

TATA TELESERVICES (MAHARASHTRA) LIMITED

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

Rs. in Lacs

A. AUDITED FINANCIAL RESULTS FOR THE QUARTER AND HALF YEAR ENDED SEPTEMBER 30, 2011

Sr. No.	Particulars	Quarter ended September 30,		Half Year ended September 30,		Year ended March 31,
		2011	2010	2011	2010	2011
		(Audited)	(Audited)	(Audited)	(Audited)	(Audited)
1	a. Net Sales/Income from Telecommunication services	61324	55768	119822	110989	224874
	b. Other Operating Income	318	1861	816	2649	4457
	c. Profit on sale of long term investments (See note 1a)	-	-	-	83493	83493
	d. Total (a+b+c)	61642	57629	120638	197131	312824
2	Expenditure					
	a. Network operations costs	12269	11031	24352	21605	43704
	b. Interconnection and other access costs	11617	11129	22403	21787	43308
	c. License fees and spectrum charges	6643	5303	13196	9807	22183
	d. Employees cost	4865	4260	9385	8311	16655
	e. Administration and other expenses	6147	6209	12692	12271	23892
	f. Marketing and business promotion expenses (Net)	6123	8473	12785	17106	32198
	g. Provision for Contingencies (See Note 1c)	-	-	-	16500	18560
	h. Depreciation / Amortisation (Net) (See note 1b and 1d)	13411	14138	26102	28171	75070
	i.Total (a+b+c+d+e+f+g+h)	61075	60543	120915	135558	275480
3	Profit / (Loss) from Operations before Other Income, Interest and Exceptional Items (1-2)	567	(2914)	(277)	61573	37344
4	Other Income	399	570	530	849	2263
5	Profit / (Loss) before Interest and Exceptional Items (3+4)	966	(2344)	253	62422	39607
6	Interest (See notes 1b, 2 and 3)	13987	7446	25206	16424	34616
7	(Loss) / Profit after Interest but before Exceptional Items (5-6)	(13021)	(9790)	(24953)	45998	4991
8	Exceptional Items	-	-	-	-	-
9	(Loss) / Profit from Ordinary Activities before tax (7-8)	(13021)	(9790)	(24953)	45998	4991
10	Tax expense					
	- For Income Tax (See note 5)	-	-	-	-	-
	- For Wealth Tax	-	-	-	-	1
11	Net (Loss) / Profit from Ordinary Activities after tax (9-10)	(13021)	(9790)	(24953)	45998	4990
12	Extraordinary items	-	-	-	-	-
13	Net (Loss) / Profit for the period / year (11-12)	(13021)	(9790)	(24953)	45998	4990
14	Paid up equity share capital (Face value Rs. 10/- per share)	189720	189720	189720	189720	189720
15	Reserves excluding revaluation reserves					(251363)
16	Earnings Per Share (EPS) (In Rupees)					
	a) Basic and diluted EPS before Extraordinary items					
	- Basic	(0.69)	(0.52)	(1.32)	2.42	0.26
	- Diluted	(0.69)	(0.52)	(1.32)	2.42	0.26
	b) Basic and diluted EPS after Extraordinary items					
	- Basic	(0.69)	(0.52)	(1.32)	2.42	0.26
	- Diluted	(0.69)	(0.52)	(1.32)	2.42	0.26
17	Public Shareholdings					
	- Number of shares	422675535	422675535	422675535	422675535	422675535
	- Percentage of shareholdings	22.28%	22.28%	22.28%	22.28%	22.28%
18	Promoters and promoter group Shareholding					
	a) Pledged / Encumbered					
	Number of shares	493271182	493271182	493271182	493271182	493271182
	Percentage of Shares (as a % of total shareholding of promoter and promoter group)	33.45%	33.45%	33.45%	33.45%	33.45%
	Percentage of Shares (as a % of total share capital of the Company)	26.00%	26.00%	26.00%	26.00%	26.00%
	b) Non-encumbered					
	Number of shares	981250137	981250137	981250137	981250137	981250137
	Percentage of Shares (as a % of total shareholding of promoter and promoter group)	66.55%	66.55%	66.55%	66.55%	66.55%
	Percentage of Shares (as a % of total share capital of the Company)	51.72%	51.72%	51.72%	51.72%	51.72%
Subscribers information as on		Sep 30, 2011	Sep 30, 2010	Sep 30, 2011	Sep 30, 2010	Mar 31, 2011
(Nos. in thousands - unaudited)		17588	15072	17588	15072	16852
Earning Before Interest, Depreciation, Extraordinary item and Tax (EBITDA)		14377	11794	26355	90593	114677

B. AUDITED STATEMENT OF ASSETS AND LIABILITIES AS AT SEPTEMBER 30, 2011

Particulars	As at September 30,	
	2011	2010
	(Audited)	(Audited)
Shareholders' funds		
Share Capital	189720	189720
Reserves and Surplus	58316	58316
Loan Funds		
Secured Loans	443518	215799
Unsecured Loans	55000	234182
TOTAL	746554	698017
Fixed Assets (Net Block)	507174	496774
Investments	-	14192
Current Assets, Loans and Advances		
Inventories	450	337
Sundry Debtors	31950	28535
Cash and Bank Balances	3807	16492
Loans and Advances	52893	43587
Less: Current Liabilities and Provisions		
Current Liabilities	165313	153431
Provisions	19039	17140
Profit and Loss Account	334632	268671
TOTAL	746554	698017

Notes:

- 1 The results for the previous period / year contain the following :
 - a. The Company had accounted for the profit on sale of long-term investment in its subsidiary viz. 21st Century Infra Telecom Limited, during the quarter ended June 30, 2010 on completion of necessary formalities, pursuant to the Share Purchase Agreement entered into with Viom Networks Limited.
 - b. The Company had launched 3G services during the last quarter of the previous financial year. The Company paid Rs. 125782 lacs for 3G spectrum in Maharashtra (including Goa and excluding Mumbai) which was capitalized during the quarter ended June 30, 2010. In accordance with the accounting policy followed in this regard, the Company has commenced amortization of the aforesaid payment, on commencement of 3G operations and the same is being amortized over a period of 20 years in line with the Unified Access Services (UAS) License agreement, as amended. The borrowing cost attributable to the aforesaid aggregating to Rs. 6282 lacs had been capitalized during the previous year in accordance with Accounting Standard 16 on 'Borrowing costs'.
 - c. Provision for contingencies is primarily towards the outstanding claims / litigations against the Company relating to Department of Telecommunication (DOT) and other parties.
 - d. During the last quarter of the previous year, the Company re-estimated the balance useful life of certain plant and machinery considering up-gradation of equipment on account of enhancement of technology and the consequent enhanced pace of planned replacement. As a result the depreciation charge for the previous year is higher by Rs. 18481 lacs.
- 2 Interest charges are disclosed on net basis. Interest and other income earned from treasury operations are reduced from the costs of treasury operations. Interest charges also include amounts aggregating Rs. 21221 lacs (loss) / 2296 lacs (loss) for the quarter / half year ended September 30, 2011 as compared to Rs. 231 lacs (gain) / 1207 lacs (loss) for the corresponding quarter / half year ended September 30, 2010 on account of foreign exchange fluctuations. (Also refer Note 1b and note 3 below)
- 3 The Government vide notification dated March 31, 2009, amending Accounting Standard 11 on 'The Effects of Changes in Foreign Exchange Rates', has given the option for adjustment of foreign exchange gain / loss arising on long term foreign currency borrowings against the carrying value of related fixed assets. The Company had exercised this option in the last quarter of financial year 2008-09 and had, accordingly, adjusted the foreign exchange (gains) / losses of (Rs. 1273 lacs) / Rs. 615 lacs for the quarter / half year ended September 30, 2010. As per the original notification, the option was available upto March 31, 2011, the date upto which the Company had exercised the same.
The Central Government, vide notification dated May 11, 2011, has extended the applicability of the aforesaid notification upto March 31, 2012. Accordingly, during the current period, the Company has exercised the option and has adjusted exchange loss aggregating Rs. 16360 lacs for the period from April 1, 2011 to September 30, 2011 against the carrying value of fixed assets. The amount (after the aforesaid adjustments) of Plant and Machinery to be amortized, as at the period-end, aggregates Rs. 16236 lacs (Previous year Nil).
- 4 The definition of Adjusted Gross Revenue (AG R) does not specifically provide for exemption or proceeds of sale of shares/securities and deduction on account of bad debts in computation of License Fees (LF) payable to the Government. The Telecom Dispute and Settlement Arbitration Tribunal (TDSAT) had vide its Order dated August 30, 2007, held that income from sale of securities is not related to licensed activity and hence should not attract LF and that bad debts written off, waivers and discounts are actual losses sustained by service providers and hence should be deducted from AG R. The Department of Telecommunications (DOT) had filed an appeal in the Hon'ble Supreme Court of India (S C) against the aforesaid TDSAT Order. The Company, has considered Rs. 15436 lacs, being the LF on profit on sale of investment and bad debts written off during the previous year, as contingent liability and has also made payment of the same to DOT under protest, pending final disposal of the matter, as stated above. (Also refer Note 1c above).
The SC vide its Order dated October 11, 2011 has set aside the Order passed by TDSAT and has given leave to the licensees to approach TDSAT in cases specific demands have been raised by the DOT. The Company is currently reviewing the Order of the SC for deciding the subsequent course of action pending which, no accounting treatment or the said order is considered necessary in the books of account, at this stage.
- 5 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 Accounting Standard 22 on 'Accounting for Taxes on Income'.
- 6 Previous period / year figures have been regrouped / reclassified wherever necessary.
- 7 The Company is engaged in the business of providing telecommunication services under Unified Access License. In the context of Accounting Standard 17 on 'Segment Reporting', the results are considered to constitute a single reportable business segment.
- 8 There were no investor complaints pending at the beginning of the quarter. 47 complaints were received and 47 complaints were resolved during the quarter and no complaints were pending as on September 30, 2011.
- 9 The above financial results have been reviewed by the Audit Committee of the Board of Directors and approved by the Board of Directors of the Company at its meeting held on November 3, 2011.

For and on Behalf of the Board

Mumbai
Date: November 03, 2011

N. Srinath
(Managing Director)