREHOLDER INFORMATION**Annual General Meeting**

The ensuing Thirteen Annual General Meeting is scheduled to be held on Tuesday, August 12, 2008 at 1500 hours at the Bombay House Auditorium, Bombay House, 24, Homi Mody Street, Fort, Mumbai - 400 001.

Financial Year

The Company follows the April – March, financial year. The financial results for first, second (half yearly) and third quarter are generally published in July, October and January respectively. Annual audited financial results are generally published in May/June.

The financial results are uploaded on the Company's website and can be accessed by choosing the link "TTML" under the "About Us" link on the home page of the website.

The same are also uploaded on the website of Securities & Exchange Board of India viz. www.sebi.gov.in via the Electronic Data Information Filing and Retrieval System and are available for public viewing via the link "EDIFAR" appearing on the home page of the said website.

Date of Book Closure

The share transfer books & the Members' register will be closed between Tuesday, July 29, 2008 and Tuesday, August 12, 2008 (both days inclusive) for the purposes of the Thirteenth Annual General Meeting.

Listing on Stock Exchanges

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

- | | |
|--|---|
| <p>1 Bombay Stock Exchange Limited (BSE)
P. J. Towers
Dalal Street
Mumbai - 400 023.</p> | <p>2 The National Stock Exchange of India Limited (NSE)
Exchange Plaza, 5th floor,
Plot No. C/1, 'G' Block,
Bandra-Kurla Complex,
Bandra (E), Mumbai - 400 051.</p> |
|--|---|

The Company has paid Annual Listing Fees to both the stock exchanges within the stipulated time.

The Foreign Currency Convertible Bonds (FCCBs) issued by the Company in June 2004 are listed on the Singapore Stock Exchange (SGX).

Stock Code

The Stock Codes of the Company's equity shares on the BSE & NSE are as follows:

BSE	532371
NSE	TTML

Market Price Data

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

(Amount in Rupees)

Month	BSE		NSE	
	High	Low	High	Low
April 2007	28.90	20.50	28.90	20.50
May 2007	29.95	27.20	30.00	27.15
June 2007	28.25	25.50	28.30	25.45
July 2007	29.85	27.65	29.85	27.65
August 2007	32.50	25.70	32.50	25.75
September 2007	43.55	31.55	43.50	31.60
October 2007	47.50	37.35	47.50	37.35
November 2007	50.70	41.30	50.75	41.30
December 2007	62.25	51.50	62.30	51.50
January 2008	63.65	33.40	63.75	33.10
February 2008	40.80	33.25	40.80	33.20
March 2008	35.10	25.55	35.10	25.50

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

The performance of TTML's Share Price vis-à-vis the broad based BSE and NSE Indices during the financial year 2007-2008 is as under:

Particulars	TTML Share Price v/s BSE		TTML Share Price v/s NSE	
	TTML Share Price (Rs.)	BSE Sensex	TTML Share Price (Rs.)	NSE Nifty
As on April 1, 2007	20.60	12,455.37	20.60	3,633.60
As on March 31, 2008	28.10	15,644.44	28.10	4,734.50
Change (%)	36.41	25.60	36.41	30.28

TATA TELESERVICES (MAHARASHTRA) LIMITED

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Registrar and Share Transfer Agent

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

TSR Darashaw Limited

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

Tel.: 91 22 6656 8484

Fax: 91 22 6656 8496

E-mail: csg-unit@tsrdarashaw.com

Website: www.tsrdarashaw.com

Share Transfer System

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

Distribution of Shareholding

The broad shareholding distribution of the Company as on March 31, 2008 with respect to categories of investors was as follows:

Category of Investors	Percentage of Shareholding	
	As on March 31, 2008	As on March 31, 2007
Promoters & Promoter Group Companies	65.77	68.79
International Investors (FIIs/NRIs/OCBs/Foreign Banks)	2.69	2.37
Indian Financial Institutions/Banks/Mutual Funds	2.40	2.89
Private Bodies Corporate	5.68	3.89
Individuals	23.46	22.06
TOTAL	100.00	100.00

The broad shareholding distribution of the Company as on March 31, 2008 with respect to size of holdings was as follows:

Range (No. of Shares)	% of Paid-up Capital	% of Total No. of Shareholders
1 to 500	5.24	74.39
501 to 1000	3.96	13.96
1001 to 2000	3.28	6.31
2001 to 3000	1.71	1.96
3001 to 4000	1.03	0.85
4001 to 5000	1.21	0.76
5001 to 10000	2.55	1.03
10001 and above	81.02	0.74
TOTAL	100.00	100.00

The Company had a total of 6,26,825 shareholders as on March 31, 2008.

The quarterly shareholding pattern filed with the stock exchanges are also uploaded on the website of the Company and website of the Securities & Exchange Board of India viz. www.sebi.gov.in via the Electronic Data Information Filing and Retrieval System and are available for public viewing via the link "EDIFAR" appearing on the home page of the said website.

Dematerialization of Shares & Liquidity

As of March 31, 2008, 99.80% of the total equity shares issued by the Company have been dematerialised. The equity shares of Company are under compulsory dematerialized demat trading form. The Equity Shares of the Company are available for demat with both the depositories in India — National Securities Depository Ltd. (NSDL) and Central Depository Services (India) Ltd. (CDSL).

Outstanding Employee Stock Options, GDRs, ADRs, etc.

The Company has not issued any GDRs/ADRs/Warrants except 1,20,00,000 Employee Stock Options for one equity share each issued to Tata Teleservices (Maharashtra) Limited (*formerly known as Hughes Tele.com (India) Limited*) Employees' Stock Option Plan Trust. These options are convertible into Equity Shares of the Company on payment by the option holders of the stipulated conversion prices. Please refer Annexure II of the Report of the Board of Directors for further details regarding the Employee Stock Options.

In June 2004, the Company issued Foreign Currency Convertible Bonds (FCCBs) aggregating US\$ 125 million to foreign investors convertible at Rs. 24.96 per share (including a premium of Rs. 14.96 per share). Of these, FCCBs with aggregate principal value of US\$ 111.759 million have been converted into equity shares of the Company. Post Rights Issue of equity shares, the conversion price has been adjusted to Rs. 24.49 per equity share w.e.f. October 28, 2006. During the year, US\$ 46.349 million FCCBs were converted into 8,40,48,942 equity shares. FCCBs with aggregate principal value of US\$ 13.241 million were outstanding as on March 31, 2008.

Where we offer service

The Company currently provides services in about 565 towns and cities 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, Panaji, Nagpur, and Kolhapur.

Address for correspondence

Shareholders are requested to direct all equity share related correspondence/queries to TSR Darashaw Limited and only the non-share related correspondence and complaints regarding TSR Darashaw Limited 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 23, 2008 issued by M/s Deloitte Haskins & Sells, Chartered Accountants, Statutory Auditors on compliance with the Corporate Governance requirements by the Company is annexed to the Directors' Report.

MANAGEMENT'S DISCUSSION & ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

COMPANY BACKGROUND

The Company was incorporated on March 13, 1995 as Hughes Ispat Limited and was later renamed Hughes Tele.com (India) Limited effective April 26, 2000. Consequent to takeover of the Company by Tata Teleservices Limited, the Company was renamed Tata Teleservices (Maharashtra) Limited, effective February 13, 2003.

Initially the Company was licensed to provide basic telecommunication services in Maharashtra Circle (including Mumbai and Goa). Effective November 14, 2003, the Company migrated to the Unified Access (Basic & Cellular) Services Licence (UASL), which authorizes the Company to provide fixed as well as mobile services within the States of Maharashtra and Goa. The Company now holds 2 UASLs – one for the Mumbai Service Area and another for the Rest of Maharashtra Service Area (including Goa). The Company also holds an all-India Internet Service (including Internet Telephony) licence.

The Company initially chose CDMA technology for wireless services. The Company has recently been permitted by the Department of Telecommunications (DoT) to use in addition the alternative GSM Technology for wireless services upon payment of fee of Rs. 393 crores. The Company is awaiting allocation of Spectrum to commence the GSM operations.

The Company has obtained approval from the Members for transferring of its Passive Tower Infrastructure Undertaking to a wholly Owned Subsidiary of the Company, to be formed for that purpose.

During the financial year ended March 31, 2008, the Company's subscriber base crossed 5 million.

INDUSTRY STRUCTURE AND DEVELOPMENTS

In India, there are various kinds of telecom service licences, including access licences i.e. basic/fixed service, cellular, Unified Access (basic + cellular) service; carrier licences i.e. national long distance and international long distance; licences for internet services; VSAT licences; IP-1 registration for passive infrastructure (towers, ducts, fibre) and IP-2 licences for bandwidth. As per recent amendments, UASL operators like the Company can provide internet, internet telephony and broadband services under their UASL licence. Unrestricted competition is allowed in all the categories.

The Indian Telecom Services Sector has witnessed tremendous growth in the recent past, primarily driven by intense competition, entry of new operators, falling tariffs, and reforms in the regulatory set-up. Major Indian business houses have invested substantially in this sector. The past year or so have been very exciting for the industry.

Regulatory Developments

Details of major developments on the regulatory front are as under:

- **Interconnection Usage Charges (IUC)**

Access Deficit Charge (ADC) has been a levy paid by private telecom operators to BSNL for meeting the cost of unprofitable operations in rural areas. The UAS Licensee service providers were required, till recently, to pay ADC of 0.75% of their Adjusted Gross Revenue (AGR) to BSNL. The Telecom Regulatory Authority of India (TRAI) abolished this payment effective April 1, 2008. All domestic calls will hereafter be free from the incidence of ADC. The ADC component on the international incoming calls has been fixed at a reduced rate of Rs. 0.50 per minute for the period from April 1, 2008 to September 30, 2008 after which this component of ADC would also be eliminated.

BSNL has challenged this ADC amendment in Telecom Disputes Settlement And Appellate Tribunal (TDSAT). TDSAT has admitted BSNL's appeal and clubbed it with all the previous pending matters in which the telecom giant had challenged the ADC reduction for the financial years 2006-2007 and 2007-2008.

- **Mobile Number Portability**

Mobile Number Portability (MNP) is a service, which allows end-users of telecommunication services to retain their

current mobile telephone number when the subscriber switches from one operator to another. The DoT, in November 2007, accepted TRAI's recommendations of March 2006, on Mobile Number Portability.

MNP will be introduced in Metro cities i.e. Delhi, Mumbai, Kolkata and Chennai in the initial phase and subsequently in the whole country in a phased manner as decided by DoT. TRAI expects country wide implementation by June 2009.

- **Use of Alternate Technology**

DoT had issued on October 19, 2007, a press release permitting the use of alternate wireless technologies by UAS Licensees. Licensees who were using CDMA Technology for wireless access are now permitted to use GSM technology and vice-versa. DoT clarified that spectrum for the alternate technology would be allocated in the applicable frequency band subject to availability after payment of the prescribed fee, which would be an amount equal to the amount prescribed as the entry fee for getting a new UAS License in the same service area.

- **Mobile Virtual Network Operators (MVNO)**

DoT, in March 2008, sought TRAI's recommendations on the need and timing for introduction of MVNOs as well as terms and conditions of the license to be granted to such operators. TRAI in the first week of May 2008, has released a consultation paper on MVNOs. MVNOs offer mobile services to the subscribers generally under their own brand name, and operate through commercial arrangements with existing licensees from whom they buy bulk minutes of traffic and resell them to their own subscribers.

- **Unsolicited Commercial Communications Regulations, 2007**

The TRAI had issued on June 5, 2007, Telecom Unsolicited Commercial Communications Regulations, 2007 for putting in place a mechanism for curbing unwanted telemarketing calls and to make service providers liable to pay an amount by way of financial disincentive, not exceeding five thousand rupees for the first non-compliance and in the case of second or subsequent such non-compliance, an amount not exceeding twenty thousand rupees for each such non-compliance.

Apart from the above financial disincentive on the service providers, and in order to discourage the registered telemarketers from sending Unsolicited Commercial Communications, the Telecommunication Tariff Order, 1999 was also amended simultaneously so as to provide a penalty of Rs. 500/- for every first unsolicited commercial communication and Rs. 1,000/- for every subsequent unsolicited commercial communication.

- **Telecom licenses mergers & acquisition norms**

DoT announced in April 2008, guidelines for mergers and acquisition of telecom licenses in a circle. While prior approval of DoT is necessary, the guidelines stipulate that the combined market share of the merged entity shall not be greater than 40 per cent in terms of subscriber base or in terms of revenue.

Following the merger, the entity shall be entitled to the total amount of spectrum held by the merging entities, subject to the condition that the merged entity will meet within three months from the date of approval of the merger by DoT the applicable subscriber criterion norms, and surrender excess spectrum. No mergers will be allowed in the case of the new licensees for 3 years from the date of issue of license to them.

- **Universal Service Obligation (USO)**

The Government of India amended the Indian Telegraph Act, 1885, to give mobile players access to the Universal Service Obligation (USO) Fund. Each operator contributes 5% of its adjusted gross revenue to the USO Fund, which is used to provide subsidies for providing telecom services in rural areas.

The Company, in 2004, won the tender for provision of Rural DELs in 43 SDCAs. As on March 31, 2007, the Company had serviced 2.09 lakhs RDELs. The RDEL scheme ended on March 31, 2007; in view of the delays in allocation of access spectrum and provision of Points of Interconnection by BSNL, several operators, including the Company, had requested the government for an extension of the scheme upto March 31, 2009, which has been favourably considered by the Government.

The focus of the Government in the coming year will be on the growth of voice and broadband services in the rural areas. The Government has targeted 500 million telephone connections by 2010, of which 150 million are intended in rural areas. In line with the above, the USO Administrator plans to float two tenders, one for setting up and managing 10,000 infrastructure sites and the second for provision of broadband services in rural areas at speeds of over 512 kbps and above. Subsidies will be provided to successful bidders out of the corpus of over Rs. 7,000 crores already available with the USO Fund.

- **Spectrum**

- (a) TRAI Recommendations on Allocation of 3G Spectrum**

TRAI recently submitted to DoT recommendations on allocation of 3G spectrum. It has recommended that:

- the auction for 3G licensees should be restricted to existing licensees, and spectrum of 5 MHz be allotted to 4 bidders.
- the total availability of spectrum and the allocation process should be made public at the stage of the auction so that the bidders are fully aware.

DoT is yet to take a decision on TRAI's recommendations.

- (b) Guidelines for allocation of additional Spectrum**

The UASL license provides for allotment of spectrum of upto 5+5 MHz i.e. 4 carriers, to CDMA operators; GSM operators are offered upto 6.2 + 6.2 MHz. However, DoT, without devising a comprehensive spectrum policy, notified norms in March 2006 for the allotment of 5th and 6th carriers to CDMA operators, and upto 15 MHz to GSM operators, without any additional payment. TRAI submitted in August 2007, its recommendations for upward revision of the subscriber base notified by DoT for allocation of additional carriers and for allocation of the 3rd and 4th carrier for CDMA. The recommendations, like the DoT guidelines of March 2006, discriminate between GSM and CDMA operators by allotting spectrum in a 2:1 ratio based on the mistaken presumption that CDMA technology is significantly more spectrum efficient. DoT issued fresh spectrum allocation guidelines in January 2008, increasing substantially the subscriber number thresholds, making it more difficult for established service providers to acquire more spectrum and improve their quality of service to subscribers.

TOWER TRANSFER

The Company, like other leading telecom operators, proposes to concentrate on its core business activity, i.e. providing telecommunication services, and transfer its Passive Tower Infrastructure Undertaking ("Undertaking") to a Wholly Owned Subsidiary (WoS) which would be formed for this purpose.

The Company, in order to capitalize on the opportunity created by the thrust on infrastructure sharing, may subsequently divest some or all of the equity and/or preference shares that would be held by the Company in WoS in favour of investor/s or infrastructure providers including Wireless Tata Tele Info Limited (WTTIL), a tower subsidiary of Tata Teleservices Limited (TTSL) and/or merge it with any other entity including WTTIL.

OPPORTUNITIES AND THREATS

The rapid pace of technological development in the telecom hardware and software sectors has made it possible for the Company to provide a variety of services to its subscribers in a spectrum-efficient and cost-efficient manner.

The year witnessed the introduction of some value added services, which are expected to deliver a growing part of the Company's revenues in the years ahead. The Company proposes to launch exciting new services and features on its network in the near future, as a part of its endeavour to achieve Customer Delight.

While the Company would aggressively focus on the provision of fixed wireless and mobile telecom services, it will also refocus its attention on wireline services.

A write up on the various threats to which the Company is exposed, is provided under the section "Risks and Concerns". Information on important litigation concerning the Company is as under:

Spectrum

The Company and TTSL filed in December 2007, a petition before TDSAT:

- challenging allocation of spectrum beyond the contracted amount to GSM operators;
- querying the pricing of spectrum beyond the contracted amount and recommending, if necessary, withdrawal of excess spectrum allocated to GSM operators;
- seeking release of the 3rd and 4th CDMA carriers (within the contracted amount of 5+5 MHZ) against its pending applications;
- seeking upfront allotment of the contracted 5+5 MHz spectrum to CDMA operators, as was done in the case of GSM operators; and
- demanding technology neutrality.

DoT assured TDSAT that spectrum would be allocated against the pending applications. However, without allocating spectrum against pending applications, DoT enhanced substantially the subscriber number requirement in January 2008. The Company's petition is yet to be heard.

● **Push to Talk (PTT)**

The Company, after holding discussions with TRAI, launched in November 2004, the innovative Push-To-Talk (PTT) service on a non-chargeable basis. PTT enables subscribers to form groups and instantly connect with multiple persons across the country who require short bursts of information, thus increasing productivity and efficiency while simultaneously reducing costs. Commencing January 2005, DoT and TRAI sought some information, which was furnished, after which they directed the Company in February 2005, to discontinue the service which was done. DoT thereafter levied a penalty of Rs. 50 crores on the Company in February 2006, for alleged violation of ISP license conditions; this was challenged by the Company at the Telecom Disputes Settlement and Appellate Tribunal (TDSAT), and pending hearing, the demand has been stayed.

● **Walky ADC**

The Company is a market leader in Fixed Wireless Phones (FWPs) offered under the brand name 'Tata Indicom Walky'. As mentioned in last year's report, BSNL unilaterally treated these FWPs as mobile phones and raised demands for payment of Access Deficit Charge (ADC). TDSAT upheld these demands, and the Company went in appeal to the Hon'ble Supreme Court (SC). Effective March 2006, the ADC is to be calculated as a percentage of revenues, and hence this dispute is confined to demands for the relevant past periods.

The Hon'ble SC upheld on April 30, 2008, the TDSAT judgment. The Company and TTSL have filed a review petition seeking review of the aforesaid judgment. In view of the fact that BSNL itself had a FWP subscriber base of 26 lacs during the disputed period, and as the Company and TTSL pointed out inaccuracies in BSNL demands, the Hon'ble SC directed the Company and BSNL to make adjustments and quantify the amount payable. Details of BSNL demands have been given in Notes to the Accounts (Please refer Note No 5 (i) of Schedule 16 of the Financial Statements—Significant Accounting policies and Notes to Financial Statements).

Thereafter, BSNL, by giving 4 hours' telephonic notice for payment of its ADC demands, disconnected on May 3, 2008, all basic service Points of Interconnection (PoI) between BSNL and the Company thereby causing tremendous hardships to the subscribers. Pols were restored after 24 hours after the Company made interim payment. This action of BSNL is illegal and against the provisions of interconnect agreement between the Company and BSNL.

Without prejudice to the review petition filed by the Company in the Hon'ble SC, the Company has filed a petition before TDSAT against BSNL and has sought that:

- a) BSNL be asked to furnish numbering plan and call details in respect of BSNL's own 26 lac fixed wireless subscribers who were active during the disputed period.
- b) BSNL be advised to commence the reconciliation process.
- c) a firm of chartered accountants be appointed to supervise the process of reconciliation of claims and counter-claims of both parties.
- d) TDSAT declare that the disconnection of Pols by BSNL was illegal.

TDSAT in an interim order passed on May 30, 2008, stayed disconnection or any precipitate action by BSNL. The Company will pay an additional deposit to reach the level of 75% of BSNL's demands, and the parties have been directed to exchange within 4 weeks the data required for reconciliation and settlement as per IUC regulations.

- **Computation of Licence Fee**

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

The matter was decided in 2007 by TDSAT, which based on TRAI recommendations identified various items to be excluded from AGR. The order would be effective from the date of filing of petitions in TDSAT. DoT has filed an appeal in the Hon'ble Supreme Court challenging the whole order while the Company and TTSL have filed an appeal seeking implementation of the order from the first demand for the year 1999-2000, raised by DoT in May 2003.

- **Subscriber Verification**

The Department of Telecommunication (DoT) has prescribed very stringent documentation and process requirements for acquiring new customers. As sales are through distribution channels, there are always chances of some channel partners not observing such guidelines strictly. The Company has been making substantial efforts to educate and discipline the channel partners.

- **Fulfillment of Roll-out Obligations**

As a Unified Access Service Licensee, the Company was required to complete certain rollout obligations within 1 and 3 years from the effective date of its license(s). The coverage had to be certified by the Telecommunication Engineering Center (TEC). Due to reasons not in the control of any of the UASL operators, the first year norms could not be met by any of them.

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

- **DoT Counter-claim**

The Company had applied for Karnataka circle basic licence in 1997 and was issued a letter of Intent (LoI) with fixed fee. The Company had requested DoT to allow implementation through a separate company which was agreed in principle by DoT in 1997 and all the documents required by DoT were submitted from time to time by the Company. DoT could not take a final decision for 2 years thereafter, by which time the National Telecom Policy 1999 had been announced which provided for revenue share instead of fixed licence fee and ushered in an unlimited number of operators as against the previous regime of only one private operator. The Company therefore did not pursue the LoI for a fixed licence. Despite its own inability to take a decision for 2 years, the DoT then sought to recover Rs. 50 crores from the Company's Maharashtra circle payments in 1999.

The Company in 2002, filed a petition before TDSAT claiming refund of the Rs. 50 crores recovered by DoT in 1999. DoT during the proceedings before TDSAT claimed from the Company Rs. 303 crores towards loss of (opportunity to earn) licence fee and Rs. 351 crores as interest till October 31, 2002. TDSAT allowed refund of Rs. 50 crores to the Company with interest of 17% p.a. and dismissed the DoT's counter-claim based on facts and a law point (i.e. TDSAT had no jurisdiction). DoT appealed to the Hon'ble Supreme Court, which without commenting on the merits of the counter-claim, confirmed that TDSAT had jurisdiction and remanded the matter to TDSAT for fresh adjudication. DoT is now seeking to file with TDSAT a counter-claim of Rs. 2015 crores, which includes Rs. 303 crores towards loss of (opportunity to earn) licence fee and interest of Rs. 1712 crores calculated upto March 31, 2008. DoT was required to file its counter-claims within a specified time period, but failed to do so; the Company has opposed the delayed filing of this counter-claim and the matter has been adjourned by TDSAT to July 30, 2008. If the counter-claim is admitted, the Company is hopeful of once again succeeding in the matter.

SEGMENT-WISE OR PRODUCT-WISE PERFORMANCE

The Company is engaged in the business of provision of telecommunication services consisting of basic services, cellular services, broadband services (for retail and enterprise) and internet telephony. The Company expanded its network throughout the States of Maharashtra and Goa by covering 565 towns by the end of the financial year 2007-08. Details of various products and services are provided in the Directors' Report.

OUTLOOK

The outlook for the Company appears bright on a long-term basis, as the Company will benefit from its association with Tata Teleservices Limited (TTSL), which has licences to provide telecom services in 20 circles across India. TTSL also has been permitted by the DoT to use GSM Technology in 17 Circles. TTSL has started getting allocation of GSM spectrum in some circles. The national teledensity is around the 26% mark, and considering the teledensity of other regions and countries in Asia, there is a vast market in our country waiting to be tapped and the Company will take all the necessary initiatives to become a major player in its chosen areas of operation.

TTSL and the Company has launched in March 2008, an additional brand 'Virgin Mobile' to market youth centric services. Virgin Mobile is known internationally to be a brand, which is popular with the youth. The Company will concentrate more and more on brand development in the coming months. It also proposes to launch services making use of about 1,000 kms of fiber buried in Mumbai.

RISKS AND CONCERNS

As is the case with any infrastructure project, the Company is exposed to a number of risks. Key risks include:

Regulatory Risks

The Indian telecommunications industry is subject to extensive Government regulation, especially as regards allocation of spectrum and introduction of new services. However, the industry is being liberalised and the Company would endeavour to take advantage of the new opportunities afforded by regulatory changes, such as use of cross over technology, new platforms and the proposed introduction of 3G services, which could allow the Company to provide all types of high speed communication and convergence services.

The Company's telecommunications licenses, provide broad discretion to the Government to influence the conduct of the Company's businesses by giving it the right to modify, at any time, the terms and conditions of the licenses and take over the entire services, equipment and networks or terminate or suspend the licenses, if necessary or expedient, in the public interest or in the interest of national security or in the event of a national emergency, war or similar situation.

In some cases in the past, clarifications and directives (instead of amendments to licences) have been issued by the Government, which have imposed unforeseen liabilities on the licencees. The Government unilaterally hiked the subscriber thresholds for getting additional spectrum and applied those thresholds even to the applications which had already been eligible and pending with it for more than a year.

Licence amendments are also made unilaterally by the Government and are not negotiated or subject to any prior consultation process.

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

The future growth of the Company's business is dependent on its ability to expand its network capacity. The capacity of the wireless network is limited, amongst other things, by the amount of spectrum available for use. The Company's wireless network expansion plans and introduction of new value added services may be materially affected or delayed if it is unable to obtain additional spectrum.

The Company's plan to commence GSM Operations would be materially affected, if requisite spectrum is not allocated or is delayed.

Technological Risks

Changes in technology may render the Company's current technologies obsolete or require it to make substantial capital investments for upgradation. The telecommunications 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

Like all infrastructure projects, the Company too requires significant amounts of capital to fund its project, especially the expansion under implementation and its working capital requirements. About half of the project cost is funded by way of debt. The completion of the financing is subject to a number of terms and conditions, including periodic review of the business plan. The implementation of the project would be materially affected if these debt facilities are not raised in a timely manner.

Interconnection Risks

For calls which originate or terminate outside the Company's network, its ability to provide telecommunications services is dependent on access to and the development, quality and maintenance of the competitors' networks, and their willingness to cooperate with the Company in interconnection arrangements. If for any reason these interconnection arrangements are disrupted, or if grant of Pols or their augmentation are delayed, one or more of the Company's services may be delayed, interrupted or stopped, the quality of the Company's services may suffer and the customer dissatisfaction and churn may increase, each of which could adversely affect the Company's business.

Competition Risks

The Indian telecommunications industry has recently witnessed intense competition with the entry of more operators, falling tariffs, and the liberalization of the regulatory environment. The operations of the Company are restricted to two telecom circles and thus it has some operational disadvantages vis-à-vis national operators. To match the competitors, the Company has to provide subsidy on handsets sold by its distributors to prospective customers. Entry of new international operators and other existing operators now preparing to offer services in the Company's areas of operation would intensify the competition further leading to lowering of tariffs.

Dependency on Tata Teleservices Limited ("TTSL")

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 Indicom brand that Tata Sons Limited has 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 mobile subscribers, who can roam in the Service Areas where

the TTSL network is operational and vice versa. Although all the above positively impact the Company's performance, if the Company is viewed as a stand alone enterprise, this inter-dependency may be perceived to be an area of concern.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

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

The internal audit function is looked after by an independent firm, which conducts reviews and evaluation and presents its reports to the Audit Committee and the management at regular intervals.

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

ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The financial statements have been prepared in accordance with the requirements of the Companies Act, 1956, the Indian Generally Accepted Accounting Principles (Indian GAAP) and the Accounting Standards as prescribed by the Institute of Chartered Accountants of India.

The Board believes that it has been objective and prudent in making estimates and judgements relating to the financial statements and confirms that these financial statements are a true and fair presentation of the Company's operations and loss for the year.

DEVELOPMENTS ON HUMAN RESOURCES FRONT

The Company had 1,494 employees on its rolls as on March 31, 2008. A detailed write-up appears in the accompanying Directors' Report under the paragraph titled "Human Resources".

FINANCIAL PERFORMANCE

The accumulated losses of the Company at the close of the year exceeded its paid up capital and reserves. This, however, is not uncommon for telecommunication service providers in their initial years of commercial operations, due to high operation costs of heavy infrastructure and high capital requirement for building the network. The Company is consistently making cash profits, and has adequate commitments from its lenders for meeting its operating and financial requirements, and continues to grow its network. The Company is therefore viewed as a 'going concern' and the accounts have accordingly been prepared under the going concern assumption.

It is to be noted that the Company rolled-out its CDMA services in 565 towns till the end of the financial year 2007-08 and created huge infrastructure across Mumbai, Maharashtra and Goa. It also provided coverage on the major highways in this geography. The Company plans to continue its network rollout in more towns in the ensuing financial year 2008-09.

a) Financial Condition

1. Share Capital, Reserves & Surplus

The Equity Share Capital increased from Rs. 1,809.50 crores to Rs. 1,893.56 crores consequent to allotment of 8,40,48,942 equity shares at a Price of Rs. 24.49 (Premium of Rs. 14.49 per share) on conversion of Foreign Currency Convertible Bonds and allotment of 18,050 equity shares under the Employees Stock Option Plan at par value of Rs. 10/- each. The Reserves & Surplus consist of Security Premium, which increased from Rs. 413.87 crores to Rs. 576.17 crores.

2. Secured and Unsecured Loans

Secured Loans availed of by the Company as at March 31, 2008 are higher at Rs. 2,098.09 crores as compared to Rs. 1,696.26 crores as at March 31, 2007. This increase is on account of availment by the Company of term loans for funding network expansion. Unsecured loans have increased from Rs. 332.61 crores as at the end of the previous year to Rs. 528.78 crores as at the end of current year 2007-08. During the year, Foreign Currency Convertible Bonds amounting

to Rs. 206.49 crore were converted into Equity Shares of the Company while fresh loans amounting to Rs. 392.66 Crores were raised for funding GSM license Fee. (The Company completed its Phase I project drawdown).

3. Fixed Assets

The Company continues to grow its network in Mumbai and other cities in Maharashtra and Goa. The year-end gross block increased by Rs. 471.19 crores to Rs. 4,524.71 crores (previous year Rs. 4,053.52 crores). The major increase in the gross block was on account of expansion of the CDMA network by installation of switches, cell sites and backbone amounting to Rs. 672 crores. The Gross Block also includes the cost of GSM License Fee (Rs. 392.66 crores). During the year, TDMA assets were retired and removed from Gross Block (Rs. 596.94 crores) and held for sale at the estimated realizable value.

The year-end net block has increased from Rs. 2,226.67 crores to Rs. 2,861.13 crores. Year-end Capital Work-in-Progress is lower at Rs. 125 crores (previous year Rs. 203.17 crores).

4. Investments

The Company temporarily invests its short-term funds surplus in bank deposits and liquid and short-term debt plans of reputed Mutual Funds. Such surpluses are maintained until the time these are deployed in the network build out. There were no investments at the beginning and at the end of the year.

5. Sundry Debtors

Sundry debtors as a percentage of telecom service revenues reduced to 11% (previous year 12%). During the year, there has been a substantial improvement in the collections, which has resulted in a lower provision for doubtful debts at Rs. 18.95 crores (previous year Rs. 23.40 crores).

6. Profit & Loss Account

The accumulated losses of the Company were Rs. 2,670.32 crores as at the end of the financial year.

b) Results of Operations

Revenues for the Company have grown with growth in the subscriber numbers. Sustained growth has been maintained in spite of the increased competition and reducing tariffs. The Company has implemented various programs to optimize its costs in the areas of network maintenance, operations and customer servicing. There has been improvement in the collection of debts resulting in lower provisioning of doubtful debts.

The overall increased operational efficiency of the Company has resulted in 60% growth in EBIDTA compared to the previous year. Loss before extraordinary items and tax is lower due to the growth in EBIDTA.

1. Revenues from Telecommunication Services

During the year, revenues from telecommunication services increased to Rs. 1,707.19 crores (previous year Rs. 1,406.98 crores). This revenue growth was largely driven by the 65% increase in the number of subscribers to 50,79,212 at the end of March 2008 (compared to 30,73,872 subscriber lines as at the end of March 2007). The revenue growth is based on the growth in subscriber base, amidst falling tariffs. The tariffs of prepaid, postpaid and fixed line segments have been reduced to meet increased competition.

2. Other Income

Other income increased to Rs. 82.41 crores (previous year Rs. 17.44 crores), which includes subsidies received from the Universal Service Obligation Fund towards provision of Rural Household Direct Exchange lines (RDELs) in specified Short Distance Charging Areas (SDCAs) amounting to Rs. 56.81 crores (previous year Rs. 13.50 crores).

The income from Passive Infrastructure is shown separately in the current year, in accordance with the decision to transfer the Passive Tower Infrastructure Undertaking. The previous year's figures have been regrouped accordingly.

3. Operating Expenses

The major operating expenses comprise:

i) Network Operation costs

These are costs incurred to operate and maintain the Company's network - fees to the Department of Telecommunication (DoT), repairs and maintenance, rent, power, etc. During the year, Network Operation expenses increased to Rs. 287.98 crores (previous year Rs. 243.66 crores); this increase was driven by an increase in revenue share pay-out proportionate to the growth in the revenues, and cost, linked to the expansion of the network.

ii) Interconnection and other access costs

As a percentage of telecom service revenues, interconnection and other access costs paid to other operators decreased to 26% (previous year 28%). The Company's expansion of its inter-city connectivity with its own fiber optic network led to some savings in interconnect charges during part of the year.

iii) Employee related expenses

Employee related expenses of Rs. 93.63 crores (previous year Rs. 71 crores) as a percentage of telecom service revenues constituted 5% (previous year 5 %).

iv) Administrative and other expenses

The major expenses under this category are in the nature of rents, rates and taxes, collection/credit verification, customer services and call center services, bad/doubtful debts and advances and other miscellaneous expenses including Octroi charges. These expenses have decreased as a percentage of telecom service revenue to 10% (previous year 12%).

v) Marketing and business promotion expenses

During the year, the Company incurred significant expenses on subscriber acquisition and advertisements and promotions for the CDMA business. As a result, these expenses increased to Rs. 301.72 crores (previous year Rs. 236.95 crores). The expenses included upfront subsidy on handsets incurred by the Company to make the entry price comparable to the competition. This is commensurate with the increase in the Company's subscriber base.

4. Finance and Treasury Charges

On a net basis, the charge to the profit and loss account towards interest marginally decreased to Rs. 171.01 crores (previous year Rs. 171.76 crores). As a percentage of telecom service revenues, these expenses decreased to 10% (previous year 12%).

5. Depreciation

Total depreciation charges decreased by 2% to Rs. 439.35 crores (previous year Rs. 446.23 crores). As a percentage of telecom service revenues, these expenses decreased to 26% (previous year 32%). The decrease in depreciation amount is primarily due to reversal of provision for obsolete inventory and full year benefit of waiver of liability by the vendor viz. Hughes Network Systems, USA, which has been reduced from the gross block of fixed assets.

6. Loss before Exceptional items and Tax

Loss before Exceptional items and tax decreased to Rs. 124.81 crores (previous year Rs. 315.39 crores).

7. Taxes

No provision for current income tax has been made in the accounts, since there were no taxable profits for the year. No provision for deferred tax has been made in the accounts since the Company estimates that the accumulated deferred tax assets will offset the deferred tax liabilities.

Fringe Benefit Tax (FBT) payable under the provisions of section 115WC of the Income-tax Act, 1961 is in accordance with the Guidance Note on Accounting for Fringe Benefits Tax issued by the ICAI regarded as an additional income tax and considered in determination of the profits/(losses) for the year.

8. Net Loss

The Company's net loss decreased to Rs. 125.74 crores for the year (previous year Rs. 310.61 crores). Generally, it is not uncommon for large greenfield infrastructure telecom projects to incur losses during the initial few years of project implementation. The Company launched its CDMA wireless business only in August 2003 and expanded coverage to 565 towns as at March 31, 2008.

9. Liquidity and Capital Resources

During the year, the Company generated net cash of Rs. 480.47 crores (previous year Rs. 345.15 crores) from its operating activities. At the end of the financial year 2007-08, the Company's cash and cash equivalent balance decreased to Rs. 34.46 crores (previous year Rs. 83.61 crores) on account of the liquidation of investments done by the Company during the year for funding expansion. The Company is consistently making cash profits and has been able to grow its subscriber base and network. The Company would be able to meet its funding requirements with the various funding options including debt. The Company has also paid Rs. 392.66 Crores for providing GSM services under the existing license and would take advantage of providing diversified products/services to its customers before the number portability regime is introduced apart from getting economies of operation by optimally using its infrastructure.

**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, 2008, received from the Senior Management Team of the Company and the Members of the Board a declaration of compliance with the Code of Conduct as applicable to them.

For the purpose of this declaration, Senior Management Team means the Chief Financial Officer, employees in the General Manager cadre and above, and the Company Secretary as on March 31, 2008.

Mumbai, May 20, 2008

Dr. Mukund Rajan
Managing Director

AUDITOR'S REPORT

TO THE MEMBERS OF TATA TELESERVICES (MAHARASHTRA) LIMITED

1. We have audited the attached Balance sheet of Tata Teleservices (Maharashtra) Limited as at 31st March 2008 and also the Profit and Loss Account and the Cash Flow Statement for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by Companies (Auditor's Report) Order, 2003 issued by the Central Government in terms of section 227 (4A) of the Companies Act, 1956, we enclose in the Annexure, a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to above, 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 appears from our examination of the books;
 - c) The Balance sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - d) In our opinion, the Balance sheet and Profit and Loss Account dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
 - e) On the basis of written representations received from the directors as on 31st March, 2008 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2008 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
 - f) In our opinion and to the best of our information, and according to the explanations given to us, the said accounts read with the Significant Accounting Policies and notes thereon, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - i) in case of the Balance sheet, of the state of affairs of the Company as at 31st March, 2008;
 - ii) in case of the Profit and Loss Account, of the loss for the year ended on that date; and
 - iii) in case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For **Deloitte Haskins & Sells**
Chartered Accountants

A B Jani
Partner

Membership No. 46488

Mumbai, Dated: May 23, 2008

ANNEXURE TO THE AUDITOR'S REPORT**Re: Tata Teleservices (Maharashtra) Limited**

(Referred to in Paragraph 3 of our report of even date)

- i) The nature of the Company's activities are such that clauses (xiii) and (xiv) of paragraph 4 of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company for the year.
- 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) All fixed assets have not been physically verified by the management during the year but there is a regular program of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
 - (c) The Company has not disposed off a substantial part of fixed assets during the year.
- iii) In respect of its inventories:
 - (a) The stocks of trading goods have been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
 - (b) The procedures of physical verification of stocks followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
 - (c) The Company has maintained proper records of its inventories and no material discrepancies were noticed on physical verification.
- iv) The Company has not granted or taken any loans, secured or unsecured from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956 and accordingly the sub-clauses (a) to (g) of clause (iii) of the Order are not applicable to the Company.
- 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 nature of its business with regard to purchase of inventory and fixed assets and sale of goods and services. During the course of our audit we have not observed any continuing failure to correct major weaknesses in the internal control system.
- vi)
 - a) According to the information and explanations given to us, we are of the opinion that the particulars of contracts/ arrangements that are needed to be entered into the register maintained under section 301 of the Companies Act, 1956 have been so entered.
 - b) According to the information and explanations given to us, where such transactions are in excess of Rs. 5 lakhs in respect of any party, the transactions have been made at prices which are, prima facie, reasonable having regard to the prevailing market price/ similar transactions with other parties at the relevant time.
- vii) The Company has not accepted any deposits from the public.
- viii) In our opinion, the Company has an internal audit system commensurate with the size of the Company and the nature of its business.
- ix) We have broadly reviewed the books of account and records maintained by the Company relating to telecommunication activities pursuant to the order made by the Central Government for maintenance of cost records under clause (d) of sub-section (1) of Section 209 of the Act and are of the opinion that prima facie the prescribed accounts and records have been made and maintained. We have, however, not made a detailed examination of the records with a view to determining whether they are accurate or complete.

- x) According to information and explanations given to us in respect of statutory and other dues:
- (a) The Company has generally been regular in depositing undisputed statutory dues in respect of Provident Fund, Employees' State Insurance, Income-tax, Sales-tax, Wealth tax, Service tax, Custom duty, cess and any other material statutory dues with the appropriate authorities during the year.
- (b) According to information and explanation given to us details of disputed Sales tax / Income-tax / Customs duty / wealth tax / Service tax/ Excise Duty and Cess, which have not been deposited as at March 31, 2008, on account of disputes are given below:

Name of statute	Nature of the dues	Amount (Rs. In crores)	Period to which the amount relates	Forum where dispute is pending
The Income-tax Act, 1961	Income tax demand	0.08	A.Y. 1998-99	Income Tax Apellate Tribunal

- xi) In our opinion, and according to the information and explanations given to us, the accumulated losses of the Company, at the end of the financial year are more than fifty percent of its net worth. The Company has not incurred cash losses during the financial year under audit and in the immediately preceding financial year.
- xii) In our opinion and according to information and explanations given to us, the Company has not defaulted in repayment of dues payable to a financial institutions and banks.
- xiii) According to the information and explanations given to us, the Company has not granted any loans or advances on the basis of security by way of pledge of shares, debentures and other securities.
- xiv) 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 or financial institutions, are not prima facie prejudicial to the interests of the Company.
- xv) According to the information and explanations given to us, the term loans availed by the Company were, prima facie, applied during the year for the purpose for which the loans were obtained, other than temporary deployment pending application.
- xvi) According to information and explanations given to us and on an overall examination of the balance sheet of the Company, funds raised on short term basis have, prima facie, not been used during the year for long term investment.
- xvii) According to information and explanations given to us, the Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under Section 301 of the Companies Act, 1956.
- xviii) The Company has not issued any debentures during the year.
- xix) The Company has not raised any money by way of public issues during the year.
- xx) According to the information and explanations given to us, no fraud on or by the Company was noticed or reported during the year.

For **Deloitte Haskins & Sells**
Chartered Accountants

A B Jani
Partner

Membership No. 46488

Mumbai, Dated: May 23, 2008

BALANCE SHEET AS AT MARCH 31, 2008

	Schedule	As at March 31, 2008 Rs. in Crores	As at March 31, 2007 Rs. in Crores
SOURCES OF FUNDS			
Shareholders' Funds			
Share Capital	1	1,893.56	1,809.50
Reserves and Surplus	2	576.17	413.87
		<u>2,469.73</u>	<u>2,223.37</u>
Loan Funds			
Secured Loans	3	2,098.09	1,696.26
Unsecured Loans	4	528.78	332.61
		<u>2,626.87</u>	<u>2,028.87</u>
Total		<u><u>5,096.60</u></u>	<u><u>4,252.24</u></u>
APPLICATION OF FUNDS			
Fixed Assets			
	5		
Gross Block (at cost)		4,524.71	4,053.52
Less : Accumulated Depreciation		1,663.58	1,826.85
Net Block		<u>2,861.13</u>	<u>2,226.67</u>
Capital Work - In - Progress		125.00	203.17
		<u>2,986.13</u>	<u>2,429.84</u>
Current Assets, Loans and Advances			
Cash and Bank Balances	6	34.46	83.61
Sundry Debtors	7	201.48	170.32
Inventories	8	2.22	2.22
Loans and Advances	9	216.99	171.37
		<u>455.15</u>	<u>427.52</u>
Less : Current Liabilities and Provisions			
Current Liabilities	10	981.91	1,071.79
Provisions	11	33.09	77.91
		<u>1,015.00</u>	<u>1,149.70</u>
Net Current Liabilities		<u>(559.85)</u>	<u>(722.18)</u>
Profit and Loss Account		<u>2,670.32</u>	<u>2,544.58</u>
Total		<u><u>5,096.60</u></u>	<u><u>4,252.24</u></u>
Significant Accounting Policies and Notes to Financial Statements	16		

As per our attached report of even date

For Deloitte Haskins & Sells
Chartered Accountants

A. B. Jani
Partner

Place : Mumbai
Date : May 23, 2008

For and on behalf of the Board

Arunkumar R. Gandhi
(Director)

S. Venkatesan
(Chief Financial Officer)

Place : Mumbai
Date : May 20, 2008

Dr. Mukund Rajan
(Managing Director)

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

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2008

	Schedule	2007 - 08 Rs. in Crores	2006 - 07 Rs. in Crores
Income			
Telecommunication Services	12	1,707.19	1,406.98
Other Income	13	82.41	17.44
Total		1,789.60	1,424.42
Expenditure			
Operation and Other Expenses	14	1,304.05	1,121.82
Profit before Finance and Treasury charges, Depreciation and Tax		485.55	302.60
Finance and Treasury Charges (Net)	15	171.01	171.76
Depreciation /Amortisation.		439.35	446.23
Loss before Extraordinary item and tax		(124.81)	(315.39)
Extraordinary item			
Insurance Claim Received		-	5.48
Loss before Tax		(124.81)	(309.91)
Provision for Tax			
- Fringe Benefits Tax		0.93	0.70
Loss after tax		(125.74)	(310.61)
Balance at Commencement		(2,544.58)	(2,233.41)
Add: Charge on account of the transitional provision of Accounting Standard 15 (Revised) on "Employee Benefits".		-	0.56
		(2,544.58)	(2,233.97)
Balance carried to Balance Sheet		(2,670.32)	(2,544.58)
Earnings Per Share - Basic (Rs.)			
(Refer Note 19 of Schedule 16)			
Including Extraordinary item		(0.68)	(1.94)
Excluding Extraordinary item		(0.68)	(1.97)
Earnings Per Share - Diluted (Rs.)			
(Refer Note 19 of Schedule 16)			
Including Extraordinary item		(0.70)	(1.94)
Excluding Extraordinary item		(0.70)	(1.97)
Par Value (Rs.)		10.00	10.00
Significant Accounting Policies and Notes to Financial Statements	16		

As per our attached report of even date

For Deloitte Haskins & Sells
Chartered Accountants

A. B. Jani
Partner

Place : Mumbai
Date : May 23, 2008

For and on behalf of the Board

Arunkumar R. Gandhi
(Director)

S. Venkatesan
(Chief Financial Officer)

Place : Mumbai
Date : May 20, 2008

Dr. Mukund Rajan
(Managing Director)

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

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2008

	As at March 31, 2008 Rs. in crores	As at March 31, 2007 Rs. in crores
SCHEDULE - 1		
SHARE CAPITAL		
Authorised		
2,500,000,000 Equity Shares of Rs.10/- each	2,500.00	2,500.00
	2,500.00	2,500.00
Issued and Subscribed		
1,893,563,718 (Previous year 1,809,496,726) Equity Shares of Rs.10/- each fully paid-up	1,893.56	1,809.50
	1,893.56	1,809.50

Notes:

1. Of the above 1,245,259,393 Equity Shares are held up by Tata Sons Limited (the ultimate Holding Company) and its Subsidiaries.
2. Of the above 84,048,942 (Previous Year NIL) Equity Shares are issued during the year on conversion of Foreign Currency Convertible Bonds.
3. During the year some employees exercised options issued under the Employee Stock Option Plan resulting in allotment of 18,050 (Previous year NIL) fully paid - up Equity Shares for cash at par amounting to Rs. 1,80,500 (previous year Rs. NIL) (Refer note 7 of schedule 16).
4. During the previous year the Company issued 288,911,242 Equity Shares on rights basis at a premium of Rs.7/-per Equity Share (Refer note 8 of schedule 16).

SCHEDULE - 2**RESERVES AND SURPLUS**

Securities Premium account:-

Balance at the beginning of the year	413.87	215.21
Add: On conversion of Foreign Currency Convertible Bonds	162.30	-
Add: Received during the year on account of Rights issue.	-	202.24
Less: Applied towards Rights issue expenses.	-	3.58
Balance at the end of the year.	576.17	413.87

SCHEDULE - 3**SECURED LOANS**

From Banks (Refer note 1 below)

Term Loans	1,636.90	1,398.00
Cash Credit Accounts	110.22	78.29
Acceptances	350.95	219.90
	2,098.07	1,696.19
Deferred payment credits (Refer note 2 below)	0.02	0.07
	2,098.09	1,696.26

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2008

Notes :

1. Loans from Banks are secured by either one or more of the following as per terms of the arrangements with respective banks:
 - by first pari pasu charge on the movable and/or immovable assets of the company,
 - by pledge of shares of promoters,
 - 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,
 - by hypothecation of present and future book debts and outstanding money receivable,
2. Secured by hypothecation of vehicles acquired out of the loans.

	As at March 31, 2008 Rs. in crores	As at March 31, 2007 Rs. in crores
SCHEDULE - 4		
UNSECURED LOANS		
Foreign Currency Convertible Bonds (FCCB) (Refer note below)	61.12	267.61
From Banks		
- Short Term Loans	467.66	65.00
	<u>528.78</u>	<u>332.61</u>

Notes:

During the year ended March 31, 2005, the Company issued FCCB of USD 12.50 crores at an interest rate of 1% per annum (payable semi-annually). The holders of these Bonds have an option to convert the Bonds into Equity Shares of the company on or after July 1 2004 at a pre-determined price of Rs.24.96 per Equity Share. Subsequent to rights issue of Equity Shares, the conversion price has been adjusted to Rs.24.49 per Equity Share. The Bonds that are not converted into Equity Shares, are redeemable at a premium of 19.38% at the end of 5 years from the date of issue.

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2008

	As at March 31, 2008 Rs. in crores	As at March 31, 2007 Rs. in crores
SCHEDULE - 6		
CASH AND BANK BALANCES		
Cash on hand	0.03	0.03
Balance with Scheduled Banks in		
- Current Accounts	34.42	38.48
- Term Deposit Accounts [including accrued interest Rs. Nil (Previous year Rs. 0.09 crores)]	0.01	45.10
	34.46	83.61
SCHEDULE - 7		
SUNDRY DEBTORS (Unsecured)		
Outstanding for a period exceeding six months	256.46	231.26
Others	185.52	160.61
	441.98	391.87
Less: Provision	240.50	221.55
	201.48	170.32
Note:		
Considered good	201.48	170.32
Considered Doubtful	240.50	221.55

The above include:

- Debts due from companies under the same management Rs 2.47 crores (Previous year Rs.1.72 crores) includes Tata Teleservices Limited Rs. 0.77 crores, Tata Consultancy Services Limited Rs.0.97 crores ,THDC Limited Rs.0.01 crores, Tata AIG Life Insurance Company Limited Rs.0.13 crores, Tata AIG General Insurance Company Limited Rs.0.06 crores, Tata Sky Limited Rs. 0.14 crores,Tata Internet Service Limited Rs. 0.13 crores and E-NXT Financials Private Limited Rs.0.26 crores.

SCHEDULE - 8

INVENTORY

Traded Goods

Starter Kits	2.22	2.22
	2.22	2.22

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2008

	As at March 31, 2008 Rs. in crores	As at March 31, 2007 Rs. in crores
SCHEDULE - 9		
LOANS AND ADVANCES (Unsecured)		
Advances recoverable in cash or in kind or for value to be received [Includes Rs 0.18 crores (Previous year Rs. 0.18 crores) due from an officer of the Company. Maximum amount outstanding at any time during the year is Rs.0.18 crores (Previous year Rs. 0.18 crores)]	194.60	158.68
Premises and other deposits	19.42	14.57
Assets retired from active use awaiting disposal (Refer Note 24 of schedule 16)	2.30	-
Advance Tax paid	3.29	0.74
	219.61	173.99
Less : Provision	2.62	2.62
	216.99	171.37
Note :		
Considered good	216.99	171.37
Considered doubtful	2.62	2.62
SCHEDULE - 10		
CURRENT LIABILITIES		
Sundry Creditors		
Total Outstanding dues of Micro Enterprises and Small Enterprises (Refer Note 27 of schedule 16)	-	-
Total Outstanding dues of Creditors other than Micro Enterprises and Small Enterprises:		
- Under Usance Letter of Credit	52.68	231.17
- Others	791.99	740.70
	844.67	971.87
Deposits from Customers and others	70.71	60.87
Interest accrued but not due on loans	7.01	5.46
Other liabilities	59.52	33.59
	981.91	1,071.79
Note: Other Liabilites include temporary overdrawn bank balances aggregating to Rs.11.62 crores(Previous year Rs.3.87 crores)		
SCHEDULE - 11		
Provisions		
For Contingencies	16.74	16.74
For Retirement benefits	3.06	2.71
For Premium on Redemption of FCCB	13.24	58.42
For Fringe Benefit Tax (net of advances)	0.05	0.04
	33.09	77.91

Note: Provision for contingencies relate to certain claims by vendors on the Company made in earlier years and there is no movment in the same during the year.

SCHEDULES FORMING PART OF PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2008

	2007 - 08 Rs. in crores	2006 - 07 Rs. in crores
SCHEDULE - 12		
TELECOMMUNICATION SERVICES		
Telephony	1,510.87	1,261.19
Internet Services	29.88	19.34
Interconnection Usage Charges	153.04	121.50
Sale of Traded Goods	13.40	4.95
	<u>1,707.19</u>	<u>1,406.98</u>
SCHEDULE - 13		
OTHER INCOME		
Subsidies from Department of Telecommunications (DoT)	56.81	13.50
Excess Provision in respect of earlier year written back	12.93	-
Infrastructure Sharing.	9.10	3.48
Gain on Fixed assets sold/written off (Net)	1.79	-
Miscellaneous Receipts	1.78	0.46
	<u>82.41</u>	<u>17.44</u>
SCHEDULE - 14		
OPERATION AND OTHER EXPENSES		
Network Operation costs		
Revenue Share to DoT	156.06	129.47
Repairs and Maintenance - Plant and Machinery [including capital inventory consumed Rs 4.45 crores (Previous Period Rs.3.34 crores)	39.60	38.52
Power	52.27	36.76
Rent, Rates and taxes	23.05	24.62
Insurance	0.91	1.99
Others	16.09	12.30
	<u>287.98</u>	<u>243.66</u>
Interconnection and Other access costs	436.57	394.86
Payments to and Provisions for Employees		
Salaries and Bonus	83.91	63.69
Contribution to Provident and other Funds	4.98	3.61
Staff Welfare	4.74	3.70
	<u>93.63</u>	<u>71.00</u>
Administrative and Other expenses		
Rent, Rates and taxes	19.02	19.26
Repairs and Maintenance		
Buildings	0.02	0.01
Others	4.61	3.39
Travel and conveyance expenses	9.24	6.47
Collection / Credit verification charges	18.43	24.47

SCHEDULES FORMING PART OF PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2008

	2007 - 08	2006 - 07
	Rs. in crores	Rs. in crores
Customer service and call centre cost	61.25	41.46
Provision for Bad/Doubtful debts and advances (Net of insurance received amounting to Rs.2.72 crores(previous year Rs.NIL))	16.23	25.10
Insurance Expenses	0.08	1.12
Loss on Fixed Assets sold/written off/retired from active use(Net) (Refer Note 24 of Schedule 16)	2.34	1.35
Miscellaneous expenses	53.92	52.21
Contractual and other claims and liabilities (Net)	(0.99)	0.51
	184.15	175.35
Marketing and business promotion expenses		
Advertisement and business promotion expenses (Net of Rs.10.74 crores (Previous year Nil) incentive received)	64.63	43.80
Sales Commission and Expenses	97.32	67.64
Handset Subsidy	131.97	122.15
Traded Goods - Starter Kits		
Opening Stock	2.22	-
Purchases	7.80	5.58
Less: Closing stock	2.22	2.22
	7.80	3.36
	301.72	236.95
	1,304.05	1,121.82

SCHEDULE - 15**FINANCE AND TREASURY CHARGES (NET)**

Interest		
On Fixed Term Loans (Refer Note 26 of schedule 16)	166.14	118.25
Others	10.07	36.55
Expenses for loan arrangement, bill discounting and bank charges	14.69	22.81
Foreign exchange fluctuations (Net)	(9.98)	(3.45)
	180.92	174.16
Less: Interest Capitalised (Refer Note 26 of schedule 16)	8.63	-
	172.29	174.16
Less: Interest Income on Term Deposits with Banks	1.21	1.93
Profit on redemption of Units (Current Investment)	0.07	0.47
	171.01	171.76

Note: Interest on others includes Nil (Previous year Rs.3.24 crores) pertaining to earlier year.

SCHEDULES FORMING PART OF THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT

SCHEDULE – 16

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO FINANCIAL STATEMENTS

1. Company background

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. During the year, the Company has also been granted approval by Department of Telecommunications (DoT) for providing telecommunication services using Global System for Mobile Communications (GSM) technology under the aforesaid licenses and is awaiting allocation of spectrum by DoT. The Company also holds the National Internet Service provider – Internet Telephony license.

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

2. Significant Accounting Policies

a) Basis of preparation of financial statements

The accounts have been prepared to comply in all material aspects with applicable accounting principles in India, the Accounting Standards notified in the Companies (Accounting Standards) Rules 2006 and relevant provisions of the Companies Act, 1956.

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 period. 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. Cost includes all costs incurred to bring the assets to their working condition and location.

Assets retired from active use and held for disposal are stated at lower of net book value or net realisable value (Refer note 24 below).

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 to Use (‘IRU’) bandwidth capacities by the Company are capitalised as intangible assets.

SCHEDULES FORMING PART OF THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT**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
- Time Division Multiple Access (TDMA) Equipment (Refer Note - 24 below)	9
- Outside Plant	18
- Network Interface Units	5
- Air- Conditioning Equipment	6
- Generators	6
- Electrical Equipments	6
- Computers	3
- Office Equipments	3
- Computer Software	3
Furniture and Fittings	3
Vehicles	5

- ii) Leasehold land and premises are amortised uniformly over the period of lease.
- iii) Depreciation on License fees is provided for uniformly over the original license period of 20 years from the date of commencement of operation. 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". (Also Refer Note 26 below)
- iv) Indefeasible Right to Use ('IRU') bandwidth capacities by the Company are amortised over a period of fifteen years based on technical estimate of useful life of the assets.
- 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

- i) Transactions in foreign currency are recorded at the original rates of exchange in force at the time transactions are effected.
- ii) Foreign currency denominated assets and liabilities are reported as follows:
- a) Monetary items are translated into rupees at the exchange rates prevailing at the balance sheet date. Non-Monetary items such as fixed assets are carried at their historical rupee values.
- b) Gains/losses arising on settlement of foreign currency transactions or restatement of foreign currency denominated assets and liabilities (monetary items) are recognised in the profit and loss account.
- iii) In case of forward exchange covers, the premium or discount arising at the inception of the contract is amortised as expense or income over the life of the contract.
- iv) Pursuant to the announcement on accounting for derivatives issued by the Institute of Chartered Accountants of India (ICAI), the Company in accordance with the principle of prudence as enunciated in Accounting

SCHEDULES FORMING PART OF THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT

Standard 1 on 'Disclosure of Accounting Policies' provides for losses in respect of all outstanding derivative contracts at the Balance Sheet date by marking them to market. Any gains arising on such mark to market are not recognized as income. (Refer Note 18 below)

f) Employee benefits (Refer Note 11 below).

Retirement benefit costs are expensed to revenue as incurred.

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

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

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

g) Revenue recognition

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

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

h) Borrowing costs

Borrowing costs attributable to the acquisition of a qualifying asset, as defined in AS 16 on "Borrowing Costs", are capitalised as part of the cost of acquisition. Other borrowing costs are expensed as incurred (refer para l below) during the year, there was no such qualifying Asset, hence no Borrowing Costs were capitalised.

i) Earnings per share

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

j) 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

k) Cash Flow Statement

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

l) Foreign Currency Convertible Bonds (FCCBs) Expenses

Premium payable on Redemption of FCCBs is fully provided for on issue of the FCCBs. The Securities Premium Account is applied in providing for premium on redemption in accordance with Section 78 of the Act. On conversion of the FCCBs to Equity Shares the redemption premium is reversed.

Expenses on issue of FCCBs and on Rights issue of Equity Shares are written off to the Securities Premium Account in accordance with section 78 of the Act.

SCHEDULES FORMING PART OF THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT
m) Finance and Treasury charges

Net finance and treasury charges are disclosed in the financial statements. Interest and other income earned from treasury operations are reduced from the costs of treasury operations. (Refer Note 23 below)

n) Inventories

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

o) Fringe Benefit Tax

Fringe Benefits Tax (FBT) payable under the provisions of section 115WC of the Income-tax Act, 1961 is in accordance with the Guidance Note on Accounting for Fringe Benefits Tax issued by The Institute of Chartered Accountants of India (ICAI) regarded as an additional income tax and considered in determination of the profits/ (losses) for the year.

p) Impairment of assets

An asset is considered as impaired in accordance with AS 28 on "Impairment of Assets" when at the balance sheet date there are indications of impairment and the carrying amount of the asset, or where applicable the cash generating unit to which the asset belongs, exceeds its recoverable amount (i.e. the higher of the asset's net selling price and value in use) In assessing the value in use, the estimated future cash flows expected from the continuing use of the asset and from its ultimate disposal are discounted to their present values using a pre-determined discount rate. The carrying amount is reduced to the recoverable amount and the reduction is recognized as an impairment loss in the profit and loss account.

q) Contingent Liabilities

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

	As at March 31, 2008 Rs. in Crores	As at March 31, 2007 Rs. in Crores
3. Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	180.74	206.50
4. Counter guarantees given by the Company	720.00	670.00
5. Contingent liabilities:		
i) Claims against the Company not acknowledged as debts		
Telecom Regulatory Matters	142.44	102.61
(Refer below note below)		
Others	83.33	84.66

Note:

The Company, subsequent to the year-end has received an Order from the Hon. Supreme Court dismissing the Company's petition regarding Access Deficit Charge (ADC) demanded by Bharat Sanchar Nigam Limited (BSNL) in respect of 'fixed wireless' services provided under the brand name "WALKY". Demand notices have been received from BSNL, to pay ADC

SCHEDULES FORMING PART OF THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT

aggregating to Rs.105.48 crores for the period November 14, 2004 upto February 28, 2006; the date after which ADC is payable on Net Adjusted Gross Revenue Basis.

Out of the above, the Company, has, in earlier years, already provided for amounts aggregating to Rs. 28.14 crores pertaining to ADC for the period from August 26, 2005 upto February 28, 2006. The balance amounts aggregating to Rs. 77.34 crores is disclosed as Contingent Liability under 'Telecom Regulatory Matters' as the Company is of the view that these demands include amounts relating to 'wireline' services and ADC for the period before August 26, 2005; the actual date after which, as per the directions of the Department of Telecom, services provided under the brand name "WALKY" are to be considered as Wireless in Local Loop (Mobile) for the purposes of ADC. The Company has also decided to file a review petition seeking review of the aforesaid judgment, particularly in relation to the issue of payment of ADC for the period before August 26, 2005 and is hopeful of success in the matter.

Subsequent to the year-end, the Company has made on account payment to BSNL of Rs. 25 crores in relation to the above, which is in addition to Rs. 25 crores paid to BSNL in earlier years.

ii) Disputed demands before relevant authorities:		
Income Tax	0.08	9.35
Excise Duty	-	20.48

iii) 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 10.08 crores (Rs. 404.41 crores) [net of USD 6.55 crores (Rs. 262.61 crores) for which the company has applied for exemption] 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. Up-till the end of the year, the Company has fulfilled the export obligation to the extent of Rs. 21.22 crores (previous year Rs Nil).

iv) The Company in 2002 had filed a petition before Telecom Dispute and Settlement Appellate Tribunal (TDSAT) claiming refund of Rs. 50 crores recovered by Department of Telecommunications (DoT) in 1999 alleging failure to sign basic services licence agreement for Karnataka circle after accepting Letter of Intent (LoI). DoT during the proceedings before TDSAT claimed from the Company Rs. 303 crores towards loss of (opportunity to earn) licence fee and Rs. 351 crores as interest till October 31, 2002. TDSAT allowed refund of Rs. 50 crores to the Company with interest of 17% p.a. and dismissed the counter-claim based on a law point (i.e.TDSAT had no jurisdiction) and facts. DoT appealed to the Hon'ble Supreme Court which without commenting on the merits of the counter-claim confirmed that TDSAT had jurisdiction and remanded the matter to TDSAT for fresh adjudication. DoT is now seeking to file with TDSAT a counter-claim of Rs. 2,015 crores (Previous year NIL) which includes Rs. 303 crores towards loss of (opportunity to earn) licence fee and interest of Rs. 1,712 crores calculated upto March 31, 2008. The matter has been adjourned by TDSAT to July 30, 2008 on the request of DOT for hearing. The Company will oppose this proposed delayed filing of counter-claim by DOT in the said hearing. The Company has also not received any demand notice regarding the above. The Company is hopeful of once again succeeding in the matter.

6. Payments to Auditors (excluding service tax) :

	2007-08	2006-07
	Rs. in Crores	Rs. in Crores
i) Audit fees	0.18	0.15
ii) Tax Audit fees	0.05	0.04
iii) Other matters (certification work etc.)	0.30	0.34
iv) Out of pocket expenses [Current year Rs. 18,844/- (Previous year Rs. 30,000/-)]		

7. In November 1999, the Company established the Employee Stock Option Plan (ESOP) under which Equity Shares are reserved for issuance to eligible employees of the Company. In terms of the plan, 1.20 crores warrants were issued to Hughes Tele.com (India) Limited Employees Stock Option Trust, to be held by it on behalf of the Company for awarding eligible employees as and when advised by the Compensation Committee constituted for the purpose. Each allotted warrant carries with it a right to purchase one Equity Share of the Company at a price of Rs. 10/- per share. Other than

2,40,000 fully vested warrants allotted in an earlier year, all allotted warrants vest at the rate of 25% on each successive anniversary of the grant date, until fully vested. The period during which the vested warrants may be exercised expires after 10 years from the date of the vesting.

The position of the allotted warrants is as follows:

	As at March 31, 2008 (Nos.)	As at March 31, 2007 (Nos.)
Opening Balance	50,550	64,936
Issued during the Year	-	-
Forfeited	-	-
Exercised	18,050	-
Lapsed	24,550	14,386
Closing Balance	7,950	50,550

Since the market value of the Company's shares on the grant dates did not exceed the exercise price of Rs. 10/-, no compensation expense has been recorded.

8. During the previous year the Company issued Equity Shares on rights basis. The issue consisted of 28,89,11,242 Equity Shares of Rs.10/- each at a premium of Rs. 7/- per Equity Share aggregating to Rs. 491.15 crores in the ratio of 19 Equity Shares for every 100 Equity Shares held by the existing shareholders as on the record date of October 28, 2006. The issue was fully subscribed and the shares were allotted. The Company utilized the total proceeds of Rs. 491.15 crores for the purposes disclosed in the letter of offer.
9. The Company is engaged in the business of providing Telecommunication Services under Unified Access Licence. These, in the context of AS 17 on "Segment Reporting", are considered to constitute a single reportable segment.
10. Operating lease rentals charged to revenue during the period for lease agreements entered from April 1, 2001.

	2007-2008 Rs. in Crores	2006-2007 Rs. in Crores
Residential Flats for accommodation of employees	0.02	0.09
Switch and other Sites	29.70	26.41

**Future Minimum Lease Payments
under Non-Cancelable Operating Lease :**

Due not later than one year	1.87	0.41
Due later than one year and not later than five years	2.60	0.91

The agreements are executed for a period ranging from 6 months to 9 years with a renewable clause and in many cases also provide for termination at will by either party giving a prior period between 30 to 90 days.

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

Particulars	As at March 31, 2008 Rs. in Crores	As at March 31, 2007 Rs. in Crores
Projected benefit obligation, beginning of the year	1.76	1.28
Service cost	0.60	0.44
Interest cost	0.15	0.10
Actuarial (gain)/loss on obligation	0.21	0.24
Benefits paid	(0.45)	(0.30)
Projected benefit obligation, end of the year	2.27	1.76
	As at March 31, 2008 Rs. in Crores	As at March 31, 2007 Rs. in Crores
Projected benefit obligation, end of the year	2.27	1.76
Fair value of plan assets at the end of the year	1.38	1.34
Net periodic gratuity cost	0.89	0.42

	As at March 31, 2008 Rs. in Crores	As at March 31, 2007 Rs. in Crores
Fair Value of Plan Assets at the beginning of the Period	1.34	1.23
Expected Return on Plan Assets	0.11	0.10
Contributions	0.40	0.29
Benefit Paid	(0.45)	(0.30)
Actuarial gain/(loss) on Plan Assets	(0.02)	0.02
Fair Value of Plan Assets at the end of the period	1.38	1.34
Total Actuarial Gain/(Loss) Recognised	(0.23)	(0.21)

Assumptions:

	As at March 31, 2008 Rs. in Crores	As at March 31, 2007 Rs. in Crores
Discount rate	8.00 %	8.00 %
Rate of increase in compensation levels of covered employees	6.00 %	6.00 %
Rate of Return on Plan Assets	8.00%	8.00%

b. Hitherto, the provision for leave encashment benefit payable to employees was made on the basis of actual cost the company expected to pay for the compensated absences. During the year the company has ascertained the liability towards leave encashment benefit payable to employees at the year end on actuarial basis. The impact on loss for the year due to the aforesaid change in policy is not material.

12. Income Taxes

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

13. Value of imports on CIF basis in respect of :

	2007-08 Rs. in Crores	2006-07 Rs. in Crores
Capital Goods	197.88	467.48

14. Expenditure in Foreign Currency (Payment basis) on account of :

	2007-08 Rs. in Crores	2006-07 Rs. in Crores
Interest	43.48	26.39
Other	0.41	2.18
	<u>43.89</u>	<u>28.57</u>

15. Value of Capital Inventory consumed during the year :

	2007-08		2006-07	
	Rs. in Crores	%	Rs. in Crores	%
Indigenous	4.16	94	3.13	94
Imported	0.29	06	0.21	06
	<u>4.45</u>	<u>100</u>	<u>3.34</u>	<u>100</u>

16. Following units (Investments) have been purchased and redeemed by the Company during the year ended March 31, 2008

	No. of Units	Face Value (Rs)	Cost (Rs. in Crores)	
HDFC Cash Management Plan –Saving Plan Growth	33,520,963	10	55.26	
HDFC Cash Management Plan –Saving Plus Growth – Wholesale Daily Dividend Option Reinvest	14,960,651	10	15.01	
HDFC Liquid Fund –Premium Plan – Growth	4,522,022	10	7.00	

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

For the year ended March 31, 2008	Rs. in Crores									
	Holding Company	Fellow Subsidiaries						Key Management Personnel		Total
		Tata Sons Ltd.	Tata Tele services Ltd.	Tata Internet Services Ltd.	TATA BUSINESS SUPPORT SERVICES LIMITED (FORMERLY-E2E SERWIZ SOLUTIONS LTD)	Tata Consultancy Services Ltd.	Tata AIG Life Insurance Co. Ltd.	Others	Charles Antony Managing Director	
1	2	3	4	5	6	7	8	9		
Expenses :										
- Salary	-	5.64	-	-	-	-	-	1.40	0.04	7.08
- Interest	-	-	-	-	-	-	-	-	-	-
- Customer Service and Call Centre Cost	-	31.73	-	6.26	-	-	-	-	-	37.99
- Advertisement and Business promotion expenses (Net)	-	9.43	-	-	-	-	-	-	-	9.43
- Network operation cost	-	12.97	-	-	-	-	-	-	-	12.97
- Miscellaneous Expenses	-	16.48	-	-	0.03	-	0.09	-	-	16.60
- Rent	-	-	1.91	-	-	-	0.05	-	-	1.96
- Purchase of Fixed Asset	-	38.96	-	-	0.51	-	-	-	-	39.47
Income :										
- Miscellaneous Income	-	6.64	-	-	-	-	0.00	-	-	6.64
- Towards Recharge Coupon Vouchers	-	26.45	-	-	-	-	-	†	○	26.45
- Rendering Telecom Services	0.30	9.27	0.25	0.14	14.63	1.72	1.95	-	-	28.26
Outstanding as at March 31, 2008										
Sundry Debtors	0.05	0.77	0.13	(0.02)	0.97	0.13	0.72	-	-	2.75
Sundry Creditors	-	21.81	-	0.73	-	-	-	-	-	22.54
Other Receivables	-	-	0.06	-	0.02	-	0.02	-	-	0.10
→ Rs 1,826/- ○ Rs 5,636/-										

For the year ended March 31, 2007	Related Party disclosures (in terms of Accounting Standard - 18) (Contd..)								Rs. in Crores	
	Holding Company	Fellow Subsidiaries						Key Management Personnel - Charles Antony - Managing Director		Total
		Tata Sons Ltd.	Tata Teleservices Ltd.	Tata Internet Services Ltd.	EZE Serviz Solutions Ltd.	Tata Consultancy Services Ltd.	Videsh Sanchar Nigam Ltd. (till 10.08.2006)			
	1	2	3	4	5	6	7	8		
Expenses:										
- Salary	-	7.60	-	-	-	-	-	1.24	8.84	
- Interest	-	10.91	-	-	-	-	-	-	10.91	
- Customer Service and Call Centre Cost	-	20.16	-	4.34	-	-	-	-	24.50	
- Advertisement and Business promotion expenses.	-	22.36	-	-	-	-	-	-	22.36	
- Network operation cost	-	4.71	-	-	-	-	-	-	4.71	
- Miscellaneous Expenses	-	13.29	2.76	-	0.15	10.68	0.05	-	26.93	
- Rent	-	-	0.43	-	-	0.17	-	-	0.60	
- Purchase of Fixed Asset	-	0.40	-	-	0.56	-	-	-	0.96	
Income:										
- Miscellaneous Expenses	-	21.26	0.87	-	0.30	2.81	-	-	25.24	
- Rendering Telecom Services	0.16	3.04	0.55	0.03	10.49	6.57	0.12	-	20.96	
Outstanding as at Mar 31, 2007										
Sundry Debtors	0.04	0.89	0.40	-	0.38	23.50	0.05	-	25.26	
Sundry Creditors	-	24.25	0.10	0.03	0.42	37.57	1.61	-	63.98	
Other Receivables	-	-	0.25	-	0.96	0.53	0.01	-	1.75	
Finance										
Repayment of unsecured loan	-	121.04	-	-	-	-	-	-	121.04	
Allotment of Equity Share on Rights basis	371.56	-	-	-	-	-	-	-	371.56	

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

(Contd..)

S.No	Name of Fellow Subsidiaries
1	Computational Research Laboratories Limited
2	Concept Marketing & Advertising Limited
3	E-Nxt Financials Private Limited (W.E.F. 15.12.07)
4	Ewart Investment Limited
5	Ewart Investment Private Limited (Mauritius)
6	Infiniti Retail Limited
7	Panatone Finvest Limited
8	Tata Ag, Zug
9	Tata AIG Life Insurance Company Limited
10	Tata AIG General Insurance Company Limited
11	Tata Asset Management (Mauritius) Private Limited
12	Tata Asset Management Limited
13	Tata Business Support Services Limited (Formerly-E2E Serwiz Solutions Ltd)
14	Tata Capital Limited
15	Tata Capital Markets Limited (W.E.F. 26.11.07)
16	Tata Consultancy Services Limited
17	Tata International Ag, Zug
18	Tata Internet Services Limited
19	Tata Investment Corporation Limited (W.E.F. 13.02.08)
20	Tata Limited, London
21	Tata Pension Management Limited
22	Tata Petrodyne Limited
23	Tata Realty And Infrastructure Limited (W.E.F 02.03.07)
24	Tata Securities Limited (W.E.F. 30.07.07)
25	Tata Sky Limited
26	Tata Teleservices (Maharashtra) Limited
27	Tata Teleservices Limited
28	Tata Trustee Company Pvt. Limited (W.E.F. 13.02.08)
29	TCE Consulting Engineers Limited
30	THDC Limited
31	Wireless-TT Infoservices Limited
32	Ahinsa Realtors Private Limited (W.E.F. 18.03.08)
33	Navinya Buildcon Private Limited (W.E.F. 18.03.08)
34	Pioneer Infratech Private Limited (W.E.F. 28.05.07)
35	Trif Gandhinagar Projects Private Limited (Formerly Rpvnd Developers Private Limited) (W.E.F. 18.03.08)
36	Trif Hyderabad Projects Private Limited (Formerly Poorvi Infrastructure Private Limited) (W.E.F. 18.03.08)
37	Trif Infrastructure Private Limited (W.E.F. 18.03.08)
38	Trif Kochi Projects Private Limited (Formerly Navinya Infrastructure Private Limited) (W.E.F. 18.03.08)
39	Trif Kolkata Projects Private Limited (Formerly Anupama Infrastructure Private Limited) (W.E.F. 18.03.08)
40	Trif Property Development Private Limited (W.E.F. 25.03.08)
41	Trif Real Estate And Development Private Limited (W.E.F. 25.03.08)
42	Trif Realty Projects Private Limited (W.E.F. 25.03.08)
43	Trif Trivandrum Projects Private Limited (Formerly Premanand Realty Developers Private Limited) (W.E.F. 18.03.08)
44	Tril Airport Developers Limited (W.E.F. 25.06.07)
45	Tril Constructions Limited (W.E.F. 25.06.07)
46	Tril Developers Limited (W.E.F.14.06.07)
47	Trif Investments Management Limited
48	Tata America International Corporation
49	CMC Limited
50	CMC Americas Inc.
51	Aponline Limited
52	WTI Advanced Technology Limited
53	Tata Consultancy Services Asia Pacific Pte Limited
54	Tata Consultancy Services, Malaysia Sdn Bhd
55	Tata Consultancy Services Japan Limited
56	Tata Information Technology (Shanghai) Company Limited
57	TCS Ibero America Sa
58	TCS Soluton Center S.A.
59	TCS Argentina S.A.,

S.No	Name of Fellow Subsidiaries
60	Tata Consultancy Services Do Brasil Desenvolvimento De Servicos Ltda (Formerly Tcs Brasil S/C Ltda.) (W.E.F. 1.7.07 Merged With TCS Do Brasil S.A.)
61	Tata Consultancy Services De Mexico Sa De Cv,
62	TCS Inversiones Chile Limitada,Chile
63	Tata Consultancy Services De Espana Sa ,
64	Tata Consultancy Services Do Brasil Ltda (Formerly Tata Consultancy Services Do Brasil S.A.)
65	Tata Consultancy Services Chile Sa,
66	Tata Consultancy Services,Deutschland Gmbh,
67	Tata Consultancy Services,Netherlands Bv
68	Tata Consultancy Services,Sverige Ab,
69	IT Consulting Company (Formerly Tata Consultancy Services,France Sa). (Ceased To Be A Subsidiary Wef 8.2.2008)
70	Tata Consultancy Services,Belgium Sa
71	TCS Italia Srl
72	Diligenta Limited
73	TCS Fns Pty Limited
74	Tata Consultancy Services Portugal Unipessoal Limitada
75	Swedish Indian IT Resources AB (Merged With TCS Sverige W.E.F 04.04.2007)
76	Tata Consultancy Services BPO Chile, Sa (Formerly Tata Consultancy Services Chile Limitada)
77	TCS Financial Solutions Australia Holdings Pty Limited (Formerly Financial Network Services (Holdings) Pty. Limited)
78	TCS Financial Solutions Australia Pty Limited (Formerly Financial Network Services Pty. Limited)
79	Financial Network Services (Europe) PLC
80	Pt Financial Network Services
81	Financial Network Services (Africa) (Pty) Limited
82	Financial Network Services (H.K.) Limited
83	Financial Network Services Malaysia Sdn Bhd
84	Syscom S.A.
85	Pentacrom S.A. (Ceased To Be A Subsidiary W.E.F. 1.10.2007)
86	Pentacrom Servicios S.A. (Ceased To Be A Subsidiary W.E.F. 1.10.2007)
87	Custodia De Documentos Intres Limitada
88	Tata Consultancy Services Luxembourg S.A
89	Exigenix Canada Inc
90	Tata Infotech Deutschland Gmbh
91	Tata Infotech Singapore (Pte) Limited
92	C-Edge Technologies Limited
93	Mp Online Limited
94	Tata Consultancy Services Switzerland Limited (Formerly Tks - Tecknosoft S.A.)
95	Tks - Services S.A. (Ceased To Be Subsidiary W.E.F. 7.05.2007 Merged With Tata Consultancy Services Switzerland Limited)
96	Quartz Software Technology S.A.(Ceased To Be Subsidiary On 23.8.2007. Merged With Tata Consultancy Services Switzerland Limited. Merger Is Effective 1.4.2007)
97	Tata Consultancy Services Financial Solutions Ltd (Formerly Known As Tks - Banking Solutions S.A.)(Ceased To Be Subsidiary On 23.8.2007. Merged With Tata Consultancy Services Switzerland Limited. Merger Is Effective 1.4.2007)
98	Tata Consultancy Services France Sas (Formerly Tks - Tecknosoft (France) Sas)
99	TCS Management Pty Limited
100	Tata Consultancy Services (China) Co., Limited
101	Pt Tata Consultancy Services Indonesia
102	Tata Soluton Center Sa
103	Financial Network Services (Beijing) Co. Limited
104	Gt Participacoes S.A. W.E.F. 25.05.07 (W.E.F. 01.07.2007 Merged With TCS Do Brasil Desenvolvimento De Servicos Ltda)
105	Tata Consultancy Services Morocco Sarl Au W.E.F. 21.06.2007
106	Tata Consultancy Services (Africa) (Pty) Limited W.E.F. 23.10.2007
107	Tata Consultancy Services(South Africa) (Pty) Limited W.E.F. 31.10.07
108	TCS Financial Management LLC W.E.F. 13.07.2007

18. The following are the disclosures regarding derivative contracts:

- i) Outstanding currency options :

	As at March 31, 2008		As at March 31, 2007	
	USD in Crores	Rs. in Crores	USD in Crores	Rs. in Crores
Currency options for hedging of foreign currency exposure (Refer Note below)	2.69	107.87	9.20	399.74

Note: The above also includes principal amount of USD 2.59 crores (Rs. 103.86 crores)(Previous year USD 7.14 crores (Rs. 310.23 crores) in respect of which interest rate swaps are also outstanding at the year end.

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

	As at March 31, 2008		As at March 31, 2007	
	USD in Crores	Rs. in Crores	USD in Crores	Rs. in Crores
FCCB (including redemption premium)	1.86	74.59	7.37	320.21
Vendor payables	8.16	327.34	2.95	128.26
	10.42	401.93	10.32	448.47

- iii) Exchange loss accounted on account of mark to market of outstanding currency option as at the year end aggregates to Rs. 13.57 crores.(Previous year NIL)

19. Earnings Per Share Data (EPS)

	As at March 31, 2008	As at March 31, 2007
i) Loss after Extraordinary item (Rs. in Crores)	125.74	310.61
Extraordinary item (Rs. in Crores)	-	(5.48)
Loss before Extraordinary item (Rs. in Crores)	125.74	316.09
Adjustment of Exchange gain on revaluation of FCCB outstanding as at the year end and saving in Interest cost on Conversion thereof	5.06	Refer note below
Loss for calculation of Dilutive EPS	130.80	316.09
ii) Weighted average number of shares outstanding for Basic EPS	1,848,516,984	1,600,530,787
Add: Equity Shares on conversion of FCCB outstanding at the year end	32,128,716	Refer note below
Weighted average number of shares outstanding for Basic EPS	1,880,645,700	1,710,114,297
iii) Nominal Value of Equity Shares (Rs)	10	10
iv) Basic Earnings per Share (Rs.)		
- Including Extraordinary item	(0.68)	(1.94)
- Excluding Extraordinary item	(0.68)	(1.97)
v) Diluted Earnings per Share (Rs.)		
- Including Extraordinary item	(0.70)	(1.94)
- Excluding Extraordinary item	(0.70)	(1.97)

Note: In calculating the earnings per share for the previous year the effect of dilution is ignored since results are anti-dilutive.

20. Quantitative details of principal items of goods traded (Starter Kits):

	Quantity (Nos)	Value Rs. in Crores
a) Opening Stock	535597	2.22
b) Purchases	2079026 (1333161)	7.80 (5.58)
c) Sales	2010945 (797564)	7.80 (4.95)
d) Closing Stock	603678 (535597)	2.21 (2.22)

Note: Figures in brackets pertain to those of the previous year.

21. Asset under construction includes the following incidental expenditure incurred during the construction period.

	2007 –2008 Rs. in Crores	2006 –2007 Rs. in Crores
Charges for services	0.05	0.04
Rent, Maintenance and Others	0.41	0.00
Total	<u>0.46</u>	<u>0.04</u>

22. Managerial Remuneration

i) Managing Directors

	2007-08 Rs. in Crores	2006-07 Rs. in Crores
Salaries	1.21	1.13
Contribution to Provident and other Fund	0.15	0.07
Monetary value of perquisites	0.09	0.04
Total	<u>1.45</u>	<u>1.24</u>

Note:

- 2007-08 figures include Rs.0.57 crores paid during the year for 2006-07.
- 2006-07 figures include Rs.0.39 crores paid during the year for 2005-06.
- Managerial remuneration for 2007-08 includes Rs. 1.40 crores paid to previous Managing Director.

ii) Non-executive Directors

	2007-08 Rs. in Crores	2006-07 Rs. in Crores
Directors' Sitting Fees	0.03	0.02

23. Finance and Treasury charges are disclosed on net basis. Interest and other income earned from treasury operations are reduced from the costs of treasury operations. Finance and Treasury charges also include amounts on account of foreign exchange fluctuations. Exchange fluctuations (net) for the year ended March 31 2008 include amounts aggregating to Rs.10.24 crores (gain) (Previous year NIL) in relation to borrowings/liabilities on account of acquisition of fixed assets, accounted in accordance with the Accounting Standard 11 on "The Effects of changes in Foreign Exchange Rates".

24. The Company commenced provision of mobile services using CDMA technology in the year 2003. Currently, the Company provides fixed wireless telephony services using the erstwhile Time Division Multiple Access (TDMA) technology to certain selected Village Public Telephone (VPT) customers only. Since the erstwhile TDMA technology has become obsolete, the Company has during the year decided to dispose off the fixed assets pertaining to TDMA

technology except for those being utilized to service the aforesaid VPT Customers, aggregating to Rs. 610.75 crores (Net block Rs. 4.64 crores) (including those lying in capital inventory aggregated to Rs. 13.81 crores (Net Block Nil)) Accordingly the said assets have been retired from active use and transferred to 'Assets awaiting disposal', at an estimated realisable value of Rs. 2.30 crores and the resulting loss aggregating to Rs. 2.34 crores has been accounted for.

25. During the previous year, as per the terms of loan agreement, the Company had repaid the unsecured loan payable to Hughes Network Systems, USA alongwith interest thereon, resulting in a waiver of liability of Rs. 138.38 crores. Out of the said amount, Rs. 127.84 crores initially capitalised to Plant and Machinery was reduced from the Gross Block of the respective assets and Rs. 10.54 crores, charged earlier to the Profit and Loss Account, was also reduced from the Finance and Treasury charges.

26. During the year, the Company has been granted approval by DoT for providing telecommunication services using GSM technology under the terms of the existing Unified Access Services Licenses. The amounts paid towards the related license fees aggregating to Rs.392.66 crores have been capitalised as intangible assets. The Company is awaiting allocation of spectrum by DoT to enable launch of GSM services.

The Company as per policy followed will commence amortization of the license fees paid, on commencement of GSM operations and will amortise the same over the balance life of the respective license periods.

The borrowings costs attributable to the GSM operations aggregating to Rs. 8.63 crores have been capitalised in accordance with the AS 16 on 'Borrowing Costs'.

27. As per information available with the Company, none of the creditors have confirmed that they are registered under the Micro, Small and Medium enterprises Development Act, 2006.

28. The accumulated losses of the Company at the close of the year have exceeded its paid up capital and reserves. This, however, is not uncommon for telecommunication service providers in their initial years of commercial operations, due to high operation costs of heavy infrastructure and high capital requirement for building the network. The Company is consistently making cash profits, and has been able to grow its subscriber base and network. The Company would be able to meet its funding requirements with the various funding options including debt. The Company, during the year, also paid Rs.392.66 crores as license fees for providing GSM services under the existing licenses and expects to roll-out the related services in due course after being allotted the required spectrum from DoT. The Company expects to take advantage of providing diversified products/services to its customers before the number portability regime is introduced apart from getting economies of operation by optimally using its infrastructure. The Company is therefore viewed as a 'going concern' and the accounts have accordingly been prepared under the going concern assumption.

29. Comparative financial information is presented in accordance with the Corresponding Figure financial reporting framework setout in Auditing and Assurance Standard 25 on "Comparatives". Figures of the previous year are regrouped and reclassified wherever necessary to correspond to figures of the current year.

Signatures to Schedules '1' to '16'

As per our attached report of even date

For Deloitte Haskins & Sells
Chartered Accountants

A. B. Jani
Partner

For and on behalf of the Board

Arunkumar R. Gandhi
(Director)

Dr. Mukund Rajan
(Managing Director)

S. Venktesan
(Chief Financial Officer)

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

Place : Mumbai
Dated: May 23, 2008

Place: Mumbai
Dated: May 20, 2008

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2008

	2007-08 Rs. in Crores	2006-07 Rs. in Crores
A Cash flows from operating activities		
Net Loss before Extraordinary item and tax	(124.81)	(315.39)
Adjustments for :		
Depreciation	439.35	446.23
Gain on Fixed assets sold/written off (Net)	(1.79)	-
Loss on Fixed Assets sold/written off/retired from active use.(Net)	2.34	1.35
Profit on redemption of units (Net) (Current Investment)	(0.07)	(0.47)
Foreign exchange gain (Net)	(9.98)	(3.45)
Interest income	(1.21)	(1.93)
Finance and Treasury charges	<u>182.27</u>	<u>177.61</u>
Operating profit before working capital changes	486.10	303.95
Increase in Sundry Debtors	(31.16)	(14.52)
Increase in Loans and Advances	(43.32)	(24.78)
Increase in Inventory	-	(2.22)
Increase in Current liabilities and Provisions	<u>69.78</u>	<u>83.40</u>
Cash Generated from operations	481.40	345.83
Fringe Benefit Tax paid	<u>(0.93)</u>	<u>(0.68)</u>
Net Cash generated from operating activities	480.47	345.15
B Cash flow from investing activities		
Purchase of Fixed Assets	(1207.99)	(570.98)
Insurance claims received for fixed assets damaged due to flood	-	5.48
Proceeds from sale of Fixed Assets	3.47	2.91
Profit on redemption of units (Net) (Current Investment)	0.07	0.47
Interest received	<u>1.21</u>	<u>2.61</u>
Net Cash used for investing activities	(1203.24)	(559.51)
C Cash flow from financing activities		
Proceeds on account of right issue	-	288.91
Premium on account of right issue (net of right issue expenses)	-	198.66
Proceeds from Long term borrowings	296.28	605.00
Repayment of Long term borrowings	(57.38)	(50.00)
Proceeds from Short term borrowings	414.00	-
Repayment of Short term borrowings	(11.34)	(636.67)
Proceeds from Acceptance and Cash Credit (Net)	162.93	61.14
Finance and Treasury charges paid	<u>(130.87)</u>	<u>(195.78)</u>
Net cash generated from financing activities	673.62	271.26
Net (decrease)/increase in cash or cash equivalents	(49.15)	56.90
Cash and cash equivalents at beginning of the year	83.61	26.71
Cash and cash equivalents at end of the year	34.46	83.61
	<u>(49.15)</u>	<u>56.90</u>

1. Components of Cash and Cash Equivalents includes Cash, bank balances in Current and Term Deposit Accounts (Refer schedule 6 to the Balance Sheet).
2. Purchase of Fixed Assets are inclusive of movements in Capital Work in Progress between the commencement and end of the year.

As per our attached report of even date

For Deloitte Haskins & Sells

Chartered Accountants

A. B. Jani

Partner

For and on behalf of the Board

Arunkumar R. Gandhi

(Director)

Dr. Mukund Rajan

(Managing Director)

S. Venktesan

(Chief Financial Officer)

Madhav J. Joshi

(Chief Legal Officer
& Company Secretary)

Place : Mumbai

Dated: May 23, 2008

Place: Mumbai

Dated: May 20, 2008

BALANCE SHEET ABSTRACT AND GENERAL BUSINESS PROFILE

I Registration Details		
Registration No.		11-86354
State Code		11
Balance Sheet Date		March 31, 2008
II Capital raised during the year (Rs. in Crores)		
(Equity Share Capital & Security Premium Account)		
Public Issue		-
Rights Issue		-
Bonus Issue		-
Private Placement (ESOP and conversion of FCCB)		84.06
III Position of Mobilisation and Deployment of Funds (Rs. in Crores)		
Total Liabilities		5,096.60
Total Assets		5,096.60
Sources of Funds		
Paid-up Capital		1,893.56
Reserves & Surplus		576.17
Secured Loans		2,098.09
Unsecured Loans		528.78
Application of Funds		
Net Fixed Assets (including Capital Work-in-Progress)		2,986.13
Net Current Assets		(559.85)
Accumulated Losses		2,670.32
IV Performance of the Company (Rs. in Crores)		
Turnover (including other income)		1,789.60
Expenditure		1,304.05
Loss Before Tax		(124.81)
Loss After Tax		(125.74)
Earning Per Share (Rs.)		-
Dividend Rate		-
V Generic Names of three Principal Products/Services of the Company		
Item Code No. (ITC Code)	Not Applicable	
Product Description	Telecommunication Services	

For and on behalf of the Board

Arunkumar R. Gandhi
(Director)

Dr. Mukund Rajan
(Managing Director)

S. Venktesan
(Chief Financial Officer)

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

Place: Mumbai
Dated: May 20, 2008



TATA TELESERVICES (MAHARASHTRA) LIMITED

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

ATTENDANCE SLIP

Thirteenth Annual General Meeting on Tuesday, August 12, 2008

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 THIRTEENTH ANNUAL GENERAL MEETING of the Company at Bombay House Auditorium, Bombay House, 24, Homi Mody Street, Fort, Mumbai – 400 001 at 1500 hours on Tuesday, August 12, 2008.

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 TELESERVICES (MAHARASHTRA) LIMITED

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

PROXY FORM

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

I/We of

..... in the district of

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

..... of in the district of

.....or failing him of in the district

.....of as my/our proxy

to vote for me/us on my/our behalf at the THIRTEENTH ANNUAL GENERAL MEETING of the Company to be held on Tuesday, August 12, 2008 and at any adjournment thereof.

Signature

Signed this..... day of 2008.

Affix a
15 ps.
Revenue
Stamp

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

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

TATA TELESERVICES (MAHARASHTRA) LIMITED

Year on Year Performance

Particulars	[Rs. Crores]									
	2007-08	2006-07	2005-06	2004-05	2003-04	2002-03	2001-02	2000-01	1999-00	1998-99
Income from Telecommunication	1,707.19	1,406.98	1,095.13	807.47	597.50	359.59	252.50	139.23	63.81	3.22
Earnings Before Interest, Depreciation, Tax and Amortisation (EBIDTA)	485.55	302.60	124.71	(66.12)	50.74	52.85	7.60	(46.42)	(119.57)	(28.19)
Loss before Extraordinary Item and Tax	(124.81)	(315.39)	(492.96)	(527.86)	(269.68)	(205.00)	(148.49)	(208.91)	(270.14)	(62.38)
Extraordinary Item	-	(5.48)	47.25	-	-	-	-	-	-	-
Loss after Tax	(125.74)	(310.61)	(541.06)	(527.86)	(269.68)	(205.00)	(148.49)	(208.91)	(270.14)	(62.38)
End of Period Subscribers (Nos. in Thousands)	5,079	3,074	1,840	1,006	488	232	165	75	22	12

TATA TELESERVICES (MAHARASHTRA) LIMITED

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

Tel: 91 22 6661 5445 Fax: 91 22 6660 5516 / 5517

Website: www.tataindicom.com

BOOK-POST

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