DIRECTORS' REPORT

Dear Members,

Your Directors present 23rd Annual Report on the business and operations of Tata Teleservices (Maharashtra) Limited ("TTML"/ the "Company"), together with the audited financial statements for the year ended March 31, 2018 and other accompanying reports, notes and certificates.

COMPANY OVERVIEW

TTML holds two Unified Licences ("UL"), one for Mumbai Metro service area and the other for Maharashtra service area i.e., Rest of Maharashtra and Goa. The Company is an integrated player across:

- Technologies - Wireline, Global System for Mobile ("GSM") and 3G; Code Division Multiple Access ("CDMA") has been discontinued since last quarter of FY2017-18,
- Products - Voice, Data & Other enterprise services (Connectivity and Managed services, Verticals based mobile applications and Cloud services); and
- Customer segments – Retail, Large corporate and Small & Medium Enterprises.
- The Company provides its range of products and services to about 6.1 Million (wireline + wireless) subscribers under the 'Tata DOCOMO' brand. Its network, as of March 2018, consists of about 4,569 Base Transceiver Stations (own) and optical fibre transmission network about 17,000 kms. in Mumbai and Maharashtra service areas.
- The Company proposes to transfer by way of demerger its consumer mobile business (CMB) to Bharti Airtel Limited by way of a Scheme of Arrangement which was approved by your Board on December 19, 2018 (the Scheme) and is currently awaiting various approvals including approval of National Company Law Tribunal (NCLT), your approval, secured and unsecured creditors' approval and approval of Department of Telecommunications (DoT). Further details have been given here-in-below in the Section "Scheme of Arrangement'.
- The Company is also exploring the possibility of demerging its Enterprise Business and Retail Wireline and Broad-band business.

FINANCIAL RESULTS

The Company adopted Indian Accounting Standards ("Ind AS") from April 1, 2016, with transition date from April 1, 2015. Accordingly, the financial reports for current financial year 2017-18 and previous financial year 2016-17 have been prepared as per Ind AS reporting framework.

The financial highlights of the Company for the year ended March 31, 2018 are as follows:

(Rs. in Crores)

Particulars	2017-18	2016-17
Total Revenue	**1,904**	**2,689**
Expenditure	1,734	2,049
Earnings before Interest, Depreciation, Tax and Amortisation (EBITDA)	**170**	**640**
Finance & Treasury charges including exchange impaxt (net)	1,538	1,242
Depreciation / Amortisation	533	796
Profit/(Loss) before exceptional items and Tax	**(1,900)**	**(1,398)**
Exceptional Items	7,942	959
Profit/(Loss) After Tax	**(9,842)**	**(2,356)**

- During the year, the industry's financial performance was significantly affected by competitive low pricing offerings, driven by the new entrant.
- The Company reported total revenue at Rs. 1,904 Crores as compared to Rs. 2,689 Crores in the previous year, decline of about 29.2%.
- The Company reported a 73.4% fall in EBITDA at Rs. 170 Crores as against Rs. 640 Crores in the previous year. EBITDA margin for the year was 9%.
- The Company's loss before exceptional items was Rs. 1,900 Crores as compared to last year's level of Rs. 1,398 Crores, primarily because of fall in revenues during the current financial year.
- Based on assessment of its recoverable value, the Company has recorded an impairment loss of Rs. 7,677 Crores on CMB assets and restructuring costs of Rs. 264 Crores, which have been recognized as exceptional items during the year. The reported net loss for the Company was Rs. 9,842 Crores.

KEY DEVELOPMENTS DURING 2017-18

- The last fiscal had seen several factors in both the environment and strategic direction of the businesses impact its operations.
- The recent consolidation in the industry and the continuing price wars have had a substantial negative impact on the revenues and profitability of the Company.
- During the year, the Company was focusing on containing losses even at the cost of lower revenues and growth in the mobility business. Operations were being scaled down where those were not financially viable.
- There were employee redundancies several times during the year. Voluntary separation schemes were made available to certain employees several times during the year.

- The market speculation on the future of the company had negative impact on the sentiments including of employees and customers which negatively impacted the business.
- Shut down of operations by other operators impacted some of the wholesale revenue streams.
- The proposed Bharti transaction, signed in October 2017, shifted mobility focus back to revenue sustenance and value creation.
- The shutdown of network as wireless operations moved on to an ICR arrangement with Bharti reduced the reach and spread of the network impacting the enterprise business as well.
- Attrition was high at 34% (last year: 27%).

INDUSTRY DEVELOPMENTS

The year saw developments in the telecom sector that significantly impacted the business of each and every operator including intense competition in the industry, announcement of consolidation in the industry, etc.

a. Data Growth

Pursuant to the launch of 4G services during the previous year, the industry witnessed a significant growth in data usage. This surge was driven by the demand for high speed services by the consumers, to which the industry operators responded by aggressively rolling out 4G sites. The pricing of the new operator spurted data consumption volumes as the industry saw shift from data packet pricing to bundled pricing.

b. Intense Competition in the Industry

In September 2016, industry witnessed the entry of a new operator with 4G offering very aggressive introductory prices for voice and data services. This trend was maintained in current year and the industry continued to see aggressive offers from the competition to retain their customers and maintain their market share. Data traffic grew tremendously on the back of free/ low cost services.

c. Industry revenue declining

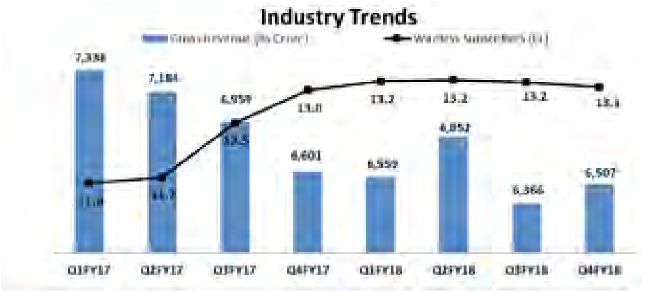
Industry saw a decline in revenue in the current financial year due to reasons explained above. The industry till FY 2015-16 grew at an average rate of ~12.5% over a period of 3 years, but has declined by an average rate of 13.4% over last two years, on account of heavily discounted products offered by all operators.

d. Financial Stress

Financial performance of industry suffered due to continued decline in ARPU (including effect from reduction of domestic and international IUC charges) and ever growing demand by users for data and voices resulting in requirement of continuing huge investments in network.

This resulted in industry net debt being ~ Rs. 7,800 billion at end of the year (including debt from DoT under 'Deferred Payment Obligation' for Spectrum acquired in Auctions).

The industry registered a marginal increase of ~13 million subscribers (pan India) during the year.



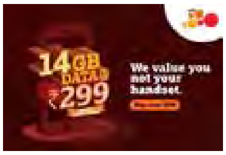
(Source TRAI. The above data pertains to Mumbai and Maharashtra circles only; Q4 FY16 revenue figure normalized basis best estimates.)

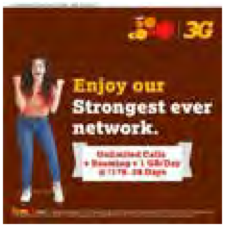
The industry moved towards consolidation with multiple announcements of Merger & Acquisition as well as spectrum trading deals during the course of the year, as at least 5 mobile operators chose to exit / consolidate and the mobile services industry is seeming to consolidate among 3 large private operators.

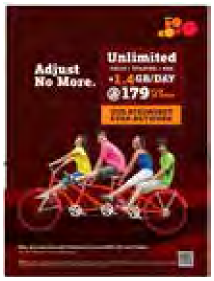
COMPANY'S INITIATIVES

The Company's efforts in mobility business were hampered by non-availability of 4G services. In our sustained efforts towards digitization, the Company rolled out initiatives to drive engagement through its online platforms and protect high-value customers by offering an enhanced digital experience. This was accomplished by mobilizing three levers; a) A revamped My Tata Docomo App Interface, b) Providing real-time and hyper-personalized engagement at key moments of truth, and c) A differential treatment on online platforms. The new App platform led to a unified digital interface and the journeys were made intuitive and relevant based on the insights mined from call center drivers and through click stream behavior.

During the year, we activated the brand Tata Docomo's equity around honesty and transparency to drive relevance and differentiation. The brand strategy was rolled out through major campaigns like 'We value you, not your handset' and 'Nothing to Hide'. In the latter half of the year, the key task was to communicate business continuity and stronger network promise while continuing to highlight superior tariffs in a competitive landscape. Hence, we brought alive the dual promise of network and tariffs through key campaigns like the 'Pan-India 3G Rollout Campaign' across Print, Out of Home, Radio and Digital platforms, and 'Adjust No More' across Retail.







Enterprises have always relied on technology to innovate and improve productivity and so on. But over the last few years, there has been an explosion of disruptive technologies such as mobile apps, social media, IOT and big data. These in turn have created huge new opportunities—and threats—for most enterprises. Not only are Indian consumers more willing to buy goods and services through digital channels, they are also automating activities which were previously manual.

All these different trends essentially lead to digital becoming a top agenda item for most Board discussions. Much of the public conversation about digital transformation has focused on the innovative ways that large consumer-facing companies have used technology to go from traditional marketers to cutting edge. However, it’s not just large enterprises that are feeling the pressure to go Digital. Not only are an increased number of small businesses being launched in the technology space, but SMEs across Industries are now incorporating Digital strategies into their otherwise traditional business models. As a result of this, the technology lag that once existed between India and other key technology markets is rapidly closing.

Tata Tele Business Services (“TTBS”) remains at the forefront, supporting Large, Small and Medium Enterprises as they go through their Digital transformation.

Over the years, the lines have blurred between telecom and IT services. Customers are increasingly looking for one-stop-shop ICT solutions. In order to meet this expectation, TTBS has moved up the customer value chain and offers both traditional Telecom services and well as solutions which help enable the Digital transformation, customers are seeking. TTBS’s portfolio of products and services can be categorized under Enterprise Voice, Enterprise Data and IOT, Cloud & SaaS solutions and include services such as PRI, ILL, SIP, MPLS, Ultra Lola, TFN, A2P SMS, Hosted Voice Solutions, Mobile Device Management, Conferencing, IOT services like Fleet Management, Asset management and School Bus Tracking among others.

During FY2018, TTBS launched an innovative solution called “SmartOffice” which is a complete office-in-a-box solution. Businesses which need to set up a new office or a branch are typically required to procure multiple hardware devices to make their office setup voice and data ready. Once the infrastructure is setup, comes the tedious and complex task of procuring relevant applications to run the office and the operations. The first version of SmartOffice takes care of the customer’s voice, data, wifi, security and storage needs. Subsequent versions will include applications and SaaS services making it a truly one-stop-shop solution.

TTBS entered into a strategic partnership with TCS iON to take their portfolio of SaaS application to the SME market. In the first phase, TTBS has launched Document Management System, Live Chat, Digital Survey and a Digital Assessment prep test module for High Schools. In FY2019, TTBS will launch applications such as CRM, F&A and other relevant SaaS modules relevant to SMEs.

As more Enterprises move their Applications to the Cloud, they need private and secure network access to the Cloud Service Provider (CSP) premises. TTBS also launched ‘Secure Connect’ which is a secure, low-latency VPN connection between the customer’s network and the CSP infrastructure.

As TTBS looks to scale its business, process simplification has been a key priority for the organization. Multiple simplification projects such as Zero Agreement, Green Channel for hassle free pick-up and delivery of customer orders, Digital CAF, Click2Buy among others.

Innovation in customer service has always been a priority focus area for TTBS. As part of this initiative, Priority Support Center (PSC) was launched in Hyderabad during April 2017. The PSC is a one-stop shop for all our key customers who contribute significant revenues for Enterprise business. It is managed by an in-house team of experienced professionals who have been specially trained in Wireless & Wireline products, as well as in the service industry best practices. Since the launch of PSC, our Net Promoter Score has seen a constant increase, as customer satisfaction continues to remain our top priority.

TTBS engages with its existing as well as potential customers through multiple channels, across traditional and new age media. The thought leadership platform remains under the ‘Do Big’ banner where relevant content in the form of whitepapers, articles, case studies, testimonials, product/ technology information & market trends are shared & communicated to business customers via website, apps, webinars, social media platforms, blogs, events and other relevant channels.

This year TTBS received the Marketing Excellence Award for content marketing from World Marketing Congress & CMO Asia.

SCHEME OF ARRANGEMENT

The Board of Directors at its meeting held on October 12, 2017 had approved the transfer by way of demerger of the Consumer Mobile Business of the Company to Bharti Airtel Limited (“Bharti” or “BAL”) on debt-free, cash-free basis subject to requisite regulatory approvals. The Competition Commission of India (“CCI”) approved the proposal by its order dated November 16, 2017. Further, the Board at its meeting held on December 19, 2017 had approved the Scheme of Arrangement (“Scheme”) between the Company, BAL and their respective shareholders and creditors under Sections 230-232 of the Companies Act, 2013. Upon the Scheme becoming effective and in consideration of the demerger, BAL shall issue and allot (A) 1 (One) BAL Equity Share to TTML Equity Holders on such date as may be mutually agreed by TTML and BAL (**“Record Date”**) for every 2,014 (Two Thousand Fourteen) TTML Equity Shares each held in TTML on the Record Date; and (B) 10 (Ten) BAL Redeemable Preference Shares (“RPS”) to all (and not each) TTML RPS Holders in proportion to their holding of TTML RPS on the Record Date.

Thereafter, the Company submitted the application for Scheme of Arrangement with the Stock Exchanges i.e., BSE Limited (“BSE”) and the National Stock Exchange of India Limited (“NSE”). BSE and NSE vide their respective observation letters dated March 21, 2018 conveyed their no adverse observations/no objection to the Scheme. Subsequently, the Company submitted its Company Scheme Application with National Company Law Tribunal, Mumbai Bench (“NCLT”) on April 10, 2018 for seeking its direction to convene meetings of equity shareholders, Secured Creditors and unsecured creditors of the Company to obtain their approval to the Scheme. Meetings have been convened on August 30, 2018 in terms of the order dated May 11, 2018 as modified by order dated July 13, 2018 of NCLT, Mumbai. Approval of Department of Telecommunications ("DoT") is also required.

NETWORK

During the year, clear emphasis was placed on optimum utilization of assets leading to rollback of sites in non-profitable areas and in addition, TTML has entered into ICR arrangement with Airtel to extend the 2G/3G Coverage throughout Maharashtra & Goa and traffic is being routed through Airtel progressively from November 2017.

In the last seven years through its 'Project Optimus' initiative, the Company has converted around 1,641 sites from Indoor to Outdoor that resulted in Annualized Savings of 5536 MWh of Grid units, 688 KL of diesel, 6516 TCO2 carbon foot print and Rs. 8.07 Crores of operating costs. This was achieved through conversion of base stations from Indoor BTS to Outdoor through Outdoor Cabinet, Free Cooling units and Natural Cooling Units. The solution was implemented across 24 sites during the current year.

Seamless international roaming services are also provided to the customers supported by tie ups with 270 operators for in-roaming and 287 out-roaming operators globally.

SAFETY

The Company has a well defined and practiced Employee Safety and Well-being Policy. The Company's Safety Policy comprises guidelines and standardized practices, based on robust processes. It advocates in proactively improving its management systems, to minimize health and safety hazards, thereby ensuring compliance in all operational activities.

To minimize and mitigate risks related to Fire Safety and Physical Security, the Company has taken up various safety initiatives/ projects including:

- First Aid and Fire Safety trainings for all employees;
- Emergency Mock fire drills (day/night) every six months;
- Dissemination of Safety Guidelines, through Safety Awareness mailers and videos/Safety SMS's (covering Do's & Don'ts during emergency).

The above actions are part of 4 pillars of Safety initiatives comprising:

- Safety Awareness and Communication;
- 4 tier Audit Mechanism;
- Corrective and Preventive Actions ("CAPA");
- Benchmarking and Best Practice sharing, within and outside Tata Group companies.

CHANGE IN AUTHORISED SHARE CAPITAL

During the financial year, the Company increased its Authorised Share Capital from Rs. 5500,00,00,000/- (Rupees Five Thousand Five Hundred Crores Only) divided into 250,00,00,000 (Two Hundred Fifty Crores) Equity shares of Rs. 10/- (Rupees Ten Only) each and 30,00,00,000 (Thirty Crores) Preference Shares of Rs. 100/- (Rupees One Hundred Only) each by creation of 30,00,00,000 (Thirty Crores) Preference Shares of Rs. 100/- (Rupees One Hundred Only) each TO Rs. 31000,00,00,000 (Rupees Thirty One Thousand Crores Only) divided into 250,00,00,000 (Two Hundred Fifty Crores) Equity shares of Rs. 10/- (Rupees Ten Only) each, 235,00,00,000 (Two Hundred and Thirty Five Crores) Preference Shares of Rs. 100/- (Rupees One Hundred Only) each and 50,00,00,000 (Fifty Crores) Unclassified Shares of Rs. 100/- (Rupees One Hundred Only) each by creation of additional 175,00,00,000 (One Hundred and Seventy Five Crores) Preference Shares of Rs. 100/- (Rupees One Hundred Only) each and 50,00,00,000 (Fifty Crores) Unclassified Shares of Rs. 100/- (Rupees One Hundred Only) each.

CORPORATE STRUCTURE

HOLDING COMPANY

Pursuant to the provisions of the Companies Act, 2013 (the "Act"), Tata Sons Limited is the Holding Company of your Company.

SUBSIDIARY AND ASSOCIATE COMPANY

The Company does not have any subsidiary or associate company within the meaning of relevant provisions of the Act.

BOARD OF DIRECTORS, MEETINGS AND ITS COMMITTEES

As on March 31, 2018, the Board of Directors comprised of 4 (Four) Directors. Of the 4 (Four) Directors, 3 (Three) (i.e., 75%) are Non-Executive Directors and 1 (One) Managing Director. The Non-Executive Directors include 2 (Two) Independent Directors (including a Woman Director). The composition of the Board is in conformity with the provisions of the Act and Regulation 17 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations").

All the Independent Directors have given declarations that they meet the criteria of independence as laid down under Section 149(6) of the Act and the Listing Regulations.

RETIREMENT OF DIRECTOR

Mr. Kishor A. Chaukar, Chairman and a Non-Executive Director of the Company, retired from the Board of the Company with effect from August 1, 2017 on attaining the age of 70 years.

The Board placed on record its appreciation for the contributions made by Mr. Chaukar during his tenure.

DIRECTOR RETIRING BY ROTATION

In accordance with the relevant provisions of the Act and in terms of the Articles of Association of the Company, Mr. Srinath Narasimhan retires by rotation at the ensuing 23rd Annual General Meeting ("AGM") of the Company and being eligible offers himself for re-appointment. The Board recommends his re-appointment. The relevant details of Mr. Srinath Narasimhan form part of the Notice convening 23rd AGM.

MEETINGS OF THE BOARD OF DIRECTORS

A calendar of Board and Committee meetings to be held during the financial year was circulated in advance to the Directors.

During the financial year, 7 (Seven) Board meetings were held. Details of composition of the Board, meetings of the Board held and attendance of the Directors at such meetings are provided in the Corporate Governance Report, annexed to the Annual Report. The intervening gap between the meetings was within the period prescribed under the Act and the Listing Regulations.

COMMITTEES OF THE BOARD

There are currently 4 (Four) Statutory Committees of the Board, as follows:
(i) Audit Committee;
(ii) Corporate Social Responsibility Committee;
(iii) Nomination and Remuneration Committee;
(iv) Stakeholders' Relationship Committee.

During the financial year, the Board re-constituted some of the Committees in accordance with the Act and the Listing Regulations. Details of all the Committees along with their terms of reference, composition and meetings of each Committee held during the financial year, are provided in the Corporate Governance Report, annexed to the Annual Report.

KEY MANAGERIAL PERSONNEL

Mr. Kiran Thacker retired from the post of Company Secretary and Compliance Officer of the Company with effect from close of business hours on June 30, 2018.

Ms. Vrushali Dhamnaskar was appointed as Company Secretary and Key Managerial Personnel of the Company, designated as Assistant Company Secretary and Compliance Officer with effect from July 1, 2018 in place of Mr. Kiran Thacker.

POLICIES AND PROCEDURES

Company's Policies on Appointment and Remuneration of Directors

The Policy of the Company on Directors' appointment including criteria for determining qualifications, positive attributes, independence of a Director and the Policy on remuneration of Directors, Key Managerial Personnel and other employees are annexed as Annexure – IA and Annexure - IB to this Report.

BOARD EVALUATION

The Board of Directors has carried out an annual evaluation of its own performance, Board Committees and individual Directors pursuant to the provisions of the Act and the Listing Regulations.

The performance of the Board, the Committees and individual Directors was evaluated by the Board after seeking inputs from all the Directors through a questionnaire wherein the Directors were required to evaluate the performance on scale of one to five based on the following criteria:

a) Criteria for Board Performance Evaluation: Degree of fulfillment of key responsibilities, Board structure and composition, Establishment and delineation of responsibilities to Committees, effectiveness of Board processes, information and functioning, Board Culture and Dynamics, Quality of relationship between the Board and the Management.

b) Criteria for Committee Performance Evaluation: Degree of fulfillment of key responsibilities, Adequacy of Committee Composition, Effectiveness of meetings, committee dynamics, Quality of Relationship of the Committee with the Board and the management.

c) Criteria for Performance Evaluation of Individual Directors: Attendance, Contribution at meetings, guidance, Support to Management outside Board/Committee meetings.

Mr. D. T. Joseph, Chairman of the Nomination and Remuneration Committee ("NRC"), was nominated for conducting one-on-one discussions with Directors to seek their feedback on the Board and other Directors.

The NRC also reviewed the performance of the individual Directors. In addition, Mr. Joseph was evaluated on the key aspects of his role.

In separate meeting of Independent Directors, performance of Non-Independent Directors, performance of the Board as a whole and performance of the Chairman was evaluated, taking into account the views of Executive Director and Non-Executive Directors. Thereafter, the Board also reviewed the performance of the Board as a whole, its Committees and individual Directors.

RISK MANAGEMENT POLICY

The Company has Risk Management Policy and the risk management framework which ensures that the Company is able to carry out identification of elements of risk, if any, which in the opinion of the Board may threaten the existence of the Company.

INTERNAL FINANCIAL CONTROLS AND THEIR ADEQUACY

The Company has established and maintained adequate internal financial controls with respect to financial statements. Such controls have been designed to provide reasonable assurance with regard to providing reliable financial and operational information. During the year, such controls were operating effectively and no material weaknesses were observed.

VIGIL MECHANISM/WHISTLE BLOWER POLICY

The Company has established a vigil mechanism in form of Whistle Blower Policy for employee Directors and employees to report their genuine concerns about unethical behaviour, actual or suspected fraud or violation of the Company's Code of Conduct or ethics policy, details of which are provided in the Corporate Governance Report, which forms part of the Annual Report. As a requirement of Tata Code of Conduct, all stake-holders are provided access to Whistle Blower mechanism.

The Policy provides for adequate safeguards against victimization of Directors/employees who avail of the mechanism and also provides for direct access to the Chairman of the Audit Committee.

The Whistle Blower Policy has been placed on the website of the Company i.e., www.tatateleservices.com.

CORPORATE SOCIAL RESPONSIBILITY

The Company has constituted a Corporate Social Responsibility ("CSR") Committee in accordance with Section 135 of the Act. The composition of CSR Committee, the details of CSR Policy and initiatives taken by the Company on CSR activities during the year have been provided in the **Annexure – II** to this Report.

OTHER STATUTORY DISCLOSURES

Contracts or Arrangements with Related Parties

All Related Party Transactions ("RPTs") that were entered into during the financial year were on an arm's length basis and in the ordinary course of business of the Company. Pursuant to Regulation 23 of the Listing Regulations and Section 177 of the Act, prior approval of the Audit Committee is obtained for all RPTs. A statement of significant RPTs is placed before the Audit Committee for its review on a quarterly basis, specifying the nature, value and terms and conditions of the transactions.

Further, your Company has taken a prior approval of the Members for all material transactions/proposed transactions entered/ to be entered into between the Company and TTSL, a related party, relating to rendering or availing of services, sharing of infrastructure, purchase/sale of Assets and Inventory and sharing of costs for an aggregate value of Rs. 620 Crores (Rupees Six Hundred and Twenty Crores Only) per annum for the financial years 2018-19, 2019-20 and 2020-21.

The details of material contracts or arrangement or transactions entered by your Company on arm's length basis are provided in Form AOC-2, which is annexed as **Annexure – III** to this Report.

Particulars of Loans, Guarantees or Investments

Your Company being in business of providing infrastructural facilities, provisions of Section 186 of the Act, do not apply to the Company in respect of loans made, guarantees given or security provided by the Company.

Your Company has not made any investment in securities of other Bodies Corporate during the financial year 2017-18.

Dividend and Appropriations

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

Deposits

The Company has not accepted any deposits from public, during the financial year 2017-18, within the meaning of Section 73 of the Act read with the Companies (Acceptance of Deposit) Rules, 2014.

However, the Company availed Inter Corporate Deposits ("ICD") from Tata Teleservices Limited ("TTSL") amounting to Rs. 3,700 Crores (Rupees Three Thousand Seven Hundred Crores Only) during the financial year 2017-18.

Disclosures as per the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

The Company has zero tolerance for sexual harassment at workplace and has adopted a policy on prevention, prohibition and redressal of sexual harassment at workplace in line with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the Rules thereunder for prevention and redressal of complaints of sexual harassment at workplace. The objective of this policy is to lay clear guidelines and provide right direction in case of any reported incidence of sexual harassment across the Company's offices, and take appropriate decision in resolving such issues.

During the financial year 2017-18, the Company has not received any complaint on sexual harassment.

Particulars of Employees

Disclosure pertaining to remuneration and other details as required under Section 197(12) of the Act read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is annexed as **Annexure – IV** to this report.

The statement containing particulars of employees as required under Section 197(12) of the Act read with Rule 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 forms part of this Report. Pursuant to Section 136(1) of the Act, this Report is being sent to the Members of the Company excluding the aforesaid information. However, the same is open for inspection at the registered office of the Company. Copies of this statement may be obtained by the Members by writing to the Company Secretary of your Company.

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

Pursuant to Section 134(3)(m) of the Act read with Rule 8(3) of Companies (Accounts) Rules, 2014, the details of Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo are as under:

(A) Conservation of Energy:

(i) Steps Taken or Impact on Conservation of Energy:

a. Electricity and Diesel Generators are used for the powering of the Company's telephone exchanges and other network infrastructure equipment. The Company regularly reviews power consumption patterns across its network and has implemented various innovative projects including green initiatives in order to optimize power consumption which resulted into substantive cost savings and reduction of carbon foot print. Some of the major projects undertaken during the year are:

- Indoor BTS with Outdoor cabinet on new project roll out - NIL.
- FCU (Free Cooling Units) and NCU (Natural Cooling Unit) deployment and AC (Air Conditioner) switch off - 24 nos.
- Network consolidation – 2- MSC switched off.

b. The initiative on energy conservation has resulted into reduction of 6913 Million units of energy consumption, carbon foot print reduction of 6516 TCO2 for the financial year 2017-18.

(ii) Steps taken by the Company for utilizing alternate sources of Energy:

The Company has not utilized any alternate sources of energy.

(iii) Capital Investment on Energy Conservation Equipments: Nil.

(B) Technology Absorption: The Company has not imported any new technology.

(C) Foreign Exchange Earnings and Outgo:

(Rs. in Crores)

Particulars	**2017 – 18**	**2016 – 17**
Earnings	2.95	1.45
Outgo	107.67	137.69
Capital Goods	38.76	32.07

Significant and Material Orders Passed by the Regulators or Courts or Tribunals Impacting the Going Concern Status and the Company's Operation in Future

While there are certain critical litigations including litigations relating to various demands made by DoT, there are no significant material orders passed, as of date, by the Regulators / Courts or the Company has interim protection from courts against enforcement of such demands or notices, which would impact the going concern status of the Company and its future operations. However, there is always a chance that any order passed in critical litigations in future may have an impact on the going concern or future operations of the Company.

Extract of Annual Return

Pursuant to Section 92(3) of the Act and Rule 12(1) of the Companies (Management and Administration) Rules, 2014, the extract of Annual Return in Form MGT-9 is annexed as **Annexure – V** to this Report.

AUDITORS

Statutory Auditors

Pursuant to the provisions of Section 139 of the Act read with the Companies (Audit and Auditors) Rules, 2014, Price Waterhouse Chartered Accountants LLP, having Firm Registration No. 012754N/N500016 were appointed as Statutory Auditors of the Company for a term of five years from the conclusion of 22nd AGM of the Company until the conclusion of 27th AGM to be held in the year 2022.

Cost Auditors

The Board of Directors of your Company has on the recommendation of Audit Committee, approved the re-appointment and remuneration of M/s. Sanjay Gupta & Associates, Cost Accountants, as Cost Auditors of the Company for the financial year 2018-19. Members are requested to consider, approve and ratify the remuneration payable to M/s. Sanjay Gupta & Associates for the financial year 2018-19.

Internal Auditors

The Board has appointed Ernst & Young LLP and ANB Solutions Pvt. Ltd. as Internal Auditors of the Company for conducting internal audit of the Company for the first two quarters of the Financial Year 2018-19. The Company is in the process of appointing Internal Auditors for second half of the Financial Year 2018-19.

Secretarial Auditors and Secretarial Audit Report

Pursuant to the provisions of Section 204 of the Act and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Board of Directors of the Company had appointed M/s. Mehta & Mehta, Practicing Company Secretaries, to undertake the Secretarial Audit of the Company for the year ending March 31, 2018. The Secretarial Audit Report in Form MR-3 is annexed as **Annexure – VI** to this Report.

The observation made by the Secretarial Auditors in its Report and Directors' comments are given as under:

Observation:

As per regulation 33(3)(d) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company was required to submit it's Financial Results within fourty five days from end of the quarter, however the Company submitted Financial Results for the quarter and half year ended September 30, 2017 to the Stock Exchanges on December 19, 2017.

Directors' Comments

Since the Financial Results for the quarter and half year ended September 30, 2017 were under the finalization, the same could not be submitted within the prescribed time. As per the SEBI Circular No. CIR/CFD/CMD/12/2015 dated November 30, 2015, the Company had paid 1,20,06,500/- without holding of any tax to

National Stock Exchange of India Limited and BSE Limited each, as penalty for delay in submission of the financial results.

AUDITORS' OBSERVATIONS AND DIRECTORS' COMMENTS

The Auditors' Report for the financial year ended March 31, 2018 does not contain any qualification, reservation, adverse remark or disclaimer.

DIRECTORS' RESPONSIBILITY STATEMENT

Based on the framework of internal financial controls and compliance systems established and maintained by the Company, work performed by the internal, statutory, cost and secretarial auditors and external consultant(s) including audit of internal financial controls over financial reporting by the statutory auditors and the reviews performed by Management and the relevant Board Committees, including the Audit Committee, the Board is of the opinion that the Company's internal financial controls were adequate and effective during the financial year 2017-18.

Accordingly, pursuant to the provisions of Section 134(5) of the Act, your Directors, to the best of their knowledge and belief and according to information and explanation obtained by them, confirm that:

1. in the preparation of the annual financial statements for the year ended March 31, 2018, the applicable accounting standards have been followed and there are no material departures;

2. they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year ended March 31, 2018 and of the loss of the Company for that period;

3. they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

4. they have prepared the annual financial statements on a going concern basis;

5. they have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and are operating effectively;

6. they have devised systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

A detailed report on Management Discussion and Analysis, as required under the Regulation 34 of the Listing Regulations for the year under review is presented in a separate section, forming part of the Annual Report.

CORPORATE GOVERNANCE REPORT

A report on Corporate Governance appears after this Report. A certificate from Price Waterhouse Chartered Accountants LLP, with regard to compliance of conditions of corporate governance, as specified in the Listing Regulations by the Company is annexed hereto and forms part of this Report.

The Company has complied with mandatory requirements of Corporate Governance prescribed under the Listing Regulations. The Company had also implemented some of the non-discretionary requirements as contained in Part E of Schedule II to the Listing Regulations.

The Company is in compliance with the applicable Secretarial Standards.

ACKNOWLEDGEMENTS

Your Directors wish to place on record their sincere appreciation for the assistance and support extended by the employees, shareholders, customers, financial institutions, banks, vendors, dealers, Department of Telecommunications, the Central and State Governments and others associated with the activities of the Company. We look forward to their continued support in future.

For and on behalf of the Board of Directors

D. T. Joseph
Director
DIN: 01716572

N. Srinath
Managing Director
DIN: 00058133

Place: Mumbai
Date: August 24, 2018