This Preliminary Sale Document does not constitute an offer to any person to purchase the equity shares of CMC Limited and is being issued for the sole purpose of inviting Bids for the Equity Shares being offered pursuant to this Preliminary Sale Document.

Offer for Sale by the President of India

acting through and represented by the Joint Secretary, Department of Information Technology, Ministry of Communications and Information Technology, Government of India (the "Selling Shareholder") of equity shares in

CMC LIMITED

Offer for Sale by the Selling Shareholder of 3,976,374 Equity Shares of Rs. 10 each at a price of Rs. [•] per Equity Share in cash aggregating Rs. [•] million (hereinafter referred to as the "Offer"). The Offer would constitute 26.25% of the paid-up capital of CMC Limited (the "Company"). The Equity Shares being offered for sale are listed on The Stock Exchange, Mumbai, The National Stock Exchange of India Limited, The Hyderabad Stock Exchange Limited, The Calcutta Stock Exchange Association Limited, The Madras Stock Exchange Limited and The Delhi Stock Exchange Association Limited. The Equity Shares are tradeable on these exchanges. The Company has applied for delisting from The Hyderabad Stock Exchange Limited, The Calcutta Stock Exchange Association Limited, The Madras Stock Exchange Limited and The Delhi Stock Exchange Association Limited.

The Price Band for the Offer will be advertised by the Selling Shareholder prior to the Bid Opening Date, as decided by them.

The Equity Shares being offered pursuant to this Offer are already listed. As advised by Securities and Exchange Board of India, the SEBI Guidelines for public issues/offers do not apply to a listed company facilitating one of the shareholders to dispose of its holding through an offer for sale, such as this Offer. However, the Selling Shareholder has voluntarily decided to adopt the SEBI Guidelines, particularly the guidelines for the 100% Book Building Process, save for certain deviations. Pursuant to the decision of the Selling Shareholder, a maximum of 50% of the Offer shall be available for allocation on a discretionary basis to Qualified Institutional Buyers. Further, not less than 25% of the Offer shall be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 25% of the Offer shall be available for allocation on a proportionate basis to Retail Bidders, subject to valid Bids being received at or above the Offer Price. The Selling Shareholder reserves the right at its sole discretion to transfer the Equity Shares to Retail Bidders at a differential lower price as compared to the price for QIBs and Non-Institutional Bidders. The Selling Shareholder is solely responsible for this decision and the consequences thereof.

THE COMPANY

The Company was incorporated as Computer Maintenance Corporation Private Limited on December 26, 1975 as a private limited company under the Companies Act, 1956. On August 19, 1977, the Company became a public limited company. The Company was subsequently renamed as CMC Limited on August 27, 1984). The Registered Office of the Company is at CMC Centre, Old Mumbai Highway, Gachibowli, Hyderabad – 500 019. The contact details of the Registered Office are Tel: +91-40-2300 0401; Fax: +91-40-2300 0509 (Earlier registered office was situated at E115, Sarojini Devi Road, Secunderabad – 500 003 Andhra Pradesh, which was subsequently changed to the current address vide a members resolution dated December 30, 1992). The Corporate Office of the Company is at PTI Building, 5th Floor, 4 Sansad Marg, New Delhi – 110001; Tel: +91 11 2373 6151-58; Fax: +91 11 2373 6159, e-mail: offer@ corp.cmc.net.in; Website: **www.cmcltd.com**

SEBI DISCLAIMER

The shares offered under this sale offer being already listed on the stock exchanges, the SEBI Guidelines for public issues/offers are not applicable to this sale offer by the Selling Shareholder. The Selling Shareholder has on its own volition decided to follow the process that is substantially similar to the process specified in the SEBI Guidelines. However this document does not constitute an offer document or prospectus in terms of the SEBI guidelines. This is not a document issued by or on behalf of the Company. The document has been voluntarily forwarded by the Selling Shareholder to SEBI for seeking its guidance/suggestions and the Selling Shareholder has on its own volition also decided on the terms of the offer, price band, allocation pattern etc. SEBI's guidance to the Selling Shareholder should not in any way be construed or deemed that the Sale Document has been cleared or approved by SEBI. SEBI does not take any responsibility either for the financial soundness of any scheme or the projects or for the correctness of the statements made or opinions expressed in the sale document. The Company has confirmed that the requirements under the listing agreement have been complied with.

GENERAL RISKS

Investments in equity and equity-related securities involve a degree of risk and investors should not invest any funds in this Offer unless they can afford to take the risk of losing their investment. Investors are advised to read the risk factors carefully before taking an investment decision in this Offer. The equity shares of CMC Limited are already quoted on the stock exchanges. The price band and final pricing decided by the Selling Shareholder may be different from the prices quoted on the stock exchanges. For taking an investment decision, investors must rely on their own examination of the Company and the Offer including the risks involved. The Equity Shares offered in the Offer have not been recommended or approved by SEBI, nor does SEBI guarantee the accuracy or adequacy of this Preliminary Sale Document. Specific attention of the investors is invited to the summarised and detailed statements in Risk Factors as perceived by the Company beginning on page [--].

COMPANY'S ABSOLUTE RESPONSIBILITY

CMC Limited, having made all reasonable inquiries, accepts responsibility for and confirms that this Preliminary Sale Document contains all information with regard to CMC Limited, which is material in the context of the Offer, that the information contained in this Preliminary Sale Document is true and correct in all material aspects and is not misleading in any material respect, that the opinions and intentions expressed herein are honestly held and that there are no other facts, the omission of which makes this Preliminary Sale Document as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect. The Company has made disclosures from time to time in compliance with the terms of the listing agreements with the stock exchanges.

SELLING SHAREHOLDER'S ABSOLUTE RESPONSIBILITY

It is the Selling Shareholder's absolute responsibility to provide and disseminate information about the terms of the Offer, in the Preliminary Sale Document and during the Offer process.

FILING
The Department of Company Affairs, Ministry of Finance, Government of India has noted that SEBI has informed that the offer document is to be called a "Preliminary Sale Document" and has said that accordingly, the Ministry of Disinvestment may file this Preliminary Sale Document with the Registrar of Companies, along with the requisite fee so that it can be placed on record for public inspection. Therefore, a copy of this Preliminary Sale Document has been filed with the Registrar of Companies for public inspection. See "Filing" on page [--]

BOOK RUNNING LEAD MANAGERS		REGISTRAR TO THE OFFER
HSBC Securities and Capital Markets (India) Private Limited 52/ 60, Mahatma Gandhi Road, Fort, Mumbai 400 001 Tel: +91 22 2268 1284-85 Fax: +91 22 2263 1984 e-mail: cmc_offer@hsbc.co.in	**Enam Financial Consultants Private Limited** 801/802, Dalamal Towers, Nariman Point, Mumbai 400 021, India Tel: +91 22 5638 1800 Fax: +91 22 2284 6824 e-mail: cmcoffer@enam.com	**MCS Limited** 'Sri Padmavathi Bhavan' Plot No. 93, Road No. 16 M.I.D.C Area, Andheri (East), Mumbai-400093 Tel: +91 22 2820 1785 Fax: +91 22 2820 1783 e-mail: cmcoffer@mcsind.com Registered Office: 'Sri Venkatesh Bhavan', Plot No. 27, Road No.11, M.I.D.C.Area, Andheri (East), Mumbai – 400 093

OFFER PROGRAMME

BID/OFFER OPENS ON	February 23, 2004	BID/OFFER CLOSES ON	February 28, 2004

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SECTION I - GENERAL

DEFINITIONS AND ABBREVIATIONS

Definitions

Term	***Description***
"CMC", "the Company", "our Company", "CMC Limited", "we", "us" or "our"	Unless the context otherwise requires, refers to CMC Limited, a public limited company incorporated under the Companies Act with its registered office at CMC Centre, Old Mumbai Highway, Gachibowli, Hyderabad – 500019, Andhra Pradesh, India.

Offer Related Terms and Abbreviations

In this Preliminary Sale Document, references to "allocation" of Equity Shares in this Offer, unless the context otherwise requires, also include a reference to "transfer" of Equity Shares.

In this Preliminary Sale Document, any discrepancies in any table between total and the sum of the amounts listed are due to rounding off.

Term	**Description**
Amendment Agreements	The agreements dated January 28, 2004 and February 9, 2004, between TSL and GoI
Articles/Articles of Association	Articles of Association of the Company
Auditors	The statutory auditors of the Company, in this case being M/s S. B. Billimoria & Co., Chartered Accountants
Banker(s) to the Offer	The banks which are clearing members and registered with SEBI as banker to the offer at which the Public Offer Account will be opened, in this case being, The Hongkong and Shanghai Banking Corporation Limited, Canara Bank, ICICI Bank Limited and HDFC Bank Limited
Bid	An offer made during the Bidding Period by a Bidder to acquire the Equity Shares at a price within the Price Band, including all revisions and modifications thereto
Bid Amount	The amount equal to the highest value of the optional Bids indicated in the Bid-cum-Application Form and payable by the Bidder on submission of the Bid in the Offer
Bid / Offer Closing Date	The date after which the BRLMs and the Syndicate Member will not accept any Bids for the Offer, which date shall be notified in a widely circulated English national newspaper, a Hindi national newspaper, and a regional newspaper (Telugu)
Bid / Offer Opening Date	The date on which the BRLMs and the Syndicate Member shall start accepting Bids for the Offer, which date shall be notified in a widely circulated English national newspaper, a Hindi national newspaper and a regional newspaper (Telugu)

Term	Description
Bid-cum-Application Form	The form in terms of which the Bidder shall make an offer to purchase Equity Shares of the Company and which will be considered as the application for transfer of the Equity Shares in terms of this Preliminary Sale Document
Bidder	Any prospective investor who makes a Bid pursuant to the terms of this Preliminary Sale Document
Bidding Period / Offer Period	The period between the Bid / Offer Opening Date and the Bid/ Offer Closing Date inclusive of both days and during which prospective Bidders can submit their Bids
Board of Directors/ Board	The Board of Directors of CMC Limited or a committee thereof
Book Building Process / Method	Book building route as provided in the SEBI Guidelines, as amended from time to time. The Selling Shareholder has voluntarily decided to adopt the SEBI Guidelines particularly the guidelines for the 100% Book Building process and the processes, procedures and practices which are generally followed in the 100% book building process save certain deviations
BRLMs/ Book Running Lead Managers	Book Running Lead Managers to the Offer, in this case being Enam Financial Consultants Private Limited and HSBC Securities and Capital Markets (India) Private Limited
BSE	The Stock Exchange, Mumbai
CAN/ Confirmation of Allocation Note	The note or advice or intimation of allocation of Equity Shares sent to the Bidders who have been allocated Equity Shares in the Book Building Process
CDSL	Central Depository Services (India) Limited
Companies Act	The Companies Act, 1956, as amended from time to time
Corporate Office	PTI Building, 5th Floor, 4 Sansad Marg, New Delhi-110 001
Cut-off/ Cut-off Price	The Offer Price finalised by the Selling Shareholder in consultation with the BRLMs.
Depositories Act	The Depositories Act, 1996, as amended from time to time
Depository	A depository registered with SEBI under the SEBI (Depositories and Participant) Regulations, 1996, as amended from time to time
Depository Participant	A depository participant as defined under the Depositories Act
Designated Date	The date on which funds are transferred from the Escrow Account to the Public Offer Account after the Final Sale Document is filed with the RoC for public inspection, following which the Equity Shares shall be transferred to

Term	Description
	successful Bidders
Designated Stock Exchange/NSE	The National Stock Exchange of India Limited
Director(s)	Director(s) of CMC Limited from time to time, unless otherwise specified
Enam	Enam Financial Consultants Private Limited, in this case being the BRLM having its registered office as indicated on the cover page of this Preliminary Sale Document
Equity Shares	Equity shares of the Company of Rs. 10 each unless otherwise specified in the context thereof
Escrow Account (s)	Account opened with an Escrow Collection Bank(s) and in whose favour a Bidder will issue cheques or drafts in respect of the Bid Amount when submitting a Bid or the amount payable by the Bidder after allocation within the Pay-in-Period
Escrow Agreement	The agreement entered into amongst the Selling Shareholder, the Registrar, the Escrow Collection Bank(s), Syndicate Member, the BRLMs and the Company for collection of the Bid Amounts and refunds (if any) of the amounts collected to the Bidders.
Escrow Collection Bank(s)	The banks which are clearing members and registered with SEBI as banker to the offer at which the Escrow Account will be opened, in this case being, The Hongkong and Shanghai Banking Corporation Limited, HDFC Bank Limited, Canara Bank and ICICI Bank Limited
FEMA	Foreign Exchange Management Act, 1999, as amended from time to time, and the regulations framed thereunder
FII / Foreign Institutional Investor	Foreign institutional investor (as defined under SEBI (Foreign Institutional Investors) Regulations, 1995) registered with SEBI under applicable laws in India
Final Sale Document	The final sale document , containing, *inter alia*, the Offer Price that is determined at the end of the Book Building Process, the size of the Offer and certain other information. The final sale document would be filed with the RoC, if required
First Bidder	The Bidder whose name appears first in the Bid-cum-Application Form or Revision Form
Financial Year/Fiscal Year/FY	Period of twelve months ended March 31 of a particular year
GIR Number	General Index Registry Number
GoI	Government of India
Government	Central and/or State Government in India and/or any instrumentality thereof, unless otherwise specified in the context thereof

Term	Description
HSBC	HSBC Securities and Capital Markets (India) Private Limited, in this case being the BRLM having its registered office as indicated on the cover page of this Preliminary Sale Document
HUF	Hindu Undivided Family
Indian GAAP	Generally accepted accounting principles in India
I.T. Act	The Income Tax Act, 1961, as amended from time to time, except as stated otherwise
Margin Amount	The amount paid by the Bidder at the time of submission of his/her Bid, being 0% to 100% of the Bid Amount
Memorandum / Memorandum of Association	The Memorandum of Association of CMC Limited
Non-Institutional Bidders	All Bidders that are not Qualified Institutional Buyers or Retail Bidders and who bid for Equity Shares and whose Bid Amount is for an amount more than Rs. 50,000
Non-Institutional Portion	The portion of the Offer being a minimum of 994,094 Equity Shares of Rs. 10 each available for allocation to Non-Institutional Bidders
NRI / Non-Resident Indian	A person resident outside India, as defined under FEMA and who is a citizen of India or a Person of Indian Origin under Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000
OCB/Overseas Corporate Body	A company, partnership, society or other corporate body owned directly or indirectly to the extent of at least 60% by NRIs including overseas trusts, in which not less than 60% of beneficial interest is irrevocably held by NRIs, directly or indirectly, as defined under Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000
Offer/ Offer for Sale/ Sale	The offer for sale by the Selling Shareholder of 3,976,374 Equity Shares at the Offer Price determined through Book Building Process in terms of this Preliminary Sale Document
Offer Price/Sale Price	The final price at which Equity Shares will be transferred in terms of this Preliminary Sale Document. The Offer Price will be decided by the Selling Shareholder in consultation with the BRLMs on the Pricing Date. After the determination of the Offer Price, the Selling Shareholder shall transfer the Equity Shares allocated to QIBs and Non-Institutional Bidders at the Offer Price. Notwithstanding, what is stated above, the Selling Shareholder reserves the right, at its sole discretion, after determination of the Offer Price to transfer the Equity Shares to Retail Bidders at a differential lower price as compared to the Offer Price at which Equity Shares will be transferred to Non-Institutional Bidders and QIBs.
Pay-in Date	Bid Closing Date or the last date specified in the CAN sent to Bidders, as

Term	Description
	applicable
Pay-in-Period	This term means (i) with respect to Bidders whose payment has not been waived by the BRLMs and Syndicate Member and are therefore required to pay the maximum Bid Amount into the Escrow Account, the period commencing on the Bid/Offer Opening Date and extending until the Bid/Offer Closing Date, and (ii) with respect to Bidders whose payment has been initially waived by the BRLMs and Syndicate Member and are therefore not required to pay the maximum Bid Amount into the Escrow Account on or prior to the Bid/Offer Closing Date, the period commencing on the Bid/Offer Opening Date and extending until the closure of the Pay-in Date
Preliminary Sale Document	This document which does not have complete particulars on the price at which the Equity Shares are offered and the size of the Offer. It will be filed with RoC at least three days before the Bid/ Offer Opening Date.
Price Band	Price band of a minimum price (floor of the price band) and the maximum price (cap of the price band) which shall be advertised by the Selling Shareholder prior to the Bid/Offer Opening Date and includes any revisions thereof.
Pricing Date	The date on which the Selling Shareholder in consultation with the BRLMs finalise the Offer Price
Promoter/ TSL	Tata Sons Limited, a company incorporated under the Indian Companies Act, VII, 1913, with its registered office at Bombay House, 24, Homi Mody Street, Mumbai 400001
Public Offer Account	Account opened with the Bankers to the Offer to receive monies from the Escrow Account(s) on the Designated Date
Qualified Institutional Buyers or QIBs	Public financial institutions as specified in Section 4A of the Companies Act, FIIs registered with SEBI, scheduled commercial banks, mutual funds registered with SEBI, multilateral and bilateral development financial institutions, venture capital funds registered with SEBI, foreign venture capital investors registered with SEBI, state industrial development corporations, insurance companies registered with Insurance Regulatory and Development Authority, provident funds with minimum corpus of Rs. 250 million and pension funds with minimum corpus of Rs. 250 million
QIB Portion	The portion of the Offer being upto of 1,988,186 Equity Shares of Rs. 10 each available for allocation to QIBs
Registered Office	CMC Centre, Old Mumbai Highway, Gachibowli, Hyderabad – 500019, Andhra Pradesh, India
Registrar /Registrar to the Offer	Registrar to the Offer, in this case being MCS Limited having its registered office as indicated on the cover page of this Preliminary Sale Document
Retail Bidders	Individual Bidders (including HUFs and NRIs) who have not Bid for Equity Shares for an amount more than or equal to Rs. 50,000 in any of the bidding options in the Offer

Term	Description
Retail Portion	The portion of the Offer being minimum of 994,094 Equity Shares of Rs.10 each available for allocation to Retail Bidder(s)
Revision Form	The form used by the Bidders to modify the quantity of Equity Shares or the Bid price in any of their Bid-cum-Application Forms or any previous Revision Form(s)
RoC	Registrar of Companies, Andhra Pradesh, situated at Hyderabad.
SEBI	The Securities and Exchange Board of India constituted under the SEBI Act
SEBI Act	Securities and Exchange Board of India Act, 1992, as amended from time to time
SEBI Guidelines	SEBI (Disclosure and Investor Protection) Guidelines, 2000 issued by SEBI on January 27, 2000, as amended, including instructions and clarifications issued by SEBI from time to time
Selling Shareholder	The President of India, acting through the Joint Secretary, Department of Information Technology, Ministry of Communications and Information Technology, Government of India
Share Purchase Agreement	The agreement dated October 9, 2001 between TSL, the Selling Shareholder and the Company
Shareholders Agreement	The agreement dated October 16, 2001, between TSL and the Selling Shareholder
Stock Exchanges	BSE, NSE, HSE, CSE, MSE and DSE in which the Equity Shares are listed
Syndicate Agreement	The agreement to be entered into among the Selling Shareholder, BRLMs, Syndicate Member and the Company
Syndicate Member	Intermediaries registered with SEBI and eligible to act as underwriters and appointed by the BRLMs. In this case, Enam Securities Private Limited
Tata Consultancy Services or TCS	Tata Consultancy Services, a division of TSL
TRS / Transaction Registration Slip	The slip or document issued by the BRLMs and Syndicate Member to the Bidder as proof of registration of the Bid
Underwriters	The BRLMs and Syndicate Member
Underwriting Agreement	The Agreement between the BRLMs, Syndicate Member, the Company and Selling Shareholder to be entered into on the Pricing Date

Abbreviations

Abbreviation	Full Form
AGM	Annual General Meeting
AS	Accounting Standards as issued by the Institute of Chartered Accountants of India
Bn	Billion
BPCL	Bharat Petroleum Corporation Limited
BRI	Baton Rouge International Inc
C&AG	Comptroller & Auditor General of India
CAGR	Compounded Annual Growth Rate
CBI	Central Bureau of Investigation
CEO	Chief Executive Officer
CDSL	Central Depository Services (India) Limited
CIS	Commonwealth of Independent States
COO	Chief Operating Officer
CSE	The Calcutta Stock Exchange Association Limited
DOEACC	Department of Electronics Accreditation of Computer Courses, India
DRDL	Defence Research and Development Laboratory, India
DSE	The Delhi Stock Exchange Association Limited
EBITDA	Earnings Before Interest, Tax, Depreciation and Amortisation
EGM	Extraordinary General Meeting
EOU	Export Oriented Unit
EPS	Earnings per share
FCNR Account	Foreign Currency Non Resident Account

GLOSSARY OF TECHNICAL TERMS

Glossary of industry and technical terms	
AMC	Annual Maintenance Contract
CMM	Capability Maturity Model ® of the SEI
CMMI	Capability Maturity Model Integration ® of the SEI
CS	Customer Services
e-commerce	Electronic Commerce
GIS	Geographical Information System
HR	Human Resources
IC	Integrated Circuit
ICR	Intelligent Character Recognition
ITES	Information Technology Enabled Services
LAN	Local Area Network
MIS	Management Information System
MW	Mega Watt
OMR	Optical Mark Recognition
OS	Operating System
POS	Point of Sale
PSU	Public Sector Undertaking
R&D	Research and Development
RDSO	Research Designs and Standards Organisation, Indian Railways
SBU	Strategic Business Unit
SCADA	Supervisory Control and Data Acquisition
SI	Systems Integration
TBEM	Tata Business Excellence Model
WAN	Wide Area Network

FORWARD-LOOKING STATEMENTS PERTAINING TO SECTION III – THE COMPANY

This Preliminary Sale Document contains certain "forward-looking statements". These forward looking statements generally can be identified by words or phrases such as "aim", "anticipate", "believe", "contemplate", "expect", "estimate", "future", "goal", "intend", "objective", "plan", "project", "seek to", "shall", "should", "will", "will continue", "will pursue", "may" or other words or phrases of similar import. Similarly, statements that describe the Company's objectives, plans or goals also are forward-looking statements.

All forward-looking statements are subject to risks, uncertainties and assumptions about the Company that could cause actual results to differ materially from those contemplated by the relevant forward-looking statement. Important factors that could cause actual results to differ materially from the Company's expectations include, among others:

- the Company's ability to successfully implement its strategy, growth and expansion, technological changes;
- Increasing competition in and the conditions of the global and Indian IT industry;
- general economic and political conditions in India which have an impact on its business activities or investments;
- the monetary and interest policies of India, inflation, deflation, unanticipated turbulence in interest rates, foreign exchange rates, equity prices or other rates or prices;
- the performance of the financial markets in India and globally;
- changes in domestic and foreign laws, regulations and taxes that apply to Indian and global IT industry

For further discussion of factors that could cause the Company's actual results to differ, see "Risk Factors" on page [--] of this Preliminary Sale Document. By their nature, certain market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual future gains or losses could materially differ from those that have been estimated. None of the Selling Shareholder, the Company, Syndicate Member any Underwriter or any of their respective affiliates have any obligation to update or otherwise revise any statements reflecting circumstances arising after the date hereof or to reflect the occurrence of underlying events, even if the underlying assumptions do not come to fruition. The Selling Shareholder, the Company and the BRLMs will ensure that investors in India are informed of material developments until the completion of necessary formalities at the Stock Exchanges.

CERTAIN CONVENTIONS; PRESENTATION OF FINANCIAL AND MARKET DATA PERTAINING TO SECTION III – THE COMPANY

In this Preliminary Sale Document, the terms "we", "us", "our", the "Company", "our Company", or "CMC", unless the context otherwise indicates or implies, refers to CMC Limited.

Unless stated otherwise, the financial data in this Preliminary Sale Document is derived from our unconsolidated financial statements prepared in accordance with Indian GAAP included elsewhere in this Preliminary Sale Document. Our Fiscal Year commences on April 1 and ends March 31. In this Preliminary Sale Document, any discrepancies in any table between the total and the sums of the amounts listed are due to rounding off.

The use of words in the singular or plural, or with a particular gender, shall not limit the scope or exclude the application of any provision of this Preliminary Sale Document to any person or persons or circumstances except as the context otherwise permits.

All references to "India" contained in this Preliminary Sale Document are to the Republic of India, all references to the "US" or the USA" or the "United States" are to the United States of America.

All references to "Rupees" or "Rs." are to Indian Rupees, the official currency of the Republic of India. All references to "US$", "US Dollar" or "US Dollars" are to United States Dollars, the official currency of the United States of America.

Note: US$ figures of the relevant year are converted in Indian Rupees at the exchange rate prevailing on the last day of December, which are as under:

	1999	2000	2001	2002	2003
USD/INR	43.29	46.43	47.92	47.43	45.34

For additional definitions, please see the section entitled "Definitions and Abbreviations" on page [--] of this Preliminary Sale Document.

Industry data used throughout this Preliminary Sale Document was obtained from industry publications. Industry publications generally state that the information contained in those publications has been obtained from sources believed to be reliable but that their accuracy and completeness are not guaranteed and their reliability cannot be assured. Although the Company believes industry data used in this Preliminary Sale Document is reliable, it has not been independently verified.

Throughout this Preliminary Sale Document, the common denomination of millions has been used while referring to amounts and numbers. For ease of reference a Rupees Lakhs/Crores to Millions conversion table has been set out below:

Lakhs/Crores		**Millions**	
1,00,000	One Lakh	100,000	(One Hundred Thousand)
10,00,000	Ten Lakh	1,000,000	(One Million)
1,00,00,000	One Crore	10,000,000	(Ten Million)
10,00,00,000	Ten Crore	100,000,000	(One Hundred Million)
100,00,00,000	Hundred Crores	1,000,000,000	(One Thousand Million or one Billion)

SUMMARY OF THE OFFER FOR SALE BY THE SELLING SHAREHOLDER - PERTAINING TO SECTION II

The allocation pattern as decided by the Selling Shareholder is as follows:

The present net offer to the public in terms of this Preliminary Sale Document is for 3,976,374 Equity Shares of Rs. 10/- each fully paid up with an aggregate nominal value of Rs. 39.76 million.

Equity Shares offered:	
Offer for Sale by the Selling Shareholder	3,976,374 Equity Shares of Rs. 10/- each.
Of which:	
QIB Portion	Upto 1,988,186 Equity Shares (Allocation on a discretionary basis)
Non-Institutional Portion	At least 994,094 Equity Shares (Allocation on a proportionate basis)
Retail Portion	At least 994,094 Equity Shares (Allocation on a proportionate basis)
Equity Shares outstanding prior to the Offer	15,150,000 Equity Shares
Equity Shares outstanding after the Offer *	15,150,000 Equity Shares

* As this is an offer for sale, there will be no change in the number of Equity Shares outstanding subsequent to the Offer.

RISK FACTORS AS PERCEIVED BY THE COMPANY

An investment in our Equity Shares involves a degree of risk. You should carefully consider all of the information in this Preliminary Sale Document, including the risks and uncertainties described below, before making an investment in our Equity Shares. If any of the following risks actually occur, our business, financial condition and results of operations could suffer, the trading price of our Equity Shares could decline, and you may lose all or part of your investment.

Internal Risk Factors

We derive a significant portion of our revenues from clients who are Government and Government entities. Any decline in volume of business from such clients may adversely impact our revenues and profitability.

We currently derive approximately two-thirds of our revenues from clients who are Government and Government entities.

The GoI policy of purchase preference, applicable to all public sector enterprises, which provides the advantage of having the option of matching the lowest bid in any competitive Government tender process provided the bid is within 10% of the lowest bid, was extended to us for a period of 2 years after the divestment of GoI's 51% equity stake in our Company in favour of TSL in October 2001. This benefit has, since October 2003, ceased to be applicable to us.

Any decrease in the volume of business derived from such Government clients, either as a result of the purchase preference policy lapsing, or otherwise, may adversely impact our revenues and profitability.

Our contracts with Government and Government entities expose us to certain risks

Projects awarded by Government and Government entities are typically on the basis of a competitive bidding process. Accordingly, there is no assurance of repeat business from such clients.

Certain Government contracts provide that if, during the contract period, we sell goods/services of identical description to other Government departments or statutory undertakings of the Government, at prices lower than those payable under the contract, then such lower prices would automatically become applicable to these existing contracts, prospectively.

Government project contracts are typically terminable at the convenience of the Government, without cause, with zero to 30 days notice; and without any liability on the Government's part to compensate us (for loss of profits or otherwise) pursuant to such termination, except to the extent of paying for goods/services already rendered. Such termination could impact our revenues.

Additionally, some of CMC Americas Inc.'s largest clients are government entities in the United States. Contracts entered into with these clients typically contain clauses providing for 'termination for convenience' as well as for non-appropriation of funds from the relevant authority, in which case the government entity would only be liable to compensate CMC Americas Inc. to the extent of reasonable costs incurred for goods/services already rendered. In addition, since CMC Americas Inc.'s liability for indemnification under such contracts has not been capped, any claim for damages against it could potentially have a material adverse effect on its business and operations.

Our fixed-price contracts may expose us to additional risks, many of which are beyond our control, which could reduce our profitability.

We provide a high proportion of our goods and services on a fixed-price basis rather than on a time-and-material basis. Projects awarded on a fixed price basis are not subject to any upward revision. Accordingly, any subsequent development which affects the commercial viability of the project, for example a change in the tax law regime, or which results in a cost increase, would have to be absorbed by us and cannot be passed on to our clients. Furthermore, the period of execution of the project may extend beyond the stated term in the tender (either due to unforeseen circumstances; or on account of our failure to adhere to time schedules, in which case we would additionally become liable for liquidated damages) and accordingly lead to cost overruns for us.

In addition, most such contracts for supply of goods/provision of services provide for payment of liquidated damages of a particular percentage of the contract price, per day, for any delay in performance under the contract, subject to a maximum percentage, beyond which any continuing delay would invite termination. Such liquidated damages, where invoked by the client, may reduce our profitability.

Conflict with business interests of and dependence on Promoter

1. Our Promoter, Tata Sons Limited, has significant shareholding in our Company. They have the ability to exercise significant control over us, including pursuant to the terms of our Articles of Association.

   Our Promoter owns 51.12 % of our Equity Shares. Accordingly, the Promoter has the ability to exercise significant influence over matters requiring shareholder approval or approval by our Board. This could delay, defer or prevent a change in control of our Company, impede a merger, consolidation, take-over or other business combination involving us, or discourage a potential acquirer from making a tender offer or otherwise attempting to obtain control of our Company.

2. Dependence on our Promoter

   A key part of our strategy is to increase our international business by leveraging on TCS's brand and global market reach. Towards this end we have entered into various arrangements with TCS wherein we are jointly working on projects, for TCS' clients, in terms of deployment of our personnel and/or project implementation. We neither have any direct relationship with such clients nor the expertise to access these markets independently.

   Two of our key managerial personnel - the Managing Director & Chief Executive Officer and Chief Financial Officer, have been seconded to us from our Promoter.

3. Disassociation of our Promoter from us could adversely impact our business and financial position

   Since our Promoter's holding is not subject to a lock-in under this Offer, and the restriction on transferability of their Equity Shares under the Shareholders' Agreement is no longer in force, our Promoter is free to sell and/or transfer their equity stake in our Company along with management control at any time. Hence, no guarantee of continuation of our Promoter's association in our Company can be ensured. It may be noted that disassociation of our Promoter from us may have a significant impact on our business and financial position, and/or could adversely affect prevailing market prices of the Equity Shares.

4. Our Promoter's interests may conflict with your interests as a shareholder.

   Our Promoter and certain of its affiliates, are engaged in substantially the same lines of business as us, and there may be a conflict of interest in some of our activities.

Our success to a large extent depends on highly skilled IT professionals and our ability to attract and retain these personnel. Recently, there has been a significant increase in employee attrition rate.

Our ability to execute projects and to obtain new clients depends largely on our ability to attract, train, motivate and retain highly skilled IT professionals. Our attrition rates have increased due to a highly competitive domestic and global market for IT professionals. Our attrition rates were 4.9 % and 5.6 % in the years ended March 31, 2002 and March 31, 2003, respectively. Our attrition, on an annualized basis, was 11.5%, for the nine months ended December 31, 2003. We define attrition rate as the ratio of the number of employees that have left us during a defined period to the total number of employees that are on our payroll at the end of such period. If we cannot attract and retain IT professionals, our ability to obtain new projects and expand our business will be impaired. Furthermore, our performance and response time in respect of existing projects could suffer, which in turn could attract claim for damages under the relevant contracts. Our inability to attract and retain IT professionals may have a material adverse effect on our business, results of operations and financial condition.

Loss of senior management and key executives could adversely affect our business.

Our success depends to a large degree on the efforts and the abilities of our senior management. The loss of the services of certain members of our senior management, for any reason, could have a material adverse effect on our business, operating performance and financial condition. We do not maintain any key person life insurance on any of our senior management.

Resumption of the land by the Government with respect to our R&D facility at Hyderabad may disrupt our business

The Company has set up the R&D facility on the land alienated by the Government in its favour in 1980. The condition of grant of such land provided, inter-alia, the land is to be used only for the purpose of construction of the Company's R&D facility and that the Government retains the right to resume the land wholly or in part with any building thereon in the event of any infringement of any condition of the grant or in case the land is required by the Government for public purposes. In case the land is resumed by the Government, it would result in disruption of the business of the Company. This would also result in additional cost in relocation of the R&D facility.

Our revenues and profits are difficult to predict and can vary significantly from quarter to quarter.

Our quarterly operating results may fluctuate from quarter to quarter. Therefore, we believe that period-to-period comparisons of our results of operations are not necessarily meaningful and should not be relied upon as an indication of our future performance.

A significant part of our expenses, particularly those related to personnel and facilities, are fixed in advance of any particular quarter.

Factors which affect the fluctuation of our revenues and profits, and accordingly may cause significant variations in our operating results in any particular quarter, include:

- the proportion of services we perform on a fixed-price or time and material basis;
- the size and timing of our projects, particularly with our major clients;
- changes in our pricing policies or those of our clients;
- the scope and terms and conditions of projects executed by us under sub-contract from our affiliates;
- the proportion of services that we perform in our development centres in India as opposed to outside India;
- the effect of unanticipated attrition, increase in industry wage standards and the time required to train and productively utilise our new employees
- unanticipated cancellations, non-renewal of our contracts by our clients, contract terminations or deferrals of projects;
- any change in law which reduces profit margins or renders the project commercially unfeasible; and
- unanticipated variations in the duration, size and scope of our projects.

Such variations make it difficult to plan for project resource requirements, and inaccuracies in such resource planning may have a negative impact on our profitability.

Our inability to manage our growth could disrupt our business and reduce our profitability.

Our growth strategy is expected to place significant demands on both our management and our resources. This will require us to continuously evolve and augment our operational, financial and internal resources, systems and controls across the organization.

In particular, continued expansion increases the challenges involved in:

- recruiting, training and retaining sufficient skilled technical, sales and management personnel;
- adhering to our high quality and process execution standards;
- maintaining high levels of client satisfaction;
- preserving our culture, values and entrepreneurial environment; and
- developing and improving our internal administrative infrastructure, particularly our financial, operational, communications and other internal systems.

Hardware supply and integration is a significant part of our service offerings, for which we depend on OEMs.

Our scope of work includes hardware supply, integration and maintenance, in addition to provision of software and IT enabled services. Equipment is procured from the appropriate OEM based on client requirements on a per-project basis, and accordingly any delays in supplies of equipment reaching us could expose us to claims for liquidated damages from clients. Further, warranty obligations under project contracts with clients may extend beyond the period for which our authorized warranty/service provider agreements with the OEMs are subsisting.

In projects where the scope of work consists primarily of sourcing hardware requirements of clients and installing and maintaining such hardware, our margins are dependent on the rates at which we procure such hardware from OEMs.

We may be liable to our clients for damages caused by our errors/omissions. This could damage our reputation and lead to the loss of clients.

Many of our contracts involve projects that are critical to the operations of our clients' businesses. Such contracts typically carry a clause requiring us to indemnify the client for any losses, damages, liabilities etc suffered by him as a result of our errors/omissions/negligence. Additionally, most of our contracts do not provide for a maximum limit on our liability to indemnify clients under the contract, although we do attempt to limit our contractual liability for damages to those arising from negligent acts, errors, mistakes or omissions in rendering our services, and specifically exclude indirect or consequential losses, we cannot assure you that the limitations of liability set forth in our service contracts will be enforceable in all instances or will otherwise protect us from liability for damages. We do not maintain insurance coverage for errors and omissions.

In certain of our activities, particularly those undertaken by our ITES and E&T SBUs, the end users are not the clients but the public at large. Accordingly in such activities, there would be an additional threat of our being exposed to the risk of a wider variety of claims including consumer protection suits and class actions. Additionally, any default or negligence or breach by our franchisees/subcontractors under our agreements with them, may, notwithstanding our recourse against them, not only leave us exposed to claims from end –user clients but could also lead to loss of goodwill.

Assertions of one or more large claims against us could have an adverse effect on our business, results of operation and financial condition.

In accordance with general practice in the IT industry, our projects may be, wholly or partially, sub-contracted to third parties. While our agreements with sub-contractors provide for levels of performance and indemnification for any loss suffered by us as a result of our sub-contractors' acts, we cannot make any assurances as to the level of performance of such subcontractors, or that they will discharge their obligations in such a manner that will not expose us to liability from the principal client. Furthermore, there is a threat of poaching of our clients by such subcontractors.

Significant investments in certain technologies may not lead to corresponding increases in revenues.

We have been expanding the nature and scope of our engagements by extending the breadth of the products and services we offer. In this direction, we have made significant investments in acquiring and developing certain competencies in identified technologies and domains. The full commercial potential of these has not yet been realized, and accordingly their profitability is yet to be established. The success of new products and service offerings based on such technologies is dependent, in part, upon continued demand for such products and services by our existing and new clients and our ability to meet this demand in a cost-competitive and effective manner. We cannot be certain that we will be able to attract existing and new clients for such new products and services or effectively meet our clients' needs.

The limited protection available to our proprietary software in India and abroad and the risk of intellectual property infringement could adversely affect our business.

Our success depends in part upon the systems, processes and proprietary software developed and customised by us as solutions for various clients. The laws of certain countries, including India, in which we develop or sell, or may develop or sell, our systems, processes and proprietary software may not protect our intellectual property rights in respect of the same to the same extent as laws in certain developed countries. This lack of protection may impair our ability to protect our intellectual property in respect of our systems, processes and proprietary software adequately and could have a material adverse effect on our business, operating results and financial condition. We have not filed for patent protection in respect of any of the systems, processes or proprietary software developed by us. We have copyright protection only in respect of limited proprietary software. Although we have secured registration of some of our trademarks and have filed for registration of others, in respect of our products, there has been no registration of service marks in respect of our service offerings, such as our E&T and ITES SBUs. The lack of adequate intellectual property protection may impair our ability to protect our proprietary rights in the event of our systems, processes, proprietary software or trade and service marks being misappropriated by unauthorized parties. Such misappropriation or infringement may have a material adverse effect on our business, operating and financial condition.

Our clients' proprietary rights may be misappropriated by our employees and subcontractors in violation of applicable confidentiality agreements.

We require our employees and subcontractors to enter into non-disclosure agreements to limit access to and distribution of our clients' proprietary and confidential information as well as our own. We can give no assurance that the steps taken by us in this regard will be adequate to enforce our clients' or our intellectual property rights in this regard. If our clients' proprietary rights are misappropriated by our employees or our subcontractors or their employees, then although we would have recourse against such employees or subcontractors for violation of applicable confidentiality agreements, our clients may consider us liable for their acts and seek damages and indemnification from us. Our liability to indemnify our clients in this regard, not being capped under contract, could be significant.

We may also be subject to third party claims of intellectual property infringement.

As we are in the information technology business and we have not registered the bulk of our intellectual property rights, claims for alleged infringement may be asserted against us in the future. There are currently no material pending or threatened intellectual property claims against us. However, if we are held to be liable by third parties for infringing their intellectual property rights, we may be required to pay substantial damages and be forced to develop non-infringing technology, obtain a license or cease selling the applications that contain the infringing technology, which in turn may impact our operations and financial condition.

There are a number of legal proceedings against us which if finally determined against us, may have a significant impact on our business.

We are defendants in a number of legal proceedings central and incidental to our business and operations. We are also subject to claims against us by the Income Tax and Sales Tax authorities in India.

Such claims, if finally determined against us, may have a significant impact on our business. For more information regarding litigations involving us, our subsidiaries and our directors, see "Outstanding Litigations and Material Developments" on page ___ of this Preliminary Sale Document.

There are a number of outstanding litigations against our Promoter and our promoter group companies.

Our Promoter and our promoter group companies are defendants in a number of legal proceedings incidental to their business and operations. We cannot confirm that such claims, if finally determined against the Promoter or the promoter group companies, will not result in a material adverse effect on our business. For more information regarding litigations against our Promoter and top five listed group companies, see "Outstanding Litigations and Material Developments" on page ___ of this Preliminary Sale Document.

As at December 31, 2003, we had contingent liabilities as disclosed in our unconsolidated statement of assets and liabilities under Indian GAAP.

As of December 31, 2003, our contingent liabilities not provided for include:

- Claims against us which have not been acknowledged as debts, amounting to Rs. 182.80 million;

- Unexpired letters of credit, guarantees issued by bankers against Company's counter guarantee, amounting to Rs. 1562.05 million; and

- Sales tax on leased assets and others, amounting to Rs. 5.07 million.

To the extent that any of these contingent liabilities become actual liabilities, they will adversely affect our results of operations and financial condition in the future. For more information about our contingent liabilities see Note ___ to the Statement of Adjusted Assets and Liabilities and Statement of Adjusted Profit and Loss in the Section "Financial Statements" on page ___ of this Preliminary Sale Document

Our E&T SBU is currently loss making.

Our E&T SBU has recorded a loss of Rs. 10.12 million for the financial year ended March 31, 2003 and Rs. 13.48 million for the nine months ended December 31, 2003. We cannot assure that the E&T SBU shall not incur further losses in the future. Such continuous losses may impact our financial condition.

CMC Americas, Inc., our 100% owned subsidiary is loss making

CMC Americas, Inc., which is our 100% owned subsidiary, has incurred losses to the extent of US $ 0.84 million (equivalent to Rs. 38.09 million) for the financial year ending December 31, 2003. CMC Americas, Inc. has an accumulated deficit of US $ 1.65 million (equivalent to Rs. 74.72 million) resulting in erosion of its net worth. CMC Americas, Inc. is in the business of marketing our services in the United States. We cannot assure that CMC Americas, Inc. shall not incur further losses in the future. Such continuous losses being incurred by CMC Americas, Inc. may have an adverse impact on our financials and business.

Our Equity Shares are infrequently traded on the stock exchanges located at Hyderabad, Chennai, Kolkata and Delhi

Our Equity Shares are listed on BSE, NSE and the stock exchanges located at Hyderabad, Chennai, Kolkata and Delhi. We believe that the Equity Shares are infrequently traded, in terms of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, on the stock exchanges located at Hyderabad, Chennai, Kolkata and Delhi. Pursuant to a special resolution passed in our AGM held on July 31, 2003, we have applied for delisting of our Equity Shares on these stock exchanges.

External Risk Factors

There are several factors which could affect our operations, our financial performance and the price of our Equity Shares including but not limited to:

Wage pressures in India may reduce our profit margins.

Wage cost pressures could result in our incurring increased costs for recruiting and retaining IT professionals. We cannot guarantee that we will be able to recover any such cost increases through increasing prices charged for our services. Significant wage cost increases could have a material adverse effect on our business, operating results and financial condition.

Risk arising from withdrawal of tax benefits and other incentives to the IT sector.

Presently, we benefit from the tax holidays given by the GoI for the export of IT services from specially designated STPs in India. As per the Income Tax Act, all income derived from designated STPs are exempt from income tax and this benefit is available till March 31, 2009. There can be no assurance that this benefit will not be withdrawn or modified in future.

Factors beyond our control, such as an economic downturn or events that result in a loss of business confidence may adversely affect our business.

Acts of violence or war, natural calamities or events affecting the economic environment may result in a loss of business confidence and have other consequences that could adversely affect our business, results of operations and financial condition.

Our performance is linked to the stability of policies and the political situation in India.

The control exercised by the Government, whether Central or State, have been significant with respect to the Indian economy. With the liberalization policy adopted in 1991, the restrictions imposed on the private sector have been largely relaxed. Since 1996, the ruling party forming the government at the center has changed five times. The current government, which was formed in October 1999, has announced policies and taken initiatives that support the continued economic liberalization policies that had been pursued by the previous governments. We cannot assure you that these liberalization policies will continue in the future.

Recent protests against privatization could slowdown the pace of liberalization and reforms. The rate of economic liberalization could change, and specific laws and policies affecting technology companies, foreign investment, currency exchange rates and other matters affecting investment in our securities could change as well. A significant change in India's economic liberalization and deregulation policies could impact business and economic conditions in India thus, affecting our business. In addition, general elections are due to be held in 2004. Changes in the Government, as a result of such elections or other political developments or political instability could delay the reforms of the Indian economy and could have a material adverse effect on the market for our Equity Shares and on the market for our services.

Any disruption in the supply of power, IT infrastructure and telecom lines could disrupt our business process or subject us to additional costs.

Any disruption in basic infrastructure could negatively impact our business since we may not be able to provide timely or adequate services to our clients. Such disruptions may also cause harm to our clients' business. We do not maintain business interruption insurance and may not be covered for any claims or damages if the supply of power, IT infrastructure or telecom lines is disrupted. This may result in the loss of a client and a substantial claim for damages against us, impose additional costs on us and have an adverse effect on our business, results of operations and financial condition.

Immigration restrictions could limit our ability to expand our operations and/or undertake subcontracting work from our affiliates in the United States.

The ability of our IT professionals to work overseas depends on our ability to obtain the necessary visas and work permits. Further, the United States government has increased the level of scrutiny in granting visas. This may also lead to limits on the number of visas granted.

Immigration laws in the United States and in other countries are subject to legislative change, as well as to variations in standards of application and enforcement due to political forces and economic conditions. It is difficult to predict the political and economic events that could affect immigration laws, or the restrictive impact they could have on obtaining or monitoring work visas for our IT professionals. As a result, we may not be able to obtain a sufficient number of visas for our IT professionals or may encounter delays or additional costs in obtaining or maintaining the condition of such visas.

We operate in a highly competitive environment and this competitive pressure on our business is likely to continue.

The market for IT services is rapidly evolving and highly competitive. We expect that competition will continue to intensify. We face competition from Indian and international IT services companies, divisions of large multinational technology firms; and other international, national, regional and local firms. The increasing competition has resulted in increased employee attrition among Indian vendors and increased wage pressure to retain IT professionals and contain such attrition.

Clients who presently outsource a significant proportion of their IT services requirements to vendors in India may seek to reduce their dependence on one country. We expect that future competition will increasingly include firms with operations in other countries, especially those countries with labour costs similar to or lower than India.

Many of our competitors have significantly greater financial, technical and marketing resources and generate greater revenues than us. Clients may prefer vendors that have delivery centres located globally. Therefore, we cannot assure you that we will be able to retain our clients while competing successfully against such competitors.

We believe that our ability to compete also depends in part on a number of factors beyond our control, including the ability of our competitors to attract, train, motivate and retain highly skilled technical employees, the price at which our competitors offer comparable services and the extent of our competitors’ responsiveness to client needs.

The IT services market and the industries on which we focus, are characterized by rapid changes in technology.

The IT services market is characterized by rapid technological changes, evolving industry standards, changing client preferences and new product and service introductions. Our future success will depend on our ability to anticipate these advances and develop new service offerings to meet client needs. Furthermore, services or technologies that are developed by our competitors may render our services non-competitive or obsolete. Our speed of innovation, vis-à-vis our competitors, is dependent on us matching their technological upgradation through regular and frequent investments in technology. We forecast capital expenditure in this area but cannot assure you that we will be able to remain competitive in this regard.

You will not receive the Equity Shares you purchase in this Offer until several days after you pay for them, which will be subject to market risk

The Equity Share you purchased in this Offer will not be credited to your demat account with Depository Participants until approximately 15 working days from the Bid/Offer Closing Date (or approximately 10 working days from the date you make payment for the Equity Shares). You can start trading in the Equity Share only after they are credited to your demat account. Since the Equity Shares are already listed in the Stock Exchanges, you will be subject to market risk from the date you pay for the Equity Shares to the date they are credited to your demat account. Further, there can be no assurance that the Equity Share allocated to you will be credited to your demat account, or that trading in the Equity Shares will commence, within the time period specified above.

After this Offer, the price of our Equity Shares may be volatile and may fluctuate significantly due to many factors, including variations in our operations and changes to the regulatory environment.

The prices of our Equity Shares on the Indian stock exchanges have fluctuated in the past and may continue to fluctuate after this Offer as a result of several factors, including:

- volatility in the Indian global securities markets;
- our results of operations and performance in terms of market share;
- changes in factors affecting general market valuations of companies in the information technology industry;
- announcements by us or others of significant new capacity additions, technological developments, contracts, acquisitions, strategic partnerships, joint ventures or capital commitments;
- the performance of our competitors, the Indian information technology industry, and the perception in the market about the investments in the information technology sector;
- media reports about the Government's process of selling a part of its stake in us and other companies in which the Government has an equity participation;
- changes in the estimates of our performance or recommendations by financial analysts;
- significant developments in India's economic liberalisation and deregulation policies;
- significant developments in India's fiscal and environmental regulations; and

Prior to this Offer, the Government held 26.25% of our equity share capital, and TSL and its affiliates held 52.32% of our equity share capital. Consequently, only 22.43% of our equity share capital have been subject to trading on the Indian stock exchanges. Following this Offer, the proportion of our equity share capital subject to trading on the Indian stock exchanges may increase to 48.68%. We cannot assure you of the manner and extent to which an active trading market for our Equity Shares will develop or be sustained after this Offer, or that the Offer Price or the price at which our Equity Shares are initially traded will compare favourably to the prices at which our Equity Shares will trade in the market subsequent to this Offer. Further, the GoI is planning to sell a portion of its shareholding in a number of other companies such as Indian Petrochemicals Corporation Limited, Oil & Natural Gas Corporation Limited, GAIL (India) Limited, IBP Co. Limited and Dredging Corporation of India Limited. These sales will be through public offerings which are due to occur at or about the time of this Offer, and will result in a significant increase, within a very short period, of shares that are traded on the Indian stock exchanges. This may also adversely affect the market price of our Equity Shares.

Notes to Risk Factors:

1. The average cost of acquisition of Equity Shares of Rs. 10 each held by the Selling Shareholder is Rs. 10[1]. The average cost of acquisition of Equity Shares of Rs. 10 each held by the Promoter is Rs. 196.93.

2. The book value per Equity Share of Rs. 10 each as on March 31, 2003 is Rs. 80.81.

3. The net worth of the Company as on March 31, 2003 and December 31, 2003 was Rs. 1,224.34 million and Rs. 1496.02 million, respectively.

4. The present offer is an Offer of Sale of 3,976,374 Equity Shares of Rs.10/- each at a price of Rs. **[•]** for cash aggregating Rs. **[•]** million.

5. The loans from GoI aggregating to Rs. 88.82 million (including interest thereon as on December 31, 2003) have already completed their respective terms of repayment and hence the Company can be called upon to pay the same at any time.

[1] The Selling Shareholder acquired the equity shares of face value of Rs. 1000 each at par, which were subsequently split into equity shares of face value of Rs. 10 each on December 30, 1991.

6. For related party transactions refer to the section entitled "Related Party Transactions" on page **[--]** of this Preliminary Sale Document.

7. We have not made any loans or advances to the Promoter and Promoter's group companies.

8. Investors may note that in case of over-subscription in the Offer, allocation to Non-Institutional Bidders and Retail Bidders shall be on proportionate basis. For details on the basis of allocation, investors may see "Basis of Allocation" on page **[--]** of this Preliminary Sale Document.

9. Investors are free to contact the BRLMs for any clarification or information and any complaints on the Offer.

10. Investors are advised to refer to the paragraph entitled "Basis for Offer Price" on page **[--]** of this Preliminary Sale Document.

SUMMARY INFORMATION ON THE COMPANY – PERTAINING TO SECTION III

You should read the following summary with the Risk Factors included from page numbers **[--]** *to* **[--]** *and more detailed information about the Company and its financial statements included elsewhere in this Preliminary Sale Document.*

Overview of the Company

CMC is an end-to-end IT solutions provider, currently engaged in the businesses of systems consultancy, systems design, engineering and integration, software development, infrastructure management services, facilities management, third party equipment supply, hardware and software maintenance, environmental engineering, networking, information technology enabled services (ITES), and IT education and training. The Company is today among the top 20 IT companies in India (according to **Dataquest** magazine - Volume XX, No. 14, special issue Volume II, July 31, 2003). The Company is among the leading players in third party maintenance, turnkey projects and domestic facilities management. [Source: **Dataquest**, Volume XX No. 13, July 15, 2003]

The Company's revenue grew at a CAGR of 15.7% over the last 5 years from Rs.2,959.0 million in FY 1998 to Rs.6,147.3 million in FY 2003. The Company's net income grew at a CAGR of 39.8% over the last 5 years from Rs.69.5 million in FY 1998 to Rs.370.5 million in FY 2003. The Company's revenues and net income for the nine months ended December 31, 2003 were Rs. 5,449.33 million and Rs. 274.54 million, respectively.

The Company's business is organised along the following four Strategic Business Units (SBUs):

- **Customer Services SBU**, which undertakes the activities of infrastructure development and management, networking management, storage, third party maintenance and third party equipment supply and integration, networking consultancy, and environmental engineering.

- **Systems Integration SBU**, which undertakes the activities of solutions deployment, that includes software development, software maintenance and support, turnkey project implementation and systems consultancy.

- **ITES SBU**, which is a value added service provider providing OMR/ICR based forms processing, document management, file transfer and data management, managed networks, facilities management, electronic data interchange (EDI), web design and hosting, services and smartcard and biometric security solutions.

- **Education and Training SBU**, which offers courses on IT including professional courses, vendor-certified-courses, career development courses, through its own and franchisee centers.

Within its business, the Company has extensive expertise in a number of core technology areas such as real time systems, on-line systems, embedded systems, process control, transaction processing, image processing, data communications, networking, e-commerce technologies and other fields associated with the above business. While the Company regards its technological expertise as 'horizontal' cutting across various domains, the Company also possesses expertise in a whole range of industries, referred to as 'verticals' or 'domains', such as banking, financial services, insurance, capital markets, transport, railways, ports and cargo, energy, oil and gas, electricity, industrial mining, defence, e-governance and law and order. The Company has used its competencies in core technology areas and its extensive domain knowledge to develop a range of replicable solutions in various verticals, ranging from centralized banking solutions, to container terminal handling systems, SCADA based applications, automated fingerprint identifications systems, railway ticketing systems, freight management systems and vehicle tracking systems.

The Company believes that its basket of services and activities comprise the entire services value chain that will meet the IT requirements of its customer, end-to-end including:

- understanding the customer's unique business requirements and preparing his specifications;
- designing the appropriate solution;

- selecting, procuring, and supplying the appropriate hardware;
- supplying and if required, developing the software for the solution;
- installing, integrating, commissioning and carrying out acceptance testing for the solution;
- providing warranty support by providing updates and upgrades;
- undertaking post-warranty maintenance activities;
- developing expansions or derivative solutions to increase the feature and functionality sets of the original solution; and
- facilities managing the customer's business process.

Key Differentiators

The Company's vision is to bring the benefit of IT to continuously improve the productivity of its customers, and the quality of their products and services. The key strengths that have enabled the Company to move towards achieving this are:

- Its large and complex project management capabilities
- Its end-to-end solutions capability
- Its extensive domain expertise and technological competence
- Its strong customer relationships
- Its sizeable resource pool with diverse skill-sets; and
- Its strong service delivery chain

Strategies of the Company

The Company's growth strategy focuses on capitalizing on its unique capabilities, competencies and suite of software assets and products for growth in revenue and profitability of its operations. The Company will continue to focus on consolidating its dominant position in the domestic market, while expanding its reach in the international markets and unlocking the value of its domain and competency groups. Key strategies to achieve the Company's objectives include:

- ■ Leveraging its group synergies by:
  - Combining with TCS to expand offerings to customers and together acquire new customers.
  - Leveraging TCS' reach and brand equity to widen its presence in international markets; and
  - Adopting group best practices.

- ■ Increasing the share of value added services by:
  - Undertaking projects using its replicable solutions and domain expertise.
  - Widening the scope of its engagement to expand its service offerings to existing customers and cross sell a higher range of services and solutions.
  - Moving up the services value chain by providing new services that are complementary to and the next logical step from the services it currently provides.

- ■ Changing its customer focus towards the Indian private sector and international markets; and

- ■ Focusing on improving its internal efficiencies.

SELECTED FINANCIAL INFORMATION OF THE COMPANY

The following selected unconsolidated financial data has been prepared in accordance with Indian GAAP, the Companies Act and the SEBI Guidelines and restated as described in the Auditor's Report of S. B. Billimoria & Co. dated January 28, 2004 in the section entitled "Financial Statements". You should read this financial data in conjunction with the Company's restated unconsolidated financial statements for each of Fiscal 1999, 2000, 2001, 2002 & 2003 and nine months ended December 31, 2003, including the notes thereto and the reports thereon, which appear elsewhere in this Preliminary Sale Document, and "Managements' Discussion and Analysis of Financial Condition and Results of Operations".

CMC LIMITED
STATEMENT OF ADJUSTED PROFITS AND LOSSES

(All amounts in Rs. million)

		Period ended 31.12.2003	**Year Ended 31.03.2003**	**Year Ended 31.03.2002**	**Year Ended 31.03.2001**	**Year Ended 31.03.2000**	**Year Ended 31.03.1999**
A	**Income**						
	Sales of purchased equipment	2,776.36	2,621.19	2,257.08	2,324.20	1,911.97	1,188.00
	Services	2,597.44	3,458.68	3,157.37	3,052.51	2,687.26	2,256.45
	Other Income	75.53	67.44	186.34	149.34	110.88	70.24
		5,449.33	**6,147.31**	**5,600.79**	**5,526.05**	**4,710.11**	**3,514.69**
B	**Expenditure**						
	Equipment purchased for resale	2713.91	2,517.79	2,113.45	2,212.55	1,764.58	1,151.81
	Components/spares for maintenance and resale	154.63	186.72	112.37	102.10	91.22	115.91
	Sub-contracted/outsourced services	268.08	304.90	345.79	280.09	269.11	166.79
	Staff costs	922.47	1,203.74	1,128.10	981.96	1,079.20	809.15
	Operating and Other Expenses	893.85	1,272.68	1,342.62	1,442.09	1,196.17	1,036.39
	Interest and financial charges (Net of income)	26.25	14.37	19.52	24.50	26.50	27.52
	Depreciation	62.68	80.48	80.43	87.05	62.24	69.12
		5,041.87	**5,580.68**	**5,142.28**	**5,130.34**	**4,489.02**	**3,376.69**
C	**Adjusted profit / (loss) before tax and extraordinary items**	**407.46**	**566.63**	**458.51**	**395.71**	**221.09**	**138.00**
	Provision for taxes						
	Current income tax	148.62	201.94	181.58	146.20	80.00	52.50
	Deferred income tax	(15.70)	(5.83)	(25.67)	9.77	18.71	4.66

D	**Adjusted profit / (loss) after taxation**	**274.54**	**370.52**	**302.60**	**239.74**	**122.38**	**80.84**
	Adjusted profit brought forward from previous year	940.51	675.40	467.04	320.36	234.95	170.78
	Profit available for appropriation	**1,215.05**	**1,045.92**	**769.64**	**560.10**	**357.33**	**251.62**
E	**Appropriations**						
	General reserve	-	37.05	33.64	34.62	-	-
	Proposed Dividend	-	60.60	60.60	53.03	30.30	15.15
	Corporate Dividend Tax	-	7.76	-	5.41	6.67	1.52
		-	**105.41**	**94.24**	**93.06**	**36.97**	**16.67**
F	**Balance carried forward to Balance Sheet**	**1,215.05**	**940.51**	**675.40**	**467.04**	**320.36**	**234.95**

Note:
To be read together with the notes forming part of the 'Statement of Adjusted Assets and Liabilities' and 'Statement of Adjusted Profits and Losses, attached.

CMC LIMITED
STATEMENT OF ADJUSTED ASSETS AND LIABILITIES

(All amounts in Rs. million)

		As on 31.12.03	As on 31.03.03	As on 31.03.02	As on 31.03.01	As on 31.03.00	As on 31.03.99
A	**Fixed Assets**						
	Gross Block	1308.06	1,254.65	1,215.27	1,226.56	1,101.76	1,014.25
	Less: Depreciation	724.16	673.71	605.10	589.84	534.20	497.00
	Net Block	**583.90**	**580.94**	**610.17**	**636.72**	**567.56**	**517.25**
B	**Investments**	81.80	81.80	81.80	81.80	81.80	81.80
C	**Current Assets, Loans and Advances**						
	Inventories	331.34	173.88	116.57	220.71	236.37	281.66
	Sundry Debtors	1468.31	2,079.08	1,500.58	1,565.63	1,402.41	937.07
	Cash and Bank Balances	139.61	194.24	191.85	224.11	242.02	187.25
	Loans and Advances	1084.91	965.59	761.53	522.97	380.88	290.24
	Other Current Assets	1300.98	613.16	409.99	382.01	208.73	105.73
		4,325.15	**4,025.95**	**2,980.52**	**2,915.43**	**2,470.41**	**1,801.95**

	Total Assets	**4,990.85**	**4,688.69**	**3,672.49**	**3,633.95**	**3,119.77**	**2,401.00**
D	**Liabilities and Provisions**						
	Secured Loans	125.3	125.74	123.06	176.97	240.99	133.46
	Unsecured Loans	488.82	387.60	145.44	214.23	189.74	209.03
	Current Liabilities and Provisions	2814.1	2,868.70	2,388.04	2,443.46	2,087.84	1,562.08
		3,428.22	**3,382.04**	**2,656.54**	**2,834.66**	**2,518.57**	**1,904.57**
E	**Deferred Tax Liability**	66.61	82.31	88.15	113.84	104.05	85.35
F	**Adjusted Networth**	**1,496.02**	**1,224.34**	**927.80**	**685.45**	**497.15**	**411.08**
Net	**Worth Represented By**						
G	**Share Capital (Equity Paid-Up Capital)**	151.50	151.50	151.50	151.50	151.50	151.50
H	**Reserves and Surplus**						
	Capital Reserve	9.21	12.06	17.73	17.38	10.38	9.72
	General Reserve	120.26	120.26	83.16	49.52	14.90	7.50
	Balance as per Profit and Loss Account	1215.05	940.52	675.41	467.05	320.37	234.96
	Investment Allowance Reserve	-	-	-	-	-	7.40
		1,344.52	**1,072.84**	**776.30**	**533.95**	**345.65**	**259.58**
I	**Adjusted Networth**	**1,496.02**	**1,224.34**	**927.80**	**685.45**	**497.15**	**411.08**

Note:

To be read together with the notes forming part of the 'Statement of Adjusted Assets and Liabilities' and 'Statement of Adjusted Profits and Losses, attached.

SECTION II – OFFER FOR SALE BY THE SELLING SHAREHOLDER

GENERAL INFORMATION

AUTHORITY FOR THE OFFER

(a) In accordance with the provisions of the Shareholders Agreement, in case GoI desires to sell any Equity Shares to any third party, it is obligated to first offer such shares to TSL on the same terms and conditions. However, vide the Amendment Agreements, TSL has agreed to waive its pre-emptive right under the Shareholders Agreement and allow GoI to sell its remaining shareholding in the Company to the public by way of this Offer. For details of the Shareholders Agreement and the Amendment Agreements refer to section "Our History" on page [--] of this Preliminary Sale Document.

(b) The Ministry of Disinvestment, Government of India had, vide its letter no. 4/17/2002-MODI dated December 18, 2003 decided to sell its residual shareholding in the Company through an offer for sale and advised the Company to take all necessary actions to facilitate the offer for sale. Pursuant to this letter, the Company has approved the Offer through the Board resolution dated December 22, 2003.

(c) As per the letter no. 2(3)/01-PSU, dated January 28, 2004, from the Department of Information Technology, Ministry of Communications and Information Technology, the GoI has approved the disinvestment of its residual shareholding in the Company by way of an Offer for Sale. Pursuant to the decision taken by the GoI, the Department of Information Technology, Ministry of Communications and Information Technology, acting for and on behalf of the President of India, has been authorized to offer 3,976,374 Equity Shares held by the President of India to the public.

(d) As per the letter no. 4/17/2002-MODI, dated February 9, 2004, from the Ministry of Disinvestment, the GoI has voluntarily decided to adopt the SEBI Guidelines, particularly the guidelines for 100% Book Building Process. Further, the processes, procedures and practices, which are generally followed in the 100% Book Building Process save for deviations specified in the aforementioned letter and as mentioned on page [--] of this Preliminary Sale Document, would be adopted.

(e) The Company has approved the Offer through the resolution of the Board of Directors dated December 22, 2003. The Company has approved this Preliminary Sale Document through circular resolution dated February 13, 2004 passed by the Board of Directors. The Board of Directors has certified that all disclosure made in this Preliminary Sale Document are true and correct.

(f) The Offer is for up to 3,976,374 Equity Shares of Rs. 10/- each at a price of Rs. [•] for cash aggregating Rs. [•] million. The Offer would constitute 26.25% of the paid-up equity share capital of the Company.

(g) The Selling Shareholder has good and clear title to the Equity Shares forming part of this Offer and the Equity Shares are free of all restrictions on transfer, liens, encumbrances, security interests and claims whatsoever. There are no legal or regulatory restrictions on the Selling Shareholder undertaking this Offer.

DISCLAIMER CLAUSE

THE SHARES OFFERED UNDER THIS SALE OFFER BEING ALREADY LISTED ON THE STOCK EXCHANGES, THE SEBI GUIDELINES FOR PUBLIC ISSUES / OFFERS ARE NOT APPLICABLE TO THIS SALE OFFER BY THE SELLING SHAREHOLDER. THE SELLING SHAREHOLDER HAS ON ITS OWN VOLITION DECIDED TO FOLLOW THE PROCESS THAT IS SUBSTANTIALLY SIMILAR TO THE PROCESS SPECIFIED IN THE SEBI GUIDELINES. HOWEVER THIS DOCUMENT DOES NOT CONSTITUTE AN OFFER DOCUMENT OR PROSPECTUS IN TERMS OF THE SEBI GUIDELINES. THIS IS NOT A

DOCUMENT ISSUED BY OR ON BEHALF OF THE COMPANY. THE DOCUMENT HAS BEEN VOLUNTARILY FORWARDED BY THE SELLING SHAREHOLDER TO SEBI FOR SEEKING ITS GUIDANCE/SUGGESTIONS AND THE SELLING SHAREHOLDER HAS ON ITS OWN VOLITION ALSO DECIDED ON THE TERMS OF THE OFFER, PRICE BAND, ALLOCATION PATTERN ETC. SEBI'S GUIDANCE TO THE SELLING SHAREHOLDER SHOULD NOT IN ANY WAY BE CONSTRUED OR DEEMED THAT THE SALE DOCUMENT HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECTS OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE SALE DOCUMENT. THE COMPANY HAS CONFIRMED THAT THE REQUIREMENTS UNDER THE LISTING AGREEMENT HAVE BEEN COMPLIED WITH.

The BRLMs have delivered a due diligence certificate to the Selling Shareholder dated February 13, 2004.

CAUTION

The Selling Shareholder, the Company, its Directors and the BRLMs accept no responsibility for statements made otherwise than in this Preliminary Sale Document or in the advertisements or any other material issued by or at their instance and anyone placing reliance on any other source of information, including the Company's website, www.cmcltd.com, would be doing so at his or her own risk. However, the Company accepts responsibility for the information that it has disclosed to the public in the past pursuant to the requirements of the listing agreements with the Stock Exchanges.

The BRLMs accept no responsibility, save to the limited extent as provided in the Memorandum of Understanding entered into among the BRLMs, the Selling Shareholder and the Company and the Underwriting Agreement to be entered into among the Underwriters, the Selling Shareholder and the Company.

All information shall be made available by the Selling Shareholder, the Company and the BRLMs to the public and investors at large and no selective or additional information would be available for a section of the investors in any manner whatsoever, including at road show presentations, in research or sales reports or at bidding centres.

DISCLAIMER IN RESPECT OF JURISDICTION

This Offer is being made in India to persons resident in India including Indian nationals resident in India who are majors, Hindu Undivided Families (HUFs), companies, corporate bodies and societies registered under the applicable laws in India and authorised to invest in shares, Indian mutual funds registered with SEBI, Indian financial institutions, commercial banks, regional rural banks, co-operative banks (subject to RBI regulations), trusts registered under the Societies Registration Act, 1860, as amended from time to time, or any other trust law and who are authorised under their constitution to hold and invest in shares), state industrial development corporations, insurance companies registered under the Industrial Regulatory and Development Authority, pension funds with a minimum corpus of Rs.250 million, provident funds with a minimum corpus of Rs. 250 million, and to NRIs, FIIs, FVCIs, multilateral and bilateral development financial institutions. This Preliminary Sale Document does not, however, constitute an offer to sell or an invitation to subscribe to Equity Shares offered hereby in any other jurisdiction to any person to whom it is unlawful to make an offer or invitation in such jurisdiction. Any person into whose possession this Preliminary Sale Document comes is required to inform himself or herself about, and to observe, any such restrictions. Any dispute arising out of this Offer will be subject to the jurisdiction of appropriate court(s) in New Delhi only.

No action has been or will be taken to permit a public offering in any jurisdiction where action would be required for that purpose, except that this Preliminary Sale Document has been submitted to the SEBI and the SEBI has provided guidance and suggestions regarding this Preliminary Sale Document. Accordingly, the Equity Shares represented thereby may not be offered or sold, directly or indirectly, and this Preliminary Sale Document may not be distributed, in any jurisdiction, except in accordance with the legal requirements applicable in such jurisdiction. Neither the delivery of this Preliminary Sale Document nor any sale hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of CMC Limited since the date hereof or that the information contained herein is correct as of any time subsequent to this date.

DISCLAIMER OF THE STOCK EXCHANGES

All the disclaimers of the Stock Exchanges mentioned in this Preliminary Sale Document have been given pursuant to the filing of offer document them on January 29, 2004.

DISCLAIMER CLAUSE OF NSE

A copy of this offer document has been submitted to National Stock Exchange of India Limited (hereinafter referred to as NSE). NSE has vide its letter NSE/LIST/61734 dated February 5, 2004 granted permission to the company to use the Exchange's name in this offer document as one of the stock exchanges on which this company's securities are listed. The Exchange has scrutinized this offer document for its limited internal purpose of deciding on the matter of granting the aforesaid permission to this company. It is to be distinctly understood that the aforesaid permission given by NSE should not in any way be deemed or construed that the offer document has been cleared or approved by NSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this offer document; nor does it warrant that this company's securities will be listed or will continue to be listed on the Exchange; nor does it take any responsibility for the financial or other soundness of this company, its promoters, its management or any scheme or project of this company.

Every person who desires to apply for or otherwise acquire any securities of this company may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the Exchange whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription / acquisition whether by reason of anything stated or omitted to be stated herein or any other reason whatsoever.

DISCLAIMER CLAUSE OF BSE

The Stock Exchange, Mumbai ("the Exchange") has informed vide its letter dated February 6, 2004 to use the Exchange's name in this offer document. The Exchange has scrutinized this offer document for its limited internal purpose of deciding on the matter of granting the aforesaid permission to this Company.

The Exchange does not in any manner:

i) warrant, certify or endorse the correctness or completeness of any of the contents of this offer document; or

ii) warrant that this Company's securities will be listed or will continue to be listed on the Exchange; or

iii) take any responsibility for the financial or other soundness of this Company, its promoters, its management or any scheme or project of this Company.

and it should not for any reason be deemed or construed that this offer document has been cleared or approved by the Exchange. Every person who desires to apply for or otherwise acquires any securities of this Company may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the Exchange whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription / acquisition whether by reason of anything stated or omitted to be stated herein or for any other reason whatsoever.

DISCLAIMER CLAUSE OF HSE

The Hyderabad Stock Exchange Limited has given permission to the company vide letter dated February 6, 2004 to use the name of the Exchange in this prospectus as one of the Stock Exchanges on which company's securities are proposed to be listed. The Hyderabad Stock Exchange has scrutinized this prospectus for its limited internal purpose of deciding on the matter of granting the aforesaid permission to the company. The Hyderabad Stock Exchange Limited does not in any manner:

i) Warrant, certify or endorse the correctness or completeness of any of the contents of this Offer Document.

ii) Warrant that this company's securities will be listed or will continue to be listed on HSE.

iii) Take any responsibility for the financial or other soundness of this Company, Promoters, Management or any Scheme or Project of this Company.

And it should not for any reason be deemed or construed that this Offer Document has been cleared or approved by HSE. Every person who desires to apply for or otherwise acquires any securities of this Company may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against HSE, whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription / acquisition whether by reason of anything stated in the Offer Document or any other reason whatsoever.

DISCLAIMER CLAUSE OF MSE

The Madras Stock Exchange Limited, Chennai ("the Exchange") has given vide its letter dated February 6, 2004 permission to this company to use the Exchange's name in this offer document as one of the Stock Exchanges on which company's securities are proposed to be listed. The Exchange has scrutinized this offer document for its limited internal purpose of deciding on the matter of granting the aforesaid permission to the company.

The Exchange does not in any manner:

i) Warrant, certify or endorse the correctness or completeness of any of the contents of this offer document; or

ii) Warrant that this company's securities will be listed or will continue to be listed on the Exchange; or

iii) Take any responsibility for the financial or other soundness of this company, its promoters, its management or any scheme or project of this company;

and

it should not for any reason be deemed or construed that this offer document has been cleared or approved by the exchange. Every person who desires to apply for or otherwise acquires any securities of this company may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the exchange, whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription / acquisition whether by reason of anything stated or omitted to be stated therein or any other reason whatsoever.

FILING

SEBI has in its letter dated February 12, 2004 stated that the "Sale Document is not a document issued by and on behalf of the Company and the document may be filed with the Registrar of Companies, if required". As advised to the Ministry of Disinvestment, the Department of Company Affairs, Ministry of Finance, Government of India has noted that SEBI has informed that the offer document is to be called a "Preliminary Sale Document" and accordingly, therefore, the Ministry of Disinvestment may file this Preliminary Sale Document with the Registrar of Companies, along with the requisite fee so that it may be placed on record for public inspection. Accordingly, a copy of the Preliminary Sale Document, along with the supporting document, is being filed with the Registrar of Companies, Andhra Pradesh at Hyderabad and a copy of the Final Sale Document will be filed with the Registrar of Companies, Andhra Pradesh at Hyderabad for public inspection. A copy of this Preliminary Sale

Document has been voluntarily filed with the Corporation Finance Department of SEBI at Ground Floor, Mittal Court, “A” Wing, Nariman Point, Mumbai - 400 021 for the purposes of guidance only.

Consents

Consents in writing of: (a) the Directors, the Company Secretary and Compliance Officer, the Auditors, Legal Advisors to the Offer, Advisors to the Company, Legal Advisor to the Company, Bankers to the Company and Bankers to the Offer; and (b) Book Running Lead Managers to the Offer and Syndicate Member, and Registrar to the Offer, to act in their respective capacities, have been obtained and filed along with a copy of the Preliminary Sale Document with the Registrar of Companies, Andhra Pradesh located at Hyderabad.

M/s S.B.Billimoria & Co., Chartered Accountants, the statutory auditors have given their written consent to the inclusion of their report in the form and context in which it appears in this Preliminary Sale Document and such consent and report has not been withdrawn up to the time of delivery of this Preliminary Sale Document for filing with the RoC.

Expert Opinion

Except as stated elsewhere in this Preliminary Sale Document, the Selling Shareholder has not obtained any expert opinions.

Basis of Allocation

The present net offer to the public in terms of this Preliminary Sale Document is for 3,976,374 Equity Shares of Rs. 10/- each fully paid up. The Offer would constitute 26.25% of the paid up capital of the Company. The Selling Shareholder, reserves the right, at its sole discretion, after determination of the Offer Price, to transfer the Equity Shares to Retail Bidders at a differential lower price, as compared to the Offer Price at which Equity Shares will be transferred to Non-Institutional Bidders and QIBs. The Selling Shareholder has voluntarily decided that the basis of allocation for this Offer is as follows:

(A) For Retail Bidders

Bids received from the Retail Bidders at or above the Offer Price within the Price Band shall be grouped together to determine the total demand under this category. The allocation to all the successful Retail Bidders will be made at the Offer Price. However, the Selling Shareholder, reserves the right, at its sole discretion, after determination of the Offer Price, to transfer the Equity Shares to Retail Bidders at a differential lower price, as compared to the Offer Price at which Equity Shares will be transferred to Non-Institutional Bidders and QIBs.

The Offer size less Non-Institutional Portion and QIB Portion shall be available for allocation to Retail Bidders who have bid in the Offer at a price which is equal to or greater than the Offer Price within the Price Band.

If the aggregate demand in this category is less than or equal to the Retail Portion at or above the Offer Price within the Price Band, full allocation shall be made to the Retail Bidders to the extent of their demand.

If the aggregate demand in this category is greater than the Retail Portion at or above the Offer Price within the Price Band, the allocation shall be made on a proportionate basis up to a minimum of one Equity Share. For the method of proportionate basis of allocation, refer below.

(B) For Non-Institutional Bidders

Bids received from Non-Institutional Bidders at or above the Offer Price within the Price Band shall be grouped together to determine the total demand under this category. The allocation to all successful Non-Institutional Bidders will be made at the Offer Price.

The Offer size less QIB Portion and Retail Portion shall be available for allocation to Non-Institutional Bidders who have bid in the Offer at a price which is equal to or greater than the Offer Price within the Price Band.

If the aggregate demand in this category is less than or equal to the Non-Institutional Portion at or above the Offer Price within the Price Band, full allocation shall be made to Non-Institutional Bidders to the extent of their demand.

In case the aggregate demand in this category is greater than the Non-Institutional Portion at or above the Offer Price within the Price Band, allocation shall be made on a proportionate basis up to a minimum of one Equity Share. For the method of proportionate basis of allocation refer below.

(C) For QIBs

Bids received from the QIBs at or above the Offer Price within the Price Band shall be grouped together to determine the total demand under this category. The allocation to all the QIBs will be made at the Offer Price.

The Offer size less Non-Institutional Portion and Retail Portion shall be available for allocation to QIBs who have bid in the Offer at a price which is equal to or greater than the Offer Price within the Price Band.

The Selling Shareholder, in consultation with the BRLMs, would have the discretion for any allocation to QIBs based on a number of criteria including the following: investor quality, price and earliness of the Bid.

Method of Proportionate Basis of Allocation

In the event the Offer is over-subscribed, the basis of allocation to Retail Bidders and Non-Institutional Bidders shall be finalised in consultation with the Designated Stock Exchange. The executive director or managing director (or any other senior official nominated by him) of the Designated Stock Exchange along with the BRLMs and the Registrar to the Offer shall be responsible for ensuring that the basis of allocation is finalised in a fair and proper manner.

The allocation shall be made on a proportionate basis by adopting the applicable guidelines of SEBI in this respect as amended from time to time. Currently, the allocation shall be made in marketable lots, on a proportionate basis as explained below:

(a) Bidders will be categorised according to the number of Equity Shares applied for.

(b) The total number of Equity Shares to be allocated to all successful Retail Bidders and Non-Institutional Bidders as a whole in their respective categories shall be made on a purely proportionate basis depending on the over subscription level within that category rounded off to the nearest integer. For e.g. if the Retail Portion is over subscribed 10 times all successful Bidders would be allocated $1/10^{th}$ of the Equity Shares for which they have submitted Bids.

(c) If the Equity Shares allocated on a proportionate basis to any category are more than the Equity Shares allocated to the Bidders in that category, the remaining Equity Shares available for allocation shall be first adjusted against any other category, where the allocated Equity Shares are not sufficient for proportionate allocation to the successful Bidders in that category. The balance Equity Shares, if any, remaining after such adjustment will be added to the category comprising Bidders applying for minimum number of Equity Shares.

Expenses of the Offer

The expenses of the Offer payable by the Selling Shareholder includes fees payable to the BRLMs, Syndicate Member other advisors to the Offer, fees of Legal Advisors to the Offer and Auditors, stamp duty, printing, publication, advertising and distribution expenses, bank charges, depositories charges, fees payable to the Registrar to the Offer and other miscellaneous expenses will be met out of the proceeds of the Offer.

Fees Payable to the BRLMs

The total fees payable to the Book Running Lead Managers will be as per the letters appointing HSBC and Enam dated December 3, 2003, issued by the Selling Shareholder, a copy of which is available for inspection at the Corporate Office of the Company.

Fees Payable to the Registrar to the Offer

The fees payable to the Registrar to the Offer will be as per the letter of appointment dated January 28, 2004, a copy of which is available for inspection at the Corporate Office of the Company.

Adequate funds will be provided by the Selling Shareholder to the Registrar to the Offer to enable them to send refund orders or allocation advice by registered post/under certificate of posting.

IMPERSONATION

Attention of the applicants is specifically drawn to the provisions of sub-section (1) of Section 68A of the Companies Act, which is reproduced below:

"Any person who:

(a) **makes in a fictitious name, an application to a company for acquiring or subscribing for, any shares therein, or**

(b) **otherwise induces a company to allot, or register any transfer of shares, therein to him, or any other person in a fictitious name,**

shall be punishable with imprisonment for a term which may extend to five years."

WITHDRAWAL OF THE OFFER

The Selling Shareholder, in consultation the BRLMs, reserves the right not to proceed with the Offer anytime after the Bid/Offer Opening Date without assigning any reason thereto.

TRANSFER OF EQUITY SHARES OR REFUND ORDERS

The Company shall facilitate the Selling Shareholder to give credit to the beneficiary account with the Depository Participants within two working days of finalisation of the basis of allocation of Equity Shares. The Company shall facilitate the Selling Shareholder to dispatch refund orders, if any, of value up to Rs. 1,500, by "Under Certificate of Posting", and will dispatch refund orders above Rs. 1,500, if any, by registered post or speed post at the sole or first bidder's sole risk.

The Selling Shareholder undertakes that:

- Allocation of Equity Shares will be made only in dematerialised form within 15 working days from the Bid/Offer Closing Date;

- Dispatch of refund orders will be done within 15 working days from the Bid/Offer Closing Date; and

- The Selling Shareholder shall pay interest at 15% per annum (for any delay beyond the 15 working day time period as mentioned above), if transfer is not made, refund orders are not dispatched and/or demat credits are not made to investors within the 15 working day time prescribed above.

The Selling Shareholder will provide adequate funds required for dispatch of refund orders or allocation advice to the Registrar to the Offer.

Refunds will be made by cheques, pay-orders or demand drafts drawn on a bank appointed by the Selling Shareholder, as an Escrow Collection Bank(s) and payable at par at places where Bids are received. Bank charges, if any, for encashing such cheques, pay orders or demand drafts at other centers will be payable by the Bidders.

OFFER PROGRAM

BID/OFFER OPENS ON	: February 23, 2004
BID/OFFER CLOSES ON	: February 28, 2004

Bids and any revision in Bids shall be accepted **only between 10 a.m. and 3 p.m.** (Indian Standard Time) during the Bidding Period as mentioned above at the bidding centres mentioned on the Bid-cum-Application Form except that on the Bid/Offer Closing Date, the Bids shall be accepted only between **10 a.m. and 1 p.m.** (Indian Standard Time) and uploaded until such time as may be permitted by the BSE and NSE on the Bid/Offer Closing Date.

The Selling Shareholder and the BRLMs shall advertise the Price Band prior to the Bid opening Date in two national newspapers (one each in English and Hindi) and one regional newspaper (Telugu). The Selling Shareholder shall retain the right to revise the Price Band during the Bidding Period at any level above or below the Price Band first advertised prior to the Bid Opening Date. In the event that the Selling Shareholder decides to revise the Price Band, the Selling Shareholder may in consultation with the BRLMs decide to either extend or not extend the Bidding Period. In the event that the Selling Shareholder decides to extend the Bidding Period, the decision to extend the Bidding Period shall be published in two national newspapers (one each in English and Hindi) and one regional newspaper (Telugu).

HSBC Securities and Capital Markets (India) Private Limited **52/60, Mahatma Gandhi Road, Fort,** **Mumbai 400 001** **Tel: +91 22 2268 1284-85** **Fax: +91 22 2263 1984** **e-mail: cmc_offer@hsbc.co.in**	**Enam Financial Consultants Private Limited** **801/802, Dalamal Towers** **Nariman Point** **Mumbai 400 021** **Tel. : +91-22- 5638 1800** **Fax. : +91-22- 2284 6824** **e-mail: cmcoffer@enam.com**

SYNDICATE MEMBER

Enam Securities Private Limited
2nd Floor, Khatau Building
44, Bank Street, off Shaheed Bhagat Singh Road,
Fort, Mumbai -400 001
Tel: 91 22 2267 7901
Fax: 91 22 2266 5613

STATEMENT OF INTER SE ALLOCATION OF RESPONSIBILITY AS FURNISHED TO THE SELLING SHAREHOLDER

The responsibilities and co-ordination for various activities in this Offer have been distributed amongst Enam Financial Consultants Pvt. Ltd and HSBC Securities and Capital Markets (India) Private Limited as under:

No.	Activity	Responsibility	Coordination
1.	Capital structuring with the relative components and formalities such as type of instruments, etc.	Enam, HSBC	HSBC
2.	Due diligence of the Company's operations / management / business plans / legal, etc. Drafting and design of the offer document. The BRLM shall ensure compliance with stipulated requirements and completion of prescribed formalities with the stock exchanges, RoC and SEBI including finalization of Prospectus and RoC filing.	Enam, HSBC	HSBC
	Business of the Company Industry Information Risk Factors All Financial information including auditor interface and Management Discussion and Analysis	Enam	
	Section on statutory approvals Terms of the Offer and Process General Information Management and manpower details, group companies, Promoter History of the Company Capital Structure Statutory and other information Outstanding litigations	HSBC	
3.	Assisting the GoI and the Company for the FIPB and RBI approvals.	Enam, HSBC	Enam
4.	Primary co-ordination with SEBI (although response to SEBI queries and other pre-bidding SEBI correspondence will be signed off internally by both BRLMs), RoC and stock exchanges upto bidding and coordination of interface with lawyers for agreements.	Enam, HSBC	HSBC
5.	Primary coordination of drafting / proofing of the design of the offer document, Bid-cum-Application Forms including memorandum containing salient features of the Prospectus with the printers. Primary coordination of the drafting and approval of statutory advertisement.	Enam, HSBC	HSBC

6.	Drafting and approval of all publicity material other than statutory advertisement as mentioned in (5) above including corporate advertisement, brochure etc.	Enam, HSBC	Enam
7.	Appointment of other intermediaries viz. Registrar to the Offer, Printers, Advertising Agency and Bankers to the Offer	Enam, HSBC	Enam
8.	Marketing of the Offer, which will cover inter alia Formulating marketing strategies, preparation of publicity budget Finalise media & public relations strategy Finalise centers for holding conferences for press and brokers etc. Finalise collection centers Follow-up on distribution of publicity and issue material including form, prospectus and deciding on the quantum of the Offer material	Enam, HSBC	Enam
9.	Coordination of institutional investor meetings, coordination for deciding pricing and institutional allocation in consultation with the Selling Shareholder / Company / BRLMs. (whilst for the inter-se one Lead Manager will be the coordinator, all pricing and allocation decisions will be joint)	Enam, HSBC	HSBC
10.	The post bidding activities including management of Escrow Accounts, finalization of Prospectus and RoC filing, coordinate non-institutional allocation, intimation of allocation and dispatch of refunds to Bidders, etc. The post offer activities for the Offer will involve essential follow up steps, which include dispatch of certificates and demat delivery of Equity Shares, with the various agencies connected with the work such as the Registrar to the Offer and Bankers to the Offer and the bank handling refund business. The BRLMs shall be responsible for ensuring that these agencies fulfil their functions and enable it to discharge this responsibility through suitable agreements with the Company	Enam, HSBC	Enam

Syndicate Member

Registered Office

CMC Limited
CMC Centre
Old Mumbai Highway
Gachibowli
Hyderabad – 500 019, India
Tel: +91 40 2300 0401
Fax: +91 40 2300 0509

Corporate Office

CMC Limited
PTI Building, 5th Floor,
4 Sansad Marg,
New Delhi-110 001
Tel: +91 11 2373 6151

Fax: +91 11 2373 6159
Email: offer@corp.cmc.net.in

Company Secretary & Compliance Officer

Mr. Vivek Agarwal
Corporate Office
PTI Building, 5th Floor
4 Sansad Marg,
New Delhi – 110 001
Phone No. +91 11 2373 8075
Fax +91 11 2373 6159
Email: cs@corp.cmc.net.in

Registrar to the Offer

M/s MCS Limited
'Sri Padmavathi Bhavan'
Plot No. 93, Road No. 16
M.I.D.C Area, Andheri (East),
Mumbai-400093
Tel: +91 22 2820 1785
Fax: +91 22 2820 1783
e-mail: cmcoffer@mcsind.com

The Registrar to the Offer is also the registrar and transfer agent of the Company.

It is the obligation of the Selling Shareholder to redress the complaints, if any, of investors participating in this Offer. The Selling Shareholder has authorized the Company Secretary and Compliance Officer to redress the complaints, if any, of investors participating in this Offer. Investors can contact the Compliance Officer or the Registrar to the Offer in case of any pre-Offer or post-Offer related problems such as non-receipt of letters of allocation, credit of transferred shares in the respective beneficiary accounts, refund orders etc.

Legal Advisor to the Offer

Luthra & Luthra Law Offices
103, Ashoka Estate,
Barakhamba Road,
New Delhi 110 001
Tel: +91-11-2335 0633
Fax: +91-11-2372 3909
e-mail: luthra@luthra.com

Auditors

M/s S.B.Billimoria & Co.
MCT House,
1 Okhla Center, Block A,
Okhla Institutional Area,
New Delhi - 110025
Tel: +91 11 5562 2000
Fax: +91 11 5562 2011
e-mail: newdelhi@sbbandco.com

Legal Advisor to the Company

Amarchand & Mangaldas & Suresh A. Shroff & Co.

Advocates and Solicitors
Amarchand Towers
216 Okhla Industrial Estate, Phase III,
New Delhi – 110020
Tel: +91 11 26920500
Fax: +91 11 26924900

Advisor to the Company

DSP Merrill Lynch Limited
Mafatlal Centre
10th Floor
Nariman Point
Mumbai 400 021
Tel: +91 22 5632 8000
Fax: +91 22 2204 8518
e-mail: cmc_offer@ml.com

Escrow Collection Banks and Bankers to the Offer

The Hongkong and Shanghai Banking Corporation Limited,
52/60, Mahatma Gandhi Marg,
Fort, Mumbai – 400 001
Tel: +91 22 2268 1035
Fax: +91 22 2262 3890

HDFC Bank Limited,
6th Floor, Hindustan Times House,
18-20, Kasturba Gandhi Marg,
New Delhi – 110 001
Tel: +91 11 2370 4671/ 2373 1212
Fax: +91 11 2335 9601/2372 5993

Canara Bank
38, Ansal Tower
Nehru Place
New Delhi – 110 019
Tel: +91 11 2628 6087
Fax: +91 11 2628 6075

ICICI Bank Limited
ICICI Bank Towers
Bandra-Kurla Complex
Mumbai – 400 051
Tel: +91 22 2653 6504
Fax: +91 22 2653 1061

Bankers to the Company

Canara Bank
Corporate Service Branch
38, Ansal Tower
Nehru Place
New Delhi – 110 019
Tel: +91 11 2641 6896/1519

State Bank of Bikaner & Jaipur
Laxmi Bhawan

71-72, Nehru Place,
New Delhi – 110 019
Tel: +91 11 2647 0787/ 2641 3533

ICICI Bank Limited
ICICI Bank Towers
Bandra-Kurla Complex
Mumbai – 400 051
Tel: +91 22 2653 7412/ 1414

Book Building Process

Book Building refers to the collection of Bids from investors, which is based on the Price Band, with the Offer Price being finalised after the Bid/Offer Closing Date. The principal parties involved in the Book Building Process are:

1. The Selling Shareholder;

2. Book Running Lead Managers; and

3. Syndicate Member who are intermediaries registered with SEBI or registered as brokers with the Stock Exchange(s) and eligible to act as underwriters.

The Equity Shares being offered pursuant to this Offer are already listed and consequently the SEBI Guidelines do not apply to this Offer.. However, the Selling Shareholder has voluntarily decided to adopt the SEBI Guidelines, particularly the guidelines for the 100% Book Building Process. Further, the processes, procedure and practices which are generally followed in the 100% book building process save for certain deviation, would be adopted. Pursuant to the decision of the Selling Shareholder, up to 50% of the Offer shall be allocated on a discretionary basis to QIBs. The Selling Shareholder, in consultation with the BRLMs, would have the discretion for any allocation to QIBs based on a number of criteria including the following: investor quality, price and earliness of the Bid. Further, not less than 25% of the Offer shall be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 25% of the Offer shall be available for allocation on a proportionate basis to Retail Bidders, subject to valid Bids being received at or above the Offer Price within the Price Band.

In this regard, the Selling Shareholder has appointed the BRLMs to procure Bids in the Offer.

The process of book building is relatively new and the investors are advised to make their own judgement about investment through this process prior to making a Bid in the Offer. QIBs are not allowed to withdraw their Bid after the Bid/Offer Closing Date. For further details see "Terms of the Offer" on page [ ] of this Preliminary Sale Document.

Steps to be taken by the Bidders for bidding:

1. Check eligibility for bidding (for further details see "Terms of the Offer" on page [ ] of this Preliminary Sale Document);

2. Ensure that the Bidder has a demat account; and

3. Ensure that the Bid-cum-Application Form is duly completed as per instructions given in this Preliminary Sale Document and in the Bid-cum-Application Form.

Underwriting Agreement

This underwriting arrangement is not mandatory and is based on the contractual arrangement between the Selling Shareholder, the Company and the Underwriters.

After the determination of the Offer Price and prior to filing of the Final Sale Document with RoC, the Selling Shareholder and the Company will enter into an Underwriting Agreement with the Underwriters for the Equity Shares proposed to be offered through the Offer. It is proposed that pursuant to the terms of the Underwriting Agreement, the BRLMs shall be responsible for bringing in the amount devolved in the event that the Syndicate Member do not fulfill their underwriting obligations.

The Underwriters have indicated their intention to underwrite the following number of Equity Shares:

(This portion has been intentionally left blank and will be filled in before filing of the Final Sale Document with RoC)

Name and Address of the Underwriters	Indicated Number of Equity Shares to be Underwritten	Amount Underwritten (Rs. million)
HSBC Securities and Capital Markets (India) Private Limited	[●]	[●]
Enam Financial Consultants Private Limited	[●]	[●]
Enam Securities Private Limited	[●]	[●]

The above mentioned table is indicative of the underwriting and this would be finalised after pricing and allocation. The above Underwriting Agreement is dated [●].

In the opinion of the Selling Shareholder and the Board of Directors (based on a certificate given by the Underwriters), the resources of all the above mentioned Underwriters are sufficient to enable them to discharge their respective underwriting obligations in full. All the above-mentioned Underwriters are registered with SEBI under Section 12(1) of the SEBI Act or registered as brokers with the Stock Exchange(s). The Selling Shareholder and the Company have accepted and entered into the Underwriting Agreement mentioned above on [●].

Allocation among Underwriters may not necessarily be in proportion to their underwriting commitments. Notwithstanding the above table, the BRLMs and the Syndicate Member shall be responsible for ensuring payment with respect to Equity Shares allocated to investors procured by them. In the event of any default in payment, the respective Underwriter, in addition to other obligations defined in the underwriting agreement, will also be required to procure/subscribe to the extent of the defaulted amount. Allocation to QIBs is discretionary as per the terms of this Preliminary Sale Document and may not be proportionate in any way and the patterns of allocation to the QIBs could be different for the various Underwriters.

Applicability of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997

Any acquisition of Equity Shares in this Offer will not be exempted from the provisions of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 and any acquirer of Equity Shares breaching any of the thresholds prescribed in these regulations should ensure that they comply with the requirements of these regulations.

OBJECTS OF THE OFFER

The Joint Secretary, Department of Information Technology, Ministry of Communications and Information Technology, acting for the President of India, proposes to carry out the disinvestment of 3,976,374 Equity Shares through this Preliminary Sale Document.

The Company will not receive any proceeds from the Offer.

TERMS OF THE OFFER

The Equity Shares being offered are subject to the provisions of the Companies Act, the Securities Contract (Regulation) Act, 1956, the Securities Contract (Regulation) Rules, 1957, the Memorandum and Articles, the conditions of the FIPB and RBI approvals, the terms of this Preliminary Sale Document, Final Sale Document, Bid-cum-Application Form, the Revision Form, the CAN and other terms and conditions as may be incorporated in other documents/ certificates that may be executed in respect of the Offer. The Equity Shares shall also be subject to laws as applicable, guidelines, notifications and regulations relating to the issue of capital and listing of securities issued from time to time by SEBI, Government of India, Stock Exchanges, RBI, RoC and/ or other authorities, as in force on the date of the Offer and to the extent applicable. The Equity Shares being offered pursuant to this Offer are already listed and as advised by SEBI in its letters dated January 29, 2004 and February 12, 2004, the SEBI Guidelines do not apply to this Offer. However, the Selling Shareholder has informed the BRLMs and the Company by letters dated February 9, 2004, that it has voluntarily decided to adopt the SEBI Guidelines, particularly the guidelines for the 100% book building process. Further, the processes, procedure and practices which are generally followed in the 100% book building process save for certain deviation as specified in the aforementioned letter and as mentioned on page [--] of this Preliminary Sale Document, would be adopted. The Equity Shares being offered are also subject to the conditions in the Shareholders Agreement and the Amendment Agreements.

AUTHORITY FOR THE OFFER

(a) In accordance with the provisions of the Shareholders Agreement, in case GoI desires to sell any Equity Shares to any third party, it is obligated to first offer such shares to TSL on the same terms and conditions. However, vide the Amendment Agreements, TSL has agreed to waive its pre-emptive right under the Shareholders Agreement and allow GoI to sell its remaining shareholding in the Company to the public by way of this Offer. For details of the Shareholders Agreement and the Amendment Agreements refer to section "Our History" on page [--] of this Preliminary Sale Document.

(b) In terms of the letter no. 2(3)/01-PSU, dated January 28, 2004, from the Department of Information Technology, Ministry of Communications and Information Technology, the GoI has approved the disinvestment of its residual shareholding in the Company by way of an Offer for Sale. Pursuant to the decision taken by the GoI, the Department of Information Technology, Ministry of Communications and Information Technology, acting for and on behalf of the President of India, has been authorized to offer 3,976,374 Equity Shares held by the President of India to the public.

In view of the approvals listed below, the Selling Shareholder can undertake this Offer and no further approvals from any Governmental authority/RBI are required.

The Company has received approvals from the Government of India, Ministry of Finance (Department of Economic Affairs) pursuant to its letter no. FC.II. 31(2004)/7 (2004) dated February 5, 2003 for the transfer of Equity Shares in this Offer to NRIs, FIIs, FVCIs and multilateral and bilateral development financial institutions on a repatriation basis. The Company has received approval from the RBI for transfer of Equity Shares in the Offer for Sale to NRIs, FIIs, FVCIs and multilateral and bilateral development financial institutions pursuant to its letter no. [ ] dated [ ].

As per the letter no. 4/17/2002-MODI, dated February 9, 2004, from the Ministry of Disinvestment, the GoI has voluntarily decided to adopt the SEBI Guidelines, particularly the guidelines for the 100% book building process. Further, the processes, procedure and practices which are generally followed in the 100% book building process save for certain deviation as specified in the aforementioned letter and as mentioned on page [--] of this Preliminary Sale Document, would be adopted.

As advised by the Ministry of Disinvestmnet vide letter dated February 12, 2004, the Department of Company Affairs, Ministry of Finance, GoI has noted that SEBI has informed that the offer document is to be called a "Preliminary Sale Document" and accordingly, therefore, the Ministry of Disinvestment, GoI may file this Preliminary Sale Document with the RoC along with the requisite fee so that it can be placed on record for public inspection.

The Company has approved the Offer through a board resolution dated December 22, 2003. The Company has approved this Preliminary Sale Document through circular resolution dated February 13, 2004 passed by the Board of Directors.

RANKING OF EQUITY SHARES

The Equity Shares being offered shall be subject to the provisions of the Memorandum and Articles and as the Equity Shares are already listed they rank pari-passu with the existing Equity Shares of the Company, including rights in respect of dividends.

FACE VALUE AND OFFER PRICE

The Equity Shares with a face value of Rs. 10/- each are being offered in the Offer at a price of Rs. [•] per share. After the determination of the Offer Price, the Selling Shareholder shall transfer the Equity Shares allocated to QIBs and Non-Institutional Bidders at the Offer Price. Notwithstanding what is stated above, the Selling Shareholder reserves the right, at its sole discretion, after determination of the Offer Price to transfer the Equity Shares to Retail Bidders at a differential lower price as compared to the Offer Price at which Equity Shares will be transferred to Non-Institutional Bidders and QIBs.

At any given point of time there shall be only one denomination of the Equity Shares.

MINIMUM SUBSCRIPTION

This being an offer for sale and the Equity Shares being offered pursuant to this Offer are already listed on the Stock Exchanges, the requirement of minimum subscription is not a pre-condition for completion of the Offer.

RIGHTS OF THE EQUITY SHAREHOLDER

Subject to applicable laws, the equity shareholders shall have the following rights:

- Right to receive dividend, if declared;
- Right to attend general meetings and exercise voting powers, unless prohibited by law;
- Right to vote on a poll either in person or by proxy;
- Right to receive offers for rights shares and be allotted bonus shares, if announced;
- Right to receive surplus on liquidation;
- The right of free transferability; and
- Such other rights, as may be available to a shareholder of a listed public company under the Companies Act and the Memorandum and Articles.

For a detailed description of the main provisions of the Articles dealing with voting rights, dividend, forfeiture and lien, restrictions on transfer and transmission and/or consolidation/ splitting, refer to the section on "Main Provisions of Articles of Association of CMC Limited" on page [•] in this Preliminary Sale Document.

TRADING LOT AND MARKET LOT

The Equity Shares in this Offer upon allocation shall be transferred only in dematerialised form. The trading of the Equity Shares shall only be in dematerialised form for all investors.

Since trading of the Equity Shares is in dematerialised form, the tradable lot is one (1) Equity Share. Allocation of Equity Shares through this Offer will be done only in electronic form in multiples of 1 Equity Share to the successful Bidders.

JURISDICTION

Exclusive jurisdiction for the purpose of this Offer is with competent courts/ authorities in New Delhi, India.

NOMINATION FACILITY TO INVESTOR

In accordance with Section 109A of the Companies Act, the sole or first bidder, along with other joint bidders, may nominate any one person in whom, in the event of the death of sole bidder or in case of joint bidders, death of all the bidders, as the case may be, the equity shares allotted, if any, shall vest. A person, being a nominee, entitled to the equity shares by reason of the death of the original holder(s), shall in accordance with Section 109A of the Companies Act, be entitled to the same advantages to which he or she would be entitled if he or she were the registered holder of the equity share(s). Where the nominee is a minor, the holder(s) may make a nomination to appoint, in the prescribed manner, any person to become entitled to equity share(s) in the event of his or her death during the minority. A nomination shall stand rescinded upon a sale/transfer/alienation of equity share(s) by the person nominating. A buyer will be entitled to make a fresh nomination in the manner prescribed. Fresh nomination can be made only on the prescribed form available on request at the Corporate Office of the Company or the Registrar and Transfer Agents of the Company.

In accordance with Section 109B of the Companies Act, any person who becomes a nominee by virtue of the provisions of Section 109A of the Companies Act, shall upon the production of such evidence as may be required by the Board, elect either:

a) to register himself or herself as the holder of the equity shares; or
b) to make such transfer of the equity shares, as the deceased holder could have made.

Further, the Board may at any time give notice requiring any nominee to choose either to be registered himself or herself or to transfer the equity shares, and if the notice is not complied with within a period of ninety days, the Board may thereafter withhold payment of all dividends, bonuses or other moneys payable in respect of the equity shares, until the requirements of the notice have been complied with.

Since the transfer of Equity Shares in the Offer will be made only in dematerialised form, there is no need to make a separate nomination with the Company. Nominations registered with respective Depository Participant of the applicant would prevail. If the investors require to change the nomination, they are requested to inform their respective Depository Participant.

Application by NRIs / FIIs / FVCIs/ Multilateral and Bilateral Development Financial Institutions

The Company has received approval from the FIPB pursuant to its letter no. FC.II. 31(2004)/7 (2004) dated February 5, 2004 for the transfer of Equity Shares in this Offer to NRIs, FIIs registered with SEBI, Foreign Venture Capital Funds registered with SEBI and multilateral and bilateral development financial institutions.

The Company has received in-principle approval from the RBI for transfer of shares to NRIs, FIIs, FVCIs and multilateral and bilateral development financial institutions, pursuant to its letter no. [•] dated [•]. The final permission of the RBI for acquisition of shares is to be received on completion of certain filing requirements. Subject to obtaining such approvals, it will not be necessary for the investors to seek separate permission from the FIPB/RBI for this specific purpose. However it is to be distinctly understood that there is no reservation for NRIs, FIIs, FVCIs and multilateral and bilateral development financial institutions and all NRIs, FIIs, FVCIs and multilateral and bilateral development financial institutions will be treated on the same basis with other categories for the purpose of allocation. OCBs are not permitted to participate in this Offer.

The transfer of Equity Shares to NRIs, FIIs, FVCIs and multilateral and bilateral development financial institutions shall be subject to the conditions as may be prescribed by Government of India or RBI while granting such approvals.

The Equity Shares have not been and will not be registered under the U.S. Securities Act 1933, as amended (the "Securities Act") or any state securities laws in the United States and may not be offered or sold within the United States or to, or for the account or benefit of, "U.S. persons" (as defined in Regulation S of the Securities Act), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Accordingly, the

Equity Shares will be offered and sold only outside the United States in compliance with Regulation S and the applicable laws of the jurisdiction where those offers and sales occur.

OFFER STRUCTURE

The present Offer is for sale of 3,976,374 Equity Shares, of Rs. 10 each, for cash at a price of Rs. [•] per Equity Share aggregating to Rs. [•] million. The Selling Shareholder has voluntarily decided to adopt the SEBI Guidelines, particularly the guidelines for the 100% book building process. Further, the processes, procedure and practices which are generally followed in the 100% book building process save for certain deviation as specified in the aforementioned letter and as mentioned on page [--] of this Preliminary Sale Document, would be adopted.

	QIBs	Non-Institutional Bidders	Retail Bidders
Number of Equity Shares*	Up to 1,988,186 Equity Shares, or Offer size less allocation to Non-Institutional Bidders and Retail Bidders	Minimum of 994,094 Equity Shares or Offer size less allocation to QIBs and Retail Bidders	Minimum of 994,094 Equity Shares or Offer size less allocation to QIBs and Non-Institutional Bidders
Percentage of Offer size available for allocation	Up to 50% or Offer size less allocation to Non-Institutional Bidders and Retail Bidders	Minimum 25% or Offer size less allocation to QIBs and Retail Bidders	Minimum 25% or Offer size less allocation to QIBs and Non-Institutional Bidders
Basis of Allocation if respective category is oversubscribed	Discretionary	Proportionate	Proportionate
Minimum Bid	Minimum Bid Amount of Rs. 50,001 and in multiples of 10 Equity Shares	Minimum Bid Amount of Rs. 50,001 and in multiples of 10 Equity Shares	10 Equity Shares and in multiples of 10 Equity Share so as to ensure that the Bid Amount does not exceed Rs. 50,000/-
Maximum Bid	Not exceeding the size of the Offer	Not exceeding the size of the Offer	Such number of Equity Shares so as to ensure that the Bid Amount does not exceed Rs. 50,000/-
Allocation Mode	Compulsory in Dematerialised form	Compulsory in Dematerialised form	Compulsory in Dematerialised form
Trading Lot	One	One	One
Lot size for allocation	One	One	One
Who can Apply	Public financial institutions, as specified in section 4A of the Companies Act, scheduled commercial banks, mutual funds, foreign institutional investors registered with SEBI, multilateral and bilateral development financial institutions, venture capital funds registered with SEBI, foreign venture capital investors registered with	Resident Indian individuals, HUF (in the name of Karta), corporate bodies, NRIs, societies and trusts	Individuals (including NRIs and HUFs) applying for such number of Equity Shares such that the Bid Amount does not exceed Rs. 50,000

	QIBs	Non-Institutional Bidders	Retail Bidders
	SEBI, state industrial development corporations, Insurance Companies registered with Insurance Regulatory and Development Authority, Provident Funds with minimum corpus of Rs. 250 million and Pension Funds with minimum corpus of Rs. 250 million		
Terms of Payment	Margin Amount applicable to QIBs at the time of submission of Bid-cum-Application Form to the BRLMs or Syndicate Member	Margin Amount applicable to Non-Institutional Bidders at the time of submission of Bid-cum-Application Form to the BRLMs or Syndicate Member	Margin Amount applicable to Retail Bidders at the time of submission of Bid-cum-Application Form to the BRLMs or Syndicate Member
Margin Amount	Nil	Full Bid Amount	Full Bid Amount

(*) Subject to valid Bids being received at or above the Offer Price within the Price Band, under subscription, if any, in any of the categories, would be allowed to be met with spill-over from any of the other categories, at the discretion of the Selling Shareholder in consultation with the BRLMs.

OFFER PROCEDURE

Book Building Procedure

This Offer is being voluntarily made by the Selling Shareholder through the 100% book building process, on the terms and conditions specified in this Preliminary Sale Document save for specified deviations. Pursuant to the decision of the Selling Shareholder, up to 50% of the Offer shall be available for allocation on a discretionary basis to QIBs. The Selling Shareholder, in consultation with the BRLMs, would have the discretion for any allocation to QIBs based on a number of criteria including the following: investor quality, price and earliness of the Bid. Further, not less than 25% of the Offer shall be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 25% of the Offer shall be available for allocation on a proportionate basis to Retail Bidders, subject to valid bids being received at or above the Offer Price within the Price Band.

Bidders are required to submit their Bids through the BRLMs and the Syndicate Member. The Selling Shareholder in consultation with the BRLMs reserves the right to reject any Bid procured by BRLMs and/or Syndicate Member without assigning any reason thereof in case of QIBs. In case of Non-Institutional Bidders and Retail Bidders, the Selling Shareholder and the Company would have a right to reject the Bids only on technical grounds.

Investors should note that Equity Shares would be transferred to all successful Bidders only in dematerialised form.

Bid-cum-Application Form

Bidders shall only use the specified Bid-cum-Application Form bearing the stamp of a BRLM or Syndicate Member, as the case maybe, for the purpose of making a Bid in terms of this Preliminary Sale Document. The Bidder shall have a maximum of three bidding options in the Bid-cum-Application Form and such options shall not be considered as multiple Bids. Upon the allocation of Equity Shares, dispatch of the CAN and filing of the Final Sale Document with the RoC, the Bid-cum-

Application Form shall be considered as the Application Form. Upon completing and submitting the Bid-cum-Application Form to a BRLM or Syndicate Member, as the case maybe, the Bidder is deemed to have authorised the Company and the Selling Shareholder to make the necessary changes in this Preliminary Sale Document and the Bid-cum-Application Form as would be required for filing the Final Sale Document with the RoC and as would be required by the RoC after such filing, without prior or subsequent notice of such changes to the Bidder.

The prescribed colour of the Bid-cum-Application Form for various categories, is as follows:

Category	Colour of Bid-cum-Application Form
Indian Public or NRIs applying on a non-repatriation basis	White
Non-residents i.e. NRIs, FIIs, FVCIs or multilateral and bilateral development financial institutions applying on a repatriation basis	Blue

Who can Bid

- Indian nationals resident in India who are majors, in single or joint names (not more than three);

- Hindu undivided families or HUFs, in the individual name of the Karta. The Bidder should specify that the Bid is being made in the name of the HUF in the Bid-cum-Application Form as follows: "Name of Sole or First bidder: XYZ Hindu Undivided Family applying through XYZ, where XYZ is the name of the Karta". Bids by HUFs would be considered at par with those from individuals;

- Companies, corporate bodies and societies registered under the applicable laws in India and authorised to invest in equity shares;

- Indian Mutual Funds registered with SEBI;

- Indian financial institutions, commercial banks, regional rural banks, co-operative banks (subject to RBI regulations, as applicable);

- Venture Capital Funds registered with SEBI;

- Foreign Venture Capital institutions registered with SEBI;

- State Industrial Development Corporations;

- Trusts/Societies registered under the Societies Registration Act, 1860, as amended, or under any other law relating to Trusts/Societies and who are authorised under their constitution to hold and invest in equity shares;

- NRIs and FIIs on a repatriation basis or a non-repatriation basis subject to applicable laws

- Scientific and/ or industrial research organisations authorised to invest in equity shares.

- Insurance Companies registered with Insurance Regulatory and Development Authority.

- Provident Funds with minimum corpus of Rs. 250 million and who are authorised under their constitution to hold and invest in equity shares.

- Pension Funds with minimum corpus of Rs. 250 million and who are authorised under their constitution to hold and invest in equity shares.

- Multilateral and Bilateral development financial institutions.

Note: The BRLMs, Syndicate Member and any associate of the BRLMs and Syndicate Member (except asset management companies on behalf of mutual funds, Indian financial institutions and public sector banks) cannot participate in that portion of the Offer where allocation is discretionary. Further, the BRLMs and Syndicate Member shall not be entitled to subscribe to this Offer in any manner except towards fulfilling their underwriting obligation.

Bidders are advised to ensure that any single Bid from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under the relevant regulations or statutory guidelines and as specified in this Preliminary Sale Document.

As per the current regulations, the following restrictions are applicable for investments by Mutual Funds:

No mutual fund scheme shall invest more than 10% of its net asset value in the equity shares or equity related instruments of any company provided that the limit of 10% shall not be applicable for investments in index funds or sector or industry specific funds. No mutual fund under all its schemes should own more than 10% of any company's paid-up capital carrying voting rights.

As per the current regulations, the following restrictions are applicable for investments by FIIs:

No single FII can hold more than 10% of the paid-up capital of the Company (i.e, 10% of 15,150,000 Equity Shares of Rs.10 each). In respect of an FII investing in the Equity Shares on behalf of its sub-accounts, the investment on behalf of each sub-account shall not exceed 10% of its total issued capital or 5% of its total issued capital in case such sub-account is a foreign corporate or individual. Under present regulations, the maximum permissible FII investment in the Company is restricted to 24% of its total issued capital. This can be raised to 100% by passing a resolution by the Board and a special resolution by shareholders of the Company. However, as of the date hereof, no such resolution has been passed and the maximum permissible FII investment in the Company is 24% of its total issued capital.

Bidders may bid as per the limits prescribed above.

The above information is given for the benefit of the Bidders. The Company, the Selling Shareholder and the BRLMs are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of this Preliminary Sale Document. Bidders are advised to make their independent investigations and ensure that their number of Equity Shares bid for do not exceed the applicable limits under laws or regulations.

Maximum and Minimum Bid Size

a) **For Retail Bidders:** The Bid must be for a minimum of 10 Equity Shares and in multiples of 10 Equity Shares thereafter, the maximum Bid Amount not exceeding Rs. 50,000. In case of revision of Bids, the Retail Bidders have to ensure that the Bid Amount does not exceed Rs. 50,000. In case the Bid Amount is over Rs. 50,000 due to revision or on exercise of Cut-off option, the Bid would be considered for allocation under the Non-Institutional Bidders category. The Cut-off option is an option provided to the Retail Bidders indicating their agreement to bid and purchase Equity shares at the Offer Price as determined by the Book Building Process.

b) **For other (Non-Institutional Bidders and QIBs) Bidders:** The Bid must be for a minimum of such number of Equity Shares so as to ensure that the minimum Bid Amount is above Rs. 50,000. Above this minimum Bid Amount the Bid can be in multiples of 10 Equity Shares. A Bid cannot be submitted for more than the size of the Offer. All Retail Bidders whose Bid Amount exceeds Rs. 50,000 will be considered under this category. The maximum Bid by a QIB investor should not exceed the investment limits prescribed for them by the regulatory or statutory authorities governing them. In case of revision in Bids, Non-Institutional Bidders have to ensure that the Bid Amount is greater than Rs.50,000 for being considered for allocation in the Non-Institutional Portion. In case the Bid Amount reduces to Rs. 50,000 or less due to a revision in Bids, Bids by Non-Institutional Bidders who are eligible for allocation in the Retail

Bidders' category would be considered for allocation under the Retail Portion. Non-Institutional Bidders and QIB's are not allowed to bid at "Cut-Off".

A QIB cannot withdraw its bid after the Bid/Offer Closing Date.

Bidding Process

1. The Preliminary Sale Document has been voluntarily filed with SEBI and will be filed with the RoC at least three days before the Bid/Offer Opening Date.

2. The BRLMs and Syndicate Member will circulate copies of the Preliminary Sale Document along with the Bid-cum-Application Form to potential investors.

3. Any investor who would like to obtain the Preliminary Sale Document along with the Bid-cum-Application Form can obtain the same from the Corporate Office of the Company or from any of the BRLMs or Syndicate Member.

4. The Selling Shareholder and the BRLMs shall declare the Bid/Offer Opening Date, Bid/Offer Closing Date at the time of filing the Preliminary Sale Document with RoC and also publish the same in two widely circulated national newspapers (one each in English and Hindi) and one widely circulated regional newspaper (Telugu). This advertisement shall contain the salient features of the Preliminary Sale Document as specified under Form 2A of the Companies Act and the method and process of bidding and the names, addresses and telephone numbers of the BRLMs and Syndicate Member.

5. The Selling Shareholder and the BRLMs shall advertise the Price Band prior to the Bid/Offer Opening Date in two national newspapers (one each in English and Hindi) and one regional newspaper (Telugu). The Selling Shareholder shall retain the right to revise the Price Band during the Bidding Period at any level above or below the Price Band first advertised prior to the Bid/Offer Opening Date. In the event that the Selling Shareholder decides to revise the Price Band, the Selling Shareholder may in consultation with the BRLMs decide to either extend or not extend the Bidding Period. In the event that the Selling Shareholder decides to extend the Bidding Period the decision to extend the Bidding Period shall be published in two national newspapers (one each in English and Hindi) and one regional newspaper (Telugu).

6. The Cap of the Price Band should not be more than 20% of the floor of the Price Band. Subject to compliance of the immediately previous sentence, the floor of the Price Band can move up or down to the extent of 20% of the floor price of the Price Band.

7. The BRLMs and Syndicate Member shall start accepting Bids from the Bidders from the Bid/Offer Opening Date.

8. Investors who are interested in subscribing for the Equity Shares should approach any of the BRLMs or Syndicate Member or their authorised agent(s) to register their Bid.

9. The Bids should be submitted on the prescribed Bid-cum-Application Form only. Bid-cum-Application Forms should bear the stamp of the BRLMs or Syndicate Member. Bid-cum-Application Forms which do not bear the stamp of the BRLMs or Syndicate Member will be rejected.

Bidding

1. Each Bid-cum-Application Form will give the Bidder the choice to bid for up to three optional prices (for details refer to the paragraph entitled "Bids at Different Price Levels" below) and specify the demand (i.e. the number of Equity Shares bid for). The price and demand options submitted by the Bidder in the Bid-cum-Application Form will be treated as optional demands from the Bidder and will not be cumulated. After determination of the Offer Price, the maximum number of Equity Shares bid for by a Bidder at or above the Offer Price within the Price Band

will be considered for allocation and the rest of the Bid(s), irrespective of the bid price, will become automatically invalid.

2. The Bidder cannot bid on another Bid-cum-Application Form after his or her Bids on one Bid-cum-Application Form have been submitted to any BRLM or Syndicate Member. Submission of a second Bid-cum-Application Form to either the same or to another BRLM or Syndicate Member will be treated as multiple bidding and is liable to be rejected either before entering the Bid into the electronic bidding system, or at any point of time prior to the transfer of Equity Shares in this Offer. However, the Bidder can revise the Bid through the Revision Form, the procedure for which is detailed under the paragraph "Build up of the Book and Revision of Bids" on page [•] of this Preliminary Sale Document.

3. The BRLMs and Syndicate Member will enter each option into the electronic bidding system as a separate Bid and the Bid Amount paid by the Bidder and generate a Transaction Registration Slip, for each price and demand option and give the same to the Bidder. Therefore, a Bidder can receive up to three TRSs for each Bid-cum-Application Form. It will be the responsibility of the Bidder to collect the TRSs from the BRLM or Syndicate Member, as the case may be.

4. Along with the Bid-cum-Application Form, all Bidders will make payment in the manner described under the paragraph "Terms of Payment" on page [•] of this Preliminary Sale Document.

Bids at Different Price Levels

1. The Price Band will be advertised prior to the Bid /Offer Opening Date. The Bidders can bid at any price with in the Price Band, in multiples of Re. 1. The Bidding Period shall be open for at least 5 (five) days and not more than 10 (ten) days. The Selling Shareholder in consultation with the BRLMs shall finalise the Offer Price within the Price Band in accordance with this clause, without the prior approval of, or intimation to, the Bidders.

2. The Bidder can bid at any price within the Price Band. The Bidder has to bid for the desired number of Equity shares at a specific price. **Retail Bidders may bid at "Cut-off". However, bidding at "Cut-off" is prohibited for Non-Institutional Bidders and QIBs and such Bids from Non-Institutional Bidders and QIBs shall be rejected.**

3. Retail Bidders who bid at the Cut-Off agree that they shall purchase the Equity Shares at any price within the Price Band. Retail Bidders bidding at Cut-Off shall deposit the Bid Amount based on the cap of the Price Band in the Escrow Account. In the event the Bid Amount is higher than the subscription amount payable by successful Retail Bidders (i.e. the total number of Equity Shares allocated in the Offer multiplied by the Offer Price), successful Retail Bidders shall receive the refund of the excess amounts from the Escrow Account.

4. The Price Band can be revised during the Bidding Period by the Selling Shareholder, without any restrictions. The Selling Shareholder in consultation with the BRLMs, can revise the Price Band by informing the Stock Exchanges, releasing a press release and notification on the terminal of the BRLMs and the Syndicate Member. In case of a revision in the Price Band, the revised Price Band and extension of the Bidding Period, if any, will be published in two national newspapers (one each in English and Hindi) and one regional newspaper (Telugu). In the event that the Selling Shareholder decides to extend the Bidding Period the decision to extend the Bidding Period, such decision shall be published in two national newspapers (one each in English and Hindi) and one regional newspaper (Telugu).

5. In case of an upward revision in the Price Band announced as above, Retail Bidders who had bid at Cut-Off could either (i) revise their bid or (ii) make additional payment based on the cap of the revised Price Band, with the BRLM or Syndicate Member to whom the original bid was submitted. In case the total amount (i.e. original Bid Amount plus additional payment) exceeds Rs. 50,000, the bid will be considered for allocation under the Non-Institutional Portion in terms of this Preliminary Sale Document. If, however, the Bidder does not either revise the bid or make additional payment and the Offer Price is higher than the cap of the Price Band prior to revision, the number of shares bid for shall be adjusted for the purpose of allocation, such that

the no additional payment would be required from the Bidder and the Bidder is deemed to have approved such revised Bid at Cut-off.

6. In case of a downward revision in the Price Band, announced as above, Retail Bidders who have bid at Cut-off could either revise their bid or the excess amount paid at the time of bidding would be refunded from the Escrow Accounts.

Escrow Mechanism

The Selling Shareholder, the Company, BRLMs and the Syndicate Member shall open Escrow Accounts with one or more Escrow Collection Banks in whose favour the Bidders shall make out the cheque or demand draft in respect of the Bid and/or revision. Cheques or demand drafts received towards Margin Amount from Bidders would be deposited in the Escrow Account. The Escrow Collection Banks will act in terms of this Preliminary Sale Document and the Escrow Agreement. The monies in the Escrow Account shall be maintained by the Escrow Collection Bank(s) for and on behalf of the Bidders. The Escrow Collection Bank(s) shall not exercise any lien whatsoever over the monies deposited therein and shall hold the monies therein in trust for the Bidders. On the Designated Date, the Escrow Collection Banks shall transfer the monies from the Escrow Account to the Public Offer Account with the Bankers to the Offer. Payments of refund to the Bidders shall also be made from the Escrow Collection Banks, as per the terms of the Escrow Agreement and this Preliminary Sale Document.

The Bidders should note that the escrow mechanism has been established as an arrangement between the Selling Shareholder, the Company, the BRLMs, the Syndicate Member, the Escrow Collection Bank(s) and the Registrar to the Offer, to facilitate collections from the Bidders.

Terms of Payment and Payment into the Escrow Collection Account

Each Bidder shall, with the submission of the Bid-cum-Application Form draw a cheque, demand draft for the Bid Amount of the Bid in favour of the Escrow Account of the Escrow Collection Bank (for details refer to the paragraph "Payment Instructions" on page [--] of this Preliminary Sale Document) and submit the same to the BRLM or the Syndicate Member, with whom the Bid is being deposited. Bid-cum-Application Forms accompanied by cash shall not be accepted. The Bid Amount has to be paid at the time of submission of the Bid-cum-Application Form based on the highest bidding option of the Bidder.

The BRLMs and the Syndicate Member shall deposit the cheque/ demand draft with the Escrow Collection Bank. The Escrow Collection Bank will hold all monies collected for the benefit of the Bidders until such time as the Designated Date. On the Designated Date, the Escrow Collection Bank shall transfer the funds in respect of successful Bidders from the Escrow Account, as per the terms of the Escrow Agreement, into the Public Offer Account with the Bankers to the Offer. The balance amounts after the transfer to the Public Offer Account, lying credited with the Escrow Collection Banks shall be held for the benefit of the Bidders who are entitled to refunds. On the Designated Date and no later than 15 working days from the Bid/Offer Closing Date, the Escrow Collection Bank shall also refund all amounts payable to unsuccessful Bidders and also the excess amount paid on bidding, if any, after adjustment for allocation, to the respective Bidders.

Each category of Bidders (i.e. QIBs, Non-Institutional Bidders and Retail Bidders) would be required to pay their applicable Margin Amount at the time of the submission of the Bid-cum-Application Form. The details of the Margin Amount payable by each category of Bidders is mentioned under the heading "Offer Structure" on page [--] of this Preliminary Sale Document. Where the Margin Amount applicable to the Bidder is less than 100% of the Bid Amount, any difference between the amount payable by the Bidder for Equity Shares allocated at the Offer Price and the Margin Amount paid at the time of Bidding, shall be payable by the Bidder no later than Pay-in Date, which shall be a minimum period of two days from date of communication of the allocation list to the BRLMs and the Syndicate Member by the BRLMs. If the payment is not made favouring the Escrow Account within the time stipulated above, the Bid of the Bidder is liable to be cancelled. However, if the BRLMs or the Syndicate Member do not waive such payment, the full amount of payment has to be made at the time of submission of the Bid-cum-Application Form.

Where the Bidder has been allocated lesser number of Equity Shares than he/she had bid for, the excess amount paid on bidding, if any, after adjustment for allocation, will be refunded to such Bidder within 15 working days from the Bid/Offer Closing Date.

Electronic Registration of Bids

1. The BRLMs and the Syndicate Member will register the Bids using the on-line facilities of NSE and BSE. There will be at least one on-line connectivity with each city where a Stock Exchange Centre is located in India, where the Bids are accepted.

2. NSE and BSE will offer a screen-based facility for registering Bids for the Offer. This facility will be available on the terminals of the BRLMs and/or the Syndicate Member and their authorised agents during the Bidding Period. BRLMs and/or the Syndicate Member can also set up facilities for off-line electronic registration of Bids subject to the condition that they will subsequently download the off-line data file into the on-line facilities for book building on an hourly basis. On the Bid Closing Date, the BRLMs and the Syndicate Member will upload the Bids until such time as permitted by the Stock Exchanges.

3. The aggregate demand and price for bids registered on each of the electronic facilities of NSE and BSE will be downloaded on a hourly basis, consolidated and displayed online at all bidding centers. A graphical representation of consolidated demand and price would be made available at the bidding centres during the Bidding Period.

4. At the time of registering each Bid, the BRLMs and the Syndicate Member shall enter the following details of the investor in the on-line system:

   (a) Name of the investor
   (b) Investor Category – Individual, Corporate, NRI, FII, FVCI or Mutual Funds etc.
   (c) Numbers of Equity Shares bid for
   (d) Bid price
   (e) Bid-cum-Application Form number
   (f) Whether payment is made upon submission of Bid-cum-Application Form
   (g) Depository Participant Identification no. and client identification no. of the dematerialised account of the Bidder.

5. A system generated TRS will be given to the Bidder as a proof of the registration of each of the bidding options. **It is the Bidder's sole responsibility to obtain the TRS from the BRLM or the Syndicate Member, as the case maybe.** The registration of the Bid by the BRLM or the Syndicate Member, does not guarantee that the Equity Shares shall be allocated either by the Selling Shareholder or the BRLMs or the Syndicate Member or the Company. Such TRS will be non-negotiable and by itself will not create any obligation of any kind.

6. The BRLM or the Syndicate Member, as the case may be, also has the right to accept the Bid or reject it without assigning any reason, in case of QIBs. In case of Non-Institutional Bidders and Retail Bidders, Bids would not be rejected except on the technical grounds listed elsewhere in this Preliminary Sale Document.

7. It is to be distinctly understood that the permission given by NSE and/or BSE to use their network and software of the online IPO system should not in any way be deemed or construed that the compliance with various statutory and other requirements by the Selling Shareholder, the Company, BRLMs are cleared or approved by NSE and/or BSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the compliance with the statutory and other requirements nor does it take any responsibility for the financial or other soundness of the Company, the Promoter, the management of the Company or any scheme or any project of the Company.

8. It is also to be distinctly understood that the approval given by NSE and BSE should not in any way be deemed or construed that the Preliminary Sale Document has been cleared or approved by NSE and the BSE; nor does it in any manner warrant, certify or endorse the correctness or

completeness of any of the contents of this Preliminary Sale Document; nor does it warrant that the Equity Shares will be listed or will continue to be listed on the NSE and/or the BSE.

Build Up of the Book and Revision of Bids

1. Bids shall be registered through the BRLMs and/or the Syndicate Member and shall be electronically uploaded to the NSE or BSE system on an hourly basis.

2. The book gets built up at various price levels. This information will be available with the BRLMs on a regular basis.

3. Any revision in the Price Band will be widely disseminated by informing the stock exchanges, by issuing a public notice in two national newspapers (one each in English and Hindi) and one regional newspaper (Telugu) and also indicating the change on the relevant websites and the terminals of the BRLMs and the Syndicate Member. Revisions of the Price Band may or may not be accompanied by an extension of the Bid/Offer Closing Date.

4. During the Bidding Period, any Bidder who has registered an interest in the Equity Shares at a particular price level is free to revise the Bid to a higher price level (upward revision) as well as to lower price level subject to the floor of the Price Band (downward revision) using the printed Revision Form which is a part of the Bid-cum-Application Form.

5. Revisions can be made in both the desired number of Equity Shares and the bid price by using the Revision Form. The Bidder must complete the details of all the options in the Bid-cum-Application Form or earlier Revision Form and revisions for all the options as per the Bid-cum-Application Form or earlier Revision Form. For example, if a Bidder has bid for three options in the Bid-cum-Application Form or the earlier Revision Form and is changing only one of the options in the Revision Form, the Bidder must still fill the details of the other two options that are not being revised, in the Revision Form. Incomplete or inaccurate Revision Forms may not be accepted by the BRLMs and/or the Syndicate Member.

6. The Bidder can make this revision any number of times during the Bidding Period. However, for any revision(s) in the earlier Bid, the Bidders will have to use the services of the same BRLM or Syndicate Member through whom the original Bid was placed. Bidders are advised to retain copies of the blank Revision Form.

7. Any revision of the Bid shall be accompanied by payment in the form of cheque or demand draft for the incremental amount, if any, to be paid on account of the upward revision of the Bid. The excess amount, if any, resulting from downward revision of the Bid would be returned to the Bidder at the time of refund in accordance with the terms of this Preliminary Sale Document. In case of QIBs, the BRLMs and Syndicate Member may at their sole discretion waive the payment requirement at the time of one or more revisions by the Bidders.

8. When a Bidder revises a Bid, the Bidder shall surrender the earlier TRS and get a revised TRS from the BRLM or the Syndicate Member, as the case may be. It is the responsibility of the Bidder to request for and obtain the revised TRS, which will act as proof of his/her having revised the Bid.

9. In case of discrepancy of data between the electronic book and the physical book, the decision of the BRLMs based on the physical records of the Bid-cum-Application Form shall be final and binding on all concerned.

Price Discovery and allocation

1. After the Bid/Offer Closing Date, the BRLMs shall analyse the demand generated at various price levels and discuss pricing strategy with the Selling Shareholder.

2. The Selling Shareholder will, in consultation with the BRLMs, finalise the "Offer Price". The Selling Shareholder will in consultation with the BRLMs finalise the number of Equity Shares to be allocated to successful QIBs. After the determination of the Offer Price, the Selling

Shareholder shall transfer the Equity Shares allocated to QIBs and Non-Institutional Bidders at the Offer Price. Notwithstanding what is stated above, the Selling Shareholder reserves the right, at its sole discretion, after the determination of the offer Price, to transfer the Equity Shares to Retail Individual Bidders at a differential lower price as compared to the Offer Price at which Equity Shares will be transferred to Non-Institutional Bidders and QIBs.

3. The allocation for QIBs of up to 50% of the Offer size would be discretionary. The Selling Shareholder, in consultation with the BRLMs, would have the discretion for any allocation to QIBs based on a number of criteria including the following: investor quality, price, earliness of the Bid. The allocation to Non-Institutional Bidders and Retail Bidders of not less than 25% and not less than 25% of the Offer size, respectively, would be on proportionate basis, in consultation with the Designated Stock Exchange, subject to valid Bids being received at or above the Offer Price within the Price Band.

4. Under-subscription, if any, in any category, would be allowed to be met with spill-over from any of the other categories, at the sole discretion of the Selling Shareholder in consultation with the BRLMs.

5. Allocation to NRIs, FIIs, FVCIs and multilateral and bilateral development financial institutions applying on repatriation basis will be subject to the terms and conditions stipulated by the FIPB and RBI while granting permission for Offer / allocation of Equity Shares to them.

6. The BRLMs, in consultation with the Selling Shareholder, shall notify the Syndicate Member of the Offer Price, allocations to their respective Bidders and the balance amounts payable by the Bidders, where the full Bid Amount has not been collected from the Bidders.

7. The Selling Shareholder reserves the right to cancel the Offer any time after the Bid/Offer Opening Date but before allocation.

8. QIBs shall not be allowed to withdraw their Bid after the Bid/ Offer Closing Date.

9. The allocation details shall be put on the website of the Registrar to the Offer.

Signing of Underwriting Agreement and RoC Filing

1. The Selling Shareholder, the Company, the BRLMs and the Syndicate Member shall enter into an Underwriting Agreement on finalisation of the Offer Price by the Selling Shareholder in consultation with the BRLMs and allocation(s) to the Bidders.

2. After the Underwriting Agreement is signed between the Selling Shareholder, the Company, the BRLMs and the Syndicate Member, the Final Sale Document shall be filed with RoC. The Final Sale Document would have details of the Offer Price, Offer size, underwriting arrangements and would be complete in all material respects.

Advertisement regarding Offer Price and Final Sale Document

A statutory advertisement will be issued by the Selling Shareholder after the filing of the Final Sale Document with the RoC. This advertisement, in addition to the information that has to be set out in the statutory advertisement, shall indicate the Offer Price. Any material updates between the date of Preliminary Sale Document and the date of Final Sale Document will be included in such statutory advertisement.

Issuance of Confirmation of Allocation Note

1. The BRLMs or Registrar to the Offer shall send to the Syndicate Member a list of their Bidders who have been allocated Equity Shares in the Offer.

2. The BRLMs or Syndicate Member would then send the CAN to their Bidders who have been allocated Equity Shares in the Offer. The dispatch of a CAN shall be deemed a valid, binding

and irrevocable contract for the Bidder to pay the entire Offer Price for all the Equity Shares allocated to such Bidder. Those Bidders who have not paid into the Escrow Account(s) for the Offer at the time of bidding shall pay in full the amount payable into the Escrow Account(s) for the Offer by the Pay-in Date specified in the CAN.

3. Bidders who have been allocated Equity Shares and who have already paid into the Escrow Account at the time of bidding shall directly receive the CAN from the Registrar to the Offer subject, however, to realisation of their cheque or demand draft paid into the Escrow Account. The dispatch of a CAN shall be a deemed a valid, binding and irrevocable contract for the Bidder to pay the entire Offer Price for all the Equity Shares transferred to such Bidder.

Designated Date and Transfer in the Offer

After the funds are transferred from the Escrow Account to the Public Offer Account on the Designated Date, the Selling Shareholder would ensure the transfer of Equity Shares to the successful Bidders within two working days of the finalisation of the basis of allocation.

All successful Bidders will receive credit for the Equity Shares directly in their depository account. Equity shares will be transferred only in the dematerialised form to the successful Bidders. Successful Bidders will have the option to re-materialise the Equity Shares so transferred, if they so desire, as per the provisions of the Companies Act and the Depositories Act.

Investors are advised to instruct their Depository Participant to accept the Equity Shares that may be allocated to them pursuant to this Offer.

The Selling Shareholder will ensure the transfer of Equity Shares within 15 working days of closure of the bidding and also ensure that credit is given to the successful Bidders' depository accounts within two working days from the date of allocation.

GENERAL INSTRUCTIONS

Do's:

- Check if you are eligible to apply:

- Read all the instructions carefully and complete the Resident Bid-cum-Application Form (white in colour) or non-resident Bid-cum-Application Form (blue in colour), as the case may be;

- Ensure that the application form bears the correct details of the Depository Participant, beneficiary account, bank details and the address in accordance with those maintained with the Depository Participant;

- Ensure that the names mentioned in the Application Form are in the same sequence as in the beneficiary account maintained with the Depository Participant as there will be no transfer of Equity Shares in physical form;

- Ensure that the Bids are submitted at the bidding centres only on forms bearing the stamp of a BRLM or a Syndicate Member, as the case maybe;

- Ensure that you bid only within the Price Band;

- Ensure that you have collected a TRS for all your Bid options;

- Submit revised Bids to the same BRLM or member of the Syndicate through whom the original Bid was placed and obtain a revised TRS; and

- Ensure that your Bid Amount corresponds to the category under which you have bid.

Don'ts:

- Do not Bid for lower than the minimum Bid size;
- Do not Bid/ revise the Bid to a price that is less than the floor of the Price Band or higher than the cap of the Price Band;
- Do not Bid on another Bid-cum-Application Form after you have submitted the Bid to a BRLM or a Syndicate Member;
- Do not pay the Bid Amount in cash;
- Do not send Bid-cum-Application Forms by post; instead hand them over to a BRLM or Syndicate Member;
- Do not Bid at Cut Off price for QIBs and Non-Institutional bidders;
- Do not fill up the Bid-cum-Application Form for an amount that exceeds the investment limit or maximum number of Equity Shares that can be held by him under the applicable laws or regulations or maximum amount permissible under the applicable regulations; and
- Do not submit Bid accompanied with Stockinvest.
- Do not pay the Bid amount through a non-MICR cheque.

INSTRUCTIONS FOR COMPLETING THE BID-CUM-APPLICATION FORM

Bidders can obtain Bid-cum-Application Forms and / or Revision Forms from the BRLMs or Syndicate Member.

Bids and Revision of Bids

Bids and revision of Bids must be:

a) Made only in the prescribed Bid-cum-Application Form or Revision Form, as applicable (white colour for Resident Indians and NRI applying on non-repatriation basis and blue colour for NRI, FIIs, FVCIs and multilateral and bilateral development financial institutions applying on repatriation basis).

b) Completed in full, in BLOCK LETTERS in ENGLISH and in accordance with the instructions contained herein, in the Bid-cum-Application Form or in the Revision Form. Incomplete Bid-cum-Application Forms or Revision Forms are liable to be rejected.

c) For Retail Bidders, the Bids must be for a minimum of 10 Equity Shares and in multiples of 10 thereafter subject to a maximum Bid Amount of Rs. 50,000.

d) For Non-Institutional and QIBs, Bids must be for a minimum of such number of Equity shares so as to ensure that the Bid Amount exceeds Rs. 50,000 and in multiples of 10 Equity Shares thereafter. Bids cannot be made for more than the size of the Offer. Bidders are advised to ensure that a single Bid from them should not exceed the investment limits or maximum number of Equity shares that can be held by them under applicable laws.

e) In single name or in joint names (not more than three).

f) Thumb impressions and signatures other than in the languages specified in the Eighth Schedule in the Constitution of India must be attested by a Magistrate or a Notary Public or a Special Executive Magistrate under official seal.

Bidder’s Bank Details

The name of the sole or first Bidder's bank, branch, type of account and account numbers must be mandatorily completed in the Bid-cum-Application Form. This is required for the Bidder's own safety so that these details can be printed on the refund orders. Refund orders will be either printed with these bank account details or as per the bank account details mentioned in the Bidder's depository account. Bid-cum-Application Forms without these details are liable to be rejected.

Bidders Depository Account Details

Equity shares shall be transferred only in dematerialised form. All Bidders should mention their Depository Participant's name, Depository Participant identification number and beneficiary account number in the Bid-cum-Application Form. Please ensure that in case of joint names, the names stated in the Bid-cum-Application Form should be in the same order as the names stated in the Bidders' Depository account.

Bids under Power of Attorney

In case of Bids made pursuant to a Power of Attorney or by limited companies, corporate bodies, registered societies, a certified copy of the Power of Attorney or the relevant resolution or authority, as the case may be, along with a certified copy of the memorandum and articles of association and/or bye laws must be lodged along with the Bid-cum-Application Form. Failing this, the Selling Shareholder in consultation with the BRLMs reserve the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason therefore.

In case of Bids made pursuant to a Power of Attorney by FIIs, a certified copy of the Power of Attorney or the relevant resolution or authority, as the case may be, along with a certified copy of their SEBI registration certificate must be lodged along with the Bid-cum-Application Form. Failing this, the Selling Shareholder in consultation with the BRLMs reserve the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason therefore.

In case of Bids made by Insurance Companies registered with the Insurance Regulatory and Development Authority, a certified copy of certificate of registration issued by Insurance Regulatory and Development Authority must be lodged along with the Bid-cum-Application Form. Failing this the Selling Shareholder in consultation with the BRLMs reserve the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason therefore.

In case of Bids made by Provident Funds with minimum corpus of Rs. 250 million and Pension Funds with minimum corpus of Rs. 250 million, a certified copy of certificate from a chartered accountant certifying the corpus of the Provident Fund/ Pension Fund must be lodged along with the Bid-cum-Application Form. Failing this the Selling Shareholder in consultation with the BRLMs reserve the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason therefore.

The Selling Shareholder in consultation with the BRLMs in their absolute discretion, reserve the right to relax the above conditions of simultaneous lodging of supporting information and documents along with the Bid-cum-Application form, subject to such terms and conditions as they may deem fit.

Bids by eligible NRIs, FIIs, FVCIs and Multilateral and Bilateral development financial institutions on a repatriation basis

1. NRIs / FIIs / FVCIs/ multilateral and bilateral development financial institutions Bidders can obtain the Bid-cum-Application Forms from the BRLMs or the Syndicate Member.

2. NRIs / FIIs / FVCIs/ multilateral and bilateral development financial institutions may please note that only such Bids as are accompanied by payment in free foreign exchange through approved banking channels shall be considered for allocation on repatriation basis.

3. The NRIs who intend to make payment through NRO Accounts shall use the Bid-cum-Application form meant for Indian public (White in colour) and allocation, if any, would be on non-repatriation basis.

4. Bids and revision to Bids must be made:

   a. On the Bid-cum-Application Form or the Revision Form, as applicable, (blue in colour), and completed in full in BLOCK LETTERS in ENGLISH in accordance with the instructions contained therein.
   b. In a single name or joint names (not more than three).
   c. On a Revision Form with the same application number as the Bid Form.

5. NRIs - For a minimum of 10 Equity shares and in multiples of 10 thereafter subject to a maximum Bid amount of Rs. 50,000 for the Bid to be considered as part of the Retail Portion. Bids for minimum Bid amount of Rs. 50,001 and above would be considered under Non-Institutional Portion for the purposes of allocation: FIIs – for a minimum Bid Amount of Rs. 50,001 and in multiples of 10 Equity Shares thereafter subject to a maximum of 10% of equity share capital of the Company; for further details see "Offer Procedure - Maximum and Minimum Bid Size" on page [•].

Transfer of the Equity Shares to NRIs, FIIs, FVCIs or multilateral and bilateral development financial institutions shall be subject to FIPB and RBI approvals or any other requisite approval as may be necessary. Sale proceeds of such investments in Equity Shares will be allowed to be repatriated along with the income thereon subject to the permission of the RBI and subject to Indian tax laws and regulations and any other applicable laws provided the investments are made by inward remittances from outside India through approved banking channels or out of funds held in NRE Accounts or FCNR Accounts.

Refunds, dividends and other distributions, if any, will be payable in Indian Rupees only and net of bank charges and / or commission. In case of Bidders who remit money payable upon submission of the Bid-cum-Application Form or Revision Form through Indian Rupee drafts purchased abroad, such payments in Indian Rupees will be converted into US Dollars or any other freely convertible currency as may be permitted by the RBI at the rate of exchange prevailing at the time of remittance and will be dispatched by registered post or if the Bidders so desire, will be credited to their NRE Accounts, details of which should be furnished in the space provided for this purpose in the Bid-cum-Application Form. The Selling Shareholder and the Company will not be responsible for loss, if any, incurred by the Bidder on account of conversion of foreign currency.

PAYMENT INSTRUCTIONS

The Selling Shareholder, the Company, the BRLMs and the Syndicate Member shall open Escrow Accounts for the Offer with the Escrow Collection Banks for the collection of the Bid Amounts and Margin Amounts payable upon submission of the Bid-cum-Application Form and for amounts payable pursuant to allocation in the Offer.

Each Bidder shall draw a cheque or demand draft for the amount payable on the Bid and/or on allocation as per the following terms:

Payment into Escrow Account

The Bidders who have paid the Bid Amount/ Margin Amount on application shall draw a payment instrument for the Bid Amount/ Margin Amount in favour of the Escrow Account and submit the same to the BRLM or the Syndicate Member along with the Bid-cum-Application Form.

In case the Margin Amount is less than 100% of the Bid Amount, on receipt of the CAN, an amount equal to any difference between the amount payable by the Bidder for Equity Shares allocated at the Offer Price and the Margin Amount paid at the time of Bidding, shall be paid by the Bidders into the Escrow Account within the period specified in the CAN which shall be a minimum period of two days from the date of communication of the allocation list to the BRLMs and Syndicate Member by the BRLMs.

The payment instruments for payment into the Escrow Account should be drawn in favour of:

a) In case of resident Bidders: "**Escrow Account- GoI Offer CMC** "

b) In case of non-resident Bidders: "**Escrow Account- GoI Offer CMC - NR**"

In case of Bids by NRIs applying on repatriation basis, the payments must be made through Indian Rupee drafts purchased abroad or cheques or bank drafts, for the amount payable on application remitted through normal banking channels or out of funds held in NRE Accounts or FCNR Accounts, maintained with banks authorised to deal in foreign exchange in India, along with documentary evidence in support of the remittance. Payment will not be accepted out of NRO Account of NRI Bidders applying on a repatriation basis. Payment by drafts should be accompanied by bank certificate confirming that the draft has been issued by debiting to NRE or FCNR Account.

In case of Bids by FIIs, the payment should be made out of funds held in special rupee account along with documentary evidence in support of the remittance. Payment by drafts should be accompanied by bank certificate confirming that the draft has been issued by debiting to special rupee account. Where a Bidder has been allocated a lesser number of Equity Shares than the Bidder has Bid for, the excess amount, if any, paid on bidding, after adjustment towards the amount payable on the Equity Shares allocated, will be refunded to the Bidder from the Escrow Account. The monies deposited in the Escrow Account will be held for the benefit of the Bidders until the Designated Date.

In case of Bids by multilateral and bilateral development financial institutions applying on repatriation basis, the payments must be made through Indian Rupee drafts purchased abroad or cheques or bank drafts, for the amount payable on application remitted through normal banking channels, along with documentary evidence in support of the remittance.

On the Designated Date, the Escrow Collection Banks shall transfer the funds from the Escrow Account as per the terms of the Escrow Agreement into the Public Offer Account with the Bankers to the Offer. On the Designated Date and no later than 15 working days from the Bid/Offer Closing Date, the Escrow Collection Bank shall also refund all amounts payable to unsuccessful Bidders and also the excess amount paid on bidding, if any, after adjustment for allocation, to the Bidders.

Payment by Stockinvest

In terms of RBI Circular DBOD No. FSC BC 42/24.47.00/2003-04 dated November 5, 2003, the Stockinvest Scheme has been withdrawn with immediate effect. Hence, payment through stockinvest would not be accepted in this Offer.

SUBMISSION OF BID-CUM-APPLICATION FORM

All Bid-cum-Application Forms or Revision Forms duly completed and accompanied by account payee cheques or drafts shall be submitted to the BRLMs or the Syndicate Member at the time of submission of the Bid-cum-Application Form unless waived by the BRLM or the Syndicate Member, as the case may be at its sole discretion.

The collection center of the BRLMs or Syndicate Member will acknowledge the receipt of the Bid-cum-Application Forms or Revision Forms by stamping and returning to the Bidder the acknowledgement slip. This acknowledgement slip will serve as the duplicate of the Bid-cum-Application Form for the records of the Bidder. No separate receipts shall be issued for the money paid on the submission of Bid-cum-Application Form or Revision Form.

OTHER INSTRUCTIONS

Joint Bids in the case of Individuals

Bids may be made in single or joint names (not more than three). In the case of joint Bids, all payments will be made in favour of the Bidder whose name appears first in the Bid-cum-Application Form or Revision Form. All communications will be addressed to the First Bidder and will be despatched to his or her address.

Multiple Application

A Bidder should submit only one application (and not more than one) for the total number of Equity Shares required. Two or more applications will be deemed to be multiple applications if the sole or First Bidder is one and the same.

Procedure for application by Mutual Funds:

In case of a mutual fund, a separate application can be made in respect of each scheme of the mutual fund registered with SEBI and such application in respect of more than one scheme of the mutual fund will not be treated as multiple applications provided that the applications clearly indicate the scheme concerned for which the application has been made.

The Selling Shareholder in consultation with the BRLMs reserve the right to reject, in their absolute discretion, all or any multiple Bids in all or any categories.

'PAN' or 'GIR' Number

Where the maximum Bid for Equity Shares by a Bidder is for the total value of Rs. 50,000 or more, i.e. the actual numbers of Equity Shares Bid for multiplied by the Bid Amount is Rs. 50,000 or more, the Bidder or, in the case of a Bid in joint names, each of the Bidders should mention his or her PAN allotted under the I.T. Act or where the same has not been allotted, the GIR Number and the income-tax circle, ward or district. In case neither the PAN nor the GIR Number has been allotted, the Bidders must mention "Not allotted" in the appropriate place. Bid-cum-Application Forms without this information will be considered incomplete and are liable to be rejected.

RIGHT TO REJECT BIDS

The Selling Shareholder in consultation with the BRLMs reserve the right to reject any Bid without assigning any reason in case of QIBs. In case of Non-Institutional Bidders and Retail Bidders, the Selling Shareholder and the Company in consultation with the BRLMs have the right to reject bids based on technical grounds. Consequent refunds shall be made by cheque or pay order or draft and will be sent to the Bidder's address at the Bidder's risk.

GROUNDS FOR TECHNICAL REJECTIONS

Bidders are advised to note that Bids are liable to be rejected on technical grounds, including the following:

- Amount paid does not tally with the highest value of Equity Shares bid for;
- Bank account details (for refund) are not given;
- Age of First Bidder not given;
- Bid by minor;
- PAN or GIR Number not given if Bid is for Rs. 50,000 or more;
- Bids for lower number of Equity Shares than specified for that category of investors;
- Bids at a price less than the lower end of the Price Band;
- Bids at a price higher than the cap of the Price Band;
- Bids at Cut-Off Price by a Non-Institutional Bidder or QIB;
- Bids for number of Equity Shares which are not multiples of 10 Equity Shares
- Category not ticked;
- Signature of sole and/ or joint Bidder missing;
- Bid-cum-Application Form bears inadequate Depository account and beneficiary account details;
- Multiple applications as defined elsewhere;

- In case of Bid under power of attorney or by limited companies, corporate, trust etc., relevant documents are not submitted;
- Bids accompanied with Stockinvest;
- Bid-cum-Application Form does not have the stamp of the BRLMs or Syndicate Member;
- Bid-cum-Application Form that does not have Bidders' depository account details;
- Bid-cum-Application Forms are not submitted by the Bidders within the time prescribed as per the Bid-cum-Application Form, Bid/Offer Opening Date advertisement and this Preliminary Sale Document and as per the instructions in this Preliminary Sale Document and the Bid-cum-Application Form;
- Bids for amounts greater than the maximum permissible amounts prescribed by the regulations see the details regarding the same at page [·] of this Preliminary Sale Document;
- Bids from OCBs;
- Bids not validly executed, without signatures or supporting documentation;
- Payment of Bid amount through a non-MICR cheque.

The Equity Shares have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "Securities Act") or any state securities laws in the United States and may not be offered or sold within the United States or to, or for the account or benefit of, "U.S. persons" (as defined in Regulation S of the Securities Act), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Accordingly, the Equity Shares will be offered and sold only outside the United States in compliance with Regulation S and the applicable laws of the jurisdictions where those offers and sales occur.

EQUITY SHARES IN DEMATERIALISED FORM WITH NSDL OR CDSL

As per the provisions of Section 68B of the Companies Act, the Equity Shares in this Offer shall be transferred only in a de-materialised form, (i.e. not in the form of physical certificates but be fungible and be represented by the statement issued through the electronic mode).

In this context, two tripartite agreements have been signed between the Company, registrar and the transfer agent of the Company and the Depositories:

a) an agreement dated December 31, 1998 with NSDL and MCS Limited.
b) an agreement dated July 2, 1999 with CDSL and MCS Limited

All Bidders can seek allocation only in dematerialised mode. Bids from any investor without relevant details of his or her depository account are liable to be rejected.

Additional points to be noted:

a) A Bidder applying for Equity Shares must have at least one beneficiary account with either of the Depository Participants of either NSDL or CDSL prior to making the Bid.

b) The Bidder must necessarily fill in the details (including the beneficiary account number and Depository Participant's identification number) appearing in the Bid-cum-Application Form or Revision Form.

c) Equity Shares transferred to a Bidder will be credited in electronic form directly to the beneficiary account (with the Depository Participant) of the Bidder.

d) Names in the Bid-cum-Application Form or Revision Form should be identical to those appearing in the account details in the Depository. In case of joint holders, the names should necessarily be in the same sequence as they appear in the account details in the Depository.

e) Non-transferable allocation advice or refund orders will be directly sent to the sole/first Bidder by the Registrar to the Offer.

f) If incomplete or incorrect details are given under the heading 'Bidders Depository Account Details' in the Bid-cum-Application Form or Revision Form, it is liable to be rejected.

g) The Bidder is responsible for the correctness of his or her demographic details given in the Bid-cum-Application Form vis-à-vis those with his or her Depository Participant.

h) It may be noted that Equity Shares in electronic form can be traded only on the stock exchanges having electronic connectivity with NSDL and CDSL. The stock exchanges where our Equity Shares are listed have electronic connectivity with CDSL and NSDL.

i) The trading of the Equity Shares of the Company would be in dematerialised form only for all investors.

j) Bidders are advised to instruct their Depository Participants to accept any Equity Shares transferred to them pursuant to this Offer.

COMMUNICATIONS

All future communications in connection with Bids made in the Offer should be addressed to the Registrar to the Offer quoting the full name of the sole or First Bidder, Bid-cum-Application Form number, number of Equity Shares applied for, date of Bid form, name and address of the BRLM or the Syndicate Member where the Bid was submitted and cheque/draft number and issuing bank thereof.

UNDERTAKING BY THE SELLING SHAREHOLDER

The Selling Shareholder undertakes as follows:

a) that the complaints received in respect of this Offer shall be attended to by the Selling Shareholder expeditiously and satisfactorily. The Selling Shareholder has authorised the Company Secretary and Compliance Officer of the Company to redress all complaints, if any, of the investors participating in this Offer;

b) that the funds required for dispatch of refund orders or allocation advice by registered post or speed post shall be made available to the Registrar to the Offer by the Selling Shareholder;

c) that the refund orders or allocation advice to the NRIs or FIIs, FVCIs or multilateral and bilateral development financial institutions shall be dispatched within specified time; and

DISPATCH OF REFUND ORDERS

The Selling Shareholder shall ensure dispatch of refund orders, if any, of the value up to Rs. 1,500 by "Under Certificate of Posting", and shall dispatch refund order, if any, of value over Rs. 1,500 by registered post or speed post only and adequate funds for the purpose shall be made available to the Registrar to the Offer by the Selling Shareholder.

PROCEDURE AND TIME SCHEDULE FOR TRANSFER OF EQUITY SHARES

The Selling Shareholder and the Company in consultation with the BRLMs reserve their absolute and uncontrolled discretion and without assigning any reasons thereof, the right to accept or reject any Bid in whole or in part. In case a Bid is rejected in full, the whole of the Bid Amount will be refunded to the Bidder within 15 working days of the Bid/Offer Closing Date. In case a Bid is rejected in part, the excess Bid Amount will be refunded to the Bidder within 15 working days of the Bid/Offer Closing

Date. The Selling Shareholder will ensure the transfer of the Equity Shares within 15 working days from the Bid/Offer Closing Date. The Selling Shareholder shall pay interest at the rate of 15% per annum (for any delay beyond the periods as mentioned above), if transfer is not made, refund orders, are not dispatched and/ or demat credits are not made to investors within two working days from the date of allocation.

DISPOSAL OF APPLICATIONS AND APPLICATION MONEY

The Selling Shareholder shall ensure dispatch of allocation advice, refund orders and giving of benefit to the beneficiary account with Depository Participants and submission of the transfer details with the Stock Exchanges within two working days of finalisation of the basis of allocation of Equity Shares. The Selling Shareholder shall ensure the dispatch of refund orders, if any, of value up to Rs. 1,500, by "Under Certificate of Posting", and dispatch of refund orders above Rs. 1,500, if any, by registered post or speed post at the sole or First Bidder's sole risk.

Refunds will be made by cheques, pay orders or demand drafts drawn on a bank appointed by the Selling Shareholder as a Escrow Collection Banks and payable at par at places where Bids are received. Bank charges, if any, for cashing such cheques, pay orders or demand drafts at other centres will be payable by the Bidders.

No separate receipts shall be issued for the money payable on the submission of Bid-cum-Application Form or Revision Form. However, the collection centre of the BRLMs or the Syndicate Member will acknowledge the receipt of the Bid-cum-Application Forms or Revision Forms by stamping and returning to the Bidder the acknowledgement slip. This acknowledgement slip will serve as the duplicate of the Bid-cum-Application Form for the records of the Bidder.

Interest on Refund of excess Bid Amount

The Selling Shareholder shall pay interest at the rate of 15% per annum on the excess Bid Amount received, if refund orders are not dispatched within 15 working days from the Bid/Offer Closing Date.

Restrictions on Foreign Ownership of Indian Securities

Foreign investment in Indian securities is regulated through the industrial policy of Government of India, or the Industrial Policy and FEMA. While the industrial policy prescribes the limits and the conditions subject to which foreign investment can be made in different sectors of the Indian economy, FEMA regulates the precise manner in which such investment may be made. Under the Industrial Policy, unless specifically restricted, foreign investment is freely permitted in all sectors of Indian economy up to any extent and without any prior approvals, but the foreign investor is required to follow certain prescribed procedures for making such investment. The government bodies responsible for granting foreign investment approvals are the Foreign Investment Promotion Board of the Government of India ("FIPB") and the RBI. Under present regulations, the maximum permissible FII investment in the Company is restricted to 24% of the total issued capital of the Company. This can be raised to 100% by adoption of a board resolution and a special resolution by the shareholders of the Company; however, as of the date hereof, no such resolution has been recommended to the shareholders of the Company for adoption.

Deviations from SEBI Guidelines

The Equity Shares being offered pursuant to this Offer are already listed. As advised by the SEBI in its letters dated January 29, 2004 and February 12, 2004, the SEBI Guidelines do not apply to this Offer. However, the Selling Shareholder has informed the BRLMs and the Company by letter dated February 9, 2004 that it has voluntarily decided to adopt the SEBI Guidelines, particularly the guidelines for the 100% book building process. Further, the processes, procedure and practices which are generally followed in the 100% book building process save for certain deviation as specified in the aforementioned letter and as mentioned on page [--] of this Preliminary Sale Document, would be adopted, which are as follows:

a) The Price Band to be used for the purposes of inviting Bids and carrying out book building will not be disclosed in the Preliminary Sale Document and would be advertised by the Selling Shareholder upto one day prior to the Bid Opening Date.

b) The Price Band would be revised, if necessary, without the need to extend the Bidding Period.

c) The terms of the Offer would provide for an automatic reduction of the demand (ie. thenumber of shares bid for) of Retail Bidders who have bid at Cut-Off Price, to keep it within the payment already made by them, in case of any upward revision in the Price Band.

d) The Selling Shareholder would reserve the right at its sole discretion to offer the shares to Retail Bidders at a differential lower price as compared to the price for QIBs and Non-Institutional Bidders.

e) The post Offer period for completion of various activities would be defined as 15 working days instead of 15 calendar days.

f) The Bids received at the bidding centers would be permitted to be uploaded at intervals of one hour on all bidding days and upto the time allowed by NSE and BSE on the last day of bidding.

g) The disclosures relating to the promoter group, associates, ventures, group companies, firms, business ventures etc. in the Preliminary Sale Document have been restrictied to the top five listed companies within the promoter group, associates, ventures, group companies, firms, business ventures etc. arrived at on the basis of the market capitalization as on December 29, 2003. Further, disclosures regarding litigations are restricted to pending litigation in relation to the top five listed companies identified in this Preliminary Sale Document which have a financial impact greater than 1% of the profits of the respective company.

BASIS OF OFFER PRICE

The Offer Price will be determined by the Selling Shareholder in consultation with the BRLMs on the basis of assessment of market demand for the offered Equity Shares by way of Book Building.

Quantitative Factors

Information presented in this section is derived from the financial statements prepared in accordance with Indian GAAP and appearing elsewhere in this Preliminary Sale Document.

1. **Earning Per Share (EPS)** pre Offer for the last three years *(as adjusted for changes in capital)*

Year	EPS (Rs.)	Weight
2000-2001	15.82	1
2001-2002	19.97	2
2002-2003	24.46	3
Weighted Average	**21.52**	

Note:

The Earnings per Share has been computed on the basis of the adjusted profits and losses of the respective years drawn after considering the impact of accounting policy changes and material adjustments/prior period items pertaining to the earlier years.

2. **Price/Earning Ratio (P/E) in relation to Offer Price***

(a) Based on 9 months period ended on December 31, 2003, adjusted EPS of Rs. 18.12: [•]

(b) Based on weighted average adjusted EPS of Rs. [•]

Industry P/E (Computer-Software-Large)

Highest	50.20
Lowest	0.80
Average	31.60

Source: Capital Market, Feb 2 - Feb 15, 2004 Issue

*would be calculated after discovery of price through Book Building

3. **Average Return on Net Worth**

Year	RONW(%)	Weight
2000-2001	34.97	1
2001-2002	32.61	2
2002-2003	30.26	3
Weighted Average	**31.83**	

Note:

The average return on networth has been computed on the basis of the adjusted profits and losses of the respective years drawn after considering the impact of accounting policy changes and material adjustments/regroupings pertaining to earlier years.

4 **Minimum Return on Increased Net Worth to maintain pre-Offer EPS**. Refer Note 1.

5 **Net Asset Value (NAV) per Equity Share as per Balance sheet** dated March 31, 2003: Rs. 80.81

Note:

Net Asset Value Per Equity Share represents shareholder's equity as per restated financial statements less miscellaneous expenditure as divided by number of Equity Shares outstanding at the end of the period.

6. Net Asset Value (NAV) per share post-Offer and comparison with the Offer Price* (Refer Note 1)

*would be compared after discovery of the Offer Price through Book Building.

Note 1:

There is no change in Net Worth post Offer since this is an Offer for Sale by the Selling Shareholder.

7. Comparison with Industry Peers:

Parameter	CMC FY 2003	HCL Technologies FY 2003
EPS (Rs.)	24.46	8.30
Book Value (Rs.)	80.81	78.40
RONW (%)	30.26	11.80
P/E Multiple	[●]	37.40

(Source: 1 – For HCL Technologies, Capital Market Feb 2 – Feb 15, 2004 Issue
2 – For CMC – Auditor Report as mentioned on Section 'Financial Statements as referred on page _______ of this Preliminary Sale Document.)

SECTION III - THE COMPANY

Unless the context otherwise requires, for the purposes of the following section of this Preliminary Sale Document references to "CMC", "the Company", "CMC Limited", "we", "us" and "our Company" refers to CMC Limited, a public company incorporated under the Companies Act.

CAPITAL STRUCTURE

Financial data presented in this section is derived from our unconsolidated financial statements prepared in accordance with Indian GAAP and included elsewhere in this Preliminary Sale Document.

Share capital as at the February 10, 2004 is set forth below.

SHARE CAPITAL		**(Rs. million)**	
		Aggregate Nominal Value	**Aggregate Value at Offer Price**
A. Authorised Capital (refer to note (a) below)			
	35,000,000 Equity Shares of Rs. 10 each	350.00	-
B. Issued, Subscribed and Paid-Up Capital			
	15,150,000 Equity Shares of Rs. 10 each fully paid-up	151.50	-

(a)
1. Our authorised share capital was increased from Rs 10 million to Rs. 50 million by a Special Resolution passed at the EGM held on May 5, 1978.
2. Our authorised share capital was increased from Rs. 50 million to Rs. 150 million by a Special Resolution passed at the EGM held on March 15, 1984.
3. Our authorised share capital was increased from Rs. 150 million to Rs. 350 million by a Special Resolution passed at the AGM held on December 7, 1990.
4. Our authorised share capital was sub-divided and face value of each equity share was reduced from Rs. 1000/- to Rs. 10/- by a Special Resolution passed at the EGM held on December 30, 1991.

Notes to the Capital Structure:

Share Capital History of our Company:

Date on which Equity Shares were		Number of Equity Shares	Face Value*	Issue Price	Nature of payment of considerat-ion	Reasons for allotment (bonus, swap etc.)	Cumulat-ive share premium
Allotted	**made fully paid- up**		**(Rs.)**	**(Rs.)**			**(Rs. in million)**
August 30, 1977	March 8, 1978	5,000	1,000	1,000	Cash	Subscription to equity shares on signing of Memorandum of Association	Nil
July 27, 1978	July 27, 1978	21,500	1,000	1,000	Cash	Further issue of equity shares	Nil
March 30, 1981	March 30, 1981	23,500	1,000	1,000	Cash	Conversion of debt into equity	Nil
January 17, 1986	January 17, 1986	50,000	1,000	1,000	Cash	Further issue of equity shares	Nil
July 3, 1986	July 3, 1986	20,000	1,000	1,000	Cash	Out of GoI loan, Rs.20 million was converted into equity	Nil
August 11, 1986	August 11, 1986	22,100	1,000	1,000	Cash	Further issue of equity shares	Nil
June 10, 1987	June 10, 1987	7,900	1,000	1,000	Cash	Further issue of equity shares	Nil
May 15, 1991	May 15, 1991	1,500	1,000	1,000	Cash	Further issue of equity shares	Nil

** The face value of the equity share of our Company was reduced from Rs. 1000/- to Rs. 10/- vide special resolution passed at the EGM held on December 30, 1991.*

2) Promoter's Contribution and Lock-in

As the Equity Shares of our Company have been listed for period of more than three years and we have made dividend payments for the three years immediately preceding this Offer, the requirement for promoter's contribution is not applicable to this Offer.

The details of the Equity Shares held by the Promoter and its group companies:

Sr. No	Name of Promoter and its group companies	Date of Allot-ment/ transfer	Date when made fully paid up	Considera-tion (cash, bonus, kind etc.)	No. of Shares	Face Value (Rs.)	Issue/ Purchase Price (Rs.)	% age Post Offer paid up Capital	Lock-in
1.	Tata Sons Limited*	October 16, 2001	-	Cash	7,726,500	10	196.73	51.00	N.A.
2.	Tata Sons Limited**	February 28, 2002	-	Cash	17,261	10	281.26	0.11	N.A.
3.	Tata Sons Limited**	March 6, 2002	-	Cash	1,200	10	281.26	0.01	N.A.
4.	Tata Investment Corporation Limited	March 6, 1998	-	Cash	10,000	10	72.05	0.07	N.A.
5.	Tata Investment Corporation Limited	August 21, 1998	-	Cash	4,000	10	166.65	0.03	N.A.
6.	Tata Investment	Septemb	-	Cash	6,000	10	202.90	0.04	N.A.

	Corporation Limited	er 18, 1998							
7.	Tata Investment Corporation Limited	October 20, 1998	-	Cash	5,000	10	186.68	0.03	N.A.
8.	Tata Investment Corporation Limited	Decemb er 18, 1998	-	Cash	5,000	10	157.22	0.03	N.A.

* Pursuant to strategic purchase from GoI.

** Pursuant to public announcement under the SEBI (Substantial Acquisition of Shares and Takeover) Regulations), 1997.

The Promoter does not intend to participate in the proposed Offer.

3) Shareholding Pattern

Shareholding pattern of the Company before and after the Offer:

Category	**Pre-Offer**		**Post-Offer***	
	Number of Equity Shares	Percentage (%)	Number of Equity Shares	Percentage (%)
Promoter group	**7,774,961**	**51.32**	**7,774,961**	**51.32**
Tata Sons Limited	7,744,961	51.12	7,744,961	51.12
Tata Investment Corporation Limited	30,000	0.20	30,000	0.20
President of India	**3,976,374**	**26.25**	**Nil**	**Nil**
Public & others	**3,398,665**	**22.43**	**7,375,039**	**48.68**
Total	**15,150,000**	**100.00**	**15,150,000**	**100.00**

* *As this is an offer for sale by the Selling Shareholder, the total equity capital pre-offer and post-offer would remain the same.*

At present, the Promoter group hold 7,774,961 Equity Shares (representing 51.32% of the paid-up share capital of our Company).

Besides the abovementioned Equity Shares held by the Promoter group, none of the Promoter group or the directors of the Promoter hold any Equity Shares in our Company.

4) None of entities constituting the Promoter group or directors of the Promoter or our Directors have purchased or sold any Equity Shares, during the period of six months preceding the date on which this Preliminary Sale Document is filed with SEBI.

5) **Equity Shares held by the top ten shareholders**

The list of top 10 shareholders of the Company and the number of Equity Shares held by them is as follows:

a) Top ten shareholders as of February 10, 2004 is as follows:

Sr. No.	Name of the Shareholders	Number of Equity Shares
1	Tata Sons Limited	7,744,961
2	President of India and its nominees	3,976,374
3	Life Insurance Corporation of India	670,539
4	New India Assurance Company Limited	322,131
5	General Insurance Corporation of India	290,941
6	The Oriental Insurance Company Limited	193,942
7	Unit Trust of India -Growth Sector Fund-Software	181,914
8	National Insurance Company Limited	127,750
9	United India Insurance Company Limited	66,579
10	ABN Amro Bank A/c Sun F&C Mutual Fund	45,968

(to be updated at the time of filing the Final Sale Document with the RoC)

b) Top ten shareholders as of January 28, 2004 is as follows:

Sr. No.	Name of the Shareholders	Number of Equity Shares
1	Tata Sons Limited	7,744,961
2	President of India and its nominees	3,976,374
3	Life Insurance Corporation of India	649,655
4	New India Assurance Company Limited	322,131
5	General Insurance Corporation of India	290,941
6	The Oriental Insurance Company Limited	193,942
7	Unit Trust of India -Growth Sector Fund-Software	181,914
8	National Insurance Company Limited	127,750
9	United India Insurance Company Limited	66,579
10	ABN Amro Bank A/c Sun F&C Mutual Fund	45,968

(to be updated at the time of filing the Final Sale Document with the RoC)

c) Top ten shareholders as of February 9, 2002 is as follows:

Sr. No.	Name of the Shareholders	Number of Equity Shares
1	Tata Sons Limited	7,726,500
2	President of India and its nominees	4,896,100
3	Unit Trust of India	380,801
4	The New India Assurance Company Limited	379,200
5	General Insurance Corporation of India	323,766
6	The Oriental Insurance Company Limited	184,600
7	National Insurance Company Limited	152,600
8	United India Insurance Company Limited	110,600
9	ABN Amro Bank A/c Sun F&C Mutual Fund	48,800
10	Life Insurance Corporation of India	27,694

6) As of the date of the Preliminary Sale Document, there are no outstanding warrants, options or rights to convert debentures, loans or other financial instruments into Equity Shares.

7) **Buyback and Standby Arrangements**

Our Company, Selling Shareholder, our Directors and the BRLMs have not entered into any buy-back and/or standby arrangements for purchase of Equity Shares from any person.

8) **Details of FIPB Approval**

We have received approval from FIPB pursuant to its letter no. FC.II. 31(2004)/7(2004) dated February 5, 2004 for transfer of Equity Shares in this Offer to NRIs, FIIs, FVCIs and multilateral and bilateral development financial institutions.

The Company has received in-principle approval from the RBI for transfer of shares to NRIs, FIIs, FVCIs and multilateral and bilateral development financial institutions, pursuant to its letter no. [•] dated [•]. The final permission of the RBI for acquisition of shares is to be received on completion of certain filing requirements Subject to obtaining such approvals, it will not be necessary for the investors to seek separate permission from the FIPB/RBI for this specific purpose. However it is to be distinctly understood that there is no reservation for NRIs, FIIs, FVCIs and multilateral and bilateral development financial institutions and all NRIs, FIIs, FVCIs and multilateral and bilateral development financial institutions will be treated on the same basis with other categories for the purpose of allocation. Further, OCBs are not permitted to participate in the Offer.

The transfer of Equity Shares to NRIs, FIIs, FVCIs and Multilateral and Bilateral development financial institutions shall be subject to the conditions as may be prescribed by Government of India or RBI while granting such approvals.

9) There would be no further issue of equity share capital whether by way of issue of bonus shares, preferential allotment, rights issue or in any other manner during the period commencing from submission of the Preliminary Sale Document with SEBI until the completion of necessary formalities at all the Stock Exchanges.

10) We presently do not intend or propose to alter our capital structure for a period of six months from the date of opening of the Offer, by way of split/ consolidation of the denomination of Equity Shares or further issue of Equity Shares (including issue of securities convertible into exchangeable, directly or indirectly, for our Equity Shares) whether preferential or otherwise.

11) We have not issued any Equity Shares out of revaluation reserve or for consideration other then cash.

12) At any given point of time, there shall be only one denomination for the Equity Shares of our Company and the Company shall comply with such disclosure and accounting norms specified by SEBI from time to time

13) We do not currently have any employee stock option plan.

14) We have not raised any bridge loan against the proceeds of this Offer.

15) The Selling Shareholder had sold 919,326 Equity Shares to the employees of our Company and our subsidiary, CMC Americas Inc., on June 28, 2002, with a lock-in period of one year.

16) We have entered into the Share Purchase Agreement and are subject to the Shareholders Agreement and the Amendment Agreements between the Selling Shareholder and TSL. The Shareholders Agreement relates to the management of our Company, commercial contracts and the rights and obligations of the Selling Shareholder, TSL and our Company and the put and call options between the Selling Shareholder and TSL. For further details of the various agreements referred to above see "Our History" on page [ ] of this Preliminary Sale Document.

17) As on February 10, 2004 the total number of the holders of Equity Shares in our Company is 7047.

18) We have not made any previous issue of Equity Shares to the public.

BUSINESS

OVERVIEW

CMC is an end-to-end IT solutions provider, currently engaged in the businesses of systems consultancy, systems design and engineering, systems integration, software development, infrastructure management services, facilities management, third party equipment supply, hardware and software maintenance, environmental engineering, networking, information technology enabled services (ITES), and IT education and training. We are today among the top 20 IT companies in India (according to **Dataquest** magazine - Volume XX, No. 14, special issue Volume II, July 31, 2003).

Our revenue grew at a CAGR of 15.7% over the last 5 years from Rs.2,959.04 million in FY 1998 to Rs.6,147.31 million in FY 2003. Our net income grew at a CAGR of 39.8% over the last 5 years from Rs.69.50 million in FY 1998 to Rs.370.54 million in FY 2003. Our revenues and net income for the nine months ended December 31, 2003 were Rs. 5449.33 million and Rs. 274.54 million, respectively.

Our business is organised along the following four Strategic Business Units (SBUs):

- **Customer Services SBU**, which undertakes the activities of infrastructure development and management, networking management, storage, third party maintenance and third party equipment supply and integration, networking consultancy, and environmental engineering.

- **Systems Integration SBU**, which undertakes the activities of solutions deployment, that includes software development, software maintenance and support, turnkey project implementation and systems consultancy.

- **ITES SBU**, which is a value added service provider providing OMR/ICR based forms processing services, document management services, file transfer and data management services, managed networks services, facilities management, electronic data interchange (EDI) services, web design and hosting services and smartcard and biometric security solutions.

- **Education and Training SBU**, which offers courses on IT including professional courses, vendor-certified-courses, career development courses, through its own and franchisee centers.

	System Integration	Customer Services	Education & Training	ITES
Services Offered	■ Systems Consultancy ■ Software products and customized solution ■ Software maintenance ■ Turnkey Projects	■ Third party maintenance of hardware and software ■ Equipment Supply and Integration ■ Networking Services and Consultancy ■ Environmental Engineering and Facilities Management ■ Developed a range of products ➢ Electronic communications, networking, message handling systems, DGPS based vehicle tracking system etc.	■ Entry level courses ■ Professional Development courses ■ Vendor certified courses ■ Customised courses for specific training needs of companies ■ Career Development courses ■ Degree Corses	■ Corporate Intranet ■ Network management, Managed Data Network Services, Help Desk ■ EDI ■ Database services ■ Web design & hosting ■ Forms Processing ■ Data Centre Services
Skills / Infrastructure	■ Over 1000 trained professionals with expertise on different platforms ■ 100 people strong Real Time/Embedded Systems group ■ Experience on range of areas like –BFSI, Image processing & Biometrics, SCADA solutions, Real Time/embedded systems, e-Commerce, e-Governance, Mobile Computing, Multimedia, Large scale Database Solutions	■ Present in over 150 resident services locations and over 500 non-resident service locations ■ Supports different manufacturers like IBM, HP, Compaq, Sun, Silicon Graphics, CISCO, Entrasys ■ Expertise in IVR solutions, Credit Card Authorisation services, Internet / Intranet services, Smart Cards and POS terminals	■ 200 training centers ■ 6 owned centres located in Ahmedabad, Bangalore, Calcutta, Chennai, Hyderabad, Mumbai, New Delhi, Pune, Vishakapatnam ➢ 15 in association with leading educational institutions like RECs, Jadavpur University, IMT Ghaziabad & Calcutta, Engg. Staff College of India ➢ Approx. 180 franchisee centres spread over the country	■ Over 70 trained people ■ Supports TCP/IP protocols ■ 64 kbps leased links connections across 9 cities - Delhi, Mumbai, Calcutta, Chennai, Bangalore, Hyderabad, Ahmedabad, Pune, Vizag ■ Redundant data links at each location ensure higher reliability & uptime

Some of our awards and rankings, mentioned below, provide an indication of CMC's position in the industry and depth of our offering.

Rankings

We rank:
First in domestic third party maintenance
Fourth in turn key projects
Fifth in domestic facilities management

[*Source: **Dataquest**, Volume XX No. 13, July 15, 2003*]

Awards

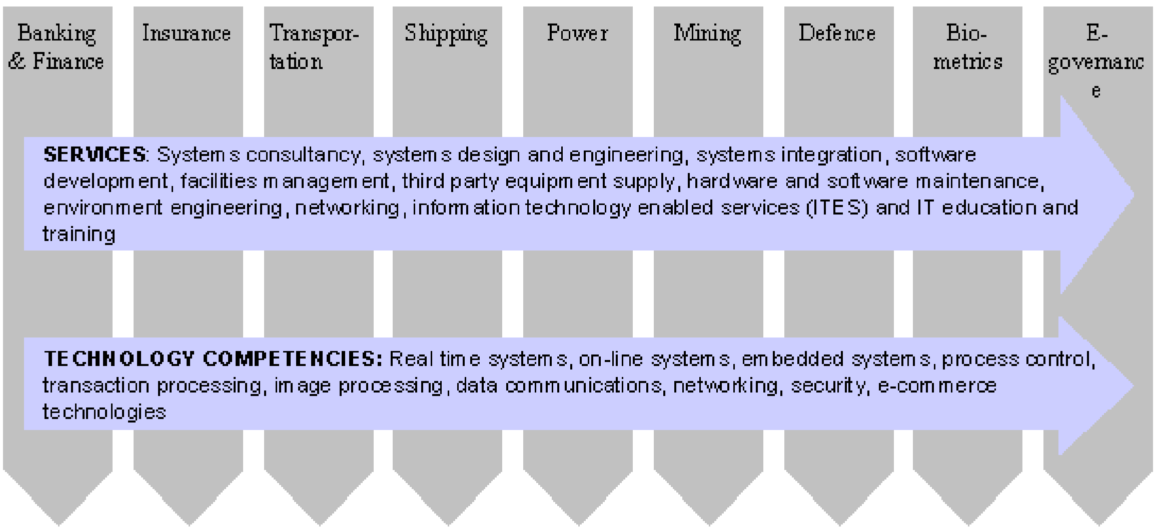
- HP BEST Enterprise Value Partner for OVERALL PERFORMANCE, 2003
- Sun Microsystems Asia South Sunshine Awards 1999 - In recognition of excellence in performance
- Compaq Partnership Award 1999 for System Integration Partner
- Compaq Largest SI Partner Award for 1998
- Compaq Best in Alpha Business Award 1998
- Techies 1997 Award for Best Maintenance Company of the Year
- Best Digital Alpha Server Sales Achievement Award for 1996-97
- Computer Society of India National IT Award for Best IT Usage 1996
- Special Award in recognition of Outstanding Export during the year 1995-96 from Export Promotion Council

OUR BUSINESS MODEL

Our capability framework shown below draws on our domain expertise and technology competencies to deliver IT solutions – services and products – across focused verticals. We have acquired our domain experience through our close customer involvement in a number of turnkey projects in these verticals. We have consolidated the comprehensive understanding of our customers' business into a leveragable knowledge base. Our technological and domain expertise, coupled with our infrastructure management capabilities helps us deliver end-to-end solutions to build, manage and support our customers' IT systems.

Our capability framework

Verticals



The vertical arrows at the top of the diagram represent our identified verticals or domains namely banking, financial services, insurance, capital markets, transport, railways, ports and cargo, oil and gas, power, industrial mining, defence, e-governance, and law and order.

The first horizontal arrow represents the range of services and solutions across all verticals.

The second horizontal arrow represents our core competencies in key technology areas such as real time systems, on-line systems, embedded systems, process control, transaction processing, image processing, data communications and networking.

OUR PROJECTS AND SOLUTIONS

Some of the projects and solutions developed by us are listed below domain-wise.

Domain	Projects and solutions	Details
Finance	Online trading system	An online screen-based securities trading system for stock exchanges, capable of handling up to 1.5 million trading transactions a day was developed for BSE. The system was part of a complete turnkey project executed by us. We developed the application software for the system entirely in-house. The solution is a fault tolerant system that uses Tandem hardware.
		The system was redeveloped and called VECTOR, to address the requirement of medium-sized stock exchanges that operated on the low cost Unix OS. The system has been adapted for trading in commodities.
	A depository solution	An online depository automation system, implemented in one of the biggest depositories in India and overseas.
Insurance	General Insurance System (GENISYS)	An integrated insurance automation system that issues computerised insurance policies, handles over the counter sales, processes insurance claims, handles accounting and maintains an MIS. GENISYS is being used by some insurance companies like New India Assurance and National Insurance.
Banking	Total Concept-4 (TC-4)	A comprehensive centralised banking solution that facilitates home-banking, tele-banking and Internet-banking. TC-4 is capable of handling multiple currencies and interacting with users in many languages. It also features an advanced report writing facility.
Transportation (Railways)	Passenger reservation system	An online integrated multi passenger reservation system (IMPRESS) developed for the railways.
	Freight operations information system (FOIS)	An integrated information and management system designed for controlling and monitoring the multifarious activities of freight operations, including a rake management system and terminal management system.
	Advanced railway ticketing system	An unreserved ticketing solution, system engineered by us for the railways. More than 3,000 machines have been installed across all zonal railways in India.
		We are currently implementing a passenger reservation system and a railway ticketing system for a middle eastern railway.
	SETSS	This RDSO approved Standard Electric Traction SCADA Software is the only standardized traction SCADA product being implemented across the railways and has already been implemented at 8 sites.

Domain	Projects and solutions	Details
	Some of the other products that we developed for railways sector.	A train scheduling system for the London Underground railway network.
Transportation (Vehicle tracking)	NIRDESHAK	A differential GPS based vehicle tracking system, completely designed and developed in-house. Successfully implemented for a number of applications including, tracking of dumpers and shovels in open cast coal mines, tracking of buses for various state road transport corporations and tracking of police vehicles.
Transportation (Ports and cargo)	Marine Container Handling System (MACH)	A comprehensive, online, real time cargo handling system to integrate all complex and varied activities of container terminals. The system has been implemented for several Indian and international ports.
e-governance (financial solutions)	Commercial tax automation system State treasury automation system	Both these systems have been implemented for various state governments in India.
	Chief minister's online information system	A solution developed for monitoring of key projects being implemented across a state.
	VOICE	An IT solution for municipal corporations. Its functionalities can be customised to meet specific needs of customers.
	WAN for the state	The system is capable of providing Internet access, voice, video and data connectivity including video conferencing and can house various applications for document management, file movement and project monitoring.
	Forms processing	A project undertaken for development and maintenance of an ICR based forms processing system for creation of an all-India census database. It involved scanning and file system creation for around 228 million census information forms collected from households all over India during the Census 2001 conducted by the Registrar General of India (RGI).
Biometric solutions	Fingerprint Analysis And Criminal Tracking System (FACTS)	An automated fingerprint identification system based on state-of-the-art image processing and pattern recognition technology. We are among the few IT companies globally to have developed such a system. FACTS is used for fingerprint identification by law enforcement agencies for crime investigation. We have adapted and deployed FACTS in NSDL for the civilian application of identifying market participants.

Domain	Projects and solutions	Details
Power	OSKER	A UNIX-based SCADA system suitable for monitoring and controlling equipment in power utilities. It adheres to all international and industry standards. It has been deployed in more than 30 client locations for customers including central government utilities and in most of the State Electricity Boards. We have developed a number of other applications in the areas of load dispatch, distribution automation, demand side management and data acquisition and monitoring for various power producers and State Electricity Boards.
Mining	CRYSTAL	A mine planning and mine surveying software used for open cast mining.
	Integrated Mine Management System (IMMS)	A system developed to manage all complex and varied activities comprising mining operations through a combination of GPS, vehicle tracking and GIS based applications developed by us.

Some of the other products we've developed include a warehouse management system for ports, e-commerce products and an electronic copyright management system.

KEY DIFFERENTIATORS

Our vision is to bring the benefit of IT to continuously improve the productivity of our customers, and the quality of their products and services. The key strengths that have enabled us to move towards achieving this are:

Large and complex project management capabilities

We have extensive experience in working on large and/or complex projects. Our solutions have handled challenges in terms of size and scale of operations, technical and domain complexity and translating business needs into an IT solution from manual processes. Our multi-faceted technical, domain expertise and project management capabilities have enabled us to successfully handle various landmark projects like:

IMPRESS: An integrated multi-passenger reservation system that was the original IT system used by the railways for more than 10 years, replacing the manual operations. IMPRESS provided an automated solution for ticketing and reservation for the railways which caters to the needs of over 10 million passengers a day on over 6,000 passenger trains across a railway network covering around 8,000 railway stations, reflecting our ability to develop and manage highly scalable solutions.

BOLT: An online transaction processing system that computerised the BSE's stock trading process making it the first Indian stock exchange to move from the traditional open outcry trading system to an online screen-based system. BOLT was developed ground up after interacting with the exchange to understand its complex business rules so as to develop a matching algorithm capable of managing a mix of order driven and quote driven trades not only in the normal segments, but also in the badla, auction, carry forward, odd lot and continuous net settlement segments.

Implementation and development of a secure and remotely-managed pan India ISP networking solution covering 52 locations, for Institute for Development and Research in Banking Technology (IDRBT) enabling inter-bank reconciliation.

Implementing networking solutions for various scheduled Indian banks and covering up to 250 locations across India.

IMMS: An integrated mine management system, developed to manage all the complex and varied activities, comprising mining operations, through a combination of GPS, vehicle tracking and GIS based applications developed by us.

Our end-to-end solutions capability

We have evolved from a hardware maintenance company to an end-to-end solutions provider with the capability to manage projects on a turnkey basis. Most of our competitors are either able to offer software development and implementation services or hardware solutions to the customers. We are among the few players in India offering such depth of services. As explained in the exhibit below, our capabilities span the gamut of the IT spectrum, i.e. hardware, software (including systems and application software, either development or implementation and maintenance, and frameworks), IT architecture and network consulting and IT enabled processing services. These capabilities help us deliver end-to-end solutions to build, manage and support our customers' IT systems across the entire value chain – infrastructure, applications and business processes. The CS SBU lays IT infrastructure and network, the SI SBU develops applications and integrates them across diverse hardware and software platforms, the ITES SBU manages developed applications and digitisation efforts for customers, and the E&T SBU provides IT education and training for customers. A representative case study of our end-to-end project implementation capabilities involving multiple SBUs was centralised banking solution for the United Western Bank (UWB). In this project, our SI SBU undertook customization and deployment of a centralised banking solution based on our TC4 product; our CS SBU supplied and continues to maintain the IT infrastructure and our E&T SBU provided customer training.

CMC's Service Offerings	▪ Equipment Supply & Integration ▪ Systems Consultancy	▪ Networking and Consultancy ▪ Turn Key Projects	▪ Maintenance Services ▪ Facilities Management ▪ ITeS ▪ Education & Training
Services Types	▪ Solutions Selling Services ▪ Business/ IT Alignment Services	▪ Consulting/ Integration/ Implementation Services	▪ Support Services ▪ Managed Services ▪ BPO Services
Services Role in the solutions Life Cycle	▪ Project Initiation	▪ Refinement/Replacement/Retirement of a Solution	▪ Ongoing Operation = Managed services

Extensive domain expertise and technological competence

We believe our competitive edge comes from combining our technology competencies with our understanding of the verticals, in providing systems consultancy, systems design, engineering, systems integration, software development, facilities management and networking services to deliver effective IT solutions. Understanding and translating the business processes of our customers (large organizations in key infrastructure, services and government sector) into IT solutions having all the required features and functionality sets has helped us build a distinct identity in the IT market, giving us a proven track record of delivery in the IT industry. Some such representative projects are:

- **Fingerprint analysis and criminal tracking (FACTS):** FACTS was developed using our core competencies in image processing and pattern recognition technology – a field in which we are one of the few IT companies in the world conducting product development activities. We developed this automated fingerprint identification solution after studying manual fingerprint identification methods to cull out the finger print identification rules and incorporate them into a pattern recognition algorithm. This solution has been deployed in various police departments in India and overseas. We have extended our expertise to adapt this solution for civilian applications.

- **Marine Container Handling System (MACH):** A comprehensive, online, real time container management system for ports, developed to integrate all the complex and varied activities of container terminals. This required us to acquire a deep domain understanding of terminal operations ranging from berthing, timing of crane operations in coordination with vessel movements, loading and discharging operations, and invoicing. The system has been installed in 2 ports in India and 5 ports worldwide.

- **Open SCADA Kernel (OSKER):** Our SCADA competency group – consisting of professionals with domain experience in power systems and project management and computer system professionals with expertise in real time and flow control systems – developed this system for the power industry to manage distribution, operations and load dispatch. We have implemented SCADA-based solutions in over 40 projects in India and abroad.

Strong customer relationships

Our track record of delivering unique business or domain-specific IT solutions bears testimony to our customer orientation and service culture. Our distinct value proposition and service culture, coupled with our track record of successful service delivery, are reflected in our long-standing customer relationships with dominant players in key infrastructure, services and government sectors.

These relationships have earned us annuities, such as post implementation maintenance and support activities. Our customers include the RBI, Indian Railways, Indian Oil Corporation Limited, Bharat Petroleum Corporation Limited, Oil and Natural Gas Corporation Limited, United Western Bank, Bank of India and Bank of Baroda. Our longstanding association with these customers provides us with opportunities to expand our service offerings and at the same time to acquire in-depth domain knowledge in their respective areas of operation.

Sizeable resource pool with diverse skill-sets

Our sizeable resource pool (3,024 employees as of January 1, 2004) with diverse skill-sets provides us extensive project management and development capabilities. Around 50% of our employees have experience of more than 5 years, which represents a pool of experienced manpower. Our resource pool consists of engineers trained in diverse technologies. They possess unique domain experience and varied skill sets that help us in our end-to-end delivery of services. We also have a large competency pool that works on emerging technology and competency areas.

Strong service delivery chain

In the domestic market, we have established a services network covering 18 major offices, 180 service locations and 520 non-resident locations, penetrating the remotest geographical locations. This service network positions us uniquely to service customers with an all India presence such as the railways, banks, government entities and utilities with presence in remote areas. We believe that this would be an entry barrier to any new services-based IT company in the domestic market.

OUR STRATEGIES

Our growth strategy focuses on capitalizing on our unique capabilities, competencies and suite of software assets and products for growth in our revenue and profitability of our operations. We will continue to focus on consolidating our dominant position in the domestic market, while expanding our reach in the international markets and unlocking the value of our domain and competency groups. Key strategies to achieve our objectives include:

Leveraging our group synergies

Going forward, we plan to leverage our domain and core technology competencies with TCS' international presence and large customer base. This would enable us to target larger business opportunities in new geographies with a wide range of combined service offerings and capabilities. The benefits of leveraging our synergies with TCS include:

- *Combining with TCS to expand offerings to a customer and together acquire new customers.* We have been able to complement TCS's offerings to deliver more value to TCS's existing customers, such as in the implementation of shipping solutions for a major international ports. In certain cases such as in the IT infrastructure outsourcing project for Charleston County, North Carolina and the implementation of shipping solutions for the Mundra International Container Terminal, we were able to acquire the customer based on the combined scale and strengths of both companies. This also enables us to bid for, execute and manage very large domestic and international projects.

- *Leveraging TCS' reach and brand equity to widen our presence in international markets.* We would leverage TCS' brand equity to enable us to penetrate new markets and customers hitherto unexploited by us. The wider service offerings will help the TCS-CMC combine target a greater wallet share of the existing customers and also expand the addressable market.

- *Adopting group best practices.* Post our integration into the Tata group, in 2001, we have been able to combine group best practices in the areas of management, corporate governance, ethics, business excellence, processes, project delivery and productivity enhancement.

Increasing the share of value added services

We aim to increase our share of value added services through a series of steps:

- *To undertake projects using our replicable solutions and domain expertise.* Our domain and technology competencies are the building blocks that can be used to build replicable solutions. The reusability of our solutions gives us the benefit of spreading our invested R&D costs, delivering more refined solutions requiring lesser customization to meet customer requirements and greater effort estimation predictability, leading to time and cost savings.

- *To widen the scope of our engagement.* Our account management efforts strive to offer a greater share of ongoing services to expand the offering to existing customers. Infrastructure management and maintenance services provide us with entry points that we are increasingly leveraging to cross sell a higher range of services and solutions.

- *To move up the services value chain.* We aim to move up the services value chain by providing new services that are complementary to and the next logical step from the services we currently provide. For example:

Through our ITES SBU, which currently provides data entry services, we plan to move into providing process management. Thereon, we plan to expand into providing entire business process management services.

We plan to expand from the IT focused education and training courses currently provided by our E&T SBU, into knowledge management services and e-learning.

Changing our customer focus

Our growth has been driven by our dominant position in government and public sector companies. Our current strategy is to consolidate our position in public sector companies and leverage our knowledge and experience in the Indian private sector and international markets. To attract a greater share of international customers, we are employing multiple channels such as:

- Leveraging our synergies with TCS in the Americas and Europe. TCS has a large and established presence in the Americas, especially in the US and Canada, which we believe will strengthen our access to larger customers in these regions.
- Strengthening our own offices and channels in the Middle East and Africa

To enable us capitalize on the opportunity for growth internationally and also increase our share of the customer's wallet in general, we are gearing up our internal structure by aligning our SBU focus along our industry practices structure and implementing a key account management strategy. As a consequence, key account managers would be responsible for increasing the revenue and profitability per client. The industry practices would bring out our extensive domain capabilities in addressing the customer's business needs with a much sharper focus.

Focusing on improving internal efficiencies

We are instituting measures within the company that are focused on increasing our efficiencies. Ongoing initiatives include:

- Working jointly on projects with TCS, thereby enhancing our productivity and process efficiency, by following common best practices
- Close monitoring of our resource utilization,
- Reshuffling resources between low and high value projects, and
- Focus on cutting down on project delays, especially with respect to fixed price projects

RESEARCH AND DEVELOPMENT CAPABILITIES

The objective of our R&D efforts is to develop commercially viable, high quality IT solutions and services by exploiting state-of-the-art technology, and contribute to our medium-term and long-term business goals. Our R&D efforts aim to build competencies in identified core technology areas that are built into reusable software assets. The special hardware and software products and technologies developed by our R&D division form the building blocks for the turnkey solutions offered by our SBUs in various application areas in core domains. The reusability of our solutions gives us the benefit of spreading our invested R&D costs, delivering more refined solutions requiring lesser customisation to meet customer requirements and greater effort estimation predictability, leading to time and cost savings. Our R&D activities also help us execute large and complex projects and play an important element in scaling our offerings and strengthening our presence in the international markets.

Currently, the key focus areas of our capability development are:

- Embedded systems
- e-security and e-payments
- Biometric solutions
- POS and ticketing solutions
- Smart card solutions
- Networking products and network security
- SCADA and process control

- PDA based solutions

The drivers for our capability development efforts are the customers' requirements. We interact with our customer to understand their requirements and develop a solution by assembling diverse hardware and technologies in line with the commercial objectives. This also leads us to acquiring in-depth knowledge of various domains and technologies, which is applied in subsequent commercial development of innovative solutions. The essence of our R&D division therefore is to develop sustainable competencies driven by the commercial requirements of our customers in various domains.

Development Methodology – Once customer requirements are identified, we design and develop a prototype combining diverse hardware platforms and developing the required firmware and the application software. The proto-type is then subjected to repeated trial runs and development to deliver a solution that has the required feature and functionality set. Often we also work on various state-of-the-art technologies to enable us to remain up to speed with the current technological developments and offer innovations that aid in our competency development.

Our R&D groups interact and collaborate with many reputed educational institutes for review of our developed solutions by experts, projects of M. Tech and MCA students from reputed institutes, review of international journals and representation at conferences.

Our products are accepted by the market for their complex problem-solving capability and have a large customer base across India. Some of the developments our R&D division that have been commercially deployed for various applications and currently being used successfully by end users include FACTS – an automated fingerprint identification system, NIRDESHAK – a differential GPS based vehicle tracking system, ARTS – an advanced railway ticketing system, a number of e-commerce products and many SCADA based applications such as OSKER – for the power sector, WINSPIRE – for web services and SETSS – a rail traction system.

Manpower - Our R&D division employs over 500 highly skilled professionals qualified in diverse fields. Of these, around 200 persons are involved in core developmental activities.

Till 2001, our development activities were directed by government funding. Subsequent to our disinvestment, we have aligned our development activities to our business objectives. Development efforts are pursued based on our interactions with customers and markets and close interaction with academia, research institutions and the research laboratories of our affiliates.

SALES AND MARKETING

Our sales and marketing structure

We market our services and products through our own offices, branches, subsidiary and franchisees. We have 18 major offices in India and more than 180 service locations with resident support staff covering A, B and C class cities. In addition, we have the infrastructure to service and support 520 more remote locations in India other than those covered above.

While our sales and marketing infrastructure is organised around SBUs, we also have industry focused specialists that fit into a matrix structure to ensure adequate flow of information regarding a client and enable cross-selling opportunities to be captured.

SBU-wise focus: Since our products and services are designed around highly focused business and technology domains, it becomes imperative to market all these products and services with competent domain and technology experts. Therefore, each SBU has an empowered sales and marketing team within India and in international locations to have sharper focus on technology and business. Our SBUs' sales efforts are supplemented by "on-the-ground" contacts and business relationships of the branches and subsidiaries.

International subsidiaries and branches: To cover the world market, we have a wholly owned subsidiary overseas – CMC Americas, Inc., USA and two branch offices – CMC Informatics (UK), which covers the United Kingdom and the rest of Europe and CMC Dubai. CMC Americas Inc., has

11 offices in the US covering the American continent. It focuses on marketing our service offerings to customers in the Americas. The Asia-Pacific region is handled out of India.

TCS-CMC synergy: We synergise our marketing activities with TCS, especially in the international markets, in terms of office locations, target customers and products and services offered. We are working very closely with TCS to market our infrastructure development and management (IDM) services, embedded software services, fingerprint analysis and criminal tracing system, OCR / ICR services and ports and cargo solutions. Where required, joint value propositions are presented and contracts are executed jointly. The TCS-CMC combine allows us to target the global market of large international customers with more complex offerings that leverage our combined strengths for mutual benefit.

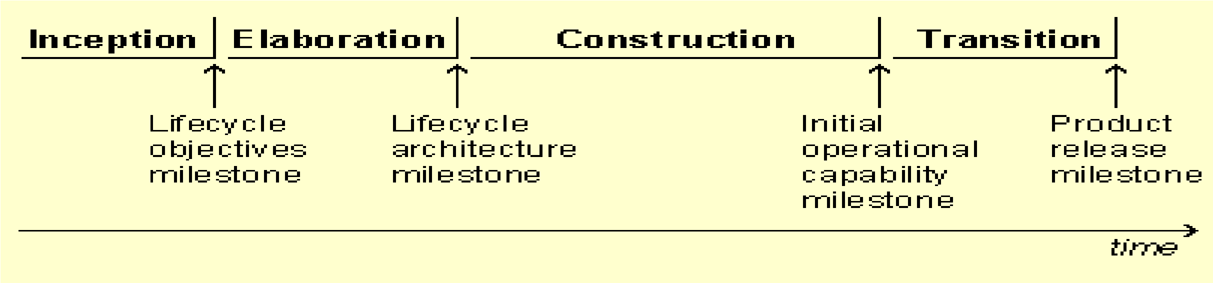
Business Partnerships: We have business partnerships with international players, like Oracle, Microsoft, Sun and Cisco.

Our customer relationship development process flow

In keeping with our objective of being an end-to-end IT solutions provider, our customer relationship development methodology follows a defined multi-stage process, with each stage mandating different levels of interaction between our personnel and the customer. Each stage is the responsibility of our different groups and levels of management. Strategic account management starts with focusing on select key customers based on their long-term sustainability, IT maturity and IT spending. Then, we build value around the customer's processes with our products and services; some already existing and some developed from scratch. Further, growth aspirations are set and support plans developed to help customers achieve the same. Our account managers estimate the revenue potential, monitor that accounts' strategy and ensure continuous target revisions.

PROJECT METHODOLOGY

Our development methodology aims to produce high quality solutions that meet the business requirements of a system within the given schedule and budget. The methodology includes IT "best practices" for solutions development that are common to highly successful IT projects. The life cycle of the development process is decomposed into four sequential phases, each concluded by a major milestone and each phase being essentially the span of time between two major milestones.



Inception phase	The goal is to achieve concurrence among all stakeholders on the lifecycle objectives for the project. Our essential activities in this phase are: • Formulating the scope of the project • Planning and preparing a business case • Preparing the environment for the project
Elaboration phase	The goal is to baseline the architecture of the system so as to provide a stable basis for our design and implementation efforts in the construction phase. Our essential activities in this phase are: • Defining, validating and base-lining the architecture • Refining the development case and putting in place the development environment • Refining the architecture and components
Construction phase	This is in some sense a manufacturing process, where emphasis is placed on managing resources and controlling operations to optimize schedules, and quality. Our essential activities in this phase are as follows: • Completing component development and testing against the defined evaluation criteria • Assessing product releases against acceptance criteria for the vision
Transition phase	The focus is to ensure that the solution developed is available for its end users. Our essential activities in this phase are: • Executing deployment plans • Finalizing end-user support material • Testing the deliverable product at the development site • Creating a product release • Getting user feedback • Fine-tuning the product based on feedback • Making the product available to end users

BUSINESS EXCELLENCE AND QUALITY INTIATIVES

Business excellence

We have adopted the TATA Business Excellence Model as a framework for achieving organizational excellence. The framework enables us to have a holistic approach to excel in management practices and is based on the Malcolm Baldridge award process for companies in the US. Companywide awareness programmes have been initiated and various internal assessors have been qualified by Tata Quality Management Services (TQMS).

Quality initiatives and certifications

We subscribe to the Total Quality Management (TQM) philosophy and have implemented a quality management system in line with ISO 9001. We have a pool of 18 certified software quality professionals and are continuously adding to this pool.

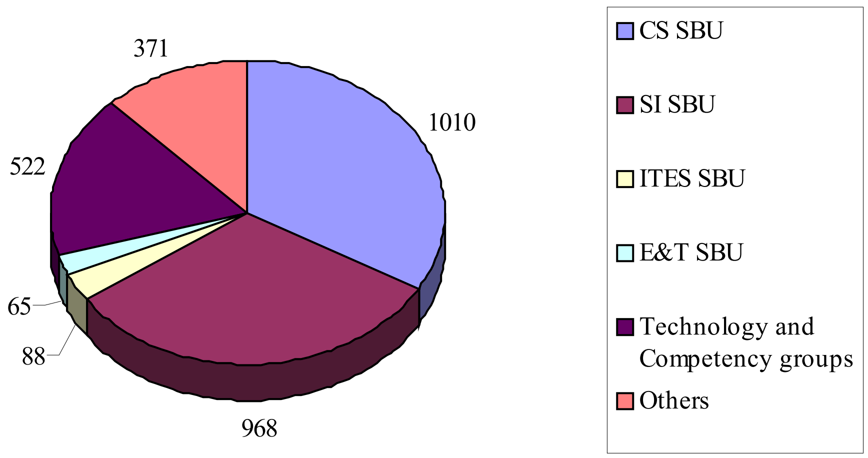
In pursuit of quality, our SI SBU has achieved CMM Level 5 for its centres in Mumbai, Ahmedabad and Pune. The northern region of the SI SBU has been awarded the ISO: 9001 certification. The eastern region of the SI SBU has achieved CMM Level 4 compliance. The CMC Centre has achieved ISO 9001 certification for a period of 3 years for our Application Specific Development Centres, international systems group, ports and cargo and R&D division. Our CS SBU has undertaken a major initiative to enhance the skill levels of its staff by acquiring certifications in all areas of service offerings including technology certifications for CISCO, UNIX and ORACLE. Our delivery centres in the northern, eastern and southern regions of India including our R&D division are targeted to achieve CMM Level 5 and our delivery centres in the western region are targeted to achieve CMMI compliance; all by the second quarter of FY 2004.

HUMAN RESOURCES AND HR POLICY INITIATIVES

Employee strength and profile

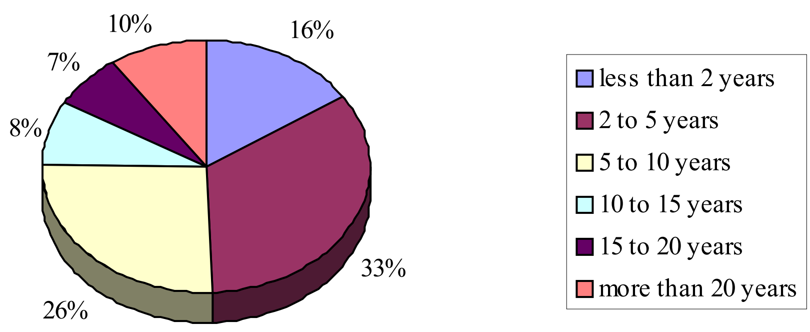
We employed 3121, 3368 and 3024 employees as of March 31, 2002, March 31, 2003 and January 1, 2004 respectively. The distribution of employees across our various groups, as of January 1, 2004, is shown in the following chart:

Employee numbers group-wise (as of January 1, 2004)



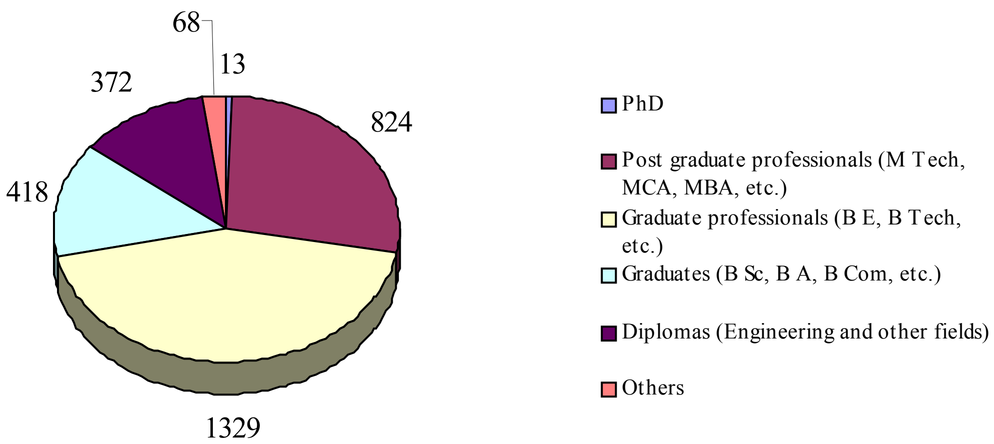
The experience profile of our employees as of January 1, 2004 is shown in the following chart:

Experience profile of employees (as of January 1, 2004)



The qualification-wise break up of our employees is shown below:

Qualification profile of employees (as of January, 1, 2004)



HR policy initiatives

We have aligned our HR policy with our strategy of sustaining a high-technology business. The HR policy aims to enable scalability of our business and processes, simultaneously achieving a high level of ownership and involvement in our employees.

Our HR policy is built around our core values and beliefs of:
Trust and faith;
Flexibility;
Open culture;
Development of employees being the our prime responsibility at the company level; and
Concern for individuals.

Our initiatives, policies and procedures, evolved through a consultative process with our employees, have helped create a non-hierarchical, flexible and informal work environment. We believe that development of people is the prime responsibility of our organization. To create this environment, we have formulated a number of unique policies to develop individual potential.

In addition, the key elements of our HR policy are:

Recruitment:

Our aim is to attract the best available talent and effectively deploy the resources for our business requirements. The recruitment sources targeted by us include a mix of campus recruitments, referenced applications and recruitment through advertisements and placement agencies.

Training and development:

All new recruits are inducted into our organization through a structured training programme involving technical training at our staff training college and training by a qualified HR team in soft skills. Our HR policy provides for a minimum 6 days training per year for all employees. Non-executive employees are trained in personal and professional effectiveness, engineers in effective communication skills and front line executives in effective business presentation. Executive development courses are held for staff having supervisory responsibilities. Managerial employees undergo training for management, development, project management and interviewing skills. Senior managers are also sponsored for advanced management development programmes in leading training institutions in India.

Employee evaluation:

We have implemented an online web-enabled performance management system called “SPEED” – System for Performance Evaluation and Employee Development – that focuses on evaluating and developing the potential of our employees. We utilise the system as a tool for managing performance planning and motivating, evaluating and enhancing the performance of our employees to achieve our goals. The performance management system seeks to establish and maintain an environment that supports our business processes and ensures that employee performance is evaluated against the achievement of objectives aligned to our company goals. All employees are provided with an opportunity to discuss their performance, plan their development and submit self-appraisals. Performance appraisals are carried out annually. Performance ratings are discussed with the employee and feedback is given in a very constructive manner. The goals for the next period and the factors that facilitate and inhibit their achievement are discussed.

Compensation policy:

Our compensation policy provides higher flexibility and incorporates the best industry practices.

Our compensation package consists of fixed and variable components
Fixed component is based on a cost-to-company structure and is made up of two major components – basic pay and a bouquet of allowances, which the employee can choose from.
Variable component is determined based on the performance of the individual, his/ her SBU, grade or management band and role profile. The Board decides the total variable component distribution amount based on the company’s performance.

Retention:

We endeavour to provide our employees with a challenging work environment aimed at developing their individual potential and providing multiple opportunities for growth and fulfillment.

INTELLECTUAL PROPERTY

We have 14 registered trademarks and have applied for another 26 trademarks. We also have 5 registered copyrights. For an analysis of risks in relation to our intellectual property, please see “Risk Factors”.

INFRASTRUCTURE FACILITIES

The details of our key development centres are as follows:

Facilities, city-wise	Area (approx.)
Mumbai	
CMC House Bandra Kurla Complex	45,000 square feet
Hyderabad	
Gachibowli	206,000 square feet
Kolkata	
CMC House, Camac Street	27,000 square feet
New Delhi	
Janak Puri	38,000 square feet

INDUSTRY

The following information has been obtained from the public sources specifically mentioned where applicable and has not been independently verified. (Source of information for this section: ***Dataquest****)*

Industry overview

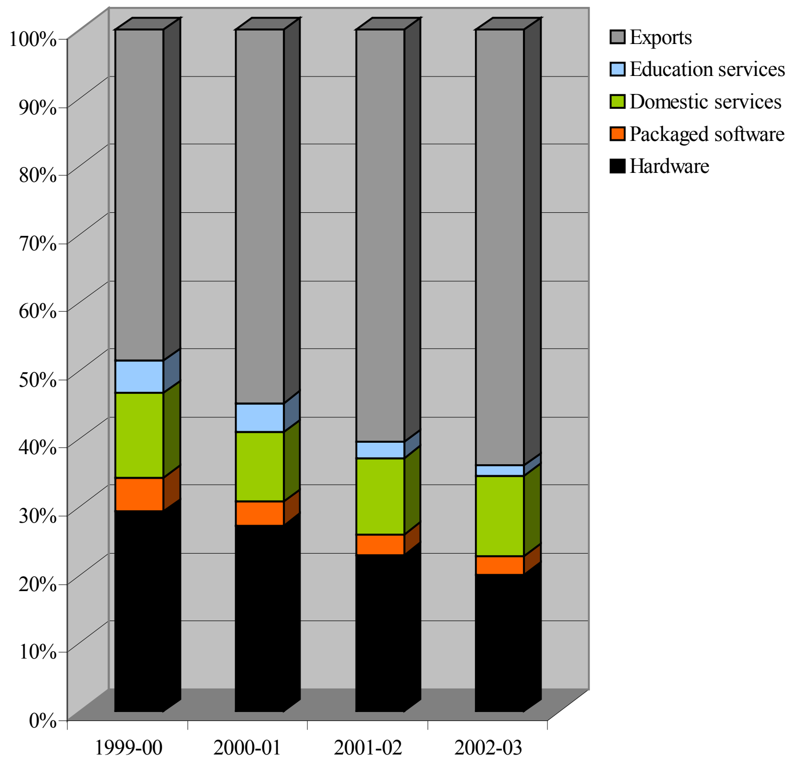
The Indian IT industry, comprising hardware, software, education services and exports is sized at Rs. 747.87 billion. In FY 2002-03, the overall Indian IT industry grew 19% (against the previous year's growth of 14%) - from Rs. 625.84 billion to Rs. 747.87 billion; contributed by strong growth from domestic services and exports.

Overall IT Industry figures

	1999-00	2000-01		2001-02		2002-03	
	Value (Rs million)	Value (Rs million)	YOY growth (%)	Value (Rs million)	YOY growth (%)	Value (Rs million)	YOY growth (%)
DOMESTIC							
Hardware	96,920	148,400	53.12	143,240	-3.48	150,170	4.838
Packaged software	16,200	19,440	20.00	19,000	-2.26	19,960	5.053
Domestic services*	41,290	55,560	34.56	70,470	26.84	88,090	25.00
Education services	15,610	23,290	49.20	14,670	-37.01	11,300	-22.972
TOTAL DOMESTIC	170,020	246,690	45.09	247,380	0.28	269,520	8.950
EXPORTS	160,500	298,960	86.27	378,460	26.59	478,350	26.394
TOTAL	**330,520**	**545,660**	**65.09**	**625,840**	**14.69**	**747,870**	**19.499**

***** *Domestic services includes facilities management, own systems maintenance, third party maintenance, customised software development, turnkey projects and consulting and IT enabled services*

Percentage contribution



The domestic services market is estimated at Rs.88.09 billion. The size, year on year growth and break-up of the market are outlined in the following table:

Domestic Services

	2000-01	2001 -02		2002 -03	
	Value (Rs million)	Value (Rs million)	YOY growth (%)	Value (Rs million)	YOY growth (%)
Facilities management	1,100	1,600	45.45	**3,000**	87.50
Own systems maintenance	6,130	7,500	22.35	**8,630**	15.07
Third party maintenance	8,550	9,200	7.60	**11,000**	19.57
Customised software development	16,030	19,240	20.02	**19,000**	-1.25
Turnkey projects[1]	16,500	18,150	10.00	**25,410**	40.00
Consulting	7,250	9,790	35.03	**11,550**	17.98
IT-enabled services[2]	-	5,000	-	**9,500**	90.00
TOTAL DOMESTIC SERVICES	**55,560**	**70,470**	**26.84**	**88,090**	**25.00**

1 *Turnkey projects is the sum of systems integration and network integration services*
2 *2001-02 figures not available*

Business environment and trends in the domestic IT services market:

The following trends have been observed in the nature of IT spending in the domestic IT services market:

- Spending in the Indian domestic IT market has largely been dominated by hardware-centric spending. As observed above, the share of services spending is witnessing an uptrend.

- Organizations are getting over the curve of automation and computerization to get into managing information across the enterprise whilst infrastructure creation and expansion continue.

- The services that showed increasing traction were outsourcing of IT operations and facilities management, consolidation of servers, storage and networks into data centres; automated help-desk and IT services management; formulation of security policies and procedures.

- Large spenders were Banks, Insurance companies, Telecom and IT enabled services and government and public sector organizations.

- **Facilities management** grew by 88% over FY2002 to touch Rs.3,000 million, driven by large multi-locational organizations with widespread networks being the first customers. Our competitors in this space include Accel-ICIM, HCL Infosystem, Wipro and CMS.

- **Maintenance services**, own and third party, grew by 17.5% to Rs.19,630 million. While infrastructure creation and expansion continued, spending increased around security, storage, automated teller machines, kiosks etc. Some other players in the segment are Accel, Tata Elxsi, Tata Infotech, apart from various hardware vendors maintaining their own systems, namely HP, IBM, Wipro, etc.

- **Turnkey projects**, a combination of systems and network integration services, grew by 40% to Rs.25,410 million. This was largely driven by centralizing IT infrastructure, data centre creation, business continuity, disaster recovery planning, convergence of voice and data networks, storage and security. Other organizations in this business segment include HP, IBM, HCL Technologies, Network Solutions, Wipro and ICICI Infotech.

- **Packaged software implementation**, especially in areas like messaging, core banking applications, retail back-end, enterprise resource planning (ERP), supply chain management (SCM), customer relationship management (CRM) and business intelligence gave an impetus to implementation and consulting services.

- **IT-enabled services** in the domestic market mainly comprised technical / help-desk support and call centres.

- The domestic IT **education and training** market is estimated at Rs.12,150 million. Impacted by the IT industry slowdown, the industry revenues continue to decline. (FY 2003 – Rs.12,150 million, FY2002 – Rs.15,750 million, FY2001 – Rs. 25,940 million). This led to a period of consolidation with stronger players realigning their strategies and smaller institutes exiting. Course preferences have shifted towards globally certified courses, university distance education programmes, short-term courses, focused career courses on BPO / ITES training, project management, testing newer technologies like embedded systems, IVRS, e-CRM among others. Growth is unlikely to be as high as that in the late nineties, with no major technological shift imminent. Online education, e-learning, children’s IT education courses, diversifications overseas and courses targeted at government organizations are the growth areas.

OUR HISTORY

Company Background

We were incorporated on December 26, 1975 as the 'Computer Maintenance Corporation Private Limited', under the Companies Act with the GoI holding 100% of our equity share capital. On August 19, 1977, we were converted into a public limited company.

In 1978, when IBM wound up its operations in India, we took over maintenance of IBM installations at over 800 locations pan India and subsequently, maintenance of computers supplied by other foreign manufacturers.

Taking over the activities of IBM in India, including many of its employees, helped us to imbibe a service-oriented culture. This is demonstrated by our long-standing customer associations and our ability to provide high quality reliable service. In 1980 perceiving the need for total IT system solutions in India, we acquired a 'solutions' orientation and aligned our focus with the government's thrust on IT development activities. A significant milestone in our transition from a hardware maintenance company to a complete end-to-end IT solutions provider was 'Project INTERACT' (International Education and Research for Applications of Computer Technology) – a United Nations sponsored project. The project involved design, development and systems engineering of real time computer based systems dedicated to applications in the areas of power distribution, railway freight operations management and meteorology. As we evolved along the value chain, we forayed into systems integration, interfacing, installation, commissioning, software development, and education and training, on a national basis.

The R&D facility was set up in 1982 to undertake competency development in niche areas in the frontiers of technology with a view to provide us the cutting edge. Today, our R&D facility, housed in our Hyderabad campus, develops advanced solutions in areas such as real-time systems, embedded systems, pervasive computing.
To reflect our diversified business activities, we renamed ourselves "CMC Limited" in 1984 vide a fresh certificate of incorporation dated August 27, 1984 issued by the RoC.

In the early 90s, following a spurt in the global demand for IT services, particularly in the United States, we perceived the need to establish a front-end to extend our product and service offerings in these markets. Towards this end, in 1991, we acquired Baton Rouge International Inc., USA (subsequently renamed as CMC Americas, Inc., in 2003), which was one of the first cross border acquisitions by an Indian IT firm.

In 1992, the GoI divested 16.69% of the equity share capital of the Company to General Insurance Corporation of India and its subsidiaries, who in turn, sold part of their stake to the public in 1996. In 1993, the Equity Shares of our Company were listed on Hyderabad stock exchange and The Stock Exchange, Mumbai.

In 2000, to service and develop clientele in the U.K. and Europe, we opened a branch office in London.

In 2001, GoI disinvested 51% of the Company's equity share capital in favour of Tata Sons Ltd through a strategic sale, following which TSL assumed management control of the company. For details of the agreements entered in to as part of this transaction, refer to latter part of this section.

In 2003, in line with our strategy of offering our products and services globally, we opened a branch office in Dubai to tap hitherto unexplored markets in the Middle East.

The following are some of the significant milestones in our corporate history.

Year	Milestone
1975	Incorporated as “Computer Maintenance Corporation Private Limited”
1977	Became a public limited company
1978	Took up the maintenance of 800 IBM installations pan India. Also initiated training courses predominantly for customers
1981	Commenced work on Project INTERACT, a UN funded project
1982	Set up Research and Development facility to develop competencies in the frontier areas of technology
1984	Diversified our activities to include turnkey projects, IT education and software development and renamed ourselves as “CMC Limited”
1985	First foray into biometrics, conceptualizing automatic fingerprint recognition system
1986	Aligned business focus along vertical markets like transportation, mining, power and banking
	Implemented project IMPRESS, on online passenger reservation system developed for Indian Railways
	Set up INDONET - a country wide data network (renamed as ITES)
1991	Acquired Baton Rouge International Inc., USA (subsequently renamed as CMC Americas, Inc., in 2003) to focus on the international markets
1992	The Government of India partially divests its holding in CMC
1993	CMC listed on the Indian bourses
1995	Reorganization of business into five Strategic Business Units
2000	Opened London branch office
2001	Tata Sons Limited acquired 51% stake. CMC ceased to be a Public Sector Enterprise. The Board of the Company was reconstituted
2002	CMC Center awarded the ISO 9001:2000 Certificate by STQC Certification Services for a period of three years.
	Northern Region division of our SI SBU certified ISO 9001:2000 by STQC for a period of 3 years.
	Our Western Region (SI) has been SEI CMM Level 5 assessed. The Western Region has achieved this Quality standard - the Level 5 of the Capability Maturity Model for Software, Ver 1.1 of Software Engineering Institute (SEI), Carnegie Mellon University, USA
	Our Eastern Region (SI) has been SEI CMM Level 4 assessed
	Tata Excellence Business Model adopted by the Company
2003	Renamed subsidiary BRI as ‘CMC Americas, Inc.’

Registered office: Our Registered Office is situated at CMC Centre, Old Mumbai Highway, Gachibowli, Hyderabad-500019.

Corporate office: Our corporate office is situated at PTI Building, 5th Floor, 4 Sansad Marg, New Delhi-110 001

Regional, branch and other offices: Our Company has its various offices located at Delhi, Hyderabad, Mumbai, Chennai, Kolkata, Chandigarh, Jaipur, Lucknow, Ahmedabad, Vadodara, Pune, Bangalore, and Visakhapatnam.

Overseas Offices: The Company also has the following overseas offices:

i) CMC Informatics UK: 3000, Cathedral Hill, Guildford, Surrey, UK, GU2 7YB. CMC Informatics UK is the branch office of CMC Ltd, and it is registered with Companies House UK.

ii) CMC Limited-Dubai (Branch Office): Suite No 116, Al Khaleej Centre, 1st Floor P.O.Box 49613, Dubai, UAE.

Subsidiary Company: In 1991, we acquired Baton Rouge International (BRI), a US based company which had been providing comprehensive solutions for the banking and finance industry. BRI, renamed as CMC Americas, Inc. in 2003, a wholly owned subsidiary, serves as a front-end for CMC's thrust towards globalization and business development in the United States of America. CMC Americas, Inc. has its headquarters at 4354 S. Sherwood Forest Blvd., Suite 175, Baton Rouge, LA 70816 USA and other offices in California, New Jersey, Virginia, Michigan, Illinois, Florida and South Carolina.

Main Objects of the Company

Our main objects as set forth in our Memorandum of Association are:

(1) To plan, coordinate and implement the national effort on computer repair and maintenance (henceforth called maintenance) and gearing up of indigenous capabilities to ensure a high degree of availability of Computers, Information Processing Machinery and related equipment at optimum efficiency.

(2) To carry out maintenance of total on-line and off-line systems including maintenance of subsystems peripheral to computer systems like - control equipment, digital and analog instrumentation, digital and analog equipment. Peripherals, data communications equipment, data preparation equipment, interfaces etc., in the field of Electronic Data Processing.

(3) To develop an infrastructure for improved maintainability of computers and maintenance management.

(4) To acquire and take over, when so instructed, the computer and allied equipment maintenance units/ establishments of the Government and selected Public Sector autonomous units, together with all their rights and liabilities.

(5) To repair, alter, remodel, clean, renovate; convert, manipulate and prepare for resale and resell any goods from time to time belonging to the Company.

(6) To undertake the processing, conversion, fabrication, manufacture and production of particular categories of electronic and allied goods as may be directed by the Union Government from time to time.

(7) To process procurement, holding and management of computer, and allied equipment, maintenance spares, assemblies, and materials at a national level.

(8) To carry out research and development on software, test instruments arid associated equipment relevant to maintainability of Computers,

(9) Development of in-depth maintenance schedules for Electronic Data Processing equipments in

use.

(10) To conduct training on all aspects of computer and allied equipment maintenance and coordinating the training facilities already available in the national laboratories and educational institutions so as to achieve optimum availability of computers and to keep abreast with the state of the art.

(11) To locate appropriate know-how for production and/or for development of Electronic Data Processing items, plant and equipment and subject to approval of Union Government, obtain the same from abroad for use in INDIA, generally avoiding repetitive import of technology.

(12) With the approval of the Union Government, to sell know-how available in INDIA of Electronic Data Processing to organisations in other countries, and also to arrange or set up production or development units in other countries, as Collaboration Ventures.

(13) To manufacture, buy, sell, exchange, install, work, alter, improve, operate and handle skilfully, prepare for market, import or export, and otherwise deal in all kinds of plant, machinery, apparatus, tools, utensils, substances, materials and things necessary or convenient for carrying on any of the business which the Company is authorised to carry on or usually dealt in by persons engaged in such business.

(14) To render consultancy services on hardware selection, installation, maintenance and other allied activities for computer systems to users and manufacturers on as required or turnkey basis.

(15) To plan and system-engineer data-communications and terminal equipment and any other related requirements.

(16) To maintain continuing technical and commercial contact with organisations both at home and abroad, so as to identify/ locate/ modify/ standardise etc., components, materials and equipment relating to computer maintenance for use in INDIA on satisfactory commercial terms.

(17) To provide support on systems applications and diagnostic software development.

(18) To promote, wherever necessary, joint production ventures in Electronic Data Processing field with suitable parties abroad, either for increasing internal production or for exports.

(19) To ensure fullest possible exploitation of and implement under instructions from the Union Government and in consultation with the relevant Central Government Authorities, Inter-Government Cooperation/ Trade Agreements in the field of Electronic Data Processing.

(20) To maintain full and update information regarding technological and other developments and production in the Electronic Data Processing field abroad and to disseminate information on aspects related to maintenance to various agencies in the Country.

(21) To carry on in INDIA and elsewhere all kinds of Electronic Data Processing business relating to research, development, production, assembly, repairing, converting, overhauling, maintaining, rendering services of all kinds and description, buying, selling, importing, exporting, exchanging, altering, hiring, letting on hire, improving, repairing, training and dealing in instruments, sub-systems, sub-assemblies, components and materials.

(22) To promote, develop, organise, set-up, maintain, coordinate, support, assist, run, carryout, take/give licence, operate and establish either on its own or through various agencies, centres and facilities, both in India and abroad, providing education and training in all aspects of information technology, computers, data processing machines, networking, computer and allied equipment maintenance and all such other aspects of electronic data processing, etc.

(23) To promote, develop, assist, support, enter into contracts, agreements, arrangements, business deals, maintain, provide consultancy services, fabricate, manufacture and produce, install and establish, carryout, acquire, purchase, hire, let-out, run and operate, both in India and abroad or the Company and other customers and clients, various facilities for and carryout analysis,

design, development, integration, enhancement, modification, testing and maintenance etc., in the entire field of computer software & systems and systems.

(24) To promote, install, set-up, construct, acquire, purchase, hire, let-out, maintain, run, manufacture, operate and establish in India and/or elsewhere, either on its own or through joint ventures, LAN/WAN, Network machinery and equipment dealing with receipt, storage and transfer of multimedia, like data, graphics, audio and video, establish Internet and data centre facilities, services and applications and operate. hire, set-up, construct, acquire, maintain, run, take and give licence to provide, receive, install, obtain, establish and act as Internet Service Provider, provide network security solutions, extranet application service and promote, operate, establish, let-out, hire, set-up and install and maintain various services, machinery and equipment etc., for providing facilities for electronic commerce/electronic governance and electronic data/document transfer and carryout all such related activities and services that may be necessary, ancillary and incidental thereto and/or can convenient be carried out.

The Object Clause of our Memorandum of Association enables us to undertake our existing and proposed activities.

Changes in the Memorandum of Association

Since our incorporation, the following changes have been made to our Memorandum of Association:

Date of Amendment	Amendment
May 5, 1978 Special Resolution passed at the EGM	Authorised share capital increased from Rs. 10 million to Rs. 50 million
March 15, 1984 Special Resolution passed at the EGM	Authorised share capital increased from Rs. 50 million to Rs. 150 million.
September 28,1984 Special Resolution passed at the AGM	Change of name from 'Computer Maintenance Corporation Limited' to 'CMC Limited' effective of August 27, 1984
December 7, 1990 Special Resolution passed at the AGM.	Authorised share capital increased from Rs. 150 million to Rs.350 million.
December 7, 1990 Special Resolution passed at the AGM	Following was added to the other objects of the Company: "And it is hereby declared that: nothing in this paragraph shall authorise the Company to do any business which may fall within the purview of the Banking Regulations Act, 1949 or the Insurance Act, 1938"
December 30, 1991 Special Resolution passed at the EGM	Authorised share capital sub-divided and face value of each equity share was reduced from Rs. 1000 to Rs.10
September 28, 2000 Special Resolution passed at the AGM	Clauses 22 to 24 were added to the main objects given in the Memorandum of Association: "(22) To promote, develop, organise, set-up, maintain, coordinate, support, assist, run, carryout, take/give licence, operate and establish either on its

own or through various agencies, centers and facilities, both in India and abroad, providing education and training in all aspects of information technology, computers, data processing machines, networking, computer and allied equipment maintenance and all such other aspects of electronic data processing, etc.

(23) To promote, develop, assist, support, enter into contracts, agreements, arrangements, business deals, maintain, provide consultancy services, fabricate, manufacture and produce, install and establish, carryout, acquire, purchase, hire, let-out, run and operate, both in India and abroad, for the Company and other customers and clients, various facilities for and carryout analysis, design, development, integration, enhancement, modification, testing and maintenance etc., in the entire field of computer software & systems and systems.

(24) To promote, install, set-up, construct, acquire, purchase, hire, let-out, maintain, run, manufacture, operate and establish in India and/or elsewhere, either on its own or through joint ventures, LAN/WAN, Network machinery and equipment dealing with receipt, storage and transfer of multimedia, like data, graphics, audio and video, establish Internet and data centre facilities, services and applications and operate, hire, set-up, construct, acquire, maintain, run, take and give licence to provide, receive, install, obtain, establish and act as Internet Service Provider, provide network security solutions, extranet application service and promote, operate, establish, let-out, hire, set-up and install and maintain various services, machinery and equipment etc., for providing facilities for electronic data/document transfer and carryout all such related activities and services that may be necessary, ancillary and incidental thereto and/or can convenient be carried out."

The details of the capital raised are given in the section "Capital Structure" on page **[--]** of this Preliminary Sale Document.

Shareholders Agreements and other agreements

A. Shareholders Agreement

A Shareholders Agreement was entered into on October 16, 2001 ("Closing Date"), between the President of India and TSL ("SP" or "Strategic Partner") pursuant to the purchase of 77,26,500 Equity Shares comprising 51% of the paid up equity share capital of the Company from the GoI by TSL in terms of the Share Purchase Agreement dated October 9, 2001.

Management of the Company

Board of Directors: The SP has the right to nominate a maximum of 6 directors, including the Chairman, and Managing Director. The GoI has the right to nominate 2 non-executive part time and non-retiring directors, and for a period of three years from the Closing Date, the right to nominate at least one director, provided the GoI continues to be a shareholder of the Company.

Quorum: The presence of a GoI nominee Director in case of a Board meeting or a GoI authorized representative in case of a general meeting is necessary for a meeting on the resolutions for matters specified in Schedule 4.5. For a period of three years from the Closing Date, provided the GoI continues to be a shareholder, approval of a GoI nominee Director is necessary for any disposal of the property of the Company or Baton Rouge International (now CMC Americas, Inc.) having value exceeding 20% of the net fixed assets as per the audited financial statements of the Company as of March 31, 2001.

Approval of Matters: The affirmative vote of the GoI is required for decisions on certain specified matters listed in Schedule 4.5 to the Shareholders Agreement; which matters include the granting of any security or creation of any encumbrances on the assets of the Company on account of any loan or advances taken by the Company or any of its subsidiary or guaranteeing the debts of any of its subsidiary which in aggregate exceeds 50% of the free reserves and paid up capital of the Company (but excluding those necessary to secure operating lines of credit/working capital requirements of the Company with institutional investors, multilateral agencies, scheduled banks and financial institutions); the entering by the Company into any business relations or contracts having commitment exceeding Rs. 100 million with any affiliate of the SP; any one or a series of transactions which causes a sale, lease, exchange or disposition of property or assets of the Company or its subsidiaries having an aggregate value exceeding 20% of the total value of net fixed assets of the Company as specified in the audited financial statements of the Company as of March 31, 2001.

Certain covenants: The SP shall ensure that there is no retrenchment of the existing employees of the Company within a period of 1 year from the Closing Date. However, dismissal or termination is permitted on disciplinary grounds.

Raising of capital: In case of a Rights issue either shareholder can renounce its entitlement in favour of any third person provided right of first refusal is granted to the other shareholder. The person in whose favour the right is renounced shall execute a deed of adherence.

Dealing with Shares

Restrictions on Transfer of Shares: The SP is restricted/ prohibited from transferring the Shares purchased from the GoI for a period of 2 years from the Closing Date, except with the prior written approval of the GoI.

Right of First Refusal: In case either the SP or the GoI desires to sell their shares to any third party, such shares must first be offered to the other party (who has the right to (a) purchase all, but not less than all, the offered shares either directly or through an affiliate or (b) require the selling shareholder to ensure that the proposed third party purchaser of such shares also purchases the other shareholder's equity shares in the Company at the same price and terms as such shares); and if such offer is not accepted the selling shareholder may sell its shares to a third party, within a specified period and on terms no less favourable than those offered to the other shareholder. If the SP does not give an acceptance notice to any offer of the GoI to sell its shares, the GoI has the right to sell the shares to the public. The SP may only tag along such shares as it has purchased from the GoI.

Consequences of Event of Default: If either of the SP or the GoI commits an Event of Default (as defined in the Shareholders Agreement) which is not remedied within 60 days of notice to the effect, the other Party may either offer to sell his shares to the defaulting party at 125% of higher of the Fair Value or Market Value or purchase the shares of the defaulting party at 75% of lower of the Fair Value or Market Value. In case of a breach of the SP's employee-related or asset stripping covenants, the GoI has the option to purchase the shares of the SP at 50% of the lower of the Market Value or the Fair Value, or sell its shares to the SP at 150% of the higher of the Market Value or the Fair Value.

GoI's Put Option: The GoI may require the SP to purchase some or all of the shares held by the GoI ("Put Option") within a period of two years after the expiry of one year from the Closing Date ("Put Option Period") at Fair Value. During the first year of the Put Option Period, the GoI can sell upto 10%

of the equity share of the Company unless otherwise agreed to by the SP. Failure of SP to purchase such Shares will amount to an Event of Default.

SP's Call Option: If the GoI does not exercise its Put Option, the SP has the option of requiring the GoI to sell all its shares to the SP at any time after the expiry of three years from the Closing Date and for a period of 2 year thereafter, at the higher of their Market Value and Fair Value.

Termination: The Shareholders Agreement terminates upon the dissolution or bankruptcy of the Company or by the written agreement of the SP and the GoI; or by the SP when the GoI ceases to hold 15% of the share capital of the Company or by the GoI when the SP ceases to hold 25.01% of the share capital.

Management Dead Lock: In the event of any deadlock due to any withholding of consent by the GoI's Nominee Directors on any reserved matters, the senior representatives of the SP and the GoI shall try to resolve the Deadlock, failing which GoI may require the SP to buy all its shares at their Fair Value.

Survival: Provisions relating to, inter alia, the restriction on asset stripping, employee issues and tag along right survive on the termination of the Shareholders Agreement.

The Shareholders Agreement is to be governed and interpreted in accordance with the laws of India. Subject to the arbitration procedure provided, the Courts at New Delhi shall have exclusive jurisdiction.

B. Amendment Agreements

The Amendment Agreements was entered into on January 28, 2004 and February 9, 2004, between the President of India and TSL for amending certain provisions of the Shareholders Agreement. The Amendment Agreements allows the GoI to sell their remaining equity stake in the Company through an offer for sale to the public without first offering the same to TSL. This waiver of the right of first refusal by TSL is subject to the condition that the offer for sale by the GoI would be completed by May 31, 2004.

C. Share Purchase Agreement

A Share Purchase Agreement was entered into between the President of India, TSL and the Company on October 9, 2001 for the sale of 7,726,500 equity shares of the Company ("Purchase Shares"), constituting 51% of the paid up capital of the Company by GoI to TSL for an aggregate sum of Rs. 1,520,000,000/- (Rupees one billion five hundred twenty million only).

The agreement contains detailed provisions dealing with the conditions to closing of the transaction of the sale and purchase of the Purchase Shares and pre-closing and closing covenants. It provided that TSL would give irrevocable instructions to its Depository Participant not to transfer any Purchase Shares to any third party for a period of two years from the date of closing i.e. from October 16, 2001.

The provisions of the Articles of Association of the Company were required to be amended to reflect the provisions of the Shareholders Agreement to the extent permissible at law and also to reflect the change in status of the Company from a government company under Section 617 of the Act to a non-government company.

The Share Purchase Agreement provided for certain standard representations and warranties by the GoI and TSL. In addition, detailed representation and warranties of the Company were enumerated, which were subject to the information which had been disclosed to TSL.

The GoI was liable to indemnify TSL against any actual losses, liabilities, damages, judgments, settlements and expenses, including reasonable attorneys' fees, actually incurred or suffered by TSL (collectively, the "Purchaser Losses") arising out of or resulting on account of any breach of any of the GoI's, or the Company's, representations, warranties, covenants or obligations under the Share Purchase Agreement. However, the GoI's indemnification obligations were subject to an aggregate liability threshold of Rs. 30 million, and a total ceiling on GoI liability to the extent of 50% of the total sale consideration. Furthermore the GoI is not liable to indemnify TSL for any of the individual Purchaser Losses below Rs. 500,000.

Similarly, TSL is liable to defend, indemnify and hold the GoI harmless from and against any actual loss and damages, etc., arising out of or resulting from any breach of any representation or warranty by TSL or any breach of any of its covenants, agreements and obligations by TSL.

The representation and warranties claim period is restricted to two years from the Closing Date.

D. Business Associate Agreement

A Business Associate Agreement was entered into between TCS, as a division of TSL and CMC Limited on November 1, 2001.

Pursuant to this agreement, the Company has been appointed as a non-exclusive Business Associate of TCS; in terms of which the Company is to take on sub-contract basis, development, implementation and maintenance of software projects undertaken by TCS from its various clients, by deputing its employees to TCS/TCS client locations to work on such projects at hourly fees. However, there is no obligation on TCS to sub-contract or on the Company to provide minimum levels of work. The agreement is valid upto March 31, 2004.

All intellectual property rights developed by the Company's employees in the course of the agreement shall vest in TCS.

Either party may terminate the agreement without cause by giving 60 days notice; or upon material breach by the other party if such breach is not remedied within 30 days. However, the Company may not terminate the agreement unless the work assigned to it has been completed.

E. Service Agreement

A Service Agreement was entered into between CMC Limited and Baton Rouge International Inc. (renamed as CMC Americas, Inc.), effective from April 1, 2002 and valid upto March 31, 2004.

Under this Service Agreement, the Company has been appointed as a non-exclusive Business Associate. The Company is to take on sub-contract basis development, implementation and maintenance of software and hardware projects undertaken by BRI from its various clients by deputing its employees to BRI/BRI Client locations to work on project at hourly fees.

F. Master Agreement

A Master Agreement was entered into between Tata America International Corporation ("TCS America" or "TCSA") and CMC Americas, Inc. dated April 1, 2003 ("Effective Date"). TCSA is entering into the agreement on behalf of itself and its parent and that any reference to TCSA is to be deemed to include a reference to its parent as well.

The agreement provides for the general terms and conditions governing the engagement of the resources of one Party by the other – including services of professional consultants, facilities, software and other proprietary material, engineering, business process or other professional services or products (collectively "Resources") - in connection with services/products contracted by a Party with its customers or in connection with its offerings of services/products to potential customers. This is a non-exclusive Agreement and neither Party is prevented from seeking the resources of or engagement with third parties except as specifically set forth in this Agreement. Each Party at the request of the other Party, will provide any Resources requested based on the availability of the requested Resources for the duration requested and the Parties shall in each case enter into a Statement of Work (SOW) describing the scope of services, the deliverables to be performed and delivered, the number of consultants, the compensation, and other pertinent terms.

G. Sub-contracting Agreement

A sub-contracting agreement was entered into between CMC Americas, Inc. ('CMCA') and CMC Limited on January 1, 2003 and is valid upto December 31, 2005.

The agreement states that Tata America International Corporation ('TCSA') desires to avail CMCA's services to execute orders received from their clients; and CMCA shall, in turn, subcontract to the Company IT related assignments contracted to CMCA by TCSA. The agreement specifically provides that CMCA/TCSA shall not be required to provide any minimum business to the Company or execute any minimum number of work orders with the Company under this Agreement.

SELECTED FINANCIAL INFORMATION

The following selected unconsolidated financial data has been prepared in accordance with Indian GAAP, the Companies Act and the SEBI Guidelines and restated as described in the Auditor's Report of S. B. Billimoria & Co. dated January 28, 2004 in the section entitled "Financial Statements". You should read this financial data in conjunction with our restated unconsolidated financial statements for each of Fiscal 1999, 2000, 2001, 2002 & 2003 and nine months ended December 31, 2003, including the notes thereto and the reports thereon, which appear elsewhere in this Preliminary Sale Document, and "Management's Discussion and Analysis of Financial Condition and Results of Operations".

CMC LIMITED
STATEMENT OF ADJUSTED PROFITS AND LOSSES

							(All amounts in Rs. million)
		Period ended 31.12.2003	**Year Ended 31.03.2003**	**Year Ended 31.03.2002**	**Year Ended 31.03.2001**	**Year Ended 31.03.2000**	**Year Ended 31.03.1999**
A	**Income**						
	Sales of purchased equipment	2,776.36	2,621.19	2,257.08	2,324.20	1,911.97	1,188.00
	Services	2,597.44	3,458.68	3,157.37	3,052.51	2,687.26	2,256.45
	Other Income	75.53	67.44	186.34	149.34	110.88	70.24
		5,449.33	**6,147.31**	**5,600.79**	**5,526.05**	**4,710.11**	**3,514.69**
B	**Expenditure**						
	Equipment purchased for resale	2713.91	2,517.79	2,113.45	2,212.55	1,764.58	1,151.81
	Components/spares for maintenance and resale	154.63	186.72	112.37	102.10	91.22	115.91
	Sub-contracted/outsourced services	268.08	304.90	345.79	280.09	269.11	166.79
	Staff costs	922.47	1,203.74	1,128.10	981.96	1,079.20	809.15
	Operating and Other Expenses	893.85	1,272.68	1,342.62	1,442.09	1,196.17	1,036.39
	Interest and financial charges (Net of income)	26.25	14.37	19.52	24.50	26.50	27.52
	Depreciation	62.68	80.48	80.43	87.05	62.24	69.12
		5,041.87	**5,580.68**	**5,142.28**	**5,130.34**	**4,489.02**	**3,376.69**
C	**Adjusted profit / (loss) before tax and extraordinary items**	**407.46**	**566.63**	**458.51**	**395.71**	**221.09**	**138.00**
	Provision for taxes						
	Current income tax	148.62	201.94	181.58	146.20	80.00	52.50
	Deferred income tax				9.77	18.71	4.66

		(15.70)	(5.83)	(25.67)			
D	**Adjusted profit / (loss) after taxation**	**274.54**	**370.52**	**302.60**	**239.74**	**122.38**	**80.84**
	Adjusted profit brought forward from previous year	940.51	675.40	467.04	320.36	234.95	170.78
	Profit available for appropriation	**1,215.05**	**1,045.92**	**769.64**	**560.10**	**357.33**	**251.62**
E	**Appropriations**						
	General reserve	-	37.05	33.64	34.62	-	-
	Proposed Dividend	-	60.60	60.60	53.03	30.30	15.15
	Corporate Dividend Tax	-	7.76	-	5.41	6.67	1.52
		-	**105.41**	**94.24**	**93.06**	**36.97**	**16.67**
F	**Balance carried forward to Balance Sheet**	**1,215.05**	**940.51**	**675.40**	**467.04**	**320.36**	**234.95**

Note:
To be read together with the notes forming part of the 'Statement of Adjusted Assets and Liabilities' and 'Statement of Adjusted Profits and Losses, attached.

CMC LIMITED
STATEMENT OF ADJUSTED ASSETS AND LIABILITIES

							(All amounts in Rs. million)
		As on 31.12.03	**As on 31.03.03**	**As on 31.03.02**	**As on 31.03.01**	**As on 31.03.00**	**As on 31.03.99**
A	**Fixed Assets**						
	Gross Block	1308.06	1,254.65	1,215.27	1,226.56	1,101.76	1,014.25
	Less: Depreciation	724.16	673.71	605.10	589.84	534.20	497.00
	Net Block	**583.90**	**580.94**	**610.17**	**636.72**	**567.56**	**517.25**
B	**Investments**	81.80	81.80	81.80	81.80	81.80	81.80
C	**Current Assets, Loans and Advances**						
	Inventories	331.34	173.88	116.57	220.71	236.37	281.66
	Sundry Debtors	1468.31	2,079.08	1,500.58	1,565.63	1,402.41	937.07
	Cash and Bank Balances	139.61	194.24	191.85	224.11	242.02	187.25
	Loans and Advances	1084.91	965.59	761.53	522.97	380.88	290.24
	Other Current Assets	1300.98	613.16	409.99	382.01	208.73	105.73
		4,325.15	**4,025.95**	**2,980.52**	**2,915.43**	**2,470.41**	**1,801.95**
	Total Assets						**2,401.00**

		4,990.85	**4,688.69**	**3,672.49**	**3,633.95**	**3,119.77**	
D	**Liabilities and Provisions**						
	Secured Loans	125.3	125.74	123.06	176.97	240.99	133.46
	Unsecured Loans	488.82	387.60	145.44	214.23	189.74	209.03
	Current Liabilities and Provisions	2814.1	2,868.70	2,388.04	2,443.46	2,087.84	1,562.08
		3,428.22	**3,382.04**	**2,656.54**	**2,834.66**	**2,518.57**	**1,904.57**
E	**Deferred Tax Liability**	66.61	82.31	88.15	113.84	104.05	85.35
F	**Adjusted Networth**	**1,496.02**	**1,224.34**	**927.80**	**685.45**	**497.15**	**411.08**
Net	**Worth Represented By**						
G	**Share Capital (Equity Paid-Up Capital)**	151.50	151.50	151.50	151.50	151.50	151.50
H	**Reserves and Surplus**						
	Capital Reserve	9.21	12.06	17.73	17.38	10.38	9.72
	General Reserve	120.26	120.26	83.16	49.52	14.90	7.50
	Balance as per Profit and Loss Account	1215.05	940.52	675.41	467.05	320.37	234.96
	Investment Allowance Reserve	-	-	-	-	-	7.40
		1,344.52	**1,072.84**	**776.30**	**533.95**	**345.65**	**259.58**
I	**Adjusted Networth**	**1,496.02**	**1,224.34**	**927.80**	**685.45**	**497.15**	**411.08**

Note:

To be read together with the notes forming part of the 'Statement of Adjusted Assets and Liabilities' and 'Statement of Adjusted Profits and Losses, attached.

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

You should read the following discussion of our financial condition and results of operations together with our audited unconsolidated financial statements for each of the Fiscal Years ended March 31, 1999, 2000, 2001, 2002, 2003 and nine months ended December 31, 2003 including the notes thereto and the reports thereon, which appear elsewhere in this Preliminary Sale Document. These financial statements are prepared in accordance with Indian GAAP and the Companies Act and as per the Auditor's Report of M/s S. B. Billimoria dated January 28, 2004 in the section titled "Unconsolidated Financial Statements". The following discussion is based on our audited unconsolidated financial statements for Fiscal 2001, 2002 and 2003, nine months ended December 31, 2003, which have been prepared in accordance with Indian GAAP, the Companies Act and on information available from other sources. Our Fiscal Year ends on March 31 of each year, so all references to a particular Fiscal Year are to the twelve-month period ended March 31 of that year.

Overview

We are engaged in the design, development and implementation of software technologies and applications, providing professional services in India and overseas, and procurement, installation, commissioning, warranty and maintenance of imported/ indigenous computer and networking systems, and in education and training.

We are an end-to-end IT solutions provider, currently engaged in the business of systems consultancy, systems design and engineering, systems integration, software and infrastructure management services, facilities management, third party equipment supply, hardware and software maintenance, environmental engineering, networking, information technology enabled services (ITES), and IT education and training.

Critical Components of Our Income

We derive our income from sale of purchased equipment, services, education and training and other income. Our service offerings are a combination of the following services.

- Software services: This includes revenues from software development and implementation, professional services from domestic and international markets.

- Maintenance services: This includes revenues from warranty and post-warranty services for various third party hardware products and networking systems.

- Other services: This includes revenues from ITES, facilities management and environmental engineering services.

Education & Training: This includes revenues from offering various career development, skill/technology centric and certified courses in IT.

Other income: This includes income from project grants from Government, dividends from subsidiary, gains from foreign exchange fluctuations and miscellaneous receipts.

Critical Accounting Policies

1 Revenue on equipment supplied is recognised on delivery to the customer and acknowledgement thereof, in accordance with the terms of the individual contracts.

2. Revenue from software development on fixed price contracts is recognized according to the milestone achieved as specified in the contract, and is adjusted on the "proportionate completion" method based on the work completed.

3 Depreciation on all assets is charged proportionately from the date of acquisition/installation on straight-line basis at rates prescribed in Schedule XIV of the Companies Act, 1956 except in respect of:

- Leasehold assets that are amortised over the period of lease.
- Computers, Plant and Machinery - (other items), that are depreciated over six financial years.

4 Research and development costs of revenue nature are charged to the Profit and Loss account when incurred. Expenditure of capital nature is capitalised and depreciated.

5 Transactions in foreign currencies are recorded at the exchange rate prevailing on the date of the transaction. Monetary items denominated in foreign currency and outstanding at the balance sheet date are translated at the exchange rate ruling on that date. Exchange differences on foreign exchange transactions other than those relating to fixed assets are recognised in the profit and loss account.

Our Results of Operations

The table below sets forth various line items from our audited unconsolidated financial statements for FY 2001, 2002, 2003 and nine months ended December 2003:

(Rs. in Million)

	Nine months ended Dec-03	**FY 2003**	**FY 2002**	**FY 2001**
Income				
A. Sale of purchased equipment	2,776.36	2,621.19	2,257.08	2,324.20
B. Services				
(i) Software services	1,360.74	1,856.18	1,587.43	1,415.61
(ii) Maintenance services	632.42	783.89	761.85	666.26
(iii) Other services	475.40	561.95	357.98	364.30
C. Education and Training	122.97	246.73	490.62	593.78
D. Lease rentals	5.91	9.93	12.02	12.61
E. Other Income	75.53	67.44	186.34	149.34
Total Income	5,449.33	6,147.31	5,653.32	5,526.10
Expenditure				
Equipment purchased for resale	2,713.91	2,517.79	2,113.45	2,212.55
Staff Cost	922.47	1,203.73	1,128.10	981.96
Operating and administration expenses	1,316.56	1,764.30	1,800.77	1,818.98
Interest (Net)	26.25	14.37	19.53	24.50
Depreciation	62.68	80.48	80.42	90.99
Profit before tax	407.46	566.64	511.05	397.12
Current income tax	148.62	201.94	181.58	146.20
Deferred income tax expense/(income)	(15.70)	(5.83)	(6.92)	
Profit after tax	274.54	370.53	336.39	250.92

Revenue

Income for nine months ended December 31, 2003 totalled to Rs. 5,449.33 million

Equipment purchased for resale

Revenues from sale of purchased equipment totalled to Rs. 2,776.36 million for Nine months ended December 31, 2003. Revenue from resale of equipment purchased as a percentage of operating revenue was 51.66 % for this period.

Software Services

Software totalled to Rs. 1,360.74 million for Nine months ended December 31, 2003.Revenue from software services as a percentage of operating revenue was 25.32 % for this period.

Maintenance Services

Revenues from maintenance services totalled to Rs. 632.42 million for Nine months ended December 31, 2003 Maintenance revenue as a percentage of operating revenue was 11.77 % for this period.

Other Services

The revenues from these services totalled to Rs. 475.40 million for Nine months ended December 31, 2003. Revenues from these services as a percentage of operating revenue were 8.85 % for this period.

Education and Training

The revenues from E&T totalled to Rs. 122.97 million for Nine months ended December 31, 2003. Revenues from E&T as a percentage of operating revenue were 2.29 % for this period.

Other Income

Other Income totalled to Rs. 75.53 million for Nine months ended December 31, 2003.

Expenditure

Equipment purchased for resale

The cost of equipment purchased for resale totalled to Rs. 2,713.91 million for Nine months ended December 31, 2003.Equipment cost as a percentage of operating revenues were 50.50 % for this period.

Staff Costs

Staff cost totalled to Rs. 922.47 million for Nine months ended December 31, 2003. Staff cost as a percentage of operating revenues was 17.17 % for this period.

Operating and administration expenses

Operating and administration expenses totalled to Rs. 1,316.56 million for Nine months ended December 31, 2003. Operating and administration expenses as a percentage of operating revenue was 24.50 % for this period

Interest

Net interest totalled to Rs. 26.25 million for Nine months ended December 31, 2003. Net interest as a percentage of operating revenue was 0.49 % for this period

Profit before Tax

Profit before tax totalled to Rs. 407.46 million for Nine months ended December 31, 2003. PBT as a percentage of operating revenue was 7.58 % for this period

Income Tax

The provision for current income tax and deferred tax totalled to Rs. 148.62 million and Rs (15.70) million respectively for nine months ended December 31, 2003. Provision for taxes including deferred tax as a percentage of operating revenue was 2.47 % for the nine months ended December 31, 2003.

Profit After Tax

The profit after tax totalled to Rs. 274.54 million for Nine months ended December 31, 2003 Profit after tax, as a percentage of operating revenue was 5.11 % for this period.

Fiscal 2003 Compared to Fiscal 2002

Revenue

Income in FY2003 totalled to Rs. 6,147.31 million, an increase of 8.74% from Rs 5,653.32 million in FY2002. The increase was primarily due to increase in revenues from Sales and Services by 11.21% to Rs. 6,079.87 million in Fiscal 2003 from Rs. 5,466.98. million in Fiscal 2002 but partially offset by decrease in Other Income by 63.81% to Rs. 67.44 million in Fiscal 2003 from Rs. 186.34 million in Fiscal 2002.

Equipment purchased for resale

Revenues from sale of purchased equipment increased by 16.13% to Rs. 2,621.19 million in Fiscal 2003 from Rs. 2,257.08 million in Fiscal 2002 and continues to be the largest revenue constituent in Fiscal 2003 as well as in 2002. Revenue from resale of equipment purchased as a percentage of operating revenue also increased to 43.11% in Fiscal 2003 from 41.29% in Fiscal 2002.

Software Services

Software Services increased by 16.93% to Rs. 1,856.18 million in Fiscal 2003 from Rs. 1,587.43 million in Fiscal 2002. Revenue from software services as a percentage of operating revenue increased to 30.53% in Fiscal 2003 from 29.04% in Fiscal 2002. This increase was achieved in a very large measure by the successes in ports, banking applications and deployment of skills in TCS projects both offshore and onsite.

Maintenance Services

Revenues from maintenance services increased by 2.89% to Rs. 783.89 million in Fiscal 2003 from Rs. 761.85 million in Fiscal 2002. Maintenance revenue as a percentage of operating revenue however, decreased to 12.89% in Fiscal 2003 from 13.94% in Fiscal 2002. The Company continues to be the largest third party maintenance service provider in the country (*Source: **Dataquest**, Volume XX No. 13, July 15, 2003*)

Other Services

The revenues from these services increased by 56.98% to Rs. 561.95 million in Fiscal 2003 from Rs. 357.98 million in Fiscal 2002. Revenues from these services as a percentage of operating revenue increased substantially to 9.24% in Fiscal 2003 from 6.55% in Fiscal 2002. The increase was primarily led by IT-Enabled Services in the area of data conversion, data processing and other areas like internal portal development and deployment.

Education and Training

The E&T has shown a steep decline in its revenue by 49.71% to Rs. 246.73 million in Fiscal 2003 from Rs.490.62 million in Fiscal 2002. The share of E&T revenues in the total operating revenue also declined to 4.06% in Fiscal 2003 from 8.97% in Fiscal 2002 .The decline is in line with the state of E & T segment in the country, which has been adversely impacted by the general slow down in IT industry.

Other Income

Other Income decreased by 63.82% to Rs.67.44 million in Fiscal 2003 from Rs.186.34 million in Fiscal 2002, primarily due to the following reasons:

- Project grants from government declined to Rs. 13.06 million in Fiscal 2003 from Rs.56.55 million in Fiscal 2002.

- In Fiscal 2002, the Company received dividend amounting to Rs. 50.77 million from CMC Americas, Inc. in respect of its financial year ended December 31, 1999 and 2000. The Company did not receive dividend in Fiscal 2003 owing to unavailability of distributable surplus with the subsidiary.

Expenditure

Equipment purchased for resale

The cost of equipment purchased for resale increased by 19.13% to Rs. 2,517.79 million in Fiscal 2003 from Rs. 2,113.45 million in Fiscal 2002. Equipment cost as a percentage of operating revenues increased to 41.41% in Fiscal 2003 from 38.66% in Fiscal 2002.

Staff Costs

Staff cost increased by 6.70% to Rs. 1,203.73 million in Fiscal 2003 from Rs. 1,128.10 million in Fiscal 2002 primarily due to increase in staff count to 3,368 as on end of Fiscal 2003 from 3,121 as on end of Fiscal 2002.Indicating improvement in operating efficiencies, staff cost as a percentage of operating revenues declined to 19.80% in Fiscal 2003 compared to 20.63% in Fiscal 2002.

Operating and administration expenses

Despite increase of Rs. 612.89 million in operating revenues in Fiscal 2003 over Fiscal 2002, operating and administration expenses declined by 2.03% to Rs. 1,764.30 million in Fiscal 2003 from Rs. 1,800.77 million in Fiscal 2002. Operating and administration expenses as a percentage of operating revenue also decreased to 29.02% in Fiscal 2003 from 32.94% in Fiscal 2002. The decrease was primarily due to:

- Significant decline in E&T expenses to Rs. 155.77 million in Fiscal 2003 from Rs. 317.74 million in Fiscal 2002 though the revenue also decreased to Rs. 246.73 million in Fiscal 2003 from Rs.490.62 million in Fiscal 2002.

- Living expenses on overseas contracts as percentage of International revenue (both on-site /off shore assignments) decreased to 43.92% in Fiscal 2003 from 57.49% in Fiscal 2002.

- Decrease in non-variable/semi variable operating and administration expenses to Rs. 891.9 million in Fiscal 2003 from Rs. 925.3 million in Fiscal 2002.

Interest

Net interest declined by 26.42% to Rs. 14.37 million in Fiscal 2003 from Rs. 19.53 million in Fiscal 2002**,** primarily due to reduction in cost of funding. Net interest as a percentage of operating revenue decreased to 0.24% in Fiscal 2003 from 0.36% in Fiscal 2002

Profit before Tax

Profit before tax increased by 10.88% to Rs. 566.64 million in Fiscal 2003 from Rs. 511.05 million, primarily due to:

- Decrease of 2.03% in operating and other expenses to Rs. 1,764.30 million in Fiscal 2003 from Rs. 1,800.77 million, despite increase in operating revenues by 11.21%.

- Staff cost as a percentage of operating revenues declined marginally to 19.80% in Fiscal 2003 compared to 20.63% in Fiscal 2002.

This increase was partially offset by increase in equipment purchased for resale cost as a percentage of sale of purchased equipment by 96.06% in Fiscal 2003 to 93.63% in Fiscal 2002. Indicating higher operational margins, despite decline in other income to Rs.67.44 million in Fiscal 2003 from Rs.186.34 million in Fiscal 2002, the PBT as a percentage of operating revenue largely remained unaltered to 9.32% in Fiscal 2003 compared to 9.35% in Fiscal 2002.

Income Tax

The provision for current income tax increased by 11.21% to Rs. 201.94 million in Fiscal 2003 from Rs.181.58 million in Fiscal 2002 mainly due to higher profits and lesser income from exports eligible for concessional tax treatment. Deferred tax income decreased by 15.75% to Rs 5.83 million in Fiscal 2003 from Rs 6.92 million in Fiscal 2002. Provision for taxes including deferred tax as a percentage of PBT also grew marginally to 34.61% in Fiscal 2003 from 34.17% in Fiscal 2002.

Profit After Tax

The profit after tax increased by 10.15% to Rs. 370.53 million in Fiscal 2003 from Rs. 336.39 million in Fiscal 2002. Profit after tax as a percentage of operating revenue decreased to 6.09% in Fiscal 2003 from 6.15% in Fiscal 2002.

Fiscal 2002 Compared to Fiscal 2001

Revenue

Income in Fiscal 2002 totaled to Rs. 5,653.32 million an increase of 2.30% from Rs 5,526.10 million in Fiscal 2001. The increase was primarily due to increase in revenues from Sales and Services by 1.68% to Rs. 5,466.98 million in Fiscal 2002 from Rs. 5,376.76 million in Fiscal 2001 and increase in other income by 24.78% to Rs. 186.34 million in Fiscal 2002 from Rs. 149.34 million in Fiscal 2001.

Equipment purchased for resale

Revenues from sale of purchased equipment decreased by 2.89% to Rs. 2,257.08 in Fiscal 2002 from Rs. 2,324.20 in Fiscal 2001 and continues to be the largest revenue constituent in Fiscal 2002 as well as in 2001. Revenue from resale of equipment purchased as a percentage of operating revenue also declined to 41.29% in Fiscal 2002 from 43.23% in Fiscal 2001.

Software Services

Software Services increased by 12.14% to Rs. 1,587.43 million in Fiscal 2002 from Rs. 1,415.61 million in Fiscal 2001. Revenue from software services as a percentage of operating revenue increased to 29.04% in Fiscal 2002 from 26.33% in Fiscal 2001. The increase was principally due to large projects executed in domestic business sectors like Insurance, Government and Banking. The slowdown in the US economy adversely affected the Company's revenues generated through deployment of skills on projects executed by CMC Americas, Inc.

Maintenance Services

Revenues from maintenance services increased by 14.35% to Rs. 761.85 million in Fiscal 2002 from Rs. 666.26 million in Fiscal 2001. Maintenance revenue as a percentage of operating revenue also increased to 13.94% in Fiscal 2002 from 12.39% in Fiscal 2001. The Company continues to be the largest third party maintenance service provider in the country [*Source: **Dataquest**, Volume XX No. 13, July 15, 2003*].

Other Services

Other services primarily include facilities management, IT Enabled Services and Environment Engineering Services etc. The revenues from these services decreased by 1.73% to Rs. 357.98 million in Fiscal 2002 from Rs. 364.30 million in Fiscal 2001. Revenues from these services as a percentage of operating revenue remained almost unchanged to 6.55% in Fiscal 2002 from 6.78% in Fiscal 2001.

Education and Training

The E&T segment has shown a decline in its revenue by 17.37% to Rs. 490.62 million in Fiscal 2002 from Rs.593.78 million in Fiscal 2001. The share of E&T revenues in the total operating revenue also declined to 8.97% in Fiscal 2002 from 11.04% in Fiscal 2001. The decrease was largely attributable to slow down in IT industry affecting general sentiment about IT being a career option. The enrolment to E&T courses dropped by around 15% in Fiscal 2002 compared to Fiscal 2001.

Other Income

Other Income increased by 24.78% to Rs.186.34 million in Fiscal 2002 from Rs.149.34 million in Fiscal 2001, primarily due to our Company receiving dividend amounting to Rs. 507.68 million from CMC Americas, Inc. in respect of its financial year ended December 31, 1999 and 2000.

Expenditure

Equipment purchased for resale

The cost of equipment purchased for resale decreased by 4.48% to Rs.2,113.45 million in Fiscal 2002 from Rs.2,212.55 in Fiscal 2001. Equipment cost as a percentage of operating revenue decreased to 38.66% in Fiscal 2002 from 41.15% in Fiscal 2001.

Staff Costs

Staff cost increased by 14.88% to Rs. 1,128.10 million in Fiscal 2002 from Rs. 981.96 million in Fiscal 2001 primarily due to increase in staff count to 3,121 as on end of Fiscal 2002 from 2,852 as on end of Fiscal 2001. Staff cost as a percentage of operating revenues also increased to 20.63% in Fiscal 2002 compared to 18.26% in Fiscal 2001.

Operating and administration expenses

Despite increase in operating revenues by 1.68% in Fiscal 2002 over Fiscal 2001, operating and administration expenses declined by 1.00% to Rs. 1,800.77 million in Fiscal 2002 from Rs. 1,818.98 million in Fiscal 2001. Operating and administration expenses as a percentage of operating revenue also decreased to 32.94% in Fiscal 2002 from 33.83% in Fiscal 2001.

Interest

Net interest cost declined by 20.29% to Rs. 19.52 million in Fiscal 2002 from Rs. 24.50 million in Fiscal 2001 primarily due to decrease in borrowings and reduction in cost of funding. Net interest cost as a percentage of operating revenue decreased to 0.36% in Fiscal 2002 from 0.46% in Fiscal 2001.

Profit before Tax

Profit before tax increased by 28.69% to Rs. 511.05 million in Fiscal 2002 from Rs. 397.12 million, primarily due to:

- Decrease of 4.48% in cost of equipment purchased for resale in Fiscal 2002 over Fiscal 2001 while the corresponding revenue from sale of equipment declined by 2.89% in Fiscal 2002 over Fiscal 2001

- Decrease in operating and other expenses by 1.00% to Rs. 1,800.77 million in Fiscal 2002 from Rs. 1,818.98 million in Fiscal 2001, despite increase in operating revenues by 1.68%.

- Increase in other Income by 24.78% to Rs.186.34 million in Fiscal 2002 from Rs.149.34 million in Fiscal 2001

This increase was partially offset by increase in Staff cost by 14.88% to Rs. 1,128.10 million in Fiscal 2002 from Rs. 981.96 million in Fiscal 2001.

Income Tax

The provision for current tax increased by 24.20% to Rs. 181.58 million in Fiscal 2002 from Rs.146.20 million in Fiscal 2001 primarily due to higher profits. Income tax including deferred tax as a percentage of PBT decreased to 35.53% in Fiscal 2002 from 36.81% in Fiscal 2001.

Profit After Tax

The profit after tax increased by 34.06 % to Rs. 336.39 million in Fiscal 2002 from Rs. 250.92 million in Fiscal 2001. Profit after tax as a percentage of operating revenue increased to 6.15% in Fiscal 2002 from 4.67% in Fiscal 2001.

Liquidity and Capital Resources

Cash Flows

Our cash flows are influenced primarily by our operations. The table below summarizes our cash flows for Fiscal 2001, Fiscal 2002 and Fiscal 2003 and the nine months ended December 31, 2003.

Cash Flows

Our cash flows are influenced primarily by our operations. The table below summarizes our cash flows for Fiscal 2001, Fiscal 2002 and Fiscal 2003 and the nine months ended December 31, 2003.

Cash Flow (Rs. Millions)	Nine months ended December 31, 2003	Fiscal 2003	Fiscal 2002	Fiscal 2001
Net cash from operating activities	(2.11)	(111.02)	171.78	238.94
Net cash used in investing activities	(64.95)	(51.69)	0.73	(188.49)
Net cash used in financing activities	11.45	165.18	(205.30)	(43.27)
Net increase/(decrease) in cash and cash equivalents	(55.61)	2.47	(32.79)	7.19

Working Capital

The net current assets as at December 31, 2003 were Rs. 1,511.05 million

Net Current assets as at March 31, 2003 were Rs 1,157.3 million compared with Rs 592.5 million as at March 31, 2002, mainly on account of increase in current assets from Rs 2,980.5 million in Fiscal 2003 to Rs 4,025.9 million in Fiscal 2002 and increase in current liabilities and provision from Rs 2,388.0 million in Fiscal 2003 to Rs 2,868.7 million in Fiscal 2002. Increase in current assets as on March 31, 2003 is attributable mainly to increase in inventory from Rs 116.6 million in Fiscal 2003 to Rs 173.9 million in Fiscal 2002, increase in sundry debtors from Rs 1,500.6 million in Fiscal 2003 to Rs 2,079.1 million in Fiscal 2002 and increase in unbilled revenue from Rs 410 million in Fiscal 2003 to Rs 613.2 million in Fiscal 2002. The level of debtors in terms of number of days increased from 100 days sales in Fiscal 2003 to 125 day sales in Fiscal 2002 mainly on account of large year-end billings. However, debtors over six months have declined from Rs 286.2 million (19 day sales) in Fiscal 2003 to Rs 281.8 million (17 day sales) in Fiscal 2002. The unbilled revenue increased from 27 day sales in Fiscal 2003 to 37 day sales in Fiscal 2002 mainly on account income accrued on some long term projects being executed by the company, where the billing milestones have not been reached. Increase in current liabilities and provisions are attributable mainly to increase in sundry creditors from Rs 973.2 million in Fiscal 2003 to Rs 1,316.9 million in Fiscal 2002 due to increase in business activities and provision for taxation for the year ended March 31, 2003.

Indebtedness

The total debt as on December 31, 2003 was Rs. 614.12 million. The debt is split into Secured & Unsecured loans as under:

- Secured Loans – amounting to Rs. 125.30 million, which comprised of cash credit facilities from banks

- Unsecured Loans – amounting to Rs. 488.82 million comprising of GoI loans (including interest accrued) Rs. 88.82 million, commercial papers Rs. 200 million, short-term loans Rs. 200 million.

Fixed Assets

The gross fixed assets as on December 31, 2003 was Rs. 1,308.06 million.

The gross fixed assets as at March 31, 2003 was Rs 1,254.6 million as compared to Rs 1,215.3 million as at March 31, 2002, resulting in an increase of 3.2% mainly on enhancement in IT infrastructure.

The gross fixed assets as at March 31, 2002 was Rs 1,215.3 million as compared to Rs 1,226.7 million as at March 31, 2001, indicating a decrease of 0.92%, mainly on account of disposal of obsolete equipment.

Principal sources of liquidity

As on December 31, 2003, cash and bank balances were Rs. 139.61 million and unutilised bank limits (fund based) of Rs.134.70 million.

Related party transactions

The company has various transactions with related parties, including the following parties:

- Our Promoters, Tata Sons Limited
- Fellow subsidiaries, such as Tata Infotech Ltd, Tata AIG General Insurance Company Ltd and Tata AIG Life Insurance Company Ltd
- Our Subsidiary, CMC Americas Inc
- Key Managerial Personnel namely Mr.S.S.Ghosh (ex-Managing Director & CEO) and
- Mr.R.Ramanan (Managing Director & CEO)

These transactions comprise various transactions such as Purchase of goods, sale of goods, service income, insurance cover taken, and managerial remuneration.

For more information see the section "Related Party Transactions" on page [--] of this Preliminary Sale Document.

Qualitative and quantitative disclosures about market risk

Exchange Rate Risk

All our borrowings are denominated in Indian Rupees. We are exposed to foreign exchange risk with respect to our import and export transactions. For Fiscal 2003, our net foreign exchange exposure (net of inflows and outflows) is less than 5% of our total operations and hence we are subject to exchange rate risk to this extent.

Interest Rate Risk

All our borrowings carry fixed rate of interest and hence we are not exposed to interest rate risk

Effect of Inflation

During Fiscal 2001, Fiscal 2002 and Fiscal 2003, the All India Consumer Price Index increased by 3.8%, 4.3% and 4.0%, respectively. Since we set the price for our products and services sold in India based on various factors, including inflation, inflation has not had a significant effect on the result of our operations to date. We do not expect that inflation rates in India will have a significant impact on our results of operations for the foreseeable future.

OUR MANAGEMENT

Board of Directors

Our Managing Director, Mr. R. Ramanan, who is also our Chief Executive Officer, conducts our day-to-day operations under the overall supervision, direction and control of our Board of Directors.

As per our Articles of Association, up to twelve Directors can be appointed on our Board. Currently there are nine Directors on our Board.

The present Board consists of one executive Director and eight non-executive Directors. Out of the non-executive Directors, four are independent Directors, two are nominees of GoI and the other two represent our Promoter. We have a non-executive Chairman and the number of independent Directors is more than one-third of the total number of Directors. The number of non-executive Directors is more than half of the total number of Directors.

Our Articles provide that so long as GoI holds at least 15 percent of the paid-up voting equity share capital of the Company, GoI would have the right to nominate two non-executive and non-retiring Directors on the Board, provided that for a period of three years from October 16, 2001, the GoI has the right to nominate at least one Director on the Board, if GoI continues to be a shareholder of our Company. All our Directors other than the Directors nominated by the GoI and the Managing Director are liable to retire by rotation.

Our Promoter has the right to nominate a maximum of six Directors including the Chairman, the Managing Director and all the whole-time functional Directors. Our Articles provide that our Chairman shall be a non-executive Chairman with a casting vote.

The following table sets forth certain details regarding the members of our Board as of date hereof:

Name Designation, Fathers Name Address Occupation and Term	Age (Years)	Other Directorships
Mr. S. Ramadorai Chairman, (Son of Mr. V. Subramanian) Sagardarshan, 8 Worli Seaface, Mumbai – 4000025 *Service* Nominee Director of Promoter Tenure: Liable to retire by rotation	59	Tata Industries Ltd Tata Infotech Ltd Tata Elxsi (India) Limited (Vice Chairman) Tata Internet Services Limited WTI Advanced Technologies Ltd Innova TV Inc (USA) Airline Financial Support Services (India) Pvt Limited Tata Technologies Ltd (Chairman) Aviation Software Development Consultancy (India) Limited Hindustan Lever Ltd Nicholas Piramal India Limited Jataayu Software (P) Limited
Mr. R. Ramanan Managing Director & CEO, (Son of Mr. E. N. Ramanathan) New Mona Apartments, Flat No.2-AB, 46, Bhulabhai Desai Road, Mumbai – 400026. *Service* Nominee Director of Promoter Tenure: Expires on December 12, 2006.	45	CMC Americas, Inc. (Chairman)

Mr. Ishaat Hussain Director, (Son of Dr. Rayasat Husain) 222 NCPA Apartments Dorabji Tata Road Nariman Point Mumbai – 400021 *Service* Nominee Director of Promoter Tenure: Liable to retire by rotation	56	Tata Sons Limited Tata Industries Limited The Tata Iron and Steel Co. Ltd Titan Industries Limited Voltas Limited (Chairman) Tata Inc. Tata Tele Services Ltd Tata Internet Services Limited Tata AIG General Insurance Company Limited Tata AIG Life Insurance Company Ltd Tata Finance Ltd Idea Cellular Limited Videsh Sanchar Nigam Limited Speech & Software Technologies (I) Pvt Limited Tata Teleservices (Maharashtra) Limited The India Growth Fund Inc Tata TD Waterhouse Trustee Company Limited
Dr. U. P. Phadke Director, (Son of Late Mr. Pandurang Ganesh Phadke) Flat No. 14, Type V Qtrs. Maulana Azad Medical College Campus, Kotla Road, New Delhi – 110002 *Service* Nominee Director of GoI Tenure: Not liable to retire by rotation	54	Semiconductor Complex Limited Madhya Pradesh State Electronics Development Corporation
Mr. R. Chandrashekhar Director, (Son of Late Mr. R.R.Rao) House No. 792, Asiad Games Village, New Delhi - 110092 *Service* Nominee Director of GoI Tenure: Not liable to retire by rotation	50	Vishakapatnam Industrial Water Supply Company National Informatics Centre Services Incorporated (Chairman) National Institute for Smart Government
Dr. K. R. S. Murthy Director, (Son of Mr. K. Rama Rao) 355, 1st E Cross, 6th Block, 2nd Phase, Banashankari, 3rd stage, Bangalore – 560085. *Professor* Independent Director Tenure: Liable to retire by rotation	65	National Stock Exchange of India Limited

Mr. C. B. Bhave Director, (Son of Mr. Bhaskar Jagannath Bhave) 9A, Zerlina, Little Gibbs Road, Malabar Hill Mumbai – 400006 *Service* Independent Director Tenure: Liable to retire by rotation	53	Tata Telecom Limited National Securities Depositories Limited (Managing Director)
Mr. Shardul Shroff Director, (Son of Late Mr. Suresh A Shroff) S-270, Aashirwad, Greater Kailash Part-II, New Delhi – 1100048. *Lawyer* Independent Director Tenure: Liable to retire by rotation	48	Infrastructure Development Finance Company Limited Apollo Tyres Limited IRCON International Limited NIIT Limited Ballarpur Industries Limited Bharat Aluminium Company Limited Minerals and Metal Trading Corporation Amarchand Towers Property Holdings Private Limited Amarchand Mangaldas Properties Private Limited PSNSS Properties Private Limited Baghbaan Properties Private Limited
Mr. Surendra Singh, Director, (Son of Late Mr. Sumer Singh) E-87, Paschimi Marg, 3rd Floor, Vasant Vihar New Delhi – 110057 *Service* Independent Director Tenure: Liable to retire by rotation	66	UTI Bank Limited NIIT Limited Jubilant Organosys Limited B.A.G Films Limited West Bengal Power Development Corporation Limited Andhra Pradesh Paper Mills Limited

Brief Biography of the Directors

Mr. S. Ramadorai, Chairman, age 59 years, holds a Bachelors degree in Physics from Delhi University, a Bachelors of Engineering in Electronics and Telecommunications from Indian Institute of Science, Bangalore and a Masters degree in Computer Science from the University of California. In 1993, Mr. Ramadorai took the Senior Executive Development Programme at MIT's Sloan School of Management. During the past 30 years, Mr. Ramadorai has contributed significantly for the growth of IT Industry globally as a whole and for India in particular. He played a key role in the global development of Tata Consultancy Services. At present, he is the CEO of TCS.

Mr. R. Ramanan, **Managing Director and CEO**, age 45 years, has a Bachelors of Technology in Electrical Engineering from IIT Mumbai with more than 21 years of rich working experience in TCS. He held several key positions in TCS. Starting his career as a Software Engineer in TCS in July 1981, he has been a Project Leader, a Group Leader and an Overseas Regional Manager representing TCS in the USA. He is also Chairman of CMC Americas, Inc.

Mr. Ishaat Hussain, Director, age 56 years, has a Bachelors degree in Economics and is a qualified Chartered Accountant from England & Wales. Mr. Hussain has vast experience in the areas of finance, banking, accounts, audit, taxation and general management.

Dr. U. P. Phadke, Director, age 54 years, has a Masters in Science and Ph.D. from IIT, Delhi. He is an Adviser in the Department of Information Technology, Ministry of Communications and Information Technology and Group Coordinator, R&D in Electronics Group. Since August 2001, he is also the Director General, Electronics R&D Centre of India. He is a member of the Governing Councils of the Society for Applied Microwave Electronics Engineering & Research, the Centre for Materials for Electronics Technology and Research Council, Central Electronics Engineering Research Institute, Pilani. He is a senior member IEEE, US and has published many research papers, articles & technology review reports in international journals and magazines of repute.

Dr. K. R. S. Murthy, Director, age 65 years, has obtained his Doctorate in Business Administration from the Harvard Business School and his Masters in Management from Sloan School, MIT. A Gold Medalist of Mysore University, Dr. Murthy has published extensively in strategic and public enterprise management. Dr. Murthy is on the Board of NSE and the governing boards of several non- government organisations and educational institutions, such as, Indian Institute of Capital Markets, Navi Mumbai and Public Affairs Centre, Bangalore. Dr. Murthy is a member of Disinvestment Commission, GoI. He worked in the industry for nearly a decade before taking up studies in management. He has served in the field of management education and administration for 25 years during which period he taught at IIM, Ahmedabad, Boston University and was director of Institute of Rural Management, Anand and IIM, Bangalore. He is currently Chairman of Board for Information Technology Education Standards (BITES), a society promoted by the Government of Karnataka in cooperation with industry and educational institutions to promote and accredit the quality of IT education.

Mr. C. B. Bhave, Director, age 53 years, has a Bachelors degree in Electrical Engineering and has working experience of 27 years in Civil Service. He has worked as Under Secretary in the Ministry of Finance and Deputy Secretary in the Ministry of Petroleum. He has also worked in SEBI as senior executive director from 1992-96. He was in charge of the secondary market department till 1995 and of the primary market department thereafter in SEBI. From July 1996, Mr. Bhave is working as managing director of the NSDL, the first Depository in India.

Mr. Shardul Shroff, **Director**, age 48 years, is managing partner of M/s Amarchand & Mangaldas & Suresh A. Shroff & Co., one of the leading law firms of India. Mr. Shroff has been a practicing lawyer with the firm since 1980 and has vast experience in the areas of project finance, corporate and structured finance, insurance, telecom, joint ventures, mergers and acquisitions, disinvestment and a large body of corporate advisory work across sectors. He has worked very closely on important economic legislation as a member of several high powered committees appointed by the Government on diverse areas like Companies Act, Insolvency, Takeover Code, Anti Piracy Executive Orders of the Government of Karnataka and the IT Services Enabled Act for the Government of Andhra Pradesh.

Mr. Surendra Singh, Director, age 66 years, is a retired I.A.S. Officer. He has held a number of important assignments including Cabinet Secretary to GoI, Secretary to the Ministry of Industry, Special Secretary to the GoI and Special Secretary to the Prime Minister of India. He was actively associated with the implementation of the GoI’s new economic policy introduced in 1991. Mr. Surendra Singh has served as executive director on the Board of the World Bank and director on the Board of International Finance Corporation.

Mr. R. Chandrashekhar, Director, age 50 years, has a Masters degree in Chemistry from IIT Mumbai and Masters degree in Computer Science from the Pennsylvania State University, USA. Mr. Chandrashekar joined GoI in 1975 as a member of the Indian Administrative Service and currently is Joint Secretary (E-governance) in the Department of Information Technology in the Ministry of Communications and Information Technology, GoI. Mr. Chandrashekhar has been associated with a wide variety of organizations like UNESCAP, Massachusetts Institute of Technology and events relating to all aspects of IT as a key resource person, speaker and consultant.

None of our Directors are related to each other.

Compensation of Our Directors

For details of compensation of our whole-time Director, please refer to the section titled "Statutory and Other Information' on page [--] of this Preliminary Sale Document. We pay only sitting fees to Directors other than whole-time Director.

Shareholding of our Directors

Our Articles do not require our Directors to hold any qualification shares in us. Except Dr. U P Phadke who holds 100 Equity Shares as GoI nominee, no other Director holds any Equity Shares in us as on date of this Preliminary Sale Document.

Term of Office of Directors

In accordance with the Companies Act, all our Directors other than the Directors nominated by the GoI and the Managing Director are liable to retire by rotation.

Mr. R. Ramanan is the Managing Director & CEO of our Company. Mr. Ramanan has been seconded to our Company from TSL and was appointed as the Deputy Managing Director & Chief Operating Officer vide the Board resolution dated October 16, 2001 and approved by our shareholders in the EGM dated December 1, 2001. Consequent upon the retirement of Mr. S.S. Ghosh as the Managing Director & CEO of our Company on attaining the age of superannuation, the Board vide its resolution dated December 13, 2003 appointed Mr. R. Ramanan as the Managing Director & CEO of our Company with effect from December 13, 2003, for a period of 3 years. For details of the term of employment of Mr. Ramanan, please refer to the section titled "Statutory and Other Information' on page [--] of this Preliminary Sale Document.

Changes in the Board of Directors during the last three years

Changes in our Board of Directors in the last three years are as follows:

Name	**Date of Appointment**	**Date of Cessation**	**Reasons**
Mr. J. S. Maini	October 31, 1996	September 13, 2001	Ceased to be a Director on the direction of the GoI
Dr. A. K Chakravarthi	February 25, 1997	February 26, 2001	Ceased to be a Director on the direction of the GoI
Mr. Roopen Roy	November 30, 1998	April 4, 2001	Resigned
Mr. H. C. Gandhi	November 30, 1998	October 16, 2001	Resigned
Ms. P. M. Singh	February 26, 2001	October 16, 2001	Resigned
Prof. Pankaj Jalote	November 30, 1998	October 16, 2001	Resigned
Mr. P. K. De	April 19, 2000	October 16, 2001	Resigned
Dr. P. Dasgupta	February 18, 2000	October 16, 2001	Resigned
Mr.S. S Ghosh		October 16, 2001	Resigned as GoI nominee director
Mr.S. S Ghosh	October 16, 2001	December 12, 2003	Re-appointed as Promoter nominee and superannuated on December 12, 2003
Mr. S. Ramadorai	October 16, 2001	-	Appointed as Promoter nominee
Mr. R. Ramanan	October 16, 2001	-	Appointed as Dy. Managing Director & COO by the Promoter and on December 13, 2003 appointed as

Name	Date of Appointment	Date of Cessation	Reasons
Dr. K. R. S. Murthy	November 30, 1998	October 16, 2001	Managing Director and CEO Resigned as GoI nominee director
Dr. K. R. S. Murthy	October 16, 2001	-	Re-appointed as independent Director
Mr. Surendra Singh	October 16, 2001	-	Appointed as independent Director
Mr. Shardul Shroff	October 16, 2001	-	Appointed as independent Director
Mr. C. B. Bhave	October 16, 2001	-	Appointed as independent Director
Dr. U. P. Phadke	October 16, 2001	-	Appointed as GoI nominee
Mr. Y. S. Bhave	September 13, 2001	November 4, 2003	Resigned
Mr. Ishaat Hussain	October 16, 2001	-	Appointed as Promoter nominee
Mr. R. Chandrashekhar	December 4, 2003	-	Appointed as GoI nominee

Corporate Governance

The guidelines in respect of corporate governance as prescribed in the listing agreements of the stock exchanges on which our Equity Shares are listed will be applicable to us. We made corporate governance a practice and a continuous process of development and adopted Corporate Governance Code as per clause 49 of the listing agreement of the stock exchanges. In this regard, we have constituted Audit Committee, Remuneration Committee and Share Transfer cum Shareholders Grievance Committee in terms of the requirements of Corporate Governance Code as per clause 49 of the listing agreement of the stock exchanges. The details of these committees is as under:

Audit Committee

The Audit Committee consists of all non-executive Directors, with majority being independent Directors. The Audit Committee was reconstituted on December 22, 2003. The members of the Audit Committee as of February 9, 2004 are as follows:

- Dr. K.R.S. Murthy, Chairman
- Mr. Surendra Singh
- Mr. R. Chandrashekhar
- Mr. C.B. Bhave

The scope and functions of the Audit Committee are as per clause 49 of the listing agreement. The Audit Committee also reviews the report of the internal auditors and statutory auditors along with the comments and action taken by the management. In addition, the Audit Committee will have the following powers and duties:

1. Review the Company's financial reporting process, the financial statements and financial /risk management policies.
2. Review the adequacy of the internal control systems in the Company
3. Review of the internal audit report forwarded by the internal auditors
4. Discussion with the management and the external auditors the audit plan for the financial year and the joint post audit review of the same.

Remuneration Committee

The Remuneration Committee consists of non-executive directors, with the Chairman being an independent Director. This committee was formed on December 22, 2003. The members of the Remuneration Committee as of February 9, 2004 are as follows:

- Dr. K.R.S.Murthy, Chairman
- Mr. S. Ramadorai
- Mr. Surendra Singh
- Mr. C. B. Bhave

The scope and function of the Remuneration Committee is to review and fix the remuneration payable to whole-time Directors and other staff members of the Company.

Share Transfer cum Shareholders Grievance Committee

The Share Transfer cum Shareholders Grievance Committee was reconstituted on December 22, 2003. The members of the Share Transfer cum Shareholders Grievance Committee as of February 9, 2004 are as follows:

- Mr. Surendra Singh, Chairman
- Mr. R. Ramanan
- Mr. Shardul Shroff
- Mr. R. Chandrashekhar
- Mr. Vivek Agarwal

The scope and functions of the Share Transfer cum Shareholders Grievance Committee are as per clause 49 of the listing agreement. In addition, the Share Transfer cum Shareholders Grievance Committee will have the following powers and duties:

1) To approve:

a. Transfer & Transmission of Equity Shares
b. Any other matter as the Board may delegate.

2) To review the investors' grievances relating to:

a. Transfer & Transmission of Shares
b. Non-Receipt of Annual Report
c. Non-Receipt of Dividend etc.
d. Any other shareholder related query that may arise in future.

Ethics and Compliance Committee

The Ethics and Compliance Committee was constituted on January 28, 2003 consisting of the following members as of February 9, 2004:

- Mr. Surendra Singh, Chairman
- Mr. R. Ramanan
- Mr. Shardul Shroff
- Mr. R. Chandrashekhar
- Mr. Vivek Agarwal

The scope and functions of the Ethics and Compliance Committee are as follow:

1. Set forth the policies relating to and oversee the implementation of the code of conduct for prevention of insider trading and code of corporate disclosure practices.
2. Take on record the status reports prepared by the compliance officer detailing the dealing in Securities by the specified persons on monthly basis
3. Decide penal action in respect of violation of the SEBI Regulations/code by any specified person

ORGANISATION CHART

S. Ramadorai
Chairman

R.Ramanan
Managing Director & CEO

Strategic Business Unit **Industry Practice** **Geography** **Corporate Function**

Mr. A.S. Rajyadaksha Mr. K.C. Rehani Mr. Bhushan Mohan Mr. J.K Gupta
Customer Service E-governance India – North CFO

Mr. S. Balakrishanan Mr. C.V. Rammohan Mr. A.K. Bhattacharya Mr. S.V. Ramanan
Systems Integration BFSI India – East HR, Internal Systems, Corporate Communications
Planning & Q uality
Mr. Rathin Roy Mr. S. Balakrishanan
Mr. Shibal Ghosh Insurance India West Mr. Chinta Prakash Education & Training
R&D

Mr. Chinta Prakash
Mr. V. Rajaraman Mr. G. Bhulokam India – South Mr. Vivek Agarwal
ITES Shipping Company Secy.& Legal
Mr. G. Venkatraman Mr. Bhushan Mohan Europe
Transportation
Mr. Vinodh Lakshaman
Mr. SPS Mahindroo MEA
Defence

Mr. A.K. Singh

Mining

We have adopted a matrix structure. The SBUs are profit centers with the SBU Chiefs having strategic and operational responsibilities and profitability targets. The industry practice head/group complements the efforts of the SBUs by integrating the offerings of the various SBUs across their respective verticals. The geography heads have customer relationship management, delivery and support responsibilities for respective geographies. The corporate function teams support the entire organisation in terms of Finance, HR, Internal Systems, Planning & Quality, R&D and Secretarial and Legal.

Managerial Personnel on secondment from our Promoter

Mr. R. Ramanan, Managing Director and CEO, age 45 years, holds a Bachelors degree of Technology (Electrical Engineering) from IIT, Mumbai. He is a member of the Computer Society of India, IEEE Computer Society and IEEE Communications, USA. He joined us in October 2001 and has 23 years of experience. Prior to joining us, he was with TCS. He started his career as a Software Engineer in TCS in July 1981 and has been a Project Leader, a Group Leader and an Overseas Regional Manager representing TCS in the USA. For details on Mr. R. Ramanan's remuneration refer to section on "Statutory and Other Information" on page [--] of this Preliminary Sale Document.

He is the chairman of the board of directors of CMC Americas, Inc. His current responsibilities include all administrative and operational process control of our Company as well as business planning and allocation of business targets to our SBUs. He, also, provides the necessary support to the functional groups.

Mr. J. K. Gupta, **Chief Financial Officer**, age 44 years, holds a Masters degree in Business Administration from University of Delhi, a Masters degree in Commerce and a Bachelors degree in Law. In addition, he is an associate member of the Institute of Cost and Works Accountants of India. He joined TCS on April 2002 and was seconded to our Company in May 2002. Prior to joining TCS, he was Executive Vice-President (Finance) & Chief Financial Officer, Access Group of Zee Network. He has 24 years of experience in information technology, media entertainment, steel and consumer durable industries. The remuneration payable to Mr. Gupta is paid and borne entirely by our Promoter.

He is a member of board of directors of CMC Americas, Inc. His current responsibilities include managing the financial affairs of our Company, financial and business planning, taxation, treasury and accounting.

Key Managerial Personnel

Mr. A. S. Rajadhyaksha, Executive Director - CS SBU, age 59 years, has a Bachelors degree in Electrical Engineering from Bombay University and DERE from Department of Technical Education, State of Maharashtra. He joined us in September 1977 and has 35 years of experience. Prior to joining us, he was with Tata Institute of Fundamental Research, Blue Star Limited and Engineers India Limited. He is also responsible for managing the Tata Code of Conduct initiatives in our Company.

Mr S. Balakrishnan, General Manager - Western Region & SBU Chief - SI, age 57 years, has a Bachelors degree in Engineering from Kerala University, and a Masters in Business Administration from University of Delhi. He joined us in March 1977 from IBM and has 35 years of experience. Prior to joining us, he was with IBM in the field engineering operations.

Mr. Saibal Ghosh, Additional General Manager, SBU Chief - E&T, age 50 years, has a Bachelors degree in Electronics Engineering from IIT, New Delhi and PGDBA from IIM, Calcutta. He joined us in May 1980 and has 27 years of experience. Prior to joining us, he was with ICIM.

Mr. V. Rajaraman, Additional General Manager, SBU Chief - ITES (IT Enable Services), age 49 years**,** has a Bachelors degree in Engineering. He joined us in January 1977 and continued till June 2000. He rejoined us in June 2002. He has 26 years of experience.

Mr. K. C. Rehani, General Manager -System Integration, Industry Practice Head - e-Governance, age 58 years, has a Bachelors degree in Engineering from DCE, Delhi. He joined us in July 1977 and has 37 years of experience. Prior to joining us, he was with ICIL at Delhi.

Dr. C. V. Ramamohan, Additional General Manager & Industry Practice Head - Banking, age 56 years, has a M.Sc & a Ph.D from IIT, Madras, an MBA from Osmania University and is a Certified Associate of the Indian Institute of Bankers. He joined us in December 1985 and he has 31 years of experience. Prior to joining us, he has worked with State Bank of Travancore & State Bank of India.

Mr. Rathindra Nath Roy, Additional General Manager – SI (Eastern Region) and Industry Practice Head - Insurance, age 50 years, has a Masters Degree from Indian Statistical Institute of Calcutta & Diploma in Operations Research and Statistical Quality Control from Indian Statistical Institute. He joined us in May 1985 and has 27 years of experience. Prior to joining us, he was with ORG Systems.

Mr. G. Bhulokam, Additional General Manager and Industry Practice Head – Shipping, age 44 years, has a Masters of Technology in Computer Science & Engineering from Osmania University. He joined us in September 1991 and has 21 years of experience. Prior to joining us, he was with National Informatics Centre.

Mr. Bhushan Mohan, General Manager – Northern Region and Industry Practice Head - Transportation, age 54 years, has a Bachelors degree in Electrical Engineering from Aligarh Muslim University. He joined us in 1977 and has 30 years of experience. Prior to joining us, he was with IBM.

Mr. S. P. S. Mahindroo, Vice President – Defence IP (Industrial Practice), age 58 years, has a Bachelors degree in Science from University of Delhi, Diploma in Management from JBIMS and an MBA from Asian Institute of Management, Manila. He joined us in March 1986 and he has 30 years of experience. Prior to joining us, he was with MDI Gurgaon. He has, also, worked with the World Bank, California State University, UNIDO (Vienna), ILO, IOC and Citibank.

Mr. A. K. Singh, Additional General Manager and Industry Practice Head - Mining, age 54 years, has a Masters degree in Mineral Exploration. He joined us in December 2000 and has 26 years of experience. Prior to joining us, he was with Indal.

Mr. A. K. Bhattacharya, General Manager – Eastern Region, age 58 years, has a Bachelors degree in Electrical Engineering from Bengal Engineering College, Calcutta University. He joined us in 1977 and has 37 years of experience. Prior to joining us, he was with IBM.

Mr. Chinta Prakash, General Manager, Southern Region and Head - R&D, age 53 years, has a Bachelors degree in Electronics & Communication Engineering from Osmania University, Hyderabad. He joined us in March 1977 and has 29 years experience. Prior to joining us, he was at the Tata Institute of Fundamental Research, Mumbai.

Mr. G. Venkatraman, Deputy General Manager - Corporate Business Development and Head – Europe, age 43 years, has a Bachelors degree in Engineering. He joined us in June 2003 and has 17 years of experience. Prior to joining us, he was with Larsen & Toubro Infotech Limited.

Mr. Vinodh Lakshman, Head - Middle East & Africa, age 33 years, has a Bachelors degree in Engineering and PG Diploma. in Marketing Management. He joined us in October 2002 and has 11 years of experience. Prior to joining us, he has worked with EMITAC (Abu Dhabi).

Mr. S. V. Ramanan, Additional General Manager, Head - Human Resources, Internal Information Systems & Corporate Communications, age 48 years, has a Bachelors degree in Electronics Engineering from DCE and a Masters of Technology in Management & Systems from IIT, Delhi. He joined us in July 1978 and continued until September 2000. He rejoined us in May 2001. He has 25 years of experience. He, also, heads our Quality and Business Excellence Initiatives.

Mr. Vivek Agarwal, Company Secretary and Head - Legal, age 45 years, has a Bachelors degree in Commerce and Law. He is an associate member of the Institute of Cost & Works Accountants of India and fellow member of Institute of Company Secretaries of India. He joined us in March 2001 as Company Secretary and has 22 years of experience. Prior to joining us, he was with Gloster Jute Mills Limited.

Other than Mr. R. Ramanan and Mr. J.K. Gupta, all the key managerial personnel are permanent employees of our Company.

Information as per Section 217(2A) of the Companies Act, read with Companies (Particulars of Employees) Rules, 1975 as amended regarding particulars of employees drawing remuneration of Rs. 200,000 per month or Rs.2,400,000 per annum and above is nil.

Shareholding of our Key Managerial Personnel

As on February 9, 2004, other than as listed below, none of our Key Managerial Personnel are holding any Equity Shares of our Company.

Name of Key Managerial Personnel	Shareholding (No. of Equity Shares)
Mr. A. S. Rajadhyaksha	600
Mr. S. Balakrishnan	350
Mr. Chinta Prakash	600
Mr, Bhushan Mohan	500
Mr. K.C.Rehani	500
Mr. A. K. Singh	200

Bonus or Profit sharing plan for our Key Managerial Personnel

The compensation, provided to the personnel, includes a variable component as part of the monthly compensation package. This variable allowance (ex-gratia/ bonus) was introduced with effect from October 1, 2003 and would be revised at the beginning of every financial year.

The variable allowance amount is determined by the ranking of the staff member under the four categories viz. individual appraisal performance rating, grade/ management performance band, SBU/function and our Company's performance in the concluding Financial Year.

The key managerial personnel of our Company do not have any interest in our Company other than to the extent of the remuneration or benefits to which they are entitled to as per their terms of appointment and reimbursement of expenses incurred by them during the ordinary course of business and to the extent of the Equity Shares held by them in our Company.

Changes in our Key Managerial Personnel in the last three years

Following are the changes in our key managerial personnel in the last three years:

Name of the employee	Last designation	Date of Appointment	Date of Cessation	Reasons for change
Mr. S. S. Ghosh	Managing Director & CEO	--	December 12, 2003	Superannuation
Mr. R. Ramanan	Managing Director & CEO	October 16, 2001	--	Appointed as Dy. Managing Director & COO
Mr. Vivek Agarwal	Company Secretary & Head Legal	March 12, 2001	--	Appointed
Mr. J. K. Gupta	Chief Financial Officer	May 17, 2002	--	Appointed

Name of the employee	Last designation	Date of Appointment	Date of Cessation	Reasons for change
Mr. S. K. Sehgal	Head – HR	--	August 31, 2002	Superannuated
Mr.Saju James	Head – HR	September 1, 2002	December 26, 2003	End of period of period of deputation from TCS
Mr. Sudhir Saxena	Head - ITES	--	July 7, 2003	Resigned
Mr. S. K. Jhamb	Head - E&T	--	October 30, 2003	Superannuated
Mr. A. Karnad	Head – Customer Support	--	May 30, 2001	Superannuated
Mr. J. S. Rawalgaonkar	Head – Systems Integration	--	September 30, 2003	Superannuated
Mr. J. P. Narayanan	GM – Tamil Nadu, Karnataka and Kerala	--	December 31, 2002	Superannuated
Mr. P. K. De	Advisor – Technical (CS)	--	November 30, 2001	Superannuated
Dr. P. Dasgupta	Advisor – Business Development	--	February 28, 2003	Superannuated

Human Resources

The Company has a team of experienced professionals with relevant qualifications such as B.E., MCA, Diploma in Electronics/ Computers, Graduates / Post Graduate with IT qualification with minimum first class.

Training

We lay great emphasis on attracting talented young as well as experienced personnel; and help them through training inputs to develop and build their skills and knowledge. We offer a working environment which is challenging and competitive yet positive, and harmonious with growth, rewards and work satisfaction to contributing members of the team. We were one of the first companies in the Information Technology industry to offer a training program, as early as in 1978. Since then, we have been conducting training programs on a regular basis for a wide range of participants.

The effort has been, at all times, to build a culture of team work, openness, free communication between the members of the organization at all levels, appreciation and encouragement for learning new skills and building knowledge and placing premium on contribution and performance. We recognize and reward the performance of our employees and have in place various appreciation and recognition awards.

OUR PROMOTERS

Our Company was initially promoted by the GoI in 1975. In 2001, pursuant to the GoI's decision to disinvest a part of its shareholding in our Company, TSL bought 51% of the shareholding of our Company from the GoI. Pursuant to the acquisition of the shares from the GoI, TSL made an open offer to acquire 20% of the shareholding in our Company in accordance with the provisions of the Takeover Code. TSL acquired an additional 0.12% of the shares in the Company. With 51.12% of our share capital, TSL has management control of our operations. Currently, GoI holds 26.25% of our share capital, which is expected to reduce to nil after this Offer.

Profile of Promoter

TSL is the principal investment holding company of the Tatas, which had its origin in a trading firm set up by the late Mr. Jamsetji Tata in 1868. It was incorporated as a company on November 8, 1917. During the last several years, TSL has promoted major companies established by the Tata group in India. Over the years, these companies have developed businesses in a wide spectrum of industries. The principal business of TSL is investment holding, consultancy services in finance, computer software, business operations and management, economic and market research and quality assurance. The subscribed and paid-up equity capital of TSL is Rs.404.1 million. TSL has equity investments in the major companies promoted by the Tatas.

TSL has the following four operating divisions:

Tata Consultancy Services (TCS): This division provides a wide range of information technology and management consultancy services. It offers hardware sizing and capacity planning, system software, communications and networking and software project management solutions.

It is proposed to transfer Tata Consultancy Services to Tata Consultancy Services Limited, a subsidiary of TSL in accordance with the scheme of arrangement.

Tata Economic Consultancy Services (TECS): This division provides macro and micro economic studies in all sectors, market surveys, techno-economic feasibility studies, project planning and technology selection services and corporate planning and organizational development services

Tata Financial Services (TFS): This division provides financial advisory services related to corporate finance and restructuring, capital markets, project finance and treasury and portfolio management of operating and investment companies.

Tata Quality Management Services (TQMS): This division is involved in creating awareness and imparting training about the Tata Business Excellence Model (TBEM) amongst the group companies, which desire to adopt and implement the same.

Shareholding Pattern

The equity shares of TSL are not listed on any stock exchange. Its shareholding pattern as on December 31, 2003 is as given below:

Name	Shareholding (%)
Charitable Trusts	65.89
Tata Companies	12.86
Other Companies	18.40
Directors	0.83
Individuals	2.02
Total	**100**

Board of Directors

The details of the board of directors of TSL as on December 31, 2003 are as given in the table below:

Name	Designation
Mr. Ratan N. Tata	Chairman
Mr. N. A. Soonawala	Vice Chairman
Mr. P.S. Mistry	Director
Mr. F.K. Kavarana	Director
Mr. B.G. Deshmukh	Director
Mr. Syamal Gupta	Director
Dr. J.J. Irani	Director
Mr. R. K. Krishna Kumar	Director
Mr. R. Gopalakrishnan	Executive Director
Mr. Ishaat Hussain	Finance Director
Mr. A. R. Gandhi	Executive Director

Financial Performance

	Year ended March 31,		
Particulars	**2003**	**2002**	**2001**
	(in Rs. Million except per share data)		
Sales and other Income	51,588.7	43,295.3	33,216.7
Profit after tax	8,168.4	8,632.9	7,136.6
Equity Capital	404.1	404.1	404.1
Reserves and Surplus	39,659.8	33,015.3	26,026.3
Earnings per share (of Rs. 1000/- each)	20,107.0	21,226.0	17,510.0
Book value per share (of Rs. 1000/- each)	99,132.0	82,691.0	65,398.0

Subsidiaries of TSL

Our Promoter has the following subsidiaries:

1. Tata Infotech Limited
2 CMC Limited
3. Tata Housing Development Company Ltd.
4. TCE Consulting Engineers Limited
5. Tata AIG Life Insurance Company Limited
6. Tata AIG General Insurance Company Limited
7. Ewart Investments Limited
8. Primal Investments Limited
9. Panatone Finvest Limited
10. Tata Consultancy Services Limited
11. Concept Marketing and Advertising Limited
12. AP Online Limited
13. Tata Limited, London
14. Tata International, AG, Zug
15. Tata AG, Zug
16. CMC Americas Inc. (formerly Baton Rouge Intl. Inc. USA)
17. Exigenix Canada Inc.
18. Tata Infotech Deutschland GmbH
19. Tata America International Corporation
20. Tata Information Technology (Shanghai) Co. Ltd
21. TCS Iberoamerica S. A.

22. TCS Argentina SA, Argentina
23. TCS Solution Center SA, Uruguay
24. TCS Brazil S/C Ltda, Brazil
25. Tata Consultancy Services de Espana SA, Spain
26. Tata Consultancy Services de Mexico SA de CV, Mexico
27. TCS Inversiones Chile Limitada, Chile
28. Tata Consultancy Services, Belgium S.A.
29. Tata Consultancy Services, Deutschland GmbH
30. Tata Consultancy Services, Netherlands B.V.
31. Tata Consultancy Services, Sverige AB
32. Tata Consultancy Services, France S.A.
33. Tata Consultancy Services Asia Pacific Pte. Ltd.
34. Tata Consultancy Services Japan Ltd.
35. Tata Consultancy Services Malaysia
36. Tata Consultancy Services de Brasil Ltda.
37. Tata Consultancy Services Chile SA
38. Vantech Investments Limited

List of companies (other than subsidiaries) forming part of the 'promoter group' in terms of the SEBI Guidelines:

1. Tata Motors Limited (formerly known as Tata Engineering & Loco. Co. Ltd.)
2. Tata Investments Corporation Limited
3 The Tata Iron and Steel Company Limited
4. Tata Power Company Limited
5. Trent Limited
6. Tata AIG Risk Management Services Limited
7. Tata TD Waterhouse Asset Management Pvt. Limited
8. Tata TD Trustee Co. Limited
9. Tata Industries Limited
10. Tata Elxsi Limited
11. The Associated Building Co. Limited
12. Tata International Limited
13. Niskalp Investments & Trading Company Limited
14. Voltas Limited
15. Tata Teleservices Limited
16. Tata Finance Limited
17. Tata Tea Limited
18. Tata Chemicals Limited
19. The Indian Hotels Company Limited
20. Airline Financial Support Services Limited
21. Aviation Software Development Consultancy India Limited
22. Conscripti (Pty) Limited
23. Intelenet Global Services Private Limited
24. Investor Services of India Limited
25. Tata AutoComp Systems Limited

For detailed information relating to some of our material contracts, including the Shareholders Agreement, Share Purchase Agreement and Stock Purchase Agreement, refer to pages [•] of this Preliminary Sale Document.

Companies with which the Promoter has disassociated in the last three years:

The Associated Cement Companies Limited
Hitech Drilling Services India Limited
Forbes Gokak Limited
Tata Infomedia Limited

The Promoter has disassociated from the aforementioned companies, as the businesses of the above companies were not forming part of the business segments in which the Promoter wished to focus.

There are no companies that are promoted by our Promoter, which have become sick companies within the meaning of Sick Industrial Companies (Special Provisions) Act, 1995. Additionally, there are no companies that are promoted by our Promoter, which have become BIFR companies or which are under the process of winding up or have a negative networth.

There are no cases of pending litigations, defaults etc whose material impact is in excess of 1% of the profit of the Promoter in respect of companies/firms/ventures with which the Promoter was associated in the past but is no longer associated but its name still continues to be associated with those litigations.

There are no litigations in which the Promoter is involved, defaults to the financial institutions/banks, non-payment of statutory dues and dues towards instrument holders like debenture holders, fixed deposits, and arrears on cumulative preference shares by the Promoter and the companies/firms promoted by the Promoter which have an adverse impact on the financial performance of the Company.

The following are the details of our Promoters' SEBI registration for association with securities related business.

Name of the company/entity: Tata Sons Limited

SEBI Registration No.	MB/INM000010775
Category of registration	Category I Merchant Banker
Date of expiry of registration	15/1/2006
Details of any enquiry/investigation conducted by SEBI at any time	NIL
Penalty imposed by SEBI, if any	NIL
Outstanding fees payable to SEBI, if any	NIL

Name of the company/entity: Tata Sons Limited, Division: Tata Consultancy Services

SEBI Registration No.	INR 000000205
Category of registration	Registrar to an Issue & Transfer Agent, Category I
Date of expiry of registration	31/07/2005
Details of any enquiry/investigation conducted by SEBI at any time	NIL
Penalty imposed by SEBI, if any	NIL
Outstanding fees payable to SEBI, if any	NIL

For, details of the transactions entered into between us and our Promoter, refer to the section on "Related Party Transactions" on page [--] of this Preliminary Sale Document.

Details of the Five Largest Listed Companies within the Group Companies (chosen on the basis of market capitalization as on December 29, 2003)

Tata Iron and Steel Company Limited

The Tata Iron and Steel Company Limited ("Tata Steel") is a public limited company incorporated on August 27, 1907 under the Indian Companies Act, VI of 1882.

Tata Steel commenced commercial operations in 1911 and is an integrated steel producer engaged in the business of manufacturing and dealing in steel and steel products like wire rods, structurals, tubes, bars, bearings, hot rolled coils, cold rolled coils and sheets and semi-finished products like billets, blooms and slabs. Today, it is the largest producer of saleable steel in India in the private sector. Most of Tata Steel's manufacturing facilities are located in Jamshedpur (Jharkhand), close to the iron ore and coal reserves. Tata Steel's bearings Division is located at Kharagpur (West Bengal), Ferro Manganese Plant is located in Joda (Orissa), Charge Chrome Plant is located in Bamnipal (Orissa) and Cold Rolling Complex is located in Tarapur (Maharashtra). Tata Steel also has Mines, Collieries and Quarries in the states of Jharkhand, Orissa and Karnataka.

Board of Directors

The details of the board of directors of Tata Steel as on December 31, 2003 are as given in the table below:

Mr. R. N. Tata	Chairman
Mr. B. Muthuraman	Managing Director
Mr. T. Mukherjee	Deputy Managing Director (Steel)
Mr. A. N. Singh	Deputy Managing Director (Corporate Services)
Mr. Keshub Mahindra	Director
Mr. Nusli Wadia	Director
Mr. Kumara Mangalam Birla	Director
Mr. S. M. Palia	Director
Mr. P. K. Kaul	Director
Mr. Suresh Krishna	Director
Mr. Ishaat Hussain	Director
Dr. J. J. Irani	Director
Mr. B. Jitender	Director

Shareholding Pattern

The shareholding pattern of Tata Steel as on December 31, 2003 is given below:

Name	Shareholding (%)
Tata Group	26.29
FIIs/GDRs	12.43
Foreign Bodies/OCBs/Foreign Banks	0.03
GIC and Subsidiaries	6.10
LIC	12.09
UTI	1.71
Financial Institutions	0.07
Banks	0.25
State Financial Corporations/State Govts./Govt. Cos.	0.02
Mutual Funds	3.92
Bodies Corporate	7.80
NRIs	0.35
Others	28.94
TOTAL	**100.00**

Financial Performance

Year ended March 31,

Particulars	2003	2002	2001
(in Rs. Million except per share data)			
Sales and other Income	97932.70	76931.10	78100.50
Profit after tax	10123.10	2049.00	5534.40
Equity Capital	**3691.80	3679.70	3679.70
Reserves*	28168.40	30779.90	43804.60
Less: Misc. Expenditure	-	9889.90	9202.90
Net Reserves	28163.00	20890.00	34601.70
Earnings per share (of Rs. 10/- each)	27.43	5.51	14.64
Book value per share (of Rs. 10/- each)	86.28	66.77	104.00

* Includes revaluation reserve of Rs. 5.4 million being the addition on amalgamation of erstwhile Tata Speciality Steels Limited (TSSL).
** On amalgamation of TSSL with Tata Steel becoming effective from April 22, 2003, on May 12th, 2003, the Allotment Committee of Directors of the company made allotment of 1210003 ordinary shares of Rs. 10 each to the shareholders of erstwhile TSSL in the ratio of one ordinary share of the company for every five equity shares of TSSL held by them. The shares so allotted would be eligible for dividend for the year ended 31, 2003. Further the same has been included as part of the share capital as on March 31, 2003, although they were allotted subsequent to the said date and has been shown as "Capital Suspense" under Issued and Subscribed Share Capital.

Share quotation

a) Highest and lowest price in the last six months.

Month	High (Rs.)	Low (Rs.)
Jan-04	466.45	386.35
Dec-03	445.35	352.35
Nov-03	390.00	333.00
Oct-03	363.45	269.10
Sep-03	275.30	243.00
Aug-03	265.50	208.25

(Source: www.bseindia.com)

b) As on February 11, 2004 (one day prior to the filing of this Preliminary Sale Document with RoC, RS. 427.05

Tata Steel has not made any public or rights issue in last three years.

Tata Motors Limited

Tata Motors Limited ("Tata Motors") was incorporated as Tata Locomotive and Engineering Company Limited on September 1, 1945, as a limited liability company under the Indian Companies Act, VII of 1913. The name of the Company was changed to Tata Engineering and Locomotive Company Limited with effect from September 24, 1960 and further changed to Tata Motors Limited with effect from July 29, 2003. The Company is the largest company in the Tata Group in terms of revenues.

Tata Motors was originally established to manufacture steam locomotives, for which it set up a factory at Jamshedpur in the State of Jharkhand. The company manufactured its first steam locomotive in 1952. In 1954, the company diversified into automotive vehicles and presently it is the largest manufacturer of commercial vehicles in India. The company designs, manufactures and sells a wide range of heavy commercial vehicles, medium commercial vehicles, light commercial vehicles, utility vehicles and ten models of passenger cars.

Tata Motors currently has four automotive manufacturing plants located at Jamshedpur, Pune, Lucknow and Dharwad with a total production capacity of 3,60,000 vehicles per annum. The company's plant at

Dharwad would be put to use when it is economically feasible and the production in the other three plants has reached their installed capacities.

For the year ended March 31, 2002, Tata Motors was ranked among the top ten commercial vehicles (six tonnes and above category) manufacturers in the world by Financial Times. Tata Motors's "Indica" is currently the largest selling diesel car in the country.

During the year ended March 31, 2003, the company sold 219,859 commercial and utility vehicles and passenger cars, which includes 9,510 vehicles on account of exports, comprising of 106,194 commercial vehicles and 104,155 passenger vehicles. The company's market share in Fiscal 2003 was 56% in respect of commercial vehicles, which represented segment share of 64% in respect of MCVs and HCVs together and 44% in respect of LCVs. The company's market share in India in Fiscal 2003 was 15% in respect of passenger vehicles, which represented segment shares of 22% in respect of UVs and 15% in respect of passenger cars.

The company's revenues (net of excise) at the end of the third quarter (net of excise) stood at Rs. 90,757.8 million as against Rs.61,010.2 million in the corresponding period in the previous year. The company sold 104,616 commercial vehicles for the period April – December 2003, representing an increase of 44% over the last fiscal. Total sales of passenger vehicles were 97,217 nos., representing a growth of 42%. The "Indigo's" market share in its segment stood at 26%, while volumes of Indica grew by 10%. The exports for the nine months also showed a growth of 152%.

Board of Directors

The details of the board of directors of Tata Motors as on December 31, 2003 are as given in the table below:

Mr. Ratan N. Tata	Non-Executive Chairman
Mr. N. A. Soonawala	Non-Executive Director
Dr. J. J. Irani	Non-Executive Director
Mr. J. K. Setna	Non-Executive Director
Mr. V. R. Mehta	Independent Director
Mr. R. Gopalakrishnan	Non-Executive Director
Mr. N. N. Wadia	Independent Director
Mr. Helmut Petri	Independent Director
Mr. S. A. Naik	Independent Director
Mr. Ravi Kant	Executive Director (CVBU)
Mr. P. P. Kadle	Executive Director (Finance & Corporate Affairs)
Dr. V. Sumantran	Executive Director (PCBU & ERC)
Mr. P. K. M Fletzek (alternate to Mr. Helmut Petri)	Independent Director

Shareholding Pattern

The shareholding pattern of Tata Motors as on December 31, 2003 is as follows:

Name	**Shareholding (%)**
Promoters	31.16
Directors & Relatives	0.04
Mutual Funds and UTI	4.10
Financial Institutions/Banks/Insurance Companies/Govt. Cos/Central & State Govt.	10.68
FIIs	22.13
Non Residents Indians/OCBs	0.88

Private Corporate Bodies	10.09
Depository for GDR holders	6.22
Indian Public	14.04
Others (FII-DRs/Foreign Bodies-DRs)	0.65
TOTAL	**100.00**

Financial Performance

	Years ended March 31,		
Particulars	**2003**	**2002**	**2001**
	(in Rs. Million except per share data)		
Sales and other Income	108550.50	89180.60	81642.20
Profit after tax	3001.10	(537.30)	(5003.40)
Equity Capital	3198.30	3198.20	2559.00
Reserves*	22773.30	21452.40	29978.80
Earnings per share (of Rs. 10/- each)	9.38	(1.98)	(18.45)
Book value per share (of Rs. 10/- each)	81.20	77.1	127.20

*Net of revaluation reserves and miscellaneous expenditure not written off.

Share Quotation

a) Highest and lowest price in the last six months

Month	**High (Rs.)**	**Low (Rs.)**
Jan-04	540.00	408.00
Dec-03	459.50	399.00
Nov-03	413.50	360.35
Oct-03	394.30	305.00
Sep-03	309.35	260.00
Aug-03	285.90	223.60

(Source: www.bseindia.com)

b) As on February 11, 2004 (one day prior to the filing of this Preliminary Sale Document with the RoC, RS. 541.70

Details of Last Issue of Capital

Details of Issue		1% Convertible Notes (FCCBs)	Rights Issue
Year of Issue	:	July 2003	September 2001.
Type of Issue	:	US$ 90,000,000 - 1% Convertible Notes due 2008, offered in the United States of America by the Initial Purchasers through their selling agents only to Qualified Institutional Buyers (QIBs) in reliance on Rule 144A under the U S Securities Act of 1933 and outside the United States of America in reliance on Regulation S under the Securities Act. The Note4s have not been offered in the Republic of India. The Notes are direct, unsecured and	Simultaneous but Unlinked Issue of 63,964,086 Secured Convertible Debentures (CD) of Rs.65/- each for cash at par aggregating Rs.4,157.7 million with detachable warrants to the ordinary shareholders on a rights basis in the ratio of one CD for every four Ordinary Shares held on September 19, 2001 (i.e. the last day of Book Closure) and 25,585,635 Secured Redeemable Non-Convertible Debentures (NCD) of Rs.100/-each for cash at par aggregating Rs. 2,558.6 million with detachable warrants to the ordinary

Details of Issue		1% Convertible Notes (FCCBs)	Rights Issue
		unsubordinated obligations of the Company and rank pari passu in right of payment with all other unsecured and unsubordinated debt of the Company. As per the terms of issue, unless the notes are previously redeemed, purchased and cancelled or converted, any and all of the Notes may be converted into newly issued Ordinary Shares, par value RS.10/- per share or Global Depositary Shares (GDSs) each representing one newly issued share at the option of the Note holders at any time during the period from and including September 11, 2003 to and including July 1, 2008, at an Initial Conversion Price of Rs.250.745 per share at a Fixed Conversion Rate of Rs.46.16 = US$ 1.	shareholders on a rights basis in the ratio of one NCD for every ten Ordinary Shares held on September 19, 2001 (i.e. the last day of Book Closure).
Nature of Security	:	Foreign Currency Convertible Bonds – 1% Convertible Notes due 2008, convertible into Ordinary shares or Global Depositary Shares representing one Ordinary Shares at an Initial Conversion Price of Rs.250.745 per share at a Fixed Conversion Rate of Rs. 46.16 = US$ 1.	Secured Convertible Debentures (CD) with warrants of Rs.65/- each. Each CD being compulsorily converted into one ordinary share of Rs.10/- each at a premium of Rs.55/- per share on March 31, 2002. 11% Secured Redeemable Non-Convertible Debentures of Rs.100/- each redeemable in three installments of Rs.30/-, Rs.35/- and Rs.35/- each at the end of the 4th, 5th and 6th year from the Date of Allotment (viz. December 6, 2001).
Issue Price of Security	:	100%	CD – Rs.65/- each. NCD – Rs.100/- each. Warrants on CD and NCD – NIL (One warrant issued to a convertible debenture holder for every 5 CD allotted and to a non-convertible debenture holder for every 2 NCD allotted).
Date of Closure of Issue	:	July 31, 2003.	November 9, 2001.

Call option exercised in respect of the 11% Secured Redeemable NCDs and hence these have been redeemed w.e.f. December 6, 2003.

Statement on Cost and Progress of implementation of the project in comparison with the cost and implementation schedule mentioned in the offer document:

The following is the status of the utilisation of proceeds of issues of the Rights – Convertible and Non-convertible Debentures (including proceeds on warrants to be exercised) of Rs. 9.79 billion and internal accruals of Rs.3.28 billion:

Particulars	Planned FY 2001-02 to 2003-04 (Rs. in billion)	Actual upto December 31, 2003 (Rs. in billion)
Capital expenditure, product development expenditure and strategic investment	7.80	5.76
Prepayment/Repayment of borrowings	5.27	5.60
Total	13.07	11.36

(As per published quarterly results for Q3 of 2003-04 under Clause 41 of the Listing Agreement - as on December 31, 2003, declared by the board of directors at its meeting held on January 22, 2004).

Tata Power Company Limited

The Tata Power Company Limited, ("Tata Power") was incorporated on September 18, 1919. It is engaged in generation, transmission and distribution of electrical energy in Mumbai and its suburbs as well as generating and providing electrical energy in the states of Jharkhand and Karnataka. Consequent, to the privatization of Delhi's power distribution system, Tata Power alongwith the affiliates of Tatas have acquired a 51% stake in the North West Distribution Company Ltd. with effect from July 1, 2002. It is also engaged in execution of power projects in and outside India, research and development and manufacture of electronic equipment. It is also engaged in the broadband telecommunication business. Through its subsidiaries, Tata Power is engaged in oil and gas exploration and production, receiving and storing of chemicals and in investment business.

Its thermal power plants are located at Trombay in Maharashtra, Jojobera in Jharkhand and Wadi and Belgaum in Karnataka. The hydro-generation plants are located at Khopoli, Bhivpuri and Bhira. A pumped storage unit is also located at Bhira. The total power generation capacity of Tata Power is 2278 MW.

Tata Power along with the erstwhile Tata Hydro – Electric Power Supply Company Limited and the Andhra Valley Power Supply Company Limited were jointly referred to as the Tata Electric Companies. With effect from November 27, 2000, Tata Hydro – Electric and the Andhra Valley Power were amalgamated with Tata Power.

Board of Directors

The details of the board of directors of Tata Power as on December 31, 2003 are as given in the table below:

Mr. Ratan Naval Tata	Chairman
Mr. Firdose Ardeshir Vandrevala	Managing Director
Mr. Prabhakar Keshaorao Kukde	Executive Director
Mr. Syamal Gupta	Director
Mr. Ramabadran Gopalakrishnan	Director
Mr. Cyrus Pallonji Mistry	Director
Dr. Homiar Sorabji Vachha	Director
Mr. R. K. Misra	Director (LIC Nominee)
Mr. J. S. Kawale	Director (State Government)
Mr. A. J. Engineer	Director

Shareholding Pattern

The shareholding pattern of Tata Power as on December 31, 2003 is as follow

Name	Shareholding (%)
Tata Companies & Trusts	32.52
Insurance Companies	21.24
Financial Institutions	0.72
Banks	0.32
State Financial Corporations	0.19
Mutual Funds & UTI	3.24
Non-resident Indians	1.90
FIIs	9.96
Foreign Banks	0.01
Citibank N A (GDR)	0.52
Others	30.12
TOTAL	**100.00**

Financial Performance

Years ended March 31,			
Particulars	**2003***	**2002**	**2001**
			(in Rs Million except per share data)
Sales and other Income	44525.3	41561.4	36271.9
Profit after tax	5199.2	5082.3	3895.9
Equity Capital	1979.1	1979.1	1979.1
Reserves	39594.4	34590.0	30930.0
Earnings per share (of Rs. 10/- each)	26.27	26	20
Book value per share (of Rs. 10/- each)	162	190	170

*Source: 84^{th} Annual Report of Tata Power, 2002-2003

Share Quotation

a) Highest and lowest price in the last six months

Month	High (Rs.)	Low (Rs.)
Jan-04	428.00	314.60
Dec-03	318.50	262.00
Nov-03	272.80	234.50
Oct-03	236.55	173.00
Sep-03	199.50	159.10
Aug-03	197.50	143.50

(Source: www.bseindia.com)

b) As on February 11, 2004 (one day prior to the filing of this Preliminary Sale Document with the RoC, RS. 388.45.

Tata Power has not made any public or rights issue of equity shares in the last three years. Only debentures have been issued

Videsh Sanchar Nigam Limited (VSNL)

VSNL has its registered office at Videsh Sanchar Bhavan, Mahatma Gandhi Road, Mumbai and was incorporated under the Companies Act, 1956 as a limited liability company on March 19, 1986 and at that time was wholly owned by the Government of India. On April 1, 1986, VSNL assumed control and management of international telecommunication services from the Overseas Communication Service, a department of the Ministry of Communications who ushered Internet in the country. Since that date till March 31, 2002, VSNL had been the exclusive provider of public international telecommunications services in India, and directly and indirectly links the domestic telecommunications network to other countries.

VSNL is the largest Internet service provider in India. It is also licensed to provide National Long Distance services in India. VSNL also provides other value-added services which includes international leased lines, Inmarsat mobile services, managed data network and IP-VPN services, gateway electronic data interchange services, video conferencing, television up-linking, etc. With a view to enhance its reach to customers worldwide VSNL has recently formed its subsidiaries in United States of America, Sri Lanka, Singapore and United Kingdom. VSNL also participates in the joint venture formed in Nepal to provide external gateway services in that country.

On February 5, 2002, Panatone Finvest Limited (an acquisition vehicle floated by the Tata group) was selected by the Government of India as the strategic partner for the sale of 25% of the voting capital of VSNL held by the Government of India for a total consideration of Rs.14.4 billion. Panatone Finvest has also acquired an additional 20% of VSNL from the public shareholders through a mandatory tender offer that was completed in May 2002. Tata Sons, Tata Power and other Tata companies have equity stakes of 59.955%, 40.000% and 0.045% respectively in Panatone Finvest.

Board of Directors

The details of the board of directors of VSNL as on December 31, 2003 are as given in the table below:

Mr. R.N. Tata	Chairman.
Mr. Shailendra Kumar Gupta	Managing Director
Mr. N. Srinath	Director (Operations)
Mr. Rakesh Kumar	Director
Mr. Subodh Bhargava	Director
Mr. Suresh Krishna	Director
Mr. Ishaat Hussain	Director
Mr. K.A. Chaukar	Director
Mr. Vivek Singhal	Director
Dr. Ashok Jhunjhunwala	Director
Mr. F.A. Vandrevala	Director

Shareholding Pattern

The shareholding pattern of VSNL as on December 31, 2003 is as follows:

Name	Shareholding (%)
Promoter Group	72.72
Mutual Funds and UTI	0.46
Financial Institutions/Banks/Insurance Companies/Govt. Cos/Central & State Govt.	3.98
FIIs	2.17
Non Residents Indians/OCB	0.05
Private Corporate Bodies	1.29
Depository for GDR holders	10.89

Public	5.52
TOTAL	**100.00**

Financial Performance

Years ended March 31,			
Particulars	**2003**	**2002**	**2001**
			(in Rs Million except per share data)
Sales and other Income	48125.30	71117.71	79659.31
Profit after tax and appropriations	7800.71	14074.21	17788.31
Equity Capital	2850.00	2850.00	2850.00
Reserves	52654.18	47589.77	63037.42
Earnings per share (of Rs. 10/- each)	27.37	49.38	62.42#
Book value per share (of Rs. 10/- each)	194.75	176.98	231.18#

During the year, the company issued bonus shares in the ratio of 2:1. Without bonus issue, these values would be three times the value depicted above.

Share Quotation

a) Highest and lowest price in the last six months

Month	High (Rs.)	Low (Rs.)
Jan-04	188.60	148.00
Dec-03	161.00	127.50
Nov-03	145.00	118.55
Oct-03	137.00	116.80
Sep-03	127.50	113.40
Aug-03	133.55	112.00

(Source: www.bseindia.com)

b) As on February 11, 2004 (one day prior to thefiling of this draft Preliminary Sale Document with the RoC Rs.173.60.

Tata Teleservices (Maharashtra) Limited

Tata Teleservices (Maharashtra) Limited ("TTML") (Formerly Hughes Tele.com (India) Limited), is India's premier broadband network based telecommunication service provider. TTML is licensed to provide telecommunication services in the western India states of Maharashtra (which includes Mumbai, India's commercial hub) & Goa. TTML is rapidly expanding its network and currently provides telecommunication services to over 461,000 business and residential customer lines in 10 cities and some villages in rural and remote areas in Maharashtra & Goa.

TTML is implementing a Fibre-To-The-Business (FTTB) strategy by laying fibre optic cable or PMP broadband radio right up to the premises of its customers giving them high bandwidth scalability. In addition to its strong product offerings in the conventional voice telephony services, TTML provides a full suite of broadband services focused on communication-intensive customers. The TTML suite of broadband Digital Data services includes secure Internet access, Managed Data Network services and Managed Leased line services. TTML has also successfully launched its CDMA services in Mumbai, Pune, Nagpur, Nasik and Aurangabad.

TTML was originally promoted by Hughes Electronics Corporation (HEC), USA. The Tata group has acquired 70.83% of the paid up equity capital of TTML – 50.83% (by Tata Teleservices Limited (TTSL) from the original sponsors and an additional 20% by Tata Sons and Tata Power through an open offer).

TTML's shares are traded on the BSE and NSE and it ranks among India's top 70 companies by market capitalization.

Board of Directors

The details of the board of directors of TTML as on December 31, 2003 are as given in the table below:

Mr. Firdose A. Vandrevala	Chairman
Dr. Jamshed J. Irani	Director
Mr. S. Ramakrishnan	Managing Director
Mr. Ishaat Hussain	Director
Mr. R. Gopalakrishnan	Director
Mr. Kishor Chaukar	Director
Mr. N. S. Ramachandran	Director
Mr. Pradman Kaul	Director

Shareholding Pattern

The shareholding pattern of TTML as on December 31, 2003 is as follow

Name	**Shareholding (%)**
Promoter Group	70.83
Government Institutions & Banks	5.87
Insurance Companies	2.67
Mutual Funds	2.34
FIIs	8.97
Non Residents Indians/OCB	0.18
Bodies Corporate	2.07
Public	7.06
TOTAL	**100.00**

Financial Performance

			Years ended March 31, (in Rs. Million except per share data)
Particulars	**2003**	**2002**	**2001**
Sales & Other Income	3696.4	2765.0	1950.1
PAT/(Loss)	(2050.00)	(1484.9)	(2087.9)
Equity Capital	14053.3	14053.3	14053.3
P & L A/c net of Reserves*	7801.0	5870.4	(4,44,4.9)
EPS(Rs.)	(1.46)	(1.06)	(1.99)
Book Value(Rs.)	4.45	5.82	6.84

*Net of miscellaneous expenses not written off.

Information regarding adverse factors related to the company resulting in a loss in FY 2003*

The company's net loss increased by 38% to Rs. 2,050 million for the year (previous year Rs 1,484.9 million). This was caused mainly on account of additional depreciation and write-offs. Generally, it is not uncommon for large greenfield infrastructure telecom projects to incur losses during the initial few years of the project implementation, and is in line with the revised business plan of the company.

*Source: TTML's 8th Annual Report, 2002-2003

Share Quotation

a) Highest and lowest price in the last six months

Month	**High (Rs.)**	**Low (Rs.)**
Jan-04	24.50	15.50
Dec-03	24.65	19.05
Nov-03	22.90	12.40
Oct-03	14.50	11.20
Sep-03	14.60	11.50
Aug-03	17.40	9.70

b) As on February 11, 2004 (one day prior to the filing of this Preliminary Sale Document with the RoC Rs. 20.

OUR SUBSIDIARY

The Company has one wholly owned subsidiary, CMC Americas, Inc.

CMC AMERICAS, INC.

Baton Rouge International Inc. (BRI) was incorporated under the laws of the State of Delaware on May 14, 1991. It remained dormant with no activity occurring from the date of incorporation through September 30, 1991. In line with the objective of extending our operations to the international markets, we acquired BRI (subsequently renamed as CMC Americas, Inc., in 2003) in 1991. On that date, Fiserv Financial Systems, Inc., the 100% owner of all of the outstanding shares of the stock of BRI, transferred substantially all of the assets and liabilities of the division of Fiserv, Financial Systems Inc., (Fiserv Baton Rouge Division), to BRI. On October 8, 1991, Fiserv Financial Systems sold 100% of its stock ownership of BRI to CMC Limited, a GoI enterprise. BRI was renamed as CMC Americas, Inc. ("CMC Americas") in 2003.

CMC Americas, Inc. derives its revenues from providing customers in the Americas with IT outsourcing and engineering services as well as services in connection with the Total Concept financial system.

IT outsourcing services are categorised as follows:

Infrastructure development and management services including managing IT infrastructure like server support, desktop support, network management and help desk facilities.

Application development and management services including designing, developing and maintaining IT applications that range across a large bandwidth of vertical markets and across a large horizontal technology spectrum.

Marketing CMC's products as bespoke solutions

Engineering services are categorised as follows:

- **Embedded systems –** Design, development and maintenance services including development of firmware and software applications, board support packages, and device drivers for a broad spectrum of engineering products. Design and development of hardware is also undertaken.

- **VLSI –** Design and development of ASICs, FPGAs (ICs) and support on VLSI design tools to enable customers to use these tools effectively for their design work.

- **SCADA –** Design, development and maintenance for specific SCADA applications for real time applications in vertical markets such as power utilities.

Services, such as AMC, customer training and supply and installation of upgrades, are offered in connection with the Total Concept financial systems.

Financial Performance

The financial performance of CMC Americas, Inc. for the last four years is given below:

(In US $ Million except per share data)

	Years ended December 31,				
	2003	**2002**	**2001**	**2000**	**1999**
Revenue	18.91	25.75	35.42	41.66	28.68
Net Profit/(Loss)	(0.84)	(0.93)	(1.62)	1.56	0.55
Stockholder's Equity	0.62	1.46	2.22	3.83	3.04
EPS (US $)	-	-	-	0.01	0.003
Book Value per share (US $)	0.004	0.009	0.014	0.024	0.019

These financial statement of CMC Americas, Inc. has been reported in US $ and have been translated into Rs. For each year solely to comply with the requirements of clause 6.8.4 of the SEBI Guidelines. Investors are cautioned not to rely on such translated amounts. US$ figures are converted in Indian Rupees at the exchange rate prevailing on the last day of December, which are as under:

	1999	2000	2001	2002	2003
US $/Rs.	43.29	46.43	47.92	47.43	45.34

(In Rs. Million except per share data)

	Years ended December 31,				
	2003	**2002**	**2001**	**2000**	**1999**
Revenue	857.38	1229.24	1697.14	1934.02	1241.50
Net Profit/(Loss)	(38.09)	(44.29)	(77.23)	72.80	23.82
Stockholder's Equity	28.07	69.49	106.43	177.95	131.97
EPS (Rs.)	-	-	-	0.455	0.149
Book Value per share (Rs.)	0.175	0.434	0.665	1.112	0.825

CMC Americas, Inc. has experienced decline in revenue during the last three years primarily due to slow down in the US economy as a result it has been incurring losses for the last three years. CMC Americas, Inc. has an accumulated deficit of US $ 1.65 million (equivalent to Rs. 74.72 million) resulting in erosion of its net worth.

For more details refer to "Financial Statements" on page [--] of this Preliminary Sale Document.

Shareholding Pattern

The shareholding pattern of CMC Americas, Inc. as on January 31, 2004 is as follows:

Name	Shareholding (%)
CMC Limited	100
Total	**100**

Board of Directors

The details of the Board of Directors of CMC Americas, Inc. are given in the table below:

Name	Designation
Mr.R.Ramanan	Chairman
Mr. S. Mahalingam	Director
Mr. J. K. Gupta	Director
Mr. Arup Gupta	Director

RELATED PARTY TRANSACTIONS

Our Company has various transactions with related parties, including the following parties:

Our Promoter, Tata Sons Limited
Fellow subsidiaries, such as Tata Infotech Limited, Tata AIG General Insurance Company Limited and Tata AIG Life Insurance Company Limited
Our Subsidiary, CMC Americas Inc.
Key Managerial personnel namely, Mr. S. S. Ghosh (ex-Managing Director & CEO) and Mr. R. Ramanan (Managing Director & CEO).

These transactions have comprised the following:

Purchase of goods
Sale of goods
Service income
Insurance cover taken
Lease and leave and licence transactions
Managerial remuneration

A statement of our related party transactions for the two years ended 2001-2002 and 2002-2003 and the 9 months ended December 31, 2003 follows:

I. Company holding substantial interest in voting power of the Company:

Tata Sons Limited

(All amounts in Rs. Million)

Transactions/ Outstanding Balances	**December 31, 2003**	**March 31, 2003**	**March 31, 2002**
Purchase of goods	41.12	19.813	5.749
Sale of goods	104.92	43.094	15.445
Service Income	453.66	496.362	17.730
Debtors outstanding at year end	133.99	96.313	26.530
Creditors / Advances at year end	25.37	22.449	1.201
Loans/ advances at year end	-	0.499	-
Other transactions	2.78	5.145	0.320

II. Fellow Subsidiaries

Tata Infotech Limited

Tata AIG General Insurance Company Limited

Tata AIG Life Insurance Company Limited

(All amounts in Rs. million)

Transactions/ Outstanding Balances	31.12.03	31.03.03	31.03.02
Purchase of goods	0.27	2.33	4.83
Sale of goods	11.43	-	-
Service Income	1.87	-	-
Debtors outstanding at year end	2.45	-	-
Creditors / Advances at year end	-	-	0.81
Other transactions	1.06	0.48	-

III. Subsidiary

CMC Americas, Inc.

(All amounts in Rs. million)

Transactions/ Outstanding Balances	31.12.03	31.03.03	31.03.02
Service Income	324.30	542.93	649.95
Debtors outstanding at year end	68.94	172.41	229.69
Dividend Income	-	-	50.77

IV. Key Management Personnel

Mr. S. S. Ghosh – Ex-Managing Director & CEO

Mr. R. Ramanan – Managing Director & CEO (formerly Deputy Managing Director & COO)

(All amounts in Rs. Million)

Transactions/ Outstanding Balances	December 31, 2003	March 31, 2003	March 31, 2002
Managerial Remuneration	1.82	1.73	3.38
Loans/ advances at year end	0.08	0.00	0.01

For more detailed information on our related party transactions, see 'Financial Statement' on page [--] for the years ended March 31, 2002, 2003 and nine months period ended December 31, 2003. In addition, note ___ to our audited consolidated financial statements under Indian GAAP also contains information relating to our transactions with related parties.

Companies under the same management under Section 370 (1-B) of the Companies Act:

1. Tata Sons Limited
2. CMC Americas, Inc.
3. Tata Infotech Limited

4. Tata Housing Development Company Limited
5. TCE Consulting Engineers Limited
6. Tata AIG Life Insurance Company Limited
7. Tata AIG General Insurance Company Limited
8. Ewart Investments Limited
9. Primal Investments Limited
10. Panatone Finvest Limited
11. Tata Consultancy Services Limited
12. Concept Marketing and Advertising Limited
13. AP Online Limited
14. Tata Limited, London
15. Tata International, AG, Zug
16. Tata AG, Zug
17. Exigenix Canada Inc.
18. Tata Infotech Deutschland GmbH
19. Tata America International Corporation
20. Tata Information Technology (Shanghai) Co. Ltd
21. TCS Iberoamerica S. A.
22. TCS Argentina SA, Argentina
23. TCS Solution Center SA, Uruguay
24. TCS Brazil S/C Ltda, Brazil
25. Tata Consultancy Services de Espana SA, Spain
26. Tata Consultancy Services de Mexico SA de CV, Mexico
27. TCS Inversiones Chile Limitada, Chile
28. Tata Consultancy Services, Belgium S.A.
29. Tata Consultancy Services, Deutschland GmbH
30. Tata Consultancy Services, Netherlands B.V.
31. Tata Consultancy Services, Sverige AB
32. Tata Consultancy Services, France S.A.
33. Tata Consultancy Services Asia Pacific Pte. Limited
34. Tata Consultancy Services Japan Limited
35. Tata Consultancy Services Malaysia
36. Tata Consultancy Services de Brasil Ltda.
37. Tata Consultancy Services Chile SA
38. Vantech Investments Limited
39. Tata Industries Limited

OTHER INFORMATION

The Equity Shares are listed at The National Stock Exchange of India Limited (Designated Stock Exchange), The Stock Exchange, Mumbai, The Hyderabad Stock Exchange Limited, The Calcutta Stock Exchange Association Limited, The Madras Stock Exchange Limited and The Delhi Stock Exchange Association Limited. . The Equity Shares were listed on the stock exchanges at Hyderabad with effect from July 8, 1993, Chennai with effect from July 9, 1993, Kolkata with effect from June 30, 1999, Delhi with effect from July 26, 1993, BSE with effect from July 15, 1993 and NSE with effect from June 9, 1999. We have paid annual listing fee for the year 2003-2004 to all these stock exchanges.

The Board of Directors have vide their resolution dated May 7, 2003, recommended to the shareholders to delist the Equity Shares from the stock exchanges at Hyderabad, Chennai, Kolkata and Delhi pursuant to SEBI (Delisting of Securities) Guidelines, 2003, which permits delisting of shares of a company from all or some stock exchanges. Under the aforesaid guidelines, a company may delist from the stock exchange(s) where its shares are listed subject to compliance with certain conditions and providing an exit opportunity to the investors as prescribed therein. The said guidelines, further, provide that an exit opportunity need not be given in case the shares continue to be listed on BSE or NSE or other stock exchanges as may be specified for this purpose by the SEBI. Since the Equity Shares continue to be listed on BSE and NSE, we have no intention of giving an exit option to our shareholders.

Further, delisting of the Equity Shares from the stock exchanges at Hyderabad, Chennai, Kolkata and Delhi will in no way be of any inconvenience to the existing shareholders as the Equity Shares are not traded in volume and also not traded frequently on those stock exchanges.

Pursuant to the recommendation of our Board, our shareholders approved, vide their resolution dated July 31, 2003, the delisting of the Equity Shares from the four stock exchanges at Hyderabad, Chennai, Kolkata and Delhi. Thereafter, we applied to the stock exchanges at Hyderabad, Chennai, Kolkata and Delhi on August 14, 2003, for delisting the Equity Shares from those stock exchanges. However, the communication from the four stock exchanges in this regard is awaited.

Compliance with SEBI Guidelines and the Listing Agreement

Our Company shall comply with all disclosure and accounting norms as specified by SEBI from time to time. Our Company has made disclosures from time to time in compliance with the terms of the listing agreements with the Stock Exchanges.

Other Relationships

Certain BRLMs and their respective affiliates have performed investment banking, commercial banking or advisory services for the Government and us from time to time for which they have received customary fees and expenses. In addition, each Underwriter may, from time to time, engage in transactions with and perform services for the Government, TSL and us in the ordinary course of business.

GOVERNMENT APPROVALS

In view of the approvals listed below, we can undertake this Offer and our current business activities and no further approvals are required either from any Government authority or the RBI to continue such activities, save and except those approvals which it may be required to take from time to time.

A. **Approvals for the Listing of the Paid-Up Equity Share Capital of our Company**

Letter dated July 15, 1993 issued by BSE informing our Company that our Equity Shares are listed and admitted to dealings on BSE.

Letter dated July 7, 1993 issued by HSE informing our Company that our Equity Shares are listed and admitted to dealings on HSE.

Letter dated June 10, 1999 issued by NSE informing our Company that our Equity Shares are listed and admitted to dealings on NSE.

Letter dated July 26, 1993 issued by DSE informing our Company that our Equity Shares are listed and admitted to dealings on DSE.

Letter dated June 30, 1999 issued by CSE informing our Company that our Equity Shares are listed and admitted to dealings on CSE.

Letter dated July 9, 1993 issued by MSE informing our Company that our Equity Shares are listed and admitted to dealings on MSE.

B. **We have received the following Government approvals that are material to our business:**

1. **STPI Approvals**

Permission under the STP scheme for establishment of 100% EOU New Undertaking at Old Mumbai Highway, Gachibowli, Hyderabad-19 by Software Technology Parks of India (an autonomous society under the Ministry of Information Technology, GoI) vide their letter dated April 24, 2002.

Permission under the STP scheme for establishment of 100% EOU New Undertaking at CMC House, F3 Floor, C-18, Bandra Kurla Complex, Bandra (East), Mumbai – 400 051 by Software Technology Parks of India, vide their letter dated March 19, 2002.

Private Warehouse License issued by the Customs Authorities for storage of capital goods without payment of customs importation to the undertaking at Mumbai vide their letter number F.No.S/15-22/2002EOU, dated March 26, 2002. The said license was valid till March 25, 2003 and subsequently renewed till March 25, 2004.

Private Warehouse License bearing number 18/ 2002 issued by the Customs Authorities for storage of capital goods without payment of customs importation to the undertaking at Hyderabad. The said license is valid till June 10, 2007.

2. **Central and State Sales Tax Registration**

Delhi sales tax registration certificate number 20463 with effect from July 17, 1979 and central sales tax registration certificate number 83662 with effect from April 9, 1979 under the Central Sales Tax Act, 1956.

Delhi sales tax on works contract registration certificate number WC/1/332001733/0200 with effect from February 16, 2000.

UP sales tax registration certificate number LK 0284423 with effect from May 14, 1987 and central sales tax registration certificate number LK5159661 with effect from July 22,1987 under the Central Sales Tax Act, 1956.

Punjab sales tax registration certificate number CHA 14000 with effect from July 31, 1991 and central sales tax registration certificate number CHA–CST 13998 with effect from July 31, 1991 under the Central Sales Tax Act, 1956 in respect of Chandigarh office.

Punjab Sales tax registration number 60729916 with effect from July 1, 1999 and central sales tax registration certificate number 60729916 with effect from July 1, 1999 in respect of the Mohali office.

Uttaranchal sales tax registration certificate number DD0235966 with effect from November 9, 2000 and central sales tax registration certificate number CST DD5136826 with effect from April 23, 2001 under the Central Sales Tax Act, 1956.

Rajasthan sales tax registration certificate number ST No.JPB/92-93 with effect from January 1, 1993 and central sales tax registration certificate number A34/73 JPB/92-93 with effect from February 10, 1993 under the Central Sales Tax Act, 1956.

Haryana sales tax registration certificate number GRE/HGST 1822107 with effect from August 2, 2001 and central sales tax registration certificate number GRE/CST 1822107 with effect from February 10, 1993 under the Central Sales Tax Act, 1956.

West Bengal sales tax registration certificate number 19430362165 with effect from April 1, 2003 and central sales tax registration certificate number 19430362262 with effect from April 1, 2003 under the Central Sales Tax Act 1956.

Jharkhand sales tax registration certificate number RNS 1782 with effect from January 18, 2002 and central sales tax registration certificate number 1716 C with effect from August 22, 2001 under the Central Sales Tax Act, 1956.

Bihar sales tax registration certificate number CN 65 R with effect from March 19, 1987 and central sales tax registration certificate number SL 928 (c) with effect from June 25, 2003 under the Central Sales Tax Act, 1956.

Orissa sales tax registration certificate number BH II 1636 with effect from May 2, 1994 with effect from May 2, 1994.

Madhya Pradesh sales tax registration certificate number 090544563S and central sales tax registration certificate number 09050951 under the Central Sales Tax Act, 1956 with effect from January 16, 2002.

Chattisgarh sales tax certificate registration number DRG/13/2/BHIL/3297/1 with effect from February 17, 1988 and Central sales tax registration number DRG/13/2/BHIL/2318/1 with effect from March 25, 1991 under the Central Sales Tax Act, 1956 in respect of the office situated at Chattisgarh.

Assam sales tax registration certificate number Gau(e)/AGST 17-14 dated March 18, 1994 and Central sales tax registration certificate number Gau(c) 4229 with effect from November 22, 2003.

Maharashtra sales tax registration certificate number 400051-S-6 dated March 18, 1996 with effect from April 1, 1996 and central sales tax registration certificate number 400051-C-6 dated March 18, 1996 with effect from 01.04.1996 under the Central Sales Tax Act, 1956.

Maharashtra sales tax on works contract registration number W/1H-00427 dated July 14, 1992 with effect from June 1, 1992.

Gujarat sales tax registration certificate number 12725833 dated March 14, 1986 with effect from December 31, 1985 and central sales tax registration certificate number Guj 10R/1374 dated March 6, 1986 with effect from December 31, 1985 under the Central Sales Tax Act, 1956.

Goa sales tax registration certificate number P/9290 dated February 26, 2003 with effect from February 6, 2003 valid upto March 31, 2004.

Mumbai sales tax registration certificate number 40005 S 49 dated March 16, 1996 with effect from April 1,1996 and central sales tax registration certificate number 40005 C 49 dated March 16, 1995 with effect from April 1, 1996 under the Central Sales Tax Act, 1956.

Kerala sales tax registration certificate number 1101 0487 dated July 13, 1988 with effect from December 4, 1987 and central sales tax registration certificate number 11015487 dated March 18, 1989 with effect from March 3, 1989 under the Central Sales Tax Act, 1956.

Tamil Nadu sales tax registration certificate number TGST No.628650/78-79 dated September 30, 1978 with effect from September 26, 1973, subsequently amended to number 0640224 vide letter dated March 14, 1995 and central sales tax registration certificate number 33397 (W)/ 73 (Central) dated September 30, 1978 with effect from September 26, 1978 under the Central Sales Tax Act, 1956.

Karnataka sales tax registration certificate number 70110890 with effect from November 26, 1985 and central sales tax registration certificate number 70160892 with effect from September 17, 1979 under the Central Sales Tax Act, 1956.

Andhra Pradesh sales tax registration certificate number APGST/ABS/01/1/1568/88-89 with effect from October 25, 1977 and central sales tax registration certificate number CST/ABS/01/1/1469/88-89 with effect from October 26, 1977 under the Central Sales Tax Act, 1956.

3. Service Tax Certificates

Delhi service tax registration number Consult Engn/383/CMC Ltd/9 with effect from December 23, 1997.

West Bengal service tax registration number EC/Cal-I/53-CMC Limited with effect from October 28, 2003.

Maharashtra service tax registration number M/IV/ST/CE/ 276 with effect from January 18, 2000

Tamil Nadu service tax registration number C.ENGR/CHENNAI-II/230/STC with effect from January 03, 2000.

Karnataka service tax registration certificate number CER/AAACC2030K ST 001 with effect from November 28, 2003.

Andhra Pradesh service tax registration number STC/Hyd-III/09/2001 with effect from August 6, 2001.

Gujarat service tax registration certificate number 71065151 with effect from March 8, 2000.

4. Shops and Establishments Act Registrations

The Dehradun office has been registered upto March 31, 2007.

The Chandigarh office has been registered upto December 2004.

The Pune office has been has been registered upto December 2004.

The Bhopal office has been registered upto December 31, 2006.

The Raipur office has been registered upto December 31, 2006.

The Salt Lake office at Calcutta has been registered upto January 16, 2005.

The Rippon street office at Calcutta has been registered upto April 5, 2005.

The Camac street office at Calcutta has been registered upto January 16, 2005.

The Mumbai office has been registered upto December 2004.

The Jaipur office has been registered with effect from April 17, 2002.

The Lucknow office has been registered upto April 10, 2006.

The Posnett Bhavan office at Hyderabad has been registered upto December 2004.

The R & D Centre office at Hyderabad office has been registered upto December 2004.

The Bangalore office has been registered upto March 31, 2007.

The Vishakapatnam office has been registered upto December 2004.

5. Contract Labour Registration Certificates

Delhi contract labour registration number CLA/PE/1446/2002/LC/1170 dated October 28, 2002.

West Bengal contract labour registration number 6/CL-9/89/R/LCC dated March 21, 1989.

Bihar contract labour registration number PT 106 dated December 14, 2002.

Maharashtra contract labour registration certificate number Cl/CLA/Regn/Pvt/91/Desk-28/ dated February 8, 2002.

Tamil Nadu contract labour registration number 6/87/MDS dated December 21, 1987.

Karnataka contract labour registration number CLA/P-80/90-91 dated November 7, 1990.

Andhra Pradesh contract labour registration number DCL/014/2003/PE dated March 24, 2003 in respect of Posnett Bhavan office.

Andhra Pradesh contract labour registration number A-375(CR) dated November 23, 2001 in respect of R & D Centre office.

6. Direct Tax Certificates/Registrations

(i) PAN Number of the Company is AAACC2030K.

(ii) TAN Numbers of the Company in respect of various offices are C-0382-E (*) BBY, C-0285-F(S)/CAL; C-1089 E; C-0190-A(S)/ BGL; HYDCOO287A and HYD COO020G.

7. Importer-Exporter Code (IEC)

Certificate allotting Import Export Code 0388128453 dated May 23, 1988.

8. Approval with respect to acquisition of CMC Americas Inc.

Approval of the Government of India for acquisition of CMC Americas, Inc. as a wholly owned subsidiary vide letter from the Department of Electronics, GoI dated September 30, 1991.

Approval of the RBI for acquisition of BRI under Section 27(3) of Foreign Exchange Regulation Act, 1973 subject to applicable conditions vide letter dated September 26, 1991.

Approval from the Department of Company Affairs, GoI under Section 372(4) of the Companies Act vide letter dated October 3, 1991.

RBI approval for remittance of US $800,000 to the Company's account with State Bank of India in the US for the purpose of acquisition of BRI as a wholly owned subsidiary subject to applicable conditions vide letter dated October 4, 1991.

Letter dated November 13, 1991 from the Exchange Control Department, RBI, New Delhi office granting approval under Section 27(3) of the Foreign Exchange regulation Act, 1973 for the acquisition of BRI by the Company.

Letter dated April 28, 1997 from the Exchange Control Department, RBI, Mumbai granting approval for the Company's proposal to enhance the equity of the Company in BRI from USD 100,010 to USD 1,600,010 by capitalizing outstanding service exports to the extent of USD 1,500,000.

9. Approval for Remittances for Expenses Incurred Abroad

Approval on behalf of our Company by the State Bank of Bikaner and Jaipur (Authorized Dealer) for remittance of funds towards expenses incurred in setting up and maintaining the branch office in London subject to applicable conditions vide letter dated February 17, 2000.

10. Approval for overseas offices

Certificate of registration no. FC022204 and branch office BR005279 from the Registrar of Companies, United Kingdom.

Professional Licence granted by the government of Dubai in respect of Dubai office, which is valid upto July 4, 2004.

D. Approvals which have been applied for:

Application filed with the Bhubaneshwar Sales Tax Office for Registration under the Central Sales Tax in respect of the office situated at Bhubaneshwar in Orissa.

E. Approvals which have expired and have been applied for renewal

The Bhubaneshwar office has been registered upto December 31, 2003 Orissa Shops and Commercial Establishments Act.

The Guwahati office has been registered upto March 28, 2003 under the Assam Shops and Establishments Act.

The Patna Office has been registered upto June 22, 2002 under the Bihar Shops and Establishments Act.

Central sales tax registration in respect of Goa office under the Central Sales Tax Act 1956.

OUTSTANDING LITIGATIONS AND MATERIAL DEVELOPMENTS

Except as described below, there are no outstanding litigations, suits or criminal or civil prosecutions, proceedings or tax liabilities against our Company, and there are no defaults, non payment of statutory dues, overdues to banks/financial institutions, defaults against banks/ financial institutions, defaults in creation of full security as per terms of issue/other liabilities, proceedings initiated for economic/civil/any other offenses (including past cases where penalties may or may not have been awarded and irrespective of whether they are specified under paragraph (i) of part 1 of Schedule XIII of the Companies Act) that would result in a material adverse effect on our Company.

Against Our Company

Criminal

There are no criminal cases pending against our Company.

Securities Related

We have been made a party in two cases relating to transfer of Equity Shares of our Company. In both the cases, the petitioner has obtained injunction restricting the transfer of the Equity Shares. There is no financial claim on us in both these cases.

Statutory

Income Tax

Our appeals pending before the Income Tax Appellate Tribunal:

On account of certain disallowances made by the income tax department, we have preferred appeals, which are pending before the Income Tax Appellate Tribunal, the details of which are given below:

For the assessment year 1999-00, the income tax department has made certain disallowances relating to provision for doubtful disputed debts, deferment of warranty period maintenance revenue and grants-in-aid. The total tax amount involved is Rs. 8,766,499/- and does not include interests and penalties which may be levied on us.

For the assessment year 1998-99, the income tax department has made certain disallowances relating to provision for doubtful disputed debts, deferment of warranty period maintenance revenue and grants-in-aid. The total tax amount involved is Rs. 4,249,819/- and does not include interests and penalties which may be levied on us.

For the assessment year 1997-98, the income tax department has made certain disallowances relating to provision for doubtful disputed debts, deferment of warranty period maintenance revenue and depreciation on guest houses. The total tax amount involved is Rs. 1,337,740/- and does not include interests and penalties which may be levied on us.

For the assessment year 1996-97, the income tax department has made certain disallowances relating to provision for doubtful disputed debts, deferment of warranty period maintenance revenue depreciation on guest houses and leave encashment. The total tax amount involved is Rs. 21,374,846/- and does not include interests and penalties which may be levied on us.

For the assessment year 1995-96, the income tax department has made certain disallowances relating to provision for doubtful disputed debts and deferment of warranty period maintenance revenue. The total tax amount involved is Rs. 6,524,806/- and does not include interests and penalties which may be levied on us.

For the assessment year 1994-95, the income tax department has made certain disallowances relating to provision for doubtful disputed debts, deferment of warranty period maintenance revenue, deduction for provision of DOT bills and prior period expenses. The total tax amount involved is Rs. 14,380,199/- and does not include interests and penalties which may be levied on us.

For the assessment year 1993-94, the income tax department has made certain disallowances relating to provision for doubtful disputed debts, exchange rate variation in respect of current assets and liabilities and withdrawal of provision. The total tax amount involved is Rs. 13,998,893/- and does not include interests and penalties which may be levied on us.

For the assessment year 1992-93, the income tax department has made certain disallowances relating to provision for doubtful disputed debts, deferment of warranty period maintenance revenue, withdrawal of provision and expenditure incurred on acquisition of overseas company. The total tax amount involved is Rs. 6,346,620/- and does not include interests and penalties which may be levied on us.

For the assessment year 1991-92, the income tax department has made certain disallowances relating to expenditure incurred on acquisition of overseas company. The total tax amount involved is Rs. 3,281,180/- and does not include interests and penalties which may be levied on us.

Our Appeals pending before the Commissioner of Income Tax (Appellate)

We have filed an appeal against certain disallowances made by the income tax department for the assessment year 2000-01. The total tax amount involved is Rs. 44,465,783/- and does not include interests and penalties which may be levied on us.

Appeals filed before the Income Tax Appellate Tribunal by the Income Tax Department

The Income Tax Department has preferred certain appeals in respect of the disallowances made by the department relating to the expenditures incurred by our Company, the details of which are given below:

For the assessment year 1999-2000, the income tax department has made certain disallowances relating to expenditure incurred by us. The total tax amount involved is Rs. 4,028,370/- and does not include interests and penalties which may be levied on us.

For the assessment year 1998-1999, the income tax department has made certain disallowances relating to expenditure incurred by us. The total tax amount involved is Rs. 2,598,097/- and does not include interests and penalties which may be levied on us.

For the assessment year 1997-1998, the income tax department has made certain disallowances relating to expenditure incurred by us. The total tax amount involved is Rs. 7,835,306/- and does not include interests and penalties which may be levied on us.

For the assessment year 1996-1997, the income tax department has made certain disallowances relating to expenditure incurred by us. The total tax amount involved is Rs. 2,751,428/- and does not include interests and penalties which may be levied on us.

For the assessment year 1995-1996, the income tax department has made certain disallowances relating to expenditure incurred by us. The total tax amount involved is Rs. 1,834,902/- and does not include interests and penalties which may be levied on us.

For the assessment year 1994-1995, the income tax department has made certain disallowances relating to expenditure incurred by us. The total tax amount involved is Rs. 26,951,021/- and does not include interests and penalties which may be levied on us.

For the assessment year 1993-1994, the income tax department has made certain disallowances relating to expenditure incurred by us. The total tax amount involved is Rs. 19,677,885/- and does not include interests and penalties which may be levied on us.

For the assessment year 1992-1993, the income tax department has made certain disallowances relating to expenditure incurred by us. The total tax amount involved is Rs. 1,547,930/- and does not include interests and penalties which may be levied on us.

For the assessment year 1991-1992, the income tax department has made certain disallowances relating to expenditure incurred by us. The total tax amount involved is Rs, 3,055,187 and does not include interests and penalties which may be levied on us.

For the assessment year 1990-1991, the income tax department has made certain disallowances relating to expenditure incurred by us. The total tax amount involved is Rs, 6,206,333 and does not include interests and penalties which may be levied on us.

For the assessment year 1989-1990, the income tax department has made certain disallowances relating to expenditure incurred by us. The total tax amount involved is Rs, 6,981,008 and does not include interests and penalties which may be levied on us.

For the assessment year 1988-1989, the income tax department has made certain disallowances relating to expenditure incurred by us. The total tax amount involved is Rs, 13,965,906 and does not include interests and penalties which may be levied on us.

Sales Tax

The Sales Tax Departments and we have filed various appeals before the Assistant Commissioner of Commercial Taxes and other adjudicating authorities in respect of certain disallowances made by the sales tax departments. The total disputed amount is Rs. 31.92 million, not including the interests and penalties which may be levied on us.

Civil

<u>Labour Cases:</u>

1. *Cases relating to contract labour*

    86 workers have filed a writ petition before the Delhi High Court for permanent absorption in our Company. The writ petition was disposed off with a direction that the workers may approach the appropriate authority for adjudication. The workers have moved the labour court where the matter is pending for hearing and final adjudication.

    The Department of Customs has entrusted to us the management of the "Service Centres" at various airports. We have given part of this work (i.e. data entry work) on contract to certain contractors. The employees of the contractors pertaining to Import Service Centre, Delhi and Export Service Centre, Delhi had filed applications before the Central Advisory Contract Labour Board (the "Labour Board") urging that all of them should be absorbed as the regular employees. They had also filed writ petitions to this effect before the Delhi High Court in the year, 1999 which has since been disposed off in September, 2001 with a direction to the Labour Board to dispose of the applications of these employees. We have been made a party in both these proceedings and had attended the proceedings to safeguard our interests. The Labour Board has directed the custom authorities to submit to the Labour Board the copy of the agreement between the customs authorities and us and written submissions, if any by the custom authorities. No further date for hearing has been fixed in this matter.

40 contract workers have filed a petition in 1999 before the labour court, Hyderabad, for regularisation and permanent employment in the Company. We have filed our preliminary objections and the matter is pending before the labour court, Hyderabad, for hearing and final adjudication.

25 contract workers working in housekeeping and whose service have been terminated by the contractor have demanded that all the 25 workers be taken on our rolls. The matter has been referred to the labour court, Hyderabad where it is presently pending for hearing and final adjudication.

In addition to the above, there are eight cases relating to contract labours seeking regularisation in our Company pending before various adjudicating authorities.

2. *Cases relating to termination*

Three of our employees have filed cases in relation to the termination of their services, of which two are pending for adjudication before the labour courts and one before the Lucknow Bench of the Allahabad High Court.

In addition to the above labour related cases, there are 6 cases relating to labour/employee disputes of general nature, of which two cases relate to disciplinary action taken by the Company.

Consumer Complaints:

A consumer complaint has been filed against us by Mr. Rajesh Dhiman and 17 other students before the District Consumer Dispute Redressal Forum, Ambala, claiming refund of the entire course fee of Rs. 171,500/- and compensation of Rs. 2,425,000. We have filed our reply and the case is pending for hearing.

In addition to the above, a total of 5 consumer complaints have been filed against us that are pending before various consumer forums and the total claim on us is Rs. 718,800/- in addition to interests and costs claimed. All the consumer complaints relate to the courses offered by us primarily through the Authorised Training Centres under the Educational & Training Strategic Business Unit

Other Civil Suits

UTI Limited has demanded a sum of Rs. 9.94 million, together with additional interest, as refund payable by us under the Technology Upgrade Project of UTI undertaken by us. As part of the Technology Upgrade Project, six “application groups” (AG) were to be implemented by us. However, two AGs were not implemented (for which no payments were made to us) and two AGs were allegedly not completed. We have refunded the amounts paid towards the AGs not completed. However, UTI has demanded a further sum of Rs. 9.94 million, together with additional interest, as refund payable by us. We have denied this claim and UTI has appointed its arbitrator. We have refused to take cognizance of the appointment of arbitrator by UTI. UTI had filed an application before the High Court at Mumbai for appointment of Arbitrator and the Court has rejected our objections and has directed the parties to form arbitration panel. Aggrieved by the High Court Order, we have filed a Special Leave Petition before the Supreme Court on December 15, 2003 and the same is pending before the Supreme Court.

In addition to the labour and consumer related cases, we have a total of 10 civil suits pending against us before various courts in India. The total amount claimed from us is Rs. 14.40 million and does not include damages, interests and costs which may be levied on us.

Arbitration:

M/s Sharma Enterprises has initiated arbitration proceedings against us for alleged non-payment of dues of an amount of Rs. 5.88 million for the turnkey project involving furnishing and renovation executed by

Sharma Enterprises. We have denied the claim and have filed the rejoinder to the Statement of Claims filed by M/s Sharma Enterprises before the sole arbitrator.

MTNL has initiated arbitration proceedings against us for alleged non-payment of arrears amounting to Rs. 33.80 million for period 1988-93 on account of the charges for the 17 leased lines made available to us in the Mumbai and New Delhi circuits. We have disputed the demand and the parties have entered into arbitration proceedings before the sole arbitrator appointed by the High Court. We have filed our Statement of Claims before the sole arbitrator. Till date, we have paid an amount of Rs. 11 million to MTNL under protest.

Potential Litigation

The Enforcement Directorate has issued a notice dated May 15, 2002 to us, Dr. P.P. Gupta, Ex-Chairman and Managing Director, Mr. Arun Mehra and Mr. Laxmanan, former officials of our Company, for alleged violation of the provisions of the Foreign Exchange Regulation Act, 1973, for extending guarantee, by way of lien in favour of the banker, securing the payments to be made by the joint venture BRI (Europe) under the financial facilities availed by BRI (Europe) from its banker. To secure the repayment of the financial facilities availed by BRI (Europe), our Company had created a lien in favour of Canara Bank, UK, over the monies lying to our credit with Canara Bank, UK. The said lien had been extended without the permission of the RBI. The Central Bureau of Investigation (CBI) had lodged a First Information Report against us and the said former officials and has investigated the matter. We had requested the Enforcement Directorate to make available the copies of the documents on the basis of which the Enforcement Directorate has issued the notice. By its letter dated October 25, 2002, the Enforcement Directorate had directed us to contact their zonal office for inspection of the documents. However, the documents have not been made available to us by the Enforcement Directorate. We have, by our letter dated January 31, 2003, informed the same to the Enforcement Directorate. No further communication has been received by us from the Enforcement Directorate till date.

We have received a notice dated September 25, 2001 from CSE claiming damages by way of direct and indirect losses suffered by CSE to the tune of Rs. 676 million together with interest @ 18% per annum. The notice was replied by us on October 17, 2001 whereby we have denied any liability and refuted the claims of CSE. We had executed a project for the CSE Screen Based Trading and Reporting System (C-Star) on a Comprehensive and Integrated Basis. The claim of CSE is on the basis of the alleged failure of the system implemented by us. However, no further action in this regard has been initiated by CSE till date and we are continuing to extend our maintenance services to CSE for which we are receiving regular payments.

Eurogate GmbH & Co., Germany, had terminated the agreement with our Company and invoked the bank guarantee furnished by us in the year 2000. We tried to resolve the matter amicably to continue to maintain business relations. A delegation headed by Mr S S Ghosh, Ex-CMD of our Company visited Germany for the purpose. The matter has been duly reviewed at the Board of Directors and senior management from time to time. Our Company and Eurogate have exchanged correspondence on this dispute. However we have not received any further notice of claims or legal proceedings from Eurogate till date.

By our Company

We have filed two criminal cases against two proprietors of our Authorised Training Centres. We have also filed 10 civil cases, including one labour related case and one consumer complaint, which are pending before the competent adjudicating authorities.

Against our Subsidiaries

There are no outstanding litigation, suits or criminal or civil prosecutions, proceedings or tax liabilities against our subsidiary, and there are no defaults, non payment of statutory dues, overdues to banks/financial institutions, defaults against banks/ financial institutions, defaults in creation of full security as per terms of issue/other liabilities, proceedings initiated for economic/civil/any other offenses (including past cases where penalties may or may not have been awarded and irrespective of whether they are specified under paragraph (i) of part 1 of Schedule XIII of the Companies Act) that would result in a material adverse effect on our subsidiary.

Against our Directors

There are no outstanding litigation, suits or criminal or civil prosecutions or proceedings, and there are no defaults, non-payment of statutory dues, overdues to banks/ financial institutions or defaults against banks/ financial institutions by our Directors (including past cases where penalties may or may not have been awarded and irrespective of whether they are specified under paragraph (i) of part 1 of Schedule XIII of the Companies Act).

Against our Promoter and top five listed group companies (determined on the basis of market capitalization as on 29 December, 2003)

Except as described below, there are no outstanding litigations, suits or criminal or civil prosecutions, proceedings, tax liabilities or violation of statutory regulations against our Promoter, and there are no defaults, non payment of statutory dues, overdues to banks/financial institutions, defaults against banks/ financial institutions, defaults in creation of full security as per terms of issue/other liabilities, proceedings initiated for economic/civil/any other offenses (including past cases where penalties may or may not have been awarded and irrespective of whether they are specified under paragraph (i) of part 1 of Schedule XIII of the Companies Act) whose impact is in excess of 1% of the respective profits of the Promoter/ top five listed group companies (determined on the basis of market capitalization as on 29 December, 2003).

Further, no disciplinary action has been taken by SEBI /stock exchanges against the Promoter and its business ventures.

Tata Sons Limited

Eviction suit filed against TSL is pending. In the event the suit is held against TSL, the company would have to relocate its office and personnel. TSL has adequate alternate arrangement to face any eventuality. The damages claimed for alleged unauthorized use has not been acknowledged by the company and is challenged.

The Regional Provident Fund Commissioner has issued a notice to a division seeking to cover it under the Employees Provident Fund and Miscellaneous Provisions Act, 1952. The Company has contested it by filing an appeal in the Bombay High Court. The employees of the division are covered under Employees Provident Fund, which is recognized by the Income Tax authorities.

Tata Iron and Steel Company Limited (as of December 31, 2003)

a) Claim of Rs 1958.2 Million by party arising out of conversion arrangement, Tata Steel has not acknowledged this claim and has instead filed a claim of Rs 1396.5 Million on the party. The dispute is under arbitration

b) Claims of Taxes and miscellaneous items not acknowledged by Tata Steel

Particulars	In Rs. Million Amount in contention
Money suits and other claims	3,371.0
Liability for sales tax [1]	3,989.6
Customs, Excise and ingot duty [2]	1,168.8
Interest on delayed payments	4.0
Labour court cases pending	5.5
Liability for gratuity payable to the Govt for contract labourers	0.1
Income Tax	528.1

Total 9067.1

Includes Penalty
In Excise and sales tax matters, contingent liability is provided after disposal of cases from stage of Tribunal
The above figures are gross of Tax. Net of tax is Rs 5814.3 Million

c) Criminal cases 44 against the Directors / Company

Tata Motors Limited

Category	Status
Indirect Taxes	Excise: No of cases –564 (pending adjudication before various Authorities, Tribunals and Courts). Demand Amount – Rs.2405.2 million Sales Tax: No of Cases 245 Demand of Rs.2148.5 million (pending adjudication before various Authorities, Tribunals and Courts). Others: a) Octroi: As on 31 July 2003 No. of cases - 4 i)Demand of Rs 386.2 Million being on account of differential octroi levied by the Pimpri Chinchwad Municipal Corporation(for short-PCMC).(pending adjudication before the Bombay High Court). (1case) ii) Demand of Rs 17.0 Million by PCMC for differential octroi levied by PCMC on casting and forgings imported during the period 1979-84. The demand was challenged by us by way of a civil suit and, was decided in our favour. PCMC was directed to refund the said amount with interest (Rs 31.2 Million) on the cash deposit of Rs 12.0 Million made by us on the said demand . The amount of Rs 48.2 Million (12.0 Million of cash deposit + 31.2 Million interest thereon) has been withdrawn by us. PCMC has preferred a First Appeal (pending adjudication before the Bombay High Court). (1case) iii) Recovery of Rs 97.9 Million being disputed on account of arrears sought to be made by PCMC on account of retrospective application of escalated rates pursuant to the amendment in PCMC Rules 2002. (pending adjudication before the Supreme Court) (1 case) iv) Demand for deposit of Rs 49.5 Million for grant of Current Account facility by PCMC (pending before the Supreme Court). (1 case) b) Road tax: As on 31 July 2003 No. of cases -1 Demand of Rs.51.4 Million being disputed on account of levy of Road Tax by the State of Bihar (now Jharkhand). (pending adjudication before the Supreme Court). c) Property tax: As on 31 July 2003

	No. of cases -28 i) Demand of Rs.16.9 Million being disputed on account of property tax demanded by the Municipal Corporation of Delhi on the property at TML Sales and Service (TSS) Delhi.(pending adjudication before the Delhi High Court). (1case) ii) Demand of Rs. 23.5 Million being disputed on account of property tax demanded by PCMC of oue vacant land at Pimpri, Chinchwad and Chikhali during the year 2001-2002. (pending adjudication before the Bombay High Court). (3 cases) iii)Writ Petitions been filed by PCMC challenging the orders of the District Court, Pune fixing the rental value at the rate of 5% & 6% of the cost of construction. (pending adjudication before the Bombay High Court). (24 cases) d) Excess Land dispute : As on 31 July 2003 No. of cases -1 Demand of Rs 16.2 Million towards premium of the excess land handed over inadvertently by Pimpri Chinchwad New Township Development Authority- we offered premium at the original rate together with interest – refused by PCNTDA. (pending adjudication before the Bombay High Court). e) Non agricultural assessment: As on 31 July 2003 No of cases - 1 iv) Demand of Rs 4.5 Million for the period 1995-1996 to 2001-2002 by the Revenue Authorities in respect of Chikhali land. (pending adjudication before the Bombay High Court).
Civil cases Current Status	694 cases are pending adjudication before various Courts at various stages of hearing.
Labour cases	377 cases are pending adjudication before various Courts and Tribunals at various stages of hearing.
Criminal cases	252 cases are pending adjudication at various stages of hearing.
Consumer cases	1141 cases are pending adjudication before various Consumer Forums and Commissions at various stages of hearing.
Motor Accident Claims	1125 cases are pending adjudication at various stages of hearing.
Public Interest Litigations	2 cases, one before the Supreme Court and other before Bombay High Court on the issue of environmental pollution by the transport sector. 1 case pending before Delhi High Court on the issue of speed controlling devices on transport vehicles in Delhi
Proceedings under Monopolistic and Restrictive Trade Practices Act	58 cases are pending adjudication at various stages of hearing.
Arbitration proceedings	5 cases are pending making of an award at various stages of hearing.
Income Tax Matters	1.Pending before Appellate Authorities in respect of which the Company is in appeal and expects to succeed – Amount involved Rs 274.7 Million 2.Pending in appeal/other matters- amount involved Rs 167.6 Million

Tata Power Company Limited

1. In respect of the share of Standby Charges billed by Maharashtra State Electricity Board (MSEB) and recoverable from BSES Ltd (BSES), the company has in accordance with past practice, taken credit for the amount recoverable in terms of the Government of Maharashtra Order of March 22, 2000. This amount upto September 30, 2003 aggregates Rs. 8920 million including Rs. 990 million for the half year ended September 30, 2003 (Rs. 495 million for the quarter ended 30th September 2003). However, these amounts have been disputed by BSES and only Rs. 5463 million have been paid by BSES to MSEB through the company/ Maharashtra Electricity Regulatory Commission (MERC) till 30th September 2003. MERC has heard the dispute and issued an order on 7th December 2001. This Order was challenged by both the parties and before the High Court, which has reverted the matter back to MERC for de novo consideration. Appeals by both parties to the Supreme Court against the Order of the High Court has been dismissed by the Supreme Court. MERC is presently hearing the matter.

2. A suit being suit no 2236 of 1998 has been filed against the company along with the Tata Hydro-Electric Power Supply Co. Ltd and the Andhra Valley Power Supply Co. Ltd by Ilac Limited claiming a sum of Rs. 205.1 million from the companies as and by way of damages for alleged wrongful disconnection of power supply of the companies on May 22nd 1985. Though the suit had been filed in 1988, the companies were served with the summons in May 1991. The companies had filed their detailed written statement. The suit will come up for hearing in the normal course after a period of 5-6 years.

3. A suit has been filed by Ilac Limited in retaliation to suit no 3669 of 1987 filed by the said companies against them for recovery of their outstanding power supply bills. The amount involved is 11.6 million.

4. The following summary suits have been filed in the Mumbai High Court against the company along with Tata Hydro-Electric Power Supply Co. Limited and the Andhra Valley Power Supply Co. Ltd by Alpic Finance Ltd. claiming the sums of money mentioned against each of them respectively with further interest thereon @ 24% p.a. from the dates mentioned below till the dates of actual payment thereof:

Summary Suit No.	Amount (Rs.)
1518 of 1995	19,88,853.84
2068 of 1995	791,406.06
2069 of 1995	1,504,071.12
3757 of 1996	1,504,071.12
3766 of 1996	791,406.56
3779 of 1996	1,988,853.84

The above amounts represent bills of exchange drawn by Excel & Co. and accepted by the companies and discounted by Alpic Finance and the payment in respect of which has been made by the companies to the Income-tax Department consequent upon an attachment order received by them from the said Department. Appropriate third party notices have been taken out by the companies and the companies have submitted that they have duly discharged all their obligations in respect of the bills of exchange as required in law and they are not liable to make payment under the suit bills twice over. The suits were heard by the Bombay High Court and the Court has transferred the same to the list of commercial causes and are not likely to come up for hearing for a period of 7 to 8 years.

5. The suits that have been filed against the Tata Hydro-Electric Power Supply Company Limited and the Andhra Valley Power Supply Company Limited would now be continued in the name of

the Tata Power Company Limited consequent upon the amalgamation of the said companies with the Tata Power Company Limited with effect from April 01, 2000.

6. By its Order dated February 06, 2003, Sub-Divisional Officer, Mawal, Pune has levied on the company, non-agricultural assessment amounting to Rs. 28.6 million in respect of its privately purchased lands in Mawal and Mulshi Talukas for the period August 01,1971 to July 31, 2002. The company has filed an appeal in the Court of the Additional Collector, Pune in this regard.

7. The Mumbai Port Trust has exorbitantly revised the way leave fees payable by the company and called upon the company to pay the arrears of way leave fees in respect of the land leased by the Mumbai Port Trust to the company for putting up overhead transmission lines over their land. The amount involved in this case is Rs. 82.6 million. The company has filed a writ petition in the Bombay High Court against the Mumbai Port Trust unilateral decision of revision of the way leave fees.

8. MPCB has sought to levy cess on company's water consumption at the normal rate without granting rebate, which is challenged by the company. The amount involved is Rs. 123.5 million. The matter is pending before MPCB Appellate Authority.

The company has challenged Patnus Gram Panchayat's authority to levy octroi on Bhira Pumped Storage Plant. The amount involved is Rs. 50.3 million. A writ petition is filed in the Bombay High Court.

Summary of Other Pending Matters

S.No.	Particulars	Amount (Rs.)	Appellate level at which matter is pending
1.	**Reopening of past assessments to treat the three companies as an association of persons:** The Department has taken a stand w.e.f Assessment year 1988-89 that the three companies (the erstwhile Tata Hydro Electric Power Supply Co. Ltd, the erstwhile Andhra Valley Power Supply Co. Ltd) constitute an Association of persons and are not separate corporate entities. Accordingly, assessments have been reopened w.e.f Assessment year 1981-82	Outstanding demand: Rs. 367.8 million	Tribunal
2.	**Set off of unabsorbed depreciation of Assessment Year 1988-89 to 1991-92** The Department has assessed the three companies jointly for Assessment Year 1988-89 to Assessment Year 1991-92 (without passing an order for "Association of persons" for subsequent assessment years as per the directions of the Commissioner of Income Tax (Appeals). The Department is in appeal, disputing such set off	Demand likely to arise if issue decided against the company Rs 1140.8 million	Tribunal
3.	**Disallowance of depreciation on Jojobera Power Plant:** The Department has disallowed depreciation on Jojobera Power Plant purchased by the companies from TISCO during Assessment Year 1997-1998. The depreciation has been disallowed on the ground that the plant was not owned and operated by the companies during that year.	Demand raised and adjusted Rs. 245.1 million	Tribunal
4.	**Disallowance of appropriation to Contingencies Reserve:** The Department has not allowed appropriation to Contingencies Reserve as a deduction in the computation of taxable income, which had earlier been claimed by the companies based on favorable High Court decisions. However, the Supreme Court now held in favour of the Department in the case of Associated Power Co. Ltd (218 ITR 195) and hence, the matter will be decided against the company on the basis of this Supreme Court decision	Demand likely to arise if issue decided against the company Assessment Year 1992-93: Rs. 12. 4 million. Assessment Year 1993-94: Rs. 22.7 million.	Departmental appeal before Tribunal
5.	**Surplus on buyback of Euro Notes:** On the basis of	Demand raised Rs. 217. 1 million	CIT (Appeals)

	legal opinion obtained, surplus on buy back of Euro Notes was claimed as capital receipt and hence, not taxable. Contention not accepted by the Department for Assessment Year 2000-01.		

S.No	Particulars	Authority at which pending	Amount
1.	**Cenvat Credit availed by ACC on the goods purchased & used for "New Power Plant" by Tata Power** Tata Power is the owner of the New Power Plant with factory license in its name. Under the Excise Act and Rules, Cenvat Credit could be availed of by the owner on its purchases. ACC in order to avail cenvat credit on such of these goods to be procured by Tata Power suggested that concerned manufacturers supplying the capital goods should indicate in their "invoices' Consignee as ACC. We referred these modalities suggested by ACC to Mr. K. M. Motashaw, advocate who gave a written opinion in negative on the ground that since ownership of the plant rests with Tata Power, Cenvat Credit could be availed by Tata Power only on their purchases and not by ACC. However, it has been observed that ACC's name has been stated as Consingee in the invoices raised on Tata Power and that ACC has taken Cenvat Credit (Rs. 59.42 million) while informing Ex. Department having done so. This is because ACC does not wish Tata Power to register under Excise.	Supt. C. Ex.	120 million

Tata Teleservices (Maharashtra) Limited

Tata Teleservices (Maharashtra) Limited					
S.No	**Item**	**Authority**	**Particulars**	**Action Taken**	**Current Status**
1.	Notices from Maharashtra Sales Tax Authorities	Supreme Court	The Hon. Supreme Court in State of UP V/s Union of India has passed a judgment on February 4, 2003 that the providing of a telephone connection is a 'transfer of a right to use'. Consequently, rentals collected by BSNL (erstwhile DoT) are subject to payment of sales tax under the UP Trade Tax Act. Relying on the above judgment, TTML has been served with four notices by Maharashtra Sales Tax authorities, 3 by the Enforcement Wing asking TTML to produce the books of accounts, details of rentals, etc. and one by the Assessing officer, asking TTML to obtain registration under the "Maharashtra Right to use any Goods for any Purpose Act, 1985, to pay taxes under the same and file returns under the Act. Ernst & Young, the Company's tax advisors, has opined that the SC judgment is based on the UP Trade Tax Act, whereas TTML would be covered under the 'Maharashtra Right to Use Any Goods For Any Purpose Act, 1985'; and this Act presently contains a list of intangible assets which are liable to tax. However this list does not include telephone connection. Thus TTML would not be liable to pay any tax.	TTML filed a petition before the Supreme Court against these demands. It has been tagged alongwith a similar petition filed by BSNL. The Sales Tax authorities served 5 notices upon the Company, for assessment (in the form of show cause notice) for F.Y. s ended on March 31, 1998 to March 31, 2002 as to why penalty should not be imposed for non-payment of taxes and for not registering under the above mentioned Act. Ernst & Young attended the hearing on July 16, 2003. The Department asked the Co. to furnish details of Rentals collected for the F. Y. 1999, which have been submitted. Further details like reconciliation etc. have been asked for. Details for the year 2000 – 2002 have also been forwarded. The Company has received a show -cause for sanctioning prosecution against the Company for non – registration under the said Act.	We have submitted our written submissions at the hearing on December 2, 2003. No fresh date of hearing has been fixed. **If the state Govt. presses for any demand, company would file a writ in the High Court; AP High Court has already granted such relief to AP circle of TTSL.**

2.	Inquiry by Directorate of Revenue Intelligence (DRI)	Import Duties	TTML has received three show cause notices from DRI alleging evasion of duty of Rs.21.58 crores, clandestine import of software from NEC, shifting of software values to hardware and vice versa. Such show cause notice has been issued to Company's vendors NEC, HNS USA and also to some senior management staff of TTML who were in the employment of the Company at the time of such imports. The DRI has also issued a show cause notice upon Alltel Information (India) P. Ltd. demanding payment by Alltel of customs duty of Rs. 4.91 crores on the OSS Software contending that the said software is Telecom Software. DRI has also demanded payment of interest by Alltel as well as payment of penalty by Alltel and 2 of its officers. The DRI has also threatened confiscation of the equipment. Under the terms of the OSS contract, the Company is required to reimburse any and all taxes and penalties levied upon Alltel together with any legal fees incurred by Alltel in connection with any taxation disputes.	The show cause notice has been discussed with the Company's legal advisors and they have advised that in case of some of the imports, the DRI case appears to be strong and hence TTML may approach the Settlement Commission. The Settlement Commission route could avoid possibility of imposition of any penalty and prosecution and also avoid long drawn legal proceedings stretching over a number of years. Based on the above legal advice of approaching Settlement Commission, TTML estimates that it may not be necessary for it to make any additional payment over and above the deposit of Rs. 7.2 crores already made in the year 2000. There is no liability of any sorts on the present board of directors of TTML. Alltel is in the process of finalizing its response to the DRI notice, the Company will co-ordinate closely with Alltel for this purpose.	The Company is making preparations to file proceedings before the Settlement Commission.

Videsh Sanchar Nigam Limited

Case No. / Parties	Particulars of Proceedings	Current Status
Arbitration Petition filed against VSNL by a Contractor.	This petition has been filed by a contractor for claiming an amount of Rs. 17,21,49,830.87 towards the cost of construction of Videsh Sanchar Bhavan at Kolkota. VSNL has made a written submission to this petition and resisted the claim	The claimant has concluded their submissions after 17th hearing on 17.01.2003. Subsequently, the Respondent (VSNL) started their agruments from 18th hearing onwards. The 29th hearing has been held on 18.05.2003, where the Respondent continued his submission

Income Tax Matters

Disputed Pending Income Tax Demand with various Income Tax authorities Rs. 11600 Million

Pending disputed demand at High Court Level Rs. Nil

Material Developments:

In the opinion of the Board of Directors of the Company, there have not arisen, since the date of the last financial statements disclosed in this Preliminary Sale Document, any circumstances that materially or adversely affect or are likely to affect the profitability of our Company and our subsidiary taken as a whole or the value of their consolidated assets or their ability to pay their material liabilities within the next twelve months.

DIVIDEND POLICY

Dividends are declared at the annual general meeting of our shareholders based on recommendations by the Board of Directors. The Board may recommend dividends, at their discretion, to be paid to our members. Generally, the factors that may be considered by the Board, but not limiting to, before making any recommendation for the dividend include future expansion plans and capital requirements, profit earned during the Financial Year, overall financial conditions, cost of raising funds from alternate sources, liquidity, applicable taxes including tax on dividend, as well as exemptions under tax laws available to various categories of investors from time to time and money market conditions.

The dividend payout by our Company for the last five years is as presented below:

Class of shares	Face value	Nine months ended December 31, 2003	Year ended March 31, 2003	Year ended March 31, 2002	Year ended March 31, 2001	Year ended March 31, 2000	Year ended March 31, 1999
Equity Shares	**Rs. 10**						
Interim		-	-	-	-	-	-
Final		-	40%	40%	35%	20%	10%
Total			40%	40%	35%	20%	10%

However, the amounts paid as dividend in the past are not indicative of our dividend policy in the future.

FINANCIAL STATEMENTS

AUDITORS' REPORT
TO THE BOARD OF DIRECTORS,
CMC LIMITED

We have examined the accompanying 'Statement of Adjusted Profits and Losses' of CMC Limited (the Company) for each of the years ended 31 March, 1999, 31 March, 2000, 31 March, 2001, 31 March, 2002, 31 March, 2003 and nine months period ended 31 December, 2003 and the accompanying 'Statement of Adjusted Assets and Liabilities' as at those dates read together with the Notes thereon. These statements reflect the 'Profits or Losses' for each of the relevant years/period and 'Assets and Liabilities' as on 31 March, 1999, 31 March, 2000, 31 March, 2001, 31 March, 2002, 31 March, 2003 and 31 December, 2003 extracted from the Profit and Loss Accounts for those years/periods and Balance Sheets as at those dates audited by us, except for the years ended and as at 31 March, 1999, 31 March, 2000, 31 March, 2001 which have been audited by Gupta and Gupta, Chartered Accountants, being the auditors of the Company for those years.

The 'Statement of Adjusted Profits and Losses' and 'Statement of Adjusted Assets and Liabilities', have been approved by the Board of Directors of the Company and have been prepared after making therein the disclosures and adjustments required to be made in accordance with the provisions of paragraph 6.18 of the Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines 2000 ("the Guidelines) issued by the Securities and Exchange Board of India ("SEBI") on 19 January, 2000, except as indicated otherwise in the notes to those statements.

The Auditors in their report for the accounting years ended 31 March, 1999, 31 March, 2000 and 31 March, 2001, had included certain qualifications (reproduced in Note 3 of the Notes Forming Part of the 'Statement of Adjusted Profits and Losses' and 'Statement of Adjusted Assets and Liabilities'), for which, in the absence of any quantification, no adjustments have been made in the 'Statement of Adjusted Profits and Losses' and the 'Statement of Adjusted Assets and Liabilities'.

The attached 'Statement of Consolidated Profits and Losses' and 'Statement of Consolidated Assets and Liabilities' of CMC Limited and its wholly owned subsidiary CMC Americas Inc. (formerly Baton Rouge International Inc.) incorporated in United States of America, for each of the financial years/period 31 March, 2002, 31 March, 2003 and 31 December, 2003 (9 months) reflects the 'Profits and Losses' and 'Assets and Liabilities' for each of the relevant years as extracted from the Consolidated Profit and Loss Accounts and the Consolidated Balance Sheets for the accounting years as at and for the years/period ended 31 March, 2002, 31 March, 2003 and 31 December, 2003 (9 months) audited by us. The Consolidated Profit and Loss Account and the Balance Sheets for each of these periods have been prepared as extracted without any adjustments from the Profit and Loss Accounts and Balance Sheets of the wholly owned subsidiary for the relevant periods as audited by Grant Thornton LLP.

The attached 'Statement of Profits and Losses' and the 'Statement of Assets and Liabilities' of CMC Americas Inc. (formerly Baton Rouge International Inc.) a wholly owned subsidiary of the Company incorporated in the United States of America, for each of the financial years as at and for the year/period ended 31 December, 1999, 31 December, 2000, 31 December, 2001, 31 December, 2002 and 31 December, 2003 reflects the 'Profits and Losses' and 'Assets and Liabilities' for each of the relevant years as extracted from the Statement of Operations and Balance Sheets for the accounting years as at and for the year/period ended 31 December, 1999, 31 December, 2000 and 31 December, 2001 audited by Ellis-Apple + Co. LLC and for the accounting years as at and ended 31 December, 2002 and 31 December, 2003 audited by Grant Thornton LLP.

This report is being issued by us for the purpose of incorporating the same in the 'draft Red herring Prospectus' and 'Prospectus' to be issued by CMC Limited in connection with proposed offer for sale equity shares by a shareholder.

For **S.B. BILLIMORIA & CO.**
Chartered Accountants

Mumbai
28 January, 2004

JITENDRA AGARWAL
Partner
(Membership No. 87104)

February 9, 2004

AD/086

CMC Limited
5th Floor, PTI Building
4, Sansad Marg
New Delhi – 110 001

Attention: Mr. J. K. Gupta

Dear Sir,

Proposed Offer for Sale by the Government of India of 39,76,374 equity shares of CMC Limited

We hereby give consent to incorporate our Auditor’s Report dated 28 January, 2004 to the Board of Director of CMC Limited, in the Offer/Sale Document, by whatever name called, for the purpose of the proposed Offer for Sale.

Thanking you,

Yours faithfully,

For **S.B. BILIMORIA & CO**.
Chartered Accountants

JITENDRA AGARWAL
Partner

CMC LIMITED

Statement of Adjusted Assets And Liabilities

(All amounts in Rs. million)

		As on 31.12.03	As on 31.03.03	As on 31.03.02	As on 31.03.01	As on 31.03.00	As on 31.03.99
A	**Fixed Assets**						
	Gross Block	1,308.06	1,254.65	1,215.27	1,226.56	1,101.76	1,014.25
	Less: Depreciation	724.16	673.71	605.10	589.84	534.20	497.00
	Net Block	**583.90**	**580.94**	**610.17**	**636.72**	**567.56**	**517.25**
B	**Investments**	81.80	81.80	81.80	81.80	81.80	81.80
C	**Current Assets, Loans and Advances**						
	Inventories	331.34	173.88	116.57	220.71	236.37	281.66
	Sundry Debtors	1,468.31	2,079.08	1,500.58	1,565.63	1,402.41	937.07
	Cash and Bank Balances	139.61	194.24	191.85	224.11	242.02	187.25
	Loans and Advances	1,084.91	965.59	761.53	522.97	380.88	290.24
	Other Current Assets	1,300.98	613.16	409.99	382.01	208.73	105.73
		4,325.15	**4,025.95**	**2,980.52**	**2,915.43**	**2,470.41**	**1,801.95**
	Total Assets	**4,990.85**	**4,688.69**	**3,672.49**	**3,633.95**	**3,119.77**	**2,401.00**
D	**Liabilities and Provisions**						
	Secured Loans	125.3	125.74	123.06	176.97	240.99	133.46
	Unsecured Loans	488.82	387.60	145.44	214.23	189.74	209.03
	Current Liabilities and Provisions	2814.1	2,868.70	2,388.04	2,443.46	2,087.84	1,562.08
		3,428.22	**3,382.04**	**2,656.54**	**2,834.66**	**2,518.57**	**1,904.57**
E	**Deferred Tax Liability**	66.61	82.31	88.15	113.84	104.05	85.35
F	**Adjusted Networth**	**1,496.02**	**1,224.34**	**927.80**	**685.45**	**497.15**	**411.08**
Net Worth Represented By							
G	**Share Capital (Equity Paid-Up Capital)**	151.50	151.50	151.50	151.50	151.50	151.50
H	**Reserves and Surplus**						
	Capital Reserve	9.21	12.06	17.73	17.38	10.38	9.72
	General Reserve	120.26	120.26	83.16	49.52	14.90	7.50
	Balance as per Profit and Loss Account	1,215.05	940.52	675.41	467.05	320.37	234.96
	Investment Allowance Reserve	-	-	-	-	-	7.40
		1,344.52	**1,072.84**	**776.30**	**533.95**	**345.65**	**259.58**
I	**Adjusted Networth**	**1,496.02**	**1,224.34**	**927.80**	**685.45**	**497.15**	**411.08**

Note:

To be read together with the notes forming part of the 'Statement of Adjusted Assets and Liabilities' and 'Statement of Adjusted Profits and Losses, attached.

CMC LIMITED

STATEMENT OF ADJUSTED PROFITS AND LOSSES

(All amounts in Rs. million)

		Period ended 31.12.2003	Year Ended 31.03.2003	Year Ended 31.03.2002	Year Ended 31.03.2001	Year Ended 31.03.2000	Year Ended 31.03.1999
A	**Income**						
	Sales of purchased equipment	2,776.36	2,621.19	2,257.08	2,324.20	1,911.97	1,188.00
	Services	2,597.44	3,458.68	3,157.37	3,052.51	2,687.26	2,256.45
	Other Income	75.53	67.44	186.34	149.34	110.88	70.24
		5,449.33	**6,147.31**	**5,600.79**	**5,526.05**	**4,710.11**	**3,514.69**
B	**Expenditure**						
	Equipment purchased for resale	2713.91	2,517.79	2,113.45	2,212.55	1,764.58	1,151.81
	Components/spares for maintenance and resale	154.63	186.72	112.37	102.10	91.22	115.91
	Sub-contracted/outsourced services	268.08	304.90	345.79	280.09	269.11	166.79
	Staff costs	922.47	1,203.74	1,128.10	981.96	1,079.20	809.15
	Operating and Other Expenses	893.85	1,272.68	1,342.62	1,442.09	1,196.17	1,036.39
	Interest and financial charges (Net of income)	26.25	14.37	19.52	24.50	26.50	27.52
	Depreciation	62.68	80.48	80.43	87.05	62.24	69.12
		5,041.87	**5,580.68**	**5,142.28**	**5,130.34**	**4,489.02**	**3,376.69**
C	**Adjusted profit / (loss) before tax and extraordinary items**	**407.46**	**566.63**	**458.51**	**395.71**	**221.09**	**138.00**
	Provision for taxes						
	Current income tax	148.62	201.94	181.58	146.20	80.00	52.50
	Deferred income tax	(15.70)	(5.83)	(25.67)	9.77	18.71	4.66
D	**Adjusted profit / (loss) after taxation**	**274.54**	**370.52**	**302.60**	**239.74**	**122.38**	**80.84**
	Adjusted profit brought forward from previous year	940.51	675.40	467.04	320.36	234.95	170.78
	Profit available for appropriation	**1,215.05**	**1,045.92**	**769.64**	**560.10**	**357.33**	**251.62**
E	**Appropriations**						
	General reserve	-	37.05	33.64	34.62	-	-
	Proposed Dividend	-	60.60	60.60	53.03	30.30	15.15
	Corporate Dividend Tax	-	7.76	-	5.41	6.67	1.52
		-	**105.41**	**94.24**	**93.06**	**36.97**	**16.67**

F	**Balance carried forward to Balance Sheet**	**1,215.05**	**940.51**	**675.40**	**467.04**	**320.36**	**234.95**

Note:

To be read together with the notes forming part of the 'Statement of Adjusted Assets and Liabilities' and 'Statement of Adjusted Profits and Losses, attached.

CMC LIMITED

NOTES FORMING PART OF THE 'STATEMENT OF ADJUSTED ASSETS AND LIABILITIES' AND THE 'STATEMENT OF ADJUSTED PROFITS AND LOSSES' FOR FINANCIAL YEARS ENDED 31 MARCH, 1999, 31 MARCH, 2000, 31 MARCH, 2001, 31 MARCH, 2002, 31 MARCH, 2003 AND 31 DECEMBER, 2003 (9 MONTHS)

1. Background

CMC Limited ("the Company") is engaged in the design, development and implementation of software technologies and applications, providing professional services in India and overseas, and procurement, installation, commissioning, warranty and maintenance of imported/ indigenous computer and networking systems, and in education and training.

The Company was a Government of India (GoI) enterprise up to 15th October, 2001. Under the disinvestment process, GoI sold 7,726,500 shares representing 51 percent of the share capital to Tata Sons Limited, on 16th October, 2001.

2. Significant accounting policies

a. Basis of accounting

The financial statements have been prepared under the historical cost convention and comply with the Accounting Standards prescribed by the Institute of Chartered Accountants of India and referred to in Section 211(3)(c) of the Companies Act, 1956.

b. Fixed assets and depreciation

i. All fixed assets are stated at cost. Cost includes purchase price and all other attributable costs of bringing the assets to working condition for intended use.

ii. Fixed assets acquired out of grants, the ownership of which rests with the grantor, are capitalised at cost.

iii. Depreciation on all assets is charged proportionately from the date of acquisition/installation on straight line basis at rates prescribed in Schedule XIV of the Companies Act, 1956 except in respect of:

- Leasehold assets that are amortised over the period of lease.
- Computers, Plant and Machinery - (other items), that are depreciated over six financial years.

c. Revenue Recognition

i. Revenue on equipment supplied is recognised on delivery to the customer and acknowledgement thereof, in accordance with the terms of the individual contracts.

ii. Revenue from software development on fixed price contracts is recognised according to the milestone achieved as specified in the contract, and is adjusted on the "proportionate completion" method based on the work completed.

iii. On time and material contracts, revenue is recognised based on time spent as per the terms of the specific contracts.

iv. Revenue from warranty and annual maintenance contracts is recognised over the life of the contracts. Maintenance revenue on expired contracts on which services have continued to be rendered is recognised on renewal of contract or on receipt of payment.

V. Revenue from "Education and Training" is recognised on accrual basis over the course term.

vi. Dividend income is recognised when the Company's right to receive dividend is established.

d. Grants

i. Grants received for capital expenditure incurred are included in "Capital Reserve". Fixed assets received free of cost are considered as a grant and are capitalised at notional value with a corresponding credit to the Capital Reserve account.

ii. An amount equivalent to the depreciation charge on such assets is appropriated from capital reserve and recognised as revenue in the Profit and Loss Account.

iii. Grants received for execution of projects is recognised as revenue to the extent utilized.

iv Unutilised grants are shown under other liabilities.

e. Inventories

Inventories include finished goods, stores and spares, work-in progress and education and training material.

i. Upto financial year 2000-01, inventories of finished goods mainly comprising equipment for resale are valued at the lower of cost (net of provision for obsolescence).

Effective financial year 2001-02, these are valued at the lower of cost (net of provision for obsolescence) or net realisable value.

ii. Inventories of finished goods mainly comprising equipment for resale which were more than three years old were valued at 70% of cost upto March 31, 1998. Recognising the technological trends in the industry, the policy has been amended and from the year 1998-99, the same are being valued as follows:

Age of Inventory	Valuation	Discounting Factor
One Year	70%	30%
Two Years	55%	45%
Three years	30%	70%
More than three years	Nil	100%

ii. Inventories of stores and spares are valued at cost, net of provision for diminution in the value. Cost is determined on weighted average cost basis.

iii. Upto financial year 2000-01, inventories of "Education and Training material" are valued at cost. Effective financial year 2001-02, these are valued at the lower of cost and net realisable value. Cost is determined on the "First In first Out" basis.

iv Work-in-progress comprises cost of infrastructural facilities in the process of installation at customers' sites. These are valued at cost paid/payable to sub-contractors.

v. Upto financial year 1999-00, equipment bought back from customers are taken into inventories at purchase price. Effective financial year 1999-2000, these equipment are charged off to profit and loss account.

f. Research and Development Expenses

Research and development costs of revenue nature are charged to the Profit and Loss account when incurred. Expenditure of capital nature is capitalised and depreciated.

g. Foreign exchange transactions

Transactions in foreign currencies are recorded at the exchange rate prevailing on the date of the transaction. Monetary items denominated in foreign currency and outstanding at the balance sheet date are translated at the exchange rate ruling on that date. Exchange differences on foreign exchange transactions other than those relating to fixed assets are recognised in the profit and loss account. Any gain/loss on exchange fluctuation on the date of payment of expenditure incurred for acquisition of fixed assets is treated as an adjustment to the carrying cost of such fixed assets. In case of forward contracts for foreign exchange, the difference between the forward rate and the exchange rate at the date of the transaction are recognised over the life of the contract.

h. Investments

Long-term investments are stated at cost, less any permanent diminution in value, if any.

i. Leases

Assets given under finance leases are recognised as receivables at an amount equal to the net investment in the lease and the finance income is based on a constant rate of sreturn on the outstanding net investment.

j. Retirement benefits

i. The Company’s contribution to the Employees' Provident Fund is deposited in a trust formed by the Company under the Employees’ Provident Fund and Miscellaneous Provisions Act, 1952 which is recognised by the Income-tax authorities. Such contributions are charged to the profit and loss account each year.

ii. Gratuity to employees is based on the Group Gratuity Scheme of the Life Insurance Corporation of India. Contributions made to the Scheme are expensed in the year.

iii. Upto financial year 1998-99, the liability for leave encashment of employees was accounted for on accrual basis. The balance of unavailed leave due to employees has been provided in financial year 1999-00 and 2000-01 on the basis of actuarial valuation as on 31 December, 2000 and 2001 respectively and effective financial year 2001-02, on the basis of actuarial valuation as on year end. The leave encashment liability for nine months ended December 31, 2003 has been accounted for on the basis of actuarial valuation as on 31 December, 2003.

k. Provision for taxation

Income tax comprises of current tax and deferred tax. Deferred tax assets and liabilities are recognised for the future tax consequences of timing differences, subject to the consideration of prudence. Deferred tax assets and liabilities are measured using the tax rates enacted or substantively enacted by the balance sheet date.

3. Qualifications in auditors report

The Auditors of the Company (M/s Gupta & Gupta Chartered Accountants) for the years ended 31 March 1999, 2000 and 2001, have included certain qualifications in their Auditors Report on the accounts. These are reproduced below:

a. For the year ended 31 March, 1999:

As regards Accounting Policies

- *AP No. 2 : Non-following of accrual basis of accounting in respect of certain items of income and expenditure though consistently followed for the reasons stated.*

  AP No 2 reads as follows:

  The financial statements have been prepared under the historical cost convention, in accordance with the generally accepted accounting principles and the provisions of the Companies Act, 1956, and consistently followed. All income and expenditure having material bearing on the financial statements are recognized on accrual basis except in respect of the following items where cash basis of accounting is followed because of immateriality and/or uncertainity (financial effect not possible to determine).

  Revenue

  -Claim for refund of customs duty, duty drawback, octroi and demurrage
  -Export incentives
  -Insurance claims unless accepted
  -Liquidated damages
  -Other revenue upto Rs 5,000

  Expenditure

  -Liquidated damages
  -Other expense upto Rs 5,000

- *AP No. 4 (i), (ii) and (iv): Considering diminution/obsolescence in the value of inventories and not ascertaining net realizable value for reasons stated:*

  AP No. 4 (i), (ii) and (iv) read as follows:

  4(i) Stores and spares are valued at lower of the cost at different regions or the last purchase price as determined by Materials Management Centre. In view of the large number of items, market value is not practical to ascertain.

  4(ii) Inventory of PCs, Peripherals and Special Products which were more than three years old were valued at 70% of cost upto 31 March, 1998. Recognising the technological trends in the Industry, the policy has been amended and from the year 1998-99, the same are being valued as follows:

Age of Inventory	Valuation	Discounting Factor
One year	70%	30%

Two years	55%	45%
Three years	30%	70%
More than three years	Nil	100%

A periodic review is made of obsolete and surplus inventories. These are stated at realizable value, assessed by Inventory Advisory Committee (IAC). Further in respect of stores and spares, a provision at 16.5% is made for spares which are more than one year old as of the end of the financial year. Annual physical inventory is conducted in December each year. Stocks identified as obsolete on a technical evaluation are written-off against the above provisions. This is being done on a rationale and experience, as ascertainment of net realizable value item-wise is not practicable.

4(iv) Work in progress for environmental engineering services is also valued at material cost and other costs are expensed are expensed in the year of incurrence. Pending billing the amounts received are shown as advances from customers under current liabilities.

- *AP No. 5 (v), (viii) and (ix): Recognising revenue on gross basis rather than on net basis in respect of (a) equipment imported for customers on actual user license (b) employees sent abroad to subsidiary company for rendering professional services and (c) education and training business done through franchisees, has resulted increased revenue and cost by equal amounts. The following policies are being followed consistently with no impact on profits.*

AP No. 5 (v), (viii) and (ix) read as follows:

5(v) Revenue on equipment supplied under actual user licenses are shown at contracted value including commission/service charges and corresponding purchases at cost.

5(viii) Revenue on professional services in respect of employees sent on contract basis including to the subsidiary company is recognized at gross value. Living expenses paid by the contractee on behalf of the company are shown as expenditure. Withholding tax wherever applicable is only on the net remittances.

5(ix) Revenue from education and training including that from franchisees is shown at total course fee. Payment to franchisees is shown under expenditure.

- *AP No. 4(iii), (iv) and 5(i), (vi) & (vii): Valuation of material at site and work-in-progress, and revenue recognition for (a) Environmental Engineering Services Contracts (b) unsigned AMC contracts and (c) software development projects, absorbing related costs as and when incurred, except, in limited cases because of uncertainty of realisation, pending billing. Accounting Standard 7 and 9 are not followed, the impact of which is not determined.*

AP No. 4(iii), (iv) and 5(i), (vi) & (vii) read as follows:

4(iii) Material at Site and in godowns purchased against specific contracts is carried at purchase cost. Incidental charges are expensed in the year of incurrence.

4(iv) Work-in-progress for Environmental Engineering Services is also valued at material cost and other cost are expensed in the year of incurrence. Pending billing, the amounts received are shown as advances from customers under current liabilities.

5(i) Revenue from maintenance contracts is recognized over the life of the contracts. Maintenance revenue on expired contracts is recognized on renewal of contract. Spares consumption and other expenses are charged to consumption in the year of usage (not provided due to uncertainty. Financial effect not practical)

5(vi) Revenue from environmental engineering services is recognized upto 95% of bills raised. The balance 5% is recognised as revenue on completion of the contract.

5(vii) Revenue from software development is recognized based on milestones achieved as specified in the contracts.

- *AP No. 5(x): Requirement of Part II of Schedule VI of the Companies Act, 1956 has not been complied with in regard to disclosure of turnover, which is reflected under the five Strategic Business Units (SBUs) rather than activity-wise as required.*

AP No. 5(x) reads as follows:

The Company operates under five different Strategic Business Units (SBUs) and reflects revenue of various activities under the said SBUs due to dynamic nature of the Industry.

As regards Notes to Accounts

- *Note No. 4(iv)(a) and 8 (viii) (a) & (b): Non-provision of disputed sales tax/income tax liability for reasons stated.*

Note No. 4(iv)(a) and 8 (viii) (a) & (b) read as follows:

4(iv)(a) For disputed demand of sales tax in various States aggregating Rs.66.29 million, no provision is made or considered necessary as appeals are pending and the company expects a favourable decision.

8(viii)(a) Based on Income-tax assessment upto A.Y. 1996-97, a demand of Rs.39.96 million has been raised against which the company has paid an amount of Rs.10.00 million. The company is on appeal on the balance demand of Rs.29.96 million which is not considered for provision as the company expects a favourable decision on appeal.

8(viii)(b) No provision is made or considered necessary for Rs.25.66 million decided by the CIT(A), since the company has preferred an appeal and expect a favourable decision.

- *Note No. 8(ii): Non-availability of balance confirmation in respect of sundry creditors, stock with customers, advance from customers, sundry debtors, loans and advances to employees/suppliers and other liabilities outstanding and consequential effect including inter-se accounts that may arise after reconciliation/confirmation, if any, remains undetermined.*

Note No. 8(ii) reads as follows:

Sundry creditors, advances from others, sundry debtors, loans and advances to employees, other liabilities, suppliers, etc. are subject to confirmation of balances. Advance from customers are subject to confirmation and reconciliation. In the opinion of the Board of Directors, current assets and loans and advances have a value on realisation in the ordinary course of business at least equal to the amount at which they are stated.

- *Decentralized system has resulted in non-uniformity at different regions and inadequate monitoring over vital areas. The deficiencies reported have been corrected to the extent possible.*

- *Save as aforesaid and but for the likely impact due to uncertainties including non following of certain mandatory accounting standards, in our opinion financial statements read with accounting policies and notes on accounts as annexed thereto show a true and fair view. Save as aforesaid and but for the likely impact due to uncertainties including non following of certain mandatory accounting standards, in our opinion financial statements read with accounting policies and notes on accounts as annexed thereto show a true and fair view*

b. For the year ended 31 March, 2000:

As regards Accounting Policies

- *AP No. 2: Non-following of Accounting Standards for reasons stated.*

AP No. 2 reads as follows:

The financial statements are prepared under the historical cost convention, in accordance with the Accounting Standards and the provision of Companies Act, 1956 as adopted consistently by the Company. Deviations in following Accounting Standards 1, 2, 7 and 9 are because of nature of Company's business and shall have no material effect on the profit or value of assets and liabilities. All income and expenditure having a material bearing on the financial statements are recognized on accrual basis.

- *AP No. 3: Variance in following accounting policy was noticed where classification of fixed assets according to its nature was not done including in previous years thereby resulting in charging wrong rate of depreciation including wrong disclosure of category of asset in the Fixed Asset Schedule. Requirements of Part I of Schedule VI of the Companies Act, 1956 in respect of disclosure of fixed assets distinguishing the expenditure under specified category of assets was, therefore, not complied with (quantum not determined and hence impact on profit or value of assets cannot be given).*

AP No. 3 reads as follows:

Fixed assets are stated at cost, less accumulated depreciation. Depreciation is charged on straight-line method in accordance with Schedule XIV of the Companies Act, 1956 except in case of:

i. Computers and other Plant & Machinery where depreciation is charged at 16.5% instead of 16.21%. Plant & Machinery and Computers are retained at book value of 1% after their effective life.

ii. Leasehold assets are amortized over the lease period.

iii. Fixed assets, received as grants-in-aid or as gifts free of cost are capitalized at a notional value. The corresponding amount is credited to "Capital Reserve".

iv. Fixed assets include assets acquired out of grants-in-aid received from the Government where the ownership rests with the Government. Depreciation is also charged on such assets.

- *AP No. 4(i),(ii) and (v): Considering diminution/obsolescence in the value of inventories and not ascertaining net realizable value for the following reasons stated, is not in conformity with Accounting Standard 2 issued by the Institute of Chartered Accountants of India (quantum not determinable).*

  AP No. 4(i), (ii) and (v) read as follows:

  4(i) Stores and spares are valued at lower of the cost at different regions or the last purchase price as determined by Materials Management Centre. In view of the large number of items, market value is not practical to ascertain.

  4(ii) Inventory of Peripherals and Special Products are valued as follows, based on latest trends of prices:

Age of Inventory	Valuation	Discounting Factor
One year	70%	30%
Two years	55%	45%
Three years	30%	70%
More than three years	Nil	100%

  4(v) A periodic review is made of obsolete and surplus inventories. These are stated at realizable value, assessed by Inventory Advisory Committee (IAC). Further in respect of stores and spares, a provision at 16.5% is made for spares which are more than one year old as of the end of the financial year. Annual physical inventory is conducted in December each year. Stocks identified as obsolete on a technical evaluation are written-off against the above provisions. This is being done on a rationale and experience, as ascertainment of net realizable value item-wise is not practicable.

- *AP No.4(iii): Valuing material at site and work-in progress without considering certain related incidental costs is not in conformity with the Accounting Standard 2, 7 and 9 issued by the Institute of Chartered Accountants of India (quantum not determined)*

  AP No. 4(iii) reads as follows:

  Material at Site/in godowns and work-in-progress purchased against specific contracts is carried at purchase cost. Incidental charges being nominal are expensed in the year of incurrence.

- *AP No. 5(i), (vi) & (vii): Revenue recognition for (a) unsigned AMC contracts (b) Environmental Engineering Services Contracts and (c) software development projects, is not in conformity with Accounting Standard 7 and 9 issued by the Institute of Chartered Accountants of India (quantum not determined).*

  AP No. 5 (i), (vi) & (vii) read as follows:

5 (i) Revenue from maintenance contracts is recognized over the life of the contracts. Maintenance revenue on expired contracts is recognized only on renewal of contract or on receipt of payment due to uncertainty. Spares consumption and other expenses are charged to consumption in the year of usage

5 (vi) Revenue from environmental engineering services is recognized upto 95% of bills raised, pending completion of contract. The balance 5% is recognised as revenue on completion of the contract.

5 (vii) Revenue from software development is recognized based on milestones achieved as specified in the contracts on percentage of completion basis.

- *AP No. 5(v), (viii) and (ix): Recognising revenue on gross basis rather than on net basis in respect of (a) equipments imported for customers on actual user license/CD exempt (b) employees sent abroad to subsidiary company for rendering professional services and (c) education and training business done through franchisees, requirements of Part II of Schedule VI of the Companies Act, 1956 in regard to turnover, purchases and expenses have not been complied.*

  AP No. 5(v), (viii) and (ix) read as follows:

  5(v) Revenue on equipment supplied under actual user licenses are shown at contracted value including commission/service charges and corresponding purchases at cost.

  5(viii) Revenue on professional services in respect of employees sent on contract basis including to the subsidiary company is recognised at gross value. Living expenses paid by the contractee on behalf of the company are shown as expenditure. Withholding tax wherever applicable is only on the net remittances.

  5(ix) Revenue from education and training including that from franchisees is shown at total course fee. Payment to franchisees is shown under expenditure.

- *AP No. 5(x): Disclosure of turnover under five different strategic business units, requirement of Clause 3(i)(a) of Part II of Schedule 6 of the Companies Act, 1956 has not been followed in disclosure of turnover in respect of each class of activity separately and the same being done on the basis of five different strategic business units.*

  AP No. 5(x) reads as follows:

  The Company operates under five different Strategic Business Units (SBUs) and reflects revenue of various activities under the said SBUs due to dynamic nature of the Industry.

- *AP No. 6(iii): Recognition of income is based on man-hour/month charge and not to the extent of expenditure incurred as disclosed in the policy (quantum not determined).*

  AP No. 6(iii) reads as follows:

  Grants-in-aid received for revenue expenditure are included in other revenue to the extent expenditure is incurred. Unutilised grants are shown under other liabilities

As regards Notes to Accounts

- *Note No. B(i), 4(iii) and 8 (vii): Non-provision of disputed sales tax/income tax liability for reasons stated.*

Note No. B(i), 4(iii) and 8 (vii) reads as follows:

B(i). Sales Tax is accounted for on the basis of returns filed. Liability, if any, on assessment is accounted for in the year of assessment or in the event of appeal, in the year of disposal thereof.

4(iii) For disputed demand of sales tax in various States aggregating Rs.42.08 million, no provision is made or considered necessary as appeals are pending on the company expects a favorable decision.

8(vii) Based on Income-tax assessment upto A.Y. 1997-98, a demand of Rs.32.56 million has been raised against which the company has paid an amount of Rs.20.00 million. The company is on appeal on the balance demand of Rs.12.56 million is not considered for provision as the company expects a favourable decision on the basis of decision of Tribunal for preceding year.

No provision is made or considered necessary for Rs.16.17 million decided by the CIT(A), since the company has preferred an appeal and expect a favourable decision.

- *Note No. B 4 (iv): Considering certain grants as revenue despite the same being refundable in case of sale of developed programme and charging costs incurred as expense remains unexplained (quantum not determined).*

  Note No. B 4 (iv) reads as follows:

  Claims against the Company which may arise on replication of technology developed with grants given by Government of India are provided as and when the technology is sold to other customers.

- *Note No.8(i): Non disclosure of certain information as required vide clause 3(i)(a),(ii)(b),(c),(d) and (iii) of part II of schedule VI of The Companies Act, 1956 for the reasons stated.*

- *Note No. B2(iii): Non provision for leave encashment for the year as the old balance is sufficient to cover the liability based on actuarial valuation.*

  Note No. B 2(iii) reads as follows:

  The liability for leave encashment of employees was accounted for on accrual basis till 1998-99. During the year provision on this account has been restated on the basis of actuarial valuation. No further provision for leave encashment has been made during the year existing amount being adequate.

- ***Note No. B8(ii): Adequate controls were lacking over debtors, creditors, other liabilities and advances from customers and advances from suppliers on which we could rely and there were no satisfactory audit procedures that we could adopt to determine the completeness or otherwise of the balance outstandings in these accounts. For want of confirmation, scrutiny and reconciliation, the impact of the adjustments on the profit or in the value of assets and liabilities cannot be quantified and impact cannot be considered.***

Note No. B 8(ii) reads as follows:

Sundry creditors, advances from others, sundry debtors, loans and advances to employees, other liabilities - suppliers, etc. are subject to confirmation of balances. Advance from

customers are subject to confirmation and reconciliation. Periodic reviews are made and recommendations for write-offs/write-back are made each year. Therefore, in the opinion of the Board of Directors, current assets and loans and advances have a value on realisation in the ordinary course of business at least equal to the amount at which they are stated.

- ***Note No. B8(vii): The amount shown due to small scale industry undertaking is as per the management and there was no record available for us to satisfy the correctness of the outstanding.***

  Note No. B 8(vii) reads as follows:

As of March, 2000 the Company had outstanding dues of Rs. .56 million (more than 30 days old) of more than Rs. 0.10 million to small scale industry undertakings.

- ***Decentralized system has resulted in non-uniformity at different regions and inadequate monitoring over vital areas. The deficiencies reported have been corrected to the extent possible.***

c. For the year ended 31 March, 2001:

- *Note No. B 1, 4(iii) and 8(vii): Non-provision of disputed sales tax/income tax liability for reasons stated.*

  Note No. B 1, 4(iii) and 8(vii) read as follows:

  B 1 Sales Tax is accounted for on the basis of returns filed. Liability, if any, on assessment is accounted for in the year of assessment or in the event of appeal, in the year of disposal thereof.

  4(iii) For disputed demand of sales tax in various States aggregating Rs.30.66 million, no provision is made or considered necessary as appeals are pending and the company expects favorable decisions.

  8(vii) Based on Income Tax assessment upto A.Y. 1998-99, a demand of Rs.13.05 million has been raised against which the company has filed an appeal before CIT(A). The demand of Rs. 13.05 million is not considered for provision as the company expects a favorable decision on appeal.

  No provision is made or considered necessary for Rs.18.52 million for likely addition of net deferred warranty revenue for assessment yet to be taken up for assessment year 1999-00 and 2000-01, based on assessment/appellate orders made in the past, as the company expects favorable decision at ITAT stage.

  Since the effect of these qualifications have not been quantified, it has not been possible to adjust the differences in the 'Statement of Adjusted Assets and Liabilities' and the 'Statement of Adjusted Profits and Losses'

4. Segment Information

i. Business segments

Based on similarity of activities, risks and reward structure, organisation structure and internal reporting systems, the Company has structured its operations into the following segments:

***Customer Services*:** Hardware supplies and maintenance, facilities management and provision of infrastructure facilities.

***Systems Integration* (SI):** Systems study and consultancy, software design, development and implementation, software maintenance and supply of computer hardware in accordance with customers' requirements.

***IT Enabled Services (ITES) - (Formerly Indonet)*:** Value added services, data network, data center services, web design and hosting etc.

***Education and Training (E&T)*:** IT education and training service through its own centers and through franchisees.

Segment revenue and expenses include amounts, which can be directly identifiable to the segment and allocable on a reasonable basis. Segment assets include all operating assets used by the segment and consist primarily of debtors, inventory and fixed assets. Segment liabilities include all operating liabilities and consist primarily of creditors, advances/deposits from customers and statutory liabilities.

ii. Geographic segments

The Company also provides services overseas, primarily in the United States of America.

5. Contingent liabilities

(All amounts in Rs. million)

	As on 31.12.03	**As on 31.03.03**	**As on 31.03.02**	**As on 31.03.01**	**As on 31.03.00**	**As on 31.03.99**
Claims against the Company not acknowledged as debts:						
i. Custom duty	-	-	-	-	-	3.80
ii. Liability on property tax	-	0.62	0.45	1.14	0.69	0.69
iii. Under litigation	149.89	119.68	106.39	94.39	-	-
iv .ESI demand	0.98	0.98	0.98	0.70	-	-
v. Disputed sales tax demands*	31.92	30.47	34.41	30.66	42.08	66.29
vi. Disputed income tax	-	-	-	13.05	-	-
Unexpired letter of credit	570.34	450.29	183.02	185.29	224.34	152.38
Guarantee issued by bankers against Company's counter guarantee	991.71	729.93	510.72	297.63	279.56	340.89
Others	1.34	0.25	0.25	0.28	-	-
Sales tax on leased assets	3.73	3.73	3.73	3.67	3.30	2.78
Estimated amount of contracts remaining to be executed on capital account	71.73	68.34	67.15	67.14	71.17	86.75

* No provision is considered necessary since the Company expects favourable decisions.

6. Disclosure in respect of finance lease

The Company has purchased and given on lease computer equipment, peripherals and system software. The details are as follows:

(All amounts in Rs. million)

	Period ended 31.12.03	Year ended 31.03.03	Year ended 31.03.02
a. Total gross investment	6.79	13.31	22.47
b. Present value of Minimum Lease Payments receivable	6.22	11.52	18.79
Total gross investment			
- Not later than one year	6.74	8.35	8.73
- Later than one year but not later than five years	0.05	4.96	13.74
Present value of Minimum Lease Payments receivable			
- Not later than one year	6.17	6.88	6.40
- Later than one year but not later than five years	0.05	4.64	12.39
Unearned Finance Income	0.57	1.79	3.68

7. Pending Reserve Bank of India (RBI) approval, certain anticipated losses amounting to Rs. 8.21 million, Rs. 8.09 million and Rs. 8.09 for the period/years ended 31.12.03, 31.03.03 and 31.03.02 respectively, which stand provided for, are not written off.

Sanction of RBI for expenditure incurred on overseas operations amounting to Rs. 3.35 million, Rs. 3.09 million and Rs. 2.87 million for the period/years ended 31.12.03, 31.03.03 and 31.03.02 respectively, during the year 1991-92 has not yet been received.

8. Investments

CMC Americas Inc. the Company's wholly owned subsidiary, had accumulated losses aggregating to USD 1.65 million as at 31 December 2003 resulting in erosion in net worth.

Since the Company has long term involvement in the subsidiary, no diminution in the value of investment has been considered necessary by the Management.

9. Related Party Disclosures

i. *Company holding substantial interest in voting power of the Company*

- Tata Sons Limited

(All amounts in Rs. million)

Transactions/ Outstanding Balances	31.12.03	31.03.03	31.03.02
Purchase of goods	41.12	19.81	5.75
Sale of goods	104.92	43.09	15.45
Service Income	453.66	496.36	17.73
Debtors outstanding at year end	133.99	96.31	26.53
Creditors / Advances at year end	25.37	22.45	1.20
Loans/ advances at year end	-	0.50	-
Other transactions	2.78	5.15	0.32

ii. ***Fellow Subsidiaries***

- Tata Infotech Limited
- Tata AIG General Insurance Company Limited
- Tata AIG Life Insurance Company Limited

(All amounts in Rs. million)

Transactions/ Outstanding Balances	31.12.03	31.03.03	31.03.02
Purchase of goods	0.27	2.33	4.83
Sale of goods	11.43	-	-
Service Income	1.87	-	-
Debtors outstanding at year end	2.45	-	-
Creditors / Advances at year end	-	-	0.81
Other transactions	1.06	0.48	-

iii. *Subsidiary*

- CMC Americas International Inc.

(All amounts in Rs. million)

Transactions/ Outstanding Balances	31.12.03	31.03.03	31.03.02
Service Income	324.30	542.93	649.95
Debtors outstanding at year end	68.94	172.41	229.69
Dividend Income	-	-	50.77

iv. *Key Management Personnel*

- Mr. S. S. Ghosh – Managing Director & CEO (upto 12 December, 2003)

- Mr. R. Ramanan – Managing Director & CEO (from 13 December, 2003)
  Deputy Managing Director & COO (upto 12 December, 2003)

(All amounts in Rs. million)

Transactions/ Outstanding Balances	31.12.03	31.03.03	31.03.02
Managerial Remuneration	1.82	1.73	3.38
Loans/ advances at year end	0.08	0.00	0.01

10. Segment Information

a. Financial information about the primary business segments is given below:

							(All amounts in Rs. million)
		Period/year ended	**Customer Services**	**System Integration**	**ITES**	**Education and Training**	**Total**
i.	**SEGMENT REVENUE**						
	- Sales and Services	31.12.03	3,787.16	1,215.75	247.03	123.86	5,373.80
		31.03.03	3,823.42	1,704.91	302.54	249.00	6,079.87
		31.03.02	3,146.18	1568.19	209.45	490.63	5,414.45
	- Other Income	31.12.03	10.49	12.89	0.76	-	24.14
		31.03.03	9.82	6.61	0.35	0.83	17.61
		31.03.02	23.75	55.44	-	0.67	79.86
ii.	**SEGMENT RESULTS**	31.12.03	342.29	210.75	53.98	(13.48)	645.39
		31.03.03	420.33	318.02	69.37	(10.12)	797.60
		31.03.02	321.09	415.17	18.69	(36.50)	718.45
iii.	*UNALLOCABLE EXPENSES* net of unallocable income	31.12.03					211.68
		31.03.03					216.60
		31.03.02					240.42
iv.	**OPERATING PROFIT**	31.12.03					433.71
		31.03.03					581.00
		31.03.02					478.03
v.	INTEREST EXPENSE NET	31.12.03					26.25
		31.03.03					14.37
		31.03.02					19.52
vi.	PROVISION FOR TAX						
	- Current income tax	31.12.03					148.62
		31.03.03					201.94
		31.03.02					181.58
	- Deferred income tax	31.12.03					(15.70)
		31.03.03					(5.83)
		31.03.02					(25.67)
vii.	**NET PROFIT**	31.12.03					**274.54**

	Period/year ended	Customer Services	System Integration	ITES	Education and Training	Total
						(All amounts in Rs. million)
	31.03.03					**370.52**
	31.03.02					**302.60**
viii. **OTHER INFORMATION**						
Segment assets	31.12.03	2,364.49	792.22	173.63	46.17	3,376.51
	31.03.03	2,068.79	704.50	321.36	66.84	3,161.49
	31.03.02	1,212.29	772.99	250.07	65.86	2,301.22
Unallocable assets	31.12.03					1,614.34
	31.03.03					1,527.20
	31.03.02					1,371.27
TOTAL ASSETS	31.12.03					**4,990.85**
	31.03.03					**4,688.69**
	31.03.02					**3,672.49**
Segment liabilities	31.12.03	1,270.76	303.39	131.39	60.15	1,765.68
	31.03.03	1,405.97	267.15	170.99	63.05	1,907.16
	31.03.02	998.19	380.72	133.67	66.73	1,579.31
Unallocable liabilities	31.12.03					1,729.15
	31.03.03					1,557.19
	31.03.02					1,165.38
TOTAL LIABILITIES	31.12.03					**3,494.83**
	31.03.03					**3,464.35**
	31.03.02					**2,744.69**
Capital Expenditure	31.12.03	26.66	13.09	1.83	1.80	
	31.03.03	8.53	15.61	6.52	2.39	
	31.03.02	11.78	22.11	1.46	10.39	
Depreciation	31.12.03	15.33	29.23	3.42	5.03	
	31.03.03	18.61	33.22	3.79	8.47	
	31.03.02	15.82	28.97	3.47	9.15	
Non-cash expenses other than depreciation	31.12.03	8.57	2.07	4.26	0.26	
	31.03.03	22.75	9.48	3.72	0.97	
	31.03.02	26.76	18.00	2.32	0.70	

i. Unallocated assets include investments, advance tax and tax deducted at source.

ii. Unallocated liabilities include secured/unsecured loans, deferred tax/current tax liabilities, proposed dividend and tax on proposed dividend.

b. Geographical Segment

(All amounts in Rs. million)

	Period/year ended	India	United States of America	United Kingdom	Others	Total
SEGMENT REVENUE						
- Sales and Services	31.12.03	4,916.35	327.91	44.00	85.54	5,373.80
	31.03.03	5,377.48	549.13	59.27	93.99	6,079.87
	31.03.02	4,628.26	664.01	54.70	67.48	5,414.45
- Other Income	31.12.03	24.15	-	-	-	24.15
	31.03.03	17.61	-	-	-	17.61
	31.03.02	79.86	-	-	-	79.86
TOTAL ASSETS	31.12.03	4,812.00	69.75	29.05	80.05	4,990.85
	31.03.03	4,437.70	201.91	25.77	23.31	4,688.69
	31.03.02	3,311.67	265.47	32.18	63.17	3,672.49
TOTAL LIABILITIES	31.12.03	3,433.60	-	2.72	58.31	3,494.83
	31.03.03	3,456.50	-	5.13	2.72	3,464.35
	31.03.02	2,702.12	-	5.15	37.42	2,744.69

11. Amounts due to small scale industrial undertakings

As at the period end, the Company had dues of Rs. 6.27 million out of which Rs. 3.39 million were outstanding for more than 30 days individually to the following small scale industrial undertakings:

- Global Multimedia Limited
- KLA Electronics (P) Limited
- D B Devices
- CCS Infotech
- Numeric Power System
- Venus Plastic Limited
- Cygnus Electronics

12. Taxes

a. Current income tax includes taxes in foreign jurisdiction Rs. 12.62 million for period ended 31 December 2003 and Rs.21.94 Million for year ended 31 March 2003.

b. Deferred tax assets and liabilities are being offset as they relate to taxes on income levied by the same governing taxation laws.

c. Break up of deferred tax assets/liabilities and reconciliation of current year deferred tax charge:

(All amounts in Rs. million)

	Opening	Credited to P&L	Closing

i.	**Deferred Tax Liabilities** Tax impact of difference between carrying amount of fixed assets in the financial statements and the income tax	113.36	(5.51)	107.85
ii.	**Deferred Tax Assets** Tax impact of expenses charged in the financial statements but allowable as deductions in future years under income tax	31.05	10.19	41.24
	Net Deferred Tax Liability (i-ii)	**82.31**	**(15.70)**	**66.61**

13. Secured loans

(All amounts in Rs. million)						
	As on 31.12.03	**As on 31.03.03**	**As on 31.03.02**	**As on 31.03.01**	**As on 31.03.00**	**As on 31.03.99**
Cash Credit from Banks	125.30	125.74	98.06	111.97	145.99	104.39
Secured by hypothecation of Stores & Spares and debtors						
The interest rate for the above facility had been linked to Prime Lending Rate of the respective banks						
Term Loans						
Housing & Urban Development Corporation Limited	-	-	-	-	-	29.07
State Bank of Bikaner & Jaipur	-	-	25.00	65.00	95.00	-
The interest rate for the above loan had been linked to Prime Lending Rate of the state bank of Bikaner and Jaipur.						

14. Unsecured loans

(All amounts in Rs. million)						
	As on 31.12.03	**As on 31.03.03**	**As on 31.03.02**	**As on 31.03.01**	**As on 31.03.00**	**As on 31.03.99**
Government of India-Loans	67.40	67.40	87.53	87.53	87.58	102.75
Government of India-Interest Accrued & Due	21.42	20.20	44.87	44.87	44.95	49.86
Interest Accrued & Due - Others	-	-	-	-	0.03	-
Housing & Urban Development Corporation Limited	-	-	-	-	-	24.00
ICD-National Handicapped Welfare Fund, (Ministry of Social Justice & Empowerment)	-	-	-	32.00	32.00	32.00
Current Account Overdraft	-	-	13.04	49.83	25.18	0.42
Commercial Paper	200.00	200.00	-	-	-	-
Canara Bank - Short Term Loan	-	100.00	-	-	-	-
ICD-Videsh Sanchar Nigam Limited	100.00	-	-	-	-	-
Short term Loan-HDFC Bank Limited	100.00	-	-	-	-	-

Note:

a. Interest on the above loans is payable in the range of 4.77%-13%, 7.25%-13%, 10.5%-13.5%, 10.5%-13.5%, 10.5%-13.5% and 10.5%-19.5% for the period ended 31 December, 2003 and years ended 31 March, 2003, 2002, 2001, 2000, 1999 respectively.

b. Loans from Government of India include interest free loans of Rs. 54.90.

c. ICD-Videsh Sanchar Nigam Limited are due on 12 April, 2004 and 3 May, 2004.

(All amounts in Rs. million)						
	As on 31.12.03	As on 31.03.03	As on 31.03.02	As on 31.03.01	As on 31.03.00	As on 31.03.99

d. Short term loan from HDFC Bank Limited is due on 17 May, 2004.

e. Commercial papers are due on 17 February, 2004, 23 February, 2004, 1 March, 2004 and 16 March, 2004.

f. Government of India loans are past due.

15. Other income

(All amounts in Rs. million)						
	Period ended 31.12.03	Year ended 31.03.03	Year ended 31.03.02	Year ended 31.03.01	Year ended 31.03.00	Year ended 31.03.99
Recurring						
Project Grants from Government	10.98	13.06	56.55	70.89	66.59	22.53
Gain on foreign exchange fluctuations	1.18	-	15.68	22.13	5.90	17.11
Profit on sale of fixed assets	0.73	0.19	0.07	0.10	0.22	-
Transfer from capital reserve - capital grants	2.85	-	5.88	5.47	3.39	2.75
Unclaimed balances/provisions written back	28.82	5.67	23.60	25.26	12.68	6.19
Dividend from Subsidiary	-	17.10	50.77	-	-	6.24
Miscellaneous income	16.83	17.07	33.79	25.49	22.10	15.42
Non recurring						
Interest on refund of taxes	14.14	14.35	-	-	-	-
	75.53	**67.44**	**186.34**	**149.34**	**110.88**	**70.24**

16. Tax shelter statement

(All amounts in Rs. million)					
	As on 31.03.03	As on 31.03.02	As on 31.03.01	As on 31.03.00	As on 31.03.99
Tax rate (including surcharge)	36.75%	35.70%	39.55%	38.50%	35.00%
Adjusted net profit before tax and after prior period/extra-ordinary item adjustments	566.64	511.05	397.12	207.00	125.59
Net profit before tax as per audited accounts (for tax year)	566.64	511.05	397.12	197.50	108.92

(All amounts in Rs. million)					
	As on 31.03.03	As on 31.03.02	As on 31.03.01	As on 31.03.00	As on 31.03.99
Tax at notional rates (A)	**208.24**	**182.44**	**157.06**	**79.70**	**43.96**
Income exempted u/s 10A (STP)	123.10	16.93			
Benefit u/s 80 HHE	0.79	8.64	8.77	6.35	6.15
Capital expenditure on R&D allowable u/s 35	1.36	16.40	13.94	7.25	6.29
Book Depreciation	80.48	80.35	86.08	60.64	69.07
Tax Depreciation	72.55	99.15	118.22	74.80	58.13
Difference between tax and book depreciation	(7.93)	18.80	32.14	14.16	(10.94)
Other adjustments	(4.43)	11.19	74.30	65.10	5.52
Net adjustments	112.89	71.96	129.15	92.86	7.02
Profit as per Income tax return	**453.76**	**439.09**	**267.97**	**114.13**	**118.59**
Tax as per Income tax as return	166.76	156.75	105.98	43.94	41.51
Interest u/s 234	-	1.00	-	-	-
Total tax as per return	**166.76**	**157.75**	**105.98**	**43.94**	**41.51**

17. Capitalisation statement

(All amounts in Rs. million)						
	As on 31.12.03	As on 31.03.03	As on 31.03.02	As on 31.03.01	As on 31.03.00	As on 31.03.99
Long Term Debt (A)*	**-**	**-**	**-**	**35.00**	**75.00**	**26.53**
Shareholders Funds (B)	**1,496.02**	**1,224.34**	**927.80**	**685.45**	**497.15**	**411.08**
Share Capital	151.50	151.50	151.50	151.50	151.50	151.50
Reserve and Surplus	1,344.52	1,072.84	776.30	533.95	345.65	259.58
Long Term Debt/ Shareholders Fund (A/B)	-	-	-	0.05	0.15	0.06

*Long term loans represents amounts repayable later than one year as at the period/ year end.

This being an offer for sale, there will be no change in the pre issue and post issue capital structure of the Company.

18. Dividend

(All amounts in Rs. million)					
	Year ended 31.03.03	**Year ended 31.03.02**	**Year ended 31.03.01**	**Year ended 31.03.00**	**Year ended 31.03.99**
Equity Share Capital	151.50	151.50	151.50	151.50	151.50
Rate of Dividend	40%	40%	35%	20%	10%
Amount of Dividend	60.60	60.60	53.03	30.30	15.15
Corporate dividend Tax	7.76	-	5.41	6.67	1.52

19. Accounting Ratios

	Period ended 31.12.03	Year ended 31.03.03	Year ended 31.03.02	Year ended 31.03.01	Year ended 31.03.00	Year ended 31.03.99
Earning per share (Rs.)	24.16	24.46	19.97	15.82	8.08	5.34
Return on net worth %	24.47	30.26	32.61	34.97	24.62	19.67
Net asset value per equity share (Rs.)	98.75	80.81	61.24	45.25	32.82	27.13
Weighted average number of equity shares outstanding during the year/period	15,150,000	15,150,000	15,150,000	15,150,000	15,150,000	15,150,000
Total number of equity shares outstanding during the year/period	15,150,000	15,150,000	15,150,000	15,150,000	15,150,000	15,150,000

Earnings Per Share = Adjusted profit after tax (annualised)/ number of shares

Net Asset Value per share = Adjusted Networth / number of shares

Return on Networth = Adjusted profit (annualised)/ Adjusted Networth x 100

Note:

The adjusted profits for the period ending 31.12.03 have been annualised since the accounting period is for 9 months.

CMC AMERICAS, INC. (FORMERLY KNOW AS BATON ROUGE INTERNATIONAL, INC.)					
STATEMENT OF ASSETS AND LIABILITIES					
					In USD million
	As on 31.12.2003	**As on 31.12.2002**	**As on 31.12.2001**	**As on 31.12.2000**	**As on 31.12.1999**
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents, including certificates of deposit	1.93	0.95	2.73	3.95	1.12
Accounts Recv , net of allowance	2.82	5.77	6.43	10.53	7.16
Prepaid Expenses	0.10	0.11	0.11	0.12	0.04
Income tax receivables	-	0.48	0.65	-	0.15
Employees receivables	-	0.02	0.06	0.21	0.14
Deferred tax asset	-	-	0.05	-	-
Total Current Assets	**4.85**	**7.33**	**10.03**	**14.81**	**8.61**
PROPERTY & EQUIPMENT, at cost less accumulated depreciation	0.03	0.17	0.35	0.37	0.40
Deposits	-	3.59	-	-	-
Capitalized software development costs	-	-	-	2.31	2.88
Total Assets	**4.88**	**11.09**	**10.38**	**17.49**	**11.89**
LIABILITY AND STOCKHOLDER'S EQUITY					
CURRENT LIABILITIES					
Notes payable	1.15	1.15	1.15	1.15	1.65
Accounts Payable	0.36	0.54	0.14	0.57	-
Accrued expenses	0.98	1.14	1.52	2.61	0.82
Accrued expenses-parent	1.57	-	-	-	-
Deferred revenue	0.20	0.18	0.25	0.21	0.14
Current portion of advances from affiliate	-	0.26	-	-	-
Deferred income tax provision	-	-	-	0.59	0.70
Income taxes payable	-	-	-	1.14	0.03
Dividends Payable	-	-	-	1.06	0.28
Accrued expenses- related party	-	4.25	5.10	6.33	5.23
Total Current Liabilities	**4.26**	**7.52**	**8.16**	**13.66**	**8.85**
Advances from affiliate	-	2.11	-	-	-
STOCKHOLDER'S EQUITY					
Common Stock, $0.01 par value, 200,000,000 shares authorised, 160,001,000 issued & outstanding	1.60	1.60	1.60	1.60	1.60
Additional paid-in capital	0.67	0.67	0.50	0.50	0.50
Accumulated deficit	(1.65)	(0.81)	-	-	-
Retained earnings	-	-	0.12	1.73	0.94
Total Stockholder's Equity	**0.62**	**1.46**	**2.22**	**3.83**	**3.04**

Total Liabilities and Stockholder's Equity	**4.88**	**11.09**	**10.38**	**17.49**	**11.89**

BALANCE SHEET					
					In Rs.million
	As on December 31, 2003	**As on December 31, 2002**	**As on December 31, 2001**	**As on December 31, 2000**	**As on December 31, 1999**
A S S E T S					
CURRENT ASSETS					
Cash and cash equivalents, including certificates of deposit	87.48	45.50	130.95	183.48	48.35
Accounts Recv , net of allowance	127.85	275.41	308.21	489.09	310.11
Prepaid Expenses	4.51	5.25	5.03	5.69	1.60
Income tax receivables	0.04	23.01	31.32	-	6.37
Employees receivables	0.14	1.07	2.96	9.69	6.18
Deferred tax asset	-	-	2.50		
Total Current Assets	**220.02**	**350.24**	**480.97**	**687.95**	**372.61**
PROPERTY & EQUIPMENT, at cost less accumulated depreciation	1.49	7.67	16.75	16.90	17.24
		-	-	-	-
Deposits	-	171.35	-	-	-
		-	-	-	-
Capitalized software developmen costs		-	-	107.25	125.00
Total Assets	**221.51**	**529.26**	**497.72**	**812.10**	**514.85**
LIABILITY AND STOCKHOLDER'S EQUITY					
CURRENT LIABILITIES					
Notes payable	52.14	54.89	55.11	53.40	71.43
Accounts Payable	16.38	25.87	6.88	26.52	-
Accrued expenses	44.53	54.39	72.78	121.12	35.54
Accrued expenses-parent	71.27	202.77	244.55	293.59	226.18
Deferred revenue	9.12	8.69	11.97	10.20	6.05
Current portion of advances from affiliate	-	12.31	-	-	-
Deferred income tax provision	-	-	-	27.21	30.39
Income taxes payable	-	-	-	52.95	1.38
Dividends Payable	-	-	-	49.16	11.91
Accrued expenses- related party	-	-	-		
Total Current Liabilities	**193.44**	**358.92**	**391.29**	**634.15**	**382.88**
Advances from affiliate	-	100.85	-		
STOCKHOLDER'S EQUITY					
Common Stock, $0.01 par value, 200,000,000 shares	-	76.38	76.68	74.29	69.26
authorised, 160,001,000 issued & outstanding	72.54	-	-	-	-
Additional paid-in capital	30.26	31.86	24.17	23.42	21.84
Accumulated deficit	(74.73)	(38.75)	5.58	80.24	40.87
Retained earnings					
Total Stockholder's Equity	**28.07**	**69.49**	**106.43**	**177.95**	**131.97**

Total Liabilities and Stockholder's Equity	**221.51**	**529.26**	**497.72**	**812.10**	**514.85**
Rates used for conversion of USD into INR	45.34	47.43	47.92	46.43	43.29

CMC AMERICAS, INC. (FORMERLY KNOW AS BATON ROUGE INTERNATIONAL, INC.)					
Statement of Profits and Losses					
					In USD million
	Year ended 31.12.2003	**Year ended 31.12.2002**	**Year ended 31.12.2001**	**Year ended 31.12.2000**	**Year ended 31.12.1999**
Revenues	18.91	25.75	35.42	41.66	28.68
Operating Expenses	19.72	27.02	35.27	38.33	27.77
Profit/(Loss) from operations	**(0.81)**	**(1.27)**	**0.15**	**3.33**	**0.91**
Other Income (Expenses)					
Interest Expenses	(0.03)	(0.09)	(0.08)	(0.10)	(0.10)
Interest income	0.07	0.05	0.17	0.14	0.03
Depreciation and amortization	0.00	0.00	(0.79)	(0.75)	(0.11)
Gain on sale of asset	0.00	0.00	0.00	0.00	0.00
Loss from impairment of capitalised software development costs	0.00	0.00	(1.73)	0.00	0.00
Total Other Income/(Expense)	**0.04**	**(0.04)**	**(2.43)**	**(0.71)**	**(0.18)**
Profit /(Loss)before income tax	**(0.77)**	**(1.31)**	**(2.28)**	**2.62**	**0.73**
Income tax expense/(benefit)					
Current	0.07	(0.43)	(0.66)	1.06	0.18
Deferred	0.00	0.05	0.00	0.00	0.00
Net Profit/(Loss)	**(0.84)**	**(0.93)**	**(1.62)**	**1.56**	**0.55**

Statements of Operations					
					In Rs. million
	Year ended ended as on December, 31, 2003	**Year ended ended as on December, 31, 2002**	**Year ended ended as on December, 31, 2001**	**Year ended ended as on December, 31, 2000**	**Year ended ended as on December, 31, 1999**
Revenues	**857.38**	**1,229.24**	**1,697.14**	**1,934.02**	**1,241.50**
Operating Expenses	**894.10**	**1,289.97**	**1,689.94**	**1,779.47**	**1,202.00**
	-				
Profit/(Loss) from operations	**(36.73)**	**(60.73)**	**7.19**	**154.55**	**39.51**
Other Income (Expenses)					
Interest Expenses	**(1.36)**	(4.23)	(3.61)	(4.63)	4.49
Interest income	**3.17**	2.49	8.12	6.55	(1.12)
Depreciation and amortization	**-**	-	(37.75)	(34.72)	4.69
Gain on sale of asset	**-**	-	-	0.11	-
Loss from impairment of capitalised software development costs	**-**	-	(83.02)	-	-
Total Other Income/(expense)	**1.81**	**(1.74)**	**(116.26)**	**(32.69)**	**8.05**
Profit /(Loss)before income tax	**(34.91)**	**(62.47)**	**(109.06)**	**121.85**	**31.45**
Income tax expense/(benefit)	**-**	-	31.83	49.06	7.64
Current	**3.17**	(20.67)	-	-	-
Deferred	**-**	2.49	-	-	-
Net Profit/(Loss)	**(38.09)**	**(44.29)**	**(77.23)**	**72.80**	**23.82**
Rates used for conversion of USD into INR	45.34	47.43	47.92	46.43	43.29

CMC LIMITED			
STATEMENT OF CONSOLIDATED ASSETS AND LIABILITIES			
			All amounts in Rs. Million
	Period ended	Year ended	Year ended
	31.12.03	31.03.03	31.03.02
SOURCES OF FUNDS			
1. SHAREHOLDERS' FUNDS			
(a) Share Capital	151.50	151.50	151.50
(b) Reserves & Surplus	1,294.83	1,060.36	772.28
	1,446.33	**1,211.86**	**923.78**
2. LOAN FUNDS			
(a) Secured Loans	125.30	125.74	123.06
(b) Unsecured Loans	488.82	496.70	145.44
	614.12	**622.44**	**268.50**
3. DEFERRED TAX LIABILITIES	66.62	82.31	88.15
	2,127.07	**1,916.61**	**1,280.43**
APPLICATION OF FUNDS			
4. FIXED ASSETS			
(a) Gross Block	1,352.61	1,299.20	1,261.98
(b) Less:Depreciation	766.58	712.04	637.11
(c) Net Block	**586.03**	**587.16**	**624.87**
5. GOODWILL	**3.41**	**3.41**	**3.41**
6. CURRENT ASSETS, LOANS AND ADVANCES			
(a) Inventories	331.34	173.88	116.57
(b) Sundry debtors	1,525.22	2,151.89	1,574.92
(c) Unbilled revenues	1,300.98	613.15	409.99
(d) Cash and bank balances	227.09	232.08	238.29
(e) Loans and advances	1,089.28	1,165.37	821.32
	4,473.91	**4,336.37**	**3,161.09**
7. LESS : CURRENT LIABILITIES AND PROVISIONS	**2,936.28**	**3,010.33**	**2,511.48**
8. NET CURRENT ASSETS	**1,537.63**	**1,326.04**	**649.61**
9. DEFERRED TAX ASSETS	-	-	2.54

	2,127.07	1,916.61	1,280.43

CMC LIMITED

Statement of Consolidated Profits and Losses

			All amounts in Rs. Million
	Period ended	**Year ended**	**Year ended**
	31.12.03	**31.03.03**	**31.03.02**
INCOME			
1. SALES AND SERVICES	5,671.36	6,723.50	6,304.55
2. OTHER INCOME	75.53	67.45	135.57
	5,746.89	**6,790.95**	**6,440.12**
EXPENDITURE			
3. OPERATING AND OTHER EXPENSES	5,279.30	6,132.32	5,974.23
4. DEPRECIATION	66.77	88.86	90.67
5. INTEREST (Net)	24.21	16.05	18.62
	5,370.28	**6,237.23**	**6,083.52**
PROFIT BEFORE TAX	**376.61**	**553.72**	**356.60**
6. **PROVISION FOR TAXES**	137.21	190.04	160.10
PROFIT AFTER TAX	**239.40**	**363.68**	**196.50**
Basic and diluted Earnings Per Share (Rupees)	15.80	24.00	12.97

CMC LIMITED

NOTES FORMING PART OF THE 'STATEMENT OF CONSOLIDATED ASSETS AND LIABILITIES' AND 'STATEMENT OF CONSOLIDATED PROFITS AND LOSSES' FOR THE FINANCIAL YEARS 31 MARCH. 2002. 31 MARCH. 2003 AND 31 DECEMBER. 2003 (9 MONTHS)

The 'Consolidated Statement of Assets and Liabilities' and the 'Consolidated Statement of Profits and Losses' comprise a consolidation of the accounts of CMC Limited. a company incorporated in India and its wholly owned subsidiary CMC Americas (Formerly known as Baton Rouge International. Inc.). which is incorporated in the United States of America.

Background

CMC Limited (the Parent) is engaged in the design. development and implementation of software technologies and applications. providing professional services in India and overseas. and procurement. installation. commissioning. warranty and maintenance of imported/ indigenous computer and networking systems. and in education and training.

The Parent was a Government of India (GoI) enterprise up to 15th October. 2001. Under the disinvestment process. GoI sold 7.726.500 shares representing 51 percent of the share capital to Tata Sons Limited. on 16th October. 2001.

CMC Americas (Formerly known as Baton Rouge International. Inc.) (the Subsidiary) derives its revenue throughout the United States of America from two sources: (1) Software integration and system services at customer sites for a contract fee. (2) auxiliary services. such as maintenance contracts. systems upgrades. and training of customer personnel.

3. **Significant accounting policies**

c. **Basis of accounting**

The financial statements of the Parent have been prepared under the historical cost convention and comply with the Accounting Standards prescribed by the Institute of Chartered Accountants of India.

b. **Basis of consolidation**

The consolidated financial statements incorporate the financial statements of the Parent and its wholly owned subsidiary made upto 31 December. 2003. All significant inter-company transactions and balances are eliminated on consolidation. Goodwill arising on consolidation represents the excess of the cost of acquisition over the book value of assets and liabilities at the date of acquisition.

Fixed assets and depreciation

vii. All fixed assets are stated at cost. Cost includes purchase price and all other costs attributable to bringing the assets to working condition for intended use.

viii. Fixed assets acquired out of grants. the ownership of which rests with the grantor. are capitalised at cost.

ix. Depreciation on all assets of the Parent is charged proportionately from the date of acquisition/installation on straight line basis at rates prescribed in Schedule XIV of the Companies Act. 1956 except in respect of:

- Leasehold assets that are amortised over the period of lease.

- Computers. Plant and Machinery - (other items). that are depreciated over six financial years.

Depreciation on assets of the Subsidiary Company is charged based on the estimated useful life of the assets. Accordingly. depreciation is charged as per the straight-line method over three financial years.

d. Revenue Recognition

j. Revenue relating to equipment supplied is recognised on delivery to the customer and acknowledgement thereof. in accordance with the terms of the individual contracts.

ii. Revenue from software development on fixed price contracts is recognised according to the milestone achieved as specified in the contract. and is adjusted on the "proportionate completion" method based on the work completed.

iii. On time and material contracts. revenue is recognised based on time spent as per the terms of the specific contracts.

x. Revenue from warranty and annual maintenance contracts is recognised over the life of the contracts. Maintenance revenue on expired contracts on which services have continued to be rendered is recognised on renewal of contract or on receipt of payment.

xi. Revenue from "Education and Training" is recognised on accrual basis over the course term.

e. Grants

vi. Grants received for capital expenditure incurred are included in "Capital Reserve". Fixed assets received free of cost are considered as a grant and are capitalised at notional value with a corresponding credit to the Capital Reserve account.

An amount equivalent to the depreciation charge on such assets is appropriated from capital reserve and recognised as revenue in the Profit and Loss Account.

vii. Grants received for execution of projects is recognised as revenue to the extent utilized.

viii. Unutilised grants are shown under other liabilities.

f. Inventories

Inventories include finished goods. stores and spares. work-in progress and education and training material.

i. Inventories of finished goods mainly comprising equipment for resale are valued at the lower of cost (net of provision for obsolescence) or net realisable value.

ii. Inventories of stores and spares are valued at cost. net of provision for diminution in the value. Cost is determined on weighted average cost basis.

iii. Inventories of “Education and Training material” are valued at the lower of cost and net realisable value. Cost is determined on the “First In First Out” basis.

iv. Work-in-progress comprises cost of infrastructural facilities in the process of installation at customers’ sites. These are valued at cost paid/payable to sub-contractors.

g. Research and Development Expenses

Research and development costs of revenue nature are charged to the Profit and Loss account when incurred. Expenditure of capital nature is capitalised and depreciated.

h. Foreign exchange transactions

Transactions in foreign currencies are recorded at the exchange rate prevailing on the date of the transaction. Monetary items denominated in foreign currency and outstanding at the balance sheet date are translated at the exchange rate ruling on that date. Exchange differences on foreign exchange transactions other than those relating to fixed assets are recognised in the profit and loss account. Any gain/loss on exchange fluctuation on the date of payment of expenditure incurred for acquisition of fixed assets is treated as an adjustment to the carrying cost of such fixed assets. In case of forward contracts for foreign exchange. the difference between the forward rate and the exchange rate at the date of the transaction are recognised over the life of the contract.

In respect of the subsidiary. income and expenses are translated into the reporting currency at the average rate. All assets and liabilities are translated at the closing rate. The resulting exchange differences are transferred to foreign currency translation reserve.

i. Leases

Assets given under finance leases are recognised as receivables at an amount equal to the net investment in the lease and the finance income is based on a constant rate of return on the outstanding net investment.

j. Retirement benefits

i. The Parent’s contribution to the Employees' Provident Fund is deposited in a trust formed by the Company under the Employees’ Provident Fund and Miscellaneous Provisions Act. 1952 which is recognised by the Income-tax authorities. Such contributions are charged to the Profit and Loss Account each year.

ii. Gratuity to employees of the Parent is based on the Group Gratuity Scheme of the Life Insurance Corporation of India. Contributions made to the Scheme are expensed in the year.

iii. The balance of unavailed leave due to employees has been provided on the basis of actuarial valuation.

iv. The Subsidiary is the sponsor of a defined contribution 401 (K) Profit sharing Plan for its employees. Company contribution to the plan for the nine months ended 31 December. 2003 totalled Rs. 48.32 million. The Company also sponsors a separate profit sharing plan for its employees. Benefits are paid upon retirement. total disability. death or termination. The Company did not make a contribution for the nine months ended 31 December. 2003.

k. Provision for taxation

Income tax comprises of current tax and deferred tax. Deferred tax assets and liabilities are recognised for the future tax consequences of timing differences. subject to the consideration of prudence. Deferred tax assets and liabilities are measured using the tax rates enacted or substantively enacted by the balance sheet date.

l. Earnings per Share

The earnings considered in ascertaining EPS comprises the net profit after tax. The number of shares used in computing Basic EPS is the weighted average number of shares outstanding during the year.

4. Segment Information

i. Business segments

Based on similarity of activities. risks and reward structure. organisation structure and internal reporting systems. the Parent has structured its operations into the following segments:

***Customer Services*: ** Hardware supplies and maintenance. facilities management and provision of infrastructure facilities.

Systems Integration (SI): Systems study and consultancy. software design. development and implementation. software maintenance and supply of computer hardware in accordance with customers' requirements. The operations of the Subsidiary fall in this category.

IT enabled services (ITES) - (Formerly Indonet): Value added services. data network. data center services. web design and hosting etc.

Education and Training (E&T): IT education and training service through its own centers and through franchisees.

Segment revenue and expenses include amounts. which are directly identifiable to the segment and allocable on a reasonable basis. Segment assets include all operating assets used by the segment and consist primarily of debtors. inventory and fixed assets. Segment liabilities include all operating liabilities and consist primarily of creditors. advances/deposits from customers and statutory liabilities.

ii. Geographic segments

The Parent also provides services overseas. primarily in the United States of America and United Kingdom.

5. Contingent liabilities and commitments

For the Parent :

	As at 31.12.03	As at 31.03.03	As at 31.03.02

	As at 31.12.03	As at 31.03.03	As at 31.03.02
	Rs. million	**Rs. million**	**Rs. million**
a. Claims against the Company not acknowledged as debts			
- Liability on property tax	-	0.62	0.45
- Under litigation	149.89	119.68	106.39
- ESI Demand	0.98	0.98	0.98
- Disputed demands raised by Sales tax authorities for which the Company has gone on appeal against the department *	31.92	30.47	34.41
b. Unexpired Letters of Credit	570.34	450.29	183.02
c. Guarantees issued by bankers against Company's counter guarantee	991.71	729.93	510.72
d. Others	1.34	0.25	0.25
e. Sales tax on leased assets	3.73	3.73	3.73
f. Estimated amount of contracts remaining to be executed on capital account (net of advances) and not provided for	71.73	68.34	67.15

* No provision is considered necessary since the Company expects favourable decisions.

6. Other Liabilities

Other liabilities include a note payable dated 1 June. 1996. amounting to Rs. 52.14 million. Rs. 54.40 million and Rs. 55.84 million as at 31 December. 2003. 31 March. 2003 and 31 March. 2002 respectively due by the Subsidiary to a corporate entity under an agreement concerning the purpose. distribution and services related to fourth generation of the Total Concept Financial System. due on demand. bearing interest at 1% over the 1 year U.S. dollar LIBOR.

7. Provision for Income Tax

The provision for taxes on income is as follows:

	Period ended 31.12.03	Year ended 31.03.03	Year ended 31.03.02
	Rs. million	**Rs. million**	**Rs. million**
Current taxes			
Domestic taxes*	148.62	201.94	181.58
Foreign taxes	4.29	(8.57)	(14.56)
Deferred taxes			
Domestic taxes	(15.70)	(5.83)	(6.92)
Foreign taxes	-	2.51	-
Total	**137.21**	**190.04**	**160.10**

* includes taxes in foreign jurisdiction Rs. 12.62 million and Rs. 21.94 million for period/year ended 31 December. 2003 and 31 March. 2003 respectively.

8. Deferred Tax

a. Deferred tax assets and liabilities are being offset as they relate to taxes on income levied by the same governing taxation laws. The deferred tax asset of previous year pertains to the Subsidiary. which is being utilized during the current year.

b. Break up of deferred tax assets/liabilities and reconciliation of current year deferred tax charge:

		Opening	Credited to P&L	Closing
				(Amounts in Rs. million
i.	**Deferred Tax Liabilities:** Tax impact of difference between carrying amount of fixed assets in the financial statements and the income tax return	113.36	(5.51)	107.85
ii.	**Deferred Tax Assets:** Tax impact of expenses charged in the financial statements but allowable as deductions in future years under income tax	31.05	10.19	41.23
	Net Deferred Tax Liability (i-ii)	**82.31**	**(15.70)**	**66.61**

9. Disclosure in respect of finance lease

The Parent has purchased and given on lease computer equipment, peripherals and system software. The details are as follows:

	Period ended 31.12.03	Year ended 31.03.03	Year ended 31.03.02
			(All amounts in Rs. million)
a. Total gross investment	6.79	13.31	22.47
b. Present value of Minimum Lease Payments receivable	6.22	11.52	18.79
Total gross investment			
- Not later than one year	6.74	8.35	8.73
- Later than one year but not later than five years	0.05	4.96	13.74
Present value of Minimum Lease Payments receivable			
- Not later than one year	6.17	6.88	6.40
- Later than one year but not later than five years	0.05	4.64	12.39
Unearned Finance Income	0.57	1.79	3.68

10. The Subsidiary leases three office facilities under operating lease. which expires at various dates through 2004. Scheduled minimum lease payments for the periods subsequent to 2003 are as follows:

	Period ended 31.12.03 Rs. million	Year ended 31.03.03 Rs. million	Year ended 31.03.02 Rs. million
2003	-	-	15.16
2004	3.54	4.66	7.97
2005	0.09	0.94	0.25
Total	**3.64**	**5.61**	**23.38**

11. Pending Reserve Bank of India (RBI) approval. certain anticipated losses for the Parent amounting to Rs. 8.21 million.as at 31 December. 2003.which stands provided for. are not written off.

Sanction of RBI for the Parent for expenditure incurred on overseas operations amounting to Rs. 3.35 million. during the year 1991-92 has not yet been received.

12. Related Party Disclosures

a. List of related parties

i. Company holding substantial interest in voting power of the Parent/Subsidiary.

- Tata Sons Limited

ii. Fellow Subsidiaries

Parent

- Tata Infotech Limited
- Tata AIG General Insurance Company Limited
- Tata AIG Life Insurance Company Limited

Subsidiary

- TCS America International Corporation

iii. Key Management Personnel

Parent

- Mr. S. S. Ghosh – Managing Director & CEO (up to 12 December. 2003)
- Mr. R. Ramanan – Deputy Managing Director & COO (upto 12 December. 2003) and Managing Director & CEO (w.e.f. 13 December. 2003)

b. Transactions /balances outstanding with Related Parties.

(All amounts in Rs./million)

Transactions/ Outstanding Balances		**Holding Company**	**Fellow Subsidiary**	**Key Management Personnel**	**Total**
Purchase of goods/services	31.12.03	41.12	44.82	-	85.92
	31.03.03	19.81	52.02	-	71.83
	31.03.02	5.74	4.83		10.57
Sale of goods	31.12.03	208.08	11.42		219.50
	31.03.03	43.09	-	-	43.09
	31.03.02	15.44	-		15.44
Service Income	31.12.03	453.66	1.87	-	455.53
	31.03.03	600.49	-		600.49
	31.03.02	17.73			17.73

Transactions/ Outstanding Balances		Holding Company	Fellow Subsidiary	Key Management Personnel	Total
Managerial Remuneration	31.12.03			1.82	1.82
	31.03.03	-	-	1.73	1.73
	31.03.02			3.38	3.38
Debtors outstandings at year end	31.12.03	158.60	2.45		161.05
	31.03.03	134.59	-	-	134.59
	31.03.02	26.53	-		26.53
Creditors / Advances at year end	31.12.03	25.35	10.54		35.90
	31.03.03	22.45	123.29	-	145.74
	31.03.02	1.20	.81		2.01
Loans/ advances at year end	31.12.03			.08	.07
	31.03.03	.50	-	-	.50
	31.03.02	-	-	.01	-
Other transactions	31.12.03	2.78	2.20	-	4.98
	31.03.03	5.14	.48	-	5.62
	31.03.02	.32	-		.32

AUDITOR'S REPORT

We hereby report that the enclosed annexure states the possible tax benefits available to CMC Limited (the "Company") and it's shareholders under the current tax laws presently in force in India. Several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant tax laws. Hence, the ability of the Company or its shareholders to derive the tax benefits is dependent upon fulfilling such conditions, which based on business imperatives the Company faces in the future, the Company may or may not choose to fulfill.

The benefits discussed below are not exhaustive. This statement is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences, the changing tax laws and the fact that the Company will not distinguish between the shares offered for subscription and the shares offered for sale by the Selling Shareholders, each investor is advised to consult his or her own tax consultant with respect to the specific tax implications arising out of their participation in the issue.

We do not express any opinion or provide any assurance as to whether:

the Company or its shareholders will continue to obtain these benefits in future; or

the conditions prescribed for availing the benefits have been / would be met with.

The contents of this annexure are based on information, explanations and representations obtained from the Company and on the basis of our understanding of the business activities and operations of the Company.

For S.B. BILLIMORIA & CO.
Chartered Accountants

JITENDRA AGARWAL
Mumbai **Partner**
28 January, 2004 **(Membership No. 87104)**

ANNEXURE

STATEMENT OF POSSIBLE BENEFITS AVAILABLE TO CMC LIMITED AND ITS SHAREHOLDERS

1. Benefits available to the Company

1.1 Under the Income-tax Act, 1961 ('Act')

1.1.1 Tax holiday under Section 10A of the Act

As per the provisions of Section 10A of the Act, the Company is eligible to claim a benefit with respect to profits derived by its undertaking/s from the export of articles or things or computer software for a period of ten consecutive assessment years, beginning with the assessment year relevant to the previous year in which the undertaking/s begin to manufacture or produce such articles or things or computer software. The eligible amount would be the proportion that the profits of the undertaking/s bear to the export turnover of the undertaking/s vis-à-vis the total turnover of the undertaking/s. However, for the Assessment Year 2003-2004, the tax holiday under Section 10A of the Act has been limited to 90 percent of the eligible profits instead of 100 percent of such profits. As a consequence, 10 percent of the eligible profits of the undertakings would be taxable at the normal corporate tax rate of 36.75 percent (including surcharge of 5 percent) for Assessment Year 2003-04.

The benefit is available subject to fulfillment of conditions prescribed by the Section and no benefit under this Section shall be allowed with respect to any such undertaking for the assessment year beginning on the1st day of April, 2010 and subsequent years.

1.1.2 Deduction under Section 80HHE of the Act

As per the provisions of Section 80HHE, an Indian Company engaged in the business of

- export out of India of computer software or its transmission from India, to a place outside India by any means; or

- providing technical services outside India in connection with the development or production of computer software -

can claim a deduction under this Section. The eligible amount would be the proportion that the profits of the Company bear to the export turnover of the Company vis-à-vis the total turnover of the Company.

The deduction under this Section is gradually being phased out as under:

Relevant Years	Deduction as percentage of export profits
For the year ended 31 March 2001	80 per cent
For the year ended 31 March 2002	70 per cent
For the year ended 31 March 2003	50 per cent
For the year ended 31 March 2004	30 per cent

No deduction shall be allowed under this Section for the year ended 31 March 2005 and onwards.

The Company is not eligible to claim deduction under this Section if a benefit is claimed in respect of profit of an undertaking of the Company under Section 10A. Once a tax benefit under this Section is claimed, no further tax deduction is allowed to be claimed under any other provisions of the Act.

In the event, the Company becomes ineligible for claiming Section 10A benefits in respect of any of its undertakings due to noncompliance with the conditions of Section 10A, it could claim a deduction under Section 80HHE of the Act up to the financial year 2003-2004, provided the conditions specified in the said Section are fulfilled.

1.1.3 Computation of capital gains

Capital assets may be categorised into short term capital assets and long term capital assets based on the period of holding. All capital assets (except shares held in a Company or any other listed securities or units of UTI or specified Mutual Fund units) are considered to be long term capital assets if they are held for a period in excess of 36 months. Shares held in a Company, any other listed securities, units of UTI and specified Mutual Fund units are considered as long term capital assets if these are held for a period exceeding 12 months. Consequently, capital gains arising on sale of Shares held in a Company or any other listed securities or units of UTI or specified Mutual Fund units held for more than 12 months are considered as "long term capital gains".

Section 48 of the Act, which prescribes the mode of computation of capital gains, provides for deduction of cost of acquisition / improvement and expenses incurred in connection with the transfer of a capital asset, from the sale consideration to arrive at the amount of capital gains. However, in respect of long term capital gains, it offers a benefit by permitting substitution of cost of acquisition / improvement with the indexed cost of acquisition / improvement, which adjusts the cost of acquisition / improvement by a cost
inflation index, as prescribed from time to time.

As per the provisions of Section 112(1)(b) of the Act, long term gains as computed above would be subject to tax at a rate of 20 percent (plus applicable surcharge). However, as per the proviso to Section 112(1), if the long term capital gains resulting on transfer of listed securities or units, calculated at the rate of 20 percent with indexation benefit exceeds the gains computed at the rate of 10 percent without indexation benefit, then such gains are chargeable to tax at the rate of 10 percent without indexation benefit (plus applicable surcharge).

Exemption of capital gain from income tax

- Long term capital gain arising from transfer of an 'eligible equity share' in a company purchased during the period 1 March 2003 to 29 February 2004 (both days inclusive) and held for a period of 12 months or more are exempt from tax under Section 10(36) of the Act. 'Eligible equity share' means:

- any equity share in a company being a constituent of BSE-500 Index of the Stock Exchange, Mumbai as on 1 March 2003 and the transactions of purchase and sale of such equity share are entered into on a recognised stock exchange in India; or

- any equity share in a company allotted through a public issue on or after 1 March 2003 and listed on a recognised stock exchange in India before 1 March 2004 and the transaction of sale of such equity share is entered into on a recognised stock exchange in India.

The Central Board of Direct Taxes ('CBDT') has clarified vide Circular no. 7 / 2003 dated 5 September 2003, that 'public issue' shall include the offer of equity shares in a company to the public through a prospectus, whether by the company or by the existing shareholders of the company.

- As per the provisions of Section 54EC of the Act and subject to the conditions specified therein, capital gains arising to the Company on transfer of a long term capital asset shall not be chargeable to tax to the extent such capital gains are invested in certain notified bonds within six months from the date of transfer. However, if the Company transfers or converts the notified bonds into money within a period of three years from the date of their acquisition, the amount of capital gains exempted earlier would become chargeable to tax as long term capital gains in the year in which the bonds are transferred or converted into money.

- As per the provisions of Section 54ED of the Act and subject to the conditions and extent specified therein, capital gains arising from transfer of long term assets, being listed securities or units shall not be chargeable to tax to the extent such gains are invested in acquiring equity shares forming part of an "eligible issue of share capital" within six months from the date of transfer of the long term assets. Eligible issue of share capital has been defined as an issue of equity shares which satisfies the following conditions:

    - the issue is made by a public company formed and registered in India; and

    - the shares forming part of the issue are offered for subscription to the public.

There is a legal uncertainty over whether the benefit under this Section can be extended to shares forming part of the offer for sale by the selling shareholders.

2. Benefits available to resident shareholders

2.1 Income of a minor exempt up to certain limit

Under Section 10(32) of the IT Act, any income of minor children clubbed in the total income of the pa rent under Section 64(1A) of the IT Act will be exempt from tax to the extent of Rs. 1,500 per minor child.

2.2 Dividends exempt under Section 10(34)

Dividends (whether interim or final) declared, distributed or paid by the Company on or after 1 April 2003 are exempt in the hands of shareholders as per the provisions of Section 10(34) of the Act.

2.3 Computation of capital gains

Capital assets may be categorised into short term capital assets and long term capital assets based on the period of holding. All capital assets (except shares held in a Company or any other listed securities or units of UTI or specified Mutual Fund units) are considered to be long term capital assets if they are held for a period in excess of 36 months. Shares held in a Company, any other listed securities, units of UTI and specified Mutual Fund units are considered as long term capital assets if these are held for a period exceeding 12 months. Consequently, capital gains arising on sale of Shares held in a Company or any other listed securities or units of UTI or specified Mutual Fund units held for more than 12 months are considered as "long term capital gains".

Section 48 of the Act, which prescribes the mode of computation of capital gains, provides for deduction of cost of acquisition / improvement and expenses incurred in connection with the transfer of a capital asset, from the sale consideration to arrive at the amount of capital gains. However, in respect of long term capital gains, it offers a benefit by permitting substitution of cost of acquisition / improvement with the indexed cost of acquisition / improvement, which adjusts the cost of acquisition / improvement by a cost inflation index as prescribed from time to time.

As per the provisions of Section 112(1)(a) of the Act, long term gains as computed above would be subject to tax at a rate of 20 percent (plus applicable surcharge). However, as per the proviso to

Section 112(1), if the long term capital gains resulting on transfer of listed securities or units, calculated at the rate of 20 percent with indexation benefit exceeds the gains computed at the rate of 10 percent without indexation benefit, then such gains are chargeable to tax at a concessional rate of 10 percent (plus applicable surcharge).

Exemption of capital gain from income tax

- Long term capital gain arising from transfer of an 'eligible equity share' in a company purchased during the period 1 March 2003 to 29 February 2004 (both days inclusive) and held for a period of 12 months or more are exempt from tax under Section 10(36) of the Act. 'Eligible equity share' means:

  - any equity share in a company being a constituent of BSE-500 Index of the Stock Exchange, Mumbai as on 1 March 2003 and the transactions of purchase and sale of such equity share are entered into on a recognised stock exchange in India; or

  - any equity share in a company allotted through a public issue on or after 1 March 2003 and listed on a recognised stock exchange in India before 1 March 2004 and the transaction of sale of such equity share is entered into on a recognised stock exchange in India.

The Central Board of Direct Taxes ('CBDT') has clarified vide Circular no. 7 / 2003 dated 5 September 2003, that 'public issue' shall include the offer of equity shares in a company to the public through a prospectus, whether by the company or by the existing shareholders of the company.

- As per the provisions of Section 54EC of the Act and subject to the conditions specified therein, capital gains arising on transfer of a long term capital asset shall not be chargeable to tax to the extent such capital gains are invested in certain notified bonds within six months from the date of transfer. However, if the said bonds are transferred or converted into money within a period of three years from the date of their acquisition, the amount of capital gains exempted earlier would become chargeable to tax as long term capital gains in the year in which the bonds are transferred or converted into money.

- As per the provisions of Section 54ED of the Act and subject to the conditions specified therein, capital gains arising from transfer of long term assets, being listed securities or units shall not be chargeable to tax to the extent such gains are invested in acquiring equity shares forming part of an "eligible issue of share capital" within six months from the date of transfer of the long term assets (provided they are not transferred within one year of acquisition). Eligible issue of share capital has been defined as an issue of equity shares which satisfies the following conditions:

  - the issue is made by a public company formed and registered in India; and

  - the shares forming part of the issue are offered for subscription to the public.

There is a legal uncertainty over whether the benefit under this Section can be extended to shares forming part of the offer for sale by the selling shareholders.

- As per the provisions of Section 54F of the Act and subject to the conditions specified therein, in the case of an individual or a Hindu Undivided Family ('HUF'), gains arising on transfer of a long term capital asset (not being a residential house) are not chargeable to tax if the entire net consideration received on such transfer is invested within the prescribed period in a residential house. If part of such net consideration is invested within the prescribed period in a residential house, then such gains would not be chargeable to tax on a proportionate basis. For this purpose, net consideration means full value of the consideration received or accrued as a result of the transfer of the capital asset as reduced by any expenditure incurred wholly and exclusively in connection with such transfer.

Further, if the residential house in which the investment has been made is transferred within a period of three years from the date of its purchase or construction, the amount of capital gains tax exempted earlier would become chargeable to tax as long term capital gains in the year in which such residential house is transferred.

3. Benefits available to Non-Resident Indian shareholders

3.1 Income of a minor exempt up to certain limit

Under Section 10(32) of the IT Act, any income of minor children clubbed in the total income of the parent under Section 64(1A) of the IT Act will be exempt from tax to the extent of Rs. 1,500 per minor child.

3.2 Dividends exempt under Section 10(34)

Dividends (whether interim or final) declared, distributed or paid by the Company on or after 1 April 2003 are exempt in the hands of shareholders as per the provisions of Section 10(34) of the Act.

3.3 Computation of capital gains

3.3.1 Capital assets may be categorised into short term capital assets and long term capital assets based on the period of holding. All capital assets (except shares held in a Company or any other listed securities or units of UTI or specified Mutual Fund units) are considered to be long term capital assets if they are held for a period in excess of 36 months. Shares held in a Company, any other listed securities, units of UTI and specified Mutual Fund units are considered as long term capital assets if these are held for a period exceeding 12 months. Consequently, capital gains arising on sale of Shares held in a Company or any other listed securities or units of UTI or specified Mutual Fund units held for more than 12 months are considered as "long term capital gains".

3.3.2 Section 48 of the Act contains special provisions in relation to computation of long term capital gains on transfer of an Indian company's shares by non-residents. Computation of long-term capital gains arising on transfer of shares in case of non-residents has to be done in the original foreign currency, which was used to acquire the shares. The capital gain (i.e., sale proceeds less cost of acquisition/ improvement) computed in the original foreign currency is then converted into Indian Rupees at the prevailing rate of exchange.

3.3.3 In case investment is made in Indian rupees, the capital gains is to be computed after indexing the cost.

As per the provisions of Section 112(1)(b) of the Act, long term gains as computed above would be subject to tax at a rate of 20 percent (plus applicable surcharge). However, as per the proviso to Section 112(1), if the long term capital gains resulting on transfer of listed securities or units, calculated at the rate of 20 percent with indexation benefit exceeds the gains computed at the rate of 10 percent without indexation benefit, then such gains are chargeable to tax at a concessional rate of 10 percent (plus applicable surcharge

3.3.4 Capital gains tax - Options available under the Act

- Where shares have been subscribed in convertible foreign exchange - Option of taxation under Chapter XII-A of the Act Non-Resident Indians [as defined in Section 115C(e) of the Act], being shareholders of an Indian Company, have the option of being governed by the provisions of Chapter XII-A of the Act, which *inter alia* entitles them to the following benefits in respect of income from shares of an Indian company acquired, purchased or subscribed to in convertible foreign exchange:

- As per the provisions of Section 115D read with Section 115E of the Act and subject to the conditions specified therein, long term capital gains arising on transfer of an Indian company's shares, will be subject to tax at the rate of 10 percent (plus applicable surcharge), without indexation benefit.

- As per the provisions of Section 115F of the Act and subject to the conditions specified therein, gains arising on transfer of a long term capital asset being shares in an Indian company shall not be chargeable to tax if the entire net consideration received on such transfer is invested within the prescribed period of six months in any specified asset or savings certificates referred to in Section 10(4B) of the Act. If part of such net consideration is invested within the prescribed period of six months in any specified asset or savings certificates referred to in Section 10(4B) of the Act then such gains would not be chargeable to tax on a proportionate basis. For this purpose, net consideration means full value of the consideration received or accrued as a result of the transfer of the capital asset as reduced by any expenditure incurred wholly and exclusively in connection with such transfer.

- Further, if the specified asset or savings certificates in which the investment has been made is transferred within a period of three year from the date of investment, the amount of capital gains tax exempted earlier would become chargeable to tax as long term capital gains in the year in which such specified asset or savings certificates are transferred.

- As per the provisions of Section 115G of the Act, Non-Resident Indians are not obliged to file a return of income under Section 139(1) of the Act, if their only source of income is income from investments or long term capital gains earned on transfer of such investments or both, provided tax has been deducted at source from such income as per the provisions of Chapter XVII-B of the Act.

- Under Section 115H of the Act, where the Non-Resident Indian becomes assessable as a resident in India, he may furnish a declaration in writing to the Assessing Officer, along with his return of income for that year under Section 139 of the Act to the effect that the provisions of the Chapter XII-A shall continue to apply to him in relation to such investment income derived from the specified assets for that year and subsequent assessment years until such assets are converted into money.

- As per the provisions of Section 115I of the Act, a Non-Resident Indian may elect not to be governed by the provisions of Chapter XII-A for any assessment year by furnishing his return of income for that assessment year under Section 139 of the Act, declaring therein that the provisions of Chapter XII-A shall not apply to him for that assessment year and accordingly his total income for that assessment year will be computed in accordance with the other provisions of the Act.

3.3.5 Exemption of capital gain from income tax

- Long-term capital gain arising from transfer of an 'eligible equity share' in a company, purchased during the period 1 March 2003 to 29 February 2004 (both days inclusive) and held for a period of 12 months or more, are exempt from tax under Section 10(36) of the Act. 'Eligible equity share' means:

    - any equity share in a company being a constituent of BSE-500 Index of the Stock Exchange, Mumbai as on 1 March 2003 and the transactions of purchase and sale of such equity share are entered into on a recognised stock exchange in India;

- or any equity share in a company allotted through a public issue on or after 1 March 2003 and listed on a recognised stock exchange in India before 1 March 2004 and the transaction of sale of such equity share is entered into on a recognised stock exchange in India.

- The Central Board of Direct Taxes ('CBDT') has clarified vide Circular no. 7 / 2003 dated 5 September 2003, that 'public issue' shall include the offer of equity shares in a company to the public through a prospectus, whether by the company or by the existing shareholders of the company.

- As per the provisions of Section 54EC of the Act and subject to the conditions specified therein, capital gains arising to the assessee on transfer of a long term capital asset shall not be chargeable to tax to the extent such capital gains are invested in certain notified bonds within six months from the date of transfer. However, if the assessee transfers or converts the notified bonds into money within a period of three years from the date of their acquisition, the amount of capital gains exempted earlier would become chargeable to tax as long term capital gains in the year in which the bonds are transferred or converted into money.

- As per the provisions of Section 54ED of the Act and subject to the conditions specified therein, capital gains arising from transfer of long term assets, being listed securities or units shall not be chargeable to tax to the extent such gains are invested in acquiring equity shares forming part of an "eligible issue of share capital" within six months from the date of transfer of the long term assets. Eligible issue of share capital has been defined as an issue of equity shares which satisfies the following conditions:

    - the issue is made by a public company formed and registered in India; and

    - the shares forming part of the issue are offered for subscription to the public.

There is a legal uncertainty over whether the benefit under this Section can be extended to shares forming part of the offer for sale by the selling shareholders.

- As per the provisions of Section 54F of the Act and subject to the conditions specified therein, in the case of an individual or a Hindu Undivided Family ('HUF'), gains arising on transfer of a long term capital asset (not being a residential house) are not chargeable to tax if the entire net consideration received on such transfer is invested within the prescribed period in a residential house. If part of such net consideration is invested within the prescribed period in a residential house, then such gains would not be chargeable to tax on a proportionate basis. For this purpose, net consideration means full value of the consideration received or accrued as a result of the transfer of the capital asset as reduced by any expenditure incurred wholly and exclusively in connection with such transfer.

    Further, if the residential house in which the investment has been made is transferred within a period of three years from the date of its purchase or construction, the amount of capital gains tax exempted earlier would become chargeable to tax as long term capital gains in the year in which such residential house is transferred.

3.4 Provisions of the Act vis-à-vis provisions of the tax treaty

As per Section 90(2) of the Act, the provisions of the Act would prevail over the provisions of the tax treaty to the extent they are more beneficial to the non-resident.

4. Benefits available to other Non-residents

4.1 Income of a minor exempt up to certain limit

Under Section 10(32) of the IT Act, any income of minor children clubbed in the total income of the parent under Section 64(1A) of the IT Act will be exempt from tax to the extent of Rs. 1,500 per minor child.

4.2 Dividends exempt under Section 10(34)

Dividends (whether interim or final) declared, distributed or paid by the Company on or after 1 April 2003 are exempt in the hands of shareholders as per the provisions of Section 10(34) of the Act.

4.3 Computation of capital gains

Capital assets may be categorised into short term capital assets and long term capital assets based on the period of holding. All capital assets (except shares held in a Company or any other listed securities or units of UTI or specified Mutual Fund units) are considered to be long term capital assets if they are held for a period in excess of 36 months. Shares held in a Company, any other listed securities, units of UTI and specified Mutual Fund units are considered as long term capital assets if these are held for a period exceeding 12 months. Consequently, capital gains arising on sale of shares held in a Company or any other listed securities or units of UTI or specified Mutual Fund units held for more than 12 months are considered as “long term capital gains”.

Section 48 of the Act contains special provisions in relation to computation of long term capital gains on transfer of an Indian company’s shares by non-residents. Computation of long-term capital gains arising on transfer of shares in case of non-residents has to be done in the original foreign currency, which was used to acquire the shares. The capital gain (i.e., sale proceeds less cost of acquisition/ improvement) computed in the original foreign currency is then converted into Indian Rupees at the prevailing rate of exchange.

Exemption of capital gain from income tax

- Long-term capital gain arising from transfer of an ‘eligible equity share’ in a company, purchased during the period 1 March 2003 to 29 February 2004 (both days inclusive) and held for a period of 12 months or more, are exempt from tax under Section 10(36) of the Act. ‘Eligible equity share’ means:

  - any equity share in a company being a constituent of BSE-500 Index of the Stock Exchange, Mumbai as on 1 March 2003 and the transactions of purchase and sale of such equity share are entered into on a recognised stock exchange in India;

  - or any equity share in a company allotted through a public issue on or after 1 March 2003 and listed on a recognised stock exchange in India before 1 March 2004 and the transaction of sale of such equity share is entered into on a recognised stock exchange in India.

The Central Board of Direct Taxes (‘CBDT’) has clarified vide Circular no. 7 / 2003 dated 5 September 2003, that ‘public issue’ shall include the offer of equity shares in a company to the public through a prospectus, whether by the company or by the existing shareholders of the company.

- As per the provisions of Section 54EC of the Act and subject to the conditions specified therein, capital gains arising to the assessee on transfer of a long term capital asset shall not be chargeable to tax to the extent such capital gains are invested in certain notified bonds within six months from the date of transfer. However, if the assessee transfers or converts the notified bonds into money within a period of three years from the date of their acquisition, the amount of capital gains exempted earlier would become chargeable to tax as long term capital gains in the year in which the bonds are transferred or converted into money.

- As per the provisions of Section 54ED of the Act and subject to the conditions specified therein, capital gains arising from transfer of long term assets, being listed securities or units shall not be chargeable to tax to the extent such gains are invested in acquiring equity shares forming part of an“eligible issue of share capital” within six months from the date of transfer of the long term assets. Eligible issue of share capital has been defined as an issue of equity shares which satisfies the following conditions:

- the issue is made by a public company formed and registered in India; and

- the shares forming part of the issue are offered for subscription to the public.

There is a legal uncertainty over whether the benefit under this Section can be extended to shares forming part of the offer for sale by the selling shareholders.

- As per the provisions of Section 54F of the Act and subject to the conditions specified therein, in the case of an individual or a Hindu Undivided Family ('HUF'), gains arising on transfer of a long term capital asset (not being a residential house) are not chargeable to tax if the entire net consideration received on such transfer is invested within the prescribed period in a residential house. If part of such net consideration is invested within the prescribed period in a residential house, then such gains would not be chargeable to tax on a proportionate basis. For this purpose, net consideration means full value of the consideration received or accrued as a result of the transfer of the capital asset as reduced by any expenditure incurred wholly and exclusively in connection with such transfer.

Further, if the residential house in which the investment has been made is transferred within a period of three years from the date of its purchase or construction, the amount of capital gains tax exempted earlier would become chargeable to tax as long term capital gains in the year in which such residential house is transferred.

4.4 Provisions of the Act vis-à-vis provisions of the treaty

As per Section 90(2) of the Act, the provisions of the Act would prevail over the provisions of the tax treaty to the extent they are more beneficial to the non-resident.

5. Benefits available to Foreign Institutional Investors ('FIIs')

5.1 Dividends exempt under Section 10(34)

Dividends (whether interim or final) declared, distributed or paid by the Company on or after 1 April 2003 are exempt in the hands of shareholders as per the provisions of Section 10(34) of the Act.

5.2 Taxability of capital gains

As per the provisions of Section 115AD of the Act, FIIs will be taxed on the capital gains income at the following rates:

Nature of income	Rate of tax (%)
Long term capital gains	10
Short term capital gains	30

The above tax rates would be increased by the applicable surcharge. The benefits of indexation and foreign currency fluctuation protection as provided by Section 48 of the Act are not available to a FII.

As per Section 90(2) of the Act, the provisions of the Act would prevail over the provisions of the tax treaty to the extent they are more beneficial to the non-resident.

Exemption of capital gain from income tax

- Long-term capital gain arising from transfer of an 'eligible equity share' in a company, purchased during the period 1 March 2003 to 29 February 2004 (both days inclusive) and held for a period of 12 months or more, are exempt from tax under Section 10(36) of the Act. 'Eligible equity share' means:

  - any equity share in a company being a constituent of BSE-500 Index of the Stock Exchange, Mumbai as on 1 March 2003 and the transactions of purchase and sale of such equity share are entered into on a recognised stock exchange in India;

  - or any equity share in a company allotted through a public issue on or after 1 March 2003 and listed on a recognised stock exchange in India before 1 March 2004 and the transaction of sale of such equity share is entered into on a recognised stock exchange in India.

The Central Board of Direct Taxes ('CBDT') has clarified vide Circular no. 7 / 2003 dated 5 September 2003, that 'public issue' shall include the offer of equity shares in a company to the public through a prospectus, whether by the company or by the existing shareholders of the company.

- As per the provisions of Section 54EC of the Act and subject to the conditions specified therein, capital gains arising to the FII on transfer of a long term capital asset shall not be chargeable to tax to the extent such capital gains are invested in certain notified bonds within six months from the date of transfer. However, if the FII transfers or converts the notified bonds into money within a period of three years from the date of their acquisition, the amount of capital gains exempted earlier would become chargeable to tax as long term capital gains in the year in which the bonds are transferred or converted into money.

- As per the provisions of Section 54ED of the Act and subject to the conditions specified therein, capital gains arising from transfer of long term assets, being listed securities or units shall not be chargeable to tax to the extent such gains are invested in acquiring equity shares forming part of an "eligible issue of share capital" within six months from the date of transfer of the long term assets. Eligible issue of share capital has been defined as an issue of equity shares which satisfies the following conditions:

  - the issue is made by a public company formed and registered in India; and

  - the shares forming part of the issue are offered for subscription to the public.

There is a legal uncertainty over whether the benefit under this Section can be extended to shares forming part of the offer for sale by the selling shareholders.

6. Benefits available to Mutual Funds

As per the provisions of Section 10(23D) of the Act, any income of Mutual Funds registered under the Securities and Exchange Board of India Act, 1992 or Regulations made thereunder, Mutual Funds set up by public sector banks or public financial institutions and Mutual Funds authorised by the Reserve Bank of India would be exempt from income tax, subject to the conditions as the Central Government may by notification in the Official Gazette specify in this behalf.

7. Benefits available to Venture Capital Companies / Funds

As per the provisions of Section 10(23FB) of the Act, any income of Venture Capital Companies / Funds registered with the Securities and Exchange Board of India, would be exempt from income tax, subject to the conditions specified.

8. Benefits available under the Wealth-tax Act, 1957

Asset as defined under Section 2(ea) of the Wealth tax Act, 1957 does not include shares in companies and hence, shares are not liable to wealth tax.

9. Benefits available under the Gift-tax Act

Gift tax is not leviable in respect of any gifts made on or after October 1, 1998. Therefore, any gift of shares will not attract gift tax.

OTHER PARTICULARS ABOUT US

Stock Market Data for our Equity Shares

BSE

Stock Market Data of the preceding three years

	High			Low			Total Volume for the year	Total value for the year (Rs. in million)	Average Price
For the period	High (Rs)	Date of high	Volume on the date of high (no. of shares)	Low (Rs)	Date of Low	Volume on the date of low (no. of shares)			
February 2003 to January 2004	730.00	December 22, 2003	15,210	417.60	August 26, 2003	1,970	3,266,293	1,663.37	500.20
February 2002 to January 2003	749.00	April 25, 2002	66,654	321.25	February 28, 2002	10,484	13,015,384	7,279.80	508.50
February 2001 to January 2002	436.00	January 22, 2002	136,015	191.55	September 18, 2001	77,533	6,326,789	1,946.57	296.90

Stock Market Data of the preceding six months

	High			Low			Total Volume for the month	Total value for the month (Rs. in million)	Average Price
For the period	High (Rs)	Date of high	Volume on the date of high (no. of shares)	Low (Rs)	Date of Low	Volume on the date of low (no. of shares)			
January 2004	680.00	January 9, 2004	14,314	565.00	January 30, 2004	2,506	133,499	84.18	624.60
December 2003	730.00	December 22, 2003	15,210	516.00	December 1, 2003	13,043	297,036	182.00	596.30
November 2003	529.80	November 28, 2003	12,381	454.00	November 10, 2003	958	77,110	38.10	486.40
October 2003	534.50	October 1, 2003	14,716	452.00	October 30, 2003	6,607	117,368	58.86	491.90
September 2003	533.80	September 30, 2003	15,430	438.50	September 4, 2003	9,359	283,447	135.03	467.90
August 2003	467.00	August 29, 2003	28,895	417.60	August 26, 2003	1,970	149,110	66.86	442.20

The closing market price of the Equity Shares one day after the day on which the Board of Directors approved the Offer viz. on December 23, 2003 was Rs. 625.60.

Source: www.bseindia.com

(to be updated at the time of filing with the RoC)

NSE
Stock Market Data of the preceding three years:

	High			Low			Total Volume for the year	Total value for the year (Rs. in million)	Closing Average Price
For the period	High (Rs)	Date of high	Volume on the date of high (no. of shares)	Low (Rs)	Date of Low	Volume on the date of low (no. of shares)			
February 2003 to January 2004	725.00	December 22, 2003	52,340	357.90	September 2, 2003	16,103	9,072,734	4644.43	500.34
February 2002 to January 2003	749.85	April 25, 2002	109,562	285.00	March 1, 2002	10,175	27,654,713	15,400.78	509.66
February 2001 to January 2002	465.00	January 7, 2002	72,530	190.00	September 18, 2001	544,340	14,942,173	4,648.09	296.74

Stock Market Data of the preceding six months :

	High			Low			Total Volume for the month	Total value for the month (Rs. in million)	Average Price
For the period	High (Rs)	Date of high	Volume on the date of high (no. of shares)	Low (Rs)	Date of Low	Volume on the date of low (no. of shares)			
January 2004	679.90	January 9, 2004	36,378	553.35	January 23, 2004	6,780	377,147	237.83	624.97
December 2003	725.00	December 22, 2003	52,340	490.00	December 17, 2003	65,814	893,482	547.49	595.88
November 2003	526.00	November 28, 2003	35,209	453.60	November 3, 2003	7,195	264,812	130.61	485.78
October 2003	549.80	October 21, 2003	25,348	453.00	October 27, 2003	14,811	387,133	192.88	493.10
September 2003	534.50	September 30, 2003	44,796	357.90	September 2, 2003	16,103	729,424	346.19	467.15
August 2003	464.00	August 5, 2003	20,409	422.00	August 25, 2003	12,206	318,619	124.64	442.38

The closing market price of the Equity Shares one day after the day on which the Board of Directors approved the Offer viz. on December 23, 2003 was Rs. 627.40.

Source: www.nseindia.com

(to be updated at the time of filing with the RoC)

Change of Management

As part of its ongoing disinvestment program, GoI has transferred its 51% shareholding in the Company along with management control to the Promoter on October 16, 2001. The GoI had transferred 7,726,500 Equity Shares to the Promoter at a price of Rs. 196.73 per Equity Share aggregating to Rs. 1,520 million. The Promoter had complied with the requirement of public announcement under the SEBI (Substantial Acquisition of Shares and Takeover) Regulations, 1997 and acquired 18,461 Equity Shares from the public.

Particulars Regarding Previous Public Issues during the Last Five Years

Our Company has not made any public issue during the last five years.

Companies Under the Same Management

There are no companies under the same management within the meaning of Section 370(1-B) of the Companies Act, other than the subsidiaries and group companies, details of which are provided in the section "Related Party Transactions" on page [--] of this Preliminary Sale Document.

Mechanism for Redressal of Investor Grievances

The Registrar to the Offer will provide for retention of records for a period of at least one year from the last date of dispatch of letters of allocation, demat credit, refund orders to enable the investors to approach the Registrar to the Offer for redressal of their grievances.

All grievances relating to the Offer may be addressed to the Registrar to the Offer, giving full details such as name, address of the applicant, number of Equity Shares applied for, amount paid on application and the bank branch or collection center where the application was submitted.

Disposal of Investor Grievances

We estimate that the average time required by us or the Registrar to the Offer for the redressal of routine investor grievances shall be seven working days from the date of receipt of the complaint. In case of non-routine complaints and where external agencies are involved, we will seek to redress these complaints as expeditiously as possible.

The Selling Shareholder has authorised the Company Secretary and Compliance Officer of the Company, to redress all complaints, if any, of the investors participating in this Offer. Mr. Vivek Agarwal (Company Secretary and Head-Legal) is the Compliance Officer and he may be contacted in case of any pre-Offer or post-Offer related problems. He can be contacted at: CMC Limited, PTI Building, 5th Floor, 4 Sansad Marg, New Delhi-110001; Tel: +91 11 2373 8075; Fax: +91 11 2373 6159; e-mail:cs@corp.cmc.net.in.

Mechanism for Redressal of Investor Grievances & Disposal of Investor Grievances of listed companies under the same management in terms of Section 370 (1-B) of the Companies Act:

Tata Infotech Limited has a Shareholder Grievance Committee constituting members of its Board of Directors.

Bulk transfers are usually processed within 7 to 15 days and smaller transfers are usually processed within 48 hours by its registrars. Correspondence is replied by Tata Infotech Limited within 7 days of receipt.

Changes in Auditors during the last three years and reasons thereof

The changes in the auditors for the last three years are as follows:

Name of auditor	Date of Appointment	Date of Cessation	Reason
Gupta and Gupta	March 12, 2001	March 31, 2001	Appointed by C&AG under S.619 (2) of the Companies Act for the FY 2000-2001 vide letter dated March 12, 2001 bearing no. CA V/COY/Central Govt. Comp. CMC (1)/1253 to hold office till March 31, 2001.
M/s.S.B.Billimoria Meher Chambers, II Floor, R.Kamani Road, Ballard Estate, Mumbai, 400 001.	October 16, 2001		Appointed for FY 2001-2002 vide special resolution at EGM dated December 1, 2001. Re-appointed for FY 2002-2003 vide special resolution at AGM dated August 22, 2002. Re-appointed for FY 2003-2004 vide special resolution at AGM dated July 31, 2003

Previous Rights and Public Issues

We have not made any rights or public issue during the last five years.

Commission and Brokerage on Previous Issues

No sum has been paid or is payable as commission or brokerage for subscribing to or procuring or agreeing to procure subscription for any of the Equity Shares since its inception.

Issues otherwise than for Cash

We have not issued any Equity Shares for consideration otherwise than for cash.

Outstanding Debt Instruments

As of date, we do not have any outstanding Debenture or Bond Issue.

We have commercial papers outstanding to the tune of Rs. 200 million. These commercial papers have received a credit rating of "A1+" (which denotes highest safety and indicates timely payment of debt/obligation by the issuer is the best) by ICRA and the same is valid upto November 2004.

The following are the details of the outstanding commercial papers issued by us:

Date	Amount Rs in Million	Yield/ Discount	Period	1st Beneficiary	Amount Received (Rs.)
November 17, 2003	50	5%	November 19, 2003 to February 17, 2004	Punjab National Bank	49,391,069/-
November 19, 2003	50	5%	November 25, 2003 to February 25, 2004	Punjab National Bank	49,391,069/-
November 27, 2003	50	4.90%	December 3, 2003 to March 1, 2004	ICICI Bank Limited	49,409,650/-
December 10, 2003	50	4.77%	December 17, 2003 to March 16, 2004	ICICI Bank Limited	49,418,750/-

Outstanding Preference Shares

As of date, we do not have any outstanding preference shares.

Capitalisation of Reserves or Profits

We have not capitalised our reserves or profits at any time since its inception.

Option to Apply

Equity Shares being offered through this Preliminary Sale Document can be applied for in the dematerialised form only.

Purchase of Property

No property which we have purchased or acquired or propose to purchase or acquire which is to be paid for wholly or partly out of the proceeds of the Offer or the purchase or acquisition of which has not been completed on the date of this Preliminary Sale Document, other than property in respect of which:

- the contracts for the purchase or acquisition were entered into in the ordinary course of the business, and the contracts were not entered into in contemplation of the Offer nor is the Offer contemplated in consequence of the contracts; or

- the amount of the purchase money is not material.

Except as elsewhere stated in this Preliminary Sale Document, we have not purchased any property in which our Promoter and/or any of our Directors, have any direct or indirect interest in any payment made thereof.

As this Offer comprises of an offer for sale by an existing shareholder, our Company will not receive any proceeds from the Offer.

Remuneration of Managing Director & Chief Executive Officer

Mr. R. Ramanan is the Managing Director & CEO of our Company. Mr. Ramanan has been seconded to our Company from TSL and was appointed as the Deputy Managing Director & Chief Operating Officer vide the Board resolution dated October 16, 2001 and approved by our shareholders in the EGM dated December 1, 2001. Consequent upon the retirement of Mr. S.S. Ghosh as the Managing Director & CEO of our Company on attaining the age of superannuation, the Board vide its resolution dated December 13, 2003 appointed Mr. R. Ramanan as the Managing Director & CEO of our Company with effect from December 13, 2003, for a period of 3 years. The remuneration payable to Mr. R. Ramanan is paid by our Promoter and our Company only reimburses a portion of his remuneration to our Promoter as approved by our members, the details of which are as under:

Particulars	(Rupees)
Annual Basic Salary	456,480
Grade based Bouquet Amount	275,000
Meal/ Food Coupons	13,200
PF (Company contribution)	54,777
Gratuity	21,946
Variable Allowance	57,925
Total	**879,328**

As approved by the Board, Mr. Ramanan would not be entitled to supplement his earnings with any buying or selling commission, and that he would not be paid any sitting fees for attending the meetings of the Board or any committees thereof.

Details of remuneration paid to the Directors

Details of remuneration paid to the Directors during the period April 2002 to March 2003 and April 2003 to December 2003 are as follows:

(Rs. in million)

	Apr 03 - Dec 03	**Apr 02 – Mar 03**
Total remuneration	**1.82**	**1.73**

Payment or Benefit to Promoter or Officers of the Company

Except as stated otherwise in this Preliminary Sale Document, no amount or benefit has been paid or given within the two preceding years or is intended to be paid or given to our Promoter or any of our officers except the normal remuneration for services rendered as directors, officers or employees.

Interest of Promoters and Directors

Except as stated in “Related Party Transactions” on page **[--]** of the Preliminary Sale Document, our Promoter does not have any interest in our business except to the extent of investments made by it in us and earning returns thereon.

All our Directors may be deemed to be interested to the extent of fees, if any, payable to them for attending meetings of the Board or committee thereof as well as to the extent of other remuneration and/or reimbursement of expenses payable to them under the Articles. The Managing Director and Chief Executive Officer is interested to the extent of remuneration paid to him for services rendered as officer of the Company. All the Directors may also be deemed to be interested to the extent of Equity Shares, if any, already held by them or their friends and relatives in the Company, or that may be purchased for and allotted to them out of the present Offer in terms of the Preliminary Sale Document and also to the extent of any dividend payable to them and other distributions in respect of the said Equity Shares.

The Directors may also be regarded as interested in the Equity Shares, if any, held by or that may be subscribed by and allotted to the companies, firms and trust, in which they are interested as Directors, members, partners and/or trustees.

All Directors may be deemed to be interested in the contracts, agreements/arrangements entered into or to be entered into by us with any company in which they hold directorships or any partnership firm in which they are partners.

Except as stated otherwise in this Preliminary Sale Document, we have not entered into any contract, agreements or arrangement during the preceding two years from the date of the Preliminary Sale Document in which the directors are interested directly or indirectly and no payments have been made to them in respect of these contracts, agreements or arrangements or are proposed to be made to them.

Borrowing Powers of the Directors

Our members have authorised the Board to borrow upto an amount of Rs. 750 million vide resolution passed at the AGM dated December 7, 1990. The Board in their meeting held on October 21, 2003 have jointly authorised the Managing Director & CEO and the Chief Financial Officer of our Company to avail the non-fund based facilities as may be required from time to time to the extent of Rs. 2,500 million.

Revaluation of Assets

We have not revalued any of our assets during the last five years.

Classes of Shares

Our authorised capital is Rs.350 million, which is divided into 35,000,000 Equity Shares of Rs. 10 each.

MAIN PROVISIONS OF OUR ARTICLES OF ASSOCIATION

Pursuant to Schedule II of the Companies Act and the SEBI Guidelines, the main provisions of the Articles of Association of the Company relating to voting rights, dividend, lien, forfeiture, transfer and transmission of Equity Shares and/or their consolidation/splitting are detailed below:

The regulations contained in Table 'A' of Schedule I to the Companies Act shall apply only in so far as the same are not provided for or are not inconsistent with these Articles. The regulations for the management of the Company and for observance of the members thereof and their representatives shall, subject to any exercise of the statutory powers of the Company with reference to repeal or alteration of or addition to, its regulations by Special Resolution, as prescribed by the Companies Act, 1956, be such as are contained in these Articles.

Capitalized terms used in this section have the meaning given to such terms in the Articles.

CAPITAL

Authorised Share Capital

4. The authorised share capital of the Company shall be such amounts and be divided as may, from time to time, be provided in Clause V of the Memorandum of Association. The share capital shall be payable in the manner as may be determined by the Board, from time to time. The Board shall have the power to increase, reduce, subdivide, repay or divide the share capital into several classes and to attach thereto any rights and to consolidate or subdivide or re-organise the shares, subject to the provisions of the Act, and to vary such rights as may be determined in accordance with the Articles of the Company.

5. Subject to the provisions of the Act and these Articles the shares shall be under the control of the Board who may allot or otherwise dispose of the same to such persons on such terms and conditions as they think fit.

Issue of further shares

6. Subject to the sanction of the Company in General Meeting, the Directors may increase the share-capital by such sum to be divided into shares of such amount, as the resolution shall prescribe.

Buy-back of shares/securities

7. Subject to the provisions contained in Sections 77A and 77B and all other applicable provisions of the Act and subject to such approvals, permissions, consents and sanctions from the concerned authorities and departments, including SEBI and RBI if any, the Company may, by passing a special resolution at a General Meeting, purchase its own shares or other specified securities (hereinafter referred to as 'buy-back') from its existing shareholders on a proportionate basis and / or from the / open market and / or from the lots smaller than market lots of the securities (odd lots), and / or the securities issued to the employees of the Company pursuant to a scheme of stock options from out of its free reserves or out of the securities premium account of the Company or out of the proceeds of any issue made by the Company specifically for the purpose, on such terms, conditions and in such manner as may be prescribed by law from time to time; provided that the aggregate of the securities so bought back shall not exceed such number as may be prescribed under the Act or Rules made from time to time; provided further that, nothing herein contained shall be deemed to affect the provisions of Sections 100 to 104 of the s Act, in so far as and to the extent they are applicable.

New Shares

8. (a) Subject to a resolution passed at the General Meeting, new shares may be issued upon such terms and conditions and with such rights and privileges annexed thereto as the General Meeting resolving upon the creation thereof shall direct, and if no direction be given, as the Board shall determine.

(b) Subject to the provisions of the Act, any shares of the original or increased capital may, from time to time, be issued with guarantee or any right of preference, whether in respect of dividend or of payment of capital or both or any other special privilege or advantage over any shares previously issued or then about to be issued or with deferred or qualified rights as compared with any shares previously issued or subject to any provisions or conditions and with any special right or limited right or without any right of voting and generally on such terms as the Company may, from time to time, determine.

10. Where at any time it is proposed to increase the subscribed capital of the Company by allotment of further shares, whether out of unissued share capital or out of increased share capital, then such further shares shall be offered to the Persons who at the date of the offer are holders of the equity shares of the Company, in proportion, as nearly as circumstances admit, to the capital paid-up on these shares at that date and such offer shall be made by notice specifying the number of shares to which the offer, if not accepted, will be deemed to be declined and after the expiration of such time or on receipt of an intimation from the Member to whom such notice is given that he declines to accept the shares offered, the Board may dispose of the same in such manner as they think most beneficial to the Company.

11. If additional capital is to be contributed pursuant to Article 10 by way of subscription to additional equity shares of the Company, then the subscription price for each such additional equity shares shall be determined by the Board and set out in the notice to all the shareholders. The Company shall promptly, upon the receipt of such subscription price, issue to its shareholders the appropriate number of equity shares based upon the payment received from each such shareholder. Subject to applicable law, such shares shall rank pari passu with the existing shares of the Company in all respects except for the purposes of dividends that shall be pro rated to the period for which the newly issued shares are in existence.

12. Any offer to subscribe for equity shares of the Company as provided herein before (such offer, the "Right") shall include a right to renounce the Right in favour of any other Person, provided that no Party shall renounce / such Right in favour of any other Person (other than an Affiliate of the renouncing Party) without first giving the other Party a reasonable opportunity to acquire such Right, either directly or through its nominee, on the terms and conditions that are no less favourable than the terms and conditions on which such Right is proposed to be renounced in favour of any other Person (other than an Affiliate of the renouncing Party).

13. Notwithstanding anything to the contrary in these Articles, but subject to the provisions of Article 14 below, the Company shall not take any steps, including but not limited to any further issue of shares, whether by way of a rights issue or in any other manner, that would have the effect of diluting the equity shareholding of the Government below 26% of the subscribed and paid up capital of the Company, within one year from October 16, 2001.

15. So far as Government and SP are concerned, all their rights and obligations relating to the shares held by them in the Company including the right to Transfer the shares shall he governed by and be subject to the Shareholders Agreement dated October 16, 2001.

16. Subject to the provisions of the Act, the Company may issue preference shares which are liable to be redeemed at the option of the Company out of the profits of the Company or out of a fresh issue of shares made for the purpose of redemption, in the manner and subject to such other terms as may be decided upon by the Board of Directors. Any redemption of preference shares under this Article shall not be taken as a reduction of the amount of authorised share capital.

18. The Company in General Meeting may, from time to time, subdivide or consolidate its shares or any of them and exercise any of the other powers conferred by Section 94 of the Act and shall file with the Registrar such notice of exercise of any such powers as may be required by the Act.

CALL ON SHARES

28. The Board, may, from time to time, by a resolution passed at a meeting of the Board (and not by a resolution by circulation) make such call, as it thinks fit, upon the Members in respect of all moneys unpaid on the shares held by them respectively and each Member shall pay the amount of every call so made on him to the persons and at the times and places appointed by the Board. A call may be made payable by instalments.

Notice of call

29. Fifteen days notice at the least of any call shall be given by the Company specifying the time and place of payment and the person or persons to whom such call shall be paid.

When Call deemed to have been made

30. A call shall be deemed to have been made at the time when the resolution authorising such call was passed at a meeting of the Board.

31. Subject to Section 91 of the Act, if any Member fails to pay any call due from him on the day appointed for payment thereof or any such extension thereof as aforesaid, he shall be liable to pay interest on the same from the day appointed for the payment thereof to the time of actual payment, at such rate as shall from time to time be fixed by the Board, but nothing in this Article shall render it compulsory for the Board to demand or recover any interest from any such Member.

32. On the trial or hearing of any action or suit brought by the Company against any Member or his representatives for the recovery of any money claimed to be due to the Company in respect of his shares, it shall be sufficient to prove that the name of the Member in respect of whose shares the money is sought to be recovered, appears entered on the Register of Members as the holder at or subsequently to the date at which the money sought to be recovered is alleged to have become due on the shares in respect of which such money is sought to be recovered; that the resolution making the call is duly recorded in the minutes book; and that notice of such call was duly given to the Member or his representatives sued in pursuance of these presents; and it shall not be necessary to prove the appointment of the Directors who made such call nor that a quorum of Directors was present at the Board at which any call was made nor the meeting at which any call was made was duly convened or constituted nor any other matters whatsoever, but the proof of the matters aforesaid shall be conclusive of the debt.

33. Neither the receipt by the Company of a portion of any money which shall, from time to time, be due from any Member of the Company in respect of his shares, either by way of principal or interest nor any indulgence granted by the Company in respect of the payment of any such money, shall preclude the Company from thereafter proceeding to enforce a forfeiture of such shares as hereinafter provided.

34. The Board may, if it thinks fit, agree to and receive from any Member willing to advance the same, all or any part of the amounts of their respective shares beyond the sums actually called up; and upon the moneys so paid in advance, or upon so much thereof, from time to time and at any time thereafter as exceeds the amount of the calls then made upon and due in respect of the shares on account of which such advances are made, the Board may pay or allow interest at such rate as the Member paying the sum in advance and the Board agree upon. The Board may agree to repay at any time, any amount so advanced, or may at any time repay the same upon giving to the

Member three months' notice in writing. Money paid in advance of calls should not in respect thereof confer a right to dividend or to participate in the profits of the Company.

FORFEITURE OF SHARES

Notice may be served requiring payment of Call or installment

35. (i) If a Member fails to pay any call, or instalments of a call, on the day appointed for payment thereof, the Board may at any time thereafter during such time as any part of the call or instalment remains unpaid, serve a notice on him requiring payment of so much of the call or instalment as is unpaid, together with any interest which may have accrued.

(ii) The notice aforesaid shall;

(a) name a further day (not being earlier than the expiry of fourteen days from the date of service of the notice) on or before which the payment required by the notice is to be made; and

(b) state that, in event of non-payment on or before the day so named, the shares in respect of which the call was made will be liable to be forfeited.

(iii) If the requirements of any such notice as aforesaid are not complied with, any share in respect of which the notice has been given may at any time prior to payment of all calls or instalments, interest and expenses due in respect thereof, be forfeited by a resolution of the Board to that effect. When any share is forfeited, an entry of the forfeiture with the data thereof shall be made in the Register of Members.

(iv) A forfeited share may be sold or otherwise disposed of on such terms and in such manner as the Board thinks fit.

(v) At any time before a sale or disposal as aforesaid, the Board may cancel the forfeiture on such terms, as it thinks fit.

(vi) Where the shares so forfeited have been de-materialised prior to the, notice of forfeiture shall also be given to the Depository, which shall forthwith make the necessary entries in the records of the beneficial ownership maintained by the Depository.

Forfeiture

36. (i) A Person whose shares have been forfeited shall cease to be Member in respect of the forfeited shares, but shall, notwithstanding the forfeiture, remain liable to pay to the Company all moneys which, at the date of forfeiture, were presently payable by him to the Company in respect of the shares.

(ii) The liability of such person shall cease if and when the Company shall have received payment in full of all such moneys in respect of the shares.

37. (i) A duly verified declaration in writing that the declarant is a Director, the Manager or the Secretary of the Company, and that a share in the Company has been fully forfeited on a date stated in the declaration, shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to a share.

(ii) The Company may receive the consideration, if any, given for the share on any sale or disposal thereof and may execute a transfer of the share in favour of the person to whom the share is sold or disposed of.

(iii) The transferee shall thereupon be registered as the holder of the share.

(iv) The transferee shall not be bound to see to the application of the purchase money, if any, nor shall his title to the share be affected by any irregularity or invalidity in the proceedings in reference to the forfeiture, sale or disposal of the share.

38. The provisions of these Articles as to forfeiture shall apply in the case of non-payment of any sum which by the terms of issue of a share becomes payable at a fixed time, whether on account of the nominal value of the share or by way of premium, as if the same had been payable by virtue of a call duly made and notified.

LIEN

39. The Company shall have a first and paramount lien upon all the shares (other than fully paid-up shares) registered in the name of each Member (whether solely or jointly with others) and upon the proceeds of sale thereof for all moneys (whether presently payable or not) called or payable at a fixed time in respect of' such shares and no equitable interest in any shares shall be created except upon the footing and condition that Article 26 hereof will have full effect. And such lien shall extend to all dividends and bonuses from time to time declared in respect of such shares. Unless otherwise agreed, the registration of a transfer of shares shall operate as a waiver of the Company's lien if any, on such shares. The Directors may, at any time, declare any shares wholly or in part to be exempt from the provisions of this clause.

40. The Company may sell, in such manner as the Directors think fit, any shares on which the Company has a lien, but no sale shall be made unless some sum in respect of which the lien exists is presently payable, not until the expiration of 14 days after a notice in writing stating and demanding payment of such part of amount in respect of which the lien exists as is presently payable has been given to the registered holder for the time being of the shares, or the person entitled by reason of his death or insolvency to the shares.

41. A copy of the notice of the intention to sale shall also be served on the Depository in the event the shares proposed to be sold are de-materialised. Upon such sale being completed as aforesaid, notice of the completion of sale shall be given to the Depository in case of the shares which are sold are in de-matetialised form.

42. The proceeds of the sale shall be applied in payment of such part of the amount in respect of which the lien exists as is presently payable, and the residue shall (subject to a like lien for sums not presently payable as existed upon the shares prior to the sale) be paid to the person entitled to the shares at the date of the sale. The purchaser shall be registered as the holder of the shares and he shall not be bound to see to the application of' the purchase money, nor shall his title to the shares be affected by any irregularity or invalidity in the proceedings in reference to the sale.

TRANSFER AND TRANSMISSION OF SHARES

Register of Transfers

43. The Company shall keep a book, to be called the "Register of Transfers" and therein shall be fairly and distinctly entered the particulars of every transfer or transmission of any share.

Form of Instrument of Transfer

44. The instrument of transfer shall be in writing and all the provisions of Section 108 of the Act and of any statutory modification thereof for the time being shall be duly complied with in respect of all transfers of shares and registration thereof.

45. Every such instrument of transfer duly stamped shall be executed both by the transferor and the transferee and attested and the transferor shall be deemed to remain the holder of such share until the name of the transferee shall have been entered in the Register of Members in respect thereof.

Refusal to register transfer

46. Subject to the applicable provisions of the Act or any statutory modification for the time being in force, the Board may, at their absolute discretion, decline to register or acknowledge any transfer of shares and shall not be bound to give any reason for such refusal and in particular may so decline in respect of shares upon which the Company has a lien on whilst any moneys in respect of the shares desired to be transferred or any of them remain unpaid and such refusal shall not he affected by the fact that the proposed transferee is already a Member. Provided that the registration of a transfer shall not be refused on the ground of the transferor being either alone or jointly with any other person or persons. indebted to the Company on any account whatsoever except as stated hereinabove. The registration of transfer shall be conclusive evidence of the approval by the Directors of the transferee.

47. If the Board refuses to register the transfer of any shares, they shall, within one month of the date on which the instrument of transfer is delivered to the Company, send to the transferee and the transferor notice of the refusal.

Save as herein otherwise provided, the Board shall be entitled to treat the person whose name appears on the Register of Members as the holder of any share as the absolute owner thereof and accordingly shall not (except as ordered by a Court of competent jurisdiction or as by law required) be bound to recognise any benami trust or equity or equitable, contingent or other claim to or interest in such share on the part of any person whether or not it shall have express or implied notice thereof.

Transfer to be left at Office and evidence given

48. Every instrument of transfer shall be left at the Office for registration, accompanied by the certificate of the shares to be transferred and such evidence as the Company may require to prove the title of the transferor, or his right to transfer the shares. All instruments of transfer shall be retained by the Company, but any instrument of transfer, which the Directors may decline to register, shall on demand, be returned to the person depositing the same.

49. Nothing contained in Article 46 shall prejudice any power of the Company to register as shareholder any person, to whom the right to any shares in the Company has been transmitted by operation of law.

Closing of Transfer Books and Register

50. The Register of Transfer and the Register of Members or the Register of Debenture Holders may be closed for any time or times not exceeding in the whole 45 days in each year but not exceeding 30 days at a time after giving not less than 7 days notice in accordance with Section 154 of the Act.

Transfer Fee

51. The Board shall have the same right to refuse to register a person entitled by transmission to any shares or his nominee, as if he were the transferee named in an ordinary transfer presented for registration.

No fee shall be charged for transfer of shares or for effecting transmission or for registering any letters of probate, succession certificate, certificate of death or marriage, power of attorney or letters of administration or similar other documents.

Provided that the registration of a transfer shall not be refused on the grounds of the transferor being either alone or jointly with any other Person indebted to the Company on any account whatsoever.

DEMATERIALISATION OF SHARES

52. (1) Notwithstanding anything contained in these Articles, the Company shall be entitled to dematerialise its securities and to offer Securities in a dematerialised form pursuant to the Depositories Act, 1996.

(2) Every Person subscribing to Securities offered by the Company shall have the option to receive security certificates or to hold the Securities with a Depository. Such a Person who is the Beneficial Owner of the Securities can at any time opt out of a Depository, if permitted by the law, in respect of any Security in the manner provided by the Depositories Act, and the Company shall in the manner and within the time prescribed issue to the Beneficial Owner the required certificates of Securities.

If a Person opts to hold his Security with a Depository, the Company shall intimate such Depository the details of allotment of the Security, and on receipt of the information, the Depository shall enter in its record the name of the allottee as the Beneficial Owner of the Security.

(3) All Securities held by a Depository shall be dematerialised and shall be in a fungible form.

(4) (a) Notwithstanding anything to the contrary contained in the Act or these Articles, a Depository shall be deemed to be the registered owner for the purpose of effecting transfer of ownership of security on behalf of the Beneficial Owners.

(b) Save as otherwise provided in clause (a) above, the Depository as the registered owner of the Securities shall not have any voting rights or any other rights in respect of the Securities held by it.

(c) Every Person holding Securities of the Company and whose name is entered as the Beneficial Owner in the records of the Depository shall be deemed to be a Member of the Company. The Beneficial Owner of Securities shall be entitled to all the rights and benefits and be subject to all the liabilities in respect of his Securities, which are held by a Depository.

(5) Notwithstanding anything to the contrary in the Act or these Articles, where Securities are held in a Depository, the records of the beneficial ownership may be served by such Depository on the Company by means of electronic mode or by delivery of floppies or discs.

(6) Nothing contained in Section 108 of the Act or in Articles shall apply to a transfer of Securities effected by a transferor and transferee both of whom are entered as Beneficial Owners in the records of a Depository.

(7) Notwithstanding anything to the contrary in the Act or these Articles, where Securities are dealt with by a Depository, the Company shall intimate the details thereof to the Depository immediately on allotment of such Securities.

(8) Nothing contained in the Act or these Articles regarding the necessity of having distinctive numbers for Securities issued by the Company shall apply to Securities held with a Depository.

(9) The register and index of Beneficial Owners maintained by a Depository under the Depositories Act, 1996, shall be deemed to be the “Register and Index of Members and Security holders” for the purpose of these Articles.

Borrowing powers

53. Subject to the provisions of Section 292 and 293 of the act and these Articles, the Directors may, from time to time, borrow and/or secure the payment of any sum or sums of money for the purposes of the Company, by means of a resolution passed at a meeting of the Board.

54. Subject to Section 293 of the Act, the Board may secure the payment of such moneys in such manner and upon such terms and conditions in all respects as it think fit and in particular by the issue of bonds, perpetual or redeemable debentures or debenture-stock or any mortgage, charge or other security on the undertaking of the whole or any part of the property of the Company (both present and future) including its uncalled capital for the time being.

55. Debentures, debenture-stock, bonds or other securities, may be made assignable free from any equities between the Company and the person to whom the same may be issued.

56. Subject to the provisions of the Act, any debentures, debenture-stock, bonds or other securities may be issued at discount, premium or otherwise and with any special privileges as to redemption, surrender, drawings, allotment of shares, attending General Meetings of the Company, appointment of Directors and otherwise. Debentures, debenture-stock, bonds or other securities with the right to allotment of or conversion into shares shall be issued only with the consent of the Company in General Meeting.

57. If the Directors or any of them or any other person shall become personally liable for the payment of any sum primarily due from the Company, the Directors may execute or cause to be executed any mortgage, charge or security over or affecting the whole or any part of the assets of the Company by way of indemnity to secure the Directors or Person so becoming liable as aforesaid from any loss in respect of such liability.

GENERAL MEETINGS

When Annual General Meeting to be held

58. The Company shall, in each year, hold, in addition to any other meetings, a general meeting as its Annual General Meeting and shall specify the meeting as such in the notices calling it, and not more than fifteen months shall elapse between the date of one Annual General Meeting of the Company and that of the next. Subject to the provisions of the Act, the Annual General Meeting of the Company shall be held within six months after the expiry of each financial year. Every Annual General Meeting shall be held during business hours on a day other than a public holiday either at the Office of the Company or at some other place within the city, town or village in which the Office is situated, as the Board may approve in this behalf. Such general meeting shall be called

"Annual General Meeting" and all other meetings shall be called "Extraordinary General Meetings."

Extra-Ordinary General meeting

59. The Directors may, whenever they think fit and they shall, on the requisition of the holders of not less than one-tenth of the paid-up capital as on at that date carries the right of voting of the Company upon which all calls or other sums than due have been paid, forthwith proceed to convene an Extraordinary General Meeting of the Company, and in the case of such requisition the following provisions shall have effect:

    (i) The requisition must state the objects of the meeting and must be signed by the requisitionists and deposited at the office and may consist of several documents in like form, each signed by one or more requisitionists.

    (ii) If the Directors of the Company do not proceed within twenty-one days from the date of the requisition being so deposited to cause a meeting to he called on a day not later than 45 days from the date of the deposit of the requisition, the requisitionists or a majority of them in value may themselves convene the meeting, but any meeting so convened shall be held within three months from the date of the deposit of the requisition.

    (iii) Any meeting convened under this Article by the requisitionists shall be convened in the same manner as nearly as possible as that in which meetings are to be convened by the Directors.

60. Annual General Meeting of the Company may be called by giving not less than twenty-one days notice in writing specifying the place, day and hour of meeting, with a statement of the business to be transacted at the meeting. Such notice shall be served on every Member in the manner hereinafter provided, but with the consent in writing of all the Members entitled to receive notice of the same and vote there at, any particular meeting may be convened by such shorter notice and in such manner as those Members may think fit; provided, however, that where any resolution is intended to be passed as a special resolution at any General Meeting as required by the Act, notice of such meeting specifying the intention to propose the resolution as a special resolution shall be served.

61. The accidental omission to give any such notice to or the non-receipt of any such notice by any Member shall not invalidate the proceedings at any meeting.

62. The business of an Annual General Meeting shall be to receive and consider the profit and loss account, the balance sheet, the report of the Directors and the auditors, to declare dividends, appointment of directors in place of those retiring, and the appointment of, and fixing of the remuneration of the auditor. All other business transacted at such meeting and all business transacted at an extraordinary meeting shall be deemed special.

Quorum for General Meetings

63. The quorum for the General Meetings of the Company shall be governed by the Act provided however that at least one authorised representative of the Government shall be necessary to constitute quorum for any meeting in which a resolution for any of the matters specified in Article 120 is to be passed. In the event no authorised representative of the Government is present at a General Meeting, such meeting shall stand adjourned to the same day in the next week, at the same time, place, or to such later day as may be notified to the Government.

    Notwithstanding anything contrary contained herein above but subject to the provisions of Article 119, in the event that no authorised representative of the Government is present at the adjourned meeting, it shall be deemed that the presence of the authorised representative of the Government is not required for such meeting and the members present at such adjourned meeting shall be entitled to proceed with the items on the agenda in such manner as they deem fit even though such items may be relating to matters specified in Article 120 but subject to the provisions of Article 116 hereto.

Government representative

64. (i) So long as the Government is a shareholder of the Company, it may from time to time, appoint a person (who need not be a Member of the Company) to represent the Government , at all or any General Meetings of the Company.

(ii) A person appointed under sub-clause (i) of the Article shall, for the purposes of the Act, be deemed to be a Member of the Company and shall be entitled to exercise the same rights and powers (including the right to vote by proxy) as the Government could exercise as a Member of the Company.

(iii) The Government may, from time to time, cancel any appointment made under sub-clause (i) of this Article and make fresh appointments.

(iv) The production at the meeting of an order of the Government evidenced as provided in the Constitution of India shall be accepted by the Company as sufficient evidence of any such appointment or cancellation as aforesaid.

(v) Any person appointed by the Government under this Article may appoint a proxy whether specially or generally.

Chairman of the meetings

65. The Chairman of the Board shall be entitled to take the Chair at every General Meeting; if there be no such Chairman, or if at any meeting he shall not be present within 15 minutes, after the time appointed for holding such meeting or is unwilling to act as Chairman, the Members present shall choose another Director as Chairman, and if no Director shall be present, or, if all the Directors present decline to take the Chair, then the Members present shall choose one of their Members to be Chairman.

If quorum is not present

66. If within half an hour after the time appointed for the holding of a General Meeting, a quorum be not present the meeting if convened on the requisition of shareholder shall be dissolved and in every other case shall stand adjourned to the same day in the next week at the same time and place or to such other day, time and place as the Directors may by notice to the shareholders appoint. If at such adjourned meeting a quorum be not present those Members present shall constitute a quorum and may transact the business for which the meeting was called.

67. Every question submitted to a meeting shall be decided in the first instance on a show of hands, and in the case of an equality of votes, the Chairman shall both, on a show of hands and at poll (if any), have a casting vote in addition to the vote or votes to which he may be entitled as Member.

68. At any General Meeting a resolution put to the vote of the meeting shall be decided on a show of hands, unless a poll is, before or on the declaration of the result of the show of hands, demanded by a Member present in person or proxy or by duly authorised representative, and unless a poll is so demanded, a declaration by the Chairman that a resolution has, on a show of hands, been carried unanimously or by particular majority or lost, and an entry to that effect in the book of proceedings of the Company, shall be conclusive evidence of the fact, without proof of the number or proportion of the vote recorded in favour of or against that resolution.

69. Subject to the provisions of the Act, if a poll is duly demanded, it shall be taken in such manner and at such time and place as the Chairman of the meeting directs, and the result of the poll shall be deemed to be the resolution of the meeting at which the poll was demanded. The demand of a poll may be withdrawn at any time by the person or persons who made the demand.

Adjournment of the meetings

70. The Chairman of a General Meeting may, with the consent of the meeting, adjourn the same from time to time, and from place to place but no business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place.

71. Subject to the provision of the Act, any poll duly demanded on the election of a Chairman of meeting or on any question of adjournment shall be taken forthwith at the meeting.

72. The demand of a poll shall not prevent the continuance of a meeting for the transaction of any business other than the question on which a poll has been demanded.

73. The Chairman of any meeting shall be the sole judge of the validity of every vote tendered at such meeting. The Chairman present at the taking of a poll shall be the sole judge of the validity of every vote tendered at such poll.

74. Upon a show of hands, every Member present in person or proxy or by duly authorised representative shall have one vote and upon a poll, every such Member shall have one vote for every share held by him.

75. Notwithstanding anything contained in these Articles if the Company has issued any equity share capital with differential rights as to voting as permitted under the provisions of clause (a) (ii) of Section 86 of the Act, the members holding the equity shares carrying differential rights as to voting shall be entitled to vote in accordance with the terms of issue of such equity shares.

76. No Member unless personally present or/represented by duly authorised representative shall be entitled to vote on a show of hands.

77. Any person who has acquired the right to any shares as provided in Article 49 (relating to the transmission of shares) may vote at any General Meeting in respect thereof in the same manner as if he were the registered holder of such shares, provided that atleast seventy-two hours before the time of holding the meeting or adjourned meeting, as the case may be, at which he proposes to vote he shall satisfy the Directors of his right to such shares, unless the Directors shall have previously admitted his right to such shares or his right to vote at such meeting in respect thereof.

78. Where there are joint registered holders of any share any one of such persons may vote at any meeting, either personally or by proxy, in respect of such shares as if he were solely entitled thereto and if more than one of such joint holders be present at any meeting personally or by proxy, then one of said persons present whose name stands first on the Register in respect of such shares shall alone be entitled to vote in respect thereof. Several executors or administrators of a deceased Member in whose name any share stands shall for the purposes of this clause, be deemed joint holders thereof.

79. A Member of unsound mind, or in respect of whom an order has been made by any court having jurisdiction in lunacy may vote whether on a show of hands or on poll, by his committee or other legal guardian, and any such committee or guardian may, on a poll, vote by proxy.

80. A Member entitled to attend and vote at a meeting may appoint another person (whether a Member or not) as his proxy to attend the meeting and vote on a poll. No Member shall appoint more than one proxy to attend on the same occasion. A proxy shall not be entitled to speak at a meeting. The instrument appointing a proxy shall be in writing and be signed by the appointer or

his attorney duly authorised in writing or if the appointer is a body corporate, he under its seal or be signed by an officer or an attorney duly authorised by it.

81. The instrument appointing a proxy and the power of attorney or other authority (if any) under which it is signed, or notarily certified copy of that power or authority, shall be deposited at the Registered office of the Company, not less than forty-eight hours before the time for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote, or in the case of a poll not less than 24 hours before the time appointed for taking of the poll and in default the instrument of proxy shall not be treated as valid.

82. A vote given in accordance with the terms of an instrument of proxy shall be valid notwithstanding the previous death or insanity of the principal, or the revocation of the proxy or of the authority under which the proxy was executed or the transfer of the shares in respect of which the proxy is given provided that no intimation in writing of such death, insanity, revocation or transferor transmission shall have been received at the office of the Company before the commencement of the meeting or adjourned meeting at which the proxy is used.

83. An instrument appointing a proxy may be in the following form or in any other form which the Directors shall approve:

"I ………………..of …………………………………….. in the district ………………………….. being a Member of the CMC Limited hereby appoint ………………….of………………as my proxy to vote for me and on my behalf' at the Annual General Meeting/Extraordinary General Meeting to he held on the ………………………… day of …………………..and at any adjournment thereof".

Signed this ……………………… day of …………………….

84. No Member shall be entitled to be present, or to vote on any question either personally or by proxy, or as proxy for another Member, at any General Meeting or upon a poll or be reckoned in a quorum whilst any call or other sum shall be due and payable to the Company in respect of any other shares of such Member.

85. No objection shall be made to the validity of any vote except at the meeting or poll at which such vote shall be tendered and every vote whether given personally or by proxy not disallowed at such meeting or poll shall be deemed valid for all purposes of such meeting or poll whatsoever.

86. (1) Notwithstanding anything contained elsewhere in these Articles but subject to Article 117, Article 119 and Article 120, the Board of Directors may and in the case of resolutions relating to such business as the Central Government, may by notification under the provisions of Section 192A of the Companies Act, 1956, declare to be conducted only by the postal ballot, shall get the resolution passed by means of a postal ballot instead of transacting the business in general meeting of the Company.

(2) Where it is decided to pass any resolution by resorting to postal ballot the Company shall send a notice to all the members, alongwith a draft resolution explaining the reasons therefore and requesting the members to send their assent or dissent in writing on a postal ballot within a period of thirty days from the date of posting of the letter.

(3) The notice shall be sent by registered post acknowledgement due, or by any other method as may be prescribed by the Central Government in this behalf, and shall include with the notice, a postage pre-paid envelope for facilitating the communication of the assent or dissent of the member to the resolution within the said period of thirty days.

(4) If a resolution is assented to by a requisite majority of the members by means of postal ballot, it shall be deemed to have been duly passed at a general meeting convened in that behalf.

(5) It is clarified that the term postal ballot in this Article shall include voting by electronic mode.

DIRECTORS

Number of Directors

87. Unless otherwise determined by a General Meeting and subject to the provisions of section 252 of the Act, the number of Directors shall not be less than three and not more than twelve. The number of Directors constituting the Board shall be in terms of the provisions of the Act. The composition of the board shall consist of 2 (two) nominees of the Government ("Government Nominee Directors") till such time as the Government holds at least 15 percent of the paid-up voting equity share capital of the Company, who shall all be non-executive and non-retiring directors of the Company provided that for a period of three years from 16th October, 2001, the Government shall have the right to nominate at least 1 (one) Director on the Board, if the Government continues to be a shareholder of the Company. The SP, shall have the right to nominate a maximum of 6 (six) Directors ("SP Nominee Directors") on the Board. The Board shall nominate as many independent directors as are required for the compliance of the corporate governance norms under the listing agreement of the stock exchanges, on which the shares of the Company are listed. The Government Nominee Directors shall not be liable to retire by rotation.

Directors not required to hold qualification shares

88. Both the Government and the SP shall vote to elect the Directors nominated in accordance with Article 87 above. The Directors are not, however, required to hold any qualification shares.

Nomination of Chairman, MD and whole-time functional directors

89. The SP shall have the right to nominate the Chairman, the Managing Director and all the whole-time functional directors of the Company. The Chairman shall be a non-executive chairman with a casting vote.

Subject to Article 87, the Board shall have the power, at any time and from time to time, to appoint any person as an Additional Director in addition to the existing Directors but so that the total number of Directors shall not at any time exceed the number fixed for Directors in these Articles.

90. In the event that the Board constitutes a share transfer committee for the purposes of effecting the transfer of Shares or an audit committee, such share transfer committee or audit committee shall include at least one nominee of the Government and of the SP.

91. If a Person, other than the Government or SP, to whom a Party has Transferred its equity shares (or any equity rights or interests therein) or renounced the Right, requests the right to nominate one or more Directors, and at the time of such request, such request complies with the requirements of the Act, the right to nominate one or more Directors (depending on the percentage of the equity share holding in the Company held by the Party who has Transferred equity shares or renounced the Right, as the case may be) shall be taken from such Party who has Transferred equity shares or renounced the Right, as the case may be and not from the other Parties, and such request shall not be fulfilled by increasing the total number of Directors constituting the Board.

Removal of Directors

92. The Government and the SP shall be entitled to remove any Director nominated by them by notice to such Director and the other Party shall co-operate in such removal. Any vacancy occurring on the Board by reason of the death, disqualification, inability to actor removal, shall be filled by the Party whose nominee was so affected so as to maintain a Board that is consistent with the provisions of Article 87.

REMUNERATION TO DIRECTORS

93. (1) Subject to the provisions of the Act, a Managing Director or Director who is in the whole time employment of the Company may be paid remuneration either by way of a monthly payment or at a specified percentage of the net profits of the Company or partly by one and partly by the other.

(2) Subject to the provisions of the Act, a Director who is neither in the whole time employment nor a Managing Director may be paid remuneration either: -

(i) by way of monthly, quarterly or annual payment with the approval of the Central Government; or

(ii) By way of commission if the Company by special resolution authorised such payment.

(3) The maximum fee payable to a Director (including a whole-time Director (if any) for attending a meeting of the Board or a Committee thereof shall be such sum as may be prescribed by law or by the Central Government from time to time. The Director shall also be paid any travelling, hotel and boarding expenses incurred to attend Director's or committee meeting.

(4) The Board may offer and pay to any director who is not a bonafide resident of the place where a meeting is held and who shall travel to such place for the purpose of attending a meeting, such sums as the Board may consider fair compensation for travelling, hotel and other expenses in addition to his remuneration as above specified.

(5) If any Director, being willing, shall be called upon to perform extra services or to make any special exertions in going or residing abroad or otherwise for any of the purposes of the Company, the Company shall remunerate such Director, in the manner as may be determined by the Board and such remuneration may be in addition to the fees payable to him under the preceding clauses of this Article. Attendance at a meeting of Board or committee at the Office of the Company shall not be deemed to be extra service or special exertion within the meaning of this clause.

94. The Company shall have a Managing Director appointed by the Board in accordance with Article 93 at such remuneration (whether by way of salary or otherwise) as the Board may think fit. The Managing Director shall be a member on the Board and shall manage the day to day operations of the Company. The term of the office of the Managing Director shall be determined by a resolution of the Board, but such term shall not exceed five years at a time. The Managing Director shall function under the overall supervision, control and direction of the Board and shall, subject to such supervision, control and direction, have the authority to manage the business operations of the Company. Subject to the provisions of Article 117 read with Article 120, the power and duties of the Managing Director shall be defined and/ or modified, from time to time, by resolution of the Board, and shall include the power and duties to:

(a) incur capital expenditure which has been previously approved by the Board and any other operation expenditure;

(b) appoint and terminate any buyers, suppliers, ancillaries, franchisees and distributors;

(c) appoint, retrench and/ or dismiss employees of the Company, subject to the applicable staff regulations, the standing orders of the Company and applicable law;

(d) make decisions regarding the marketing of the Company's products, including fixing the price, margins, discounts and determining the advertisement policy and budgets;

(e) make operational decisions regarding the quality and product constituents for the customers: and

(f) take such actions or execute such contracts on behalf of the Company that are in the ordinary course of business of the Company except as specified in Article 120.

Provided however that the powers and duties of the Managing Director under this Article 94 shall not include any matters specified in Article 120.

Directors to retire by rotation

95. (i) Subject to Articles 87 and 89, not less than two-third of the total number of Directors of the Company whose period of office is liable to be determination by retirement of Directors by rotation and save as otherwise expressly provided in the Act and these Articles, be appointed by the Company in General Meeting, and the remaining Directors shall be appointed in accordance with the provisions of these Articles.

(ii) At every Annual General Meeting of the Company. one-third of such of the Directors for the time being are liable to retire by rotation or if their number is not three or a multiple of three, then the number nearest to one-third shall retire from office.

(iii) Subject to Section 284(5) of the Act, the Directors to retire by rotation under the foregoing Article at every Annual General Meeting shall be those who have been the longest in office since their last appointment, but as between persons who become Directors on the same day, those who are to retire shall, in default of and subject to any agreement among themselves, be determined by lot. A retiring Director shall retain office until the conclusion of the meeting at which his re-appointment is decided or his successor is appointed. The retiring Director shall he eligible for re-appointment.

96. Subject to the provisions of the Act, the business of the Company shall be managed by the Board which may exercise all such powers and do all such acts and things as the Company is authorised to exercise and do. Provided that the Board shall not exercise any power or do any act or things which is directed or required, whether by the Act or any other Act or by the Memorandum or Articles of the Company or otherwise, to be exercised or done by the Company in General Meeting.

Provided further, that in exercising any such power or doing any such act or thing, the Board shall be subject to the provisions contained in that behalf in the Act or any other Act, or in the Memorandum or Articles of the Company, or in any regulations made by the Company in General Meeting. No regulations made by the Company in General Meeting shall invalidate any prior act of the Board which would have been valid if that regulation had not been made.

97. Without prejudice to the general powers conferred by the last preceding Article and the other powers conferred by these Articles and subject to Article 117 read with Articles 120 and 121 and the provisions of the Act, the Board shall have the following powers, that is to say powers:

(i) to purchase, take on lease or otherwise acquire for the Company, property rights or privileges which the Company is authorised to acquire at such price, and generally on such terms and conditions as it thinks fit;

(ii) to authorise the undertaking of works of a capital nature and the acquisition of capital assets of an immovable nature;

(iii) to pay for any property, rights or privileges acquired by, or services rendered to the Company either wholly or partially in cash or in shares, bonds, debentures or other securities of the Company, and any such shares may be issued either as fully paid-up, or with such amount credited as paid-up thereon as may be agreed upon; and any such bond, debentures or other securities may be either specifically charged upon all or any part of the property of the Company and its uncalled capital or not so-charged;

(iv) to secure the fulfilment of any contracts or engagements entered into by the Company by way of mortgage or charge of all or any of the property of the Company and its uncalled capital for the time being in such other manner as it may think fit;

(v) to create posts, to appoint persons thereto, and at its discretion, remove or suspend such general managers, managers, secretaries, officers, clerks and agents and servants for permanent, temporary or special services, as it may, from time to time, think fit, and to determine their powers and duties and fix their salaries or emoluments and require security in such instances and to such amounts as it thinks fit.

(vi) to appoint any person or persons (whether incorporated or not), to accept and hold in trust for the Company any property belonging to the Company or in which it is interested or for any other purposes, and to execute and do all such deeds and things as may be requisite in relation to any such trust, and to provide for the remuneration of such trustee or trustees;

(vii) to institute, conduct, defend, compound or abandon any legal proceeding by or against the Company or its officers, or otherwise concerning the affairs of the Company, and also to compound and allow time for payment or satisfaction of any claims or demands by or against the Company;

(viii) to refer any claims or demands by or against the Company to arbitration, and observe and perform the awards;

(ix) to make and give receipts, release, and other discharges for money payable to the Company, and for the claims and demands of the Company;

(x) to determine who shall be entitled to sign on the Company's behalf bills, notes, receipts, acceptances, endorsements, cheques, releases, contracts and documents;

(xi) from time to time to provide for the management of the affairs of the Company outside their organisations in such manner as it may think fit, and in particular to appoint any person to be the attorneys or agents of the Company with such powers (including powers to sub-delegate) and upon such terms as may be thought fit;

(xii) to invest in the Reserve Bank/State Bank of India or in such securities and deal with any of the moneys of the Company upon such investments authorised by the Memorandum of Association of the Company (not being Shares in this Company) and in such manner as it may think fit and from time to time to vary or realise such investments;

(xiii) to execute in the name and on behalf of the Company in favour of any Director or other person who may incur or be about to incur any personal liability for the benefit of

Company such mortgages of the Company's property (present and future) as it may think fit, and such mortgage may contain a power of sale and such other powers, covenants, and provisions as shall be agreed on;

(xiv) to give to any person employed by the Company, a commission on the profit of any particular business transaction or a share in the general profits of the Company, and such commission or share of profit shall be treated as part of the working expenses of the Company;

(xv) from time to time to make, vary and repeal bye-laws for the regulation of the business of the Company, its officers and servants;

(xvi) to give, award or allow any bonus, gratuity or compensation to any employee of the Company or his widow, children or dependants, that may appear to the Board to be just or proper whether such employee, his widow, children or dependants, have or have not a legal claim upon the Company;

(xvii) before declaring any dividend to set aside such portion of the profits of the Company as it may think fit, to form a fund to provide for such gratuities, compensations or to create any provident or benefit fund in such a manner as the Board may deem fit;

(xviii) to enter into all such negotiations and contracts and rescind and vary all such contracts, and execute and do all such acts, deeds and things in the name and on behalf of the Company as the Board may consider expedient for or in relation to any of the matters aforesaid or otherwise for the purpose of the Company;

(xix) subject to the provisions of the Act, to sub-delegate all or any of the powers, authorities and discretion for the time being vested in them, subject, however, to the ultimate control and authority being retained by the Board;

(xx) to establish, maintain, support and subscribe to any charitable, public or useful objects or any institution, society, or club or fund which may be for the benefit of the Company or its employees or may be connected with any town or place where the Company carries on its business or any object in which the Company may be interested.

98. Subject to the provisions of the Act, the Board may, from time to time, delegate such of its powers as it may think fit to the Chairman and/or Managing Director, subject to such terms, conditions and restrictions as it may deem necessary to impose and may, from time to time, revoke, amend or vary all or any of the powers so delegated.

99. The Chairman and/or Managing Director may sub-delegate any of the powers delegated to him by the Board to any officer or other employee of the Company, subject to condition that every such sub-delegation of his powers will be reported to the Board.

100. The Board shall cause minutes of the meetings of the Board or of its committees to be made in books provided for the purpose in accordance with the provisions of the Act. The minutes of each meeting shall contain a fair and correct summary of the proceedings thereat and in particular shall record;

(a) all appointments of officers made by the Board;

(b) the names of the Directors present at each meeting of the Board or any Committee thereof;

Every Director present at any meeting of' the Board or Committee shall sign his name in a book to be kept for that purpose.

101. The seal shall not to be affixed to any instrument (other than Share Certificate) except by the authority of a resolution of Board of Directors and in the presence of at least one Director. In the case of Share Certificates the seal shall be affixed in the presence of (i) two Directors or persons acting on behalf of the Directors under a duly registered power of attorney and (ii) the Secretary or some other person appointed by the Board for the purpose.

Disqualification of a Director to continue on the Board

102. The office of a Director shall become vacant on his acquiring any of the disqualifications mentioned in Section 274 of the Act or the following:

(i) he fails to disclose the nature of his concern or interest in any contract or arrangement or proposed his contract or arrangement entered into by or on behalf of the Company as required under the Act;

(ii) he is concerned or participates in the profits of any contract with the Company; PROVIDED, however, no Director shall vacate his office by reason of his becoming a member of any company which has entered into contract with or done any work for the Company of which he is a Director, but a Director shall not vote in respect of any such contract or work, and if he does so vote, his vote shall not be counted.

103. In place of Director who is out of India or is about to go out of India or who expects to be absent for a period of not less than 3 months from the State in which the meetings of the Directors are ordinarily held, the Board the may appoint, with the prior approval of the nominating Party whose Director is absent, any person to be an Alternate Director during his absence and such appointment shall have effect, and such appointee whilst he holds office as an Alternate Director shall be entitled to notice of meetings of the Directors and to attend and on to vote thereat accordingly, and he shall ipso facto vacate office if and when the original Director returns to the State in which the meetings of the Directors are ordinarily held or on the expiry of the period of office of the original Director.

PROCEEDINGS OF DIRECTORS

104. The Directors may meet for the despatch of business, adjourn, and otherwise regulate their meetings as they think fit, provided that the Directors shall hold a meeting of the Board at least once in every three calendar months, and at least four such meetings shall be held in every year. In the event that a meeting of the Board is not held during any such quarter, any Director may call a meeting of the Board on 48 hours prior notice to the other Directors. Till such time as the Government holds at least 15% of the paid up voting equity share capital of the Company, at each meeting of the Board, unless waived by at least one nominee Director each of the SP and the Government, the Managing Director/Wholetime Director of the Company shall report to the Board with respect to the current status of the operations of the Company and with respect to all major developments or planned action involving the Company and shall present to the meeting, complete current financial information with respect to the Company.

105. The quorum requirements for the Board meeting of the Company shall be governed by the provisions of the Act and till such time as the Government holds at least 15% of the paid up voting equity share capital of the Company the SP shall ensure that the Government is given reasonable notice of all such meetings in a timely manner.

106. Till such time as the Government holds at least 15% of the paid up equity capital of the Company notwithstanding anything to the contrary contained in Article 105 above, the presence of at least one Government Nominee Director in case of a Board meeting shall be necessary to constitute

quorum for any meeting in which a resolution for any of the matters specified in Article 120 is to be passed and a notice of not less than 7 (seven) days shall be given to the Government Nominee Directors for any such meeting, unless the Government Nominee Directors agree to a shorter notice in writing.

107. In the event no Government Nominee Director is present at a meeting referred to in Article 106 above, such meeting shall stand adjourned to the same day in the next week, at the same time and place, or to such later day as may he notified to the Government.

108. Notwithstanding anything to the contrary in Article 104 above but subject to the provisions of Article 119 in the event that no Government Nominee Director is present at the adjourned meeting referred to in Article 107, it shall be deemed that the presence of the Government Nominee Director is not required for such meeting and the members of the Board present at such adjourned meeting shall be entitled to proceed with the items on the agenda in such manner as they deem fit even though such items may be relating to matters listed in Article 120 but subject to the provisions of Article 119 hereto.

109. The meeting of the Board may be held at the Office or anywhere else if it is in the interest of the Company.

110. A Director may, and the Secretary on the requisition of a Director shall at any time convene a meeting of the Directors. Subject to Article 117 and Article 119 the majority of votes shall decide questions arising at any meeting.

111. A meeting of the Directors for the time being at which a quorum is present shall be competent to exercise all or any of the authorities, powers and the discretion by or under the Articles of the Company for the time being vested in or exercisable by the Directors generally.

112. All meetings of the Directors shall be presided over by the Chairman if present, and if in any meeting the Chairman is not present, then and in that case, the Directors shall choose one of the Directors then present, to preside over the meeting.

113. Subject to the provisions of Section 292 of the Act, the Board may appoint an executive or other committee or committees consisting of such members, of its body and such other persons including any executives of the Company as it may think fit to delegate any of its powers to such committee or committees and the Board may from time to time revoke or discharge any such committee or committees of the Board either wholly or in part, but every such committee of the Board so formed shall, in exercise of the power so delegated, conform to any regulations that may from time to time be imposed on it by the Board. All such acts done by any such committee of the Board in conformity with such regulations and in fulfilment of the purposes of their appointment but not otherwise, shall have the like force and effect as if done by the Board. Provided further that any such committee shall consist of atleast one nominee of both the SP and the Government. The proceedings of such a Committee shall be placed before the Board of Directors at its next meeting. Subject to the provisions of the Act and to the approval of the Company in General Meeting, the Board may from time to time fix the remuneration to be paid to any member or members of their body constituting a Committee appointed by the Board in terms of these presents, and may pay the same.

114. The Committee may elect a Chairman of their meetings; if no such Chairman is elected, or if at any meeting the Chairman is not present within five minutes after the time appointed for holding the same, the members present may choose one of their members who is a Director, to be the Chairman of the meeting.

115. All acts done by any meeting of the Board or a Committee or any person acting as a Director shall notwithstanding that it be afterwards discovered that there was some defect in the appointment of such Directors or persons acting as aforesaid or that they or any of them were disqualified, be as

valid as if every such person had been duly appointed and was qualified to be a Director. Provided that nothing in this Article shall be deemed to give validity to acts done by a Director after his appointment has been shown to the Company to be invalid or to have been terminated.

116. A resolution not being a resolution required by the Act or by these Articles to be passed only at a meeting of the Board, may be passed without the meeting of the Board or a Committee, provided that the resolution has been circulated in draft together with necessary papers, if any, to all the Directors or to all the members to the Committee then in India (not less than the quorum fixed for a meeting of the Board or Committee, as the case may be), and has been approved by all Directors who are entitled to vote on the resolution. Provided further that no obligation of the Company or any of its subsidiaries shall be entered into, no decision shall be made and no action shall be taken by or with respect to the Company or any of its subsidiaries in relation to the matters identified in Article 119 and Article 120 below, unless such obligation, decision or action, as the case may be, is approved by atleast one Government Nominee Director.

APPROVAL OF CERTAIN MATTERS

117. Notwithstanding any other provision of these Articles or otherwise permitted under the Act, but subject to the provisions ‘of Article 63, and till such time the Government holds at least 15% of the paid up voting equity share capital of the Company, no obligation of the Company or any of its subsidiaries shall be entered into, no decision shall be made and no action shall be taken by or with respect to the Company or any of its subsidiaries in relation to the matters identified in Article 120 below, unless such obligation, decision or action, as the case may be, is approved:

a) If at any meeting of the Company’s shareholders duly called for the purpose of considering such obligation, decision or action, by the affirmative vote of the authorised representative of the Government cast at such meeting;

b) If at the meeting of the Board, then subject to Article 108 by at least one Government Nominee Director.

118. The grant of approval by the authorised representative of the Government to any matter provided in Article 117 shall be valid for a period of twelve months from the date of the shareholders meeting or Board meeting, as the case may be, or such longer period as may be prescribed by the authorised representative of the Government as a condition of the grant of its approval, at the expiry of which period, such approval shall be deemed to have lapsed and thereafter, fresh approval as provided in Article 117 would be required prior to taking any action in relation to matters identified in Article 120.

119. Notwithstanding anything to the contrary contained elsewhere in these Articles, for a period of three years from October 16, 2001, no decision shall be made and no action shall be taken in connection with a sale, lease, exchange or disposition of property or assets of the Company or BRI having an aggregate value exceeding 20% of the total value of net fixed assets of the Company as specified in the Audited Financial Statement without the affirmative vote of at least one Government Nominee Director, so long as the Government continues to be a shareholder of the Company.

120. The following matters shall require special consent of Board/shareholders, as the case may be, in terms of Article 117 above:

1. Alter the provisions of the Articles of Association.

2. Issue shares to non-members or convert loans or debentures into shares and the terms and conditions of such issue.

3. Reduction of the share capital.

4. Approval of variation of rights of special classes of shares.

5. Issue of shares with differential rights as to dividend, voting or otherwise.

6. Consent to a Director or his relative or partner or firm or private company holding an office or place of profit, except that of Managing Director, manager, banker, or trustee for debenture-holders of the Company for entering into any agreement with the Company.

7. Apply to a Court to wind-up the Company.

8. Wind-up the company voluntarily.

9. Bind the company by a scheme of arrangement made under section 517 of the Act.

10. For various other matters pertaining to the winding up of the Company as provided in Sections 433(a), 494(1)(b), 507, 512(1), 546(l)(b), 550(l)(b) of the Act.

11. Any buy-back by the Company of shares under the provisions of section 77A of the Act.

12. The granting of any security or creation of any encumbrances on the assets of the Company or guaranteeing the debts or performance of any Person (other than as specified in item 13 below)

13. The granting of any security or creation of any encumbrances on the assets of the Company on account of any loan or advances taken by the Company or any of its subsidiary or guaranteeing the debts of any of its subsidiary, which in aggregate exceeds 50% of the free reserves and paid up capital of the Company but excluding those necessary to secure operating lines of credit/working capital requirements of the Company with institutional investors, multilateral agencies, scheduled banks and financial institutions.

14. Vesting or delegation of such powers to the Managing Director or the Chief Executive Officer or officer of equivalent position in the Company that are in excess of the powers and authority of the Managing Director as specified in Article 91.

15. The entering by the Company into any business relations or contracts (including the conclusion or termination of agreements) having commitment exceeding Rs. 100 million with any Affiliate of the SP.

16. The making, directly or indirectly, of loans or advances, in any one or a series of transactions, in excess of Rs. 200 million to any Person in the course of one calendar year;

17. Any one or a series of transactions which causes a sale, lease, exchange or disposition of property or assets of the Company or its subsidiaries having an aggregate value exceeding 20% of the total value of net fixed assets of the Company as specified in the Audited Financial Statement.

18. Any reduction in the Minimum Benefits.

19. Change in the Office of the Company from one State to another.

20. Any commitment or agreement to do or delegation of powers to any person to do any of the foregoing.

121. Notwithstanding anything to the contrary contained in these Articles, the Company shall not retrench from service any of the employee(s) who are on the rolls of the Company on 16th October, 2001, for a period of 1 (one) year from such date other than any dismissal or termination of such employees of the Company on disciplinary grounds, from their employment which may be undertaken only in accordance with the applicable staff regulations and standing orders of the Company and applicable law. The existing terms and conditions of such employees shall be honoured by the SP and the Company and all dues to the employees shall be paid to them as and when due. If a manpower rationalisation scheme is introduced after the expiry of one year from October 16, 2001 such scheme shall be implemented in the manner recommended by the Board, and in accordance with all the applicable laws; provided however, that the terms of any such scheme shall be no less favourable than the Minimum Benefit.

The term "Minimum Benefit" shall mean employee benefits which are the higher of (a) the terms of the voluntary retirement scheme as provided by the Department of Public Enterprises guidelines applicable to the Company on October 16, 2001 or (b) the terms of the voluntary retirement scheme as applicable to the Company on October 16, 2001.

RESERVES AND DIVIDENDS

122. The Board may before recommending any dividend, set aside, out of the profits of the Company, such sums as they think proper, as a reserve fund to meet contingencies or for equalising dividends, or for special dividends or for repairing, improving and maintaining any of the property of the Company, and for such other purposes as the Board shall in its absolute discretion think conducive to the interests of the Company, and may invest the several sums so set aside upon such investments (other than shares of the Company) as it may think fit from time to time, deal with and vary such investments, and dispose of all or any part thereof for benefit of the Company, and may divide the reserve funds into such special funds as it thinks fit and employ the reserve funds or any part thereof in the business of the Company, and that without being bound to keep the same separate from the other assets.

123. The profits of the Company available for payment of dividends in accordance with Section 205 of the Act, subject to any special rights relating thereto, created or authority to be created by these presents and subject to the provisions of these presents as to the reserve funds shall with the approval of the Board be divisible among the Members in proportion to the amount of capital held by them respectively; provided always that (subject as aforesaid) any capital paid up on a share during the period in respect of which a dividend is declared shall only entitle the holder of such share to an apportioned amount of such dividend as from the date of payment of such capital.

124. Where capital is paid up on any shares in advance of calls upon the footing that the same shall carry interest, such capital shall not, whilst carrying interest, confer a right to participate in the profits.

125. The Company in Annual General Meeting may declare a dividend to be paid to the Members according to their rights and interest in the profits, and may fix the time for payment subject to the provisions of Section 207 of the Act but, no dividend shall exceed the amount recommended by the Board.

126. No dividend shall be declared or paid by the Company for any financial year except out of the profits of the Company for that year arrived at after providing for the depreciation in accordance with the provisions of subsection (2) of Section 205 or out of profits of the Company for any previous financial year or years arrived at after providing for depreciation in accordance with those provisions and remaining undistributed or out of both, or out of moneys provided by the Government for the payment of dividend, in pursuance of a guarantee given by the Government. No dividend shall carry interest against the Company.

127. The declaration of the Board as to the amount of the net profits of the Company shall be conclusive.

128. The Board may, from time to time, pay to the Members such interim dividends as in its judgement, the position of the Company justifies.

129. The Board may retain any dividends on which the Company has a lien, and may apply the same in or towards satisfaction of the debts, liabilities or engagements in respect of which the lien exists.

130. Subject to the provisions of Section 205 of the Act as amended, no dividend shall be payable except in cash.

131. A transfer of shares shall not pass the right to any dividend declared thereon after such transfer and before the registration of the transfer.

132. Any one of the several persons, who are registered as the holders of any shares, may give effectual receipts for all dividends and payments on account of dividends in respect of such shares.

133. Unless otherwise directed any dividend may be paid by cheque or warrant sent through the post to the registered address of the Member or person entitled or in the case of joint holders to the registered address of the one whose name stands first on the register in respect of the joint holding and every cheque or warrant so sent shall be made payable to the order of the person to whom it is sent.

134. No unclaimed dividend shall be forfeited by the Board. Subject to the provisions of the Act being in force from time to time all dividends unclaimed would be dealt with as provided for in the Act.

MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTIONS

The following contracts (not being contracts entered into in the ordinary course of business carried on by the Company or contracts entered into more than two years before the date of this Preliminary Sale Document) which are or may be deemed material have been entered or to be entered into by the Company. These contracts, copies of which have been attached to the copy of this Preliminary Sale Document have been delivered to the Registrar of Companies, Andhra Pradesh, at Hyderabad for filing and also the documents for inspection referred to hereunder, may be inspected at the Corporate office of the Company located at CMC Limited, PTI Building, 5th Floor, 4 Sansad Marg, New Delhi-110001 from 10.00 a.m. to 4.00 p.m. on working days from the date of this Preliminary Sale Document until the date of Bid/Offer Closing Date.

A. Material Contracts

1) Letter dated December 3, 2003 from the GoI appointing HSBC Securities and Capital Markets (India) Private Limited as BRLM and their acceptance thereto.

2) Letter dated December 3, 2003 from the GoI appointing Enam Financial Consultants Private Limited as BRLM and their acceptance thereto.

3) Letter dated January 28, 2004 from the GoI appointing MCS Limited as Registrar to the Offer and their acceptance thereto.

4) Letters from the GoI appointing the Escrow Collection Banks and Bankers to the Offer bearing no. 7/4/2004-MODI dated January 30, 2004.

5) Memorandum of Understanding between the Selling Shareholder, BRLMs and us dated January 28, 2004.

B. Documents for Inspection

1. Our Memorandum and Articles of Association, as amended from time to time.

2. Fresh Certificate of Incorporation of the Company consequent to change of name dated August 27, 1984.

3. Shareholders' Agreement dated October 16, 2001 along with the Amendment Agreements dated January 28, 2004 and February 9, 2004, between TSL and GoI.

4. Share Purchase Agreement dated October 9, 2001, between TSL, GoI and the Company.

5. Resolution of the Board of Directors of the Company, passed at its Meeting held on December 22, 2003 approving this Offer.

6. Letter dated January 28, 2004, from the Department of Information Technology, Ministry of Communications and Information Technology, GoI, authorizing the Offer.

7. The report of our statutory auditors, M/s S. B. Billimoria & Co. dated January 28, 2004 and mentioned in the Preliminary Sale Document.

8. Consent Letter dated February 9, 2004 from our statutory auditors, M/s. S. B. Billimoria & Co. for inclusion of their reports on accounts in the form and context in which they appear in the Preliminary Sale Document.

9. A copy of the tax benefit report dated January 28, 2004 from our statutory auditors, M/s S. B. Billimoria & Co.

10. Permissions of Auditors, Legal Advisors to the Offer, Expert named in the Preliminary Sale Document, if any, BRLMs, Syndicate Member, Advisor to the Company, Legal Advisors to the Company, Registrar to the Offer, Escrow Collection Bankers and Bankers to the Offer, Bankers to the Company, Company Secretary and Compliance Officer as referred to in their respective capacities.

11. Permission of the Directors of the Company to be named in this Preliminary Sale Document

12. General Power of Attorney(s) executed by our Directors in favour of person(s) for signing and making necessary changes to the Preliminary Sale Document.

13. Resolution of the meeting of the Board of Directors held on December 22, 2003 for the reconstitution of our Company's Share Transfer cum Shareholders Grievance Committee.

14. Resolution of the meeting of the Board of Directors held on December 22, 2003 for the reconstitution of our Company's Audit Committee.

15. Resolution of the meeting of the Board of Directors held on December 22, 2003 for the formation of our Company's Remuneration Committee.

16. Resolution of the meeting of the Board of Directors held on January 28, 2004 for the formation of our Company's Ethics Committee.

17. Circular resolution of the Board of Directors passed on December 13, 2003, appointing Mr. R. Ramanan as Managing Director and CEO of our Company and approving the remuneration payable to him.

18. Tripartite Agreement between NSDL, MCS Limited and us dated December 31, 1998.

19. Tripartite Agreement between CDSL, MCS Limited and us dated July 2, 1999.

20. Applications for delisting made by us from HSE, DSE, MSE and CSE dated August 14, 2003.

21. Resolution of our shareholders passed at the Annual General Meeting held on July 31, 2003, approving delisting of our Equity Shares from HSE, DSE, MSE and CSE.

22. Approval from FIPB vide its letter No. FC.II. 31(2004)/7 (2004) dated February 5, 2004 for transfer of Equity Shares in the Offer for Sale to NRIs, FIIs, FVCIs and multilateral and bilateral development financial institutions.

23. The RBI has given in-principle approval for transfer of Equity Shares to NRIs, FIIs, FVCIs and multilateral and bilateral development financial institutions dated [•].

24. Copies of Annual Reports of the Company for the period ending March 31, 1999, 2000, 2001, 2002 and 2003.

25. Copies of Annual Reports of CMC Americas Inc. for the period ending December, 1999, 2000, 2001, 2002 and 2003.

26. Annual Report of Promoter and group companies as mentioned in the Preliminary Sale Document, for the last five years.

27. Letter dated February 9, 2004 from Ministry of Disinvestment, Government of India to BRLMs authorizing them to file the Sale Document with SEBI/RoC.

28. Letter from SEBI to Ministry of Disinvestment, Government of India dated January 29, 2004 replying to the Government of India

29. The due diligence certificate issued by the BRLMs to the Selling Shareholder dated February 13, 2004.

30. Letter from the Ministry of Disinvestment, Government of India dated February 11, 2004, to the Company authorising the Company Secretary and Compliance Officer to handle all investor grievances.

31. Guidance Letter from the SEBI dated February 12, 2004 to the Ministry of Disinvestment regarding proposed sale of shares of CMC Limited by the GoI on behalf of President of India.

32. Resolution of the Board of Directors of the Company, passed by way of circulation on February 13, 2004 approving this Offer.

SEBI in its letter dated January 29, 2004, has advised that, "The relevant SEBI (DIP) Guidelines are applicable to offer for sale by an unlisted company only. Thus the SEBI (DIP) Guidelines do not envisage a listed company facilitating one of the shareholders to dispose off his holdings through an offer for sale". Further, SEBI in its letter dated February 12, 2004, has advised that "It may be specifically understood that the shares offered under this sale offer being already listed on the stock exchanges, the SEBI guidelines for public issues/offers are not applicable to this sale offer by the Selling Shareholder". However, the Selling Shareholder has vide its letter dated February 9, 2004, addressed to the BRLMs and the Company stated that "Government would voluntarily adopt the SEBI DIP Guidelines particularly the guidelines for the 100% book building process for the CMC public offer. Further, the processes, procedures and practices which are generally followed in the 100% book building process save deviations indicated in the subsequent sub-paragraphs would be adopted for the CMC public offer". SEBI by its letters dated January 29, 2004 and February 12, 2004, has also stated that this "Preliminary Sale Document does not constitute an offer document or prospectus in terms of the SEBI guidelines" and that Preliminary Sale Document "is not a document issued by or on behalf of the Company and the document may be filed with the Registrar of Companies only if required". Therefore, the following declaration /confimation is being made voluntarily in the above context only:

DECLARATION

All the relevant provisions of the Companies Act, 1956, and the guidelines issued by the Government of India or the guidelines issued by the Securities and Exchange Board of India, established under Section 3 of the Securities and Exchange Board of India Act, 1992, as the case may be, have been complied with and no statement made in this Preliminary Sale Document is contrary to the provisions of the Companies Act, 1956, the Securities and Exchange Board of India Act, 1992 or rules made thereunder or guidelines issued, as the case may be.

CONFIRMATION

All the provisions of the Securities Contract (Regulation) Act, 1956 and the provisions of the Securities Contract Regulation Rules, 1957, as applicable, and the terms of the listing agreements have been complied with and continuous disclosures have been made thereunder.

SIGNED BY ALL THE DIRECTORS OF THE COMPANY

Mr. S. Ramadorai, Chairman (As authorised by a Power of Attorney dated January 28, 2004)

Mr. R. Ramanan, Managing Director & CEO

Mr. Ishaat Hussain, Promoter nominee Director (As authorised by a Power of Attorney dated January 28, 2004)

Dr. U. P. Phadke, GoI nominee Director (As authorised by a Power of Attorney dated January 28, 2004)

Mr. R. Chandrashekhar, GoI nominee Director (As authorised by a Power of Attorney dated January 27, 2004)

Dr. K. R. S. Murthy, Independent Director (As authorised by a Power of Attorney dated January 28, 2004)

Mr. C. B. Bhave, Independent Director (As authorised by a Power of Attorney dated January 28, 2004)

Mr. Surendra Singh, Independent Director (As authorised by a Power of Attorney dated January 28, 2004)

Mr. Shardul Shroff, Independent Director (As authorised by a Power of Attorney dated January 27, 2004)

SIGNED BY THE SELLING SHAREHOLDER

The President of India, acting through the Joint Secretary, Department of Information Technology, Ministry of Communications and Information Technology, GoI.

SIGNED BY THE CHIEF FINANCIAL OFFICER

Mr. J. K. Gupta

Date: February 13 2004

Place: New Delhi