Prospectus
Dated August 11, 2004
Please read Section 60B of the Companies Act, 1956
100% Book Build Offer

TATA CONSULTANCY SERVICES LIMITED

Registered Office: Bombay House, 24 Homi Mody Street, Fort, Mumbai 400001, India
Tel: (91 22) 5665 8282, Fax: (91 22) 5665 8080 Email: tcs@tata.com
Corporate Office: 11th Floor, Air India Building, Nariman Point, Mumbai 400021, India
Tel: (91 22) 5668 9999, Fax: (91 22) 5668 9661 Email:investor.relations@tcs.com
Website: www.tcs.com

(The Company was originally incorporated as RR Donnelly (India) Private Limited and it was renamed as Orchid Print India Limited and subsequently renamed as Tata Consultancy Services Limited). (For changes in registered office, See "Our History and Main Objects" on Page 105 of this Prospectus)

Public Issue of 55,452,600 Equity Shares of Re. 1 each for cash at a price of Rs. 850 per Equity Share aggregating Rs. 47,134.7 million, consisting of a Fresh Issue of 22,775,000 Equity Shares by Tata Consultancy Services Limited ("TCS Limited" or the "Company" or the "Issuer") and an Offer for Sale of 32,677,600 Equity Shares by Tata Sons Limited ("Tata Sons") and certain other shareholders of TCS Limited (together with Tata Sons, the "Selling Shareholders"). The Fresh Issue and the Offer for Sale are jointly referred to herein as the "Offer". 5,545,260 Equity Shares will be reserved in the Offer for subscription by employees and directors in India of the TCS Division, TCS Limited and Tata Sons (the "Employee Reservation Portion"). There will also be a Green Shoe Option of 8,317,880 Equity Shares to be offered by Tata Sons for cash at a price of Rs. 850 per Equity Share aggregating Rs. 7,070.2 million. The Offer and the Green Shoe Option aggregate Rs. 54,204.9 million. The face value of the Equity Shares is Re. 1 and the Offer Price is 850 times of the face value.

The Offer will constitute 11.59% of the fully diluted post Offer paid-up capital of TCS Limited assuming that the Green Shoe Option is not exercised and 13.33% assuming that the Green Shoe Option is exercised in full.

The Offer is being made through the 100% Book Building Process wherein at least 60% of the Net Offer will be allocated on a discretionary basis to Qualified Institutional Buyers ("QIBs"). If at least 60% of the Net Offer cannot be allocated to QIBs, then the entire application money will be refunded forthwith. Further, not less than 15% of the Net Offer will be available for allocation on a proportionate basis to Non-Institutional Bidders and the remaining 25% of the Net Offer will be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid bids being received at or above the Offer Price.

OFFER PRICE Rs. 850 PER EQUITY SHARE OF Re. 1 EACH

Risks in Relation to First Offer

This being the first issue of the Equity Shares of TCS Limited, there has been no market for the Equity Shares. The face value of the Equity Shares is Re. 1 and the Offer Price is 850 times of the face value. The Offer Price (as determined by TCS Limited and Tata Sons in consultation with the Book Running Lead Managers, on the basis of assessment of market demand for the Equity Shares offered by way of Book Building) should not be taken to be indicative of the market price of the Equity Shares after the Equity Shares are listed. No assurance can be given regarding an active and/or sustained trading market in the Equity Shares nor regarding the price at which the Equity Shares will be traded after listing.

General Risk

Investment in equity and equity related securities involves 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. For taking an investment decision, investors must rely on their own examination of TCS Limited and the Offer including the risks involved. The Equity Shares offered in the Offer have not been recommended or approved by the Securities and Exchange Board of India ("SEBI") nor does SEBI guarantee the accuracy or adequacy of this Prospectus. Specific attention of the investors is invited to the statements on Risk Factors beginning on page number xi of this Prospectus.

Issuer's Absolute Responsibility

TCS Limited, having made all reasonable inquiries, accepts responsibility for, and confirms that this Prospectus contains all information with regard to the Company and the Offer, which is material in the context of the Offer, that the information contained in this Prospectus is true and correct in all material respects 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 Prospectus as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect.

Listing Arrangement

The Equity Shares are proposed to be listed on the National Stock Exchange of India Limited (Designated Stock Exchange) and The Stock Exchange, Mumbai and TCS Limited has received approvals from these stock exchanges for the listing of its Equity Shares pursuant to letters dated June 22, 2004 and June 22, 2004 respectively.

BOOK RUNNING LEAD MANAGERS ("BRLMs")			REGISTRAR TO THE OFFER
JM MORGAN STANLEY	DSP Merrill Lynch	JPMorgan	KARVY Karvy Computershare Private Limited
JM Morgan Stanley Private Limited 141, Maker Chambers III, Nariman Point, Mumbai 400 021 Tel. : (91 22) 1600 22 0004 / 5630 3030 Fax. : (91 22) 5630 1694 *Email: tcsipo@jmmorganstanley.com*	**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 : tcs_ipo@ml.com*	**JP Morgan India Private Limited** Mafatlal Centre, 9th Floor, Nariman Point, Mumbai - 400 021 Tel. : (91 22) 2285 5666 Fax : (91 22) 5639 3091 *E-mail : tcs.ipo@jpmorgan.com*	**Karvy Computershare Private Limited** Unit : TCS IPO Karvy House, 46, Avenue 4, Street No. 1, Banjara Hills, Hyderabad 500 034 Tel. : (91 40) 2331 2454, Fax : (91 40) 2331 1968 *Email : tcsipo@karvy.com*

OFFER PROGRAMME			
BID/OFFER OPENED ON	**JULY 29, 2004**	**BID/OFFER CLOSED ON**	**AUGUST 5, 2004**

TABLE OF CONTENTS

	Page
Definitions and Abbreviations	i
Forward Looking Statements	vii
Presentation of Financial and Market Data	viii
Currency of Presentation	viii
Exchange Rates	x
Risk Factors	xi
Summary	xxxiii
Selected Historical Unconsolidated Financial Information of the TCS Division in accordance with Indian GAAP	1
Selected Historical Combined and Consolidated Financial Information of the TCS Division in accordance with U.S. GAAP	4
Selected Historical Unconsolidated Financial Information of TCS Limited in accordance with Indian GAAP	6
Pro Forma Opening Balance Sheet prepared from U.S. GAAP Financial Information	8
The Offer	11
Recent Developments	12
Green Shoe Option	18
General Information	21
Capital Structure	35
Transfer of Tata Consultancy Services Division	41
Objects of the Offer	44
Dividend Policy	45
Selected Unconsolidated Financial Information of the TCS Division in accordance with Indian GAAP	46
Management's Discussion and Analysis of Financial Condition and Results of Operations of the TCS Division in accordance with Unconsolidated Indian GAAP	48
Selected Consolidated Financial Information of the TCS Division in accordance with U.S. GAAP	58
Management's Discussion and Analysis of Financial Condition and Results of Operations of the TCS Division in accordance with U.S. GAAP	60
Selected Unconsolidated Financial Information of TCS Limited in accordance with Indian GAAP	76
Management's Discussion and Analysis of Financial Condition and Results of Operations of TCS Limited in accordance with Unconsolidated Indian GAAP	78
Business	81
Our History and Main Objects	105
Our Subsidiaries and Affiliates	108
Management	133
The Tata Group	139
Our Promoter	140
Outstanding Litigation and Material Developments	155
Government Approvals	172
Description of Certain Indebtedness	175
Basis for Offer Price	176
Tax Benefits	178
Other Regulatory Disclosures	185
Terms of the Offer	186
Offer Procedure	189
General Instructions	195
Restrictions on Foreign Ownership of Indian Securities	204
Statutory and Other Information	206
Main Provisions of Articles of Association	211
Financial Information	220
Material Contracts and Documents for Inspection	393
Declaration	395

DEFINITIONS AND ABBREVIATIONS

Conventional Terms

Term	Description
"AFS"	Airline Financial Support Services (I) Limited.
"ASDC"	Aviation Software Development Consultancy India Limited.
"CMC"	CMC Limited, a company incorporated under the Companies Act.
"Consolidated Subsidiaries"	The subsidiaries of Tata Sons whose financial results are consolidated (from their respective dates of acquisition by Tata Sons) with the results of the TCS Division in the historical U.S. GAAP consolidated financial statements presented in this Prospectus.
"European Subsidiaries"	Collectively, Tata Consultancy Services Sverige AB, Tata Consultancy Services Belgium S.A, Tata Consultancy Services France S.A, Tata Consultancy Services Netherlands S.A and Tata Consultancy Services Deutschland GmbH.
"PGS"	Phoenix Global Solutions (India) Private Limited
"Scheme"	The Scheme of Arrangement under Sections 391 to 394 of the Companies Act, as sanctioned by the High Court of Judicature at Bombay by its orders dated May 9, 2003 and April 7, 2004, whereby the TCS Division of Tata Sons has been transferred to TCS Limited as a going concern.
"Tata Sons"	Tata Sons Limited, an existing company under the Companies Act and the transferor entity under the Scheme.
"TCS America"	Tata America International Corporation, a New York corporation.
"TCS Division"	Tata Consultancy Services, the information technology and software development services division of Tata Sons, which has been transferred to TCS Limited pursuant to the Scheme. As used herein, the term "TCS Division" includes the Consolidated Subsidiaries.
"TCS Limited" or the "Issuer" or the "Company"	Tata Consultancy Services Limited, a public limited company incorporated under the Companies Act and the transferee entity under the Scheme.
"Transfer"	The transfer of all the assets, rights and liabilities of the TCS Division of Tata Sons to TCS Limited pursuant to the Scheme.
"we", "us", "our" and "TCS"	Unless otherwise specified, where discussed in a pre-Transfer context, including with respect to the historical consolidated financial statements presented herein, these references mean the TCS Division. Where discussed in a post-Transfer context, these references mean TCS Limited and its consolidated subsidiaries after giving effect to the Transfer.
"WTI"	WTI Advanced Technology Limited.

Offer Related Terms

Term	Description
Allotment	Issue or transfer, as the context requires, of Equity Shares pursuant to the Offer to the successful Bidders as the context requires.
Allottee	The successful Bidder to whom the Equity Shares are being/have been issued or transferred.
Appointed Date	April 1, 2004, being the date on which the Transfer is deemed to be effective under the Scheme.
Articles	The Articles of Association of TCS Limited.
Auditors	The statutory auditors of TCS Limited under Indian GAAP, in this case being S.B. Billimoria & Co., Chartered Accountants.
Bankers to the Offer	Citibank N.A., Deutsche Bank, HDFC Bank Limited, ICICI Bank Limited, IDBI Bank Limited, Kotak Mahindra Bank Limited, The HongKong and Shanghai Banking Corporation Limited, Standard Chartered Bank and State Bank of India.

Bid	An indication to make an offer made during the Bidding Period by a prospective investor to subscribe to Equity Shares at a price within the Price Band, including all revisions and modifications thereto.
Bid Amount	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 Closing Date / Offer Closing Date	The date after which the members of the Syndicate will not accept any Bids for the Offer, which shall be notified in a widely circulated English national newspaper, Hindi national newspaper and Marathi newspaper.
Bid cum Application Form	The form in terms of which the Bidder shall make an offer to subscribe to Equity Shares and which will be considered as the application for allotment/transfer of the Equity Shares in terms of this Prospectus.
Bid Opening Date / Offer Opening Date	The date on which the members of the Syndicate shall start accepting Bids for the Offer, which shall be the date notified in a widely circulated English national newspaper, Hindi national newspaper and Marathi newspaper.
Bidder	Any prospective investor who makes a Bid pursuant to the terms of this Prospectus.
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 TCS Limited or a committee thereof.
Book Building Process	Book building route as provided in Chapter XI of the DIP Guidelines, in terms of which this Offer is made.
BSE	The Stock Exchange, Mumbai.
BRLMs	Book Running Lead Managers to the Offer, in this case being JM Morgan Stanley Private Limited, DSP Merrill Lynch Limited and J.P. Morgan India Private Limited.
CAN/ Confirmation of Allotment Note	Means 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.
Cap Price	The high end of the Price Band, above which the Offer Price will not be finalised and above which no Bids will be accepted.
Co-Managers	CLSA India Limited and SBI Capital Markets Limited.
Companies Act / the Act	The Companies Act, 1956, as amended from time to time.
Cut-off Price	Any price within the Price Band. A Bid submitted at the Cut-off Price by a Retail Individual Bidder is a valid Bid at all price levels within the Price Band.
Depository	A depository registered with SEBI under the SEBI (Depositories and Participants) Regulations, 1996, as amended from time to time.
Depositories Act	The Depositories Act, 1996, as amended.
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 Prospectus is filed with the RoC, following which the Board of Directors shall allot and/or transfer Equity Shares to successful Bidders.
Designated Stock Exchange	National Stock Exchange of India Limited.
Directors	Directors of TCS Limited from time to time, unless otherwise specified.
Employee Reservation Portion	The portion of the Offer being a maximum of 5,545,260 Equity Shares (plus additional Equity Shares that may be allocated pursuant to the Green Shoe Option) available for allocation to permanent employees and directors of TCS Division, TCS Limited and Tata Sons Limited who are Indian Nationals, are based in India and are physically present in India on the date of submission of the Bid-cum-Application Form

Equity Shares	Equity shares of the Company of Re. 1 each unless otherwise specified in the context thereof.
Escrow Account	Account opened with an Escrow Collection Bank and in whose favour the Bidder will issue cheques or drafts in respect of the Bid Amount when submitting a Bid.
Escrow Agreement	Agreement entered into among TCS Limited, the Selling Shareholders, the Registrar, the Escrow Collection Bank(s), the Syndicate Members and the BRLMs for collection of the Bid Amounts and refunds (if any) of the amounts collected to the Bidders.
Escrow Collection Bank(s)	The banks at which the Escrow Account will be opened.
First Bidder	The Bidder whose name appears first in the Bid-cum-Application Form or Revision Form.
Floor Price	The lower end of the Price Band below which the Offer Price will not be finalised and below which no Bids will be accepted.
Fresh Issue or Primary Issue	The issue of 22,775,000 Equity Shares at the Offer Price by the Company pursuant to this Prospectus.
Fiscal or FY or Financial Year	Twelve months ending March 31 of a particular year.
Green Shoe Lenders	Tata Sons, Sheba Properties Limited, Kalimati Investment Company Limited, Af-taab Investment Company Limited, Shapoor Pallonji Mistry and Cyrus Pallonji Mistry.
Green Shoe Option	An option to the BRLMs and the Company, in consultation with the Stabilising Agent, to allocate Equity Shares in excess of the Equity Shares included in the Offer and operate a post-listing price stabilisation mechanism in accordance with Chapter VIII-A of the DIP Guidelines, which is to be exercised through the Stabilising Agent
Green Shoe Option Portion	The portion of the Offer being 8,317,880 Equity Shares aggregating Rs. 7,070.2 million if exercised in full.
Green Shoe Transferor	Tata Sons.
GSO Bank Account	The bank account opened by the Stabilising Agent under the Stabilising Agreement.
GSO Demat Account	The demat account opened by the Stabilising Agent under the Stabilising Agreement.
Indian GAAP	Generally accepted accounting principles in India.
Indian National	A citizen of India as defined under the Indian Citizenship Act, 1955, who is not an NRI (as defined under the Foreign Exchange Management (Deposit) Regulations, 2000).
Loaned Shares	8,317,880 Equity Shares of TCS Limited loaned by the Green Shoe Lenders pursuant to the terms of the Stabilisation Agreement.
Margin Amount	The amount paid by the Bidder at the time of submission of his / her Bid, which may range between 0% to 100% of the Bid Amount.
Members of the Syndicate	The BRLMs and the Syndicate Members.
Memorandum	The Memorandum of Association of TCS Limited.
Net Offer	The Offer of Equity Shares other than that included in the Employee Reservation Portion.
Non-Institutional Bidders	All Bidders that are not Qualified Institutional Buyers or Retail Individual Bidders.
Non-Institutional Portion	The portion of the Net Offer being a minimum of 7,486,090 Equity Shares available for allocation to Non-Institutional Bidders.
NSE	National Stock Exchange of India Limited.
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 (Deposit) Regulations, 2000. OCBs are not allowed to invest in this Offer.

Offer for Sale	The offer for sale by the Selling Shareholders of 32,677,600 Equity Shares of Re. 1 each at the Offer Price.
Offer	Collectively, the Fresh Issue and the Offer for Sale excluding the Green Shoe Option Portion.
Offer Price	Rs. 850 per Equity Share.
Over Allotment Shares	Equity Shares allotted pursuant to the Green Shoe Option.
Pay-in-Date	The last date specified in the CAN sent to Bidders.
Pay-in-Period	This term means (i) with respect to Bidders whose Margin Amount is 100% of the Bid Amount, the period commencing on the Bid Opening Date and extending until the Bid Closing Date, and (ii) with respect to Bidders whose Margin Amount is less than 100% of the Bid Amount the period commencing on the Bid Opening Date and extending until the Pay-in Date.
Price Band	Being the price band of a minimum price (Floor Price) of Rs. 775 and the maximum price (Cap Price) of Rs. 900 (both inclusive), including revisions thereof.
Pricing Date	The date on which TCS Limited and Tata Sons, in consultation with the BRLMs have finalised the Offer Price i.e. August 7, 2004.
Promoter	Tata Sons.
Prospectus	The prospectus to be filed with the RoC 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.
Public Offer Account	Account opened with the Bankers to the Offer to receive monies from the Escrow Account of TCS Limited on the Designated Date.
Qualified Institutional Buyers or QIBs	Public financial institutions as defined in Section 4A of the Companies Act, FIIs, scheduled commercial banks, mutual funds registered with SEBI, venture capital funds registered with SEBI, foreign venture capital investors registered with SEBI, state industrial development corporations, insurance companies registered with the Insurance Regulatory and Development Authority, provident funds with minimum corpus of Rs. 250 million, pension funds with minimum corpus of Rs. 250 million, and multilateral and bilateral development financial institutions.
QIB Portion	The portion of the Net Offer being 29,944,410 Equity Shares available for allocation to QIBs.
Red Herring Prospectus	Means the Red Herring Prospectus dated July 19, 2004 issued in accordance with Section 60B of the Companies Act, which does not have complete particulars on the price at which the Equity Shares are offered and size of the Offer. The Red Herring Prospectus was filed with the RoC at least three days before the opening of the Offer and will become a Prospectus after filing with RoC after the pricing and allocation.
Registrar or Registrar to the Offer	Karvy Computershare Private Limited.
Registrar of Companies or RoC	Registrar of Companies at Mumbai, Maharashtra.
Retail Individual Bidders	Individual Bidders (including HUFs and NRIs) who apply or bid for securities of or for a value of not more than Rs. 50,000 in any of the bidding options in the Offer.
Retail Portion	The portion of the Net Offer being a minimum of 12,476,840 Equity Shares available for allocation to Retail Individual 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).
Selling Shareholders	Shareholders offering Equity Shares in the Offer for Sale, consisting of Tata Sons and certain other shareholders of TCS Limited as listed in the notes to "Capital Structure".
Senior Co-Manager	Kotak Mahindra Capital Company Limited.

Stabilising Agent or SA	JM Morgan Stanley Private Limited.
Stabilising Agreement	Agreement entered into by TCS Limited, the Green Shoe Lenders, the Green Shoe Transferor and the Stabilising Agent on June 9, 2004 in relation to the Green Shoe Option.
Stabilisation Period	The period commencing from the date of obtaining trading permission from the Stock Exchanges for the Equity Shares, and ending 30 days thereafter unless terminated earlier by the Stabilising Agent.
Stock Exchanges	NSE and BSE.
Syndicate	Collectively the BRLMs, the Senior Co-Manager, Co-Managers and Syndicate Members.
Syndicate Agreement	The agreement to be entered into among TCS Limited, the Selling Shareholders, the BRLMs and the other members of the Syndicate, in relation to the collection of Bids in the Offer.
Syndicate Members	HSBC Securities and Capital Markets (India) Private Limited, ICICI Brokerage Services Limited, JM Morgan Stanley Retail Services Private Limited, Karvy Stock Broking Limited, Kotak Securities Limited and UTI Securities Limited. For purposes of definition in the "Terms of Offer" section, the team Syndicate Members shall also include the Senior Co-Manager and Co-Managers, as relevant.
Tata Sons	Tata Sons Limited.
TRS or Transaction Registration Slip	The slip or document issued by the Syndicate Members to the Bidder as proof of registration of the Bid.
Underwriters	The BRLMs, the Senior Co-Manager, Co-Managers and the Syndicate Members.
Underwriting Agreement	The agreement dated August 9, 2004 entered into among the Underwriters, the Selling Shareholders, TCS Limited, the Green Shoe Lenders and the Green Shoe Transferor.
U.S. GAAP	Generally accepted accounting principles of the United States.

Abbreviation of General Terms

Term	Description
AGM	Annual general meeting of the shareholders.
AS	Accounting Standards as issued by the Institute of Chartered Accountants of India.
CAGR	Compounded Annual Growth Rate.
CDSL	Central Depository Services (India) Limited.
DIP Guidelines	SEBI (Disclosure & Investor Protection) Guidelines, 2000, as amended
DSPML	DSP Merrill Lynch Limited.
ECS	Electronic Clearing System.
EEFC	Export Earner's Foreign Currency account.
EGM	Extraordinary general meeting of the shareholders.
EPS	Earnings per Equity Share.
ESPS	Employee Share Purchase Scheme.
FCNR Account	Foreign Currency Non Resident Account.
FEMA	Foreign Exchange Management Act, 1999, as amended from time to time, and the Regulations framed thereunder.
FII	Foreign Institutional Investor (as defined under SEBI (Foreign Institutional Investors) Regulations, 1995), registered with SEBI under applicable laws in India.
FIPB	Foreign Investment Promotion Board.
GoI	The Government of India.

HNI	High Net-worth Individual.
HUF	Hindu Undivided Family.
I.T. Act	The Income Tax Act, 1961, as amended.
JMMS	JM Morgan Stanley Private Limited.
JPM	J.P. Morgan India Private Limited.
NAV	Net Asset Value.
NRE Account	Non Resident External Account.
NRI	Non-Resident Indian, as defined under Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000, as amended.
NRO Account	Non Resident Ordinary Account.
NSDL	National Securities Depository Limited.
PAN	Permanent Account Number.
R&D	Research and Development.
RBI	The Reserve Bank of India.
RONW	Return on Net Worth.
SCRR	Securities Contracts (Regulation) Rules, 1957, as amended.
SEBI	Securities and Exchange Board of India.
SEBI Takeover Regulations	Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeover) Regulations, 1997, as amended.
US/ USA/ United States	The United States of America and its territories and possessions.

Glossary of Technical and Industry Terms

Term	Description
BPO	Business Process Outsourcing.
CMM	Capability Maturity Model of the SEI.
CMMI	Capability Maturity Model Integration of the SEI.
CRM	Client Relationship Management.
ERP	Enterprise Resource Planning.
HR	Human Resources.
ICR	Intelligent Character Recognition.
IEEE	Institute of Electrical and Electronic Engineers.
IT	Information Technology.
ITES	Information Technology Enabled Services.
MIS	Management Information System.
NASSCOM	National Association of Software and Services Companies.
PCMM	People Capability Maturity Model.
SBU	Strategic Business Unit.
SCM	Supply Chain Management.
SEI	Software Engineering Institute, Carnegie Mellon University.
STP	Software Technology Park.
STPI	Software Technology Park of India.
TBEM	Tata Business Excellence Model.
VLSI	Very Large Scale Integrated circuit design.

Note - Trademarks used in this Prospectus belong to their respective owners.

FORWARD-LOOKING STATEMENTS

This Prospectus contains certain "forward-looking statements". These forward-looking statements generally can be identified by words or phrases such as "aim", "anticipate", "believe", "expect", "estimate", "intend", "objective", "plan", "project", "shall", "will", "will continue", "will pursue", "may" or other words or phrases of similar import. Similarly, statements that describe our objectives, plans or goals also are forward-looking statements.

All forward-looking statements are subject to risks, uncertainties and assumptions about us 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 our expectations include, among others:

- general economic and business conditions in India and in our major markets, particularly the United States;
- our ability to successfully implement our strategy and our growth and expansion plans;
- changes in the value of the Indian rupee and other currencies, in particular the U.S. Dollar;
- changes in the laws and regulations that apply to the Indian IT services industry, including with respect to tax incentives and export benefits;
- adverse changes in U.S. laws, including those relating to outsourcing and immigration;
- increasing competition in and the conditions of the Indian and global IT services industry;
- the prices we are able to obtain for our services;
- wage levels in India for IT professionals;
- the loss of significant clients;
- conflicts of our interests with Tata Sons or its affiliated companies in the IT services industry; and
- changes in political or social conditions in India.

For further discussion of factors that could cause our actual results to differ, see "Risk Factors" on page xi of this Prospectus. None of Tata Sons, the other Selling Shareholders, TCS Limited, any Underwriter or any of their respective affiliates has any obligation to update or otherwise revise any statements to reflect circumstances arising after the date hereof or to reflect the occurrence of underlying events, even if the underlying assumptions do not come to fruition. Tata Sons, TCS Limited and the BRLMs will ensure that investors in India are informed of material developments until the grant of listing and trading permission by the Stock Exchanges.

PRESENTATION OF FINANCIAL AND MARKET DATA

Financial Data

Historically our business was conducted as a division of Tata Sons and through other entities. The transfer of this business from Tata Sons to the Company has occured on August 9, 2004, the date of execution of the Underwriting Agreement relating to the Offer and will be effective as of April 1, 2004. Therefore, the consolidated historical financial information presented in this Prospectus may not reflect what our financial results would have been had we been a standalone company during the periods presented or our financial results in the future as a standalone company.

The U.S. GAAP financial statements included in this Prospectus are the financial statements of the TCS Division, which include the Consolidated Subsidiaries from their respective dates of acquisition. Certain of the separate financial statements for the Consolidated Subsidiaries for the periods prior to acquisition, prepared under the applicable GAAP in their respective jurisdictions, are also included starting on page 268 of this Prospectus. In the unconsolidated Indian GAAP financial statements for the TCS Division included in this Prospectus, the interests of the TCS Division in the Consolidated Subsidiaries are shown as investments.

Our fiscal year ends on March 31 of each year, so all references to a particular fiscal year are to the twelve months ended March 31 of that year. Except as otherwise stated, all financial information presented in this Prospectus is based on our consolidated financial statements prepared in accordance with U.S. GAAP.

The terms "revenues" or "total revenues" used in this Prospectus refer to the total revenues of the TCS Division as presented in the historical combined and consolidated financial statements under U.S. GAAP. which appear on page 363 of this Prospectus.

The term "revenues from international business" used in this Prospectus, for example in the discussions herein of certain key indicators of our business, such as revenues by service and industry practices, size and type of client, our mix of fixed price, fixed time and time and materials contracts and our mix of onsite to offshore revenues, means our total revenues less the revenues of the TCS Division from India and the revenues from CMC and its subsidiary CMC Americas Inc., APOnline and AFS.

In this Prospectus, any discrepancies in any table between the total and the sums of the amounts listed are due to rounding off.

Market Data

Market data presented in this Prospectus was obtained from industry publications and internal company reports. 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 we believe that market data presented in this Prospectus is reliable, such data has not been independently verified. Similarly, internal company reports, while believed by us to be reliable, have not been verified by any independent sources.

Currency of Presentation

In this Prospectus, all references to "Rupees" and "Rs." are to the legal currency of India and all references to "U.S. Dollars", "Dollars", "US$" and "$" are to the legal currency of the United States.

For the convenience of the reader, this Prospectus contains translations of some Indian Rupee amounts into U.S. Dollars which should not be construed as a representation that those Indian Rupee or U.S. Dollar amounts could have been, or could be, converted into U.S. Dollars or Indian Rupees, as the case may be, at any particular rate, the rate stated below, or at all. Except as otherwise stated in this Prospectus, all translations from Indian Rupees to U.S. Dollars contained in this Prospectus have been based on the noon buying rate in the City of New York on March 31, 2004 for cable transfers in Indian Rupees as certified for customs purposes by the Federal Reserve Bank of New York. The noon buying rate on March 31, 2004 was Rs. 43.40 per US$1.00.

Disclosure of Financial Information

The following financial information with respect to TCS Limited, the TCS Division and subsidiaries of TCS Limited and the TCS Division, is presented in this Prospectus:

Name of the entity and disclosure	Page
TCS Limited	
Indian GAAP Unconsolidated Financial Information of TCS Limited	**221**
Indian GAAP Consolidated Financial Information of TCS Limited	**234**
Pro Forma Opening Balance Sheet of TCS Limited	**8**
TCS Division	
Indian GAAP Unconsolidated Financial Information of the TCS Division	**246**
U.S. GAAP Combined and Consolidated Financial Information of the TCS Division	**363**
Subsidiaries of TCS Limited	
Financial Information of CMC Limited	**268**
Financial Information of CMC Americas Inc.	**284**
Subsidiaries of TCS Division	
Financial Information of Tata America International Corporation	**289**
Financial Information of Tata Consultancy Services Sverige AB	**295**
Consolidated Financial Information of Tata Consultancy Services Netherlands B.V. including TCS Italia	**298**
Financial Information of Tata Consultancy Services Belgium S.A.	**303**
Financial Information of Tata Consultancy Services France S.A.	**307**
Financial Information of Tata Consultancy Services Deutschland Gmbh	**311**
Financial Information of Tata Consultancy Services Asia Pacific Pte. Ltd	**317**
Financial Information of Tata Information Technology (Shanghai) Co. Limited	**323**
Financial Information of Tata Consultancy Services Malaysia Sdn. Bhd.	**330**
Financial Information of Tata Consultancy Services Japan Limited	**335**
Consolidated Financial Information of TCS Iberoamerica S.A. including its subsidiaries	**342**
Financial Information of AP Online Limited	**345**
Financial Information of Airline Financial Support Services (India) Limited	**349**
Financial Information of Aviation Software Development Consultancy India Limited	**354**

The financial information of TCS Solution Centre S.A., TCS Argentina S.A., TCS Brasil S/C Ltda, Tata Consultancy Services Do Brasil S.A., Tata Consultancy Services De Espana S.A., Tata Consultancy Services De Mexico S.A. de C.V., TCS Inversiones Chile Limitada, and Tata Consultancy Services Chile S.A. have been consolidated into their holding company TCS Iberoamerica SA. Hence, standalone accounts of these companies are not included in this Prospectus. Similarly, financial information of TCS Italia SRL has been consolidated into its holding company Tata Consultancy Services Netherlands B.V. Hence, standalone accounts of TCS Italia SRL have not been included in this Prospectus.

EXCHANGE RATES

The following table sets forth, for the periods and dates indicated, information concerning the number of Indian Rupees for which one U.S. Dollar could be exchanged based on the noon buying rate in the City of New York for cable transfers in Indian Rupees as certified for customs purposes by the Federal Reserve Bank of New York:

Period	Period End	Average [1]	High	Low
Fiscal 2001	Rs. 46.85	Rs. 45.74	Rs. 47.47	Rs. 46.63
Fiscal 2002	48.83	47.71	48.91	46.58
Fiscal 2003	47.53	48.43	49.07	47.53
Fiscal 2004	43.40	46.13	47.46	43.40

(1) Represents the average of the noon buying rate on the last day of each month during the relevant period.

RISK FACTORS

An investment in our Equity Shares involves a high degree of risk. You should carefully consider all of the information in this Prospectus, 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.

Unless stated otherwise, the financial data herein is derived from the historical combined and consolidated U.S. GAAP financial statements of the TCS Division starting on Page 363 of this Prospectus.

Internal Risk Factors

Risks related to our Business

Our revenues and profitability are dependent on a number of factors, and may vary significantly from quarter to quarter. Therefore, our historical financial results may not be an accurate indicator of our future performance.

Our revenues and profitability have fluctuated in recent years and may vary significantly in the future from quarter to quarter. Our total revenues grew by 29.1% in fiscal 2004 as compared to a growth of 26.2% in fiscal 2003, and our net income increased by 47.4% in fiscal 2004 as compared to a decline of 0.9% in fiscal 2003. In the quarters ended September 30, 2003, December 31, 2003 and March 31, 2004, our total revenues grew by 10.9%, 10.2% and 9.2% and our net income grew by 26.8%, 22.1% and 1.3%, respectively, compared to the preceding quarter.

Our revenues and profitability are dependent on a number of factors, such as:

- pressures on our clients' IT budgets and the proportion of their IT services requirements that they outsource;
- introduction of new pricing policies, services or products by us or our competitors;
- our ability to respond to adverse changes in laws impacting immigration and outsourcing, particularly in the United States;
- currency exchange rate fluctuations, particularly of the Indian Rupee against the U.S. Dollar;
- the proportion of projects that we perform at our clients' sites to the work we perform at our offshore facilities in India; and
- general economic and political conditions.

Our revenues and profitability are also dependent on the utilisation rates, or chargeability, of our professionals. These rates are affected by a number of factors, including the following:

- our ability to forecast demand for our services and thereby maintain an appropriate headcount in our workforce;
- our ability to respond to changes in the types of services and professional skills our clients require; and
- our ability to transition employees from completed projects to new engagements and optimally allocate them among projects.

Our profitability is also a function of our ability to control our costs and improve our efficiency. Our cost management initiatives, which focus primarily on managing project costs and operating expenses and optimising the allocation of our employees, may not be sufficient to negate pressures on our pricing and utilisation rates. As we diversify our international operations, increase the number of our professionals and execute our strategies for growth, we face additional challenges in controlling our costs and improving our efficiency.

As a result of the foregoing uncertainties, the period-to-period comparisons of our historical results of operations may not be an accurate or meaningful indicator of our future performance.

Our business and profitability may be negatively affected if we are not able to anticipate rapid changes in technology, or innovate and diversify our product offerings in response to market challenges.

Our business depends on the continued growth in the use of information technology in business by our clients and prospective clients and their customers and suppliers. The growth in the use of information technology and consequently

the demand for, and the prices of, our services may decline in challenging economic environments, which we have experienced in the recent past. Our success depends on our continued ability to innovate and to develop and implement information technology and outsourcing services and solutions that anticipate and keep pace with rapid and continuing changes in technology, industry standards and client preferences. Our success also depends on our ability to proactively manage our portfolio of technology alliances. While we believe that our performance in the past has been influenced by our ability to successfully respond to these challenges, we cannot be certain that we will successfully anticipate or respond to future market developments on a timely basis. Any one of these circumstances could have a material adverse effect on our ability to obtain and successfully complete client engagements.

We derive a significant portion of our revenues from clients in the United States. Therefore, factors that adversely affect the economic health of, or our ability to do business in the United States, may adversely affect our business.

We have historically derived, and believe that we will continue to derive, a significant portion of our revenues from clients primarily located in the United States. In fiscal 2003 and fiscal 2004, approximately 59.2% and 62.3%, respectively, of our total revenues were derived from the United States. Economic slowdowns in the United States, declines in the value of the U.S. Dollar, changes in U.S. laws including those relating to data security and privacy, laws that impose restrictions on outsourcing or immigration and other restrictions or factors that adversely affect the economic health of, or our ability to do business in, the United States may adversely affect our business and profitability. For further details on these risks, please see "External Risk Factors" below, in particular, the risk factors titled "Immigration restrictions could limit our ability to conduct our operations in the United States", "Because a significant percentage of our revenues are denominated in U.S. Dollars and other foreign currencies and a significant percentage of our costs are denominated in Indian Rupees, we face currency exchange risks" and "Political opposition to offshore outsourcing in the United States and other countries where we operate, could adversely affect our business" on pages xix and xx of this Prospectus.

We derive a significant portion of our revenues from a limited number of clients. The loss of, or a significant reduction in the revenues we receive from, one or more of these clients, may adversely affect our business.

We derive a significant portion of our revenues from a limited number of large corporate clients. In fiscal 2002, 2003 and 2004, companies of the General Electric group accounted for 24.4%, 20.6% and 18.1%, respectively, of our revenues from international business. For the same periods, our ten largest clients accounted for 40.4%, 39.4% and 36.2%, respectively, of our revenues from international business. Since there is significant competition for the services we provide and we are typically not an exclusive service provider to our large clients, the level of revenues from our largest clients could vary from year to year. Our largest clients typically retain us under master services agreements that do not provide for specific amounts of guaranteed business from these clients. These agreements are typically terminable by our clients with short notice and without significant penalties. Our clients may also decide to reduce spending on IT services because of economic pressures and other factors, both internal and external, relating to their business. The loss of, or a significant reduction in the revenues that we receive from one or more of our major clients, may adversely affect our business and profitability.

We derive a significant portion of our revenues from international business from clients in the financial services, manufacturing and telecommunications industries. Therefore, factors that adversely affect the economic health of, or demand for IT services in, these industries, may adversely affect our business.

We derive a significant portion of our revenues from international business from clients in the financial services, manufacturing and telecommunications industries. In fiscal 2002, 2003 and 2004, we derived 44.6%, 42.7% and 40%, respectively, of our revenues from international business, from clients in the financial services industry, 18.8%, 20.5% and 20%, respectively, from clients in the manufacturing industry and 15.7%, 14.4% and 16.0%, respectively, from clients in the telecommunications industry. Consequently, factors that adversely affect the economic health of, or demand for IT services in these industries, may lead to lower demand for our services and adversely affect our business and profitability.

Our success depends in large part upon our senior management and our ability to retain them.

We are dependent on the experience and the continued efforts of the senior members of our management team, many of

whom have been with us for a significant part of their careers. The loss of one or more members of our senior management team would impact our ability to obtain, retain and execute important engagements and our ability to maintain and grow our revenues. Competition for senior management in our industry is intense, and we may not be able to recruit and retain suitable persons to replace the loss of any of our senior managers in a timely manner.

Our success is dependent on our ability to attract and retain the highly skilled professionals we need to sustain our business.

Our ability to execute client engagements is highly dependent on our ability to attract, develop, motivate and retain our highly skilled professionals, particularly project managers and other mid-level professionals. The attrition rate of employees on the payroll of the TCS Division in India for fiscal 2002, 2003 and 2004 was approximately 3.6%, 2.8% and 6.1%, respectively. We define attrition 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 pay-roll at the end of such period. Significant increases in our attrition rates will impact our ability to manage and execute client engagements effectively. The employment market for IT services professionals is highly competitive, particularly in India, and we may not be able to successfully attract and retain the professionals that we require to sustain and grow our operations.

The IT services market is highly competitive, and if we are not able to compete effectively, our revenues and profitability will be adversely affected.

The IT services market that we operate in is highly competitive. Our competitors include:

- Indian IT services companies, such as Infosys Technologies Limited, Wipro Limited and Satyam Computer Services Limited;
- International IT services companies, such as Accenture Limited, Cognizant Technology Solutions, Computer Sciences Corporation and Electronic Data Systems and divisions of large multinational technology firms such as IBM Corporation; and
- Other international, national, regional and local firms from a variety of market segments, including major international accounting firms, systems consulting and implementation firms, applications software firms, service groups of computer equipment companies, general management consulting firms, technology firms, programming companies, and in-house IT departments of large corporations.

Some of our international competitors have significantly greater financial, marketing and technical resources, generate higher revenues, and therefore may be able to respond to certain types of client requirements more effectively than we can. We cannot be certain that we will be able to compete effectively with these competitors, some of whom have greater international brand recognition than we do, or that we will not lose clients to these competitors. Further, some of our international competitors, such as IBM and Accenture, have recently entered or expanded their operations in India, which has resulted in increased pressure on wages and employee attrition rates among Indian IT services vendors. We expect these competitive pressures to continue, which may result in lower profit margins for companies in our industry.

The global IT services industry has also experienced consolidation, resulting in the emergence of competitors that are able to offer clients diverse service portfolios and the advantages of scale. Further, consolidation in the IT services industry, whether within India or internationally, could create large, well capitalised IT services companies with enhanced abilities to attract and retain clients and employees, which could result in reduced demand for, and additional pricing pressures on, our services.

The IT services industry is also witnessing the emergence of competition from countries such as China and the Philippines, which have labour costs similar to or lower than India. Clients that presently outsource a significant proportion of their IT service requirements to vendors in India may seek to reduce their dependence on one country and outsource work to other offshore destinations. We expect that future competition will increasingly include firms with operations in these countries.

Our global operations pose complex management, foreign currency, legal, tax and economic risks.

Revenues from international business accounted for 86.3%, 81.8% and 84.8%, respectively, of our total revenues for fiscal

2002, 2003 and 2004. We have offices in 31 countries outside India and a significant number of our IT services professionals are assigned to engagements outside India. We intend to continue to establish development facilities and offices in international locations. We have global delivery centres in a number of countries outside India, including Australia, Canada, China, Hungary, Ireland, Japan, United Kingdom, the United States and Uruguay. As a result of our expanding international operations and our limited experience in operating facilities outside of India, we are subject to risks inherent to establishing and conducting operations in international markets, including:

- Cost structures and cultural and language factors, associated with managing and coordinating our global operations;
- compliance with a wide range of foreign laws, including immigration, labour and tax laws;
- restrictions on repatriation of profits and capital;
- potential difficulties with respect to protection of our intellectual property rights in some countries; and
- exchange rate volatility.

Our operating performance in the past has been, and in the future could be, adversely affected by these factors.

We may undertake strategic acquisitions, which may prove to be difficult to integrate and manage or may not be successful.

We have, in the recent past, pursued acquisitions and strategic partnerships as part of our growth strategy. In October 2001, we acquired 51% of the shareholding in CMC Limited from the Government of India. In January 2004, we acquired 75% of the shareholding in AFS from Swiss Airlines and in March 2004, we acquired 51% of the shareholding in ASDC from Singapore Airlines and 20% from Tata Industries Limited. In December 2003, TCS Limited entered into an agreement to acquire an equity interest of 20.67% in WTI, in which we currently have a minority interest, from International Finance Corporation (IFC), USA. This acquisition is expected to be completed in the second quarter of fiscal 2005. In July 2004, we acquired 100% of the equity of Phoenix Global Solutions (India) Private Limited. We have also invested in certain companies as a technology partner in specialised IT services and consulting markets. We may make further acquisitions or investments to expand our access to large clients, acquire new service offerings, or enhance our technical or research capabilities. Our acquisitions may not contribute to our profitability, and we may be required to incur or assume debt, or assume contingent liabilities, as part of any acquisition. We could have difficulty in assimilating the personnel, operations, technology and software assets of the acquired company. These difficulties could disrupt our ongoing business, distract our management and employees and increase our expenses. As part of our business operations, we are evaluating and from time to time may continue to evaluate acquisition or divestment opportunities; however, as of the date of this Prospectus we do not have any agreement to enter into any material acquisition or strategic investment or divestment.

If the systems that we implement for our clients experience failures or if we are unable to meet our contractual obligations, we may face legal liabilities and damage to our professional reputation.

The engagements that we perform for our clients are often critical to the operations of our clients' businesses and any failure in our clients' systems could subject us to legal liability, including substantial damages, regardless of our responsibility for such failure. The terms of our client engagements are typically designed to limit our exposure to legal claims and damages relating to our services. However, these limitations may not be enforceable under the laws of certain jurisdictions. In addition, if our clients' proprietary rights are infringed by our employees in violation of any applicable confidentiality agreements, our customers may consider us liable for that act and seek damages and compensation from us. While we maintain insurance cover for errors and omissions, we may not be covered for all such claims or damages. Assertion of one or more legal claims against us could have an adverse effect on our business and our professional reputation.

Any disruption in communications and other utilities could harm our ability to provide our services.

A significant element of our growth strategy is to provide IT services to our global clients from our global development centres, most of which are located in India. In order to implement this strategy, we are required to maintain continuous voice and data communication links between our global development centres, our corporate offices in Mumbai and our clients' offices. Any significant disruption in these links, or in utilities such as electricity, could hinder our performance or our ability to complete client projects on time. We do not maintain business interruption insurance and may not be covered for any claims or damages if any of the foregoing events actually occurs.

Misappropriation of our intellectual property rights could harm our competitive position.

Our software products are our proprietary intellectual property and we rely on a combination of patent, copyright and trademark laws, license agreements and confidentiality agreements with employees, customers and third parties to protect our intellectual property rights. These protections may not be sufficient to prevent unauthorised parties from infringing upon or misappropriating our products, services or proprietary information in the jurisdictions in which we operate. In addition, although we believe that our products, services and proprietary information do not infringe upon the intellectual property rights of others and that we have all the rights necessary to use the intellectual property employed in our business, there can be no assurance that infringement claims will not be asserted against us in the future.

The allocation of Equity Shares pursuant to our proposed Employee Share Purchase Scheme and one-time cash grants to employees will result in a charge to our income statement and will adversely impact our net income.

After the listing of our Equity Shares in this Offer, we intend to adopt an Employee Share Purchase Scheme (the "ESPS") in which select employees of the Company, its subsidiaries and Tata Sons can participate. Any issuance of Equity Shares pursuant to the ESPS will result in a charge to our income statement equal to the product of such number of Equity Shares issued and the difference between the market price of our Equity Shares as on the date of their issue and the price at which our employees will purchase the Equity Shares, which we currently expect will be Re. 1 per share, which is the face value. For indicative purposes only, the charge based on the Offer Price of Rs. 850 and assuming that we issue shares representing 0.5% of our post-Offer paid-up capital, would be approximately Rs. 2,031 million. We expect that this charge will be reflected in our Indian GAAP as well as U.S. GAAP financial statements in fiscal 2005. Upon issuance of Equity Shares pursuant to the ESPS, Tata Sons intends to give one-time cash grants to select employees of the Company and its subsidiaries who are not part of the ESPS in fiscal 2005. These employees will be selected based on certain criteria determined by Tata Sons together with our management. The total cash payment resulting from the one-time grant is expected to be up to Rs. 900 million. We expect this to result in a non cash charge in our income statement under U.S. GAAP only, however there will be no effect on statement of profit and loss account under Indian GAAP since the cash outflow is borne by Tata Sons. For further details, please see "Management's Discussion and Analysis of Financial Condition and Results of Operations" under Indian GAAP and U.S. GAAP, which begin on pages 48 and 60, respectively, of this Prospectus.

Certain of our subsidiaries and affiliates have incurred losses, which may adversely affect our results of operations.

Certain of our subsidiaries have incurred losses (as per their standalone financial statements) in recent years, as set forth in the tables below:

		Year ended December 31,	
Name of the subsidiary	**Currency**	**2002**	**2003**
CMC America, Inc.*	US$ (million)	(0.93)	(0.84)
Tata Consultancy Services France S.A.#	Euro	(5,008)	(7,019)
Tata Consultancy Services Deutschland GmbH	Euro	(112,611)	(216,207)
Tata Information Technology (Shanghai) Company Limited	Rmb Yuan	(2,302,965)	(1,812,027)

* CMC Americas, Inc. incurred a loss of US $ 0.78 million in the fifteen months period ended March 31, 2004.

Tata Consultancy Services France S.A incurred a loss of Euro 6,862 for the three months period ended March 31, 2004.

		Year ended March 31,	
Name of the subsidiary	**Currency**	**2003**	**2004**
TCS Iberoamerica S.A.	US$ (million)	(0.83)	-
TCS Solution Centre S.A.	US$ (million)	(0.09)	-
TCS Argentina S.A.	US$ (million)	(0.137)	(0.12)
TCS Brazil S/C Ltda.	US$ (million)	(0.40)	(0.03)
TCS Do Brazil S.A.	US$ (million)	(0.72)	(0.65)
Tata Consultancy Services De Espana, S.A.	US$ (million)	-	(0.21)

Name of the subsidiary	Currency	Year ended March 31, 2003	2004
Tata Consultancy Services De Mexico S.A. De C.V.	US$ (million)	-	(0.42)
AP Online Limited	Rs. (million)	(6.33)	(13.60)
Tata Consultancy Services Asia Pacific Pte Ltd	US $ (Million)	-	(0.53)
Tata Consultancy Services Japan Limited	Yen (Million)	-	(1.21)

Further, Intelenet Global Services Limited, which was one of our affiliates until recently, incurred losses of Rs. 36.52 million and Rs. 20.04 million in the 18 month periods ended March 31, 2002 and fiscal 2003, respectively. Another affiliate, HOTV Inc. also incurred losses of US$ 1.70 million, US$ 0.82 million and US$ 0.90 million in fiscal years 2001, 2002 and 2003, respectively.

Although these losses can be primarily attributed to initial set-up and start-up costs, any further losses in these subsidiaries or affiliates may adversely affect our business and profitability.

Furthermore, Tata Teleservices (Maharashtra) Limited, a company which is one of the top five listed companies promoted by the Tata Group, has incurred losses of Rs. 1,484.9 million, Rs. 2,050.0 million and Rs. 2,696.8 million, in fiscal 2002, 2003 and 2004, respectively.

We are yet to receive or renew certain approvals or licenses required in the ordinary course of business, and the failure to obtain them in a timely manner or at all may adversely affect our operations.

We require certain approvals, licenses, registrations and permissions for operating our business, some of which have expired and for which we have either made or are in the process of making an application for obtaining the approval or its renewal. For more information, see "Government Approvals" on page 172 of this Prospectus. If we fail to obtain any of these approvals or licenses, or renewals thereof, in a timely manner, or at all, our business may be adversely affected.

The TCS Division has a number of contingent liabilities under Indian GAAP, and our profitability could be adversely affected if any of these contingent liabilities materialises.

Our contingent liabilities as of March 31, 2004 include:

- a demand for an additional contribution of Rs. 36.5 million by the Employees State Insurance Corporation;
- a claim by Air India for an estimated Rs. 554.0 million as of March 31, 2004, in connection with our lease of office space in the Air India Building in Mumbai;
- a claim for administrative charges by the Regional Provident Commissioner of Mumbai in connection with an allegation that TCS is covered under the Provident Fund Act;
- certain income tax and sales tax claims; and
- claims of service tax amounting to Rs. 0.99 million by central excise authorities.

If any of these contingent liabilities materialises, our profitability could be adversely affected. For more detailed descriptions of our contingent liabilities, see "Indian GAAP Financial Information of TCS Division" for the fiscal years ended March 31, 2000, 2001, 2002, 2003 and 2004, starting on page 246 of this Prospectus.

There is outstanding litigation against us, our directors, our promoters and the top five listed companies promoted by Tata Sons.

We are defendants in legal proceedings incidental to our business and operations. These legal proceedings are pending at different levels of adjudication before various courts and tribunals. Should any new developments arise, such as a change in Indian law or rulings against us by appellate courts or tribunals, we may need to make provisions in our financial statements, which could increase our expenses and our current liabilities. Furthermore, if significant claims are determined against us and we are required to pay all or a portion of the disputed amounts, it could have a material adverse effect on our business and profitability.

Material Litigations relating to Tata Sons

Tata Sons has been notified by the Indian income tax authorities that certain deductions claimed by it for fiscal 2001 under Section 10A of the Income Tax Act in respect of certain units registered as STPs and certain other provisions of the Income Tax Act for other deductions have been denied. Tata Sons is currently contesting this determination by the income tax authorities. Following the Transfer, we will seek similar deductions. A final determination that these deductions are unavailable may adversely impact our ability to claim similar deductions in the future.

Material Litigation relating to the TCS Division

There are certain claims against TCS Division :

- relating to property disputes and other miscellaneous claims aggregating to Rs. 55.58 million
- by the Regional Provident Fund Commissioner aggregating to Rs. 260.30 million
- arising out of legal notices received by the TCS Division aggregating to Rs. 43.36 million
- in an arbitration claim aggregating to Rs. 39.36 million

Material Litigation relating to TCS Limited

- There are certain claims against TCS Limited relating to property disputes and claims of stamp duty aggregating (to the extent quantifiable) to Rs. 51 million.

Material Litigation relating to Group Companies

The Maharashtra Electricity Regulatory Commission ("MERC") has ordered Tata Power to pay Rs. 3,220 million to Reliance Energy Limited ("REL") and Rs. 580 million to Maharashtra State Electricity Board ("MSEB") for a shortfall in standby charges up to March 31, 2004 and Rs. 2,250 million to MSEB towards interest and delayed payment charges. Additionally, Tata Power and REL have been asked to share 77/79% and 21/23% respectively of the standby charges which are approximately Rs. 330 million every month. Tata Power appealed to the High Court of Bombay, which held that the Appellate Tribunal should decide the appeal when it is formed, and that Tata Power should provide a bank guarantee for the sum of Rs. 3,233 million less the sum of Rs. 83.7 million (which REL had to pay as interest) within a period of four weeks. As regards the payment to MSEB, Tata Power has been asked to pay Rs. 1,000 million within a period of four weeks and the balance to be paid in two equal instalments, one instalment before October 31, 2004 and the other before January 31, 2005. The High Court directed Tata Power and REL to pay future standby charges as per the MERC order.

For more information regarding litigation involving our directors or us or our subsidiaries, our Promoter, and certain other listed companies promoted by our Promoter, see "Outstanding Litigation" on page 155 of this Prospectus.

The audited standalone accounts of certain subsidiaries are not available and the financial information of these subsidiaries as provided in this Prospectus is unaudited.

The audited standalone accounts of certain subsidiaries, namely TCS Inversiones Chile Limitada, TCS Argentina SA, TCS Solution Centre SA, TCS Brasil S/C Ltda, TCS De Espana SA, TCS De Mexico SA de CV and TCS Italia SRL are not available and financial information relating to these subsidiaries as presented in this Prospectus is unaudited.

Risks related to the Transfer and our Relationship with Tata Sons

The historical financial information presented in this Prospectus does not reflect what our results would have been if we had been a standalone company for the periods presented.

Our business has been operated as a division of Tata Sons since 1968. The historical consolidated financial information for the TCS Division that has been presented in this Prospectus does not reflect what our results of operations, cash flows and financial position would have been had we functioned as a standalone company during the periods presented. In addition, we have not made adjustments to the historical consolidated financial information presented herein to reflect changes that may occur in our cost structure, financing and operations as a result of the Transfer or to reflect any increased costs associated with being a standalone, publicly traded company.

TCS Limited and the TCS Division were separate entities and the Offer is made on the basis of the Transfer of the TCS Division to the Issuer pursuant to the Scheme.

TCS Limited and the TCS Division were separate entities. Pursuant to the Scheme, the TCS Division (including its employees) has been transferred to TCS Limited upon the execution of the Underwriting Agreement relating to the Offer. The Offer is primarily made on the strength of the performance of the TCS Division and on the basis of the Transfer of the TCS Division to the Issuer pursuant to the Scheme. The Transfer consideration of Rs. 23,000 million payable to Tata Sons pursuant to the Scheme is to be paid primarily from the net proceeds of the Fresh Issue. For further details, please see "Objects of the Offer" on page 44 of the Prospectus.

Our current estimates of the charges associated with the Transfer are subject to various assumptions, and if these assumptions do not materialise our results of operations could be adversely affected.

We currently estimate that the one-time charges associated with the Transfer will be approximately Rs. 670 million, consisting of approximately Rs. 165 million related to stamp duties and other charges in India and approximately Rs. 505 million in overseas taxes related to the Transfer that are for the account of TCS Limited, in addition to fees and expenses incurred in connection with the Transfer. The estimate for overseas taxes is net of deferred tax liabilities relating to branch profit tax and undistributed earnings of foreign subsidiaries that have been accounted for in the combined and consolidated financial statements of the TCS Division under U.S. GAAP. See "Transfer of Tata Consultancy Services Division" on page 41 of this Prospectus. A substantial portion of these charges are likely to be incurred in the second quarter of fiscal 2005. These estimates are subject to various assumptions and uncertainties including the assumption that our overseas taxes and charges will not vary substantially from the amounts stated above. If these assumptions do not materialise or we are subject to other liabilities, we may be required to incur charges that are substantially higher than these estimates, which could adversely affect our results of operations.

We may not obtain all the consents required to transfer client contracts to TCS Limited, as well as all the other consents and approvals needed in connection with the Transfer, by the time the Transfer becomes effective.

In connection with the Transfer, we have to obtain consents from clients to transfer many of our client contracts to TCS Limited. We also have to obtain various approvals from government agencies and local authorities to transfer certain assets, employees, permits and licenses in India and abroad. Additionally, we have to obtain approvals from other third parties to transfer other assets, including for example, software and product licenses. The process of obtaining client and third party consents and various other required approvals and consents has not been fully completed at the time the Transfer became effective, which was the date of signing the Underwriting Agreement in connection with the Offer. If clients representing a material amount of our revenues do not agree to transfer their contracts to TCS Limited or novate their contracts in its favour or we do not obtain any approval or consent to transfer other material assets, this may have a material adverse effect on our results of operations. Although the Scheme provides that any client contract or other asset that is not transferred by the time the Transfer becomes effective will be held in trust for us by Tata Sons until they are transferred to TCS Limited, we may incur costs and management time and resources in ensuring that all such transfers are completed and such approvals and consents are obtained.

TCS Limited will be required to pay interest to Tata Sons if it does not pay the Transfer consideration to Tata Sons within three days from the date of receipt of the trading permission for the Equity Shares from the Stock Exchanges.

In accordance with the Scheme, the TCS Division has been transferred to TCS Limited upon the execution of the Underwriting Agreement relating to the Offer. The Transfer consideration of Rs. 23,000 million is payable to Tata Sons within three days from the date on which trading permission from the Stock Exchanges is received for the Equity Shares. In the event that payment of the consideration is delayed beyond this period, interest at a rate of 6% per annum would be payable to Tata Sons. For details, see "Transfer of Tata Consultancy Services Division" and "Objects of the Offer" on pages 41 and 44 of this Prospectus, respectively.

We will be controlled by Tata Sons as long as it owns a majority of our Equity Shares, and our other shareholders will be unable to affect the outcome of shareholder voting during such time.

After the completion of the Offer, Tata Sons will own approximately 82.69% of our issued equity share capital if the Green Shoe Option is not exercised or 80.95% if the Green Shoe Option is exercised in full. So long as Tata Sons owns a majority of our Equity Shares, it will be able to elect our entire board of directors and remove any director, by way of a resolution approved by a simple majority of shareholders in a general meeting. Tata Sons will be able to control most matters affecting us, including the appointment and removal of our officers; our business strategy and policies; any determinations with respect to mergers, business combinations and acquisitions or dispositions of assets; our dividend payout; and our capital structure and financing. Further, the extent of Tata Sons' shareholding in us may result in delay or prevention of a change of management or control of our company, even if such a transaction may be beneficial to our other shareholders.

In addition, the Articles of Association of TCS Limited provide that so long as Tata Sons and its affiliates hold more than 26% of the issued equity share capital of our Company, they will have the right to nominate the Chairman of our Board of Directors. For details, see "Main Provisions of the Articles of Association" on page 211 of this Prospectus.

Tata Sons, which is our principal shareholder, has interests in other companies that are engaged in businesses that are similar to ours and that may compete with us in the future.

Our principal shareholder, Tata Sons, has a 74% subsidiary, Tata Infotech Limited, and a 38% affiliate, Tata Elxsi Limited, that are engaged in the software services business and may compete with us for client engagements. Further, other companies of the Tata group, including Tata Technologies Limited, which is a subsidiary of Tata Motors Limited and Nelito Systems Limited, a company promoted by Nelco Limited, provide specialised IT services in niche markets that may compete with some of our offerings in these markets. As a result, there may be conflicts of interest between Tata Sons and us or other Tata-affiliated companies and us in addressing business opportunities and strategies. Our Managing Director is on the board of directors of Tata Elxsi and Tata Technologies. A director of Tata Sons is on our Board and a number of directors of Tata Sons are directors on the boards of other Tata-affiliated companies in the IT services industry. These overlapping directorships could create conflicts of interest between us, Tata Sons and other Tata-affiliated companies.

Any future issuance of Equity Shares by us or sales of our Equity Shares by Tata Sons or any other major shareholder may dilute your shareholding and adversely affect the trading price of the Equity Shares.

Any future issuance of substantial amounts of our Equity Shares by us or sales of our Equity Shares by Tata Sons or any other major shareholder could dilute your shareholding, adversely affect trading price of our Equity Shares, and could impact our ability to raise capital through an offering of our securities. In addition, any perception by investors that such issuances or sales might occur could also affect the trading price of our Equity Shares. Upon completion of the Offer, 20% of our post-Offer paid-up capital held by Tata Sons will be locked up for a period of three years from the date of allotment of Equity Shares in the Offer. All other remaining Equity Shares that are outstanding prior to the Offer will be locked up for a period of one year from the date of allotment of Equity Shares in the Offer.

External Risks

Immigration restrictions could limit our ability to conduct our operations in the United States.

Most of our employees are Indian nationals whose ability to provide services in the United States, Europe and in other countries depends on our ability to obtain the necessary visas and work permits. Our software professionals typically work in the United States on H1-B or L-1 visas. There is a limit to the aggregate number of new H-1B visas that may be approved in any fiscal year by the United States government. Effective October 1, 2003, the annual limit on the number of new H-1B visas was reduced from 195,000 to 65,000. Further, the United States government has increased the level of scrutiny in granting visas and has increased visa fees. We believe that the demand for H-1B visas will continue to be high, and therefore we may not be able to obtain as many H-1B visas as in the past. It is also possible that proposed legislation in the United States will impose stricter requirements on the granting and renewal of H1-B and L-1 visas. For

example, recent regulations stipulate that certain work visas cannot be renewed in the United States and have to be renewed in the applicant's home country. These regulations could impose additional costs on us. 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. As a result of existing limitations or changes in immigration laws, we may not be able to obtain a sufficient number of visas for our software professionals or may encounter delays or additional costs in obtaining or maintaining the condition of such visas. The occurrence of any of these events would have a material adverse effect on our business and profitability.

Because a significant percentage of our revenues are denominated in U.S. Dollars and other foreign currencies and a significant percentage of our costs are denominated in Indian Rupees, we face currency exchange risks.

The exchange rate between the Rupee and the U.S. Dollar has changed substantially in recent years and may continue to fluctuate significantly in the future. During the two fiscal years ended March 31, 2003, the value of the Rupee against the U.S. Dollar declined by approximately 1.5%. During fiscal 2004, the value of the Rupee against the U.S. Dollar rose by approximately 7.4%. During the period commencing from April 1, 2004 to June 30, 2004 the value of Rupee against the U.S. Dollar declined by approximately 6.0%. In fiscal 2002, 2003 and 2004, we derived 86.3%, 81.8% and 84.8%, respectively, of our revenues from our international business. Substantially all of these revenues are denominated in U.S. Dollars, the Euro and other foreign currencies. At the same time, a substantial proportion of our costs are denominated in Indian Rupees. We expect that a majority of our revenues will continue to be generated in foreign currencies and that a significant portion of our expenses will continue to be denominated in Indian Rupees. Accordingly, our operating results have been and will continue to be impacted by fluctuations in the exchange rate between the Indian Rupee and the U.S. Dollar and other foreign currencies. Any strengthening of the Indian Rupee against the U.S. Dollar, the Euro or other foreign currencies could adversely affect our profitability.

We have sought to reduce the effect of exchange rate fluctuations on our operating results by purchasing foreign exchange forward contracts to cover a portion of our outstanding accounts receivable. As of March 31, 2004, we had outstanding forward contracts in the amount of US$ 277 million and option contracts in the amount of US$ 95 million. However, these contracts may not adequately cover all the foreign exchange currency risks that we are exposed to.

Political opposition to offshore outsourcing in the United States, and other countries where we operate, could adversely affect our business.

Recently, offshore outsourcing has been the subject of intense political debate, including in the campaign for the upcoming U.S. presidential elections, and has come under increased government scrutiny within the United States due to its perceived association with loss of jobs in the United States. Several U.S. state governments have recently implemented or are actively considering implementing restrictions on outsourcing by U.S. state government entities to offshore IT services providers. For example, in November 2003, the State of Indiana cancelled our engagement to provide certain services to the Department of Workforce Development. We currently do not provide any significant back-office services to U.S. federal or state government entities, and do not have any significant contracts with such entities. Any changes in the United States to existing laws or the enactment of new legislation restricting offshore outsourcing, particularly by private companies, may adversely impact our business and profitability.

Reduction or termination of our tax incentives will increase our tax liability and reduce our profitability.

Currently, we benefit from certain tax incentives under Section 10A of the Income Tax Act for the IT services that we provide from specially designated "Software Technology Parks," or STPs, and other eligible units located in designated free trade zones. As a result of these incentives, our operations in India have been subject to relatively low tax liabilities. We believe that as a result of recent amendments and clarifications to Section 10A of the Income Tax Act, these tax incentives will continue to be available to us following the Transfer. Under current laws, the tax incentives available to these units terminate on the earlier of the ten year anniversary of the commencement of operations of the unit or March 31, 2009. These benefits for some of our units will expire starting on April 1, 2005. However, we cannot assure you that we will continue to benefit from these incentives after the Transfer. When our tax incentives expire or terminate, our tax expense will materially increase, reducing our profitability. Further, the Government of India could enact laws in the future that may adversely impact our tax incentives and consequently, our tax liabilities and profits.

Wage levels in India are rising, which could adversely impact our business and profitability.

As an offshore IT services provider, we rely substantially on IT professionals based in India to provide IT services to our global clients. Since the wage costs of IT professionals in India are significantly lower than those for similarly skilled professionals in the United States, Europe and other markets, this model provides us with significant cost advantages. However, due to the growing demand for IT professionals in India, we may have to increase the levels of employee compensation in order to retain our employees and remain competitive in the employment market. Such wage increases may negatively affect our competitive advantage and our business and profitability.

Political, economic and social developments in India could adversely affect our business.

Since 1991, the Government of India has pursued policies of economic liberalisation, including significantly relaxing restrictions on the private sector. The new Government that has been formed as a result of the 2004 general elections in India consists of a coalition of political parties. The new Government may change economic policies followed by previous Governments. The rate of economic liberalisation in India could change, as could specific laws and policies affecting IT companies, foreign investment, currency exchange rates and other matters affecting an investment in our Equity Shares. Further, the withdrawal of support from one or more of the coalition parties from the current Government could result in political instability. Significant changes in India's economic liberalisation and deregulation policies could disrupt business and economic conditions in India and affect our business adversely.

Terrorist attacks or war or conflicts involving India, the United States or other countries could adversely affect the financial markets and adversely affect our business.

The terrorist attacks on New York and Washington, D.C. on September 11, 2001, and their aftermath had an adverse effect on the information technology industry and our business in particular. Incidents such as the September 11, 2001 terrorist attacks, other recent incidents such as in Bali, Indonesia and Madrid, Spain, and other acts of violence may adversely affect global equity markets as well as the Indian stock markets where our Equity Shares will trade. Such acts will negatively impact business sentiment as well as travel between countries, which could adversely affect our business and profitability.

Also, India, the United States or other countries in which we operate may enter into armed conflict or war with other countries. South Asia has, from time to time experienced instances of civil unrest and hostilities among neighbouring countries, such as between India and Pakistan. Military activity, particularly between India and Pakistan, or terrorist attacks could adversely affect the Indian economy by disrupting communications and making travel more difficult. Such events could also create a perception that investments in Indian companies involve a higher degree of risk. This, in turn, could have a material adverse effect on the market for securities of Indian companies, including our Equity Shares, and on the market for our services.

After this Offer, the price of our Equity Shares may be volatile, or an active trading market for our Equity Shares may not develop.

Prior to this Offer, there has been no public market for our Equity Shares. The trading price of our Equity Shares may fluctuate after this Offer due to a wide variety of factors, including our results of operations and the performance of our business, competitive conditions and general economic, political and social factors, volatility in the Indian and global securities markets, the overall market for IT services, the performance of the Indian and global economy and significant developments in India's fiscal regime. There can be no assurance that an active trading market for our Equity Shares will develop or be sustained after this Offer, or that the price at which our Equity Shares are initially offered will correspond to the prices at which they will trade in the market subsequent to this Offer.

Notes:

- The net worth of the TCS Division was Rs. 17,816 million as of March 31, 2004 as per the restated financial statements of the TCS Division prepared in accordance with Indian GAAP and the Offer size is Rs. 47,134.7 million.
- The net worth of TCS Limited was Rs. 470.82 million as of March 31, 2004, as per the restated financial statements of TCS Limited prepared in accordance with Indian GAAP and the Offer size is Rs. 47,134.7 million.

- Investors are advised to refer to the paragraph on "Basis for Offer Price" on page 176 of this Prospectus before making an investment in this Offer.
- Investors may note that in case of over-subscription in the Offer, allotment shall be on proportionate basis to Retail Individual Bidders and Non-Institutional Bidders (refer to "Basis of Allotment" on page 206) in consultation with the NSE.
- The average cost of acquisition of Equity Shares by Tata Sons, our Promoter, is approximately Rs. 1.24 per Equity Share. As per the restated financial statements of TCS Limited prepared in accordance with Indian GAAP, the book value per share of TCS Limited as of March 31, 2004 was Rs. 1.29 (of Re. 1) and its net worth as of March 31, 2004 was Rs. 470.8 million.
- The Offer is being made through a 100% Book Building Process wherein at least 60% of the Net Offer will be allocated on a discretionary basis to Qualified Institutional Buyers ("QIBs"). Further, not less than 15% of the Net Offer will be available for allocation on a proportionate basis to Non-Institutional Bidders and the remaining 25% of the Net Offer will be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid bids being received at or above the Offer Price.
- For any clarification or information or complaints, investors may contact the BRLMs who will be obliged to attend to the same.
- For related party transactions, see "Related Party Transactions" on pages 226 and 260 of this Prospectus.
- TCS Limited was incorporated on January 19, 1995 as RR Donnelley (India) Private Limited as a private limited company under the Companies Act. The Company was renamed Orchid Print India Limited on March 19, 2001 and further renamed Tata Consultancy Services Limited on December 17, 2002 to reflect the proposed transfer of the TCS Division to the Company. The Objects Clause of the Memorandum of Association was amended on October 7, 2002 to reflect the change in the name.
- Historically, our business has been conducted as an operating division of Tata Sons and through certain subsidiaries of Tata Sons. Pursuant to the Scheme, the assets and liabilities of the TCS Division will be transferred to TCS Limited upon the execution of the Underwriting Agreement relating to the Offer. The Transfer consideration of Rs. 23,000 million payable to Tata Sons pursuant to the Scheme will primarily be paid from the net proceeds of the Fresh Issue. For details, see "Transfer of Tata Consultancy Services Division" on page 41 of this Prospectus.
- Bidders should note that on the basis of name of the Bidders, Depository Participant's name, Depository Participant-Identification number and Beneficiary Account Number provided by them in the Bid-cum-Application Form, the Registrar to the Offer will obtain from the Depository demographic details of the Bidders such as address, bank account details for printing on refund orders and occupation (hereinafter referred to as "Demographic Details"). **Hence, Bidders should carefully complete their Depository Account details in the Bid-cum-Application Form.**

SUMMARY

You should read the following summary together with the risk factors and the more detailed information about us and our financial statements included in this Prospectus.

Unless stated otherwise, the financial data herein is derived from the historical combined and consolidated U.S. GAAP financial statements of the TCS Division starting on Page 363 of this Prospectus.

Overview

We are a leading global IT services organisation. In fiscal 2003, we became the first Indian IT services organisation to generate US$1 billion in annual revenues. Since our inception in 1968, we have pioneered many of the significant developments in the Indian IT services industry, including the offshore delivery model for IT services.

We are a global organisation with offices in 32 countries and development centres in ten countries. We offer a comprehensive range of IT services to our clients in diverse industries such as banking and financial services, insurance, manufacturing, telecommunications, retail and transportation. Our clients comprise some of the world's largest and well known organisations, including six of the top ten corporations in the Fortune 500 list of the largest corporations in the United States.

We are the largest Indian IT services organisation in terms of revenues as well as net income[1]. In fiscal 2004, we had total revenues and net income of Rs. 71,227 million and Rs. 16,125 million, respectively. Our results in fiscal 2004 were contributed to in part by the inclusion for the full period of TCS America and the European Subsidiaries. In fiscal 2003 and 2004, our total revenues increased by 26.2% and 29.1%, respectively, compared to the preceding fiscal year. Our total revenues have grown at a compound annual growth rate of 27.7% since fiscal 2002. Our results in fiscal 2003 were contributed to in part by the inclusion of CMC for the full fiscal year, compared to its inclusion for only six months in fiscal 2002. In fiscal 2004, our net income increased by 47.4% compared to fiscal 2003. In fiscal 2003, our net income declined by 0.9% compared to fiscal 2002.

We are part of the Tata Group, which has a heritage of over 135 years as one of India's leading corporate groups. The Tata Group has interests in a diverse range of industries, and had combined sales of approximately Rs. 542 billion in fiscal 2003.

Competitive Strengths

We believe that the following are our principal competitive strengths, which differentiate us from other IT services providers:

A pioneer and leader of the Indian IT services industry: We are the leading Indian IT services company in terms of revenues as well as profits, and have made pioneering contributions to the Indian IT services industry. Our recognition as a pioneer and leader of the Indian IT services industry has given us increased visibility in the global IT services marketplace, while increasing our ability to attract and retain clients as well as employees.

Comprehensive range of service offerings: We have developed a comprehensive range of service offerings in order to address the varied and expanding requirements of our clients. We believe that our comprehensive range of service offerings helps our clients achieve their business objectives and enables us to obtain additional business from existing clients as well as address a larger base of potential new clients.

Track record of executing large, end-to-end, mission-critical projects: We have a track record of executing a number of large, end-to-end, mission-critical projects in diverse business areas and technology domains for clients. We have successfully competed globally to win a number of these projects and believe that our success in such engagements has enhanced our recognition in the global IT services marketplace.

Long-term client relationships: We focus on establishing long-term relationships with our clients, and have a relationship of over five years with six of our top 10 clients. We derive significant revenues from repeat business from existing clients, which comprised 94.4% of our revenues from international business for fiscal 2004.

Extensive global footprint: We have a sales and marketing presence in 149 offices in 32 countries and have delivery capabilities in 14 cities in India and 17 cities in nine other countries. We believe that our global footprint enables us to

[1] Source : Based on the revenues and profits for fiscal 2004 under Indian GAAP of the companies listed under the category "Computers – Software – Large" as reported in Capital Markets Volume XIX/09, dated July 5-18, 2004.

service and support our existing clients in a number of important markets from locations closer to our clients, and positions us well to develop new clients.

World-class quality: Our employees are trained with the objective of delivering world-class quality and operational excellence to our clients. Our sophisticated project management frameworks ensure timely and consistent delivery of projects. We have 16 development centres that are assessed at SEI CMM Level 5, and our development centre in Chennai, India, received PCMM V2 Level 4 assessment in 2001. Since 1993, a number of our delivery centres have received ISO 9001 certifications and we received organisation-wide ISO 9001:2000 certification in 2002. Over 2,300 of our employees are Certified Software Quality Analysts.

Strategic focus on the Indian market: We have maintained a longstanding focus on the Indian market, which was further strengthened through our acquisition of CMC in 2001. We believe that India offers opportunities to strengthen our capabilities, especially relating to large, end-to-end, mission-critical projects, through which we have obtained the experience necessary to obtain similar global projects.

Research and development capabilities: We set up our first R&D centre in 1981 in Pune, India. Our areas of research include systems and software engineering, applied process engineering, embedded systems, bioinformatics, VLSI, security and research for societal benefits. We believe that our R&D capabilities have helped us enhance and differentiate our service offerings and strengthen our delivery capabilities.

Recognition as a preferred employer: We are recognised as a preferred employer in the Indian IT services industry. We were ranked second among the best IT employers in India by Dataquest in August 2003. We believe that our strong brand name, industry leadership position, focus on long term employee development and performance linked compensation enable us to attract and retain highly skilled employees.

Strong management team: Our management team includes some of the most experienced managers in the Indian IT services industry and a number of them have been with us for their entire professional careers. In 2002, our Managing Director, Mr. S. Ramadorai, was recognised as *"One of the Top 25 Most Influential Consultants in the World"* by Consulting Magazine and *"Asian Business Leader of the Year"* by CNBC Asia Pacific.

For a detailed discussion of our competitive strengths, see "Business - Competitive Strengths" on page 82 of this Prospectus.

Business Strategy

We intend to maintain and enhance our position as a leading global IT services organisation by offering a comprehensive portfolio of IT services and investing further in our competitive strengths. The key elements of our business strategy include:

Expansion of our service offerings: We intend to continue expanding our range of service offerings in order to increase business from our existing clients and acquire new clients. We will continue to capitalise on opportunities to position our service offerings in segments adjacent to IT services, such as engineering, consulting and infrastructure services. We are also strengthening our business process outsourcing capabilities.

Expansion of our global capabilities: We intend to further expand our extensive global presence, which we believe will provide us with greater competitive advantages in acquiring and servicing our global clients. We intend to establish additional sales offices as well as global development centres and recruit local employees to enhance our client interface skills and deliver solutions from proximate locations.

Maintaining our strategic focus on the Indian market: We believe that India is a strategically important growth market offering opportunities for us to build competencies in terms of domain expertise, leverage our assets and develop our employees for complex project execution capabilities. We will also continue to utilise the experience and expertise gained in our Indian operations to win and execute international projects.

Continuing to pursue strategic acquisitions: We intend to augment our organic growth through selective acquisitions, primarily to enhance our industry knowledge, technology expertise, client access and geographic presence.

Further developing our alliances: We intend to grow and strengthen our technology alliances with leading technology companies, which will assist us in sales and delivery. We also intend to develop other alliances with local companies that

have a strong presence in emerging markets so as to acquire business development capabilities and a credible local presence in these markets.

Continuing to attract, train and retain employees: We intend to further develop our position as a preferred employer in the Indian IT services industry and place special emphasis on attracting and retaining highly skilled employees. We will continue to invest in the career development and training of our employees, with the objective of further enhancing their technical skills and leadership capabilities.

Strengthening our R&D capabilities: We intend to continue investing in our R&D capabilities. We believe that the products of our R&D activities will continue to differentiate us from our competitors and position us well for winning complex, mission-critical projects.

Strengthening our brand name: We intend to continue to enhance our brand recognition in the marketplace through brand building efforts, communication and promotional initiatives such as interaction with industry research organisations, participation in industry events and our public relations and investor relations efforts. We believe that these initiatives, as well as the listing of our Equity Shares, will enhance the visibility of our brand name and strengthen our recognition as a pioneer and leader in the Indian IT services industry.

For a detailed discussion of our business strategy, see “Business - Business Strategy” on page 83 of this Prospectus.

SELECTED FINANCIAL INFORMATION

SELECTED HISTORICAL UNCONSOLIDATED FINANCIAL INFORMATION OF THE TCS DIVISION IN ACCORDANCE WITH INDIAN GAAP

The following table sets forth selected historical unconsolidated financial information of the TCS Division derived from its restated and audited unconsolidated financial statements as of March 31, 2002, 2003 and 2004, and for the fiscal years ended March 31, 2002, 2003 and 2004, all prepared in accordance with Indian GAAP, the Companies Act and SEBI Guidelines, and restated as described in the auditors' report of G.N. Joshi Associates, included in the section titled "Indian GAAP Financial Information of the TCS Division" starting on page 246 of this Prospectus and should be read in conjunction with those financial statements and the notes thereto.

The historical financial results and assets and liabilities of the TCS Division contained in our historical unconsolidated financial statements do not reflect what our financial results and assets and liabilities would have been had we been a standalone company during the periods presented or what our financial results and assets and liabilities in the future as a standalone company will be. For further discussion of our historical unconsolidated financial statements under Indian GAAP, please see "Management's Discussion and Analysis of Financial Condition and Results of Operations of the TCS Division in accordance with Indian GAAP". Financial information prepared in accordance with Indian GAAP differs in certain significant respects from financial information prepared in accordance with U.S. GAAP.

Statement of Profit and Loss Data, as Restated

	Fiscal 2002	**Fiscal 2003**	**Fiscal 2004**
		(in millions)	
Income			
Consultancy Services	Rs.40,325	Rs.48,257	Rs. 57,468
Licence of Software Packages	810	890	951
Other Income	520	828	976
Total Income	**41,655**	**49,975**	**59,395**
Expenditure			
Employee Cost	7,598	10,127	12,273
Operations and other Expenses	18,765	25,338	28,969
Total Expenditure	**26,363**	**35,465**	**41,242**
Profit Before Interest, Depreciation, Extraordinary / Exceptional Items and Foreign and Indian Taxes	15,292	14,510	18,153
Interest	45	152	93
Depreciation	783	929	1,097
Profit Before Extraordinary / Exceptional Items and Foreign and Indian Taxes	14,464	13,430	16,963
(Prior Period)/ Excess Provision	267	(158)	-
Extraordinary items	-	102	1,164
Profit Before Foreign and Indian Taxes	14,731	13,374	18,127
Provision for Foreign Taxes			
Current Taxes	2,202	1,963	1,581
Deferred Taxes	75	(344)	101
	2,277	1,619	1,682

	Fiscal 2002	Fiscal 2003	Fiscal 2004
Profit Before Indian Tax (before restatement)	**12,454**	**11,755**	**16,445**
Total Restatement	(838)	595	27
Profit Before Indian Tax (after restatement)	**11,616**	**12,350**	**16,473**

	Fiscal 2002	Fiscal 2003	Fiscal 2004
Pro forma effect of Indian Tax[1]			
Profit Before Extraordinary / Exceptional Items and Foreign and Indian Taxes	**Rs. 14,464**	**Rs. 13,531**	**Rs. 16,473**
Pro forma unaudited Indian Tax Information			
Net Profit After Restatement (Before Indian Tax)	11,616	12,350	16,473
Provision for Indian Taxes			
Current Taxes	220	571	486
Deferred Taxes	(54)	15	14
Profit After Indian Tax (after restatement)	**Rs. 11,450**	**Rs. 11,764**	**Rs. 15,973**

[1] The TCS Division has maintained divisional accounts in respect of its operations, which are separately audited and consolidated into the accounts of Tata Sons. Since Tata Sons is liable to tax and tax returns are filed in respect of Tata Sons as a whole by Tata Sons, tax liability has not been accounted in the accounts of the TCS Division. The tax expense (including deferred tax) for the TCS Division has been calculated as though it was a standalone taxable entity.

Statement of Assets and Liabilities Data, as Restated

	As of		
	March 31, 2002	March 31, 2003	March 31, 2004
		(in millions)	
A. Fixed Assets:			
Gross Block	Rs.7,911	Rs.8,315	Rs.10,034
Less : Depreciation	(4,626)	(4,979)	(5,113)
Net Block	3,286	3,337	4,921
Capital Work-in-Progress/Capital advance	104	306	231
	3,390	**3,642**	**5,152**
B. Investments	**3,562**	**4,140**	**3,131**
C. Current Assets, Loans and Advances			
Unbilled Revenue	(1,144)	(49)	2,581
Sundry Debtors	8,795	11,344	9,644
Cash and Bank Balances	1,667	538	633
Loans and Advances	3,933	5,568	10,223
	13,251	**17,401**	**23,080**
D. Liabilities and Provisions			
Secured Loans	3,237	5,686	4,108
Unsecured Loans	470	1,147	2,719
Current Liabilities and Provisions	4,109	5,404	6,484
Deferred Tax Liability	479	135	236
	8,295	**12,371**	**13,546**
E. Net worth	**Rs. 11,909**	**Rs. 12,812**	**Rs. 17,816**
F. Represented by			
Tata Sons Limited	**Rs. 11,909**	**Rs. 12,812**	**Rs. 17,816**

SELECTED HISTORICAL COMBINED AND CONSOLIDATED FINANCIAL INFORMATION OF THE TCS DIVISION IN ACCORDANCE WITH U.S. GAAP

The following table sets forth our selected historical combined and consolidated financial information derived from our audited combined and consolidated financial statements as of March 31, 2003 and 2004, and for the fiscal years ended March 31, 2002, 2003 and 2004, all prepared in accordance with U.S. GAAP.

The historical financial results and assets and liabilities of the TCS Division contained in our historical consolidated financial statements do not reflect what our financial results and assets and liabilities would have been had we been a standalone company during the periods presented or what our financial results and assets and liabilities in the future as a standalone company will be. These historical financial statements include the Consolidated Subsidiaries from their respective dates of acquisition. For further discussion of our historical consolidated financial statements under U.S. GAAP, please see "Management's Discussion and Analysis of Financial Condition and Results of Operations of the TCS Division in accordance with U.S. GAAP" starting on page 60 of this Prospectus. Also see "Pro Forma Balance Sheet Prepared from U.S. GAAP Financial Information", which sets forth certain financial information as of April 1, 2004 on a pro forma basis giving effect to the Transfer and the Offer starting on page 8 of this Prospectus.

Income Statement Data

	Fiscal 2002	Fiscal 2003	Fiscal 2004
		(in millions)	
Revenues			
Consultancy services	Rs. 40,951.8	Rs. 50,956.8	Rs. 65,765.1
Sale of equipment and software licenses	2,388.6	3,699.0	4,868.8
Other revenues	365.9	522.8	593.4
Total revenues	**43,706.3**	**55,178.6**	**71,227.3**
Expenditure			
Cost of Revenues:			
Cost of services	21,124.3	28,605.5	34,192.3
Cost of equipment and software licenses	2,092.4	3,331.9	4,344.5
Total cost of revenues	**23,216.7**	**31,937.4**	**38,536.8**
Gross margin	**20,489.6**	**23,241.2**	**32,690.5**
Operating Expenses			
Selling, general and administrative expenses	7,773.8	10,616.8	14,292.7
Research and development	185.1	200.5	300.5
Total operating expenses	**7,958.9**	**10,817.3**	**14,593.2**
Operating Income	**12,530.7**	**12,423.9**	**18,097.3**
Other income (expense), net	**958.8**	**780.1**	**937.1**
Income before income taxes, extraordinary item and minority interests	**13,489.5**	**13,204.0**	**19,034.4**
Income tax expense	(2,567.6)	(2,444.7)	(2,884.3)
Minority interest, (net of income taxes)	55.3	(78.7)	(125.4)
Equity in net earnings of affiliates	65.1	47.7	99.8
Income from continuing operations	**11,042.3**	**10,728.3**	**16,124.5**
Extraordinary gain	-	211.0	-
Net income	**Rs. 11,042.3**	**Rs. 10,939.3**	**Rs. 16,124.5**

Balance Sheet Data

	As of March 31, 2003	As of March 31, 2004
	(in millions)	
Assets		
Current Assets:		
Cash and cash equivalents	Rs.1,331.8	Rs.1,571.1
Accounts receivables and unbilled revenue	17,103.7	17,163.1
Advances to TCS Limited	2,243.3	2,266.2
Deposit placed with TCS Limited	-	3,750.0
Total Current Assets	**24,234.2**	**28,661.6**
Total Assets	**31,805.6**	**37,458.6**
Liabilities and Shareholders' equity		
Liabilities:		
Total current liabilities	**17,057.0**	**16,389.8**
Long term debt	39.0	70.2
Minority interest	1,122.7	25.7
Total Liabilities	**18,563.9**	**16,819.6**
Shareholders' Equity		
Shareholders' net investment	13,238.7	18,235.1
Accumulated other comprehensive income/ (loss)	3.0	(131.0)
CMC Shareholders' equity	-	2,534.9
Total Shareholders' Equity	**13,241.7**	**20,639.0**
Total Liabilities and Shareholders' Equity	**31,805.6**	**37,458.6**

SELECTED HISTORICAL UNCONSOLIDATED FINANCIAL INFORMATION OF TCS LIMITED IN ACCORDANCE WITH INDIAN GAAP

The following table sets forth selected historical unconsolidated financial information of TCS Limited derived from its restated and audited unconsolidated financial statements for the fiscal years ended March 31, 2001, 2002, 2003 and 2004, all prepared in accordance with Indian GAAP, the Companies Act and SEBI Guidelines, and restated as described in the auditors' report of S.B. Billimoria & Co. included in the section titled "Indian GAAP Financial Information of Tata Consultancy Services Limited" on page 221 of this Prospectus and should be read in conjunction with those financial statements and the notes thereto.

Statement of Profit and Loss Data, as Restated

	Fiscal 2002	Fiscal 2003	Fiscal 2004
		(Rs. in thousands)	
Income			
Dividend Income from long term Investments	13,545	15,964	17,415
Dividend Income from Current Investments	2,571	37	4,441
Profit on sale of current investments	-	993	572
Interest Income from Inter-corporate Deposits	471	-	-
Rent	-	2,532	20,470
Interest on Income Tax refund	64	-	-
Miscellaneous Income	9	186	-
Total Income	**16,660**	**19,712**	**42,898**
Expenditure			
Legal and Professional Fees	16	42	-
Auditor's Remuneration	53	53	85
Rates and Taxes	-	723	-
Maintenance Charges	-	91	-
Reduction in carrying amount of current investments	1,118	-	169
Interest on Inter-corporate Deposits	-	-	1,964
Depreciation	-	1,056	8,433
Other Expenses	13	61	56
Total Expenditure	**1,200**	**2,026**	**10,706**
Net Profit before Extraordinary / Exceptional items and Taxes	15,460	17,686	32,191
Profit on sale of Long Term Trade Investments	-	-	134,492
Net Profit before Taxes	15,460	17,686	166,683
Taxes:			
Current Tax	165	1,393	11,134
Deferred Tax	-	5,989	3,802
Net Profit after Taxes	**15,295**	**10,305**	**151,748**

Statement of Assets and Liabilities, as Restated

	As of		
	March 31, 2002	March 31, 2003	March 31, 2004
		(Rs. in thousands)	
Fixed Assets:			
Gross Block	1,774,152	2,262,705	2,265,014
Less : Depreciation	-	1,056	9,489
Net Block (A)	1,774,152	2,261,649	2,255,525
	1,774,152	**2,261,649**	**2,255,525**
Investments (B)	**378,082**	**379,075**	**4,173,971**
Current Assets, Loans and Advances			
Sundry Debtors	-	2,180	2,460
Cash and Bank Balances	1,810	11,338	22,548
Loans and Advances	291	5,666	110,299
Total (C)	**2,101**	**19,184**	**135,307**
Total Assets (A)+(B)+(C)	2,154,335	2,659,908	6,564,803
Liabilities and Provisions			
Current Liabilities	1,774,205	2,283,955	2,272,167
Provisions	11,097	1,558	62,022
Total (D)	**1,785,302**	**2,285,513**	**2,334,189**
Unsecured Loans (E)	-	-	**3,750,000**
Deferred Tax Liability (F)	-	**5,989**	**9,791**
Net worth (A)+(B)+(C)-(D)-(E)-(F)	**369,033**	**368,406**	**470,823**
Represented by			
Share Capital	364,400	364,400	364,400
Reserves & Surplus	4,633	4,006	106,423
Net worth	**369,033**	**368,406**	**470,823**

PRO FORMA OPENING BALANCE SHEET PREPARED FROM U.S. GAAP FINANCIAL INFORMATION

The following pro forma opening balance sheet is presented to show the effects of the Transfer and the Offer as if these transactions had occurred on April 1, 2004. The pro forma opening balance sheet is included for illustration only and does not purport to represent what our financial position would have been had the transactions actually occurred on such date or what our future financial position or performance will be.

The pro forma balance sheet has been derived from the audited, combined and consolidated balance sheet of the TCS Division as of March 31, 2004, which is included in this Prospectus, and the unaudited standalone balance sheet of TCS Limited as of March 31, 2004, both prepared in accordance with U.S. GAAP. The unaudited balance sheet of TCS Limited has been adjusted to exclude its investment in CMC because the balances of CMC are included in the balance sheet of the TCS Division, as explained in Note (a) below.

The adjustments for the Transfer and the Offer presented below are based on the Offer Price and include certain estimated one-time charges that we expect to incur in connection with the Transfer and the Offer. The adjustments are based upon available information and assumptions that we believe are reasonable, but because of various uncertainties, the one-time charges are likely to differ from these adjustments, and such differences could be material. These charges and assumptions are discussed in the notes below and the section titled "Management's Discussion and Analysis of Financial Condition and Results of Operations In Accordance with U.S. GAAP" on page 60 of this Prospectus. The pro forma balance sheet should be read in conjunction with that section as well as the sections titled "Transfer of Tata Consultancy Services Division" and "The Offer", on pages 41 and 11, respectively, of this Prospectus and the financial statements of the TCS Division included herein.

The financial statements of TCS Limited under U.S. GAAP will give effect to the Transfer from the effective date of the Transfer, which is the date of the execution of the Underwriting Agreement for this Offer. The financial statements of TCS Limited under Indian GAAP will give retrospective effect to the Transfer from April 1, 2004, which is the effective date of the Transfer for purposes of the Scheme. Following the completion of this Offer, we will provide consolidated U.S. GAAP historical financial statements of TCS Limited and its subsidiaries as if the Transfer had occurred on the first day of the earliest period being reported on, in a manner similar to a pooling of interests.

	As of April 1, 2004				
	TCS Division Combined and Consolidated	**TCS Limited, As adjusted**	**Adjustments for the Transfer**	**Adjustments for the Offer**	**TCS Limited Combined and Consolidated**
ASSETS:			**(in millions)**		
Current assets:					
Cash and cash equivalents	Rs.1,571.1	Rs.22.6	Rs.(23,000.0) (c)	Rs. 19,358.7 (h)	Rs. (2,567.6) (j)
				(520.0) (i)	
Accounts receivable	13,838.4	2.4	(2.4) (d)		13,838.4
Unbilled revenues	3,324.7	-			3,324.7
Advance to TCS Limited	2,266.2	-	(2,266.2) (d)		-
Deposit placed with TCS Limited	3,750.0	-	(3,750.0) (d)		-
Prepaid expenses and other current assets	3,911.2	98.7	(162.5) (e)		3,847.4
Total current assets	**28,661.6**	**123.7**	**(29,181.1)**	**18,838.7**	**18,442.9**
Investments	65.9	244.4			310.3
Equity in affiliates	355.4	132.5			487.9
Property and equipment, net	6,967.2	2,255.5			9,222.7
Intangible assets and goodwill	87.3	356.2 (a)			443.5
Other non-current assets	1,321.2	-			1,321.2
Total assets	**Rs. 37,458.6**	**Rs. 3,112.3**	**Rs. (29,181.1)**	**18,838.7**	**30,228.5**
LIABILITIES AND SHAREHOLDERS' EQUITY:					
LIABILITIES:					
Current liabilities:					
Accrued expenses and other current liabilities	Rs.6,776.5	Rs.6.6	Rs.(147.9) (e)		Rs.6,797.8
			(2.4) (d)		
			165.0 (f)		
Advances from Tata Sons Limited (TCS Division)	-	2,266.2	(2,266.2) (d)		-
Income taxes payable	889.2	-			889.2
Taxes payable on transfer of foreign branches and subsidiaries	-	-	505.0 (g)		505.0
Unearned and deferred revenues	1,226.0	-			1,226.0
Deposits from Tata Sons (TCS Division)	-	3,750.0	(3,750.0) (d)		-
Short term borrowings	7,498.1	-			7,498.1
Total current liabilities	**16,389.8**	**6,022.8**	**(5,496.5)**		**16,916.1**
Long term debt	70.2	-			70.2
Minority interests	25.7	1,239.0 (a)			1,264.7
Other non-current liabilities	333.9	9.8			343.7
Total liabilities	**16,819.6**	**7,271.6**	**(5,496.5)**		**18,594.7**
SHAREHOLDERS' EQUITY:					
Tata Sons' net investment	15,957.2	-	(14.6) (e)		(7,057.4) (k)
			(23,000.0) (c)		
Consideration received in excess of carrying cost of CMC	2,146.9	(2,146.9) (a)	-		
Share Capital	-	455.5 (b)		22.8 (h)	478.3
Additional-paid-in capital	-	-		19,335.9 (h)	18,815.9
				(520.0) (i)	
(Accumulated Loss) / Retained Earnings	-	64.6 (b)	(165.0) (f)		(605.4) (k)
			(505.0) (g)		
Accumulated other comprehensive income	-	2.4			2.4
CMC Shareholders' equity	2,534.9	(2,534.9) (a)	-		
Total shareholders' equity	**20,639.0**	**(4,159.3)**	**(23,684.6)**	**18,838.7**	**11,633.8**
Total liabilities and shareholders' equity	**Rs.37,458.6**	**Rs.3,112.3**	**Rs.(29,181.1)**	**Rs.18,838.7**	**Rs.30,228.5**

Notes:

(a) On March 29, 2004, Tata Sons transferred its shareholding in CMC to TCS Limited for Rs. 3,799 million. However, since CMC and the TCS Division continued to be under common management even after the transfer, for U.S. GAAP purposes, the balance sheet of CMC as of March 31, 2004 has been reported on a combined and consolidated basis in the balance sheet of the TCS Division. For purposes of the pro forma balance sheet above, the balance sheet of TCS Limited has been adjusted to exclude its investment in CMC, as the balances of CMC are included in the combined and consolidated balance sheet of the TCS Division. TCS Limited's investment in CMC of Rs. 3,799 million (which is the price at which CMC was transferred by the TCS Division to TCS Limited) is represented by adding (i) Rs. 2,146.9 million, which represents the consideration received by the TCS Division in excess of the carrying cost of its investment in CMC, (ii) Rs. 2,534.9 million, which represents CMC shareholders' equity and (iii) Rs. 356.2 million, which represents the original goodwill on the acquisition of CMC by Tata Sons, after subtracting from the foregoing Rs. 1,239.0 million, which is the minority interest in CMC.

(b) The share capital and retained earnings have been adjusted to include the bonus issue by TCS Limited of 91,100,009 equity shares of Re. 1 each to its shareholders, as approved at the Annual General Meeting of TCS Limited held on May 5, 2004.

(c) Reflects payment of the Transfer consideration of Rs. 23,000 million by TCS Limited to Tata Sons and elimination of Tata Sons' net investment as a consequence of the Scheme. Net investment at the actual Transfer date is expected to be higher than at April 1, 2004 due to retained profits of the TCS Division since April 1, 2004. Also see note (k) below.

(d) Reflects elimination of advances, deposits and other balances between TCS Limited and the TCS Division, including (i) Rs. 2,266.2 million representing an advance from the TCS Division to TCS Limited which was used for the purchase of property and (ii) Rs. 3,750 million to finance the consideration for the purchase of the CMC shares by TCS Limited from Tata Sons.

(e) Reflects deferred tax assets of Rs. 162.5 million and deferred tax liabilities of Rs. 147.9 million relating to Indian taxes to be retained by Tata Sons as required by the Scheme and reduction to Tata Sons' net investment in the amount of the difference, which is Rs. 14.6 million.

(f) Reflects estimated stamp duties of Rs. 165 million payable in India on the transfer of immovable property pursuant to the Scheme.

(g) Reflects estimated taxes of Rs. 505 million payable in overseas jurisdictions on the transfer of overseas branches and subsidiaries pursuant to the Scheme, net of deferred tax liabilities on branch profits and undistributed earnings of subsidiaries accounted for in the combined and consolidated financial statements of the TCS Division.

(h) Reflects the Fresh Issue of 22,775,000 Equity Shares at the Offer Price of Rs. 850 per Equity Share and the receipt by TCS Limited of Rs. 19,358.7 million in gross proceeds.

(i) Reflects underwriting and other fees and expenses related to the Transfer and the Offer estimated to aggregate Rs.520 million.

(j) We expect the actual cash and cash equivalents position of TCS Limited as of the date of successful completion of the Offer to be sufficient to pay this amount, which represents the excess of the consideration for the Scheme over the sum of cash at April 1, 2004 and the net proceeds of the Fresh Issue.

(k) We expect that this amount will be reduced by the profits of the TCS Division for the period April 1, 2004 until the date of the Transfer, which under U.S. GAAP, will be for the account of Tata Sons.

THE OFFER

Equity Shares offered by:	
The Company	22,775,000 Equity Shares
Selling Shareholders	
Tata Sons	14,457,116 Equity Shares
Other Selling Shareholders	18,220,484 Equity Shares
Total by Selling Shareholders	32,677,600 Equity Shares
Total	55,452,600 Equity Shares
of which:	
Employee Reservation Portion [(1)]	5,545,260 Equity Shares
Therefore,	
Net Offer to the Public	49,907,340 Equity Shares
QIB Portion	29,944,410 Equity Shares (allocation on discretionary basis)
Non-Institutional Portion	7,486,090 Equity Shares (allocation on proportionate basis)
Retail Portion	12,476,840 Equity Shares (allocation on proportionate basis)
Green Shoe Option Portion[(2)]	8,317,880 Equity Shares
Equity Shares outstanding prior to the Offer	455,500,029 Equity Shares
Equity Shares outstanding after the Offer	478,275,029 Equity Shares
Use of proceeds by the Company	The net proceeds of the Fresh Issue will be used by the Company to pay the purchase consideration due to Tata Sons for the Transfer. The Company will not receive any proceeds from the Offer for Sale or from the sale of any Equity Shares pursuant to the exercise of the Green Shoe Option.

[(1)] For permanent employees and directors of TCS Division, TCS Limited and Tata Sons who are Indian Nationals based in India and are present in India on the date of submission of the Bid-cum-Application Form.

[(2)] The Green Shoe Option will be exercised at the discretion of the BRLMs and the Company only with respect to Equity Shares that are owned by Tata Sons. Tata Sons as the Green Shoe Transferor has agreed to transfer 8,317,880 Equity Shares to the Stabilising Agent, in the event that the Green Shoe Option is exercised by Stabilising Agent.

RECENT DEVELOPMENTS

From the date of filing of the Red Herring Prospectus with the Registrar of Companies, Maharashtra at Mumbai on July 19, 2004, the following material developments have taken place. These developments relate to (i) the release on July 21, 2004, of undudited financial information for the three months ended June 30, 2004 for the TCS Division and TCS Limited, under U.S. GAAP and Indian GAAP, and (ii) the sale of our 50% interest in Intelenet Global Services Limited to HDFC. These developments were disclosed by way of Public Announcement on July 22, 2004, prior to Bid Opening Date.

PUBLICATION OF UNAUDITED RESULTS FOR THE QUARTER ENDED JUNE 30, 2004

The following is the text of the financial information published on July 22, 2004 in the newspapers in this regard:

TCS DIVISION OF TATA SONS LIMITED

UNAUDITED FINANCIAL RESULTS FOR THE QUARTER ENDED JUNE 30, 2004

	Quarter ended June 30, 2004 Unaudited	**Year ended March 31, 2004 Audited**
	In Rupees Millions	
INCOME FROM OPERATIONS		
Consultancy services	17,286.7	57,468.2
Software licenses	295.5	950.6
	17,582.2	**58,418.8**
OTHER INCOME	257.7	976.4
	17,839.9	**59,395.2**
EXPENDITURE		
Employee costs	4,097.4	12,273.3
Operation and Other expenses	8,504.3	28,969.1
	12,601.7	**41,242.4**
PROFIT BEFORE INTEREST, DEPRECIATION, EXCEPTIONAL ITEMS AND FOREIGN AND INDIAN TAXES	**5,238.2**	**18,152.8**
Interest expense	27.9	92.7
Depreciation	296.0	1,096.6
PROFIT BEFORE EXCEPTIONAL ITEMS AND FOREIGN AND INDIAN TAXES	**4,914.3**	**16,963.5**
Profit on sale of long-term investment	-	2,264.0
Payment to customer	-	(1,100.0)
PROFIT BEFORE FOREIGN AND INDIAN TAXES	**4,914.3**	**18,127.5**
Provision for Foreign Taxes		
(a) Current tax expense	(538.5)	(1,581.3)
(b) Deferred tax expense	(82.3)	(100.8)
PROFIT BEFORE INDIAN TAXES	**4,293.5**	**16,445.4**
PROVISION FOR INDIAN TAXES (Proforma, Unaudited) - Refer Note 1		
Profit before Indian Taxes	4,293.5	16,445.4
Provision for Indian Taxes	47.5	499.8
PROFIT AFTER TAXES	**4,246.0**	**15,945.6**

Notes

1. The historical results presented relate to the Tata Consultancy Services Division (TCS Division) in the accounts of Tata Sons Limited based on separate records maintained for the business.

   Income tax payable in India is recorded in the books of Tata Sons Limited and consequently income tax expenses, assets and liabilities are not recorded in the TCS Division's books. Current income tax expense relating to operations in countries other than India is determined in accordance with the tax laws applicable in respective countries where such operations are domiciled.

   Proforma information has been provided on Indian taxes as though the TCS Division was a standalone taxable entity, without taking into account tax liabilities or taxable benefits generated by other divisions of Tata Sons.

2. In terms of the Scheme of Arrangement between Tata Sons Limited, Tata Consultancy Services Limited and its respective shareholders and creditors sanctioned by the High Court of Judicature at Mumbai on May 9, 2003, Tata Consultancy Services Limited will acquire the TCS Division of Tata Sons Limited with effect from April 1, 2004 or such date as may be determined by the Board of Directors of Tata Sons Limited for a total consideration of Rs 23,000 Millions. The consideration will constitute a non-interest bearing receivable of Tata Sons Limited to be discharged in the manner specified in the Scheme. The acquisition will become effective only on fulfillment of all the conditions specified in the Scheme and on obtaining all the approvals and consents referred to therein. All costs, charges, levies and duties (including stamp duty and registration fees) and expenses relating to the Scheme are to be borne by Tata Consultancy Services Limited.

3. Pursuant to the revision of Accounting Standard 11 (AS-11), issued by the Institute of Chartered Accountants of India on 'Accounting for Effects of Changes in Foreign Exchange Rates', the Company revised its accounting policy relating to foreign exchange contracts effective April 1, 2004. The value of outstanding contracts as of June 30, 2004 are marked to their current market value and consequently the profits for the quarter ended June 30, 2004 are lower by Rs. 223.6 millions.

4. Segment Information

In Rupees Millions

	Quarter ended June 30, 2004	Year ended March 31, 2004
REVENUE BY GEOGRAPHY		
Americas	11,379.7	39,246.2
Europe	4,389.8	13,100.2
India	1,187.7	3,206.5
Others	625.0	2,865.8
Total	17,582.2	58,418.7
Less : Inter-segment revenue	-	-
NET REVENUE FROM OPERATION	**17,582.2**	**58,418.7**
SEGMENT RESULTS:		
Americas	3,609.3	12,713.4
Europe	1,794.9	4,827.6
India	282.9	130.5
Others	181.2	529.1
Total	**5,868.3**	**18,200.6**
Less : Interest	27.9	92.7
Depreciation	296.0	1,096.6
Other un-allocable expenditure	887.8	1,024.2
Add: Other Income	257.7	976.4
PROFIT BEFORE TAXES AND EXCEPTIONAL ITEMS	**4,914.3**	**16,963.5**
Less : Income taxes	620.8	1,682.1
PROFIT BEFORE EXCEPTIONAL ITEMS	**4,293.5**	**15,281.4**
Exceptional items		1,164.0
PROFIT BEFORE INDIAN TAXES	**4,293.5**	**16,445.4**

TCS Division has identified the geographical markets as primary segment and industry practice as the secondary segment. Geographic segments of TCS Division are primarily the Americas (including Canada and Ibero American countries), Europe (including U.K.), India and others. Revenue and expense directly attributable to segments are reported under each reportable segment. Expenses incurred in India on behalf of other segments and not directly identifiable to each reportable segment have been allocated to each segment on the basis of associated revenues of each segment. Assets and liabilities that are directly identified to reportable segment are disclosed under respective segments. Fixed assets have not been allocated to segments as these are being used interchangeably among segments.

5. The financial results for the Quarter ended June 30, 2004 have been presented in compliance with the requirements of the Securities Exchange Board of India in view of the proposed public issue of shares by Tata Consultancy Services Limited.

6. The above quarterly results have been taken on record by the Board of Directors of Tata Sons Limited at its meeting held on July 21, 2004 and have been subjected to a limited review by the Division's auditors.

Ratan N. Tata
Chairman

Mumbai, July 21, 2004

UNAUDITED COMBINED AND CONSOLIDATED FINANCIAL RESULTS OF THE TCS DIVISION AS PER US GAAP FOR THE QUARTER ENDED JUNE 30, 2004

1. The Board has also taken on record the following unaudited combined and consolidated results of the Division and its subsidiaries for the three-month period ended June 30, 2004, prepared in accordance with US GAAP:

	Quarter ended June 30, 2004
	In Rupees Millions
Revenue	**Rs. 21,335.2**
Cost of revenue	11,541.0
Gross margin	**9,794.2**
Operating expenses	3,893.7
Operating income	**5,900.5**
Other income (expense), net	283.7
Income before income taxes and minority interests	**6,184.2**
Income tax expense	1,001.7
Income before minority interest	**5,182.5**
Minority interests, net of income taxes	**1.0**
CMC net income attributable to CMC shareholders	**(179.2)**
Equity in net earnings of affiliates	**7.7**
Net Income	**Rs. 5,012.0**

2. The financial information has been prepared to reflect the combined and consolidated results of operations of the TCS Division in accordance with accounting principles generally accepted in the United States of America (or U.S. GAAP), as though the TCS Division has been a stand-alone legal entity.

   The TCS Division consolidates all entities in which it has a majority financial interest, provided control is not impaired. The TCS Division also combines entities which are under common control and which are managed as an integral part of the TCS Division's operations.

   TCS Division's equity interest of 51.12 % in CMC Limited was transferred to Tata Consultancy Services Limited on March 29, 2004. The financial results of CMC Limited for the three months period to June 30, 2004 have been combined with the consolidated financial results of TCS Division, as both these entities are under common management. Consequently, CMC's net income of Rs.179.2 million includes Rs.91.6 million attributable to Tata Consultancy Services Limited.

TATA CONSULTANCY SERVICES LIMITED

UNAUDITED FINANCIAL RESULTS FOR THE QUARTER ENDED JUNE 30, 2004

[These results do not reflect the effect of the proposed transfer of the Tata Consultancy Services Division ("TCS Division") under the Scheme of Arrangement (see note 5) and therefore exclude the results of the TCS Division which are separately disclosed.]

		Quarter ended June 30, 2004 (Rupees in 000's)	Previous Year ended March 31, 2004 (Audited) (Rupees in 000's)
1	Net Sales/ Income from Operations	-	-
2	Other Income	**8,340**	42,898
		8,340	42,898
3	Total Expenditure		
	(a) Staff Costs	-	-
	(b) Legal and Professional expenses	**2,106**	-
	(c) Reduction in carrying amount of current investments	**518**	169
	(d) Other Expenditure	**153**	142
		2,777	311
4	Interest	**56,096**	1,964
5	Depreciation	**2,103**	8,432
		60,976	10,707
6	Profit / (Loss) before exceptional items and taxes	**(52,636)**	32,191
7	Profit on sale of long-term trade investment	-	134,492
8	Profit / (Loss) before taxes (1+2-3-4-5+7)	**(52,636)**	166,683
9	Provision for taxation - Current	**40**	11,133
	Provision for taxation - Deferred	-	3,802
10	Net Profit / (Loss) (8 - 9)	**(52,676)**	151,748
11	Paid-up equity Share Capital	**455,500**	364,400
	(Face Value Re. 1/- (March 31, 2004: Rs. 10/- each)		
12	Reserves excluding revaluation reserves	-	106,423
13	Basic and diluted EPS (Not Annualised)	**(0.12)**	0.33
	(post split and bonus issue - Refer Note 6)		
14	Aggregate of Non-Promoter Shareholding		
	(a) Number of Shares	**9,677,114**	774,169
	(b) Percentage of Shareholding	**2.12%**	2.12%

Notes:

1 The name of the Company has been changed from Orchid Print India Limited to Tata Consultancy Services Limited with effect from December 17, 2002.

2 The quarterly results have been taken on record by the Board of Directors in the meeting held on July 21, 2004 and have been subjected to a "Limited Review" by the statutory auditors of the Company.

3 The Company witnessed a change in the Board composition. The Company has also reconstituted its Audit Committee.

4 Other income is comprised of dividend income on long term investments Rs. NIL, [March 31, 2004: Rs. 17,415 (in '000s)], income from current investments Rs. 2,955 (in 000s), [March 31, 2004: Rs. 4,441 (in '000s)], profit on sale of current investments Rs NIL, [March 31, 2004: Rs. 572 (in '000s)] and rent Rs. 5,385 (in '000s), [March 31, 2004: Rs. 20,470 (in '000s)].

5 In terms of the Scheme of Arrangement between Tata Sons Limited, the Company and its respective shareholders and creditors, sanctioned by the Honourable High Court of Judicature at Bombay on May 9, 2003, the Company will acquire the Tata Consultancy Services Division of Tata Sons Limited with effect from April 1, 2004 or such date as may be determined by the Board of Directors of Tata Sons Limited for a total consideration of Rs. 23,000,000 (in '000s). The consideration will constitute a non-interest bearing receivable of Tata Sons Limited to be discharged in the manner specified in the Scheme. The acquisition will become effective only on fulfillment of all the conditions specified in the Scheme and on obtaining all the approvals and consents referred to therein. All costs, charges, levies and duties (including stamp duty and registration fees) and expenses relating to the Scheme are to be borne by the Company.

6 As per the resolutions passed in the Annual General Meeting held on May 5, 2004:

(a) the final dividend of Rs 1.20 per share pre sub-division was approved and subsequently paid.

(b) the Company has sub-divided its equity shares of Rs. 10/- each into ten equity shares of Re. 1/- each.

(c) the Company has increased the Authorised Share Capital from Rs. 400,000 (in '000s) to Rs. 600,000 (in '000s) (post sub-division).

(d) the Company has issued bonus shares to its existing shareholders in the ratio of one equity share of Re. 1/- each for every four equity shares held aggregating to 91,100,009 equity shares of Re. 1/- each.

7 The Company has filed the Red Herring Prospectus with the Registrar of Companies for a public issue of 55,452,600 equity shares of Re. 1/- each, for cash, at a price to be determined through the Book Building Process, consisting of a fresh issue of 22,775,000 equity shares of Re. 1/- each by the Company and an Offer for Sale of 32,677,600 equity shares of Re. 1/- each by Tata Sons Limited and certain other shareholders of the Company. Investors are advised to refer to the Red Herring Prospectus for further details.

8 The financial results for the quarter ended June 30, 2004 have been presented in compliance with the requirements of the Securities Exchange Board of India in view of the proposed public issue of shares by the Company.

Ratan N. Tata
Chairman

Mumbai, July 21, 2004

SALE OF OUR HOLDING IN INTELENET

In the Red Herring Prospectus in the section titled **"Business – BPO Delivery Arms"** on page 96**,** Intelenet Global Services Limited ("Intelenet") was specified as one of the BPO Delivery Arms of the TCS Division. It further stated that Intelenet was a 50% owned joint venture with Housing Development Finance Corporation Limited ("HDFC"). The Red Herring Prospectus also stated that TCS Division was currently in strategic discussions with HDFC for consolidation or divestment of its stake in Intelenet. TCS Division had not reached any agreement in this regard as of the date of the Red Herring Prospectus. Subsequently, the Board of Tata Sons Ltd. at its meeting July 21, 2004 has approved the sale of its entire stake held through TCS Division in Intelenet in favour of HDFC at an agreed consideration of Rs. 1,610 million. A Share Purchase Agreement ("SPA") has been signed with HDFC to effect the sale on July 22, 2004.

HDFC has paid 75% of the purchase consideration to TCS Division and simultaneously TCS Division has transferred shares of Intelenet to HDFC. The balance payment of 25% has been deposited in an escrow account and be released within a maximum period of 120 days from the date of the SPA. Intelenet has repaid all the loans that were due to TCS Division within 15 days of the payment of 75% of the purchase consideration to TCS Division by HDFC. TCS Division has agreed not to compete with Intelenet in relation to providing business process outsourcing services including call center services, to some of the existing customers of Intelenet, for a period of twelve months from the date of the SPA or achievement of certain targets by Intelenet whichever is earlier.

GREEN SHOE OPTION

Tata Sons and TCS Limited intend to establish an option for allocating Equity Shares in excess of the Equity Shares that are included in the Offer in consultation with the BRLMs and the Stabilising Agent and to operate a price mechanism in accordance with the applicable DIP Guidelines. Green Shoe Lenders will transfer the Equity Shares to the Stabilising Agent upon exercise of the Green Shoe Option. The Green Shoe Option will be exercised only with respect to Equity Shares that are owned by Green Shoe Lenders. Tata Sons as the Green Shoe Transferor, has agreed to transfer up to 8,317,880 Equity Shares to the Stabilising Agent, in case the Green Shoe Option is exercised by Stabilising Agent.

We have appointed one of the BRLMs, JM Morgan Stanley Private Limited, as the Stabilising Agent, for performance of the role of Stabilising Agent as envisaged in Chapter VIIIA of the DIP Guidelines, including price stabilising post listing, if required. However, there is no obligation to conduct stabilising measures. If commenced, stabilising will be conducted in accordance with applicable laws and regulations, such measures may be discontinued at any time and will not continue for a period exceeding 30 days from the date when trading permission is obtained from the Stock Exchanges. The Stabilising Agent will borrow Equity Shares from Green Shoe Lenders. The Equity Shares borrowed from Green Shoe Lenders or purchased in the market for stabilising purposes will be in demat form only. On June 9, 2004, TCS Limited entered into a Stabilising Agreement with Green Shoe Transferor, the Green Shoe Lenders and JM Morgan Stanley Private Limited as the Stabilising Agent. The Green Shoe Lenders have lend the following number of equity shares for the purpose of Green Shoe Option:

Name of the Green Shoe Lender	**No. of Equity Shares**
Tata Sons	3,690,080
Sheba Properties Limited	1,394,750
Kalimati Investment Company Limited	981,062
Af-taab Investment Company Limited	751,988
Shapoor Pallonji Mistry	750,000
Cyrus Pallonji Mistry	750,000
Total	**8,317,880**

Tata Sons is one of the Green Shoe Lenders and the sole Green Shoe Transferor. There is no conflict of interest for Tata Sons in acting as a Green Shoe Lender and the Green Shoe Transferor.

The terms of the Stabilising Agreement provide that:

Stabilisation Period

"Stabilisation Period" shall mean the period commencing from the date we obtain trading permission from the Stock Exchanges and ending 30 days thereafter unless terminated earlier by the Stabilising Agent.

Procedure for Over Allotment and Stabilisation

i) The monies received from the applications for Equity Shares in the Offer against the over allotment shall be kept in the GSO Bank Account, which is a distinct account separate from the Public Issue Account and shall be used only for the purpose of stabilisation of the post listing price of the Equity Shares.

ii) The allocation of the Over Allotment Shares shall be done in conjunction with the allocation of Offer so as to achieve pro-rata distribution. The Equity Shares available for allocation under the Green Shoe Option will be available for allocation firstly for employees in the Employee Reservation Portion in an amount of up to 10% of the number of Equity Shares over allotted pursuant to the Green Shoe Option. The balance of Equity Shares under the Green Shoe Option would be made available for allocation to Qualified Institutional Buyers, Non-Institutional Bidders and Retail Individual Bidders in the ratio of 60:15:25 assuming full demand in each category.

iii) Upon such allocation, the Stabilising Agent shall make available the Over-Allotment Shares from the GSO Demat Account for allocation to the successful Bidders. The Stabilising Agent shall first borrow the Equity Shares from the Green Shoe Lenders other than Tata Sons. If the Equity Shares borrowed from them are not sufficient, the Stabilising Agent will borrow Equity Shares from Tata Sons.

iv) For the purpose of purchasing the Equity Shares, the Selling Agent shall use the funds lying to the credit of GSO Bank Account.

v) The Stabilising Agent shall solely determine the timing of buying the Equity Shares, the quantity to be bought and the price at which the Equity Shares are to be bought from the market for the purposes of stabilisation of the post-listing price of the Equity Shares.

vi) The Equity Shares purchased from the market by the Stabilising Agent, if any, shall be credited to the GSO Demat Account and shall be returned to the Green Shoe Lenders immediately on the expiry of the Stabilisation Period but in no event later than the expiry of two working days thereafter.

vii) In the event the Equity Shares lying to the credit of the GSO Demat Account at the end of the Stabilisation Period but before the transfer to the Green Shoe Lenders is less than the Over Allotment Shares, upon being notified by the Stabilising Agent, the Green Shoe Transferor shall within five days of the end of the Stabilisation Period transfer Equity Shares in dematerialised form in an amount equal to such shortfall to the credit of the GSO Demat Account. The Equity Shares transferred by the Green Shoe Transferor shall be returned by the Stabilising Agent to the Green Shoe Lenders in final settlement of Equity Shares borrowed, within two working days of them being credited into the GSO Demat Account, time being of essence in this behalf.

viii) Upon the return of Equity Shares to the Green Shoe Lenders pursuant to and in accordance with sub-clauses (vi) and (vii) above, the Stabilising Agent shall close the GSO Demat Account.

ix) The Equity Shares returned to the Green Shoe Lenders under this clause shall be subject to remaining lock-in-period, if any, as provided in the DIP Guidelines.

GSO Bank Account

The Stabilising Agent shall remit from the GSO Bank Account to Green Shoe Transferor, an amount, in Indian Rupees, arrived at by multiplying the number of Equity Shares transferred by Tata Sons to the GSO Demat Account at the Offer Price. The amount left in this account, if any, after this remittance and deduction of expenses including depository, brokerage and transfer fees and net of taxes, if any, incurred by the Stabilising Agent in connection with the activities under this Agreement, shall be transferred to the Investor Protection Fund of the Stock Exchanges in equal parts. Upon the return of Equity Shares to the Green Shoe Lenders, the GSO Bank Account will be closed by the Stabilising Agent.

Reporting

During the Stabilisation Period, the Stabilising Agent will submit a report to the Stock Exchanges on a daily basis. The Stabilising Agent will also submit a final report to SEBI in the format prescribed in Schedule XXIX of the DIP Guidelines. This report will be signed by the Stabilising Agent and TCS Limited and be accompanied by the depository statement for the GSO Demat Account for the Stabilisation Period indicating the flow of shares into and from the GSO Demat Account. If applicable, the Stabilising Agent will, along with the report give an undertaking countersigned, if required by the respective depositories of the GSO Demat Account and the Green Shoe Lenders regarding confirmation of lock-in on the Equity Shares returned to the Green Shoe Lenders in lieu of the Over-Allotment Shares.

Rights and obligations of the Stabilising Agent

- Open a special bank account "Special Account for GSO proceeds of Tata Consultancy Services Limited" or GSO Bank Account and deposit the money received against the over-allotment in the GSO Bank Account.
- Open a special account for securities "Special Account for GSO shares of Tata Consultancy Services Limited" or GSO Demat Account and credit the Equity Shares bought by the Stabilising Agent, if any, during the Stabilisation Period to the GSO Demat account.
- Stabilise the market price only in the event of the market price falling below the Offer Price as per DIP Guidelines, including determining the price at which Equity Shares to be bought, timing etc.
- On exercise of Green Shoe Option, to request the Green Shoe Transferor to transfer Equity Shares and to transfer funds from the GSO Bank Account to Green Shoe Transferor within a period of five working days of close of the Stabilisation Period.
- On expiry of the Stabilisation Period, to return the Equity Shares to the Green Shoe Lenders either through market purchases as part of stabilising process or through transfer of Equity Shares from the Green Shoe Transferor.
- To submit daily reports to the Stock Exchanges during the Stabilisation Period and to submit a final report to SEBI.
- To maintain a register of its activities and retain the register for three years. Net gains on account of market purchases in the GSO Bank Account to be transferred net of all expenses and net of taxes, if any, equally to the Investor Protection Fund of BSE and NSE.

Rights and obligations of the Green Shoe Transferor

- On expiry of the Stabilisation Period, if the Stabilising Agent does not buy from the market, Equity Shares to the extent of Equity Shares over-allotted by the Company, then the Green Shoe Transferor shall transfer shares to the GSO Demat Account to the extent of such shortfall.
- If no shares are bought from the market, then to transfer Equity Shares to GSO Demat Account to the entire extent of over-allotted Equity Shares.

Rights and obligations of the Green Shoe Lenders

- The Green Shoe Lenders undertakes to execute and deliver all necessary documents and give all necessary instructions to procure that all rights, title and interest in the Loaned Shares shall pass to the Stabilising Agent/GSO Demat Account free from all liens, charges and encumbrances.
- Before the opening of the Offer, to transfer the Loaned Shares to the GSO Demat account.
- The Green Shoe Lenders will not recall or create any lien or encumbrance on the Loaned Shares until the completion of the settlement under the Stabilisation.

Fees and Expenses

- The Company shall pay to Green Shoe Lenders a fee of Rs. 20 million on a pro-rata basis depending on the number of Equity Shares being lent by them. Accordingly, the fees payable to each Green Shoe Lender would be as under:

Name of the Green Shoe Lender	**Maximum Fees**
Tata Sons	Rs. 8,872,646
Sheba Properties Limited	3,353,619
Kalimati Investment Company Limited	2,358,923
Af-taab Investment Company Limited	1,808,124
Shapoor Pallonji Mistry	1,803,344
Cyrus Pallonji Mistry	1,803,344
Total	**Rs. 20,000,000**

- The Company will pay the Stabilising Agent a fee of Re. 1 plus applicable service tax for providing the stabilising services.
- The total expenses of Stabilising Agent in this regard would not exceed 1.5% of the product of Offer Price and number of Equity Shares purchased from the market.

Procedure for Green Shoe Option

The primary objective of the Green Shoe mechanism is stabilisation of the market price of Equity Shares after listing. Towards this end, after listing of Equity Shares, in case the market price of the Equity Shares fall below the Offer Price, then the Stabilising Agent, at its sole and absolute discretion, may start purchasing Equity Shares from the market with the objective of stabilisation of the market price of the Equity Shares. The Stabilising Agent, at its sole and absolute discretion, would decide the quantity of Equity Shares to be purchased, the purchase price and the timing of purchase. The Stabilising Agent, at its sole and absolute discretion, may spread orders over a period of time or may not purchase any Equity Shares under certain circumstances where it believes purchase of Equity Shares may not result in stabilisation of market price.

Further, the Stabilising Agent does not give any assurance that would be able to maintain the market price at or above the Offer Price through stabilisation activities.

The funds lying to the credit of GSO Bank Account would be utilised by the Stabilising Agent to purchase the Equity Shares from the market and such Equity Shares would be credited to GSO Demat Account. The operations of GSO Demat Account and GSO Bank Account is explained in the earlier paragraphs.

GENERAL INFORMATION

Authority for the Offer

Tata Sons

Pursuant to the authority granted by the Board of Directors of Tata Sons at its meeting held on May 5, 2004, a Committee of the Board approved this Offer for Sale of Equity Shares by Tata Sons (including the Equity Shares to be transferred as part of the Green Shoe Option) at its meeting held on June 9, 2004. A committee of the Board of Tata Sons approved the Offer Price of Rs. 850 at its meeting held on August 7, 2004.

Other Selling Shareholders

Pursuant to its letter dated April 28, 2004, TCS Limited invited its shareholders to participate in the Offer for Sale. Each shareholder who has agreed to participate in the Offer for Sale, other than Tata Sons, has sent a letter of acceptance addressed to TCS Limited. Through these letters, the Selling Shareholders, other than Tata Sons, have authorised TCS Limited to do all acts and deeds on their behalf as may be necessary to complete the Offer for Sale, including signing the Red Herring Prospectus, the Prospectus and any other agreement and documents relating to the Offer for Sale and fixing the Offer Price. The number of shares agreed to be offered by these Selling Shareholders, except Tata Sons, aggregate 18,220,484 Equity Shares. These Selling Shareholders, except Tata Sons, will tender the Equity Shares to be sold by them through delivery instruction to their respective Depository Participants to debit their beneficiary accounts and credit a designated demat account as instructed by TCS Limited for the purposes of effecting the transfer of the Equity Shares to the successful Bidders. Copies of letters received from the Selling Shareholders, other than Tata Sons, are available for inspection at the registered office of TCS Limited. The Selling Shareholders other than Tata Sons assume no responsibility for any of the statements made by the Company in this Prospectus relating to the Company, its businesses and related disclosures, except statements with relation to each of them as Selling Shareholders.

The details of the Equity Shares being offered in the Offer for Sale by each Selling Shareholder are as under:

Sr. No.	Names of Selling Shareholders	No. of Shares	Letter dated
1.	Tata Sons Limited	14,457,116	*
2.	The Indian Hotels Company Limited	200,000	May 5, 2004
3.	Cameo Investment and Finance Limited	83,231	May 3, 2004
4.	Kalimati Investment Company Limited	413,688	May 5, 2004
5.	Jamsetji Tata Trust	9,531,250	June 10, 2004
6.	Navajbai Ratan Tata Trust	5,468,750	June 10, 2004
7.	Shapoor Pallonji Mistry	1,261,788	May 3, 2004
8.	Cyrus Pallonji Mistry	1,261,777	May 3, 2004
		32,677,600	

* Pursuant to the Resolution passed by the Board of Directors of Tata Sons at their meeting held on May 5, 2004. In addition, Tata Sons as the Green Shoe Transferor has agreed to transfer up to 8,317,880 Equity Shares to the Stabilising Agent, in case the Green Shoe Option is exercised by Stabilising Agent.

TCS Limited

The Fresh Issue of Equity Shares in this Offer by TCS Limited has been authorised by the resolution of the Board of Directors passed at their meeting held on April 27, 2004, subject to the approval of shareholders through a special resolution to be passed pursuant to Section 81(1A) of the Companies Act. The shareholders approved the Fresh Issue of Equity Shares at the AGM of the shareholders of TCS Limited held on May 5, 2004. Pursuant to the authority granted by the Board of Directors of TCS Limited at its meeting held on May 5, 2004, a Committee of the Board approved the Fresh Issue of 22,775,000 Equity Shares by TCS Limited at its meeting held on June 9, 2004. A committee of the Board approved the Offer Price of Rs. 850 at its meeting held on August 7, 2004.

Prohibition by SEBI

The Company, its subsidiaries, its affiliates, its directors, its Promoter, Tata Sons, other companies promoted by Tata Sons, and companies with which the Company's directors are associated as directors have not been prohibited from accessing the capital markets under any order or direction passed by SEBI. None of our directors or the persons in control of the Promoter has been prohibited from accessing the capital markets under any order or direction passed by SEBI.

Eligibility of the Company to enter the capital markets

TCS Limited satisfies the eligibility norms for companies issuing securities in terms of Clause 2.2.2 of the DIP Guidelines as described below:

- The Offer is made through the 100% Book-Building Process wherein minimum of 50% of the Net Offer to public would be allotted to Qualified Institutional Buyers; and
- The post-issue capital of TCS Limited shall be more than Rs. 100 million.

  Pursuant to the Scheme, upon effectiveness of the Scheme, the Company will acquire the TCS Division from Tata Sons. The TCS Division meets the track record criteria specified in clause 2.2.2B (iv) of the SEBI Guidelines since, as per the financial statements of the TCS Division in accordance with Indian GAAP as described below:

  - The TCS Division had net tangible assets of at least Rs. 30 million in each of the preceding three full years (of 12 months each) of which not more than 50% is held in monetary assets;
  - The TCS Division has a track record of distributable profits in terms of Section 205 of the Companies Act for at least three out of the immediately preceding five years;
  - The TCS Division had a net worth of at least Rs. 10 million in each of the preceding three full years of 12 months each; and
  - The aggregate of the proposed Offer and all previous issues made in the same financial year in terms of size does not exceed five times the pre-issue net worth of TCS Division as per its audited balance sheet under Indian GAAP as of March 31, 2004.

The following table shows the net tangible assets, distributable profits and net worth for the past three fiscal years in accordance with Indian GAAP:

	As of and for the year ended March 31,		
	2002	**2003**	**2004**
IPO Eligibility Criteria		(in millions)	
Net tangible assets	Rs. 3,390	Rs. 3,642	5,152
Distributable profits, as per Section 205 of the Companies Act	11,450	11,764	15,973
Cash and bank balances	1,667	538	633
Net worth	11,909	12,812	17,816

Further, the Offer is subject to the fulfillment of the following conditions as required by the Securities Contracts (Regulation) Rules, 1957:

- A minimum of 2,000,000 Equity Shares (excluding reservations, firm allotments and promoters contribution) are offered to the public;
- The Net Offer size, which is the Offer Price multiplied by the number of Equity Shares offered to the public, is a minimum of Rs. 1,000 million; and
- The Net Offer is made through the Book Building Process with allocation of 60% of the Net Offer to Qualified Institutional Buyers, as defined under DIP Guidelines.

The Company undertakes that the number of transferees and allottees in the Offer shall be at least 1000. Otherwise, the entire application money shall be refunded forthwith. In case of delay, if any, in refund, the Company shall pay interest on the application money at the rate of 15% per annum for the period of delay. Further, if at least 60% of the Net Offer cannot be allotted to QIBs, then the entire application money shall be refunded forthwith. In case of delay, if any, in refund, the Company shall pay interest on the application money at the rate of 15% per annum for the period of delay.

The Promoter, the Company, group companies and associate companies are not detained as willful defaulters by the RBI/Government of India authorities and there are no violations of securities laws committed by them in the past or pending against them other than as disclosed in this Prospectus.

No penalty has been imposed by SEBI and other regulatory bodies against us, our directors, our promoters, directors of our promoters and other top 5 listed companies promoted by our Promoter.

Disclaimer Clause:

"AS REQUIRED, A COPY OF THE PROSPECTUS HAS BEEN SUBMITTED TO SEBI. IT IS TO BE DISTINCTLY UNDERSTOOD THAT SUBMISSION OF THE PROSPECTUS TO SEBI SHOULD NOT, IN ANY WAY, BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THE OFFER IS PROPOSED TO BE MADE OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE PROSPECTUS. THE BOOK RUNNING LEAD MANAGERS, JM MORGAN STANLEY PRIVATE LIMITED, DSP MERRILL LYNCH LIMITED AND J.P. MORGAN INDIA PRIVATE LIMITED, HAVE CERTIFIED THAT THE DISCLOSURES MADE IN THE PROSPECTUS ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH THE SEBI GUIDELINES FOR DISCLOSURES AND INVESTOR PROTECTION AS FOR THE TIME BEING IN FORCE. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING AN INVESTMENT IN THE PROPOSED OFFER. IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE COMPANY IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE PROSPECTUS, THE BOOK RUNNING LEAD MANAGERS ARE EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE COMPANY DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE BOOK RUNNING LEAD MANAGERS, JM MORGAN STANLEY PRIVATE LIMITED, DSP MERRILL LYNCH LIMITED AND J.P. MORGAN INDIA PRIVATE LIMITED, HAVE FURNISHED TO SEBI, A DUE DILIGENCE CERTIFICATE DATED JUNE 10, 2004 IN ACCORDANCE WITH THE SEBI (MERCHANT BANKERS) REGULATIONS, 1992 WHICH READS AS FOLLOWS:

1. **WE HAVE EXAMINED VARIOUS DOCUMENTS INCLUDING THOSE RELATING TO LITIGATION LIKE COMMERCIAL DISPUTES, PATENT DISPUTES, DISPUTES WITH COLLABORATORS ETC. AND OTHER MATERIALS IN CONNECTION WITH THE FINALISATION OF THE PROSPECTUS PERTAINING TO THE OFFER.**
2. **ON THE BASIS OF SUCH EXAMINATION AND THE DISCUSSIONS WITH THE COMPANY, ITS DIRECTORS AND OTHER OFFICERS, OTHER AGENCIES, INDEPENDENT VERIFICATION OF THE STATEMENTS CONCERNING THE OBJECTS OF THE OFFER, PROJECTED PROFITABILITY, PRICE JUSTIFICATION AND THE CONTENTS OF THE DOCUMENTS MENTIONED IN THE ANNEXURE AND OTHER PAPERS FURNISHED BY THE COMPANY, WE CONFIRM THAT:**
   - **THE PROSPECTUS FORWARDED TO SEBI IS IN CONFORMITY WITH THE DOCUMENTS, MATERIALS AND PAPERS RELEVANT TO THE OFFER;**
   - **ALL THE LEGAL REQUIREMENTS CONNECTED WITH THE OFFER AS ALSO THE GUIDELINES, INSTRUCTIONS, ETC., ISSUED BY SEBI, THE GOVERNMENT AND ANY OTHER COMPETENT AUTHORITY IN THIS BEHALF HAVE BEEN DULY COMPLIED WITH; AND**
   - **THE DISCLOSURES MADE IN THE PROSPECTUS ARE TRUE, FAIR AND ADEQUATE TO ENABLE THE INVESTORS TO MAKE A WELL INFORMED DECISION AS TO THE INVESTMENT IN THE PROPOSED OFFER.**
3. **WE CONFIRM THAT BESIDES OURSELVES, ALL THE INTERMEDIARIES NAMED IN THE PROSPECTUS ARE REGISTERED WITH SEBI AND THAT TILL DATE SUCH REGISTRATIONS ARE VALID.**
4. **WHEN UNDERWRITTEN WE SHALL SATISFY OURSELVES ABOUT THE WORTH OF THE UNDERWRITERS TO FULFIL THEIR UNDERWRITING COMMITMENTS.**
5. **WE CERTIFY THAT WRITTEN CONSENT FROM SHAREHOLDERS HAS BEEN OBTAINED FOR INCLUSION OF THEIR SECURITIES AS PART OF PROMOTERS CONTRIBUTION SUBJECT TO LOCK-IN AND THE SECURITIES PROPOSED TO FORM PART OF PROMOTERS CONTRIBUTION SUBJECT TO LOCK-IN, WILL NOT BE DISPOSED /SOLD / TRANSFERRED BY THE PROMOTERS DURING THE PERIOD STARTING FROM THE DATE OF FILING THE PROSPECTUS WITH THE BOARD TILL THE DATE OF COMMENCEMENT OF LOCK-IN PERIOD AS STATED IN THE PROSPECTUS.**

   ALL LEGAL REQUIREMENTS PERTAINING TO THE OFFER WERE COMPLIED WITH AT THE TIME OF FILING OF THE PROSPECTUS WITH THE ROC IN TERMS OF SECTION 60B OF COMPANIES ACT. ALL LEGAL REQUIREMENTS PERTAINING TO THE OFFER HAVE BEEN COMPLIED WITH AT THE TIME OF REGISTRATION OF THE PROSPECTUS WITH THE ROC IN TERMS OF SECTION 56, SECTION 60 AND SECTION 60B OF THE COMPANIES ACT.

THE FILING OF THE PROSPECTUS AND PROSPECTUS DOES NOT, HOWEVER, ABSOLVE THE COMPANY FROM ANY LIABILITIES UNDER SECTION 63 AND SECTION 68 OF COMPANIES ACT OR FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY AND OTHER CLEARANCES AS MAY BE REQUIRED FOR THE PURPOSE OF THE PROPOSED OFFER. SEBI FURTHER RESERVES THE RIGHT TO TAKE UP AT ANY POINT OF TIME, WITH THE BOOK RUNNING LEAD MANAGERS, ANY IRREGULARITIES OR LAPSES IN THE PROSPECTUS AND PROSPECTUS."

Caution

The Company, the Selling Shareholders and the BRLMs accept no responsibility for statements made otherwise than in the Prospectus, Prospectus or the advertisements or any other material issued by or at the instance of the Company or the Selling Shareholders and anyone placing reliance on any other source of information, including our website "www.tcs.com", would be doing so at his or her own risk.

The BRLMs do not accept any responsibility, save to the limited extent as provided in terms of the Memorandum of Understanding entered into amongst the Company, the Selling Shareholders and the BRLMs and the Underwriting Agreement to be entered into amongst the Company, the Selling Shareholders and the Underwriters.

All information shall be made available by the BRLMs and the Company 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 etc.

Disclaimer in respect of Jurisdiction

This Offer is being made in India to persons resident in India including Indian Nationals who are majors, 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, scheduled commercial banks, regional rural banks, cooperative banks (subject to RBI permission),Trusts registered under the Societies Registration Act, 1860, as amended, or any other law relating to Trusts and who are authorised under their constitution to hold and invest in equity shares, multilateral and bilateral development financial institutions, venture capital funds registered with SEBI, Foreign Venture Capital funds registered with SEBI, State Industrial Development Corporation, 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, and to non-residents including NRIs and FIIs. This Prospectus does not, however, constitute an offer to sell or an invitation to subscribe to 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 Prospectus 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 exclusive jurisdiction of appropriate court(s) in Mumbai only.

No action has been or will be taken to permit a Public Offer in any jurisdiction where action would be required for that purpose, except that the Draft Prospectus has been filed with SEBI for observations and the SEBI has given its observations and the Prospectus has been filed with RoC as per the provisions of the Companies Act. Accordingly, the Equity Shares may not be offered or sold, directly or indirectly, and this Prospectus, and the Prospectus may not be distributed, in any jurisdiction, except in accordance with the legal requirements applicable in such jurisdiction. Neither the delivery of this Prospectus and the Prospectus nor any sale hereunder shall, under any circumstances, create any implication that there has been no change of affairs of TCS Division and the Company since the date hereof or that the information contained herein is correct as of any time subsequent to this date.

Disclaimer Clause of NSE

As required, a copy of the Prospectus has been submitted to National Stock Exchange of India Limited ("NSE"). NSE has given vide its letter NSE/LIST/3448-A dated June 22, 2004 permission to the Company to use the NSE's name in this Prospectus as one of the stock exchanges on which the Company's securities are proposed to be listed subject to, the Company fulfilling the various criteria for listing including the one related to paid up capital (i.e. the paid up capital shall not be less than Rs. 100 million and market capitalisation shall not be less than Rs. 250 million at the time of the listing). NSE has scrutinised the Prospectus for its limited internal purpose of deciding on the matter of granting the aforesaid permission to the 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 Prospectus 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 Prospectus; nor does it warrant that the Company's securities will be listed or will continue to be listed on NSE; nor does it take any responsibility for the financial or other soundness of the Company, its promoters, its management or any scheme or project of the Company.

Every person who desires to apply for or otherwise acquire any securities of the Company may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against NSE whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription or 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 ("BSE") has given vide its letter dated June 22, 2004 permission to the Company to use BSE's name in this offer document as one of the stock exchanges on which the Company's securities are proposed to be listed. BSE has scrutinised this offer document for its limited internal purpose of deciding on the matter of granting the aforesaid permission to the Company. BSE does not in any manner:

1. Warrant, certify or endorse the correctness or completeness of any of the contents of this offer document; or
2. Warrant that this company's securities will be listed or will continue to be listed on BSE; or
3. 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 BSE. 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 BSE 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.

Filing

A copy of the Prospectus, along with the documents required to be filed under Section 60B of the Companies Act, has been delivered for registration to the Registrar of the Companies, Maharashtra located at Mumbai and a copy of the Prospectus has been delivered for registration under Section 60 of the Companies Act to RoC. A copy of the Prospectus has been filed with SEBI at Ground Floor, Mittal Court, "A" Wing, Nariman Point, Mumbai 400 021.

Listing

Applications have been made to the NSE and BSE for permission to deal in and for an official quotation of the Equity Shares.

If the permissions to deal in and for an official quotation of the Equity Shares are not granted by any of the Stock Exchanges mentioned above, the Company shall forthwith repay, without interest, all monies received from the applicants in pursuance of the Prospectus. If such money is not repaid within eight days after the Company becomes liable to repay it (i.e. from the date of refusal or within 70 days from the date of Offer Closing Date, whichever is earlier), then the Company and every director of the Company who is an officer in default shall, on and from the expiry of eight days, will be jointly and severally liable to repay the money, with interest at the rate of 15% per annum on application money, as prescribed under Section 73 of the Companies Act.

The Company together with the assistance of the BRLMs, shall ensure that all steps for the completion of the necessary requirements for listing and commencement of trading at both the Stock Exchanges mentioned above are taken within seven working days of finalisation and adoption of the basis of allotment for the Offer.

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."

Minimum Subscription

If we do not receive the minimum subscription of 90% of the Fresh Issue amount including devolvement of Underwriters, if any, within 60 days from the Bid Closing Date, we shall forthwith refund the entire subscription amount received. If there is a delay beyond eight days after we become liable to pay the amount, we shall pay interest as per section 73 of Companies Act.

In case of under-subscription in the Offer, the Equity Shares in the Fresh Issue will be issued prior to the sale of Equity Shares in the Offer for Sale.

Withdrawal of the Offer

The Company and Tata Sons, in consultation with the BRLMs, reserve the right not to proceed with the Offer any time after the Bid/Offer Opening Date but before Allotment, without assigning any reason thereof.

Letters of Allotment or Refund Orders

The Company and Tata Sons shall dispatch allotment advice or refund orders and give benefit to the Beneficiary Account with Depository Participants and submit the allotment and listing documents to the Stock Exchanges within two working days of finalisation of the basis of allotment. The Company and Tata Sons shall dispatch refund orders, if any, of value up to Rs.1,500 by "Under Certificate of Posting", and shall 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 Company shall ensure that all steps for completion of the necessary requirements for listing and commencement of trading at all the stock exchanges where the Equity Shares are proposed to be listed, are taken within seven working days of finalisation of the basis of allotment.

In accordance with the Companies Act, the Stock Exchanges' requirements and DIP Guidelines, the Company further undertakes that:

- Allotment of Equity Shares shall be made only in dematerialised form, within 15 days from the Bid/ Offer Closing Date;
- Despatch of refund orders shall be completed within 15 days of Bid/ Offer Closing Date; and
- The Company and Tata Sons would pay interest at 15% per annum (for any delay beyond the periods as mentioned above), if allotment has not been made, refund orders have not been dispatched and/or demat credits have not been made to investors within the time periods specified above.

We will provide adequate funds required for the despatch of refund orders or allotment advice to the Registrar to the Offer.

Offer Programme/ Offer Period

Bid / Offer Opened On : THURSDAY, JULY 29, 2004

Bid / Offer Closeed On : THURSDAY, AUGUST 5, 2004

Bids and any revision in Bids shall be accepted **only between 10 a.m. and 3 p.m.** (India Time) during the Bid/ Offer Period as mentioned above at the bidding centres mentioned on the Bid cum Application Form except that on the Bid Closing Date, the Bids shall be accepted **only between 10 a.m. and 1.00 p.m** (Indian Standard Time) and updated till such time as permitted by the BSE and NSE on the Bid/ Offer Closing Date. **Any revision in the Price Band and the revised Bid/ Offer Period, if applicable, will be duly disseminated by notification to the BSE and NSE by issuing a press release and also by indicating the change on the website of the BRLMs and at the terminals of the Members of the Syndicate.**

Book Running Lead Managers to the Offer

JM Morgan Stanley Private Limited
141, Maker Chambers III,
Nariman Point,
Mumbai 400 021, India
Tel: (91 22) 5630 3030/1600 22 0004
Fax: (91 22) 2204 2137
Email: tcsipo@jmmorganstanley.com

DSP Merrill Lynch Limited
Mafatlal Centre, 10th Floor
Nariman Point
Mumbai 400 021, India
Tel: (91 22) 5632 8000
Fax: (91 22) 2201 8518
Email: tcs_ipo@ml.com

J.P. Morgan India Private Limited
Mafatlal Centre, 9th Floor
Nariman Point
Mumbai 400 021, India
Tel: (91 22) 2285 5666
Fax: (91 22) 5639 3091
Email: tcs.ipo@jpmorgan.com

Statement of *Inter Se* Allocation of Responsibilities amongst the Book Running Lead Managers

Book Running Lead Managers: JM Morgan Stanley Private Limited ("JMMS"), DSP Merrill Lynch Limited ("DSPML") and J.P. Morgan India Private Limited ("JPM")

***Inter Se* Allocation of Responsibilities amongst the Book Running Lead Managers**

No	Activities	Responsibility	Coordinator
1.	Capital Structuring with relative components and formalities such as type of instruments, etc.	JMMS, DSPML, JPM	JMMS
2.	Due diligence of Company's operations/ management/ business plans/ legal etc. Drafting and design of Red Herring Prospectus and of statutory advertisement including memorandum containing salient features of the Prospectus. The BRLMs shall ensure compliance with stipulated requirements and completion of prescribed formalities with the Stock Exchanges, RoC and SEBI including finalisation of Prospectus and RoC filing	JMMS, DSPML, JPM	JMMS
3.	Drafting and approval of all publicity material other than statutory advertisement as mentioned in (2) above including corporate advertisement, brochure, etc.	JMMS, DSPML, JPM	DSPML
4.	Appointment of other intermediaries viz., Registrar(s), Printers, Advertising Agency and Bankers to the Offer	JMMS, DSPML, JPM	JPM
5.	International Institutional Marketing strategy	JMMS, DSPML, JPM	JMMS
	• Finalise the list and division of investors for one to one meetings, institutional allocation in consultation with the Company and Tata Sons		
6.	Domestic institutions / banks/ mutual funds marketing strategy	JMMS, DSPML, JPM	JPM
	• Finalise the list and division of investors for one to one meetings, institutional allocation in consultation with the Company and Tata Sons		
7.	Retail / HNI marketing strategy	JMMS, DSPML, JPM	DSPML
	• Finalise centres for holding conference for brokers etc.		
	• Follow up on distribution of publicity and issue materials including form, prospectus and deciding on the quantum of the Offer material		
	• Finalise collection orders		
8.	Pricing and QIB allocation	JMMS, DSPML, JPM	DSPML
9.	The post bidding activities including management of escrow accounts, co-ordinate non-institutional allocation, intimation of allocation and dispatch of refunds to bidders etc. The post Offer activities for the Offer will involve essential followup steps, which include the finalisation of trading and dealing of instruments and dispatch of certificates and demat of delivery of shares, with the various agencies connected with the work such as the Registrar(s) to the Offer and Bankers to the Offer and the bank handling refund business. The merchant banker shall be responsible for ensuring that these agencies fulfill their functions and enable it to discharge this responsibility through suitable agreements with the Company	JMMS, DSPML, JPM	DSPML

Advisor to the Offer

Tata Financial Services
(A Division of Tata Sons Limited)
Bombay House,
24, Homi Mody Street,
Fort, Mumbai - 400 001
Tel.: (91 22) 5665 7133/ 8006
Fax : (91 22) 5665 8008
Email: afbhikaji@tata.com

Senior Co-Manager

Kotak Mahindra Capital Company Limited
Bakhtawar, 3rd Floor,
229, Nariman Point
Mumbai - 400 021
Tel.: +91-22-5634 1100
Fax.: +91-22-2284 0492

Co-Managers

CLSA India Limited
8/F, Dalamal House,
Nariman Point,
Mumbai - 400 021
Tel.: (91) 22 2284 1348
Fax.: (91) 22 2284 0271

SBI Capital Markets Limited
202, Maker Tower 'E'
Cuffe Parade,
Mumbai - 400 005
Tel.: (91) 22 2218 9166
Fax.: (91) 22 2218 8332

Syndicate Members

HSBC Securities and Capital Markets (India) Private Limited
52/60, Mahatma Gandhi Road
Mumbai - 400 001
Tel.: (91) 22 2267 4921
Fax.: (91) 22 2263 1984

ICICI Brokerage Services Limited
41/44, Minoo Desai Marg
Colaba, Mumbai - 400 005
Tel.: (91) 22 2288 2460/70
Fax.: (91) 22 2282 6455

JM Morgan Stanley Retail Services Private Limited
141, Maker Chambers III,
Nariman Point, Mumbai - 400 021
Tel.: (91) 22 5630 3030
Fax.: (91) 22 5630 1689

Karvy Stock Broking Limited
529, Road No.4
Banjara Hills
Hyderabad - 500 034
Tel.: (91) 40 2335 1988
Fax.: (91) 40 2335 1989

Kotak Securities Limited
1st Floor, Bakhtawar
229, Nariman Point
Mumbai - 400 021
Tel.: 91 22 5634 1100
Fax.: 91 22 5630 3927

UTI Securities Limited
Merchant Chamber, 4th Floor
41, Sir Vithaldas Thackersey Marg
New Marine Lines, Mumbai - 400 020
Tel.: (91) 22 5633 1545
Fax.: (91) 22 2203 0165

Registrar to the Offer

Karvy Computershare Private Limited
Unit: TCS IPO
"Karvy House", 46, Avenue 4, Street No. 1
Banjara Hills
Hyderabad - 500 034
Tel.: (91) 40 2331 2454
Fax.: (91) 40 2331 1968
Email: tcsipo@karvy.com

Legal Advisors

To the Company

As to Indian law:

Amarchand & Mangaldas & Suresh A. Shroff & Co.
Peninsula Chambers, Peninsula Corporate Park
Ganpatrao Kadam Marg, Lower Parel
Mumbai - 400 013
India
Tel no.: (91 22) 5660 4455

As to New York law and the federal laws of the United States of America:

Cravath, Swaine & Moore LLP
Worldwide Plaza
825 Eighth Avenue
New York, NY 10019
U.S.A.
Tel no.: (1- 212) 474 1000

To the BRLMs

As to Indian law:

P&A Law Offices
1st Floor, Dr. Gopal Das Bhavan
28, Barakhamba Road
New Delhi - 110 001, India
Tel.: (91 11) 2373 8793

As to New York law and the federal laws of the United States of America:

Jones Day
31/F Edinburgh Tower, The Landmark
15 Queen's Road Central
Hong Kong
Tel no.: (852) 2526 6895

Auditors

Tata Consultancy Services Limited

Indian Accounting Policies:

S.B. Billimoria & Co.
12, Dr. Annie Besant Road
Opp. Shiv Sagar Estate
Worli, Mumbai - 400 018, India
Tel no.: (91 22) 5667 9000

TCS Division

Indian GAAP Financial Statements:

G. N. Joshi Associates
Chartered Accountants,
K.K. Chambers, 3rd Floor,
P. Thakurdas Marg,
Mumbai - 400 021, India
Tel.: (91 22) 2207 7200
(ceased with effect from March 31, 2004)

S.B. Billimoria & Co.
12, Dr. Annie Besant Road
Opp. Shiv Sagar Estate
Worli
Mumbai - 400 018, India
Tel no.: (91 22) 5667 9000
(appointment effective from April 1, 2003)

US GAAP Financial Statements:

Deloitte Haskins & Sells
12, Dr. Annie Besant Road
Opp. Shiv Sagar Estate
Worli
Mumbai - 400 018, India
Tel no.: (91 22) 5667 9000

Bankers to TCS Limited

Citibank N.A.
D N Road Branch
Fort
Mumbai - 400 021

ICICI Bank Limited
Free Press Journal Marg
Nariman Point
Mumbai - 400 021

Bankers to TCS Division

ABN Amro Bank N.V.
4th Floor Sakhar Bhavan
Nariman Point
Mumbai - 400 021

Standard Chartered Bank
2nd Floor,
90, M.G. Road, Fort
Mumbai - 400 001

Bank of America N.A.
Post Box 11506
Express Towers
Nariman Point
Mumbai - 400 021

State Bank of India
Central Office,
Express Towers, 20th Floor,
Nariman Point
Mumbai - 400 021

Hongkong & Shanghai Banking Corporation
52/60, M.G. Road,
P.O. Box 128,
Mumbai - 400 023

Bankers to the Offer and Escrow Collection Banks

Citibank N.A
Bombay Mutual Building
293, D.N. Road
Fort, Mumbai – 400 001

Deutsche Bank
DB House,
Hazarimal Somani Marg
Fort, Mumbai – 400 001

HDFC Bank Limited
HDFC Bank House,
Senapati Bapat Marg
Lower Parel,
Mumbai – 400 013

IDBI Bank Limited
Tradeview, Oasis Complex, Kamala City
P.B. Marg, Lower Parel (W)
Mumbai - 400 013

Standard Chartered Bank
90, Mahatma Gandhi Marg
Fort
Mumbai – 400 023

ICICI Bank Limited
Capital Markets Division
30, Mumbai Samachar Marg
Mumbai – 400 001

Kotak Mahindra Bank Limited
Ground Floor
Mittal Court, C Wing
Nariman Point, Mumbai – 400 021

State Bank of India
(New Issue Division)
Mumbai Main Branch
Mumbai Samachar Marg,
Fort, Mumbai – 400 001

The HongKong and Shanghai Banking Corporation Limited
Global Payments and Cash Management
52/60, Mahatma Gandhi Marg
Fort, Mumbai – 400 001

Company Secretary and Compliance Officer

Mr. S. H. Rajadhyaksha
11th Floor, Air India Building,
Nariman Point, Mumbai - 400 021
Tel no.: (91 22) 2204 6021
Fax no.: (91 22) 5668 9499
Email: company.secretary@tcs.com

Investors can contact the Compliance Officer in case of any pre-Offer or post-Offer related problems such as non-receipt of allotment advice or refund orders, etc.

Other Details

Monitoring Agency

Industrial Development Bank of India has been appointed as Monitoring Agency by TCS Limited to monitor the utilisation of the proceeds of the Fresh Issue.

Credit Rating

Since the Offer is of equity shares, credit rating is not required.

Trustees

Since the Offer is of equity shares, appointment of Trustees is not required.

Book Building Process

Book building refers to the collection of bids from investors, which is based on an indicative price range, the Offer Price being fixed after the Bid Closing Date. The principal intermediaries involved in a Book Building Process are:

- The Company;
- Book Running Lead Managers, in our case JM Morgan Stanley Private Limited, DSP Merrill Lynch Limited and J.P. Morgan India Private Limited;
- Senior Co-Manager, Co-Managers and Syndicate Members.

SEBI through its guidelines has permitted an issuer proposing to offer securities to the public to have an option to offer 100% Book Building Process wherein at least 60% of the Net Offer will be allocated on a discretionary basis to Qualified Institutional Buyers. Further, not less than 15% of the Net Offer will be available for allocation on a proportionate basis to Non-Institutional Bidders and the remaining 25% of the Net Offer will be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid bids being received at or above the Offer Price. We will comply with these guidelines for this Offer. In this regard, the Company has appointed JM Morgan Stanley Private Limited, DSP Merrill Lynch Limited and J.P. Morgan India Private Limited as the Book Running Lead Managers to the Offer to procure subscription to the Offer.

Illustration of Book Building and Price Discovery Process *(Investors should note that the following is solely for the purpose of illustration and is not specific to the Offer)*

Bidders can bid at any price within the price band. For instance, assuming a price band of Rs.20 to Rs.24 per share, issue size of 3,000 equity shares and receipt of five bids from bidders details of which are shown in the table below. A graphical representation of the consolidated demand and price would be made available at the bidding centres during the bidding period. The illustrative book as shown below shows the demand for the shares of the company at various prices and is collated from bids from various investors.

Number of equity shares Bid for	Bid Price (Rs.)	Cumulative equity shares Bid for	Subscription
500	24	500	16.67%
1000	23	1500	50.00%
1500	22	3000	100.00%
2000	21	5000	166.67%
2500	20	7500	250.00%

The price discovery is a function of demand at various prices. The highest price at which the issuer is able to issue the desired quantum of shares is the price at which the book cuts off i.e., Rs. 22 in the above example. The issuer, in consultation with the BRLMs will finalise the issue price at or below such cut off price i.e. at or below Rs. 22. All bids at or above this issue price and cut-off bids are valid bids and are considered for allocation in respective category.

The process of Book Building under DIP Guidelines is relatively new and investors are advised to make their own judgment about investment through this process prior to making a Bid or Application in the Offer. Pursuant to the recent amendments to DIP Guidelines, QIBs are not allowed to withdraw their Bids after Bid/ Offer Closing Date.

Steps to be taken by the Investor for Bidding

- Check whether he or she is eligible for Bidding;
- Bidder necessarily needs to have a demat account; and
- Fill up Bid Form as per instructions given on Page 196 in this Prospectus and the Bid cum Application Form.

Underwriting Agreement

The Company and the Selling Shareholders have entered into an Underwriting Agreement with the Underwriters for the Equity Shares offered in the Offer. Under the terms of the Underwriting Agreement, the BRLMs shall be responsible for bringing in the amount devolved in the event that the Senior Co-Managar, Co-Managers and other Syndicate Members do not fulfil their underwriting obligations. Pursuant to the terms of the Underwriting Agreement, the obligations of the Underwriters are subject to certain conditions to closing, as specified therein.

The details of the underwriting are as under :

Name and Address of the Underwriter	Number of Equity Shares Underwritten	Amount Underwritten (in million)
JM Morgan Stanley Private Limited[1] 141, Maker Chambers III, Nariman Point, Mumbai - 400 021, India	26,464,650	Rs. 22,495.0
DSP Merrill Lynch Limited[1] Mafatlal Centre 10th Floor Nariman Point, Mumbai - 400 021, India	26,464,750	Rs. 22,495.0
J.P. Morgan India Private Limited[1] Mafatlal Centre, 9th Floor Nariman Point, Mumbai - 400 021, India	6,377,050	Rs. 5,420.5
Kotak Mahindra Capital Company Limited[1] 3rd Floor, Bakhtawar 229, Nariman Point Mumbai - 400 021	1,275,310	Rs. 1,084.0
CLSA India Limited[1] 8/F, Dalamal House, Nariman Point, Mumbai - 400 021	637,710	Rs. 542.1
SBI Capital Markets Limited[1] 202, Maker Tower 'E' Cuffe Parade, Mumbai - 400 005	637,710	Rs. 542.1
HSBC Securities and Capital Markets (India) Private Limited[1] 52/60, Mahatma Gandhi Road Mumbai - 400 001	637,700	Rs. 542.0
ICICI Brokerage Services Limited[1] 41/44, Minoo Desai Marg Colaba, Mumbai - 400 005	637,700	Rs. 542.0
JM Morgan Stanley Retail Services Private Limited[1] 141, Maker Chambers III, Nariman Point, Mumbai - 400 021	100	Rs. 0.1
Karvy Stock Broking Limited 529, Road No.4 Banjara Hills, Hyderabad - 500 034	318,850	Rs. 271.0
Kotak Securities Limited[1] 3rd Floor, Bakhtawar 229, Nariman Point Mumbai - 400 021	100	Rs. 0.1
UTI Securities Limited[1] Merchant Chamber, 4th Floor 41, Sir Vithaldas Thackersey Marg New Marine Lines, Mumbai - 400 020.	318,850	Rs. 271.0

[1] *We provide IT services to these entities or their affiliates.*

The above Underwriting Agreement is dated August 9, 2004.

In the opinion of the Board of Directors of the Company and BRLMs, on the basis of the declarations 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.

Allocation among the BRLMs, Senior Co-Manager, Co-Manager or other Syndicate Members may not necessarily be in proportion to the underwriting commitments. Notwithstanding the above table, the Underwriters shall be responsible for ensuring the payment for the 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 as specified in the Underwriting Agreement. Allocation to QIB Bidders is discretionary and shall be determined by the Company and Tata Sons in consultation with the BRLMs based on the quality of the QIB Bidder determined broadly by the size, price and date of the Bid and may not be proportionate in any way and the patterns of allocation to the QIB Bidders could be different among the Underwriters.

CAPITAL STRUCTURE

SHARE CAPITAL as of August 9, 2004

		Aggregate nominal value (Rs. million)	Aggregate value at Offer Price (Rs. million)
A. Authorised Capital			
600,000,000	Equity Shares of Re. 1 each	600.0	
B. Issued, Subscribed and Paid-up Capital			
455,500,029	Equity Shares of Re. 1 each fully paid-up	455.5	
C. Present Offer to the public pursuant to this Prospectus			
55,452,600	Equity Shares of Re. 1 each		
Out of the above:			
a) Fresh Issue			
22,775,000	Equity Shares of Re. 1 each	22.8	19,358.8
b) Offer for Sale (refer note (c) below)			
32,677,600	Equity Shares of Re. 1 each	32.6	27,776.3
D. Employee Reservation Portion [(1)]			
5,545,260	Equity Shares of Re. 1 each	5.5	4,713.3
E. Net Offer to the Public			
49,907,340	Equity Shares of Re. 1 each	49.9	42,421.0
F. Green Shoe Option pursuant to this Prospectus [(2)]			
8,317,880	Equity Shares of Re. 1 each	8.3	7,070.3
G. Equity Capital after the Offer			
478,275,029	Equity Shares of Re. 1 each	478.3	
H. Share Premium Account			
	Before the Offer	0	
	After the Offer	19,336.0	

[(1)] For the purpose of the Employee Reservation Portion, Eligible Employee means permanent employees/directors of TCS Division, TCS Limited and Tata Sons Limited who are Indian Nationals, are based in India and are physically present in India on the date of submission of the Bid-cum-Application Form.

[(2)] The Green Shoe Option will be exercised at the discretion of the BRLMs and the Company only with respect to Equity Shares that are owned by Tata Sons. Tata Sons as the Green Shoe Transferor has agreed to transfer 8,317,880 Equity Shares to the Stabilising Agent, in the event that the Green Shoe Option is exercised by Stabilising Agent.

a) Each Equity Share of Rs. 10 each of TCS Limited was sub divided into ten Equity Shares of Re. 1 each pursuant to the resolution passed by the shareholders of TCS Limited at the AGM held on May 5, 2004.

b) The authorised share capital of TCS Limited was increased from Rs. 400 million to Rs. 600 million pursuant to the resolution passed by the shareholders of TCS Limited at the AGM held on May 5, 2004.

c) The subscribed and paid-up capital of TCS Limited was increased from Rs. 364.4 million to Rs. 455.5 million pursuant to a bonus issue by the Company in the ratio of 1:4 as approved by the shareholders at the AGM held on May 5, 2004

d) The details of the Equity Shares being offered in the Offer for Sale by each Selling Shareholder is as under:

Name of the Shareholder	Number of equity shares offered	% of pre-Offer capital
Tata Sons Limited(1)	14,457,116	3.17
The Indian Hotels Company Limited	200,000	0.04
Cameo Investment and Finance Company Limited	83,231	0.02
Kalimati Investment Company Limited	413,688	0.09
Jamsetji Tata Trust	9,531,250	2.09
Navajbai Ratan Tata Trust	5,468,750	1.20
Shapoor Pallonji Mistry	1,261,788	0.28
Cyrus Pallonji Mistry	1,261,777	0.28
Total	**32,677,600**	**7.17**

(1) In addition, Tata Sons as the Green Shoe Transferor has agreed to transfer 8,317,880 Equity Shares to the Stabilising Agent, in case the Green Shoe Option is exercised by Stabilising Agent.

Equity Shares, being offered by the Selling Shareholders as a part of the Offer for Sale, have been held by them for a minimum period of one year at the time of filing the Draft Red Herring Prospectus with SEBI.

Notes to the Capital Structure

1. Share Capital History

Date on which Equity Shares were allotted and made fully paid-up	Number of Equity Shares	Face Value Rs.	Offer Price Rs.	Nature of payment of consideration	Reasons for Allotment	Cumulative Paid-up capital Rs. million	Cumulative Share Premium Rs. million
February 16, 1995	2	10	10	Cash	Signatory to Memorandum of Association	0.00	Nil
December 29, 1995	36,440,000	10	10	Cash	Further allotment to R R Donnelley (Mauritius) Holding Ltd.	364.40	Nil
	36,440,002	10					
May 13, 2004	364,400,020				One Equity Share of Rs. 10 each was sub-divided into 10 Equity Shares of Re. 1 each		
May 13, 2004	91,100,009	1	Nil	Bonus	Bonus in the ratio of 1:4	455.50	Nil
Total	**455,500,029**						

2. Promoter's Contribution and Lock-in

Name	Date on which Equity Shares were allotted /acquired and made fully paid-up	Nature of payment of consideration	Number of Equity Shares	Par Value	Offer Price	%age of Post-Offer Paid-up capital
				Rs.	Rs.	%
Tata Sons.		Cash	36,440,002	10	15.50	
	March 16, 2001 to March 28, 2002	Sold	3,644,000	10		
		Net	32,796,002	10		
	May 13, 2004	Split	327,960,020	1		
	May 13, 2004	Bonus	81,990,005	1	Nil	
		Total	409,950,025			
	To be sold in Offer for Sale	Less	14,457,116	1		
	Holding after Offer for Sale		395,492,909	1		82.69%
	To be transferred to Stabilising Agent if Green Shoe Option is exercised	Less	8,317,880	1		
	Holding after exercise of Green Shoe Option		387,175,029	1		80.95%

The shareholding of Tata Sons would be locked in as under:

Number of Equity Shares	Par Value	%age of Post-Offer Paid-up capital	Lock-in Period (1)
	Re.		
95,655,006	1	20.00%	Three years
291,520,023	1	60.95%	One year

(1) The Equity Shares will be locked in for the periods specified above from the date of allotment of shares in this Offer. Tata Sons may, at its discretion, pledge its equity shares with banks or financial institutions as additional security for loans. The equity shares to be locked in for a period of three years have been computed as 20% of our Equity Capital after the Offer.

Other than as stated above, the entire pre-Offer issued equity share capital of the Company will be locked in for the period of one year from the date of allotment of equity shares in this Offer.

Locked-in Equity Shares held by the Promoter can be pledged with banks or financial institutions as collateral security for loans granted by such banks or financial institutions. In terms of clause 4.16 (b) of the DIP Guidelines, Equity Shares held by the Promoter may be transferred to and amongst the promoter group or to a new promoter or persons in control of the Company subject to continuation of the lock-in in the hands of the transferees for the remaining period and compliance with SEBI Takeover Regulations, as applicable.

Further, in terms of clause 4.16 (a) of the DIP Guidelines, Equity Shares held by shareholders other than the Promoter may be transferred to any other person holding shares which are locked-in as per Clause 4.14 of the DIP Guidelines, subject to continuation of the lock-in in the hands of the transferees for the remaining period and compliance with SEBI Takeover Regulations, as applicable.

In addition, the Equity Shares subject to lock-in will be transferable subject to compliance with the DIP Guidelines as amended from time to time.

Other than by way of direct allotment, no Equity Shares have been purchased or sold by our Promoter, Tata Sons, or any director of Tata Sons during a period of six months preceding the date on which the Prospectus is filed with RoC.

The following Directors of Tata Sons hold Equity Shares of the Company:

Name of Director	Number of Equity Shares held
Ratan N Tata	377,675
Pallonji Shapoorji Mistry	732,800

There is no natural person who is holding 10% or more of voting rights of Tata Sons. For Board of Directors of Tata Sons, see "Our Promoter" on page 140 of the Prospectus.

3. Equity Shares held by the top ten shareholders

Our top ten shareholders and the Equity Shares held by them on the date of filing the Prospectus with RoC and ten days prior to the date of filing the Prospectus with RoC are as follows:

Name	Number of Equity Shares (of Re. 1 each) held	
	On the date of filing the Prospectus with RoC	Ten days prior to the date of filing the Prospectus with RoC
Tata Sons Limited	409,950,025	409,950,025
Jamsetji Tata Trust	19,062,500	19,062,500
Navajbai Ratan Tata Trust	10,937,500	10,937,500
Cyrus Pallonji Mistry	3,823,575	3,823,575
Shapoor Pallonji Mistry	3,815,100	3,815,100
Sheba Properties Limited	1,394,750	1,394,750
Kalimati Investment Company Limited	1,394,750	1,394,750
Tata Chemicals Limited	1,153,775	1,153,775
Af-taab Investment Company Limited	751,988	751,988
Pallonji Shapoorji Mistry	732,800	732,800

Our top ten shareholders and the shares held by them two years prior to the date of filing the Prospectus with RoC are as follows:

Name	Number of equity shares (of Rs. 10 each) held two years prior to the date of filing the Prospectus with RoC
Tata Sons Limited	32,796,002
Jamsetji Tata Trust	1,525,000
Navajbai Ratan Tata Trust	875,000
Shapoor Pallonji Mistry	305,888
Cyrus Pallonji Mistry	305,886
Sheba Properties Limited	111,580
Kalimati Investment Company Limited	111,580
Tata Chemicals Limited	92,302
Af-taab Investment Company Limited	60,159
Pallonji Shapoorji Mistry	58,624

4. As of the date of the Prospectus, there are no outstanding warrants, options or rights to convert debentures, loans or other financial instruments into our Equity Shares.

5. Shareholding Pattern

The table below presents our shareholding pattern before the proposed Offer and as adjusted for the Offer and the Green Shoe Option.

	Equity Shares owned prior to the Offer		Equity Shares owned after the Offer [1]			
Shareholder Category	**Number**	**%**	**Number (if Green Shoe Option is not exercised)**	**%**	**Number (if Green Shoe Option exercised in full)**	**%**
Promoter – Tata Sons Limited	409,950,025	90.00	395,492,909	82.69	387,175,029	80.95
Other entities of the Promoter Group:						
Jamsetji Tata Trust	19,062,500	4.18	9,531,250	1.99	9,531,250	1.99
Navajbai Ratan Tata Trust	10,937,500	2.40	5,468,750	1.14	5,468,750	1.14
Sheba Properties Limited	1,394,750	0.31	1,394,750	0.29	1,394,750	0.29
Kalimati Investment Co. Limited	1,394,750	0.31	981,062	0.21	981,062	0.21
Tata Chemicals Limited	1,153,775	0.25	1,153,775	0.24	1,153,775	0.24
Af-taab Investment Co. Limited	751,988	0.17	751,988	0.16	751,988	0.16
The Indian Hotels Company Limited	507,188	0.11	307,188	0.06	307,188	0.06
Tata Industries Limited	257,425	0.06	257,425	0.05	257,425	0.05
Tata Tea Limited	197,800	0.04	197,800	0.04	197,800	0.04
Cameo Investment and Finance Limited	166,463	0.04	83,232	0.02	83,232	0.02
Tata Investment Corporation Limited	36,738	0.01	36,738	0.01	36,738	0.01
Primal Investments Finance Limited	11,900	0.00	11,900	0.00	11,900	0.00
The Tata Power Company Limited	113	0.00	113	0.00	113	0.00
Total Promoter Group	**445,822,915**	**97.88**	**415,668,880**	**86.91**	**407,351,000**	**85.17**
Others	9,677,114	2.12	7,153,549	1.50	7,153,549	1.50
Public (pursuant to the Offer)	-	-	55,452,600	11.59	63,770,480	13.33
Total	**455,500,029**	**100.00**	**478,275,029**	**100.00**	**478,275,029**	**100.00**

6. Buyback and Standby Arrangements

None of Tata Sons, the Company, their respective directors or the BRLMs has entered into any buyback and/or standby arrangements for the purchase of our Equity Shares from any person.

7. We have not raised any bridge loan against the proceeds of the Offer. The net proceeds of the Fresh Issue will be utilised to pay the transfer consideration of Rs. 23,000 million to Tata Sons pursuant to the Scheme. For details, see "Transfer of Tata Consultancy Services Division" on page 41 of this Prospectus.

8. The Government of India, Ministry of Finance, Department of Economic Affairs, (FIPB Unit) pursuant to its letter no. FC/233/2004 FIPB dated July 5, 2004, has clarified that FIPB approval is not required in this Offer, for the transfer of Equity Shares in this Offer and Green Shoe Portion to eligible NRIs, FIIs, Foreign Venture Capital Investors registered with SEBI and Multilateral and Bilateral Development Financial Institutions. As per the extant policy, OCBs are not permitted to participate in the Offer. The Company has received approval from the RBI stating that the RBI has no objection for non-resident investors to acquire Equity Shares in the Offer for Sale, pursuant to its letter no. FE.CO.FID/232/10.I.07.02.200(642)/2004-05 dated July 12, 2004. 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.

9. At least 60% of the Net Offer shall be allocated to QIBs on a discretionary basis. Further, not less than 15% of the Net Offer will be available for allocation on a proportionate basis to Non-Institutional Bidders and the remaining 25% of the Net Offer will be available for allocation to Retail Individual Bidders, subject to valid bids being received from them at or above the Offer Price. Under-subscription, if any, in the Non-Institutional and Retail Individual categories would be allowed to be met with spill over from any other category at the sole discretion of the Company, Tata Sons and the BRLMs.

10. A Bidder cannot make a Bid for more than the number of Equity Shares offered in this Offer, subject to the maximum limit of investment prescribed under relevant laws applicable to each category of investor.

11. There would be no further issue of 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 Prospectus with SEBI until the equity shares offered hereby have been listed.

12. The Company presently does not have any intention or proposal to alter its capital structure for a period of six months commencing from the date of opening of this Offer, by way of split/ consolidation of the denomination of Equity Shares or further issue of Equity Shares or securities convertible into Equity Shares, whether on a preferential basis or otherwise except for issue of Equity Shares pursuant to an ESPS programme that may be approved by the shareholders. However, during such period or at a later date, we may issue equity shares or securities linked to equity shares to finance an acquisition, merger or joint venture or as consideration for such acquisition, merger or joint venture, or such other scheme of arrangement if an opportunity of such nature is determined by our Board to be in the interest of the Company.

13. We have not issued any Equity Shares out of revaluation reserves or for consideration other than cash except for the bonus shares issued out of free reserves as described in "Share Capital History' above.

14. There will be only one denomination of the Equity Shares of the Company unless otherwise permitted by law and the Company shall comply with such disclosure and accounting norms as may be specified by SEBI from time to time.

15. We had 25 members as of July 15, 2004.

16. The Equity Shares held by the Promoter, Tata Sons, are not subject to any pledge.

17. Only permanent employees/directors of TCS Division, TCS Limited and Tata Sons Limited who are Indian Nationals based in India and are physically present in India on the date of submission of the Bid-cum-Application Form would be eligible to apply in this Offer under the Employee Reservation Portion on competitive basis. Employees and directors other than as mentioned hereinabove in this statement are not eligible to participate under this reservation. Bid/ Application by Employees and Directors of TCS Division, TCS Limited and Tata Sons can be made also in the "Net Offer to the Public" and such Bids shall not be treated as multiple Bids.

18. The unsubscribed portion, if any, out of the Equity Shares in the Employee Reservation Portion will be added back to the categories of Non Institutional Bidders and Retail Individual Bidders in the ratio 50:50. In case of under-subscription in the Net Offer, spill-over to the extent of under-subscription shall be permitted from the Employee Reservation Portion.

19. As per Chapter VIIIA of the DIP Guidelines, we have decided to avail of the Green Shoe Option for stabilising the post-listing price of the Equity Shares. We have appointed JM Morgan Stanley Private Limited as the Stabilising Agent. The Green Shoe Option consists of option to over allot up to 8,317,880 Equity Shares of Re. 1 each at a price of Rs. 850 per share aggregating Rs. 7,070.2 million representing 15% of the Offer, exercisable during the period commencing from the date of obtaining trading permission from the Stock Exchanges for the Equity Shares in the Offer, and ending 30 days thereafter unless terminated earlier by the Stabilising Agent.

    The terms of the Green Shoe Option are as follows:

Number of shares lent by Green Shoe Lenders	8,317,880 Equity Shares of Re. 1 each at a price of Rs. 850 per Equity Share aggregating Rs. 7,070.2 million representing 15% of the Offer Size
The maximum increase in paid-up capital in case of full exercise of the Green Shoe Option	Not applicable as Equity Shares would be transferred by Tata Sons
Stabilisation Period	The period commencing from the date of obtaining trading permission from the Stock Exchange for the Equity Shares under the Offer, and ending 30 days thereafter unless terminated earlier by the Stabilising Agent.

TRANSFER OF TATA CONSULTANCY SERVICES DIVISION

Historically, our business has been conducted as an operating division of Tata Sons, which has included certain subsidiaries of Tata Sons. On October 25, 2002, the Board of Directors of Tata Sons Limited and Tata Consultancy Services Limited approved the filing of the Scheme, under Sections 391 to 394 of the Companies Act for the transfer of the TCS Division to TCS Limited. The Scheme was filed with the High Court of Judicature at Bombay on December 17, 2002. At a meeting convened by the High Court, the shareholders and creditors of Tata Sons and TCS Limited sanctioned the Scheme. The High Court of Judicature at Bombay sanctioned the Scheme under Sections 391 to 394 of the Companies Act by its orders dated May 9, 2003 and April 7, 2004. The High Court order sanctioning the Scheme was filed with the Registrar of Companies, Maharashtra, on April 21, 2004.

Benefits of the Transfer

We believe that we will realise benefits from the Transfer, including the following:

Increased Speed and Responsiveness. As a separate company, we will have a board of directors and a management team focused exclusively on our business. We believe this will strengthen our ability to make decisions quickly, deploy resources more rapidly and efficiently and operate with more agility.

Direct Access to Capital Markets. As a separate company, we will be able to directly access the capital markets to issue debt or equity securities. We will also be able to use our equity shares for acquisitions and thereby have greater flexibility in our acquisition strategies.

Scheme of Arrangement

The Scheme was negotiated between TCS Limited and Tata Sons and governs the transfer of the TCS Division of Tata Sons to TCS Limited.

Transfer of the TCS Division

The Scheme provides that the TCS Division shall be transferred to and vested in TCS Limited with effect from April 1, 2004, which is the Appointed Date under the Scheme. The Scheme has become effective upon the execution of the Underwriting Agreement for this Offer. From the Appointed Date up to the date on which the Scheme is effective, Tata Sons will hold the TCS Division in trust for and on account of TCS Limited.

The TCS Division includes all the undertakings (including the STPs), and all assets and liabilities of Tata Sons which pertain to the TCS Division as of the Appointed Date. Under the laws of India, the Transfer and vesting of the TCS Division in favour of TCS Limited will occur by virtue of the Scheme sanctioned by the High Court in accordance with its terms. The Scheme also provides that Tata Sons and TCS Limited will execute such other deeds, confirmations or other writings as are necessary to give effect to the Scheme.

The Scheme provides that if any asset in relation to the TCS Division cannot be transferred for any reason whatsoever as of the effective date of the Scheme, Tata Sons shall hold such asset in trust for the benefit of TCS Limited, and complete the transfer in favour of TCS Limited as soon as practicable.

The Scheme states that from the date of filing the Scheme with the High Court of Judicature at Bombay and until the date on which the Scheme becomes effective, Tata Sons shall not encumber the TCS Division and shall carry on the business and activities of the TCS Division with reasonable diligence and business prudence. Tata Sons is prohibited from undertaking any additional financial commitments, borrowing any amounts or from incurring any other liabilities or expenditure, except in the ordinary course of business or if permitted by the Scheme or unless the prior written consent of TCS Limited has been obtained.

When the Scheme becomes effective, all legal or other proceedings (other than proceedings in relation to corporate taxes on profits under the Income Tax Act, 1961) by or against Tata Sons, whether pending or which may be initiated in the future, in any matter relating to the TCS Division will be transferred to TCS Limited. The Scheme provides that TCS Limited will reimburse and indemnify Tata Sons against all liabilities incurred by Tata Sons in respect of such proceedings after the Transfer and Tata Sons will defend such proceedings in accordance with the advice of TCS Limited.

With respect to employees, the Scheme provides that TCS Limited shall employ all employees of Tata Sons currently engaged in the TCS Division on the same terms and conditions of service. TCS Limited shall be substituted for Tata Sons in the employee benefit arrangements such as provident fund trusts, pension fund trusts and all other employee benefit arrangements, and be required to make the same contributions thereto as Tata Sons was required to make. For the purposes of computing terminal benefits for the employees transferred to TCS Limited, the past services of such employees with TCS Division shall also be taken into account.

The Scheme provides that the Appointed Date was April 1, 2003, or such later date as may be determined by the board of directors of Tata Sons. The Scheme also provides that if the Scheme did not take effect by September 30, 2003, or such later date as may be

agreed by the respective boards of directors of Tata Sons and TCS Limited, the Scheme would become null and void (the "Termination Date"). However, on September 17, 2003 and September 29, 2003, the boards of directors of Tata Sons Ltd. and TCS Limited respectively revised the Termination Date to September 30, 2004. On March 4, 2004, the board of directors of Tata Sons approved amendments changing the Appointed Date to April 1, 2004 in accordance with the provisions of Scheme.

Consideration and other Costs

The Scheme provides that TCS Limited shall pay Tata Sons Rs. 23,000 million as purchase consideration for the Transfer.

The consideration is non-interest bearing and shall become payable upon the successful completion of the Offer. In the event that payment of the consideration is delayed beyond the period of three days from the date of receipt of trading permission from the Stock Exchanges for the Equity Shares, interest at a rate of 6% per annum, would be payable to Tata Sons. The interest would be paid by TCS Limited out of its own funds. Tata Sons would have the first right to the Offer proceeds after all Offer expenses are paid. TCS Limited will use the net proceeds from the Fresh Issue in this Offer to pay the purchase consideration for the Transfer.

TCS Limited has agreed to bear all costs, charges, levies and duties (including stamp duty and registration fees) and expenses in relation to or in connection with or incidental to the Scheme. The Transfer is subject to stamp duty primarily in the State of Maharashtra, where the registered offices of Tata Sons and TCS Limited are located. TCS Limited had filed a copy of the drawn-up order with the Superintendent of Stamps (Mumbai) for adjudication of the stamp duty payable in the State of Maharashtra for registration of the Scheme. The Superintendent of Stamps (Mumbai) has passed an adjudication order whereby the stamp duty in respect of the Transfer in the State of Maharashtra was adjudicated at Rs. 25 million. Accordingly we have paid the stamp duty of Rs. 25 million and have additionally paid a sum of Rs. 0.25 million as penalty as demanded.

Additionally, we may be liable for stamp duty in respect of the transfer of immovable properties in the other states in India in which they are located. We estimate the aggregate market value of these properties to be approximately Rs. 1,400 million. The stamp duty liability on these properties will vary state by state, and typically ranges from 8% to 12% in most states. We expect that we will be able to set off a portion of our stamp duty payments in states other than Maharashtra against the stamp duty payable in Maharashtra.

In addition, other obligations such as payment of tax claims arising as a result of the transfer of the assets outside India may be payable by TCS Limited. For example, in the United States, TCS America would have to make a payment on account of deemed dividend tax to the United States Government as a result of the Transfer. We believe that this tax liability will be approximately US$ 10 million. Under U.S. taxation rules, TCS America would be required to withhold and remit the actual tax. Similarly, the profits of the TCS branch in the United States and other jurisdictions would also be subject to tax on the Transfer. The transfer of the branch assets to TCS Limited will result in branch tax liability in the United States and other jurisdictions of approximately US$ 6.8 million. In addition, we expect that there will be capital gains and other taxes payable in other jurisdictions. Under the provisions of the Scheme, these tax liabilities will be for the account of TCS Limited. In the U.S. GAAP combined and consolidated financial statements of the TCS Division as of and for the year ended March 31, 2004, we have already accounted for certain deferred tax liabilities and undistributed earnings of foreign subsidiaries, and therefore expect that the net one-time charge for overseas tax liabilities associated with the Transfer will be approximately Rs. 505 million, which we expect to incur in the second quarter of fiscal 2005. This one-time charge is currently an estimate only, and assumes that our overseas tax liabilities associated with the Transfer, and the exchange rates we have used in calculating the charge, will not vary substantially from the amounts used to calculate such charge.

In the United Kingdom, corporation tax currently at the rate of 30% of the excess of the market value over the cost of the branch assets, including the goodwill value inherent in the branch, is payable on a transfer. However there is an exemption provided in the case of a transfer between group companies having common ownership of at least 75% and if this 75% common ownership continues for a period of six years. Therefore, so long as there is ownership of at least 75% of TCS Limited by Tata Sons and its group companies for six years from the Transfer, no U.K. corporation tax liability arising from the Transfer would be attracted. Although we have not made a market valuation of the UK branch assets for this purpose, such tax liability may be material if the common ownership test is not satisfied in any period within six years from the Transfer.

Conditions

The effectiveness of the Scheme is subject to the following:

- approval by the requisite majority of the various classes of shareholders and creditors of TCS Limited and Tata Sons and the order of the High Court of Judicature at Bombay being obtained. The approval of the various classes of shareholders and creditors of both companies was obtained on January 28, 2003. The Scheme was sanctioned by the High Court of Judicature at Bombay by its order dated May 9, 2003 and April 7, 2004;
- other sanctions and approvals required to be obtained by law, including the sanction of any Government authority or creditor, being obtained;
- certified copies of the court order in respect of the Scheme being filed with the Registrar of Companies, Maharashtra at Mumbai. The court order was filed with the RoC on April 21, 2004; and
- the execution of a legally binding underwriting agreement, in relation to the initial public offering (i.e. this Offer) of shares of TCS Limited in terms of the relevant guidelines issued by the SEBI and the provisions of the Act, including the offer for sale of shares held by Tata Sons and other Selling Shareholders in TCS Limited, in form and substance satisfactory to Tata Sons.

With the signing of the Underwriting Agreement, all four conditions specified above have been satisfied and the Scheme is effective. Accordingly, as on the date of the Prospectus, all the assets and liabilities of the TCS Division have legally vested in TCS Limited under the Scheme.

TCS Limited is in the process of applying to the appropriate authorities for formal transfer of various consents, approvals and licenses in its name. TCS Limited has already received in-principle approval from STP authorities for transfer of various STPs of the TCS Division to TCS Limited. Such STP approvals are listed in the section "Government Approvals". TCS Limited will make applications to Registrar of Trademarks for assignment of various trademarks in its name. Major customers and suppliers have been notified about the Transfer and steps have been initiated for the transfer of their contracts in the name of TCS Limited.

After the vesting of all the assets and liabilities of the TCS Division in TCS Limited, the assets and liabilities of the TCS Division will become assets and liabilities of TCS Limited and the specified subsidiaries of Tata Sons Limited included in the TCS Division will become our subsidiaries. The corporate structure of TCS Limited after the Transfer is set forth under "Our Subsidiaries and Affiliates" on page 108 of this Prospectus

Transfer of overseas assets

The TCS Division has several branch offices outside India, including in the United States, United Kingdom and Australia. These branch offices have assets that include computers, furniture and office equipment. These branches also have employees. The process of transferring the assets located overseas has been initiated. The actual transfer of the assets will occur after the Scheme becomes effective. We expect that the regulatory approvals and filings required to complete the overseas transfers will be made contemporaneously with the Transfer. However, see risk factor "We may not obtain all the consents required to transfer client contracts to TCS Limited, as well as all the other consents and approvals needed in connection with the Transfer, by the time Transfer becomes effected" on page xviii of this Prospectus.

Transfer of CMC Limited

Tata Sons' entire holding of 51.12% of the equity share capital of CMC Limited was transferred to TCS Limited on March 29, 2004, prior to the effectiveness of the Scheme, by agreement of the parties. The total consideration paid by TCS Limited to the TCS Division for this transfer was Rs. 3,799 million. The TCS Division made a loan of Rs. 3,750.0 million to TCS Limited. This loan was utilised by TCS Limited for acquiring the CMC shares. This loan will be eliminated upon effectiveness of the Scheme.

Effectiveness of the Scheme

The Underwriting Agreement was signed on August 9, 2004 thereby satisfying the last condition precedent for effectiveness of the Scheme. The Board of Directors of Tata Sons Limited and the Board of Directors of TCS Limited have on August 9, 2004 declared the Scheme effective. The TCS Division now stands transferred and vested in TCS Limited on the terms as described above. TCS Limited has commenced such actions and initiated the processes for obtaining permits, approvals and consents and has received some of these and is in the process of completing the steps for all the remaining actions/approvals.

OBJECTS OF THE OFFER

The object of the Offer is to create a public trading market for the Equity Shares of the Company by listing them on the Stock Exchanges. We believe that the listing of our shares will enhance our visibility and brand name and enable us to use our Equity Shares for acquisitions. The Offer will also provide liquidity to our existing shareholders.

The net proceeds of the Fresh Issue after deducting the Company's share of underwriting and management fees, selling commissions and all other Offer related expenses, is estimated at Rs. 18,838.8 million. We will not receive any proceeds of the Offer for Sale of Equity Shares by the Selling Shareholders or from the sale of any Equity Shares pursuant to the exercise of the Green Shoe Option.

We intend to use the net proceeds of the Fresh Issue to pay the Transfer consideration of Rs. 23,000 million to Tata Sons pursuant to the Scheme.

As the net proceeds of the Fresh Issue after deducting of Offer Expenses is Rs. 18,838.8 million, TCS Limited would either pay the remaining consideration from internal accruals or borrowings or will pay interest at a rate of 6% per annum until the payment of the remaining consideration. The purchase consideration is payable within three days of receipt of trading approval from the Stock Exchanges. See also "Transfer of Tata Consultancy Services Division" on page 41 of this Prospectus.

The main objects clause and objects incidental or ancillary to the main objects clause of our Memorandum of Association enable us to undertake our existing activities and the activities for which funds are being raised by us through this Offer.

Offer Expenses

The expenses of this Offer include, among others, underwriting and management fees, selling commissions, printing and distribution expenses, legal fees, statutory advertisement expenses and listing fees. The estimated Offer expenses are as follows:

Activity	Expense (in Millions)
Lead management, underwriting and selling commission*	Rs. 813.1
Advertising and Marketing expenses	135.0
Printing and stationery	62.0
Others (Registrars fee, legal fee, listing fee, etc.)	334.5
Total estimated Offer expenses	1344.6

* Assuming fee and commission is paid on entire Green Shoe Portion

All expenses with respect to the Offer will be shared between the Company and the Selling Shareholders on pro-rata basis, in the ratio of the Equity Shares issued by the Company in the Fresh Issue and the Equity Shares sold by the Selling Shareholders in the Offer for Sale including Green Shoe Portion in full.

DIVIDEND POLICY

Dividends, other than interim dividends, will be declared at the annual general meeting of the shareholders based on the recommendation of the Board of Directors. The Board may, at its discretion, recommend dividends to be paid to our shareholders. Generally, the factors that may be considered by the Board of Directors before making any recommendations for the dividend include, without limitation, our future expansion plans and capital requirements, profits earned during the fiscal year, cost of raising funds from alternate sources, liquidity position, applicable taxes including tax on dividend, as well as exemptions under tax laws available to various categories of investors from time to time and general market conditions.

Prior to the Transfer, the TCS Division operated as a division of Tata Sons and therefore did not declare or pay dividends. TCS Limited has paid dividends in the past. For details see, "Indian GAAP Financial Information of Tata Consultancy Services Limited" on page 221 of this Prospectus.

The Board of Directors may also from time to time pay interim dividends to our shareholders.

SELECTED UNCONSOLIDATED FINANCIAL INFORMATION OF THE TCS DIVISION IN ACCORDANCE WITH INDIAN GAAP

The following table sets forth selected historical unconsolidated financial information of the TCS Division derived from its restated and audited unconsolidated financial statements as of March 31, 2002, 2003 and 2004, and for the fiscal years ended March 31, 2002, 2003 and 2004, all prepared in accordance with Indian GAAP, the Companies Act and SEBI Guidelines, and restated as described in the auditors' report of G.N. Joshi & Associates, included in the section titled "Financial Information – Indian GAAP Financial Statements of TCS Division" on page 246 of this Prospectus and should be read in conjunction with those financial statements and the notes thereto.

The historical financial results and assets and liabilities of the TCS Division contained in our historical unconsolidated financial statements do not reflect what our financial results and assets and liabilities would have been had we been a standalone company during the periods presented or what our financial results and assets and liabilities in the future as a standalone company will be. For further discussion of our historical unconsolidated financial statements under Indian GAAP, please see "Management's Discussion and Analysis of Financial Condition and Results of Operations in accordance with Indian GAAP". Financial information prepared in Accordance with Indian GAAP differs in certain significant respects from financial information prepared in accordance with U.S. GAAP.

STATEMENT OF PROFIT AND LOSS DATA, AS RESTATED

	Fiscal 2002	Fiscal 2003	Fiscal 2004
Income		**(In Million)**	
Consultancy Services	Rs.40,325	Rs.48,257	Rs.57,468
Licence of Software Packages	810	890	951
Other Income	520	828	976
	41,655	**49,975**	**59,395**
Expenditure			
Employee Cost	7,598	10,127	12,273
Operations and other Expenses	18,765	25,338	28,969
	26,363	**35,465**	**41,242**
Profit Before Interest, Depreciation, Extraordinary / Exceptional Items and Foreign and Indian Taxes	**15,292**	**14,510**	**18,153**
Interest	45	152	93
Depreciation	783	929	1,097
Profit Before Extraordinary / Exceptional Items and Foreign and Indian Taxes	**14,464**	**13,430**	**16,963**
(Prior Period)/ Excess Provision	267	(158)	-
Extraordinary items	-	102	1,164
Profit Before Foreign And Indian Taxes	14,731	13,374	18,127
Provision for Foreign Taxes			
Current Taxes	2,202	1,963	1,581
Deferred Taxes	75	(344)	101

	Fiscal 2002	Fiscal 2003	Fiscal 2004
Profit Before Indian Tax (before Restatement)	12,454	11,755	16,445
Total Restatement	(838)	595	27
Profit before Indian Tax (after Restatement)	11,616	12,350	16,473

	Fiscal 2002	Fiscal 2003	Fiscal 2004
Pro Forma effect of Indian Tax*			
Profit Before Extraordinary / Exceptional Items And Foreign And Indian Taxes	**Rs.14,464**	**Rs.13,531**	**Rs. 16,963**
Proforma Unaudited Indian tax Information Net Profit After Restatement (Before Indian Tax)	11,616	12,350	16,473
Provision for Indian Taxes			
Current Taxes	220	571	486
Deferred Taxes	(54)	15	14
Profit After Indian Tax (after Restatement)	Rs. 11,450	Rs. 11,764	Rs. 15,973

* The TCS Division has maintained its divisional accounts in respect of its operations, which are separately audited and consolidated into the accounts of Tata Sons. Since Tata Sons is liable to tax and tax return is filed in respect of Tata Sons as a whole by Tata Sons, the tax liability has not been accounted in the accounts of the TCS Division. The tax expense (including deferred tax) for the TCS Division has been calculated as though it was a standalone taxable entity.

STATEMENT OF ASSETS AND LIABILITIES DATA, AS RESTATED

	As of March 31, 2002	March 31, 2003	March 31, 2004
		(in millions)	
A. Fixed Assets:			
Gross Block	Rs. 7,911	Rs. 8,315	Rs. 10,034
Less : Depreciation	(4,626)	(4,979)	(5,113)
Net Block	3,286	3,337	4,921
CWIP/Capital advance	104	306	231
	3,390	**3,642**	**5,152**
B. Investments	**3,562**	**4,140**	**3,131**
C. Current Assets, Loans and Advances			
Unbilled Revenue	(1,144)	(49)	2,581
Sundry Debtors	8,795	11,344	9,644
Cash and Bank Balances	1,667	538	633
Loans and Advances	3,933	5,568	10,223
	13,251	**17,401**	**23,080**
D. Liabilities and Provisions			
Secured Loans	3,237	5,686	4,108
Unsecured Loans	470	1,147	2,719
Current Liabilities and Provisions	4,109	5,404	6,484
Deferred Tax Liability	75	(344)	236
	8,295	**12,371**	**13,546**
E. Net worth	**Rs. 11,909**	**Rs. 12,812**	**Rs. 17,816**
F. Represented by			
Tata Sons Limited	**Rs.11,909**	**Rs.12,812**	**Rs. 17,816**

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS OF THE TCS DIVISION IN ACCORDANCE WITH UNCONSOLIDATED INDIAN GAAP

You should read the following discussion of our financial condition and results of operations together with the restated unconsolidated Indian GAAP financial statements of the TCS Division for the fiscal years ended March 31, 2002, 2003 and 2004, including the notes thereto, which appear elsewhere in this Prospectus.

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. As used in this section, the term "we", "our" and "TCS Division" means the information technology division of Tata Sons on a standalone basis, without giving effect to the consolidation of any subsidiaries and the term "revenues" refers to the item titled "income" in our financial statements prepared in accordance with Indian GAAP.

Overview

We are a leading global IT services organisation. In fiscal 2003, we became the first Indian IT services organisation to generate US$1 billion in annual revenues. Since our inception in 1968, we have pioneered many of the significant developments in the Indian IT services industry, including the offshore delivery model for IT services.

We are the largest Indian IT services organisation in terms of revenues as well as profits. In the fiscal 2004, we had total revenues and profit before Indian tax of Rs. 59,395 million and Rs. 16,473 million, respectively. In fiscal 2002, 2003 and 2004, our total revenues increased by 32.7%, 20.0% and 18.8%, respectively, compared to the preceding fiscal year, resulting in a compound annual growth rate of 23.7%. In fiscal 2002, 2003 and 2004, our profit before Indian tax (after restatement) increased by 33.2%, 6.3% and 33.4%, respectively, compared to the preceding fiscal year, resulting in a compound annual growth rate of 23.6%.

Background and Basis of Presentation

Since 1968, when we commenced our operations, we have operated as a division of Tata Sons. For all the periods discussed below, our results of operations represent the results of the TCS Division. The TCS Division was not a standalone company during these periods, and thus our historical results may not necessarily be indicative of our results had we been a standalone company for the periods presented or of our future results once we become a standalone entity. Because separate records were maintained for the TCS Division and for other businesses and subsidiaries of Tata Sons, the unconsolidated financial statements do not include any allocations of expenses, assets or liabilities of Tata Sons. In the unconsolidated Indian GAAP financial statements for the TCS Division discussed below, the interests of the TCS Division in the Consolidated Subsidiaries are reflected under the equity method or shown as investments.

Overseas Operations

Historically, the TCS Division consisted of operations in India as well as operations in other countries that were conducted through overseas branch offices. In addition, our business in the United States and in Europe has been conducted in part through contractual arrangements with companies in which Tata Sons had an interest but which, during most of the periods discussed, it did not control. Specifically, these consisted of the following:

United States

In addition to branches of the TCS Division, our business in the United States was conducted through an arrangement with TCS America, in which Tata Sons had a minority interest. On March 20, 2003, Tata Sons acquired all the remaining equity of TCS America for an aggregate cash consideration of Rs. 1,823 million.

Europe

In addition to branches of the TCS Division, our business in Europe was conducted through arrangements with each of the European Subsidiaries. On December 23, 2002, Tata Sons acquired all the equity of these entities for an aggregate cash consideration of Rs. 317 million.

CMC Limited

On October 16, 2001, Tata Sons acquired a 51% interest in CMC Limited ("CMC"), an Indian IT company primarily focused on the Indian markets and listed on the Indian stock exchanges. This interest was acquired from the Government of India under the Government's disinvestment programme. A further 0.12% interest was acquired as a result of a mandatory tender offer required under India's Takeover Code. The aggregate consideration for the acquisition of the interests in CMC was Rs. 1,534.9 million. On March 29, 2004, Tata Sons transferred its holding in CMC to TCS Limited for Rs. 3,798.9 million.

Other Subsidiaries and Investments

Our business in the Asia-Pacific region is conducted through TCS Asia-Pacific Private Ltd., a Singapore incorporated holding company for our subsidiaries in China, Japan and Malaysia since January 2004 prior to which it was conducted through branches. Our operations in Central America, South America and Spain are conducted through TCS Iberoamerica, a Uruguay incorporated holding company for our subsidiaries in Uruguay, Mexico, Spain, Chile, Argentina and Brazil.

In December 2003, TCS Limited entered into an agreement to acquire an equity interest of 20.67% in WTI, in which we currently have a minority interest, from International Finance Corporation ("IFC"). We have received approval from the RBI to complete the acquisition, which is expected to be completed in the second quarter of fiscal 2005. Since December 31, 2003, we have acquired 100% of AFS and ASDC, in both of which we previously had a minority interest. In July 2004, we acquired 100% of the equity of Phoenix Global Solutions (India) Private Limited.

One of our investments included a 50% interest in Intelenet Global Services, a joint venture with HDFC, a premier housing finance company. We have sold our holding in Intelenet to HDFC. For details see "Recent Developments" on Page 12 of this Prospectus. We also have a 20% interest in Conscripti (Pty) Ltd. in South Africa. In India, other than CMC, we have a subsidiary, APONLINE, which is a joint venture with the Government of Andhra Pradesh in which we have an 89% interest.

The results of above companies are not consolidated in the financial statements of the TCS Division as discussed hereunder.

The Transfer

On December 17, 2002, Tata Sons and TCS Limited filed the Scheme with the High Court of Judicature at Bombay. On May 9, 2003, the High Court sanctioned the Scheme. In accordance with the Scheme, Tata Sons has transferred (the "Transfer") all the assets and liabilities of the TCS Division to TCS Limited. In addition to the assets and liabilities of the TCS Division in India and the overseas branches, the assets to be transferred to TCS Limited pursuant to the Scheme will include the shares owned by Tata Sons in TCS America, the European Subsidiaries and the other subsidiaries and entities described above, except CMC. The entire shareholding in CMC was transferred to TCS Limited on March 29, 2004.

The Transfer has become effective upon execution of the Underwriting Agreement relating to the Offer. The Transfer will be deemed to be effective as of April 1, 2004. The Transfer consideration of Rs. 23,000 million is non-interest bearing and will become payable upon the successful completion of the Offer. In the event that payment of the consideration is delayed beyond the period of three days from the date of receipt of trading permission from the Stock Exchanges for the Equity Shares, interest at 6% per annum will be payable to Tata Sons. The excess of the Transfer consideration over the net worth of the TCS Division will be reflected as goodwill in the Indian GAAP financial statements of TCS Limited. All legal and other proceedings (other than proceedings in relation to corporate taxes on profits under the Income Tax Act, 1961) by or against Tata Sons, whether pending or which may be initiated in the future, regarding any matter relating to the TCS Division will be assumed by TCS Limited.

The Transfer is subject to stamp duty primarily in the State of Maharashtra, where the registered offices of Tata Sons and TCS Limited are located. TCS Limited had filed a copy of the drawn-up order with the Superintendent of Stamps (Mumbai) for adjudication of the stamp duty payable in the State of Maharashtra for registration of the Scheme. The Superintendent of Stamps (Mumbai) has passed an adjudication order whereby the stamp duty in respect of the Transfer in the State of Maharashtra was adjudicated at Rs. 25 million. Accordingly we have paid the stamp duty of Rs. 25 million and have additionally paid a sum of Rs. 0.25 million as penalty as demanded.

Additionally, we may be liable for stamp duty in respect of the transfer of immovable properties in the other states in India in which they are located. We estimate the aggregate market value of these properties to be approximately Rs. 1,400 million. The stamp duty liability on these properties will vary state by state, and typically ranges from 8% to 12% in most states. We expect that we will be able to set off a portion of our stamp duty payments in states other than Maharashtra against the stamp duty payable in Maharashtra.

In addition, other obligations such as payment of tax claims arising as a result of the transfer of the assets outside India may be payable by TCS Limited. For example, in the United States, TCS America would have to make a payment on account of deemed dividend tax to the United States Government as a result of the Transfer. We believe that this tax liability will be approximately US$ 10 million. Under U.S. taxation rules, TCS America would be required to withhold and remit the actual tax. Similarly, the profits of the TCS branch in the United States and other jurisdictions would also be subject to tax on the Transfer. The transfer of the branch assets to TCS Limited will result in branch tax liability in the United States and other jurisdictions of approximately US$ 6.8 million. In addition, we expect that there will be capital gains and other taxes payable in other jurisdictions. Under the provisions of the Scheme, these tax liabilities will be for the account of TCS Limited. Under Indian GAAP, we will be required to incur one-time charges for overseas tax liabilities associated with the Transfer which we expect to incur in the second quarter of fiscal 2005.

In the United Kingdom, corporate tax currently at the rate of 30% of the excess of the market value of the branch assets, including the goodwill value inherent in the branch, is payable on a transfer. However there is an exemption provided in the case of a transfer between group companies having common ownership of atleast 75% and if this 75% common ownership continues for a period of six years. Therefore, so long as there is ownership of atleast 75% of TCS Limited by Tata Sons and its group companies for six years from the Transfer, no UK corporation tax liability arising from the Transfer would be attracted. Although we have not made a market valuation of the United Kingdom branch assets for this purpose, such tax liability may be material if the common ownership test is not satisfied in any period within six years from the Transfer.

Revenues

We derive our revenues principally from consultancy services which consist primarily of IT services and, to a lesser extent, from the sale of equipment. Our revenues from the license of software packages are derived primarily from the sale of Oracle and Unigraphics packages, which are typically delivered in connection with the provision of other IT services and applications.

Our revenues are affected by economic conditions and the levels of business activity in the industries we serve, as well as by the pace of technological change and the type and level of IT spending by our clients. Our revenues also depend on our ability to secure contracts for new engagements and to deliver services and products that meet the changing IT needs of our clients. Our revenues and margins are also influenced by the proportion of the work we perform at client sites (or "onsite" work) to the work we perform at our facilities in India (or "offshore" work).

We provide our consultancy services on either a time and materials basis or a fixed price, fixed time basis. When bidding for fixed price, fixed time engagements, we endeavour to accurately estimate the costs and timing of completing the projects based on the processes we plan to use, the professionals we plan to apply to the engagements and past project experiences. We bear the risk of cost and time overruns as a result of any unforeseen costs or delays associated with the performance of these engagements, including delays caused by factors outside our control.

We have experienced significant growth in the past few years. Our revenues have grown from Rs. 41,655 million in fiscal 2002, to Rs. 49,975 million in fiscal 2003 to Rs. 59,395 million in fiscal 2004. We recognise revenue as follows:

- Revenues from contracts priced on a time and materials basis are recognised as services are rendered and as related costs are incurred.
- Revenues from turnkey contracts, which are generally time bound fixed price contracts, are recognised over the life of the contract using the percentage-of-completion method, with contract costs determining the degree of completion. Losses on such contracts are recognised when probable. Billings on such contracts are rendered based on contractual milestones. Billings in excess of revenues recognised are classified as unearned revenues and revenues recognised in excess of billing are classified as unbilled revenue.
- Revenue from licenses of software packages is recognised on grant of licenses.
- Export incentives and other income are accounted on an accrual basis.
- Interest on inter-corporate deposits including interest on deposits with Tata Sons is accounted on accrual basis.
- Dividend income is recognised when the right to receive dividend is established.

Expenditures

Our expenditure consists of our employee cost and our cost from operations and other expenses.

Employee Cost

Employee cost consists primarily of compensation of all our personnel. It includes salaries, which are the fixed component of employee compensation, variable compensation which is based on the "Economic Value Added" ("EVA") model that we adopted from the beginning of fiscal 2002, staff welfare costs, cost of contribution to provident and other employee funds. Under the EVA model, the variable component of an employee's compensation in any fiscal year is determined on the basis of the employee's performance and our profits for the preceding fiscal year.

Operations and Other Expenses

This segment of our expenditure includes all the expenses incurred by the TCS Division other than the employee cost. It includes payments to subcontractors, who are consultants we hire on a temporary basis to meet client demand or to address specific skill requirements. It also includes the overseas business expenses incurred by us such as foreign allowances to our employees on client sites overseas as well as branch establishment and branch running costs. Also included in these expenses are the expenses for product and software, the revenues from which have been recognised under "Licenses from Software Packages".

Other Income

Other income includes interest income including interest from Tata Sons on the deposits placed with it during the year, dividend income including dividends from subsidiary companies and net exchange gain on forward contracts.

Income Taxes

Foreign Taxes

Income tax payables for operations in countries other than India are provided for, on the Tax Effect Accounting method as per laws applicable in respective countries.

Foreign taxes are based on the TCS Division's best estimate at the balance sheet date of the taxes payable in foreign jurisdictions.

Deferred tax is recognised, on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods.

The effect on deferred tax assets and liabilities of a change in tax rates is recognised in the profit and loss account in the year of change. Deferred tax assets and deferred tax liabilities are recognised for the future tax consequences attributable to differences between the financial statements carrying amount of existing assets and liabilities and their respective tax bases and operating loss carrying forwards.

Indian Taxes

The TCS Division has maintained divisional accounts in respect of its operations, which are separately audited and consolidated into the accounts of Tata Sons. Since Tata Sons is liable to tax and tax returns are filed in respect of Tata Sons as a whole by Tata Sons, the tax liability has not been accounted in the accounts of the TCS Division.

For the purpose of understanding the impact of Indian tax, our financial statements contain a pro forma provision for income tax (including deferred tax), which has been calculated for the Division as though it was a standalone taxable entity. No adjustments have been made in our balance sheet in respect of tax liability (including deferred tax) and taxes paid.

Currently, we benefit from certain tax incentives under Section 10A of the Income Tax Act, 1961, for the IT services that we provide from specially designated "Software Technology Parks," or STPs, and other eligible units located in designated free trade zones. As a result of these incentives, our operations in India have been subject to relatively low tax liabilities in India.

Employee Share Purchase Scheme

After the listing of our Equity Shares in this Offer, we intend to adopt an ESPS in which select employees and directors of the Company, its subsidiaries and Tata Sons can participate subject to such approvals as may be necessary. These employees will be selected based on certain criteria determined by our management. The ESPS will comply with the SEBI (Employee Stock Option and Employee Stock Purchase Scheme) Guidelines, 1999. The Equity Shares issued pursuant to the ESPS may be up to 0.5% of our post-Offer paid-up capital. The issue of Equity Shares pursuant to the ESPS is likely to occur before the end of fiscal 2005. The issue of Equity Shares pursuant to the ESPS will be subject to compliance with applicable laws and regulations, including the securities laws of foreign jurisdictions.

Any issuance of Equity Shares pursuant to the ESPS will result in a charge to our income statement equal to the product of such number of Equity Shares issued and the difference between the market price of our Equity Shares as on the date of their issue and the price at which our employees will purchase the Equity Shares, which we currently expect will be Re. 1 per share, which is the face value. For indicative purposes only, the charge based on the Offer Price of Rs. 850 per Equity Share and assuming that we issue shares representing 0.5% of our post-Offer paid-up capital, would be approximately Rs. 2,031 million. We expect that this charge will be reflected in our Indian GAAP as well as U.S. GAAP financial statements upon issue of the Equity Shares in fiscal 2005.

Upon issuance of Equity Shares pursuant to the ESPS, Tata Sons, our principal shareholder, intends to give one-time cash grants to select employees of the Company and its subsidiaries who were employed by Tata Sons or its subsidiaries prior to the Transfer and who are not part of the ESPS. in fiscal 2005. These employees will be selected based on certain criteria determined by Tata Sons together with our managementThe total cash payment resulting from the one-time grants is expected to be up to Rs. 900 million. This one time cash grant by Tata Sons to these employees will not be reflected as a charge in our statement of profit and loss account under Indian GAAP.

OUR RESULTS OF OPERATIONS

The following table sets forth certain financial information as a percentage of our total revenues for the periods indicated:

	Fiscal 2002	Fiscal 2003	Fiscal 2004
Revenues			
Consultancy Services	96.81%	96.56%	96.76%
License of Software Packages	1.94%	1.78%	1.60%
Other Income	1.25%	1.66%	1.64%
Total Revenues	**100.00%**	**100.00%**	**100.00%**
Expenditures			
Employee Cost	18.24%	20.26%	20.66%
Operations and Other Expenses	45.05%	50.70%	48.77%
Total Expenditure	**63.29%**	**70.97%**	**69.44%**
Profit Before Interest, Depreciation, Extraordinary/ Exceptional Items and Tax	**36.71%**	**29.03%**	**30.56%**
Interest	0.11%	0.30%	0.16%
Depreciation	1.88%	1.86%	1.85%
Profit Before Extraordinary / Exceptional Items and Foreign and Indian Taxes	**34.72%**	**26.87%**	**28.56%**
(Prior Period)/ Excess Provision	0.64%	-0.32%	
Extraordinary items		0.20%	1.96%
Profit Before Foreign and Indian Taxes	**35.36%**	**26.76%**	**30.52%**
Provision for Foreign Taxes			
Current Taxes	5.29%	3.93%	2.66%
Deferred Taxes	0.18%	-0.69%	0.17%
Profit Before Indian Tax (before restatement)	**29.90%**	**23.52%**	**27.69%**
Total Restatement	(2.01)%	1.19%	0.05%
Profit Before Indian Tax (after restatement)	**27.89%**	**24.71%**	**27.73%**
Provision for Indian Taxes (Pro forma)			
Current Taxes	0.53%	1.14%	0.82%
Deferred Taxes	(0.13)%	0.03%	0.02%
Profit After Indian Tax (after Restatement)	**27.49%**	**23.54%**	**26.89%**

Comparison of Fiscal 2004 to Fiscal 2003

Revenues

Our total revenues increased by 18.8% to Rs. 59,395 million in fiscal 2004 from Rs. 49,975 million in fiscal 2003. Our revenues from consultancy services increased by 19.1% to Rs. 57,468 million in fiscal 2004 from Rs. 48,257 million in fiscal 2003. Our revenues from license of software packages increased by 6.8% to Rs. 951 million in fiscal 2004 from Rs. 890 million in fiscal 2003.

Other Income

Our other income was Rs. 976 million (or 1.6% of total revenues) in fiscal 2004, and was Rs. 828 million (or 1.7% total revenues) in fiscal 2003. Interest from Tata Sons was Rs. 188.9 million in fiscal 2004 and Rs. 504 million in fiscal 2003. The reduction in interest from Tata Sons was due to reduction of the deposits with Tata Sons during fiscal 2003. In fiscal 2004, the exchange gains were Rs. 214.3 million or 21.9% of our other income.

Expenditure

Our total expenditure for fiscal 2004 was Rs. 41,242 million, and was Rs. 35,465 million in fiscal 2003. Our expenditure as a percentage of total revenues was 69.4% in fiscal 2004 and was 71.0% in fiscal 2003.

Employee Cost

Our employee cost for fiscal 2004 was Rs. 12,273 million, an increase of 21.2% of our employee cost of Rs. 10,127 million in fiscal 2003. Our employee cost as a percentage of total revenues was 20.7% in fiscal 2004 and 20.3% in fiscal 2003. Salaries, wages and bonus in the fiscal 2004 were Rs. 10,009 million, which was 16.2% higher than these costs of Rs. 8,615 million in fiscal 2003. Other expenses comprising employee cost also increased in fiscal 2004 compared to fiscal 2003.The increase was in large part due to the increase in employees engaged in providing consultancy services as a result of the increase in business from clients.

Operations and Other Expenses

Operations and other expenses were Rs. 28,969 million in fiscal 2004, and were Rs. 25,338 million in fiscal 2003. As a percentage of total revenues these expenses were 48.8% in fiscal 2004 and were 50.7% in fiscal 2003.

Overseas business expenses fiscal 2004 were Rs. 18,462 million and were Rs. 17,286 million in fiscal 2003. As a percentage of total revenues these expenses were 31.1% in fiscal 2004 and were 34.6% in fiscal 2003. Expenses on services rendered by business associates and others in fiscal 2004 were Rs. 3,777 million and were Rs. 3,072 million in fiscal 2003. As a percentage of total revenues these expenses were 6.3% in fiscal 2004 and were 6.1% in fiscal 2003. Product/ software expenses in fiscal 2004 were Rs. 1,207 million and were Rs.1,141 million in fiscal 2003. As a percentage of total revenues these expenses were 2.0% in fiscal 2004 and were 2.3% in fiscal 2003.

Profit before Interest, Depreciation, Extraordinary Items and Tax ("PBIDET")

Our PBIDET, which is the difference between our total revenues and our total expenditure, was Rs. 18,153 million in fiscal 2004 and was Rs. 14,510 million in fiscal 2003. Our PBIDET as a percentage of total revenues was 30.6% in fiscal 2004 and was 29.0% in fiscal 2003. The main reason for the increase in PBIDET as a percentage of total revenue was the price stability we experienced in fiscal 2004 compared to the pricing pressures we faced in fiscal 2003, as well as our cost management initiatives and the increased proportion of the services we provided from our offshore locations compared to the services we provided onsite.

Interest and Depreciation

Our interest expense decreased to Rs. 93 million in fiscal 2004 from Rs. 152 million in fiscal 2003. Our depreciation cost in fiscal 2003 was Rs. 1,097 million, an increase of 18.1% over Rs.929 million in fiscal 2003.

Profit before Extraordinary Items and Indian and Foreign Taxes ("PBET")

Our PBET for fiscal 2004 was Rs. 16,963 million and was Rs. 13,430 million in fiscal 2003. Our PBET as a percentage of total revenues was 28.5% in fiscal 2004 and it was 26.9% in fiscal 2003.

Extraordinary / Exceptional Items

In fiscal 2004, we had an exceptional gain of Rs. 1,164 million due to a gain of Rs. 2,264 million on the sale of the investment in CMC to TCS Limited, which was partly offset by an exceptional expense of Rs. 1,100 million. In fiscal 2003, we sold our investment in Engineering Analysis Centre of Excellence Private Limited for a cash consideration of Rs.101.74 million realising a gain of Rs. 101.54 million.

On March 31, 2004, the TCS Division sold its investment in CMC Limited to Tata Consultancy Services Limited for a cash consideration of Rs. 3798.90 million realising a gain on disposal of Rs. 2263.99 million.

During the year ended March 31, 2003, the TCS Division sold its investment in Engineering Analysis Centre of Excellence Private Limited for a cash consideration of Rs.101.74 million realising a gain on disposal of Rs. 101.54 million.

On May 28, 2001, Tata Sons entered into an agreement with a major customer under which the customer loaned Rs. 470 million to TCS Division. The agreement included certain additional clauses which were contingent on the customer providing revenues of US$ 500 million over a three year period ended March 31, 2003 and the occurrence of an initial public offering (or IPO) by any company into which the TCS Division is transferred by Tata Sons. In the event an IPO is not announced prior to March 31, 2004, Rs. 1410 million would be payable to the customer. The amount payable would be reduced by the interest on loan by TCS Division. During the three year period ended March 31, 2003, the customer provided revenues of US$ 500 million. An amount of Rs.1100 million was paid to the customer on March 31, 2004 together with the loan in full and final settlement of the amount payable.

Profit before Foreign and Indian Taxes ("PBT")

Our PBT for fiscal 2004 was Rs. 18,127 million, which was 35.5% higher than our PBT of Rs. 13,374 million for fiscal 2003. Our PBT as a percentage of total revenue was 30.5% in fiscal 2004 as compared to 26.7% in fiscal 2003.

Provision for Foreign Taxes

Our provision for foreign taxes in fiscal 2004 was Rs. 1,682 million which consisted of Rs. 1,581 million of current taxes and Rs. 101 million of deferred tax liability. The same was Rs. 1,619 million in fiscal 2003 and consisted of Rs. 1,963 million of current taxes and Rs. 344 million of deferred tax assets, representing an increase of Rs. 63 million or 3.9%.

Profit before Indian Tax (before Restatement)

Our profit before Indian tax (before Restatement) for fiscal 2004 was Rs. 16,445 million, which was 39.9% higher than our profit of Rs. 11,755 million of fiscal 2003. Our profit before Indian tax (before Restatement) as a percentage of total revenues was 27.7% in fiscal 2004 and was 23.5% in fiscal 2003. The effect of adjustment on account of Restatement was Rs. 27 million in fiscal 2004 and Rs. 595 million in the fiscal 2003, and reflected a write-back of prior period / excess provisions.

Profit before Indian Tax (after Restatement)

After the writing back of the excess provision/ prior period item in the Restatement, the profit before Indian tax (after Restatement) amounted to Rs. 16,473 million in fiscal 2004 which was an increase of 33.4% over our profit of Rs. 12,350 million in fiscal 2003. Our profit before Indian tax (after Restatement) as a percentage of total revenues was 27.7% in fiscal 2004 and was 24.7% in fiscal 2003.

Profit After Indian Tax ("PAT") (after Restatement)

After providing for Rs. 486 million for current taxes and Rs. 14 million for deferred tax liabilities, our PAT amounted to Rs. 15,973 million in fiscal 2004 which was an increase of 35.8% of our PAT of Rs. 11,764 million in fiscal 2003. Our PAT as a percentage of total revenues was 26.9% in fiscal 2004 and was 23.5% in fiscal 2003.

Comparison of Fiscal 2003 to Fiscal 2002

Revenues

Our total revenues increased by 20.0% to Rs. 49,975 million in fiscal 2003 from Rs. 41,655 million in fiscal 2002. Our revenues from consultancy services increased by 19.67% to Rs. 48,257 million in fiscal 2003 from Rs. 40,325 million in fiscal 2002. Our revenues from license of software packages increased by 9.9% to Rs. 890 million in fiscal 2003 from Rs. 810 million in fiscal 2002.

Our total revenues increased in fiscal 2003 primarily due to increased business from existing clients and to some extent, business from new clients. The challenging economic environment in fiscal 2003 imposed constraints on our clients' IT spending, leading them to outsource more of their IT services functions to lower cost offshore IT services vendors. This contributed to an increase in our business in fiscal 2003. These increases in business volume were partly offset by the significant pricing pressures we experienced in fiscal 2003, particularly from our major clients, who were attempting to reduce their overall IT spending during the global economic slowdown experienced in fiscal 2003.

Other Income

Our other income in fiscal 2003 was Rs. 828 million, a growth of 59.2% over other income of Rs. 520 million in fiscal 2002. Interest received from Tata Sons was Rs. 504 million in fiscal 2003 and was Rs. 236 million in fiscal 2002. The increase in the interest received from Tata Sons was due to the increase in interest bearing deposits with Tata Sons during fiscal 2002.

Expenditure

Our expenditure for fiscal 2003 was Rs. 35,465 million, an increase of 34.5% over our expenditure of Rs. 26,363 million in fiscal 2002. Our expenditure as a percentage of total revenues was 71.1% in fiscal 2003 compared to 63.3% in fiscal 2002.

Employee Cost

Our employee cost for fiscal 2003 was Rs. 10,127 million, an increase of 33.3% of our employee cost of Rs. 7,598 million in fiscal 2002. Our employee cost as a percentage of total revenues was 20.3% in fiscal 2003 and 18.2% in fiscal 2002. Employee cost of personnel increased in fiscal 2003 compared to fiscal 2002 as a result of a 5% average increase in base salaries and higher variable compensation based on our results in fiscal 2002.Salaries, wages and bonus in the fiscal 2003 were Rs. 8,615 million, which was 36.2% higher than these costs of Rs. 6,325 million in fiscal 2002. Other expenses comprising employee cost also increased in fiscal 2003 compared to fiscal 2002.

Operations and Other Expenses

Operations and other expenses were Rs. 25,338 million in fiscal 2003, an increase of 35% over these expenses of Rs. 18,765 million in fiscal 2002. As a percentage of total revenues these expenses were 50.7% in fiscal 2003 compared to 45% in fiscal 2002. Our overseas business expenses were Rs. 15,639 million in fiscal 2003 and were Rs. 11,677 million in fiscal 2002, an increase of 33.9%. Expenses on services rendered by business associates and others were Rs. 3,072 million in fiscal 2003, an increase of 66% over these expenses of Rs. 1,851 million in fiscal 2002. Product / software expenses in fiscal 2003 were Rs. 1,141 million, an increase of 14.8% over Rs. 994 million in fiscal 2002.

Profit before Interest, Depreciation, Extraordinary Items and Foreign and Indian Taxes

Our PBIDET for fiscal 2003 was Rs. 14,510 million, compared to Rs. 15,292 million in fiscal 2002. Our PBIDET as a percentage of total revenues was 29.0% in fiscal 2003 compared to 36.7% in fiscal 2002. The main reason for the decline in PBIDET was the significant pricing pressures we faced during fiscal 2003, as a result of our clients' needs to reduce their costs and the increased competitive environment among IT services companies. Pricing pressures were especially severe from our major clients.

Interest and Depreciation

Our interest expense increased to Rs. 152 million in fiscal 2003 from Rs. 45 million in fiscal 2002. Our depreciation cost in fiscal 2003 was Rs. 929 million, an increase of 18.6% over Rs.783 million in fiscal 2002.

Profit before Extraordinary Items and Foreign and Indian Taxes

Our PBET for fiscal 2003 was Rs. 13,430 million which was 7.2% lower than our PBET of Rs. 14,464 million in fiscal 2002. Our PBET as a percentage of total revenues was 26.9% in fiscal 2003 compared to 34.7% in fiscal 2002.

Extraordinary / Exceptional Items

In fiscal 2003 there was a prior period expense of Rs. 158 million compared to a write back of excess provision of Rs. 267 million in fiscal 2002. In fiscal 2003, the TCS Division sold its investment in Engineering Analysis Centre of Excellence Private Limited for a cash consideration of Rs.101.74 million realising a gain on disposal of Rs. 101.54 million.

Profit before Foreign and Indian Taxes

Due to the prior period expense of Rs. 158 million provided for in fiscal 2003, our PBT declined to Rs. 13,374 million which was 9.2% lower than our PBT of Rs. 14,731 million in fiscal 2002. Our PBT as a percentage of total revenues was 26.7% in fiscal 2003 compared to 35.4% in fiscal 2002.

Provision for Foreign Taxes

Our provision for foreign taxes in fiscal 2003 was Rs. 1,619 million which consisted of Rs. 1,963 million of current taxes and Rs. 344 million of deferred tax assets. These provisions amounted to Rs. 2,277 million in fiscal 2002 and consisted of Rs. 2,202 million of current taxes and Rs. 75 million of deferred tax liabilities, representing a decrease of Rs. 658 million or 28.9%.

Profit before Indian Tax (before Restatement)

Our profit before Indian tax (before Restatement) for fiscal 2003 was Rs. 11,755 million, which was 5.6% lower than our profit of Rs. 12,454 million in fiscal 2003. Our profit before Indian tax (before Restatement) as a percentage of total revenues was 23.5% in fiscal 2003 compared to 29.9% in fiscal 2002

Adjustments as a result of restatement amounted to Rs. 595 million in fiscal 2003, which represented a write-back on account of a prior period / excess provision and amounted to Rs. 838 million in fiscal 2002, which comprised of a prior period expense of Rs. 1,219 million less income of Rs. 381 million due to a change in revenue policy.

Profit Before Indian Tax (after restatement)

Our profit before Indian tax (after Restatement) was Rs. 12,350 million in fiscal 2003 which was an increase of 6.3% over our profit of Rs. 11,616 million in fiscal 2002. Our profit before Indian tax (after Restatement) as a percentage of total revenues was 24.7% in fiscal 2003 compared to 27.9% in fiscal 2002. This was due to a restatement of expenses pertaining to fiscal 2002 which were booked in subsequent years.

Unusual or infrequent events or transactions

Apart from the Scheme and the Transfer, there have been no events to our knowledge, other than as described elsewhere in this Prospectus, which may be "unusual" or "infrequent".

Significant economic / regulatory changes

Income Tax

Our net profit derived from providing services outside India is subject to tax in the country where we perform the work. Currently, we benefit from a tax holiday given by the Government of India for the export of IT services from specially designated STPs and special economic zones ("SEZs") in India. As a result of our tax incentives, our operations in India have been subject to insignificant tax liabilities. These tax incentives currently include a 10-year holiday from the payment of Indian corporate income tax for the operations of most of our Indian facilities, and a partial taxable income deduction for profits derived from exported IT services. We can use either of these two tax incentives. As a result of these two tax exemptions, a substantial portion of our pre-tax income has not been subject to significant tax in recent years. These benefits will expire for some of our units starting on April 1, 2005. For details, please refer to "Statement of Tax Benefits" on page 178 of this Prospectus.

The Finance Act, 2000, phases out the ten-year tax holiday over a ten year period from 2000 through 2009. Accordingly, facilities set up in India on or before March 31, 2000 have a ten-year tax holiday, new facilities set up on or before March 31, 2001 have a nine-year tax holiday and so forth until March 31, 2009. After March 31, 2009, the tax holiday will no longer be available to new facilities. Our current tax holidays expire in stages by 2009. For companies opting for the partial taxable income deduction for profits derived from exported IT services, the Finance Act, 2000, phases out the deduction over five years beginning April 1, 2000. Currently we benefit from the above tax holidays and taxable income deductions. When our tax holiday and taxable income deduction expire or terminate, our tax expense will materially increase, reducing our profitability.

Any units to be established by us in a designated SEZ would be eligible for exemption from income tax from the date of the commencement of its operations in such SEZ to the extent of 100% for a period of five years and thereafter to the extent of 50% for a further two years. For the next three years, the Company is eligible for exemption from income tax for an amount equal to the monies it transfers to a special account named "Special Economic Zone Re-investment Allowance Reserve Account." However, the deduction will not be allowed for an amount exceeding 50% of the amount debited to the profit and loss account for the preceding year for which the deduction is being sought. The funds lying in this special account are to be used for the business of the Company in the manner specified under the I.T. Act.

Other than as stated above, there are no significant economic changes that materially affect or are likely to materially affect our revenues or profits.

Known trends or uncertainties

In the sections titled "Risk Factors", "Management's Discussion and Analysis of Financial Condition and Results of Operations in accordance with Unconsolidated Indian GAAP" we have explained the anticipated trends and uncertainties, which impact our business. Some of these key factors are general economic conditions, IT budgets of our clients, competitive behaviour, emergence of newer technologies and our ability to absorb and deploy these for our clients, exchange rate fluctuations, and proportion of onsite to offshore work.

A significant part of our revenue is derived from the United States and we expect that this trend will continue. Therefore any adverse impact of the changes in U.S. laws especially against outsourcing of IT work, would be a dampener on our revenues. A limited number of clients contribute a major portion of our revenues and any reduction of business or any adverse developments on the business of these clients may impact our revenues and margins.

Future relationship between costs and income

Other than as described in the sections titled "Risk Factors", "Management's Discussion and Analysis of Financial Condition and Results of Operations in accordance with Unconsolidated Indian GAAP" and "Management's Discussion and Analysis of Financial Condition and Results of Operations in accordance with U.S. GAAP" and elsewhere in this Prospectus, to our knowledge there are no known factors which will have a material adverse impact on the operation and finances of the Company and its subsidiaries, taken as a whole.

Total turnover of each major industry segment in which the Company operates

We do not report industry segments under unconsolidated financial statements prepared in accordance with Indian GAAP.

New product or business segment

Other than as described in section entitled "Business" and elsewhere in this Prospectus, to our knowledge, there are no new products or business segments.

Seasonality of business

The business of the Company is not seasonal. However there could be significant variation in our quarterly revenues and profits because of various factors, including those described in the section "Risk Factors" in this Prospectus.

Dependence on single or few suppliers/customers

As described in the sections titled "Risk Factors", "Management's Discussion and Analysis of Financial Condition and Results of Operations in accordance with U.S. GAAP" and "Business" on pages xi, 60 and 81, respectively in this Prospectus, our revenues are dependent on a small number of clients including the GE Group.

Competitive conditions

The Company expects competition to intensify from other Indian as well as foreign IT companies. For further details, please refer to the discussions of our competition in the sections titled "Risk Factors" and "Business" on pages xi and 81, respectively, of this Prospectus.

Significant developments after March 31, 2004 that may affect our future results of operations

Except as stated elsewhere in this Prospectus, to our knowledge no circumstances have arisen since the date of the last financial statements as disclosed in this Prospectus which materially and adversely affect or are likely to affect, the trading or profitability of the Company and its subsidiaries (taken as a whole), or the value of their consolidated assets or their ability to pay their material liabilities within the next twelve months.

Except as stated elsewhere in this Prospectus, there is no subsequent development after the date of the Auditor's Report which we believe is expected to have a material impact on the reserves, profits, earnings per share and book value of the Company and its subsidiaries (taken as a whole).

Changes in Accounting Policies after March 31, 2004

Purusant to the revision of Accounting Standard 11 (AS-11), issued by the Institute of Chartered Accountants of India on "Accounting for effects of changes in Foreign Exchange Rates", TCS Division revised its accounting policy relating to foreign exchange contracts effective April 1, 2004. The value of outstanding contracts as of June 30, 2004 are marked to their current market values. For details see "Recent Developments - TCS Division of Tata Sons Limited" on page 12 of this Prospectus.

SELECTED COMBINED AND CONSOLIDATED FINANCIAL INFORMATION OF THE TCS DIVISION IN ACCORDANCE WITH U.S. GAAP

The following table sets forth our selected historical combined and consolidated financial information derived from our audited combined and consolidated financial statements as of March 31, 2003 and 2004, and for the fiscal years ended March 31, 2002, 2003 and 2004, all prepared in accordance with U.S. GAAP.

The historical financial results and assets and liabilities of the TCS Division contained in our historical consolidated financial statements do not reflect what our financial results and assets and liabilities would have been had we been a standalone company during the periods presented or what our financial results and assets and liabilities in the future as a standalone company will be. These historical financial statements include the Consolidated Subsidiaries from their respective dates of acquisition. For further discussion of our historical consolidated financial statements under U.S. GAAP, please see "Management's Discussion and Analysis of Financial Condition and Results of Operations of the TCS Division in accordance with U.S. GAAP". Also see "Pro Forma Balance Sheet Prepared from U.S. GAAP Financial Information", which sets forth certain financial information as of April 1, 2004 on a pro forma basis giving effect to the Transfer and the Offer on page 8 of this Prospectus.

Statement of Income

	Year ended March 31, 2002	Year ended March 31, 2003	Year ended March 31, 2004
		(In millions)	
Revenues			
Consultancy services	Rs. 40,951.8	Rs. 50,956.8	Rs. 65,765.1
Sale of equipment and software licenses	2,388.6	3,699.0	4,868.8
Other revenues	365.9	522.8	593.4
Total revenues	**43,706.3**	**55,178.6**	**71,227.3**
Expenditure			
Cost of Revenues:			
Cost of services	21,124.3	28,605.5	34,192.3
Cost of equipment and software licenses	2,092.4	3,331.9	4,344.5
Total cost of revenues	**23,216.7**	**31,937.4**	**38,536.8**
Gross margin	**20,489.6**	**23,241.2**	**32,690.5**
Operating Expenses			
Selling, general and administrative expenses	7,773.8	10,616.8	14,292.7
Research and development	185.1	200.5	300.5
Total operating expenses	**7,958.9**	**10,817.3**	**14,593.2**
Operating Income	**12,530.7**	**12,423.9**	**18,097.3**
Other income (expense), net	**958.8**	**780.1**	**937.1**
Income before income taxes, extraordinary item and minority interests	**13,489.5**	**13,204.0**	**19,034.4**
Income tax expense	**(2,567.6)**	**(2,444.7)**	**(2,884.3)**
Minority interest, (net of income taxes	55.3	(78.7)	(125.4)
Equity in net earnings of affiliates	65.1	47.7	99.8
Income from continuing operations	**11,042.3**	**10,728.3**	**16,124.5**
Extraordinary gain	-	211.0	-
Net income	**Rs. 11,042.3**	**Rs. 10,939.3**	**Rs. 16,124.5**

Consolidated Balance Sheet

	As of March 31, 2003	As of March 31, 2004
		(In millions)
ASSETS		
Current Assets:		
Cash & Cash Equivalents	Rs.1,331.8	Rs.1,571.1
Accounts Receivables & Unbilled Revenue	17,103.7	17,163.1
Advances to Tata Consultancy Services Limited	2,243.3	2,266.2
Deposit placed with TCS Limited	-	3,750.0
Total Current Assets	**24,234.2**	**28,661.6**
Total Assets	**31,805.6**	**37,458.6**
LIABILITIES AND SHAREHOLDERS EQUITY		
Liabilities:		
Total Current Liabilities	**17,057.0**	**16,389.8**
Long term Debt	39.0	70.2
Minority Interest	1,122.7	25.7
Total Liabilities	**18,563.9**	**16,819.6**
Shareholders Equity		
Shareholders' Net Investment	13,238.7	18,235.1
Accumulated other comprehensive income/ (loss)	3.0	(131.0)
CMC Shareholder's equity	-	2,534.9
Total Shareholders' equity	**13,241.7**	**20,639.0**
Total Liabilities and Shareholders' Equity	**31,805.6**	**37,458.6**

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS OF THE TCS DIVISION IN ACCORDANCE WITH U.S. GAAP

You should read the following discussion of our financial condition and results of operations together with our combined and consolidated U.S. GAAP financial statements for the fiscal years ended March 31, 2002, 2003 and 2004, including the notes thereto, which appear on page 363 in this Prospectus.

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 a leading global IT services organisation. In fiscal 2003, we became the first Indian IT services organisation to generate US$1 billion in annual revenues. Since our inception in 1968, we have pioneered many of the significant developments in the Indian IT services industry, including the offshore delivery model for IT services.

We are the largest Indian IT services organisation in terms of revenues as well as net income[1]. In fiscal 2004, we had total revenues and net income of Rs. 71,227 million and Rs. 16,125 million respectively. Our results in fiscal 2004 were contributed to in part by the inclusion for the full period of TCS America and the European Subsidiaries. In fiscal 2003 and 2004, our total revenues increased by 26.2% and 29.1%, respectively, compared to the preceding fiscal year. Our total revenues have grown at a compounded annual growth rate of 27.7% since fiscal 2002. Our results in fiscal 2003 were contributed to in part by the inclusion of CMC for the full fiscal year, compared to its inclusion for only six months in fiscal 2002. In fiscal 2004, our net income increased by 47.4% compared to fiscal 2003. In fiscal 2003, our net income declined by 0.9% compared to fiscal 2002.

[1] Source : Based on the revenues and profits for fiscal 2004 under Indian GAAP of the companies listed under the category "Computers – Software – Large" as reported in Capital Markets Volume XIX/09, dated July 5-18, 2004

Background and Basis of Presentation

Since 1968, when we commenced our operations, we have operated as a division of Tata Sons. For all the periods discussed below, our results of operations represent the results of the TCS Division. The TCS Division was not a standalone company during these periods, and thus our historical results may not necessarily be indicative of our results had we been a standalone company for the periods presented or of our future results once we become a standalone entity. Because separate records were maintained for the TCS Division and for the other businesses and subsidiaries of Tata Sons, the consolidated financial statements do not include any allocations of expenses, assets or liabilities of Tata Sons.

Overseas Operations

Historically, the TCS Division consisted of operations in India as well as operations in other countries that were conducted through overseas branch offices. In addition, our business in the United States and in Europe has been conducted in part through contractual arrangements with companies in which Tata Sons had an indirect interest but which, during most of the periods discussed, it did not control. Specifically, these consisted of the following:

United States

In addition to branches of the TCS Division, our business in the United States was conducted through an arrangement with TCS America, in which Tata Sons had an indirect interest. On March 20, 2003, Tata Sons acquired all the remaining equity of TCS America for an aggregate cash consideration of Rs. 1,823 million. The results of TCS America are consolidated in the results of the TCS Division from the date of acquisition.

Europe

In addition to branches of the TCS Division, our business in Europe was conducted through arrangements with each of the European Subsidiaries, in which Tata Sons had an indirect interests. On December 23, 2002, Tata Sons acquired all the equity of these entities for an aggregate cash consideration of Rs. 317 million, and their results are consolidated in the results of the TCS Division after December 31, 2002.

Prior to the respective acquisition dates, the results of TCS America and the European Subsidiaries were not consolidated in the TCS Division's results. During these periods, there were contracts between the TCS Division (through Tata Sons) and these companies pursuant to which these companies subcontracted their service delivery to the TCS Division. The revenues and costs to the TCS Division arising from these contracts are reflected in the results of operations of the TCS Division in the periods prior to the respective acquisition dates. These companies retained a portion of client revenues to pay their selling and marketing costs during such periods.

CMC Limited

On October 16, 2001, Tata Sons acquired a 51% interest in CMC, an Indian IT company primarily focused on the Indian markets and listed on the Indian stock exchanges. This interest was acquired from the Government of India under the Government's disinvestment programme. A further 0.12% interest was acquired as a result of a mandatory tender offer required under India's Takeover Code. The aggregate consideration for the acquisition of the interests in CMC was Rs. 1,534.9 million. CMC is consolidated in the results of operations of the TCS Division from October 2001. On March 29, 2004, Tata Sons transferred its holding in CMC to TCS Limited for Rs. 3,799 million. However, since CMC and the TCS Division continued to be under common management even after the transfer, for U.S. GAAP purposes, the financial statements of CMC as of and for the year ended March 31, 2004 have been combined and consolidated with the financial statements of the TCS Division.

Other Subsidiaries and Investments

Our business in the Asia-Pacific region is conducted through TCS Asia-Pacific Private Ltd., a Singapore incorporated holding company for our subsidiaries in China, Japan and Malaysia. Our operations in Central America, South America and Spain are conducted through TCS Iberoamerica, a Uruguay incorporated holding company for our subsidiaries in Uruguay, Mexico, Spain, Chile, Argentina and Brazil. The results of these entities are consolidated in the results of the TCS Division from their respective dates of incorporation.

In December 2003, TCS Limited entered into an agreement to acquire an equity interest of 20.67% in WTI, in which we currently have a minority interest, from International Finance Corporation ("IFC"). We have received approval from the RBI to complete the acquisition, which is expected to be completed in the second quarter of fiscal 2005. Since December 31, 2003, we have acquired 100% of AFS and ASDC, in both of which we previously had a minority interest, and their results are consolidated in the results of the TCS Division from the date they became majority-owned by us. In July 2004, we acquired 100% of the equity of Phoenix Global Solutions (India) Private Limited.

Our other key investments include a 50% interest in Intelenet Global Services, a joint venture with HDFC, a premier housing finance company. We have sold our holding n Intelenet to HDFC. For details see "Recent Developments" on page 12 of this Prospectus and a 20% interest in Conscripti (Pty) Ltd. in South Africa. In India, other than CMC, we have a subsidiary, APONLINE, which is a joint venture with the Government of Andhra Pradesh in which we have an 89% interest.

The Transfer

On December 17, 2002, Tata Sons and TCS Limited filed the Scheme with the High Court of Judicature at Bombay. On May 9, 2003, the High Court sanctioned the Scheme. In accordance with the Scheme, Tata Sons will transfer (the "Transfer") all the assets and liabilities of the TCS Division to TCS Limited. In addition to the assets and liabilities of the TCS Division in India and the overseas branches, the assets to be transferred to TCS Limited pursuant to the Scheme will include the shares owned by Tata Sons in TCS America, the European Subsidiaries and the other subsidiaries and entities described above, except CMC. The entire shareholding in CMC was transferred to TCS Limited on March 29, 2004.

The Transfer has become effective upon execution of the Underwriting Agreement relating to the Offer. The Transfer will legally be deemed to be effective as of April 1, 2004. The Transfer consideration of Rs. 23,000 million is non-interest bearing and will become payable upon the successful completion of the Offer. In the event that payment of the consideration is delayed beyond the period of three days from the date of receipt of trading permission from the Stock Exchanges for the Equity Shares, interest at 6% per annum will be payable to Tata Sons.

All legal and other proceedings (other than proceedings in relation to corporate taxes on profits under the Income Tax Act, 1961) by or against Tata Sons, whether pending or which may be initiated in the future, regarding any matter relating to the TCS Division, will be assumed by TCS Limited.

The Transfer is subject to stamp duty primarily in the State of Maharashtra, where the registered offices of Tata Sons and TCS Limited are located. TCS Limited had filed a copy of the drawn-up order with the The Superintendent of Stamps (Mumbai) for adjudication of the stamp duty payable in the State of Maharashtra for registration of the Scheme. Superintendent of Stamps (Mumbai) has passed an adjudication order whereby the stamp duty in respect of the Transfer in the State of Maharashtra was adjudicated at Rs. 25 million. Accordingly we have paid the stamp duty of Rs. 25 million and have additionally paid a sum of Rs. 0.25 million as penalty as demanded.

Additionally, we may be liable for stamp duty in respect of the transfer of immovable properties in the other states in India in which they are located. We estimate the aggregate market value of these properties to be approximately Rs. 1,400 million. The stamp duty liability on these properties will vary state by state, and typically ranges from 8% to 12% in most states. We expect that we will be able to set off a portion of our stamp duty payable in Maharashtra against the stamp duty payable in other states.

In addition, other obligations such as payment of tax claims arising as a result of the transfer of the assets outside India may be payable by TCS Limited. For example, in the United States, TCS America would have to make a payment on account of deemed dividend tax to the United States Government as a result of the Transfer. We believe that this tax liability will be approximately US$ 10 million. Under U.S. taxation rules, TCS America would be required to withhold and remit the actual tax. Similarly, the profits of the TCS branch in the United States and other jurisdictions would also be subject to tax on the Transfer. The transfer of the branch assets to TCS Limited will result in branch tax liability in the United States and other jurisdictions of approximately US$ 6.8 million. In addition, we expect that there will be capital gains and other taxes payable in other jurisdictions. Under the provisions of the Scheme, these tax liabilities will be for the account of TCS Limited. In the U.S. GAAP combined and consolidated financial statements of the TCS Division as of and for the year ended March 31, 2004, we have already accounted for certain deferred tax liabilities and undistributed earnings of foreign subsidiaries, and therefore expect that the net one-time charge for overseas tax liabilities associated with the Transfer will be approximately Rs. 505 million, which we expect to incur in the second quarter of fiscal 2005. This one-time charge is currently an estimate only, and assumes that our overseas tax liabilities associated with the Transfer, and the exchange rates we have used in calculating the charge, will not vary substantially from the amounts used to calculate such charge.

In the United Kingdom, corporation tax currently at the rate of 30% of the excess of the market value over the cost of the branch assets, including the goodwill value inherent in the branch, is payable on a transfer. However there is an exemption provided in the case of a transfer between group companies having common ownership of at least 75% and if this 75% common ownership continues for a period of six years. Therefore, so long as there is ownership of at least 75% of TCS Limited by Tata Sons and its group companies for six years from the Transfer, no U.K. corporation tax liability arising from the Transfer would be attracted. Although we have not made a market valuation of the UK branch assets for this purpose, such tax liability may be material if the common ownership test is not satisfied in any period within six years from the Transfer.

Because the Transfer is a transaction between entities under common control, it will be accounted for on a historical cost basis under U.S. GAAP. As a result of the consummation of the Transfer and the Offer, the following are the principal adjustments made to the consolidated and combined opening TCS Division balance sheet as of April 1, 2004. These adjustments are illustrated in the section titled "Unaudited Pro Forma Opening Balance Sheet of TCS Limited" on page 8 of this Prospectus:

- deferred tax assets and liabilities of the TCS Division relating to Indian taxes, retained by Tata Sons pursuant to the Scheme, will cease to exist because differences in the book and tax bases of the TCS Division's assets and liabilities will be eliminated in the books of TCS Limited when such assets and liabilities are valued at the same amounts for tax purposes upon the Transfer;
- any stamp or other transfer taxes arising as a result of the Transfer, which will be paid by TCS Limited, will result in a reduction in cash and retained earnings;
- cash will reflect the receipt of the net proceeds of the Fresh Issue, the payment of the Transfer consideration to Tata Sons and the expenses of the Scheme; and
- any inter-company investments, balances and transactions between the TCS Division and TCS Limited will be eliminated on consolidation.

Like several other companies in the Tata Group, we have entered into a Brand Equity and Business Promotion Agreement with Tata Sons which, among other things, governs our use of the "TATA" business name, trade marks and marketing indicia. Since the TCS Division has had its own general and administrative services, we do not have any other material agreements with Tata Sons for the provision of such services.

Until the Appointed Date, the tax liabilities of the TCS Division were included in the tax liabilities of Tata Sons. The TCS Division paid to Tata Sons its proportionate share of income taxes computed as though it were a standalone company. Following the Transfer, any additional liability for income tax or refunds arising from the completion of assessments by the Indian income tax authorities for assessment years prior to the Appointed Date will be to the account of Tata Sons.

The financial statements of TCS Limited under U.S. GAAP will give effect to the Transfer from the effective date of the Transfer, which will be the date of the execution of the Underwriting Agreement for this Offer. The financial statements of TCS Limited under Indian GAAP will give retrospective effect to the Transfer from April 1, 2004, which is the effective date of the Transfer for purposes of the Scheme. Following the completion of this Offer, we will provide consolidated U.S. GAAP historical financial statements of TCS Limited and its subsidiaries as if the Transfer had occurred on the first day of the earliest period being reported on, in a manner similar to a pooling of interests.

Since under U.S. GAAP the effective date of the Transfer will be the date of execution of the Underwriting Agreement for this Offer, an amount representing the excess, if any, of the Transfer consideration over the book value of the transferred assets under U.S. GAAP will be recorded in the equity section of the balance sheet of TCS Limited following the Transfer.

As a result of the foregoing, we currently estimate that the one-time charges associated with the Transfer will be approximately Rs. 670 million, consisting of Rs. 165 million related to stamp duties and other charges in India and approximately Rs. 505 million in overseas taxes related to the Transfer that are for the account of TCS Limited. The foregoing assumes that the certification requested in connection with the State of Maharashtra stamp duty tax is granted (since received), and that our overseas taxes and charges will not vary substantially from the amounts stated above. A substantial portion of these charges are likely to be incurred in the second quarter of fiscal 2005.

Revenues

We derive our revenues principally from consultancy services which consist primarily of IT services and, to a lesser extent, from the sale of equipment and software licenses. Our revenues from the sale of equipment and software licenses consist primarily of the sale by CMC of computers and other hardware. Revenues from software licenses are derived primarily from the sale of Oracle and Unigraphics packages, which are typically delivered in connection with the provision of other IT services and applications.

Our revenues are affected by economic conditions and the levels of business activity in the industries we serve, as well as by the pace of technological change and the type and level of IT spending by our clients. Our revenues also depend on our ability to secure contracts for new engagements and to deliver services and products that meet the changing IT needs of our clients. Our revenues and margins are also influenced by the proportion of the work we perform at client sites (or "onsite" work) to the work we perform at our facilities in India (or "offshore" work).

We provide our consultancy services on either a time and materials basis or a fixed price, fixed time basis. When bidding for fixed price, fixed time engagements, we endeavour to accurately estimate the costs and timing of completing the projects based on the processes we plan to use, the professionals we plan to apply to the engagements and past project experiences. We bear the risk of cost and time overruns as a result of any unforeseen costs or delays associated with the performance of these engagements, including delays caused by factors outside our control.

We have experienced significant growth in the past few years. Our revenues have grown from Rs. 43,706.3 million in fiscal 2002, to Rs. 55,178.6 million in fiscal 2003, to Rs. 71,227.3 million in fiscal 2004. Although some of this growth was due to the acquisitions of CMC, TCS America and the European Subsidiaries, most of the growth was due to growth in our consultancy services business.

We measure key indicators of our business, such as revenues by service and industry practices, size and type of client, our mix of fixed price, fixed time and time and materials contracts and our mix of onsite to offshore revenues, in terms of our revenues from international business, which means our total revenues less the revenues of the TCS Division from India less the revenues of CMC and its subsidiary CMC Americas Inc. In fiscal 2004, revenues from international business represented 84.8% of our total revenues, compared to 81.8% in fiscal 2003 and 86.3% in fiscal 2002.

We recognise revenue as follows:

- Revenues from contracts priced on a time and materials basis are recognised as services are rendered and as related costs are incurred.
- Revenues from turnkey contracts, which are generally time bound fixed price contracts, are recognised over the life of the contract using the percentage-of-completion method, with contract costs determining the degree of completion. Losses on such contracts are recognised when probable. Billings on such contracts are rendered based on contractual milestones. Billing in excess of revenue recognised are classified as unearned revenues and revenue recognised in excess of billing is classified as unbilled revenue.
- Revenues from the sale of computer equipment are recognised upon delivery, which is when title passes to the customer. We act as a reseller of third party computer equipment products; such revenues are reported gross as we act as a principal, and have pricing authority and bear inventory and credit risk.
- Revenues from the sale of internally developed and manufactured systems and third party software products are recognised upon delivery of a license, which is when the absolute right to use passes to the customer and we do not have any material remaining service obligations. We act as a relicenser of third party software licenses. Revenues from such products are reported gross as we act as a principal, and have pricing authority and bear inventory and credit risk.
- Revenues from bundled contracts that involve supplying computer equipment, licensing software and providing services are recognised separately for each of the elements based on the nature of each element and their proportional fair values. The fair value of each element is determined by reference to other unbundled contracts.
- Revenues from maintenance contracts and from finite period software licenses granted are recognised pro-rata over the period of the contract.
- Reimbursement of out of pocket expenses is recognised as revenue.

Expenditures

Cost of Revenues

Our cost of revenues consists of our cost of services and our cost of sales of equipment and software licenses that we resell.

Our cost of services consists primarily of compensation of personnel when engaged in providing consultancy services. It also includes depreciation and amortisation of production related equipment and software, losses incurred on fixed price contracts, communications expenses and other expenses. Our cost of services also includes the costs of internally developed software for sale. Our cost of services also includes payments to subcontractors, who are consultants we hire on a temporary basis to meet client demand or to address specific skill requirements.

A key measure of our cost of services is "employee cost" of personnel when engaged in providing consultancy services. Employee cost includes salaries, which are the fixed component of employee compensation, variable compensation which is based on the "Economic Value Added" ("EVA") model that we adopted from the beginning of fiscal 2002, staff welfare costs, cost of contribution to provident and other employee funds, and foreign allowances. Employee cost, together with payments to subcontractors, represented 78.9%, 79.0% and 80.5% of our cost of revenues in fiscal 2004, 2003 and 2002, respectively. Under the EVA model, the variable component of an employee's compensation in any fiscal year is determined on the basis of the employee's performance and our profits (calculated in accordance with Indian GAAP) for the preceding fiscal year. The total variable compensation in fiscal 2002, fiscal 2003 and fiscal 2004 was Rs. 1,500 million, Rs. 2,396 million and Rs. 2,489 million, respectively.

We engage in extensive training of new hires, as well as periodic training to upgrade the skills of our IT professionals. Training costs for employees who are not new hires are categorised as costs of services if the training is related to a particular client matter; otherwise such costs are allocated to selling, general and administrative expenses. Training costs for new hires are categorised as selling, general and administrative expenses.

Our cost of equipment and software licenses consists of the cost of computer equipment that we resell and software that we re-license, and include inward shipping and insurance costs. Since the acquisition of CMC, these costs have represented approximately 11% of our cost of revenues.

Operating Expenses

Our operating expenses include selling, general and administrative expenses and research and development expenses.

Our selling, general and administrative expenses primarily include employee compensation for sales, administrative, supervisory and practice management personnel and consultants not engaged in providing services. In addition, these costs include depreciation and amortisation of non-production equipment and software, rent, insurance and utilities, business promotion expenses, allowances for delinquent receivables, legal and professional fees, and other general expenses.

Employee costs (which are determined in the same manner as employee costs under "Cost of Revenues" above) represented 44.2% of our selling, general and administrative expenses during fiscal 2004. Employee costs are allocated between cost of revenues and selling, general and administrative expenses based on whether an individual reports time as billable or non-billable. The employee costs for our consultants not engaged in providing services are also generally allocated to selling, general and administrative expenses.

Our research and development expenses include all costs relating to our research and development centres in Pune and Hyderabad (including employee cost of research personnel, facilities expenses for the centre and the cost of certain software and equipment) and payments to academic institutions for research and training.

Other Income

Other income includes interest and dividend income, foreign currency exchange gains or losses and allowances for losses on investments.

Our margins and net income are affected by currency exchange rates and in particular, movements of the Indian Rupee against the U.S. Dollar. In fiscal 2004, approximately 87% of our total revenues were denominated in currencies other than the Indian Rupee, with 68% being denominated in U.S. Dollars. For the same period, approximately 54% of our costs of revenues and operating expenses were in currencies other than the Indian Rupee. Our foreign currency exposure is mitigated in part by paying living and travel allowances to our Indian employees working abroad in the local currency. Such allowances typically increase or decrease as revenues denominated in the local currency increase or decrease. We enter into forward exchange and option contracts of usually not more than one year to hedge a portion of our foreign currency exposure. The changes in the fair value of our forward exchange and option contracts are included in other income.

Income Taxes

For all periods discussed, the TCS Division's income was included in the tax returns of Tata Sons. In our financial statements the

current income tax expense for the TCS Division has been computed as though it was a standalone taxable entity, without taking into account tax liabilities or taxable benefits generated by other divisions of Tata Sons. The income tax expense for the TCS Division has been computed using the historical income and expenses and historical tax and book bases for assets and liabilities of the TCS Division in the books of Tata Sons.

Our income tax expense comprises our consolidated current tax expense and the net change in our deferred tax asset or liability in the applicable fiscal year.

Our consolidated current income tax expense consists of the current income tax expense for the TCS Division and for each subsidiary after its date of acquisition or incorporation, as applicable.

Currently, we benefit from certain tax incentives under Section 10A of the Income Tax Act, 1961, for the IT services that we provide from specially designated "Software Technology Parks," or STPs, and other eligible units located in designated free trade zones. As a result of these incentives, our operations in India have been subject to relatively low tax liabilities in India. This benefit for some of our units will expire starting on April 1, 2005. We believe that as a result of recent amendments and clarifications to Section 10A of the Income Tax Act, 1961, these tax incentives will continue to be available to us following the Transfer. Under current laws, the tax incentives available to these units terminate on the earlier of the ten year anniversary of the commencement of operations of the unit or March 31, 2009. Also see "Risk Factors – Reduction or termination of our tax incentives will increase our tax liability and reduce our profitability" on page xx of this Red Herring Prospectus.

Any units to be established by us in a designated SEZ would be eligible for exemption from income tax from the date of the commencement of its operations in such SEZ to the extent of 100% for a period of five years and thereafter to the extent of 50% for a further two years. For the next three years, the Company is eligible for exemption from income tax for an amount equal to the monies it transfers to a special account named "Special Economic Zone Re-investment Allowance Reserve Account." However, the deduction will not be allowed for an amount exceeding 50% of the amount debited to the profit and loss account for the preceding year for which the deduction is being sought. The funds lying in this special account are to be used for the business of the Company in the manner specified under the I.T. Act.

For export of I.T. services from units other than those located in STPs and other designated free trade zones, the Finance Act, 2000 phased out the tax benefits over a period of five years from fiscal 2000 through fiscal 2004.

Current income tax is payable in each of our overseas branches, computed in accordance with the tax laws applicable in the jurisdiction in which the branch operates.

Income tax currently payable by the TCS Division to overseas tax jurisdictions has been recorded as a liability. Payments and liabilities attributable to income tax payable by the TCS Division in India have been recorded as Shareholder's Net Investment.

The current income tax expense for each subsidiary has been calculated based on the laws applicable to each entity in the jurisdiction in which that entity operates.

Minority Interest

Minority interest eliminates the income earned or expense incurred which is attributable to the minority interests in our consolidated subsidiaries from their respective dates of acquisition.

Employee Share Purchase Scheme

After the listing of our Equity Shares in this Offer, we intend to adopt an ESPS in which select employees and directors of the Company, its subsidiaries and Tata Sons can participate subject to such approvals as may be necessary. These employees will be selected based on certain criteria determined by our management. The ESPS will comply with the SEBI (Employee Stock Option and Employee Stock Purchase Scheme) Guidelines, 1999. The Equity Shares issued pursuant to the ESPS may be up to 0.5% of our post-Offer paid-up capital. The issue of Equity Shares pursuant to the ESPS is likely to occur before the end of fiscal 2005. The issue of Equity Shares pursuant to the ESPS will be subject to compliance with applicable laws and regulations, including the securities laws of foreign jurisdictions.

Any issuance of Equity Shares pursuant to the ESPS will result in a charge to our income statement equal to the product of such number of Equity Shares issued and the difference between the market price of our Equity Shares as on the date of their issue and the price at which our employees will purchase the Equity Shares, which we currently expect will be Re. 1 per share, which is the face value. For indicative purposes only, the charge based on the Offer Price of Rs. 850 per Equity Share would be approximately Rs. 2,031 million. We expect that this charge will be reflected in our Indian GAAP as well as U.S. GAAP financial statements upon issue of the Equity Shares in fiscal 2005.

Upon issuance of Equity Shares pursuant to the ESPS, Tata Sons, our principal shareholder, intends to give one-time cash grants to select employees of the Company and its subsidiaries who were employed by Tata Sons or its subsidiaries prior to the Transfer and who are not part of the ESPS in fiscal 2005. These employees will be selected based on certain criteria determined by Tata Sons together with our management. The total cash payment resulting from the one-time grants is expected to be up to Rs. 900 million. This one time cash grant by Tata Sons to these employees will be reflected as a non cash-charge in our income statement under US GAAP.

OUR RESULTS OF OPERATIONS

The following table sets forth certain financial information as a percentage of our total revenues for the periods indicated:

	Fiscal 2002	Fiscal 2003	Fiscal 2004
Revenues			
Consultancy services	93.70%	92.35%	92.33%
Sale of equipment and software licenses	5.47%	6.70%	6.84%
Other revenues	0.83%	0.95%	0.83%
Total revenues	**100.00%**	**100.00%**	**100.00%**
Expenditures			
Cost of revenues:			
Cost of services	48.33%	51.84%	48.00%
Cost of equipment and software licenses	4.79%	6.04%	6.10%
Total cost of revenues	53.12%	57.88%	54.10%
Gross margin	46.88%	42.12%	45.90%
Operating expenses:			
Selling, general and administrative	17.79%	19.24%	20.07%
Research and development	0.42%	0.36%	0.42%
Total operating expenses	18.21%	19.60%	20.49%
Operating income	28.67%	22.52%	25.41%
Other income	2.19%	1.41%	1.32%
Income before income taxes, extraordinary item and minority interests	30.86%	23.93%	26.73%
Income tax expense	5.87%	4.43%	4.05%
Minority interest	0.13%	(0.14)%	(0.18)%
Equity in net earnings of affiliates	0.15%	0.08%	0.14%
Income from continuing operations	25.27%	19.44%	22.64%
Extraordinary gain	-	0.38%	
Net income	25.27%	19.82%	22.64%

Comparison of Fiscal 2004 to Fiscal 2003

Revenues

Our total revenues increased by 29.1% to Rs. 71,227.3 million in fiscal 2004 from Rs. 55,178.6 million in fiscal 2003. Our revenues from consultancy services increased by 29.1% to Rs. 65,765.1 million in fiscal 2004 from Rs. 50,956.8 million in fiscal 2003. Our revenues from sales of equipment and software licenses increased by 31.6% to Rs. 4,868.8 million in fiscal 2004 from Rs. 3,699.0 million in fiscal 2003. Our revenues from consultancy services and from sales of equipment and software licenses represented approximately 92.3% and 6.8%, respectively, of our total revenues in fiscal 2004 compared to 92.3% and 6.7% in fiscal 2003.

Our total revenues in fiscal 2004 included the results of TCS America and the European Subsidiaries for the entire fiscal year. The revenues of TCS America were immaterial to our revenues in fiscal 2003 because it was acquired by Tata Sons on March 30, 2003 and therefore included in our results for a very short period in fiscal 2003. The European Subsidiaries were included in our fiscal 2003 results for only the last quarter of fiscal 2003. In fiscal 2004, our total revenues also reflected an increase in business from existing clients and to some extent, business from new clients, and an increase in our number of consultants. In addition, pricing remained relatively stable in fiscal 2004.

The Americas segment continued to be our most significant revenue segment, accounting for 62.3% of our total revenues in fiscal 2004 compared to 59.3% in fiscal 2003. The United States accounted for over 98% of our revenues from the Americas segment in fiscal 2004 and fiscal 2003. The Europe segment accounted for 19.9% of our total revenues in fiscal 2004 compared to 20.0% in fiscal 2003. The United Kingdom accounted for approximately 72% and 70% of our revenues from the Europe segment in fiscal 2004 and fiscal 2003, respectively. The India segment accounted for 13.2% of our total revenues in fiscal 2004 compared to 14.8% in fiscal 2003. CMC contributed 65.3% and 55.2% of our revenues from the India segment for these periods.

During fiscal 2004, our revenues from application development and maintenance and engineering services; enterprise solutions and package implementation and asset leveraged solutions, which are our main service practices, were 77.4%, 19.2% and 2.4%, respectively as compared to 84.0%, 12.9% and 2.7%, respectively, in fiscal 2003, of our revenues from international business for these periods. The revenue mix in fiscal 2004 reflected greater growth in our enterprise solution and package implementation service practice due in part to our increasing focus on growing this service practice and to some extent to the increased business in this service practice resulting from our technology alliances with leading software vendors to provide end-to-end services to customers.

During fiscal 2004, our revenues from banking, financial services and insurance; manufacturing; telecommunications; retail and distribution and transportation, which are our main industry practices, constituted 40%, 20%, 16%, 6.7% and 4.4%, respectively, compared to 42.7%, 20.5%, 14.4%, 6.9% and 5.0%, respectively, in fiscal 2003, of our revenues from international business for these periods.

During fiscal 2004, we derived 36.2% of our revenues from international business, from our top ten clients in terms of revenues as compared to Rs. 17,809 million, or 39.4%, in fiscal 2003. Of these revenues, companies of the General Electric group contributed Rs. 11,195 million, or 18.1% of our revenues from international business in fiscal 2004 compared to Rs. 9,305 million, or 20.6%, in fiscal 2003. During fiscal 2004, we added 193 new clients (which we define as clients from whom we have not received any revenues for the preceding three quarters), compared to 177 new clients in fiscal 2003.

During fiscal 2004, revenues from onsite work and offshore work accounted for 63.8% and 36.2%, respectively, of our revenues from international business compared to 65.9% and 34.1%, respectively, in fiscal 2003. During fiscal 2004, revenues from fixed price, fixed time contracts and time and materials contracts accounted for 55.5% and 44.5%, respectively, of our revenues from international business. These revenues were 57.4% and 42.6%, respectively, in fiscal 2003.

Expenditures

Cost of Revenues

Our cost of revenues increased by 20.7% to Rs. 38,536.8 million in fiscal 2004 from Rs. 31,937.4 million in fiscal 2003. Our cost of revenues as a percentage of total revenues was 54.1% in fiscal 2004 and 57.9% in fiscal 2003.

Cost of Services

Our cost of services increased by 19.5% in fiscal 2004 to Rs. 34,192.3 million from Rs. 28,605.5 million in fiscal 2003. The increase was in large part due to an 18.5% increase in employee costs of personnel engaged in providing consultancy services as a result of the increase in personnel owing to the increase in business from clients and increased staff welfare expenses and contributions to provident and other funds.

However, our cost of services as a percentage of total revenues was 48% in fiscal 2004 compared to 51.8% in fiscal 2003, reflecting primarily our cost management initiatives and the increased proportion of the services we provided from our offshore locations compared to the services we provided onsite. As our cost of services provided from offshore locations is typically lower than our cost of services provided onsite, our employee costs of personnel engaged in providing consultancy services declined in percentage terms to 37.5% of our total revenues in fiscal 2004 from 40.8% in fiscal 2003. The decline in our cost of services as a percentage of total revenues also reflected the inclusion of TCS America and the European Subsidiaries for the full fiscal year 2004, because this increased our revenues slightly and most of the costs associated with these subsidiaries, which are primarily engaged in sales and marketing functions, are accounted for under operating expenses rather than cost of services.

Our cost of subcontractors was approximately 5% of our total revenues for these periods.

Cost of equipment and software licenses

Our cost of equipment and software licenses increased by 30.4% to Rs. 4,344.5 million (or 6.1% of total revenues) in fiscal 2004 from Rs. 3,331.9 million (or 6.0% of total revenues) in fiscal 2003. The cost of equipment and software licenses in fiscal 2004 reflected our overall increase in business during the period.

Gross margin

Our gross margin, which is the difference between our total revenues and our total cost of revenues, increased by 40.7% to Rs. 32,690.5 million in fiscal 2004 from Rs. 23,241.2 million in fiscal 2003. Our gross margin as a percentage of total revenues was 45.9% in fiscal 2004 as compared to 42.1% in fiscal 2003. The main reasons for the increase in gross margin were the price stability we experienced in fiscal 2004 compared to the pricing pressures we faced in fiscal 2003, our cost management initiatives and the increased proportion of the services we provided from our offshore locations compared to the services we provided onsite.

Operating Expenses

Our operating expenses consist of selling, general and administrative expenses and research and development expenses. Our operating expenses increased by 34.9% to Rs. 14,593.2 million in fiscal 2004 from Rs. 10,817.3 million in fiscal 2003. Our operating expenses as a percentage of total revenues increased to 20.5% in fiscal 2004 from 19.6% in fiscal 2003.

Selling, general and administrative expenses

Our selling, general and administrative expenses increased by 34.6% to Rs. 14,292.7 million (or 20.1% of total revenues) in fiscal 2004 from Rs. 10,616.8 million (or 19.2% of total revenues) in fiscal 2003. The increase in operating expenses in fiscal 2004 was due in part to the inclusion for the full fiscal year of the results of TCS America and the European Subsidiaries which, as primarily sales and marketing arms of our business, resulted in an increase in our selling, general and administrative expenses.

The overall increase in our business in fiscal 2004 was accompanied by increased selling and marketing activities, and resulted in an increase of 16% in our employee costs for sales, administrative, supervisory and management personnel to Rs. 6,316.2 million in fiscal 2004 from Rs. 5,446.2 million in fiscal 2003. Our employee cost for these personnel as a percentage of total revenues was 8.8% in fiscal 2004 as compared to 9.9% in fiscal 2003. The increase in the number of employees, our geographic expansion and the acquisition of TCS America and the European Subsidiaries resulted in professional fees paid to outside advisors in an amount of Rs. 827.3 million in fiscal 2004 compared to Rs. 297.4 million in fiscal 2003, an increase of 178.2%. Commissions increased to Rs. 524.7 million in fiscal 2004 from Rs. 40.0 million in fiscal 2003, primarily due to the settlement of an outstanding claim.

The overall increase in our business, combined with increased proportion of the services we provided from our offshore locations compared to the services we provided onsite resulted in our rental expenses increasing by 79% to Rs. 895.6 million in fiscal 2004 from Rs. 500.2 million in fiscal 2003.

Research and Development Expenses

Our research and development expenses in fiscal 2004 increased by 49.9% to Rs. 300.5 million from Rs. 200.5 million in fiscal 2003. Our research and development expenses as a percentage of total revenues was 0.42% in fiscal 2004 compared to 0.36% in fiscal 2003.

Operating Income

Our operating income increased by 45.7% to Rs. 18,097.7 million (or 25.4% of total revenues) in fiscal 2004 from Rs. 12,423.9 million (or 22.5% of total revenues) in fiscal 2003.

Other Income

Our other income increased by 20.1% to Rs. 937.1 million (or 1.3% of total revenues) in fiscal 2004 from Rs. 780.1 million (or 1.4% total revenues) in fiscal 2003. This increase was primarily due to a write-back of long outstanding advances received from customers and a sales discount of Rs. 226 million accrued in excess of a settlement with a major customer This was partly offset by a 49.9% decrease in interest and dividend income to Rs. 203.7 million because of a reduction of deposits with Tata Sons and by losses relating to foreign exchange hedging contracts of Rs. 107.6 million which were primarily due to the strengthening of the Rupee against the U.S. Dollar during fiscal 2004.

Income Taxes

Our income tax expense in fiscal 2004 increased by 18% to Rs. 2,884.3 million from Rs. 2,444.7 million in fiscal 2003. Our income tax expense represented approximately 4.1% and 4.4% of our total revenues (or approximately 15.2% and 18.5% of our income before income taxes, extraordinary items and minority interests) in those periods, respectively, which was substantially lower than the statutory tax rate of 35.875% and 36.75% applicable in fiscal 2004 and fiscal 2003, respectively. This was primarily due to the

tax benefit we obtained because our delivery centres in India are entitled to tax holidays as they are established in software technology parks, or STPs, and from tax benefits for our export earnings from non-STP locations in India. The percentage decrease in our income tax expense is primarily attributable to a one-time tax on 10% of our profits from STP locations in fiscal 2003. We are also entitled to tax benefits in India under double tax avoidance treaties for income taxes we incurred in the foreign countries in which we operate.

Minority Interest, net of Income Taxes

The minority interest in our income before income taxes, extraordinary items and minority interests was Rs. 125.4 million in fiscal 2004 compared to Rs. 78.7 million in 2003, an increase of 59.3%, primarily due to the increase in profits of CMC.

Equity in Net Earnings of Affiliates

Our equity in net earnings of affiliates was Rs. 99.8 million in fiscal 2004 compared to Rs. 47.7 million in fiscal 2003, an increase of 109.2%. Our equity in net earnings of affiliates in fiscal 2004 reflected an increase in the profits of Intelenet.

Income from Continuing Operations and Net Income

Income from continuing operations increased by 50.3% to Rs. 16,124.5 million (or 22.6% of total revenues) in fiscal 2004, compared to Rs. 10,728.3 million (or 19.4% of total revenues) in fiscal 2003.

In fiscal 2003, we had an extraordinary gain of Rs. 211.0 million representing the aggregate negative goodwill relating to the acquisitions of TCS America and TCS Belgium, which increased our net income in fiscal 2003 to Rs. 10,939.3 million. Our net income in fiscal 2004 was the same as our income from continuing operations in that year, and represented an increase of 47.4% over our net income in fiscal 2003.

Comparison of Fiscal 2003 to Fiscal 2002

Revenues

Our total revenues increased by 26.2% to Rs. 55,178.6 million in fiscal 2003 from Rs. 43,706.3 million in fiscal 2002. Our revenues from consultancy services increased by 24.4% to Rs. 50,956.8 million in fiscal 2003 from Rs. 40,951.8 million in fiscal 2002. Our revenues from sales of equipment and software licenses increased by 55% to Rs. 3,699.0 million in fiscal 2003 from Rs. 2,388.6 million in fiscal 2002. Our revenues from consultancy services and from sales of equipment and software licenses represented approximately 92% and 6.7%, respectively, of our total revenues in fiscal 2003 compared to 94% and 6% in fiscal 2002.

Our total revenues increased in fiscal 2003 primarily due to increased business from existing clients, business from new clients to some extent, and an approximately 11.9% increase in our number of consultants. During fiscal 2003, there was an increasing trend towards offshoring as our clients looked to extract more value for their IT spending in a challenging economic environment. This contributed to an increase in our business in fiscal 2003. In addition, our revenues benefited from the increased equipment sales revenues of CMC, whose results were consolidated in ours for the full fiscal 2003 compared to its consolidation for only six months in fiscal 2002. These increases in business volume were partly offset by a higher degree of volume discounts given to our high volume clients and significant pricing pressures, particularly from our major clients.

The Americas segment continued to be our most significant revenue segment, accounting for 59.3% of our total revenues in fiscal 2003 compared to 61.1% in fiscal 2002. The United States accounted for over 98% of our revenues from the Americas segment in fiscal 2003 and 2002. The Europe segment accounted for 20.0% of our total revenues in fiscal 2003 compared to 20.7% in fiscal 2002. The United Kingdom accounted for 70.0% and 67.7% of our revenues from the Europe segment for fiscal 2003 and fiscal 2002, respectively. The India segment accounted for 14.8% of our total revenues in fiscal 2003 compared to 11.9% in fiscal 2002. The increase in the contribution of the India segment to our total revenues was due to the inclusion of CMC for the full fiscal year in fiscal 2003 compared to its inclusion for only six months in fiscal 2002. CMC contributed 55.24% of our revenues from the India segment in fiscal 2003.

During fiscal 2003, our revenues from application development and maintenance and engineering services; enterprise solutions and package implementation and asset leveraged solutions were 84.0%, 12.9% and 2.7%, respectively, compared to 87.2%, 10.8% and 1.6%, respectively, in fiscal 2002, of our revenues from international business for these periods. During fiscal 2003, our revenues from banking, financial services and insurance; manufacturing; telecommunications; retail and distribution and transportation constituted 42.7%, 20.5%, 14.4%, 6.9% and 5.0%, respectively, compared to 44.6%, 18.8%, 15.7%, 7.0% and 4.8%, respectively, in fiscal 2002, of our revenues from international business for these periods.

During fiscal 2003, we derived Rs. 17,809 million, or 39.4% of our revenues from international business, from our top ten clients in terms of revenues, compared to Rs. 15,263 million, or 40.4%, in fiscal 2002. Of these revenues, companies of the General Electric group contributed Rs. 9,305 million, or 20.6% of our revenues from international business, in fiscal 2003, compared to Rs. 9,208 million, or 24.4 %, in fiscal 2002. During fiscal 2003, we added 177 new clients.

During fiscal 2003, revenues from onsite work and offshore work accounted for 65.9% and 34.1%, respectively, of our revenues from international business, compared to 71.4% and 28.6%, respectively, in fiscal 2002. During fiscal 2003, revenues from fixed price, fixed time contracts and time and materials contracts accounted for 57.4% and 42.6%, respectively, of our revenues from international business, compared to, 50% and 50% respectively, in fiscal 2002. The shift towards offshore work and fixed price, fixed time contracts in fiscal 2003 was due primarily to our clients' need to reduce costs and achieve greater predictability in their IT services spending during the challenging economic environment experienced in fiscal 2003.

Expenditures

Cost of Revenues

Our cost of revenues increased by 37.6% to Rs. 31,937.4 million in fiscal 2003 from Rs. 23,216.7 million in fiscal 2002. Our cost of revenues as a percentage of total revenues was 57.9% in fiscal 2003 compared to 53.1% in fiscal 2002.

Cost of Services

Our cost of services increased by 35.4% in fiscal 2003 to Rs. 28,605.5 million from Rs. 21,124.3 million in fiscal 2002. The increase in our cost of services was primarily due to the increase in business from clients, increase in employee costs and partly due to inclusion of CMC for the full fiscal 2003 as compared to only six months in fiscal 2002.

Our cost of services as a percentage of total revenues increased to 51.8% in fiscal 2003 from 48.3% in fiscal 2002. The increase in our cost of services as a percentage of total revenues was primarily due to the lower rate of increase in our total revenues in fiscal 2003 and the increase in our employee costs. Employee cost of personnel engaged in providing consultancy services increased to 40.9% of total revenues in fiscal 2003 from 38.0% of total revenues in fiscal 2002 as a result of a 5% average increase in base salaries and higher variable compensation based on our results in fiscal 2002. Our costs of foreign travel cost increased by 33.1% to Rs. 1,433 million in fiscal 2003 from Rs. 1,077 million in fiscal 2002 but remained unchanged as a percentage of total revenues at 2.5%.

Our cost of subcontractors remained substantially unchanged on a proportionate basis at approximately 5% of our total revenues in fiscal 2003 and 2002.

Cost of equipment and software licenses

Our cost of equipment and software licenses increased by 59.2% to Rs. 3,331.9 million (or 6.0% of total revenues) in fiscal 2003 from Rs. 2,092.4 million (or 4.8% of total revenues) in fiscal 2002. This was primarily due to the inclusion of CMC, which has revenues primarily from sales of equipment and hardware, for the full fiscal year in fiscal 2003 compared to its inclusion for only six months in fiscal 2002.

Gross margin

Our gross margin increased by 13.4% to Rs. 23,241.2 million in fiscal 2003 from Rs. 20,489.6 million in fiscal 2002. However, our gross margin as a percentage of total revenues declined to 42.1% in fiscal 2003 from 46.9% in the fiscal 2002. The main reason for the decline in gross margin was the significant pricing pressures we faced during fiscal 2003, as a result of our clients' needs to reduce their costs and the increased competitive environment among IT services companies. Pricing pressures were especially severe from our major clients. The inclusion of CMC for the full fiscal 2003 and an increase in our other business from the India segment also contributed to the decline in our gross margin because business in this segment is typically characterised by lower gross margins than business from our other geographic segments.

Operating Expenses

Our operating expenses increased by 35.9% to Rs. 10,817.3 million in fiscal 2003 from Rs. 7,958.9 million in fiscal 2002. Our operating expenses as a percentage of total revenues increased to 19.6% in fiscal 2003 from 18.2% in fiscal 2002.

Selling, general and administrative expenses

Our selling, general and administrative expenses increased by 36.6% to Rs. 10,616.8 million (or 19.2% of total revenues) in fiscal 2003 from Rs. 7,773.8 million (or 17.8% of total revenues) in fiscal 2002. The overall increase in our business in fiscal 2003 was accompanied by increased sales and marketing activities, and resulted in increased employee costs and travel and conveyance expenses.

The increase in our selling, general and administrative expenses as a percentage of revenues was primarily due to a 27.8% increase in employee cost for sales, administrative, supervisory and management personnel from Rs. 4,262.1 million in fiscal 2002 to Rs. 5,446.2 million in fiscal 2003. Our employee costs also included higher variable compensation based on our results in fiscal 2002. Our travel and conveyance expenses increased by 49% to Rs. 718.6 million in fiscal 2003 from Rs. 481.6 million in fiscal 2002 as a result of

increased selling efforts required in a difficult market environment. Our expenses for communications services increased by 69% to Rs. 496.5 million in fiscal 2003 from Rs. 294.0 million in fiscal 2002.

Professional fees paid to outside advisors increased to Rs. 297.4 million in fiscal 2003 from Rs. 130.7 million in fiscal 2002, primarily for quality audits and CMM assessments, outsourcing of internal audit functions, and due diligence and legal fees relating to the acquisitions of TCS America and the European Subsidiaries. In fiscal 2003, our allowance for doubtful debts increased to Rs. 203.7 million from Rs. 160.7 million in fiscal 2002 because we adopted an accounting policy to provide for all debts which are older than one year.

Research and Development expenses

Our research and development expenses increased by 8.3% in fiscal 2003 over fiscal 2002. As a percentage of total revenues, these expenses were 0.36% in fiscal 2003 compared to 0.4% in fiscal 2002.

Operating Income

For the reasons stated above, our operating income declined by 0.9% to Rs. 12,423.9 million (or 22.5% of total revenues) in fiscal 2003 from Rs. 12,530.7 million (or 28.7% of total revenues) in fiscal 2002.

Other Income

Our other income declined by 18.6% to Rs. 780.1 million in fiscal 2003 from Rs. 958.8 million in fiscal 2002. This was primarily due to a decrease in our foreign exchange gains to Rs. 9.9 million in fiscal 2003 from Rs. 389.6 million in fiscal 2002. These were partly offset by an increase in our interest and dividend income to Rs. 406.2 million in fiscal 2003 from Rs. 237.8 million in fiscal 2002.

Income Taxes

Our income tax expense declined by 4.8% to Rs. 2,444.7 million in fiscal 2003 from Rs. 2,567.6 million in fiscal 2002. Our income tax expense represented 4.4% and 5.9% of our total revenues (and approximately 18.5% and 19.0% of our income before income taxes, extraordinary items and minority interests) in those periods, respectively, which was substantially lower than the statutory tax rate of 36.75% applicable in fiscal 2003 and 35.7% for fiscal 2002. This was primarily due to the increase in fiscal 2003 on a proportionate basis of the work conducted from our STPs in India, which benefit from income tax and export incentives. The decline in our income tax expense was partly offset by a one-time tax on 10% of the profits generated by our STP locations in fiscal 2003.

Minority Interest, net of Income Taxes

The minority interest in our income before income taxes, extraordinary items and minority interests increased to Rs. 78.7 million in fiscal 2003 compared to a minority interest in a loss of Rs. 55.3 million in fiscal 2002. This was primarily due to the loss incurred by CMC in fiscal 2002.

Equity in Net Earnings of Affiliates

Our equity in net earnings of affiliates decreased to Rs. 47.7 million in fiscal 2003 from Rs. 65.1 million in fiscal 2002.

Income from Continuing Operations and Net Income

For the reasons stated above, income from continuing operations declined by 2.8% to Rs. 10,728.3 million (or 19.4% of total revenues) in fiscal 2003 from Rs. 11,042.3 million (or 25.3% of total revenues) in fiscal 2002.

In fiscal 2003, we had an extraordinary gain of Rs. 211.0 million representing the aggregate negative goodwill relating to the acquisitions of TCS America and TCS Belgium, which increased our net income in fiscal 2003 to Rs. 10,939.3 million, or a 0.9% decline compared to our net income in fiscal 2002. Our net income in fiscal 2002 was the same as our income from continuing operations for that period.

Quarterly Results of Operations

The following tables present certain unaudited quarterly statements of income data for each of the four quarters from April 1, 2003 through March 31, 2004. The information relating to these quarters is derived from our unaudited condensed consolidated financial statements prepared in accordance with U.S. GAAP. These quarterly results are not necessarily indicative of results to be expected for any future period and may continue to fluctuate from quarter to quarter.

	Quarter ended			
	June 30, 2003	**Sept. 30, 2003**	**Dec. 31, 2003**	**Mar. 31, 2004**
	(In millions)			
Revenues:				
Consultancy services	Rs.14,141.3	Rs. 15,711.3	Rs. 17,231.5	Rs. 18,681.0
Sale of equipment and software licenses	981.2	1,126.6	1,328.0	1,433.0
Other revenues	139.5	91.5	100.9	261.5
Total revenues	15,262.0	16,929.4	18,660.4	20,375.5
Cost of Revenues:				
Cost of services	7,586.7	8,205.1	8,673.4	9,727.1
Cost of equipment and software licenses	953.6	891.6	1,373.6	1,125.7
Total cost of revenues	8,540.3	9,096.7	10,047.0	10,852.8
Gross margin	6,721.7	7,832.7	8,613.4	9,522.7
Operating Expenses:				
Selling, general and administrative expenses	3,178.2	3,390.7	3,610.3	4,113.5
Research and development	63.5	74.2	61.2	101.6
Total operating expenses	3,241.7	3,464.9	3,671.5	4,215.1
Operating Income	3,480.0	4,367.8	4,941.9	5,307.6
Other income (expense):				
Interest and dividends (net)	16.5	27.0	59.8	100.4
Foreign exchange gain, net	(101.7)	(18.3)	379.2	(366.8)
Other, net	121.5	151.7	13.5	554.3
Other income (expense), net	36.3	160.4	452.5	287.9
Income before income taxes	3,516.3	4,528.2	5,394.4	5,595.5
Income tax expense	550.9	700.3	834.0	799.1
Extraordinary gain	-	-	-	-
Income after taxes before minority interest	2,965.4	3,827.9	4,560.4	4,796.4
Minority interest	(31.0)	(24.2)	51.6	(121.8)
Equity in net earnings of affiliates	60.8	(6.8)	23.5	22.3
Net income	2,995.2	3,796.9	4,635.5	4,696.9

The following tables present our cost of services and selling, general and administrative expenses during fiscal 2002, 2003 and 2004 and each fiscal quarter from April 1, 2003 through March 31, 2004:

	Fiscal 2002	Fiscal 2003	Fiscal 2004
		(In millions)	
Cost of Services			
Salaries, Bonus, Staff Welfare and Contribution to Provident and other Funds	Rs. 6,255.9	Rs. 8,450.1	Rs. 10,291.4
Foreign Allowances	10,344.8	14,091.3	16,416.7
Travel and Data Communication	1,438.8	1,876.8	2,103.6
Payment to Sub Contractors	2,079.2	2,696.3	3,710.7
Depreciation	575.5	710.6	831.1
Other Costs	430.1	780.4	838.8
Total	**Rs. 21,124.3**	**Rs. 28,605.5**	**Rs. 34,192.3**
General and Administrative Expenses			
Salaries, Bonus, Staff Welfare and Contribution to Provident and other Funds	Rs. 2,860.8	Rs. 3,798.4	Rs. 5,468.8
Foreign Allowances	1,401.3	1,647.8	847.8
Travel and Data Communication	775.6	1,215.5	1,337.4
Depreciation	217.5	328.0	500.3
Provision of doubtful debts and advances	199.0	341.2	517.7
Other costs	2,319.6	3,286.0	5,620.7
Total	**Rs. 7,773.8**	**Rs. 10,616.8**	**Rs. 14,292.7**

	Quarter ended			
	June 30, 2003	September 30, 2003	December 31, 2003	March 31, 2004
		(In millions)		
Cost of Services				
Salaries, Bonus, Staff Welfare and Contribution to Provident and other Funds	Rs.2,278.1	Rs.2,462.3	Rs.2,697.2	Rs.2,853.8
Foreign Allowances	3,775.7	3,884.6	4,180.3	4,576.1
Travel and Data Communication	498.1	506.4	476.3	622.8
Payment to Sub Contractors	774.1	926.7	859.0	1,150.9
Depreciation	157.0	196.4	251.4	226.3
Other Costs	103.7	228.7	209.2	297.2
Total	**Rs. 7,586.7**	**Rs. 8,205.1**	**Rs. 8,673.4**	**Rs. 9,727.1**

	Quarter ended			
	June 30, 2003	September 30, 2003	December 31, 2003	March 31, 2004
	(In millions)			
Selling, General and Administrative Expenses				
Salaries, Bonus, Staff Welfare and Contribution to Provident and other Funds	Rs. 1,125.3	Rs. 1,374.0	Rs. 1,503.2	Rs. 1,466.3
Foreign Allowances	183.0	119.4	223.8	321.6
Travel and Data Communication	348.7	350.9	377.5	260.3
Depreciation	88.5	93.9	99.4	218.5
Provision of doubtful debts and advances	170.0	332.0	81.3	(65.6)
Other costs	1,262.7	1,120.5	1,325.1	1,912.4
Total	**Rs. 3,178.2**	**Rs. 3,390.7**	**Rs. 3,610.3**	**Rs. 4,113.5**

LIQUIDITY AND CAPITAL RESOURCES

Liquidity

Our growth has been financed largely by cash generated from operations. As of March 31, 2004, we had Rs. 1,571.1 million in cash and cash equivalents and Rs. 10,700.7 million in working capital. As of March 31, 2004, we had outstanding long term debt of Rs. 70.2 million. We believe we have sufficient cash and cash generated from operations to meet our working capital requirements. In addition, we have short term working capital facilities with various commercial banks and our borrowings thereunder are typically for a term of up to 6 months. As of March 31, 2004, we had available lines of credit of Rs. 13,820.9 million, and the aggregate amount outstanding under these facilities was Rs. 7,498.1 million.

Cash Flows

The table below summarises our cash flows for fiscal 2002, 2003 and 2004:

Cash Flow	**Fiscal 2002**	**Fiscal 2003**	**Fiscal 2004**
		(In Millions)	
Net Cash from Operating Activities	Rs.12,605.5	Rs. 8,774.8	Rs.16,242.6
Net Cash used in Investing Activities	(4,254.4)	(3,539.9)	(5,191.3)
Net Cash used in Financing Activities	(6,685.4)	(5,839.7)	(10,777.8)
Cash and Cash Equivalents, end of period	1,947.6	1,331.8	1,571.1

Cash Flow from Operating Activities

Net cash provided by operating activities was Rs. 16,242.6 million in fiscal 2004. Our net cash provided by operating activities reflects adjustments for a number of non-cash items, primarily depreciation of Rs. 1,232.6 million and deferred income taxes of Rs. 221.1 million. Changes in assets and liabilities that had an impact in fiscal 2004 include increases in unbilled revenues (which represent revenues that are recognised but not yet invoiced) of Rs. 440.1 million and prepaid expenses and other current assets of Rs. 293.8 million, primarily due to the increase in payment of overseas allowances for fiscal 2005; and a decrease in accrued expenses and other current liabilities of Rs. 875.5 million which primarily reflected the settlement of certain discounts to companies of the General Electric group. Net change in income taxes payable was significantly lower than in prior years because in fiscal 2004, we set off income taxes payable against advance taxes which were included under prepaid expenses and other current assets.

Net cash provided by operating activities was Rs. 8,774.8 million in fiscal 2003. This reflected adjustments for a number of non-cash items, primarily depreciation of Rs. 1,059.6 million and deferred income taxes of Rs. 400.2 million. Accrued expenses and other liabilities increased by Rs. 3,977.7 million in fiscal 2003 primarily because of sales discounts payable to companies of the General Electric group of Rs. 1,326 million, an increase in accounts payable of Rs. 592.5 million, an increase in other current liabilities of Rs. 915 million, and the inclusion of adjustments relating to TCS America and the European Subsidiaries. Prepaid expenses and other current assets increased by Rs. 2,783.2 million in fiscal 2003, primarily because of an increase in estimated overseas advance taxes of Rs. 2,261 million that we paid in foreign jurisdictions. Unbilled revenues increased by Rs. 756.5 million in fiscal 2003. Our accounts receivable decreased by Rs. 2,406.4 million in fiscal 2003 compared to an increase of Rs. 2,049.0 million in fiscal 2002, principally because of improved collection efforts.

Net cash provided by operating activities was Rs. 12,605.5 million in fiscal 2002. This reflected adjustments for non-cash items, particularly depreciation of Rs. 819.5 million. Accounts receivable increased by Rs. 2,049.0 million in fiscal 2002, reflecting the acquisition of CMC during the fiscal year and the decrease in unbilled revenues by Rs. 1,208.8 million. Prepaid expenses and other current assets increased by Rs. 974.8 million, primarily because of the CMC acquisition.

Cash Used in Investing Activities

Net cash used in investing activities was Rs. 5,191.3 million in fiscal 2004, and consisted primarily of the purchase of property and equipment of Rs. 2,826.0 million and advances to TCS Limited of Rs. 3,772.9 million, primarily to finance the consideration for the purchase of the CMC shares by TCS Limited from Tata Sons. The total consideration for the purchase was Rs. 3,799 million, of which Rs. 1,652.2 million represents the cost of acquisition of the CMC shares by Tata Sons in October 2001 and Tata Sons' share of the profits of CMC from the acquisition date to the date of its transfer to TCS Limited, and Rs. 2,146.8 million represents the consideration received in excess of such cost. The former has been accounted for as cash flow from investing activities and the latter has been accounted for as cash flow from financing activities.

Net cash used in investing activities was Rs. 3,539.9 million in fiscal 2003. This was primarily due to reduction of our deposits with Tata Sons due to the adjustment of such deposits against shareholders' equity, which was partly offset by our purchase of property and equipment, principally computers, of Rs. 1,311.5 million, advances to TCS Limited of Rs. 655.3 million and the purchase of TCS America and the European Subsidiaries for Rs. 1,386.7 million (net of cash acquired).

In fiscal 2002, net cash used in investing activities was Rs. 4,254 million, and consisted mainly of the purchase of property and equipment of Rs. 1,223.6 million, the purchase of the CMC equity interest for Rs. 1,192.9 million (net of cash acquired) and advances and deposits of Rs. 1,588 million to TCS Limited which was used by TCS Limited primarily to purchase property.

Cash Used in Financing Activities

Net cash used in financing activities was Rs. 10,777.8 million, Rs. 5,839.7 million and Rs. 6,685.4 million in fiscal 2004, 2003 and 2002, respectively. The most significant component of the cash used in financing activities was the cash withdrawn by Tata Sons, which amounted to Rs. 13,274.9 million, Rs. 9,121.0 million and Rs. 9,898.9 million in fiscal 2004, 2003 and 2002, respectively, and includes withdrawals for tax payments attributable to the TCS Division. Of the cash withdrawn in fiscal 2004, Rs. 228.3 million represents capital gains tax on the transfer of CMC. As discussed above, in fiscal 2004, we received consideration in excess of the carrying cost of our investment in CMC of Rs. 2,146.8 million. Our net change in short term borrowings was Rs. 298.0 million in fiscal 2004, compared to Rs. 3,740.0 million in fiscal 2003 and Rs. 2,743.5 million in fiscal 2002.

QUANTITATIVE AND QUALITATIVE DISCLOSURE ABOUT MARKET RISK

Foreign currency risk

We are exposed to foreign currency risk in the ordinary course of business, as we earn revenues and incur expenses in currencies other than the Indian Rupee, principally the U.S. Dollar.

We enter into forward exchange contracts and foreign currency option contracts to mitigate our risk in accordance with our treasury policy. Such contracts typically are of a short duration, generally less than one year. We enter into contracts that hedge our risks on a portfolio basis. Although such contracts are in the nature of economic hedges, we do not account for them as hedges in accordance with SFAS No. 133. Accordingly, we recognise their fair value in our balance sheet and changes in their fair value in our income statement.

We measure our exposure to foreign currency risk by determining the impact of a 1% change in the value of the Indian Rupee on our receivables and hedge portfolio. As of March 31, 2004 our hedge portfolio was in excess of our outstanding foreign currency receivables.

Interest rate risk

Interest rate risk arises when we are exposed to changes in the fair value of our interest sensitive financial instruments and borrowings which arise from changes in market interest rates. Our exposure to changes in interest rates is not material to our financial position or results of operations.

Equity price risk

Equity price risk arises when we are exposed to changes in the fair value of any traded equity instruments that we may hold due to changes in the equity markets. Our exposure to changes in equity prices is not material to our financial position or results of operations.

RECENT ACCOUNTING PRONOUNCEMENT

Revenue Recognition

In November 2002, the EITF reached a consensus on Issue No. 00-21, *Revenue Arrangements with Multiple Deliverables.* This issue addresses how revenue arrangements with multiple deliverables should be divided into separate units of accounting and how the arrangement consideration should be allocated to the identified separate accounting units. EITF No. 00-21 is effective for fiscal periods beginning after June 15, 2003. We are evaluating the impact of this statement on our financial position and results of operations, and do not expect it to have a material impact on our revenue recognition.

SELECTED HISTORICAL UNCONSOLIDATED FINANCIAL INFORMATION OF TCS LIMITED IN ACCORDANCE WITH INDIAN GAAP

The following table sets forth selected historical unconsolidated financial information of TCS Limited derived from its restated and audited unconsolidated financial statements for the fiscal years ended March 31, 2002, 2003 and 2004, all prepared in accordance with Indian GAAP, the Companies Act and SEBI Guidelines, and restated as described in the auditors' report of S.B. Billimoria & Co. included in the section titled "Indian GAAP Financial Information of Tata Consultancy Services Limited" on page 221 of this Red Herring Prospectus and should be read in conjunction with those financial statements and the notes thereto.

Statement of Profit and Loss Data, as Restated

	Fiscal 2002	Fiscal 2003	Fiscal 2004
		(Rs. in thousands)	
Income			
Dividend Income from long term Investments	13,545	15,964	17,415
Dividend Income from Current Investments	2,571	37	4,441
Profit on sale of current investments	-	993	572
Interest Income from Inter-corporate Deposits	471	-	-
Rent	-	2,532	20,470
Interest on Income Tax refund	64	-	-
Miscellaneous Income	9	186	-
Total Income	**16,660**	**19,712**	**42,898**
Expenditure			
Legal and Professional Fees	16	42	-
Auditor's Remuneration	53	53	85
Rates and Taxes	-	723	-
Maintenance Charges	-	91	-
Reduction in carrying amount of current investments	1,118	-	169
Interest on Inter-corporate Deposits	-	-	1,964
Depreciation	-	1,056	8,433
Other Expenses	13	61	56
Total Expenditure	**1,200**	**2,026**	**10,706**
Net Profit before Extraordinary / Exceptional items and Taxes	15,460	17,686	32,191
(Loss)/Profit on sale of Long Term Trade Investments	-	-	134,492
Net Profit before Taxes	15,460	17,686	166,683
Current Taxes	165	1,393	11,134
Deferred Taxes	-	5,989	3,802
Net Profit after Taxes	15,295	10,305	151,748

Statement of Assets and Liabilities Data, as Restated

	As of		
	March 31, 2002	**March 31, 2003**	**March 31, 2004**
		(Rs. in thousands)	
Fixed Assets:			
Gross Block	1,774,152	2,262,705	2,265,014
Less : Depreciation	-	1,056	9,489
Net Block (A)	1,774,152	2,261,649	2,255,525
Investments (B)	378,082	379,075	4,173,971
Current Assets, Loans and Advances			
Sundry Debtors	-	2,180	2,460
Cash and Bank Balances	1,810	11,338	22,548
Loans and Advances	291	5,666	110,299
Total (C)	2,101	19,184	135,307
Total Assets (A)+(B)+(C)	2,154,335	2,659,908	6,564,803
Liabilities and Provisions			
Current Liabilities	1,774,205	2,283,955	2,272,167
Provisions	11,097	1,558	62,022
Total (D)	1,785,302	2,285,513	2,334,189
Unsecured Loans (E)	-	-	3,750,000
Deferred Tax Liability (F)	-	5,989	9,791
Net Worth (A)+(B)+(C)-(D)-(E)-(F)	369,033	368,406	470,823
Represented by			
Share Capital	364,400	364,400	364,400
Reserves & Surplus	4,633	4,006	106,423
Net Worth	369,033	368,406	470,823

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS OF TCS LIMITED IN ACCORDANCE WITH UNCONSOLIDATED INDIAN GAAP

You should read the following discussion together with the Indian GAAP financial statements of TCS Limited for the fiscal years ended March 31, 2002, 2003 and 2004, including the notes thereto, which appear elsewhere in this Prospectus.

The fiscal year of TCS Limited 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. As used in this section, the term "revenues" refers to the item titled "income" in the financial statements of TCS Limited prepared in accordance with Indian GAAP.

The revenues of TCS Limited have historically consisted mainly of dividend income from long term and current investments and rent from property licensed to the TCS Division. Pursuant to the Scheme, Tata Sons will transfer the TCS Division to TCS Limited and following the Transfer, TCS Limited will carry on the business of the TCS Division.

On March 29, 2004, Tata Sons transferred its entire holding of 51.12% of the equity share capital of CMC Limited to TCS Limited, consequent to which CMC became a subsidiary of TCS Limited. This discussion does not reflect the consolidation of CMC into TCS Limited.

RESULTS OF OPERATIONS

The following table sets forth certain financial information as a percentage of the total revenues of TCS Limited for the periods indicated:

	Fiscal 2002	Fiscal 2003	Fiscal 2004
Revenues			
Dividend Income from long term Investments	81.30%	80.99%	40.60%
Dividend Income from Current Investments	15.43%	0.19%	10.35%
Profit on sale of current investments	0.00%	5.04%	1.33%
Interest Income from Inter-corporate Deposits	2.83%	—	—
Rent	—	12.84%	47.72%
Interest on Income Tax refund	0.38%	—	—
Miscellaneous Income	0.06%	0.94%	—
Total Revenues	100.00%	100.00%	100.00%
Expenditures			
Legal and Professional Fees	0.10%	0.21%	0.00%
Auditor's Remuneration	0.32%	0.27%	0.20%
Rates and Taxes	—	3.67%	—
Maintenance Charges	—	0.46%	—
Reduction in carrying amount of current investments	6.71%	—	0.39%
Interest on Inter-corporate Deposits	—	—	4.58%
Depreciation	—	5.36%	19.66%
Other Expenses	0.07%	0.31%	0.13%
Total Expenditure	7.20%	10.28%	24.96%
Net Profit before Extraordinary / Exceptional items and Taxes	92.80%	89.72%	75.04%
(Loss)/Profit on sale of Long Term Trade Investments	—	—	313.52%
Net Profit before Taxes	92.80%	89.72%	388.56%
Current Taxes	0.99%	7.07%	25.96%
Deferred Taxes	—	30.38%	8.86%
Net Profit after Taxes	91.81%	52.27%	353.74%

Comparison of Fiscal 2004 to Fiscal 2003

Revenues

TCS Limited's revenues were Rs. 42.9 million in fiscal 2004 compared to Rs. 19.7 million in fiscal 2003. The primary reasons for the increase were an increase in dividend income from current investments to Rs. 4.4 million in fiscal 2004 from Rs. 0.04 million in fiscal 2003 because of increase in investment in mutual funds and an increase in rental income to Rs. 20.5 million in fiscal 2004 from Rs. 2.5 million in fiscal 2003. The increase in rental income was on account of the increase in fixed assets purchased by TCS Limited in the second half of fiscal 2003, which were licensed to the TCS Division.

Expenditures

TCS Limited's expenditures for fiscal 2004 were Rs. 10.7 million compared to Rs. 2.0 million in fiscal 2003. TCS Limited's expenditure as a percentage of total revenues was 24.96% in fiscal 2004 compared to 10.28% in fiscal 2003. The primary reason for the increase in expenditure was an increase in depreciation expense from Rs. 1.1 million in fiscal 2003 to Rs. 8.4 million in fiscal 2004, which was mainly due to the increase in fixed assets purchased by TCS Limited in the second half of fiscal 2003. In addition, TCS Limited incurred interest expense of Rs. 1.9 million in fiscal 2004 on inter-corporate deposits. TCS Limited had no interest expense in fiscal 2003.

Net Profit before Extraordinary/ Exceptional Items and Taxes

TCS Limited's net profit before extraordinary/exceptional items and taxes for fiscal 2004 was Rs. 32.2 million compared to 17.7 million in fiscal 2003.

Extraordinary / Exceptional Items

In fiscal 2004, TCS Limited had extraordinary income of Rs. 134.5 million, which represented its profit on the sale of its entire shareholding in Tata Infomedia Limited.

Net Profit before Taxes

Primarily due to the extraordinary income of Rs. 134.5 million in fiscal 2004, TCS Limited's net profit before taxes increased to Rs. 166.7 million in fiscal 2004 from Rs. 17.7 million in fiscal 2003.

Provision for Taxes

TCS Limited's provision for taxes in fiscal 2004 was Rs. 14.9 million compared to Rs. 7.4 million in fiscal 2003. This increase was primarily on account of tax on the gains from the sale of Tata Infomedia Limited and increase in rental income.

Net Profit after Taxes

TCS Limited's net profit after taxes for fiscal 2004 was Rs. 151.7 million compared to Rs. 10.3 million in fiscal 2003.

Comparison of Fiscal 2003 to Fiscal 2002

Revenues

TCS Limited's revenues were Rs. 19.7 million in fiscal 2003 compared to Rs. 16.7 million in fiscal 2002. The primary reasons for the increase were an increase in dividend income from long term investments to Rs. 15.9 million in fiscal 2003 from Rs. 13.5 million in fiscal 2002, as well as the receipt of Rs. 2.5 million in rental income in fiscal 2003. These were partly offset by a decrease in dividend income from current investments from Rs. 2.6 million in fiscal 2002 to Rs. 36,799 in fiscal 2003.

Expenditures

TCS Limited's expenditures for fiscal 2003 were Rs. 2.0 million compared to Rs. 1.2 million in fiscal 2002. TCS Limited's expenditure as a percentage of total revenues was 10.28% in fiscal 2003 compared to 7.2% in fiscal 2002. Depreciation expenses of Rs. 1.0 million constituted a major part of the total expenditure in fiscal 2003 and were incurred on buildings which were acquired during fiscal 2003 and licensed to the TCS Division. There were no depreciation expenses in fiscal 2002. The reduction in the carrying amount of current investments amounted to Rs. 1.1 million in fiscal 2002. There was no such reduction in fiscal 2003. Rates and taxes on properties paid in fiscal 2003 amounted to Rs. 0.7 million. No rates and taxes were paid in fiscal 2002.

Net Profit before Taxes

TCS Limited's net profit before taxes for fiscal 2003 was Rs. 17.7 million compared to Rs. 15.5 million in fiscal 2002.

Provision for Taxes

TCS Limited's provision for taxes in fiscal 2003 was Rs. 7.4 million compared to Rs. 0.2 million in fiscal 2002, primarily because of deferred tax provision of Rs. 5.9 million.

Net Profit after Taxes

TCS Limited's net profit after taxes for fiscal 2003 was Rs. 10.3 million compared to Rs. 15.3 million in fiscal 2002.

Known trends occurring after March 31, 2004

TCS Limited has taken an inter-corporate deposit of Rs. 3,750 million from TCS Division. The deposit carries interest at a rate of 6% per annum. Hence, TCS Limited will book an interest expense of Rs. 56.25 million in the quarter ended June 30, 2004.

BUSINESS

Unless stated otherwise, the financial data herein is derived from the historical combined and consolidated U.S. GAAP financial statements of the TCS Division stating on Page 363 of this Prospectus.

Overview

We are a leading global IT services organisation. In fiscal 2003, we became the first Indian IT services organisation to generate US$1 billion in annual revenues. Since our inception in 1968, we have pioneered many of the significant developments in the Indian IT services industry, including the offshore delivery model for IT services.

We are a global organisation with offices in 32 countries and development centres in ten countries. We offer a comprehensive range of IT services to our clients in diverse industries such as banking and financial services, insurance, manufacturing, telecommunications, retail and transportation. Our clients comprise of some of the world's largest and well known organisations, including six of the top ten corporations in the Fortune 500 list of the largest corporations in the United States.

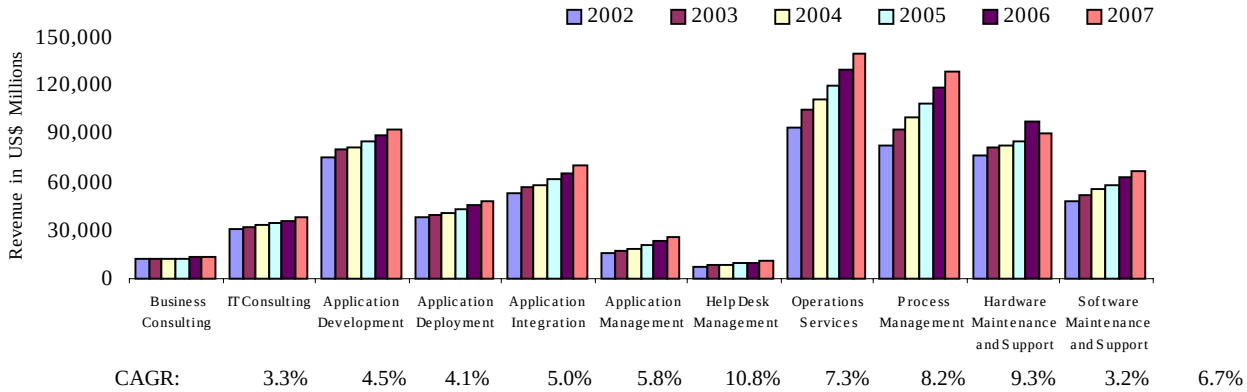
We are the largest Indian IT services organisation in terms of revenues as well as net income[1]. For fiscal 2004, we had total revenues and net income of Rs. 71,227 million and Rs. 16,125 million, respectively. Our results in fiscal 2004 were contributed to in part by the inclusion for the full period of TCS America and the European Subsidiaries. In fiscal 2003 and 2004, our total revenues increased by 26.2% and 29.1%, respectively, compared to the preceding fiscal year. Our total revenues have grown at a compound annual growth rate of 27.7% since fiscal 2002. Our results in fiscal 2003 were contributed to in part by the inclusion of CMC for the full fiscal year, compared to its inclusion for only six months in fiscal 2002. In fiscal 2004, our net income increased by 47.4% compared to fiscal 2003. In fiscal 2003, our net income declined by 0.9% compared to fiscal 2002.

We are part of the Tata Group, which has a heritage of over 135 years as one of India's leading corporate groups. The Tata Group has interests in a diverse range of industries, and had combined sales of approximately Rs. 542 billion in fiscal 2003.

[1] Source : Based on the revenues and profits for fiscal 2004 under Indian GAAP of the companies listed under the category "Computers – Software – Large" as reported in Capital Markets Volume XIX/09, dated July 5-18, 2004

Industry

In recent years, technology has become increasingly important to the success of organisations worldwide and has transformed businesses, driven productivity gains, enhanced operational efficiencies and created new business models. In this context, organisations have increased their spending on IT services, which enable them to realise greater value from their technology infrastructure and achieve productivity gains. Therefore, despite the recent global economic downturn which caused many organisations to reduce their IT budgets, particularly in 2001 and 2002, global companies continue to view technology as a critical source of competitive advantage and the long-term growth prospects for IT services continue to remain positive. According to a February 2004 report by Gartner, total worldwide IT services spending is projected to grow from US$535 billion in 2002 to US$727 billion by 2007, which represents a compound annual growth rate of 6.3%.



Source: Gartner Worldwide IT Services Market Forecast, 2002-2007, February 2004

The chart below sets forth the total estimated IT services spending worldwide by service segment from 2002 to 2007, along with the corresponding compound annual growth rates, or CAGR:

India has emerged as one of the most preferred destinations for sourcing IT services as well as business process outsourcing services. According to the NASSCOM Strategic Review 2004, these services accounted for US$9.5 billion in exports from India in fiscal 2003.

According to the NASSCOM Strategic Review 2004, India ranks high in comparison to other low cost IT services locations on several critical parameters, including:

- Quality of the labour pool
- English language skills
- Cost advantages
- Project management skills
- Level of government support
- Overall quality control

India's IT services industry offers an abundant, highly skilled, English speaking labour force. According to the NASSCOM Strategic Review 2004, approximately 290,000 new engineering graduates (who have completed either four year courses or three year courses) annually join the existing engineering labour pool of 2.10 million. The Indian IT services industry is recognised for its high quality services and several companies have received SEI-CMM level 5 and ISO level certifications.

Competitive Strengths

We believe that the following are our principal competitive strengths, which differentiate us from other IT services providers:

***A pioneer and leader of the Indian IT services industry*:** We are the leading Indian IT services organisation in terms of revenues as well as profits[1], and have made pioneering contributions to the Indian IT services industry. Since our inception in 1968, we have achieved several significant milestones including the establishment of our operations in the United States in 1973, the provision of offshore IT services since 1974, the establishment of a software and process engineering research centre in 1981, providing industry specific end-to-end solutions since 1989, establishing a global delivery centre in 2001 and generating revenues of over US$1 billion in fiscal 2003. Our recognition as a pioneer and leader of the Indian IT services industry has given us increased visibility in the global IT services marketplace, while increasing our ability to attract and retain clients as well as employees.

[1] Source : Based on the revenues and profits for fiscal 2004 under Indian GAAP of the companies listed under the category "Computers – Software – Large" as reported in Capital Markets Volume XIX/09, dated July 5-18, 2004

Comprehensive range of service offerings: We have developed a comprehensive range of service offerings in order to address the varied and expanding requirements of our clients. Our service offerings cover strategy to implementation within the software application life cycle, including consulting, architecture, development, testing, maintenance, migration, re-engineering and integration services. Over the past few years we have further expanded into software package implementation, IT infrastructure management, engineering and R&D services, proprietary software asset based solutions and business process outsourcing. We believe that our comprehensive range of offerings help our clients achieve their business objectives and enable us to obtain additional business from existing clients as well as address a larger base of potential new clients.

Track record of executing large, end-to-end, mission critical projects: We have a track record of executing a number of large, end-to-end, mission critical projects in diverse business areas and technology domains for clients such as British Telecom (implementation of an integrated billing system), the Canadian Depository (integration of the entire hardware system, application software interfacing with the clearing corporation and disaster recovery management systems), GE Medical Systems (transition, on-boarding processes to manage large ramp-ups) National Securities Depository Limited (IT application infrastructure), National Stock Exchange of India (developing core trading system for the exchange) SegaInterSettle (development and implementation of a securities clearing and settlement system for the Swiss Clearing and Settlement Corporation) and State Bank of India (lead system integration and rollout of a core banking solution), Complex engagements are executed through our extensive global delivery capabilities and our clients benefit from our experience in multiple technologies, industry knowledge, project management expertise and proprietary software engineering tools. We have successfully competed globally to win a number of these projects and believe that our success in such engagements has enhanced our recognition in the global marketplace.

Long-term client relationships: We focus on establishing long-term relationships with our clients, and have a relationship of over five years with six of our top 10 clients. We believe that our ability to address the varied and expanding requirements of our clients over long periods enables us to obtain additional business from existing clients as well as new clients.

Extensive global footprint: Since commencing our international operations in the United States in 1973 and the United Kingdom in 1974, we have expanded our sales and marketing presence to 149 offices in 32 countries. We have also expanded our delivery

capability to 14 cities in India and 17 cities in Australia, Canada, China, Hungary, Japan, the United Kingdom, the United States, Brazil and Uruguay. The total number of consultants at these locations as of March 31, 2004 was approximately, 1000. In 2003 we established a global development centre in Uruguay to serve emerging markets in Central and South America and to address the IT services needs of clients in Spanish speaking countries. We believe that our global footprint enables us to service and support our existing clients in a number of important markets from locations closer to our clients, and positions us well to develop new clients.

World-class quality: Our employees are trained with the objective of delivering world-class quality and operational excellence to our clients. Our sophisticated project management frameworks ensure timely and consistent delivery of projects. We have emphasised quality standards since the early 1970s when we adopted IEEE standards. We have 16 development centres that are assessed at SEI CMM Level 5, and our development centre in Chennai, India, received PCMM V2 Level 4 assessment in 2001. Since 1993, a number of our delivery centres have received ISO 9001 certifications and we received organisation-wide ISO 9001:2000 certification in 2002. Over 2,300 of our employees are Certified Software Quality Analysts.

Strategic focus on the Indian market: We have maintained a long standing focus on the Indian market, which was further strengthened through our acquisition of CMC in 2001. In fiscal 2004, the Indian market contributed 13.2% of our total revenues, of which approximately 65.3% was contributed by CMC. We believe that India offers opportunities to strengthen our capabilities, especially relating to large, end-to-end, mission critical projects, through which we have obtained the experience necessary to bid and win global projects. For example, our experience of implementing a complex, end-to-end solution for National Securities Depository Limited, India's first depository organisation, helped us to secure and execute projects for depositories in South Africa and Canada.

Research and development capabilities: We set up our first R&D centre in 1981 in Pune, India. Our areas of research include systems and software engineering, applied process engineering and research for societal benefits. In systems and software engineering our R&D efforts have focused on language processing and automation tools for application development, testing, migration and re-engineering. We have expanded our research areas to include embedded systems, bioinformatics and security. The proprietary tools developed as part of our R&D efforts include tools such as *Mastercraft* and *Assent* that allow us to automate software development processes and develop a number of industry specific software solutions and assets. These tools have helped us enhance and differentiate our service offerings and strengthen our delivery capabilities.

Recognition as a preferred employer: We are recognised as a preferred employer in the Indian IT services industry. We were ranked second among the best IT employers in India by Dataquest in August 2003. We believe that our brand name, industry leadership position, focus on long term employee development and performance linked compensation enable us to attract and retain highly skilled employees. Since our inception, we have emphasised excellence in employee training and believe that we are at the forefront of the industry in this regard. Our employee attrition rate was 6.1% in fiscal 2004.

Strong management team: Our management team includes some of the most experienced managers in the Indian IT services industry. These managers have been with us for many years and have been instrumental in the growth of our organisation. Our Managing Director, Mr. S. Ramadorai, who joined us in 1972, is widely recognised as a leading expert in the IT services industry. In 2002, he was recognised as *"One of the Top 25 Most Influential Consultants in the World"* by Consulting Magazine and as the *"Asian Business Leader of the Year"* by CNBC Asia Pacific. He is a Fellow of IEEE and the Indian National Academy of Engineers, and is the Vice Chairman of NASSCOM. Our senior executives are actively associated with several industry-wide organisations such as the Computer Society of India, the Confederation of Indian Industry, IEEE and NASSCOM.

The Tata Business Excellence Model: We have adopted the Tata Business Excellence Model, which is based on the Malcolm Baldridge model and aims to nurture the core values and concepts embodied in various focus areas such as leadership, strategic planning, customer service, markets and human resources, and translate these into business excellence.

Business Strategy

We intend to maintain and enhance our position as a leading global IT services organisation by offering a comprehensive portfolio of IT services and investing further in our competitive strengths. The key elements of our business strategy include:

Expansion of our service offerings: We intend to continue expanding our range of service offerings in order to increase business from our existing clients and acquire new clients. Historically, we have expanded our service offerings to address new market opportunities in areas such as package implementation services, testing services and systems integration services and will continue to evaluate future business opportunities. We will continue to capitalise on opportunities to position our service offerings in segments adjacent to IT services, such as consulting and infrastructure services. We are strengthening our business process outsourcing capabilities and believe that our BPO delivery arms such as AFS and WTI provide us with a strong platform to further expand our BPO business.

***Expansion of our global capabilities*:** We intend to further expand our extensive global presence, which we believe will provide us with greater competitive advantages in acquiring and servicing our global clients. We intend to establish additional sales offices as well as global development centres and recruit local employees to enhance our client interface skills and deliver solutions from proximate locations.

Maintaining our strategic focus on the Indian market: We believe that India is a strategically important growth market that offers opportunities for us to build competencies in terms of domain expertise, leverage our assets and develop our employees for complex project execution. We intend to continue to focus on growing our India business through our leadership position and brand name recognition. We will also continue to utilise the experience and expertise gained in our Indian operations to win and execute international projects. The projects that we have executed for The National Stock Exchange, Unit Trust of India and RBI are examples of our strategic focus on the Indian market.

Continuing to pursue strategic acquisitions: We intend to augment our organic growth through selective acquisitions, primarily to enhance our industry knowledge, technology expertise, client access and geographic presence. We believe that we have successfully integrated our acquisition of CMC, which has strengthened our position in the Indian market, our record in executing large, end-to-end projects and our R&D capabilities. We have also recently acquired full ownership of AFS and increased our ownership of WTI, which we believe will strengthen our capabilities in offering BPO services. We have also acquired full ownership of ASDC, which develops and maintains software for the aviation industry. In July 2004, we acquired 100% of the equity of Phoenix Global Solutions (India) Private Limited.

Further developing our alliances: We intend to grow and strengthen our technology alliances with leading technology companies, which will assist us in sales and delivery. These alliances typically involve systems integration, joint product development and joint "go to market" strategies. We also intend to develop other alliances with local companies that have a strong presence in emerging markets so as to acquire business development capabilities and a credible local presence in these markets.

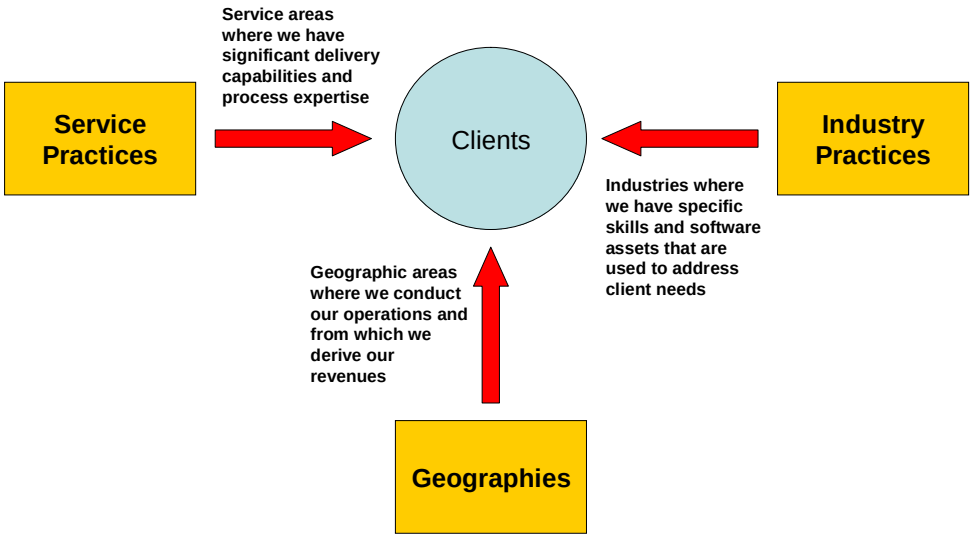
Continuing to attract, train and retain employees: We intend to further develop our position as a preferred employer in the Indian IT services industry and place special emphasis on attracting and retaining highly skilled employees. We will continue to invest in the career development and training of our employees, with the objective of further enhancing their technical and leadership skills.

Strengthening our R&D capabilities: We intend to continue investing in our R&D capabilities, particularly with a view to designing software engineering tools that enhance our ability to execute large, end-to-end projects for leading our entry into new areas such as bioinformatics and Very Large Scale Integrated (VLSI) circuit design and developing software assets that address clients in specific industries. We believe that the products of our R&D activities will continue to differentiate us from our competitors and position us well for winning complex, mission critical projects.

Strengthening our brand name: We intend to continue to enhance our brand recognition in the marketplace through brand building efforts, communication and promotional initiatives such as interaction with industry research organisations, participation in industry events, public relations and investor relations efforts. We believe that these initiatives, as well as the listing of our Equity Shares, will enhance the visibility of our brand name and strengthen our recognition as a pioneer and leader in the Indian IT services industry.

Operations

We have organised our operations in a structure focused on servicing our clients using the collaborative efforts of our employees, which we believe allows us to comprehensively and rapidly respond to client and market needs. The key elements of our collaborative structure are:



Our Service Practices

We have expertise in service offerings that address a diverse range of IT requirements of our global clients. The following tables present our service practices and their percentage contribution to our revenues from international business for the periods indicated:

	Percentage of revenues from international business[1]		
Service Practice	**Fiscal 2002**	**Fiscal 2003**	**Fiscal 2004**
Application Development and Maintenance and Engineering Services	87.3%	84.0%	77.4%
Enterprise Solutions and Package Implementation	10.8%	12.9%	19.2%
Asset Leveraged Solutions	1.6%	2.7%	2.4%
Others	0.3%	0.4%	1.0%
Total	**100.0%**	**100.0%**	**100.0%**

	Percentage of revenues from international business[1]			
Service Practice	**Quarter ended June 30, 2003**	**Quarter ended September 30, 2003**	**Quarter ended December 31, 2003**	**Quarter ended March 31, 2004**
Application Development and Maintenance and Engineering Services	76.5%	77.5%	77.6%	78.0%
Enterprise Solutions and Package Implementation	20.7%	19.2%	19.5%	17.6%
Asset Leveraged Solutions	2.2%	2.6%	2.2%	2.5%
Others	0.6%	0.7%	0.7%	1.9%
Total	**100.0%**	**100.0%**	**100.0%**	**100.0%**

[1] Our revenues from international business represented 86.3%, 81.8% and 84.8% of our total revenues in fiscal 2002, fiscal 2003 and fiscal 2004, respectively.

Application Development and Maintenance and Engineering Services

We provide development and maintenance services over the entire IT application life cycle. This service practice contributed 77.4% of our revenues from international business for fiscal 2004. This service practice primarily includes the following services:

Application Development: We design and develop applications for our clients across a broad spectrum of hardware and software platforms. We focus on analysing business and technology objectives in order to develop customized applications that meet the specific requirements of our clients.

Application Maintenance: We provide ongoing maintenance, enhancements and help desk support for the applications of our clients. Our maintenance services enable clients to enhance the efficiency and extend the useful life of their existing applications.

Migration and Reengineering: We evaluate our clients' existing applications with the objective of migrating existing applications to a more suitable technology platform and integrating the application with the new environment. We also offer re-engineering services where we enhance the functionality of existing applications by upgrading them.

E-commerce and Internet Services: We offer services in building Intranet, Extranet and Internet based applications in areas such as electronic payments, business to business trading, website management, web enablement of legacy applications and website content management.

Testing Services: We test our clients' existing applications and provide analytical services that can be used to improve the efficiency of their applications.

Architecture and Technology Consulting: We provide technical consulting and technology development services to our clients. We assist our clients in defining their software architecture, managing the performance of their systems and designing their core technology systems.

Systems Integration: We design and implement end-to-end solutions for our clients based on our understanding of the hardware and software systems that are suitable for the client's requirements. We typically assist our clients in making their procurement decisions for the hardware and software systems used in these solutions.

IT Infrastructure Management: We provide IT infrastructure management services from client premises as well as from offshore centres, which primarily consists of support services for managing servers, desktops and networks.

Engineering Services: We assist our clients in new product development and product lifecycle management through services in the areas of product design, simulation, engineering drafting, computer-aided engineering design and manufacturing, product data management and customisation of engineering software. We also provide services related to plant design and engineering, industrial automation and control, enterprise asset management and industrial embedded systems.

As an example of our application development and maintenance solutions, we developed a customised system to replace two existing clearing and settlement systems for the Canadian Depository. The system was developed to enable the Canadian Depository's systems to settle securities transactions on the same day or on the day after the transaction. We developed a real-time, open architecture system that won The Banker Technology Award 2003, in the "Stock Exchange Systems" category, from The Banker magazine.

As an example of our engineering services solutions, we helped BE Aerospace deliver 28 galley designs to Airbus for a major long haul airline customer. Our responsibility was to deliver in excess of 1,400 ready to release manufacturing deliverables within a tight programme schedule. As part of our solution to the client, we created fully digital three dimensional CAD models and performed complete stress analysis and reporting using reusable macros and templates. We believe that the reusable tools we created will also help BE Aerospace save time and manpower on future projects.

Enterprise Solutions and Package Implementation

We provide a range of services based on software packages that are licensed by our clients from third-party vendors. Our services in respect of these software packages include business process definition, gap analysis, process reengineering, configuration, implementation, global deployment, version upgrades and maintenance. This service practice contributed 19.2% of our revenues from international business for fiscal 2004. This service practice primarily includes the following:

Select Packages and Vendors	Used in
MFG/PRO, Oracle, Peoplesoft, SAP	Enterprise Resource Planning
Ariba, i2 technologies, Oracle, Manugistics, SAP	Supply Chain Management
Clarify, E.piphany, Oracle, Peoplesoft, Pivotal, Saleslogix, SAP, Siebel	Client Relationship Management
Ab Initio, Business Objects, Cognos, Hyperion, Informatica, Microstrategy, SAP Business Warehouse, SAS	Business Intelligence and Knowledge Management

In addition, we provide services that help our clients customise and implement industry-specific packages licensed by our clients from third-party vendors. We have developed expertise in a variety of such products, including:

Select Packages and Vendors	Used in
FNS, Hogan, Siebel eFinance, RiskPro	Banking and Financial Services
Cardpac, VisionPlus	Credit card processing
Teamcenter, eMatrix, iMAN, CATIA, Datasweep Advantage, OSI PI	Manufacturing
Amdocs, Comptel, Kenan, LHS, Portal, Siebel eCommunications	Telecommunications
RetailPro, Retek, SAP IS/Retail.	Retail
SAP IS/Utilities, SAP IS/Oil, SAP IS/Pharma	Others

Asset-leveraged Solutions

We utilise our proprietary software assets to deliver solutions to our clients in specific industries. Asset leveraged solutions contributed 2.4% of our revenues from international business for fiscal 2004. This revenue includes license fees, implementation fees and maintenance fees relating to our software assets. Currently, we have software intellectual property rights, which we either own or have licensed, that address customer requirements in the banking, financial services, insurance, telecommunications and manufacturing industries, which include *NCS*, *IIMS*, *Quartz* and *Cempac*. These are described further in "Our Industry Practices" below.

Consulting and other Services

Consulting and other services contributed 1% of our revenues from international business for fiscal 2004. We intend to expand our business process outsourcing services, such as contact centres and help desk services, transaction processing services, finance and accounting services and research and data analysis services. These services are currently offered through AFS, Intelenet and WTI and are described further in "Acquisitions and Strategic Investments" below.

Our Industry Practices

We combine our comprehensive range of service offerings with industry-specific experience to provide services to clients in several industries. We initiated the process of creating our industry practices in 1998, in order to enhance our industry-specific knowledge and expertise. According to a Gartner report published in July 2003, we have made more progress than other Indian IT service providers for dedicating resources and building intellectual property of industry-specific application software and vertical process templates.

The following tables present our industry practices and their percentage contribution to our revenues from international business for the periods indicated:

	Percentage of revenues from international business		
Industry Practice	**Fiscal 2002**	**Fiscal 2003**	**Fiscal 2004**
Banking, Financial Services and Insurance	44.6%	42.7%	40.0%
Manufacturing	18.8%	20.5%	20.0%
Telecommunications	15.7%	14.4%	16.0%
Life Sciences and Healthcare	0.7%	2.3%	3.4%
Retail and Distribution	7.0%	6.9%	6.7%
Transportation	4.8%	5.0%	4.4%
Energy and Utilities	1.1%	1.9%	2.8%
Others	7.3%	6.3%	6.7%
Total	**100.0%**	**100.0%**	**100.0%**

	Percentage of revenues from international business			
Industry Practice	**Quarter ended June 30, 2003**	**Quarter ended September 30, 2003**	**Quarter ended December 31, 2003**	**Quarter ended March 31, 2004**
Banking, Financial Services and Insurance	41.0%	40.4%	40.7%	38.0%
Manufacturing	20.7%	20.8%	20.0%	18.8%
Telecommunications	14.8%	15.4%	16.7%	16.8%
Life Sciences and Healthcare	3.4%	3.4%	3.6%	3.4%
Retail and Distribution	6.6%	7.0%	6.5%	6.9%
Transportation	4.5%	4.4%	3.8%	4.8%
Energy and Utilities	2.5%	2.5%	2.4%	3.7%
Others	6.5%	6.1%	6.3%	7.5%
Total	**100.0%**	**100.0%**	**100.0%**	**100.0%**

Banking, Financial Services and Insurance

We offer a wide range of IT solutions and services to our clients in the banking, financial services and insurance industries. This industry practice contributed 40% of our revenues from international business in fiscal 2004. Our banking and financial services clients include Barclays, Canadian Depository, Deutsche Bank, JPMorgan Chase, Merrill Lynch, Morgan Stanley, Rabo Bank, SegaInterSettle, Standard Chartered Bank and State Bank of India. Our insurance clients include AIG, ING, and Prudential.

The following table summarises the key areas in which we provide industry-specific offerings to our clients in this industry practice:

Banking and Financial Services

- Core banking applications
- Custody and corporate actions
- Straight through processing
- Multi-channel banking
- Wealth management
- Basel II planning and compliance
- Anti-money laundering
- e-Payments
- Customer information management

Insurance

- Business intelligence
- Product development
- Resource planning
- Policy administration (claims, accounting, etc.)
- Sales and marketing (distribution management)
- Reinsurance
- New business policy servicing
- Customer relationship management

We have several software intellectual property rights, which we either own or have licensed, specifically addressing our clients in the banking, financial services and insurance industries, which include:

- *Network Custody System (NCS):* A custodial services system, which provides a high degree of automation for activities such as trade settlement, corporate action administration, registration of securities and billing;
- *Integrated Insurance Management System (IIMS):* A web-based system for the insurance business that handles functions including product definition, policy administration, claims and agency management;
- *Quartz:* A software product, which enables extensive automation of certain aspects of wholesale banking operations;
- *ISBS:* a retail banking solution;
- *E-treasury, Inter Branch Reconciliation System, Asset Liability Management Systems:* Niche banking solutions
- *eIBS:* A suite of systems for the trading, clearing and settlement operations for brokerage companies;
- *EX Next Generation 1.5, EX Personal Accountant*: General accounting software; and
- *Insurance Product Designer Workbench, Issue Quotation and Underwriting System*: Niche insurance solutions.

Manufacturing

We provide a wide range of services to our clients in manufacturing industries which enable them to optimise their production process and integrate their operations with their managerial decision making process. This industry practice contributed 20% of our revenues from international business in fiscal 2004. Our manufacturing clients include GE Medical Systems, GE Power and Tata Chemicals.

The following are the key areas in which we provide industry-specific offerings to our clients in this industry practice:

- Enterprise resource management
- Supply chain management
- Inward logistics, inventory management
- Enterprise asset management
- Research and development
- Product engineering
- Process engineering, production planning, industrial automation and control
- Outward logistics, order fulfillment
- Customer relationship management
- Service management

Our software assets addressing our clients in this industry practice include:

- *CemPac:* A software product that provides productivity solutions for the cement manufacturing processes.
- *FactorE:* Application for streamlining the maintenance management function in manufacturing environments.

Telecommunications

We provide IT services to telecommunications service providers and equipment suppliers. This industry practice contributed 16% of our revenues from international business in fiscal 2004. Our telecommunications clients include BT, Ericsson, Motorola, Swisscom, Tata Teleservices and Verizon.

The following are the key industry-specific offerings to our telecommunications clients:

Service Providers

- Service provisioning and mediation
- Order management
- Customer care and billing
- Revenue assurance
- Supply chain management
- Resource planning
- Partner revenue settlements
- Data warehousing
- Enterprise application integration
- Network management
- Customer relationship management

Equipment Suppliers

- Wireless network management systems protocols
- Wireless data services
- Personal area networks
- Switching
- Intelligent networks
- New generation networks

Retail and Consumer Products

We have experience in delivering industry specific solutions across the retail and consumer products value chain. This industry practice contributed 6.7% of our revenues from international business in fiscal 2004. Our retail and consumer products clients include Target and Woolworths.

The following are the key areas in which we provide industry-specific offerings to our clients in this industry practice:

- Supply chain management
- Merchandising management
- Multi-channel operations
- Store operations
- Marketing and customer services
- Enterprise management
- Enterprise resource planning
- IT infrastructure management

Life Sciences and Healthcare

We provide IT services to clients in the life sciences and healthcare industries. This practice contributed 3.4% of our revenues from international business in fiscal 2004. Our life sciences and healthcare clients include Eli Lilly, Johnson and Johnson and Novartis. We recently won a large project, spread over nine years, from the National Health Service in the United Kingdom, as part of a consortium. We will provide clinical application implementation and data migration services to the National Health Service.

The following are the key areas in which we provide industry-specific offerings to our clients in this industry practice:

Life Sciences

- Drug discovery
- Clinical trials
- Drug development
- Enterprise resource planning
- Production planning
- Quality control
- Field force automation
- Market portals
- Product management

Healthcare

- Electronic medical records
- Security and privacy
- Standards adherence
- Clinical automation
- Work flow management
- Decision support systems
- Data capture and documentation

We have several software intellectual property rights which we either own or have licensed, specifically addressing our clients in the life sciences and healthcare industry, which include:

- *Hospital Management System:* A hospital administration system for managing operations such as reception, billing, pharmacy, investigation areas, operation theatre and housekeeping;
- *SmartClinic:* A patient record system that allows collection and access of medical data including medical history, medications, orders, tests and progress notes; and
- *Bio-suite:* A set of tools in the bio-informatics segment that addresses areas such as genome analysis and drug design.

Transportation

We provide consulting and IT services that strengthen the planning process and improve the operation and management of travel and transportation systems. This industry practice contributed 4.4% of our revenues from international business in fiscal 2004. We have developed industry-specific capabilities in various industries within this industry practice, such as shipping and ports, airlines and road and rail. Our transportation clients include KLM, P&O Nedlloyd and Singapore Airlines.

Energy and Utilities

With increasing deregulation and competition, companies in the energy and utilities industry are gradually increasing their business with external IT services providers. This industry practice contributed 2.8% of our revenues from international business in fiscal 2004. We have developed industry-specific capabilities in industries within the utilities sector such as power, oil and gas and water and environment. Our energy and utilities clients include United Utilities.

Others

We provide IT services to several other sectors such as media and entertainment and government, which collectively contributed 6.7% of our revenues from international business in fiscal 2004.

Our Geographic Segments

We are a global company with 149 offices in 32 countries. Our development centres are located across 14 cities in India and 17 cities in nine other countries. In each of our geographic segments, we have dedicated sales, pre-sales and consulting professionals who service our clients. We believe that this enables us to develop a better understanding of local requirements and service our clients more effectively.

The following table presents the percentage contribution of our geographic segments to our total revenues for the periods indicated:

	Percentage of total revenues		
Geographic segments	**Fiscal 2002**	**Fiscal 2003**	**Fiscal 2004**
Americas	61.1%	59.3%	62.2%
Europe	20.7%	20.0%	19.9%
India	11.9%	14.8%	13.2%
Others	6.3%	5.9%	4.7%
Total	**100.0%**	**100.0%**	**100.0%**

Note: CMC, TCS America and the European Subsidiaries were consolidated in our results from their date of acquisition by Tata Sons in October 2001, March 2003 and December 2002, respectively.

Americas

In fiscal 2004, the Americas segment contributed 62.2% of our total revenues. The United States is our largest market in the Americas and contributed over 98% of our revenues from the Americas segment in fiscal 2004. The IT services market in the United States is highly competitive and mature and there is relatively greater appreciation of the benefits of global delivery of IT services. We have 58 offices in the Americas, which include 50 offices in United States. In addition to the United States, we also conduct business in Canada and certain countries in Central and South America, where we are expanding our presence. We also have a number of development centres in the United States as well as global development centres in Brazil, Canada and Uruguay.

Europe

In fiscal 2004, the Europe segment contributed 19.9% of our total revenues. The United Kingdom is our largest market in Europe and contributed approximately 72% of our revenues from the Europe segment in fiscal 2004. We expect to increase our business from continental Europe because clients in these markets are increasing their use of the global delivery model for IT services. We are strengthening our local language expertise in order to target these markets more effectively. We have established a global development centre in Budapest, Hungary, to service our clients in Europe. We also use our development centre in Montevideo, Uruguay to service European clients that require Spanish language capabilities.

India

In fiscal 2004, India contributed 13.2% of our total revenues, of which approximately 65.3% was contributed by CMC. We place special emphasis on executing large, end-to-end projects in the Indian market. Most of our revenues from equipment sales are from sales in the Indian market by CMC. We believe that our Indian business is strategically important as it offers long term growth

potential and opportunities to strengthen our capabilities in large end-to-end solutions. Our acquisition of CMC Limited in October 2001 significantly enhanced our presence in the Indian market, especially relating to Indian government clients and systems integration capabilities.

Others

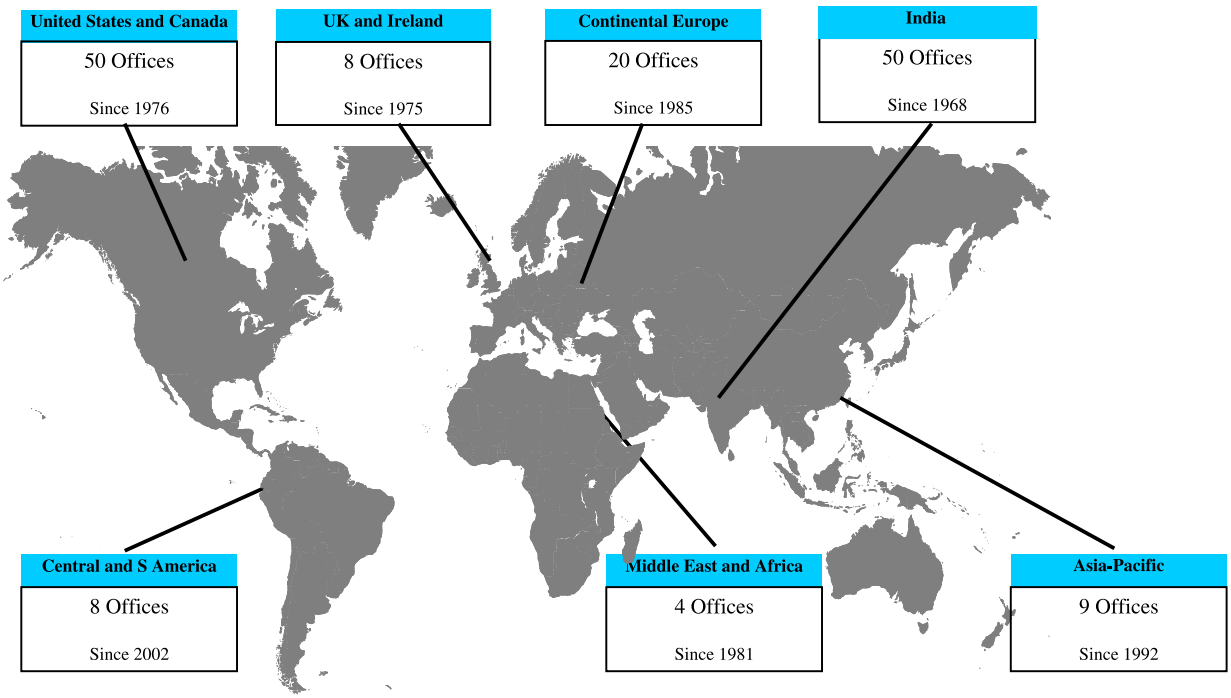
In fiscal 2004, other geographies contributed 4.7% of our total revenues.

Asia-Pacific: The Asia-Pacific region contributed 3.6% of our total revenues in fiscal 2004. Australia and Singapore currently contribute a large part of our revenues from the Asia-Pacific region. We are expanding our Asia-Pacific operations to address the growth opportunities that we see in this region. In fiscal 2003, we established our operations in China. We have also established global delivery centres in Australia, China and Japan primarily to serve Australian and East Asian clients.

Other than the Asia-Pacific region, we derive revenues primarily from the Middle East and Africa.

Sales and Marketing

Our sales team works to identify sales opportunities to existing and prospective clients and is spread across the world. We have an extensive global sales network comprising 99 offices in 31 countries outside India and 50 offices in India. The geographic spread of our global sales and marketing network is represented below, with the total number of offices as of March 31, 2004 and the year of establishing the first office in the applicable geography:



Our sales and marketing organisation includes dedicated sales managers who address a particular region or country, and typically report to the heads of the respective geographic segments. The efforts of these sales managers are supplemented by business relationship managers, who are dedicated to our large clients. As of March 31, 2004 our sales network comprised 195 sales managers, 245 business relationship managers and approximately 170 other pre-sales and consulting employees. Approximately 15% of our sales managers and business relationship managers are local citizens in their respective countries.

We have adopted a collaborative sales and marketing model where our sales professionals as well as our industry, technology and delivery experts participate in the sales process. In addition, our senior executives work closely with our large clients, which enables us to demonstrate our commitment to our clients and remain acquainted with emerging industry trends.

Our marketing initiatives include participating in major industry events and sponsoring user group events. We have regular contact with industry research organisations, have established relationships with academic institutions and are members of universal standards bodies. We have engaged Fleishman & Hillard, a global public relations firm, to increase our visibility among clients and in the industry.

In addition to our own global sales capabilities, we have local associates in Austria, Denmark, France, Switzerland and South Africa. We have several technology alliances with leading IT vendors, which typically involve systems integration, and in certain cases joint product development and joint "go to market" strategies. Our alliance partners include BEA Systems, TIBCO, Business Objects, Cognos, Microstrategy, Documentum, Vignette, Vitria, Hewlett Packard, IBM, Informatica, i2 Technologies, Microsoft, Oracle, PeopleSoft, SAP, SAS, Siebel, Sun, webMethods, Intel and Silicon Graphics. We have established centres of excellence for the software products of a number of our alliance partners, which enable us to continuously enhance our skills in their products.

Competition

The IT services market that we operate in is highly competitive. Our competitors include:

- Indian IT services companies, such as Infosys Technologies Limited, Wipro Limited and Satyam Computer Services Limited;
- International IT services companies, such as Accenture Limited, Cognizant Technology Solutions, Computer Sciences Corporation and Electronic Data Systems and divisions of large multinational technology firms such as IBM Corporation; and
- Other international, national, regional and local firms from a variety of market segments, including major international accounting firms, systems consulting and implementation firms, applications software firms, service groups of computer equipment companies, general management consulting firms, technology firms, programming companies, and in-house IT departments of large corporations.

Some of our international competitors, such as IBM and Accenture, have recently entered or expanded their operations in India, which has resulted in increased competition for our services. While we expect these competitive pressures to continue, we believe that our long history and industry leadership position in India, our client base and our success in attracting and retaining highly skilled employees will enable us to compete effectively in our industry.

The IT services industry is also witnessing the emergence of competition from countries such as China and the Philippines, which have labour costs similar to or lower than India. Clients that presently outsource a significant proportion of their IT service requirements to vendors in India may seek to reduce their dependence on one country and outsource work to other offshore destinations. In view of the challenges from these emerging markets, we have set up development centres in Hangzhou, China, Budapest, Hungary, Montevideo, Uruguay and Brasilia, Brazil. We also believe that our global delivery model, which combines offshore and near shore delivery centres, helps us respond to new opportunities and obtain customers, meet client requirements for business continuity planning and recruit skilled IT professionals with location-specific language and cultural skills.

According to NASSCOM, India's software services exports have grown from US$ 6.2 billion in fiscal 2002 to US$ 8.9 billion in fiscal 2004, which represents a compound annual growth rate of 19.8%. During this period, we have maintained our leadership position in exports by the Indian IT services industry.

	Fiscal 2002	Fiscal 2003	Fiscal 2004
Total Exports of IT Services, Products & Technological Services from India[1] (US$ billion)	6.2	7.0	8.9
TCS Exports[2] (US$ million)[3]	791	932	1310
TCS Exports as % of Total IT Services, Products & Technological Services from India	12.8%	13.3%	14.7%

(1) Source: NASSCOM

(2) Revenues from international business of the TCS Division as per U.S. GAAP

(3) Figures converted into US$ based on the average noon exchange rate for the respective fiscal years as disclosed on page vii of this Prospectus.

The top five IT software and services exporters from India by export revenue in fiscal 2003 are [1]:

Rank	Exporter	Export Revenue (Rs. in million)
1	Tata Consultancy Services	45,453
2	Infosys Technologies	35,435
3	Wipro Technologies	27,874
4	Satyam Computer Services	20,033
5	HCL Technologies	15,305

(1) Source: NASSCOM Strategic Review February 2004

We also face competition to a small extent from other Tata Group companies that are engaged in the software services business, namely Tata Infotech Limited (a 74% subsidiary of Tata Sons), Tata Elxsi Limited (a 38% affiliate of Tata Sons), Tata Technologies Limited (a subsidiary of Tata Motors Limited) and Nelito Systems Limited (a company promoted by Nelco Limited).

Our Pricing Model

Our engagements with our large clients are typically governed by a master services agreement, with individual projects delivered pursuant to project-specific agreements. We price our services on a fixed price, fixed time basis or a time and materials basis, and we typically take responsibility for project execution. We use extensive modelling based on the processes and employees that we plan to use and our past project experience, to estimate the effort and risks involved with individual client engagements.

The tables below illustrate the contribution of these pricing models to our revenues from international business for the periods indicated:

	Percentage of revenues from international business		
Pricing Model	**Fiscal 2002**	**Fiscal 2003**	**Fiscal 2004**
Time and materials basis	50.0%	42.6%	44.5%
Fixed price, fixed time basis[1]	50.0%	57.4%	55.5%
Total	**100.0%**	**100.0%**	**100.0%**

	Percentage of revenues from international business			
Pricing Model	**Quarter ended June 30, 2003**	**Quarter ended September 30, 2003**	**Quarter ended December 31, 2003**	**Quarter ended March 31, 2004**
Time and materials basis	42.7%	43.9%	44.4%	46.4%
Fixed price, fixed time basis[1]	57.3%	56.1%	55.6%	53.6%
Total	**100.0%**	**100.0%**	**100.0%**	**100.0%**

(1) Revenue is recognised either on the percentage of completion method or as the services are rendered and costs are incurred based on the underlying economic substance of the contract. The duration of our fixed price, fixed time projects is typically less than three years.

Client Relationships

We believe that the quality and breadth of our client relationships differentiates us from our competitors. During fiscal 2004, we had 548 active clients, including six of the 10 largest corporations and 39 of the 100 largest corporations in the Fortune 500 list of American corporations, published in April 2004.

With respect to the following client and revenue information, we have classified our revenues based on the end clients of TCS America and the European Subsidiaries for the periods during which TCS America and the European Subsidiaries were not consolidated in our accounts.

The tables below illustrate the profile of our clients in terms of contribution to revenues from international business for the indicated periods:

	Number of clients in the twelve months ended		
Revenues from international business of	**March 31, 2002**	**March 31, 2003**	**March 31, 2004**
>US$1 million	114	120	155
>US$5 million	37	45	53
>US$10 million	17	20	30
>US$20 million	8	10	16
>US$50 million	2	2	4

	Number of clients in the twelve months ended			
Revenues from international business of	**June 30, 2003**	**September 30, 2003**	**December 31, 2003**	**March 31, 2004**
>US$1 million	134	137	147	155
>US$5 million	43	46	50	53
>US$10 million	21	23	26	30
>US$20 million	12	17	16	16
>US$50 million	2	4	4	4

The tables below illustrate the concentration of our revenues from international business among our top clients:

	Percentage of revenues from international business in the twelve months ended		
Revenue Concentration	**March 31, 2002**	**March 31, 2003**	**March 31, 2004**
Top Client	7.7%	6.3%	5.5%
Top 5 Clients	27.5%	25.4%	23.0%
Top 10 Clients	40.4%	39.4%	36.2%
GE Group	24.4%	20.6%	18.1%

	Percentage of revenues from international business in the twelve months ended			
Revenue Concentration	**June 30, 2003**	**September 30, 2003**	**December 31, 2003**	**March 31, 2004**
Top Client	6.4%	6.2%	5.9%	5.5%
Top 5 Clients	25.0%	24.4%	23.9%	23.0%
Top 10 Clients	38.9%	38.0%	37.0%	36.2%
GE Group	20.3%	19.5%	18.9%	18.1%

The tables below illustrate the number of active and new clients and the percentage of revenues from international business that was contributed by repeat business and new clients:

	Number of Clients and percentage of revenues from international business	
	Fiscal 2003	**Fiscal 2004**
Active Clients	479	548
New Clients[(1)]	177	193
Revenues from new clients	5.2%	5.6%
Revenues from repeat business[(2)]	94.8%	94.4%

	Number of Clients and percentage of revenues from international business			
	Quarter ended June 30, 2003	Quarter ended September 30, 2003	Quarter ended December 31, 2003	Quarter ended March 31, 2004
Active Clients	400	402	402	433
New Clients[1]	45	50	41	57
Revenues from new clients	1.7%	3.3%	4.2%	6.6%
Revenues from repeat business[2]	98.3%	96.7%	95.8%	93.4%

(1) Clients who did not contribute to our revenues from international business during the three quarters preceding the indicated period

(2) Revenues from international business excluding revenues from new clients

We have established long-standing relationships with many of our clients. We believe that our ability to establish and strengthen client relationships will be an important factor in our future growth. The following examples illustrate our ability to develop long-term client relationships and use our expertise across service practices, industry practices and geographies to serve our clients:

Years of relationship	Name of clients
5 – 10	AIG, Hewlett Packard, Prudential, Standard Chartered Bank, Target
10 – 20	General Electric group, P&O Nedlloyd, SegaInterSettle

Our relationship with General Electric

We have a strong relationship with General Electric and its affiliates (collectively, the "GE group") that began in 1993. We are the GE group's largest offshore IT services provider.

Our comprehensive service offerings portfolio enables us to offer a range of services including application development, maintenance, package implementation, infrastructure management and IT consulting to multiple GE group entities including GE Aircraft Engines, GE Consumer Finance, GE Consumer Products, GE Equipment Management, GE Health (formerly known as GE Medical Systems), GE Insurance, GE Plastics and GE Power Systems. Our extensive geographic footprint enables us to serve the GE group from seven offshore development centres in India at Delhi, Mumbai, Chennai and Kolkata as well as from our international development centres in Hungary and China.

Our engagements with GE group clients collectively contributed approximately 18.1% and 15.4% of our revenues from international business and total revenues, respectively, in fiscal 2004. During this period, GE Capital (comprising GE Commercial Finance, GE Consumer Finance, GE Equipment Management and GE Insurance) was our largest client and accounted for 5.5% of our revenues from international business. Three of our top 10 clients were part of the GE group during fiscal 2004. We currently service the GE group through two separate master service agreements, one for our engagements with GE Health and the other for our engagements with the other GE group entities, which were renewed recently.

As an example of our engagements with the GE group, we assisted GE Health in implementing a common ERP package across its entire enterprise in 2002 and 2003. The technology requirements included implementation of a single computing environment that provides global data visibility, standardised processes, integrated supply chain management capabilities and enhanced financial recording and reporting. We provided a solution consisting of the implementation of Oracle applications at 69 sites across 35 countries, which we believe is one of the largest single instance Oracle application implementations in the world. We provided functional as well as technical implementation support to multi-location teams during this implementation.

Our relationship with a large American financial services company

We have a strong relationship with this company which began in 1979. This client was our largest client in terms of revenues from international business for fiscal 2003. We provide a range of application development and maintenance support services to this client, including:

- IT strategy definition
- End-to-end portfolio management services
- Systems integration
- Large, mission-critical applications development, maintenance and production support
- Database and system administration and performance tuning
- Voice system services

As an example of our engagements with this client, we have been providing support for its credit card systems since 1998. Our support services are provided on a 24 x 7 basis and include preventive maintenance, correction of problems, process improvements and handling user queries and issues. This project involves servicing the client at multiple locations, using our employees at onsite as well as offshore locations. In this project, we use problem management software tools, project metrics analysis and root cause analysis in order to achieve reduction in the number of problems and improve the availability of the client's applications.

Our relationship with a large telecom service provider

Our relationship with this client began in 1997. We currently provide a range of services to this client, including:

- Billing applications for retail, access and regional subscribers
- Network provisioning
- Automated quote and contract
- Activation systems and sales
- Decision support technology and Web ordering
- Procurement and materials management
- Traffic, network and trouble management and analysis
- Service order processing and activation
- Payroll and revenue

As an example of our engagements with this client, we began designing high capacity telecommunications digital circuits for it in 1999. We provided end-to-end design and delivery of the circuits from India and partially automated the design and delivery processes with a view to achieving productivity improvements and reduction in transaction time.

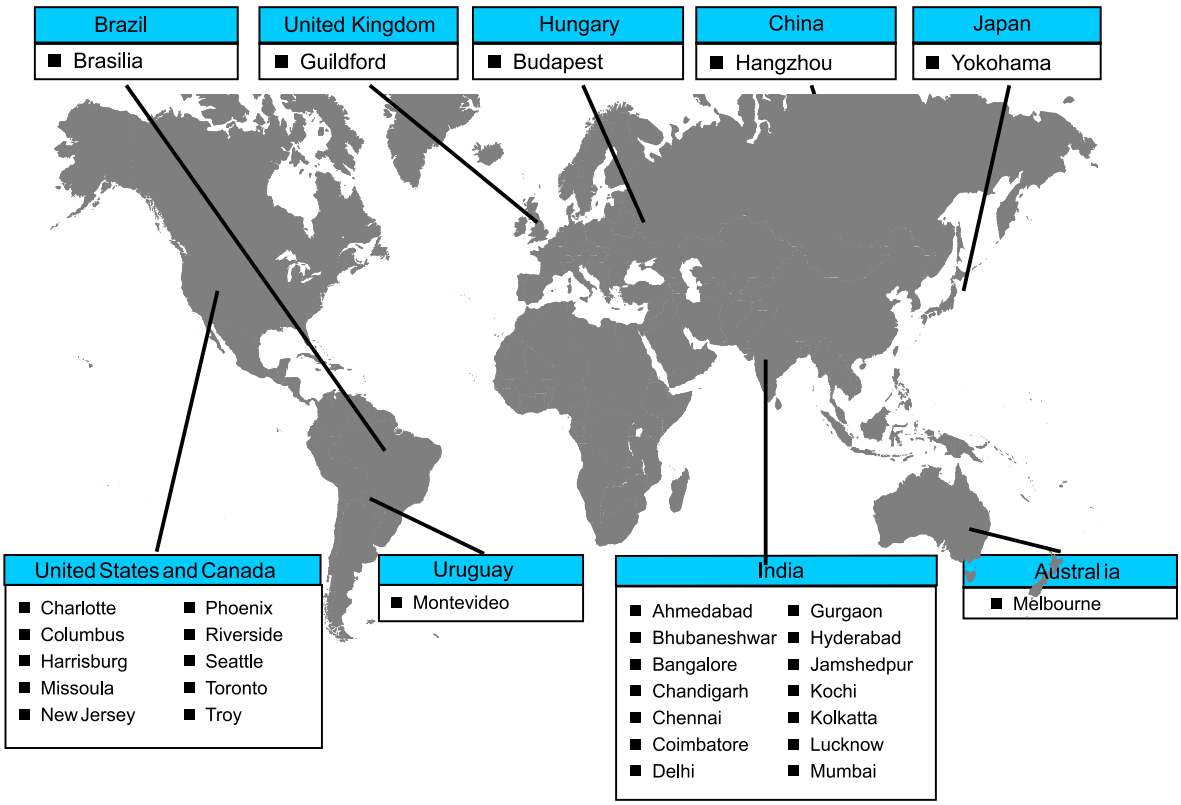
Delivery

We have an integrated global delivery model that allows us to service client requirements for onsite and offshore delivery of IT services. Our onsite delivery is performed through a combination of employees based at client premises, our 99 international offices and our global development centres in 17 cities in nine countries outside India. Our offshore delivery is performed through our development centres located in 14 cities in India, which include a number of dedicated offshore development centres, or ODCs. The following tables illustrate the proportion of revenues from international business the offshore and onsite delivery models:

	Percentage of revenues from international business		
Delivery Model	**Fiscal 2002**	**Fiscal 2003**	**Fiscal 2004**
Offshore	28.6%	34.1%	36.2%
Onsite	71.4%	65.9%	63.8%
Total	**100.0%**	**100.0%**	**100.0%**

	Percentage of revenues from international business			
Delivery Model	**Quarter ended June 30, 2002**	**Quarter ended September 30, 2003**	**Quarter ended December 31, 2003**	**Quarter ended March 31, 2004**
Offshore	34.4%	35.7%	37.3%	37.1%
Onsite	65.6%	64.3%	62.7%	62.9%
Total	**100.0%**	**100.0%**	**100.0%**	**100.0%**

The locations of our delivery centres are represented below:



We manage and staff our projects with the objective of efficiently meeting the project objectives. Our project management skills have been strengthened through our client engagements, especially our extensive work on large, end-to-end projects and multi-location projects. We have a fully digitised process for managing the global delivery of projects, which enables more effective allocation and release of resources from projects. If our projects require specific skills that are not available within our organisation at a particular point of time, we hire business associates from other companies within and outside the Tata Group, in India and internationally. These Tata group companies include Tata Elxsi, Tata Infotech and Tata Technologies. The business associates work under our supervision but are not on our payroll. As of March 31, 2004, we had 3,289 business associates working on our projects.

We provide business continuity and disaster recovery plans to our clients, which are enhanced by the geographic spread of our global development centres outside India. We use redundant systems for our critical technical and communication infrastructure that enable us to plan for rapid recovery from unplanned outages.

Quality Processes

We have a long-standing focus on processes for ensuring high quality delivery which was formalized when we formulated internal quality standards in the early 1980s. Since 1993, a number of our delivery centres have received ISO 9001 certifications, and we received organisation-wide ISO 9001:2000 certification in 2002. We currently have CMM Level 5 assessment for 16 of our delivery centres and our delivery centre in Chennai, India achieved PCMM V2 Level 4 assessment in 2001. Our global delivery centre in Montevideo, Uruguay received the CMM Level 5 assessment in 2003. Over 2,300 of our employees are CSQAs.

We are developing a proprietary quality model called *iQMS*® which aims to integrate a number of quality standards that are currently accepted in the IT services marketplace, such as CMM, PCMM, Six Sigma, ISO 9001, as well as the Tata Business Excellence Model. We are currently using *iQMS*® in our operations and are in discussion with external standards organisations to explore independent evaluation of our operations as per the *iQMS*® standard as well as to encourage the acceptance of *iQMS*® as an industry standard.

Our Dedicated Offshore Development Centres

We have several dedicated ODCs that contribute a large proportion of the IT services that we provide to our clients. Our ODCs are typically dedicated to a particular client's business and are equipped with the hardware, networking and software applications that replicate our client's facilities. We believe that ODCs offer our clients the following benefits:

- Ready access to a large pool of highly skilled IT professionals;
- Systems and processes that are designed to provide high quality and cost effective services;
- Access to specialists who are part of the different service and industry practices;
- Readily available, highly secure, state-of-the-art infrastructure; and
- Ability for customers to increase/decrease team sizes.

Our ODC clients include AIG, BT, Ericsson, Hewlett Packard, Target, Prudential, P&O Nedlloyd and SegaInterSettle.

Our Global Development Centres

We have extended our delivery capabilities by setting up global development centres outside India. Our global development centres are an integral part of our delivery capabilities and are equipped with sophisticated communication and physical infrastructure. All our global development centres are currently operating under our *iQMS*® quality framework. We believe that our network of global development centres enables us to:

- Provide global development, implementation and maintenance support to our large customers who have global operations;
- Meet our clients' requirements for business continuity planning by providing resources for project implementation in the event of unforeseen disasters;
- Meet our clients' requirements for provision of IT services in a similar time zone as their physical location;
- Structure our delivery mechanism using offshore and local resources to provide a cost effective solution to the client; and
- Recruit skilled IT professionals with location-specific language and cultural skills.

Property

We have several premises which are owned, leased or rented in various locations in India, including Ahmedabad, Bangalore, Bhubaneshwar, Chandigarh, Cochin, Delhi, Hyderabad, Jamshedpur, Kolkata, Lucknow, Mumbai and Thiruvananthapuram.

Commercial Premises of TCS Division and TCS Limited: We occupy a total of 52 premises in India. Out of these, 23 premises are freehold and 29 are leased with an aggregate area of 3,157,606 sq. ft., out of which STP units occupy an aggregate area of 1,983,334 sq. ft. We have approximately 77,400 sq. ft. of land at Salt Lake area, Kolkata under development. TCS Limited occupies five premises in India, all of which are freehold and which occupy an aggregate area of approximately 1,622,849 sq. ft. TCS Limited is developing approximately 3,009,000 sq. ft. of land in the SIPCOT area in Chennai and approximately 516,000 sq. ft. of land in Technopark Campus, Thiruvananthapuram.

Residential Premises of TCS Division and TCS Limited: We occupy 76 residential premises in India, which are freehold, with an area of approximately 127,142 sq. ft. We have also taken several residential premises in India from time to time, on a lease or licence basis. TCS Limited occupies one residential property at Bangalore with an area of approximately 17,005 sq. ft.

Research and Development

We place special emphasis on research and development (R&D). In 1981, we established the Tata Research, Design and Development Centre, which was India's first industrial software R&D centre, in Pune, India.

Our areas of research include systems and software engineering, process engineering and research for societal benefits. In systems and software engineering our R&D efforts have focused on language processing and automation tools for application development, testing, migration and re-engineering. We have expanded our research areas to include embedded systems, bioinformatics and security. The proprietary tools developed as part of our R&D efforts include *Mastercraft* and *Assent* that allow us to automate the software development process and develop a number of industry specific software solutions and assets. These efforts have helped us enhance and differentiate our service offerings and strengthen our delivery capabilities. We have also developed components that form part of our industry specific assets such as *Cempac* and *Bio-suite*. We have obtained seven patents and have filed more than 40 applications for registration of patents.

Our R&D capabilities have also been enhanced by our acquisition of CMC, which has a dedicated R&D centre in Hyderabad that primarily focuses on R&D in embedded software systems.

We supplement our internal R&D activities through the following alliances:

- Our alliances with academic institutions, which include those with the Indian Institute of Science, various Indian Institutes of Technology, University of Aalborg at Denmark, University of California at Riverside, U.S.A, University of Wisconsin at Milwaukee, U.S.A., Carnegie Mellon University at Pittsburgh, U.S.A. and Georgia Institute of Technology, Atlanta, U.S.A.
- Our alliances with industrial enterprises, which include those with the Automobile Research Association of India, Fluid Control Research Institute and Hindustan Aeronautics Limited.
- Our alliances with technology companies, which include those with Dassault Systemes, EDS's PLM Division, MatrixOne and ANSYS.

Human Resources

Our success depends to a great extent on our ability to recruit, train and retain high quality IT professionals. Accordingly, we place special emphasis on the human resources function in our organisation. We believe that our strong brand name, industry leadership position, wide range of growth opportunities, focus on long-term professional development and performance linked compensation give us significant advantages in attracting and retaining highly skilled employees.

We strive to instil our values of integrity, excellence, respect for individual, continuous learning and sharing and leading change in our employees through our organisational culture and training initiatives. We have adopted and institutionalised the Tata Code of Conduct and the Tata Business Excellence Model that enable us to attain superior performance and higher levels of efficiency. The Tata Business Excellence Model has been adopted from the Malcolm Baldridge model and aims to nurture the core values and concepts embodied in various focus areas such as leadership, strategic planning, client service, markets and human resources, with a view to translating these into operational performance.

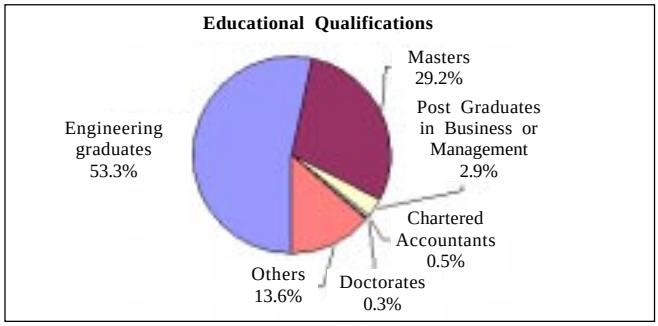
The following table illustrates the number of employees on our Indian payroll and in our subsidiaries (other than CMC, ASDC, AFS and AP Online) and overseas branches, as of the indicated dates:

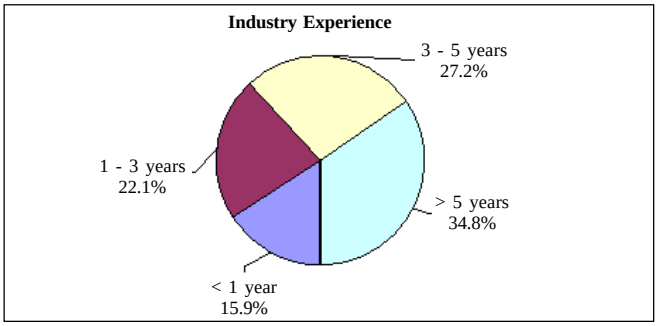
	Number of Employees			
	June 30, 2003	**September 30, 2003**	**December 31, 2003**	**March 31, 2004**
Employees on our Indian Payroll				
Consultants	23,060	24,082	26,000	27,140
Corporate Functions	909	947	983	1,070
Infrastructure Support	844	916	936	967
Total Employees on our Indian Payroll	***24,813***	***25,945***	***27,919***	***29,177***
Other Employees				
Overseas Branch Employees	124	124	131	145
Subsidiary Company Employees	577	676	747	799
Total Employees	**25,514**	**26,745**	**28,797**	**30,121**

The following discussion pertains to the employees on our Indian payroll.

Employee Profile

The average age of our employees is approximately 29 years. The tables below provide details of our employees as of March 31, 2004, by their educational qualifications and industry experience:





We encourage our employees to develop software engineering and technology skills through industry affiliations and external certifications. For example, over 3,500 of our employees are members of the Institute of Electrical and Electronics Engineers and over 2,300 of our employees are Certified Software Quality Analysts. We believe that these initiatives enhance the professional skills of our employees and allow us to offer differentiated expertise to our clients.

We encourage diversity in our employee base. As of March 31, 2004, 902 of our employees were nationals of 30 countries other than India. In certain developed markets such as the U.S. and Europe, we hire local nationals primarily for their client relationship and marketing skills and for working on consulting projects. Additionally, we recruit local nationals at our global development centres in locations such as China, Uruguay, Brazil, Hungary, Japan and Australia to enhance our understanding of the local markets as well as to enhance our ability to interact with and deliver solutions to our clients in local languages.

Recruiting

We plan our recruitment needs through our annual human resources business plan which is based on expected growth in business from existing clients and prospects, expected changes in business mix especially relating to changes in the proportion of offshore delivery and the requirements of our large clients. This exercise helps us formalize our recruitment requirements for experienced professionals as well as trainees, who are employees who have less than one year of IT industry experience.

Recruitment of experienced professionals as well as some of our trainees is carried out through referral programs, advertisements, web searches and placement agencies. Most of our trainees are recruited through our campus recruitment exercise, where we visit some of the leading engineering and management institutes in India. In fiscal 2004, we have made 3,499 offers to students at technical institutes to join us in fiscal 2005.

In order to maintain our brand image and attract the best students from campus, we maintain relationships with these institutions through campus interactions, joint participation with the institutes in areas of R&D, establishment of excellence centres and sponsoring academic and cultural events.

The following chart presents our recruitment in the indicated periods:

	Number of employees recruited		
Employee recruitment	**Fiscal 2002**	**Fiscal 2003**	**Fiscal 2004**
Trainees	2,182	2,843	3,814
Experienced	739	1,978	3,596
Total	**2,921**	**4,821**	**7,410**

	Number of employees recruited			
Employee recruitment	**Quarter ended June 30, 2003**	**Quarter ended September 30, 2003**	**Quarter ended December 31, 2003**	**Quarter ended March 31, 2004**
Trainees	659	781	1,485	889
Experienced	810	772	1,095	919
Total	**1,469**	**1,553**	**2,580**	**1,808**

Training

We place special emphasis on the training of our employees to enable them to develop their skills and to meet our changing requirements. We focus on an initial learning programme for our trainees as well as continuous learning programmes for all our employees.

For the purpose of training our employees, we have set up an exclusive training facility on 58,000 square feet of area at Thiruvananthapuram in southern India. The training centre has a well-equipped library and modern IT facilities and infrastructure. At any point of time, we can simultaneously train 300 people in this facility. In addition to permanent faculty members we invite visiting faculty that includes our senior management, senior employees of our clients and recognized academics. In addition to this centralised facility, we conduct training programmes at our major delivery centres.

All employees from technical institutes who have joined us with less than one year of industry experience are required to attend an intensive 10 week full-time training programme, which helps us develop skilled professionals with a global mindset. The training programme covers technology training, software engineering training as well as life-skills training.

We conduct Continuous Learning Programmes, or CLP, that address project specific, technology and soft skills learning needs of our employees. We plan for 15 days of continuing learning every year for our experienced professionals.

We believe that well-trained project managers are key enablers for the efficient growth of our operations and our ability to manage large, complex projects. We are specifically focused on developing project management competencies among our employees. Some of our initiatives that have helped us develop quality project managers include project manager conferences, external certifications from institutions such as the Project Management Institute of USA and our portal based systems for knowledge sharing and capability buildings.

We organize management development programmes for our experienced employees, which focus on enhancing their people management, client management and process management skills. In order to strengthen client management competencies, we conduct employee workshops and personal excellence programs on effective client communication, consulting and conversation skills as well as negotiation skills.

Employee Retention and Care

We were ranked second in a ranking of the India's best IT employers in 2003 by Dataquest in August 2003. We strive to foster a feeling of emotional well-being in our employees through care and respect. We have several structured processes including employee mentoring, grievance management and corporate ethics programmes which are intended to facilitate a friendly and cohesive organisational culture. Our initiatives such as *Maitree* (an extended family engagement programme) and *Propel* (a platform for self and group learning) enable us to facilitate and associate ourselves closely with our employees' interests and aspirations. We conduct an annual employee satisfaction survey. We have created a world-wide Intranet that is used to promote an open community culture among our employees. The attrition rate of employees on our Indian payroll for fiscal 2002, 2003 and 2004 was 3.6%, 2.8% and 6.5%, respectively.

Performance Management and Compensation

We have an elaborate performance management system which involves goal setting, periodic reviews and project end reviews in addition to the annual reviews. The review sessions impress upon several aspects of the professionals' careers such as career and competency development, financial rewards and recognition. We endeavour to link careers to competencies, individual preferences and organisational needs. We also allow our professionals sufficient flexibility and opportunities to rotate across streams and geographic locations.

Our compensation has a fixed component that is benchmarked to the industry and a variable component that is linked to the corporate and individual performance through an Economic Value Added (EVA) based model which we adopted in 2001.

We intend to reward our employees for their contributions to us and create employee ownership in us by granting Equity Shares to select employees of the Company, its subsidiaries and Tata Sons pursuant to an ESPS in compliance with SEBI (Employee Stock Option and Employee Stock Purchase Scheme) Guidelines, 1999. The issue of Equity Shares pursuant to the ESPS is likely to occur before the end of fiscal 2005. The issue of Equity Shares pursuant to the ESPS will be subject to compliance with applicable laws and regulations, including the securities laws of foreign jurisdictions. We expect that this charge will be reflected in our Indian GAAP as well as U.S. GAAP financial statements upon issue of the Equity Shares in fiscal 2005. The one time cash grant by Tata Sons to employees not covered under the ESPS in fiscal 2005 will be reflected as a non cash charge in our income statement under U.S. GAAP and no charge under Indian GAAP. For details see "Capital Structure" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" on pages 35, 60 and 48, respectively, of this Prospectus.

Acquisitions and Strategic Investments

CMC

In October 2001, we acquired a 51% shareholding in CMC from the Government of India and a further 0.12% stake through a tender offer completed in January 2002. In fiscal 2004, CMC had revenues of Rs. 7,636.7 million and profit after taxation of Rs. 479.9 million, as per Indian GAAP. See "CMC Limited: Statement of Adjusted Profits and Losses".

CMC's service offerings include:

- Systems consultancy
- Systems design and engineering
- Systems integration
- Software development
- Infrastructure management services
- Facilities management
- Hardware and software maintenance
- Environmental engineering
- Networking
- Information technology enabled services
- IT education and training
- Third party equipment supply

We have business synergies with CMC, especially in system design and engineering, infrastructure management services, third party equipment supply and hardware maintenance. CMC has strong capabilities in these areas, especially in the Indian market. We leverage CMC's competencies in infrastructure development and management (IDM) services, embedded software services, software solutions in fingerprint analysis and criminal tracing systems, character recognition systems and ports and cargo.

Aviation Software Development Consultancy India Limited

Aviation Software Development Consultancy India Limited, or ASDC, was incorporated in 1995 as a joint venture between Singapore Airlines and Tata Sons, to develop and maintain software for the aviation industry. In March 2004, we acquired 51% of the shareholding in ASDC from Singapore Airlines and 20% from Tata Industries Limited and it is now our 100% owned subsidiary. ASDC's clients include Emirates and Singapore Airlines as well as a number of our customers. In fiscal 2004, ASDC had revenues and net income of Rs. 189.7 million and Rs. 31.2 million under Indian GAAP, respectively, and had 180 employees as of March 31, 2004.

Phoenix Global Solutions

In July 2004, TCS Division acquired 100% of the shares of Phoenix Global Solutions (India) Private Ltd. from PM Holdings Inc. In addition, Tata America acquired certain assets of Phoenix Global Solutions Inc. from PM Holdings Inc. PGS provides information technology solutions, business process outsourcing and customer care services to support business transactions of insurance companies. PGS also provides transaction processing support such as new business processing and policy administration support. PGS has customisation and implementation experience in various insurance technology products. PGS has been providing these solutions to several insurance industry customers.

The purchase consideration consisted of a fixed amount of US$ 10 million and a variable component of US$ 3 million payable in five equal instalments over the next five years, based on certain contractual commitments from the Phoenix Companies.

BPO Delivery Arms

Our BPO services are delivered through the following three delivery arms:

- *Airline Financial Support Services Limited, or AFS,* was incorporated as our joint venture with Swissair in 1992 for providing offshore IT-enabled services to Swissair. On January 16, 2004, we acquired the Swissair shareholding in AFS to make AFS our 100% owned subsidiary. AFS currently focuses on the areas of airline revenue accounting, logistics management, airline fares solution, traffic accounting, passenger interline billing, frequent flyer programme administration, navigation support and customer care and analytics. In addition to Swiss, AFS clients include Austrian Airlines, Malmo Aviation, Loyalty Gate, Singapore Airlines, SN Brussels and UnitPool. In fiscal 2004, AFS had revenues and net income of Rs. 212.2 million and Rs. 46.5 million under Indian GAAP, respectively, and had 316 employees as of March 31, 2004.
- *Intelenet Global Services Limited, or Intelenet,* We had a 50% equity interest in Intelenet Global Services Limited, a joint venture with HDFC. Intelenet offered business process outsourcing services for international clients from its centres in Mumbai and Chennai. We have recently sold our entire equity stake in Intelenet to HDFC. For details see "Recent Developments" on page 17 of this Prospectus.
- *WTI Advanced Technology Limited, or WTI,* was started in 1987 as our joint venture with Westinghouse Electric Corporation and International Finance Corporation. WTI is currently controlled by the Tata Group. TCS Limited owns 29.63% and Tata Sons owns 9.99% of the equity of WTI. Recently, TCS Limited has entered into an agreement to acquire an equity interest of 20.67% in WTI from International Finance Corporation "IFC", USA. We have received RBI approval for the acquisition which is likely to be completed in the second quarter of fiscal 2005. Upon completion of the acquisition, WTI will become a subsidiary of TCS Limited. WTI primarily provides engineering services such as geo-spatial information technology services, CAD/CAM services for engineering applications and data conversion services. We have used WTI's capabilities to provide services to organisations such as British Telecom, Qwest, GE, AT&T, Concert, Mississippi Valley Gas and Northern Utilities. Business sub-contracted by us to WTI currently comprises a majority of WTI's revenues. In fiscal 2004, WTI had revenues and net income of Rs. 117.5 million and Rs. 38.8 million under Indian GAAP, respectively, and had 172 employees as of March 31, 2004.

We intend to expand our BPO operations and offer our BPO offerings to our existing and prospective clients in a focused manner.

Export Obligations

We have certain export obligations, which consist of commitments to earn certain minimum amounts of export revenues from our STP units, our units located in SEZs and facilities availing of export promotion credit guarantees. As of March 31, 2004, we had export obligations of Rs. 460.8 million which are required to be achieved by March 2007 and export obligations of Rs. 342.5 million which are required to be achieved by August 2008.

Intellectual Property

In the course of our R&D and consulting activities, we create a range of intellectual property which we brand and protect through trademarks, copyrights and patents, and through trade secret, agreements, confidentiality procedures and contractual provisions. Trademarks are used to brand and protect our product and service offerings while copyright is used to protect the content of our intellectual property. Patents are sought for inventions that form part of our products and tools that are used in our consultancy and service businesses and which may also be offered for licensing to customers. We own all or part of the intellectual property rights for such copyrights and patents.

Trademarks and Service Marks

We have registered a number of trademarks in India and globally for our products and services and made new applications for registration of trademarks and service marks in various countries including India. Some of the significant trademarks are shown below:

Trademark	**Countries of Registration/Application**
Assent	India, United Kingdom
CemPac	India
EX	India, United Kingdom
MasterCraft	India, United Kingdom, United States
NCS	United Kingdom

These trademarks and those pending registration will be transferred to and become the property of TCS Limited upon the Scheme coming into effect. Of these trademarks and service marks, Tata Sons is the proprietor of the trademark and service mark "TATA" and various other trademarks and service marks containing the word "TATA" including "Tata Consultancy Services" and "TCS" used in relation to our business. The Company will be permitted to use the trademark and service marks of "TATA" in accordance with the provisions of the TATA Brand Equity and Business Promotion Agreement entered into with Tata Sons.

Copyrights

We have seven registered copyrights in India for products developed by us. We have made applications for the registration of six copyrights in India for products developed by us.

Patents

We have been granted eight patents for inventions made by us through R&D in software and process engineering. Of these eight patents, four are currently being used for our business and one is being used for our social initiatives. We have 41 applications pending in different countries including India for new inventions. There are 26 applications outstanding in India, 11 applications in the United States, and one application each in Australia, China, Indonesia and Malaysia.

Development and use of Intellectual Property

Intellectual property is developed largely through tools developed in our R&D which are then applied to customer problems being addressed through our delivery centres. For example, basic work on developing tools for automating software migration led to the design and development of our software repository Adex and then to the MasterCraft integrated software development environment which has since been used for many large-scale development projects for customers such as the Reserve Bank of India and Unit Trust of India and several large financial and other institutions in different parts of the world. We have applied for patents for inventions used in MasterCraft for protection against infringement and possible future counter-claim.

Patents are also developed in advance of future client requirements and as part of some client engagements where rights of exploitation may be shared with a client. Patents are also used to protect inventions that are part of devices that are developed for wider social purposes, such as the Sujal water filter for rural domestic use.

Brand Equity and Business Promotion Agreement

The Company has entered into a Brand Equity and Business Promotion Agreement ("the BEBP Agreement") with Tata Sons which became effective on April 1, 2004. Under the BEBP Agreement, the Company will pay to Tata Sons subscription at the rate of 0.25% of the annual net income subject to a maximum of 5% of the annual profit before tax (all measured in accordance with Indian GAAP) which is on the same basis as paid by and accounted in the books of the TCS Division with effect from January 1, 1999. Under this agreement, Tata Sons has, among other things, granted a non-exclusive and non-assignable right to use the TATA business name, trade marks and marketing indicia such as certain logos, advertising slogans and images, colour schemes, styles of labelling, emblems, etc.

As proprietors of the TATA business name, trademarks and marketing indicia, Tata Sons has undertaken various obligations and responsibilities as set out in the BEBP Agreement to promote and protect the TATA brand equity. The costs of fulfilling such obligations and responsibilities including the promotion and protection of the TATA name and mark is met out of the subscriptions received by Tata Sons under the BEBP Agreement.

The Company will comply with the TATA code of conduct in its business dealings. Tata Sons will not be eligible for any claims in respect of the products and services of the Company and the Company is required to indemnify Tata Sons against any such claims. Tata Sons has the right to terminate the BEBP Agreement at any time by giving six months prior notice in writing for reasons to be recorded, or upon the Company committing a breach of any of the provisions of the BEBP Agreement and failing to rectify the same within thirty days of receiving written notification of such breach from Tata Sons. The BEBP Agreement may also be terminated by a written agreement between the parties.

OUR HISTORY AND MAIN OBJECTS

Our History

In the late 1960's, the foundation of Tata Consultancy Services, as a division of Tata Sons was laid. Over the last four decades, the TCS Division has assisted in shaping the IT industry in India. We got our first international client in 1971, established the first Burroughs mainframe data centre in India, the first IBM mainframe in India and set up our own software research and development division in 1981. The 1980s saw a period of growth for us as we set up software centres for many of our clients. We were one of the first companies to use the concept of offshore development in India. By the late 1990s we crossed the Rs. 10 billion mark in revenue. For a substantial period of the existence of TCS Division, it was led by Mr. F.C. Kohli, who is one of the pioneers in globalising Indian IT business. Until the mid 1990s, our executive committee was chaired by the late Mr. N.A. Palkhivala, an eminent jurist.

History of TCS Limited

Tata Consultancy Services Limited was incorporated as RR Donnelley (India) Private Limited on January 19, 1995. RR Donnelley and Sons Company ("RRD") had through its wholly owned subsidiary RR Donnelley (Mauritius) Holdings Limited ("RRDM") invested in 100% of the shares of RR Donnelley (India) Private Limited. The main object of RR Donnelley (India) Private Limited was to invest and hold the paid up capital of Tata Donnelley Limited, subsequently renamed as Tata Infomedia Limited. In June 2000, Tata Sons acquired the entire shareholding of RRDM in RR Donnelley (India) Private Limited, whereby it became a wholly owned subsidiary of Tata Sons. Thereafter, the name of RR Donnelley (India) Private Limited was changed to Orchid Print India Limited on March 19, 2001. At that time, the primary business of TCS Limited was to hold the equity shares of Tata Infomedia Limited. On December 30, 2003, TCS Limited sold its entire holding in Tata Infomedia. The name of the Company was changed to Tata Consultancy Services Limited on December 17, 2002. The Objects clause of Memorandum was amended on October 7, 2002 to reflect the business to be carried out under the new name.

Currently, TCS Limited has certain investments in real estate aggregating Rs. 2256 million which are licensed to TCS Division.

Pursuant to the Scheme as sanctioned by the High Court of Judicature at Bombay on May 9, 2003 and April 7, 2004, Tata Sons has transferred the TCS Division to TCS Limited as a going concern. After the transfer of TCS Division, TCS Limited will carry on the Information Technology ("IT") services business of TCS Division.

On March 29, 2004, Tata Sons entire holding of 51.12% of the equity share capital of CMC Limited was transferred to TCS Limited, consequent to which CMC has become a subsidiary of TCS Limited. TCS Limited acquired 29.63% equity of WTI. In December 2003, TCS Limited has entered into an agreement to acquire equity interest of 20.67% in WTI from International Finance Corporation (IFC), USA. With the acquisition of 20.67% from IFC, WTI would become a subsidiary of TCS Limited.

During fiscal 2004, TCS Limited derived its revenues from long term investments and dividend income from current investments, profit on sale of current investments and rent.

Main Objects

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

- To advise, provide consultancy services, develop and implement products for customers on all matters regarding implementation of computer software and hardware systems, management of data processing and information systems and data communications systems whether in India or abroad.
- To design, develop, manufacture, assemble, buy, sell, distribute, import, export, alter, remodel, lease, install, repair, service, provide consulting and otherwise to deal in all classes and types of telecommunication, computing and related apparatus, instruments, machinery, fixtures, devices, and contrivances and parts thereof including, but not limited to telecommunications electronic tests and measurement equipment, analytical equipment, data processing equipment, electronic calculators, equipment services, electrical and electronic components of every description and mini computer and micro computer products, mainframe and super computers, computer networking products and services, computer software, firmware and programmers, electronic and mechanical computer and their peripherals of every kind, equipment and terminals and work stations (including intelligent terminals), speech and other signal processing equipment and services, test equipment and parts, assemblies and sub-assemblies related to all of the above used in connection therewith, and to deal in all other machines, machinery, appliances, apparatus devices, materials, substances, articles or things of a character similar or analogous to the foregoing or any of them or connected therewith.
- To design, develop, improve, manufacture, market, distribute, sell, license, lease, install, alter, import, export, or otherwise deal in or with all software, hardware and programs of any and all kinds and description, including, but not limited to those used in,

for or in connection with electronic data processing equipment, products and services including computers and micro processor based systems, mini and micro computer based products, switches mainframes and super computers and telecommunications peripheral equipment and terminals including intelligent terminals, speech or signal processing equipment, test equipment, office and factory automation equipment.

- To provide software, hardware or programmes consultancy, information processing and business advisory services related to the preparation and maintenance of the accounting, statistical, scientific or mathematical information and reports data processing, preparing, collection and data of every kind and description, systems or aiding commerce, industry, scientific and research problems and for all other related businesses whether in India or abroad.
- To undertake all activities relating to software development for any industry, business, application, product, device, computer, micro processor, including design and implementation of hardware and software for all such services whether in India or abroad.
- To carry on the business of development, marketing, import, export, maintenance and service of all kinds of manufactured goods and products for all kinds of business including manufacturers and dealers in modem and accessories, hardware and accessories of every description for use in providing Internet, Intranets, Private Telecommunication Networks, or by any other means, E-mail service, facsimile service, education and training services, websites, electronic market places, integral service digital networks, video conferencing, including renting, maintaining, repairing and, for the purpose, to set up plants, purchase, import or otherwise acquire the same and to run, maintain all such plants, machinery and to undertake all activities, directly or indirectly related to electronic commerce right from conception to transition, training, implementation, and modification and services related to Electronic Commerce business, including developing content based programs to exploit the Internet, Intranets and Private Telecommunication Networks or any other means for serving the cause of companies, groups of companies, industries, service organisations and government and quasi-government undertakings whether in India or abroad.
- To initiate, undertake, carry on, engage in, promote, assist, encourage, finance and conduct scientific and technical research, developments, experiments, investigations, inquiries, studies, projects, analysis, examinations, surveys and tests of all kinds including, but not limited to those related to telecommunications, computers, electronic data processing equipment, software, hardware and programmers of all kinds and descriptions and any equipment, parts, components, assemblies or sub-assemblies thereof whether in India or abroad.

Changes in the Memorandum of Association

Date	Details
September 14, 1995	Increase of authorised capital from Rs. 500,000 to Rs. 400,000,000
October 7, 2002	TCS Limited, restated and substituted its existing objects in the Memorandum of Association with a new set of objects including the main objects as set out above.
May 5, 2004	Sub-division of each equity share of Rs. 10 each into ten equity shares of Re. 1 each
May 5, 2004	Increase of authorised capital from Rs. 400,000,000 to Rs. 600,000,000

Some Key Events

Date	Event
September 15, 1995	The Company became a deemed public company within the meaning of Section 43A (1B) of the Act, and the word 'private' was deleted from its name.
July 3, 1995	The Board raised Rs. 364,400,000 by issue of 36,440,000 equity shares of the Company to RR Donnelley (Mauritius) Holdings Ltd. ("RRDM").
August 30, 1995	The Company also acquired more than 51% of the paid up share capital of Donnelley Information Systems Private Limited and as a result it became a subsidiary.
June 16, 2000	The joint venture with RRD was proposed to be terminated. RRD and RRDM proposed to transfer their equity shares to Tata Sons. A Termination Agreement was entered into between the Company, RRD, RRDM, Tata Sons and Tata Donnelley Limited; and a Share Purchase Agreement was entered into between the Company, RRD, RRDM and Tata Sons.
March 19, 2001	Name of the Company was changed to "Orchid Print India Limited".
December 28, 2001	Borrowing limit increased from Rs. 400 million to Rs. 2000 million.

October 25, 2002	The Board approved the acquisition of the TCS Division from Tata Sons by way of a Scheme of Arrangement under the provisions of Sections 391 to 394 of the Companies Act.
March 26, 2003	The Board approved the acquisition of the following properties: (i) In Explorer Building at Infotech Park in Bangalore; (ii) Land in SIPCOT IT Park in Chennai; (iii) Land in Technopark in Thiruvananthapuram;
March 31, 2003	The Board was authorised to borrow an amount of up to Rs. 3,500,000,000 (Rupees three thousand five hundred million).
May 9, 2003	Scheme relating to the Transfer was sanctioned by the High Court of Judicature of Bombay.
August 9, 2004	Scheme becomes effective

Changes in Registered Office of the Company

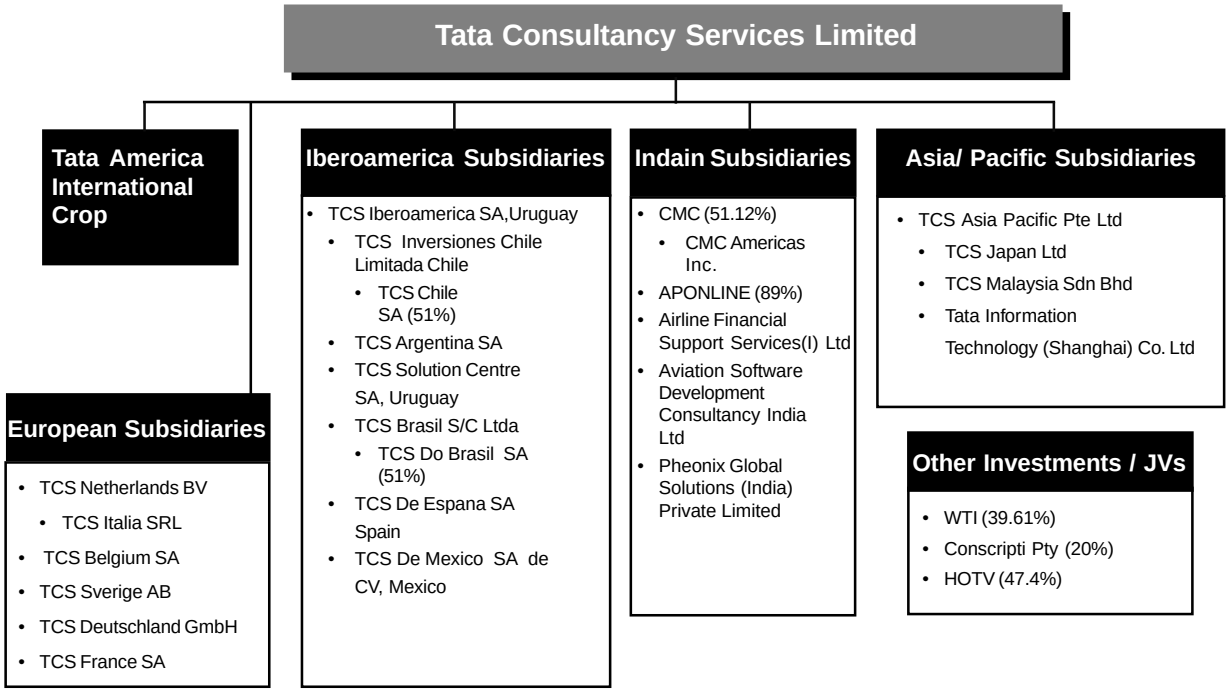
Date of Change	Address
Until June 18, 2000	Maker Bhavan 2, 5th Floor, New Marine Lines, Mumbai 400 020
June 19, 2000	414, Veer Savarkar Marg, Prabhadevi, Mumbai 400 025
June 27, 2001	Bombay House, 1st Floor, 24, Homi Mody Street, Mumbai 400 001

Changes in name of the Company

Date of Change	Name of the Company
At incorporation	R R Donnelley (India) Private Limited
March 19, 2001	Orchid Print India Limited
December 17, 2002	Tata Consultancy Services Limited

OUR SUBSIDIARIES AND AFFILIATES

The following chart shows the corporate structure of TCS Limited after giving effect to the Transfer. (Figures in brackets indicate our shareholding as of the date of this Prospectus. In all other cases, TCS Limited would hold 100% of the capital of these companies)



* In addition, TCS Limited has entered into an agreement for acquiring 20.67% equity stake from International Finance Corp., USA. After the acquisition of the 20.67% equity stake, WTI will become a subsidiary of TCS Limited.

Rationale for subsidiaries

Since we rely significantly on international business, locally incorporated entities are at a considerable advantage for bidding for international projects as compared to the foreign firms. Hence, several companies especially in the IT industry establish subsidiaries abroad to enable them to bid for international projects. We also have foreign subsidiaries in countries including the U.S., Netherlands, Belgium, Sweden, Germany, France, Argentina, Uruguay, Spain, Mexico, Japan, Malaysia and China apart from joint ventures in Brazil and Chile to enable us to competitively position ourselves for International business. These foreign subsidiaries merely act as marketing arms of TCS. The entire client service is carried out by the TCS Division in India. These foreign subsidiaries thus do not compete with TCS for business.

Similarly, the TCS Division has some subsidiaries for their relative strength in niche areas of industry practice, service practice or customer set. CMC Limited was acquired from the Government of India because of its leading position in system design and development. Similarly, Airline Financial Support Services was wholly acquired for its strength in providing offshore IT-enabled services to airline industry. Another subsidiary, Aviation Software Development specialises in developing and maintaining software for the aviation industry. APONLINE Limited provides the development, maintenance and management of APONLINE portal.Each of these subsidiaries caters to a unique set of industry, service or customers and is complementary to the services provided by the TCS Division.

Some of these subsidiaries are currently making losses. We may continue to fund these subsidiaries as per their business plans.

Subsidiaries of Tata Consultancy Services Limited

CMC LIMITED

CMC Limited was incorporated on December 26, 1975 as Computer Maintenance Corporation Private Limited under the Companies Act with the Government of India holding 100% of its equity share capital. On August 19, 1977, it was converted into a public limited company. In 1978, when IBM wound up its operations in India, CMC took over the maintenance of all IBM installations at over 800 locations in India and subsequently, the maintenance of computers supplied by other foreign manufacturers.

In 1992, the Government of India divested 16.69% of its stake in CMC to General Insurance Corporation of India and its subsidiaries, who in turn, sold part of their stake in CMC to the public in 1996.

Tata Sons acquired a 51% equity stake in CMC from the Government of India in October 2001 and a further 0.12% stake through an open offer completed in January 2002.

The equity shares of CMC are listed on the Hyderabad Stock Exchange Limited, Madras Stock Exchange Limited, The Stock Exchange, Mumbai, the Delhi Stock Exchange Association Limited, National Stock Exchange of India Limited and the Calcutta Stock Exchange Association Limited. CMC has applied for delisting from the Hyderabad Stock Exchange Limited, Madras Stock Exchange Limited, the Delhi Stock Exchange Association Limited and the Calcutta Stock Exchange Association Limited.

On March 15, 2004, the Government of India disinvested its remaining holding in CMC through an offer for sale to the public. On March 29, 2004, Tata Sons transferred its holding in CMC to TCS Limited for consideration of Rs. 3,799 million.

CMC is an end-to-end IT solutions provider, currently engaged in the businesses of systems consultancy, systems designs 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 and IT education and training. CMC has a wholly-owned subsidiary, Baton Rouge International Inc., now CMC Americas Inc, as a marketing arm for its business in the United States.

Shareholding Pattern

The shareholding pattern of CMC as of June 30, 2004 is set forth below:

	Percentage of Shares Owned
TCS Limited	51.12%
Tata Investment Corporation Limited	0.20%
Banks/ Financial Institutions/Insurance Companies (Central/ State Government Institutions/ Non Government Institutions)	14.19%
FIIs	7.65%
Private Bodies Corporate	4.23%
Mutual Funds and UTI	8.81%
NRIs/OCBs/Foreign Nationals	0.66%
Indian Public	13.14%
Total	**100.00%**

Board of Directors

The following is a list of members of the Board of Directors of CMC as of June 30, 2004 :

Name	**Designation**
Mr. S. Ramadorai	Chairman
Mr. R. Ramanan	Managing Director and CEO
Mr. Ishaat Hussain	Director
Dr. K.R.S. Murthy	Director
Mr. Shardul Shroff	Director
Mr. Surendra Singh	Director
Mr. C.B. Bhave	Director

Financial Performance

The following table sets forth CMC's summary financial data in accordance with Indian GAAP:

	Fiscal 2002	Fiscal 2003	Fiscal 2004
	(in Rs. millions, except per share data)		
Sales and other income	5,600.79	6,147.31	7,636.72
Profit after tax	302.60	370.54	479.87
Equity capital	151.50	151.50	151.50
Reserves and surplus	776.33	1,072.83	1,454.90
Earnings per share	19.97	24.46	31.67
Book value per share	61.24	80.81	106.03

The table below sets forth the reported high and low of the daily closing prices of the equity shares of CMC quoted on the National Stock Exchange for the periods indicated:

Month	High	Low
January 2004	661.25	566.15
February 2004	576.90	526.05
March 2004	593.65	468.05
April 2004	555.80	494.30
May 2004	494.40	396.80
June 2004	473.30	431.45

(Source: NSE)

Details of Last Issue of Capital

Details of Issue	Offer for Sale by Government of India of its holding in CMC Limited
Year of Issue	February 2004
Type of Issue	Offer of Sale of 3,976,374 equity shares of Rs. 10 each at a price of Rs. 485 per equity share aggregating Rs. 1,904.43 million.
Nature of Security	Equity shares of Rs. 10 each
Offer Price per equity share	Rs. 485 (the shares were offered at Rs. 460.75 i.e. at @5% discount to retail investors)
Date of Closure of Issue	February 28, 2004

No projections were made in the offer document issued by the Government of India.

CMC AMERICAS, INC.

CMC Americas Inc. (earlier known as Baton Rouge International Inc.) was incorporated under the laws of the State of Delaware on May 14, 1991. CMC Americas, Inc. is a subsidiary of CMC Limited. It is engaged in the business of providing customers in Americas with IT outsourcing and engineering services as well as services in connection with Total Concept financial systems.

Shareholding Pattern

The shareholding pattern of CMC Americas as of June 30, 2004 is as follows:

Name	Shareholding (%)
CMC Limited……	100
Total……	**100**

Board of Directors

The details of the board of directors of CMC Americas as of June 30, 2004 are given below:

Name	Designation
Mr. R. Ramanan……	Chairman
Mr. S. Mahalingam…….	Director
Mr. J. K. Gupta……	Director
Mr. Arup Gupta……	Director

Financial Performance

The following table sets forth summary financial data for CMC Americas, Inc. in accordance with U.S. GAAP.

	Year ended December 31, 2001	Year ended December 31, 2002	15 months ended March 31, 2004
	(In US $ Million except per share data)		
Revenue	35.42	25.75	23.59
Net Profit/(Loss)	(1.62)	(0.93)	(0.78)
Stockholder's Equity	2.22	1.46	0.68
EPS	-	-	-
Book Value per share	0.014	0.009	

The equity shares of CMC Americas are not listed. CMC Americas has not completed any rights or public issue in the past three years.

Subsidiaries of TCS Division

TATA AMERICA INTERNATIONAL CORPORATION (TCS America)

Tata America International Corporation (TCS America), incorporated in New York, USA in March 1975, was formerly a wholly-owned subsidiary of Tata Enterprises (Overseas) AG. In March 2003, Tata Sons acquired TAIC from Tata Enterprises (Overseas) AG. Tata America International Corporation, through its sole operating division, TCS America, is our sales and marketing arm in the United States market. TCS America, with headquarters in New York City, operates through over 30 sales and marketing offices located in different cities in the United States.

Shareholding Pattern

The shareholding pattern of TCS America as of June 30, 2004 was as follows:

Name	Shareholding (%)
Tata Sons …….....	100
Total……..	**100**

Board of Directors

The following is a list of the members of board of directors of TCS America as of June 30, 2004:

Name	Designation
Mr. F. K. Kavarana……..	President and Director
Mr. F. C. Kohli…….	Director
Mrs. Audrey C. Mody……	Secretary, Treasurer, Vice-President & Director

Financial Performance

The following table sets forth summary financial data for TCS America in accordance with U.S. GAAP:

	Year ended December 31, 2001	Year ended December 31, 2002	15 months ended March 31, 2004
	(in U.S. $ millions, except per share data)		
Sales and other income	477.16	556.23	976.09
Profit after tax	10.87	11.32	25.32
Equity capital	0.20	0.20	0.20
Reserves and surplus	29.46	40.91	66.75
Earnings per share	543.3	566.1	1,266.00
Book value per share	1,483.03	2,055.6	3,347.5

TCS America and TCS have entered into a Master Services Agreement, whereby TCS designs, develops and maintains software services and products for clients of TCS America.

The equity shares of TCS America are not listed. TCS America has not completed any rights or public issue in the past three years.

OUR EUROPEAN SUBSIDIARIES

TATA CONSULTANCY SERVICES SVERIGE AB (TCS SVERIGE)

TCS Sverige AB was incorporated on August 26, 1998. TCS Sverige AB is a wholly owned subsidiary of Tata Sons, and is headquartered in Stockholm, Sweden. TCS Sverige AB provides software development and consultancy services to Swedish clients.

Shareholding Pattern

The shareholding pattern of TCS Sverige as of June 30, 2004 is as follows:

Name	Shareholding (%)
Tata Sons	100
Total	**100**

Board of Directors

The following is a list of members of the board of directors of TCS Sverige as of June 30, 2004:

Name	Designation
Mr. S. Mahalingam	Director
Mr. N. Chandrasekaran	Director
Mr. Per Bragee	Director
Mr. Dilip Shah	Director
Mr. Dinesh Mistry	Director

Financial Performance

The following table sets forth summary financial data for TCS Sverige in accordance with Swedish GAAP:

	Year ended December 31, 2002	Year ended December 31, 2003	Period ended March 31, 2004
	(in thousands SEK except per share data)		
Sales and other income	115,527	57,434	20,694
Profit after tax	12,981	2,321	644
Equity capital	100	100	100
Reserves and surplus	19,785	22,106	22,750
Earnings per share	12,981	2,321	644
Book value per share	19,885	22,206	22,850

The equity shares of TCS Sverige AB are not listed. TCS Sverige AB has not completed any rights or public issue in the past three years.

TATA CONSULTANCY SERVICES NETHERLANDS BV (TCS NETHERLANDS)

TCS Netherlands was incorporated on March 31, 1992. TCS Netherlands is a wholly owned subsidiary of Tata Sons, and is headquartered in Amsterdam, The Netherlands. TCS Netherlands B V provides software development and consultancy services to Dutch clients.

Shareholding Pattern

The shareholding pattern of TCS Netherlands as of June 30, 2004 is as follows:

Name	Shareholding (%)
Tata Sons	100
Total	**100**

Board of Directors

The following is a list of members of the board of directors of TCS Netherlands BV as of June 30, 2004:

Name	Designation
Mr. S. Mahalingam	Director
Mr. N. Chandrasekaran	Director
Mr. Dilip Shah	Director

Financial Performance

The following table sets forth summary financial data for TCS Netherlands in accordance with Netherlands GAAP:

	Year ended December 31, 2002	Year ended December 31, 2003	Period ended March 31, 2004
	(in thousands Euro, except per share data)		
Sales and other income	14,739	15,162	3,042
Profit after tax	292	390	59
Equity capital	182	182	182
Reserves and surplus	2,559	2,949	3,008
Earnings per share	730	974	147.5
Book value per share	6,852	7,826	7,975

The equity shares of TCS Netherlands are not listed. TCS Netherlands has not completed any rights or public issue in the past three years.

TATA CONSULTANCY SERVICES BELGIUM S.A. (TCS BELGIUM)

TCS Belgium is a wholly owned subsidiary of Tata Sons, and was incorporated on February 26, 1992. It is headquartered in Brussels, Belgium. TCS Belgium provides software development and consultancy services to Belgian clients.

Shareholding Pattern

The shareholding pattern of TCS Belgium as of June 30, 2004 is as follows:

Name	Shareholding (%)
Tata Sons	100
Total	**100**

Board of Directors

The following is a list of members of the board of directors of TCS Belgium as of June 30, 2004:

Name	Designation
Mr. S. Mahalingam	Director
Mr. N. Chandrasekaran	Director
Mr. Dilip Shah	Director

Financial Performance

The following table sets forth summary financial data for TCS Belgium in accordance with Belgian GAAP:

	Year ended December 31, 2002	Year ended December 31, 2003	Period ended March 31, 2004
	(in thousands Euro except per share data)		
Sales and other income	2,456	3,532	1,009
Profit after tax	43	(54)	11
Equity capital	186	186	186
Reserves and surplus	251	298	208
Earnings per share	33.08	NA	7.69
Book value per share	336.15	372.31	303.08

The equity shares of TCS Belgium are not listed. TCS Belgium has not completed any rights or public issue in the past three years.

TATA CONSULTANCY SERVICES FRANCE SA (TCS FRANCE)

TCS France was incorporated on September 4, 1992. TCS France is a wholly owned subsidiary of Tata Sons and is headquartered in Paris, France. TCS France is authorised to provide software development and consultancy services to French clients.

Shareholding Pattern

The shareholding pattern of TCS France as of June 30, 2004 is as follows:

Name	Shareholding (%)
Tata Sons	100
Total	**100**

Board of Directors

The following is a list of members of the board of directors of TCS France as of June 30, 2004:

Name	Designation
Mr. Dilip Shah	Director
Mr. S. Mahalingam	Director
Mr. N. Chandrasekaran	Director
Mr. Dinesh Mistry	Director
Mr. Paul Winlet	Director

Financial Performance

The following table sets forth summary financial data for TCS France in accordance with French GAAP:

	Year ended December 31, 2002	Year ended December 31, 2003	Period ended March 31, 2004
	(in thousand Euro, except per share data)		
Other income	3.8	2.5	0.5
Profit after tax	(5.0)	(8.2)	(6.9)
Equity capital	114.3	114.3	114.3
Reserves and surplus	23.4	15.2	8.4
Earnings per share	NA	NA	NA
Book value per share	NA	NA	NA

The equity shares of TCS France are not listed. TCS France has not completed any rights or public issue in the past three years.

TATA CONSULTANCY SERVICES DEUTSCHLAND GMBH (TCS DEUTSCHLAND)

TCS Deutschland was incorporated on October 10, 1991. TCS Deutschland is a wholly owned subsidiary of Tata Sons, and is headquartered in Frankfurt, Germany. TCS Deutschland provides software development and consultancy services to German clients.

Shareholding Pattern

The shareholding pattern of TCS Deutschland as of June 30, 2004 is as follows:

Name	Shareholding (%)
Tata Sons	100
Total	**100**

Board of Directors

The following is a list of members of the board of directors of TCS Deutschland as of June 30, 2004:

Name	Designation
Mr. S. Mahalingam	Director
Mr. N. Chandrasekaran	Director
Mr. Dilip Shah	Director

Financial Performance

The following table sets forth summary financial data for TCS Deutschland in accordance with German GAAP:

	Year ended December 31, 2002	Year ended December 31, 2003	Period ended March 31, 2004
	(in thousands Euro except per share data)		
Sales and other income	6,422	14,978	4,133
Profit after tax	(113)	(216)	9
Equity capital	77	77	77
Reserves and surplus	612	396	404
Earnings per share	NA	NA	NA
Book value per share	NA	NA	NA

The equity shares of TCS Deutschland are not listed. TCS Deutschland has not completed any rights or public issue in the past three years.

TCS ITALIA SRL (TCS ITALY)

TCS Italy, headquartered in Milano, Italy was incorporated on September 30, 2003 as a wholly owned subsidiary of TCS Netherlands (which is a wholly owned subsidiary of Tata Sons). TCS Italy is authorised to provide software development and consultancy services to Italian clients.

Shareholding Pattern

The shareholding pattern of TCS Italy as of June 30, 2004 is as follows:

Name	Shareholding (%)
Tata Consultancy Services Netherlands B.V.	100
Total	**100**

Board of Directors

The following is a list of members of the board of directors of TCS Italy as of June 30, 2004:

Name	Designation
Mr. Dilip Shah	Director

The equity shares of TCS Italy are not listed. TCS Italy has not completed any rights or public issue since its inception.

OUR ASIA PACIFIC SUBSIDIARIES

TATA CONSULTANCY SERVICES ASIA PACIFIC PTE LTD (TCS APAC)

Tata Consultancy Services Asia Pacific Private Limited was incorporated on August 19, 2003 as a wholly owned subsidiary of Tata Sons. It is headquartered in Singapore and commenced operations on January 01, 2004. TCS APAC provides software development and consultancy services, to Singaporean companies and other multinational companies operating in Singapore and countries in the Asia Pacific region.

TCS APAC has three subsidiaries and a branch, located in Malaysia, Japan, China and Korea, respectively. It provides management, human resource, finance and marketing support to its subsidiaries.

Shareholding Pattern

The shareholding pattern of TCS APAC as of June 30, 2004 is as follows:

Name	Shareholding (%)
Tata Sons	100%
Total	**100%**

Board of Directors

The following is a list of members of the board of directors of TCS APAC:

Name	Designation
Mr. Girija Pande	Chairman
Mr. S. Mahalingam	Director
Mr. N. Chandrasekaran	Director
Mr. Srinivasan Narasimhan	Director

Financial Performance

The following table sets forth summary financial data for TCS APAC in accordance with Singaporean GAAP:

	Period from date of incorporation to March 31, 2004
	(in US$ millions, except per share data)
Sales and other income	1.47
Profit / (Loss) after tax	(0.53)
Equity capital	3.5
Reserves and surplus	(0.53)
Earnings per share	-
Book value per share	0.49

The equity shares of TCS APAC are not listed. TCS APAC has not completed any rights or public issue in the past three years.

TATA INFORMATION TECHNOLOGY (SHANGHAI) COMPANY LIMITED (TCS CHINA)

TCS China, a wholly owned subsidiary of TCS APAC, is headquartered in Shanghai, People's Republic of China. It received its license to commence operations on June 17, 2002. TCS China provides software development and consultancy services to Chinese clients and has established a global development centre in Hangzhou to provide offshore IT services to our global clients.

Shareholding Pattern

The shareholding pattern of TCS China as of June 30, 2004 is as follows:

Name	Shareholding (%)
TCS APAC	100
Total	**100**

Board of Directors

The following is a list of members of the board of directors of TCS China as of June 30, 2004:

Name	Designation
Mr. Girija Pande	Chairman
Mr. N. Chandrasekaran	Director
Mr. S. Padmanabhan	Director

Financial Performance

The following table sets forth TCS China's summary financial data in accordance with Chinese GAAP:

	Period ended December 31, 2002	Year ended December 31, 2003	Period ended March 31, 2004
		(in thousand Rmb Yuan)	
Sales and other income	468	14,748	10,663
Profit/(Loss) after tax	(2,303)	(1,812)	5,572
Equity capital	4,959	8,267	16,544
Reserves and surplus	(2,303)	(4,115)	1,457
Earnings per share	NA	NA	NA
Book value per share	NA	NA	NA

The equity shares of TCS China are not listed. TCS China has not completed any rights or public issue in the past three years.

TATA CONSULTANCY SERVICES MALAYSIA SDN BHD (TCS MALAYSIA)

TCS Malaysia was incorporated on August 18, 2003 and is a wholly owned subsidiary of TCS APAC. It is headquartered in Kuala Lumpur, Malaysia and commenced substantial operations on January 1, 2004. TCS Malaysia provides software development and consultancy services to Malaysian clients and other multinational companies operating in Malaysia.

Shareholding Pattern

The shareholding structure of TCS Malaysia as of June 30, 2004 is as follows:

Name	Shareholding (%)
TCS APAC	100
Total	**100**

Board of Directors

The following is a list of the members of the board of directors of TCS Malaysia as of June 30, 2004:

Name	Designation
Mr. Girija Pande	Chairman
Mr. Richard King Chatragadda	Director
Mr. Srinivasan Narasimhan	Director
Mr. Sivasanggran AL S.S. Pilah	Director

Financial Performance

The following table sets forth summary financial data for TCS Malaysia in accordance with Malaysian GAAP:

	Period from date of incorporation to March 31, 2004
	(in thousand MYR, except per share data)
Sales and other income	2,096
Profit / (Loss) after tax	829
Equity capital	2,000
Reserves and surplus	829
Earnings per share	0.41
Book value per share	1.41

The equity shares of TCS Malaysia are not listed. TCS Malaysia has not completed any rights or public issue in the past three years.

TATA CONSULTANCY SERVICES JAPAN LIMITED (TCS JAPAN)

TCS Japan was incorporated on December 17, 2003 as a wholly owned subsidiary of TCS APAC, with headquarters in Yokohama, Japan and commenced operations on January 1, 2004. TCS Japan provides software development and consultancy services and performs tasks related thereto, to Japanese clients and other multinational companies operating in Japan and has established a Japan Development Centre in Yokohama to provide IT services to clients. The Yokohama office also focuses on customer liaison and relationships management.

Shareholding Pattern

The shareholding pattern of TCS Japan as of June 30, 2004 is as follows:

Name	**Shareholding (%)**
TCS APAC	100%
Total	**100%**

Board of Directors

The following is a list of members of the board of directors of TCS Japan as of June 30, 2004:

Name	**Designation**
Mr. Girija Pande	Chairman
Mr. Masahiko Kaji	Representative Director
Mr. N. Chandrasekaran	Director

Financial Performance

The following table sets forth summary financial data for TCS Japan in accordance with Japanese GAAP:

	Period from date of incorporation to March 31, 2004
	(in million JPY, except per share data)
Sales and other income	307.78
Profit / (Loss) after tax	(1.21)
Equity capital	60.00
Reserves and surplus	(1.21)
Earnings per share	-
Book value per share	48,992

The equity shares of TCS Japan are not listed. TCS Japan has not completed any rights or public issue in the past three years.

OUR IBEROAMERICAN SUBSIDIARIES

TCS IBEROAMERICA SA (TCS IBEROAMERICA)

TCS Iberoamerica is a Uruguayan corporation that was incorporated on November 16, 2001 and began its commercial activities in April 2002. TCS Iberoamerica is a wholly owned subsidiary of Tata Sons. TCS Iberoamerica owns shares in its subsidiaries, TCS Solutions Center S.A., Tata Consultancy Services de Mexico S.A. de C.V., TCS Inversiones Chile Ltda., TCS do Brazil S/C Ltda, TCS Argentina S.A. and Tata Consultancy Services de Espana S.A.

Shareholding Pattern

The shareholding pattern of TCS Iberoamerica as of June 30, 2004 is as follows:

Name	**Shareholding (%)**
Tata Sons	100
Total	**100**

Board of Directors

The following is a list of members of the board of directors of TCS Iberoamerica SA as of June 30, 2004:

Name	**Designation**
Mr. Gabriel Rozman	President
Mr. Natarajan Chandrasekaran	Vice- President
Mr. S. Ramadorai	Director

Financial Performance

The following table sets forth TCS Iberoamerica's summary financial data in accordance with Uruguayan GAAP:

	Year ended March 31, 2003	**Year ended March 31, 2004**
	(in US$ millions, except per share data)	
Sales and other income……..	1.24	0.00
Profit / (Loss) after tax	(0.83)	0.01
Equity capital	0.04	2.00
Reserves and surplus	(0.83)	(0.82)
Earnings per share	-	-*
Book value per share	(0.015)	(0.06)*

* prepared assuming the paid-in capital of the company is represented by 28,000,000 shares of one Uruguayan peso each.

The equity shares of TCS Iberoamerica are not listed. TCS Iberoamerica has not completed any rights or public issue in the past three years.

TCS SOLUTION CENTER S.A., URUGUAY (TCS Uruguay)

TCS Uruguay is a Uruguayan corporation and was incorporated on July 15, 2000. TCS Uruguay is a wholly owned subsidiary of TCS Iberoamerica S.A. and its purpose is to be a Global Development Centre, which provides software services to clients in the Iberoamerican region.

Shareholding Pattern

The shareholding pattern of TCS Uruguay as of June 30, 2004 is as follows:

Name	**Shareholding (%)**
TCS Iberoamerica	100
Total	**100**

Board of Directors

The following is a list of members of the board of directors of TCS Uruguay as of June 30, 2004:

Name	Designation
Mr. Gabriel Rozman	President
Mr. N. Chandrasekaran	Director
Mr. S. Ramadorai	Director

Financial Performance

The following table sets forth TCS Uruguay's summary financial data in accordance with Uruguayan GAAP:

	Period ended March 31, 2003	Year ended March 31, 2004
	(in US$ millions, except per share data)	
Sales and other income	1.23	2.19
Profit / (Loss) after tax	(0.09)	0.83
Equity capital	0.04	0.21
Reserves and surplus	(0.09)	0.74
Earnings per share	-	0.17*
Book value per share	0.12	0.19*

*prepared assuming the paid-in capital of the company is represented by 5,000,000 shares of one Uruguayan peso each.

The equity shares of TCS Uruguay are not listed. TCS Uruguay has not completed any rights or public issue in the past three years.

TCS ARGENTINA S.A., ARGENTINA (TCS ARGENTINA)

TCS Argentina is an Argentinean corporation and was incorporated on November 19, 2001. TCS Argentina is subsidiary of TCS Iberoamerica and its purpose is to be a commercial and regional office for the Iberoamerican region.

Shareholding Pattern

The shareholding pattern of TCS Argentina as of June 30, 2004 is as follows:

Name	Shareholding (%)
TCS Iberoamerica	99
Gabriel Rozman	1
Total	**100**

Board of Directors

The following is a list of members of the board of directors of TCS Argentina as of June 30, 2004:

Name	Designation
Gabriel Rozman	President
Alberto Arana	Director

Financial Performance

The following table sets forth TCS Argentina's summary financial data in accordance with Argentinean GAAP:

	Year ended March 31, 2003	Year ended March 31, 2004
	(in US$ millions, except per share data)	
Sales and other income	0	0.05
Profit / (Loss) after tax	(0.137)	(0.12)
Equity capital	0.003	0.01
Reserves and surplus	(0.14)	(0.26)
Earnings per share	-	-
Book value per share		(20.83)*

* prepared assuming the paid-in capital of the company is represented by 12,000 shares.

The equity shares of TCS Argentina are not listed. TCS Argentina has not completed any rights or public issue in the past three years.

TCS BRASIL S/C LTDA, BRAZIL (TCS Brazil)

TCS Brazil is a Brazilian corporation and was incorporated on May 29, 2002. TCS Brazil is a wholly owned subsidiary of TCS Iberoamerica and owns the shares of its subsidiary TCS do Brasil S.A.

Shareholding Pattern

The shareholding pattern of TCS Brazil as of June 30, 2004 is as follows:

Name	Shareholding (%)
TCS Iberoamerica	99.99
Gabriel Rozman	0.01
Total	**100**

Board of Directors

The following is a list of members of the board of directors of TCS Brazil as of June 30, 2004:

Name	Designation
Cesar Castelli…….	Administrator

Financial Performance

The following table sets forth TCS Brazil's summary financial data in accordance with Brazilian GAAP:

	Year ended March 31, 2003	Year ended March 31, 2004
	(in US$ millions, except per share data)	
Sales and other income	0	0
Profit / (Loss) after tax	(0.40)	(0.03)
Equity capital	0.06	0.06
Reserves and surplus	(0.40)	(0.44)
Earnings per share		
Book value per share	(348)	(379.07)*

* prepared assuming the paid-in capital of the company is represented by 1,000 quotes of R$ 150 each one.

The equity shares of TCS Brazil are not listed. TCS Brazil has not completed any rights or public issue in the past three years.

TATA CONSULTANCY SERVICES DO BRASIL S.A. (TCS DO BRAZIL).

TCS DO Brazil is a Brazilian corporation and was incorporated on February 2, 2001. TCS DO Brazil is a Joint Venture company

owned by TCS Brazil and GT Participacoes Ltda. and its purpose is to provide software services to Brazilian companies.

Shareholding Pattern

The shareholding pattern of TCS Do Brazil as of June 30, 2004 is as follows:

Name	Shareholding (%)
TCS Brasil S/C Ltda	51
GT Participacoes Ltda	49
Total	**100**

Board of Directors

The following is a list of members of the board of directors of TCS DO Brazil as of June 30, 2004:

Name	Designation
Cristina Boner	Director
N. Chandrasekaran	Director
S. Ramadorai	Director
Gabriel Rozman	Director

Financial Performance

The following table sets forth TCS DO Brazil's summary financial data in accordance with Brazilian GAAP:

	Year ended March 31, 2003	Year ended March 31, 2004
	(in US$ millions, except per share data)	
Sales and other income	0.47	3.33
Profit / (Loss) after tax	(0.72)	(0.65)
Equity capital	0.55	2.41
Reserves and surplus	(0.72)	(1.36)
Earnings per share		
Book value per share	(0.15)	0.23*

* prepared assuming the paid-in capital of the company is represented by 4,667,647 shares amounting to R$ 4,613,647 each one.

The equity shares of TCS DO Brazil are not listed. TCS DO Brazil has not completed any rights or public issue in the past three years.

TATA CONSULTANCY SERVICES DE ESPAÑA S.A., SPAIN (TCS SPAIN)

TCS Spain is a Spanish corporation and was incorporated on May 30, 2003. TCS Spain is owned by TCS Iberoamerica and TCS Uruguay and its purpose is to provide software services to Spanish companies.

Shareholding Pattern

The shareholding pattern of TCS Spain as of June 30, 2004 is as follows:

Name	Shareholding (%)
TCS Iberoamerica	99
TCS Uruguay	1
Total	**100**

Board of Directors

The following is a list of members of the board of directors of TCS Spain as of June 30, 2004:

Name	Designation
Gabriel Rozman	President/ CEO
S. Ramadorai	Director
Alberto Arana	Director

Financial Performance

The following table sets forth TCS Spain's summary financial data in accordance with Spanish GAAP:

	Year ended March 31, 2004 (in US$ millions, except per share data)
Sales and other income	0.27
Profit / (Loss) after tax	(0.21)
Equity capital	0.02
Reserves and surplus	(0.21)
Earnings per share	-
Book value per share	(12.35)

The equity shares of TCS Spain are not listed. TCS Spain has not completed any rights or public issue in the past three years.

TATA CONSULTANCY SERVICES DE MÉXICO S.A. DE C.V. (TCS MEXICO)

TCS Mexico is a Mexican corporation and was incorporated on April 2, 2003. TCS Mexico is owned by TCS Iberoamerica and TCS Uruguay and its purpose is to provide software services to Mexican companies.

Shareholding Pattern

The shareholding pattern of TCS Mexico as of June 30, 2004 is as follows:

Name	Shareholding (%)
TCS Iberoamerica	99
TCS Uruguay	1
Total	**100**

Board of Directors

The following is a list of members of the board of directors of TCS México as of June 30, 2004:

Name	Designation
Gabriel Rozman	CEO
Alberto Arana	CFO

Financial Performance

The following table sets forth TCS Mexico's summary financial data in accordance with Mexican GAAP:

	Year ended March 31, 2004 (in US$ millions, except per share data)
Sales and other income	0.04
Profit / (Loss) after tax	(0.42)
Equity capital	0.43
Reserves and surplus	(0.42)
Earnings per share	-
Book value per share	0.20*

*prepared assuming the paid-in capital of the company is represented by 50,000 shares of one Mexican peso each

The equity shares of TCS Mexico are not listed. TCS Mexico has not completed any rights or public issue in the past three years.

TCS INVERSIONES CHILE LIMITADA (TCS CHILE)

TCS Chile is a Chilean corporation and was incorporated on December 16, 2002. TCS Chile is owned by TCS Iberoamerica. TCS Chile owns the shares of its subsidiary TCS Chile S.A.

Shareholding Pattern

The shareholding pattern of TCS Chile as of June 30, 2004 is as follows:

Name	Shareholding (%)
TCS Iberoamerica	99.99
Gabriel Rozman…	0.01
Total	**100**

Board of Directors

The following is a list of members of the board of directors of TCS Chile as of June 30, 2004:

Name	Designation
Jose Luis Ilabaca ……..	Administrator

Financial Performance

The following table sets forth TCS Chile's summary financial data in accordance with Chilean GAAP:

	Year ended March 31, 2004 (in US$ millions, except per share data)
Sales and other income	0.01
Profit / (Loss) after tax	0.00
Equity capital	0.01
Reserves and surplus	0.00
Earnings per share	0.00*
Book value per share	0.50*

* prepared assuming the paid-in capital of the company is represented by 10,001 quotes of US$ 1 each.

The equity shares of TCS Chile are not listed. TCS Chile has not completed any rights or public issue in the past three years.

TATA CONSULTANCY SERVICES CHILE S.A. (TCS CHILE SA)

TCS Chile SA is a Chilean corporation and was incorporated on May 14, 2003. TCS Chile S.A. is a joint venture between TCS Chile and Comicrom S.A. and its purpose is to provide software services to Chilean companies.

Shareholding Pattern

The shareholding pattern of TCS Chile SA as of June 30, 2004 is as follows:

Name	Shareholding (%)
TCS Inversiones Chile Ltda	51
Comicrom S.A.	49
Total	**100**

Board of Directors

The following is a list of members of the board of directors of TCS Chile S.A. as of June 30, 2004:

Name	Designation
Gabriel Rozman……..	Vice-President
Pablo Sisternas……..	Director
Hernan Maluk…….	President
S. Ramadorai……..	Director
N. Chandrasekaran…….	Director

The equity shares of TCS Chile SA are not listed. TCS Chile SA has not completed any rights or public issue in the past three years.

Financial Performance

The following table sets forth TCS Chile SA's summary financial data in accordance with Chilean GAAP:

	Year ended March 31, 2004 (in US$ millions, except per share data)
Sales and other income	2.68
Profit / (Loss) after tax	0.06
Equity capital	0
Reserves and surplus	0.13
Earnings per share	62.16*
Book value per share	126.86*

*prepared assuming the paid-in capital of the company is represented by 1,000 shares of 1,000 chile pesos each

The equity shares of TCS Chile SA are not listed. TCS Chile SA has not completed any rights or public issue in the past three years.

OUR INDIAN SUBSIDIARIES

APONLINE Limited (A P Online)

A P Online was incorporated on September 25, 2002 as a joint venture between Tata Consultancy Services and Andhra Pradesh Technology Services Limited (APTS), a corporation wholly owned by the Government of Andhra Pradesh. A P Online provides the development, maintenance and management of A P Online portal for providing web based government to citizen services, government to business services and other portfolio services of the Andhra Pradesh government.

Shareholding Pattern

The shareholding pattern of A P Online as of June 30, 2004 is as follows:

Name	Shareholding (%)
Tata Sons Limited	89
Andhra Pradesh Technology Services Ltd.	11
Total	**100**

Board of Directors

The following is a list of members of the board of directors of A P Online as of June 30, 2004:

Name	Designation
S. Mahalingam	Chairman
J.C. Mohanty	Director
Rajesh Nambiar	Director
Ajoyendra Mukherjee	Director

Financial Performance

The following table sets forth A P Online's summary financial data in accordance with Indian GAAP:

	Fiscal 2003	Fiscal 2004
	(in Rs. millions, except per share data)	
Sales and other income	2.21	3.18
Profit after tax	(6.33)	(13.60)
Equity capital	17.70	17.70
Reserves and surplus[1]	(10.95)	(19.92)
Earnings per share	-	-
Book value per share[1]	3.81	(1.25)

[1]Net of miscellaneous expenses and deferred revenue expenditure not written off

The equity shares of AP Online are not listed. AP Online has not completed any rights or public issue in the past three years.

AIRLINE FINANCIAL SUPPORT SERVICES (I) LIMITED (AFS)

AFS was incorporated on March 2, 1992 as a joint venture between Swissair and TCS. Swissair and TCS had equity stakes of 75% and 25%, respectively, in AFS. AFS provides offshore IT-enabled services to Swissair in the areas of airline revenue accounting services, cargo revenue accounting, traffic accounting, passenger interline billing, frequent flyer programme administration, navigation support and first level hardware maintenance. On January 16, 2004, TCS acquired the 75% stake of Swissair in AFS for Rs. 227.9 million and AFS became a 100% subsidiary of TCS.

Shareholding Pattern

The shareholding pattern of AFS as of July 30, 2004 is as follows:

Name	Shareholding (%)
Tata Sons	53,99,993 shares (100%)
Mr. S. Mahalingam*	1 Share (0.00%)
Mr. N. Chandrasekaran*	1 Share (0.00%)
Mr. S. Padmanabhan*	1 Share (0.00%)
Mr. A. Kumaresan*	1 Share (0.00%)
Mr. Jayant Pendharkar*	1 Share (0.00%)
Mr. George Vaidyan*	1 Share (0.00%)
Mr. Ravi Gopinath*	1 Share (0.00%)
Total	**100 %**

*Holding on behalf of Tata Sons

Board of Directors

The following is a list of members of the board of directors of AFS as of June 30, 2004:

Name	Designation
Mr. S. Ramadorai	Director
Mr. N. Chandrasekaran	Director
Mr. B. Sanyal	Director

Financial Performance

The following table sets forth AFS's summary financial data in accordance with Indian GAAP:

	Year ended March 31, 2002	Year ended March 31, 2003	Year ended March 31, 2004
	(in Rs. millions, except per share data)		
Sales and other income	239.70	256.48	212.16
Profit after tax	36.37	68.31	46.45
Equity capital	54.00	54.00	54.00
Reserves and surplus[1]	168.21	255.63	303.47
Earnings per share	6.74	12.65	8.6
Book value per share[1]	41.15	57.34	66.20

[1]Net of miscellaneous expenses not written off

* Not annualised

The equity shares of AFS are not listed. AFS has not completed any rights or public issue in the past three years.

AVIATION SOFTWARE DEVELOPMENT CONSULTANCY INDIA LTD (ASDC)

ASDC was incorporated on December 19, 1995 as a joint venture between Singapore Airlines Limited and Tata Sons to develop and maintain software for the aviation industry. ASDC provides services to Singapore Airlines, both onsite and offshore, from its principal office in Chennai. ASDC provides services to other clients such as Emirates and IBM Taiwan and is also involved in providing services to clients of TCS. In March 2004, Tata Sons acquired a 51% stake in ASDC from Singapore Airlines for Rs. 140.2 million. Presently, Tata Sons owns 100% of the equity in ASDC.

Shareholding Pattern

The shareholding pattern of ASDC as of June 30, 2004 as follows:

Name	Shareholding (%)
Tata Sons	100
Total	**100**

Board of Directors

The following is a list of members of the board of directors of ASDC as of June 30, 2004:

Name	Designation
S. Ramadorai	Director
P.A. Vandrevala	Director
S. Mahalingam	Director

Financial Performance

The following table sets forth ASDC's summary financial data in accordance with Indian GAAP:

	Fiscal 2002	Fiscal 2003	Fiscal 2004
	(in Rs. millions, except per share data)		
Sales and other income	147.36	180.95	189.70
Profit after tax	43.12	47.44	31.23
Equity capital	40.00	40.00	40.00
Reserves and surplus	99.81	147.25	178.48
Earnings per share	10.78	11.86	7.81
Book value per share	34.95	46.81	54.62

The equity shares of ASDC are not listed. ASDC has not completed any rights or public issue in the past three years.

Companies which became our subsidiaries after June 30, 2004

PHOENIX GLOBAL SOLUTIONS (INDIA) PRIVATE LIMITED

Phoenix Global Solutions (India) Private Limited was originally incorporated as PHL Software Services Private Limited on May 13, 1996. The name was changed to Phoenix Global Solutions (India) Private Limited on March 27, 1998. PGS provides information technology solutions, business process outsourcing and customer care services to support business transactions of insurance companies. PGS also provides transaction processing support such as new business processing and policy administration support. PGS has customisation and implementation experience in various insurance technology products. PGS has been providing these solutions to several insurance industry customers. We have acquired the complete shareholding in PGS as on July 2, 2004, pursuant to which PGS has become a Public Limited Company. Upon receipt of appropriate approvals the word private would be deleted from its name.

Shareholding Pattern

The shareholding pattern of PGS as of July 2, 2004 as follows:

Name	Shareholding (%)
Tata Sons	100%
Mr. S.H. Rajadhyaksha (1 share)	0.00%
Total	**100.00**

Board of Directors

The following is a list of members of the board of directors of PGS as of July 2, 2004:

Name	Designation
N.G. Subramaniam	Director
N. Chandrasekaran	Director
S.H. Rajadhyaksha	Director

Financial Performance

The following table sets forth PGS's summary financial data in accordance with Indian GAAP:

	Year ended March 31, 2002	Year ended March 31, 2003	Year ended March 31, 2004
	(Rs. in million, except per share data)		
Sales and other income	319.81	408.30	470.39
Profit after tax	39.50	7.60	18.18
Equity capital	99.20	123.24	123.24
Reserves and surplus	144.25	151.85	170.03
Earnings per share	3.98	0.75	1.48
Book value per share	24.54	22.32	23.80

The equity shares of PGS are not listed. PGS has not completed any rights or public issue in the past three years.

AFFILIATES OF TATA CONSULTANCY SERVICES

INTELENET GLOBAL SERVICES LIMITED (INTELENET)

Intelenet was incorporated on October 11, 2000 as a 50:50 joint venture between Housing Development Finance Corporation Limited and Tata Sons (Tata Consultancy Services). Intelenet commenced operations from November, 2001. Intelenet manages customer relationships and business process outsourcing for organisations based in UK and US markets from its three centres in Mumbai, Navi Mumbai and Chennai. Intelenet service offerings include contact centre management, back office operations, financial and accounting services, e-mail management, tech helpdesk services. We have recently sold our entire shareholding in Intelenet to HDFC. For details see "Recent Developments" on page 12 of this Prospectus.

Shareholding Pattern

The shareholding pattern of Intelenet as of June 30, 2004 as follows:

Name	Shareholding (%)
HDFC	50
Tata Sons Ltd	50
Total	**100**

Board of Directors

The following is a list of members of the board of directors of Intelenet as of June 30, 2004:

Name	Designation
Mr. Susir Kumar M.	HDFC Ltd. Nominee
Mr. Keki Mistry	HDFC Ltd. Nominee
Mr. Jayant Pendharkar	TCS Nominee
Mr. N. Chandrasekaran	TCS Nominee

Financial Performance

The following table sets forth Intelenet's summary financial data in accordance with Indian GAAP:

	October 11, 2000 to March 31, 2002	Year ended March 31, 2003	Year ended March 31, 2004
	(in Rs. millions, except per share data)		
Sales and other income	14.88	217.54	1,172.08
Profit / (loss) after tax	(36.52)	(20.04)	84.64
Equity capital	180.00	400.00	550.00
Advance towards Equity capital	10.00	-	-
Reserves and surplus[1]	(38.57)	(58.61)	41.08
Earnings per share	-	-	1.54
Book value per share excluding Advance towards Equity capital [1]	7.86	8.53	10.75

[1]Net of Miscellaneous expenses not written off

Unaudited figures

The equity shares of Intelenet are not listed. Intelenet has not completed any rights or public issue in the past three years.

WTI ADVANCED TECHNOLOGY LTD (WTI)

WTI has been incorporated as a joint venture between Westinghouse Electric Corporation, USA, Tata Sons and International Finance Corporation, USA in 1987 to address the global needs in IT enabled services. In 2000, Westinghouse disinvested its holdings in WTI. TCS Limited owns 29.62% and Tata Sons owns 9.99% of equity of WTI. In December 2003, TCS Limited entered into an agreement to acquire an equity interest of 20.67% in WTI, in which we currently have a minority interest, from International Finance Corporation ("IFC"). We have received approval from the RBI to complete the acquisition, which is expected to be completed in the second quarter of fiscal 2005. Upon completion of the acquisition, WTI will become a subsidiary of TCS Limited.

Shareholding Pattern

The shareholding pattern of WTI as of June 30, 2004 as follows:

Name	Shareholding (%)
TCS Limited	29.62
International Finance Corp., USA	20.67*
Tata Sons	9.99
Others	39.72
Total	**100.00**

* In December 2003, TCS Limited entered into an agreement to acquire an equity interest of 20.67% in WTI. We have received approval from the RBI to complete the acquisition, which is expected to be completed in the second quarter of fiscal 2005. Upon completion of the acquisition, WTI will become a subsidiary of TCS Limited.

Board of Directors

The following is a list of members of the board of directors of WTI as of June 30, 2004:

Name	Designation
Dr. F. C. Kohli	Chairman
Mr. S. Ramadorai	Director
Mr. K. M. Gherda	Director
Mr. T. P. Ostwal	Director
Mr. M. R. Sitharaman	Director
Mr. S. Mahalingam	Director
Mr. T. R. Srinivasan	Whole Time Director

Financial Performance

The following table sets forth WTI's summary financial data in accordance with Indian GAAP:

	Year ended March 31, 2002	Year ended March 31, 2003	Year ended March 31, 2004
	(in Rs. millions, except per share data)		
Sales and other income	278.83	215.87	117.48
Profit after tax	129.28	72.89	38.80
Equity capital	14.52	14.52	14.52
Reserves and surplus	323.43	346.47	377.77
Earnings per share	89.06	50.21	26.72
Book value per share	232.75	248.74	270.17

The equity shares of WTI are not listed. WTI has not completed any rights or public issue in the past three years.

HOTV Inc.

HOTV, Inc., incorporated in 1999, operates from San Diego, CA, USA. HOTV offers solution using its products built around streaming media. These products include:

- eVOLV - which is an e-learning solution for corporate training market place;
- RSVP – which is a product which allows hospitals in remote locations with no specialist on site to obtain second opinion on echo-cardiograms and sonograms;
- SAMVAD – this enables remote capture and processing of video over the web for production and distribution of video news etc.

Shareholding Pattern

The shareholding pattern of HOTV as of June 30, 2004 is as follows:

Name	Shareholding (%)
Tata America International Corporation	46.63
Dr. P. Venkat Rangan	33.30
Others	20.07
Total	**100**

Board of Directors

The following is a list of members of the board of directors of HOTV as of June 30, 2004

Name	Designation
Mr. F.K. Kavarana	Director
Mr. F.C. Kohli	Director
Mr. S. Ramadorai	Director
Mr. P. Venkat Rangan	Director

Financial Performance

The following table sets forth HOTV's summary financial data* in accordance with US GAAP:

	Year ended December 31, 2001	Year ended December 31, 2002	Year ended December 31, 2003
	(in $ millions, except per share data)		
Sales and other income	0.43	0.43	0.25
Profit after tax	(1.70)	(0.82)	(0.90)
Equity capital	5.20	5.20	5.20
Reserves and surplus[1]	(6.06)	(6.88)	(7.79)
Earnings per share	-	-	-
Book value per share[1]	-	-	-

[1]Net of Miscellaneous expenses not written off

*The financial data of HOTV Inc is unaudited as it is not required to audit its accounts.

The equity shares of HOTV are not listed. HOTV has not completed any rights or public issue in the past three years.

CONSCRIPTI (PROPRIETARY) LIMITED (CONSCRIPTI)

Conscripti and Tata Consultancy Services in India have entered into a partnership agreement to provide specific Information Management Consultancy Services to South African clients in those areas where skills and expertise are not available in South Africa. Conscripti was established in 1992. In 1997 Dimension Data acquired an 80% stake in Conscripti and Tata Consultancy Services acquired the other 20%.

Shareholding Pattern

The shareholding pattern of Conscripti as of June 30, 2004 is as follows:

Name	Shareholding (%)
Dimension Data South Africa	80
Tata Sons Ltd.	20
Total	**100**

Board of Directors

The following is a list of members of the board of directors of Conscripti as on June 30, 2004:

Name	Designation
F. C. Kohli	Director
S Ramadorai	Director
R. K. C. Taylor	Director
G. M. Durst	Director
C. J. Vorster	Director

Financial Performance

The following table sets forth Conscripti's summary financial data in accordance with South African GAAP:

	Year ended September 30, 2002	Year ended September, 30, 2003
	(in thousands Rand, per share data)	
Sales and other income	61,751	71,060
Profit after tax	9,353	7,625
Equity capital	1	1
Reserves and surplus[1]	56,603	64,228
Earnings per share	7,483	6,100
Book value per share[1]	45,283	51,383

[1]Net of Miscellaneous expenses not written off

The equity shares of Conscripti are not listed. Conscripti has not completed any rights or public issue in last three years.

MANAGEMENT

Board of Directors

As per our Articles of Association, we cannot have less than 3 or more than 12 directors. We currently have three directors. The following table sets forth details regarding our Board of Directors as on the date of filing the Prospectus with SEBI:

Name, Designation, Father's Name, Address, Occupation and Term	Age (Years)	Other Directorships
Mr. Ratan N. Tata **Chairman** (S/o Mr. Naval H. Tata) 'Bakhtavar' 163, Lower Colaba Road, Mumbai – 400 005 Non-Executive Director ***Business*** Term: Until next Annual General Meeting	66	Tata Sons Limited *(Chairman)* Tata Industries Limited *(Chairman)* Tata Iron and Steel Company Limited *(Chairman)* Tata Motors Limited *(Chairman)* Tata Chemicals Limited *(Chairman)* The Indian Hotels Company Limited *(Chairman)* The Tata Power Company Limited *(Chairman)* Tata Tea Limited (Chairman) Information Technology Park Limited *(Chairman)* Tata Autocomp Systems Limited *(Chairman)* Videsh Sanchar Nigam Limited *(Chairman)* The Bombay Dyeing & Manufacturing Company Limited Antrix Corporation Limited The Reserve Bank of India Tata Technologies (pte) Limited, Singapore Tata International A.G., Zug, Switzerland Tata A.G., Zug, Switzerland Tata Limited, London, U.K. Tata Incorporated, New York, U.S.A. IMD, Lausanne, Switzerland ***Chairman Emeritus (but not a Director)*** Nelco Limited
Mr. S. Ramadorai **Managing Director** (S/o Mr. V. Subramanian) Sagardarshan, 8, Worli Seaface, Mumbai *Service* Term: Until next Annual General Meeting	59	*Indian Companies* Tata Industries Limited Tata Technologies Limited *(Chairman)* Tata Internet Services Limited CMC Limited *(Chairman)* Airline Financial Support Services (I) Limited Aviation Software Development Consultancy India Limited WTI Advanced Technology Limited Hindustan Lever Limited Nicholas Piramal India Limited Jataayu Software Private Limited Tata Elxsi Limited *Foreign Body Corporates* TCS Iberoamerica S.A. (Uruguay) Tata Solutions Centre S.A. (Uruguay) Tata Consultancy Services De Espana S.A. (Spain) Tata Consultancy Services Do Brasil S.A. (Brazil) Tata Consultancy Services Chile S.A. (Chile) Conscripti (pty) Limited HoTV Inc. (USA)

Mr. Aman Mehta **Director** (S/o Shri Som Raj Mehta) 4/7 Shanti Niketan, New Delhi Company Director Independent Director Term: Until next Annual General Meeting	57	Wockhardt Limited PCCW Limited, Hong Kong Raffles Holdings Limited, Singapore

Mr. Ratan N. Tata was born in Mumbai on December 28, 1937. He received a Bachelor of Science degree in Architecture from Cornell University in 1962, and completed the Advanced Management Program conducted by Harvard University in 1974-1975.

Mr. Tata joined the Tata Group in 1962. He was assigned to various companies and was named chairman of Tata Industries Limited in 1981, where he was responsible for transforming the company into a group strategy think-tank and a promoter of new ventures in high technology businesses.

In 1991, Mr. Tata was appointed Chairman of Tata Sons Limited, the promoter company of the Tata Group. He is also currently the Chairman of major Tata companies such as Tata Steel, Tata Motors, Tata Power, Tata Tea, Tata Chemicals, Indian Hotels and VSNL. Mr. Tata is also the chairman of two large private sector promoted philanthropic trusts in India.

Mr. Tata is associated with various organisations in India and abroad including the Central Board of Reserve Bank of India (RBI) and the Prime Minister's Council on Trade and Industry; the International Advisory Boards of Mitsubishi Corporation, the American International Group, J.P. Morgan Chase and Booz-Allen Hamilton Inc.; the International Investment Council set up by the President of the Republic of South Africa and the Asia Pacific Advisory Committee to the Board of Directors of the New York Stock Exchange. He also serves on the Board of Trustees of the Ford Foundation and the Programme Board of the Bill and Melinda Gates Foundations' India AIDS Initiative and chairs of Advisory Board of RAND's Center for Asia Pacific Policy.

Mr. Tata was honoured by the Government of India with the Padma Bhushan on January 26, 2000. In March 2001, the Ohio State University awarded Mr. Tata an honorary doctorate in Business Administration. Mr. Tata was conferred with the title of Honorary Economic Advisor to Hangzhou city in the Zhejiang province of China in February 2004. The Asian Institute of Technology Bangkok, conferred an honorary doctorate in technology on Mr. Tata in April 2004.

Mr. S. Ramadorai, 59, who was Chief Executive Officer of TCS Division, has been appointed as the Managing Director of TCS Limited with effect from August 9, 2004. He has a Bachelor's degree in Physics from Delhi University, a Bachelor's degree in Electronics and Telecommunications from IISC, Bangalore and Master's degree in Computer Science from University of California, USA. He also attended the executive MBA programme at Sloan Institute of Management. He has over 32 years of experience. He joined TCS on February 23, 1972 and took over as the CEO in 1996. He has played an integral role in building TCS into India's first US$ 1 billion IT Services organisation in annual revenues. He has been designated as IT Advisor to Qingdao city and Hangzhou city, in the People's Republic of China. He is on the boards of Hindustan Lever Limited and Nicholas Piramal. He is member of the Corporate Advisory Board, Marshall School of Business (USC). He is a fellow of the Institute of Electrical and Electronics Engineers and the Indian National Academy of Engineers, and is Vice-Chairman of the National Association of Software Companies (NASSCOM). His gross compensation in fiscal 2004 was Rs. 8.37 million.

Mr. Aman Mehta, 57, has a Bachelor's degree in Economics from Delhi University. He has over 35 years of experience in various positions with the HSBC Group. He was the Manager, Corporate Planning at The Hong Kong and Shanghai Banking Corporation's headquarters in Hong Kong. He was the Chairman and Chief Executive Officer of HSBC USA Inc., the New York-based arm of HSBC Holdings plc which oversaw the HSBC group companies in the Americas, before being appointed as Deputy Chairman of HSBC Bank Middle East, based in Dubai with responsibility for the Group's operations in the Middle East region. Mr. Mehta was re-appointed General Manager International of the Hong Kong and Shanghai Banking Corporation in February 1998, Executive Director International in May 1998 and Chief Executive Officer in January 1999. Mr. Mehta also became Chairman of HSBC Bank Malaysia Berhad on January 1, 1999 and a Director of HSBC Bank Australia Limited. Mr. Mehta retired from HSBC in December 2003 and presently is an independent non-executive director of several public companies in India as well as overseas.

Committees of the Board

Audit Committee

The members of the Audit Committee are:

- Mr. Aman Mehta, Chairman of the Audit Committee, Non-Executive Independent Director with financial and accounting background.
- Mr. Ratan N. Tata, Non-Executive Director
- Mr. S. Ramadorai

The scope and functions of the Audit Committee are as per Section 292A of the Companies Act. The Audit Committee would be reconstituted prior to listing so as to comply with the corporate governance requirements under the SEBI Guidelines and in terms of the listing agreement, Mr. Ramadorai being a Whole-time Director an not be a member of Audit Committee.

Corporate Governance

Guidelines issued by SEBI in respect of corporate governance will be applicable to the Company immediately upon listing of its Equity Shares on the Stock Exchanges. Prior to the listing of the Equity Shares of TCS Limited, TCS Limited undertakes that it will take all necessary steps to comply with all the requirements of the guidelines on corporate governance, including increasing the number of directors, as would be applicable to the Company upon listing of its Equity Shares.

Shareholding of Directors

Mr. Ratan N. Tata holds 377,675 Equity Shares in the Company as of the date of this Prospectus. Our Articles do not require any of our directors to hold any qualification shares.

Interest of Directors

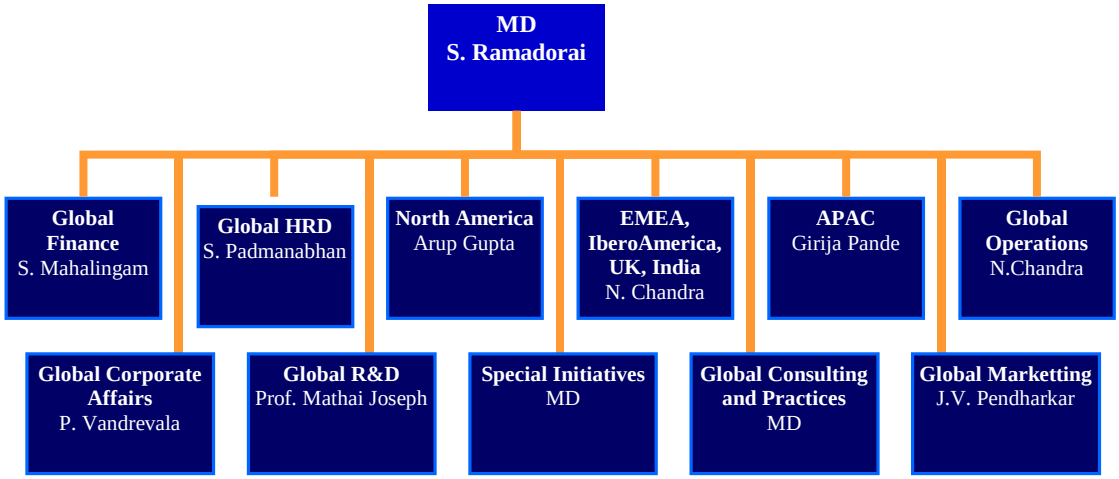
All Directors of TCS Limited may be deemed to be interested to the extent of fees, if any, payable to them for attending meetings of the Board or a Committee thereof as well as to the extent of other remuneration, reimbursement of expenses payable to them under our Articles of Association. The whole time directors will be interested to the extent of remuneration paid to them for services rendered by them as officers or employees of TCS Limited. All our directors may also be deemed to be interested to the extent of equity shares, if any, already held by them or their relatives in TCS Limited, or that may be subscribed for and allotted to them, out of the present Offer in terms of the Prospectus and also to the extent of any dividend payable to them and other distributions in respect of the said equity shares.

Our 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 or trustees.

Changes in our Board of Directors in Last Three Years

Name	Date of appointment	Date of cessation	Reason
Mr. Ratan N. Tata	May 5, 2004		Appointed
Mr. S. Ramadorai	May 5, 2004		Appointed
Mr. Aman Mehta	May 5, 2004		Appointed
Mr. Kaushik Chatterjee		May 5, 2004	Resigned
Mr. Sanjay Dube		May 5, 2004	Resigned
Mr. Atul Bansal		May 5, 2004	Resigned

Our Management Organization Structure



The TCS Division was managed by an Executive Committee, which was responsible for its overall strategy. This committee had eight members and was headed by Mr. Ratan N. Tata. The then CEO, Mr. Ramadorai reported to the Executive Committee.

Key Managerial Personnel of Tata Consultancy Services

Other than Mr. S. Ramadorai, our Managing Director, our key managerial personnel are as follows:

S. Mahalingam, 56, Executive Vice President, Chief Financial Officer and Head-Global Finance, has a Bachelor's degree in Commerce (Honours) from the University of Mumbai and is a qualified Chartered Accountant. He joined TCS on November 9, 1970 and has over 30 years experience in TCS. His current responsibilities include the overall responsibility of various finance functions like Financial Management, Treasury Operations and Taxation Planning. Previously he was the head of Chennai operations and Education and HR at the corporate level at TCS. He has also handled consulting assignments and had been Resident Manager in the US and UK. He also oversaw the development of the Chennai centre. He was instrumental in design and implementation of EVA at TCS. He is the president of the Institute of Management Consultants of India (IMCI) and the past Chairman of CII, Southern Region. His gross compensation in fiscal 2004 was Rs. 4.13 million.

S. Padmanabhan, 45, Executive Vice President and Head-Global HRD, has a Bachelor's degree in Electronics and Communication Engineering and a PGDBM from the Indian Institute of Management, Bangalore. He joined TCS on May 17, 1982 and has over 22 years of experience in TCS. He is presently the head of Human Resources and Organisation Development. He has handled key responsibilities such as: Head - Application Software and Maintenance Practice, Head, South East Asia Geography Operations and Head of the TCS delivery centre at Sholinganallur, Chennai. He was the CEO of ASDC, a joint venture with Singapore Airlines (now a wholly owned subsidiary) and Regional Manager of TCS Switzerland. He is a life member of Computer Society of India and a senior member of IEEE. His gross compensation in fiscal 2004 was Rs. 2.65 million.

N. Chandrasekaran, 40, Executive Vice President and Head-Global Operations, has a Bachelor's degree in Applied Sciences and a Master's degree in Computer Applications. He has over 17 years of professional experience. He joined TCS on January 27, 1987. His current responsibilities include global delivery, sales in the United Kingdom, EMEA, Iberoamerica and India, quality, service offerings, business process outsourcing, technology alliances and information systems. He serves as a director on the board of AFS. He is a member of Computer Society of India and senior member of IEEE. His gross compensation in fiscal 2004 was Rs. 2.31 million.

Phiroz Vandrevala, 50, Executive Vice President and Head-Global Corporate Affairs, has a Bachelor's degree in Commerce from Calcutta University and is a Chartered Accountant. He has 26 years of experience of which 23 years are in the Industry and over 20 years in TCS. He rejoined TCS on September 8, 1992. His current responsibilities are Global business development and corporate affairs portfolio management which includes Public Relations, Communication, Infrastructure, Administration, Legal and Corporate Governance. He is member of TCS's APEX management committee. He was a former Chairman of NASSCOM and currently is executive council member of NASSCOM. He is member of the CII National Council. He is Director of Aviation Software Development Consultancy India Ltd. His gross compensation in fiscal 2004 was Rs. 3.41 million.

Dr. Ravi Gopinath, 38, Vice President and Head of the Manufacturing, Energy and Utilities Practice and Head-Engineering and Industrial Services, has a Bachelor's Degree in Chemical Engineering from the Indian Institute of Technology, Bombay and PhD in Control Systems from Rensselaer Polytechnic Institute, USA. He has 15 years of industrial experience of which 10 years are at TCS. He joined TCS on September 5, 1994 at its Corporate R&D Centre, Pune. He has led the Manufacturing Practice since its inception in 2000. He also serves as a director on the Board of Nelco Limited, a Tata Group Company. His gross compensation in fiscal 2004 was Rs. 1.68 million.

Prof. Mathai Joseph, 61, Executive Vice President and Executive Director of Tata Research Development and Design Centre (TRDDC) and Head of Global R&D, has a Master's degree in Physics from Bombay University and a PhD from the University of Cambridge, UK. He joined TCS on October 20, 1997. He has total experience of 25 years in the industry and 7 years of experience in TCS. He is responsible for setting the research directions, monitoring progress and converting TCS R&D results into industrially applicable tools and products and taking the TRDDC technology to market. He has worked at the Tata Institute of Fundamental Research and held the Chair in software engineering at the University of Warwick, UK. He is the Chairman of the Board of the International Institute for Software Technology. His gross compensation in fiscal 2004 was Rs. 3.44 million.

Jayant V. Pendharkar, 60, Vice President and Head of Marketing, has a Bachelor's degree in Metallurgy from Indian Institute of Technology, Mumbai and a PGDBM from the Indian Institute of Management, Ahmedabad. He has over 34 years of experience in the IT industry. He is responsible for global marketing in TCS. From 1971 to 1979 he was Assistant Consultant in TCS. From 1979 to 1998 he was Promoter of Systems & Software, a Bombay-based software consulting and services company. In 1996 he rejoined TCS as VP Marketing. His gross compensation in fiscal 2004 was Rs. 2.31 million.

A.S. Lakshiminarayanan, 43, Vice president and Country Manager, UK and Ireland, has a Bachelor (Honours) degree in Electronics from BITS Pilani, India. He joined TCS on July 25, 1983 and has over 20 years of experience in TCS. He is responsible for all TCS' operations in the UK and Ireland. He initiated and led TCS' insurance practice prior to becoming country manager in the UK. His gross compensation in fiscal 2004 was Rs. 2.38 million.

J.R. Bhandari, 52, Vice President and Head of Financial Services, has a Bachelor's degree in Mechanical Engineering and a Master's degree in Industrial Engineering. He has around 28 years of IT experience. He joined TCS on December 15, 1975. His key responsibility areas are TCS activities in the Middle East Geography and the overall responsibility for the financial services practice. He has been directly responsible for several engagements in the financial services and banking such as total turnkey solutions for trading and settlement for National Stock Exchange of India and total turnkey solution for National Securities Depository Ltd (NSDL) and internet trading for The Stock Exchange, Mumbai. His gross compensation in fiscal 2004 was Rs. 2.42 million.

Ravi Shah, 53, Vice President and Head of Chennai Operations, has a Bachelor's degree in Electronics and Telecommunications and a Master's degree in Computer Science from Indian Institute of Technology, Kanpur. He has over 28 years experience at TCS. He joined TCS on December 15, 1975. He is responsible for large projects service practice and the Financial Services industry practice and Chennai Operations. He is associated with the national and international securities market segment for more than a decade and is responsible for business development, asset creation and project development for the Financial Services industry segment covering depositories, stock exchanges and settlement organisations. His gross compensation in fiscal 2004 was Rs. 2.75 million.

Ajoyendra Mukherjee, 45, Vice President and Head of Operations at Kolkata and other centres in East India Global Service Delivery, has a Bachelor's degree in Electrical and Electronics Engineering from BITS, Pilani. He has over 23 years experience in TCS. He joined TCS on July 7, 1980. Additionally, he is responsible for TCS sales operations in South Africa. He serves as a Directo r on the Board of APONLINE Ltd., the joint venture company between TCS and the Government of Andhra Pradesh. He is a member of Computer Society of India and IEEE. His gross compensation in fiscal 2004 was Rs. 2.44 million.

Surya Kant, 48, Vice President and Head of Delhi Operations, has a Bachelor's degree in Electrical Engineering and a Master's degree in Computer Technology from Indian Institute of Technology, Delhi. He has over 26 years experience in the IT industry and TCS. He joined TCS on August 1, 1978. He is responsible for TCS Delhi operations and the Employee Satisfaction Survey. He started the TCS operations at Tokyo, Japan in 1987 and in the early nineties ran the UK country operations for TCS at London. His gross compensation in fiscal 2004 was Rs. 2.44 million.

N. G. Subramaniam, 44, Vice President and Head of Banking Practice and Head of Bangalore Operations, has a Master's degree in Mathematics. He has over 22 years experience in the industry and TCS. He joined TCS on January 4, 1982. His current responsibilities include responsibility for TCS's Bangalore operations covering infrastructure, strategic planning, solution delivery, relationship management and business development globally. As global head of Banking industry practice for TCS, he is responsible for creating opportunities, asset creation, consulting, third party alliances and overall management of the product initiatives. His gross compensation in fiscal 2004 was Rs. 2.78 million.

Gabriel Rozman, 63, President and Head of TCS Iberoamerica, has a Bachelor's degree in Business and Economics from the California State University and a Master's degree in Management from the University of California, Los Angeles. He has total experience of 40 years in the industry and 3 years with TCS. He joined TCS on July 1, 2001. He is a member of Americas Council and IEEE. He is on the Board of Seagull Software NV, CTI Education, MAPA Latin America and General Cinema Uruguay. He was previously the Consulting Director in E&Y and President in Softech. His gross compensation in fiscal 2004 was Rs. 11.41 million.

All the above key managerial persons are the permanent employees of the TCS Division.

Key Managerial Personnel of our Subsidiary Companies

Arup Gupta, 49, Executive Vice President and Head of TCS America, has a Master's degree in Computer Science from the Indian Institute of Science. He has over 24 years experience in TCS. He joined TCS on July 30, 1979 and took over TCS America on May 1, 1999. He is responsible for our operations in North America. He was previously head of one of TCS's largest development and delivery centres at the Santacruz Electronic Export Processing Zone (SEEPZ), India. His gross compensation in fiscal 2004 was Rs. 9.55 million.

Girija Pande, 54, Executive Vice President and Regional Director-Asia Pacific, has a PGDBM from Indian Institute of Management, Ahmedabad and a Bachelor's degree in Engineering. His total experience in the industry is 29 years. He joined TCS on April 9, 2001. He was previously employed in ANZ Grindlays Banking Group, where his last appointment was Chairman of ANZ Grindlays Asset Management Co. As a senior banker he was in many RBI committees and was a Managing Committee member of India's Apex Associated Chamber of Commerce. He is also on the Steering Committee of Singapore Government's Network India. His gross compensation in fiscal 2004 was Rs. 11.34 million.

The aggregate compensation paid to the aforesaid key managerial personnel including Mr. S. Ramadorai in fiscal 2004 was Rs. 75.83 million.

ESPS

We intend to reward our employees for their contributions to us and create employee ownership in us by granting Equity Shares to select employees of the Company, its subsidiaries and Tata Sons pursuant to an ESPS in compliance with SEBI (Employee Stock Option and Employee Stock Purchase Scheme) Guidelines, 1999. The issue of Equity Shares pursuant to the ESPS is likely to occur before the end of fiscal 2005. The issue of Equity Shares pursuant to the ESPS will be subject to compliance with applicable laws and regulations, including the securities laws of foreign jurisdictions. We expect that this charge will be reflected in our Indian GAAP as well as U.S. GAAP financial statements upon issue of the Equity Shares in fiscal 2005. The one time cash grant by Tata Sons to employees not covered under the ESPS in fiscal 2005 will be reflected as a non cash charge in our income statement under U.S. GAAP and no charge under Indian GAAP. For details see "Capital Structure" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" on pages 35, 60 and 48 respectively, of this Prospectus.

Shareholding of the key managerial personnel

None of our key managerial personnel holds any Equity Shares as on the date of this Prospectus.

Bonus or Profit Sharing Plan for the Key Managerial Personnel

Except the variable compensation payable to eligible employees as described in "Management Discussion and Analysis of Financial Condition and Results of Operations in accordance with US GAAP" on page 60 of this Prospectus, there is no separate bonus or profit sharing plan for Key Managerial Personnel.

Changes in the Key Managerial Personnel in the Last Three Years

Changes in the key managerial personnel in the last three years have been given below:

Name of the Employee and Current Designation	Date of Cessation	Reason
S. Balasubramanya, Vice President	April 2, 2004	Resignation
Girija Upadhyaya, Vice President	February 20, 2004	Resignation
S. R. Ganesh, Vice President	August 26, 2003	Resignation
J. Viswanathan, Consulting Adviser	August 29, 2003	Resignation
Narayan Vinayak Kamath, Vice President	November 30, 2003	Resignation

THE TATA GROUP

We are part of the diversified Tata Group and we benefit from being identified with the Tata brand and the Tata Group of companies.

The Tata Group is based largely in India, and had combined sales of approximately Rs.542 billion for the year ended March 31, 2003. The Tata Group is highly diversified and the activities of the group extend over many areas such as steel, engineering, electronics and communications equipment, telecommunications, automobiles, construction equipment, electricity generation and distribution, inorganic chemicals, refrigeration and air conditioning, hotels, tea and coffee, management, consultancy and software services, watches, general retailing and financial services. These companies do not technically constitute a group under Indian law.

The Tata Group has its origins in the trading business founded by Jamsetji Tata in 1868 that was developed and expanded in furtherance of his ideals by his two sons, Sir Dorabji Tata and Sir Ratan N. Tata, following their father's death in 1904. The family interests subsequently vested largely in the Sir Ratan Tata Trust, the Sir Dorabji Tata Trust and related trusts. These trusts were established for philanthropic and charitable purposes and together own a substantial majority of the shares of Tata Sons, the principal holding company of the Tata Group.

By 1970, the Tata Group had expanded from the trading company established in the nineteenth century to encompass a number of major industrial and commercial enterprises including The Indian Hotels Company Limited (1902), The Tata Iron and Steel Company Limited (Tata Steel) (1907), The Tata Power Company Limited (1910), Tata Chemicals Limited (1939), Tata Motors Limited (1945), Voltas Limited (1954), and Tata Tea Limited (1962). The Tata Group also promoted India's first airline, Tata Airlines, which later became Air India (India's national carrier), as well as India's largest general insurance company, New India Assurance Company Limited, both of which were subsequently taken over by the Government as part of the Government's nationalisation program. In recent times, the Tata Group has also invested in several telephony and telecommunication ventures, including Tata Teleservices Limited and acquiring a portion of the Indian Government's equity stake in Videsh Sanchar Nigam Limited, or VSNL.

Most of the Tata Group companies are leaders in their respective business segments. Tata Motors is the leading automotive vehicle manufacturing company in India in terms of revenues *(Source: Capital Market, Vol. XIX/ 09 July 5 to 18, 2004.)*. Tata Steel, another flagship company of the group, is the oldest and the largest private sector integrated steel plant in operation in the country *(Source: International Iron & Steel Institute's "World Steel in figures" 2004 Edition)* and Tata Tea is the largest tea producing company in the country *(Source: Certificate from Tea Board dated July 9, 2004)*. Tata Power is the largest power generating supplier in the private sector *(Source: website of Central Electricity Authority, Ministry of Power as downloaded on July 8, 2004)*. Indian Hotels runs the largest hotel chain in the country *(Source: HOTELS magazine 2002)*. Titan Watches, which is a relatively new entrant, has established a widespread presence in the domestic watch market. VSNL is the largest international long distance communication carrier in India *(Source: Top ILD Operator award for 2003 at the Voice & Data 100 Annual Awards function).*

The TCS Division has used, and after the Transfer, TCS Limited will use the "TATA" business name, trade marks and marketing indicia owned by Tata Sons for its business. Since 1991 many multinational corporations with well-established global brands have entered the Indian market. In response, the Tata Group decided to implement a new corporate identity program to compete globally. A substantial ongoing investment is being made by Tata Sons to centrally develop and promote a strong, well-recognised and common brand for the Tata Group, which would represent a high level of quality of products and services that enhances the Tata brand equity. To further enhance and protect the TATA brand equity, a Code of Conduct has been recommended for adoption by Tata companies. The Code of Conduct covers corporate as well as employee conduct. To implement these plans, Tata Sons has undertaken several initiatives that form part of their obligations and responsibilities as set out in the TATA Brand Equity & Business Promotion Agreement ("BEBP Agreement") under which the subscribing Tata companies pay a subscription to Tata Sons calculated at the rate of 0.25% of annual turnover (net of excise duties and other government levies), subject to a maximum of 5% of annual profit before tax. TCS Division was paying such subscription since January 1, 1999 and TCS Limited which has entered into a similar Agreement with Tata Sons will continue to pay the subscription from the period beginning with April 1, 2004.

The Tata Group companies follow the ethics and integrity envisioned by the founder of the Tata Group and his successors. These companies have endeavoured to maintain high standards of management efficiency to achieve success of their enterprises. The Tata Group has made a significant contribution towards national causes through promotion of public institutions in the field of science, such as the Indian Institute of Science and the Tata Institute of Fundamental Research, and in the field of social services through the Tata Institute of Social Sciences, the Tata Memorial Hospital and the National Centre for the Performing Arts. The Tata trusts are among the largest charitable foundations in the country.

In addition, the Tata Group companies have sought to formulate and follow a coherent approach to various matters of importance in Indian business life. These include the avoidance of any particular political alignment, and the espousal of causes that benefit society generally while advancing the commercial interests of the Tata Group companies.

OUR PROMOTER

Tata Sons Limited

Tata Sons is the principal investment holding company of the Tatas. It was incorporated as a company on November 8, 1917. During the last several years, Tata Sons 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 Tata Sons is investment holding, and through its major operating division Tata Consultancy Services is engaged in the businesses of consultancy services in computer software, business operations and management. The subscribed and paid-up equity capital of Tata Sons is Rs. 404.1 million as of March 31, 2004. Tata Sons has large equity investments in major companies in Tata group.

In addition to the TCS Division, Tata Sons has three operating divisions:

Tata Economic Consultancy Services (TECS): This division provides macro and micro economic studies in various sectors, market surveys, techno-economic feasibility studies, project planning and technology selection services and corporate planning and organisational 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 with regard to the Tata Business Excellence Model (TBEM) amongst the Tata companies, which desire to adopt and implement the same. This is done to assist Tata companies to achieve well-defined levels of business excellence using the TBEM framework. The framework encompasses four approaches – Assurance, Assessment, Assistance and Award (the JRD QV Award).

Shareholding Pattern

The equity shares of Tata Sons are not listed on any stock exchange. Its shareholding pattern as of March 31, 2004 is given below:

Name	Shareholding (%)
Charitable Trusts	65.89
Tata Companies	12.86
Other Companies	18.40
Directors	0.83
Individuals	2.02
Total	**100.00**

Board of Directors

The details of the board of directors of Tata Sons as of June 30, 2004 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. Syamal Gupta	Director
Dr. J.J. Irani	Director
Mr. R. Gopalakrishnan	Executive Director
Mr. Ishaat Hussain	Finance Director
Mr. R.K. Krishna Kumar	Director
Mr. A.R. Gandhi	Executive Director
Mr. Alan Rosling	Executive Director

Financial Performance:

	Fiscal 2001	Fiscal 2002	Fiscal 2003
		(in Rs. millions except per share data)	
Sales and other Income	33,220	43,295.3	51,588.7
Profit after tax	7,140	8,632.9	8,168.4
Equity Capital	404.1	404.1	404.1
Reserves and Surplus	26,030	33,015.3	39,659.8
Earnings per share (of Rs. 1000 each)	17,510.0	21,226.0	20,107.0
Book value per share (of Rs. 1000 each)	65,398.0	82,691.0	99,132.0

Subsidiaries of Tata Sons

The following subsidiaries of Tata Sons will become direct subsidiaries of TCS Limited pursuant to and in accordance with the Scheme. See "Transfer of Tata Consultancy Services Division" on page 41 of this Prospectus.

- APONLINE Limited
- Airlines Financial Support Services (I) Ltd
- Aviation Software Development Consultancy India Ltd
- Tata America International Corporation
- Tata Information Technology (Shanghai) Co. Ltd
- TCS Iberoamerica S. A.
- TCS Argentina SA, Argentina
- TCS Solution Center SA, Uruguay
- TCS Brazil S/C Ltda, Brazil
- Tata Consultancy Services de Espana SA, Spain
- Tata Consultancy Services de Mexico SA de CV, Mexico
- TCS Inversiones Chile Limitada, Chile
- Tata Consultancy Services, Belgium S.A.
- Tata Consultancy Services, Deutschland GmbH
- Tata Consultancy Services, Netherlands B.V.
- Tata Consultancy Services, Sverige AB
- Tata Consultancy Services, France S.A.
- TCS Italia s.r.l
- Tata Consultancy Services Asia Pacific Pte. Ltd.
- Tata Consultancy Services Japan Ltd.
- Tata Consultancy Services Malaysia Sdn Bhd
- Tata Consultancy Services do Brasil S.A.
- Tata Consultancy Services Chile SA

In addition to above, Tata Sons has the following other subsidiaries:

- Tata Infotech Limited
- Tata Infotech Deutschland GmbH
- THDC Ltd. (formerly Tata Housing Development Company Ltd)
- TCE Consulting Engineers Limited
- Tata AIG Life Insurance Company Limited
- Tata AIG General Insurance Company Limited
- Ewart Investments Limited

- Exigenix Canada Inc.
- Primal Investments Limited
- Panatone Finvest Limited
- Concept Marketing and Advertising Limited
- Tata Limited, London
- Tata International, AG, Zug
- Tata AG, Zug
- Tata Asset Management Pvt Ltd
- E2E SerWiz Services Pvt. Ltd. (formerly Tata Airlines Pvt Ltd)
- Space TV Ltd
- CMC Ltd
- CMC Americas Inc.
- Tata Consultancy Services Limited

Companies with which the Promoter has disassociated itself in the past three years:

- The Associated Cement Companies Limited
- Forbes Gokak Limited
- Tata Infomedia Limited

Tata Sons has disassociated itself from the above companies, as the businesses of the above companies were not forming part of the business segment in which the promoter wishes to focus.

There are no companies that are promoted by Tata Sons, which have become sick companies within the meaning of Sick Industrial Companies (Special Provisions) Act, 1985. Additionally, there are no companies that are promoted by Tata Sons, which have become BIFR (Board for Industrial and Financial Reconstruction) 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 Tata Sons in respect of companies/firms/ventures with which Tata Sons was associated in the past but is no longer associated but its name still continues to be associated with those litigations.

Details of the five largest listed Companies within the Group Companies (chosen on the basis of market capitalisation as of March 31, 2004)

THE TATA IRON AND STEEL COMPANY LIMITED

The Tata Iron and Steel Company Limited ("Tata Steel") is a public limited company incorporated on August 26, 1907 under the Indian Companies Act, VI of 1882. The Registered Office of the Company is Bombay House, 24 Homi Mody Street, Fort, Mumbai-400 001.

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 such as 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 June 30, 2004 are as given in the table below:

Name	Designation
Mr. Ratan N. Tata	Chairman
Mr. B. Muthuraman	Managing Director
Dr. T. Mukherjee	Deputy Managing Director (Steel)
Mr. A. N. Singh	Deputy Managing Director (Corporate Services)
Mr. Keshub Mahindra	Director
Mr. Nusli Wadia	Director
Mr. Kumar Mangalam Birla	Director
Mr. S. M. Palia	Director
Mr. P. K. Kaul	Financial Institution's Nominee
Mr. Suresh Krishna	Director
Mr. Ishaat Hussain	Director
Dr. Jamshed J. Irani	Director
Mr. B. Jitender	Financial Institution's Nominee

Shareholding Pattern

The shareholding pattern of Tata Steel as of March 31, 2004 is given below:

Name	Shareholding (%)
Promoter	26.29
FIIs/GDRs	13.31
Foreign Bodies/OCBs/Foreign Banks	0.03
GIC and Subsidiaries	5.93
LIC	12.72
UTI	1.50
Banks	0.37
Financial Institutions	0.02
State Financial Corporations/State Govts./Govt. Cos.	0.02
Mutual Funds	3.87
Bodies Corporate	7.45
NRIs	0.36
Others	28.13
Total	**100.00**

Financial Performance

	Fiscal 2002	Fiscal 2003	Fiscal 2004
	(in Rs. millions except per share data)		
Sales and other income	76,931.10	97,932.70	1,19,209.60
Profit after tax	2,049.00	10,123.10	17,462.20
Equity capital	3,679.70	**3,691.80	3,691.80
Reserves*	30,779.90	28,168.40	41,466.80
Less: Misc. Expenditure	9,889.90	-	1,559.70
Net Reserves	20,890.00	28,163.00	39,907.10
Earnings per share (of Rs. 10 each)	5.51	27.43	47.32
Book value per share (of Rs. 10 each)	66.77	86.28	118.15

* Includes revaluation reserve of Rs. 5.4 million being the addition on amalgamation of erstwhile Tata SSL Limited (TSSL).

** upon amalgamation of TSSL with Tata Steel becoming effective from April 22, 2003, the allotment committee of Directors of the company on May 12, 2003 made allotment of 1,210,003 ordinary shares of Rs. 10 each to the shareholders of 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 were eligible for dividend for the year ended March 31, 2003. Further the same have been included as part of the share capital as on March 31, 2003, although they were allotted subsequent to the said date and have 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	Low
January 2004	456.35	395.70
February 2004	453.90	385.75
March 2004	449.70	355.70
April 2004	413.15	357.95
May 2004	366.40	262.90
June 2004	315.45	270.15

b) As of July 16, 2004 Rs. 339.10

(Source: NSE)

Tata Steel has not made any public or rights issue in the past three years.

Promise vs. Performance :

In August 1996, the Company made a Public Issue of Secured, Redeemable Non-Convertible Bonds aggregating Rs. 500 crores including a Placement Portion of Rs.350 crores offered under Book Building. The object of the issue was to part finance the ongoing Capital Expenditure Programme of the Company of Rs.1008 crores for the year 1996-97. The objectives of the Capital Expenditure Programme were – (i) to improve the product mix by increasing the proportion of value added products, (ii) to increase the capacity of saleable steel from 2.7 mtpa to 3.2 mtpa, (iii) to introduce the facilities required for sustenance of production, replacements, and increase in efficiency, etc. The Company achieved its Objectives as mentioned in the Offer Document.

The Company did not make any profitability projections in the Prospectus for the above issue.

Investor Grievance Redressal System:

The Complaints received are normally attended to and replied within one week of receipt by the Company/its Registrars. All investor complaints which cannot be settled at the level of the Company Secretary are placed before the Investors Grievance Committee for advice. The system has been followed in the 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. Tata Motors 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 4,20,000 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. During fiscal 2004, the company completed the acquisition of Daewoo Commercial Vehicle Company Limited, which is Korea's second largest truck-maker, with a market share of approximately 25% in the domestic heavy truck market.

Board of Directors

The details of the Board of Directors of Tata Motors as of June 30, 2004 are as given in the table below:

Name	**Designation**
Mr. Ratan N. Tata	Chairman
Mr. N. A. Soonawala	Director
Dr. J. J. Irani	Director
Mr. J. K. Setna	Director
Mr. V. R. Mehta	Director
Mr. R. Gopalakrishnan	Director
Mr. N. N. Wadia	Director
Mr. Helmut Petri	Director
Mr. S. A. Naik	Director
Mr. Ravi Kant	Executive Director (CVBU)
Mr. P. P. Kadle	Executive Director (Finance and Corporate Affairs)
Dr. V. Sumantran…	Executive Director (ERC and PCBU)
Mr. P. K. M Fletzek (alternate to Mr. Helmut Petri)	Director

Shareholding Pattern

The shareholding pattern of Tata Motors as of March 31, 2004 is as follows:

Name	**Shareholding (%)**
Promoters	33.35
Directors & Relatives	0.03
Independent Directors & Relatives	0.01
Mutual Funds and UTI	2.92
Financial Institutions/Banks/Insurance Companies/Govt. Cos/Central & State Govt.	10.23
FIIs	23.19
Non Residents Indians/OCBs	0.80
Private Corporate Bodies	1.66
Daimler Chrysler AG	7.25
Depositary for GDR holders	7.11
Indian Public	12.69
Others (FII-DRs/Foreign Bodies-DRs)	0.74
Total	**100.00**

Financial Performance

	Fiscal 2002	Fiscal 2003	Fiscal 2004
	(in Rs. millions except per share data)		
Sales and other income	89,180.60	1,08,550.50	1,55,524.20
Profit after tax	(537.30)	3,001.10	8,103.40
Equity Capital	3,198.20	3,198.30	3,568.30
Reserves*	21,452.40	22,773.30	32,367.70
Earnings per share (of Rs. 10 each)	(1.98)	9.38	24.68
Book value per share (of Rs. 10 each)	77.1	81.20	101.80

*Net of revaluation reserves and miscellaneous expenditure not written off.

Share Quotation

a) Highest and lowest price in the last six months.

Month	High	Low
January 2004	528.90	446.45
February 2004	563.50	496.45
March 2004	537.05	431.80
April 2004	525.20	472.40
May 2004	484.65	366.70
June 2004	412.35	371.00

b) As of July 16, 2004 Rs. 413.75

(Source: NSE)

Details of Issue of Capital during the preceding three years

Details of Issue: Zero coupon convertible notes due 2009 and 1% convertible notes due 2011

Year of Issue: April 2004

Type of Issue: Offering of US$100,000,000 zero coupon convertible notes due 2009 (the "2009 Notes") and US$300,000,000 1% convertible notes due 2011 offered outside the United States in reliance on Regulation S under the U.S. Securities Act of 1933,as amended. The Notes will be the direct, unsecured and unsubordinated obligations of Tata Motors and will rank at least *pari passu* in right of payment with all other unsecured and unsubordinated debt of Tata Motors. Unless the Notes have been 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 of Tata Motors or Global Depositary Shares each representing one newly issued Share, at the option of the holders of the Notes at any time during the period, with respect to the 2009 Notes, from and including June 7, 2004 to and including March 28, 2009 at an initial conversion price of Rs.573.106 per Share (equivalent to US$13.070 per Share at a fixed rate of exchange on conversion of Rs.43.85=US$1.00) and, with respect to the 2011 Notes, in the circumstances described herein, from and including June 7, 2004 to and including March 28, 2011 at an initial conversion price of Rs.780.400 per Share (equivalent to US$17.797 per Share at the Fixed Conversion Rate).

The 2009 Notes may be redeemed, in whole or in part, at the option of Tata Motors at any time on or after April 27, 2005, subject to satisfaction of certain conditions, at the 2009 Notes Early Redemption Amount (as defined herein). The 2009 Notes may also be redeemed in whole at any time at the option of Tata Motors at the 2009 Notes Early Redemption Amount in the event of certain changes relating to taxation in India. Unless previously converted, redeemed or purchased and cancelled, the 2009 Notes will be redeemed on April 27, 2009 at 95.111% of their principal amount. Except in the event of certain charges relating to taxation in India, the 2011 Notes may not be redeemed at the option of Tata Motors prior to maturity. In the event of such changes to taxation occurring, the 2011 Notes may be redeemed in whole at any time at the option of Tata Motors at the 2011 Notes Early Redemption Amount plus accrued and unpaid interest to the date fixed for such redemption. Unless previously converted, redeemed or purchased and cancelled, the 2011 Notes will be redeemed on April 27, 2011 at 121.781% of their principal amount.

Issue Price of Security	**:**	100%
Date of Closure of Issue	**:**	April 19, 2004
Details of Issue	**:**	1% Convertible Notes (FCCBs)
Year of Issue	**:**	July 2003

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 Notes have not been offered in the Republic of India. The Notes are direct, unsecured and 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 Equity Shares, par value Rs. 10 per share or Global Depositary Shares (GDSs) each representing one newly issued equity 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.

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.

Issue Price of Security: 100%

Date of Closure of Issue: July 31, 2003

Details of Issue: Rights Issue

Year of Issue: September 2001

Type of Issue: 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 equity shares held on September 19, 2001 (i.e. the last day of Book Closure) and 25,585,635 11% 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 shareholders on a rights basis in the ratio of one NCD for every ten equity shares held on September 19, 2001 (i.e. the last day of Book Closure).

Nature of Security: 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 with a call option at the end of 24 months from the date of allotment.

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: 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: November 9, 2001

Call option exercised in respect of the 11% Secured Redeemable NCDs and hence these have been redeemed with effect from 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 up to 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).

Investor Grievance Redressal System

The transfer and other related work is handled by Tata Share Registry Limited (TSRL), Share transfer agents. The secretarial department actively interacts with TSRL for expeditious redressal of investor grievances and takes care of complaints received from statutory bodies such as SEBI, Stock Exchange, Department of Company Affairs, etc. the name of the company has never appeared in fortnightly press release on investor complaints of SEBI.

The average time taken by the Registrars for attending to routine grievances will be 15 days from the date of receipt. In case of non-routine grievances where verification at other agencies is involved, it is attended to expeditiously by the Registrars.

TATA POWER COMPANY LIMITED

The Tata Power Company Limited, or 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 privatisation of Delhi's power distribution system, Tata Power along with certain members of Tata Group have acquired a 51% stake in the North Delhi Power Limited 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.

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 of June 30, 2004 are as given in the table below:

Name	**Designation**
Mr. Ratan N. 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. Ram Krishna Misra	Director (LIC Nominee)
Mr. Adi Jehagir Engineer	Director
Mr. S. S. Bhatia	Director

Shareholding Pattern

The shareholding pattern of Tata Power as on March 31, 2004 is as follows:

Name	Shareholding (%)
Promoter	32.50
Insurance Companies	21.01
Financial Institutions	0.75
Banks	0.34
State Financial Corporations	0.18
Mutual Funds & UTI	3.14
Non-resident Indians	1.81
FIIs	11.53
Foreign Banks	0.01
Citibank N A (GDR)	0.51
Others	28.23
Total	**100.00**

Financial Performance

	Fiscal 2002	Fiscal 2003	Fiscal 2004
	(in Rs. millions except per share data)		
Sales and other income	41,561.4	44,525.3	43,990.7
Profit after tax	5,082.3	5,199.2	5,090.8
Equity capital	1,979.1	1,979.1	1,979.2
Reserves	35,005.9	39,594.4	42,613.9
Earnings per share (of Rs. 10 each)	25.68	26.27	25.72
Book value per share (of Rs. 10 each)	142.46	161.74	178.7

Share Quotation

a) Highest and lowest price in the last six months.

Month	High	Low
January 2004	422.30	322.15
February 2004	395.65	346.95
March 2004	405.35	342.40
April 2004	418.20	379.65
May 2004	390.00	256.80
June 2004	274.30	212.50

b) As of July 16, 2004 Rs. 257.20

(Source: NSE)

Tata Power has not made any public or rights issue of equity shares in the past three years. Only debentures have been issued.

Promise v/s performance

The company had a rights issue in 1994. The rights issue was made to part finance the following projects:

1. Transmission/ distribution system upgradation
2. Bhivpuri pumped storage project
3. Renovation and modernisation of Trombay 150 MW Unit 4
4. Renovation and modernization of Hydro Generators

Of the above projects, Bhivpuri pumped storage project has been cancelled and all other projects are progressing on schedule and there is no cost overrun on these projects to date.

The proposed 90 MW pumped storage project at Bhivpuri had received the approval of the Government of Maharashtra, Central Electricity Authority and Department of Power; but the Andhra Pradesh Government raised an objection as it was of the opinion that the project would result in diversion of water and thereto went contrary to the Krishna Water Tribunal Award. Negotiations with the Andhra Pradesh Government were held for almost 3 years and it is unlikely that permission would be received in the near future. The company has therefore decided to concentrate on other capital projects.

Investor Grievance Redressal System

The complaints received are normally attended to and replied within one week of receipt thereof by the company/ its Registrars. All investor complaints which cannot be settled at the level of the company Secretary are placed before the Shareholder's / Investor's Grievance Committee for final settlement. This system has been followed in the previous years also.

VIDESH SANCHAR NIGAM LIMITED (VSNL)

VSNL was incorporated under the Companies Act 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. Since that date until 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.

In addition to the license for international telecommunications services, VSNL is also licensed to provide National Long Distance services and Internet services in India. VSNL also holds a teleport license from the Ministry of Information & Broadcasting, Government of India. VSNL also provides other value-added services which include 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 formed subsidiaries in United States of America, Sri Lanka, Singapore and United Kingdom. VSNL also participates in the joint venture formed in Nepal to provide CDMA based basic services in that country .

On February 5, 2002, Panatone Finvest Limited (an affiliate of 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 59.96%, 40.00% and 0.04%, respectively, in Panatone Finvest.

Board of Directors

The details of the board of directors of VSNL as of June 30, 2004 are as given in the table below:

Name	**Designation**
Mr. Ratan 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.
Mr. P Agrawala	Director

Shareholding Pattern

The shareholding pattern of VSNL as on March 31, 2004 is as follows:

Name	Shareholding (%)
Promoter Group	72.72
Mutual Funds and UTI	0.15
Financial Institutions /Banks /Insurance Companies/Govt. Cos/Central & State Govt.	9.32
FIIs	1.01
Non Residents Indians/OCB	0.05
Private Corporate Bodies	0.37
Depository for GDR holders	12.91
Public	3.47
TOTAL	**100.00**

Financial Performance

	Fiscal 2002	Fiscal 2003	Fiscal 2004
	(in Rs. millions except per share data)		
Sales and other income	70890.21	48125.30	33711
Profit after tax and appropriations	14074.21	7800.71	3777
Equity Capital	2850.00	2850.00	2850
Reserves	47589.77	52654.18	48822
Earnings per share (of Rs. 10 each)	49.38	27.37	13.25
Book value per share (of Rs. 10 each)	176.98	194.75	181.31

Events after Fiscal 2003 - Financial Restructuring

VSNL has incurred substantial capital cost over a period of time to carry on its telecommunication business. The rapidly changing business environment has resulted in significantly lower replacement costs. In order to remain competitive in an environment in which new players are able to provide services at a lower cost, VSNL initiated a review of useful lives and carrying values of fixed assets comprising Plant & Equipment. Accordingly, based on the review, the total downward revision in the carrying value of the fixed assets comprising of Plant & Equipment as on December 31, 2003 is Rs. 956.41 crores. VSNL obtained the approval of the shareholders at the EGM on April 2, 2004 and subsequently of the Hon'ble High Court at Bombay to apply/utilize the said amount from the Securities Premium account.

Share Quotation

Highest and lowest price in the last six months.

Month	High	Low
January 2004	182.30	156.95
February 2004	187.90	158.10
March 2004	208.65	180.20
April 2004	200.10	163.55
May 2004	170.30	116.95
June 2004	162.45	136.00

b) As of July 16, 2004 Rs. 165.55

(Source: NSE)

VSNL has not made any public or rights issue of equity shares in the past three years

Investor Grievance Redressal System

The Complaints received are normally attended to and replied within one week of receipt by the Company/its Registrars. All investor complaints which cannot be settled at the level of the Company Secretary/ its Registrars are placed before the Investors Grievance Committee for advice. The system has been followed in the past three years.

TATA TELESERVICES (MAHARASHTRA) LIMITED

Tata Teleservices (Maharashtra) Limited ("TTML") was, incorporated on March 13, 1995 with the name Hughes Ispat Limited. The company was renamed Hughes Tele.com (India) Limited on April 26, 2000. On February 13, 2003 the Company was renamed as Tata Teleservices (Maharashtra) Limited. TTML was originally promoted by Hughes Electronic Corporation (HEC), USA, Alltel Corporation (USA) and the ISpat Group (India). The Tata Group acquired 70.83% of the paid-up capital of TTML out of which 50.83% was acquired by Tata Teleservices limited (TTSL) from the original promoters and an additional 20% was acquired by Tata Sons Limited and the Tata Power Company Limited through an open offer.

TTML was granted a license to provide basic telecom services for the Maharashtra circle (which included, under this license the State of Goa and the Mumbai Metropolitan Services Area) in September 1997 and commenced wire line and TDMA based fixed wireless operations in October 1998. TTML was the first private operators to provide wire-line services in the Maharashtra circle. In 1999 TTML's license was migrated to the New Telecom Policy, 1999 regime.

In July 2003, TTML introduced CDMA technology based fixed as well as limited mobility services to the subscribers within a Short Distance Charging Area (SDCA), a smaller defined area within a telecom circle. In November 2003, TTML converted its basic license for the Maharashtra circle into two unified access (basic & cellular) services (UAS) licenses, one for the Maharashtra circle (which includes the state of Goa) and the other for the Mumbai metropolitan circle. Pursuant to the UAS licenses, TTML commenced provision of mobile telecom services in November 2003.

TTML provides wireline and TDMA- based wireless services in 10 cities and towns and CDMA- based fixed and mobile services in Mumbai, Navi Mumbai, Pune, Nagpur, Nasik and Aurangabad. TTML intends to focus on the provision of CDMA- based wireless (fixed and mobile) services. 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, Managed Leased line services, roaming services and value-added services.

TTML's shares are traded on the Stock Exchange, Mumbai and the National Stock Exchange of India Limited.

Board of Directors

The details of the board of directors of TTML as of June 30, 2004 are given below:

Name	**Designation**
Mr. Firdose A. Vandrevala	Chairman
Mr. S. Ramakrishnan	Managing Director
Mr. Kishor Chaukar	Director
Dr. Naushad Forbes	Director
Mr. R. Gopalakrishnan	Director
Mr. Ishaat Hussain	Director
Dr. Jamshed J. Irani	Director
Mr. Pradman Kaul	Director
Mr. N. S. Ramachandran	Director

Shareholding Pattern

The shareholding pattern of TTML as of March 31, 2004 is as follows:

Name	Shareholding (%)
Promoter Group	70.75
Government Institutions & Banks	5.59
Insurance Companies	2.67
Mutual Funds	2.14
FIIs	9.33
Non Resident Indians/OCB	0.20
Bodies Corporate	1.47
Public	7.85
Total	**100.00**

Financial Performance

	Fiscal 2002	Fiscal 2003	Fiscal 2004
	(in millions except per share data)		
Sales and Other income	Rs. 2765.0	Rs. 3696.4	Rs. 6525.7
Profit After Tax /(Loss)	(1484.9)	(2050.00)	(2696.8)
Equity Capital	14053.3	14053.3	14069.8
Profit & Loss A/c net of Reserves*	5870.4	7801.0	10497.8
EPS(Rs.)	(1.06)	(1.46)	(1.92)
Book Value(Rs.)	5.93	4.45	2.54

*Net of miscellaneous expenses not written off

Information regarding adverse factors related to the company resulting in a loss in fiscal year 2003*

The company's net loss increased by 38% to Rs. 2,050 million for fiscal year 2003. This was caused mainly on account of additio nal depreciation and write-offs.

*Source: TTML's Management's Discussion and Analysis of Financial Condition and Results of Operations- Tata Teleservices (Maharashtra) Limited, 8th Annual Report, 2002-2003

Share Quotation

a) Highest and lowest price in the last six months

Month	High	Low
January 2004	23.70	17.00
February 2004	20.10	17.95
March 2004	18.90	14.35
April 2004	20.70	17.30
May 2004	23.30	18.10
June 2004	19.15	17.80

(Source: NSE)

b) As of July 16, 2004 Rs. 18.90

Details of Issue of Capital during the preceding three years

Details of Issue: Foreign Currency Convertible Bonds (FCCBs)

Year of Issue: June 2004

Type of Issue: U.S$125,000,000 1%Convertible Bonds due 2009 plus any additional Bonds in an aggregate amount of up to U.S$25,000,000 issued pursuant to an option. The Bonds bear interest from 1 June 2004, at the rate of 1% per annum of the principal amount of the Bonds, payable semi-annually in arrears on 1 June and 1 December of each year.

The Bonds are convertible, at the option of the Bondholder, at any time on or after 1 July 2004 (or such earlier date as is notified to the holders of the Bonds by the Issuer) up to the close of business on 3 May 2009 by holders into fully paid equity shares with full voting rights with a par value of Rs.10 each of the Issuer at an initial Conversion Price of Rs.24.96 per Share with a fixed rate of exchange on conversion of Rs.44.41 = U.S$1.00.

The Bonds may be redeemed, in whole, and not in part, at the option of the Issuer, at any time on or after 1 June 2007 and prior to 3 May 2009, subject to satisfaction of certain conditions, at their Early Redemption Amount, together with accrued and unpaid interest, at the date fixed for such redemption if the Closing Price of the Shares translated into U.S. dollars at the "prevailing rate", is greater than 130 per cent. Unless previously converted, redeemed or purchased and cancelled, the Bonds will be redeemed in U.S. dollars on the Maturity Date at 119.38% of their principal amount. The Issuer will, at the option of any holder of any Bonds, repurchase at the Early Redemption Amount, together with accrued and unpaid interest, such Bonds at such time as the Shares cease to be listed or admitted to trading on the BSE or upon the occurrence of a Change of Control in respect of the Issuer.

Issue Price of Security: 100%

Date of Closure of Issue: June, 2004

Statement on Cost and Progress of implementation of the project in comparison with the cost and implementation schedule mentioned in the offer document:

The Company had during the Fiscal 2001, raised a sum of Rs. 88,639 lakhs by way of issue of equity shares through its initial Public offering and issue of equity shares to Promoters. The Company utilized Rs. 55,120 lakhs until March 31, 2001for purposes disclosed in the prospectus and the balance amount had been invested in term deposits with banks, financial institutions and liquid schemes of mutual funds.

The promise vs performance comparison is as under:

Particulars	Projections for year ended March 31, 2001 (Rs. in lakhs)	Actual for the year ended March 31, 2001 (Rs. in lakhs)
Total Income	18,576	19,501.65
Net Profit/ Loss	(22,103)	(20,879)
Expenditure to be incurred on the project	93,600	77,635

(As per published yearly results for fiscal 2001 under Clause 43 of the Listing Agreement adopted by the board of directors at its meeting held on May 17, 2001).

Investor Grievance Redressal System

TTML has appointed Tata Share Registry Limited (TSRL) as its registrar and share transfer agent. TSRL are located in Mumbai. all investor complaints whether received at TSRL or at the company offices are directed to the appropriate team in TSRL and resolved in accordance with the following time limits:

Activity	Stock Exchange / Statutory time limit	TTML Standard time limits
Share Transfer Requests	15 days	10 days
Demat/ Remat Requests	Processed within 15 days	10 days
Splitting/ Consolidation of Share Certificates	30 days	10 to 15 days
Issue of duplicate share certificates	6 weeks	4 weeks
Specific information/ queries/ complaints received from SEBI/ Stock Exchanges / DCA/ Investors	Not specified	3 days

Common pursuits

Our Promoter, Tata Sons, also holds a 74% holding in Tata Infotech Limited, and a 38% holding in Tata Elxsi (India) Limited, that provide IT services in certain niche areas and may compete with us. Further, other companies of the Tata Group, including Tata Technologies Limited, a subsidiary of Tata Motors Limited, and Nelito Systems Limited a company promoted by Nelco Limited, provides specialized IT services in niche markets that may compete with our service offerings.

OUTSTANDING LITIGATION AND MATERIAL DEVELOPMENTS

Except as described below and in the notes to the financial statements, there are no contingent liabilities not provided for, outstanding litigation, disputes, non payment of statutory dues, overdues to banks/ financial institutions, defaults against banks/ financial institutions, defaults in dues towards instrument holders like debenture holders, fixed deposits and arrears on cumulative preference shares issued by the Company, defaults in creation of full security as per terms of issue/ other liabilities, proceedings initiated for economic/ civil/ any other offences (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, 1956) against our Company and the TCS Division except the following:-

TCS Division

The following cases have been filed by and against the TCS Division. Upon the Scheme of Arrangement becoming effective all legal proceedings (except for tax proceedings) pending by and against TCS Division shall be continued and shall be enforced by or against the Company.

Against TCS Division

Civil Cases

A. Property Suits

There are two eviction suits pending against the TCS Division. In the event that these cases are decided against us, we would have to relocate our offices, including our corporate offices and personnel. These are discussed below:

1. TCS Division entered into leave and license agreements for occupancy of space on three floors of Air India building, at Nariman Point, Mumbai. The said premises being the premises of a public authority, namely Air India, the Estate Officer of Air India sent several eviction notices on November 3, 1995 under Section 4(1) of the Public Premises (Eviction of Unauthorised Occupants) Act, 1971. TCS Division filed a reply to these said show cause notices claiming tenancy and also claiming protection under the guidelines issued by the Central Government. The Estate Officer by way of notice dated January 6, 1996 (for the period April 1, 1995 to December 31, 1995) has assessed that TCS Division is liable to pay an amount of Rs. 32,425,045.75 as compensation at market rates for unauthorized occupation. Meanwhile, the laws relating to rented premises in Maharashtra were repealed and replaced with the Maharashtra Rent Control Act, 1999. The new act did not extend to companies having a paid-up capital of Rs. 10 million and above. Subsequently, the Government of India revised its guidelines to state that the guidelines would not cover such companies. The Estate Officer has passed an order of eviction on May 7, 2002 against the TCS Division. The TCS Division has appealed before the City Civil Court challenging the eviction order. The appeal has been admitted and is pending for hearing in case No. 12 of 1999. The City Civil Court has also stayed the operation of the Order of the Estate Officer, whereby until the disposal of the proceedings the TCS Division's occupation of the said premises is protected. In relation to the notice for compensation for unauthorized occupation, the same is being contested by TCS Division and the matter is pending before the Estate Officer. We have provided for an amount of Rs. 85,111,307 in the books of accounts for fiscal 2004. Further, in the notes to our Indian GAAP accounts for fiscal 2004, a sum of Rs. 554,442,512 has been disclosed as contingent liability not provided for.
2. The TCS Division had entered into leave and license agreements for two separate floors of Lotus House at Church Gate, Mumbai. The TCS Division received a notice of termination of tenancy on July 18, 1996 from the owner. Separate suits for eviction against TCS Division, have been filed by the owners before the Court of Small Causes, Mumbai. During the pendency of the suit, the laws relating to rented premises in Maharashtra were repealed and replaced with the Maharashtra Rent Control Act, 1999. The new act did not extend to companies having a paid-up capital of Rs. 10 million and above. Subsequently, the Government of India revised its guidelines to state that the guidelines would not cover such companies. An amendment plaint was filed in 2000 to state that as TCS Division has paid up capital of more than Rs.10million, it cannot claim to have protection under the Maharashtra Rent Control Act, 1999. After taking legal advice, TCS Division surrendered the premises in terms of a consent decree on January 15, 2004 with the owners. However, as the suit filed by the owners was a combined suit for both compensation and mesne profits, the suit is still pending for hearing before the Court of Small Causes, Mumbai with regard to determination of the compensation. In our notes to accounts for the fiscal 2004 a sum of Rs. 9,869,624 has been disclosed as a contingent liability not provided for.

B. Suits relating to taxability of software under local laws

1. There are two cases pending in the Supreme Court where TCS Division has challenged the interpretation that software is included within the definition of the word 'goods' for the purposes of levying sales tax and octroi duty. In the first case No. 13085/1997, the Andhra Pradesh High Court held that software which is standardized and marketed for the use of

certain classes of clients like Oracle, Lotus, are goods for the purpose of the Andhra Pradesh General Sales Tax Act, 1957 and is therefore taxable. TCS Division has appealed against this judgment before the Supreme Court. A two-judge bench of the Supreme Court has referred the matter to a three-judge bench. The three-judge bench has passed an order recommending that this matter requires the consideration of a five-judge bench. TCS Division has also filed an interim application before the Supreme Court stating that there have been subsequent sales tax notifications in 1999 exempting from sales tax services provided by a consulting engineer in relation to computer software.

2. The Municipal Corporation of Greater Bombay has levied octroi on five consignments of computer software sold by the Company to HDFC Bank Limited. The Company has filed a writ petition No. 147/2002 before the Supreme Court challenging the power of the Corporation to levy octroi. The Company has obtained a stay and subsequently, by an order of the Supreme Court, the matter has been clubbed with the case pending in relation to levy of sales tax as described above. The clubbed matter is pending decision before a five-judge Bench of the Supreme Court.

3. A criminal complaint No. 10/S/2002, has been filed before the Metropolitan Magistrate Girgaum Mumbai, Maharashtra under the Standards of Weights and Measures (Enforcement) Act, 1985 and the Standards of Weights and Measures (Packaged Commodities) Rules, 1977, by the Inspector of Legal Metrology against TCS Division and other officials alleging that the name, address, maximum retail price, and other details have not been declared on the packages of our 'EX' software packages. The maximum penalty under the above legislation is Rs. 5,000 or imprisonment of 5 years or both. The matter is pending before the Metropolitan Magistrate for final hearing. TCS Division has challenged the applicability of the legislation to software products. The decision of the Supreme Court as to whether the software products are 'goods' or not, in the above cases, may impact the outcome in this case.

C. Money Suits

1. The Government of West Bengal had granted license to AMM Media Pvt. Ltd. ("AMM") for development of certain properties. In these properties, display of advertisements by hoardings was permitted. Tata Motors has taken a hoarding and TCS has put up its advertisement in the said hoarding under an arrangement with Tata Motors. Subsequently, AMM's license was cancelled by the Government and the license was granted to another party. AMM has filed a suit No. 112/2002 against the Government of West Bengal where the TCS Division, along with Tata Tea, Tata Motors, Tata Steel and Trent, have also been impleaded as co-defendants, before the Civil Judge (Senior Division), District Court, Barasat, West Bengal. The TCS Division has paid monthly charges for their advertisement to the new licensee till January 6, 2003 when the agreement was terminated. AMM has filed a suit against the State of West Bengal and included the TCS Division as a party, and has claimed monthly charges for the display of Tata Group advertisement in such property at the rate of Rs. 350,000 per month from July 29, 2002. The case is pending for hearing before the District Court.

2. Technet Software Private Solutions ("TSPSL") has filed a suit No. 219/2002 against the TCS Division before the Civil Judge (Senior Division), Lucknow. The TCS Division had entered into a contract with TSPSL, whereby TSPSL was to install cable networking and supply equipment. TSPSL has contended that the actual value of the work completed by them is Rs. 649,000 and the TCS Division has paid TSPSL only Rs. 292,000 and a sum of Rs. 357,000 is outstanding from the TCS Division. TSPSL has claimed the value of the contract that is, Rs. 1,660,000 and permanent injunction restraining the TCS Division from transferring work and terminating the agreement under which the contract was awarded to TSPSL. The case is pending final hearing before the Civil Judge. In our notes to accounts for the fiscal 2004, a sum of Rs. 357,000 has been disclosed as contingent liability not provided for.

3. The Ministry of Finance awarded the TCS Division a contract to prepare a report on its mints, presses and mills. The total contract amount was Rs. 3,000,000 payable in three installments – 20% on award of the contract and 40% each on submission of the interim and final reports, respectively. The Ministry has disputed the interim report and a suit was filed for the recovery of the initial payment of 20%. The total claim against TCS Division is Rs. 1,059,664 plus interest at 18%.

D. Matters relating to payment of stamp duty

1. TCS Division had purchased twelve flats at Green Fields Complex, Andheri in 1990. TCS Division received notices from the Stamp Duty Authorities i.e. the Deputy Inspector General Registration and the Deputy Controller of Stamps on August 29, 1997 with respect to nine of the above flats asking us to pay deficit stamp duty of Rs. 34,495 per flat and an additional penalty of Rs. 250 per flat. TCS Division appealed before the appellate authority who dismissed the appeal. The Mumbai High Court upheld TCS Division's appeal and asked the appellate authority to correctly determine the duty payable after reviewing the material and documents. The matter is presently pending before the appellate authority. In connection with this matter, in our notes to accounts for fiscal 2004, a sum of Rs. 239,740 has been disclosed as contingent liability not provided for.

2. The TCS Division has purchased three immoveable properties at the Information Technology Park Ltd., Bangalore and paid stamp duty on such purchases in 2001. The Sub-Registrar of stamps had demanded full additional stamp duty which worked out to Rs. 311,852 for the first property, Rs. 231,448 for the second property and Rs. 3,758 for the third property. The demand was on the basis that the exemption notification is not applicable to additional stamp duty. The TCS Division filed three writ petitions before the High Court of Karnataka which passed an order quashing the three demand notices and directing the Sub-Registrar to complete the registration within four weeks from the date of receipt of the order. The Sub-registrar has now filed an appeal before the High Court of Karnataka (Appellate Jurisdiction). The matter is in a preliminary stage and pending admission.

E. Implementation Suits

Civil Suit before High Court of Judicature at Chennai

A civil suit No. No.7/2003 has been filed by M/s. Kumudam Publications Private Limited before the High Court of Judicature at Chennai alleging that the TCS Division did not (a) implement the required solution and (b) adhere to the time schedule for the project. In this suit, apart from Tata Sons, Mr. Ratan N. Tata, Mr. S. Ramadorai and Mr. Mahalingam (directors and senior management personnel) have been named as parties. The plaintiffs have claimed a sum of Rs. 4,600,000 in their favour. TCS Division has filed its response stating that it was only responsible for developing the solution and not implementing it and also sought removal of the names of the directors and senior management as parties. The matter is scheduled for hearing. In connection with this matter, in our notes to accounts for fiscal 2004, a sum of Rs. 46,00,000 has been disclosed as a contingent liability not provided for.

F. Miscellaneous

1. There are five separate suits currently pending before various courts at different stages including City Civil Courts, District Forums for redressal of consumer disputes, the MRTP Commission and the High Court of Kerala. The total claims under these suits amount to Rs. 477,751. In connection with these matters, we have provided for an amount of Rs. 160,711 in the books of accounts for fiscal 2004. In our notes to accounts for fiscal 2004 a sum of Rs. 188,461 has been disclosed as a contingent liability not provided for.
2. There are three cases against the TCS Division, instituted by ex-employees seeking reinstatement. There is one case filed against TCS Division and others by an employee of WTI Advanced Technology Limited, claiming payment of salary and damages aggregating Euro 41,067.
3. The TCS Division entered into an agreement with West Bengal Electronics Development Corporation Limited ("WEBEL") to provide certain application service providers that were to be used by kiosks, each kiosk owner being a licensee for one year. The kiosk owners have filed a case against WEBEL and also named the TCS Division as a respondent, wherein the kiosk owners have sought renewal of the license without payment of the license fee due to unsatisfactory working conditions in the preceding year.
4. The TCS Division had received a demand notice from the Commercial Tax Officer, Thiruwanmiyur ("CTO"), to pay a sum of Rs. 4,336,216/- owed to the Government in relation to sales tax arrears by the previous owner of a property purchased by TCS Division. The TCS Division had filed a writ petition before the High Court of Judicature at Chennai. The writ petition has been admitted and an interim stay against the order of the CTO has been granted by the High Court of Judicature at Chennai.

G. Case against the TCS Division as a Share Transfer Agent

TCS Division is acting as Share Transfer Agent for several companies. There are 27 cases in which TCS is necessary party as provider of share transfer services in cases filed against clients. There is one complaint relating to fraudulent transfer of shares and non-allotment of shares. TCS Division has been named as a party in this complaint.

H. Cases against the TCS Division arising from payment of Service Tax

The TCS Division had been asked to pay Rs. 988,379 as service tax by the Additional Commissioner of Central Excise. In addition to this sum, the TCS Division had been asked to pay a penalty of Rs. 988,379 plus a penalty of Rs. 2,000 for each service tax return. The TCS Division had filed a writ petition before the High Court of Karnataka on the basis that TCS Division is not liable to pay service tax and that computer software is exempt from service tax. The High Court of Karnataka dismissed the TCS Division's writ petition. The TCS Division had filed a writ appeal in the same court. The High Court of Karnataka had admitted the appeal on the condition that the TCS Division pay the service tax of Rs. 988,379 pursuant to which the TCS Division paid this amount. The High Court of Karnataka has dismissed the appeal. The Superintendent of Central Excise, D Range, Bangalore has made a demand of the penalty amount of Rs. 988,739 and Rs. 2,000 and interest on such sum. The TCS Division is awaiting calculation of the interest amount by the authorities and proposes to pay the entire penalty amount, including interest. The TCS Division may file an appeal against the above order before the Supreme Court.

I. Case relating to payment of provident fund by the TCS Division

The Tata Sons Consolidated Provident Fund ("Tata Sons Provident Fund") was established in 1938. The Tata Sons Provident Fund is approved and recognized under the Income Tax Act, 1961 and is not covered under the Employees Provident Fund and Miscellaneous Provisions Act, 1952 (the "PF Act"). The employees of the TCS Division were covered under the Tata Sons Provident Fund. The Central Government issued a circular in 1971 (the "Circular") specifying that the Employees Provident Fund and Scheme, 1952 would apply to every establishment rendering expert services such as supply of personnel, advice on domestic or departmental enquiries, special services in rectifying pilferage, thefts, pay roll irregularities etc. With effect from April 1, 1997, the TCS Division formed its own provident fund, the Tata Consultancy Services Employees Provident Fund ("TCS Employees Provident Fund"). The TCS Division employees have since become members of the TCS Employees Provident Fund.

On the basis of the Circular, the Regional Provident Fund Commissioner ("RPFC") issued a letter on March 15, 1977, informing the TCS Division, that, as of the date of the Circular the employees of the TCS Division were covered under the PF Act as they were providing "expert services". The RPFC has held in two separate instances that the activities carried on by the TCS Division were covered under the category of "expert services". In the first instance, the order of the RPFC was quashed by the High Court of Judicature at Bombay on June 27, 1997 and the court remanded the matter back to the RPFC for re-consideration. In the second instance, the High Court of Bombay set aside the order of the RPFC and directed the RPFC to consider additional issues, by an order dated February 15, 1999. The RPFC on hearing arguments on these issues passed an order dated November 2, 1999 holding that the petitioner was covered under the PF Act. The TCS Division preferred an appeal before the RPFC (Memo of Appeal no. ATA-23(9)2000). The RPFC passed an order dated July 17, 2000 dismissing the appeal. The TCS Division has challenged this order before the High Court of Bombay. On January 15, 2001, the High Court held that the RPFC should determine the dues to be paid by the TCS Division and subsequently approach the High Court of Judicature at Bombay for further directions in the matter.

The Assistant Provident Fund Commissioner, on February 16, 2004, quantified the TCS Employees Provident Fund dues and other administrative charges for the period August 1971 to December 2003 as Rs. 1,884,171,019. This amount includes an amount of Rs. 811,932,748 contributed by TCS Division and a similar sum of Rs. 811,932,748 contributed by the employees. Thus, a sum of Rs. 260,305,523 as provident fund administration and other charges has been claimed. The total corpus of the TCS Employees Provident Fund is currently Rs. 5,663,821,166. The Commissioner, in terms of his order dated January 15, 2001 has ordered that the parties should approach the High Court of Bombay for further directions in the matter. In connection with this matter, we have provided for in the books of accounts for fiscal 2004 an amount of Rs. 275,714,000. The matter is currently pending before the High Court of Bombay.

The High Court of Judicature at Bombay passed an interim order dated June 17, 2004, pursuant to which TCS Division was permitted to submit an application seeking exemption under the PF Act to the RPFC. Accordingly, TCS Division has filed such exemption application with the RPFC who has been directed under this interim order to consider such application within six weeks. The RPFC has requested the TCD Division for details which are being provided.

J. Intellectual Property Disputes

1. There are two cases pertaining to our application for registration of the trademark "NCS – The Custody Solution" in the United Kingdom. In one case, we have opposed an application for registration by New Center Systems, S.L. a Spanish company of its trademark "NCS SOFTWARE" on the ground that it is deceptively similar to our trademark "NCS – The Custody Solution" which is pending registration. In the other case, Network Centric Software S.A. has opposed our application for registration of the mark "NCS – The Custody Solution" in the United Kingdom.
2. Mastercard International Inc. has opposed our application for registration of the word and logo "Mastercraft" in the United Kingdom. We are currently negotiating a settlement with Mastercard.

Litigation filed by the TCS Division

A. Criminal Cases

1. The TCS Division has filed a complaint relating to an employee of an agency used by the TCS Division. The TCS Division had initiated action by filing an FIR. The accused and his family have been accused by the TCS Division of fraudulently making changes to UTI's investor details, transferring several units under UTI Schemes to fictitious names and fraudulently encashing several cheques issued by UTI. The TCS Division has filed insurance claims for the likely payment as a result of the above fraud. The investigating officer has filed the charge sheet. The accused were arrested and released on bail. In connection with this matter, we have provided for in the books of accounts for fiscal 2004 an amount of Rs. 9,831,470.
2. The TCS Division has filed a complaint before the Commissioner of Police, Coimbatore against Tamil Nadu Infotech Pvt. Ltd. and others. The TCS Division has contended that the accused forged letters from the TCS Division to cheat students.

The TCS Division has prayed that the accused be found guilty of cheating by impersonation and forgery. The charge sheet has been filed by the Coimbatore Police. Bail has been granted to the accused.

B. Attrition Suits

The TCS Division enters into Service Agreements with its employees at the time they join the TCS Division. In the event that the employee leaves before serving the minimum period specified in the Service Agreement, the TCS Division proceeds against the surety mentioned in such agreement for payment of liquidated damages. Additionally, in instances where the employee has been sent out of India to work on a project, the employee has to enter into an Overseas Deputation Agreement with the TCS Division. In terms of this agreement, the employee has to return to India after the completion of the overseas deputation, provided the deputation was in excess of 30 days, and work with the TCS Division in India for a minimum period of six months.

The table below summarizes the position in relation to the number of ex-employees against whom the TCS Division has initiated action in a court of law.

S. No.	Centre	Number of cases where the matter is pending with the court	Amount of claim
1.	Bombay	09	450,000
2.	Kolkata	28	1,400,000
3.	Chennai	24	1,200,000
4.	Bangalore	200	10,000,000
5.	Hyderabad	14	700,000
	Total	**275**	**13,750,000**

C. Intellectual Property Disputes

1. We have filed two Notices of Opposition before the Registrar of Trademarks, New Delhi against Top Careers and You and Tuli and Co. who have filed applications for the registration of the trademarks "TCY" and "TCI" respectively, on the ground that the said marks are deceptively similar to our registered trademark "TCS."
2. TCS has initiated an opposition proceeding No. 152,876 in the U.S. Patent and Trademark Office against Hansaconsult who has sought to register the trademark "TCS (the "HANSACONSULT TCS Mark")". We have negotiated and executed a consent agreement allowing Hansaconsult to make use of the TCS name and mark for limited purposes.
3. TCS America has received a notice from a law firm representing a software company Intrieve Inc., alleging that the display of one of our software product offerings Consult Intrieve, on our website is likely to confuse the customers and prospective customers of this software company. The software company has also claimed that the mark, 'Intrieve' is their registered mark. We have decided to discontinue the use of the mark as part of our product name. The same has been informed to the lawyers of the software company.
5. TCS America has received a notice dated March 31, 2004 from the Trustees in the bankruptcy of Genuity Inc. calling upon the company to pay an amount of US $ 487,580. The claim has been asserted by the Trustees on the allegation that the company had received a sum of US $ 500,180 during the 90-day preference period prior to Genuity Inc. filing for bankruptcy. This payment was received by TCS America for services performed and such payment was in the ordinary course of business. TCS America has decided to contest the claim.

D. Miscellaneous Cases

1. The TCS Division has filed a suit against Sterling Holiday Resorts Ltd. before the High Court of Chennai claiming Rs. 3,001,762 as an outstanding amount with respect to software developed by the TCS Division.
2. The TCS Division has filed a suit against Vijaykumar Mills before the High Court of Chennai claiming Rs. 2,596,704 as an outstanding amount with respect to work relating to a project undertaken by TCS Division for the hosiery department of Vijaykumar Mills.
3. The TCS Division has filed a suit against Maxworth Orchards before the High Court of Chennai claiming Rs. 2,085,000 as an outstanding amount in connection with the formulation of a software package by the TCS Division.
4. The TCS Division has filed a suit against an ex-employee before the City Civil Judge, Bangalore, for repayment of a loan taken from the TCS Division for various purchases by the ex-employee, wherein an amount of Rs. 869,149 is still outstanding from the ex-employee.

5. The TCS Division has filed a suit against Modelcam Technologies before the City Civil Judge (Senior Division), Pune for recovery of the sum of Rs. 250,250 for software supplied by the TCS Division.

6. The TCS Division has filed a winding up petition against Gomti Capital Markets (India) Limited and Gomti Credit & Finance Private Limited (together referred to as "Gomti") for the reasons stated herein. The TCS Division had entered into leave and license agreements with both the above parties and paid a sum of Rs. 1,080,000 to each as security deposit. The TCS Division vacated the premises. Gomti refused to return the said security deposit and responded stating that as the TCS Division vacated the premises four days after the expiry of the lease period and the TCS Division should pay the whole month's rent. The landlord of the property, Ram House Ltd., has also asked TCS Division to pay a sum of Rs. 529,207 being the compensation for the period of two months during which they contend TCS Division used and occupied the ground floor of the building.

Legal Notices

Notices received by TCS Division

1. The TCS Division has received a notice from the Insurance Inspector of the ESI Corporation, for an additional contribution of Rs. 36,500,000 in respect of temporary labour engaged for repairs and maintenance of building and machinery. The TCS Division has made a payment of Rs. 249,797 in settlement of the same. However, the TCS Division has received no further intimation from the ESI Corporation in this regard. Further, in the notes to our Indian GAAP accounts for fiscal 2004, a sum of Rs. 36,498,309 has been disclosed as contingent liability not provided for.

2. Sumi Motherson Integrated Tech Ltd. has sent a notice to Moldflow Korea and the TCS Division as the Indian agent of Moldflow claiming losses of US$ 150,000. Sumi Motherson Integrated Tech Ltd. had requested TCS Division to permit it to use the Moldflow MPI Software in Australia. The license was granted to Sumi Motherson Integrated Tech Ltd. by TCS Division, but was later cancelled by Moldflow Korea. TCS Division had directed Sumi Motherson Integrated Tech Ltd. to clarify with Moldflow Korea as the ownership of the license was with Moldflow Korea. TCS Division has replied to this notice to which Sumi Motherson Integrated Tech Ltd. has not initiated any further action.

Arbitration

LKP Shares and Securities Limited has referred a matter to arbitration relating to certain software developed by the TCS Division. The Arbitral Panel has been constituted and the claimants have filed their Statement of Claim for Rs. 39,356,343, which includes refund of Rs. 5,700,000 as the license fee paid by them and other alleged expenses and damages (including interest) incurred by them. TCS Division has filed its response, refuting such claims along with its counter-claim for Rs. 3,000,000.

TCS Limited

The following cases have been filed against the Company.

Suits relating to immovable property

1. The Company has purchased an immovable property in Thane from Voltas Ltd. for a consideration of Rs. 282,733,931. The property had been acquired by Voltas Ltd. in 1964 from St. John the Baptist Church. The plaintiffs, Ibrahim Warekar and Ismail Alisaheb Warekar, have filed a case against St. John Baptist Church, Voltas Ltd. and the Company claiming that the father of the plaintiffs was the lessee of the premises, and the lease was valid until 1975. Further, upon the death of their father, possession of the premises passed onto the plaintiffs and they remained in possession of the premises after expiry of the lease and were in possession of the premises on the date of transfer of the premises to Voltas Ltd. The plaintiffs have challenged the transfer by St. John the Baptist Church to Voltas Ltd. in 1964 and the transfer by Voltas Ltd. to the Company in 2002. The plaintiffs have also filed an application to restrain Voltas Ltd. from creating any third party interest over the said property. The Company has filed its written statement. The case is in a preliminary stage and is scheduled to come up for hearing.

2. The Company has purchased the first floor of a building in Pune for a consideration of Rs. 29,500,000. The title to the land on which the building is constructed is disputed in Suit No. 932/1988 pending before the High Court of Bombay. The suit was filed by Akbar Jetha against Hasanali Jetha, the original owner of the land, the suit claim being one half of the rights, title and interest in the property. The Company has entered into an agreement dated November 12, 2002 with the developer and the owners of the said land and the building constructed on the said land, whereby the Company has been indemnified against any damages it may suffer in the event the Court passes a judgment in favour of Akbar Jetha. The pre-determined compensation for damages has been fixed at Rs. 51,000,000.

Suit relating to Stamp Duty

TCS Limited was allotted 70.5 acres of land on lease for 99 years in the Information Technology Park by the State Industries

Promotion Corporation of Tamil Nadu Limited (SIPCOT) situated in Siruseri near Chennai. The Company had remitted an amount of Rs. 2,454,693 towards stamp duty and Rs. 916,500 towards registration charges to the Sub-Registrar. However, the District Registrar has imposed an additional stamp duty of Rs. 3,715,972 and a fine of Rs. 1,028 aggregating to Rs. 3,717,000 which is challenged by the Company before the Inspector General of Registration, Chennai and the same is pending.

Litigation against Directors of TCS Limited

Litigation against Mr. Ratan N. Tata

1. Securities Related:

   A petition has been filed before the Consumer District Redressal Forum, Bulandshahr, UP in case no 323/98, in which Mr. Ratan N. Tata has been impleaded along with Tata Tea Limited. The issue is loss of share certificate for 100 shares of the company and issue of duplicate share certificate in lieu of the lost certificate. The Forum passed an order of fine against Tata Tea Limited. On appeal to the State Commission the order of the District Forum was stayed. The appeal is pending with the State Commission.

2. Civil Matters:

   (a) Ms. Binu Anand Khanna, a former executive of The Indian Hotels Company Limited (IHC) has filed a civil suit (Suit No. 399/2001), for damages and compensation, in the Delhi High Court against IHC and Others. Ms. Bindu Anand Khanna's services were terminated in February 2000. IHC has inter-alia challenged the maintainability of the suit against other defendants, including Mr. Ratan N. Tata. Till date notices have not been issued to any of the defendants except IHC. The matter is pending.

   (b) Mr. Ratan. N. Tata along with Mr. N. A. Soonawala and Mr. J. J. Bhabha have filed a Writ Petition No. 3088 of 1997 in the High Court of Judicature at Bombay, Nagpur Bench, Nagpur, against an order for recovery towards past wages claimed by some former employees of The Central India Spinning, Weaving & Manufacturing Co. Ltd., Nagpur aggregating about Rs. 3,600,000. The Writ Petition was filed to obtain a stay of the recovery proceedings initiated by the Assistant Commissioner of Labour against Mr. Ratan N. Tata, Mr. Soonawala and Mr. Bhabha in their capacity as former Directors of Central India Spinning, Weaving & Manufacturing Co. Ltd. The High Court has granted an interim stay and the matter is pending final hearing.

   (c) M/s. Kumudam Publications Private Limited has filed a civil suit against Mr. Ratan N. Tata, the TCS Division and others. See "Outstanding Litigation against TCS Division" on page 157 of this Prospectus.

3. Defamation:

   Mr. B. V. P. Rao, IAS has filed a defamation Suit No. 192 in 1997 against Tata Tea Limited (TTL), Mr. R.N. Tata, Chairman TTL and Mr. Krishnakumar Vice Chairman TTL, claiming Rs. 10,000,000 as damages, alleging loss of reputation from the press advertisements and other submissions made by TTL in connection with the problems faced by TTL in Assam with a militant organization of Assam. A petition was filed by TTL for rejection of the plaint but the Trial Court did not agree in favour of TTL. Against this Order of the Trial Court a civil revision petition was filed by TTL before the Guwahati High Court and the High Court has granted a stay of the proceedings in the Trial Court. The Revision petition has been listed and will be heard by the Guwahati High Court.

4. Criminal Cases:

   (a) A complaint has been filed by Mr. M. K. Agarwal before the Judicial Magistrate (First Class), Dhanbad alleging criminal breach of trust, cheating and other offences under the Indian Penal Code on the ground that the vehicle sold by the dealer to the customer was an old model. The complaint was filed against the Director, Works Jamshedpur, General Manager of Tata Motors Sales, and two other employees of Tata Motors. Tata Motors filed a quashing petition in the High Court Ranchi Bench. The High Court, after hearing both the parties, quashed the complaint as far as Director, Works Jamshedpur, General Manager of Tata Motors Sales are concerned. It further directed the other parties to take up various contentions before the Trial Magistrate. The matter is pending before the Judicial Magistrate, Dhanbad. As this is a criminal case, no monetary compensation is claimed.

   (b) A complaint has been filed with the Chief Judicial Magistrate, Dumka against Mr. Ratan. N. Tata, and General Manager of Tata Motors, Mr. Himatsingka, Dealer of Tata Motors, alleging criminal breach of trust, cheating and dishonest delivery of property under the Indian Penal Code. The complainant had purchased a vehicle from the Company's dealer and has alleged that the said vehicle was defective. A quashing petition has been filed in the High Court of Patna and the proceedings have been stayed by the High Court. As this is a criminal case, no monetary compensation is claimed.

(c) Mr. S.K. Agarwal and Mr. R. K. Agarwal have filed complaints before the Additional Judicial Magistrate, Raipur and the Sub Divisional Magistrate, Sambalpur respectively against the Chairman of Tata Motors and the Board of Directors under Section 138 and 141 of the Negotiable Instruments Act, 1881.

The complainants had filed a Civil Suit against Tata Motors and its Dealer before the District Judge, Raipur for refund of the booking amount, which was decreed in favour of the complainant. An Appeal was filed by Tata Motors before the High Court of Jabalpur, which stayed the order by the District Judge provided that Tata Motors deposit the decretal amount with the Trial Court at Raipur. Tata Motors had deposited the said amount at Raipur. In the meantime, execution proceedings were taken out against Tata Motors pursuant to which Tata Motors handed over the necessary cheque to the Bailiff. A stay was granted by the High Court prior to the presentation of the said cheques to its banker and hence Tata Motors issued a stop payment instruction to its Bankers. Thereafter the complainants have filed the said complaints.

Tata Motors has filed a quashing petition before the High Court of Jabalpur and further proceedings have been stayed by the High Court. Tata Motors has also obtained a stay on further proceedings from the Additional District and Sessions Judge, Sambalpur.

(d) A complaint has been filed by Mr. Ravindra Chowksey against Mr. R. N. Tata, Chairman and Mr. A. K. Kaul, the then Deputy General Manager (Sales) of Tata Motors. The complaint has been registered by Police Station of Bargi in Jabalpur and the resulting FIR has been pending. The grievance of Mr. Chowksey is that a Tata Mobile vehicle sold under the Hire Purchase scheme was allegedly an old vehicle. A stay order has been issued by the Jabalpur High Court restraining the Police from proceeding with the case.

(e) M/s Ambica Multi Fibers Ltd through its representative, Mr. Suratna Mukhopadhyay filed a criminal case against the non Executive Directors viz. Mr. N. A. Soonwala, Mr. J. K. Setna, Mr. V. R. Mehta, Mr. R. Gopalakrishnan, Mr. N. N. Wadai, Mr. S. A. Naik and Company Secretary, Mr. H. K. Sethna in the Court of Sub-Divisional Judicial Magistrate, Alipore. In the said Complaint, apart from joining the non Executive Directors as party to the proceedings he had also joined the Company's then Dealer, Subir Udyog Limited along with his employees as parties. The said complaint was filed for cheating and criminal conspiracy (under Sect. 420 r/w 120-B IPC). The Complainant had alleged that Tata Safari vehicle which was purchased from the ex Dealer was a defective vehicle and inspite of knowing that it was a defective one the same was sold to him.

The Company has moved the Calcutta High Court by filing a quashing petition and the High Court has not only admitted the Petition but has also granted stay of the proceedings before the Alipore Court, till the disposal of the Quashing Petition.

(f) Mr. Surendra Pal Singh has filed a criminal case against Mr. R. N. Tata and Mr. Ravi Kant under Section 420 read with 34 in the Court of Judicial Magistrate, 1st Class, Gandhidham, Kutch. In the said complaint he had also joined the Dealer's representative as a party to the proceedings. The Complainant had purchased TATA LPS 3516 TCEX vehicles from Cargo Motors and as the vehicles started giving problems during the warranty period the alleged Complaint has been filed. The Magistrate has issued a summons to the Dealer's representative in December 2003 but till date summons have not been received.

(g) In 1985, the Drugs Inspector had filed a complaint before the Chief Judicial Magistrate, Vidisha, Madhya Pradesh for the alleged violation of the Drugs & Cosmetics Act, 1940 by Rallis India Ltd. (Rallis).

Mr. Ratan N. Tata was earlier a non-executive Director of Rallis for a brief period. Mr. Tata's name is included as one of the accused in the said complaint though there are no averments against him. Mr. Tata resigned from the Board of Rallis w.e.f. 31st July, 1984.

So far, no summons have been served on Mr. Tata. Necessary application has been made to the magistrate at Vidisha, Madhya Pradesh for discharge of Mr. Tata from this case.

Outstanding Litigation against Mr. S. Ramadorai

M/s. Kumudam Publications Private Limited has filed a civil suit against Mr. S. Ramadorai, the TCS Division and others. See "Outstanding Litigation against TCS Division" on page 157 of this Prospectus.

Outstanding litigation against Tata Consultancy Services' Subsidiaries

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 subsidiaries 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 offences (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).

Litigation related to CMC Limited

Contingent Liabilities (not provided for as of March 31, 2004)

- Amount under litigation is Rs. 97.35 million
- ESI demand amounting to Rs. 0.28 million
- Disputed sales tax demands amounting to Rs. 34.57 million
- Unexpired letters of credit amounting to Rs. 454.73 million
- Guarantees issued by bankers against company's counter guarantee amounting to Rs.1098.74 million
- Others amounting to Rs. 1.39 million
- Sales tax on leased assets amounting to Rs. 3.73 million
- Estimated amount on contracts remaining to be executed on capital account amounting to Rs. 69.49 million

Outstanding litigation as of March 31, 2004

Income Tax

- 10 appeals filed by the company are pending before the Income Tax Appeal Tribunal involving Rs. 109.75 million.
- 1 appeal filed by the company pending adjudication before the Commissioner of Income Tax (Appellate) involving Rs. 45.15 million.
- 4 appeals filed by the Income Tax Department against the company are pending adjudication before the Income Tax Appellate Tribunal involving Rs. 34.29 million.

Sales Tax

- The company has filed various appeals before the Assistant Commissioner of Central Taxes and other adjudicating authorities involving Rs. 34.57 million.

Labour Cases

- Several writ petitions and other cases have been filed against the company relating to contract labour.
- Several cases have been filed against the company relating to termination of services or general nature or for disciplinary action.

Miscellaneous

- There are several consumer complaints, civil suits (including for transfer of securities) and arbitration proceedings pending against the company.

Non Payment of Statutory Dues

Nature of Dues	**Amount (Rs. Million)**	**Financial Year/ Period**	**Forum where the dispute is pending**
Sales Tax			
West Bengal			
Tax on addition to taxable turnover	4.57	1996-97	Assistant Commissioner
Tax Demand on disallowance of credit for tax deducted at source, concessional sales tax forms and set off of amount paid to sub contractors	1.98	1997-98 to 2000-01	Assistant Commissioner
	6.55		
Bihar			
Tax demand and penalty imposed on enhancement of turnover during assessment and delay in filing of return	7.85	1987-88 to 1992-93	Commercial Taxes Tribunal

Nature of Dues	Amount (Rs. Million)	Financial Year/ Period	Forum where the dispute is pending
Madhya Pradesh			
Tax demand and penalty imposed on enhancement of turnover	0.44	1987-88	High Court
Tax demand and penalty imposed on enhancement of turnover	0.66	1990-91 & 1991-92	Assistant Commissioner
	1.10		
Orissa			
Tax Demand on disallowance of claim for refund of sales tax deducted at source on service revenues	0.61	1994-95, 1999-2000 & 2000-01	Assistant Commissioner
Tax Demand on disallowance of claim for refund of sales tax deducted at source on service revenues	0.25	1995-96	Sales Tax Tribunal
	0.86		
Uttar Pradesh			
Tax demand on inter state sales deemed as intra state sales	0.36	1994-95	Sales Tax Tribunal
Tax Demand on disallowance of non taxable turnover	0.04	1996-97	DC – Appeals
	0.40		
Central Sales/ Tamil Nadu General			
Tax demand on disallowance of concessional tax on sale in transit and notional profit on cost of maintenance spares	**2.36**	1993-94, 1994-95, 1996-97 & 1997-98	Appellate Assistant Commissioner
Kerala			
Tax Demand for dispute on tax rate	**0.46**	1996-97 & 1999-2000	Assistant Commissioner
Mumbai			
Tax demand on maintenance spare, set off of tax paid and lease tax	**8.20**	1990-91 to 1992-93	Sales Tax Tribunal
Grand Total	**27.79**		

Over due interest/principal as on current date:

Name of the Lender	:	Government of India
Amount in default	:	Rs. 67.40 Million (Principal)
		Rs. 20.20 Million (Interest Accrued and due)
Date of Default	:	Rs. 12.50 Million from April 1, 1987
		Rs. 50.00 Million from November 24, 1989
		Rs. 4.90 Million from March 29, 1990

CMC Limited has repaid a part of the overdue principal and all of the interest accrued and due in April 2004 and plans to repay the remaining outstanding in phases.

Litigation related to Airline Finance Support Services (I) Private Limited

Outstanding litigation as of April 28, 2004

Income Tax Cases

- Several cases are pending before various income tax authorities. 1 case involves a sum of Rs. 37,397,347, out of which a sum of Rs. 35,692,945 has been paid under protest. For the other cases, the company has paid all demands, but challenged the decision of the income tax authorities.

Employee and Labour Related

- The company has filed a writ petition before the High Court of Bombay challenging the RPFC's decision not to grant the employees pension scheme of the company an exemption from registering under the Government scheme.
- 1 case has been filed by an ex-employee seeking reinstatement of services. Damages against the company could amount to Rs. 0.4 million.

Litigation related to Aviation Software Development Consultancy India Limited

Arbitration

- Arbitration proceedings are in progress in respect of certain employees who have committed a breach of their service agreements. Some of these employees have filed appeals before the High Court.

Outstanding Litigation against our Promoter

Contingent Liabilities (not provided for as of March 31, 2003)

- Guarantees banks, financial institutions and others in respect of cash credit, loan arrangements etc. amounting to Rs. 14,405.8 million. Amounts outstanding against the above guarantees as on March 31, 2003 were Rs. 13,370 million. A part of the above cash credit, loan arrangements etc. are secured against the assets of the borrowers.
- Claims against the company not acknowledged as debts amounting to Rs. 274.6 million.
- Tata Teleservices Ltd. has issued redeemable preference shares which are redeemable at the end of 76 months. The company has entered into a Put option Agreement with the shareholders under which the maximum liability of the company, if the option is exercised would be Rs. 8,360 million.

  As on March 31, 2004 one of the contingent liabilities not provided for on March 31, 2003 has been settled by repayment of the outstanding amount.

Outstanding litigation as of June 30, 2004

Civil Litigation

- Apart from the litigation against TCS Division, there are no other pending litigations against the company having a financial impact on the company except a tax demand not admitted by the company for Rs. 43.9 million, appeal against which is pending.

Income Tax

The contingent liability arising from income tax assessment order ("Assessment Order") relating to fiscal 2001 as computed by the assessing officer, amounts to Rs. 800.7 million excluding interest, which is not provided in the books of Tata Sons. A part of the contingent liability relates specifically to the TCS Division and the balance pertains to Tata Sons (exclusive of the TCS Division). The income tax liability relating to the TCS Division, pursuant to the Scheme shall not be transferred to TCS Limited, but shall remain with Tata Sons.

Assessment relating to the TCS Division

- The Assessing Officer in the Assessment Order has denied the deduction claimed during fiscal 2001, under Section 10A of the IT Act in respect of certain units registered as STPs, where deduction under Section 80HHE was being claimed in the past. The company has contested the claim of the Assessing Officer.
- The company has applied for credits in respect of overseas taxes paid which has not been granted in the Assessment Order and the same has been contested by the company. The company would be entitled to credits against tax payable in India out of the taxes paid overseas to the extent eligible under the applicable treaties for avoidance of double taxation and under Section 91 of the Income Tax Act, 1961.

- The Assessing Officer has disallowed expenses relating to purchase on software on the basis that the tax at source was deductible thereon. The company has contested this disallowance.
- There are other minor issues for which deductions has not been allowed/additions made by the Assessing Officer in his Order. The Company has contested such disallowances/additions.

Assessment relating to Tata Sons (exclusive of the TCS Division)

- There are certain issues, which have not been allowed by the Assessing Officer in his Order. The company has contested such disallowances/additions made in the Order.

Outstanding Litigation: Income Tax

- There are cases appealed by the Income Tax Department before the High Court and the Income Tax Appellate Tribunal, amounting to Rs. 132.2 million.

Outstanding Litigation against the five largest listed companies promoted by Tata Sons

Tata Motors Limited

Contingent Liabilities (not provided for as of March 31, 2004)

- Sales Tax
  - o Gross amounting to Rs. 1,953.0 million; and
  - o Net of tax amounting to Rs. 1,252.3 million.
- Excise Duty
  - o Gross amounting to Rs. 225.5 million; and
  - o Net of tax amounting to Rs. 144.6 million.
- Others
  - o Gross amounting to Rs. 718.8 million; and
  - o Net of tax amounting to Rs. 460.9 million.
- Provision not made for income tax in dispute (exclusive of the effect of similar matters in respect of assessment remaining to be completed) in respect of matters:
  - o Decided in company's favour by appellate authorities and for which Department is in further appeal amounting to Rs. 630.0 million.
  - o Pending before Appellate authorities in respect of which the company is in appeal and expects to succeed based on decision in earlier assessment years amounting to Rs. 328.2 million.
  - o Pending in appeal/ other matters amounting to Rs. 145.6 million.
- Excise demand amounting to Rs.3088.8 million including penalty of Rs.1544.4 million.
- Counter claim made by a party upon termination of distributorship arrangement by the company amounting to Rs.353.0 million.
- The company has entered into an option agreement under which it has an obligation to purchase or arrange to purchase preference shares of Tata Finance Limited amounting to Rs.1500 million subject to occurrence of certain specified events.
- Claims/liabilities in respect of other matters where the issues were decided in favour of the company for which the department is in further appeal amounting to Rs. 1,367.6 million.
- Estimated amount of contracts remaining to be executed on capital account and not provided for amounting to Rs. 2,130.8 million.
- Other money for which the company is contingently liable:
  - o In respect of bills discounted and export sales on deferred credit amounting to Rs. 1,461.2 million
  - o The company has given guarantees for:
    - Liability in respect of receivables assigned by way of securitisation amounting to Rs. 617.6 million
    - Cash margin / collateral amounting to Rs. 574.3 million
    - Other guarantees amounting to Rs. 19.7 million.

- The company has given a guarantee for Non-Convertible Debentures issued by Tata Finance Limited amounting to Rs. 235.4 million.
- The company has provided an undertaking to pay in the event of default for loan given by a bank to one of its subsidiaries for an amount equivalent to Rs. 2,246.7 million.

Outstanding litigation as of March 31, 2004

Criminal Litigation

- 262 cases are pending adjudication at various stages of hearing.

Income Tax

- There are a number of cases appealed by the Income Tax Department before High Courts and Income Tax Appellate Tribunal amounting to Rs. 630.0 million.
- There are a number of cases filed by the company in appeal before the Income Tax Appellate Tribunal amounting to Rs. 328.2 million.
- There are other pending appeals and other matters against the company amounting to Rs. 145.63 million.

Excise

- 509 cases are pending adjudication before various authorities, tribunals and courts where the total amount involved is Rs. 2,003.7 million.

Sales Tax

- 200 cases are pending adjudication before various authorities, tribunals and courts where the total amount involved is Rs. 1,953.4 million.

Octroi

- 6 cases are pending adjudication before various forum where the total amount involved is Rs. 578.3 million.

Road Tax

- 1 case is pending adjudication is pending in the state of Bihar (now Jharkhand) where the total demand is Rs. 79.5 million.

Property Tax

- 24 cases are pending adjudication before various tribunals for various amounts and challenging the rateable value.
- 4 cases on account of property tax amounting to Rs. 40.4 million

Excess Land Dispute

- 1 case is pending adjudication before the High Court, Mumbai where the total amount involved is Rs. 16.2 million.

Non-agricultural assessment

- 1 case is pending adjudication before the High Court, Mumbai where the total amount is involved is Rs. 4.5 million.

Civil Cases

- 676 cases are pending adjudication before various courts.

Labour Cases

- 302 cases are pending adjudication before various courts and tribunals.

Consumer Cases

- 1027 cases are pending adjudication before various consumer forums and commissions at various stages of hearing.

Motor Accident Claims

- 1428 cases are pending adjudication at various stages of hearing.

Public Interest Litigations

- 3 cases are pending adjudication before the Supreme Court and 1 before the High Court, Delhi.

Proceedings under the Monopolies and Restrictive Trade Practices Act, 1969

- 41 cases are pending adjudication.

Arbitration Proceedings

- 27 cases are pending the making of an award.

The Tata Iron and Steel Company Limited

Contingent Liabilities (not provided for as of March 31, 2004)

- Guarantees -The company has given guarantees amounting to Rs.1,643.9 million to banks and financial institutions on behalf of others. As at March 31, 2004 the contingent liabilities under those guarantees amounted to Rs.1,643.9 million.
- Claims for taxes and miscellaneous terms not acknowledged by the company:
  - Gross amounting to Rs.10,252.6 million; and
  - Net of tax amounting to Rs.6,843.2 million.
- Claim by a party arising out of conversion arrangement amounting to Rs.1958.2 million. The company has not acknowledged this claim and has instead filed a claim of Rs.1396.5 million on the party. The dispute is under arbitration.
- Uncalled liability on partly paid shares and debentures amounting to Rs.0.1 million.
- Bills discounted amounting to Rs.1,768.2 million.
- Cheques discounted: the amount is indeterminate.

Outstanding litigation as of June 30, 2004

Criminal Litigation

Litigation against the directors of the company

- 39 criminal cases have been filed against the directors of the company at various forum of which 36 are for technical non compliance under the Factories Act,1948 and other labour laws.

Sales Tax

- Large number of sales tax claims filed against Tata Steel in various states across the country and involves a sum of Rs. 4,127 million.

Excise Duty claims, Import Duty and Customs Claims

- Several claims are pending adjudication against Tata Steel and involve a sum of Rs. 905 million.

Labour Cases

- Tata Steel has several cases in various forums, if decided against Tata Steel, which may result in payment of monetary compensation of Rs. 1,150 million and has been included in the contingent liabilities .

Income Tax Cases

- The amount in respect of income tax claims arising against Tata Steel at various forum involve a sum of Rs. 689.9 million.

Tata Power Company Limited

Contingent Liabilities (not provided for as of March 31, 2004)

- Pending law suits amounting to Rs. 963.6 million.
- Duty payable on account of customs show cause notices amounting to Rs. 0.15 million.
- Customs demand for goods amounting to Rs. 6.01 million.
- Excise demands amounting to Rs. 63.4 million.
- Claims amounting to Rs. 9.7 million.
- House tax amounting to Rs. 56.5 million
- MCGB property tax amounting to Rs. 0.30 million.
- Demand of entry tax amounting to Rs. 5 million.
- Assessment of non-agricultural land amounting to Rs. 28.6 million.

- Mumbai Port Trust – Way Leave Fees amounting to Rs. 96.3 million
- MPCB – Levy of cess amounting to Rs. 65.4 million
- Service tax payable to MBPT on way leave fees (Trombay) amounting to Rs. 1.4 million
- Demand notice – Interest on delayed payment 1990-95 MBPT Bills amounting to Rs. 1.5 million
- MSEB – Interest / DPC amounting to Rs. 309.2 million
- Workers claims amounting to Rs. 24.5 million
- Bond furnished to excise authorities amounting to Rs. 120 million
- Contingent tax liabilities are as follows:
    - Matters on which there are decisions of the appellate authorities in the company's favour not accepted by the tax authorities amounting to Rs. 430 million;
    - Interest demanded amounting to Rs. 181.3 million.

Outstanding litigation as of June 30, 2004

Income Tax Cases

- Several appeals filed by the company are pending adjudication before the Income Tax Appeal Tribunal involving Rs. 2,012.1 million.
- Disputes pending before various forums involve a sum of Rs. 4,215 million.

Civil Litigation

- Several suits not involving financial liability have been filed against the company.
- 11 suits filed against the company are pending adjudication and involve a sum of Rs. 498.66 million.
- The Maharashtra Electricity regulatory Commission ("MERC") has ordered Tata Power to pay Rs. 3,220 million to Reliance Energy Limited ("REL") and Rs. 580 million to Maharashtra State Electricity Board ("MSEB") for a shortfoil in standby charges up to March 31, 2004 and Rs. 2,250 million to MSEB towards interest and delayed payment charges. Additionally, Tata Power and REL have been asked to share 77/79% and 21/23% respectively of the standby charges which are approximately Rs. 330 million every month.

  The Company has filed a writ before the High Court of Mumbai for grant of interim relief. The Court, by an interim order dated July 1, 2004 has held that the appeal shall have to be decided by the Appellate Tribinual, which is yet to be formed. However, the High Court looked at the issue of the interim relief and held that the Company should provide the bank guarantee for the sum of Rs. 3,233 million less the sum of Rs. 83.7 million (which REL has to pay as interest) within a period of four weeks and the balance of the amount to be paid by the Company to MSEB could be paid in two equal installments, one installment before October 31, 2004 and other installment before January 31, 2005. As regards payment of future standby charges, the Court has directed the Company and REL ot pay the same as per the order of the MERC.

Litigation including labour laws, winding up petition or closure

- 60 suits filed against the company are pending adjudication and the sum involved is not ascertainable.

Excise Matters

- 6 cases pending adjudication involving a sum of Rs. 27.27 million.
- Disputes pending before various forums involve a sum of Rs. 33.4 million.

Sales Tax Cases

- 2 cases are pending adjudication and involve a sum of Rs. 43.58 million.
- Disputes pending before the Deputy Commissioner of Sales Tax involve a sum of Rs. 0.20 million.

Works Contract Tax Cases

- 1 case is pending adjudication and involves a sum of Rs. 0.3 million.

Other Statutory Matters:

- Aggregate of the dues against the company arising under customs laws and the Water (Prevention & Control of Pollution) Cess Act, 1977 amounts to a sum of Rs. 230.9 million

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1 case pending adjudication and involving sum of Rs. 50.3 million

Videsh Sanchar Nigam Limited

Contingent Liabilities (not provided for as of March 31, 2004)

- Letters of credit amounting to Rs. 71.0 million.
- Guarantees and counter-guarantees outstanding amounting to Rs. 4,986.1 million.
- Claims against the company not acknowledged as debts:
  - o Claims for taxes on income amounting to Rs. 11,241.6 million.
  - o Claims for other taxes amounting to Rs. 221.9 million.
  - o Other claims amounting to Rs. 267.9 million.

Outstanding litigation as of June 30, 2004

Civil and Economic Litigation

- 80 civil suits, including labour cases are pending against the company before various high courts, labour courts and lower courts involving a sum of Rs. 5.4 million

Telecom Disputes Settlement and Appellate Tribunal ("TDSAT")

- 1 suit is pending adjudication against the company before the TDSAT involving a sum of Rs. 310 million.

Income Tax Cases

- 9 appeals filed by the company are pending before the Income Tax Appeal Tribunal involving Rs. 22,204 million.

Arbitration Proceedings

- 2 arbitration proceedings are pending the making of an award.

Litigation involving criminal offences

- 2 motor accident cases are pending against the drivers of the company.

Consumer Cases

- 20 cases are pending adjudication before various consumer forums and commissions at various stages of hearing involving a sum of Rs. 0.11 million

Miscellaneous

- 13 cases are pending adjudication against the company at various forums relating to labour laws including contract labour cases and involving a sum of Rs. 0.57 million.

Tata Teleservices (Maharashtra) Limited

Contingent Liabilities (not provided for as of March 31, 2004)

- Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) amounting to 2,465.5 million
- Counter guarantees given by the company amounting to Rs. 313.1 million
- Claims etc. against the company not acknowledged as debts amounting to Rs. 677.3 million.

- Disputed tax demands in appeals:
  - o Income tax amounting to Rs. 93.5 million
  - o Sales tax amounting to Rs. 14.0 million. and
  - o Customs Duty amounting to Rs. 215.8 million

Outstanding litigation as of June 30, 2004

Criminal Litigation

- 1 criminal case against the company and one of its employee is pending adjudication before the Additional Chief Metropolitan Magistrate

Consumer Cases

- 12 consumer cases are pending adjudication at various forums involving claims of Rs. 0.39 million.

Income Tax

- 3 income tax cases are pending adjudication and the sum involved is Rs. 93.5 million.

Sales Tax

- The company has received 3 notices from the Maharashtra Sales Tax, as well as Service Tax authorities relating to certain registrations and certain payment of taxes as a result of the alleged violation amounting to Rs. 99.6 million

Inquiry by Directorate of Revenue Intelligence

- The company has received a notice from the Directorate alleging evasion of duty, the amount involved is Rs. 220.5 million. The company has admitted liability for payment of duty of Rs. 49.8 million before the Settlement Commission. The matter is pending hearing.

Telecom Regulatory Cases

- 5 cases, where 2 involve claims made by the company for an amount of Rs. 920 millions and a counter claim against the company for Rs. 6,542.5 million.

Civil and Economic Litigation

- 5 cases against the company amounting to Rs. 10.6 million

Material Developments after March 31, 2004

Save as stated elsewhere in this Prospectus, including “Management’s Discussion and Analysis of Financial Statements in accordance with Indian GAAP” and our financial statements included herein, no material developments have taken place after March 31, 2004, the date of the latest available financial statements that would materially adversely affect the performance or prospects of the Company and its subsidiaries taken as a whole.

GOVERNMENT APPROVALS

In view of the approvals listed below, TCS Limited can undertake this Offer and current business activities and no further material approvals are required from any government authority for TCS Limited to continue their activities.

Approvals for the Offer

1. The Government of India, Ministry of Finance and Company Affairs (Department of Economic Affairs) pursuant to its letter no. FC/233/2004 FIPB dated July 5, 2004 has clarified that approval for the participation of eligible non-resident investors, NRIs and FIIs in this Offer is not required. In terms of the approval of GoI, OCBs have not been permitted to participate in the Offer.
2. TCS Limited has received approval from the RBI for the participation of eligible non-resident investors, NRIs and FIIs in this Offer pursuant to its letter no. FE.CO.FID/232/10.I.07.02.200(642)/2004-05 dated July 12, 2004.

Approvals for our business

We require various approvals for us to carry on our business in India and overseas. The approvals that we require include the following:

(a) Approvals and registrations in India

i. Approval from the Software Technology Parks of India (an autonomous society under Government of India, Department of Information Technology) under the Software Technology Park Scheme of the Government of India, for setting up STP units in various locations around India and development and manufacture of computer software.

ii. Approval from the Commissioner of Customs for the bonding of warehouses to carry on the business of manufacture of computer software in the bonded warehouse and for import of capital goods without payment of import duty.

iii. Permanent Account Number and Tax Deduction Account Number under the Income Tax Act, 1961.

iv. Certificate of recognition under the EXIM Policy of the Government of India as a Star Trading House issued by the Directorate General of Foreign Trade.

v. Importer-Exporter Code issued by the Directorate General of Foreign Trade.

vi. Registration under the Central Excise and Salt Act, 1944.

vii. Registration under the Central Sales Tax Act, 1956.

viii. Registrations under the sales tax acts of the various states in India for local Sales Tax.

ix. Principle employer registration under the Contract Labour (Regulation and Abolition) Act, 1970.

x. Registration under the local shops and establishment legislations of the various states in India.

xi. Registration for payment of service tax in various locations in India where the services are being offered.

(b) Approvals and registrations outside India

i. Approvals for Tata Sons Limited to conduct business in the United States of America in the states of Colorado, the District of Columbia, Florida, Illinois, Maryland, Massachusetts, Michigan, Minnesotta, New Hampshire, New Jersey, New York, Pennsylvania, Texas, Washington and Vermont.

ii. Approvals for Tata Sons Limited to conduct business in various countries including Canada, Puerto Rico, Australia, Sweden, South Africa, United Kingdom, Malaysia, New Zealand.

We have obtained the above approvals and the same are valid as of the date of the Prospectus. Some of these have expired in the ordinary course of business and applications for renewal of these approvals have been submitted. In relation to approvals obtained by Tata Sons or TCS Division and which are being transferred to TCS Limited, pursuant to the Scheme, if and to the extent required, separate applications will be made for change of name. We undertake to obtain all approvals, licenses, registrations and permissions required to operate our business.

Approvals for the Transfer

In connection with the Transfer, we have to obtain various approvals from government agencies and local authorities to transfer certain assets, permits and licenses in India and abroad. Some of these licenses and approvals may not be in the name of the Company at the time the Transfer becomes effective. We have obtained the following in-principle approvals for the transfer of the various STPs approvals from the TCS Division to TCS Limited.

1. STP units at Hyderabad

   Letter no. STPH/6051/2003-2004/5999 dated September 25, 2003 issued by Deputy Director, Software Technology Parks of India, Hyderabad conveying in-principle approval for transfer of the following permission to TCS Limited and that upon the sanction of Scheme by the High Court of Bombay and TCS Limited undertaking to fulfill the remaining export obligations, formal approvals would be issued and the previous approvals/letters would be endorsed in favour of TCS Limited. The permissions listed in this letter are:

   (i) STPH/6051/105-1/2001-02/057 dated April 30, 2001 (Coromandel House).

   (ii) STPH/IMSC/1999-2000/550/21216 dated March 30, 2000 (Surya Towers).

   (iii) STPH/IMSC/2002-03/1076/6918 dated October 24, 2002 (Madhapur).

   (iv) STPH/7452/2003-04/3269 dated July 9, 2003 (CMC Centre).

2. STP units at Bangalore

   Letter No. EIG/TCS/GEN/14239 dated September 10, 2003 issued by Additional Director, Software Technology Parks of India, Bangalore to M/s. Tata Consultancy Services Ltd conveying the in-principle approval for transfer of operations of M/s. Tata Consultancy Services to M/s. Tata Consultancy Services Ltd.

3. STP units at Mumbai

   Letter No. STPI/MUM/VIII(A)(964)/2002(12)/2062 dated April 3, 2003 issued by Software Technology Parks of India, Mumbai to M/s. Tata Consultancy Services conveying in-principle approval for transfer of the following STP registrations to TCS Limited and that upon sanction of the Scheme by the High Court of Bombay and TCS Limited undertaking to fulfill the remaining export obligations, formal approval would be issued and the previous approvals / letters would be endorsed in favour of TCS Limited The STP registrations in this letter are:

   (i) STP/P/VIII(A)(113)95/8172 dated September 26, 1995 (Borivali).

   (ii) STPI/MUM/VIII(A)(848)/2001(06)/909 dated June 12, 2001 (Malad).

   (iii) STPI/MUM/VIII(A)(933)/2002(07)/3407 dated July 25, 2001 (Borivali – Green Raheja).

   (iv) STPI/MUM/VIII(A)(964)/2002(12)/5494 dated December 27, 2002 (Andheri – Suren Road).

4. STP units at Chennai

   Letter No. STPIC/BDG 017/2003-04/281 dated June 6, 2003 issued by Director, Software Technology Parks of India, Chennai conveying in-principle approval for transfer of the following STP Registrations to TCS Limited upon TCS Limited undertaking to fulfill the remaining export obligation and subject to sanction of Scheme of Arrangement by High Court of Bombay. The STP Registrations listed in this letter are:

   (i) STPIC/IMSC/99-2000/3019 dated March 23, 2000 (Sholinganallur);

   (ii) STPIC/IMSC/99-2000/3014 dated March 23, 2000 (Ambattur);

   (iii) STPIC/IMSC/99-2000/3000 dated March 23, 2000 (Llyods Road); and

   (iv) STPIC/IMSC/2000-01/1372 dated August 23, 2000 (Tidel Park).

5. STP units at Noida, UP

   Letter No. STPIN/CH-NAME/10349/6172003/88/17386 dated June 17, 2003 issued by Deputy Director, Software Technology Parks of India, Noida, UP conveying in-principle approval for transfer of the following STP approvals to TCS Limited and that upon sanction of Scheme by the High Court of Bombay, formal approval would be issued and the previous approvals/ letters would be endorsed in favour of TCS Limited The STP approvals listed in this letter are:-

   (i) PCMG/PSE/05/025/STPN/1759 dated August 27, 2001 (Lucknow);

   (ii) PCMG/PSE/05/025/STPN/2459 dated March 2, 2001 (Gurgaon);

   (iii) PCMG/PSE/05/025/STPN/6500 dated March 23, 2000 (Gurgaon);

   (iv) PCMG/PSE/05/025/STPN/6489 dated March 23, 2000 (Noida); and

   (v) PCMG/PSE/05/025/STPN/12125 dated September 4, 2000 (Noida).

6. STP units at Pune

Letter No. STP/P/VIII(A)(674)/2001 dated June 18, 2003 issued by the Director and Chief Executive Software Technology Parks of India, Pune conveying in-principle approval for transfer of STP registration STP/P/VIII(A) (674)/2001/3839 dated February 5, 2001 to TCS Limited upon sanction of the Scheme by the High Court of Bombay and TCS Limited undertaking to fulfill the remaining export obligations.

7. STP units at SEEPZ

Letter No. NUS/APL/455/92/VOL-IV/122 dated July 2, 2003 issued by Asst. Development Commissioner, Government of India, SEEPZ Special Economic Zone, Mumbai conveying in-principle approval for change of implementing agency from M/s. Tata Consultancy Services to M/s. TCS Limited subject to final sanction of Scheme of Arrangement by the High Court of Bombay and an undertaking being furnished on Rs. 100 stamp paper by M/s. TCS Ltd. for taking all assets and liabilities.

8. STP units at Kolkata

Letter No. STPK:DIR:157:2003-04:392 dated August 5, 2003 issued by Director, Software Technology Park, Kolkata to M/s. Tata Consultancy Services conveying in-principle approval for transfer of the following approvals to TCS Limited upon TCS Limited undertaking to fulfill remaining export obligation and subject to sanction of Scheme of Arrangement by the Bombay High Court. The letter mentions that STPI Kolkata would grant formal approval and endorse previous approval letters in favour of TCS Limited. The approvals listed in this letter are:

(i) STPC:EIC:157:99-00:426 dated March 21, 2000 (Salt Lake); and

(ii) STPC:DIR:157:2000-01:753 dated March 15, 2001 (SDF Building, 3rd Floor – Extension to Salt Lake).

DESCRIPTION OF CERTAIN INDEBTEDNESS

Short-term borrowings

All our short-term borrowings are typically for packing credit, against the hypothecations of our foreign book debts and rank pari passu with all the lenders. These borrowings are for a tenor upto 6 months. The foreign currency borrowings are at market rates linked to US Dollar Libor ranging from Libor +45 basis points to Libor +60 basis points.

These borrowings have been issued to us and we have obtained the approval of the lenders to novate the loans in favour of TCS Limited as a result of the Transfer.

S. No.	Lender	Amount outstanding as of March 31, 2004 (Rs. millions)
1.	Bank of America N.A.	2,027
2.	Standard Chartered Grindlays Bank N.A.	2,672
3.	State Bank of India	1,436
4.	HSBC (Rupee Loan)	614

Long term borrowings

The Council of Scientific and Industrial Research, Government of India has identified certain areas for technology development. We are in a position to assist in the research and development of these areas based on our R&D background and involvement with academic institutions. We have availed of an interest free loan of Rs. 78,000,000 from the Council of Scientific and Industrial Research in March, 2002, for participating in this scheme entitled 'New Millennium Indian Technology Leadership Initiative'. This loan is to be paid back over a period of ten years.

TCS Limited

TCS Limited has taken an unsecured loan from TCS Division of Rs. 3,750 million. This loan was utilised for the acquisition of CMC shares and has been extinguished as of the date of this Prospectus due to the effectiveness of the Scheme.

BASIS FOR OFFER PRICE

The Offer Price has been determined by TCS Limited in consultation with the BRLMs, on the basis of an assessment of market demand for the offered Equity Shares by way of book building process.

Qualitative factors

Factors external to the Company

- According to a February 2004 report by Gartner, total worldwide IT services spending is projected to grow from US$535 billion in 2002 to US$727 billion by 2007, which represents a compound annual growth rate of 6.3%.
- India has emerged as one of the most preferred destinations for sourcing IT services as well as business process outsourcing services. *(Source : NASSCOM Strategic Review 2004)*

Factors internal to the Company

- We are a leading global IT services organisation and in fiscal 2003 we became the first billion dollar Indian IT services organisation by annual revenues.
- We have pioneered many of the significant developments in the Indian IT services industry, including the offshore delivery model for IT services.
- We are a global organisation with offices in 32 countries and development centres in ten countries.
- We are the largest Indian IT services organisation in terms of revenues as well as profits.
- We are recognised as a preferred employer in the Indian IT services industry.
- Our management team includes some of the most experienced managers in the Indian IT services industry.
- We are part of the Tata Group, which has a heritage of over 135 years as one of India's leading corporate groups.

For detailed discussion on the above factors, see "Business - Competitive Strengths" on page 82 of this Prospectus.

Quantitative Factors (based on Indian Accounting Policies)

1. Adjusted earning per equity share (EPS)[1] of face value of Rs.1

Year	Pro forma Profit After Indian Tax (after Restatement)[2] (Rs. million)	Number of shares (million)	EPS (Rs.)	Weight
Fiscal 2002	11,450	455.5	25.14	1
Fiscal 2003	11,764	455.5	25.83	2
Fiscal 2004	15,973	455.5	35.07	3
Weighted Average			**30.33**	

1. Calculated by dividing the Pro forma Profit after Indian Tax (after Restatement) of the TCS Division for the respective fiscal years by the total number of outstanding shares of TCS Limited as of the last day of the respective fiscal years as adjusted for the bonus issue. The bonus issue in the ratio of 1:4 was approved by the shareholders at the AGM held on May 5, 2004 subsequent to which the subscribed and paid-up capital of TCS Limited increased from Rs. 364.4 million to Rs. 455.5 million

2. The TCS Division has maintained its divisional accounts in respect of its operations, which are separately audited and consolidated into the accounts of Tata Sons. Since Tata Sons is liable to tax and tax return is filed in respect of Tata Sons as a whole by Tata Sons, the tax liability has not been accounted in the accounts of the TCS Division. The tax expense (including deferred tax) for the TCS Division has been calculated as though it was a standalone taxable entity.

2. Diluted EPS post issue will be Rs. 33.4

   Calculated by dividing the Pro forma Profit after Indian Tax (after Restatement) of the TCS Division for fiscal 2004 by the total number of outstanding shares of TCS Limited post the Offer

3. Price/Earning Ratio (P/E) in relation to the Offer Price of Rs. 850

   a. Based on FY 2004 EPS of Rs. 35.07 - 24.2

   b. Industry P/E[1]

      i) Highest 138.8

      ii) Lowest 6.0

      iii) Average Industry Composite 28.4

   1 Based on "Capital Market" Vol. XIX/09 dated July 5 - 18, 2004 for the Category segment Computers-Software-Large.

4. Return on Net Worth (RONW)*

Year	RONW (%)	Weight
FY2002	96.1	1
FY2003	91.8	2
FY2004	89.7	3
Weighted Average	91.4	

   ** Calculated by dividing the Pro forma Profit after Indian Tax (after Restatement) of the TCS Division with the net worth of TCS Division as of the last day of the respective fiscal years.*

5. Minimum Return on Total Net Worth after Offer needed to maintain pre-Offer EPS of Rs. 35.07 is 84.6%

6. Net Asset Value (NAV) of TCS Limited

   As at March 31, 2004 (pre-bonus): Rs. 1.29

   (a) After Offer - Rs. 41.46

   (b) Offer Price - Rs. 850

   The Offer Price of Rs. 850 has been determined on the basis of the demand from investors through the Book-Building Process and is justified based on the above accounting ratios.

7. **Comparison with other listed companies**

	TCS Division	Infosys Technologies@	Wipro Limited @
For the year ended #	March 31, 2004	March 31, 2004	March 31, 2004
- Revenue (Rs. Million)	59,395	47,609	51,327
- Net Income (Rs. Million)	15,973	12,435	9,149
- EPS (Basic) (Rs.)	35.07	187.38	39.56
- Book Value per share (Rs.)	-	490.26	151.65
- RONW	89.7%	38.2%	26.1%
As on July 13, 2004			
- Share Price (Rs.)	850^	1,402.45	495.95
- P/E @	24.2x	29.9x	37.6x

   # All figures as per Unconsolidated Financial Statements - Indian GAAP from the respective company's Annual Report.

   @ Based on closing prices on Mumbai Stock Exchange and EPS (Basic) for the year ended March 31, 2004 adjusted for issue of bonus shares by Infosys Technologies and Wipro Limited.

   ^ Offer Price

The Offer Price of Rs. 850 has been determined on the basis of the demand from investors through the Book-Building Process and is justified based on the above accounting ratios. The face value of the Equity Shares is Re. 1 and the Offer Price is 850 times of the face value.

TAX BENEFITS

REF : IT/VRJ/313

July 14, 2004

Tata Consultancy Services Limited
Bombay House, 1st Floor,
24, Homi Mody Street
Mumbai 400 001

Dear Sirs,

We hereby report that the enclosed annexure states the possible tax benefits available to **TCS Limited** (the "Company") and its shareholders under the current tax laws presently in force in India as also under the Finance (No. 2) Bill, 2004 as introduced in the Lok Sabha on 8th July, 2004. 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

VIPUL R. JHAVERI
Partner
(Membership No. 38604)

ANNEXURE

STATEMENT OF POSSIBLE DIRECT TAX BENEFITS AVAILABLE TO TCS LIMITED AND ITS SHAREHOLDERS

1. Benefits available to the Company

Under the Income-tax Act, 1961 ('Act')

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. However, 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. 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.

Tax holiday under Section 10B of the Act

As per the provisions of Section 10B of the Act, the Company is eligible to claim a benefit with respect to profits derived from a hundred percent export oriented undertaking/s setup for 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. However, 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 the 1st day of April, 2010 and subsequent years. 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.

2. Benefits available to resident shareholders

2.1 Dividends exempt under Section 10(34)

Dividends (whether interim or final) declared, distributed or paid by the Company are exempt in the hands of shareholders as per the provisions of Section 10(34) of the Act.

2.2 Computation of capital gains

2.2.1 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".

2.2.2 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.

2.2.3 As per the provisions of Section 112 of the Act, long term gains as computed above that are not exempt under the proposed section 10(38) of the Act would be subject to tax at a rate of 20 percent (plus applicable surcharge). The Finance (No. 2) Bill, 2004 proposes to levy an additional surcharge ('Education Cess') at the rate of 2 per cent of such tax and surcharge. However, as per the proviso to Section 112(1), if the tax on long term capital gains resulting on transfer of listed securities or units, calculated at the rate of 20 percent with indexation benefit exceeds the tax on long term 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 and the Education Cess proposed as per the Finance (No. 2) Bill, 2004).

2.2.4 The Finance (No. 2) Bill, 2004 has proposed vide Section 111A of the Act that short-term capital gains on sale of shares where the transaction of sale is entered into on a recognised stock exchange in India, on or after the date on which Chapter VII of the Finance (No. 2) Act, 2004 comes into force shall be subject to tax at a rate of 10 per cent (plus applicable surcharge and Education Cess).

2.2.5 *Exemption of capital gain from income tax*

- The Finance (No. 2) Bill, 2004 has proposed vide section 10(38) of the Act that long-term capital gains on sale of shares where the transaction of sale is entered into on a recognised stock exchange in India, on or after the date on which Chapter VII of the Finance (No. 2) Act, 2004 comes into force shall be exempt from tax.
- As per the provisions of Section 54EC of the Act and subject to the conditions specified therein, capital gains not exempt under the proposed section 10(38) and 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 not exempt under the proposed section 10(38) and 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.

The issue of shares by the Company being an eligible issue of share capital, the subscribers thereto would be eligible to claim the exemption granted under section 54ED. However 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 accruing as a result of the transfer of the capital asset as reduced by any expenditure incurred wholly and exclusively in connection with such transfer.

3. Benefits available to Non-Resident Indian shareholders

3.1 Dividends exempt under Section 10(34)

Dividends (whether interim or final) declared, distributed or paid by the Company are exempt in the hands of shareholders as per the provisions of Section 10(34) of the Act.

3.2 Computation of capital gains

3.2.1 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".

3.2.2 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.

3.2.3 In case investment is made in Indian rupees, the long-term capital gains is to be computed after indexing the cost.

As per the provisions of Section 112 of the Act, long term gains as computed above that are not exempt under the proposed section 10(38) of the Act would be subject to tax at a rate of 20 percent (plus applicable surcharge). The Finance (No. 2) Bill, 2004 proposes to levy Education Cess at the rate of 2 per cent of such tax and surcharge. However, as per the proviso to Section 112(1), if the tax on long term capital gains resulting on transfer of listed securities or units,

calculated at the rate of 20 percent with indexation benefit exceeds the tax on long-term 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 and the Education Cess proposed as per the Finance (No. 2) Bill, 2004).

3.2.4 The Finance (No. 2) Bill, 2004 has proposed vide Section 111A of the Act that short-term capital gains on sale of shares where the transaction of sale is entered into on a recognised stock exchange in India, on or after the date on which Chapter VII of the Finance (No. 2) Act, 2004 comes into force shall be subject to tax at a rate of 10 per cent (plus applicable surcharge and Education Cess).

3.2.5 *Options available under the Act*

Where shares have been subscribed to 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. The Finance (No. 2) Bill, 2004 proposes to levy an Education Cess at the rate of 2 per cent of such tax and surcharge.
- 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 accruing 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 years 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.

3.2.6 *Exemption of capital gain from income tax*

- The Finance (No. 2) Bill, 2004 has proposed vide section 10(38) of the Act that long-term capital gains on sale of shares where the transaction of sale is entered into on a recognised stock exchange in India, on or after the date on which Chapter VII of the Finance (No. 2) Act, 2004 comes into force shall be exempt from tax.
- As per the provisions of Section 54EC of the Act and subject to the conditions specified therein, capital gains not

exempt under the proposed section 10(38) and 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 not exempt under the proposed section 10(38) and 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.

  The issue of shares by the Company being an eligible issue of share capital, the subscribers thereto would be eligible to claim the exemption granted under section 54ED. However 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 accruing as a result of the transfer of the capital asset as reduced by any expenditure incurred wholly and exclusively in connection with such transfer.

4. Benefits available to other Non-residents

4.1 Dividends exempt under Section 10(34)

Dividends (whether interim or final) declared, distributed or paid by the Company are exempt in the hands of shareholders as per the provisions of Section 10(34) of the Act.

4.2 Computation of capital gains

4.2.1 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".

4.2.2 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.

4.2.3 In case investment is made in Indian rupees, the long-term capital gains is to be computed after indexing the cost.

As per the provisions of Section 112 of the Act, long term gains as computed above that are not exempt under the proposed section 10(38) of the Act would be subject to tax at a rate of 20 percent (plus applicable surcharge). The Finance (No. 2) Bill, 2004 proposes to levy Education Cess at the rate of 2 per cent of such tax and surcharge. However, as per the proviso to Section 112(1), if the tax on long term capital gains resulting on transfer of listed securities or units, calculated at the rate of 20 percent with indexation benefit exceeds the tax on long-term 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 and the Education Cess proposed as per the Finance (No. 2) Bill, 2004).

4.2.4 The Finance (No. 2) Bill, 2004 has proposed vide Section 111A of the Act that short-term capital gains on sale of shares where the transaction of sale is entered into on a recognised stock exchange in India, on or after the date on which Chapter VII of the Finance (No. 2) Act, 2004 comes into force shall be subject to tax at a rate of 10 per cent (plus applicable surcharge and Education Cess).

4.2.5 *Exemption of capital gain from income tax*

- The Finance (No. 2) Bill, 2004 has proposed vide section 10(38) of the Act that long-term capital gains on sale of shares where the transaction of sale is entered into on a recognised stock exchange in India, on or after the date on which Chapter VII of the Finance (No. 2) Act, 2004 comes into force shall be exempt from tax.
- As per the provisions of Section 54EC of the Act and subject to the conditions specified therein, capital gains not exempt under the proposed section 10(38) and 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 not exempt under the proposed section 10(38) and 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.

  The issue of shares by the Company being an eligible issue of share capital, the subscribers thereto would be eligible to claim the exemption granted under section 54ED. However 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.

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 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 that are not exempt under the proposed section 10(38) of the Act 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 Finance (No. 2) Bill, 2004 proposes to levy Education Cess at the rate of 2 per cent of such tax and surcharge. The benefits of indexation and foreign currency fluctuation protection as provided by Section 48 of the Act are not available to an FII.

The Finance (No. 2) Bill, 2004 has proposed vide Section 111A of the Act that short-term capital gains on sale of shares where the transaction of sale is entered into on a recognised stock exchange in India, on or after the date on which Chapter VII of the Finance (No. 2) Act, 2004 comes into force shall be subject to tax at a rate of 10 per cent (plus applicable surcharge and Education Cess).

5.3 Exemption of capital gain from income tax

- The Finance (No. 2) Bill, 2004 has proposed vide section 10(38) of the Act that long-term capital gains on sale of shares where the transaction of sale is entered into on a recognised stock exchange in India, on or after the date on which Chapter VII of the Finance (No. 2) Act, 2004 comes into force shall be exempt from tax.
- As per the provisions of Section 54ED of the Act and subject to the conditions specified therein, capital gains not exempt under the proposed section 10(38) and 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.

The issue of shares by the Company being an eligible issue of share capital, the subscribers thereto would be eligible to claim the exemption granted under section 54ED. However 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 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.

8. Benefits available under the Gift-tax Act, 1958

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.

The above Statement of Possible Direct Tax Benefits sets out the provisions of law in a summary manner only and is not a complete analysis or listing of all potential tax consequences of the purchase, ownership and disposal of ordinary shares. The statements made above are based on the tax laws in force as also under the Finance (No. 2) Bill, 2004 and as interpreted by the relevant taxation authorities as of date. Investors are advised to consult their tax advisors with respect to the tax consequences of their holdings based on their residential status and the relevant double taxation conventions.

OTHER REGULATORY DISCLOSURES

Stock Market Data for Equity Shares

This being the initial Public Offer of TCS Limited, the Equity Shares of TCS Limited are not listed on any stock exchanges.

Particulars regarding Previous Public Issues during the Last Five Years

TCS Limited has not made any public issue during the last five years.

Companies under the Same Management

The following are the companies under the same management:

Tata Sons Limited, CMC Americas, Inc, Tata Infotech Limited, THDC Ltd., TCE Consulting Engineers Limited, Tata AIG Life Insurance Company Limited, Tata AIG General Insurance Company Limited, Ewart Investments Limited, Primal Investments Limited, Panatone Finvest Limited, TCS Limited, Concept Marketing and Advertising Limited, APOnline Limited, Tata Limited, London, Tata International, AG, Zug, Tata AG, Zug, Exigenix Canada Inc., Tata Infotech Deutschland GmbH, Tata America International Corporation, Tata Information Technology (Shanghai) Co. Ltd, TCS Iberoamerica S. A., TCS Argentina SA, Argentina, TCS Solution Center SA, Uruguay, TCS Brazil S/C Ltda, Brazil, Tata Consultancy Services de Espana SA, Spain, Tata Consultancy Services de Mexico SA de CV, Mexico, TCS Inversiones Chile Limitada, Chile, Tata Consultancy Services, Belgium S.A., Tata Consultancy Services, Deutschland GmbH, Tata Consultancy Services, Netherlands B.V., Tata Consultancy Services, Sverige AB, Tata Consultancy Services, France S.A., Tata Consultancy Services Asia Pacific Pte. Ltd. Tata Consultancy Services Japan Ltd., Tata Consultancy Services Malaysia, Tata Consultancy Services de Brasil Ltda., Tata Consultancy Services Chile SA, Tata Consultancy Services Italia S.R.L, Intelenet Global Services Ltd., Tata Asset Management P Ltd., E2E SerWiz Solutions P. Ltd., (formerly Tata Airlines P. Ltd.) Space TV Ltd., Airline Financial Support Services Ltd., Aviation Software Development Consultancy India Ltd., CMC, Tata Elxsi Ltd., Tata Teleservices Ltd., Tata International Ltd., The Associated Building Co. Ltd., Niskalp Investments & Trading Co. Ltd., Tata Trustee Co. Ltd., Engineering Analysis Centre of Excellence,

Mechanism evolved for Redressal of Investor Grievances

Investor grievances will be settled expeditiously and satisfactorily by TCS Limited. The agreement between TCS Limited and the Registrar to the Offer will provide for retention of records with the Registrar to the Offer for a period of at least one year from the last date of despatch of allotment advice or refund orders to enable the investors to approach the Registrar to the Offer for redressal of their grievances.

All grievances relating to this Offer may be addressed to the Registrar to the Offer, Karvy Computershare Private Limited, giving full details including name, address of the applicant, number of equity shares applied for, amount paid on application and the bank branch or collection centre where the application was submitted.

Investors may note that Mr. S. H. Rajadhyaksha has been appointed as the Compliance Officer and he may be contacted in case of any pre-Offer or post-Offer related problems such as non-receipt of allotment advice, refund orders and demat credit, etc. He can be contacted by phone on 91-22 5668 9999, fax 91-22 5668 9499 and email “company.secretary @tcs.com”.

Disposal of Investor Grievances

The average time required by TCS Limited or the Registrar for the redressal of routine investor grievances is estimated to be seven working days from the date of receipt of the complaint. In case of non-routine complaints and where external agencies are involved, TCS Limited or Registrar will strive to redress these complaints as expeditiously as possible.

TERMS OF THE OFFER

The Equity Shares being offered are subject to the provisions of the Companies Act, the Memorandum and Articles, conditions of the FIPB and RBI approvals, the terms of the Red Herring Prospectus, the Prospectus, the Bid cum Application Form, the Revision Form and other terms and conditions as may be incorporated in the CAN, allotment advice and any other document that may be executed in respect of the Offer. In addition, 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, Registrar of Companies and/or other authorities, as in force on the date of the Offer and to the extent applicable.

Ranking of Equity Shares

The Equity Shares being offered shall be subject to the provisions of the Companies Act, the Memorandum and Articles of Association of TCS Limited and shall rank *pari passu* with the existing Equity Shares of the Company including in respect of the rights to receive dividends. See "Main Provisions of the Articles of Association" for a description of the Articles of Association of the Company.

Face Value and Offer Price

The Equity Shares having a face value of Re.1 each are being offered at a price of Rs. 850 per Equity Share. At any given point of time, there shall be only one denomination for the Equity Shares.

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; and
- Such other rights, as may be available to a shareholder of a listed public company under the Companies Act and Memorandum and Articles of Association of the Company.

For a detailed description of the main provisions of the Articles of Association of the Company relating to voting rights, dividend, forfeiture and lien and/or consolidation/ splitting, see "Main Provisions of the Articles of Association" on page 211 of this Prospectus.

Market Lot

As trading in the Equity Shares is compulsorily in dematerialised mode, the tradeable lot is one Equity Share. Allotment of Equity Shares will be done in electronic form, subject to a minimum allotment of seven (7) Equity Shares.

Jurisdiction

Exclusive jurisdiction for purposes of this Offer is with the competent courts in Mumbai, 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 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 Registered Office of TCS Limited or to the registrar and transfer agents of TCS Limited.

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:

- to register himself or herself as holder of Equity Shares; or
- 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 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 allotment 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/Foreign Venture Capital Fund/Multilateral and Bilateral Development Financial Institutions

The Government of India, Ministry of Finance, Department of Economic Affairs, (FIPB Unit) pursuant to its letter no. FC/233/2004 FIPB dated July 5, 2004, has clarified that FIPB approval is not required in this Offer for the transfer of Equity Shares by the Selling Shareholders in this Offer to eligible NRIs, FIIs, Foreign Venture Capital Investors registered with SEBI and Multilateral and Bilateral Development Financial Institutions. As per the extant policy, OCBs are not permitted to participate in the Offer. TCS Limited has received in-principle approval from the RBI stating that the RBI has no objection for non-resident investors to acquire Equity Shares in the Offer for Sale, pursuant to its letter no. FE.CO.FID/232/10.I.07.02.200(642)/2004-05 dated July 12, 2004. 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. The transfer of Equity Shares to NRIs, FIIs, Foreign Venture Capital Investors registered with SEBI and Multilateral and Bilateral Development Financial Institutions shall be subject to the conditions as may be prescribed by the Government of India or RBI while granting such approvals.

It is to be distinctly understood that there is no reservation for NRIs, FIIs, Foreign Venture Capital Investors registered with SEBI and Multilateral and Bilateral Development Financial Institutions and all NRIs, FIIs, Foreign Venture Capital Investors registered with SEBI and Multilateral and Bilateral Development Financial Institutions applicants will be treated on the same basis with other categories for the purpose of allocation.

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 (i) in the United States to "qualified institutional buyers ", as defined in Rule 144A of the Securities Act, and (ii) 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 of 55,452,600 Equity Shares comprises of a Fresh Issue of 22,775,000 Equity Shares of Re. 1 each and an Offer for Sale of 32,677,600 Equity Shares of Re. 1 each for cash issued at a price of Rs. 850 per Equity Share, aggregating Rs. 47,134.7 million, and is being made through the 100% Book Building process. There will also be a Green Shoe Option of up to 8,317,880 Equity Shares of Re. 1 each for cash at a price of Rs. 850 per Equity Share aggregating Rs. 7,070.2 million. The Offer and the Green Shoe Option aggregate 63,770,480 Equity Shares of Re. 1 each, aggregating Rs. 54,204.9 million, if it is fully exercised.

If at least 60% of the Net Offer is not be allocated to QIBs, then the entire application money shall be refunded forthwith.

	Employee Reservation Portion	QIBs	Non-Institutional Bidders	Retail Individual Bidders
Number of Equity Shares available for allocation	Up to 5,545,260 Equity Shares	Offer size less allocation to Non-Institutional Investors and Retail Investors subject to minimum of 29,944,410 Equity Shares[1]	Minimum of 7,486,090 Equity Shares[1]	Minimum of 12,476,840 Equity Shares[1]
Percentage of Offer Size	Up to 10% of the Offer Size	60% of the Net Offer to Public[1]	Minimum 15% of the Net Offer to Public or Net Offer size less allocation to QIBs and Retail Portion[1]	Minimum 25% of the Net Offer to Public or Net Offer Size less allocation to QIBs and Non-Institutional Portion[1]
Basis of Allocation or Allotment	Proportionate	Discretionary	Proportionate	Proportionate
Minimum Bid	7 Equity Shares and thereafter in multiple of 7 Equity Shares	Such number of Equity Shares that the Bid Amount exceeds Rs.50,000 and in multiples of 7 Equity Shares	Such number of Equity Shares that the Bid Amount exceeds Rs.50,000 and in multiples of 7 Equity Shares	7 Equity Shares and thereafter in multiple of 7 Equity Shares
Maximum Bid	Such number of Equity Shares so as to ensure that the Bid Amount does not exceed Rs. 2,500,000	Not exceeding the size of the Offer subject to regulations as applicable to the Bidder	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
Allotment Mode	Compulsory in dematerialised mode	Compulsory in dematerialised mode	Compulsory in dematerialised mode	Compulsory in dematerialised mode
Trading Lot	One Equity Share	One Equity Share	One Equity Share	One Equity Share
Who can Apply	Indian Nationals who are permanent employees and directors of TCS Division, TCS Limited and Tata Sons who are based in India and are present in India on the date of submission of Bid cum Application Form.	Public financial institutions, as defined in section 4A of the Companies Act, scheduled commercial banks, mutual funds, foreign institutional investors registered with SEBI, multi-lateral and bi-lateral 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	Resident Indian individuals, HUF (in the name of *Karta*), companies, corporate bodies, NRIs, societies and trusts	Individuals including NRIs and HUFs (in the name of *Karta*) applying for such number of Equity Shares such that the Bid Amount does not exceed Rs. 50,000
Terms of Payment	Full Bid Amount on Bidding unless waived by the Syndicate	Full Bid Amount on Bidding unless waived by the Syndicate	Full Bid Amount on Bidding unless waived by the Syndicate	Full Bid Amount on Bidding unless waived by the Syndicate
Margin Money	Full Bid Amount on Bidding	NIL	Full Bid Amount on Bidding	Full Bid Amount on Bidding

[1]Subject to valid bids being received at or above the Offer Price. Undersubscription, if any, in the Non-Institutional Bidder and Retail Individual Bidder categories, would be allowed to be met with spill over from other categories, at the discretion of TCS Limited and Tata Sons in consultation with the BRLMs.

The unsubscribed portion, if any, out of the Equity Shares under Employee Reservation Portion will be added back to the categories of Non Institutional Bidders and Retail Individual Bidders in the ratio 50:50.

As per Chapter VIIIA of the DIP Guidelines, the Green Shoe Option will be utilised for stabilising the post-listing price of the Equity Shares. We have appointed JM Morgan Stanley as the Stabilising Agent. The Green Shoe Option consists of the option to over allot up to 8,317,880 Equity Shares of Re. 1 each at a price of Rs. 850 per share aggregating Rs. 7,070.2 million representing 15% of the Offer, exercisable during the period commencing from the date of obtaining trading permission from the Stock Exchanges for the Equity Shares of TCS Limited and ending on 30 days thereafter, unless terminated earlier by the Stabilising Agent. The Green Shoe Option will be exercised at the discretion of the BRLMs and the Company only with respect to Equity Shares that are owned by Tata Sons. Tata Sons as the Green Shoe Transferor has agreed to transfer 8,317,880 Equity Shares to the Stabilising Agent, in the event that the Green Shoe Option is exercised by Stabilising Agent.

OFFER PROCEDURE

Book Building Procedure

The Offer is being made through the 100% Book Building scheme wherein at least 60% of the Net Offer shall be allocated on a discretionary basis to Qualified Institutional Buyers. Further, not less than 15% of the Net Offer shall be available for allocation on a proportionate basis to Non-Institutional Bidders and the remaining 25% of the Net Offer shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid bids being received at or above the Offer Price. Bidders are required to submit their Bids through the members of the Syndicate. The Company and Tata Sons in consultation with the BRLMs reserve the right to reject any Bid procured by any members of the Syndicate without assigning any reason therefor in case of QIBs. In case of Employee Reservation Portion, Non-Institutional Bidders and Retail Individual Bidders, TCS Limited and Tata Sons would have a right to reject the Bids only on technical grounds.

Investors should note that Equity Shares will be allotted to 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 member of the Syndicate for the purpose of making a Bid in terms of this Prospectus. The Bidder shall have the option to make a maximum of three Bids in his Bid cum Application Form and such options shall not be considered as multiple bids. Upon the allocation of Equity Shares, dispatch of the Confirmation of Allocation Note, or CAN, and filing of the Prospectus 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 member of the Syndicate, the Bidder is deemed to have authorised the Company to make the necessary changes in this Prospectus and the Bid cum Application Form as would be required for filing the Prospectus 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
Public or NRI applying on a non-repatriation basis	White
NRI or FII or Foreign Venture Capital Investors or Multilateral or Bilateral Financial Institutions applying on a repatriation basis	Blue
Permanent Employees and Directors of TCS Division, Tata Sons and TCS Limited in India	Green

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 the Equity Shares;
- Indian Mutual Funds registered with SEBI;
- Indian Financial Institutions, commercial banks, regional rural banks, co-operative banks (subject to RBI permission, as applicable);
- Venture Capital Funds registered with SEBI;
- Foreign Venture Capital Investors registered with SEBI;

- State Industrial Development Corporations;
- Trusts registered under the Societies Registration Act, 1860, as amended, or under any other law relating to Trusts 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;
- Pursuant to the existing regulations, OCBs are not eligible to participate in the Offer.

Note: The BRLMs and Syndicate Members and any associate of the BRLMs and Syndicate Members (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 shall not be entitled to subscribe to this Offer in any manner except towards fulfilling their underwriting obligations.

In terms of the Regulation 15A (1) of the Securities and Exchange Board of India (Foreign Institutional Investors) Regulations, 1995, the Foreign Institutional Investor or their sub-accounts may issue, deal in or hold, off-shore derivative instruments such as Participatory Notes, Equity Linked Notes or any other similar instruments against underlying securities being allocated to such FIIs.

As per the current regulations, OCBs cannot Bid in this Offer.

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 relevant regulations or statutory guidelines.

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 its scheme should own more than 10% of any company's paid-up capital carrying voting rights.

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

The offer of Equity Shares to a single FII should not exceed 10% of the post-issue paid-up capital of the Company (i.e. 10% of 478,275,029 Equity Shares of Re. 1 each). In respect of an FII investing in Equity Shares of the Company on behalf of its sub-accounts, the investment on behalf of each sub-account shall not exceed 10% of the total issued capital of the Company. As of now, the aggregate FII holding in the Company cannot exceed 24% of the total issued capital of the Company. With the approval of the Board of Directors and the shareholders by way of a special resolution, the aggregate FII holding can go up to 100%. However, as of this date, no such resolution has been recommended to the shareholders of TCS Limited for adoption.

As per the current regulations, the following restrictions are applicable for SEBI registered Venture Capital Funds and Foreign Venture Capital Investors:

The SEBI (Venture Capital Funds) Regulations, 1996 and the SEBI (Foreign Venture Capital Investors) Regulations, 2000 prescribe investment restrictions on venture capital funds and foreign venture capital investors registered with SEBI. Accordingly, the holding by any individual venture capital fund or foreign venture capital investor registered with SEBI should not exceed 25% of the Company's paid-up capital. The aggregate holdings of venture capital funds and foreign venture capital investors registered with SEBI could, however, go up to 100% of the Company's paid-up equity capital.

The above information is given for the benefit of the Bidders. TCS Limited, Tata Sons and the BRLMs are not liable for any amendments or modification or changes in applicable laws or regulations, which may happen after the date of this Prospectus. 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 Individual Bidders: The Bid must be for a minimum of seven (7) Equity Shares and in multiples of seven (7) Equity Shares thereafter so as to ensure that the Bid Amount payable by the Bidder does not exceed Rs. 50,000. In case of revision of Bids, the Retail Individual Bidders should 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 the Cut-off option, the Bid would be considered for allocation

under the Non-Institutional Bidders Category. The Cut-off option is an option available only to the Retail Individual Bidders indicating their agreement to bid and purchase the Equity Shares at the final Offer Price as determined at the end of the Book Building Process.

(b) For 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 should be in multiples of seven (7) Equity Shares. A Bid cannot be submitted for more than the size of the Offer. However, 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, the Non Institutional Bidders who are individuals will have to ensure that the Bid Amount is greater than Rs. 50,000 for being considered for allocation in the Non-Institutional Category. 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 Individual Bidder category would be considered for allocation under the Retail Portion. Non-Institutional Bidders and QIB Bidders are not allowed to bid at "Cut off".

(c) For Employee Reservation Portion: The Bid must be for a minimum of seven (7) Equity Shares and in multiples of seven (7) Equity Shares thereafter. The maximum Bid in this category cannot exceed Rs. 2,500,000.

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

Bidding Process

(a) We have filed the Red Herring Prospectus and Prospectus with the RoC.

(b) The members of the Syndicates have circulated copies of the Prospectus along with the Bid cum Application Form to potential investors.

(c) Any investor who would like to obtain the Prospectus along with the Bid cum Application Form can obtain the same from the corporate office of TCS Limited or from any of the BRLMs or Syndicate Members.

(d) Investors who are interested in subscribing for TCS Limited's Equity Shares should approach any of the BRLMs or Syndicate Members or their authorised agent(s) to register their Bid.

(e) 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 Members. Bid cum Application Forms which do not bear the stamp of the BRLMs or Syndicate Members will be rejected.

Bidding

(a) TCS Limited and the BRLMs shall declare the Bid/Issue Opening Date, Bid/Issue Closing Date and Price Band and publish the same in three widely circulated newspapers (one each in English, Hindi and Marathi). This advertisement shall contain the salient features of the Prospectus as specified under Form 2A of the Companies Act, the method and process of bidding and the names and addresses of the BRLMs, Senior Co-Manager, Co-Managers and Syndicate Members. The members of the Syndicate shall start accepting Bids from the Bidders during the Offer Period.

(b) 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" on page 192 of this Prospectus 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 will be considered for allocation and the rest of the Bid, irrespective of the bid price, will become automatically invalid.

(c) 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 member of the Syndicate. Submission of a second Bid cum Application Form to either the same or to another member of the Syndicate 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 allotment of Equity Shares in this Offer.

(d) The BRLMs and Syndicate Members will enter each option into the electronic bidding system as a separate Bid and generate a Transaction Registration Slip, or TRS, for each price and demand option. Bidders should make sure that they ask for a copy of the computerised TRS for every Bid Option from the Syndicate Member . Therefore, a Bidder can receive up to three TRSs for each Bid cum Application Form.

(e) Along with the Bid cum Application Form, all Bidders will make payment in the manner described under the paragraph "Terms of Payment".

Bids at Different Price Levels

1. The Price Band has been fixed at Rs. 775 to Rs. 900 per Equity Share, Rs. 775 being the Floor Price and Rs. 900 being the Cap Price. The Bidders can bid at any price within the Price Band, in multiples of Re.1.
2. TCS Limited and Tata Sons, in consultation with the BRLMs, can revise the Price Band during the Bidding Period, in which case the Bidding Period shall be extended further for a period of three days, subject to the total Bidding Period not exceeding thirteen days. The cap on the Price Band should not be more than 20% of the Floor Price. Subject to compliance with the immediately preceding sentence, the floor of Price Band can move up or down to the extent of 20% of the Floor Price disclosed in the Prospectus. The Price Band was not revised during the Bidding Period.
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 (Marathi) and also indicating the change on the relevant websites and the terminals of the members of the Syndicate and the Bidding Period shall be extended for a further period of three days, subject to the total Bidding Period not exceeding thirteen days.
4. TCS Limited and Tata Sons, in consultation with the BRLMs, can finalise the Offer Price within the Price Band without the prior approval of, or intimation to, the Bidders.
5. 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 Individual Bidders and Bidders in the Employee Reservation Portion applying for a maximum Bid in any of Bidding Options not exceeding upto Rs. 50,000 may bid at "Cut-off". However, bidding at "Cut-off" is prohibited for QIB or Non Institutional Bidders and such Bids from QIBs and Non Institutional Bidders will be rejected.**
6. Retail Individual Bidders who bid at the Cut-off agree that they shall purchase the Equity Shares at the Offer Price, as finally determined which will be a price within the Price Band. Retail Individual Bidders bidding at Cut-Off shall deposit in the Escrow Account the Bid Amount based on Cap Price. In the event the Bid Amount is higher than the allocation amount payable by the Retail Individual Bidders (i.e., the total number of Equity Shares allocated in the Offer multiplied by the Offer Price), Retail Individual Bidders shall receive the refund of the excess amounts.
7. In case of an upward revision in the Price Band announced as above, Retail Individual 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 member of the Syndicate 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 Prospectus. 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 Equity Shares bid for shall be adjusted downward for the purpose of allocation, such that no additional payment would be required from the Bidder.
8. In case of a downward revision in the Price Band, announced as above, Retail Individual 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.
9. In the event of any revision in the Price Band, whether upwards or downwards, the Minimum Application Size shall remain seven (7) Equity Shares irrespective of whether the Bid Amount payable on such Minimum Application is not in the range of Rs. 5,000 to Rs. 7,000.

Escrow Mechanism

TCS Limited shall open Escrow Accounts with Escrow Collection Banks in whose favour the Bidders shall make out the cheque or demand draft in respect of his or her Bid and/or revision. All cheques or demand drafts received for the full Bid Amount from Bidders would be deposited in the Escrow Account. The Escrow Collection Banks will act in terms of this Prospectus and an Escrow Agreement entered into amongst TCS Limited, Selling Shareholders, BRLMs, Registrar to the Offer and the Escrow Collection Bank(s). 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 as per the terms of the Escrow Agreement. Payments of refunds to the Bidders shall also be made from the Escrow Account as per the terms of the Escrow Agreement and this Prospectus.

The Bidders should note that the escrow mechanism is not prescribed by SEBI and has been established as an arrangement among TCS Limited, Tata Sons, BRLMs, Registrar to the Offer and the Escrow Collection Bank(s) to facilitate collections from the Bidders.

Terms of Payment and Payment into the Escrow Collection Account

In case of Employee Reservation Portion, Non-institutional Bidders and Retails Individual Bidders, each Bidder shall, with the submission of the Bid cum Application Form draw a cheque or demand draft for the maximum amount of his Bid in favour of the Escrow Account of the Escrow Collection Bank (for details refer to the paragraph "Payment Instructions") and submit the same to the members of the Syndicate. Bid cum Application Forms accompanied by cash and Stockinvest shall not be accepted. The maximum bid price 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 members of the Syndicate shall deposit the cheque or demand draft with the Escrow Collection Bank(s), which will hold the monies for the benefit of the Bidders till such time as the Designated Date. On the Designated Date, the Escrow Collection Bank(s) shall transfer the funds from the Escrow Account, as per the terms of the Escrow Agreement, into the Public Offer Account or Refund Account with the Bankers to the Offer, as applicable.

In case of QIBs, the members of the Syndicate may, at their discretion, waive such payment at the time of the submission of the Bid cum Application Form. Where such payment at the time of submission of the Bid cum Application Form is waived at the discretion of the members of the Syndicate, the Offer Price shall be payable for the allocated Equity Shares not later than the date specified in the CAN, which shall be subject to a minimum period of two days from date of communication of the allocation list to the Syndicate Members by the BRLMs. **If the payment is not made favouring the Escrow Account within the time stipulated above, the application of the Bidder is liable to be rejected.** However, if the members of the Syndicate 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 or she had bid for, the excess amount paid on bidding, if any, after adjustment for allocation, will be refunded to such Bidder within 15 days from the Bid/Offer Closing Date.

Electronic Registration of Bids

(a) The members of the Syndicate will register the Bids using the on-line facilities of NSE and BSE. There will be at least one on-line connectivity to each city where the Bids are accepted.

(b) 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 members of the Syndicate and their authorised agents during the Bidding Period. Members of the Syndicate 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 half-hourly basis. On the bid closing date, the Bids would be uploaded until such times as may be permitted by BSE/ NSE.

(c) The aggregate demand and price for Bids registered on each of the electronic facilities of NSE and BSE will be uploaded on half hourly basis and consolidated. A graphical representation of consolidated demand and price would be made available at the bidding centres during the Bidding Period.

(d) At the time of registering each Bid, the members of the Syndicate shall enter the following details of the investor in the on-line system:

- Name of the investor (Investors should ensure that the name given in the Bid cum Application form is exactly the same as the Name in which the Depository Account is held. In case, the Bid cum Application Form is submitted in joint names, investors should ensure that the Depository Account is also held in the same joint names and are in the same sequence in which they appear in the Bid cum Application Form);
- Investor Category – Individual, Corporate, NRI, FII, or Mutual Funds etc;
- Numbers of Equity Shares bid for;
- Bid price;
- Bid cum Application Form number;
- Whether payment is made upon submission of Bid cum Application Form; and
- Depository Participant Identification no. and Client Identification no. for Demat Account of the Bidder.

(e) 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 responsibility to obtain the TRS from the members of the Syndicate. The registration of the Bid by the member of the Syndicate does not guarantee that the Equity Shares shall be allocated either by the members of the Syndicate or TCS Limited.

(f) Such TRS will be non-negotiable and by itself will not create any obligation of any kind.

(g) **The members of the Syndicate have the right to review the Bid. Consequently, the members of the Syndicate also have the right to accept the Bid or reject it without assigning any reason. In case of Non-Institutional Bidders, Employee Reservation Portion and Retail Individual Bidders, Bids shall not be rejected except on the technical grounds listed on Page 200 in the Prospectus.**

(h) It is to be distinctly understood that the permission given by NSE 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 TCS Limited or BRLMs are cleared or approved by NSE; 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 TCS Limited, its promoters, its management or any scheme or project of TCS Limited.

(i) It is also to be distinctly understood that the approval given by NSE should not in any way be deemed or construed that the Prospectus 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 Prospectus; nor does it warrant that the Equity Shares will be listed or will continue to be listed on the NSE.

Build Up of the Book and Revision of Bids

(a) Bids registered by various Bidders through the members of the Syndicate shall be electronically transmitted to the NSE or BSE mainframe on an on-line basis. Data would be uploaded on a regular basis.

(b) The book gets built up at various price levels. This information will be available with the BRLMs on an on-line basis.

(c) During the Bidding Period, any Bidder who has registered his or her interest in the Equity Shares at a particular price level is free to revise his or her Bid within the Price Band using the printed Revision Form which is a part of the Bid cum Application Form.

(d) 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 his or her Bid cum Application Form, the details of all the options in his or her Bid cum Application Form or earlier Revision Form and revisions for all the options as per his Bid cum Application Form or earlier Revision Form. For example, if a Bidder has bid for three options in the Bid cum Application Form and he is changing only one of the options in the Revision Form, he must still fill the details of the other two options in the Revision Form unchanged. Incomplete or inaccurate Revision Forms will not be accepted by the members of the Syndicate.

(e) 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 member of the Syndicate through whom he has placed the original Bid. **Bidders are advised to retain copies of the blank Revision Form and the revised Bid must only be made on that Revision Form.**

(f) 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 Prospectus. In case of QIBs, the members of the Syndicate may at their sole discretion waive the payment requirement at the time of one or more revisions by the Bidders.

(g) When a Bidder revises his or her Bid, he or she shall surrender the earlier TRS and get a revised TRS from the members of the Syndicate. It is the responsibility of the Bidder to request for and obtain the revised TRS, which will act as proof of his or her having revised the previous Bid.

(h) In case of discrepancy of data between NSE or BSE and the members of the Syndicate, the decision of the BRLMs based on the physical book shall be final and binding to all concerned.

Price Discovery and Allocation

(a) After the Bid/Offer Closing Date, the BRLMs shall analyse the demand generated at various price levels and discuss pricing strategy with TCS Limited and Tata Sons.

(b) TCS Limited and Tata Sons will, in consultation with the BRLMs, finalise the "Offer Price", the number of Equity Shares to be allotted and the allocation to successful QIB Bidders. The allocation will be decided based on the quality of the QIB Bidder determined broadly by the size, price and date of the Bid.

(c) The allocation for QIBs of 60% of the Net Offer Size would be discretionary. The allocation to Non-Institutional Bidders and Retail Individual Bidders of not less than 15% and 25% of the Net Offer Size respectively would be on proportionate basis subject to valid Bids being received at or above the Offer Price.

(d) Undersubscription, if any, in the Non-Institutional Portion and / or Retail Portion, would be allowed to be met with spill over of demand from any of the other categories, at the sole discretion of TCS Limited, Tata Sons and BRLMs.

(e) Allocation to NRIs or FIIs or Foreign Venture Capital Fund, 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 transfer of Equity Shares to them.

(f) The BRLMs, in consultation with the Company and Tata Sons, shall notify the Syndicate Members of the Offer Price and allocations to their respective Bidders.

(g) The Company and Tata Sons reserves the right to cancel the Offer any time after the Bid/Offer Opening Date, but before allotment.

Signing of Underwriting Agreement and RoC Filing

(a) The Company, the Selling Shareholders, the Green Shoe Lenders, the Green Shoe Transferor, the BRLMs and the other members of the Syndicate have entered into an Underwriting Agreement on August 9, 2004 on reaching agreement upon the Offer Price and allocation(s) to the Bidders.

(b) After signing the Underwriting Agreement, the Company has filed the Prospectus with RoC, which is now termed the 'Prospectus'.

Advertisement regarding Offer Price and Prospectus

A statutory advertisement will be issued by the Company after the filing of the Prospectus 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 along with a table showing the number of Equity Shares and the amount payable by an investor. Any material updates between the Red Herring Prospectus and the Prospectus will be included in such statutory advertisement.

Issuance of Confirmation of Allocation Note

After the determination of Offer Price, the following steps would be taken:

1. Registrar to the Offer shall prepare the list of successful Bidders.
2. The BRLMs or Syndicate Members would send the CAN to their respective Bidders who have not paid the Margin Money at the time of Bidding and who have been allocated Equity Shares in the Offer. The despatch of a CAN shall, subject to the terms contained herein, 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. These Bidders shall pay in full the amount payable into the Escrow Account on or prior to 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 Registrars to the Offer subject, however, to realisation of their cheque or demand draft paid into the Escrow Account. The despatch of a CAN shall, subject to the terms contained herein, be deemed a valid, binding and irrevocable contract for the Bidder to pay the entire Offer Price for all the Equity Shares allotted/transferred to such Bidder.

Designated Date and Allotment / Transfer in the Offer

(a) After the funds are transferred from the Escrow Account to the Public Offer Account on the Designated Date, the Company would allot / transfer the Equity Shares to the allottees.

(b) All allottees will receive credit for the Equity Shares directly in their Depository Account. **Equity Shares will be allotted only in the dematerialised form to the allottees.** Allottees will have the option to re-materialise the Equity Shares so allotted, if they so desire, as per the provisions of the Companies Act and the Depositories Act.

The Company and Tata Sons would make allotment of Equity Shares within 15 days of the Bid/Offer Closing Date and give instructions to credit to the allottees' depository accounts within two working days from the date of allotment. In case, the Company and Tata Sons fail to make allotment or transfer within 15 days of the Bid/Offer Closing Date, interest would be paid to the investors at the rate of 15% per annum.

GENERAL INSTRUCTIONS

Do's:

- Check if you are eligible to apply;
- Complete the Resident Bid cum Application Form (white in colour) or Non-Resident Bid cum Application Form (blue in colour) or Eligible Employees (green in colour), as the case may be;
- Complete the Bid cum Application Form carefully after reading all the instructions;
- Enter correct details about Depository Participant and Depository Account as there will be no allotment/ transfer of equity shares in physical form;

- Investors must ensure that the name given in the bid cum application form is exactly the same as the Name in which the Depository Account is held. In case, the Bid cum Application Form is submitted in joint names, investors should ensure that the Depository Account is also held in the same joint names and are in the same sequence in which they appear in the Bid cum Application Form;
- Submit Bids on forms bearing stamp of the members of the Syndicate at the bidding centres only;
- Obtain TRS for all your options; and
- Submit Revised Bid to the same member of the Syndicate through whom the Original Bid was placed and obtain a revised TRS.

Don'ts:

- Do not Bid for lower than minimum Bid size;
- Do not Bid/ revise the Bid to a price that is less than the Floor Price or higher than the Cap Price
- A Bidder should not Bid on another Bid cum Application Form after he has submitted the Bid to a member of the Syndicate;
- Do not pay the Bid Amount in cash or through Stock-invest;
- Do not send Bid cum Application Forms by post; instead hand them over to a member of the Syndicate only;
- Do not bid at Cut-off price for Non-institutional and QIB Bidders;
- A Bid from any investor should not exceed the investment limit or maximum number of Equity Shares that can be held by a Bidder under the applicable laws or regulations.

Instructions for Completing the Bid cum Application Form

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

Bids and revisions to Bids

Bids and revisions to Bids must be:

- Made only in the prescribed Bid cum Application Form or Revision Form, as applicable (white colour for Resident Indians and blue colour for NRI or FII or Foreign Venture Capital Fund, Multilateral and Bilateral Development Financial Institutions applying on repatriation basis).
- Completed in full, in BLOCK LETTERS in ENGLISH and in accordance with the instructions contained herein, the Bid cum Application Form and Revision Form. Incomplete Bid cum Application Forms or Revision Forms are liable to be rejected.
- **For Retail Portion,** the Bids must be for a minimum of seven (7) Equity Shares and in multiples of seven (7) thereafter subject to a maximum Bid Amount does not exceed Rs. 50,000.
- **For Employee Reservation Category,** the Bid must be for a minimum of seven (7) Equity Shares in multiple of seven (7) thereafter subject to a maximum of Rs. 2,500,000.
- For Bidders other than the Bidders in the Retail Portion, Bids must be for a minimum of such number of Equity Shares that the Bid Amount exceeds or is equal to Rs. 50,000 and in multiples of Equity Shares thereafter. Bids cannot be made for more than the Offer size. Bidders are advised to ensure that a single Bid from them should not exceed the investment limits or maximum number of shares that can be held by them under the applicable laws or regulations.
- In single name or in joint names (not more than three).
- Thumb impressions and signatures other than in the languages specified in the Eight Schedule in the Constitution of India must be attested by a Magistrate or a Notary Public or a Special Executive Magistrate under his or her official seal.

Bids by Permanent Employees of TCS Division and Tata Sons

For the purpose of the Employee Reservation Portion, Eligible Employee means permanent employees/directors of TCS Division, TCS Limited and Tata Sons Limited who are Indian Nationals, are based in India and are physically present in India on the date of submission of the Bid-cum-Application Form.

Bids under Employee Reservation Portion by Eligible Employees shall be:

- Made only in the prescribed Bid cum Application Form or Revision Form (i.e. green colour Form).
- Eligible Employees, as defined above, should mention the following at the relevant place in the Bid cum Application Form:

- Employee Number
- The sole/ first bidder should be Eligible Employees as defined above.
- Only Eligible Employees would be eligible to apply in this Offer under this Reservation Portion.
- Bids by Eligible Employees will have to bid like any other Bidder. Only those bids, which are received at or above the Offer Price, would be considered for allocation under this category.
- Eligible Employees who apply or bid for securities of or for a value of not more than Rs. 50,000 in any of the bidding options can apply at Cut-Off. This facility is not available to other Eligible Employees whose minimum Bid amount exceeds Rs. 50,000.
- The maximum bid in this category by any Eligible Employee cannot exceed Rs. 2,500,000.
- Bid/ Application by Eligible Employees can be made also in the "Net Offer to the Public" and such bids shall not be treated as multiple bids.
- If the aggregate demand in this category is less than or equal to 5,545,260 Equity Shares at or above the Offer Price, full allocation shall be made to the Eligible Employees to the extent of their demand.
- Undersubscription in this category would be added back to the Non-Institutional and Retail Individual Bidders category in the ratio of 50:50. In case of under-subscription in the Net Offer, spill-over to the extent of under-subscription shall be permitted from the Employee Reservation Portion.
- If the aggregate demand in this category is greater than 5,545,260 equity shares at or above the Offer Price, the allocation shall be made on a proportionate basis. For the method of proportionate basis of allocation, refer to para "Basis of Allotment" on page 206 of this Prospectus.

Bidders Depository Account Details

IT IS MANDATORY FOR ALL THE BIDDERS TO GET THEIR EQUITY SHARES 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. INVESTORS MUST ENSURE THAT THE NAME GIVEN IN THE BID CUM APPLICATION FORM IS EXACTLY THE SAME AS THE NAME IN WHICH THE DEPOSITORY ACCOUNT IS HELD. IN CASE THE BID CUM APPLICATION FORM IS SUBMITTED IN JOINT NAMES, IT SHOULD BE ENSURED THAT THE DEPOSITORY ACCOUNT IS ALSO HELD IN THE SAME JOINT NAMES AND ARE IN THE SAME SEQUENCE IN WHICH THEY APPEAR IN THE BID CUM APPLICATION FORM.

Bidders should note that on the basis of name of the Bidders, Depository Participant's name, Depository Participant-Identification number and Beneficiary Account Number provided by them in the Bid cum Application Form, the Registrar to the Offer will obtain from the Depository demographic details of the Bidders such as address, bank account details for printing on refund orders and occupation (hereinafter referred to as Demographic Details). Hence, Bidders should carefully fill in their Depository Account details in the Bid-cum-Application Form.

These Demographic Details would be used for all correspondence with the Bidders including mailing of the refund orders/ CANs/Allocation Advice and printing of Bank particulars on the refund order and the Demographic Details given by Bidders in the Bid-cum-application Form would not be used for these purposes by the Registrar.

Hence, Bidders are advised to update their Demographic Details as provided to their Depository Participants.

By signing the Bid-cum-Application Form, Bidder would have deemed to authorise the depositories to provide, upon request, to the Registrar to the Offer, the required Demographic Details as available on its records.

Refund Orders/Allocation Advice/CANs would be mailed at the address of the Bidder as per the Demographic Details received from the Depositories. Bidders may note that delivery of refund orders/allocation advice/CANs may get delayed if the same once sent to the address obtained from the depositories are returned undelivered. In such an event, the address and other details given by the Bidder in the Bid cum Application Form would be used only to ensure dispatch of refund orders. Please note that any such delay shall be at the Bidders sole risk.

In case no corresponding record is available with the Depositories that matches three parameters, namely, names of the Bidders (including the order of names of joint holders), the Depository Participant's identity (DP ID) and the beneficiary's identity, then such Bids are liable to be rejected.

Bidder's Bank Details

Bidders should note that on the basis of name of the Bidders, Depository Participant's name, Depository Participant-Identification number and Beneficiary Account Number provided by them in the Bid cum Application Form, the Registrar to the Offer will obtain from the Depository the Bidders bank account details. **These Bank Account details would be printed on the refund order, if any, to be sent to Bidders. Hence, Bidders are advised to immediately update their Bank Account details as appearing on the records of the depository participant.** Please note that failure to do so could result in delays in credit of refunds to Bidders at the Bidders sole risk.

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 Article of Association and/or Bye Laws must be lodged alongwith the Bid cum Application Form. Failing this, the Company and Tata Sons reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason.

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 submitted with the Bid cum Application Form. Failing this, the Company and Tata Sons reserve the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason.

In case of Bids made by Insurance Companies registered with Insurance Regulatory and Development Authority, a certified true copy of the certificate of registration issued by with Insurance Regulatory and Development Authority must be submitted with the Bid cum Application Form. Failing this, the Company and Tata Sons reserve the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason.

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 true copy of a certificate from a chartered accountant certifying the corpus of the provident fund/pension fund must be submitted with the Bid cum Application Form. Failing this, the Company and Tata Sons reserve the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason.

In case of Bids made by mutual fund registered with SEBI, venture capital fund registered with SEBI and foreign venture capital investor registered with SEBI, a certified copy of their SEBI registration certificate must be submitted with the Bid cum Application Form. Failing this, the Company and Tata Sons reserve the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason.

The Company and Tata Sons in their absolute discretion, reserve the right to relax the above condition of simultaneous lodging of the Power of Attorney along with the Bid cum Application form, subject to such terms and conditions as they may deem fit.

Bids by NRIs

NRI bidders to comply with the following:

- Individual NRI bidders can obtain the Bid cum Application Forms from the Registrar to the Offer or BRLMs whose addresses are printed on the cover page of this Prospectus.
- NRI bidders may please note that only such bids as are accompanied by payment in free foreign exchange shall be considered for allotment under the NRI category. The NRIs who intend to make payment through Non-Resident Ordinary (NRO) accounts shall use the form meant for resident Indians.

Bids by NRIs or FIIs on a repatriation basis

Bids and revision to Bids must be made:

- On the Bid cum Application Form or Revision Form, as applicable, (Blue in colour), and completed in full in BLOCK LETTERS in ENGLISH in accordance with the instructions contained therein.
- In a single or joint names (not more than three).
- Bids by NRIs for a Bid Amount of up to or less than Rs. 50,000 would be considered under the Retail Individual Bidders Portion for the purposes of allocation and Bids for a Bid Amount of more than Rs. 50,000 would be considered under Non Institutional Bidder Portion for the purposes of allocation; by FIIs or Foreign Venture Capital Fund, Multilateral and Bilateral Development Financial Institutions for a minimum of such number of Equity Shares and in multiples of seven (7) Equity Shares thereafter so that the Bid Amount exceeds Rs. 50,000; for further details see "- Maximum and Minimum Bid Size".

- In the names of individuals or in the names of FIIs or in the names of Foreign Venture Capital Fund, Multilateral and Bilateral Development Financial Institutions but not in the names of minors, firms or partnerships, foreign nationals or their nominees or OCB's.

  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/speed post. The Company will not be responsible for loss, if any, incurred by the Bidder on account of conversion of foreign currency.

Payment Instructions

The Company shall open an Escrow Account with the Escrow Collection Banks for the collection of the Bid 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:

(a) Payment into Escrow Account:

- The Bidders for whom the applicable margin is equal to 100% shall, with the submission of the Bid cum Application Form draw a payment instrument as specified hereinafter for the Bid Amount in favour of the Escrow Account and submit the same to the member of the Syndicate.
- In case no Margin Amount has been paid by the Bidders during the Bidding Period, on receipt of the CAN, an amount equal to Offer Price multiplied by the Equity Shares allocated to the Bidder or the balance amount, in case the Margin Amount is less than the Offer Price multiplied by the Equity Shares allocated to the Bidder, shall be paid by the Bidders into the Escrow Account within the period specified in the CAN which shall be subject to a minimum period of two days from the date of communication of the allocation list to the Syndicate Member(s) by the BRLM.
- The payment instruments for payment into the Escrow Account of the Company should be drawn in favour of:
  - In case of Resident Bidders: **"Escrow Account- Tata Consultancy Services Public Offer"**
  - In case of Non Resident Bidders: **"Escrow Account- Tata Consultancy Services Public Offer- NR."**
  - In case of Permanent Employees of TCS Division and Tata Sons **"Escrow Account Tata Consultancy Services Public Offer -Employees"**
- 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 Non-Resident External (NRE) Accounts or Foreign Currency Non-Resident (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 a Non-Resident Ordinary (NRO) Account of a Non-Resident bidder bidding on a repatriation basis. Payment by drafts should be accompanied by a bank certificate confirming that the draft has been issued by debiting an NRE or FCNR Account.
- In case of Bids by FIIs, the payment should be made out of funds held in a Special Rupee Account along with documentary evidence in support of the remittance. Payment by drafts should be accompanied by a bank certificate confirming that the draft has been issued by debiting the Special Rupee Account.
- Where a Bidder has been allocated lesser number of Equity Shares than the Bidder has Bid for, the excess amount, if any, paid on bidding, after adjustment towards the balance 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.
- On or after the Designated Date, the Escrow Collection Banks shall transfer the funds from the Escrow Account as per the terms of the Escrow Agreements into the Public Offer Account with the Bankers to the Offer.
- No later than 15 days from the Bid/ Offer Closing Date, the Escrow Banker shall refund all amounts payable to unsuccessful Bidder and also the excess amount paid by the Bidders, if any, after adjusting for allocation to Bidders.

  Payments should be made by cheque, or demand draft drawn on any Bank (including a Co-operative Bank), which is situated at, and is a member of or sub-member of the bankers' clearing house located at the centre where the Bid cum

Application Form is submitted. Outstation cheques/bank drafts drawn on banks not participating in the clearing process will not be accepted and applications accompanied by such cheques or bank drafts are liable to be rejected. Cash/ Stockinvest/ Money Orders/ Postal orders will not be accepted.

Payment by Stockinvest

In terms of RBI Circular DBOD No. FSBC BC 42/24.47.000/2003-04 dated November 5, 2003, the Stockinvest Scheme has been withdrawn with immediate effect. Hence, payment through Stockinvest would not be accepted in the 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 BRLM or Syndicate Member at the time of submitting the Bid. **A Syndicate Member may at its discretion waive the requirement of payment at the time of submission of the Bid cum Application Form and Revision Form in the case of Institutional 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 Senior Co-Manager, or Co-Manager 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 receipt 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 bid, all payments will be made out in favour of the Bidder whose name appears first in the Bid cum Application Form or Revision Form ("First Bidder"). All communications will be addressed to the First Bidder and will be despatched to his or her address.

Multiple Bids

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

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

Bid/ Application by Employees and directors of TCS Division, TCS Limited and Tata Sons can also be made in the "Net Offer to the Public" and such bids shall not be treated as multiple bids.

The Company and Tata Sons reserve the right to reject, in their absolute discretion, all or any multiple bids in any or all 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 price 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 Permanent Account Number (PAN) allotted under the I.T. Act or where the same has not been allotted, the General Index Register (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 Company and Tata Sons reserve the right to reject any Bid without assigning any reason therefor in case of QIBs and in the case of Employee Reservation Portion, Non-Institutional Bidders and Retail Individual Bidders, the Company and Tata Sons have the right to reject the Bids only 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:

1. Amount paid does not tally with the amount payable for the highest value of Equity Shares bid for;
2. Age of First Bidder not given;

3. Bids by minors;
4. PAN or GIR Number not given if Bid is for Rs.50,000 or more;
5. Bids for lower number of Equity Shares than specified for under that category of investor;
6. Bids at a price less than the floor of the Price Band and higher than the cap of the Price Band;
7. Bids at Cut-off price by a QIB or a Non Institutional Bidder or Eligible Employee whose bid size is more than Rs. 50,000;
8. Bids for number of Equity Shares, which are not in multiples of seven (7);
9. Category not ticked;
10. Multiple Bids;
11. In case of Bid under power of attorney or by limited companies, corporate, trust, etc., relevant documents are not submitted ;
12. Bid cum Application Form does not have the stamp of a member of the Syndicate;
13. Bid cum Application Form does not have the Bidder's depository account details;
14. 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 Prospectus and as per the instructions in this Prospectus and the Bid cum Application Form;
15. Bids for amounts greater than the maximum permissible amounts prescribed by the regulations, see the details regarding the same at page 190 of this Prospectus;
16. Bids not duly signed by the sole/joint Bidders;
17. Bids accompanied with Stockinvests;
18. Bids by OCBs; or
19. Bids by U.S. residents or U.S. persons other than "qualified institutional buyers" as defined in Rule 144A of the U.S. Securities Act of 1933;
20. Bids by permanent employees/directors of TCS Division, TCS Limited or Tata Sons who are not Indian National, not based in India and were not physically present in India on the date of submission of the Bid cum Application Form; or
21. In case no corresponding record is available with the Depositories that matches three parameters namely, names of the Bidders (including the sequence of names of joint holders), the depository participant's identity (DP ID) and the beneficiary's identity.

Equity Shares in Dematerialised Form with NSDL or CDSL

As per the provisions of Depositories Act, the Equity Shares of the Company can be held in a dematerialised form, (i.e. not in the form of physical certificates but be fungible and be represented by the statement issued through electronic mode).

The Company is also extending this facility to all the investors in this Offer. Successful allottees in this Offer will be mandatorily allotted Equity Shares in dematerialised form. In this context, two tripartite agreements have been signed:

a. The first dated May 12, 2000 between the Company, NSDL and Tata Share Registry Limited for offering the Depository option to the investors.

b. The second dated June 18, 2004 between the Company, CDSL and Tata Share Registry Limited for offering the Depository Option to the investors.

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

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

b. The Bidder must necessarily fill in the details (including the beneficiary account no. and Depository Participant's Identification number) appearing in the Bid cum Application Form or Revision Form.

c. Equity Shares allotted to a Bidder will be credited in electronic form directly to the respective beneficiary accounts (with the Depository Participant).

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 allotment advice or refund orders will be directly sent to the Bidder by the Registrars to this Offer.

f. If incomplete or incorrect details are given under the heading 'Request for Equity Shares in electronic form' in the Bid cum Application Form or Revision Form, it will 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 or CDSL. All the stock exchanges where the Equity Shares of the Company are proposed to be listed are connected to NSDL and CDSL.

Communications

All future communications in connection with Bids made in the Offer should be addressed to the Registrars to the Offer quoting full name of the sole or first Bidder, Bid cum Application Form number, number of Equity Shares applied for, date, bank and branch where the Bid was submitted and cheque or draft number and issuing bank thereof.

Despatch of Refund Orders

The Company and Tata Sons shall ensure despatch of refund orders 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 Registrars to the Offer by the Company.

Undertakings

The Company undertakes that:

- complaints received in respect of this Offer shall be attended to by the Company expeditiously and satisfactorily;
- it shall take all steps for the completion of the necessary formalities for listing and commencement of trading at all the stock exchanges where the Equity Shares are to be listed within seven working days of finalisation of the basis of allotment;
- the funds required for despatch of refund orders or allotment advice by registered post or speed post shall be made available to the Registrar to the Offer by the Company;
- refund orders or allotment advice to the NRIs or FIIs or multilateral or bilateral development financial institutions, foreign venture capital investors registered with SEBI shall be despatched within the specified time;
- no further issue of Equity Shares shall be made till the Equity Shares offered through this Prospectus are listed or until the Bid moneys are refunded on account of non-listing, under-subscription, etc.

The Selling Shareholders undertake that:

- the equity shares being sold pursuant to the offer to the public, such shares are free and clear of any liens or encumbrances, and shall be transferred to the eligible investors within the specified time;
- the funds required for despatch of refund orders or allotment advice by registered post or speed post shall be made available to the Registrar to the Offer by the Company;
- refund orders or allotment advice to the NRIs or FIIs or multilateral or bilateral development financial institutions, foreign venture capital investors registered with SEBI shall be despatched within the specified time.

Utilisation of Offer Proceeds

The Board of Directors of the Company certifies that:

- all monies received out of the Fresh Issue of Equity Shares to the public shall be transferred to a separate bank account other than the bank account referred to in sub-section (3) of Section 73 of the Companies Act;
- details of all monies utilised out of the Fresh Issue referred above shall be disclosed under an appropriate separate head in the balance sheet of the Company indicating the purpose for which such monies have been utilised;
- details of all unutilised monies out of the Fresh Issue, if any, shall be disclosed under the appropriate separate head in the balance sheet of the Company indicating the form in which such unutilised monies have been invested.

The Company and the Selling Shareholders shall not have any recourse to the Offer proceeds until the approval for trading the Equity Shares is received from the Stock Exchanges. The Company shall transfer to Tata Sons the proceeds from the Offer for Sale, net of expenses, on the same being permitted to be released in accordance with applicable laws. Pending utilisation of the proceeds of the Fresh Issue as specified under the heading "Objects of the Offer", the net proceeds from the Fresh Issue may be invested by the Company in interest bearing liquid instruments including deposits with banks.

Procedure and Time Schedule for Allotment of Equity Shares and Disposal of Applications and Application Money

We shall ensure dispatch of allotment advice or refund orders and giving of benefit to the Beneficiary Account with Depository Participants and submission of the allotment and listing documents to the Stock Exchanges within two working days of finalization of the basis of allotment of Equity Shares. The Company and Tata Sons shall ensure the dispatch of refund orders, if any, of value up to Rs.1,500, "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.

The Company shall use its best efforts to ensure that all steps for completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges where the Equity Shares are proposed to be listed are taken within seven working days of finalisation of the basis of allotment.

In accordance with the Companies Act, the requirements of the Stock Exchanges and SEBI Guidelines, the Company, further undertakes that:

- Allotment of Equity Shares shall be made only in dematerialised form within 15 days of the Bid/Offer Closing Date;
- The Company would ensure despatch of refund orders within 15 days of the Bid/Offer Closing Date; and
- The Company shall pay interest at 15% per annum (for any delay beyond the 15 days time period as mentioned above), if allotment/transfer is not made, refund orders are not dispatched and/or demat credits are not made to investors within the 15 days time prescribed above.

The Company and Tata Sons will provide adequate funds required to the Registrar to the Offer for dispatch of refund orders or allotment advice.

Refunds will be made by cheques, pay orders or demand drafts drawn on a Escrow Collection Bank(s) 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.

Interest on Refund of excess Bid Amount

The Company and the Selling Shareholders shall pay interest at the rate of 15% per annum on the excess Bid Amount received by us if refund orders are not dispatched within 15 days from the Bid/Offer Closing Date as per the guidelines issued by the Government of India, Ministry of Finance pursuant to their letter no. F-8/6/SE/79 dated July 21, 1983, as amended by their letter no. F/14/SE/85 dated September 27, 1985, addressed to the stock exchanges, and as further modified by SEBI's Clarification XXI dated October 27, 1997, with respect to the SEBI Guidelines.

RESTRICTIONS ON FOREIGN OWNERSHIP OF INDIAN SECURITIES

Foreign investment in Indian securities is regulated through the industrial policy of the 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. When required, the government bodies responsible for granting foreign investment approvals are the Foreign Investment Promotion Board of the Government of India or the FIPB and the RBI.

The transfer of Equity Shares to be sold by the Selling Shareholders under Offer for Sale to the non-resident bidders shall be subject to FIPB and RBI approval or any requisite permission as may be necessary under the FEMA.

TCS Limited has made an application to FIPB and received approval for transfer of Equity Shares to persons resident outside India. There is, therefore, no necessity for the non-resident Bidders to make separate applications seeking permission from the FIPB and RBI.

RBI, vide its circular A.P.(DIR Series) Circular No. 53 dated December 17, 2003, permitted FIIs to subscribe to shares of an Indian company in the public offer without prior approval of RBI, so long as the price of equity shares to be issued is not less than the price at which the equity shares are issued to residents.

The Government of India, Ministry of Finance, Department of Economic Affairs, (FIPB Unit) pursuant to its letter no. FC/233/2004 FIPB dated July 5, 2004, clarified that FIPB approval is not required in this Offer for the transfer of Equity Shares by the Selling Shareholders in this Offer to eligible NRIs, FIIs, Foreign Venture Capital Investors registered with SEBI and Multilateral and Bilateral Development Financial Institutions. As per the extant policy OCBs are not permitted to participate in the Offer. TCS Limited has received in-principle approval from the RBI stating that the RBI has no objection for non-resident investors to acquire Equity Shares in the Offer for Sale, pursuant to its letter no FE.CO.FID/232/10.I.07.02.200(642)/2004-05 dated July 12, 2004. 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. The transfer of Equity Shares to NRIs, FIIs, Foreign Venture Capital Investors registered with SEBI and Multilateral and Bilateral Development Financial Institutions shall be subject to the conditions as may be prescribed by the Government of India or RBI while granting such approvals.

Investment by Non-Resident Indians

A variety of special facilities for making investments in India in shares of Indian Companies is available to individuals of Indian nationality or origin residing outside India ("NRIs"). These facilities permit NRIs to make portfolio investments in shares and other securities of Indian companies on a basis not generally available to other foreign investors. Under the portfolio investment scheme, NRIs are permitted to purchase and sell equity shares of the company through a registered broker on the stock exchanges. NRIs collectively should not own more than 10% of the post-offer paid up capital of the company. However, this limit may be increased to 24% if the shareholders of the company pass a special resolution to that effect. No single NRI may own more than 5% of the post-offer paid up capital of the Company. NRI investment in foreign exchange is now fully repatriable whereas investments made in Indian Rupees through rupee accounts remains non-repatriable.

Investment by Foreign Institutional Investors

Foreign Institutional Investors ("FIIs") including institutions such as pension funds, investment trusts, asset management companies, nominee companies and incorporated, institutional portfolio managers can invest in all the securities traded on the primary and secondary markets in India. FIIs are required to obtain an initial registration from the SEBI and a general permission from the RBI to engage in transactions regulated under FEMA. FIIs must also comply with the provisions of the SEBI (Foreign Institutional Investors) Regulations, 1995, as amended from time to time. The initial registration and the RBI's general permission together enable the registered FII to buy (subject to the ownership restrictions discussed below) and sell freely securities issued by Indian companies, to realise capital gains or investments made through the initial amount invested in India, to subscribe or renounce rights issues for shares, to appoint a domestic custodian for custody of investments held and to repatriate the capital, capital gains, dividends, income received by way of interest and any compensation received towards sale or renunciation of rights issues of shares.

Ownership restrictions of FIIs

Under the portfolio investment scheme, the overall issue of equity shares to FIIs on a repatriation basis should not exceed 24% of post-issue paid-up capital of the company. However, the limit of 24% can be raised upto the permitted sectoral cap for that company after approval of the board of directors and shareholders of the company. The offer of equity shares to a single FII should not exceed 10% of the post-issue paid-up capital of the Company. In respect of an FII investing in equity shares of a company on

behalf of its sub-accounts, the investment on behalf of each sub-account shall not exceed 10% of the total issued capital of that company.

Takeover Code

Under the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, as amended, or the Takeover Code, upon the acquisition of more than 5% of the outstanding shares or voting rights of a listed public Indian company, a purchaser is required to notify the company, and the company and the purchaser are required to notify all the stock exchanges on which the shares of such company are listed. Upon the acquisition of 15% or more of such shares or voting rights or a change in control of the company, the purchaser is required to make an open offer to the other shareholders offering to purchase at least 20% of all the outstanding shares of the company at a minimum offer price as determined pursuant to the Takeover Code.

The above information is given for the benefit of the bidders and neither the Company nor the BRLMs are liable for any changes after the date of this Prospectus.

STATUTORY AND OTHER INFORMATION

Consents

Consents in writing of: (a) the Directors, the Company Secretary, the Auditors, Legal Advisors to the Company, Bankers to the Company and Bankers to the Offer; and (b) Book Running Lead Managers to the Offer, Co-Manager to the Offer, Syndicate Members, Escrow Collection Bankers and Registrars to the Offer, to act in their respective capacities, have been obtained and filed along with a copy of the Red Herring Prospectus and the Prospectus with the Registrar of Companies, Maharashtra at Mumbai, as required under Section 60 of the Companies Act and such consents have not been withdrawn up to the time of delivery of the Prospectus for registration.

G.N. Joshi Associates, auditors of the TCS Division for Indian GAAP, have given their written consents to the inclusion of their auditor's report in the form and context in which it appears in the and also all financial statements and ratios and such consents and reports have not been withdrawn up to the time of delivery of the Prospectus for registration with the Registrar of Companies, at Mumbai, Maharashtra.

Deloitte Haskins & Sells, auditors of TCS Division for US GAAP, have given their written consents to the inclusion of their auditor's report in the form and context in which it appears in the Prospectus and also all financial statements and ratios and such consents and reports have not been withdrawn up to the time of delivery of the Prospectus for registration with the Registrar of Companies, at Mumbai, Maharashtra.

S.B. Billimoria & Co., statutory auditors of TCS Limited for Indian GAAP, have given their written consents to the inclusion of their auditor's reports in the form and context in which it appears in the Prospectus and also all financial statements and ratios and such consents and reports have not been withdrawn up to the time of delivery of the Prospectus for registration with the Registrar of Companies, at Mumbai, Maharashtra.

S.B. Billimoria & Co., statutory auditors of TCS Limited, have given their written consent to the inclusion of their certificate on the tax benefits accruing to the Company and its members in the form and context in which it appears in the Prospectus and has not withdrawn the same up to the time of delivery of the Prospectus for registration with the Registrar of Companies at Mumbai, Maharashtra.

Expert Opinion

Except as stated elsewhere in the Prospectus, the Company has not obtained any expert opinions.

Changes in Directors and Auditors during the last three financial years and reasons thereof

For details of the changes in directors during the last three years, see "Management". There has been no change in the statutory auditors of TCS Limited during the last three years.

Basis of Allotment or Allocation

A. For Employee Reservation Portion

(the "Employees" for purposes of this paragraph)

- Bids received from the Employees at or above the Offer Price shall be grouped together to determine the total demand under this category. The allocation to all the successful Employees will be made at the Offer Price.
- If the aggregate demand in this category is less than or equal to 5,545,260 Equity Shares at or above the Offer Price, full allocation shall be made to the Employees to the extent of their demand.
- If the aggregate demand in this category is greater than 5,545,260 Equity Shares at or above the Offer Price, the allocation shall be made on a proportionate basis up to a minimum of seven (7) Equity Share. For the method of proportionate basis of allocation, refer below.
- Only permanent employees/directors of TCS Division, TCS Limited and Tata Sons Limited who are Indian Nationals, are based in India and are physically present in India on the date of submission of the Bid- cum-Application Form are eligible to apply under Employee Reservation Portion.

B. For Retail Individual Bidders

- Bids received from the Retail Individual Bidders at or above the Offer Price shall be grouped together to determine the total demand under this category. The allocation to all the successful Retail Individual Bidders will be made at the Offer Price.
- The Net Offer size less allocation to Non Institutional and QIB Bidders shall be available for allocation to Retail Individual

Bidders who have bid in the Offer at a price which is equal to or greater than the Offer Price.

- If the aggregate demand in this category is less than or equal to 12,476,840 Equity Shares at or above the Offer Price, full allocation shall be made to the Retail Individual Bidders to the extent of their demand.
- If the aggregate demand in this category is greater than 12,476,840 Equity Shares at or above the Offer Price, the allocation shall be made on a proportionate basis up to a minimum of seven (7) Equity Shares. For the method of proportionate basis of allotment, refer below.

C. For Non Institutional Bidders

- Bids received from Non Institutional Bidders at or above the Offer Price 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 allocation to QIBs 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.
- If the aggregate demand in this category is less than or equal to 7,486,090 Equity Shares at or above the Offer Price, 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 7,486,090 Equity Shares at or above the Offer Price, allocation shall be made on a proportionate basis up to a minimum of seven (7) Equity Shares. For the method of proportionate basis of allotment refer below.

The aggregate allocation to Retail and Non Institutional Bidders shall not exceed 19,962,930 Equity Shares.

D. For QIBs

- Bids received from the QIB Bidders at or above the Offer Price 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 Net Offer size less allocation to 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.
- The allocation would be decided by the Company and Tata Sons in consultation with the BRLMs and would be at their sole discretion, based on the quality of the QIB Bidder determined broadly by the size, price and date of the Bids. The aggregate allocation to QIB Bidders shall not be less than 29,944,410 Equity Shares.

The unsubscribed portion, if any, out of the Equity Shares in the Employee Reservation Portion will be added back to the categories of Non Institutional Bidders and Retail Individual Bidders in the ratio 50:50. Under-subscription, if any, in the Non-Institutional and Retail Individual categories would be allowed to be met with spill over from any other category at the sole discretion of the Company, Tata Sons and the BRLMs.

In case of under-subscription in the Offer, the Equity Shares from Fresh Issue would be issued prior to the sale of Equity Shares pursuant to the Offer for Sale. After the issue of Equity Shares under the Fresh Issue, successful Bidders who have not received any Equity Shares shall be allotted from such Equity Shares that are to be sold by Selling Shareholders other than Tata Sons and thereafter from Equity Shares to be sold by Tata Sons in the Offer for Sale.

Method of Proportionate Basis of Allotment

In the event the Offer is over-subscribed, the basis of allotment shall be finalised by the Company and Tata Sons in consultation with the Designated Stock Exchange. The Executive Director or Managing Director (or any other senior official nominated by them) of the Designated Stock Exchange along with the BRLM and the Registrar to the Offer shall be responsible for ensuring that basis of allotment is finalised in a fair and proper manner. Allotment to Bidders shall be as per the basis of allocation as set out in this Prospectus under "Offer Structure".

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

b) The total number of Equity Shares to be allotted to each category as a whole shall be arrived at on a proportionate basis which is the total number of Equity Shares applied for in that category (number of bidders in the category multiplied by number of shares applied for) multiplied by the inverse of the over-subscription ratio.

c) Number of Equity Shares to be allotted to the successful bidders will be arrived at on a proportionate basis which is total number of Equity Shares applied for by each bidder in that category multiplied by the inverse of the over-subscription ratio in that category subject to minimum allotment of seven (7) Equity Shares. The Allotment Lot shall be the same as the Minimum Application lot irrespective of any revisions to the Price Band.

d) In case the proportionate allotment to any Bidders is in fractions, then the same would be rounded off to nearest integer.

e) In all bids where the proportionate allotment is less than seven (7) per bidder, the allotment shall be made as follows:

- Each successful bidder shall be allotted a minimum of seven (7) Equity Shares; and
- The successful bidders out of the total bidders for a category shall be determined by draw of lots in a manner such that the total number of Equity Shares allotted in that category is equal to the number of Equity Shares calculated in accordance with (b) above.

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

Expenses of the Offer

The expenses of the Offer payable by TCS Limited and the Selling Shareholders inclusive of brokerage, fees payable to the BRLMs, Advisors to the Offer, fees of Legal Advisors, stamp duty, printing, publication, advertising and distribution expenses, bank charges, fees payable to the Registrars to the Offer, listing fees and other miscellaneous expenses will not exceed the prescribed limits, and will be met out of the proceeds of the Offer.

Fees Payable to the Book Running Lead Managers, Senior Co-Manager, Co-Managers and Syndicate Members

The total fees payable to the Book Running Lead Managers, Senior Co-Manager, Co-Managers and Syndicate Members (including underwriting commission and selling commission) will be 1.5% of the Offer Size and to the extent Green Shoe Option is exercised by the Stabilising Agent and reimbursement of out of pocket expenses incurred by the BRLMs.

Fees Payable to the Advisor to the Offer

The total fees payable to Tata Financial Services, the Advisor to the Offer, will 0.01% of the Offer Size.

Fees Payable to the Registrar to the Offer

The fees payable to the Registrar to the Offer for processing fee per application, data entry charges, processing of application(s) opted for Demat, over printing of CAN/Refund order, preparation of refund data on magnetic tape, hosting investor allotment/non allotment information on Karvy's website, printing of bulk mailing register will be Rs.5.30 per application. In addition, the Registrar will get processing fees of Re. 1 per application as processing fees for NRI application. The details of fees payable to Registrar to the Offer are as per the Memorandum of Understanding signed with the Company, copies of which are available for inspection at the Registered Office of TCS Limited.

The Registrar will be reimbursed for all relevant out-of-pocket expenses including such as cost of stationery, postage, stamp duty, communication expenses. Adequate funds will be provided to the Registrar to the Offering to enable them to send refund orders or allotment advice by registered post/speed post/under certificate of posting.

Previous Rights and Public Issues

Except as stated in Notes to the Capital Structure, the Company has not made any public issue (including any public rights issue) since its inception.

Issues otherwise than for Cash

Except as stated in the Prospectus under "Capital Structure", the Company has not issued any Equity Shares for consideration otherwise than for cash.

Outstanding Debenture or Bond Issues

The Company does not have any outstanding debentures or bonds.

Outstanding Preference Shares

The Company does not have any outstanding preference shares.

Commission and Brokerage on Previous Issues

No sum has been paid or is payable as commission or brokerage for subscribing to or procuring for, or agreeing to procure subscription for any of the Equity Shares of the Company since its inception.

Capitalisation of Reserves or Profits

Except as stated in the Prospectus under "Capital Structure", the Company has not issued any Equity Shares on capitalisation of profits or reserves.

Option to Subscribe in the Issue

The Company has not given any option to subscribe for any Equity Shares of the Company.

Purchase of Property

Except as stated in the "Objects of Offer" in this Prospectus, and save in respect of the property purchased or acquired or to be purchased or acquired in connection with the business or activities contemplated by the objects of the Offer, there is no property which has been purchased or acquired or is proposed to be purchased or acquired which is to be paid for wholly or partly from the proceeds of the present Offer or the purchase or acquisition of which has not been completed on the date of this Prospectus, other than property, in respect of which:

- the contract for the purchase or acquisition was entered into in the ordinary course of business, nor was the contract entered into in contemplation of the Offer, nor is the Offer contemplated in consequence of the contract; or
- the amount of the purchase money is not material.

Except as stated in this Prospectus, the Company has not purchased any property in which any of its Promoter and/or Directors, have any direct or indirect interest in any payment made thereunder.

Interest of Promoters and Directors

Tata Sons, the Promoter of TCS, is an interested party in the following:

- An amount up to Rs. 23,000 million will be paid out of the proceeds of the Fresh Issue to Tata Sons as consideration for the Transfer. For details, See "Transfer of Tata Consultancy Services Division" on page 41 of this Prospectus.
- Payments by TCS Limited pursuant to the Brand Equity and Business Promotion Agreement. For details, See "Business -Brand Equity and Business Promotion Agreement -" on page 103 of this Prospectus
- Payment of fees to Tata Sons as Green Shoe Lender. For details, See "Green Shoe Option" on page 18 of this Prospectus.
- Payment of fees to Tata Financial Services, a division of Tata Sons, as Advisor to the Offer.
- Except as stated above or otherwise stated elsewhere in this Prospectus, the promoter, Tata Sons, does not have any interest in the business of TCS Limited, except to the extent of its shareholding in TCS Limited and earning returns thereon. For further details, see "Financial Statements – Indian GAAP – Related Party Transactions".
- All the Directors of TCS Limited 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, reimbursement of expenses payable to them under the Articles of Association. All the Directors may also be deemed to be interested to the extent of Equity Shares, if any, already held by them or their relatives in TCS Limited, or that may be subscribed for and allotted to them, out of the present Offer in terms of the Prospectus and also to the extent of any dividend payable to them and any 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.

Except as stated otherwise in the Prospectus, the Company has not entered into any contracts, agreements or arrangements during the preceding two years from the date of the Prospectus, 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.

Revaluation of Assets

The Company has not revalued any of its assets since its inception.

Classes of Shares

The authorised share capital of the Company is Rs. 455.50 million, which is divided into 455,500,029 equity shares of face value of Re. 1 each.

Payment or Benefit to Promoters or Officers of the Company

Except as stated elsewhere in this Prospectus, no amount or benefit has been paid or given within the two preceding years or is intended to be paid or given to the promoter or any officer of TCS Limited except the normal remuneration for services rendered as directors, officers or employees.

Mr. Suprakash Mukhopadhyay was appointed as Manager of TCS Limited for a period of one year with effect from December 12, 2003. Mr. Mukhopadhyay was seconded to TCS Limited by Tata Sons. As per the terms of his appointment Mr. Mukhopadhyay will not draw any remuneration from TCS Limited.

Consequent upon the appointment of Mr. S. Ramadorai as Managing Director of TCS Limited, Mr. Suprakash Mukhopadhyay has ceased to be the Manager of TCS Limited with effect from August 9, 2004.

TCS Limited purchased the equity stake from certain shareholders in WTI including 50,000 equity shares, 10,000 equity shares and 10,000 equity shares from Mr. S. Ramadorai, Director of TCS Limited, Mr. S. Mahalingam, Executive Vice President - Chief Financial Officer of the TCS Division and Mr. P. A. Vandrevala, Executive Vice President and Head - Global Operations of the TCS Division, respectively, at a price of Rs. 367 per share in calendar year 2004.

Remuneration of Managing Director

Mr. S. Ramadorai has been appointed as Managing Director of TCS Limited with effect from August 9, 2004 for a period of five years. In terms of the resolution passed by Board of Directors, the remuneration of Mr. S. Ramadorai will be as under:

(a) Salary:

Upto a maximum of Rs. 5,00,000/- per month, with authority to the Board or a Committee thereof, to fix the salary within the said maximum amount from time to time. The annual increments which will be effective 1st April each year, will be decided by the Board or a Committee thereof and will be merit based and take into account the Company's performance.

(b) Incentive Remuneration : Upto 200% of salary to be paid at the discretion of the Board annually, based on certain performance criteria.

(c) Commission

Such remuneration by way of commission, in addition to the salary, incentive remuneration, if any and perquisites and allowances payable, calculated with reference to the net profits of the Company in a particular financial year, as may be determined by the Board of Directors of the Company or a committee thereof, at the end of each financial year, subject to the overall ceilings stipulated in Sections 198 and 309 of the Act. The specific amounts payable to the Managing Director will be based on certain performance criteria to be laid down by the Board or a committee thereof and will be payable annually after the Annual Accounts have been approved by the Board of Directors and adopted by the members.

(d) Perquisites & Allowances :

(i) In addition to the salary, incentive remuneration, if any, and commission payable, the Managing Director shall be entitled to perquisites and allowances like accommodation (furnished or otherwise) or house rent allowance in lieu thereof; house maintenance allowance, together with reimbursement of expenses or allowances for utilities such as gas, electricity, water, furnishings, repairs, servants' salaries, society charges and property tax; medical reimbursement; club fees and leave travel concession for himself and his family ; medical /accident insurance and such other perquisites and allowances in accordance with the rules of the Company or as may be agreed to by the Board of Directors or a Committee thereof and the Managing Director, and such perquisites and allowances will be subject to a maximum of 140% of the annual salary.

(ii) For the purposes of calculating the above ceiling, perquisites and allowances shall be evaluated as per Income-tax Rules, wherever applicable. In the absence of any such Rules, perquisites and allowances shall be evaluated at actual cost. Provision for use of the Company's car for official duties and telephone at residence (including payment for local calls and long distance official calls) shall not be included in the computation of perquisites for the purpose of calculating the said ceiling.

(iii) Company's contribution to Provident Fund and Superannuation or Annuity Fund, to the extent these either singly or together are not taxable under the Income-tax Act, gratuity payable as per the rules of the Company and encashment of leave at the end of the tenure, shall not be included in the computation of limits for the remuneration or perquisites aforesaid.

(e) Minimum Remuneration

Notwithstanding anything to the contrary herein contained where in any financial year during the currency of the tenure of the Managing Director, the Company has no profits or its profits are inadequate, the Company will pay remuneration by way of salary, incentive remuneration, perquisites and allowances as specified above.

MAIN PROVISIONS OF THE ARTICLES OF ASSOCIATION

Capitalised terms used in this section have the meaning that has been given to such terms in the Articles of Association of TCS Limited.

Pursuant to Schedule II of the Companies Act and SEBI Guidelines, the main provisions of the Articles of Association of TCS Limited are set forth below.

Capital and Shares

Power to increase share capital

Article 4 provides that "The Board may, from time to time, with the sanction of the Company in a general meeting, increase the share capital by such sum to be divided into shares of such amounts as the resolution shall prescribe."

Redeemable Preference Shares

Article 5 provides that "Subject to the provisions of Section 80, any Preference Shares may, with the sanction of an ordinary resolution, be issued on the terms that they are, or at the option of the Company liable to be redeemed on such terms and in such manner as the Company before the issue of the shares may, by special resolution, determine."

Commission for placing shares, debentures etc.

Article 6 provides that "The Company may, at any time, pay commission to any person for subscribing or agreeing to subscribe (whether absolutely or conditionally) for any shares, debentures, or debenture stock of the Company or procuring or agreeing to procure subscription (whether absolute or conditional) for any shares, debentures or debenture stock of the Company but so that if the commission in respect of shares shall be paid or payable out of capital, the statutory conditions and requirements shall be observed and complied with and the amount or rate of commission shall not exceed 5% on the price of shares and $2^{1/2}$% on the price of debentures or debenture stock, in each case subscribed or to be subscribed. The commission may be paid or satisfied in cash or in shares, debentures or debenture stock of the Company. The Company may also on any issue of shares or debentures pay such brokerage as may be lawful.

On what condition new shares may be issued

Article 7 provides that "New shares shall 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."

How far new shares to rank with existing shares

Article 8 provides that "Except so far as otherwise provided by the conditions of issue, or by these Articles, any capital raised by the creation of new shares, shall be considered part of the original capital and shall be subject to the provisions herein contained with reference to the payment of calls and instalments, transfer and transmission, forfeiture, lien, voting, surrender and otherwise. Such new shares shall rank *pari passu* with the existing shares in all respect except for the purposes of dividend that shall be pro rated to the period for which such newly issued shares are in existence."

Reduction of capital

Article 9 provides that "Subject to the provisions of Sections 100 to 104 of the Act, the Company may, from time to time, by Special Resolution reduce its capital in any manner for the time being authorised by law and in particular, by paying off capital or cancelling capital which has been lost or is unrepresented by available assets, or is superfluous by reducing the liability on the shares or otherwise as may be expedient, and capital may be paid off upon the footing that it may be called up again or otherwise; and the Board may, subject to the provisions of the Act, accept surrender of shares.

Sub-division and consolidation of shares

Article 10 provides that "The Company in general meeting may, from time to time, sub-divide or consolidate the shares under 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. Provided however that the provision relating to progressive numbering shall not apply to the shares of the Company which have been dematerialised.

Buyback of shares

Article 11 provides that "Notwithstanding anything contained in these Articles, the Board of Directors may, when and if thought fit, buy back such of the Company's own shares or securities as it may think necessary, subject to such limits, upon such terms and conditions, and subject to such approvals, as may be permitted by the law."

Issue of Shares with differential voting rights

Article 12 provides that "The Directors may issue shares with differential rights as to dividend, voting or otherwise, upon such terms and conditions and with such rights and privileges annexed thereto as thought fit and as may be permitted by law, on obtaining approval of the shareholders."

Modification of rights

Article 13 provides that "If at any time, the capital of the Company by reason of the issue of preference shares or otherwise, is divided into different classes of shares, all or any of the rights attached to the shares of each class may, subject to the provisions of Sections 106 and 107 of Act be varied with the consent in writing of the holders of at least three-fourth of the issued shares of that class or with the sanction of a Special Resolution passed at a separate meeting of the holders of issued shares of that class and all the provisions hereinafter contained as to general meeting shall, *mutatis mutandis*, apply to every such meeting."

Further offerings of shares of the Company

Article 21A provides that "In the event Tata Sons Limited and their associates desire to make an offer for sale of their equity holding in the Company either along with a public offering by the Company or separately, the Company shall, so long as the resultant equity holding of Tata Sons Limited and their associates does not as a consequence fall below 26%, co-operate with and assist Tata Sons Limited and their associates to make such offer for sale and if such shares are to be sold in a jurisdiction where the shares of the Company are not already listed/ registered, the Company shall also assist in listing/ registering of its shares in such jurisdiction."

Board of Directors to make calls

Article 22(1) provides that "The Board of Directors, may from time to time, by a resolution passed at a meeting of the Board, make such call as it thinks fit upon the members in respect of moneys unpaid on the shares held by them respectively, by giving not less than 15 days notice for payment 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 of Directors. A call may be made payable by instalments. The Board may, at their discretion, extend the time for payment of such calls."

Calls to carry interest

Article 22(2) provides that "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 of Directors, but nothing in this Article shall render it compulsory for the Board of Directors to demand or recover any interest from any such member."

Sums payable on allotment or at fixed date to be paid on due dates

Article 23 provides that "Any sum which by the terms of issue of a share becomes payable on allotment or at any fixed date, whether on account of the nominal value of the share or by way of premium, shall for the purposes of these regulations be deemed to be a call duly made and payable on the date on which by the terms of issue such sum becomes payable."

Voluntary advances of uncalled share capital

Article 24(1) provides that "The Board may, if it thinks fit, receive from any member willing to advance the same, all or any part of the moneys uncalled and unpaid upon any shares held by him."

Interest payable on calls in advance

Article 24(2) provides that "Upon all or any of the moneys so advanced may, until the same would, but for such advance, become presently payable, pay interest at such rate as may be agreed upon between the Board and the member paying the sum in advance and the Board of Directors may, at any time, repay the amount so advanced upon giving to such members three months notice in writing. Moneys paid in advance of calls shall not in respect thereof confer a right to dividend or to participate in the profits of the Company."

Calls to date from resolution

Article 25 provides that "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 of Directors."

Forfeiture of shares

Article 26(1) provides that "If a member fails to pay any call, or instalment 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.

Article 26(2) provides that "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 the 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."

Article 26(3) provides that "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 thereafter before the payment required by the notice has been made, be forfeited by a resolution of the Board to that effect."

Article 26(4) provides that "A forfeited share may be sold or otherwise disposed of on such terms and in such manner as the Board thinks fit."

Article 26(5) provides that "At any time before a sale or disposal as aforesaid, the Board may cancel the forfeiture on such terms as it thinks fit."

Liability to pay money owing at the time of forfeiture

Article 27(1) provides that "A person whose shares have been forfeited shall cease to be a 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."

Article 27(2) provides that "The liability of such persons shall cease if and when the Company shall have received payment in full of all such moneys in respect of the shares."

Declaration of forfeiture

Article 28(1) provides that "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 duly 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 the share."

Article 28(2) provides that "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."

Article 28(3) provides that "The transferee shall thereupon be registered as the holder of the share."

Article 28(4) provides that "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 or disposal of the share."

Provisions regarding forfeiture to apply in the case of non-payment of sums payable at a fixed time

Article 29 provides that "The provisions of these Articles as to forfeiture shall apply in the case of non-payment of any sum which by terms of issue of a share, becomes payable at a fixed time, whether on account of the nominal value of the shares or by way of premium, as if the same had been payable by virtue of a call duly made and noticed."

Directors may accept surrender of shares

Article 30 provides that "The Directors may at any time, subject to the provisions of the Act, accept the surrender of any share from or by any member desirous of surrendering on such terms as the Directors may think fit."

Company's lien on shares

Article 31 provides that "The Company shall have a first and paramount lien upon every share not being fully paid up, registered in the name of each member (whether solely or jointly with others), and upon the proceeds of sale thereof for moneys called or payable at a fixed time in respect of such shares whether the time for the payment thereof shall have actually arrived or not and no equitable interest in any share shall be created except upon the footing and condition that this Article is to have full effect. 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 a share shall operate as a waiver of the Company's lien, if any, on such shares."

Enforcement of lien on sale of shares

Article 32 provides that "The Company may sell, in such manner as the Board thinks fit, any shares on which the Company has lien, but no sale shall be made unless a sum in respect of which the lien exists is presently payable or until the expiration of fourteen days after a notice in writing stating and demanding payment of such part of amount in respect of which lien exists as is presently payable, has been given to the registered holder for the time being of the share, or the person entitled thereto by reason of his death or insolvency."

Application of proceeds of sales

Article 33 provides that "The proceeds of the sale shall be received by the Company and shall be applied in payment of such part of the amount in respect of which 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 persons entitled to the shares at the date of the sale. The purchaser shall be registered as the holder of the share 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

Form of transfer

Article 34 provides that "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."

Execution of transfer

Article 35 provides that "The instrument of transfer of any share in the Company shall be executed both by the transferor and transferee and the transferor shall be deemed to remain holder of the share until the name of the transferee is entered in the register of members in respect thereof."

Transfer by legal representative

Article 36 provides that "A transfer of the share in the Company of a deceased member thereof made by his legal representative shall, although the legal representative is not himself a member, be as valid as if he had been a member at the time of the execution of the instrument of transfer".

Instrument of transfer to be left at office and evidence of titles to be given

Article 37 provides that "Every instrument of transfer shall be delivered to the Company at the office for registration accompanied by any 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 Board may decline to register shall on demand, be returned to the person depositing the same."

Transfer of shares

Article 38 provides that "The provisions of Section 111A of the Act regarding registration of transfer should be adhered to. No fee shall be charged for registration of transfer, transmission, probate, Succession Certificate and Letters of Administration, Certificate of Death or Marriage, Power of Attorney or similar other document."

Register of transfers

Article 39 provides that "The Company shall keep a book, to be called the "Register of Transfers" and therein shall be fairly and distinctly entered particulars of every transfer or transmission of any share.

Closing of Registers of Members and Debenture holders

Article 40 provides that "The Register of Members or the Register of Debenture holders may be closed for any period or periods not exceeding 45 (fortyfive) days in each year but not exceeding 30 (thirty) days at any one time after giving not less than 7 (seven) days previous notice by advertisement in some newspaper circulating in the district in which the Registered Office of the Company is situated."

Transfer of Securities held in Dematerialised form

Article 41 provides that "In the case of transfer of shares or other marketable securities where the Company has not issued any certificates and where such shares or securities are being held in an electronic and fungible form the provisions of the Depositories Act, 1996 shall apply."

Title to share of deceased holder

Article 42 provides that "The executor or administrator of a deceased member (not being one of two or more joint holders) shall be the only person recognised by the Company as having any title to his shares, and the Company shall not be bound to recognise such executor or administrator unless such executor or administrator shall have first obtained Probate or Letters of Administration, as the case may be, from a duly constituted Court in India; Provided that in any case where the Board in their absolute discretion think fit, the Board may dispense with production of Probate or Letters of Administration, and, under the next Article, register the name of any person who claims to be absolutely entitled to the shares standing in the name of a deceased member as a member."

Registration of persons entitled to shares otherwise than by transfer

Article 43 provides that "Subject to the provisions of the Act and these Articles, any person becoming entitled to a share in consequence of the death, bankruptcy or insolvency of any member, or by an lawful means other than by a transfer in accordance with these presents, may, with the consent of the Directors (which they shall not be under any obligation to give), upon producing such evidence as the Board think sufficient, either be registered himself as the holder of the share or elect to have some person nominated by him, and approved by the Board, registered as such holder. Provided, nevertheless, that if such person shall elect to have his nominee registered, he shall testify the election by executing to his nominee an instrument of transfer of the share in accordance with the provisions herein contained, and, until he does so, he shall not be freed from any liability in respect of the share."

Board may require evidence of transmission

Article 44 provides that "Every transmission of a share shall be verified in such manner as the Directors may require, and the Company may refuse to register any such transmission until the same be so verified, or until or unless an indemnity be given to the Company with regard to such registration which the Board at their discretion shall consider sufficient; Provided nevertheless, that there shall not be any obligation on the Company or the Board to accept any indemnity."

Borrowing Powers

Power of borrowing

Article 45(1) provides that "Subject to the provisions of Sections 292 and 293 (1) (d) of the Act, the Board may by means of a resolution passed at a meeting of the Board from time to time, borrow and/or secure the payment of any sum or sums of money for the purposes of the Company."

Conditions on which money may be borrowed

Article 45(2) provides that "The Board may secure the repayment of such moneys in such manner and upon such terms and conditions in all respects as they 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."

How debentures etc. shall be transferred

Article 45(3) provides that "Debentures, bonds etc. of the Company shall be transferred or transmitted in accordance with the procedure prescribed for shares in Section 108 of the Act and the prevailing rules made thereunder by Central Government from time to time, unless different provisions are made specifically in the terms of issue governing such debentures, bonds etc."

Securities may be assignable free from equities

Article 46 provides that "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."

Issue at discount etc. or with special privileges

Article 47 provides that "Subject to Sections 79 and 117 of the Act, any debentures, debenture stock, bonds or other securities may be issued at a discount, premium or otherwise, and with any special privileges to redemption, surrender, drawings, allotment of shares, 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."

Inviting/accepting deposits

Article 48 provides that "Subject to the provisions of Sections 58A, 58AA and 58B, 292 and 293 of the Companies Act and the rules made thereunder from time to time, the Board of Directors may, from time to time, invite and/or accept deposits from members of the public and/or employees of the Company/or otherwise at such interest rates as may be decided by the Board. Board may also pay commission to any person for subscribing or agreeing to subscribe or procure or agree to procure these deposits."

General Meetings

How questions to be decided at meetings

Article 58(1) provides that "Every question submitted to a meeting shall be decided in the first instance by a show of hands."

Evidence of a resolution where poll not demanded

Article 58(2) provides that "At any general meeting a resolution put to 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 holding shares in the Company which confers a power to vote on the resolution not being less than one tenth of the total voting power in respect of the resolution or on which an aggregate sum of not less than fifty thousand rupees has been paid up. The demand for a poll may be withdrawn at any time by the person or persons who make the demand. Unless a poll is so demanded, a declaration by the Chairman that a resolution has, on a show of hands, been carried or carried unanimously or by a 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."

Poll how to be taken

Article 58(3) provides that "If a poll is duly demanded, it shall be taken in such manner and at such time (not being later than forty-eight hours from the time when the demand was made) and place as the Chairman of the meeting directs and either at once or after an interval or adjournment or otherwise, and the result of the poll shall be deemed to be the resolution of the meeting at which the poll was demanded."

Poll when to be taken at the meeting

Article 58(4) provides that "Subject to the provisions of Section 180 of the Act, any poll duly demanded on the election of a Chairman of a meeting or on any question of adjournment shall be taken at the meeting and without adjournment."

Business may proceed notwithstanding demand of poll

Article 58(5) provides that "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."

Chairman's decision conclusive

Article 58(6) provides that "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."

Objection to vote

Article 58(7) provides that "No objection shall be raised as to the qualification of any voter except at the meeting or adjourned meeting or poll at which the vote objected to is given or tendered and every vote not disallowed at such meeting or poll shall be valid for all other purposes of such meeting or poll whatsoever."

Chairman to judge validity

Article 58(8) provides that "Any such objection made in due time shall be referred to the Chairman of the meeting whose decision shall be final and conclusive."

Vote of Members

Article 59 provides that "Upon a show of hands every member present in person or by 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."

No voting by proxy on show of hands

Article 60 provides that "No member not personally present shall be entitled to vote on a show of hands unless such member is a body corporate present by a representative duly authorised under Section 187 of the Act in which case such representative may vote on a show of hands as if he were a member of the Company."

Motion how decided in case of equality of votes

Article 61 provides that "In the case of an equality of votes, whether on a show of hands or on a poll the Chairman of the meeting at which the show of hands takes place or at which the poll is demanded, shall be entitled to a casting vote in addition to his own vote or votes to which he may be entitled as a member."

Votes in respect of deceased and bankrupt members

Article 62 provides that "Any person entitled under the transmission clause to any 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 forty-eight hours at least 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 Board of Directors of his right to such shares, unless the Board of Directors shall have previously admitted his right to such shares of his right to vote at such meeting in respect thereof."

Joint holders

Article 63 provides that "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 jointholders be present at any meeting personally or by proxy, that one of the said persons present whose name stands first on the register in respect of such share 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 jointholders thereof."

Votes in respect of shares of members of unsound mind

Article 64 provides that "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."

No member entitled to vote etc. while call due to the Company

Article 65 provides that "No member shall be entitled to be present, or to vote on any question either personally or by proxy 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 of the share of such members."

Instrument appointing proxy to be in writing

Article 66 provides that "A member entitled to attend and vote at a meeting may appoint another person (whether a member or not) as his proxy to attend a meeting and vote on a poll. No member shall appoint more than one proxy to attend on the same occasion. 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, be under its seal or be signed by an officer or an attorney duly authorised by it."

Form of Proxy

Article 67 provides that "An instrument appointing a proxy shall be in either of the forms in Schedule IX to the Act or a form as near thereto as circumstances admit.

Instrument appointing proxy to be deposited in office

Article 68 provides that "The instrument appointing a proxy and the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of that power or authority, shall be deposited at the registered office of the Company not less than 48 (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 (twenty-four) hours before the time appointed for taking of the poll and in default the instrument of proxy shall not be treated as valid."

When vote by proxy valid though authority revoked

Article 69 provides that "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 transfer or 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."

Nomination of Chairman

Article 90 provides that "So long as Tata Sons Limited and its associates hold at least 26% of the paid up equity share capital of the Company, Tata Sons Limited will have the right to nominate the Chairman of the Board of Directors. In the absence of a nomination by Tata Sons Limited for any period, the Directors may elect from amongst themselves a Chairman of their meetings and determine the period for which he is to hold such office."

Reserves and Dividends

Reserve Fund

Article 101 provides that "Subject to Section 205 of the Act, the Board may, before recommending any dividend, set apart 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 amortisation of capital and for such other purposes as the Board of Directors shall, in their absolute discretion, think conducive to the interest of the Company, and may invest the several sums so set aside upon such investments, (other than shares of the Company) as they may think fit from time to time to deal with and vary such investments and dispose of all or any part thereof for the benefit of the Company, and may divide the reserve funds into such special funds, as they think 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."

Dividend

Article 102 provides that "The profits of the Company available for payment of dividend subject to any special rights relating thereto, created or authorised to be created by these presents and subject to the provisions of these presents as to the reserve fund and amortisation of capital, shall be divisible among the members in proportion to the amount of capital paid-up 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."

Interim dividend

Article 103 provides that "The Board may, from time to time, pay to the members such interim dividends as in their judgement the position of the Company justifies."

Capital paid up in advance

Article 104 provides that "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 profits."

Declaration of dividends

Article 105 provides that "The Company, in general meeting, may declare a dividend to be paid to the members according to their rights and interests in the profits but no dividend shall exceed the amount recommended by the Board of Directors."

Dividends out of profits only and not to carry interest

Article 106 provides that "No dividend shall be declared or paid by the Company for any financial year except out of profits of the Company for that year arrived at after providing for the depreciation in accordance with the provisions of sub-section (2) of Section 205 of the Act or out of profits of the Company for any previous financial year or years arrived at after providing for the depreciation in accordance with those provisions and remaining undistributed or out of both. No dividend shall carry interest against the Company."

Debts may be deducted

Article 107 provides that "The Board may retain any dividends in respect of shares 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. No unclaimed dividend shall be forfeited by the Board unless the claim thereto becomes barred by law and the Company shall comply with all the provisions of Section 205-A of the Act in respect of unclaimed or unpaid dividend."

Dividends to the joint holders

Article 108 provides that "Any one of several persons who are registered as the joint holders of any share, may give effectual receipts for all dividends and payments on account of dividends in respect of such shares."

Dividends are to be paid in cash

Article 109 provides that "Subject to the provisions of Section 205 of the Act, no dividend shall be payable except in cash."

Payment by post

Article 110 provides that "Unless otherwise directed, any dividends 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 that one whose name stands first in 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."

Notice of Dividend

Article 111 provides that "Notice of the declaration of any dividend, whether interim or otherwise, shall be given to the holders of registered shares in the manner hereinafter provided".

Capitalisation

Power to capitalise

Article 112(1) provides that "Any General Meeting may upon the recommendation of the Directors, resolve that any moneys, investments or other assets forming part of the undivided profits of the Company standing to the credit of any of the Company's Reserve Accounts or to the credit of Profit and Loss Account or any Capital Redemption Reserve Account or in the hands of the Company and available for dividend or representing premiums received on the issue of shares standing to the credit of the Share Premium Account be capitalised and distributed amongst such of the members as would be entitled to receive the same if distributed

by way of dividend and in the same proportion on the footing that they become entitled thereto as capital and that all or any part of such capitalised funds shall not be paid in cash but shall be applied subject to the provisions contained in clause (2) hereof on behalf of such member either in or towards –

(a) paying up any amounts for the time being remaining unpaid on any share held by such members respectively; or

(b) paying up in full the unissued shares or debentures of the Company to be allotted and distributed credited as fully paid up to and amongst such members in the proportions aforesaid; or

(c) partly in the way specified in sub-clause (a) and partly in that specified in sub-clause (b); and that such distribution or payment shall be accepted by such members in full satisfaction of their interest in the capitalised sum.

Article 112(2) provides that:

(a) any moneys, investments or other assets representing premium received on the issue of shares and standing to the credit of Shares Premium Account;

(b) if the Company shall have redeemed any Redeemable Preference Shares, all or any part of any Capital Redemption Fund arising from the redemption of such shares; may by resolution of the Company be applied only in paying up in full or in part any new share or any shares then remaining unissued to be issued to such member of the Company as the General Meeting may resolve upto an amount equal to the nominal amount of the shares so issued.

Article 112(3) provides that "Any General Meeting may resolve that any surplus moneys arising from the realisation of any capital assets of the Company or any investments representing the same or any other undistributed profits of the Company not subject to charge for income tax be distributed among the members on the footing that they receive the same as capital."

Article 112(4) provides that "Whether such resolution under this Article shall have been passed, the Board shall

(a) make all appropriations and applications of the undivided profit resolved to be capitalised thereby and all allotments and issue of fully paid shares or debentures, if any, and

(b) generally do all acts and things required to give effect thereto."

Article 112(5) provides that "The Board shall have full power :

(a) to make such provisions by the issue of fractional certificate or by payment in cash or otherwise as it thinks fit, for the case of shares or debentures becoming distributable in fractions and that fraction of less value than Re.1 may be disregarded and also;

(b) to authorise, any person to enter on behalf of all the members entitled thereto, into an agreement with the Company providing for the allotment to them respectively credited as fully paid-up, of any further shares or debentures to which they may be entitled upon such capitalisation, or (as the case may require) for the payment of the Company on their behalf by the application thereto of their respective proportions of the profits resolved to be capitalised, or the amounts or any part of the amounts remaining unpaid on their existing shares and may vest any such cash or specific assets in trustees upon the trust for the person entitled to the dividend or capitalised fund as may seem expedient to the Board."

Article 112(6) provides that "Any agreement made under such authority shall be effective and binding on all such members."

Winding Up

Article 139 provides that "If the Company shall be wound up and the assets available for distribution among the members as such shall be insufficient to repay the whole of the paid-up capital, such assets shall be distributed so that, as early as may be, the losses shall be borne by the members in proportion to the capital paid up or which ought to have been paid up at the commencement of the winding up, on the shares held by them respectively. And if in a winding up, the assets available for distribution among the members shall be more than sufficient to repay the whole of the capital paid up, the excess shall be distributed amongst the members in proportion to the capital paid-up, or which ought to have been paid up on the shares held by them respectively. But this clause is to be without prejudice to the rights of the holders of share issued upon special terms and conditions."

INDEX OF FINANCIAL INFORMATION

Indian GAAP unconsolidated Financial Information of TCS Limited 221

Indian GAAP consolidated Financial Information of TCS Limited 234

Indian GAAP unconsolidated Financial Information of TCS Division 246

Financial Information of CMC Limited 268

Financial Information of CMC Americas Inc. 284

Financial Information of Tata America International Corporation 289

Financial Information of Tata Consultancy Services Sverige AB 295

Consolidated Financial Information of Tata Consultancy Services Netherlands B.V. including TCS Italia s.r.l 298

Financial Information of Tata Consultancy Services Belgium S.A. 303

Financial Information of Tata Consultancy Services France S.A. 307

Financial Information of Tata Consultancy Services Deutschland Gmbh 311

Financial Information of Tata Consultancy Services Asia Pacific Pte Ltd 317

Financial Information of Tata Information Technology (Shanghai) Co. Limited 323

Financial Information of Tata Consultancy Services Malaysia Sdn Bhd 330

Financial Information of Tata Consultancy Services Japan Limited 335

Consolidated Financial Information of TCS Iberoamerica S.A. including its subsidiaries 342

Financial Information of APOnline Limited 345

Financial Information of Airline Financial Support Services (India) Private Limited 349

Financial Information of Aviation Software Development Consultancy India Limited 354

US GAAP Consolidated Financial Information of TCS Division for the years ended March 31, 2002 2003 and 2004 363

Indian GAAP Financial Information of Tata Consultancy Services Limited

FOR THE FIVE YEARS ENDED

31st MARCH, 2004

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Chartered Accountants
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To

The Board of Directors

Tata Consultancy Services Limited

Re: Initial Public offering of Tata Consultancy Services Limited

We have examined the financial information of Tata Consultancy Services Limited ("the Company") as attached to this report stamped and initialled by us for identification and as approved by the Board of Directors, which has been prepared in accordance with Part II of Schedule II of the Companies Act, 1956 ("the Act") and 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 January 19, 2000 in pursuance to Section 11 of the Securities and Exchange Board of India Act, 1992 and related clarifications, and in accordance with the instructions dated 15th March, 2004 received from the Company requesting us to carry out work in connection with the Offer Document to be issued by the Company in connection with its proposed Initial Public Offering of Equity Shares (referred to as "the Issue").

A. Financial Information as per the audited financial statements

We have examined and found correct the attached restated Balance Sheets of the Company as at 31st March, 2000, 31st March, 2001, 31st March, 2002, 31st March, 2003 and 31st March, 2004 (Annexure II) and the attached restated statements of Profit and Loss Account for each of these years ended on those dates (Annexure I) and the related financial statement schedules (Annexure III) together referred to as 'summary statements'. These summary statements have been extracted from the financial statements for the years ended 31st March, 2001, 31st March, 2002, 31st March, 2003 and 31st March, 2004 audited by us and for the year ended 31st March, 2000 audited by another Firm of Chartered Accountants, and have been adopted by the members for the respective years. The financial information has been restated to consider the effect of adjustments relating to previous years.

B. Other financial information

We have examined the following financial information relating to the Company proposed to be included in the Offer Document, approved by the Board of Directors and annexed to this report:

i. Statement of restated Cash Flows of the Company for the years ended 31st March, 2002, 31st March, 2003 and 31st March, 2004 (Annexure IV).

ii. Summary of accounting ratios based on the adjusted profits relating to earnings per share, net asset value and return on net worth (Annexure V).

iii. Capitalisation statement of the Company (Annexure VI).

iv. Tax Shelter Statement (Annexure VII).

v. Details of dividends paid by the Company (Annexure VIII).

In our opinion, the financial information of the Company, as attached to this report as mentioned in paragraphs (A) and (B) above, read with respective significant accounting policies have been prepared in accordance with Part II of Schedule II of the Act and the Guidelines issued by SEBI.

This report is intended solely for use for your information and for inclusion in the Offer Document in connection with the proposed Issue of the Company and is not to be used, referred to or distributed for any other purpose without our prior written consent.

For **S. B. BILLIMORIA & CO.**
Chartered Accountants

Sd/-

N. Venkatram
Partner
Membership No. 71387

Mumbai, 5th May, 2004

Annexure I

STATEMENT OF PROFITS AND LOSSES, AS RESTATED

The profits of Tata Consultancy Services Limited for five financial years ended 31st March 31, 2004, read with significant accounting policies are set out below:

Particulars	31st March, 2000	31st March, 2001	31st March, 2002	31st March, 2003	31st March, 2004
	Rupees	Rupees	Rupees	Rupees	Rupees
INCOME					
Dividend income from long term investments	9,675,000	11,610,000	13,545,000	15,963,750	17,415,000
Dividend income from current investments	-	-	2,570,670	36,799	4,441,132
Profit on sale of current investments	-	-	-	993,023	571,660
Interest income on inter-corporate deposits	-	877,603	471,000	-	-
Rent	-	-	-	2,532,530	20,470,000
Interest on Income Tax Refund	-	-	63,941	-	-
Miscellaneous Income	-	-	9,302	185,996	-
Total Income— (A)	**9,675,000**	**12,487,603**	**16,659,913**	**19,712,098**	**42,897,792**
EXPENDITURE					
Legal and Professional Fees	133,250	898,210	15,750	41,450	-
Auditors' Remuneration	883,454	52,500	52,500	53,431	84,713
Rates and Taxes	-	-	-	723,079	-
Maintenance Charges	-	-	-	91,053	-
Reduction in carrying amount of current investments	-	-	1,118,067	-	168,446
Other Expenses	2,589	46,658	13,237	61,165	56,130
Interest on inter-corporate deposits	-	-	-	-	1,964,384
Depreciation	-	-	-	1,055,648	8,432,866
Amortisation of Preliminary Expenses	474,304	-	-	-	-
Total Expenditure— (B)	**1,493,597**	**997,368**	**1,199,554**	**2,025,826**	**10,706,539**
Net Profit before taxes and Extraordinary / Exceptional items and Taxes	**8,181,403**	**11,490,235**	**15,460,359**	**17,686,272**	**32,191,253**
(Loss) / Profit on sale of long-term trade investment	-	(176,800)	-	-	134,491,975
Net Profit before taxes	**8,181,403**	**11,313,435**	**15,460,359**	**17,686,272**	**166,683,228**
Taxes:					
Current Tax	-	-	165,203	1,392,794	11,133,583
Deferred tax	-	-	-	5,988,703	3,801,796
Net Profit after Taxes	**8,181,403**	**11,313,435**	**15,295,156**	**10,304,775**	**151,747,849**
Profit carry forward from previous year	7,281,874	-	270,292	4,633,447	4,006,221
Profit available for appropriation	**15,463,277**	**11,313,435**	**15,565,448**	**14,938,222**	**155,754,070**
APPROPRIATIONS					
Interim Dividend	-	-	-	10,932,001	-
Proposed Dividend	13,930,880	10,021,001	10,932,001	-	43,728,002
Tax on proposed Dividend	1,532,397	1,022,142	-	-	5,602,650
General Reserve	-	-	-	-	100,000,000
Profit transferred to balance sheet	**-**	**270,292**	**4,633,447**	**4,006,221**	**6,423,418**

Annexure II

STATEMENT OF ASSETS AND LIABILITES, AS RESTATED

Assets and liabilities of Tata Consultancy Services Limited as at the end of each financial year read with significant accounting policies, are set out below:

Particulars	**31st March,** 2000	**31st March,** 2001	**31st March,** 2002	**31st March,** 2003	**31st March,** 2004
	Rupees	Rupees	Rupees	Rupees	Rupees
Fixed Assets	-	-	1,774,152,431	2,262,704,906	2,265,013,636
Less: Provision for depreciation	-	-	-	1,055,648	9,488,514
Net Fixed Assets	-	-	1,774,152,431	2,261,649,258	2,255,525,122
Total (A)	**-**	**-**	**1,774,152,431**	**2,261,649,258**	**2,255,525,122**
Investments (B)	**361,220,150**	**361,200,000**	**378,081,933**	**379,074,956**	**4,173,971,035**
Current Assets, Loans and Advances					
Sundry Debtors	-	-	-	2,180,000	2,460,000
Cash and Bank Balances	19,357,592	886,079	1,810,266	11,337,694	22,548,282
Loan and Advances	447,379	13,679,876	290,972	5,665,907	110,298,579
Total (C)	**19,804,971**	**14,565,955**	**2,101,238**	**19,183,601**	**135,306,861**
Total Assets (A)+(B) +(C)	**381,025,121**	**375,765,955**	**2,154,335,602**	**2,659,907,815**	**6,564,803,018**
Liabilities and Provisions					
Current Liabilities	1,161,824	52,500	1,774,204,931	2,283,954,874	2,272,166,849
Provisions	15,463,277	11,043,143	11,097,204	1,557,997	62,022,232
Total (D)	**16,625,101**	**11,095,643**	**1,785,302,135**	**2,285,512,871**	**2,334,189,081**
Borrowings					
Unsecured Loans (E)	**-**	**-**	**-**	**-**	**3,750,000,000**
Deferred tax liability (F)	**-**	**-**	**-**	**5,988,703**	**9,790,499**
Networth (A+B+C-D-E-F)	**364,400,020**	**364,670,312**	**369,033,467**	**368,406,241**	**470,823,438**
Represented By					
Share Capital	364,400,020	364,400,020	364,400,020	364,400,020	364,400,020
Issued, Subscribed and Paid -up 36,440,002 Equity Shares of Rs. 10 each.					
Reserves and Surplus	-	270,292	4,633,447	4,006,221	106,423,418
Net worth	**364,400,020**	**364,670,312**	**369,033,467**	**368,406,241**	**470,823,438**

Annexure III

FINANCIAL STATEMENT SCHEDULES

A. SIGNIFICANT ACCOUNTING POLICIES

1 Investments

Long-term investments are carried at cost. Provision for diminution is made to recognise a decline, other than temporary, in the value of such investments. Current investments are carried at lower of cost and fair value.

2 Revenue recognition

Dividend is accounted for only when the right to receive payment is established. Rental income is recognised over the period of the license agreement.

3 Fixed assets

Fixed assets are carried at cost, including stamp duty and other incidental expenses incurred for their acquisition, less accumulated depreciation.

4 Depreciation

Depreciation is provided on a straight-line basis applying the rates specified in Schedule XIV of the Companies Act, 1956. Leasehold are amortised over the period of the lease.

5 Deferred taxes

Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the provisions of Income Tax Act, 1961. Deferred tax is recognised, on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax assets in respect of unabsorbed depreciation and carry forward of losses are recognised if there is virtual certainty that there will be sufficient future taxable income available to realise such losses.

B. NOTES TO ACCOUNTS

1. With effect from 17th December, 2002, the name of the Company has been changed from Orchid Print India Limited to Tata Consultancy Services Limited.

2. Estimated amount of contracts remaining to be executed on capital account and not provided for - Rs. 3,265,000 as at 31st March, 2004 (Rs. Nil – as at 31st March, 2003)

3. In terms of a Scheme of Arrangement between Tata Sons Limited, the Company and its respective shareholders and creditors, sanctioned by the Honourable High Court of Judicature at Bombay on 9th May, 2003, the Company will acquire the Tata Consultancy Services Division of Tata Sons Limited with effect from 1st April, 2003 or such date as may be determined by the Board of Directors of Tata Sons Limited for a total consideration of Rs.23,000 million. The consideration will constitute a non-interest bearing receivable of Tata Sons Limited to be discharged in the manner specified in the Scheme. The acquisition will become effective only on fulfillment of all the conditions specified in the Scheme and on obtaining of all the approvals and consents referred to therein. All costs, charges, levies and duties (including stamp duty and registration fees) and expenses relating to the Scheme are to be borne by the Company.

4. On 30th December, 2003, the Company sold its entire shareholding in Tata Infomedia Limited, a long-term trade investment, for a purchase consideration of Rs. 510,840,000. The profit of Rs. 134,491,975 arising on sale of this investment, net of expenses, has been shown as an exceptional item. The Company acquired shares in Titan Industries Limited, RDI Print & Publishing Limited and Vantech Investments Limited from Tata Infomedia Limited under the terms of the sale agreement, which shares were disposed off during the year.

   The Company acquired 7,744,961 equity shares of CMC Limited ("CMC") at a cost of Rs 3,798,938,511 from Tata Sons Limited on 29th March, 2004, consequent to which CMC has become a subsidiary of the Company. The Company also acquired 360,000 equity shares in WTI Advanced Technology Limited ("WTI") at a cost of Rs 132,450,300 on 31st March, 2004, and consequently, WTI is an associate company.

5 Amounts aggregating to Rs 2,266,214,683 as at 31st March, 2004 (Rs 2,243,227,141 – as at 31st March, 2003) paid by Tata Sons Limited to or on behalf of the Company to fund the purchase of the properties are considered to be interest-free deposits in consideration for the use of the lands by Tata Sons Limited.

B. NOTES TO ACCOUNTS (continued)

6 Provisions include provision for taxes and proposed dividend and tax thereon, if any.

7 Building acquired at Pune having a book value of Rs. 32,716,009 as at 31st March, 2004 (Rs. 33,261,484 – as at 31st March, 2003) are subject to a title dispute and an indemnity has been provided to the Company by the seller.

8 DEFERRED TAX

Accounting Standard 22-Accounting For Taxes on Income was applicable to the company for the first time for the year ended 31st March, 2003. Pursuant to the Standard, the Company has recorded net deferred tax liability of Rs.5,988,703 for the year ended 31st March, 2003 which has been charged to the Profit and Loss Account.

The significant component and classification of deferred tax asset and liability on account of timing differences are:

	As at March 31, 2003	As at March 31, 2004
	Rupees	Rupees
Deferred tax asset: Unabsorbed depreciation ...	1,096,549	14,182,455
Deferred tax liability: Depreciation	7,085,252	23,972,954
Deferred Tax Liability (Net)	5,988,703	9,790,499

9 RELATED PARTY TRANSACTIONS.

a. List of Related parties and relationship

Party	Relationship
Tata Sons Limited	Holding Company
Tata Infomedia Limited	Associate - Shareholding in the Company is 20% or more (upto 30th December, 2003)
CMC Limited	Fellow subsidiary (from 16th October, 2001 upto 28th March, 2004) Subsidiary (from 29th March, 2004)
Tata Housing Development Company Limited	Fellow subsidiary

b. Related party transactions

	March 31, 2002	March 31, 2003	March 31, 2004
	Rupees	Rupees	Rupees
Holding Company			
Transactions:			
Rent income	-	2,180,000	20,470,000
Expenses incurred on sale of long-term trade investment	-	-	5,074,366
Interest on inter-corporate deposit	-	-	1,964,384
Dividend paid to shareholders	9,687,563	19,677,601	-
Purchase of long-term investments	-	-	3,798,903,371
Sale of current investments	-	-	102,576,922
Deposits (net of repayments and adjustments)	1,588,000,000	655,227,141	22,987,542
Inter-corporate deposits received	-	-	3,900,000,000
Repayment of inter-corporate deposits	-	-	150,000,000

	March 31, 2002	March 31, 2003	March 31, 2004
	Rupees	Rupees	Rupees
Balances outstanding:			
Sundry Debtors	-	2,180,000	2,460,000
Current Liabilities	1,588,000,000	2,243,227,141	2,268,014,683
Unsecured Loan	-	-	3,750,000,000
Associate			
Transactions:			
Dividend Income	13,545,000	15,963,750	17,415,000
Purchase of current investments	-	-	146,531,206
Fellow Subsidiary			
Transactions:			
Dividend paid to shareholders	572	-	
Purchase of fixed assets	-	-	1,080,000
Repayment of inter-corporate deposits	10,000,000	-	-
Interest on inter-corporate deposits	369,794	-	-
10 INVESTMENTS			
Long-term investments:			
- Trade (Quoted)	361,200,000	361,200,000	-
- Trade (Unquoted)	-	-	132,450,300
- in subsidiary company (Quoted)	-	-	3,798,938,511
Long-term investments total (a)	361,200,000	361,200,000	3,931,388,811
‘ Current Investments (b)	16,881,933	17,874,956	242,582,224
Total	**378,081,933**	**379,074,956**	**4,173,971,035**
Quoted investments			
- in an associate company (Tata Infomedia Limited)			
Book Value	361,200,000	361,200,000	-
Market Value	265,433,625	198,821,250	-
- in a subsidiary company (“CMC Limited”)			
Book Value	-	-	3,798,938,511
Market Value		-	3,789,764,317
Book Value total	**361,200,000**	**361,200,000**	**3,798,938,511**
Market Value total	**265,433,625**	**198,821,250**	**3,789,764,317**

		March 31, 2002	March 31, 2003	March 31, 2004
		Rupees	Rupees	Rupees
11	**SUNDRY DEBTORS**			
	- Holding Company			
	Less than six months		2,180,000	2,460,000
	More than six months		-	-
			2,180,000	**2,460,000**
12	**LOANS AND ADVANCES**			
	Advances recoverable in cash or in kind:	-	3,654,877	3,637,699
	Deposits with Public bodies:	-	40,000	40,000
	Advance against investments:	-	-	90,000,000
	Advance Payment of Taxes:	290,972	1,971,030	16,620,880
	**Total ..... **	**290,972**	**5,665,907**	**110,298,579**
13	**CURRENT LIABILITIES**			
	Sundry creditors			
	- for goods supplied and services rendered	52,500	52,500	81,000
	- for purchase of property	186,152,431	40,675,233	3,044,437
	Deposit from Tata Sons Limited	1,588,000,000	2,243,227,141	2,266,214,683
	Other liabilities	-	-	2,826,729
		1,774,204,931	**2,283,954,874**	**2,272,166,849**
14	**UNSECURED LOANS**			
	Short Term Loan:			
	- From Tata Sons Limited, the Holding Company	-	-	3,750,000,000
			-	3,750,000,000

15. The Company has no employees on its payroll and its operations are carried out by the Manager, who is on secondment from Tata Sons Limited, the holding company.

Annexure IV

STATEMENT OF CASH FLOWS, AS RESTATED

The Cash Flows of Tata Consultancy Services Limited for the three financial years ended 31st March, 2004, read with significant accounting policies are set out below:

	PARTICULARS	March 31, 2002		March 31, 2003		March 31, 2004	
		Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
A.	**Cash flow from operating activities:**						
	Net profit before taxes and extraordinary / exceptional items		***15,460,359***		***17,686,272***		***32,191,253***
	Adjustments for:						
	Depreciation	-		1,055,648		8,432,866	
	Profit on sale of current investments	-		(993,023)		(571,660)	
	Provision for diminution in value of investments	1,118,067		-		168,446	
	Interest charged to Profit and Loss Account	-		-		1,964,384	
	Interest/Dividend income	(16,586,670)		(16,000,549)		(21,856,132)	
			(15,468,603)		(15,937,924)		(11,862,096)
	Operating (loss) / profit before working capital changes		***(8,244)***		***1,748,348***		***20,329,157***
	Adjustments for:						
	Debtors, Loans and Advances, Payables		-		(5,874,877)		792,407
	Cash used in operations		(8,244)		(4,126,529)		21,121,564
	Refunds received / Direct taxes paid		140,555		(1,680,058)		(14,649,850)
	Net cash from / (used in) operating activties		132,311		(5,806,587)		6,471,714
B.	Cash flow from investing activities:						
	Deposits received from Tata Sons (net)	1,588,000,000		655,227,141		22,987,542	
	Purchase of fixed assets	(1,588,000,000)		(634,029,673)		(39,939,526)	
	Purchase of investments	(18,000,000)		(17,874,956)		(4,594,992,114)	
	Sale / Redemption of investments	-		17,874,956		439,299,249	
	Advance towards investment in mutual funds	-		-		(90,000,000)	
	Interest received	719,349		-		-	
	Dividend received	16,115,670		16,000,549		21,856,132	
	Refund of inter-corporate deposits placed	13,000,000		-		-	
			11,835,019		37,198,017		(4,240,788,717)
	Extraordinary / exceptional item:						
	Sale of long term investment		-		-		510,840,000
	Expenses incurred on sale of long term investment		-		-		(15,148,025)
	Net cash from / (used in) investing activities		***11,835,019***		***37,198,017***		***(3,745,096,742)***
C.	**Cash flow from financing activities:**						
	Inter-corporate deposits received	-		-		3,900,000,000	
	Repayment of inter-corporate deposit	-		-		(150,000,000)	
	Dividends paid (including tax)	(11,043,143)		(21,864,002)		-	
	Interest paid	-		-		(164,384)	
	Net cash (used in) / from financing activities		***(11,043,143)***		***(21,864,002)***		***3,749,835,616***
Net increase in cash and cash equivalents			**924,187**		**9,527,428**		**11,210,588**
Cash and cash equivalents as at 1st April			**886,079**		**1,810,266**		**11,337,694**
Cash and cash equivalents as at 31st March			**1,810,266**		**11,337,694**		**22,548,282**

Annexure V

ACCOUNTING RATIOS

Key Ratios	Year Ended March 31, 2000	March 31, 2001	March 31, 2002	March 31, 2003	March 31, 2004
a) Earning per share (Rs.)	0.22	0.31	0.42	0.28	0.76
b) Net Asset Value Per Share (Rs.)	10.00	10.01	10.13	10.11	12.92
c) Return on Net Worth (%)	0.02	0.03	0.04	0.03	0.32
d) Equity Shares at the end of the year (in Nos.)	36,440,002	36,440,002	36,440,002	36,440,002	36,440,002

Formula:

Earning Per Share (Rs.) = $\frac{\text{Net profit after tax, excluding extraordinary/ exceptional items, if any}}{\text{Number of equity shares at each year end}}$

Net Asset Value Per Share (Rs.) = $\frac{\text{Networth}}{\text{Number of equity shares at each year end}}$

Return on Net Worth (%) = $\frac{\text{Net Profit after tax}}{\text{Networth}}$

The key per share ratios computed on the basis of number of Equity Shares post sub-division, had this been in place for the respective years shown above, are given below:

Key Ratios (Post sub-division)	Year Ended March 31, 2000	March 31, 2001	March 31, 2002	March 31, 2003	March 31, 2004
a) Earning per share (Rs.)	0.02	0.03	0.04	0.03	0.08
b) Net Asset Value Per Share (Rs.)	1.00	1.00	1.01	1.01	1.29
c) Equity Shares post subdivision (in Nos.)	364,400,020	364,400,020	364,400,020	364,400,020	364,400,020

Annexure VI

CAPITALISATION STATEMENT

		Pre-issue as at March 31,2004	As Adjusted for The Issue
		Rupees	Rupees
Short Term Debt - Unsecured Loan from Tata Sons Limited		**3,750,000,000**	(Refer Note 1)
Long-term debt		-	
	A	**3,750,000,000**	
Shareholders Funds (B)			
Share Capital		364,400,020	
36,440,002 Equity Shares of Rs. 10 each, fully paid-up			
Reserves and Surplus		106,423,418	
Total Shareholders Funds	**B**	**470,823,438**	
Debt / Shareholders Funds	**A/B**	**7.96**	

Notes:

1. The post issue capitalisation cannot be determined till the completion of the book building process.
2. The shareholders' in the Annual General Meeting held on 5th May, 2004 have approved:
   a. the sub-division of Equity Shares of face value of Rs. 10 each into Equity Shares of face value of Re. 1 each.
   b. the increase in the Authorised Share Capital from Rs. 400,000,000 to Rs. 600,000,000 (post sub-division)
   c. the issue of 91,100,009 Equity Shares of face value of Re. 1 each allotted as fully paid Bonus Shares up by way of capitalisation of profits.

   Consequently, the revised number of Equity Shares are 455,500,029 Equity Shares of face value of Re. 1 each (post sub-division and post bonus).

Annexure VII

TAX SHELTER STATEMENT

Particulars	Year Ended				
	March 31, 2000	**March 31, 2001**	**March 31, 2002**	**March 31, 2003**	**March 31, 2004**
	Rupees	Rupees	Rupees	Rupees	Rupees
Profit before taxes, as per books	**8,181,403**	**11,313,435**	**15,460,359**	**17,686,272**	**166,683,228**
Rate applicable	38.50%	39.55%	35.70%	36.75%	35.875%
Tax at actual /notional rate on profits	3,149,840	4,474,464	5,519,348	6,499,705	59,797,608
Adjustments:					
Permanent Differences:					
Dividend income	(9,675,000)	(11,610,000)	(16,115,670)	-	(21,856,132)
Indexed long term capital loss	-	(26,828)	-	(758,396)	(99,394,802)
Other permanent differences	474,304	20,139	1,118,067	(1,074,463)	1,068,646
Total Permanent Differences	**(9,200,696)**	**(11,616,689)**	**(14,997,603)**	**(1,832,858)**	**(120,182,288)**
Timing Differences:					
Depreciation	-	-	-	(19,749,821)	(47,073,732)
Total Timing Differences	-	-	-	(19,749,821)	(47,073,732)
Net Adjustments	(9,200,696)	(11,616,689)	(14,997,603)	(21,582,679)	(167,256,020)
Tax saving thereon	(3,542,268)	(4,594,400)	(5,354,144)	(7,931,635)	(60,003,097)
Taxable (loss) / profit	(1,019,293)	(303,254)	462,756	(3,896,407)	(572,792)
Taxation	(392,428)	(119,937)	165,203	(1,431,930)	(205,489)
Tax payable under Minimum Alternate Tax (MAT)					
Profit before tax	8,181,403	11,313,435	15,460,359	17,686,272	166,683,228
Add: Loss on sale of investments	-	-	1,118,067	-	-
Less: Income Exempt- u/s 10(33) / 10(34)	(9,675,000)	(11,610,000)	(16,115,670)	-	(21,856,132)
Book Profit After Adjustments	**(1,493,597)**	**(296,565)**	**462,756**	**17,686,272**	**144,827,096**
Taxation	**-**	**-**	**35,401**	**1,392,794**	**11,133,583**

Note:

The Company has determined Minimum Alternate Tax to be payable under Section 115JB of the Income Tax Act, 1961 for the financial years ended March 31, 2003 and March 31, 2004.

Annexure VIII

DIVIDENDS

We further report that the dividends (subject to deduction of tax at source where applicable) declared by TATA CONSULTANCY SERVICES LIMITED in respect of the five financial years ended March 31, 2004 are as under:

Particulars	Year Ended				
	March 31, 2000	**March 31, 2001**	**March 31, 2002**	**March 31, 2003**	**March 31, 2004**
	Rupees	Rupees	Rupees	Rupees	Rupees
Number of Equity Shares of Rs. 10 each fully paid	36,440,002	36,440,002	36,440,002	36,440,002	36,440,002
Rate of Dividend:-					
Interim	NIL	NIL	NIL	3%	NIL
Final	3.82%	2.75%	3%	NIL	12%
Total	**3.82%**	**2.75%**	**3%**	**3%**	**12%**
Amount of Dividend (Rs.)	13,930,880	10,021,001	10,932,001	10,932,001	43,728,002
Amount of Dividend Tax (Rs.)	1,532,397	1,022,142	-	-	5,602,650

(End of Auditors Report)

The Board of Directors
Tata Consultancy Services Limited

Re: Initial Public Offering of Tata Consultancy Services Limited

We have examined the Capitalisation Statement of Tata Consultancy Services Limited ("the Company"), initialled by us for identification purposes. The Capitalisation Statement has been prepared by the Company to give effect to the adjustments for the Public Issue of 55,452,600 Equity Shares of Re.1 each for cash at a price of Rs.850 per Equity Share, consisting of a Fresh Issue of 22,775,000 Equity Shares of Rs.1 each by Tata Consultancy Services Limited and an Offer for Sale of 32,677,600 Equity Shares by Tata Sons Limited and certain other shareholders of the Company.

In our opinion, the Capitalisation Statement, attached hereto (Refer Annexure–I), which is proposed to be included in the Prospectus, has been prepared in accordance with Part II of Schedule II of the Act and the Guidelines issued by the Securities and Exchange Board of India.

For S.B.BILLIMORIA & CO.
Chartered Accountants
N.Venkatram
Partner
Membership No. 71387

August 9, 2004

Annexure - I **CAPITALISATION STATEMENT**

	Pre-issue	**As Adjusted for the Issue**
	As at March 31, 2004	**As at August 9, 2004**
	Rupees	**Rupees**
Short Term Debt - Unsecured Loan from Tata Sons Limited	3,750,000,000	3,750,000,000
Long-term debt	-	-
	3,750,000,000	**3,750,000,000**
Shareholders Funds (B)		
Share Capital		
36,440,002 Equity Shares of Rs. 10 each, fully paid-up	364,400,020	
478,275,028 Equity Shares of Rs.1 each, fully paid-up		478,275,029
Reserves and Surplus	106,423,418	19,351,298,409
Total Shareholders Funds	**470,823,438**	**19,829,573,438**
Long Term Debt / Shareholders Funds	-	-

Notes:

1. The Shareholders, in the Annual General Meeting held on 5th May, 2004 have approved :
   (a) the sub-division of Equity Shares of face value of Rs. 10 each into Equity Shares of face value of Re. 1 each.
   (b) the increase in the Authorised Share Capital from Rs. 400,000,000 to Rs. 600,000,000 (post sub-division)
   (c) the issue of 91,100,009 Equity Shares of face value of Re. 1 each allotted as fully paid-up Bonus Shares by way of capitalisation of profits. Consequently the revised number of Equity Shares are 455,500,029 Equity Shares of Re. 1 each (post sub-division and post bonus), prior to adjustment for the issue.
2. The post-issue capitalisation is based on the fresh issue of 22,775,000 Equity Shares of face value of Re. 1 each by Tata Consultancy Services Limited for cash at a premium of Rs.849 per Equity Share.
3. The Capitalisation Statement, as adjusted for the issue, does not consider the effect of the Transfer of the TCS Division of Tata Sons Limited, which is deemed to be effective as of April 1, 2004.

Indian GAAP consolidated Financial Information of TCS Limited

Auditors' Report on Consolidated Financial Statements

S.B.Billimoria & Co.
Chartered Accountants
Meher Chambers, II Floor
R. Kamani Road
Ballard Estate
Mumbai- 400 001
India
Tel : +91 (22) 22625001
Fax : +91 (22) 22613361

TO THE BOARD OF DIRECTORS OF

TATA CONSULTANCY SERVICES LIMITED

1. We have audited the attached Consolidated Balance Sheet of TATA CONSULTANCY SERVICES LIMITED ('the Company'), and its subsidiary (the Company and its subsidiary constitute 'the Group') as at March 31, 2004 and also the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement for the year ended on the date annexed thereto.These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

2. We conducted our audit in accordance with the auditing standards generally accepted in India.Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are prepared in all material respects, in accordance with an identified financial reporting framework and are free of material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

3. (a) The financial statements of the subsidiary which represent total assets (net) as at March 31, 2004 of Rs.(000's) 220,420 have been audited by other auditors and we have relied upon such audited financial statements for purpose of our examination of the consolidated financial statements.

   (b) As stated in Note 5, in the absence of audited financial statements of an associate, the investment in the associate has been accounted for in the Consolidated Financial Statements on the basis of unaudited financial information as provided by the management.

4. Subject to our remarks in para 3(b) above:-

   (a) We report that the consolidated financial statements have been prepared by the Company in accordance with the requirements of Accounting Standard 21 'Consolidated Financial Statements' and Accounting Standard 23 'Accounting for Investments in Associates in Consolidated Financial Statements' issued by the Institute of Chartered Accountants of India and on the basis of separate audited financial statements of the Company, its subsidiaries and associates included in the consolidated financial statements.

   (b) On the basis of information and explanations given to us and on the consideration of separate audit reports on individual financial statements of the Company, its aforesaid subsidiaries and associates, in our opinion, the consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

      (i) in the case of Consolidated Balance Sheet, of the consolidated state of affairs of the Group as at March 31, 2004;

      (ii) in the case of Consolidated Profit and Loss Account, of the consolidated results of operations of the Group for the year ended on that date; and

      (iii) in the case of Consolidated Cash Flow Statement, of the consolidated cash flows of the Group for the year ended on that date.

For **S. B. BILLIMORIA & CO.**
Chartered Accountants

Sd/-
N VENKATRAM
Partner
Membership No. 71387

Mumbai, 14th July, 2004

TATA CONSULTANCY SERVICES LIMITED

CONSOLIDATED BALANCE SHEET AS AT 31st March, 2004

		Schedule	Rs.'000
	SOURCE OF FUNDS:		
1	SHARE CAPITAL	A	364,400
2	RESERVES AND SURPLUS	B	106,423
3	SECURED LOANS	C	174,239
4	UNSECURED LOANS	D	4,237,599
5	DEFERRED TAX LIABILITY (Net) (Note 9, Schedule M)		77,836
6	MINORITY INTEREST		759,914
7	**TOTAL FUNDS EMPLOYED**		**5,720,411**
	APPLICATION OF FUNDS:		
8	FIXED ASSETS		
	(a) Gross Block	E	2,840,547
	(b) Less: Accumulated Depreciation		9,488
	(c) Net Block		2,831,059
9	GOODWILL (On Consolidation)		3,004,200
10	INVESTMENTS	F	375,033
11	CURRENT ASSETS, LOANS AND ADVANCES		
	(a) Inventories	G	184,847
	(b) Sundry Debtors	H	1,864,858
	(c) Unbilled Revenues		1,141,444
	(d) Cash and Bank Balances	I	277,739
	(e) Loans and Advances	J	1,272,013
			4,740,901
12	LESS: CURRENT LIABILITIES AND PROVISIONS		
	(a) Current Liabilities	K	4,034,479
	(b) Provisions	L	1,196,303
			5,230,782
13	NET CURRENT LIABILITIES		(489,881)
14	**TOTAL ASSETS (NET)**		**5,720,411**

Notes forming part of the Accounts (Schedule M)

As per our Report attached

For **S.B.BILLIMORIA & CO.**
Chartered Accountants

N. Venkatram
Partner

Mumbai
Date: 14th July, 2004

For and on behalf of

Tata Consultancy Services Limited

Ratan N. Tata
Chairman

S. Mukhopadhyay
Manager

S. Ramadorai
Director

S. H. Rajadhyaksha
Company Secretary

TATA CONSULTANCY SERVICES LIMITED

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st March, 2004

		Rs.'000
	INCOME:	
1	Income from Long-term Investments - Dividend Income (Tax deducted at source-Rs Nil)	17,415
2	Income from Current Investments - Dividend Income - Mutual Funds (Tax deducted at source-Rs Nil)	4,441
3	Profit on sale of current investments	572
4	Rent (Tax deducted at source - Rs (000s) 4,150)	20,470
		42,898
	EXPENDITURE:	
5	Auditors' Remuneration	85
6	Reduction in carrying amount of current investments	169
7	Other Expenses	57
8	Depreciation	8,432
9	Interest on inter-corporate deposits	1,964
		10,707
10	**PROFIT BEFORE EXTRAORDINARY / EXCEPTIONAL ITEMS AND TAX**	32,191
11	Loss on sale of investment in Associate (Refer Note 4 (a), Schedule M)	(10,571)
12	**PROFIT BEFORE TAX**	**21,620**
13	PROVISION FOR TAX	
	(a) Current Tax	11,133
	(b) Deferred Tax	3,802
14	**PROFIT AFTER TAX**	**6,685**
15	Share of profit in respect of Investment in Associate (Refer Note 5, Schedule M)	60,027
16	**PROFIT FOR THE YEAR**	**66,712**
17	BALANCE BROUGHT FORWARD FROM PREVIOUS YEAR	4,006
18	Share in retained profits in respect of investment in Associate for prior periods	85,036
19	**PROFIT AVAILABLE FOR APPROPRIATION**	**155,754**
20	**APPROPRIATIONS**	
	(a) Proposed dividend	43,728
	(b) Tax on Proposed dividend	5,603
	(c) General Reserve	100,000
21	**BALANCE CARRIED TO BALANCE SHEET**	**6,423**
	Basic and diluted earnings per share (Note 13, Schedule M) in Rupees	**2.12**

Notes forming part of the Accounts (Schedule M)

As per our Report attached

For **S.B.BILLIMORIA & CO.**
Chartered Accountants

N. Venkatram
Partner

Mumbai
Date: 14th July, 2004

For and on behalf of

Tata Consultancy Services Limited

Ratan N. Tata
Chairman

S. Mukhopadhyay
Manager

S. Ramadorai
Director

S. H. Rajadhyaksha
Company Secretary

TATA CONSULTANCY SERVICES LIMITED

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31st March, 2004

		Rs.'000
A	**CASH FLOW FROM OPERATING ACTIVITIES:**	
	Net profit before taxes and extraordinary / exceptional items	32,191
	Adjustments for:	
	Depreciation	8,432
	Profit on sale of current investments	(572)
	Reduction in carrying amount of current investments	169
	Interest expense	1,964
	Dividend income	(21,856)
	Operating profit before working capital changes	20,328
	Adjustments for:	
	Debtors, Loans and Advances, Payables	792
	Cash generated operations	21,120
	Direct taxes paid	(14,650)
	Net cash from operating activities	**6,470**
B	**CASH FLOW FROM INVESTING ACTIVITIES:**	
	Deposits received from Tata Sons (net)	22,988
	Purchase of fixed assets	(39,940)
	Investment in subsidiary net of cash acquired	(3,543,748)
	Investment in associate	(132,450)
	Purchase of current investments	(663,603)
	Sale / Redemption of investments	439,299
	Advance towards investment in mutual funds	(90,000)
	Dividend received	21,856
	Net proceeds from sale of investment in associate	495,692
	Net cash used in investing activities	**(3,489,906)**
C	**CASH FLOW FROM FINANCING ACTIVITIES:**	
	Inter corporate deposits received from Tata Sons Limited	3,900,000
	Repayment of inter corporate deposit	(150,000)
	Interest paid	(163)
	Net cash from financing activities	**3,749,837**
	Net increase in cash and cash equivalents	**266,401**
	Cash and cash equivalents as at 1st April, 2003	11,338
	Cash and cash equivalents as at 31st March, 2004	277,739

As per our Report attached

For **S.B.BILLIMORIA & CO.**
Chartered Accountants

N. Venkatram
Partner

Mumbai
Date: 14th July, 2004

For and on behalf of

Tata Consultancy Services Limited

Ratan N. Tata
Chairman

S. Mukhopadhyay
Manager

S. Ramadorai
Director

S. H. Rajadhyaksha
Company Secretary

TATA CONSULTANCY SERVICES LIMITED

Schedule forming part of the Consolidated Financial Statements

SCHEDULE 'A' : SHARE CAPITAL	**Rs.'000**
AUTHORISED:	
40,000,000 Equity Shares of Rs. 10 each	**400,000**
ISSUED, SUBSCRIBED AND PAID- UP:	
36,440,002 Equity Shares of Rs. 10 each fully paid-up	**364,400**
(32,796,002 and 952 Equity Shares of Rs.10 each are held by Tata Sons Limited, the holding company and its subsidiary respectively)	

SCHEDULE 'B' : RESERVES AND SURPLUS	Rs.'000
General Reserve	
Amount transferred from Profit and Loss Account	100,000
	100,000
Profit and Loss Account	6,423
Total	**106,423**

SCHEDULE 'C' : SECURED LOANS	**Rs.'000**
From Banks	
Cash credits	174,239
Total	**174,239**

Note:

Cash credits from banks are secured by hypothecation of inventories, debtors and other current assets of CMC Limited.

SCHEDULE 'D' : UNSECURED LOANS	**Rs.'000**
Inter-corporate deposits from Tata Sons Limited	3,750,000
Short-term loans from Banks	100,000
Other short-term loans	100,000
Commercial paper	200,000
Other Loans	
Government of India	67,400
Interest accrued and due	20,199
Total	**4,237,599**

Note:

1. Amount repayable within one year Rs. ('000s) 4,217,400.
2. Loans from Government of India include interest free loans of Rs. ('000s) 54,900.

TATA CONSULTANCY SERVICES LIMITED

Schedule forming part of the Consolidated Financial Statements

SCHEDULE 'E' : FIXED ASSETS (Rs.'000)

	Gross Block as at 1st April, 2003	Additions	Gross Block as at 31st March, 2004	Accumulated Depreciation as at 1st April, 2003	Depreciation for the year	Accumulated Depreciation as at 31st March, 2004	Net Book Value as at 31st March, 2004
Freehold Land (Including Land Development)	1,760,447	3,467	1,763,914	-	-	-	1,763,914
Leasehold Land	134,929	51,831	186,760	23	2,439	2,462	184,298
Freehold Buildings	367,329	269,741	637,070	1,033	5,993	7,026	630,044
Leasehold Buildings		9,218	9,218			-	9,218
Plant & Machinery		182,858	182,858			-	182,858
Furniture & Fixtures		37,179	37,179			-	37,179
Vehicles		2,810	2,810			-	2,810
Capital Work in progress		20,738	20,738				20,738
Total	**2,262,705**	**577,842**	**2,840,547**	**1,056**	**8,432**	**9,488**	**2,831,059**

Note:

Buildings include **Rs. 26,502 (000s)** being cost of shares in Co-operative Housing Societies and Limited Companies.

Building acquired at Pune having a book value of **Rs. 32,716 (000s)** is subject to a title dispute and an indemnity has been provided to the Company by the seller.

Additions include fixed assets acquired on purchase of shares in CMC Ltd. Rs.(000) 575,533.

SCHEDULE 'F' : INVESTMENTS		**Rs.'000**
A.	**LONG-TERM INVESTMENTS (Unquoted)**	
Number of shares		
	In Associates	
3,60,000	Carrying cost of investment in WTI Advanced Technology Limited (Including goodwill of Rs.(000's) 35,160, purchased during the year)	132,450
		132,450
B.	**CURRENT INVESTMENTS**	
Number of units	**Investment in Mutual Funds - Unquoted**	
9,32,430.73	Standard Chartered Mutual Fund - GSSG GSSIF - Investment Plan – Growth Option (377,430.734 units sold during the year)	12,722
12,20,622.66	Franklin Templeton Investments - Templeton India Income Builder Plan A Quarterly Dividend (Purchased during the year)	18,031
1,90,49,851.81	Tata Mutual Fund - TLSD TATA Liquid Super High Investment Fund, Daily Dividend (Purchased during the year)	211,830
		242,583
	Total	**375,033**

Note:

(1) The transfer of shares of WTI Advanced Technology Limited in the Company's name is yet to be completed.

(2) Particulars of investments in Associate as of March 31, 2004 is as follows:

Name of the Company	:	WTI Advanced Technology Limited
Country of incorporation	:	India
Ownership interest	:	24.80%

TATA CONSULTANCY SERVICES LIMITED

Schedule forming part of the Consolidated Financial Statements

SCHEDULE 'G' : INVENTORIES	**Rs.'000**
Equipment for resale	134,418
Components and spares for maintenance and resale	44,143
Education and training material	5,821
Work-in-progress	465
Total	**184,847**

Note:

	Rs. (000s)
Finished goods include goods in transit	18,917

SCHEDULE 'H' : SUNDRY DEBTORS	**Rs.'000**
Over six months	304,774
Others	1,611,690
	1,916,464
Less: Provision for doubtful debts	51,606
Total	**1,864,858**

SCHEDULE 'I' : CASH AND BANK BALANCES	**Rs.'000**
Cash in hand	2,442
Cheques/ demand drafts in hand	75,367
Balance with Scheduled Banks in:	
(i) Current accounts	144,438
(ii) Cash Credit accounts	36,484
(iii) Deposit accounts	19,008
Total	**277,739**

Note:

Balance in Deposit accounts includes fixed deposits of Rs. (000s) 6,195 pledged with customers as security.

SCHEDULE 'J' : LOANS AND ADVANCES	**Rs.'000**
(Unsecured, considered good)	
Advances recoverable in cash or kind or value to be received	254,258
Advance towards investment in mutual funds	90,000
Deposits with Public Bodies	40
Advance Payment of Taxes	937,103
	1,281,401
Less: Advances considered doubtful	(9,388)
Total	**1,272,013**

TATA CONSULTANCY SERVICES LIMITED

Schedule forming part of the Consolidated Financial Statements

SCHEDULE 'K' : CURRENT LIABILITIES	**Rs.'000**
Sundry Creditors	
- for goods supplied and services rendered	1,084,481
- for purchase of property	3,044
Deposit from Tata Sons Limited	2,266,215
Other liabilities	680,739
Total	**4,034,479**

SCHEDULE 'L' : PROVISIONS	**Rs.'000**
Provision for Tax	948,627
Proposed Dividend	127,053
Tax on Proposed Dividend	5,603
Provision for Leave encashment	115,020
Total	**1,196,303**

SCHEDULE M: NOTES FORMING PART OF THE CONSOLIDATED ACCOUNTS

1. Significant accounting policies

a. Basis of accounting

These financial statements have been prepared under the historical cost convention and comply with the Accounting Standards issued by the Institute of Chartered Accountants of India.

b. Basis of Consolidation

i. The consolidated financial statements incorporate the financial results of Tata Consultancy Services Limited ("TCS Limited") for the year ended 31st March, 2004 and the financial position of TCS Limited and CMC Limited as at 31st March, 2004. Inter-company balances have been eliminated on consolidation. Purchase consideration paid in excess of net assets acquired is recognized as goodwill

ii. The consolidated financial statements include the share of results of its associate which has been equity accounted, as per which the share of profit of the associate till the date of disposal has been included in the cost of investment. The loss on disposal of the associate is the difference between the net sale proceeds and the carrying cost of the associate's investment.

c. Fixed assets

i. Fixed assets are stated at cost less accumulated depreciation. Cost includes expenses attributable to bringing the assets to its present condition and location.

ii. Fixed assets acquired out of grants, the ownership of which rests with the grantor, are capitalised at cost.

iii. Depreciation on the following assets is charged on a straight-line basis over their estimated useful lives:

Leasehold land and buildings	-	Over the lease period
Plant and Machinery	-	6 years

Furniture and Fittings and Vehicles are depreciated at rates prescribed in Schedule XIV to the Companies Act, 1956.

iv. Fixed assets in the overseas subsidiary of CMC Limited are depreciated on a straight line basis over their estimated useful lives of three years.

d. Investments

i. Long-Term investments are carried at cost less provision for diminution in value which is other than temporary. Current investments are carried at lower of cost and fair value.

ii. Dividend is accounted for only when the right to receive payment is established.

e. Inventories

i. Equipments for resale are stated at the lower of cost (net of provision for obsolescence) and net realisable value. Cost is determined under specific identification method.

ii. Stores and spares are stated at cost, less provision for obsolescence. Cost is determined on weighted average basis.

iii. Education and Training materials are valued at the lower of cost and net realisable value. Cost is determined on First in First out basis.

iv. Work-in-progress comprises cost of infrastructural facilities in the process of installation at customers' sites. These are stated at cost paid/payable to sub-contractors.

f. Transactions in foreign currencies

Transactions in foreign currencies are converted into Indian Rupees at the exchange rate prevailing on the date of transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate prevailing at the balance sheet date. Exchange differences arising on translation, other than those relating to fixed assets, are recognised in the profit and loss account. Exchange differences incurred on foreign currency liabilities for acquisition of fixed assets are adjusted to the carrying cost of such assets. Premium or discount on forward contracts are amortised over the life of such contracts and is recognised in the profit and loss account, except in respect of acquisition of fixed assets, where such amortisaton is adjusted to the carrying cost of fixed assets.

i. Finance Lease

Assets given under finance lease are recognised as receivables at an amount equal to the net investment in the lease and the finance income is recognised in the profit and loss account based on a constant rate of return on the outstanding net investment.

ii. Taxation

Current tax is determined in accordance with the provisions of Income Tax Act, 1961.

Deferred tax is recognized on timing differences, being the timing difference between taxable and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax asset in respect of unabsorbed depreciation is recognised if there is virtual certainty that there will be sufficient future taxable income available to set-off such losses.

i. Earnings per Share (EPS)

The earnings considered in ascertaining EPS comprise 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.

2. In terms of a Scheme of Arrangement between Tata Sons Limited, TCS Limited and its respective shareholders and creditors sanctioned by the High Court of Judicature at Mumbai on 9th May, 2003, TCS Limited will acquire the Tata Consultancy Services Division of Tata Sons Limited with effect from 1st April, 2004 or such date as may be determined by the Board of Directors of Tata Sons Limited for a total consideration of Rs.(000s) 23,000,000. The consideration will constitute a non-interest bearing receivable of Tata Sons Limited to be discharged in the manner specified in the Scheme. The acquisition will become effective only on fulfillment of all the conditions specified in the Scheme and on obtaining all the approvals and consents referred to therein. All costs, charges, levies and duties (including stamp duty and registration fees) and expenses relating to the Scheme are to be borne by TCS Limited

3. Amounts aggregating to Rs.(000s) 2,266,215 paid by Tata Sons Limited to TCS Limited to fund the purchase of the properties are considered to be interest-free deposits for use of the lands by Tata Sons Limited.

4. (a) On 30th December, 2003, TCS Limited sold its entire shareholding in Infomedia India Limited (formerly Tata Infomedia Limited), an associate, for a cash consideration of Rs. (000s) 495,692, net of selling expenses. A loss of Rs. (000s) 10,571 arising from the sale has been disclosed as an exceptional item. TCS Limited acquired shares in Titan Industries Limited, RDI Print & Publishing Limited and Vantech Investments Limited from Tata Infomedia Limited under the terms of the sale agreement, which were disposed off during the year.

(b) On 29th March, 2004 TCS Limited purchased 7,744,961 equity shares of CMC Limited from Tata Sons Limited for a consideration of Rs. (000s) 3,798,939.

Consequently, CMC Limited became a subsidiary of TCS Limited. As at 31st March, 2004, the Consolidated Balance Sheet includes net assets of Rs. (000s) 794,739 relating to CMC Limited and its wholly owned subsidiary, CMC Americas, Inc.

(c) On 31st March 2004, TCS Limited also acquired 360,000 equity shares (representing 24.80% interest) of WTI Advanced Technologies Limited (WTI). Consequently, WTI became an associate of TCS Limited.

5. In the case of Infomedia India Limited (formerly Tata Infomedia Limited), the share of profit for the year of Rs. (000s) 60,027 has been based on unaudited financial results of the associate for the nine-month period ended 31st December, 2003.

6. Contingent liabilities and commitments

		Rs.(000s)
a.	Claims not acknowledged as debts	
	• Under litigation	97,346
	• ESI Demand	280
	• Disputed demands raised by Sales tax authorities for which the company has gone in appeal against the department	34,568
b.	Unexpired Letters of Credit	454,733
c.	Guarantees issued by bankers against counter guarantees issued by CMC Limited	1,098,735
d.	Others	1,390
e.	Sales tax on leased assets	3,726
f.	Estimated amount of contracts remaining to be executed on capital account (net of advances) and not provided for	72,752

7. Fixed Assets

Fixed assets as at 31 March, 2004 include:

a. Assets acquired from grants and aggregating to Rs. (000s) 41,865 being the property of Government of India.

b. Assets aggregating to Rs. (000s) 7,210 received free of cost.

c. Plant and machinery includes assets given on lease aggregating Rs. (000s) 23,147.

8. Other Liabilities

Other liabilities include a note payable dated 1 June, 1996, amounting to Rs.(000s) 49,841 due by CMC Limited's subsidiary to a corporate entity under an agreement concerning the purchase, 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.

9. Deferred Tax

Components of deferred tax assets and liabilities are as follows:-

		Rs.(000s)
a.	**Deferred Tax Liability :**	
	i. Difference between net book value and tax written down value of fixed assets	129,061
b.	**Deferred Tax Asset**	
	i. Unabsorbed depreciation	14,182
	ii. Timing differences in recognition of expenses for accounting and income tax purposes	37,043
		51,225
	Net Deferred Tax Liability	**77,836**

10. Disclosure in respect of finance lease

During the year, computer equipment, peripherals and system software were purchased and given on lease. The details are as follows:

		Rs.(000s)
a.	Total gross investment (receivable not later than one year)	4,609
b.	Present value of Minimum Lease Payments (receivable not later than one year)	4,295
c.	Unearned Finance Income	314

11. Minimum lease payments of Rs. (000s) 2,223 is due within one year under non- cancelable operating leases of office premises.

12. Related Party Disclosures

a. List of related parties

i. Holding Company

- Tata Sons Limited

ii. Fellow Subsidiaries

- Tata Housing Development Company Limited
- Tata Infotech Limited
- Tata AIG General Insurance Company Limited
- Tata AIG Life Insurance Company Limited
- Tata Consultancy Services, Deutschland GmbH
- Tata America International Corporation

iii. Associate

- Infomedia India Limited [Formerly Tata Infomedia Limited] (up to 30th December, 2003)

b. Transactions / balances outstanding with Related Parties.

Rs. (000s)

Transactions	Holding Company	Fellow Subsidiary	Associate	Total
Rental Income	20,470	-	-	20,470
Expenses on sale of long-term investment	5,074	-	-	5,074
Interest on Inter-Corporate Deposit	1,964	-	1,964	
Purchase of fixed assets	-	1,080	-	1,080
Purchase of subsidiary	3,798,939			3,798,939
Purchase of current investments	-	-	146,531	146,531
Sale of current investments	102,577	-	-	102,577
Deposits (net of repayments and adjustments)	22,988	-	-	22,988
Balances as at 31st March, 2004				
Sundry Debtors	216,690	-	-	216,690
Current Liabilities	2,286,521	307	-	2,286,828
Unsecured Loans	3,750,000	-	-	3,750,000

13. Earnings per share

Basic and Diluted Earnings per Share	**Rs. (000s)**
Profit for the year	66,712
Add : Extraordinary /Exceptional Item	10,571
Adjusted Profits	77,283
Weighted Average No of Equity Shares for Basic/ Diluted EPS	36,440
Nominal Value of Equity Shares	Rs. 10
Basic and Diluted Earnings Per Share	Rs. 2.12

The Company does not have any outstanding dilutive potential equity shares.

14. Subsequent event

The shareholders' in the Annual General Meeting held on 5th May, 2004 have approved:

a. the sub-division of equity shares of face value of Rs. 10 each into Equity Shares of face value of Re. 1 each.

b. the increase in the Authorised Share Capital from Rs. 400,000,000 to Rs. 600,000,000 (post sub-division)

c. the issue of 91,100,009 equity shares of face value of Re. 1 each allotted as fully paid-up bonus shares by way of capitalisation of profits.

Consequently, the revised number of equity shares are 455,500,029 Equity Shares of face value of Re.1 each (post sub-division and post bonus).

15. As this is the first occasion that consolidated financial statements are required to be presented, there are no comparative figures for the previous year.

INDIAN GAAP UNCONSOLIDATED FINANCIAL INFORMATION OF TCS DIVISION

G.N. Joshi Associates
Chartered Accountants
K K Chambers, 3rd Floor,
Sir Purushottamdas Thakurdas Marg,
Fort, Mumbai 400 001

Ref. No.:

UNCONSOLIDATED STATEMENTS OF PROFITS AND LOSSES AND ASSETS AND LIABILITIES, AS PER INDIAN GAAP, RESTATED AS REQUIRED AS PER PARAGRAPH 4 (i) OF PART II OF SCHEDULE II TO THE COMPANIES ACT 1956 AND UNDER SECURITIES AND EXCHANGE BOARD OF INDIA (DISCLOSURE AND INVESTOR PROTECTION) GUIDELINES, 2000 FOR THE YEARS ENDED MARCH 31, 2000, 2001, 2002, 2003, AND 2004 UNDER INDIAN GAAP.

Auditor's Report

To The Board of Directors
Tata Sons Limited
Bombay House,
Mumbai.

And

To The Board of Directors
Tata Consultancy Services Limited
Bombay House,
Mumbai.

Dear Sirs,

1. We have been appointed by the Tata Sons Limited ("Tata Sons"), vide their terms of reference dated March 15, 2004, to give five years restated Indian GAAP accounts, required as per paragraph 4 (i) of part II of schedule II to the Companies Act, 1956 and paragraph 6.18.4(i) of the Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines, 2000 ("the SEBI Guidelines"), of their division, Tata Consultancy Services ("the TCS Division") for the purpose of proposed Initial Public Offering of Tata Consultancy Services Limited ("the TCS Ltd.").
2. We have examined the accounts of the TCS Division for the five financial years ended March 31, 2000, 2001, 2002, 2003 and 2004 being the last date to which the accounts of the Division have been made up and audited by us, except for the year ended March 31, 2004 which was jointly audited by us with M/s S.B. Billimoria & Co., Chartered Accountants, for the presentation to the board of directors.
3. We report that:
   (a) The restated statement of profits and losses of the TCS Division for the financial years ended March 31, 2000, 2001, 2002, 2003 and 2004 are as set out in Annexure I to this report. These profits have been arrived at after charging all expenses including depreciation and after making such adjustments and regroupings as in our opinion are appropriate;
   (b) The restated statement of assets and liabilities of the TCS Division as at March 31, 2000, 2001, 2002, 2003 and 2004 are as set out in Annexure II to this report after making such adjustments and regroupings as in our opinion are appropriate;
   (c) The statement of restated Cash Flow of the TCS Division for the three years ended March 31, 2002, 2003 and 2004 as appearing in Annexure III to this report.
   (d) All adjustments and regrouping as required under para 6.18.7 of the SEBI guidelines have been carried out in the financial statements. The same has been explained in detail as appearing in Annexure IV. The aforesaid financial statements shall be read with the significant accounting policies as appearing in Annexure V;
   (e) We have examined the following financial information relating to the TCS Division for the purpose of inclusion in the Offering Memorandum of the TCS Limited:

(i) Statement of secured loan as at March 31, 2004 as appearing in Annexure VI of this report;

(ii) Statement of unsecured loan as at March 31, 2004 as appearing in Annexure VII to this report;

(iii) Statement of Investments as at March 31, 2004 as appearing in Annexure VIII to this report;

(iv) Statement of Loans and Advances as at March 31, 2004 as appearing in Annexure IX to this report;

(v) Tax Shelter Statement of the TCS Division for the five financial years ended March 31, 2000, 2001, 2002, 2003, 2004 as set out in Annexure X to this report;

(vi) Statement of Related party transactions for the financial years ended March 31, 2002, 2003 and 2004 as appearing in Annexure XI to this report;

(vii) Statement of Segment information for the financial years ended March 31, 2002, 2003 and 2004 as appearing in Annexure XII to this report;

(f) We report that the following details, by their nature are, not either applicable or practicable, to provide in case of a division of a company. Hence the same are not given.

(i) Rate of dividend paid;

(ii) Accounting ratios;

(iii) Capitalisation statement;

4. This report is intended solely for your information and for inclusion in the Offering Memorandum in connection with the proposed Initial Public Offer by the TCS Limited and is not to be used, referred to or distributed for any other purpose without our written consent.

for **G. N. Joshi Associates**
Chartered Accountants

Kaushik. B. Joshi
Partner
Membership No. 48889

Place : Mumbai

Date : 12th July, 2004

Annexure I

STATEMENT OF PROFIT AND LOSS

For the years ended	March 31, 2000	March 31, 2001	March 31, 2002	March 31, 2003	March 31, 2004
			(Rs. in millions)		
Income					
Consultancy Servcies	19,893	30,058	40,325	48,257	57,468
Licence of Software Packages	446	559	810	890	951
Other Income	694	781	520	828	976
	21,033	**31,398**	**41,655**	**49,975**	**59,395**
Expenditure					
Employee Cost	4,617	6,508	7,598	10,127	12,273
Operations and other Expenses	8,969	15,000	18,765	25,338	28,969
	13,587	21,508	26,363	35,465	41,242
Profit Before Interest, Depreciation, Extraordinary / Exceptional Items And Foreign And Indian Taxes	**7,446**	**9,889**	**15,292**	**14,510**	**18,153**
Interest	26	78	45	152	93
Depreciation	620	679	783	929	1,097
Profit Before Extraordinary / Exceptional Items And Foreign And Indian Taxes	**6,801**	**9,132**	**14,464**	**13,430**	**16,963**
(Prior Period)/ Excess Provision	157	329	267	(158)	
Extraordinary items (Refer Note 4(c) of Annexure V)	79	-	-	102	1,164
Profit Before Foreign And Indian Taxes	**7,037**	**9,461**	**14,731**	**13,374**	**18,127**
Provision for Foreign Taxes					
Current Taxes	850	1,330	2,202	1,963	1,581
Deffered Taxes	-	-	75	(344)	101
	850	**1,330**	**2,277**	**1,619**	**1,682**
Profit Before Indian Tax (before restatement)	6,187	8,131	12,454	11,755	16,445
Change in Accounting Policy- Fixed Asset-Computers (Ref 1(a) of Annexure IV)	2	(3)	(1)	-	-
Change in Accounting Policy- Fixed Asset-Other than Computers(Ref 1(b & c) of Annexure IV)	1	1	1	-	-
Change in Accounting Policy- Revenue (Ref 2 of Annexure IV)	(723)	412	381	-	-
Adjustments for Prior Period items & excess Provision written back (Refer 3 of Annexure IV)	35	179	(1219)	595	27
Total	**(685)**	**589**	**(838)**	**595**	**27**
Profit Before Indian Tax (after restatement)	**5,502**	**8,721**	**11,616**	**12,350**	**16,473**
Proforma Unaudited Indian tax Information (Ref note 3 of Annexure V)					
Profit Before Indian Tax (after restatement)	5,502	8,721	11,616	12,350	16,473
Provision for Indian Taxes					
Current Taxes	431	96	220	571	486
Deferred Taxes	-	-	(54)	15	14
Profit After Indian Tax (after restatement)……	5,071	8,625	11,450	11,764	15,973

Annexure II

STATEMENT OF ASSETS AND LIABILITIES

(Rs. in millions)

	As at	31-Mar-2000	31-Mar-2001	31-Mar-2002	31-Mar-2003	31-Mar-2004
A	**Fixed Assets:**					
	Gross Block	5,769	6,619	7,911	8,315	10,034
	Less: Depreciation	(3,368)	(4,018)	(4,626)	(4,979)	(5,113)
	Net Block	2,401	2,600	3,286	3,337	4,921
	CWIP/Capital advance	132	406	104	306	231
		2,533	**3,006**	**3,390**	**3,642**	**5,152**
B	**Investments**	59	173	3,562	4,140	3,131
C	**Current Assets, Loans and Advances**					
	Unbilled Revenue	(492)	26	(1144)	(49)	2,581
	Sundry Debtors	4,563	6,941	8,795	11,344	9,644
	Cash & Bank Balances	132	252	1,667	538	633
	Loans & Advances	3,006	4,535	3,933	5,568	10,223
		7,209	**11,754**	**13,251**	**17,401**	**23,080**
D	Liabilities and Provisions					
	Secured Loans	1,439	220	3,237	5,686	4,108
	Unsecured Loans	0	297	470	1,147	2,719
	Current Liabilities and Provisions	3,742	5,214	4,109	5,404	6,484
	Deferred Tax Liability	0	0	479	135	236
		5,181	**5,731**	**8,295**	**12,371**	**13,546**
E	**Networth**	**4,621**	**9,202**	**11,909**	**12,812**	**17,816**
F	**Represented by**					
	Tata Sons Limited (Refer Note 1(a) of Annexure V)	**4,621**	**9,202**	**11,909**	**12,812**	**17,816**

Annexure III

(Rs. in million)

Restated Cash Flow Statement for the years ended	**31-Mar-2002**	**31-Mar-2003**	**31-Mar-2004**
Profit before exceptional items and Foreign and Indian income taxes	**14,464**	**13,430**	**16,963**
Depreciation	783	929	1,097
(Profit) / Loss on sale of fixed assets	(7)	9	(2)
(Prior Period items)/ Excess Provision Written Back	267	(158)	
Unrealised exchange loss / (gain) on cash and cash equivalents	(19)	(9)	17
Interest received (excluding Tata Sons Limited)	(42)	(50)	(87)
Interest received from Tata Sons Limited	(236)	(504)	(189)
Dividend received	(7)	(37)	(35)
Interest expense	45	152	93
Provision for diminution in value of long-term investments	32	-	187
Provision for Provident Fund administration charges	-	-	264
Operating profit before working capital changes	***15,279***	***13,762***	***18,307***
Unbilled revenues and sundry debtors	(2,955)	(4,882)	1,171
Loans and Advances	(553)	(433)	(902)
Current liabilities and provisions	713	880	1,407
Cash generated from operations	***12,484***	***9,327***	***19,984***
Foreign income taxes paid	(2,106)	(1,619)	(1,814)
Payment to customer	-	-	(1,100)
Net cash from operating activities	***10,378***	***7,708***	***17,069***
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of fixed assets	(1,073)	(823)	(3,126)
Proceeds from sale of fixed assets	10	36	27
Purchase of investments	(1,760)	(2,333)	(713)
Proceeds from sale of investments	-	-	3,847
Inter-corporate deposits placed	-	-	(3,665)
Dividend received	7	37	35
Interest received (excluding Tata Sons Limited)	42	41	91
Net cash used in investing activities	***(2,773)***	***(3,041)***	***(3,503)***
CASH FLOWS FROM FINANCING ACTIVITIES			
Cash withdrawn by Tata Sons Limited [net]	(9,330)	(8,755)	(13,344)
Net (Repayments) / Proceeds from banks and other loans	3,187	3,089	(6)
Interest expense	(37)	(145)	(105)
Net cash used in financing activities	**(6,180)**	**(5,811)**	**(13,455)**
Unrealised foreign exchange (loss) / gain on cash and cash equivalents	(10)	15	(17)
Net increase / (decrease) in cash and cash equivalents	1,415	(1,129)	95
Cash and cash equivalents at the beginning of the period	252	1,667	538
Cash and cash equivalents at the end of the period	1,667	538	633
Note:			
1. Restricted bank balance included in Cash and cash equivalents at the end of the period	-	0	219
2. The amount of unutilised borrowing facilities available for future activities at the end of the period	6,073	10,455	13,567

Annexure IV

Changes in Accounting Policies during the last five financial years:

1) Fixed assets and Depreciation

a) Upto 1997-98, the TCS Division had provided depreciation on computers on written down value method as per the rates prescribed under Schedule XIV to the Companies Act, 1956. From 1998-99 depreciation on computers has been provided on straight-line method based on estimated useful life of two years as evaluated by the management.

b) Upto 1998-99 the TCS Division had been charging off assets less than Rs. 0.02 million to Profit and Loss account. During 1999-2000, the TCS Division had decided to increase the threshold limit for charging off assets to Profit and Loss account from Rs 0.02 million to Rs 0.05 million.

c) Upto 1999-2000 the TCS Division had been charging off assets less than Rs. 0.05 million to Profit and Loss account. During 2000-2001, the TCS Division has decided to capitalize computers irrespective of the cost of each computer.

2) Revenue

Upto 2000-01 the TCS Division had the practice of deferring the cost, in case of turnkey contracts, relating to unbilled milestones. With effect from financial year 2001-02, the TCS Division has recognized the revenue in case of such contracts on percentage of completion method, with contract costs determining the degree of completion.

3) Prior Period Expenses and Excess Provision

Prior period expenses and excess provision written back have been pushed back to the respective years to which they were related.

4) Accounting Standards

The TCS Division has adopted the mandatory Accounting Standards issued by the Institute of Chartered Accountants of India to the extent they have come into force in the respective periods and these are not considered as changes in accounting policies.

Annexure V

1) Significant accounting policies

a) Basis of Preparation

The financial statements have been prepared under the historical cost convention and in accordance with the requirements of the accounting standards issued by the Institute of Chartered Accountants of India and Schedule VI of the Companies Act, 1956.

These financial statements have been prepared using the historical cost basis in the assets and liabilities and the historical results relating to TCS Division in the accounts of Tata Sons Limited ("Tata Sons"), based on separate records maintained for the business.

These financial statements do not include any allocated overheads from Tata Sons' corporate headquarters, as separate records have been maintained for each of Tata Sons' divisions.

The balance in Tata Sons Limited represents Tata Sons' net investment in TCS Division after giving effect to TCS Division's net income, adjusted for cash contributed/withdrawn by Tata Sons and other current account transactions.

b) Fixed Assets

Fixed assets are stated at cost less accumulated depreciation. Costs include all expenses incurred to bring the assets to their present location and condition. Exchange difference, on translation of foreign currency loans obtained for acquisition of fixed assets, is adjusted to cost of fixed assets.

Fixed assets other than computers, individually costing to Rs.0.05 million or less are not capitalised except when they are part of a larger capital investment programme.

c) Depreciation

Type of Asset	Method	Period
Leasehold land	Straight line	Over the period of lease
Buildings (Freehold and Leasehold)*	Written down value	5%
Computers	Straight line	50%
Motor cars	Written down value	25.89%
Office equipment	Written down value	13.91%
Electrical installations	Written down value	13.91%
Furniture and fixtures	100%	

* Except for Building at Thiruvananthapuram, which is depreciated over the lease period (25 years) of land on which it is constructed.

d) Borrowing Costs

Borrowing costs directly attributable to construction of building and incurred during the construction period are capitalised as part of the cost of the asset. Other borrowing costs are expensed in the year in which they are incurred.

e) Investments

Long-term investments are stated at cost less diminution in value. Provision is made for diminution in value, which is other than temporary.

f) Foreign currency conversion

Income and expenses in foreign currencies are converted at previous month end rate for transactions during the month or repatriation rate as applicable. Monetary assets and liabilities designated in foreign currencies are translated at the closing rate of exchange. In case of forward contracts, the difference between the forward rate and the exchange rate on the date of the transaction is recognised as income or expense over the life of the contract.

Exchange differences, other than on foreign currency loans to acquire fixed assets (refer note (c) above), are charged to the Profit and Loss Account.

g) Revenue recognition

Revenues from contracts priced on a time and materials basis are recognised as services are rendered and as related costs are incurred.

Revenues from turnkey contracts, which are generally time bound fixed price contracts, are recognised over the life of the contract using the proportionate completion method, with contract costs determining the degree of completion. Foreseeable losses on such contracts are recognised when probable.

Revenues from the sale of computer equipment are recognised upon delivery, which is when title passes to the customer.

Revenues from maintenance contracts are recognised pro-rata over the period of the contract.

Dividends are recorded when declared. Interest income is recognised on time proportion basis.

h) Retirement benefits

Contributions to Provident Fund and Superannuation Fund, which are defined contribution plans, are expensed as incurred.

Contribution to Gratuity Fund, a defined benefit plan, is based on the actuarial valuation done and certified by the Life Insurance Corporation of India.

Provision for leave encashment, a defined benefit plan, is made on the basis of independent actuarial valuation.

i) Research and Development

Research and Development expenditure is recognised in the profit and loss account when incurred. Fixed assets utilised for research and development are capitalised and depreciated in accordance with the depreciation rates set out in paragraph 1(d) above.

j) Operating lease

Lease arrangements where the risk and rewards incident to ownership of an asset substantially vests with the lessor, is recognised as an operating lease. Lease rents under operating lease are recognised in the Profit and Loss account on a straight-line basis.

k) Foreign Taxation

Income Tax payables for operations in countries other than India are provided for, on Tax Effect Accounting method as per laws applicable in respective countries.

Foreign taxes are based on the TCS Division's best estimate at the Balance Sheet date of the taxes payable in foreign jurisdictions.

Deferred tax is recognised, on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods.

The effect on deferred tax assets and liabilities of a change in tax rates is recognised in the profit and loss account in the year of change. Deferred tax assets and deferred tax liabilities are recognised for the future tax consequences attributable to differences between the financial statements carrying amount of existing assets and liabilities and their respective tax bases and operating loss carrying forwards.

The TCS Division has adopted AS-22 on "Accounting for Taxes on Income" with effect from April 1, 2001, and accordingly, cumulative net deferred tax liability, in respect of foreign taxes, of Rs. 403 million as at April 1, 2001 has been recognized during the financial year 2001-2002 by charge to current account of Tata Sons.

2) Contingent Liabilities

I. Contingent liability in respect of demands raised by various agencies have not been provided as they are disputed by management:

(Currency in million of Indian Rupees)

Particulars	**99-00**	**00-01**	**01-02**	**02-03**	**03-04**
Demands	36.99	32.66	35.16	274.66	609.32

The above table includes following major items of Contingent Liabilities:

a) The TCS Division occupies three floors in the Air India Building, Mumbai under an agreement with Air India, which expired on December 31, 1993. In November 1993, the TCS Division had confirmed its intention to extend the lease for a further period.

In February 1995, Air India cancelled the agreement with effect from March 31, 1995. On November 3, 1995, the Estate Officer issued an eviction notice to the TCS Division under the Public Premises (Eviction of Unauthorized Occupants) Act, 1971. The TCS Division challenged the eviction order in the High Court of Mumbai and before the Supreme Court. Both courts have dismissed the TCS Division's legal challenges.

On May 7, 2002, the Estate Officer passed an order stating that the TCS Division is in unauthorized occupation of the building and terminated its occupancy rights.

The landlord has claimed compensation at the rate of Rs.175 per square feet from April 1, 1995. The claim as at March 31, 2004 amounted to approximately Rs.554.4 million.

An appeal has been filed against the order of the Estate Officer in the City Civil Court of Mumbai and Management intends to vigorously defend against the order and the claim.

b) Based on a verification of records relating to ESI contributions by the Insurance Inspector of the ESI Corporation, the TCS Division received a demand on June 11, 2001 for an additional contribution of Rs.36.5 million. According to the ESI Corporation these contributions were in respect of temporary labour engaged for repairs and maintenance of building and machinery.

The TCS Division has contested the claim and is in the process of presenting its contention to the ESI Corporation. Based on legal advice, management believes the ESI Corporation's claim will not succeed.

c) During the year ended March 31, 2004 the Division has made a general provision of Rs.140 million against the claims and has been included in Operation and Other expenses.

II. Other Contingent Liabilities :-

a) On November 24, 1998 the Regional Provident Commissioner of Mumbai (RPFC) issued an order stating that TCS Division was rendering "expert services" in accordance with a notification issued by Central Government of India under the Provident Funds Act, 1952 (the PF Act), in which the RPFC sought to cover TCS Division under the PF Act and claimed administrative charges. TCS Division filed a legal case against the order in the High Court of Mumbai. On February 15, 1999, the High Court set aside the order of the RPFC and instructed the RPFC to examine whether TCS Division was covered under the PF Act after taking into consideration the plea made by TCS Division. On November 2, 1999, the RPFC rejected TCS Division plea and reiterated its order issued on November 24, 1998. On November 2, 1999 TCS Division filed an appeal before the EPF Appellate Tribunal, New Delhi. The EPF Appellate Tribunal on July 17, 2000 upheld the order of the RPFC and stated that TCS Division was covered under the PF Act. On January 15, 2001 the High Court of Mumbai issued an order to the RPFC to determine the dues relating to administrative charges and to take permission of the High Court before recovering the amount. As of March 31, 2004, the RPFC has yet to determine and revert to the High Court on the amount that may be payable by TCS Division.

Pending resolution of the matter, a provision of Rs 263.91 million has been made based on Management's estimate of the claim for administrative charges as of March 31, 2004. Interest and penalty, if any, has not been determined.

Management intends to continue legal action against the claim and to defend its position and believes, based on counsel's advice, that the probability of the RPFC prevailing is low.

In response to a writ petition filed by the Division, the High Court of Judicature of Mumbai on June 17, 2004 directed the RPFC to decide on any application for exemption under Section 17 of the PF Act, if submitted by the Division within six weeks. An application for exemption with effect from April 1, 2004 was filed with the RPFC on June 29, 2004.

b) Central Excise authorities have classified the TCS Division as "Consulting Engineers" under Section 65(48) of the Finance No.2 Act of 1998. Thereby, the authorities have demanded Rs.0.99 million towards service tax liability, which has been paid under protest during the year 2001-02. The TCS Division has filed a writ petition in the Karnataka High Court and the matter is pending with the Court.

3) Indian Tax Information

a) The TCS Division has maintained its divisional accounts in respect of its operations, which are separately audited and consolidated into the accounts of Tata Sons. Since Tata Sons is liable to tax and tax return are filed in respect of Tata Sons as a whole by Tata Sons, the tax liability has not been accounted in the accounts of the TCS Division.

In this statement, the tax expense (including deferred tax) for the Division has been calculated as though it was a standalone taxable entity. The same has been calculated by the management. No adjustments have been made in balance sheet in respect of tax liability (including deferred tax) and taxes paid.

b) AS-22 on "Accounting for Taxes on Income" was made applicable with effect from April 1, 2001, and accordingly deferred tax in respect of Indian tax has been recognized with effect from financial year 2001-2002.

c) The Assessing Officer in his Order for the year ended 31st March, 2001 has denied deduction claimed during the assessment year 2001-2002 under Section 10A of the Income Tax Act, 1961 in respect of certain units registered as Software Technology Parks where deduction under Section 80HHE was being claimed in the past.

The TCS Division is of the view, based on advice of legal counsel, that it is entitled to deduction under Section 10A in respect of these units.

In case deduction under Section 10A is denied in respect of those units, the TCS Division will have an additional tax liability of Rs. 263 million, Rs.119 million and Rs.252 million for the financial years ended March 31, 2001, March 31, 2002 and March 31, 2004.

As per the scheme of arrangement between Tata Sons and TCS Ltd., as approved by the Honourable High Court of Judicature at Mumbai, all the tax liabilities till the effective date of transfer are on account of Tata Sons. Hence the liabilities, if any, in respect of above demand will not have impact on TCS Ltd.

4) Others

a) Income from consultancy services within India includes sale of equipment as follows:

(Currency in Million of Indian Rupees)

Particulars	99-00	00-01	01-02	02-03	03-04
Sale of Equipment	37.90	34.20	93.87	136.72	149.24

b) An amount of Rs. 62.17 million had been capitalised in the year 1995-96 towards the cost of building for Scientific and Research Centre at Pune on land not belonging to the TCS Division but occupied from 1989 by virtue of a license.

c) Extraordinary items :-

(Currency in million of Indian Rupees)

Sr. No.	Particulars	March 31, 2000	March 31, 2001	March 31, 2002	March 31, 2003	March 31, 2004
(i)	Profit on Sale of Long Term Investment (Refer Note (i) below)	79	-	-	102	2264
(ii)	Payment to customers (Refer note (ii) below)	-	-‘	-	-	(1100)
	Total	**79**	**-**	**-**	**102**	**1164**

Note:-

(i). On March 31, 2004, the Division sold its investment in CMC Limited to Tata Consultancy Services Limited for a cash consideration of Rs. 3798.90 million realising a gain on disposal of Rs. 2263.99 million.

During the year ended March 31, 2003, the Division sold its investment in Engineering Analysis Centre of Excellence Private Limited for a cash consideration of Rs.101.74 million realising a gain on disposal of Rs. 101.54 million.

During the year ended March 31, 2000, the Division sold its investment in Novell Inc. for a cash consideration of Rs. 162.91 million realising a gain on disposal of Rs. 78.69 million.

(ii). On May 28, 2001, Tata Sons entered into an agreement with a major customer under which the customer loaned Rs. 470 million to TCS Division. The agreement included certain additional clauses which were contingent on the customer providing revenues of US$ 500 million over a three year period ended March 31, 2003 and the occurrence of an initial public offering (or IPO) by any company into which the TCS Division is transferred by Tata Sons. In the event an IPO is not announced prior to March 31, 2004, Rs. 1410 million would be payable to the customer. The amount payable would be reduced by the interest on loan by TCS Division. During the three year period ended March 31, 2003, the customer provided revenues of US$ 500 million.

An amount of Rs.1100 million was paid to the customer on March 31, 2004 together with the loan in full and final settlement of the amount payable.

Annexure VI

STATEMENT OF SECURED LOAN AS AT MARCH 31, 2004

(Rs. in millions)

Borrowed from	**Amount**	**Terms**
Standard Chartered Grindlays Bank Ltd.	2,672	The Pre / Post shipment loans from Standard Chartered Grindlays Bank Ltd. and State Bank of India are secured by *pari-passu* hypothecation of foreign book debts
State Bank of India	1,436	
Total	**4,108**	

Annexure VII

STATEMENT OF UNSECURED LOAN AS AT MARCH 31, 2004

(Rs. in millions)

Borrowed from	Amount	Terms	Remarks
Bank of America, N.A.	2,027	The Pre/Post Shipment Loans from Bank of America N.A. and Hong Kong and Shanghai Banking Corporation as at March 31, 2004 have been classified as unsecured since *pari-passu* charge by hypothecation of foreign book debts has not been created.	
Hong Kong and Shanghai Banking Corporation	614		
Council of Scientific and Industrial Research, Government of India	78	To Facilitate research facility	(i) 10 equal instalments starting Sep'04 (ii) interest free loan
Total	**2,719**		

Annexure VIII

(Rs. in millions)

STATEMENT OF INVESTMENTS AS AT MARCH 31, 2004

INVESTMENTS (at cost less diminution in value)

In Numbers	Currency	Face Value		TRADE INVESTMENTS (at cost)	
				Trade Investments	
			1	**Fully paid Equity Shares (Unquoted)**	
			(i)	**Subsidiary Companies**	
554,23,845	Peso	1		TCS Iberoamerica SA	95
15,75,300	INR	10		AP Online Limited	16
1,300	Euro	325		Tata Consultancy Services, Belgium S.A	24
400	NLG	1000		Tata Consultancy Services, Netherlands B.V	138
1,000	SEK	100		Tata Consultancy Services, Sverige AB	102
0	DM	0		Tata Consultancy Services, Deutschland GmbH	45
7,500	FER	100		Tata Consultancy Services, France S.A	7
20,000	USD	10		Tata America International Corporation	1,823
61,25,000	SGD	1		Tata Consultancy Services, Asia Pacific Pte Ltd.	160
54,00,000	INR	10		Airline Financial Support Services India Private Limited	237
40,00,002	INR	10		Aviation Software Development Consultancy India Limited	207
			(ii)	**Others**	
1,45,000	INR	10		WTI Advanced Technology Limited	1
250	ZAR	1		Conscripti (Pty) Ltd.	0
275,00,000	INR	10		Intelenet Global Services Ltd.	275
4,63,865	USD	0.001		Yodlee, Inc.	94
			2	**Fully paid Preference Shares (Unquoted)**	
20,00,000	USD	0.0001		eAF Pte Ltd.	93
			Less:	Provision for Diminution in Value of Investments	(187)
				Total	**3,131**

Annexure IX

(Rs. in millions)

STATEMENT OF LOANS AND ADVANCES AS AT MARCH 31, 2004

(A)			**Considered good**		
	(a)		Employee loans		1,260
	(b)		**Subsidiary Companies**		
		(i)	TCS Iberoamerica SA	55	
		(ii)	Tata Consultancy Services, Asia Pacific Pte Ltd.	79	134
	(c)		Deposit - Tata Sons Limited		9
	(d)		**Advances recoverable in cash or kind or for value to be received**		
		(i)	Deposits Paid	527	
		(ii)	Employee Advance	1,575	
		(iii)	Supplier Advance	2,334	
		(iv)	Other	465	4,901
	(e)		Overseas advance tax (including refunds receivable)		191
	(f)		Inter - Corporate deposit placed with Tata Consultancy Services Limited		3,750
					10,244
(B)			**Considered doubtful**		
	(a)		Employee loans	29	
	(b)		Advances recoverable in cash or kind or for value to be received	32	61
(C)			**Less:** Provision for doubtful advances		(61)
					10,244

Annexure X

(Rs. in millions)

STATEMENT OF TAX SHELTER

As at		**31-Mar-2000**	**31-Mar-2001**	**31-Mar-2002**	**31-Mar-2003**	**31-Mar-2004**
Profit Before Indian Tax (before restatement)	A	6,187	8,131	12,454	11,755	16,445
Income tax rates as applicable	B	38.50%	39.55%	35.70%	36.75%	35.88%
Indian Tax Expense at applicable rate	C = A * B	2,382	3,216	4,446	4,320	5,900
Adjustments:						
Permanent Differences:						
Income exempt under Section 10A of Income Tax Act, 1961 ('the Act')		-	(7,680)	(13,670)	(11,662)	(14,142)
Deduction u/s 80 HHE of the Act		(4,994)	(1,224)	(477)	(183)	(25)
Dividend Income exempt u/s 10(33) of the Act		(5)	(5)	(7)	-	(35)
Profit on sale of Investment (Capital Gain Tax shown below)		(79)	-	-	(69)	(2,264)
Other permanent differences		247	1,330	2,372	1,931	88
Total Permanent Differences	D	(4,830)	(7,579)	(11,781)	(9,983)	(16,378)
Timing Differences:						
Depreciation		(170)	(57)	(109)	(126)	(135)
Other Timing Differences		(68)	(136)	135	423	900
Total Timing Differences	E	(238)	(194)	27	297	765
Net Adjustments	F = D + E	(5,068)	(7,773)	(11,754)	(9,686)	(15,613)
Tax saving thereon	G = F * B	(1,951)	(3,074)	(4,196)	(3,560)	(5,601)
Tax for the year	H = C + G	431	142	250	760	299
Add :- Long Term Capital Gain Tax on sale of Investment		-	-	-	14	228
Total Tax for the year		431	142	250	774	527
Add :- Double Taxation Relief for tax paid in foreign countries		-	(46)	(29)	(203)	(41)
Current Tax expense for the year		431	96	220	571	486

Annexure XI

(Rs. in millions)

STATEMENT OF RELATED PARTY TRANSACTIONS

(as defined by Accounting Standard 18"Related Party Disclosures" issued by the Institute of Chartered Accountants of India)

Names of related parties and nature of relationship where control exists as certified by the management as at March 31, 2004

Category of related parties		Names
Subsidiaries		
	1	Ewart Investments Limited
	2	Tata Infotech Limited
	3	Tata Consultancy Services Limited (formerly known as Orchid Print India Limited)
	4	Primal Investment & Finance Limited
	5	Tata AIG General Insurance Company Limited
	6	Tata AIG Life Insurance Company Limited
	7	TCE Consulting Engineers Limited
	8	Tata Housing Development Company Limited
	9	Concept Marketing & Advertising Limited
	10	Tata International AG, Zug.
	11	Tata AG., Zug.
	12	Tata Limited, London
	13	Panatone Finvest Limited
	14	CMC Limited
	15	CMC Americas Inc. (formerly Baton Rouge International Inc., USA)
	16	AP Online Limited
	17	Tata America International Corporation
	18	Tata Information Technology (Shanghai) Company
	19	TCS Iberoamerica, SA
	20	TCS Solution Center SA Uruguay,
	21	TCS Argentina SA , Argentina
	22	TCS Brazil S/C Limiteda, Brazil
	23	Tata Consultancy Services de Espana SA , Spain
	24	Tata Consultancy Services de Mexico SA de CV, Mexico
	25	TCS Inversions Chile Limitada, Chile
	26	Tata Consultancy Services do Brasil Limiteda, Brazil
	27	Tata Consultancy Services Chile SA, Chile
	28	Tata Consultancy Services, Belgium SA*
	29	Tata Consultancy Services, Deutschland GmbH*
	30	Tata Consultancy Services, Netherlands BV*
	31	Tata Consultancy Services, Sverige AB*
	32	Tata Consultancy Services France SA*
	33	Tata Consultancy Services Asia Pacific Pte Limited
	34	Tata Consultancy Services, Japan Limited
	35	Tata Consultancy Services, Malaysia
	36	Tata Infotech Deutschland GmbH
	37	Exigenix Canada Inc.
	38	Tata Airlines Private Limited
	39	Vantech Limited
	40	Airline Financial Support Services Limited
	41	Aviation Software Development Consultancy India Limited

Category of related parties		Names
Associates / Joint Ventures		
	1	Tata Motors Limited (formerly, Tata Engineering & Loco. Co. Limited)
	2	Tata Investment Corporation Limited
	3	The Tata Iron and Steel Company Limited
	4	Tata Power Company Limited
	5	Tata Finance Limited
	6	Trent Limited
	7	Tata AIG Risk Management Services Limited
	8	Tata TD Waterhouse Asset Management Private Limited
	9	Tata TD Trustee Company Limited
	10	Tata Industries Limited
	11	Tata Elxsi Limited
	12	Associated Building Company Limited
	13	Tata International Limited.
	14	Nishkalp Investments & Trading Company Limited
	15	Vidhesh Sanchar Nigam Limited
	16	Voltas Limited
	17	Technopolis Knowledge Park Limited
	18	Rentbazaar (India) Limited
	19	Tata Teleservices Limited
	20	Conscripti (Pty) Limited
	21	Intelnet Global Services Limited
	22	Advanced Product Design and Prototyping
	23	Titan International Marketing Limited
	24	Titan International Investments Limited
	25	Tata Enterprises (Overseas) AG
	26	TKM Overseas Transport Limited, London
	27	TKM Overseas Transport Inc., New York
	28	TKM Overseas Transport (Europe) Gmbh, Germany
	29	TKM Logistic (Pte) Limited, Singapore
	30	Tata Consulting Engineers International AG
	31	Tata Precision Industries (Pte) Limited
		Entities holding more than 20% shares in Tata Sons Ltd.
	1	Sir Dorab Tata Trust
	2	Sir Ratan Tata Trust.
Key Managerial Personnel		
	1	Mr. Ratan Tata, Chairman (Executive Chairman up to 28th Dec. 2002)
	2	Mr. R Gopalakrishnan
	3	Mr. I Hussain
	4	Mr. Arun Gandhi (Executive Director w.e.f. 18th Aug. 2003)
	5	Mr. Alan Rosling (w.e.f 15th January, 2004)

* These Companies were Associates of Tata Sons Limited upto December 31, 2002.

STATEMENT OF RELATED PARTY TRANSACTIONS **Annexure XI**

(as defined by Accounting Standard 18"Related Party Disclosures" issued by the Insttitute of Chartered Accountants of India)

Summary of transactions with related parties

AS-18 became applicable with effect from April 1, 2001. Hence the details have been provided from financial year 2001-02.

Nature of Transactions	Subsidiaries	Associates/ Joint Ventures	Key Management Persons
Transactions during year ended			
March 31, 2004			
Revenues	34,400	1,271	-
Other Income	49	26	-
Purchase of Goods, Services and Facilities	2,506	417	-
Reimbursement of Expenses	810	24	-
Purchase of Fixed Assets	261	245	-
Sale of Fixed Assets	4	-	-
Sale of Investment	3,844	-	-
Bad debts Written off	2	1	-
Provision for Doubtful Debts/Advances	30	50	-
Debtors, Loans and Advances	8,061	705	-
Inter-corporate deposit	3,750	-	-
Creditors and Advance from Customers	1,586	178	-
Total	**55,303**	**2,917**	
Transactions during year ended	-		
March 31, 2003	-		
Revenue from sale of services & Grant of licences	413	1,108	-
Reimbursement of Exp	17	45	-
Other Income	60	15	-
Purchase of Goods, Services & Facilities	785	287	-
Purchase of Fixed Assets	64	58	-
Debtors, Loans & Advances	8,427	427	-
Creditors & Advance from Customers	921	22	-
Finance Arrangements			-
Amounts written off	-	3	-
Provision for Doubtful Debts/Advances	2	8	-
Total	**10,688**	**1,973**	**-**
Transactions during year ended	-	-	-
March 31, 2002	-	-	-
Revenue from sale of services & Grant of licences	40	1,398	-
Other Income	**44**	**11**	**-**
Purchase Of Goods, Services & Facilities	604	233	-
Purchase of Fixed Assets	8	36	-
Debtors, Loans & Advances	1,607	566	-
Creditors & Advance from Customers	50	34	-
Excess Provision written back	-	1	-
Provision for Doubtful Debts	-	8	-
Total	**2,352**	**2,288**	**-**

Annexure XI

(Rs. in millions)

Related Parties which constitute over 10% of the Related Party Transactions

PARTICULARS	2003-04	2002-03
Revenue from sale of services & Grant of licences		
Tata America International Corpn.	32,917	-
Other Income		
CMC Ltd.	34	31
AP Online Ltd.	8	-
Intelnet Global Services Ltd.	23	8
Purchase of Goods, Services & Facilities		
CMC Ltd.	478	307
Tata America International Corpn.	1,363	-
Reimbursement of Expenses		
Tata America International Corpn.	779	-
Purchase of Fixed Assets		
Tata Consultancy Services Ltd. (formerly known as Orchid Print India Ltd.)	111	12
CMC Ltd.	111	36
Tata Motors Ltd (formerly, Tata Engineering & Loco. Co. Ltd.)	166	38
Voltas Ltd.	54	20
Sale of Fixed Assets		
Tata Consultancy Services Asia Pacific Pte Ltd.	*	-
Tata Consultancy Services, Japan Ltd.	4	-
Sale of Shares in CMC Limited to Tata Consultancy Services Limited		
Tata Consultancy Services Ltd. (formerly known as Orchid Print India Ltd.)	3,799	-
Debtors, Loans & Advances		
Tata Consultancy Services Ltd. (formerly known as Orchid Print India Ltd.)	2,268	2,309
Tata America International Corpn.	4,765	5,378
Creditors & Advance from Customers		
Tata America International Corpn.	736	523
Tata Teleservices Ltd.	6	-
CMC Ltd.	214	86
Amounts Written Off		
Tata Consultancy Services, Sverige AB	2	-
Tata International Ltd.	1	3
Provision for Doubtful Debts/Advances		
TCS Ibero America, SA	23	-
Tata Enterprises (Overseas) AG	30	-
Inter-Corporate Deposits		
Tata Consultancy Services Ltd (formerly known as Orchid Print India Ltd.)	3,750	-

Note :- 1. As per the requirement of Accounting Standard Interpretation 13 on AS 18 - Related Party Disclosures, which was effective from financial year 2003-04 , material transactions with the related parties have also been disclosed.

2. * Represents the figures are less than Rs.0.5 million.

Annexure XII

The TCS Division provides products and services to three reportable segments based on the geographical location in which customers are based. These segments are Americas, Europe and India. All other operating segments fall below the quantitative thresholds for reporting purposes.

Segment results for the year ended on March 31, 2004

AS-17 became applicable with effect from April 1, 2001. Hence the details have been provided from financial year 2001-02.

(Rs in millions)

	Americas	**Europe**	**India**	**Others**	**Total**
Revenue	39,246	13,100	3,207	2,866	58,419
Identified operating expenses	22,787	7,027	2,162	1,847	33,822
Allocated expenses	3,746	1,246	914	490	6,396
Segment result	**12,713**	**4,828**	**130**	**529**	**18,201**
Unallocable expenses					2,121
Operating income					**16,080**
Other income					976
Interest expenses					93
Exceptional Income (net)					1,164
Income before tax					**16,175**
Income tax expenses					1,682
Prior period and extraordinary items					-
Net Income					**14,493**
Segment result / Revenue					
- Pre Unallocable expense	32%	37%	4%	18%	31%
- Post Unallocable expense					28%
Revenue mix	67%	22%	5%	5%	100%
Net Segment assets	4,250	2,869	885	584	8,588
Unallocable assets					
Fixed assets					5,152
Investments					3,131
Other Net Current Assets, Loans & Advances					7,773
Total Capital employed					24,643

Segment results for the year ended March 31, 2003

	Americas	**Europe**	**India**	**Others**	**Total**
Revenue	31,966	10,503	3,691	2,740	48,900
Identified operating expenses	20,689	4,082	2,192	1,618	28,581
Allocated expenses	3,267	1,819	945	513	6,543
Segment result	**8,010**	**4,602**	**554**	**609**	**13,775**
Unallocable expenses					1,185
Operating income					**12,590**
Other income					879

	Americas	Europe	India	Others	Total
Interest expenses					152
Income before tax					13,317
Income tax expenses					1,613
Prior period and extraordinary items					102
Net Income					**11,806**
Segment result / Revenue					
- Pre Unallocable expense	25%	44%	15%	22%	28%
- Post Unallocable expense					26%
Revenue mix	65%	21%	8%	6%	100%
Net Segment assets	6,185	2,472	1,216	519	10,392
Unallocable assets					
Fixed assets					3,648
Investments					4,140
Other Net Current Assets, Loans & Advances					3,556
Total Capital employed					**21,736**

Segment results for the year ended March 31, 2002

(Rs. in millions)

	Americas	Europe	India	Others	Total
Revenue	26,913	8,814	2,479	2,928	41,135
Identified operating expenses	14,903	3,235	1,796	1,362	21,295
Allocated expenses	161	53	14	18	246
Segment result	**11,849**	**5,527**	**668**	**1,549**	**19,593**
Unallocable expenses					5,604
Operating income					13,989
Other income					579
Interest expenses					45
Income before tax					14,523
Income tax expenses					2,277
Prior period and extraordinary items					267
Net Income					**12,513**
Segment result / Revenue					
- Pre Unallocable expense	44%	63%	27%	53%	48%
- Post Unallocable expense				34%	
Revenue mix	55%	18%	5%	6%	84%
Net Segment assets	7,810	2,248	831	508	11,397
Unallocable assets					
Fixed assets					3,396
Investments					3,562
Other Net Current Assets, Loans & Advances					7,200
Total Capital employed					**25,555**

Note :- The Division has refined the allocation process of indirect expenses into various segments and accordingly segment details for the year ended March 31, 2003 have been regrouped/re-arrranged.

(end of Auditors Report)

STATEMENT OF OTHER INCOME

We have verified the attached statement of Tata Consultancy Services (A Division of Tata Sons Limited), Air India Building, Nariman Point, Mumbai-400 021, relating to other income for the five financial years ended March 31, 2004.

(Rs. in million)

	March 31, 2000	**March 31, 2001**	**March 31, 2002**	**March 31, 2003**	**March 31, 2004**
OTHER INCOME					
Premium on import entitlements	14	12	*	-	-
Interest	28	23	42	50	87
Interest on deposit with Tata Sons Ltd.	149	157	236	504	189
Dividend from Subsidiaries	-	-	-	31	31
Dividend on other long term investments	5	5	7	6	4
Miscellaneous income	497	583	228	237	273
Profit on sale of fixed assets	1	*	7	-	2
Exchange Gain	-	-	-	-	214
Long outstanding liabilities written back	-	-	-	-	175
Total	**694**	**781**	**520**	**828**	**976**

* Represents the figures are less than 0.5 million

We have certified this on the basis of information and explanation given to us and the relevant record produced before us

(This page is not part of the Auditor's Report dated July 12, 2004 and forms part of the Certificate dated July 12, 2004)

STATEMENT OF SUNDRY DEBTORS

We have verified the attached statement of Tata Consultancy Services (A Division of Tata Sons Limited), Air India Building, Nariman Point, Mumbai-400 021, relating to debtors for the financial year ended March 31, 2004.

(Currency in Million of Indian Rupees)

Period	**Balance as at March 31, 2004**
Upto 180 days	9,178
180 Days and above	884

Of the above, dues from Related parties are enumerated in Note A below

Note A

Following are the dues from related parties

Client Name	**Outstanding at March 31,2004 (Rs. in million)**	**No. of days Outstanding**
Subsidiaries		
Tata America International Corporation	3,508	49
Tata Consultancy Services Deutschland GmbH MESSE	299	201
Tata Consultancy Services Sverige AB	152	188
Tata Consultancy Services Belgium N.V./S.A.	113	245
Tata Consultancy Services Netherlands B.V. Amsterdam	96	82
TCS Iberoamerica	25	401
Tata Information Technology (Shanghai) Co Ltd	17	248
CMC Limited	13	73
APOnline Limited	9	640
Aviation Software Development Consultancy	3	321
Associate / Joint Venture		
Tata Enterprises Overseas	303	104
Tata Teleservices Limited	176	169
Tata Iron & Steel Co. Ltd.	19	244
Videsh Sanchar Nigam Ltd.	13	83
TATA MOTORS Limited	5	24
APDAP	3	685
CONSCRIPTI (PTY) LTD.	3	11
Tata International Limited	3	992
Intelenet Global Services Limited	1	15
Others (includes figures less than Rs. 0.5 million each	1	-
Grand Total	**4,763**	

We have certified this on the basis of information and explanation given to us and the relevant record produced before us.

(This page is not part of the Auditor's Report dated July 12, 2004 and forms part of the Certificate dated July 12, 2004)

FINANCIAL INFORMATION OF CMC LIMITED

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AUDITORS' REPORT

TO THE BOARD OF DIRECTORS,

TATA CONSULTANCY SERVICES LIMITED

1. We have examined the accompanying 'Statement of Adjusted Profits and Losses' of CMC Limited (the Company) for each of the years ended 31 March, 2000, 31 March, 2001, 31 March, 2002, 31 March, 2003 and 31 March, 2004, 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, 2000, 31 March, 2001, 31 March, 2002, 31 March, 2003 and 31 March, 2004 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 and 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.

2. The Auditors in their report for the accounting years ended, 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'.

3. This report is being issued by us for the purpose of incorporating the same in the offer document proposed to be issued by Tata Consultancy Services Limited, in connection with the initial offer of its Equity Shares.

For **S.B. BILLIMORIA & CO.**
Chartered Accountants

JITENDRA AGARWAL
Partner
(Membership No. 87104)

New Delhi
11 June, 2004

CMC LIMITED

STATEMENT OF ADJUSTED PROFITS AND LOSSES

(All amounts in Rs. million)

		Year ended 31.03.2004	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	3774.66	2621.19	2257.08	2324.20	1911.97	1188.00
	Services	3696.08	3458.68	3157.37	3052.51	2687.26	2256.45
	Other Income	165.98	67.44	186.34	149.34	110.88	70.24
		7636.72	**6147.31**	**5600.79**	**5526.05**	**4710.11**	**3514.69**
B	**Expenditure**						
	Equipment purchased for resale	3688.59	2517.79	2113.45	2212.55	1764.58	1151.81
	Components/spares for maintenance and resale	217.69	186.72	112.37	102.10	91.22	115.91
	Sub-contracted/outsourced services	394.62	304.90	345.79	280.09	269.11	166.79
	Staff costs	1317.23	1203.74	1128.10	981.96	1079.20	809.15
	Operating and Other Expenses	1238.34	1272.68	1342.62	1442.09	1196.17	1036.39
	Interest and financial charges (Net of income)	35.60	14.37	19.52	24.50	26.50	27.52
	Depreciation	87.55	80.48	80.43	87.05	62.24	69.12
		6979.62	**5580.68**	**5142.28**	**5130.34**	**4489.02**	**3376.69**
C	**Adjusted profit / (loss) before tax and extraordinary items .....**	**657.10**	**566.63**	**458.51**	**395.71**	**221.09**	**138.00**
	Provision for taxes						
	Current income tax	191.50	201.94	181.58	146.20	80.00	52.50
	Deferred income tax	(14.27)	(5.83)	(25.67)	9.77	18.71	4.66
D	**Adjusted profit / (loss) after taxation**	**479.87**	**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	**1420.38**	**1045.92**	**769.64**	**560.10**	**357.33**	**251.62**
E	**Appropriations .....**						
	General reserve	47.99	37.05	33.64	34.62	-	-
	Proposed Dividend	83.33	60.60	60.60	53.03	30.30	15.15
	Corporate Dividend Tax	10.68	7.76	-	5.41	6.67	1.52
		142.00	**105.41**	**94.24**	**93.06**	**36.97**	**16.67**
F	**Balance carried forward to Balance Sheet**	**1278.38**	**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. 03.04	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	1,310.47	1,254.65	1,215.27	1,226.56	1,101.76	1,014.25
	Less: Depreciation	736.19	673.71	605.10	589.84	534.20	497.00
	Net Block	**574.28**	**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	184.85	173.88	116.57	220.71	236.37	281.66
	Sundry Debtors	1,798.24	2,079.08	1,500.58	1,565.63	1,402.41	937.07
	Cash and Bank Balances	177.37	194.24	191.85	224.11	242.02	187.25
	Loans and Advances	1,156.80	965.59	761.53	522.97	380.88	290.24
	Other Current Assets	1,149.28	613.16	409.99	382.01	208.73	105.73
		4,466.54	**4,025.95**	**2,980.52**	**2,915.43**	**2,470.41**	**1,801.95**
	Total Assets	**5,122.62**	**4,688.69**	**3,672.49**	**3,633.95**	**3,119.77**	**2,401.00**
D	**Liabilities and Provisions**						
	Secured Loans	174.24	125.74	123.06	176.97	240.99	133.46
	Unsecured Loans	487.60	387.60	145.44	214.23	189.74	209.03
	Current Liabilities and Provisions	2,786.33	2,868.70	2,388.04	2,443.46	2,087.84	1,562.08
		3,448.17	**3,382.04**	**2,656.54**	**2,834.66**	**2,518.57**	**1,904.57**
E	**Deferred Tax Liability**	68.05	82.31	88.15	113.84	104.05	85.35
F	**Adjusted Networth**	**1,606.40**	**1,224.34**	**927.80**	**685.45**	**497.15**	**411.08**
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	8.27	12.06	17.73	17.38	10.38	9.72
	General Reserve	168.25	120.26	83.16	49.52	14.90	7.50
	Balance as per Profit and Loss Account	1,278.38	940.52	675.41	467.05	320.37	234.96
	Investment Allowance Reserve	0.00	-	-	-	-	7.40
		1,454.90	**1,072.84**	**776.30**	**533.95**	**345.65**	**259.58**
I	**Adjusted Networth**	**1,606.40**	**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

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, 2000, 31 MARCH, 2001, 31 MARCH, 2002, 31 MARCH, 2003 AND 31 MARCH, 2004

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 15 October, 2001. Under the disinvestment process, GoI sold 7,726,500 shares representing 51 percent of the share capital to Tata Sons Limited, on 16 October, 2001. The GoI further sold its entire remaining shares representing 26.25 percent of the share capital, in March 2004 by an open offer to the public.

On 29 March, 2004, as per specific approval granted by SEBI, Tata Sons Limited transferred its entire shareholding in the Company to Tata Consultancy Services Limited (a subsidiary of Tata Sons Limited). As a result, the Company has become a subsidiary of Tata Consultancy Services Limited.

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.

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.

ii. Grants received for execution of projects is recognised as revenue to the extent utilized.

iii. 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 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 return 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. 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.

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, 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, 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 favourable 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 outstanding 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.0.56 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.*

b. 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

	As on 31.03.04	As on 31.03.03	As on 31.03.02	As on 31.03.01	As on 31.03.00
Claims against the Company not acknowledged as debts:					
i. Custom duty	-	-	-	-	-
ii. Liability on property tax	-	0.62	0.45	1.14	0.69
iii. Under litigation	97.35	119.68	106.39	94.39	-
iv .ESI demand	0.28	0.98	0.98	0.70	-
v. Disputed sales tax demands*	34.57	30.47	34.41	30.66	42.08
vi. Disputed income tax	-	-	-	13.05	-
Unexpired letter of credit	454.73	450.29	183.02	185.29	224.34
Guarantee issued by bankers against Company's counter guarantee	1098.73	729.93	510.72	297.63	279.56
Others	1.39	0.25	0.25	0.28	-
Sales tax on leased assets	3.72	3.73	3.73	3.67	3.30
Estimated amount of contracts remaining to be executed on capital account	69.49	68.34	67.15	67.14	71.17

* 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)

		Year ended 31.03.04	Year ended 31.03.03	Year ended 31.03.02
a.	Total gross investment	4.61	13.31	22.47
b.	Present value of Minimum Lease Payments receivable	4.30	11.52	18.79
c.	Total gross investment			
	• Not later than one year	4.61	8.35	8.73
	• Later than one year but not later than five years	-	4.96	13.74
d.	Present value of Minimum Lease Payments receivable			
	• Not later than one year	4.30	6.88	6.40
	• Later than one year but not later than five years	-	4.64	12.39
e.	Unearned Finance Income	0.31	1.79	3.68

7. Pending Reserve Bank of India (RBI) approval, certain anticipated losses amounting to Rs. 8.09 million, Rs. 8.09 million and Rs. 8.09 for the period/years ended 31.03.04, 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. 3.29 million, Rs. 3.09 million and Rs. 2.87 million for the period/years ended 31.03.04, 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 Rs. 65.01 million as at 31 March, 2004 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 (the ultimate holding Company)
- Tata Consultancy Services Limited (the holding Company)

(All amounts in Rs. million)

Transactions/ Outstanding Balances	31.03.04	31.03.03	31.03.02
Purchase of goods	286.16	19.81	5.75
Sale of goods	166.87	43.09	15.45
Service Income	646.50	496.36	17.73
Debtors outstanding at year end	214.23	96.31	26.53
Creditors / Advances at year end	17.65	22.45	1.20
Loans/ advances at year end	-	0.50	-
Other transactions	34.70	5.15	0.32

ii. Fellow Subsidiaries

- Tata Infotech Limited
- Tata AIG General Insurance Company Limited
- Tata AIG Life Insurance Company Limited
- Tata Consultancy Services, Deutshland GmbH

(All amounts in Rs. million)

Transactions/ Outstanding Balances	31.03.04	31.03.03	31.03.02
Purchase of goods/services	1.58	2.33	4.83
Sale of goods	13.89	-	-
Service Income	1.23	-	-
Debtors outstanding at year end	5.46	-	-
Creditors / Advances at year end	0.31	-	0.81
Other transactions	1.16	0.48	-

iii. Subsidiary

· CMC Americas International Inc.

(All amounts in Rs. million)

Transactions/ Outstanding Balances	31.03.04	31.03.03	31.03.02
Purchase of goods/services	234.07		
Service Income	446.31	542.93	649.95
Debtors outstanding at year end	80.80	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	31.03.04	31.03.03	31.03.02
Managerial Remuneration	1.99	1.73	3.38

10. Segment Information

a. Financial information about the primary business segments is given below:

(All amounts in Rs. million)

	Year ended	Customer Services	System Integration	ITES	Education and Training	Total
i. Segment Revenue						
- Sales and Services	31.03.04	5207.49	1,754.01	328.29	180.95	7,470.74
	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	31.03.04	37.19	35.70	10.25	3.86	87.00
	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	31.03.04	491.62	402.87	50.74	(17.36)	927.87
	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	31.03.04					235.17
net of unallocable income	31.03.03					216.60
	31.03.02					240.42
iv. OPERATING PROFIT	31.03.04					692.70
	31.03.03					581.00
	31.03.02					478.03

(All amounts in Rs. million)

		Year ended	Customer Services	System Integration	ITES	Education and Training	Total
v.	**INTEREST EXPENSE NET**	31.03.04					35.60
		31.03.03					14.37
		31.03.02					19.52
vi.	**PROVISION FOR TAX**						
	- Current income tax	31.03.04					191.50
		31.03.03					201.94
		31.03.02					181.58
	- Deferred income tax	31.03.04					(14.27)
		31.03.03					(5.83)
		31.03.02					(25.67)
vii.	**NET PROFIT**	31.03.04					479.87
		31.03.03					370.52
		31.03.02					302.60
viii.	**OTHER INFORMATION**						
	Segment assets	31.03.04	2,212.62	937.46	198.65	58.29	3,407.02
		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	31.03.04					1,715.59
		31.03.03					1,527.20
		31.03.02					1,371.27
	TOTAL ASSETS	31.03.04					**5,122.61**
		31.03.03					**4,688.69**
		31.03.02					**3,672.49**
	Segment liabilities	31.03.04	1,141.35	285.36	127.22	77.05	1,630.98
		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	31.03.04					1,885.24
		31.03.03					1,557.19
		31.03.02					1,165.38
	TOTAL LIABILITIES	31.03.04					**3,516.22**
		31.03.03					**3,464.35**
		31.03.02					**2,744.69**
	Capital Expenditure	31.03.04	15.57	39.62	3.11	1.29	
		31.03.03	8.53	15.61	6.52	2.39	
		31.03.02	11.78	22.11	1.46	10.39	
	Depreciation	31.03.04	22.94	40.61	4.95	6.73	
		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	31.03.04	8.81	10.29	8.17	1.61	
		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)

	Year ended	India	United States of America	United Kingdom	Others	Total
SEGMENT REVENUE						
- Sales and Services	31.03.04	6,699.45	462.58	108.48	200.24	7,470.74
	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	31.03.04	87.00	-	-	-	87.00
	31.03.03	17.61	-	-	-	17.61
	31.03.02	79.86	-	-	-	79.86
TOTAL ASSETS	31.03.04	4,755.72	92.95	91.46	182.48	5,122.61
	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	31.03.04	3,465.76	5.99	20.85	23.62	3,516.22
	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 31 March, 2004, the Company had dues of Rs. 19.36 million out of which Rs. 14.77 million were outstanding for more than 30 days individually to the following small scale industrial undertakings:

- Cygnus Microsystem (P) Limited
- Global Multimedia Limited
- KLA Electronics (P) Limited
- Uday Udyog
- D B Devices Private Limited
- Vistar Electronics Private Limited
- Numeric Power Systems Limited
- ECAD Technologies Limited
- Venus Plastic Limited
- Kadavi Engineering Company (P) Limited
- CCS Infotech Limited

12. Taxes

a. Current income tax includes taxes in foreign jurisdiction Rs. 16.33 million for year ended 31 March, 2004 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	(8.27)	105.09
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	6.00	37.05
	Net Deferred Tax Liability (i-ii)	**82.31**	**(14.27)**	**68.04**

13. Secured loans

	As on 31.03.04	As on 31.03.03	As on 31.03.02	As on 31.03.01	As on 31.03.00
Cash Credit from Banks	174.24	125.74	98.06	111.97	145.99
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					
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

	As on 31.03.04	As on 31.03.03	As on 31.03.02	As on 31.03.01	As on 31.03.00
Government of India-Loans	67.40	67.40	87.53	87.53	87.58
Government of India-Interest Accrued & Due	20.20	20.20	44.87	44.87	44.95
Interest Accrued & Due - Others	-	-	-	-	0.03
ICD-National Handicapped Welfare Fund, (Ministry of Social Justice & Empowerment)	-	-	-	32.00	32.00
Current Account Overdraft	-	-	13.04	49.83	25.18
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	-	-	-	-

15. Other income

	Period ended 31.03.04	Year ended 31.03.03	Year ended 31.03.02	Year ended 31.03.01	Year ended 31.03.00
Recurring					
Project Grants from Government	13.80	13.06	56.55	70.89	66.59
Gain on foreign exchange fluctuations	4.01	-	15.68	22.13	5.90
Profit on sale of fixed assets	-	0.19	0.07	0.10	0.22
Transfer from capital reserve - capital grants	3.80	5.67	5.88	5.47	3.39
Unclaimed balances/provisions written back	101.37	17.10	23.60	25.26	12.68
Dividend from Subsidiary	-	-	50.77	-	-
Miscellaneous income	28.86	17.07	33.79	25.49	22.10
Non recurring					
Interest on refund of taxes	14.14	14.35	-	-	-
	165.98	**67.44**	**186.34**	**149.34**	**110.88**

16. Tax shelter statement

(All amounts in Rs. million)

	As on 31.03.04*	As on 31.03.03	As on 31.03.02	As on 31.03.01	As on 31.03.00
Tax rate (including surcharge)	35.875%	36.75%	35.70%	39.55%	38.50%
Adjusted net profit before tax and after prior period/extra-ordinary item adjustments	657.10	566.64	511.05	397.12	207.00
Net profit before tax as per audited accounts (for tax year)	657.10	566.64	511.05	397.12	197.50
Tax at notional rates (A)	**235.73**	**208.24**	**182.44**	**157.06**	**79.70**
Income exempted u/s 10A (STP)	207.86	123.10	16.93		
Benefit u/s 80 HHE	-	0.79	8.64	8.77	6.35
Capital expenditure on R&D allowable u/s 35	6.78	1.36	16.40	13.94	7.25
Book Depreciation	81.88	80.48	80.35	86.08	60.64
Tax Depreciation	57.09	72.55	99.15	118.22	74.80
Difference between tax and book depreciation	(24.79)	(7.93)	18.80	32.14	14.16
Other adjustments	(21.03)	(4.43)	11.19	74.30	65.10
Net adjustments	168.82	112.89	71.96	129.15	92.86
Profit as per Income tax return	**488.28**	**453.76**	**439.09**	**267.97**	**114.13**
Tax as per Income tax as return		166.76	156.75	105.98	43.94
Interest u/s 234		-	1.00	-	-
Total tax as per return		**166.76**	**157.75**	**105.98**	**43.94**

* The Company has not filed the I.Tax Return for Financial Year 2003-04, hence the amounts provided are from computation of provision for current Income Tax.

17. Capitalisation statement

	As on 31.03.04	As on 31.03.03	As on 31.03.02	As on 31.03.01	As on 31.03.00
Long Term Debt (A)*	-	-	-	35.00	75.00
Shareholders Funds (B)	**1,496.02**	**1,224.34**	**927.80**	**685.45**	**497.15**
Share Capital	151.50	151.50	151.50	151.50	151.50
Reserve and Surplus	1,454.90	1,072.84	776.30	533.95	345.65
Long Term Debt/ Shareholders Fund (A/B)	**-**	**-**	**-**	**0.05**	**0.15**

* Long term loans represents amounts repayable later than one year as at year end.

18. Dividend

(All amounts in Rs. million)

	Year ended 31.03.04	Year ended 31.03.03	Year ended 31.03.02	Year ended 31.03.01	Year ended 31.03.00
Equity Share Capital	151.50	151.50	151.50	151.50	151.50
Rate of Dividend	55%	40%	40%	35%	20%
Amount of Dividend	83.32	60.60	60.60	53.03	30.30
Corporate dividend Tax	10.68	7.76	-	5.41	6.67

19. Accounting Ratios

	Period ended 31.03.04	Year ended 31.03.03	Year ended 31.03.02	Year ended 31.03.01	Year ended 31.03.00
Earning per share (Rs.)	31.67	24.46	19.97	15.82	8.08
Return on net worth %	29.87	30.26	32.61	34.97	24.62
Net asset value per equity share (Rs.)	106.03	80.81	61.24	45.25	32.82
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
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

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

Grant Thornton

Accountants and Business Advisors

Financial Information of CMC Americas, Inc.

To the Board of Directors:
Tata Consultancy Services Limited
24 Homi Mody Street
Mumbai-400001

Dear Sirs:

As required for the purpose of certification of statement of accounts to be incorporated in the offer document proposed to be issued by Tata Consultancy Services Limited in connection with the initial offer of Equity Shares, we state as follows:

1. We have audited the financial statements of CMC Americas, Inc. (formerly Baton Rouge International, Inc.) for the financial year ended December 31, 2002 and for the fifteen months ended March 31, 2004 in accordance with auditing standards generally accepted in the United States of America, and issued our unqualified opinions dated March 7, 2003 and April 8, 2004. The financial statements are the responsibility of the company's management. Our responsibility was to express an opinion on the financial statements based on our audits. The financial statements for the years ended December 31, 1999, 2000 and 2001 have been audited by Ellis-Apple & Co., LLC, Certified Public Accountants, whose unqualified opinions have been furnished to us. We have performed no audit procedures relating to the periods audited by Ellis-Apple & Co., LLC, and our confirmation, insofar as it relates the amounts audited by Ellis-Apple & Co., LLC, is based solely on their reports.
2. We confirm that the figures included in the annexed statement of Profit and Loss Account for each of the four financial years ended on December 31, 2002 and for the fifteen months ended March 31, 2004, and the annexed statement of assets and liabilities as at the end of the respective periods, along with the significant accounting policies, are prepared from the audited financial statements of CMC Americas, Inc., in accordance with accounting principles generally accepted in the United States of America.

   We confirm that the annexed statements include the following adjustments, if applicable:

   - The impact of changes in accounting policies adopted by CMC Americas, Inc. has been disclosed with retrospective effect;
   - Material amounts relating to adjustments for previous periods have been identified and adjusted in arriving at the profits of the periods to which they relate irrespective of the period in which the event triggering the profit or loss occurred;
   - The impact of qualification in the auditors' report; and
   - Impact of extraordinary items has been disclosed separately in the annexed statements.
3. Appropriate regroupings, which in our opinion were considered necessary to conform to the Tata Consultancy Services format, have been made.

This report is for the purpose of incorporation of CMC Americas, Inc.'s statement of accounts in the offer documents proposed to be issued by Tata Consultancy Services Limited in connection with its initial offer of equity shares and is not intended to be and should not be used in any other offering memorandum or other document without prior consent.

Southfield, Michigan, U.S.A.
April 8, 2004

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Statement of Profit and Loss

($'s In thousands)

For the period ended	31-Dec-99	31-Dec-00	31-Dec-01	31-Dec-02	31-Mar-04 (15 months)
Income					
Consultancy Services					
-Within India	0	0	0	0	0
-Outside India	28,679	41,654	35,416	25,754	23,519
Licence of Software Packages					
-Within India	0	0	0	0	0
-Outside India	0	0	0	0	0
Total	28,679	41,654	35,416	25,754	23,519
Other Income	26	144	170	52	69
	28,705	41,798	35,586	25,806	23,588
Expenditures					
Payment to & Provision for employees	22,873	33,634	31,994	22,257	20,781
Establishment expenses	4,893	4,692	3,272	4,580	3,339
Other expenses	0	0	2,310	0	0
Interest	104	100	75	88	30
	27,870	38,426	37,651	26,925	24,150
Profit before Depreciation	835	3,372	(2,065)	(1,119)	(562)
Depreciation	109	748	210	190	147
Net Profit before tax and extraordinary items	726	2,624	(2,275)	(1,309)	(709)
Income tax expense	176	1,056	(664)	(381)	69
Net Profit before extraordinary items	550	1,568	(1,611)	(928)	(778)
Extraordinary items	0	0	0	0	0
Net Profit after extraordinary items	550	1,568	(1,611)	(928)	(778)
NP RATIO	1.9%	3.8%	-4.5%	-3.6%	-3.3%
Extent of Interest so far as it would have concerned the members of Tata Consultancy Services Limited in the capital of CMC Americas, Inc. assuming that the shareholding was held by Tata Consultancy Services Limited in the relevant years/periods	100%	100%	100%	100%	100%
Amount of profit/(loss) so far as it would have concerned the members of Tata Consultancy Services Limited in the capital of CMC Americas, Inc. assuming that the shareholding was held by Tata Consultancy Services Limited in the relevant years/periods	550	1,568	(1,611)	(928)	(778)

Statement of Assets and Liabilities

($'s In thousands)

As at		31-Dec-99	31-Dec-00	31-Dec-01	31-Dec-02	31-Mar-04
A	**Fixed Assets:**					
	Gross Block	3,996	4,122	958	917	916
	Less:Depreciation	(710)	(1,448)	(609)	(756)	(903)
	Net Block	3,286	2,674	349	161	13
	CWIP/Capital advance	0	0	0	0	0
		3,286	2,674	349	161	13
B	**Investments**	0	0	0	0	0
C	**Current Assets, Loans and Advances**					
	Sundry Debtors	7,163	10,534	6,432	5,770	3,164
	Other Current Assets	327	331	820	615	113
	Cash & Bank Balances	1,117	3,952	2,733	953	1,796
	Loans & Advances	0	0	0	3,590	0
	Deferred Tax Asset	0	0	52	0	0
		8,607	14,817	10,037	10,928	5,073
		11,893	17,491	10,386	11,089	5,086
D	**Liabilities and Provisions**					
	Secured Loans	500	0	0	0	0
	Unsecured Loans	1,150	1,150	1,150	3,521	1,150
	Current Liabilities and Provisions	7,194	12,508	7,015	6,113	3,259
	Deferred Tax Liability	0	0	0	0	0
		8,844	13,658	8,165	9,634	4,409
E	**Net worth**	3,049	3,833	2,221	1,455	677
F	**Represented by**					
	Share Capital	2,105	2,105	2,105	2,267	2,267
	Reserves & Surplus	944	1,728	116	(812)	(1,590)
		3,049	3,833	2,221	1,455	677
Extent of Interest so far as it would have concerned the members of Tata Consultancy Services Limited in the capital of CMC Americas, Inc. assuming that the shareholding was held by Tata Consultancy Services Limited in the relevant years/periods		100%	100%	100%	100%	100%
Amount of net worth so far as it would have concerned the members of Tata Consultancy Services Limited in the capital of CMC Americas, Inc. assuming that the shareholding was held by Tata Consultancy Services Limited in the relevant years/periods		3,049	3,833	2,221	1,455	677

CMC Americas, Inc.

Notes to Financial Information

($'s in Thousands)

Note A – Significant Accounting Policies

CMC Americas, Inc. (the Company, formerly named Baton Rouge International, Inc.) is a wholly-owned subsidiary of CMC Limited (CMC).

Cash and Bank Balances

The Company considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash or cash equivalents.

Accounts Receivable (Sundry Debtors)

Accounts receivable are stated at amounts due from customers net of an allowance for doubtful accounts. Accounts outstanding longer than the contractual payment terms are considered past due. The Company determines its allowance by considering a number of factors, including the length of time trade accounts receivable are past due, the Company's previous loss history, the customer's current ability to pay its obligation to the Company, and the condition of the general economy. The Company writes off accounts receivable when they become uncollectible, and payments subsequently received on such receivables are credited to the allowance for doubtful accounts. Generally, the Company does not charge interest on accounts receivable past due.

Revenue Recognition

The Company recognizes revenues as services are performed for projects billed on a time and materials basis. For projects where amounts are billable as specified milestones are achieved, the Company recognizes revenue based on progress toward such milestones. For maintenance contracts, the Company recognizes revenue over the term of the contract. Deferred revenue represents collections made in advance of services being performed or revenue being earned.

Included in revenue and operating expenses are amounts billable to clients for reimbursable expenses.

Fixed Assets

Fixed assets are stated at cost. Additions, renewals, and betterments that add materially to productive capacity or extend the life of an asset are capitalized. Expenditures for maintenance and repairs which do not extend the life of the applicable assets are charged to expense as incurred. Upon retirement or disposal of an asset, the asset and accumulated depreciation accounts are adjusted accordingly. Any resulting gain or loss is included in income.

The Company provides for depreciation on the basis of the estimated useful lives of the various classes of depreciable assets using the straight-line method of depreciation.

Software Development Costs

The Company capitalized the costs of developing banking software. These costs were amortized on a straight-line basis over 5 years. Unamortized software development costs at December 31, 1999 and 2000 were $2,887 and $2,310, respectively, and are included in the caption "fixed assets". During 2001, the Company determined the costs were unrecoverable due to lack of revenue, and an impairment loss of $2,310 was recorded. The impairment loss is included in the caption "Expenditures – other expenses".

Income Taxes

The Company accounts for income taxes using the asset and liability approach. Deferred income taxes are provided for the differences between the tax basis of assets or liabilities and their reported amounts in the financial statements, using an estimated tax rate. A valuation allowance is established when necessary to reduce deferred income tax assets to the amount expected to be realized.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Note B – Transactions With Parent

CMC contracts its employees to the Company to serve the Company's customers. Included in the caption "Expenditures – payment to and provision for employees" for the years ended December 31, 1999, 2000, 2001, 2002 and the fifteen months ended March 31, 2004, are fees to CMC of:

1999	2000	2001	2002	2004
$3,981	$6,530	$6,751	$4,176	$5,880

At December 31, 1999, 2000, 2001, 2002 and March 31, 2004 amounts due to CMC included in the caption "Current liabilities and provisions" are:

1999	2000	2001	2002	2004
$5,225	$6,323	$5,103	$4,248	$1,856

According to an agreement between the Company and CMC, each year 50% of the net income of the Company will be paid in the form of a divided to CMC in the following year. The dividend accrued at December 31, 1999, 2000, 2001, 2002 and March 31, 2004 included in the caption "Current liabilities and provisions" was:

1999	2000	2001	2002	2004
$275	$1,059	$ -	$ -	$ -

Note C – Related Party Transactions

During 2002, the Company was advanced $2,500 from Tata America International Corporation (TAIC), an affiliated entity, to fund a customer cash escrow requirement. $129 was repaid in 2002 and the remaining $2,371 was repaid in 2003. The loan payable of $2,371 at December 31, 2002 is included in the caption "Unsecured loans". Included in the caption "Expenditures – interest" in 2002 and 2004 is $12 of interest to TAIC.

Included in the caption "Expenditures – payment to and provision for employees" for the year ended December 31, 2002 and the fifteen months ended March 31, 2004, is approximately $733 and $1,620, respectively, for services provided by TAIC. Amounts due to TAIC of $400 and $117, respectively, are included in the caption "Current liabilities and provisions" at December 31, 2002 and March 31, 2004.

The Company also provides services to Tata Consultancy Services (TCS), an affiliated entity, with approximately $1,403 and $4,253, respectively, being included in the caption "Income – outside India" for the year ended December 31, 2002 and the fifteen months ended March 31, 2004. Amounts due from TCS of $894 and $820, respectively, are included in the caption "Sundry debtors" at December 31, 2002 and March 31, 2004.

Note D – Lease Obligations

The Company leases three office facilities under operating leases which expire at various dates though 2005. Scheduled minimum lease payments for the annual periods subsequent to March 31, 2004 are as follows:

2005	$ 51

Rent expense for the years ending December 31, 1999, 2000, 2001, 2002 and the fifteen months ended March 31, 2004 was approximately $237, $409, $575, $515, and $274, respectively, and is included in the caption "Expenditures-establishment expenses".

Grant Thornton

Accountants and Business Advisors

Financial Information of Tata America International Corporation (TCS AMERICA)

To the Board of Directors:
Tata Consultancy Services Limited
24 Homi Mody Street
Mumbai-400001

Dear Sirs:

As required for the purpose of certification of statement of accounts to be incorporated in the offer document proposed to be issued by Tata Consultancy Services Limited in connection with the initial offer of Equity Shares, we state as follows:

1. We have audited the financial statements of Tata America International Corporation for each of the four financial years ended December 31, 2002 and for the fifteen months ended March 31, 2004 in accordance with auditing standards generally accepted in the United States of America, and issued our unqualified opinions dated April 7, 2000, March 31, 2001, March 15, 2002, June 20, 2003 and April 20, 2004. The financial statements are the responsibility of the company's management. Our responsibility was to express an opinion on the financial statements based on our audits.

2. We confirm that the figures included in the annexed statement of Profit and Loss Account for each of the four financial years ended on December 31, 2002 and for the fifteen months ended March 31, 2004, and the annexed statement of assets and liabilities as at the end of the respective periods, along with the significant accounting policies, are prepared from the audited financial statements of Tata America International Corporation, in accordance with accounting principles generally accepted in the United States of America.

   We confirm that the annexed statements include the following adjustments, if applicable:

   - The impact of changes in accounting policies adopted by Tata America International Corporation has been disclosed with retrospective effect;
   - Material amounts relating to adjustments for previous periods have been identified and adjusted in arriving at the profits of the periods to which they relate irrespective of the period in which the event triggering the profit or loss occurred;
   - The impact of qualification in the auditors' or accountants' report; and
   - Impact of extraordinary items has been disclosed separately in the annexed statements.

3. Appropriate regroupings, which in our opinion were considered necessary to conform to the Tata Consultancy Services format, have been made.

This report is for the purpose of incorporation of Tata America International Corporation's statement of accounts in the offer documents proposed to be issued by Tata Consultancy Services Limited in connection with its initial offer of equity shares and is not to be and should not be used in any other offering memorandum or other document without prior consent.

Southfield, Michigan, U.S.A.
April 20, 2004

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Statement of Profit and Loss

($'s In thousands)

For the period ended	31-Dec-99	31-Dec-00	31-Dec-01	31-Dec-02	31-Mar-04 (15 months)
Income					
Consultancy Services					
-Within India	0	0	0	0	0
-Outside India	168,316	333,249	477,162	556,230	976,040
Licence of Software Packages					
-Within India	0	0	0	0	0
-Outside India	0	0	0	0	0
Total	168,316	333,249	477,162	556,230	976,040
Other Income	5	21	27	40	51
	168,321	333,270	477,189	556,270	976,091
Expenditures					
Payment to & Provision for employees	148,789	298,819	428,716	498,018	874,818
Establishment expenses	9,316	16,250	23,154	37,623	57,632
Other expenses	565	1,536	4,676	453	0
Interest	0	0	0	0	0
	158,670	316,605	456,546	536,094	932,450
Profit before Depreciation	9,651	16,665	20,643	20,176	43,641
Depreciation	54	276	915	1,030	1,437
Net Profit before tax and extraordinary items	9,597	16,389	19,728	19,146	42,204
Income tax expense	4,309	7,506	8,862	7,824	16,884
Net Profit before extraordinary items	5,288	8,883	10,866	11,322	25,320
Extraordinary items	0	0	0	0	0
Net Profit after extraordinary items	5,288	8,883	10,866	11,322	25,320
NP RATIO	3.1%	2.7%	2.3%	2.0%	2.6%
Extent of Interest so far as it would have concerned the members of Tata Consultancy Services Limited in the capital of Tata America International Corporation assuming that the shareholding was held by Tata Consultancy Services Limited in the relevant years/periods	100%	100%	100%	100%	100%
Amount of profit so far as it would have concerned the members of Tata Consultancy Services Limited in the capital of Tata America International Corporation assuming that the shareholding was held by Tata Consultancy Services Limited in the relevant years/periods	5,288	8,883	10,866	11,322	25,320

Statement of Assets and Liabilities

($'s In thousands)

As at	31-Dec-99	31-Dec-00	31-Dec-01	31-Dec-02	31-Mar-04
A Fixed Assets:					
Gross Block	548	2,809	3,555	4,730	6,588
Less:Depreciation	(155)	(432)	(1,347)	(2,377)	(3,814)
Net Block	393	2,377	2,208	2,353	2,774
CWIP/Capital advance	0	0	0	0	0
	393	2,377	2,208	2,353	2,774
B Investments	3,678	2,671	163	399	1,331
C Current Assets, Loans and Advances					
Sundry Debtors	30,938	63,481	77,432	83,262	139,277
Other Current Assets	15,012	28,724	31,891	41,684	17,688
Cash & Bank Balances	10,012	4,369	7,802	11,464	4,684
Loans & Advances	459	1,567	0	2,371	0
Deferred Tax Asset	118	87	1,289	1,598	651
	56,539	98,225	118,414	140,379	162,300
	60,610	103,273	120,785	143,131	166,405
D Liabilities and Provisions					
Secured Loans	0	0	0	0	0
Unsecured Loans	0	0	0	0	0
Current Liabilities and Provisions	49,112	83,262	91,124	102,018	98,961
Deferred Tax Liability	0	104	0	0	498
	49,112	83,366	91,124	102,018	99,459
E Net worth	11,498	19,907	29,661	41,113	66,946
F Represented by					
Share Capital	200	200	200	200	200
Reserves & Surplus	11,298	19,707	29,461	40,913	66,746
	11,498	19,907	29,661	41,113	66,946
Extent of Interest so far as it would have concerned the members of Tata Consultancy Services Limited in the capital of Tata America International Corporation assuming that the shareholding was held by Tata Consultancy Services Limited in the relevant years/periods	100%	100%	100%	100%	100%
Amount of net worth so far as it would have concerned the members of Tata Consultancy Services Limited in the capital of Tata America International Corporation assuming that the shareholding was held by Tata Consultancy Services Limited in the relevant years/periods	11,498	19,907	29,661	41,113	66,946

Tata America International Corporation

Notes to Financial Information

($'s in Thousands)

Note A - Significant Accounting Policies

Tata America International Corporation (the Company) is a New York corporation and was formerly a wholly-owned subsidiary of Tata Enterprises (Overseas) AG. In March 2003, the Company's parent sold its entire interest in the Company to Tata Sons Limited, an affiliate. The Company uses accounting principles generally accepted in the United States of America.

Cash and Bank Balances

Investments with a maturity at date of purchase of less than three months are considered to be cash equivalents. At December 31, 2001, 2002 and March 31, 2004, the Company has $1,500, $1,500 and $641, respectively, of cash restricted as required by a customer contract.

Accounts Receivable (Sundry Debtors)

Accounts receivable are stated at amounts due from customers net of an allowance for doubtful accounts. Accounts outstanding longer than the contractual payment terms are considered past due. The Company determines its allowance by considering a number of factors, including the length of time trade accounts receivable are past due, the Company's previous loss history, the customer's current ability to pay its obligation to the Company, and the condition of the general economy. The Company writes off accounts receivable when they become uncollectible, and payments subsequently received on such receivables are credited to the allowance for doubtful accounts. Generally, the Company does not charge interest on accounts receivable past due.

Revenue Recognition

A substantial portion of the Company's engagements are based on time and materials. Revenue for these engagements is recognized in the period the services are provided. For fixed-fee engagements, revenue is generally recognized based on progress toward project milestones. Unbilled work in process represents services provided for which the client has not been invoiced, in accordance with contract terms, as of the related balance sheet date, and is recorded at estimated net realizable value in the "Other current assets" caption.

Reimbursements for out-of-pocket expenses are recorded as revenue in the period the expenses are incurred.

Fixed Assets

Fixed assets are stated at cost. Additions, renewals, and betterments that add materially to productive capacity or extend the life of an asset are capitalized. Expenditures for maintenance and repairs which do not extend the life of the applicable assets are charged to expense as incurred. Upon retirement or disposal of an asset, the asset and accumulated depreciation accounts are adjusted accordingly. Any resulting gain or loss is included in income.

The Company provides for depreciation on the basis of the estimated useful lives of the various classes of depreciable assets using the straight-line method of depreciation.

Income Taxes

The Company accounts for income taxes using the asset and liability approach. Deferred income taxes are provided for the differences between the tax basis of assets or liabilities and their reported amounts in the financial statements, using an estimated tax rate. A valuation allowance is established when necessary to reduce deferred income tax assets to the amount expected to be realized.

Use of Estimates

In preparing financial statements in accordance with accounting principles generally accepted in the United States of America, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and revenues and expenses during the reporting period. Actual results could differ from those estimates.

Note B – Investments

The Company has $500 invested in Niku Corporation. The investment in Niku Corporation is classified as available-for-sale under Statement of Financial Accounting Standards No. 115 and is summarized as follows at December 31, 1999, 2000, 2001, 2002 and March 31, 2004:

	1999	2000	2001	2002	2004
Cost	$500	$500	$500	$500	$500
Gross unrealized holding gain (loss)	-	230	(337)	(101)	831
Market value*	$500	$730	$163	$399	$1,331

*Included in "Investments" caption.

During the year ended December 31, 1999, the Company invested $3,743 ($3,610 in cash and $133 in equipment) in HOTV, Inc., an internet start-up company. The Company's investment in common stock and preferred stock was accounted for under the equity method. As of December 31, 2002, HOTV, Inc. had substantially ceased operations.

In 2001, the Company recorded an impairment loss of $2,973 due to HOTV's continuing losses as a development-stage software venture whose future success was deemed remote.

Following is a summary of the advances to and investments in HOTV.

	Advances	*Investment*	*Total*
Advances and investments at January 1, 1999	$ -	$ -	$ -
Additional advances and investments	459	3,743	4,202
Equity in HOTV loss***	-	(565)	(565)
Advances and investments at December 31, 1999	459*	3,178**	3,637
Additional advances and investments	1,108	300	1,408
Equity in HOTV loss***	-	(1,537)	(1,537)
Advances and investments at December 31, 2000	1,567*	1,941**	3,508
Additional advances	1,063	-	1,063
Equity in HOTV loss***	-	(1,598)	(1,598)
Impairment***	(2,630)	(343)	(2,973)
Advances and investments at December 31, 2001	-	-	-
Additional advances	517	-	517
Equity in HOTV loss***	(517)	-	(517)
Balance at December 31, 2002	$ -	$ -	$ -

*Included in "Loans and advances" caption

**Included in "Investments" caption

***Included in "Expenditures – other expenses" caption

Note C - Related Party Transactions

The Company has contracted the performance of information technology services for its clients to Tata Consultancy Services (TCS), a party related through common ownership. For the years ended December 31, 1999, 2000, 2001, 2002 and the fifteen months ended March 31, 2004, the following was paid or accrued to TCS for performing these services and is included in the caption "Expenditures – payment to and provision for employees":

1999	2000	2001	2002	2004
$148,789	$298,819	$428,716	$497,356	$869,565

The Company has agreed to reimburse TCS for certain administrative costs. TCS is reimbursed for all specifically identifiable costs and an allocation of other administrative costs. The Company paid the following to TCS under this agreement for the years ended December 31, 1999, 2000, 2001, 2002 and for the fifteen months ended March 31, 2004, and is included in the caption "Expenditures – establishment expenses":

1999	2000	2001	2002	2004
$6,139	$6,120	$6,259	$8,642	$13,158

The Company paid $205, $230, $268 and $302, respectively, in management fees to Tata Enterprises (Overseas) AG, its parent, for certain services provided for the years ended December 31, 1999, 2000, 2001 and 2002. No management fees were paid for the fifteen months ended March 31, 2004. These fees are included in the caption "Expenditures – establishment expenses."

During June 2002, the Company loaned $2,500 to CMC Americas, Inc., a party related through common ownership, in order for CMC Americas, Inc. to comply with escrow requirements under a customer contract. $129 was repaid in 2002 and the remaining $2,371 was repaid in 2003. The loan receivable of $2,371 at December 31, 2002 is included in the caption "Loans and advances". Included in the caption "Other income" in 2002 and 2004 is approximately $12 of interest from CMC Americas, Inc.

In addition, included in revenue for the year ended December 31, 2002 and the fifteen months ended March 31, 2004, is approximately $733 and $1,620, respectively, from CMC Americas, Inc. Included in the caption "sundry debtors" at December 31, 2002 and March 31, 2004 is $400 and $117, respectively, due from CMC Americas, Inc.

The Company has contracted business outsourcing services for its clients to Intelenet Global Service Ltd. (Intelenet), a party related through common ownership. For the fifteen months ended March 31, 2004, $4,415 was paid or accrued to Intelent for performing these services, and is included in the caption "Expenditures – payment to and provision for employees".

Note D – Commitments

The Company conducts a portion of its operations in leased facilities under noncancelable operating leases expiring at various dates through February 2012.

The minimum rental commitments under operating leases are as follows as of March 31, 2004:

2005	$2,372
2006	2,136
2007	1,882
2008	1,374
2009	567
Thereafter	631
	$8,962

Rental expense for all operating leases for the years ended December 31, 1999, 2000, 2001, 2002 and for the fifteen months ended March 31, 2004 was approximately $379, $1,001, $2,202, $3,358 and $4,968, respectively, and is included in the caption "Expenditures – establishment expenses".

Financial Information of Tata Consultancy Services Sverige AB

Deloitte

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Rehnsgatan 11
113 79 Stockholm
Sweden

Tel: +46 8 506 711 00
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Date: May 24, 2004

To: Tata Consultancy Services Ltd., Bombay House, 24 Homi Mody Street, Mumbai-400001

From: Tommy Mårtensson, Kent Åkerlund

Subject: Tata Consultancy Services AB

1. This report is intended solely for the purpose of incorporation of statement of accounts in the offer documents proposed to be issued by Tata Consultancy Services Ltd. in connection with its initial offer of equity shares and should not be used for any other purpose without our prior consent.
2. We have audited the statement of assets and liabilities of Tata Consultancy Services Sverige AB and the related statement of profit and loss for the financial years ended December 31, 1999, 2000, 2001, 2002, 2003 and the quarter ended March 31 2004. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.
3. We conducted our audit in accordance with international generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.
4. The accompanying financial statements are based on the audited statutory annual reports for the last five years (the annual report for the financial year 2003 has however not yet been signed) and the interim report as of March 31, 2004. They are drafted based on valuation principles generally accepted in Sweden. The Company started its operations as of August 26, 1998 and therefore there was no annual report prepared as of 1998-12-31, instead the annual report for the financial year 1999 consists of approximately 16 months.
5. Since the accompanying financial statements should be prepared in accordance with "Parent Company format" some reclassifications have been made from the annual reports.
   a. Intercompany debet notes are included in Income from consultancy services which are consistent to their classification in the reporting package.
   b. All costs except for costs for personnel, depreciation and interest are recorded as selling, administration and general expenses.
   c. Interest income is recorded as other income.
   d. No untaxed reserves (described in the accounting principles) have been recorded. 72% of the untaxed reserves have been recorded as retained earnings and 28% as a deferred tax liability.
   e. In the annual report for the financial year 2002 there was approximately 4,3 MSEK recorded as an "item affecting comparability". According to the annual report this is attributable to a reduction of costs attributable to the financial year 2001. This item has been reclassified to selling, administration and general expenses.

In our opinion, except as mentioned in paragraph 5, the financial statements referred to above present fairly, in all material respects, the financial position of Tata Consultancy Services Sverige AB, and the results of its operations for the financial years ended December 31, 1999, 2000, 2001, 2002, 2003 and the quarter ended March 31, 2004 in conformity with Swedish generally accepted accounting principles.

Stockholm, May 24, 2004
Deloitte & Touche AB

Tommy Mårtensson
Authorized Public Accountant

Statement of Assets & Liabilities, As Restated (Parent Company Reporting Format)

Attachment 1

Statement of Assets & Liabilities (in SEK)

As at	31-Dec-99	31-Dec-00	31-Dec-01	31-Dec-02	31-Dec-03	31-Mar-04
A Fixed Assets						
Gross Block	68 735	77 790	250 485	425 147	391 147	391 147
Less Depreciation	(29 212)	(55 139)	(112 601)	(199 639)	(172 242)	(189 486)
	39 523	22 651	137 884	225 508	218 905	201 661
Net Block						
CWIP/Capital advance						
	39 523	22 651	137 884	225 508	218 905	201 661
C Current Assets, Loans & Advances						
Sundry Debtors external	703 952	7 271 465	11 539 088	9 522 371	10 006 913	15 429 801
Sundry Debtors Intercompany	-	-	-	-	1 401 512	808 762
Other current Assets	40 420	-		39 985	196 826	437 869
Cash & Bank Balances	1 960 542	8 549 212	17 988 039	20 272 751	10 093 857	6 827 219
Costs and estimated earnings in excess of billings	1 472 724	4 159 818	3 970 360	7 753 889	7 747 225	7 003 481
Loans and advances	-	-	-	498 887	-	
Deferred Tax Asset	-	-	-	-	-	
	4 177 638	19 980 495	33 497 487	38 087 883	29 446 333	30 507 132
	4 217 161	20 003 146	33 635 371	38 313 391	29 665 238	30 708 793
D Liabilities and Provisions						
Current Liabilities External	1 799 794	8 061 441	9 894 638	10 371 825	3 778 582	2 992 422
Current Liabilities intercompany	1 925 184	8 081 292	16 235 635	6 187 493	1 573 168	2 759 049
Deferred Tax Liability	28 840	272 412	600 628	1 869 028	2 107 308	2 107 308
	3 753 818	16 415 145	26 730 901	18 428 346	7 459 058	7 858 779
E Networth	463 343	3 588 001	6 904 470	19 885 045	22 206 180	22 850 014
F Represented by						
Share Capital	100 000	100 000	100 000	100 000	100 000	100 000
Statutory Reserve	-	20 000	20 000	20 000	20 000	20 000
Profit and Loss Account	363 343	3 468 001	6 784 470	19 765 045	22 086 180	22 730 014
Networth	463 343	3 588 001	6 904 470	19 885 045	22 206 180	22 850 014

Statement of Profit & Loss, As Restated (Parent Company Reporting Format)

Attachment 2

Statement of Profit & Loss (in SEK)

For the Years ended	31-Dec-99	31-Dec-00	31-Dec-01	31-Dec-02	31-Dec-03	31-Mar-04
Income						
Consultancy Services						
Within India						
Outside India	9 297 064	36 597 900	77 407 732	115 527 452	57 433 901	20 693 843
Licence of Software Packages						
Within India						
Outside India						
Total	9 297 064	36 597 900	77 407 732	115 527 452	57 433 901	20 693 843
Other Income	3 232	61 805	177 048	47 222	43 926	0
	9 300 296	36 659 705	77 584 780	115 574 674	57 477 827	20 693 843
Expenditures						
Payment to & Provision for employees	880 668	4 948 721	13148 191	28 698 888	14532172	3 689 051
Selling, general and administration expenses	7 878 092	27 331 496	59 724 006	68 636 986	39 571 576	16 084 699
Interest	4 722	11 010	20 823	59 998	85 644	8 635
	8 763 482	32 291 227	72 893 020	97 395 872	54 189 392	19 782 384
Profit before Depreciation	536 814	4 368 478	4 691 760	18 178 802	3 288 435	911 459
Depreciation	29 212	25 927	57 462	87 038	14 140	17 244
Net Profit before tax and extraordinary items	507 602	4 342 551	4 634 298	18 091 764	3 274 295	894 215
Income tax expense	144 259	1 217 893	1 317 829	5 111 189	953 160	250 380
Net Profit before extraordinary items	363 343	3 124 658	3 316 469	12 980 575	2 321 135	643 835
Extraordinary Items (Refer note 12 of Annexure 3)	0	0	0	0		
Net Profit after extraordinary items	363 343	3 124 658	3 316 469	12 980 575	2 321 135	643 835

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Tata Consultants Services Limited
Bombay House,
24 Homi Mody Street
Mumbai – 400 001
India

Date	From	Reference
May 26, 2004	A. Sandler	1052409/op9994/ml

Auditors' statement ex section 2:395, subsection 2 of the Netherlands Civil Code

This report is for the purpose of incorporation of Tata Consultancy Services Netherlands B.V. statement of accounts in the offer documents proposed to be issued by Tata Consultancy Services Ltd. in connection with its initial offer of equity shares. We have not reviewed the offer documents to be issued by Tata Consultancy Services Ltd. in connection with its initial offer of equity shares. Our report is therefore only limited to Tata Consultancy Services Netherlands B.V. and should be viewed in that context.

The accompanying abbreviated financial statements have been derived from the financial statements for the years ended December 31, 1999, 2000, 2001, 2002 and 2003 and the three months period ended March 31, 2004 of Tata Consultancy Services Netherlands B.V., Amsterdam, as audited by us. The abbreviated financial statements are the responsibility of the company's management.

In our opinion, the financial data for the years ended December 31, 1999, 2000, 2001, 2002 and 2003 and the three months period ended March 31, 2004 as included in these abbreviated financial statements, are consistent, in all material respects, with the financial statements from which they have been derived.

The abbreviated financial statements have been condensed and certain reclassifications have been made for the purpose of a consistent presentation in this document. For a better understanding of the company's financial position and results and of the scope of our audit, the abbreviated financial statements should be read in conjunction with the audited financial statements and our unqualified auditors' reports thereon issued on November 9, 2000 (1999 financial statements), December 14, 2001 (2000 financial statements), April 25, 2002 (2001 financial statements), May 5, 2003 (2002 financial statements), January 12, 2004 (2003 financial statements) and April 9, 2004 (March 31, 2004 financial statements).

We have not audited the accompanying abbreviated financial statements.

Deloitte Accountants is a Partnership of private (professional) companies.

A member firm of
Deloitte Touche Tohmatsu

Statement of Profit & Loss, as restated (Parent Company Format)

Annexure 1

Amt. in Eur

For the Years ended	**31-Dec-99**	**31-Dec-00**	**31-Dec-01**	**31-Dec-02**	**31-Dec-03**	**Three month period ended 31-Mar -04**
	EUR	**EUR**	**EUR**	**EUR**	**EUR**	**EUR**
Income						
Consultancy Services						
- Within India						
- Outside India	7,084,974	9,930,381	13,937,249	14,738,752	15,162,240	3,026,438
Other Income						
Licence of Software Packages						
- Within India						
- Outside India						
Total	7,084,974	9,930,381	13,937,249	14,738,752	15,162,240	3,026,438
Other income	12,099	163,801	125,153	(376,953)	(24,590)	15,175
	7,097,073	10,094,182	14,062,402	14,361,799	15,137,650	3,041,613
Expenditures						
Payment to & Provision for employees	699,020	624,902	686,191	1,252,498	1,761,412	730,971
Establishment expenses	5,633,541	7,734,505	11,186,580	12,915,059	12,301,111	2,240,316
Other expenses	332,774	92,210	502,606	(286,797)	419,885	(58,951)
Interest	6,929	4,563	28,623	6,498	18,060	1,353
	6,672,264	8,456,180	12,404,000	13,887,258	14,500,468	2,913,689
Profit before Depreciation	424,809	1,638,002	1,658,402	474,541	637,182	127,924
Depreciation	5,537	9,245	15,993	32,177	51,728	17,281
Net Profit before tax and extraordinary items	419,272	1,628,757	1,642,409	442,364	585,454	110,643
Income tax expense	146,150	567,743	571,705	150,315	195,892	51,770
Net Profit before extraordinary items	273,122	1,061,014	1,070,704	292,049	389,562	58,873
Extraordinary items (Refer Note 12 of Annexure 3)						
Net Profit after extraordinary items	273,122	1,061,014	1,070,704	292,049	389,562	58,873
NP RATIO	3.85%	10.51%	7.61%	2.03%	2.57%	1.94%

Statement of Assets and Liabilities, as restated (Parent Company Format)

Annexure 2

Amt. in Eur

As at	31-Dec-99	31-Dec-00	31-Dec-01	31-Dec-02	31-Dec-03	31-Mar-04
	EUR	EUR	EUR	EUR	EUR	EUR
A Fixed Assets:						
Gross Block	12,161	50,568	96,552	92,185	238,802	345,119
Less: Depreciation	(5,537)	(9,244)	(15,993)	(32,177)	(51,728)	(130,236)
Net Block						
CWIP/Capital advance	6,624	41,324	80,559	60,008	187,074	214,883
	6,624	41,324	80,559	60,008	187,074	214,883
B. Investments	-	-	-	-	100.000	
C. Current Assets, Loans and Advances						
Sundry Debtors	1,600,396	2,375,946	5,874,723	2,567,283	3,142,452	1,949,357
Other Current Assets	1,168,050	714,815	616,483	1,074,408	827,277	1,518,760
Cash and Bank balances	1,142,209	1,377,721	2,446,885	2,168,260	2,230,974	729,208
Loans and Advances						
Deferred Tax Asset	-	-	-	-	46,308	21,871
	3,910,655	4,468,482	8,938,091	5,809,951	6,247,011	4,219,196
	3,917,279	4,509,806	9,018,650	5,869,959	6,534,085	4,434,079
D. Liabilities and Provisions						
Secured Loans						
Unsecured Laons						
Current Liabilities and Provisions	3,396,053	3,131,767	6,569,907	3,129,167	3,403,731	1,244,852
Deferred Tax Liability						
	3,396,053	3,131,767	6,569,907	3,129,167	3,403,731	1,244,852
E. Networth	521,226	1,378,039	2,448,743	2,740,792	3,130,354	3,189,227
F. Represented by						
Share Capital	181,512	181,512	181,512	181,512	181,512	181,512
Retained Profits	339,714	1,196,527	2,267,231	2,559,280	2,948,842	3,007,715
Total	521,226	1,378,039	2,448,743	2,740,792	3,130,354	3,189,227

TATA CONSULTANCY SERVICES NETHERLANDS B.V.
(A DIVISION OF TATA SONS LIMITED)

Annexure 3

Significant accounting policies

a) Method of Accounting

The financial statements have been prepared using the historical cost convention. If not indicated otherwise, the amounts recorded are stated at face value.

b) Fixed Assets/ Intangible fixed assets

Fixed Assets are stated at cost.

Financial information relating to the subsidiary within the Group is included in the consolidated financial statements of Tata Consultancy Services Netherlands B.V. The consolidated financial statements have been prepared in accordance with the accounting principles regarding valuation and profit recognition of Tata Consultancy Services Netherlands B.V.

c) Consolidation principles

Financial information relating to the subsidiary within the Group is included in the consolidated financial statements of Tata Consultancy Services Netherlands B.V. The consolidated financial statements have been prepared in accordance with the accounting principles regarding valuation and profit recognition of Tata Consultancy Services Netherlands B.V.

Financial information relating to the group company Tata Consultancy Services Italia SRL is included in the consolidated financial statements as of January 1, 2004; the assets and liabilities and the resuits of these companies are fully consolidated, intercompany relationships and transactions are eliminated.

d) Depreciation

Depreciation is calculated on the basis of the straight-line method and based on the expected useful economic life of the assets and the remaining value. The annual depreciation rates are:

- Office equipment	20-331/3%
- Vehicles	25%

e) Investments

Investments in participations are stated at cost. Any diminution, other than temporary, in the value of investments is provided for.

f) Accounts receivable

Accounts receivable services are stated at face value, an estimated provision for doubtful accounts on an individual basis, has been deducted as deemed necessary.

g) Foreign currency conversion

Monetary assets and liabilities denominated in foreign currency are translated into euros at the exchange rates prevailing at balance sheet date.

Transactions in foreign currency during the financial year are included in the financial statements at the exchange rates prevailing at the transaction date.

Exchange differences are taken to the profit and loss account.

h) Revenue recognition

Services rendered and costs of services rendered, together with operating expenses are recognized as they are earned or incurred and are recorded in the financial statements of the period to which they relate. Net services rendered are exclusive of VAT.

i) Deferred taxation

Deferred taxation is calculated on the difference between the fiscal and commercial provision for doubtful debts against the current corporate income tax rate.

Contingent Liabilities

1. Estimated amount of non cancellable future rental obligations not provided for (in "000"Euro):

Particulars	December 31, 1999	December 31, 2000	December 31, 2001	December 31, 2002	December 31, 2003	March 31, 2004
Due not later than one year	(A)	26	52	53	119	119
Due later than one year but not later than five years	(A)	77	61	559	408	378
Total	48	102	114	612	527	497

(A) - Not disclosed

4. Income and expenditure in Foreign Currency

The company uses the euro as its functional currency. Most income is generated in euros. Certain income is generated in US dollars. Most expenditures are in euros.

5. Break-down of Income tax expense (in "000" Euro)

Particulars	December 31, 1999	December 31, 2000	December 31, 2001	December 31, 2002	December 31, 2003	March 31, 2004
Current tax	146	567	572	150	242	74
Deferred tax	-	-	-	-	(46)	(22)
Total	146	567	572	150	196	52

Annexure 4

Changes in Accounting Policy during the last six financial years:

Not applicable to the company. No changes in accounting policies were made from 1999 to March 31st, 2004.

Annexure 5

Break-up and details of Total Outstanding Unsecured Loan as at 31st March '04

Borrowed from	Amount	Interest rate	Terms
-	-	-	-

Agewise analysis of Sundry Debtors as at 31st March '04

Period	Balance	Due from Related Parties
More than 180 days	238	-
Less than 180 days	1,711	-
	1,949	-

Breakup of Loans & Advances as at 31st March '04

Particulars	Balance	Due from Related Parties
Staff Loans	-	-
Deposit	-	-
Advance recoverable in cash or in kind or for value to be received	-	-
Advance Tax	-	-
	-	-

Following are the dues from related parties

Name	Balance	Nature of Relationship
-	-	-

Financial Information of Tata Consultancy Services Belgium S.A.

Deloitte

AUDITOR'S OPINION

To Tata Consultancy Services Ltd., Bombay House, 24 Homi Mody Street, Mumbai-400001

This report is for the purpose of incorporation of statement of accounts in the offer documents proposed to be issued by Tata Consultancy Services Ltd in connection with its initial offer of equity shares.

We have audited the accompanying balance sheet of TATA CONSULTANCY SERVICES BELGIUM S.A. and the related statements of income and retained earnings for the period ending March 31, 2004 (3 months) and December 31, 2003, 2002, 2001, 2000, 1999. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards in Belgium. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and discosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

The accompanying financial statements are drafted based upon valuation principles generally accepted in Belgium. However, presentation and disclosures have been restated according to Indian GAAP.

In our opinion, except as mentioned in the previous paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of TATA CONSULTANCY SERVICES BELGIUM S.A., and the results of its operations for the period ending March 31, 2004 (3 months) and December 31, 2003, 2002, 2001, 2000, 1999, in conformity with generally accepted accounting principles in Belgium.

Diegem,

The Statutory Auditor

DELOITTE & TOUCHE
Reviseurs d'Entreprises
Represented by Mr. André Geeroms

Statement of Assets and Liabilities (in EUR)

Attachment 1

As at	31.12.1999	31.12.2000	31.12.2001	31.12.2002	31.12.2003	31.12.2004 (3 months)
A Fixed Assets:						
Gross Block	7.056,29	20.377,64	21.504,44	54.766,59	52,931,53	53.970,53
Less: Depreciation	-5.866,40	-9.593,38	-13.545,72	-25.257,53	-35.838,65	-37.795,06
Net Block	1.189,89	10.784,26	7.784,26	29.958,72	17.509,06	16.175,47
CWIP/Capital advance						
	1.189,89	10.784,26	7.958,72	29.509,06	17.092,88	16.175,47
B. Investments	3.073,63	7.634,87	11.604,29	20.916,85	23.098,80	23.098,80
C. Current Assets, Loans and Advances						
Sundry Debtors	524.727,73	987.940,33	901.790,33	1.459.679,47	2.430.555,80	2.419.947,52
Other Current Assets	23.501,99	23.956,65	86.982,37	14.695,95	18.217,01	7.087,58
Cash and Bank balances	143.243,29	261.110,61	118.747,49	266.013,59	299.806,83	685.555,72
Loans and Advances	0,00	0,00	0,00	0,00	65.396,39	1.992,62
Deferred Tax Asset	0,00	0,00	0,00	0,00	0,00	0,00
	691.473,01	1.373.007,59	1.107.520,19	1.740.389,01	2.813.976,03	3.114.583,44
	695.736,53	1.391.426,72	1.127.083,20	1.790.814,92	2.854.167,74	3.153.857,71
D. Liabilities and Provisions						
Secured Loans	0,00	0,00	0,00	0,00	0,00	0,00
Unsecured Laons	0,00	0,00	0,00	0,00	0,00	0,00
Current Liabilities and Provisions	489.025,66	1.120.684,90	732.785,28	322.578,10	455.518,47	416.503,93
Deferred Tax Liability	0,00	0,00	0,00	0,00	0,00	0,00
	489.025,66	1.120.684,90	732.785,28	1.353,467,18	2.471,296,10	2.760,050,10
E. Networth	206.710,87	270.741,82	394.297,92	437.347,74	382.871,61	393.807,61
F. Represented by						
Share Capital	185.920,14	185.920,14	185.920,14	185.920,14	185.920,14	185.920,14
Retained Profits	20.790,73	84.821,68	208.377,78	251.427,60	196.951,47	207.887,47
Total	206.710,87	270.741,82	394.297,92	437.347,74	382.871,61	393.807,61

Statement of Profit & Loss, as restated (Parent Company Format)

Attachment 2

As at	31.12.1999	31.12.2000	31.12.2001	31.12.2002	31.12.2003	31.12.2004 (3 months)
Income						
Consultancy Services						
- Within India	0,00	0,00	0,00	0,00	0,00	0,00
- Outside India	1.004.085,29	3.088.549,70	2.129.728,21	2.455.993,37	3.508.428,00	1.004,093,63
Other Income	13.353,40	47,40	51,33	0,00	24.014,43	5.488,85
Licence of Software Packages						
- Within India						
- Outside India						
Total	1.017.438,69	3.088.597,10	2.129.779,54	2.455.993,37	3.532.442,43	1.009.582,48
Expenditures						
Payment to & Provision for employees	-72.617,19	-684.043,29	-325.436,13	-1.056.307,51	-1,088.525,87	-311.184,82
Establishment expenses	-637.009.51	-2.084.298,45	-1.372.478,29	-969.066,00	-2.052.076,89	-587.335,85
Other expenses	-180.282,99	-190.498,37	-209.398,19	-311.313,89	-330.116,11	-100.886,11
Interest	-1.477,40	-8.374,86	33,65	-29.426,12	-37.579,58	2.048,83
	-891.387,09	-2.967.214,97	-1.907.278,96	-2.366.113,52	-3.508.308,45	-997.357,95
Profit before Depreciation	126.051,60	121.382,13	222.500,58	89.879,85	24.133,98	12.224,53
Depreciation	-396,63	-3.726,98	-3.952,34	-11.711,81	-10.948,14	-1,956,41
Net Profit before tax and extraordinary items	125.654,97	117.655,15	218.548,24	78.168,04	13.185,84	10.268,12
Income tax expense	-32.084,84	-53.624,20	-94.992,13	-35.118,22	-67.667,97	667,88
Net Profit before extraordinary items	93.570,16	64.030,95	123.556,11	43.049,82	-54.476,13	10.936,00
Extraordinary items (Refer Note 12 of Annexure 3)	0,00	0,00	0,00	0,00	0,00	0,00
Net Profit after extraordinary items	93.570,16	64.030,95	123.556,11	43.049,82	-54.476,13	10.936,00

Attachment 3

Significant accounting policies

CHANGES IN ACCOUNTING POLICIES

No change in accounting policy was made in the years under review

a) Method of accounting

The financial statements are prepared under the historical cost convention and all income and expenditure having a material bearing on the financial statements are recognised on an accrual basis.

b) Fixed assets

Fixed Assets are stated at cost. Exchange difference, on foreign currency loan taken for acquisition of fixed assets, is adjusted to cost of fixed assets.

Assets other than computers, with individual acquisition cost upto 500 EUR are not capitalised except when they are part of a larger capital investment programme.

c) Depreciation

- Depreciation on computers is provided on straight line method based on estimated expected useful life of the asset.

The expected useful life of computers as evaluated by the management is three years.

- Furniture and fixtures are depreciated at 20% straight line method.
- Vehicles are depreciated at 25% straight line method.

d) Foreign currency conversion

Income and expenses in foreign currencies are converted at previous month end rate for transactions during a month.

Monetary assets and liabilities designated in foreign currencies are translated at the closing rate of exchange.

Exchange differences are charged to the Profit and Loss Account.

e) Revenue recognition

Revenue from consultancy services is recognised on proportionate completion method based on management's estimate of development.

f) Lease rent

Lease rent payable on operating lease is charged to the Profit and Loss Account as per the terms of the lease agreement.

No finance lease agreements were entered into.

g) Taxation

Corporate tax is provided on the basis of Tax Effect accounting method as per the best estimate made by management.

Attachment 4

Other Disclosures

1. Future lease payments

2004	2005	2006	2007	2008
48.000	49.000	50.000	51.000	52.000

2. Income in foreign currency

   Most sales are in EUR.

3. Expenditure in foreign currency

   The major part of expenses is in EUR.

Attachment 5

Agewise analysis of Sundry Debtors as at March 31, 2004

Period	Total	Due from Related Parties
More than 180 days	213.157	199.513
Less than 180 days	2.206.791	846.103
	2.419.948	**1.045.615**

Deloitte

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FINANCIAL INFORMATION FOR THE SIX FINANCIAL PERIODS TO 31 MARCH, 2004 OF TATA CONSULTANCY SERVICES France S.A. (TCS FRANCE S.A)

TCS FRANCE
10-12, rue des Gaudines
78100 Saint Germain en laye

To the attention of Mr. Dilip Shah, Director

Dear Sirs,

In accordance with your request, we have performed the following agreed upon procedures on the financial information of TATA CONSULTANCY SERVICES FRANCE SA (TCS FRANCE SA) for the six financial period to 31 March, 2004 which was prepared by you:

Reconciliation of the Company's financial information contained in the accompanying schedules with the company's statutory financial statements

The financial information consists of two parts, namely summary financial data and notes to the financial statements and we have agreed the summary financial data to the statutory financial statements of the company audited by Barbier Frinault & Autres from 1999 to 2004. The statutory financial statements from 1999 to 2003 were filed with French Commercial Court. The statutory financial statements for the three months to March 31, 2004 have not been filed yet.

As to the notes to the financial statements, we could not trace some of the notes to those disclosed in the French audited financial statements mainly due to the fact that the notes to the French audited financial statements are less detailed than notes to the financial statements.

Since January 2, 2001, the French national currency has been converted into the Euro (EUR). Accordingly the financial information prior to that date has been converted from French Francs (FF) to EUR at a rate of 1 EUR = 6,55957 FF.

Because the above mentioned procedures do not constitute an audit or a review made in accordance with IFAC International Standards, we do not express any assurance on the financial information of TATA CONSULTANCY SERVICES FRANCE SA contained in the accompanying schedules as of any date or for any period.

Neuilly, France, 25 June 2004
Deloitte Touche Tohmatsu

William di CICCO

Attachment 1

(in Eur)

Statement of Assets and Liabilities

As at	1999 (12 months)	2000 (12 months)	2001 (12 months)	2002 (12 months)	2003 (12 months)	03/31/2004 (3 months)
A Fixed Assets:						
Gross Block						
Less:Depreciation						
Net Block	0.00	0.00	0.00	0.00	0.00	0.00
CWIP/Capital advance						
Other fixed assets	114.34	114.34	114.34	114.34	114.34	114.34
	114.34	114.34	114.34	114.34	114.34	114.34
B Investments						
C Current Assets, Loans and Advances						
Sundry Debtors						
Other Current Assets	39,813.28	22,398.57	16,223.36	17,861.52	19,450.73	20,861,42
Cash & Bank Balances	117,803.30	132,144.94	133,546.87	129,829.67	117,316.79	116,269,44
Loans & Advances	76.22	76.22	82.32	82.32	84.38	84,38
Deferred Tax Asset						
	157,692.81	154,619.74	149,852.55	147,773.51	136,851.90	137,215,24
	157,807.14	154,734.08	149,966.89	147,887.85	136,966.24	137,329,58
D Liabilities and Provisions						
Secured Loans						
Unsecured Loans						
Current Liabilities and Provisions	6,025.39	6,495.08	7,210.57	10,139.82	7,398.57	14,624,49
Intercompany			0.00	0.00	0.00	
Deferred Tax Liability						
	6,025.39	6,495.08	7,210.57	10,139.82	7,398.57	14,624,49
E Networth	151,781.75	148,238.99	142,756.32	137,748.03	129,567.67	122,705,09
F Represented by						
Share Capital	114,336.76	114,336.76	114,336.76	114,336.76	114,336.76	114,336,76
Reserves and retained earnings	37,445.14	33,902.22	28,419.56	23,411.27	15,230.91	8,368,33
	151,781.90	148,238.99	142,756.32	137,748.03	129, 567.67	122,705,09

Statement of Profits & Loss, As Restated (Parent Company Format)

Attachment 2

For the years ended	**1999 (12 months)**	**2000 (12 months)**	**2001 (12 months)**	**2002 (12 months)**	**2003 (12 months)**	**03/31/04 (3 months)**
Income						
Consultancy Servcies	0.00	0.00	0.00	0.00	0.00	0.00
- Within India						
- Outside India						
Other Income	1,605.44	5,215.74	3,874.73	3,781.37	2,546.83	495,91
Licence of Software Packages	0.00	0.00	0.00	0.00	0.00	0,00
- Within India						
- Outside India						
Total	1,605.44	5,215.74	3,874.73	3,781.37	2,546.83	495,91
Expenditures						
Payment to & Provision for employees	0.00	0.00	0.00	0.00	0.00	0,00
Establishment expenses	36,995.72	8,734.57	7,604.82	8,789.10	12,496.94	7 358,05
Other expenses	0.00	23.93	25.00	0.58	0.32	0,44
Interest	78.66	0.00	0.03	0.02		
	37,074.38	8,758.50	7,629.85	8,789.70	12,497.26	7 358,49
Profit before Depreciation	(35,468.94)	(3,542.76)	(3,755.12)	(5,008.33)	(9,950.43)	(6 862,58)
Depreciation						
Net Profit before tax and extraordinary items	(35,468.94)	(3,542.76)	(3,755.12)	(5,008.33)	(9,950.43)	(6 862,58)
Income tax expense	12,219.25		(1,727.55)			
Net Profit before extraordinary items	(23,249.69)	(3,542.76)	(5,482.67)	(5,008.33)	(9,950.43)	(6 862,58)
Extraordinary items (Refer Note 12 of Annexure 3)	0.00	0.00	0.00	0.00	1,770.07	0,00
Net Profit after extraordinary items	(23,249.69)	(3,542.76)	(5,482.67)	(5,008.33)	(8,180,36)	(6 862,58)

Attachment 3

Significant accounting policies

Changes in accounting policies

No change in accounting policy was made in the years under review.

a) Method of accounting

The financial statements are prepared under the historical cost convention and all income and expenditure having a material bearing on the financial statements are recognized on an accrual basis.

b) Fixed Assets

Fixed Assets are stated at cost. Exchange difference, on foreign currency loan taken for acquisition of fixed assets, is adjusted to cost of fixed assets.

Assets other than computers, with individual acquisition cost upto 500 EUR are not capitalised except when they are part of a larger capital investment programme.

c) Depreciation

Depreciation on computers is provided on straight line method based on estimated expected useful life of the asset. The expected useful life of computers as evaluated by the management is three years.

Furniture and fixtures are depreciated at 20% straight line method.

Vehicles are depreciated at 25% straight line method.

d) Foreign Currency conversion

Income and expenses in foreign currencies are converted at previous month end rate for transactions during a month. Monetary assets and liabilities designated in foreign currencies are translated at the closing rate of exchange.

Exchange differences are charged to the Profit and Loss Account.

e) Revenue recognition

Revenue from consultancy services is recognized on proportionate completion method based on management's estimate development.

f) Lease rent

Lease rent payable on operating lease is charged to the Profit and Loss Account as per the terms of the lease agreement. No finance lease agreements were entered into.

g) Taxation

Corporate tax is provided on the basis of Tax Effect accounting method as per the best estimate made by management.

Attachment 4

Other Disclosures

1. Future lease payments

2005	2006	2007	2008
0	0	0	0

2. Income in foreign currency

Most sales are in EUR.

3. Expenditure in foreign currency

The major part of expenses is in EUR.

Attachment 5

Agewise analysis of Sundry Debtors as at March 31, 2004

Period	Total	Due from Related Parties
More than 180 days	0	0
Less than 180 days	0	0
	0	0

Financial Information of Tata Consultancy Services Deutschland GmbH

BRM THEMIS GmbH · Lurgiallee 14 · 60439 Frankfurt-M.

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Bombay House,
24, Homi Mody Street,
Fort, Mumbai - 400 001.

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Sitz der GmbH: Wiesbaden
Registergericht Frankfurt HRB 48356
Steuernummer: 040 229 71049

Geschäftsführer:
Lutz Blattner, WP, StB
Rolf-Dieter Schmitz WP, StB, CPA
Uwe Stengert, WP, StB

Frankfurt, 2 June 2004

Certificate after review

For Tata Consultancy Services Deutschland GmbH, Platz der Einheit 1, 60327 Frankfurt am Main

We have subjected the annual financial statements (balance sheet, profit and loss statement, notes to the financial statement) of the company Tata Consultancy Services Deutschland GmbH, Platz der Einheit 1, 60327 Frankfurt am Main, for the fiscal years from 1999 to 2003 and for the short fiscal year 1 January to 31 March 2004 and the management report for the fiscal year 2003 and for the short fiscal year 1 January to 31 March 2004 to a review. According to the size criteria of Article 267 paragraph 1 and Article 264 paragraph 1 German Commercial Code the company was not obligated to issue a management report for the fiscal years 1999 to 2002.

Preparation of the annual financial statements and the management report in accordance with German commercial law regulations are the responsibility of the legal representatives of the company. Our task is to issue a certificate with regard to the annual financial statements for the fiscal years 1999 to 2003 and for the short fiscal year 1 January to 31 March 2004 and the management report for the fiscal year 2003 and for the short fiscal year 1 January to 31 March 2004 on the basis of the review which we performed.

We conducted the review of the annual financial statements for the fiscal years 1999 to 2003 and for the short fiscal year 1 January to 31 March 2004 and the management report for the fiscal year 2003 and for the short fiscal year 1 January to 31 March 2004 in observance of the specified German principles governing the review of financial statements as laid down by the Institute of German Certified Public Accountants (IDW). Those standards require that we plan and perform the review in such a way as to obtain reasonable assurance to rule out that in material respects the annual financial statements have not been prepared in accordance with German commercial law regulations or, taking the principles of proper accounting into consideration, that a true representation of the assets, financial and earnings situation of the company has not been conveyed or that the overall representation of the management report for the fiscal year 2003 and for the short fiscal year 1 January to 31 March 2004 does not provide an accurate impression of the company's situation and does not accurately represents the risks of the future development. A review is, in the first instance, limited to interviews with company staff as well as analytical evaluations and thus does not offer the achievable certainty of a statutory audit. Since, in accordance with the mandate, we did not perform a statutory audit we cannot issue an auditor's certificate.

On the basis of our review we are unaware of anything that would give us reason to believe that in material respects the annual financial statements for the fiscal years 1999 to 2003 and for the short fiscal year 1 January to 31 March 2004 have not been prepared in accordance with German commercial law regulations or, taking the principles of proper accounting into consideration, that a true representation of the assets, financial and earnings situation of the company has not been conveyed or that the overall representation of the management report for the fiscal year 2003 and for the short fiscal year 1 January to 31 March 2004 does not provide an accurate impression of the company's situation and does not accurately represents the risks of the future development.

Frankfurt am Main, 2 June 2004

BRM Themis GMBH
Wirtschaftsprüfungsgesellschaft
Wiesbaden

Zweigniederlassung Frankfurt am Main

Rolf-Dieter Schmitz
Wirtschaftsprüfer

Balance Sheet – 5 year comparison **Exhibit 1**

Tata Consultancy Services Deutschland GmbH, Frankfurt am Main

Assets

Tata Consultancy Services Deutschland GmbH, Frankfurt am Main

A s s e t s

	31.12.1999	31.12.2000	31.12.2001	31.12.2002	31.12.2003	3/31/2004
	€	€	€	€	€	€
A. Fixed assets						
I. Intangible assets						
Concessions, industrial and similar rights and assets and licences in such rights and assets	0	0	0	2,242	1,884	1,539
II. Tangible assets						
Office equipment	22,023	15,260	17,492	20,729	29,438	49,874
B. Current assets						
I. Inventories						
Work in process	183,366	0	0	0	114,745	153,460
II. Receivables and other assets						
1. Trade receivables	633,760	927,297	1,724,659	1,487,774	3,051,873	3,104,863
2. Receivables from affiliated enterprises	409,881	20,657	20,657	20,657	20,657	20,657
3. Other assets	57,440	55,957	74,819	511,610	980,138	651,414
	1,101,081	1,003,911	1,820,135	2,020,041	4,052,668	3,776,934
III. Cash-in-hand, bank balances	386,444	1,327,866	1,274,554	1,402,792	1,694,699	999,513
C. Prepaid expenses	3,210	25,374	36,688	62,288	103,755	114,945
	1,696,124	2,372,411	3,148,869	3,508,092	5,997,189	5,096,265

Liabilities

	31.12.1999	31.12.2000	31.12.2001	31.12.2002	31.12.2003	3/31/2004
	€	€	€	€	€	€
A. Equity						
I. Subscribed capital	76,694	76,694	76,694	76,694	76,694	76,694
II. Paid-in contribution for capital increase	0	0	0	0	0	6
III. Retaines profits (+)/ accumulated losses brought forward (-)	-37,575	35,708	186,993	724,390	611,779	395,572
IV. Net income (+)/net loss for the year (-)	93,314	151,285	537,397	-112,610	-216,207	8,926
B. Untaxed reserves	0	153,388	153,388	0	0	0
C. Accruals						
1. Tax accruals	0	83,634	237,631	451	0	0
2. Other accruals	527,241	73,626	195,825	206,000	541,728	618,483
	527,241	157,260	433,456	206,451	541,728	618,483

D. Liabilities						
1. Liabilities to banks	0	0	76,522	0	0	0
2. Payments received on account of orders	0	0	0	525,000	0	0
-thereof with a remaining term of up to one year	(0)	(0)	(0)	(525.000)	(0)	(0)
3. Trade payables	5,326	409,540	61,665	179,939	232,779	191,118
-thereof with a remaining term of up to one year	(5.326)	(409.540)	(61.665)	(179.939)	(232.779)	(191.118)
4. Payable to affiliated enterprises	862,072	1,118,204	971,492	1,508,867	4,188,420	3,217,389
-thereof with a remaining term of up to one year	(862.072)	(1.118.204)	(971.492)	(1.508.867)	(4.188.420)	(3.217.389)
5. Other liabilities	169,052	270,332	651,262	399,361	561,996	588,077
-thereof for taxes	(114.659)	(213.376)	(368.730)	(269.112)	(423.402)	(398.504)
-thereof for social security costs	(3.909)	(17.854)	(180.115)	(63.836)	(113.748)	(176.043)
-thereof with a remaining term of up to one year	(169.052)	(270.332)	(651.262)	(399.361)	(561.996)	(588.077)
	1,036,450	1,798,076	1,760,941	2,613,167	4,983,195	3,996,584
	1,696,124	2,372,411	3,148,869	3,508,092	5,997,189	5,096,265

Exhibit 2

Profit and Loss Statement – 6 year comparison (1.1-31.3.2004 short fiscal year)

Tata Consultancy Services Deutschland GmbH, Frankfurt am Main

	1999 €	2000 €	2001 €	2002 €	2003 €	31.03.2004 €
1. Sales	3,834,640	5,025,533	7,870,886	6,050,877	14,781,145	4,035,610
2. Increase or decrease in work process	41,040	-183,366	0	0	114,475	38,715
3. Total Output	3,875,680	4,842,167	7,870,886	6,050,877	14,895,890	4,074,325
4. Other Operating Income	52,532	66,837	151,074	360,337	69,531	54,504
5. Cost of materials	3,253,537	3,752,121	3,138,085	2,448,305	8,267,046	2,139,245
6. Personnel expenses						
a) Wages and salaries	176,979	302,474	2,932,262	2,713,806	4,756.403	1,392,189
b) Social security and other pension costs	30,583	44,420	391,056	384,700	754,320	203,781
	207,562	346,894	3,323,318	3,098,506	5,510,724	1,595,970
7. Depreciation						
a) on intangible fixed assets, and tangible assets	8,251	6,763	10,928	14,489	19,224	8,218
b) on current assets to the extent that exceeds depreciation which is normal for the company	27,178	0	0	0	0	0
	35,429	6,763	10,928	14,489	19,224	8,218
8. Other operating expenses	259,238	481,213	646,607	993,462	1,395,738	380,183
9. Other interest and similar income	3,837	4,887	7,374	10,526	12,127	4,162
10. Interest and similar expenses	27	267	1,738	965	741	84
11. Results from ordinary activities	176,256	326,633	908,658	-133,987	-215,925	9,291
12. Taxes on income	83,211	175,200	371,095	-33,730	0	254
13. Other taxes	-269	148	166	12,353	282	111
	82,942	175,348	371,261	-21,377	282	365
14. Net Income (+) / net loss for the year (-)	93,314	151,285	537,397	-112,610	-216,207	8,926

Tata Consultancy Services Deutschland GmbH, **Exhibit 3**

Frankfurt am Main

Notes to the Financial statements for the Year Ended 31 March, 2004

I. General comments on Annual Accounts

As of balance sheet closing date 31 March, 2004, the Company attained the size of a medium-sized private limited company (GmbH) as defined in Section 267 Abs. 2 of the German Commercial Code (HGB). The Annual Accounts were prepared in accordance with Sections 242 ff. and Sections 264 ff. of the German Commercial Code (HGB) and with the relevant provisions of the German Private Limited Companies Act (GmbHG).

Due to the fact that the company has changed the balance sheet date to 31 March, a short fiscal year (1.-31.03.2004) was formed. Therefore especially the Profit and Loss figures of the short fiscal year are not comparable to the figures of the previous year.

II. Accounting and valuation methods

The following accounting and valuation methods were used for the individual categories:

Intangible and tangible fixed assets are shown at acquisition cost less scheduled depreciation, if appropriate.

Scheduled depreciation is charged on intangible and tangible fixed assets over their anticipated useful life.

Low-value tangible assets up to an individual value of €410.00 are written off in the year of their acquisition and are assumed to have been disposed of.

Trade receivables and other assets are valued taking into account all foreseeable risks.

Tax accruals and other accruals make due allowance for all discernible risks and contingent liabilities.

Liabilities are shown at the amounts due.

III. Notes to the Balance Sheet

Fixed assets

The table on page 4 shows details of movements in the fixed assets carried in the balance sheet during the short fiscal year 2004.

Work in process

The work in process is valued at production costs and represent services not yet settled.

Trade receivables and other assets

The trade receivables (EUR 3.104.863) include receivables from affiliated companies to an amount of EUR 73.187.

Trade debtors denominated in foreign currencies are translated at the lower of the rate applying on the date of the transaction or on balance sheet closing date.

The other assets (EUR 651.414) include mainly tax refunds (EUR 464.905) and deposits (EUR 163.576).

All trade receivables and other assets are due in less than one year.

Bank balances

Bank balances denominated in foreign currencies are translated at the lower of the rate applying on the date of the transaction or on balance sheet closing date.

Prepayments and deferred charges

The prepayments include especially payments for rents and insurances of the following periods.

Subscribed Capital

The subscribed capital amounts EUR 76.694.

Accruals

The other accruals (618.483) include mainly accruals for services not invoiced as of the balance sheet date.

Liabilities

Liabilities denominated in foreign currencies are translated at the higher of the rate applying on the date of the transaction or on balance sheet closing date.

All liabilities are unsecured and fall due in less than one year.

IV. Notes to the Profit and Loss Account

The full-cost procedure was used to prepare the Profit and Loss Account.

The following figures for 2003 are determined on a pro-rata basis.

The revenues for the financial year have grown to € 4.036, an increase of € 341 in comparison to 2003. This is mainly due by adding new customers and growth in the existing customer accounts.

In accordance to this development the cost of materials grew up to € 2.139.245, an increase of € 72.483. Further more the personnel expenses, including the social security and pension costs, grew up to € 1.595.970, which means an increase of € 218.289.

The other operating expenses of € 380.183 (Previous Year: €. 348.935) include mainly marketing and office costs.

The other operating income include as an amount of € 22.500 releases of other accruals for fluctuations in exchange rates.

The profit of the year will be brought forward for the next year.

V. Miscellaneous data

Mr. Farrokh K. Kavarana (until 24 March, 2004), Mr. Chandrasekaran Natarajan (since 24 March, 2004) and Mr. Dilip K. Sha were the Company's General Managers during financial year 2004.

The General Managers have the power to solely represent the company and are exempted from the limitations of Section 181 German Civil Code.

We refer to Section 286, Paragraph 4 of the German Commercial Code (HGB) in connection with disclosure of the remuneration paid to the General Managers.

An average of 120 persons were employed during 2004.

The financial statements are included in the group accounts of Tata Sons Ltd., Mumbai, India. The group accounts are available at Bombay House, Mumbai, India.

Frankfurt am Main, June 2004

Tata Consultancy Services Deutschland GmbH

- Managing Directors -

FINANCIAL INFORMATION OF TATA CONSULTANCY SERVICES ASIA PACIFIC PTE LTD

Deloitte

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THE BOARD OF DIRECTORS
TATA CONSULTANCY SERVICES LIMITED,
BOMBAY HOUSE
HOMI MODY STREET
MUMBAI- 400 001
INDIA.

AUDITORS' REPORT

TATA CONSULTANCY SERVICES ASIA PACIFIC PTE LTD

We have audited the accompanying financial information of Tata Consultancy Services Asia Pacific Pte Ltd. as set out on pages 1 to 10, for the financial year ended March 31, 2004. The financial year covers the period since incorporation on August 19, 2003 to March 31, 2004. These financial statements are the responsibility of the company's directors. Our responsibility is to express an opinion on this financial information based on our audit.

We conducted our audit in accordance with the Singapore Standards on Auditing. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial information is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the directors, as well as, evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial information is properly drawn up in accordance with accounting policies as detailed in Annexure 3 so as to give a true and fair view of the state of affairs of the company as at March 31, 2004 and the results of the company for the financial period ended on that date.

This report has been prepared to assist Tata Consultancy Services Limited the holding company, in its preparation of an offer document in connection with the initial offer of Equity Shares. The report and accompanying financial information is not to be used for any other purposes and is not to be otherwise used or referred to, in whole or in part, or quoted by expert or reference in any manner without our written permission.

Certified Public Accountants

Singapore

May 28, 2004

TATA Consultancy Services Asia Pacific Pte Ltd

Financial Information

	Annexure 1
Statement of Profit and Loss	**(USD)**
For the years ended	**31-Mar-04**
Income	
Consultancy Servcies	
- Within India	-
- Outside India	1,445,480
Licence of Software Packages	
- Within India	-
- Outside India	-
Total	1,445,480
Other Income	26,069
	1,471,549
Expenditures	
Subcontracting cost	904,750
Payment to & Provision for employees	693,839
Establishment expenses	265,641
Other expenses	135,095
Interest	1,169
	2,000,494
Profit before Depreciation	(528,945)
Depreciation	1,921
Net Profit before tax and extraordinary items	(530,866)
Income tax expense	-
Net Profit before extraordinary items	(530,866)
Extraordinary items (Refer Note 12 of Annexure 3)	-
Net Profit after extraordinary items	(530,866)
NP RATIO	-36%

TATA Consultancy Services Asia Pacific Pte Ltd

Financial Information

		Annexure 2
Statement of Assets and Liabilities		**(USD)**
	As at	**31-Mar-04**
A	**Fixed Assets:**	
	Gross Block	13,936
	Less:Depreciation	(1,940)
	Net Block	11,996
	CWIP/Capital advance	-
		11,996
B	**Investments**	3,086,141
C	**Current Assets, Loans and Advances**	
	Trade debtors	1,234,383
	Other Current Assets	23,367
	Cash & Bank Balances	736,127
	Loans & Advances	351,156
	Deferred Tax Asset	-
		2,345,033
		5,443,170
D	**Liabilities and Provisions**	
	Secured Loans	-
	Unsecured Loans	835,322
	Amt due to TCS India	1,418,464
	Current Liabilities and Provisions	220,250
	Deferred Tax Liability	-
		2,474,036
E	**Net worth**	2,969,134
F	**Represented by**	
	Share Capital Account	3,500,000
	Retained Earnings	(530,866)
		2,969,134

Annexure 3

Significant accounting policies

FINANCIAL ASSETS - The company's principal financial assets are bank balances and trade and other receivables. Trade receivables are stated at their nominal value as reduced by appropriate allowances for estimated irrecoverable amounts.

FINANCIAL LIABILITIES AND EQUITY - Financial liabilities are classified according to the substance of the contractual arrangements entered into. Significant financial liabilities include interest-bearing bank loans, trade and other payables.

The interest-bearing bank loan is recorded at the proceeds received, net of direct issue costs. Finance charges are accounted for on an accrual basis and are added to the carrying amount of the bank loan to the extent that it is not settled in the period in which it arises.

Trade and other payables are stated at their nominal value.

SUBSIDIARIES - A subsidiary is an enterprise which the company, directly or indirectly, holds more than half of the issued share capital, or controls more than half of the voting power, or where the company controls the composition of its board of directors or equivalent governing body. Investments in subsidiaries are carried at cost, less any impairment in net recoverable value.

PLANT AND EQUIPMENT - Plant and equipment are carried at cost less accumulated depreciation and any impairment loss where the recoverable amount of the asset is estimated to be lower than its carrying amount.

Depreciation is charged so as to write off the cost of assets over their estimated useful lives, using the straight-line method, on the following bases:

Computers	-	50%
Office equipment	-	20%

IMPAIRMENT OF ASSETS - At each balance sheet date, the company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. Impairment losses are recognised as an expense immediately.

When an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately.

LEASES - Rentals payable under operating leases are charged to income on a straight-line basis over the term of the relevant lease.

REVENUE RECOGNITION - Consultancy services are provided either on a time and material basis, or on a fixed fee basis. Revenue from time-and-material based contracts is recognised as services are provided. Revenue from fixed-fee projects is recognised by reference to the stage of completion of the transaction at the balance sheet date determined by costs incurred to date as a percentage of total estimated project costs. Losses on consulting services are recognised during the period in which the loss becomes probable and the amount of loss can be reasonably estimated. Losses are determined to be the amount by which the estimated costs of the project exceed the estimated total revenue that will be generated for the work.

Interest income is accrued on a time proportionate basis, by reference to the principal outstanding and at the interest rate applicable, on an effective yield basis.

RETIREMENT BENEFIT COSTS - Payments to defined contribution retirement benefit plans (including state-managed retirement benefit schemes, such as the Singapore Central Provident Fund) are charged as an expense when incurred.

INCOME TAX - Tax expense is determined on the basis of tax effect accounting, using the liability method, and it is applied to all significant temporary differences arising between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit except that the potential tax saving relating to a tax loss carryforward is not recorded as an asset unless there is a reasonable expectation of realisation in the foreseeable future.

With effect from October 1, 2003, the company has been granted a Development and Expansion Incentive ("DEI") under the International Headquarters Award from EDB. During the period of the incentive, the company is required to satisfy the minimum conditions set up by EDB, such as undertaking qualifying activities and maintaining an annual total business spending in Singapore till the end of the incentive period. The incentive allows the company to enjoy a tax concessionary rate of 10% on all qualifying income in excess of a base income of the company. Base income and non-qualifying income shall be taxed at the normal corporate tax rate.

Deferred tax is charged or credited to the profit and loss statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same tax authority.

FOREIGN CURRENCY TRANSACTIONS - Transactions in foreign currencies are recorded using the rates ruling on the dates of the transactions. At each balance sheet date, recorded monetary balances and balances carried at fair value that are denominated in foreign currencies are reported at the rates ruling at the balance sheet date. All realised and unrealised exchange adjustment profits and losses are dealt with in the profit and loss statement.

CASH – Cash for the cash flow statement includes cash and cash equivalents.

Contingent Liabilities

1. Estimated amount of contracts remaining to be executed on Capital Account and not provided for:

Particulars	**1 Apr - 31 Mar '04**
Contract value remaining to be executed(Gross)	NIL
Advance paid	NIL

2. Bank Guarantees Outstanding

Particulars	**1 Apr - 31 Mar '04**
Bank Guarantees Outstanding	Nil

Others

3. Obligation towards non-cancellable operating lease

Particulars	**1 Apr - 31 Mar '04**
	US $
Due not later than one year	222,297
Due later than one year but not later than five years	22,968
Total	245,265

4. Break-up of Income tax expense

Particulars	**1 Apr - 31 Mar '04**
Current tax	NIL
Deferred tax	NIL
Total	NIL

Annexure 4

Changes in Accounting Policy during the last six financial years:

Year	**Change**
2003-04	No Change in accounting policy was made since the date of incorporation.

Annexure 5

(USD)

Break-up and details of Total Outstanding Unsecured Loan as at 31st Mar 04

Borrowed from	**Amount**	**Interest rate**	**Terms**	**Repayment Schedule**
Bank of America, Spore branch	USD835,322	1.45873%	60 days	Due on 20 May 04

Agewise analysis of Sundry Debtors as at 31st Mar'04

Period	Balance	Due from Related Parties
More than 180 days	-	-
Less than 180 days	19,650	3,717
	19,650	3,717

Following are the dues from related parties

Name	Balance	>180 Days	<=180 Days	Nature of Relationship	Weighted Average number of days Outstanding
TCS Malaysia Sdn Bhd	3,717		3,717	Subsidiary	1 day
TCS Japan Ltd	165,659		165,659	subsidiary	1 day
	169,376	-	169,376		

Breakup of Loans & Advances as at 31st Mar 04

Particulars	Balance	Due from Related Parties
Staff Loans	-	-
Deposit	93,949	-
Advance recoverable in cash or in kind or for value to be received	257,207	-
Advance Tax	-	-
	351,156	-

FINANCIAL INFORMATION OF TATA INFORMATION TECHNOLOGY (SHANGHAI) CO. LIMITED

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TO THE BOARD OF DIRECTORS
TATA CONSULTANCY SERVICES LIMITED,
BOMBAY HOUSE
HOMI MODY STREET
MUMBAI – 400 001
INDIA.

Dear Sirs,

As required for the purpose of certification of statement of accounts to be incorporated in the offer document proposed to be issued by TATA Consultancy Services Limited, in connection with the initial offer of Equity Shares, we state as follows:

1. We have audited the financial statements of TATA Information Technology (Shanghai) Co., Ltd., a subsidiary of Tata Consultancy Services Asia Pacific Pte.Ltd. for the three months ended 31 March, 2004 and two years ended 31 December, 2003 and 2002, in accordance with China's Independent Auditing Standards.
2. We confirm that the figures included in the annexed statement of Profit and Loss Account for the three months ended 31 March, 2004 and 2 years ended 31 December, 2003 and 2002.and the annexed statement of assets and liabilities as at the end of the respective year, along with the significant accounting policies, are prepared from the audited financial statements of TATA Information Technology (Shanghai) Co., Ltd., in accordance with Accounting Standards for Business Enterprises and the "Accounting System for Business Enterprises" promulgated by the Central Government of the People's Republic of China. Further we confirm that:
   - the impact of changes in accounting policies, if applicable, adopted by the company has been disclosed with retrospective effect;
   - material amounts relating to adjustments for previous years, if applicable, have been identified and adjusted in arriving at the profits of the years to which they relate irrespective of the year in which the event triggering the profit or loss occurred;
   - the impact of qualification in the auditors report, where applicable, has been adjusted; and
   - impact of extra-ordinary items, if any, has been disclosed separately in the annexed statements.
3. Appropriate adjustments and regroupings, which in our opinion were considered necessary, have been made.

PricewaterhouseCoopers Zhong Tian Certified Public Accountants Co., Ltd
Shanghai, the People's Republic of China,
11 June 2004

Annexure 1

Financial Information

(in RMB)

Statement of Profit and Loss for the years ended	**31-Dec-02**	**31-Dec-03**	**31-Mar- 04**
Income			
Consultancy Servcies			
- Within China	471,095	6,618,781	3,509,669
- Outside China		8,115,877	7,153,082
Licence of Software Packages			
- Within China			
- Outside China			
Total	471,095	14,734,658	10,662,751
Other Income	(3,000)	14,000	
	468,095	14,748,658	10,662,751
Expenditures			
Payment to & Provision for employees	728,138	8,500,662	3,217,368
Establishment expenses	1,671,203	6,545,715	1,432,535
Other expenses	228,733	646,116	172,891
Interest	31,855	162,952	39,026
	2,659,929	15,855,445	4,861,820
Profit before Depreciation	(2,191,834)	(1,106,787)	5,800,931
Depreciation	111,131	705,240	228,738
Net Profit before tax and extraordinary items	(2,302,965)	(1,812,027)	5,572,193
Income tax expense			
Net Profit before extraordinary items	(2,302,965)	(1,812,027)	5,572,193
Extraordinary items (Refer Note 12 of Annexure 3)	0		
Net Profit after extraordinary items	(2,302,965)	(1,812,027)	5,572,193
NP RATIO	-491.99%	-12.29%	52.26%
Extent of Interest so far as it would have concerned the members of Tata Consultancy Services Limited in the capital of Tata Information Technology (Shanghai) Limited assuming that the shareholding was held by if the shareholding was held by Tata Consultancy Services Limited in the relevant years/periods	100%	100%	100%
Amount of profit/(loss) so far as it would have concerned the members of Tata Consultancy Services Limited in the capital of Tata Information Technology (Shanghai) Limited assuming that the shareholding was held by if the shareholding was held by Tata Consultancy Services Limited in the relevant years/periods	(2,302,965)	(1,812,027)	5,572,193

Annexure 2

Statement of Financial Information

(in RMB)

	Statement of Assets and Liabilities as at	31-Dec-02	31-Dec-03	31-Mar-04
A	**Fixed Assets:**			
	Gross Block	2,552,257	5,083,060	5,102,860
	Less: Depreciation	(111,131)	(793,079)	(1,021,817)
	Net Block	2,441,126	4,289,981	4,081,043
	CWIP/Capital advance			
		2,441,126	4,289,981	4,081,043
B	**Investments**			
C	**Current Assets, Loans and Advances**			
	Sundry Debtors	248,010	126,788	6,015,203
	Other Current Assets	323,152		385,800
	Cash & Bank Balances	1,840,919	3,482,524	10,317,924
	Loans & Advances	136,477	168,306	248,703
	Deferred Tax Asset			
		2,548,558	3,777,618	16,967,630
		4,989,684	8,067,599	21,048,673
D	**Liabilities and Provisions**			
	Secured Loans			
	Unsecured Loans	2,000,000	3,000,000	2,000,000
	Current Liabilities and Provisions	333,889	915,511	1,047,192
	Deferred Tax Liability			
		2,333,889	3,915,511	3,047,192
E	**Networth**	2,655,795	4,152,088	18,001,481
F	**Represented by**			
	Tata Consultancy Services Asia Pacific Pte Ltd.	2,655,795	4,152,088	18,001,481
		2,655,795	4,152,088	18,001,481
	Extent of Interest so far as it would have concerned the members of Tata Consultancy Services Limited in the capital of Tata Information Technology (Shanghai) Limited assuming that the shareholding was held by if the shareholding was held by Tata Consultancy Services Limited in the relevant years/periods	100%	100%	100%
	Amount of networth so far as it would have concerned the members of Tata Consultancy Services Limited in the capital of Tata Information Technology (Shanghai) Limited assuming that the shareholding was held by if the shareholding was held by Tata Consultancy Services Limited in the relevant years/periods	2,655,795	4,152,088	18,001,481

Annexure 4

(RMB)

Break-up and details of Total Outstanding Unsecured Loan as at 31st Dec'02

Borrowed from	Amount	Interest rate	Terms	Repayment Schedule
Bank of America	2,000,000	6.3%	Short-Term	13-Jan-03

Agewise analysis of Sundry Debtors as at 31st Dec'02

Period	Balance
More than 180 days	0
Less than 180 days	248,010
	248,010

Breakup of Loans & Advances as at 31st Dec'02

Particulars	Balance
Staff Loans	95,777
Deposit	15,700
Advance recoverable in cash or in kind or for value to be received	25,000
Advance Tax	,0
	136,477

(RMB)

Break-up and details of Total Outstanding Unsecured Loan as at 31st Dec'03

Borrowed from	Amount	Interest rate	Terms	Repayment Schedule
Bank of America	2,000,000	6.3%	Short-Term	13-Jan-04
Bank of America	1,000,000	6.3%	Short-Term	27-Feb-04

Agewise analysis of Sundry Debtors as at 31st Dec'03

Period	Balance
More than 180 days	0
Less than 180 days	126,788
	126,788

Breakup of Loans & Advances as at 31st Dec'03

Particulars	Balance
Staff Loans	123,860
Deposit	,100
Advance recoverable in cash or in kind or for value to be received	44,346
Advance Tax	,0
	168,306

(RMB)

Break-up and details of Total Outstanding Unsecured Loan as at 31st Mar'04

Borrowed from	Amount	Interest rate	Terms	Repayment Schedule
Bank of America	2,000,000	6.3%	Short-Term	13-Apr-04

Agewise analysis of Sundry Debtors as at 31st Mar'04

Period	Balance
More than 180 days	0
Less than 180 days	6,015,203
	6,015,203

Breakup of Loans & Advances as at 31st Dec'03

Particulars	Balance
Staff Loans	89,864
Deposit	,100
Advance recoverable in cash or in kind or for value to be received	158,739
Advance Tax	,0
	248,703

TATA INFORMATION TECHNOLOGY (SHANGHAI) CO., LTD. **Annexure 3**

FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2004

PRINCIPAL ACCOUNTING POLICIES

The principal accounting policies adopted in preparing the financial statements of the Company are as follows:

(a) Foreign currency translation

The Company maintains its books and records in RMB. Except for the accounting of paid-in capital as described below, transactions denominated in foreign currencies are translated into RMB at the exchange rates stipulated by the People's Bank of China prevailing on the first day of the month in which the transactions took place. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated into RMB at the exchange rates stipulated by the People's Bank of China at the balance sheet date. Exchange differences arising from these translations are taken to the profit and loss account, except for when they are attributable to foreign currency borrowings that have been taken out specifically for construction of fixed assets and are accordingly capitalized as part of the fixed asset costs.

The Company's registered capital is denominated in USD. Contributions to paid-in capital made in foreign currencies are credited to the paid-in capital account at the prevailing exchange rate stipulated by the People's Bank of China prevailing at the contribution dates.

(b) Deferred income tax

Deferred income tax is provided, using the liability method, for temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes. Currently enacted tax rate is used to determine deferred income tax.

Deferred tax assets are recognized to the extent that it is probable that future taxable income will be available against which the temporary differences can be utilized.

(c) Cash and cash equivalents

Cash refers to all cash on hand and deposits held at call with banks. Cash equivalents refer to short-term, highly-liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(d) Receivables

Receivables are stated at face value, after provision for doubtful accounts.

(e) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment loss. The initial cost of an asset comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditures incurred after the property, plant and equipment have been put into operation, such as repair and maintenance and overhaul costs, are recognized as expense in the period in which they are incurred. In situations where it is probable that the expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of the asset beyond its originally assessed standard of performance, the expenditures are capitalized as an additional cost of the asset.

Depreciation is calculated using the straight-line method to write off the cost, after taking into account the estimated residual value of 10% of cost, of each asset over its expected useful life. The expected useful lives are as follows:

Computer	5 years
Fixture and furniture	5 years
Office equipment	5 years

The useful lives of assets and depreciation method are reviewed periodically to ensure that the method and period of depreciation are consistent with the expected pattern of economic benefit from items of property, plant and equipment.

When assets are sold or retired, their cost and accumulated depreciation and accumulated impairment loss are eliminated from the accounts and any gain or loss resulting from their disposals is included in the income statement.

(f) Revenue recognition

(i) Rendering of services

Revenue is recognised by percentage of completion of the services and the right to receive the income is established.

(ii) Interest income

Interest income was recognised on a time proportion basis on the amounts deposited and the effective yield.

(g) Operating leases

Leases where substantially all the rewards and risks of ownership of assets remain with the leasing company are accounted for as operating leases. Rental payments under operating lease are recognized as a periodic expense using the straight-line method over the lease term.

(h) Impairment of assets

When events or changes in circumstances indicate that the carrying value of assets are higher than their recoverable amounts, then tests for impairment are undertaken. If the carrying amount is higher than the recoverable amount, then the excess is recognized as an impairment provision and taken into the profit and loss. The recoverable amount of an individual asset item is the higher of its net selling price and its value in use. Net selling price is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, after deducting any direct incremental disposal costs. Value in use is the present value of estimated future cash flows expected to be derived from continuing use of an asset and from its disposal at the end of its useful life.

If indications that the impairment loss recognised for an asset in prior years no longer exist or have decreased, then the recoverable amount of the asset will be assessed. If the carrying value of the asset is lower than the reassessed recoverable amount, then the provision for asset impairment is reversed to the extent of impairment loss being recognized in the previous years.

(i) Contingencies

Contingent liabilities are not recognized in the financial statements. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote.

A contingent asset is not recognized in the financial statements but disclosed when an inflow of economic benefits is probable.

(j) Subsequent events

Post-period-end events that provide additional information about a company's position at the balance sheet date or those that indicate the going concern assumption is not appropriate, (adjusting events), are reflected in the financial statements. Post-period-end events that are not adjusting events are disclosed in the notes when material.

(k) Pension scheme

Pursuant to the PRC laws and regulations, contributions to the basic old age insurance for the Company's local staff are to be made monthly to a government agency. According to notification issued by Social Benefits Bureau of Hangzhou City on May 26, 2003, pension contribution percentage is 27% of the standard salary, of which the part borne by the Company is 20% and the remainder is borne by the staff. The government agency is responsible for the pension liabilities relating to such staff on their retirement. The Company accounts for these contributions on an accrual basis.

(l) Borrowings

Borrowings are recognized initially at the proceeds received, net of transaction costs incurred. In subsequent periods, borrowings are stated at amortized cost using the effective yield method; any difference between proceeds (net of transaction costs) and the redemption value is recognized in the income statement over the period of the borrowings.

(m) Financial instruments

Financial instruments carried at the balance sheet date include cash and bank balances, receivables, accounts payable and loans. The face values less any estimated credit adjustments for financial assets and liabilities with a maturity of less than one year are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate available to the Company for similar financial instruments.

The Company's activities expose it to a variety of financial risks, including the effects of: foreign currency exchange rates and interest rates. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance of the Company.

Financial Information of Tata Consultancy Services Malaysia Sdn. Bhd.

THE BOARD OF DIRECTORS
TATA CONSULTANCY SERVICES LIMITED,
BOMBAY HOUSE
HOMI MODY STREET
MUMBAI – 400 001
INDIA.

Dear Sirs,

As required for the purpose of certification of statement of accounts to be incorporated in the offer document proposed to be issued by TATA Consultancy Services Limited, in connection with the initial offer of Equity Shares, we state as follows:

1. We have audited the financial statements of TATA Consultancy Services Malaysia Sdn. Bhd., a sub-subsidiary of TATA Sons Limited for the period from 18 August, 2003 (date of incorporation) to 31 March, 2004, in accordance with the provisions of the Companies Act, 1965 and the applicable approved accounting standards of the Malaysian Accounting Standards Board.

2. We confirm that the figures included in the annexed statement of Profit and Loss Account for the period from 18 August, 2003 (date of incorporation) to 31 March, 2004 and the annexed statement of assets and liabilities as at 31 March, 2004, along with the significant accounting policies (stamped for identification purpose), are prepared from the audited financial statements of TATA Consultancy Services Malaysia Sdn Bhd, in accordance with Accounting Standards promulgated by the Malaysian Accounting Standards Board. Further we confirm that:

   - the impact of changes in accounting policies, if applicable, adopted by the company has been disclosed with retrospective effect;
   - material amounts relating to adjustments for previous years, if applicable, have been identified and adjusted in arriving at the profits of the years to which they relate irrespective of the year in which the event triggering the profit or loss occurred;
   - the impact of qualification in the auditors report, where applicable, has been adjusted; and
   - impact of extra-ordinary items, if any, has been disclosed separately in the annexed statements.

3. Appropriate adjustments and regroupings, which in our opinion were considered necessary, have been made.

Deloitte & Touche
Chartered Accountants
Kuala Lumpur, Malaysia
28 May, 2004

TATA Consultancy Services Malaysia Sdn Bhd

Financial Information

	Annexure 1
Statement of Profit and Loss	***(MYR)***
for the period 18 August, 2003 (date of incorporation) to 31-Mar-04	
Income	
Consultancy Servcies	
- Within India	-
- Outside India	2,086,013
Licence of Software Packages	
- Within India	-
- Outside India	-
Total	2,086,013
Other Income	9,787
	2,095,800
Expenditures	
Payment to & Provision for employees	699,735
Establishment expenses	147,009
Other expenses	108,308
Interest	-
	955,052
Profit before Depreciation	1,140,748
Depreciation	695
Net Profit before tax and extraordinary items	1,140,053
Income tax expense	311,000
Net Profit before extraordinary items	829,053
Extraordinary items (Refer Note 12 of Annexure 3)	-
Net Profit after extraordinary items	829,053
NP RATIO	40%

Statement of Assets and Liabilities		(MYR)	Annexure 2
As at	31-Mar-03	31-Mar-04	
A Fixed Assets:			
Gross Block	-	5,562	
Less:Depreciation	-	(695)	
Net Block	-	4,867	
CWIP/Capital advance	-	166,000	
	-	170,867	
B Investments	-	-	
C Current Assets, Loans and Advances			
Trade debtors	-	1,385,280	
Other Current Assets	-	326,927	
Cash & Bank Balances	-	2,095,385	
Loans & Advances	-	56,991	
Deferred Tax Asset	-	-	
	-	3,864,583	
	-	4,035,450	
D Liabilities and Provisions			
Secured Loans	-	-	
Unsecured Loans	-	-	
Amt due to TCS India	-	660,554	
Amt due to TCS APAC	-	13,824	
Current Liabilities and Provisions	-	532,019	
Deferred Tax Liability	-	-	
	-	1,206,397	
E Net worth	-	1,206,397	
F Represented by	-	2,829,053	
Share Capital Account	-	2,000,000	
Retained Earnings	-	829,053	
	-	2,829,053	

TATA CONSULTANCY SERVICES MALAYSIA SDN BHD
(A DIVISION OF TATA SONS LIMITED)

Annexure 3

Significant accounting policies

a) Basis of Accounting

The financial statements of the Company are prepared under the historical cost convention.

b) Revenue

Revenue relating to contract works are accounted for based on the percentage of completion method as determined by the proportion of contract costs incurred to date against the total estimated costs on contracts where the outcome of the contracts can be reliably estimated. All anticipated losses on contracts are fully provided for.

Revenue consists of a proportion of gross contract value of projects undertaken attributable to the contract works performed to date.

c) Foreign Currency Transactions

Transactions in foreign currencies are converted into Ringgit Malaysia at the approximate exchange rates prevailing at the transaction dates or where settlement has not yet been made at the end of the financial period, at the approximate exchange rates prevailing at that date. All foreign exchange gains or losses are taken up in the income statement.

The principal closing rates used in the translation of foreign currency amounts are as follows:

Currency	RM
1 United States Dollar	3.800
1 Singapore Dollar	2.263
1 Indian Rupees	0.086

d) Income Tax

The tax effects of transactions are recognised, using the 'liability' method and all taxable temporary differences are recognised. Where such temporary differences would give rise to net deferred tax asset, the tax effects are recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences can be utilised. As of end of the financial period, there are no significant temporary differences.

e) Impairment of Assets

The carrying amounts of property, plant and equipment are reviewed at each balance sheet date to determine whether there is any indication of impairment. If such an indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. All impairment losses are charged to the income statement.

An impairment loss is only reversed to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of deprecation or amortisation, if no impairment loss had been recognised. All reversals are recognised in the income statement.

f) Property, Plant and Equipment and Depreciation

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment loss.

Property, plant and equipment under constructions are not depreciated. Depreciation of computers is calculated on the straight line method at an annual rate of 50% to write off the cost of the computers over their estimated useful lives.

g) Receivables

Trade and other receivables are stated at nominal value as reduced by the appropriate allowances for estimated irrecoverable amounts. Allowance for doubtful debts is made based on estimates of possible losses which may arise from non-collection of certain receivable accounts.

h) Provisions

Provisions are made when the Company has a present legal or constructive obligation as a result of past events, when it is probable that an outflow of resources will be required to settle the obligation, and when a reliable estimate of the amount can be made.

Others

1. Exchange differences included in Profit and Loss account in respect of foreign currency transactions are as follows:

Particulars	98-99	99-00	00-01	01-02	02-03	03-04
Exchange Gain included in P&L account	N/A	N/A	N/A	N/A	N/A	219

2. Obligation towards non-cancellable operating lease

Particulars	98-99	99-00	00-01	01-02	02-03	03-04
Due not later than one year	N/A	N/A	N/A	N/A	N/A	111,312
Due later than one year but not later than five years	N/A	N/A	N/A	N/A	N/A	132,324
Total	N/A	N/A	N/A	N/A	N/A	243,636

3. Break-up of Income tax expense

Particulars	98-99	99-00	00-01	01-02	02-03	03-04
Current tax	N/A	N/A	N/A	N/A	N/A	311,000
Deferred tax	N/A	N/A	N/A	N/A	N/A	-
Total	N/A	N/A	N/A	N/A	N/A	311,000

Annexure 4

Changes in Accounting Policy since the date of incorporation (18 August, 2003):

Year	Change
2003 - 2004	No change in accounting policy was made during the year

Break- up of Loans & Advances as at 31st Mar 04 **(MYR)**

Particulars	Balance	Due from Related Parties
Staff Loans	0	0
Deposit	54,027	0
Advance receivables in cash or in kind or for value to be received	2,984	0
Advance Tax	0	0
	56,991	0

Following are the dues from related parties

Name	Balance	Nature of Relationship
	0	

Financial Information of Tata Consultancy Services Japan Ltd.

Deloitte

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4-13-23 Shibaura
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Japan

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Tata Consultancy Services Japan Limited
Q's Tower A, 14th Floor
2-3-1 Minatomirai
Nishi-ku, Yokohama-shi
Kanagawa
Japan

and

To the Board of Directors of
Tata Consultancy Services Limited:
Bombay House
Homi Mody Street
Mumbai-400 001
India

We have audited the accompanying financial information including notes to financial information of Tata Consultancy Services Japan Limited (a wholly owned subsidiary of Tata Consultancy Services Asia Pacific Pte. Ltd.) as of 31 March, 2004 and for the period from 17 December, 2003 (date of incorporation) to 31 March, 2004, all expressed in Japanese yen. This financial information is the responsibility of the Company's management. Our responsibility is to express an opinion on this financial information based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial information is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial information. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating he overall financial information presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, except that, as discussed in Note 1 to Financial Information, the statements of assets and liabilities and profit and loss are presented in the forms prescribed by the issue guidelines of the Securities and Exchange Board of India, the financial information referred to above presents fairly, in all material respect, the financial position of Tata Consultancy Services Japan Limited as of 31 March, 2004, and the results of its operations for the period from 17 December, 2003 to 31 March, 2004, in conformity with accounting principles generally accepted in Japan.

Our audit was conducted for the purpose of forming an opinion on the basic financial information taken as a whole. The additional information in Annexure 4 is presented for the purpose of additional analysis and is not a required part of the basic financial information. This additional information is the responsibility of the Company's management. Such information has been subjected to the auditing procedures applied in our audit of the basic financial information and, in our opinion, is fairly stated in all material respects when considered in relation to the basic financial information taken as a whole.

DELOITTE TOUCHE TOHMATSU
Tokyo, Japan
15 April 2004

TATA Consultancy Services Japan Limited

(A wholly owned subsidiary of TATA Consultancy Services Asia Pacific Pte. Ltd.)

Financial Information

Annexure 1

Statement of Profit and Loss for the Period from 17 December, 2003 (Date of Incorporation) to 31 March, 2004	**(In Japanese Yen)**
Income	
Consultancy Servcies	
- Within Japan	281,291,490
- Outside Japan	
Licence of Software Packages	
- Within Japan	19,000,000
- Outside Japan	-
Total	300,291,490
Other Income	7,491,040
	307,782,530
Expenditures	
Payment to & Provision for employees	188,765,759
Establishment expenses	22,676,466
Other expenses	98,012,991
Interest	52,835
	309,508,051
Loss before Depreciation	-1,725,521
Depreciation	757,304
Net Loss before tax	-2,482,825
Income tax expense	-1,272,846
Net Loss	-1,209,979
NP RATIO	-0.39%
Extent of Interest so far as it would have concerned the members of Tata Consultancy Services Asia Pacific Pte Ltd in the capital of Tata Consultancy Services Japan Limited assuming that the shareholding of Tata Consultancy Services Asia Pacific Pte. Ltd. as at 31 March, 2004 was had by Tata Consultancy Limited during the period.	100%
Amount of profit/(loss) so far as it would have concerned the members of Tata Consultancy Services Limited in the capital of Tata Consultancy Services Japan Limited, assuming that the shareholding of Tata Consultancy Services Asia Pacific Pte. Ltd. as at 31 March, 2004 was had by Tata Consultancy Limited during the period.	-1,209,979

See notes to Financial Information

TATA Consultancy Services Japan Limited

(A wholly owned subsidiary of TATA Consultancy Services Asia Pacific Pte. Ltd.)

Financial Information

Annexure 2

Statement of Assets and Liabilities as at March 31, 2004	**(In Japanese Yen)**
A Fixed Assets:	
Gross Block	9,578,047
Less:Depreciation	-757,304
Net Block	8,820,743
CWIP/Capital advance	
	8,820,743
B Investments	
C Current Assets, Loans and Advances	
Sundry Debtors	243,267,181
Other Current Assets	
Cash & Bank Balances	61,142,193
Loans & Advances	50,671,960
Deferred Tax Asset	3,501,646
	358,582,980
	367,403,723
D Liabilities and Provisions	
Secured Loans	
Unsecured Loans	125,595,656
Current Liabilities and Provisions	183,018,046
Deferred Tax Liability	
	308,613,702
E Net worth	58,790,021
F Represented by	
Share Capital Account	60,000,000
Accumulated Deficit	-1,209,979
	58,790,021
Extent of Interest so far as it would have concerned the members of Tata Consultancy Services Limited in the capital of Tata Consultancy Services Japan Limited	100%
Amount of networth so far as it would have concerned the members of Tata Consultancy Services Limited in the capital of Tata Consultancy Services Japan Limited	58,790,021

See notes to Financial Information

TATA CONSULTANCY SERVICES JAPAN LIMITED

(A wholly owned subsidiary of Tata Consultancy Services Asia Pacific Pte. Ltd.)

Annexure 3

Notes to Financial Information

Period from 17 December 2003 (Date of Incorporation) to 31 March, 2004

1. BASIS OF PRESENTATION AND NATURE OF OPERATIONS

Basis of Presenting Financial Information—The accompanying financial information has been prepared from the accounts maintained by Tata Consultancy Services Japan Limited (the "Company") in accordance with the provisions set forth in the Japanese Commercial Code (the "Code") and in conformity with accounting principles generally accepted in Japan, which are different in certain respects as to application and disclosure requirements from International Financial Reporting Standards, for the sole purpose of inclusion in the offering documents of Tata Consultancy Services Limited (formerly Tata Consultancy Services Division of Tata Sons Limited, an Indian corporation) with its equity share offering in India.

Accordingly, in preparing this financial information, certain reclassifications and rearrangements have been made to the Company's balance sheet and statement of operations issued domestically in order to present them in the forms prescribed by the issue guidelines of the Securities and Exchange Board of India.

A statement of cash flows is not required as a part of basic financial statements under the Code, and, is accordingly, is not presented herein.

The financial information is stated in Japanese yen, the currency of the country in which the Company is incorporated and operates.

Nature of Operations—The Company was established on 17 December, 2003 as a wholly owned subsidiary of Tata Consultancy Services Asia Pacific Pte. Ltd., a Singaporean corporation, which is a wholly owned subsidiary of Tata Consultancy Services Division of Tata Sons Limited, an Indian corporation. The Company started operations as a provider of consultancy services on information technology subsequent to the transfer of the businesses of the Japan branch office of Tata Consultancy Services Division effective 1 January, 2004.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. ***Fixed Assets***—Fixed assets are stated at cost. Depreciation is computed by the straight-line method based on the estimated useful lives of the assets. Useful lives are two years for computer equipment and five years for other equipment.

b. ***Recognition of Revenues***—The Company's consultancy services are rendered either on a time-and-material basis, or on a fixed-fee basis. Revenues are recognized under time-and-material contracts as services are provided. On fixed-fee engagements, revenues are recognized on a percentage of completion basis. Losses on consultancy contracts are recognized during the period in which the loss becomes probable and the amount of the loss is reasonably estimable. Losses are determined to be the amount by which the estimated costs of the project exceed the estimated total revenues that will be generated for the work.

c. ***Leases***—All leases are accounted for as operating leases. Under Japanese accounting standards for leases, finance leases that deem to transfer ownership of the leased property to the lessee are to be capitalized, while other finance leases are permitted to be accounted for as operating lease transactions if certain "as if capitalized" information is disclosed in the notes to the lessee's financial statements. Finance leases at the Company are not significant.

d. ***Income Taxes***—The provision for income taxes is computed based on the pretax income included in the statement of profit and loss. The asset and liability approach is used to recognize deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the carrying amounts and the tax bases of assets and liabilities. Deferred taxes are measured by applying currently enacted tax laws to the temporary differences.

e. ***Foreign Currency Transactions***—All short-term and long-term monetary receivables and payables denominated in foreign currencies are translated into Japanese yen at the exchange rate at the date of statement of assets and liabilities. The foreign exchange gains and losses from translation are recognized in the statement of profit and loss.

3. UNSECURED LOAN

Unsecured loan at 31 March, 2004 consisted of a bank overdraft. The annual interest rate applicable to the unsecured loan was 0.84% at 31 March, 2004.

At 31 March 2004, the Company's unused lines of credit for short-term financing approximated ¥191,474 thousand.

As is customary in Japan, the Company maintains substantial deposit balances with banks with which it has borrowings. Such deposit balances are not legally or contractually restricted as to withdrawal.

General agreements with respective banks provide, as is customary in Japan, that additional collateral must be provided under certain circumstances if requested by such banks and that certain banks have the right to offset cash deposited with them against any long-term or short-term debt or obligation that becomes due and, in case of default and certain other specified events, against all other debt payable to the banks. The Company has never been requested to provide any collateral.

4. INCOME TAXES

The Company is subject to Japanese national and local income taxes which, in the aggregate, resulted in a normal effective statutory tax rate of approximately 41% for the period ended 31 March 2004. The actual effective tax rate of the Company differs from the normal effective statutory tax rate due mainly to reduced rates for lower income.

The tax effects of significant temporary differences which resulted in deferred tax assets at 31 March 31 2004 are as follows:

	Thousands of Yen
Deferred tax assets:	
Enterprise taxes	¥ 184
Accrued expenses	3,318
Total deferred tax assets	¥ 3,502

5. LEASES

The Company leases certain equipment, office premises and apartments for employees. Total rental expense for the period ended 31 March 2004 was ¥32,011 thousand.

6. RELATED PARTY TRANSACTIONS

Transactions with the Tata group companies for the period ended 31 March 2004 and related receivables and payables at 31 March 2004 are as follows:

	Thousands of Yen
Transactions:	
Assets acquired and liabilities assumed in business transfer—Tata Sons Limited	¥ 50,760
Cost of consultancy service:	
Tata Sons Limited	¥ 47,152
Tata Consultancy Services Asia Pacific Pte. Ltd.	17,245
Total	¥ 64,397
Balances:	
Trade receivables—Tata Teleservices Ltd.	¥ 4,344
Payables:	
Tata Sons Limited	¥ 98,824
Tata Consultancy Services Asia Pacific Pte. Ltd.	17,245
Total	¥ 116,069

Annexure 4

3 Additional Information

(In millions of Japanese Yen)

1. Repairs and maintenance include fixed assets, individually costing less than Yen ¥100,000 not capitalised in accordance with its accounting policy.

Particulars	2003-04
Assets<¥100,000 capitalised	1.90

2. Exchange differences adjusted in carrying amount of fixed assets and included in Profit and Loss account in respect of foreign currency transactions are as follows:

Particulars	2003-04
Exchange Gain (Loss) capitalised	NIL
Exchange Gain (Loss) included in P&L account	7.30

3. Income from consultancy services within Japan includes sale of equipment as follows:

Particulars	2003-04
Sale of Equipment	NIL

4. Income in Foreign Currency

Particulars	2003-04
Consultancy Fee (including Profit/Loss on exchange)	185.17
Licence of Software Packages	NIL
Miscellaneous Overseas Income	NIL
Interest	NIL
Sale of Investments	NIL

5. Expenditure in Foreign Currency

Particulars	2003-04
Royalty	NIL
Professional Fees	NIL
Interest	NIL
Travel, Overseas Taxes, Commission and Other Expenses	NIL

6. Break-up of Income tax expense

Particulars	2003-04
Current tax	-2,23
Deferred tax	3.50
Total	1.27

Changes in Accounting Policy during the last six financial years:

Year	Change
2003-04	No change in accounting policy was made during the period

(In Japanese Yen)

Break-up and details of Total Outstanding Unsecured Loan as at 31 March 2004

Borrowed from	Amount	Interest rate	Terms	Repayment Schedule
Bank of America	125,595,656	0.84%	Short-Term	20-Jan-05

Agewise analysis of Sundry Debtors as at 31 March 2004

Period	Balance
More than 180 days	-
Less than 180 days	243,267,181
	243,267,181

Breakup of Loans & Advances as at 31 March 2004

Particulars	Balance
Staff Loans	-
Deposit	40,256,300
Advance recoverable in cash or in kind or for value to be received	10,415,660
Advance Tax	-
	50,671,960

CONSOLIDATED FINANCIAL INFORMATION OF TCS IBEROAMERICA S.A. (Including its subsidiaries)

Ernst & Young

Cr. Ricardo Villarmarzo Y Asoc
AV. 18 De Julio 984 P.4yP.5
Casilla de Correo 1303
11100 Montevideo - Uruguay

Tel : 902 3147 (Collective)
Fax : 902 1331
email: general@ey.com.uy

April 23, 2004

To: Tata Consultancy Services Ltd.
Bombay House
24 Homi Mody Street
Mumbai – 400 001

Dear Sirs,

We have audited the consolidated financial statements of TCS Iberoamerica SA which is a holding company of TCS Solution Center SA, TCS Argentina SA and TCS Brazil S/C Ltda. for the financial year ended March 31, 2003 and the consolidated financial statements of TCS Iberoamerica SA and its subsidiaries (TCS Solution Center SA, TCS Argentina SA, TCS Brazil S/C Ltda. Tata Consultancy Services de Mexico SA de CV, Tata Consulting Services Chile SA, TCS Inversiones Chile Ltda. And Tata Consultancy Services de Espana SA) for the financial year ended Mach 31, 2004 in accordance with generally accepted auditing standards in Uruguay. Our auditors reports were dated July 2, 2003 and April 23, 2004 respectively, the first one had qualifications and should be read together with this letter.

a. We have not audited any financial statements of the Company as of any date or for any period subsequent to March 31, 2004. Therefore, we were unable to and do not express any opinion on the unaudited financial statements of income, shareholders equity or on the financial position, results of operations as of any date or for any period subsequent to March 31, 2004.

b. The figures included in the annexed statement of Profit and Loss Account for the financial year ending on March 31, 2003 and 2004 were reconciled with the audited financial statements for those years well as the annexed statement of assets and liabilities as at the end of the respective years.

c. It should be understood that we have no responsibility for establishing (and did not establish) the scope and nature of the procedures enumerated in paragraph b above, rather the procedures enumerated therein are those that the requesting party asked us to perform. Accordingly, we make no representations as to questions of legal interpretation or as to sufficiency for your purpose of the procedures enumerated in the preceding paragraph, also such procedures would not necessarily reveal any material misstatement of the information identified in the preceding paragraph. Further we have addressed ourselves solely for the foregoing data and make no representations as to the adequacy of disclosures or whether any material facts have been omitted.

d. The procedures should not be taken to supplant any additional inquiries or procedures that you would undertake in your consideration of the proposed Offering.

e. This letter is solely for your information and to assist you in inquiries for the purpose of incorporation of the statements of accounts in the offer document proposed to be issued by Tata Consultancy Services Limited, in connection with its initial offer of Equity Shares, and it should not be used, circulated, quoted or otherwise referred to for any other purpose.

Yours faithfully,

Ernst & Young
Cr. Ricardo Villarmarzo Y Asoc

Ricardo Villarmarzo
Contador Publico
Licenciado en Administracion

Statement of Assets and Liabilities **Attachment 1**

(US$ in thousands)

As at	**31-Mar-03**	**31-Mar-04**
A. Fixed Assets:		
Gross Block	411	1.048
Less: Depreciation	(62)	(237)
Net Block		
CWIP/Capital advances	349	811
		811
B. Investments	137	
C. Current Assets, Loans and Advances		
Sundry Debtors	471	1.822
Other current assets	137	1.026
Cash & Bank balances	441	676
Loans & Advances	0	36
Deferred Tax Asset		
	1.049	**3.560**
	1.535	**4.371**
D Liabilities and Provisions		
Secured Loans		
Unsecured Loans		
Current Liabilities and Provisions	2.326	3.195
Deferred Tax Liability		
	2.326	3.195
E. Networth	(791)	1.175
F. Represented by		
Paid- in Capital	45	2.000
	(836)	(825)
	(791)	1.175

Statements of Profit and Loss

		(US$ in thousands)
For the years ended	**31-Mar-03**	**31-Mar-04**
Income		
Consultancy Services		
- Within India		
- Outside India	1,238	6.711
License of software packages		
- Within India		
- Outside India		
Total	1,238	6.711
Other Income		2.077
	1,238	8.788
Expenditures		
Payment to and provision for employees	948	6.624
Establishment expenses	137	656
Other expenses	927	1.299
Interest		23
	2,012	8.602
Profit before depreciation	(774)	186
Depreciation	58	175
Net profit before tax and extraordinary items	(832)	11
Income tax expense		
Net profit before extraordinary items	(832)	11
Extraordinary items	0	
Net profit after extraordinary items	(832)	11
NP RATIO	(67.21%)	0,120%

Financial Information of APOnline Limited

Chartered Accountants
Lingapur House (7th Floor)
Annuvtha Estates,
Himayatnagar
Hyderabad 500 029
INDIA
Tel: +91 40 23224857
Fax: +91 40 23223221
Email: Hyderabad@sbbandco.com

S. B. Billimoria & Co.

AUDITOR'S REPORT

TO THE BOARD OF DIRECTORS

TATA CONSULTANCY SERVICES LIMITED

We have examined and found correct the attached Statements of Assets and Liabilities of APONLINE Limited ("the Company") as at 31st March, 2003 and 31st March, 2004 (Annexure I) and the attached Statements of Profits and Losses for each of these financial years ended on those dates (Annexure II) and the related financial statement notes (Annexure III) (together referred to as the "financial information"), which has been approved by the Board of Directors of the Company. The financial information has been extracted from the financial statements for the year ended 31st March, 2004 audited by us and adopted by the Board of directors and for the period ended 31st March, 2003 audited by us and adopted by the Board of Directors and members. The Company has incurred a net loss of Rs. 13.60 millions for the year ended March 31, 2004 and as of that date the net accumulated losses exceeded the Share Capital by Rs. 2.22 millions. While these factors raise substantial doubt that the Company will be able to continue as a going concern, for reasons explained in Note 8 of Annexure III the accounts have been prepared on a going concern basis.

The financial information has been prepared in accordance with Part II of Schedule II to the Companies Act, 1956 ("the Act") and 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 19th January, 2000 in pursuance of Section 11 of the Securities and Exchange Board of India Act, 1992 ans related clarifications, and in accordance with the instructions received from Tata Consultancy Services Limited requesting us to carry out the work in connection with the Offer Document to be issued by Tata Consultancy Services Limited for its proposed Initial Public Offering of Equity Shares.

No dividend has been declared by the Company in each of the financial years ended 31st March, 2003 and 31st March, 2004.

This report is intended solely for your information and for inclusion in the Offer Document in connection with the proposed Issue of the Company and is not to be used, referred to or distributed for any other purpose without our prior written consent.

For S.B.Billimoria & Co.
Chartered Accountants

P.R.Ramesh
Partner
Membership No. 70928
Hyderabad, 7th July, 2004

APONLINE LIMITED **Annexure 1**

Statement of Assets and Liabilities

(All amounts in Rs. millions)

As at	As on 31.03.2004	As on 31.03.2003
A Fixed Assets:		
Gross Block	-	1.95
Less:Depreciation	-	-1.95
Net Block	-	-
CWIP/Capital advance	-	-
	-	-
B Deferred Tax Asset	-	-
C Current Assets, Loans and Advances		
Sundry Debtors	3.12	2.75
Cash & Bank Balances	6.92	10.47
Loans & Advances	0.14	0.07
	10.18	13.29
D Miscellaneous Expenditure (To the extent not written off)		
Total Assets	10.44	17.92
E Liabilities and Provisions		
Unsecured Loans	-	1.95
Current Liabilities	12.66	4.59
Deferred Tax Liability	-	-
	12.66	6.54
F Networth Represented by		
G Share Capital (Equity Paid-up Capital)	17.70	17.70
	17.70	17.70
H Reserves and Surplus		
Capital Reserve		
General Reserve		
Balance as per Profit & Loss Account	(19.92)	(6.32)
	(19.92)	(6.32)
I Adjusted Networth	(2.22)	11.38
J. Extent of Interest so far as it would have concerned the members of Tata Consultancy Services Limited in the capital of Aponline Limited assuming that current shareholding of TATA Sons Limited was held by Tata Consultancy Services Limited in the relevant years	89%	89%
K. Amount of networth so far as it would have concerned the members of Tata Consultancy Services Limited in the capital of Aponline Limited assuming that current shareholding of TATA Sons Limited was held by Tata Consultancy Services Limited in the relevant years	(1.98)	10.13

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

Annexure III

Significant Accounting Policies and Notes to the Accounts

A. Statement of Significant Accounting Policies

1. Nature of Operations

   The Company was incorporated on 25th September, 2002. The Company is a joint venture between Tata Consultancy Services(TCS), a division of Tata Sons Ltd. and Andhra Pradesh Technology Services Ltd. (APTS), a Corporation wholly owned by the Government of Andhra Pradesh (GOAP). The Company was incorporated to carry on the business of development, maintenance and management of the APONLINE portal for providing web based services by Government to citizen, Government to business and other portfolio services of Government.

2. The financial statements of the company are prepared under Historical cost convention in accordance with Generally Accepted Accounting Principles applicable in India and the provisions of the Indian Companies Act, 1956.

3. Revenue Recognition

   a. Web hosting charges have been recognised on the basis of invoices raised for services rendered. The unaccrued web hosting charges are carried forward to the next financial year.

   b. Service charges on collection of utility bills on behalf of government departments/private parties have been recognised in the books on accrual basis on execution of the collection transaction.

4. Preliminary expenditure is being written off over a period of five years.

5. Deferred Revenue Expenditure – Web Site Development Cost is being written off over a period of two years.

6. Pre operative expenses (net of income) have been fully written off during 2002-03.

7. In terms of the Clause 4 of the Shareholders' Agreement dated June 20, 2002 between TATA Consultancy Services and Andhra Pradesh Technology Services Limited the Company has allotted 1,94,690 Equity Shares of Rs. 10 each for consideration of certain obligations by the Government of Andhra Pradesh to the Company more fully described in the aforementioned Shareholders' Agreement.

8. The Company has been incurring losses since inception. The accumulated loss as on 31st March, 2004 is Rs. 1,99,21,575 (Previous year Rs. 63,26,937) which is in excess of the share capital. The net current liabilities of the Company are in excess of the current asssets by Rs. 24,31,403 as on 31st March, 2004.

   Tata Sons Limited has undertaken to provide financial support to APONLINE Limited for continuing its operations in the foreseacable future (including the period of minimum of twelve months from the date of approval of the financial statements of APONLING Limited and to meet its financial obligations as and when they arise.

9. The Company has no employees on its rolls and all staff have been deputed by TCS.

B. Notes to Accounts

1. Contingent liability

Particulars	**2002-03**	**2003-04**
Contingent liability	Nil	Nil

2. The Company commenced commercial operation for APONLINE Portal on December 29, 2003. The income recognised for the period represents pro-rata amount of invoices for software development and web hosting charges raised during the year on Andhra Pradesh State Government departments.

3. As the Company was incorporated on September 25, 2002, the Profit and Loss Account for the period ended March 31, 2003 covers the period September 25, 2002 to March 31, 2003.

4. No provision for tax has been made as there is a loss as per the computation under the Income Tax Act, 1961.

5. In terms of AS-22 (Accounting for Taxes on Income) issued by the Institute of Chartered Accountants of India, the Company has a deferred tax asset at the end of the period in respect of carry forward tax loss for the period. As a measure of prudence and in the absence of virtual certainity having regard to the nature of the Company's business, the deferred tax asset has not been recognised.

6. Service income for the year ended 31st March, 2004 includes an amount of Rs. 51,320 receivable from Andhra Pradesh Central Power Distribution Corporation Limited (APCPDCL) pending execution of the agreement.

7. Sundry Debtors balance and Sundry Creditors balance as on 31st March, 2004 aggregating to Rs. 3,115,285 and Rs.1,730,392 respectively are subject to confirmation.

APONLINE LIMITED **Annexure II**

Statement of Profits and Losses

(All amounts in Rs. millions)

For the period ended	Year ended 31-03-2004	Period ended 31-03-2003
A Income		
Software Development Charges	0.98	2.04
Web Hosting Charges	1.67	0.08
Advertising Charges	0.05	-
Service Charges	0.06	-
Miscellaneous Income	0.42	0.09
	3.18	**2.21**
B. Expenditures		
Administrative Expenses	12.41	1.97
Amortisation of Database Access Rights	-	1.95
Preliminary Expenses written off	0.09	0.08
Deferred Revenue Expenditure written off	4.28	4.28
Preoperative Expenses written off	-	0.25
	16.78	**8.53**
C. Profit/ (Loss) before taxation	**(13.60)**	**(6.32)**
	-	-
Provision for taxation		
Current tax	-	-
Deferred tax	-	-
D. Profit/ (Loss) after taxation	(13.60)	(6.32)
Profit brought forward from previous year	(6.32)	-
Profit/ (Loss) available for appropriation	**(19.92)**	**(6.32)**
E. Appropriation		
General Reserve	-	-
Proposed Dividend	-	-
Corporate Dividend	-	-
Interim Dividend	-	-
Tax on Interim Dividend	-	-
	-	-
F. Balance carried forward to Balance Sheet	**(19.92)**	**(6.32)**
G. Extent of Interest so far as it would have concerned the members of Tata Consultancy Services Limited in the capital of Aponline Limited assuming that current shareholding of TATA Sons Limited was held by Tata Consultancy Services Limited in the relevant years	89%	89%
H. Amount of profit/(loss) so far as it would have concerned the members of Tata Consultancy Services Limited in the capital of Aponline Limited assuming that current shareholding of TATA Sons Limited was held by Tata Consultancy Services Limited in the relevant years	(12.10)	(5.62)

Note: To be read together with the notes forming part of the Statement of Assets and Liabilities and Statement of Profits and Losses Attached.

Financial Information of Airline Financial Support Services (India) Limited

Deloitte Haskins & Sells
Chartered Accountants

12, Dr. Annie Besant Road
Opp. Shiv Sagar Estate
Worli, Mumbai 400 018
India

Tel: + 91 (22) 5667 9000
Fax: + 91 (22) 5667 9025

Deloitte
Haskins
& Sells

AUDITORS REPORT

TO THE BOARD OF DIRECTORS

TATA CONSULTANCY SERVICES LIMITED

We have examined and found correct the attached Statements of Assets and Liabilities of Airline Financial Support Services (India) Limited ("the Company") as at 31st March, 2000, 31st March 2001, 31st March 2002, 31st March 2003 and 31st March, 2004 (Annexure I) and the attached Statements of Profits and Losses for each of these years ended on those dates (Annexure II) and the related financial statement schedules (Annexure III), (together referred to as the "financial information"), which has been approved by the Board of Directors of the Company. The financial information has been extracted from the financial statements for the year ended 31st March, 2004 audited by us, and for the years ended 31st March, 2000, 31st March 2001, 31st March 2002 and 31st March 2003 audited by another Firm of Chartered Accountants, and have been adopted by the Board of Directors/ members for the respective years.

The financial information has been prepared in accordance with Part II of Schedule II of the Companies Act, 1956 ("the Act") and 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 19th January, 2000 in pursuance of Section 11 of the Securities and Exchange Board of India Act, 1992 and related clarifications, and in accordance with the instructions received from Tata Consultancy Services Limited requesting us to carry out the work in connection with the Offer Document to be issued by Tata Consultancy Services Limited for its proposed Initial Public Offering of Equity Shares.

This report is intended solely for your information and for inclusion in the Offer Document in connection with the proposed Issue of the Company and is not to be used, referred to or distributed for any other purpose without our prior written consent.

For DELOITTE HASKINS & SELLS
Chartered Accountants

N VENKATRAM
Partner
Membership No. 71387

Mumbai, 28th June, 2004.

AIRLINE FINANCIAL SERVICES (INDIA) LIMITED

STATEMENT OF ASSETS AND LIABILITIES

ANNEXURE I

(All amounts in Rs. million)

	As on 31.03.2004	As on 31.03.2003	As on 31.03.2002	As on 31.03.2001	As on 31.03.2000
A Fixed Assets					
Gross Block	333.11	333.32	325.93	332.41	275.54
Less: Depreciation	195.17	181.30	164.96	158.40	128.26
Net Block	**137.94**	**152.02**	**160.97**	**174.01**	**147.28**
B Deferred Tax Asset	15.05	15.69	-	-	-
C Current Assets, Loans and Advances					
Sundry Debtors	19.64	14.71	13.74	14.80	22.33
Cash and Bank Balances	157.76	126.49	64.57	50.62	13.13
Loans and Advances	54.95	19.26	7.02	7.52	7.49
	232.35	**160.46**	**85.33**	**72.94**	**42.95**
D Miscellaneous Expenditure	-	-	-	0.03	0.07
(To the extent not written off)					
Total Assets	**385.34**	**328.17**	**246.30**	**246.98**	**190.30**
E Liabilities and Provisions					
Current Liabilities	15.13	8.49	12.46	29.15	31.22
Provisions	12.74	8.66	8.95	29.32	4.90
	27.87	**17.15**	**21.41**	**58.47**	**36.12**
F Adjusted Networth	**357.47**	**311.02**	**224.89**	**188.51**	**154.18**
Networth Represented By					
G Share Capital (Equity Paid-Up Capital)	54.00	54.00	54.00	54.00	54.00
	54.00	**54.00**	**54.00**	**54.00**	**54.00**
H Reserves and Surplus					
Capital Reserve	0.05	0.05	0.05	0.05	0.05
General Reserve	36.33	36.33	18.51	18.51	12.99
Balance as per Profit and Loss Account	267.09	220.64	152.33	115.95	87.14
	303.47	**257.02**	**170.89**	**134.51**	**100.18**
I Adjusted Networth	357.47	311.02	224.89	188.51	154.18
J Extent of Interest so far as it would have concerned the members of Tata Consultancy Services Limited in the capital of Airline Financial Support Services (India) Limited assuming that current shareholding of Swissair was held by Tata Consultancy Services Limited in the relevant years.	100%	100%	100%	100%	100%
K Amount of networth so far as it would have concerned the members of Tata Consultancy Services Limited in the capital of Airline Financial Support Services (India) Limited assuming that current shareholding of Swissair was held by Tata Consultancy Services Limited in the relevant years.	357.47	311.02	224.89	188.51	154.18

Note:

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

AIRLINE FINANCIAL SERVICES (INDIA) LIMITED

STATEMENT OF PROFITS AND LOSSES

ANNEXURE II

(All amounts in Rs. million)

		Year ended 31.03.2004	Year ended 31.03.2003	Year ended 31.03.2002	Year ended 31.03.2001	Year ended 31.03.2000
A	**Income**					
	Service Fees	199.23	238.80	231.29	262.68	248.16
	Other Income	12.93	17.68	8.41	5.56	8.37
		212.16	**256.48**	**239.70**	**268.24**	**256.53**
B	**Expenditure**					
	Personnel Cost	98.35	100.80	134.58	139.42	117.62
	Other Expenses	42.25	47.89	42.90	37.36	31.53
	Financial charges	-	-	0.29	1.78	-
	Depreciation	15.16	18.35	24.21	32.82	32.62
		155.76	**167.04**	**201.98**	**211.38**	**181.77**
C	**Profit before taxation**	**56.40**	**89.44**	**37.72**	**56.86**	**74.76**
	Provision for taxation					
	Current tax	9.30	19.00	1.35	1.70	2.20
	Deferred tax	0.65	2.13	-	-	-
D	**Profit after Taxation**	**46.45**	**68.31**	**36.37**	**55.16**	**72.56**
	Profit brought forward from previous year	220.64	152.33	115.96	87.14	42.81
	Profit available for appropriation	**267.09**	**220.64**	**152.33**	**142.30**	**115.37**
E	**Appropriations**					
	General Reserve	-	-	-	5.52	7.25
	Proposed Dividend	-	-	-	18.90	-
	Corporate Dividend Tax	-	-	-	1.93	-
	Interim Dividend	-	-	-	-	18.90
	Tax on Interim Dividend	-	-	-	-	2.08
		-	-	-	26.35	28.23
F	**Balance carried forward to Balance Sheet**	**267.09**	**220.64**	**152.33**	**115.95**	**87.14**
G	Extent of Interest so far as it would have concerned the members of Tata Consultancy Services Limited in the capital of Airline Financial Support Services (India) Limited assuming that current shareholding of Swissair was held by Tata Consultancy Services Limited in the relevant years.	**100%**	**100%**	**100%**	**100%**	**100%**
H	Amount of profit/(loss) so far as it would have concerned the members of Tata Consultancy Services Limited in the capital of Airline Financial Support Services (India) Limited assuming that current shareholding of Swissair was held by Tata Consultancy Services Limited in the relevant years.	**267.09**	**220.64**	**152.33**	**115.95**	**87.14**

Note:

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

AIRLINE FINANCIAL SUPPORT SERVICES (INDIA) LIMITED

ANNEXURE III

NOTES FORMING PART OF THE " STATEMENT OF ASSETS AND LIABILITIES" AND THE "STATEMENT OF PROFITS AND LOSSES" FOR FINANCIAL YEARS ENDED 31ST MARCH 2004, 31ST MARCH 2003, 31ST MARCH 2002, 31ST MARCH 2001 AND 31ST MARCH 2000.

1. Background

Airline Financial Support Services (India) Limited [(Formerly Airline Financial Support Services (India) Private Limited) ("the Company")] was incorporated on March 2, 1992 with Swissair and Tata Sons Limited holding 75% and 25% of the paid up share capital, respectively. The Company provides offshore IT-enabled services in the areas of airline revenue accounting services, cargo revenue accounting, traffic accounting, passenger interline billing, frequent flyer programme administration, fare filing etc. On 16th January 2004, Tata Sons Limited, through its Tata Consultancy Services Division, acquired the equity shares held by Swissair, and consequently, the Company is a wholly owned subsidiary of Tata Sons Limited. The Company became a public company on 11th June, 2004.

2. Significant accounting policies

a. Basis of accounting

The financial statements have been prepared to comply in all material aspects with applicable accounting principles in India, the Accounting Standards issued by the Institute of Chartered Accountants of India and the relevant provisions of the Companies Act, 1956.

b. Fixed assets and depreciation

Fixed assets are stated at cost, less accumulated depreciation. Cost of purchase includes costs incurred for bringing the asset to working condition for its intended use. Depreciation is provided on straight line method at the following rates which are higher than the rates prescribed in Schedule XIV to the Companies Act, 1956:

Description of Assets	**%**
Leasehold land and improvements	Over the remaining lease period
Buildings	5
Computers	50
Office Equipment	20
Air Conditioners	20
Electrical Installation	15
Telephone System	10
Furniture and Fixtures	20
Vehicles	33.33
Assets costing Rs. 5,000 or less	100

The Company, with effect from 1st April 2003, depreciates leasehold land and improvements over the remaining period of the lease. This has resulted in an additional depreciation charge of Rs.2.66 million. In the previous years, leasehold land was not amortised.

c. Retirement Benefits

Contributions to Provident and Superannuation Funds are made to recognised funds and recognised in the Profit and Loss Account.

Gratuity liability is determined on the basis of an independent actuarial valuation at the year end.

d. Foreign Currency Transactions

Foreign currency transactions are converted to Indian Rupees at the exchange rates prevailing on the date of such transactions. Foreign currency monetary assets and liabilities are translated at the closing exchange rate prevailing on the date of the balance sheet. Exchange gains and losses arising on translation are recognized in the profit and loss account. Exchange gains and losses arising on translation of foreign currency monetary liabilities incurred on purchase of fixed assets are adjusted to the cost of such fixed assets.

e. Preliminary Expenses

Preliminary expenses are written of over a period of ten years.

f. Revenue Recognition

Revenue for services rendered is recognised in the period when such services are provided.

g. Provision for taxation

Income tax expense comprises current and deferred taxes. Current tax expense is the tax payable on taxable income for the year as determined in accordance with the provisions of the Income Tax Act, 1961. 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. Claims against the Company not acknowledged as debts:

(All amounts in Rs. million)

	As at 31.03.04	As at 31.03.03	As at 31.03.02
i Income tax	72.69	117.89	92.23
ii. Others	-	-	0.16
	72.69	**117.89**	**92.39**

Based on the opinion of legal counsel, the Company is confident that the income tax appeals will be decided in its favour.

4. The Company had formulated its own pension scheme for its employees which, along with its existing Provident Fund scheme, would be more beneficial to its employees than the Employees' Pension Scheme, 1995 of Government of India (the Scheme). Accordingly, the Company had applied to the Regional Provident Fund Commissioner (RPFC) for granting exemption to the Company from the provisions of the Scheme. Since the Company's scheme was not accepted by the RPFC, a writ petition was filed by the employees of the Company before the Bombay High Court. The High Court has awarded an ad-interim relief to the petitioners on 8th October, 1998, which remains in force.

5. Deferred Tax

The Company adopted Accounting Standard 22 - "Accounting for Taxes on Income" issued by the Institute of Chartered Accountants of India during the year 2002–2003. Consequently a deferred tax asset of Rs.17.82 million arising on account of tax effect of the timing differences as at the beginning of the year was adjusted against the General Reserve.

The details of deferred tax assets and liabilities are as under:

(All amounts in Rs. million)

	Year ended 31.03.2004	Year ended 31.03.2003
Tax impact of difference between carrying amount of fixed assets in financial statements and Income Tax	6.78	6.04
Provision for Doubtful Debts	5.38	6.54
Provision for Gratuity	2.88	3.11
Deferred Tax Asset	**15.04**	**15.69**

Financial Information of Aviation Software Development Consultancy India Ltd.

Chartered Accountants **S.B.Billimoria & Co.**

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AUDITORS' REPORT

TO THE BOARD OF DIRECTORS,

TATA CONSULTANCY SERVICES LIMITED

1. We have examined the accompanying 'Statement of Adjusted Profits and Losses' of M/s. Aviation Software Development Consultancy India Limited ("the Company") for each of the years ended 31 March, 2000, 31 March, 2001, 31 March, 2002, 31 March, 2003 and 31 March, 2004 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 and 'Assets and Liabilities' as on 31 March, 2000, 31 March, 2001, 31 March, 2002, 31 March, 2003 and 31 March, 2004 extracted from the Profit and Loss Accounts for those years and Balance Sheets as at those dates audited by us.

   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.

2. This report is being issued by us for the purpose of incorporating the same in the offer document proposed to be issued by Tata Consultancy Services Limited, Bombay House, 24, Homi Mody Street, Mumbai, in connection with the initial offer of its Equity Shares.

For **S.B. BILLIMORIA & CO.**
Chartered Accountants

Chennai
28th June, 2004

K. SAI RAM
Partner
(Membership No. 022360)

AVIATION SOFTWARE DEVELOPMENT CONSULTANCY INDIA LIMITED **Annexure 1**

Statement of Profit and Loss

	Year ended 31.03.2004	Year ended 31.03.2003	Year ended 31.03.2002	Year ended 31.03.2001	Year ended 31.03.2000
A. Income					
Revenue from Software Development	185.16	174.98	142.14	100.39	116.20
Interest Income	4.53	2.88	3.67	3.59	1.34
Other Income	0.01	3.09	1.55	0.97	0.11
	189.70	**180.95**	**147.36**	**104.95**	**117.65**
B. Expenditure					
Staff Costs	96.64	86.59	69.48	49.95	48.25
Operating and Other Expenses	53.00	38.22	24.61	15.30	16.69
Interest and Financial Charges	-	-	-	-	-
Depreciation	5.23	3.55	3.15	4.21	5.48
	154.87	**128.36**	**97.24**	**69.46**	**70.42**
C. Adjusted Profit before Tax and Extraordinary Items	**34.83**	**52.59**	**50.12**	**35.49**	**47.23**
Provision for Taxes					
Current Income Tax	3.60	5.15	7.00	1.58	0.55
Deferred Income Tax	-	-	-	-	-
D. Adjusted Profit after Taxation	**31.23**	**47.44**	**43.12**	**33.91**	**46.68**
Adjusted Profit / (Loss) Brought Forward from Previous Year	147.25	99.81	56.69	22.78	(23.90)
Profit Available for Appropriation	**178.48**	**147.25**	**99.81**	**56.69**	**22.78**
E. Appropriations					
General Reserve	-	-	-	-	-
Proposed Dividend	-	-	-	-	-
Corporate Dividend Tax	-	-	-	-	-
	-	-	-	-	-
F. Balance Carried Forward to Balance Sheet	**178.48**	**147.25**	**99.81**	**56.69**	**22.78**
Extent of Interest so far as it would have concerned the members of Tata Consultancy Services Limited in the capital of Aviation Software Development Consultancy India Limited assuming that current shareholding of Aviation Software Developmency Consultancy India Limited was held by Tata Consultancy Services Limited in the relevant years	**100%**	**100%**	**100%**	**100%**	**100%**
Amount of profit/(loss) so far as it would have concerned the members of Tata Consultancy Services Limited in the capital of Aviation Software Development Consultancy India Limited assuming that current shareholding of Aviation Software Development Consultancy India Limited was held by Tata Consultancy Services Limited in the relevant years	**218.48**	**187.25**	**139.81**	**96.69**	**62.78**

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.

Statement of Assets and Liabilities **Annexure 2**

	As on 31.03.2004	As on 31.03.2003	As on 31.03.2002	As on 31.03.2001	As on 31.03.2000
A Fixed Assets:					
Gross Block	46.38	43.81	35.61	34.27	33.51
Less: Depreciation	(35.46)	(30.52)	(27.04)	(24.07)	(19.87)
	10.92	**13.29**	**8.57**	**10.20**	**13.64**
CWIP/Capital Advance	-	-	3.92	-	-
Net Block	**10.92**	**13.29**	**12.49**	**10.20**	**13.64**
B Investments	-	-	-	-	-
C Current Assets, Loans and Advances					
Sundry Debtors	45.03	69.44	74.23	32.00	7.86
Unbilled Revenue	3.19	-	-	-	-
Cash & Bank Balances	181.43	120.54	70.00	76.22	63.49
Loans & Advances	29.80	37.74	33.28	7.39	3.55
Other Current Assets	0.34	0.19	0.29	0.49	-
	259.79	**227.91**	**177.80**	**116.10**	**74.90**
Total Assets	**270.71**	**241.20**	**190.29**	**126.30**	**88.54**
D Liabilities and Provisions					
Secured Loans	-	-	-	-	-
Unsecured Loans	-	-	-	-	-
Current Liabilities and Provisions	52.23	53.95	50.48	29.61	25.76
	52.23	**53.95**	**50.48**	**29.61**	**25.76**
E Deferred Tax Liability	-	-	-	-	-
F Adjusted Networth	**218.48**	**187.25**	**139.81**	**96.69**	**62.78**
Networth Represented by					
G Share Capital (Equity Paid-Up Capital)	40.00	40.00	40.00	40.00	40.00
H Reserves and Surplus					
General Reserve	-	-	-	-	-
Balance as per Profit and Loss Account	178.48	147.25	99.81	56.69	22.78
	178.48	**147.25**	**99.81**	**56.69**	**22.78**
I Adjusted Networth	**218.48**	**187.25**	**139.81**	**96.69**	**62.78**
Extent of Interest so far as it would have concerned the members of Tata Consultancy Services Limited in the capital of Aviation Software Development Consultancy India Limited assuming that current shareholding of Aviation Software Development Consultancy India Limited was held by Tata Consultancy Services Limited in the relevant years	100%	100%	100%	100%	100%
Amount of profit/(loss) so far as it would have concerned the members of Tata Consultancy Services Limited in the capital of Aviation Software Development Consultancy India Limited assuming that current shareholding of Aviation Software Development Consultancy India Limited was held by Tata Consultancy Services Limited in the relevant years	218.48	187.25	139.81	96.69	62.78

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.

Annexure 3

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, 2000, 31 MARCH, 2001, 31 MARCH, 2002, 31 MARCH, 2003 AND 31 MARCH, 2004

1. Background

M/s. Aviation Software Development Consultancy India Limited ("the Company") was established as a 100% Export Oriented Unit (EOU) registered under the Software Technology Park of India Scheme of the Government of India.

The Company focusses on providing end-to-end engineered solutions primarily to airlines that use Transaction Processing Facility (TPF) and related technology for their core operations.

The Company was originally incorporated in the name of M/s. Airline Software Development Consultancy India Private Limited on 19 December 1995 as a Private Limited Company under the provisions of the Companies Act, 1956. Consequent to the Company becoming a Deemed Public Company under Section 43A of the Companies Act, 1956, the name of the Company was changed to M/s. Airline Software Development Consultancy India Limited. Subsequently, the name of the Company has once again been changed to M/s. Aviation Software Development Consultancy India Limited with effect from 2 April 1997.

The Company was a Joint Venture Company between M/s. Singapore Airlines Limited and M/s. Tata Sons Limited acting through its division M/s. Tata Consultancy Services (TCS).

During the year 2003-2004, M/s. Singapore Airlines Limited, the erstwhile Holding Company, has transferred its equity holding in the Company in the form of 2,040,000 shares in favour of M/s. Tata Sons Limited for consideration received. Necessary approval from the Reserve Bank of India for the above transfer has been obtained by the Company vide its letter dated 23 February 2004. Consequent to the above share transfer, M/s. Tata Sons Limited has become the Holding Company.

2. Significant Accounting Policies

a) Basis of Accounting

The Accounts are prepared on accrual basis under the historical cost convention.

b) Fixed Assets

Fixed Assets are stated at their original cost including transportation and other incidental expenses relating to acquisition and installation.

c) Depreciation

Depreciation on fixed assets is provided prorata on the basis of the written down value method and using the rates given below:

Category	Rate
Computer Equipment & Software	40.00%
Electrical Installation	13.91%
Office Equipment	13.91%
Furniture & Fittings	18.10%
Vehicles	25.89%

Improvements to Leasehold Premises are written off over the balance Primary Lease Period

Assets with individual cost not exceeding Rs.5,000 are fully depreciated in the year of purchase.

d) Revenue

Revenue from Software Development:

- on fixed price contracts is recognised according to the milestone achieved as specified in the contract, and is on the "Proportionate Completion Method" based on the work completed as certified by the Management.
- on time and material contracts is recognised based on time spent as per the terms of the specified contracts.

e) Foreign Currency Transactions

Foreign exchange transactions are accounted at the rates prevailing on the date of the transaction. Outstanding foreign currency assets and liabilities are restated at year end rates. Gains and losses arising on restatement/settlement are dealt with in the profit and loss account.

f) Retirement Benefits

Contributions to Provident Fund and Family Pension Fund are statutorily deposited with the Government and the Company's contribution to the funds is charged to revenue.

The Employees Gratuity, Superannuation and Leave Encashment liabilities of the Company have been accrued for based on estimates made by the Company, on the assumption that the benefits are payable to all the employees at the end of the accounting year.

g) Training Expenses

Training expenses are fully charged to the profit and loss account in the period in which they are incurred.

h) Deferred Taxation

Deferred Taxation is provided using the liability method in respect of the taxation effect arising from all material temporary differences between the accounting and the tax treatment of income and expenditure, which are expected with reasonable probability to crystalise in the forseeable future.

Deferred tax benefits are recognised in the financial statements only when such benefits are reasonably expected to be realisable in the near future.

3. Qualifications in Auditors Report

a. For the year ended 31 March, 2004

As regards Companies (Auditor's Report) Order, 2003

There are no dues of Sales Tax, Income Tax, Customs Duty, Wealth Tax and Cess which have not been deposited on account of any dispute except for an amount of Rs. 989,194 provided towards R&D Cess payable for the years 1996-1997 to 1999-2000 with respect to deputation charges paid, pending clarification from the Technology Development Board, Department of Science & Technology.

4. Contingent Liabilities

(All amounts in Rs. million)

	As on 31.03.2004	As on 31.03.2003	As on 31.03.2002	As on 31.03.2001	As on 31.03.2000
Estimated amount of contracts remaining to be executed on capital account	NIL	0.14	0.73	NIL	0.34

5. Investments

NIL

6. Segment Information

As per Accounting Standard 17, "Segment Reporting", issued by the Council of the Institute of Chartered Accountants of India, the Standard comers into effect in respect of accounting periods commencing on or after 01.04.2001 and is mandatory in nature from that date in respect of the following:

- Enterprises whose equity or debt securities are listed on a recognized stock exchange in India, and enterprises that are in the process of issuing equity or debt securities that will be listed on a recognized stock exchange in India as evidenced by the Board of Directors' resolution in this regard
- All other commercial, industrial and business reporting enterprises, whose turnover for the accounting period exceeds Rs. 50 crores

Since the Company does not fall in any of the above two categories, the Standard is not applicable to the Company and hence segment information has not been presented.

7. Related Party Disclosures

As per Accounting Standard 18, "Related Party Disclosures", issued by the Council of the Institute of Chartered Accountants of India, the Standard comes into effect in respect of accounting periods commencing on or after 01.04.2001 and is mandatory in nature only to the following enterprises:

- Enterprises whose equity or debt securities are listed on a recognized stock exchange in India, and enterprises that are in the process of issuing equity or debt securities that will be listed on a recognized stock exchange in India as evidenced by the Board of Directors' resolution in this regard
- All other commercial, industrial and business reporting enterprises, whose turnover for the accounting period exceeds Rs. 50 crores

Since the Company does not fall in any of the above two categories, the Standard is not applicable to the Company and hence related party transactions have not been reported.

8. Amounts due to Small Scale Industrial Undertakings

NIL

9. Obligation towards non-cancellable operating lease (As per Accounting Standard – 19 "Accounting for Leases" issued by the Council of the Institute of Chartered Accountants of India applicable w.e.f. 01.04.2001)

(All amounts in Rs. million)

Particulars	2003-2004	2002-2003	2001-2002
Due not later than one year	4.388	8.349	7.590
Due later than one year but not later than five years	0.006	5.674	14.023
Total	**4.394**	**14.023**	**21.613**

10. Expenditure in Foreign Currency

(All amounts in Rs. million)

Particulars	2003-2004	2002-2003	2001-2002	2000-2001	1999-2000
Rent	8.317	11.825	4.529	NIL	NIL
Deputed Employee Cost	3.473	NIL	NIL	NIL	1.105
Foreign Allowance & Travel	34.297	30.860	10.277	0.619	0.673
Training	0.328	0.091	0.112	0.274	3.787
Legal and Professional Charges	1.699	1.498	0.425	NIL	NIL
Software Expenses	0.127	NIL	NIL	NIL	NIL
Withholding Tax	8.349	9.844	7.200	3.544	3.872
Others	2.734	3.084	0.856	0.134	0.091
Total	**59.324**	**57.202**	**23.399**	**4.571**	**9.528**

11. Income in Foreign Currency

(All amounts in Rs. million)

Particulars	2003-2004	2002-2003	2001-2002	2000-2001	1999-2000
Software Development	161.800	156.167	142.140	100.387	116.199
Reimbursement of Expenses	29.531	40.426	14.966	NIL	NIL
Total	**191.331**	**196.593**	**157.106**	**100.387**	**116.199**

12. Value of Imports on CIF Basis

(All amounts in Rs. million)

Particulars	2003-2004	2002-2003	2001-2002	2000-2001	1999-2000
Capital Equipment	2.856	3.346	0.343	0.453	2.118

13. Secured Loans

(All amounts in Rs. million)

As on 31.03.2004	As on 31.03.2003	As on 31.03.2002	As on 31.03.2001	As on 31.03.2000
NIL	NIL	NIL	NIL	NIL

14. Unsecured Loans

(All amounts in Rs. million)

As on 31.03.2004	As on 31.03.2003	As on 31.03.2002	As on 31.03.2001	As on 31.03.2000
NIL	NIL	NIL	NIL	NIL

15. Taxes

a. The Company, being a Registered STPI Unit, is eligible for a tax holiday on its export income as per the provisions of Section 10A of the Income Tax Act, 1961. The current income tax provision has been made for non exempt income earned by the Company during the respective financial years.

b. Deferred tax assets and liabilities are being offset as they relate to taxes on income levied by the same governing taxation laws. On grounds of prudence, the deferred tax asset remaining, if any, after set off with deferred tax liability, has not been recognized in the books of account.

16. Tax Shelter Statement

(All amounts in Rs. million)

	As on 31.03.2004	As on 31.03.2003	As on 31.03.2002	As on 31.03.2001	As on 31.03.2000
Tax rate (including surcharge)	35.88%	36.75%	35.70%	39.55%	38.50%
Adjusted net profit before tax and after prior period/extra-ordinary item adjustments	34.83	52.59	50.12	35.49	47.23
Net profit before tax as per audited accounts (for tax year)	34.83	52.59	50.12	35.49	47.23
Tax at notional rates (A)	**12.50**	**19.33**	**17.89**	**14.04**	**18.18**
Export Profits (Under Section 10A) (i)	(28.98)	(42.58)	(52.40)	(32.45)	(45.84)
Book Depreciation	5.23	3.55	3.15	4.21	5.48
Tax Depreciation	5.02	5.00	2.43	3.77	6.64
Difference between tax and book depreciation (ii)	0.21	(1.45)	0.72	0.44	(1.16)
Other adjustments (iii)	3.76	5.07	5.23	0.15	1.16
Net adjustments(i + ii + iii)	(25.01)	(38.96)	(46.45)	(31.86)	(45.84)
Tax Saving on Adjustments (B)	**(8.97)**	**(14.32)**	**(16.58)**	**(12.60)**	**(17.64)**
Total Taxation as per Return of Income (A+B)	**3.53**	**5.01**	**1.31**	**1.44**	**0.54**

Note:

Wherever assessment is yet to be completed, the tax has been computed based on the Return of Income. For the Previous Year 2003-2004, the same has been computed based on the proposed tax workings. Further, the above excludes interest paid/payable under Section 234B and 234C of the Income Tax Act, 1961.

17. Capitalisation Statement

(All amounts in Rs. million)

	As on 31.03.2004	As on 31.03.2003	As on 31.03.2002	As on 31.03.2001	As on 31.03.2000
Long Term Debt (A)	NIL	NIL	NIL	NIL	NIL
Shareholders Funds (B)	218.48	187.25	139.81	96.69	62.78
Share Capital	40.00	40.00	40.00	40.00	40.00
Reserve and Surplus	178.48	147.25	99.81	56.69	22.78
Long Term Debt/ Shareholders Fund (A/B)	NIL	NIL	NIL	NIL	NIL

18. Dividend

(All amounts in Rs. million)

	Year ended 31.03.2004	Year ended 31.03.2003	Year ended 31.03.2002	Year ended 31.03.2001	Year ended 31.03.2000
Equity Share Capital	40.00	40.00	40.00	40.00	40.00
Rate of Dividend	NIL	NIL	NIL	NIL	NIL
Amount of Dividend	NIL	NIL	NIL	NIL	NIL
Corporate Dividend Tax	NIL	NIL	NIL	NIL	NIL

19. Accounting Ratios

	Year ended 31.03.2004	Year ended 31.03.2003	Year ended 31.03.2002	Year ended 31.03.2001	Year ended 31.03.2000
Earning per share (Rs.)	7.81	11.86	10.78	8.48	11.67
Return on net worth %	14.29	25.34	30.84	35.07	74.35
Net asset value per equity share (Rs.)	54.62	46.81	34.95	24.17	15.70
Weighted average number of equity shares outstanding during the year/period (in millions)	4	4	4	4	4
Total number of equity shares outstanding during the year/period (in millions)	4	4	4	4	4

Earnings Per Share	=	Adjusted Profit after Tax / Number of Shares
Return on Networth	=	Adjusted Profit after Tax / Adjusted Networth x 100
Net Asset Value per share	=	Adjusted Networth / Number of Shares

Annexure 4

Changes in Accounting Policy during the last five financial years:

Year	Change
1999-2000 to 2003-2004	No material changes in accounting policy were made during these years.

Note:

The Company has adopted the mandatory Accounting Standards issued by the Institute of Chartered Accountants of India to the extent they have come into force in the respective periods and these are not considered as changes in accounting policies.

Annexure 5

(All amounts in Rs. million)

Agewise analysis of Sundry Debtors as at 31 March, 2004

Period	Balance	Due from Related Parties
More than 180 days	-	-
Less than 180 days	45.03	7.93
Total	**45.03**	**7.93**

Following are the Dues from Related Parties (Sundry Debtors)

Name	Balance	>180 Days	<=180 Days	Nature of Relationship	Weighted Average Number of Days Outstanding
Tata Sons Limited	7.93	-	7.93	Holding Company	3 (r/off)
Total	**7.93**	**-**	**7.93**		

Brakeup of Loans & Advances as at 31 March, 2004 (Net of Provision for Doubtful Advances)

Particulars	Balance	Due from Related Parties
Staff Loans	0.07	-
Deposit	5.34	-
Advance Recoverable in Cash or in Kind or for Value to be Received	8.06	0.06
Advance Tax	16.33	-
Total	**29.80**	**0.06**

Following are the Dues from Related Parties (Loans & Advances)

Name	Balance	Nature of Relationship
Tata Sons Limited	0.06	Holding Company
Total	**0.06**	

INDEX TO COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS

	Page
Combined and Consolidated Financial Statements of the TCS Division (See Notes 1 and 2) of Tata Sons Limited:	
Report of Independent Auditors	364
Combined and consolidated balance sheets as of March 31, 2003 and 2004	365
Combined and consolidated statements of income for the years ended March 31, 2002, 2003 and 2004	366
Combined and consolidated statements of cash flows for the years ended March 31, 2002, 2003 and 2004	367
Statements of shareholders' equity for the years ended March 31, 2002, 2003 and 2004	369
Notes to combined and consolidated financial statements	370

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Deloitte Haskins & Sells

REPORT OF INDEPENDENT AUDITORS

To the Board of Directors
Tata Sons Limited:

We have audited the accompanying combined and consolidated balance sheets at March 31, 2003 and 2004 of Tata Consultancy Services (a division of Tata Sons Limited) and subsidiaries, and CMC Limited ("collectively referred to as the TCS Division") (See Notes 1 and 2) and the related combined and consolidated statements of income, cash flows and shareholders' equity for each of the years in the three-year period ended March 31, 2004, all expressed in Indian rupees. These financial statements are the responsibility of the TCS Division's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the combined and consolidated financial statements referred to above present fairly, in all material respects, the combined and consolidated financial position of the TCS Division as of March 31, 2003 and 2004 and the combined and consolidated results of their operations and cash flows for each of the years in the three-year period ended March 31, 2004, in conformity with accounting principles generally accepted in the United States of America.

As described in Note 3 (a), these financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America, which differ in certain material respects from accounting principles generally accepted in India, which form the basis of Tata Sons' general purpose financial statements.

sd/-

Deloitte Haskins & Sells

CHARTERED ACCOUNTANTS

Mumbai, India

July 12, 2004

The TCS Division (See Notes 1 and 2) of Tata Sons Limited

Combined and Consolidated Balance Sheets As of March 31, 2003 and 2004

	As of March 31,	
	2003	**2004**
	(In millions)	
ASSETS:		
Current assets:		
Cash and cash equivalents	Rs. 1,331.8	Rs.1,571.1
Short term deposits	92.2	-
Accounts receivable, net of allowances of Rs. 358.6 million and Rs. 588.7 million, respectively	14,169.6	13,838.4
Unbilled revenues	2,934.1	3,324.7
Advance to TCS Limited	2,243.3	2,266.2
Deposit placed with TCS Limited	-	3,750.0
Prepaid expenses and other current assets, net of allowances of Rs. 26.3 million and Rs. 70.7 million, respectively	3,463.2	3,911.2
Total current assets	**24,234.2**	**28,661.6**
Investments	209.6	65.9
Equity in affiliates	334.7	355.4
Property and equipment, net	5,290.2	6,967.2
Intangible assets	115.0	-
Goodwill	391.4	87.3
Other non-current assets	1,230.5	1,321.2
Total assets	**Rs. 31,805.6**	**Rs.37,458.6**
LIABILITIES AND SHAREHOLDERS' EQUITY:		
Liabilities:		
Current liabilities:		
Accrued expenses and other current liabilities	Rs.7,796.9	Rs.6,776.5
Income taxes payable	827.4	889.2
Unearned and deferred revenues	1,231.8	1,226.0
Short-term borrowings	7,200.9	7,498.1
Total current liabilities	**17,057.0**	**16,389.8**
Long-term debt	39.0	70.2
Minority interests	1,122.7	25.7
Other non-current liabilities	345.2	333.9
Total liabilities	**18,563.9**	**16,819.6**
Commitments and contingencies (See Note 23)	-	-
Shareholders' equity:		
Tata Sons' net investment	13,238.7	18,235.1
Accumulated other comprehensive income/(loss)	3.0	(131.0)
CMC Shareholders' equity (See Note 18)	-	2,534.9
Total shareholders' equity	**13,241.7**	**20,639.0**
Total liabilities and shareholders' equity	**Rs. 31,805.6**	**Rs.37,458.6**

See accompanying notes to combined and consolidated financial statements

The TCS Division (See Notes 1 and 2) of Tata Sons Limited

Combined and Consolidated Statements of Income

For each of the years ended March 31, 2002, 2003 and 2004

	Years ended March 31,		
	2002	**2003**	**2004**
		(In millions)	
Revenues:			
Consultancy services	Rs.40,951.8	Rs.50,956.8	Rs.65,765.1
Sale of equipment and software licenses	2,388.6	3,699.0	4,868.8
Other revenues	365.9	522.8	593.4
Total revenues	**43,706.3**	**55,178.6**	**71,227.3**
Cost of Revenues:			
Cost of services	21,124.3	28,605.5	34,192.3
Cost of equipment and software licenses	2,092.4	3,331.9	4,344.5
Total cost of revenues	**23,216.7**	**31,937.4**	**38,536.8**
Gross margin	**20,489.6**	**23,241.2**	**32,690.5**
Operating Expenses:			
Selling, general and administrative expenses	7,773.8	10,616.8	14,292.7
Research and development	185.1	200.5	300.5
Total operating expenses	**7,958.9**	**10,817.3**	**14,593.2**
Operating Income	**12,530.7**	**12,423.9**	**18,097.3**
Other income (expense):			
Interest and dividends (net)	237.8	406.2	203.7
Foreign exchange gain / (loss), net	389.6	9.9	(107.6)
Other, net	331.4	364.0	841.0
Other income (expense), net	**958.8**	**780.1**	**937.1**
Income before income taxes, extraordinary item and minority interests	**13,489.5**	**13,204.0**	**19,034.4**
Income tax expense	(2,567.6)	(2,444.7)	(2,884.3)
Minority interest, net of income taxes	55.3	(78.7)	(125.4)
Equity in net earnings of affiliates	65.1	47.7	99.8
Income from continuing operations	**11,042.3**	**10,728.3**	**16,124.5**
Extraordinary gain (See Note 4)	-	211.0	-
Net income	**Rs. 11,042.3**	**Rs.10,939.3**	**Rs.16,124.5**

See accompanying notes to combined and consolidated financial statements

The TCS Division (See Notes 1 and 2) of Tata Sons Limited
Combined and Consolidated Statements of Cash Flows
For each of the years ended March 31, 2002, 2003 and 2004

	Years ended March 31,		
	2002	**2003**	**2004**
		(In millions)	
Cash flows from operating activities:			
Net income	Rs.11,042.3	Rs.10,939.3	Rs.16,124.5
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation	819.5	1,059.6	1,232.6
(Gain) loss on sale of property and equipment	(0.5)	10.6	(2.4)
Deferred income taxes	97.9	(400.2)	221.1
Equity in net earnings of affiliates	(65.1)	(47.7)	(99.8)
Minority interests	(55.3)	78.7	125.4
Impairment of investments	32.4	-	186.8
Loss on sale of investment in affiliate	-	92.9	-
Extraordinary gain on acquisition of TCS America	-	(211.0)	-
Impairment of intangible asset	-	-	115.0
Net change in:			
Accounts receivable	(2,049.0)	2,406.4	(18.7)
Unbilled revenues	1,208.8	(756.5)	(440.1)
Prepaid expenses and other current assets	(974.8)	(2,783.2)	(293.8)
Other non-current assets	(207.1)	(429.4)	46.9
Accrued expenses and other current liabilities	403.1	(3,977.7)	(875.5)
Unearned and deferred revenues	(53.3)	455.9	(5.8)
Income taxes payable	1,716.6	1,986.6	2.3
Other non-current liabilities	690.0	350.5	(75.9)
Net cash provided by operating activities	**12,605.5**	**8,774.8**	**16,242.6**
Cash flows from investing activities:			
Purchase of available-for-sale securities	(207.5)	(28.6)	-
Transfer of equity interest in CMC Limited to TCS Limited	-	-	1,652.2
Purchase of property and equipment	(1,223.6)	(1,311.5)	(2,826.0)
Proceeds from sale of property, plant and equipment	2.5	38.4	31.7
Purchase of subsidiaries, net of cash acquired	(1,192.9)	(1,386.7)	(293.5)
Purchase of investment in affiliate	(49.7)	(110.0)	(75.0)
Dividend received from affiliate	4.8	6.0	-
Net change in short term deposits	-	(92.2)	92.2
Advances to and deposit placed with TCS Limited	(1,588.0)	(655.3)	(3,772.9)
Net cash used in investing activities	**(4,254.4)**	**(3,539.9)**	**(5,191.3)**

The TCS Division (See Notes 1 and 2) of Tata Sons Limited
Combined and Consolidated Statements of Cash Flows
For each of the years ended March 31, 2002, 2003 and 2004

	Years ended March 31,		
	2002	**2003**	**2004**
		(In millions)	
Cash flows from financing activities:			
Net change in short-term borrowings	2,743.5	3,740.0	298.0
Proceeds from issuance of long-term debt	470.0	39.0	31.2
Repayment of long-term debt	-	(470.0)	-
Cash withdrawn by Tata Sons Limited (including capital gains tax on transfer of CMC)	(9,898.9)	(9,121.0)	(13,274.9)
Dividends paid by a subsidiary to minority shareholders	-	(29.6)	(33.4)
Consideration received in excess of carrying cost of investment in CMC	-	-	2,146.8
Proceeds from minority on issue of shares by a subsidiary	-	1.9	54.5
Net cash used in financing activities	**(6,685.4)**	**(5,839.7)**	**(10,777.8)**
Effect of foreign exchange on cash flows	-	(11.0)	(34.2)
Net change in cash flows for the year	1,665.7	(615.8)	239.3
Cash and cash equivalents, beginning of year	281.9	1,947.6	1,331.8
Cash and cash equivalents, end of year	**Rs. 1,947.6**	**Rs. 1,331.8**	**Rs.1,571.1**
Supplementary cash flow information:			
Interest received, net	Rs. 233.3	Rs. 392.6	Rs. 163.9
Income taxes paid	Rs. 1,976.8	Rs. 2,473.6	Rs.2,201.7

See accompanying notes to combined and consolidated financial statements

The TCS Division (See Notes 1 and 2) of Tata Sons Limited

Statements of Shareholders' Equity

For each of the years ended March 31, 2002, 2003 and 2004

	Comprehensive income	Accumulated other comprehensive income (loss)	Shareholders' Net investment	Total Shareholders' equity
			In millions	
Balance at April 1, 2001		Rs.(5.3)	Rs.10,404.4	Rs.10,399.1
Net income	Rs.11,042.3		11,042.3	11,042.3
Unrealised loss on available-for-sale securities	(30.6)	(30.6)		(30.6)
Translation adjustment on consolidation of foreign subsidiary and equity accounting of foreign affiliate	0.4	0.4		0.4
Comprehensive income	Rs.11,012.1			
Cash withdrawn by Tata Sons and other current account transactions, net			(9,898.9)	(9,898.9)
Balance at March 31, 2002		(35.5)	11,547.8	11,512.3
Net income	Rs.10,939.3		10,939.3	10,939.3
Realised loss on available-for-sale securities	35.9	35.9		35.9
Translation adjustment on consolidation of foreign subsidiary and equity accounting of foreign affiliate	2.6	2.6		2.6
Comprehensive income	Rs.10,977.8			
Cash withdrawn by Tata Sons and other current account transactions, net			(9,248.4)	(9,248.4)
Balance at March 31, 2003		3.0	13,238.7	13,241.7
Net income	Rs.16,124.5		16,124.5	16,124.5
Unrealised gain on available-for-sale securities	27.8	27.8		27.8
Translation adjustment on consolidation of foreign subsidiaries and equity accounting of foreign affiliate	(161.8)	(161.8)		(161.8)
Comprehensive income	Rs.15,990.5			
Consideration received in excess of carrying cost of CMC (see Note 3 [b])			2,146.8	2,146.8
Capital gains tax on transfer of CMC			(228.3)	(228.3)
Cash withdrawn by Tata Sons and other current account transactions, net			(13,046.6)	(13,046.6)
		(131.0)	18,235.1	18,104.1
CMC shareholders' equity (see Note 18)				2,534.9
Balance at March 31, 2004		Rs.(131.0)	Rs.18,235.1	Rs.20,639.0

See accompanying notes to combined and consolidated financial statements

The TCS Division (See Notes 1 and 2) of Tata Sons Limited

Notes to Combined and Consolidated Financial Statements

1. Background and Business

Tata Sons Limited (or Tata Sons) is the principal investment holding company of the Tata Group, which traces its origin to a trading firm set up by the late Jamshetji Tata in 1868. It was incorporated as a company on November 8, 1917 under the Indian Companies Act VII of 1913. During the last several decades, Tata Sons has promoted each of the major companies of the Tata Group in India. Over the years, these companies have developed businesses in a wide spectrum of industries.

The principal businesses of Tata Sons are the holding of investments and providing consultancy services in the areas of computer software, finance, business operations and management, economic and market research and quality assurance. Tata Sons is an unlisted company and its two main shareholders are public charitable trusts, namely: the Sir Dorab Tata Trust and the Sir Ratan Tata Trust.

Tata Consultancy Services is an unincorporated division of Tata Sons (or the Division) engaged in providing information technology and software development services.

On October 16, 2001, Tata Sons acquired a 51% interest in CMC Limited (or CMC), an information technology (or IT) services company primarily focused on the Indian market and listed on Indian stock exchanges. This interest was acquired from the Government of India under the government's disinvestment programme. A further 0.12% was acquired as a result of a mandatory tender offer made to the public in March 2002 under India's Takeover Code. The aggregate consideration for the acquisition of the interests in CMC was Rs. 1,534.9 million. This acquisition has been accounted for as a purchase in accordance with Statement on Financial Accounting Standards (or SFAS) No. 141, and CMC's results of operations have been consolidated from the date of acquisition.

On March 20, 2003, Tata Sons acquired all of the third party interests in Tata America International Inc., (or TCS America). On December 23, 2002, Tata Sons acquired all of the third party interests in Tata Consultancy Services Sverige AB, Tata Consultancy Services Netherlands BV, Tata Consultancy Services Belgium SA, Tata Consultancy Services France SA, Tata Consultancy Services Deutschland GMBH (collectively referred to as the European Subsidiaries). These acquisitions were made for an aggregate consideration of Rs.2,140.2 million in cash. These acquisitions also have been accounted for as purchases in accordance with SFAS 141 (see Note 4), and their results of operations have been consolidated from the respective dates of acquisition.

On January 16 and March 29, 2004, Tata Sons acquired all the remaining interests of third parties in its affiliates Airlines Financial Support Services (India) Limited (or AFS) and Aviation Software Development Consultancy India Limited (or ASDC) for an aggregate consideration of Rs.423.2 million. These acquisitions have been accounted for as purchases in accordance with SFAS 141(see Note 4), and have been consolidated from their respective dates of acquisition.

The TCS Division, which consists of the Division, its overseas branches and CMC, TCS America, the European Subsidiaries and other subsidiaries from their respective dates of acquisition by Tata Sons or incorporation, respectively, provides a wide range of information technology and consultancy services, including systems hardware and software, communications and networking, hardware sizing and capacity planning, software project management solutions and technology education services. The TCS Division is India's largest IT services organisation in terms of revenues and profits, and is one of India's largest export earners. Among other quality benchmarks, all the TCS Division's centres are rated ISO 9001 and 75% of such centres have been rated SEI-CMM Level 5. The TCS Division has operations in about 32 countries, with approximately 29,000 personnel. Approximately 62% of the TCS Division's consolidated revenues are derived from customers based in the United States, with a further 20% derived from Europe, of which the largest market is the United Kingdom.

2. Reorganisation

On December 17, 2002, Tata Sons and its subsidiary Tata Consultancy Services Limited (or TCS Limited) filed a Scheme of Arrangement (or the Scheme) with the High Court of Judicature at Bombay. On May 9, 2003, the High Court sanctioned the Scheme.

In accordance with the Scheme, Tata Sons will transfer all the assets and liabilities of the Division to TCS Limited (or the Transfer). In addition to the assets and the liabilities of the Division in India and the overseas branches, the assets to be transferred to TCS Limited pursuant to the Scheme will include the shares owned by Tata Sons in TCS America, the European Subsidiaries, and other subsidiaries and affiliates.

The Transfer will become effective upon execution of an underwriting agreement relating to the IPO and the satisfaction of certain other specified conditions, and will legally be deemed to be effective as of April 1, 2004.

The consideration payable by TCS Limited to Tata Sons will consist of a non-interest bearing payable of Rs. 23,000 million in cash within three days after the successful completion of an initial public offering (or IPO) of its equity shares by TCS Limited. In the event that repayment of the payable is delayed for any reason, TCS Limited will pay interest to Tata Sons at a mutually agreed-upon commercial rate.

All legal and other proceedings (other than proceedings in relation to corporate taxes on profits under the Income Tax Act, 1961) by or against Tata Sons, whether pending or which may be initiated in the future, regarding any matter relating to the TCS Division will be assumed by TCS Limited.

The Transfer is subject to stamp duty in the state of Maharashtra and in other states where TCS's immovable property is situated; however, certain limits may apply on TCS' exposure to stamp duty under Maharashtra law, and TCS may be able to set off stamp duties paid in other states against amounts due in Maharashtra.

As the Transfer is between companies under common control, it will be accounted for on the historical cost basis when consummated.

Tata Sons retained its non-technology divisions, certain of its technology related businesses and certain assets, liabilities and investments that were not directly related to the TCS Business , including its investments in Tata Elxsi Limited (or Elxsi) and Tata Infotech Limited (or Infotech). These financial statements do not include the accounts of Elxsi and Infotech for any of the periods presented.

On March 29, 2004, pursuant to the overall Reorganisation, Tata Sons' shareholding in CMC was transferred to TCS Limited for a cash consideration of Rs.3,799 million. These proceeds are included in the Division's assets that will be subject to the terms of the transfer. Tata Sons is liable for the capital gains tax arising from the transfer. The amount paid by TCS Limited in excess of the carrying value of CMC on the date of its transfer to TCS Limited has been accounted for as a capital contribution. No gain or loss was recognised on the transaction by the TCS Division.

3. Summary of Significant Accounting Policies

a. Basis of presentation

These financial statements have been prepared to reflect the combined and consolidated financial position and results of operations of the TCS Division.

These financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (or US GAAP). US GAAP differs in certain material respects from accounting principles generally accepted in India and the requirements of India's Companies Act, 1956 (collectively Indian GAAP), which form the basis of the statutory general purpose financial statements of Tata Sons, the Division and TCS Limited in India. Principal differences insofar as they relate to the TCS Division include: the application of "carve out" accounting; the preparation of combined financial statements for companies under common control; continuation of the historical basis of accounting for the reorganisation of companies and businesses under common control and management; different measurements under the purchase accounting method for acquisitions; revenue and cost recognition; the valuation of investments; consolidation of subsidiaries and the application of the equity method of accounting for affiliates; accounting for deferred income taxes and retirement benefits; and, the presentation and format of the financial statements and related notes.

These financial statements reflect the financial position for those assets and liabilities, results of operations and cash flows for the TCS Division as carved out of the accounts of Tata Sons, as though the TCS Division had been a stands-alone legal entity from April 1, 2000.

These financial statements have been prepared using the historical basis in the assets and liabilities and the historical results of operations relating to the TCS Division in the accounts of Tata Sons and CMC, based on the separate records maintained for the business.

These financial statements do not include any allocated overheads from Tata Sons' corporate headquarters, as separate records have been maintained for each of Tata Sons' divisions and for each subsidiary. These financial statements, however, do include interest income on certain cash withdrawals by Tata Sons for each of the years ended March 31, 2002, 2003 and 2004, respectively. Management believes that such interest earned is reasonable based on market interest rates applicable at the time such withdrawals were made; however, these amounts are not necessarily indicative of the income that would have accrued if the TCS Division had been a standalone legal entity during the periods reported.

These financial statements also may not necessarily reflect the consolidated results of the TCS Division's operations, financial position or cash flows in the future or what they would have been had the TCS Division been a separate standalone legal entity during the periods reported.

The Shareholders' Net Investment account represents Tata Sons' net investment in the TCS Division and consideration received in excess of the carrying value of investment in CMC (net of capital gains tax), after giving effect to the consolidated net income of the TCS Division, adjusted for cash contributed or withdrawn by Tata Sons, and current account transactions. CMC shareholders' equity includes share capital, additional-paid-in-capital, retained earnings and accumulated comprehensive income of CMC. (see Note 18).

b. Basis of consolidation and combination

The TCS Division consolidates all entities in which it has a majority financial interest, provided control is not impaired. The TCS Division also combines entities which are under common control and which are managed as an integral part of the TCS Division's operations.

In accordance with Statement of Financial Accounting Standards ("SFAS") No. 141, Business Combinations, the results of subsidiaries acquired have been consolidated from the date of acquisition. Purchase consideration paid in excess of the fair value of net assets acquired has been recognised as goodwill. The excess of fair value over the purchase consideration has been recognised as an extraordinary gain in the income statement in the period in which the business combination was consummated.

At March 31, 2003, the principal subsidiaries consolidated were CMC, TCS America, and the European Subsidiaries. At March 31, 2004, the principal subsidiaries consolidated were TCS America, the European Subsidiaries, AFS and ASDC. The consolidated statement of income of the TCS Division for the year ended March 31, 2004 includes the financial result of CMC for the period April 1, 2003 to the date of transfer of the investment in CMC to TCS Limited.

The entire shareholding of the TCS Division in CMC was transferred to TCS Limited on March 29, 2004. The balance sheet of CMC as of March 31, 2004 has been combined with the consolidated balance sheet of the TCS Division, as both these entities are under common management.

Inter-company transactions and balances have been eliminated on combination and consolidation.

c. Equity in affiliates

Entities where the TCS Division exerts significant influence, generally where TCS controls between 20% and 50% of the voting stock of the investee company, are considered affiliates, and are accounted for using the equity method. Inter-company unrealized gains and losses on transactions with affiliates are eliminated.

d. Use of Estimates

The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosures of contingent assets and liabilities at the date of these financial statements and the reported amounts of revenues and expenses for the years presented. Actual results could differ from these estimates. Material estimates in these financial statements that are susceptible to change as more information becomes available include accounting for: contract unbilled revenues for fixed price contracts including costs to complete for such contracts, allowances for uncollectible accounts receivable, useful lives of intangible and tangible assets, the cost of warranties and post sales customer support, retirement benefits and deferred taxes.

e. Revenue recognition

The TCS Division's derives revenues mainly from consultancy services, including contracts for software development, implementation and other related services, re-licensing of third party software products and sales and maintenance of equipment.

The TCS Division recognises revenue as follows:

Revenues from contracts priced on a time and materials basis are recognised as services are rendered and as related costs are incurred.

Revenues from turnkey contracts, which are generally time bound fixed price contracts, are recognised over the life of the contract using the percentage-of-completion method, with contract costs determining the degree of completion. Losses on such contracts are recognised when probable. Billings on such contracts are rendered based on contractual milestones; to the extent that cash collections exceed the billed and estimated unbilled revenues, the excess is reported as unearned and deferred revenues in the balance sheet.

Revenues from the sale of computer equipment are recognised upon delivery, which is when title passes to the customer. The TCS Division acts as a reseller of third party computer equipment products; such revenues are reported gross as the TCS Division acts as a principal, as it has pricing authority and bears inventory and credit risk.

Revenues from the sale of internally developed and manufactured systems and third party software products are recognised upon delivery of a license, which is when the absolute right to use passes to the customer and the TCS Division does not have any material remaining service obligations. The TCS Division acts as a relicenser of third party software licenses. Revenues from such products are reported gross as the TCS Division acts as a principal, as it has pricing authority and bears inventory and credit risk.

Revenues from bundled contracts that involve supplying computer equipment, licensing software and providing services are recognised separately for each of the elements based on the nature of each element and their proportional fair values. The fair value of each element is determined by reference to other unbundled contracts.

In accordance with EITF No.01-14, *Income Statement Characterization of Reimbursement Received for Out of Pocket Expenses Incurred* issued in November 2001, TCS reports reimbursements received for out of pocket expenses as revenue in the statement of income.

Revenues from maintenance contracts and from finite period software licenses granted are recognised pro-rata over the period of the contract.

The TCS Division provides training and education services in its owned centres, joint centres with academic institutions and through franchisees. Revenues from services provided in owned or managed learning centres are recognised pro rata over the period during which the education is provided. Revenues from sales of area franchisees are recognised when substantially all services that the TCS Division is required to provide have been completed. The TCS Division's share of tuition revenues receivable from franchisees is recognised pro rata over the period during which the franchisee provides the education service. Tuition fees that are collected in advance for which the related services have not been provided are included in unearned and deferred revenues.

Realised gains and losses on sales of securities are recorded on the trade date and are determined using the specific identification method. Dividends from equity investments are recorded when declared. Interest from debt instruments is recorded when earned.

All revenues are recognised only when collectibility of the resulting receivable is reasonably assured, and are reported net of discounts (See Note 16) and indirect and service taxes.

f. Cost recognition

Costs and expenses are recognised when incurred and have been classified according to their primary functions in the following categories.

Cost of services

These costs primarily include employee compensation of personnel when engaged in providing consultancy services, travel expenses, employee allowances, employee taxes where borne by the employer, client specific training expenses, depreciation and amortization of production related equipment and software, losses incurred on fixed price contracts and communications expenses.

Cost of services also includes the costs of internally developed software for sale; such costs are recognised and measured in accordance with SFAS No. 86: Accounting for the Costs of Computer Software to be Sold, Leased, or Otherwise Marketed.

Cost of equipment and software licenses

These costs consist of the cost of resold computer equipment and re-licensed software, and include inward shipping and insurance costs.

Selling, general and administrative expenses

Selling costs primarily include employee compensation for sales and marketing personnel, travel costs, advertising, business promotion expenses, allowances for delinquent receivables, outward shipping expenses and market research costs.

General and administrative costs primarily include employee compensation for administrative, supervisory, managerial and practice management personnel, depreciation and amortisation of non-production equipment and software, rent, insurance,

electricity, telecommunication costs, legal and professional fees, impairment of goodwill and intangibles, valuation allowances and other general expenses.

Research and development expenses

Research and development expenses include all costs relating to TCS' research and development center and costs incurred for the development of software to be sold.

The R&D centre's expenses primarily consist of employee compensation for research personnel, facilities expenses for the R&D centre and the cost of software and equipment for which there is no future use within the enterprise. Property and equipment that have a future use within the enterprise are capitalised and depreciated in the same manner as similar production assets.

Development costs incurred for software to be sold are expensed as incurred as research and development costs until technological feasibility has been established for the product. Technological feasibility is established upon completion of a detailed program design or, in its absence, completion of a working model. Thereafter, all software production costs are deferred and amortised over their useful lives and reported at the lower of un-amortised cost and net realisable value.

g. Foreign currency

The functional currency for the Division, AFS, ASDC and CMC is the Indian rupee, whereas the functional currencies of TCS America is the US dollar and of the European Subsidiaries and other subsidiaries, the currency in their countries of incorporation.

Foreign currency transactions are translated into the functional currency at exchange rates prevailing on the date of the transaction. Foreign currency denominated monetary assets and liabilities are translated into the functional currency using exchange rates prevailing on the balance sheet dates. Gains and losses arising on conversion of foreign currency denominated monetary assets and liabilities and on foreign currency transactions are included in net income.

The financial statements of foreign subsidiaries have been translated into rupees for the purposes of combination and consolidation as follows: income statement items have been converted using the average exchange rates prevailing during the period; assets and liabilities have been translated at the exchange rates prevailing on the balance sheet date. Any unrealised gains or losses arising on the translation of the financial statements of the subsidiaries have been reported in other comprehensive income, a separate component of shareholders' equity.

h. Stock Based Compensation

The Division has not implemented any stock option plans.

As a part of the disinvestment process, the Government of India agreed to transfer 919,326 equity shares of CMC to employees of CMC at a price significantly lower than the fair market value of the shares on the date of the transfer. This stock grant has been accounted for as a pre-acquisition contingency and the estimated fair value of the liability for stock based compensation has been included in the allocation of the purchase price for CMC.

i. Income taxes

The income tax expense comprises the combined and consolidated current tax expense and the net change in the deferred tax asset or liability in the year.

Current income taxes:

The combined and consolidated current income tax expense consists of the aggregate of the current income tax expense for the Division and for each subsidiary after its date of acquisition or incorporation, as applicable.

The current income tax for the Division consists of Indian income taxes payable for the Division's worldwide operations after taking credit for benefits available for operations in Software Technology Parks (or STP's) and export promotion zones (or EPZ's) and export earnings, and after offsetting benefits under double tax avoidance treaties for foreign taxes payable in overseas jurisdictions.

The Division's domestic operations are carried out through 22 "undertakings" established in STP's and EPZ's, which are separate taxable entities entitled to tax holidays, and other operations.

Current income tax is payable in each of the Division's overseas branches, computed in accordance with the tax laws applicable in the jurisdiction in which the branch operates. The amounts paid are generally available for offset as double tax credits in India against the income tax liability computed on the Division's worldwide income.

Until March 31, 2004, the Division's income was included in the tax returns of Tata Sons. In these financial statements the current income tax expense for the Division has been computed as though it was a standalone taxable entity, without taking into account tax liabilities or taxable benefits generated by other divisions of Tata Sons. The income tax expense for the Division has been computed using the historical income and expenses and historical tax and book bases for assets and liabilities in the books of Tata Sons.

Income tax currently payable by the Division to overseas tax jurisdictions has been recorded as a liability. Payments and liabilities attributable to income tax payable by the Division in India, which is due to Tata Sons, have been recorded in Shareholders' Net Investment.

In accordance with the Scheme, any future adjustments to Tata Sons' tax returns for tax years prior to the date of the Transfer, whether or not related to the Division's operations, as well as any tax consequences of the Transfer itself, would be to the account of Tata Sons.

The current income tax expense for TCS America, the European Subsidiaries and other subsidiaries, and CMC has been computed based on the laws applicable to each entity in the jurisdiction in which that entity operates.

Payments of advance taxes and income taxes payable in the same tax jurisdictions are offset. Overseas advance tax and income tax payable in the same jurisdiction have been offset as of March 31, 2003 to conform to the presentation adopted in fiscal 2004.

Deferred income taxes:

For domestic operations carried out in STP's and EPZ's, deferred tax liabilities, if any, have been established for the tax consequences of those temporary differences between the carrying values of assets and liabilities and their respective tax bases that reverse after the tax holiday ends. In accordance with SFAS 109, no deferred tax asset has been recognised for the reduction in taxes attributable to such tax holidays.

For taxable entities and undertakings that are not entitled to tax holidays, deferred tax assets and liabilities are recognised for the future tax consequences of temporary differences between the carrying values of assets and liabilities and their respective tax bases, and operating loss carry forwards. Valuation allowances are recorded to reduce deferred tax assets when it is more likely than not that a tax benefit will not be realised.

Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which the temporary differences are expected to be received or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognised in the income statement in the period of enactment of the change.

As at March 31, 2002, 2003 and 2004, the deferred tax asset or liability of the Division has been computed using the historical book and tax bases for assets and liabilities in the accounts of Tata Sons. Under Indian tax laws, the Transfer constitutes a taxable event where the assets and liabilities of the Division are revalued to their transferred values when transferred to TCS Limited. As a consequence, on the Transfer date, the deferred tax liability relating to Indian taxes in the Division's books will cease to exist and instead will be taxable as a capital gain or loss in the hands of Tata Sons.

j. Cash and cash equivalents

The TCS Division considers all highly liquid financial instruments, which are readily convertible into cash and have original maturities of three months or less on the date of purchase, to be cash equivalents. The carrying value of cash equivalents approximates fair value. Cash and cash equivalents principally consist of cash and bank balances in India and abroad. Foreign currency cash balances held in certain accounts in India and abroad may be subject to usage restrictions under foreign exchange control regulations in these countries.

k. Concentrations of credit risk

Financial instruments that potentially subject the TCS Division to concentrations of credit risk principally consist of cash and cash equivalents, debt securities, accounts receivable and unbilled revenues. Information on the TCS Division's credit exposures for accounts receivable and unbilled revenues has been reported in Note 6.

l. Inventories

Inventories comprise goods for resale, stores and spares, work in progress and education and training materials. Inventories are stated at the lower of cost and net realisable value. The cost of goods for resale is determined on a specific identification basis, the cost of stores and spares is identified on a weighted average basis and the cost of education and training materials is identified on a first-in-first-out basis. Work in progress consists of the cost of infrastructure facilities in the process of being installed at customers' sites. The cost of inventories includes customs and excise duties.

m. Intangible assets

The TCS Division has capitalised goodwill and intangible assets arising on the acquisition of CMC, the European Subsidiaries and ASDC, which have been accounted for by the purchase method.

In accordance with SFAS No. 142, *"Goodwill and Other Intangible Assets"*, TCS does not amortise the cost of goodwill and intangibles that do not have a finite life. Instead, in accordance with the two-step methodology required by SFAS No. 142, the TCS Division tests unamortised balances for goodwill and intangible assets that do not have a finite life for impairment annually, on March 31, or earlier upon the occurrence of a triggering event.

Intangible assets with a finite life are amortised as an expense over their estimated useful lives using the straight-line method.

n. Investments

The TCS Division accounts for its investments in debt securities and equity securities with readily determinable market values in accordance with SFAS No. 115, *Accounting for Certain Investments in Debt and Equity Securities*. SFAS No. 115 requires that such investments be reported at fair value, except for debt securities classified as held to maturity securities, which are reported at amortised cost.

The TCS Division does not hold any trading and debt securities.

Equity securities with readily determinable market values are classified as available-for-sale and recorded at fair value. Unrealized gains and losses on such securities, net of applicable taxes, are reported in other comprehensive income, a separate component of shareholders' equity.

Equity securities that do not have readily determinable market values are accounted for in accordance with APB Opinion No. 18, *The Equity Method of Accounting for Investments in Common Stock*, and are carried at original cost.

Declines in the fair values of investments below cost that are other than temporary are reflected in earnings as realised losses.

o. Property and equipment

Property and equipment are stated at cost, less accumulated depreciation. The TCS Division does not depreciate freehold land. Furniture and fixtures are fully depreciated in the year of purchase. Depreciation is provided for all other property and equipment so as to expense the cost over their estimated useful lives at the following basis and rates:

Type of Asset	Method	Rate / Period
Leasehold land	Straight line	Over the period of lease
Buildings	Written down value	5%
Leasehold improvements	Straight line	Over the period of lease
Computer equipment	Straight line	50.00%
Motor cars	Written down value	25.89%
Office equipment	Written down value	13.91%
Plant and machinery	Straight line	33.33%

Depreciation is not provided on capital work in progress until construction and installation are complete and the asset is ready for its intended use.

p. Impairment or disposal of long-lived assets

Whenever events or circumstances indicate that the carrying amount of long-lived assets may not be recoverable, the TCS Division subjects such assets to a test of recoverability based on the undiscounted cash flows from use or disposition of the asset. If the asset is impaired, TCS recognises an impairment loss as the difference between the carrying value of the asset and fair value less cost to sell. As of March 31, 2003 and 2004, none of the TCS Division's long-lived assets was considered impaired.

q. Retirement benefits

Gratuity

In accordance with Indian law, the Division and CMC provide for gratuity, a defined benefit retirement plan covering eligible employees in India. The plan provides for a lump sum payment to vested employees at retirement, death while in employment or on termination of employment in an amount equivalent to 15 to 30 days salary payable for each completed year of service. Vesting occurs upon completion of five years of service. The Division and CMC annually contribute to the Group Gratuity Scheme administered by the Life Insurance Corporation of India ("LIC") in an amount notified by the LIC. The TCS Division accounts for the liability for future gratuity benefits in accordance with SFAS No. 87, *Employers' Accounting for Pensions,* based on an external actuarial valuation carried out annually.

Superannuation

In addition to gratuity benefits, all eligible employees of the Division are entitled to benefits under Superannuation, a defined contribution plan, maintained by the Division in a separate trust. The Division makes monthly contributions at 13% of annual salary for the first five years of an employee's service and at 15% from the fifth year onwards until retirement or resignation of the employee. The Division recognizes such contributions as an expense when incurred. The Division has no further obligation beyond its monthly contribution.

Provident fund

In accordance with Indian law, all eligible employees of the Division and CMC in India are entitled to receive benefits under the provident fund, a defined contribution plan in which both the employee and employer contribute monthly at a determined rate (upto 12% of employee's salary). These contributions are made to a fund set up by the Division and CMC and administered by a board of trustees. The Division and CMC are liable for future provident fund benefits to the extent of its annual contribution and any shortfall in fund assets based on government specified minimum rates of return, and recognizes such contributions and shortfall, if any, as an expense in the year incurred.

r. Compensated absences

The TCS Division provides for the cost of vacation earned but not taken based on the number of days of carry-forward entitlement at each balance sheet date.

s. Debt issuance costs

Issuance costs of long-term debt are amortised over the tenure of the debt.

t. Dividends

As it is not a separate legal entity, the Division has not declared dividends in the past. Following the Transfer, any dividends declared by TCS Limited will be based on the profit available for distribution as reported in the unconsolidated statutory financial statements of TCS Limited prepared in accordance with Indian GAAP, which will include the results presently reported by the Division. Accordingly, in certain years, the consolidated net income reported by TCS Limited in its consolidated US GAAP financial statements may not be fully distributable.

u. Comprehensive Income

The TCS Division reports comprehensive income in accordance with SFAS No. 130, *Reporting Comprehensive Income.* Accounting principles generally require that recognised revenue, expenses, gains and losses be included in net income. Unrealized gains and losses on available-for-sale securities, translation adjustments arising on the consolidation of foreign subsidiaries and net income are components of comprehensive income.

v. Segment information

The TCS Division operates in three identified geographic reportable segments, namely (1) the Americas, (2) Europe, and, (3) India. All other operating segments do not meet the quantitative thresholds for disclosure. Segment-wise information has been provided in Note 22.

w. Derivative Financial Instruments

The TCS Division recognises all derivatives as assets or liabilities in the balance sheet and measure them at fair value. Changes in fair value are reported in earnings. Fair value of derivative financial instruments are generally based on quotations obtained from inter-bank market participants.

The TCS Division, in accordance with its risk management policies and procedures, enters into foreign currency forward contracts to manage its exposure in foreign exchange rates. The counter party is generally a bank. Although these contracts are effective as hedges from an economic perspective as they are not designated as hedges.

x. New Accounting Pronouncement

Revenue Recognition

In November 2002, the EITF reached a consensus on Issue No. 00-21, *Revenue Arrangements with Multiple Deliverables.* This issue addresses how revenue arrangements with multiple deliverables should be divided into separate units of accounting and how the arrangement consideration should be allocated to the identified separate accounting units. EITF No. 00-21 is effective for fiscal periods beginning after June 15, 2003. The TCS Division does not believe that application of EITF No. 00-21 will have a significant impact on its financial position and results.

4. Acquisitions

TCS America

On March 20, 2003 Tata Sons entered into an agreement to acquire the third party interests in TCS America for aggregate consideration of Rs.1,823.1 million in cash. On March 20, 2003 this transaction was completed and on that date TCS America became a wholly owned subsidiary of the TCS Division.

TCS America provides software related consulting services to clients in the United States of America. Substantially all of TCS America's delivery is subcontracted to the Division. The purpose of this acquisition is to strengthen the customer relationships of the TCS Division in the United States.

The consideration paid after considering expenses directly attributable to the acquisition of TCS America has been allocated as follows:

	Allocation of purchase price (In millions)
Net assets acquired, at fair value:	
Cash and cash equivalents	Rs. 450.8
Investments	15.3
Deferred tax asset	85.1
Other assets, net	1,481.7
Fair value of net assets acquired	2,032.9
Fair value in excess of purchase consideration	(209.8)
Total purchase consideration	**Rs.1,823.1**

The European Subsidiaries

On December 23, 2002 Tata Sons entered into agreements to acquire the third party interests in each of the European Subsidiaries for aggregate consideration of Rs.317.1 million in cash. On December 23, 2002 these transactions were completed and on that date the European Subsidiaries became wholly owned subsidiaries of the TCS Division.

The European Subsidiaries provide software related consulting services to clients located in Germany, France, Belgium, Sweden and The Netherlands. Substantially all of the European Subsidiaries' delivery is subcontracted to the Division. The purpose of these acquisitions is to strengthen the TCS Division's customer relationships in Europe.

The aggregate consideration paid after considering expenses directly attributable to the acquisition of the European Subsidiaries has been allocated as follows:

	Allocation of purchase price (In millions)
Net assets acquired, at fair value:	
Cash and cash equivalents	Rs. 302.7
Property and equipment	5.3
Investments	6.2
Goodwill, other than TCS Belgium	32.2
Other liabilities, net	(28.1)
Fair value of net assets acquired	318.3
Fair value in excess of purchase consideration of TCS Belgium	(1.2)
Total purchase consideration	**Rs. 317.1**

Pro forma unaudited financial information for the years ended March 31, 2002 and 2003 showing the effects of the acquisitions as though they had occurred on April 1, 2001 is as follows.

	Years ended March 31,	
	2002	2003
	(Unaudited, in millions)	
Total revenues	Rs. 49,132.7	Rs. 58,902.8
Income before income taxes	Rs. 14,573.6	Rs. 14,489.9
Net income	Rs. 11,042.3	Rs. 10,939.3

Other Acquisitions

On January 16, 2004 and on March 29, 2004, Tata Sons acquired all the remaining third party interests of AFS and ASDC, respectively for an aggregate consideration of Rs.423.2 million in cash. AFS and ASDC provide business process outsourcing services to the airline industry. The purpose of these acquisitions is to strengthen the TCS Division's business process outsourcing capabilities.

The aggregate consideration paid for these acquisitions has been allocated as follows:

	Allocation of purchase price	
	AFS	ASDC
	(In millions)	
Net assets acquired, at fair value:		
Cash and cash equivalents	Rs. 13.6	Rs. 116.1
Property and equipment	97.4	10.9
Other assets (net)	192.9	88.2
Fair value of net assets on date of acquisition	303.9	215.2
Share of net assets acquired	227.9	152.8
Goodwill	-	42.5
Purchase consideration	Rs. 227.9	Rs. 195.3

Prior to these acquisitions AFS and ASDC were affiliates of the TCS Division with aggregate carrying value of Rs.160.8 million including goodwill of Rs. 12.6 million.

Pro forma unaudited financial information for the years ended March 31, 2003 and 2004 showing the effects of the acquisition as though they had occurred on April 1, 2002 has not been disclosed, as Management does not consider these acquisitions to have any material effect on the consolidated financial results of the TCS Division.

5. Cash and cash equivalents

Cash and cash equivalents as of March 31, 2003 and 2004 include balances of Rs. 908.8 million and Rs. 909.1 million, respectively, held at foreign banks.

6. Concentrations of credit risk

Concentrations of credit risk exist when changes in economic, industry or geographic factors similarly affect groups of counter parties whose aggregate credit exposure is material in relation to the TCS Division's total credit exposure.

The TCS Division has a geographic concentration of credit risk, with exposure to customers based in the United States of America comprising 49.9% and 57.5% of the aggregate of accounts receivable and unbilled revenues as of March 31, 2003 and 2004, respectively.

The TCS Division also has a customer concentration of risk, as illustrated in the table below showing the consolidated accounts receivable and unbilled revenues for the TCS Division's five largest customer balances as of March 31, 2003 and 2004, respectively. The TCS Division's exposure to other customers is diversified, and no other single customer explains more than 2.0% and 2.1% of outstanding accounts receivable and unbilled revenues at March 31, 2003 and 2004, respectively.

	As of March 31, 2003 (In millions, except percentages)	
	Total accounts receivable and unbilled revenues	**Percentage**
Customer C	Rs. 2,526.8	14.8
Customer B	557.9	3.3
Customer F	466.4	2.7
Customer G	430.4	2.5
Customer D	379.6	2.2
Others	12,742.6	74.5
Total	**Rs.17,103.7**	**100.0%**

	As of March 31, 2004 (In millions, except percentages)	
	Total accounts receivable and unbilled revenues	**Percentage**
Customer C	Rs. 1,976.5	11.5
Customer B	671.1	3.9
Customer F	586.1	3.4
Customer K	438.4	2.6
Customer I	423.1	2.5
Others	13,067.9	76.1
Total	**Rs. 17,163.1**	**100.0%**

The TCS Division also faces a concentration of credit risk relating to advances made to and deposit placed with TCS Limited of Rs. 2,243.3 million and Rs.6,016.2 million as of March 31, 2003 and 2004.

7. Prepaid expenses and other current assets

Prepaid expenses and other current assets consist of the following:

	As of March 31,	
	2003	**2004**
		(In millions)
Prepaid expenses	Rs. 1,495.9	Rs.1,365.8
Inventories	173.9	184.8
Deferred tax asset	239.7	299.9
Current portion of employee loans (net of allowances of Rs. 6.3 million and Rs. 29.6 million, respectively)	112.5	201.4
Employee advances	264.9	612.3
Deposits	474.7	729.6
Other current assets (net of allowances of Rs. 20.0 million and Rs. 41.1 million, respectively)	701.6	517.4
Total	**Rs. 3,463.2**	**Rs.3,911.2**

8. Investments

Investments consist of the following:

	As of March 31,	
	2003	**2004**
		(In millions)
Investments available-for-sale, at market value	Rs. 15.3	Rs.58.4
Investments at cost, net	194.3	7.5
Total	**Rs. 209.6**	**Rs.65.9**

Unrealised gains and losses on available-for-sale investments at March 31, 2003 and 2004 is as follows:

	Amortised cost	**Gross unrealised gains**	**Gross unrealised losses**	**Fair value**
Available-for-sale securities:			**(In millions)**	
As of March 31, 2003:				
Quoted equity securities	Rs. 15.3	Rs. -	Rs. -	Rs. 15.3
As of March 31, 2004:				
Quoted equity securities	Rs.14.2	Rs. 44.2	Rs. -	Rs.58.4

Information on equity securities without readily determinable market values is as follows:

	In millions
As of March 31, 2003:	
Original cost	Rs. 194.3
As of March 31, 2004:	
Original cost	Rs.194.3
Less: Other than temporary impairment	(186.8)
Total equity securities carried at cost	Rs.7.5

Interest and dividends on investments were Rs. 1.8 million, Rs. 32.0 million and Rs. 39.7 million in the years ended March 31, 2002, 2003, and 2004, respectively.

During the year ended March 31, 2002, equity securities carried at cost and corporate debentures aggregating Rs. 32.4 million were fully impaired and an impairment loss recognised in earnings. During the year ended March 31, 2004, equity shares at cost aggregating Rs.186.8 million were fully impaired and recognised in earnings.

9. Property and equipment

Property and equipment by asset category is as follows:

	As of March 31,	
	2003	**2004**
		(In millions)
Land and buildings	Rs. 3,916.6	Rs.5,197.0
Computer equipment	4,618.2	4,533.9
Motor cars	207.2	387.0
Plant and machinery	71.0	157.4
Furniture, fixtures and office equipment	1,923.7	2,777.1
Property and equipment, at cost	10,736.7	13,052.4
Less: Accumulated depreciation	(5,772.6)	(6,305.5)
Capital work-in-progress	326.1	220.3
Property and equipment, net	**Rs. 5,290.2**	**Rs.6,967.2**

Depreciation expense was Rs. 819.5 million, Rs. 1,059.6 million and Rs.1,232.6 million for the years ended March 31, 2002, 2003 and 2004, respectively.

10. Intangible assets

As a result of continuing losses, the TCS Division fully impaired the education franchise business of CMC in fiscal 2004 and recognised an impairment loss of Rs. 115.0 million in earnings.

11. Other non-current assets

	As of March 31,	
	2003	**2004**
		(In millions)
Employee loans – non current portion	Rs. 1,171.3	Rs.1,083.0
Deferred tax asset	55.9	-
Other assets	3.3	238.2
Total	**Rs. 1,230.5**	**Rs.1,321.2**

Other assets include deposits placed with banks of Rs.170.6 million as of March 31, 2004, which are in the nature of restricted cash, and consist of collateral provided in support of guarantees issued by banks on behalf of AFS and ASDC.

12. Accrued expenses and other current liabilities

Accrued expenses and other current liabilities include the following:

	As of March 31,	
	2003	**2004**
		(In millions)
Accounts payable, including retentions	Rs.1,768.0	Rs.1,922.2
Accrued expenses	2,239.3	2,351.3
Indirect taxes payable	323.2	336.7
Sales discount (See Notes 16 and 17)	1,326.3	-
Current portion of deferred tax liability	194.8	404.9
Other current liabilities	1,945.3	1,761.4
Total	**Rs. 7,796.9**	**Rs.6,776.5**

13. Income taxes

The income tax expense consists of the following:

	Years ended March 31,		
	2002	**2003**	**2004**
		(In millions)	
Current income tax expense:			
Domestic	Rs. 267.8	Rs. 745.1	Rs.1,056.6
Foreign	2,201.9	2,099.8	1,606.6
Total	**2,469.7**	**2,844.9**	**2,663.2**
Deferred income tax (benefit) expense:			
Domestic	(3.9)	(71.7)	32.7
Foreign	101.8	(328.5)	188.4
Total	**97.9**	**(400.2)**	**221.1**
Total income tax expense	**Rs. 2,567.6**	**Rs. 2,444.7**	**Rs.2,884.3**

13. Income taxes (continued)

The following is the reconciliation of estimated income taxes at the Indian statutory income tax rate to income tax expense as reported:

	Years ended March 31,		
	2002	**2003**	**2004**
		(In millions)	
Income before income taxes	Rs. 13,489.5	Rs. 13,204.0	Rs.19,034.4
Indian statutory income tax rate	35.70%	36.75%	35.875%
Expected income tax expense	Rs. 4,815.7	Rs. 4,852.5	Rs.6,828.6
Tax effects of:			
Adjustments to reconcile expected income tax to actual tax expense:			
Other-than-temporary differences:			
Tax holidays and income exempt from tax	(4,556.4)	(4,191.2)	(5,879.6)
Branch profit tax in foreign jurisdictions	2,303.9	1,749.7	1,702.9
Income of subsidiaries taxed at different rates of tax in foreign jurisdictions (net)	-	-	84.3
Valuation allowance	-	-	67.0
Undistributed earnings of foreign subsidiaries and affiliates	-	-	68.3
Others, net	8.5	33.3	10.4
Effect of change in statutory tax rate	(4.1)	0.4	2.4
Total income tax expense	**Rs. 2,567.6**	**Rs. 2,444.7**	**Rs.2,884.3**

Under section 10(A) of the Indian Income Tax, 1961, the TCS Division is entitled to tax holidays for its various Software Technology Park ("STP") units located across India. These tax holidays are available for a period of ten fiscal years from the date of commencement of operations. These holidays expire between fiscal years 2005 to 2010 for the various units of the TCS Division.

The TCS Division is also entitled to a tax deduction under section 80 HHE of the Indian Income Tax Act, 1961 for software exports. Under this section, the TCS Division was entitled to tax deduction of upto 100% of profit derived from export business subject to certain conditions. However, these deductions are being withdrawn over a period of four fiscal years in a phased manner by the Indian Income Tax Act, 1961, commencing from fiscal 2004.

The tax effects of significant temporary differences are as follows:

	As of March 31,	
	2003	**2004**
Tax Effect of:		**(In millions)**
Deductible temporary differences:		
Doubtful debts and advances	Rs. 126.7	Rs.152.1
Retirement benefits and compensated absences	104.6	141.5
Others	64.3	73.3
Deferred tax asset	**Rs. 295.6**	**Rs.366.9**
Less: Valuation Allowance	-	(67.0)
Net Deferred Tax Asset	**295.6**	**299.9**
Current	239.7	299.9
Non-current	55.9	-
Total	**Rs. 295.6**	**Rs.299.9**
Taxable temporary differences:		
Property and equipment	Rs. 151.8	Rs.191.2
Branch profit tax	175.9	297.5
Undistributed earnings of foreign subsidiaries and affiliates	-	68.3
Unrealised gain on available-for-sale securities	-	16.4
Others	18.9	17.3
Deferred tax liability	**Rs. 346.6**	**Rs.590.7**
Current	Rs. 194.8	Rs.404.9
Non-current	151.8	185.8
	Rs. 346.6	**Rs.590.7**

A valuation allowance has been created on a deferred tax asset relating to impairment of long-term investments, which the TCS Division does not intend to sell in the foreseeable future.

Deferred tax liability on undistributed earnings of Rs. 476.3 million has not been recognised as it is the intention of the TCS Division to indefinitely postpone remittance.

14. Unearned and deferred revenues

Unearned and deferred revenues include the following:

	As of March 31,	
	2003	**2004**
		(In millions)
Advance billings and customer advances	Rs. 737.4	Rs.1,063.0
Deferred maintenance revenues	494.4	163.0
Total	**Rs. 1,231.8**	**Rs.1,226.0**

15. Short-term borrowings

Short-term borrowings consist of the following:

	As of March 31,	
	2003	**2004**
		(In millions)
Foreign currency short-term bank loans	Rs. 6,793.4	Rs.6,234.4
Cash credits	125.7	174.2
Commercial paper	200.0	200.0
Other short-term bank borrowings	14.4	814.3
Loans from Government of India	67.4	67.4
Current portion of long-term debt	-	7.8
Total	**Rs. 7,200.9**	**Rs.7,498.1**
Available lines of credit	Rs. 10,738.4	Rs.13,820.9
Total borrowings outstanding:		
Maximum amount outstanding	Rs. 7,406.8	Rs.7,918.4
Average amount outstanding	Rs. 3,892.8	Rs.4,949.4
Weighted average interest rate	2.81%	2.46%

The foreign currency short-term bank loans are secured against accounts receivable, all generally repayable within 180 days and are used to finance working capital requirements. These loans typically carry interest at LIBOR plus a margin of between 0.6% and 0.75% for the year ended March 31, 2003 and at LIBOR plus a margin between 0.45% and 0.5% for the year ended March 31, 2004.

Cash credits from banks are repayable on demand and are secured against accounts receivable and inventories held by CMC. Cash credits carry interest at rates ranging between 12.75% and 13.25% per annum.

Commercial paper is unsecured, generally repayable within 90 days and carries interest at rates ranging from 7.25% to 7.35% per annum.

Other short-term bank loans are unsecured and carry interest at 6.2% per annum.

Loans from the Government of India are unsecured and repayable on demand. Loans amounting to Rs. 54.9 million are interest-free and the remaining amount of Rs. 12.5 million carries interest at 13% per annum.

16. Long-term debt

Long-term debt consists of the following:

	As of March 31,	
	2003	**2004**
		(In millions)
Unsecured debt	Rs. 39.0	Rs.78.0
Less: Current portion	-	(7.8)
Total	**Rs.39.0**	**Rs.70.2**

The unsecured debt of Rs.78.0 million as of March 31, 2004 is repayable over a period of ten years in equal annual installments commencing September 2004.

On May 28, 2001, Tata Sons entered into an agreement with a major customer, under which the customer loaned Rs.470 million to the Division. The loan carried interest at 11.5% per annum, payable quarterly. The agreement included certain additional clauses which were contingent on the customer providing revenues to the TCS Division over a three year period and the occurrence of an initial public offering (or IPO) by any company into which the Division is transferred by Tata Sons, which has since been identified as TCS Limited, as follows:

In the event an IPO was announced by TCS Limited prior to March 31, 2004, the loan was fully repayable at a date not more than 30 days prior to the IPO. Additionally, the customer was entitled to subscribe to 0.5% of the pre IPO share capital or 0.45% of the post IPO diluted share capital of TCS Limited at a discount of 25% from the IPO price. This discount was to be reduced by the aggregate interest paid by the Division on the loan through the date of repayment of the loan.

In the event an IPO was not announced prior to March 31, 2004 an additional amount of Rs. 705 million, Rs. 1,175 million and Rs. 1,410 million would have been payable depending on whether the customer provided revenue of at least US$300 million, US$400 million or US$500 million in the 3-year period ending March 31, 2003. The additional amount payable would have been reduced by the interest paid by the Division upto the date of such payment.

During the three-year period ended March 31, 2003, the customer provided revenues to the TCS Division in excess of US$500 million, and TCS Limited announced its intent to have an IPO.

The option granted to the customer to subscribe to TCS Limited's shares upon an IPO or the additional amounts payable in the event an IPO does not take place were in the nature of a sales incentive as described in EITF No. 96-18, *Accounting for Equity Instruments that Are Issued to Other Than Employees for Acquiring, or in Conjunction With, Selling Goods or Services.* EITF 96-18 requires the cost of the sales incentive to be recognised as the fair value of the sales incentive or the fair value of the equity instruments to be issued, whichever is more reliably estimated.

The TCS Division accrued Rs.479.3 million, Rs. 550.9 million and Rs. 296.1 million, in addition to interest paid, in the years ended March 31, 2001, 2002 and 2003, respectively, as a sales discount, based on the revenues that were provided by the customer during the three years period ended March 31, 2003. When an IPO is completed, to the extent that the value of the discount on the offering price was greater than or less than the amount accrued, the difference would be recognised in the income statement in the period of the IPO.

On March 31, 2003, Rs. 470 million was paid to Tata Sons who assumed the loan obligation. Subsequently, on March 31, 2004 the loan (the Rs. 470 million) were transferred back to the TCS Division by Tata Sons. On the same day the TCS Division repaid the loan obligation of Rs. 470 million together with an amount of Rs. 1,100 million in full and final settlement of the amounts due under the agreement. Sales discount of Rs.226 million accrued in excess of the settlement made has been recognised in earnings under other income.

17. Other non-current liabilities

Other non-current liabilities consists of the following:

	As of March 31,	
	2003	**2004**
		(In millions)
Sales discount (See Note 16)	Rs. 1,326.3	Rs.-
Less: Current portion (See Note 12)	(1,326.3)	-
	-	-
Deferred tax liability	151.8	185.8
Others	193.4	148.1
Total	**Rs. 345.2**	**Rs.333.9**

18. CMC Shareholders' equity

CMC shareholders' equity comprises the following:

	As of March 31, 2004 (In millions)
Equity shares; Par value Rs. 10; authorised 35,000,000 shares; issued and fully paid-up 15,150,000 shares	Rs. 151.5
Additional paid-in-capital	1,611.6
Retained earnings	756.7
Accumulated other comprehensive income	15.1
Total	**Rs. 2,534.9**

19. Retirement benefits

Gratuity

The following table sets out the funded status of the Gratuity Plans and the amounts recognised in the financial statements:

	Years ended March 31,	
	2003	**2004**
		(In millions)
Change in benefit obligations:		
Projected benefit obligation, beginning of the year	Rs. 680.0	Rs.1,123.2
Acquisition of AFS and ASDC plans	-	15.4
Service cost	130.2	208.2
Interest cost	64.0	88.0
Actuarial loss	277.7	91.5
Benefits paid	(28.7)	(45.9)
Projected benefit obligation, end of the year	**1,123.2**	**1,480.4**
Change in plan assets:		
Fair value of plan assets, beginning of the year	806.1	865.5
Actual return on plan assets	70.9	89.1
Employer contributions	17.2	224.2
Benefits paid	(28.7)	(45.9)
Fair value of plan assets, end of the year	**865.5**	**1,132.9**
Deficit of plan assets over obligations	(257.7)	(347.5)
Unrecognised transitional obligation	3.9	-
Unrecognised net gain	345.1	552.9
Prepaid benefit	**Rs. 91.3**	**Rs.205.4**

Net gratuity cost consists of the following components:

	Years ended March 31,		
	2002	**2003**	**2004**
		(In millions)	
Service cost	Rs. 84.5	Rs. 130.2	Rs.208.2
Interest cost	49.9	64.0	88.0
Amortisation of net unrecognised transitional obligation and net actuarial (gain) / loss	4.0	4.0	13.1
Expected return on plan assets	(51.7)	(64.7)	(73.1)
Net gratuity cost	**Rs. 86.7**	**Rs. 133.5**	**Rs.236.2**

The TCS Division's retirement benefit plans are administered by the Life Insurance Corporation of India (or LIC). The plan assets comprise contribution deposits made to LIC, which are invested in their general fund.

The assumptions used in accounting for the gratuity plan are set out below:

	Years ended March 31,		
	2002	**2003**	**2004**
		(%)	
Discount rate	9.5%	8.0%	7% - 8%
Rate of increase in compensation levels of covered employees	6.0%	6.0%	6% - 7%
Rate of return on plan assets	9.0%	8.0%	7.5%

The TCS Division is expected to contribute Rs.350 million to the gratuity funds in fiscal 2005. Estimated undiscounted benefit payments over the next ten fiscal years are: 2005 – Rs.130 million; 2006 – Rs.111 million; 2007 – Rs.125 million; 2008 – Rs.150 million; 2009 – Rs.181 million; and 2010 to 2014 – Rs.1,216 million.

Defined contribution plans

The TCS Division contributed Rs. 330.7 million, Rs. 428.3 million and Rs. 478.6 million to the Employees' Superannuation Plan for the years ended March 31, 2002, 2003 and 2004, respectively. The TCS Division also contributed Rs. 411.3 million, Rs. 546.7 million and Rs. 611.2 million to the Provident Fund for the years ended March 31, 2002, 2003 and 2004, respectively.

20. Leases

The TCS Division has commitments under long-term non-cancellable operating leases for premises, equipment and motor vehicles. The future minimum lease rental commitments for non-cancellable leases are Rs. 130.1 million payable by March 31, 2005 and Rs.108.1 million payable by March 31, 2006.

Total lease rental expense was Rs. 41.6 million, Rs. 44.7 million and Rs.225.7 million for the years ended March 31, 2002, 2003 and 2004, respectively.

21. Estimated fair value of financial instruments

The following table presents a comparison of the fair values and carrying values of the TCS Division's principal financial instruments:

	As of March 31,			
	2003		2004	
	Carrying value	Estimated fair value	Carrying value	Estimated fair value
	(In millions)			
ASSETS:				
Cash and cash equivalents	Rs. 1,331.8	Rs. 1,331.8	Rs.1,571.1	Rs.1,571.1
Short term deposits	92.2	92.2	-	-
Accounts receivable	14,169.6	14,169.6	13,838.4	13,838.4
Unbilled revenues	2,934.1	2,934.1	3,324.7	3,324.7
Advance to TCS Limited	2,243.3	2,243.3	2,266.2	2,266.2
Deposit placed with TCS Limited	-	-	3,750.0	3,750.0
Prepaid expenses and other current assets	3,463.2	3,463.2	3,911.2	3,911.2
Investments	209.6	209.6	65.9	65.9
Other non-current assets	1,230.5	1,230.5	1,321.2	1,321.2
LIABILITIES:				
Accrued expenses and other current liabilities	Rs. 7,796.9	Rs. 7,796.9	Rs.6,776.5	Rs. 6,776.5
Income taxes payable	827.4	827.4	889.2	889.2
Unearned and deferred revenues	1,231.8	1,231.8	1,226.0	1,226.0
Short-term borrowings	7,200.9	7,200.9	7,498.1	7,498.1
Long-term debt	39.0	39.0	70.2	70.2
Other non-current liabilities	345.2	345.2	333.9	333.9

The carrying amounts for cash and cash equivalents, short term deposits, accounts receivable, unbilled revenues, loans and advances, deposits, accrued expenses and other current liabilities, income and deferred taxes and short-term borrowings approximate their fair values due to the short term of these instruments.

Available-for-sale securities are carried at their fair values, which are generally based on market price quotations.

Management uses its best judgement in estimating the fair value of its financial instruments; however, there are inherent weaknesses in any estimation technique. Therefore, for substantially all financial instruments, the fair value estimates presented above are not necessarily indicative of all the amounts the TCS Division could have realised in a sales transaction as of either March 31, 2003 or 2004. The estimated fair value amounts for the years ended March 31, 2003 and 2004 have been measured as of the respective year ends, and have been not been reevaluated or updated for purposes of these financial statements. The fair values of investments carried at cost cannot be reliably estimated.

22. Segment Information

SFAS No. 131, *Disclosures about Segments of an Enterprise and Related information*, establishes standards for reporting information about operating segments in financial statements. Operating segments are defined as components of an enterprise

about which separate financial information is available that is evaluated regularly by the chief operating decision maker, or decision making group in deciding how to allocate resources and assessing performance. The TCS Division's chief operating decision maker is the Chief Executive Officer.

The TCS Division provides products and services to three reportable segments based on the geographical locations in which customers are based. These segments are: Americas, Europe and India. All other operating segments fall below the quantitative thresholds for reporting purposes. The revenue and related expense recognition policies for each segment are the same as for the consolidated enterprise, and are set out in Note 3.

Income and direct expenses directly identifiable to segments are reported under each reportable segment, while remaining expenses, principally corporate overheads, are allocated to each segment on the basis of the associated revenues of each segment. Certain expenses, such as depreciation, are not specifically allocable to segments and accordingly these expenses have been reported as unallocable.

Substantially all of the TCS Division's long lived assets are located in India.

Summarised segment information for the years ended March 31, 2002, 2003 and 2004 is as follows:

	Year ended March 31, 2002				
	In millions				
Segment income statements:	**Americas**	**Europe**	**India**	**Others**	**Total**
Revenues	Rs. 26,717.8	Rs. 9,015.0	Rs. 5,217.5	Rs. 2,756.0	Rs. 43,706.3
Identified operating expenses	15,530.1	3,286.4	4,566.9	1,340.7	24,724.1
Allocated expenses	3,394.8	1,159.0	440.5	361.9	5,356.2
Segment result	Rs. 7,792.9	Rs. 4,569.6	Rs. 210.1	Rs. 1,053.4	**13,626.0**
Unallocable expenses					1,095.3
Operating income					12,530.7
Other income (expense), net					958.8
Income before tax					13,489.5
Income tax expense					2,567.6
Minority interest					55.3
Equity in net earnings of affiliates					65.1
Net income					**Rs. 11,042.3**

	Year ended March 31, 2003				
	In millions				
Segment income statements:	**Americas**	**Europe**	**India**	**Others**	**Total**
Revenues	Rs. 32,710.4	Rs. 11,036.8	Rs. 8,195.9	Rs. 3,235.5	Rs. 55,178.6
Identified operating expenses	21,865.9	4,103.0	6,622.3	1,661.3	34,252.5
Allocated expenses	3,418.7	1,791.3	1,306.4	576.2	7,092.6
Segment result	Rs. 7,425.8	Rs. 5,142.5	Rs. 267.2	Rs. 998.0	**13,833.5**
Unallocable expenses					1,409.6
Operating income					12,423.9
Other income (expense), net					780.1
Income before tax					13,204.0
Income tax expense					2,444.7
Minority interest					(78.7)
Equity in net earnings of affiliates					47.7
Extraordinary gain					211.0
Net income					**Rs.10,939.3**

	As of March 31, 2003				
	In millions				
Segment assets:					
Segment total assets	Rs. 14,511.2	Rs. 6,580.9	Rs. 2,791.3	Rs. 1,457.6	Rs. 25,341.0
Unallocable assets					6,464.6
Total assets					**Rs. 31,805.6**

	Year ended March 31, 2004				
	In millions				
Segment income statements:	**Americas**	**Europe**	**India**	**Others**	**Total**
Revenues	Rs.44,383.1	Rs. 14,152.7	Rs.9,377.4	Rs. 3,314.1	Rs.71,227.3
Identified operating expenses	26,138.0	7,916.5	7,764.3	2,185.3	44,004.1
Allocated expenses	3,782.1	1,252.5	917.9	497.0	6,449.5
Segment result	Rs.14,463.0	Rs. 4,983.7	Rs. 695.2	Rs.631.8	**20,773.7**
Unallocable expenses					2,676.4
Operating income					18,097.3
Other income (expense), net					937.1
Income before tax					19,034.4
Income tax expense					2,884.3
Minority interest					(125.4)
Equity in net earnings of affiliates					99.8
Net income					**Rs. 16,124.5**

	As of March 31, 2004				
	In millions				
Segment assets:	**Americas**	**Europe**	**India**	**Others**	**Total**
Segment total assets	Rs.10,106.0	Rs. 4,818.7	Rs.4,362.8	Rs. 1,652.2	Rs.20,939.7
Unallocable assets					16,518.9
Total assets					**Rs.37,458.6**

Industry practices that contribute at least 10% to the consolidated revenues in any of the three years presented below were as follows:

	Year ended March 31,		
	2002	**2003**	**2004**
		In millions	
Banking, Financial Services and Insurance	Rs.17,404.9	Rs.20,755.6	Rs.24,837.4
Manufacturing	7,285.3	9,523.2	12,437.9
Telecommunications	6,267.4	6,806.5	9,968.8

Revenues from a single customer contributed to approximately 15.3% of revenues in fiscal 2004, which comprise revenue mainly of Americas segment.

TCS America, a related party, contributed to approximately 48.8% and 46.8% of the consolidated revenues in the years ended March 31, 2002 and 2003 respectively.

23. Commitments and contingencies

Commitments and contingent liabilities are as follows:

Capital commitments

As of March 31, 2004 Rs. 408.7 million was contractually committed by the TCS Division for purchase of property and equipment.

Contingencies

Provident Fund

On November 24, 1998 the Regional Provident Fund Commissioner of Mumbai (RPFC) issued an order stating that the Division was rendering "expert services" in accordance with a notification issued by Central Government of India under the Provident Funds Act, 1952 (the PF Act), in which the RPFC sought to cover the Division under the PF Act and claimed administrative charges. The Division filed a legal case against the order in the High Court of Mumbai. On February 15, 1999, the High Court set aside the order of the RPFC and instructed the RPFC to examine whether the Division was covered under the PF Act after taking into consideration the plea made by the Division. On November 2, 1999, RPFC rejected the Division's plea and reiterated

its order issued on November 24, 1998. On November 2, 1999 the Division filed an appeal before the EPF Appellate Tribunal, New Delhi. The EPF Appellate Tribunal on July 17, 2000, upheld the order of the RPFC and stated that the Division was covered under the PF Act.

On January 15, 2001 the High Court of Judicature at Mumbai issued an order to the RPFC to determine the dues relating to administrative charges and to take permission of the High Court before recovering the amount. As of March 31, 2004, the RPFC has yet to determine and revert to the High Court on the amount that may be payable by the Division.

Management estimates that the claim for administrative charges as of March 31, 2004 is approximately Rs.264.0 million. Interest and penalty, if any, has not been determined.

In response to a writ petition filed by the Division, the High Court of Judicature at Mumbai, on June 17, 2004 directed the RPFC to decide on any application for exemption under Section 17 of the PF Act if submitted by the Division within six weeks. An application was filed with RPFC on June 29, 2004.

Management intends to continue legal action against the claim and to defend its position and believes based on counsel's advice that its position will prevail.

Property Matters

The Division occupies three floors in the Air India Building, Mumbai under an agreement with Air India which expired on December 31, 1993. In November 1993, the Division had confirmed its intention to extend the lease for a further period.

In February 1995, Air India cancelled the agreement with effect from March 31, 1995. On November 3, 1995 the Estate Officer issued an eviction notice to the Division under the Public Premises (Eviction of Unauthorised Occupants) Act, 1971. The Division challenged the eviction order in the High Court of Mumbai and before the Supreme Court. Both courts have dismissed the Division's legal challenges.

On May 7, 2002, the Estate Officer passed an order stating that the Division is in unauthorised occupation of the building and terminated its occupancy rights.

The landlord has claimed compensation from April 1, 1995 aggregating Rs.554.0 million as of March 31, 2004 of which Rs.140 million has been accrued in fiscal 2004.

The Division has filed an appeal against the order of the Estate Officer in the City Civil Court of Mumbai and Management intends to vigorously defend against the order and the claim.

Employees State Insurance ("ESI")

Based on a verification of records relating to ESI contributions by the Insurance Inspector of the ESI Corporation, the Division received a demand on June 11, 2001 for an additional contribution of Rs.36.5 million. According to the ESI Corporation these contributions were in respect of temporary labour engaged for repairs and maintenance of building and machinery.

The Division has contested the claim and is in the process of presenting its contention to the ESI Corporation. Based on legal advice, management believes ESI's claim will not succeed.

Income tax

The Assessing Officer, in his Order for the year ended March 31, 2001, has denied deduction claimed during the year under Section 10A of the Income Tax Act, 1961 in respect of certain units registered as Software Technology Parks where deduction under Section 80HHE was being claimed in the past.

Management is of the view, based on advice of legal counsel, that it is entitled to deduction under Section 10A in respect of these units.

Sales Tax

The Sales Tax Department has filed a claim of Rs.30.5 million for additional tax on certain sales made by CMC in the year ended March 31, 2004. CMC has filed an appeal with the Commissioner of Sales Tax and, based on legal advice, is confident that the claim order will be set aside.

Other claims

The TCS Division has received claims aggregating approximately Rs. 617 million from an overseas service provider in respect of net commission and fees payable on sales of software in certain overseas locations and for reimbursement of cost of investment made in an overseas entity.

During fiscal 2004, the TCS Division agreed to pay an amount of Rs. 220 million in full settlement of claims of Rs.477 million in respect of commission and fees payable.

24. Related party transactions

The TCS Division's principal related parties consist of other subsidiaries and affiliates of Tata Sons. The TCS Division routinely enters into transactions with its related parties, such as providing software services, sharing costs and service providers, making joint investments and borrowing from related parties and subletting premises. The TCS Division's related party balances and transactions are summarised as follows:

Balances receivable from related parties are as follows:

	As of March 31,	
	2003	**2004**
	(In millions)	
Accounts receivable and unbilled revenues	Rs. 157.9	Rs.570.7
Advances and deposits	2,711.5	6,196.6
Total	**Rs. 2,869.4**	**Rs.6,767.3**

Balances payable to related parties are as follows:

	As of March 31,	
	2003	**2004**
	(In millions)	
Payables	Rs. 92.0	Rs. 260.5
Advances received	1.9	4.0
Total	**Rs. 93.9**	**Rs.264.5**

Included in the determination of net income are the following significant transactions with related parties:

	Years ended March 31,		
	2002	**2003**	**2004**
		(In millions)	
Revenues from sale of services and licenses	Rs. 23,444.7	Rs. 27,293.0	Rs.1,303.3
Rent received	4.9	4.5	6.9
Interest income	0.8	4.0	9.3
Total	**23,450.4**	**27,301.5**	**1,319.5**
Purchase of goods and services	771.0	466.9	674.0
Net total	**Rs. 22,679.4**	**Rs. 26,834.6**	**Rs. 645.5**

Revenues from sale of services and licenses includes sales to TCS America of Rs. 21,318.8 million and Rs. 25,804.5 million in the years ended March 31, 2002 and 2003, respectively, and include sales to the European Subsidiaries aggregating Rs. 953.5 million and Rs. 1,030.1 million the years ended March 31, 2002 and the nine-month period ended December 31, 2002, respectively. TCS America and the European Subsidiaries were acquired in fiscal 2003.

25. Subsequent event

Acquisition of Phoenix Global Solutions (India) Pvt. Limited (or PGS India)

On July 2, 2004, the TCS Division wholly acquired PGS India for a consideration comprising cash of US$ 10 million and US$ 3 million payable in equal installments over a period of five years based on completion of certain contractual commitments by group companies related to the seller.

MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The following contracts (not being contracts entered into in the ordinary course of business carried on by the Company or entered into more than two years before the date of this Prospectus) which are or may be deemed material have been entered or to be entered into by us. These contracts, copies of which have been attached to the copy of this offer document have been delivered to the Registrar of Companies, Maharashtra at Mumbai for registration and also the documents for inspection referred to hereunder, may be inspected at the Registered Office of TCS Limited located at Bombay House, 24, Homi Mody Street, Fort, Mumbai 400 001, from 10.00 a.m. to 4.00 p.m. on working days from the date of this Prospectus until the date of closure of the Offer.

Material Contracts

1. Letter from Tata Consultancy Services Ltd dated May 7, 2004, appointing JM Morgan Stanley Private Limited, DSP Merrill Lynch Limited and JP Morgan India Private Limited as Book Running Lead Managers to the Offer and their acceptance thereto.
2. Memorandum of Understanding (MOU) between TCS Limited, Tata Sons, Other selling shareholders and the BRLMs dated June 9, 2004.
3. Letter from TCS Limited dated June 12, 2004 appointing Karvy Computershare Private Limited as Registrar to the Offer.
4. Memorandum of Understanding (MOU) between Tata Consultancy Services Ltd and Karvy Computershare Private Limited dated June 16, 2004.
5. Syndicate Agreement dated July 28, 2004.
6. Escrow Agreement dated July 28, 2004.
7. Underwriting Agreement dated August 9, 2004.

Documents for Inspection

1. The Memorandum and Articles of Association of TCS Limited.
2. Certificate of Incorporation of TCS Limited dated January 19, 1995.
3. Fresh Certificate of Incorporation consequent on Change of name from R R Donnelley (India) Limited to Orchid Print India Limited dated March 19, 2001.
4. Fresh Certificate of Incorporation consequent on Change of name from Orchid Print India Limited to Tata Consultancy Services Limited dated December 17, 2002.
5. Resolution of the Board of Directors of Tata Sons Limited, passed at its Meeting held on May 5, 2004 authorising Offer for Sale of Equity Shares of TCS Limited and resolution of Committee of Directors of Tata Sons dated June 9, 2004.
6. Copies of the Letters received from various shareholders of TCS Limited (Other than Tata Sons) offering to sell their shares in the Offer for Sale.
7. Resolution of the Board of Directors of TCS Limited, passed at its Meeting held on April 27, 2004. authorising this Offer of Equity Shares and resolution of the members of TCS Limited passed at its Annual General Meeting held on May 5, 2004 authorising the Board of Directors to decide the terms and conditions for this Offer.
8. Resolution of the Board of Directors of TCS Limited passed at its meeting held on May 5, 2004 forming a Committee of Directors to do all such acts and deeds for the Offer.
9. Resolution of the Committee of Directors of TCS Limited dated June 9, 2004 approving the Offer.
10. The report of the auditors of TCS Division, G.N. Joshi Associates dated July 12, 2004 prepared as per Indian GAAP and mentioned in the Prospectus and copies of balance sheet and profit and loss account for the three years ended March 31, 2000, 2001, 2002, 2003 and 2004 of TCS Division referred to therein.
11. The report of the auditors of TCS Division, Deloitte, Haskins & Sells dated July 12, 2004 prepared as per US GAAP and mentioned in the Prospectus.
12. The report of the statutory auditors of TCS Limited, S.B. Billimoria & Co. dated May 5, 2004 prepared as per Indian GAAP and mentioned in the Prospectus.
13. A copy of the tax benefit report dated July 14, 2004 from S.B. Billimoria & Co.

14. Consents of Directors, Auditors, Legal Advisors, Expert named in the Prospectus, BRLMs, Syndicate Members, Registrar to the Offer, Escrow Bankers, Bankers to the Offer, Bankers to the Company, Company Secretary and Compliance Officer as referred to in their respective capacities.
15. General Power of Attorney executed by Directors of the Company in favour of person(s) for signing and making necessary changes to the Prospectus.
16. Resolution of the Members of TCS Limited passed at the Annual General Meeting held on May 5, 2004 appointing S.B. Billimoria & Co. as statutory auditors for the year 2004-2005.
17. Due diligence certificate dated June 10, 2004 to SEBI from JM Morgan Stanley Private Limited, DSP Merrill Lynch Limited and JP Morgan India Private Limited. SEBI observation Letters No. CFD/ DIL/ISSUES/ PR/ 14277/ 2004 dated July 2, 2004, letter no. CFD/DIL/UR/5000/2004 dated July 12, 2004 and letter no. CFD/DIL/UR/15608/2004 dated July 16, 2004, *in-seriatim* reply from JM Morgan Stanley Private Limited, DSP Merrill Lynch Limited and JP Morgan India Private Limited dated July 15, 2004 and fresh due-diligence certificate dated July 19, 2004.
18. "In-principle" listing approval for listing the equity shares of TCS Limited on National Stock Exchange of India Limited and The Stock Exchange, Mumbai dated June 22, 2004 and June 22, 2004 respectively.
19. Initial listing application to National Stock Exchange of India Limited, the Stock Exchange, Mumbai dated June 29, 2004 and June 29, 2004 respectively.
20. FIPB approval letter number FC/233/2004 FIPB dated July 5, 2004 granting approval to the Company to transfer Equity Shares to eligible non-residents.
21. RBI's approval letter number FE.CO.FID/232/10.I.07.02.200(642)/2004-05 dated July 12, 2004 granting approval for transfer Equity Shares to eligible non-residents with repatriation benefit.
22. Tripartite Agreement between TCS Limited, NSDL and Tata Share Registry Limited dated May 12, 2000.
23. Tripartite Agreement between TCS Limited, CDSL and Tata Share Registry Limited dated June 18, 2004.
24. Copy of the Order of High Court of Judicature at Bombay dated May 9, 2003 and April 7, 2004 sanctioning the Scheme of Arrangement.
25. Stabilisation Agreement dated June 9, 2004 between TCS Limited, Tata Sons and JM Morgan Stanley Private Limited.
26. Brand Equity and Business Promotion Agreement dated April 19, 2004 between Tata Sons Limited and TCS Limited.
27. Resolution of Board of Directors of Tata Sons dated March 4, 2004 changing the Appointed Date to April 1, 2004.
28. Resolution of Board of Directors of Tata Sons and TCS Limited both dated September 17, 2003 revising the termination date to September 30, 2004.
29. Order of Superintendent of Stamps, Mumbai dated August 9, 2004 adjudicating the stamp duty payable in State of Maharashtra.
30. Resolution of Board of Directors of TCS Limited dated August 6, 2004 appointing Mr. S. Ramadorai as Managing Director of TCS Limited.
31. IEM acknowledgement no. IT(SV)/LOI/II/07/JDI(IT)/LSI/13/2004 dated August 3, 2004 issued by Government of Maharashtra, Directorate of Industries to Tata Sons.

Any of the contracts or documents mentioned in this Prospectus may be amended or modified at any time if so required in the interest of the Company or if required by the other parties, without reference to the shareholders.

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 Prospectus 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. We further certify that all the statements in this Prospectus are true and fair.

SIGNED BY ALL THE DIRECTORS OF TATA CONSULTANCY SERVICES LIMITED

Mr. Ratan N. Tata

Mr. S. Ramadorai (Managing Director)

(* through his Constituted Attorney Mr. S. Mahalingam)

Mr. Aman Mehta

(* through his Constituted Attorney Mr. S.H. Rajadhyaksha)

SIGNED BY CHIEF FINANCIAL OFFICER

Mr. S. Mahalingam

SIGNED BY TATA SONS LIMITED

Mr. Ishaat Hussain

SIGNED BY TATA CONSULTANCY SERVICES LIMITED ON BEHALF OF SELLING SHAREHOLDERS OTHER THAN TATA SONS LIMITED

Mr. S.H. Rajadhyaksha

Date : August 11, 2004
Place : Mumbai