

The new world of convergence

AVAYA
GLOBALCONNECT

India's No.1 Enterprise Communications Company

19 th Annual Report 2004 - 05

AVAYA GLOBALCONNECT LIMITED (Formerly TATA TELECOM LIMITED)

DIRECTORS

MARK LEIGH *Chairman*
 NIRU MEHTA *Vice-Chairman & Managing Director*
Appointed as Managing Director w.e.f. 01.11.04
 K. A. CHAUKAR *Resigned w.e.f. 04.08.04*
 S. RAMAKRISHNAN
 N. SRINATH *Resigned w.e.f. 04.08.04*
 PRADEEP MALLICK
 C. B. BHAVE
 PETER KWAN *Resigned w.e.f. 22.04.05*
 DAVID P. JOHNSON *Appointed w.e.f. 04.08.04*
 FRANCIS M. SCRICCO *Appointed w.e.f. 04.08.04*
 AMARNATH K. PAI *Appointed w.e.f. 04.08.04*

COMPANY SECRETARY

VISHAL KOHLI

AUDITORS

M/s. LOVELOCK & LEWES
 Chartered Accountants

REGISTERED OFFICE

Matulya Centre, 'A' Block,
 249, Senapati Bapat Marg,
 Lower Parel (West),
 Mumbai - 400 013.

CORPORATE OFFICE

DLF Square, II Floor, M-Block,
 Jacaranda Marg,
 DLF City, Phase II,
 Gurgaon - 122 002.

WORKS

E-1/I, Gandhinagar Electronics Estate,
 Gandhinagar - 382 028
 Gujarat.

REGIONAL OFFICES

BANGALORE, CHENNAI, DELHI, KOLKATA,
 MUMBAI, PUNE

BRANCHES AND SERVICE CENTRES

AHMEDABAD, BARODA, BHUBANESHWAR,
 BHUSAWAL, BILASPUR, CHANDIGARH, COCHIN,
 COIMBATORE, GOA, GUWAHATI, HYDERABAD,
 INDORE, JAIPUR, JAMMU, JAMSHEDPUR, JODHPUR,
 LONAWALA, LUCKNOW, NAGPUR, NAZIRA,
 PALANPUR, SHILLONG, SURAT, TEZPUR, VIZAG

BANKERS

BANK OF INDIA
 CALYON BANK
 IDBI BANK LIMITED

REGISTRARS AND SHARE TRANSFER AGENTS

TATA SHARE REGISTRY LIMITED
 Army & Navy Building,
 148, Mahatma Gandhi Road,
 Fort, Mumbai - 400 001.

AUDIT COMMITTEE

PRADEEP MALLICK — *Chairman*
 C. B. BHAVE
 S. RAMAKRISHNAN
 AMARNATH K. PAI — *Appointed w.e.f. 10.03.05*

SHAREHOLDERS'/INVESTORS' GRIEVANCE COMMITTEE

PRADEEP MALLICK — *Chairman*
 NIRU MEHTA

ETHICS AND COMPLIANCE COMMITTEE

PRADEEP MALLICK — *Chairman*
 C. B. BHAVE
 NIRU MEHTA

REMUNERATION COMMITTEE

PRADEEP MALLICK
 C. B. BHAVE
 S. RAMAKRISHNAN
 AMARNATH K. PAI

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NOTICE

NOTICE IS HEREBY GIVEN THAT THE NINETEENTH ANNUAL GENERAL MEETING OF THE MEMBERS OF AVAYA GLOBALCONNECT LIMITED will be held on Friday, the 15th day of July, 2005 at 11:00 A.M. at the Kamalnayan Bajaj Hall & Art Gallery, Bajaj Bhavan, Jamnalal Bajaj Marg, 226, Nariman Point, Mumbai – 400 021, to transact the following business :

ORDINARY BUSINESS

1. To receive and adopt the Directors' Report, audited Profit and Loss Account for the year ended March 31, 2005 and the Balance Sheet as at that date.
2. To declare dividend on equity shares.
3. To appoint a Director in place of Mr. C. B. Bhavne who retires by rotation and is eligible for re-appointment.
4. To appoint a Director in place of Mr. Mark Leigh who retires by rotation and is eligible for re-appointment.
5. To appoint a Director in place of Mr. Pradeep Mallick who retires by rotation and is eligible for re-appointment.
6. To appoint Auditors to hold office from the conclusion of this meeting upto the conclusion of the next Annual General Meeting and to fix their remuneration.

SPECIAL BUSINESS

7. To consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution :-

“RESOLVED that Mr. David P. Johnson, who was appointed as Additional Director by the Board of Directors of the Company pursuant to Article 151 of the Articles of Association of the Company and who holds office up to the date of the ensuing Annual General Meeting under Section 260 of the Companies Act, 1956, and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company, liable to retire by rotation.”
8. To consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution :-

“RESOLVED that Mr. Francis M. Scricco, who was appointed as Additional Director by the Board of Directors of the Company pursuant to Article 151 of the Articles of Association of the Company and who holds office up to the date of the ensuing Annual General Meeting under Section 260 of the Companies Act, 1956, and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company, liable to retire by rotation.”
9. To consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution :-

“RESOLVED that Mr. Amarnath K. Pai, who was appointed as Additional Director by the Board of Directors of the Company pursuant to Article 151 of the Articles of Association of the Company and who holds office up to the date of the ensuing Annual General Meeting under Section 260 of the Companies Act, 1956, and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company, liable to retire by rotation.”
10. To consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution :-

“RESOLVED that Mr. S. Ramakrishnan, who was appointed as Additional Director by the Board of Directors of the Company pursuant to Article 151 of the Articles of Association of the Company and who holds office up to the date of the ensuing Annual General Meeting under Section 260 of the Companies Act, 1956, and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company, liable to retire by rotation.”
11. To consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution :-

“RESOLVED that pursuant to the provisions of Sections 198, 269, 309, 310, 311 and all other applicable provisions, if any, of the Companies Act, 1956, read with Schedule XIII to the said Act as amended and such permissions, consents and approvals, if any, from various authorities as may be required and subject to such conditions, if any, that may be imposed by any authority while granting their permissions, consents and approvals and which the Board of Directors is hereby authorized to accept, the consent of the Company be and is hereby accorded to the payment of remuneration, on the terms and conditions set out below, to Mr. Niranjana Mehta (Mr. Niru Mehta), in respect of his appointment as the Executive Director of the Company titled as ‘Vice-Chairman and Managing Director’, for a period of 5 (five) years w.e.f. 1st November, 2004 to 31st October, 2009:

NOTICE (Contd.)

I. Period of Appointment :

1st November, 2004 to 31st October, 2009.

The services of the Vice-Chairman and Managing Director may be terminated by either party, by giving the other party three (3) months' notice or either party paying three (3) months' salary in lieu of the notice period or part thereof.

Provided that if at any time the 'Vice-Chairman and Managing Director' ceases to be a Director of the Company, for any cause whatsoever, he shall cease to be the 'Vice-Chairman and Managing Director' of the Company.

II. Remuneration :

(a) House Rent Allowance :-

House Rent Allowance / Reimbursement of House Rent, in the range of Rs. 3,80,000/- to Rs. 5,70,000/- per month, with authority to the Remuneration Committee to fix his House Rent Allowance / Reimbursement of House Rent within the above mentioned range.

Alternatively, the Company shall provide Company owned / leased accommodation to the Vice-Chairman and Managing Director, within the above mentioned range, and undertake its maintenance (including but not limited to repairs, painting, etc.). The Company shall also pay for expenses pertaining to furniture, fixtures and furnishings.

(b) Special Allowance :-

Special Allowance in the range of Rs. 6,25,000/- to Rs. 9,25,000/- per month, with authority to the Remuneration Committee to fix his Special Allowance within the above mentioned range.

(c) Other Allowances and Perquisites :-

Other Allowances and Perquisites in the range of Rs. 4,00,000/- to Rs. 6,25,000/- per month, with authority to the Remuneration Committee to fix his Other Allowances and Perquisites within the above mentioned range.

The Other Allowances and Perquisites will be inclusive of the following :

(i) Leave / Holiday Travel Expenses :

Payment / Reimbursement of Leave / Holiday Travel expenses (like travel fare, lodging, boarding, conveyance and other expenses) incurred on one or more occasions in a year whether in India or abroad in respect of himself and family. This would include both Home Leave and Rest & Relaxation Leave. The entitlement for any one year to the extent not availed shall be allowed to be accumulated upto next two years.

(ii) Child Education :

Payment / Reimbursement of tuition fees, registration fees and other expenses pertaining to education of children.

(iii) Conveyance facilities :

The Company shall provide suitable conveyance facilities (including cars, petrol, driver / driver's salary, repairs, maintenance, etc.) as may be required by the Vice-Chairman and Managing Director for use by him and his family.

(iv) Security Guard :

Payment / Reimbursement in respect of Security Guard(s) for the Vice-Chairman and Managing Director and his family.

(v) Communication facilities :

The Company shall provide telephones, cellphones, telefaxes, and other communication facilities at the Vice-Chairman and Managing Director's residence, for use by the Vice-Chairman and Managing Director and his family.

(vi) Medical & Other Miscellaneous Expenses :

Payment / Reimbursement of actual medical expenses incurred in India and / or abroad including hospitalization, nursing home and surgical charges for himself and family.

NOTICE (Contd.)

(vii) Utilities :

Payment / Reimbursement of other utilities like servant, gardener, gas, water, electricity, etc.

Note :

In respect of House Rent Allowance and other allowances and perquisites, the Vice-Chairman and Managing Director shall be entitled to the actual amounts expended by him / paid by the Company, within the above mentioned range.

(d) **Commission :-**

Such remuneration by way of Commission, calculated with reference to the net profits of the Company in a particular financial year, as may be determined by the Remuneration Committee at the end of each financial year, subject to the overall ceiling stipulated in Sections 198 and 309 of the Companies Act, 1956.

(e) **Others :-**

- (i) Payment / Reimbursement of entertainment, travelling and other expenses incurred for the business of the Company. Payment / Reimbursement of membership fee for club(s) in India (including admission and life membership fees), in his capacity as the Vice-Chairman and Managing Director of the Company. The Vice-Chairman and Managing Director shall also be entitled to Credit Card(s) for enabling him to make payment of expenses incurred for the business of the Company. Further, the Vice-Chairman and Managing Director shall be entitled to reimbursement of expenses incurred by him through credit cards, for the business of the Company.
- (ii) The Vice-Chairman and Managing Director shall be entitled to Health / Medical Insurance for self and family. The Vice-Chairman and Managing Director shall also be entitled to Personal Accident Insurance cover. The limits in respect of Health / Medical Insurance and Personal Accident Insurance shall be as applicable from time to time.
- (iii) Any other allowances, benefits and perquisites which may become applicable in future and / or any other allowances, benefits and perquisites as the Board may from time to time decide.

Explanation :

Perquisites, allowances and amenities, etc. shall be evaluated as per Income Tax Rules, wherever applicable and in absence of any such rule, perquisites shall be evaluated at actual cost.

'Family' means the spouse, dependent children and dependent parents of the Vice-Chairman and Managing Director.

- (f) The Vice-Chairman and Managing Director shall be entitled to be paid / reimbursed by the Company all costs, charges and expenses as may be incurred by him for the purpose of or on behalf of the Company.
- (g) The annual increments of the Vice-Chairman and Managing Director will be merit-based and take into account the Company's performance.
- (h) The Vice-Chairman and Managing Director will be entitled to be paid the remuneration within the range as specified herein above under various heads, with the option to interchange the remuneration within the various heads (House Rent Allowance / Accommodation, Special Allowance, Other Allowances and Perquisites, etc.), subject to the total overall limits as specified.

III. Overall Remuneration :

The aggregate of allowances, perquisites, commission, etc. in any one financial year shall not exceed the limits prescribed under Sections 198, 309 and other applicable provisions of the Companies Act, 1956 read with Schedule XIII to the said Act as may for the time being, be in force.

IV. Minimum Remuneration :

Where in any financial year, the Company has no profits or its profits are inadequate, the payment of salary, commission, perquisites and other allowances, shall be paid or given to the Vice-Chairman and Managing Director, subject to the applicable provisions of Schedule XIII of the Companies Act, 1956 and the approval of the Central Government, if required.

RESOLVED FURTHER that the Vice-Chairman and Managing Director shall be entitled to be paid / reimbursed by the Company all costs, charges and expenses as may be incurred by him for the purpose of or on behalf of the Company.

NOTICE (Contd.)

RESOLVED FURTHER that the Directors, subject to the provisions of Section 198 of the Companies Act, 1956 read with Schedule XIII, and other applicable provisions, if any of the said Act, be and are hereby authorized to alter and vary the terms and conditions of the said appointment including the power to increase / decrease the remuneration mentioned therein up to a limit of 10% of the lower and upper limit mentioned herein above (overall and / or under each individual head) and to do other acts, deeds and things as may be considered necessary / expedient in this connection.”

Notes :

- a. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself / herself and the proxy need not be a member. In order to be effective, the proxy must be received by the Company not less than 48 hours before the meeting.
- b. Member / Proxy holder must bring the attendance slip to the meeting and hand it over at the entrance duly signed.
- c. The Register of Members and the Share Transfer Books of the Company will remain closed from 23rd June, 2005 to 15th July, 2005 (both days inclusive).
- d. The dividend on Equity Shares as recommended by the Directors for the year ended 31st March, 2005, if declared at the meeting will be paid on and after 27th July, 2005, to those Members whose names appear on the Register of Members of the Company on 15th July, 2005. In respect of shares held in electronic form, the dividend will be payable to the beneficial owners of shares as at the end of business hours on 22nd June, 2005, as per details furnished by National Securities Depository Limited and Central Depository Services (India) Limited.
- e. As per the provisions of the Companies Act, 1956, facility for making nominations is now available for shareholders in respect of the shares held by them. Nomination forms can be obtained from the Registrars and Share Transfer Agents of the Company.
- f. Members are requested to notify, immediately, any change in their address to the Company's Registrars and Share Transfer Agents.
- g. Corporate Members intending to send their authorized representatives are requested to send a duly certified copy of the Board Resolution authorizing their representatives to attend and vote at the Annual General Meeting.
- h. Members are requested to bring their copy of the Annual Report.
- i. Members are advised to avail ECS facility for the credit of dividend directly to their bank accounts. This facilitates quick credit of the dividend amount and eliminates any delay or loss of the dividend warrants in transit and also ensures safety against fraudulent encashment.
- j. As the members are aware, your Company's shares are tradable compulsorily in electronic form. In view of the numerous advantages offered by the Depository system, members are requested to avail of the facility of dematerialisation of the Company's shares on either of the Depositories viz. National Securities Depository Limited (NSDL) or Central Depository Services (India) Limited (CDSL).
- k. In view of the change in the name of the Company, the Registrars and Share Transfer Agents would be stamping the new name of the Company as and when the share certificates are lodged with them for transfer, transposition, splitting, consolidation, etc.

By Order of the Board of Directors

Place : Mumbai
 Date : May 17, 2005

VISHAL KOHLI
 Company Secretary

Registered Office :
 Matulya Centre, 'A' Block,
 249, Senapati Bapat Marg,
 Lower Parel (West),
 Mumbai – 400 013.

EXPLANATORY STATEMENT

EXPLANATORY STATEMENT U/S 173(2) OF THE COMPANIES ACT, 1956

Item No. 7 :

Mr. David P. Johnson was appointed as an Additional Director of the Company during the year. Pursuant to Section 260 of the Companies Act, 1956, Mr. David P. Johnson, will hold office as Additional Director upto the date of the ensuing Annual General Meeting. The Company has received a notice in writing from a member proposing the candidature of Mr. David P. Johnson for the office of Director of the Company under the provisions of Section 257 of the Companies Act, 1956.

Mr. David P. Johnson aged 45 years holds a Bachelor's degree in Engineering from Worcester Polytechnic Institute.

Mr. David P. Johnson is Avaya's (Avaya Inc., USA) Senior Vice-President, Europe, Middle East and Africa. He is responsible for leading the team for the integration of Avaya's acquisition of Tenovis, a leading European provider of communication systems, contact centers and services. Before managing the Tenovis integration, Johnson was the Group Vice-President of the Small and Medium Business Division, Avaya. He also handled all R&D, product management, marketing, sales, service and operations for Avaya's Small and Medium Business (SMB) customer segment.

Prior to this assignment, Mr. David P. Johnson was responsible for Worldwide Sales and Marketing, including sales operations and sales channel strategy, direct sales, indirect sales, and the company's growing alliances with systems integrators.

Before this position, Mr. David P. Johnson was Vice-President, International Sales and Service for Lucent Technologies Enterprise Networks business, where he was responsible for all sales and service operations outside the United States.

In his previous assignment, Mr. David P. Johnson was Lucent's Business Communications Systems (BCS) Regional President for the Asia / Pacific Region, residing in Hong Kong for three years. He supported the company's direct and indirect operations including sales, marketing, service and business development. Before his assignment in Hong Kong, he was Strategic Marketing Director for BCS.

Mr. David P. Johnson began his communications career in 1982 with New England Telephone, where he worked in the Field Services Organization supporting business customers. In 1987, he was appointed District Manager for AT&T's Network Technical Center in Morristown, New Jersey, and in 1989, he became National Account Director for a large transportation account. He was promoted to General Manager in 1990 and given responsibility for supporting the sales, provisioning and operations of AT&T's national and major account customers in Washington, D.C., Maryland, Virginia and West Virginia.

Nature of expertise in specific functional areas - Sales, Services, Marketing & Globalization

As on 31st March, 2005, Mr. David P. Johnson is not a director of any other Company.

The Board of Directors considers that in view of the background and experience of Mr. David P. Johnson, it would be in the interest of the Company to appoint him as a Director of the Company.

The Board recommends the resolution for approval of the members.

Save and except Mr. David P. Johnson, none of the Directors is, in any way, concerned or interested in this resolution.

Item No. 8 :

Mr. Francis M. Scricco was appointed as an Additional Director of the Company during the year. Pursuant to Section 260 of the Companies Act, 1956, Mr. Francis M. Scricco, will hold office as Additional Director up to the date of the ensuing Annual General Meeting. The Company has received a notice in writing from a member proposing the candidature of Mr. Francis M. Scricco for the office of Director of the Company under the provisions of Section 257 of the Companies Act, 1956.

Mr. Francis M. Scricco aged 56 years holds a B.S. degree in Mechanical Engineering from Worcester Polytechnic Institute and an MBA (Marketing) from Columbia University.

Mr. Francis M. Scricco has a total experience of around 32 years. From 1973 – 1979, Mr. Francis M. Scricco worked as a Consultant and as a Project Manager in The Boston Consulting Group, Inc.; During the years 1979 – 1985, he worked with General Electric Company and held various positions such as Manager (Strategy Development), Staff Executive (Strategic Planning and Development), General Manager (Room Air Conditioners) and General Manager (Commercial Electronics Products); During 1985 – 1987, he held the position of President and Chief Executive Officer with Protean, Inc.; From 1987 – 1991, he was the Vice-President and Partner with Towers Perrin, Inc.; From 1992 – 1994, he was the President and Chief Executive Officer with Inglis Ltd.; During 1994 – 1997, he was the President (Fisher Products Group) with Fisher Scientific International, Inc.; From 1997 – 2002 he worked with Arrow

EXPLANATORY STATEMENT (Contd.)

Electronics, Inc. as Executive Vice-President and COO (1997 – 1999), President and Chief Operating Officer (1999 – 2000) and President and Chief Executive Officer (2000 – 2002). Since 2002, he has been working with Avaya Inc. USA as Group Vice-President (Avaya Global Services).

Nature of expertise in specific functional areas - Services.

As on 31st March, 2005, Mr. Francis M. Scricco is not a director of any other Company.

The Board of Directors considers that in view of the background and experience of Mr. Francis M. Scricco, it would be in the interest of the Company to appoint him as a Director of the Company.

The Board recommends the resolution for approval of the members.

Save and except Mr. Francis M. Scricco, none of the Directors is, in any way, concerned or interested in this resolution.

Item No. 9 :

Mr. Amarnath K. Pai was appointed as an Additional Director of the Company during the year. Pursuant to Section 260 of the Companies Act, 1956, Mr. Amarnath K. Pai, will hold office as Additional Director up to the date of the ensuing Annual General Meeting. The Company has received a notice in writing from a member proposing the candidature of Mr. Amarnath K. Pai for the office of Director of the Company under the provisions of Section 257 of the Companies Act, 1956.

Mr. Amarnath K. Pai aged 54 years holds a B.E. degree in Mechanical Engineering from University of Mysore, M.S. degree in Industrial & Systems Engineering from Ohio University, Athens, Ohio and an MBA (Finance) from Wayne State University, Detroit, Michigan.

During the years 1986 – 1989 he was the Director of Finance with Burroughs Corporation; From 1989 – 2002, he worked with Unisys Corporation and held the following positions : Director, Corporate Financial Planning (1989 – 1990), Director of Finance, Latin America (1990 – 1993), V.P. Finance, Europe / Middle East / Africa (1993 – 1996), V.P. Finance & Operations, Pacific / Asia / Americas / Africa (1996 – 1999) and V.P. Finance, World Wide Sales and Services (2000-2002). Since 2002, he has been working as V.P. Finance Operations and Corporate Controller with Avaya Inc., USA.

Mr. Amarnath K. Pai is a member of the Audit Committee and Remuneration Committee of the Board of Directors of the Company.

Nature of expertise in specific functional areas - Finance.

As on 31st March, 2005, Mr. Amarnath K. Pai is not a director of any other Company.

The Board of Directors considers that in view of the background and experience of Mr. Amarnath K. Pai, it would be in the interest of the Company to appoint him as a Director of the Company.

The Board recommends the resolution for approval of the members.

Save and except Mr. Amarnath K. Pai, none of the Directors is, in any way, concerned or interested in this resolution.

Item No. 10 :

Mr. S. Ramakrishnan was appointed as an Additional Director of the Company during the year. Pursuant to Section 260 of the Companies Act, 1956, Mr. S. Ramakrishnan, will hold office as Additional Director upto the date of the ensuing Annual General Meeting. The Company has received a notice in writing from a member proposing the candidature of Mr. S. Ramakrishnan for the office of Director of the Company under the provisions of Section 257 of the Companies Act, 1956.

Mr. S. Ramakrishnan aged 56 years holds a B. Tech (Mechanical) degree from IIT, Madras and a Management degree from IIM, Ahmedabad.

Mr. S. Ramakrishnan has been associated with the Tata Group for more than 32 years. He joined the Tata Administrative Services in 1972 and during his long tenure handled a multitude of national as well as international projects. From October 1999 to September 2004, he was the Managing Director of Tata Teleservices Limited. Since October 2004, he is acting as an Executive Director of Tata Power Limited.

Mr. S. Ramakrishnan is a member of the Audit Committee and Remuneration Committee of the Board of Directors of the Company.

EXPLANATORY STATEMENT (Contd.)

Nature of expertise in specific functional areas - Project Management.

As on 31st March, 2005, Mr. S. Ramakrishnan is a Director and Member of Committees of Boards of other Companies as under :

Directorship

Tata Projects Limited
Tata Power Company Limited
Tata Power Trading Company Limited
Powerlinks Transmission Limited
THDC Limited
Tata Power Broadband Company Limited
Af-Taab Investment Company Limited
Alaknanda Hydro Power Company Limited

Member of Committees of Board

Audit Committee

- Tata Power Trading Company Limited
- Powerlinks Transmission Limited
- Tata Projects Limited
- THDC Limited
- The Tata Power Company Limited

The Board of Directors considers that in view of the background and experience of Mr. S. Ramakrishnan, it would be in the interest of the Company to appoint him as a Director of the Company.

The Board recommends the resolution for approval of the members.

Save and except Mr. S. Ramakrishnan, none of the Directors is, in any way, concerned or interested in this resolution.

Item No. 11 :

The Board of Directors of the Company, at its meeting held on 20th October, 2004 appointed Mr. Niru Mehta, the Vice-Chairman of the Company as an Executive Director of the Company under Section 269 of the Companies Act, 1956, titled as "Vice-Chairman and Managing Director", w.e.f. 1st November, 2004, for a period of five (5) years. In view of the same, Mr. Amal Thakore, was relieved from / relinquished the post of "Manager" of the Company w.e.f. 1st November, 2004.

The Remuneration Committee, at its meeting held on 3rd March, 2005, approved the remuneration / terms and conditions relating to the appointment of Mr. Niru Mehta, subject to the approval of the Board of Directors and the Shareholders of the Company in the next Annual General Meeting. Subsequently, on the recommendation of the Remuneration Committee, the Board of Directors of the Company, at its meeting held on 10th March, 2005, approved the remuneration / terms and conditions relating to the appointment of Mr. Niru Mehta, subject to the approval of the Shareholders of the Company in the ensuing Annual General Meeting of the Company.

The Vice-Chairman and Managing Director will be in-charge of the day-to-day management of the business and affairs of the Company and shall, subject to the superintendence, control and direction of the Board of Directors of the Company, as also subject to the provisions of the Companies Act, 1956, and Articles of Association of the Company, look after and manage day-to-day affairs and business of the Company.

A brief resume of Mr. Niru Mehta is as follows :

Mr. Niru Mehta aged 49 years holds a Bachelor of Engineering Degree from Maharaja Sayajirao University in Electronics Engineering and a Master of Science Degree in Computer Systems Engineering from Rensselaer Polytechnic Institute Troy NY (USA). He is also an Alumni of Wharton School of Management, University of Pennsylvania, USA. He has authored a book on "Hardware Inspections", a revolutionary book on hardware development practices, which was followed by all hardware development organizations in AT&T Bell Labs in the 1990s. Mr. Niru Mehta is also the founder of "CEO Forum for Customer Responsiveness" in India, which is a platform for over 1500 CEOs across industries to share their learning on Customer Responsiveness as a business strategy. He joined the Board of Directors of the Company in the year 2000.

Mr. Niru Mehta joined AT&T Bell Labs, a world-renowned research and development institution in telecommunications industry in USA, in 1982. During his tenure of 15 years in Bell Labs, he led developments of various state-of-the-art communication platforms as a foundation for several leading edge communication solutions including Avaya's Definity Enterprise Communication Server, a range of digital terminals, and Intuity Audix messaging solutions.

Mr. Niru Mehta continued with Bell Labs as it was spun-off from AT&T and became the R&D arm of Lucent Technologies in 1996. During 1995-97, he joined the Lucent's management team responsible for defining the joint venture with Tata in India and contributed

EXPLANATORY STATEMENT (Contd.)

to establishing equity ownership of Lucent in erstwhile Tata Telecom. Subsequently, he moved to India in 1997 as Managing Director of Lucent's Enterprise Networks business unit and also held responsibility of Chief Technical Officer for erstwhile Tata Telecom. Mr. Niru Mehta expanded his role in erstwhile Tata Telecom as Vice-President – Marketing and Sales in 1998, as a member of the Board of Directors in March 2000 and as Vice-Chairman in August, 2000.

He is a member of the Shareholders' / Investors' Grievance Committee and Ethics & Compliance Committee of the Board of Directors of the Company.

Nature of expertise in specific functional areas - Communication Solutions & Marketing

As on 31st March, 2005, Mr. Niru Mehta is a Director of other Companies as under :

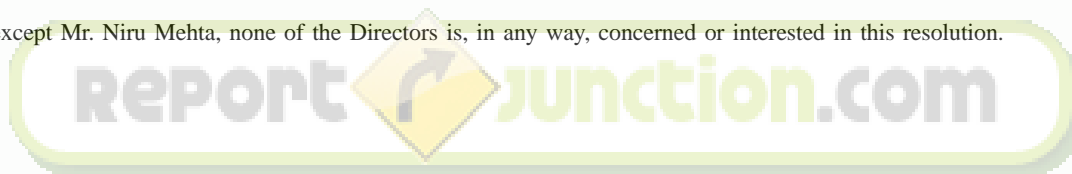
- Avaya India Private Limited
- GlobalConnect Australia Pty Ltd.

Since the remuneration payable to the Managing Director requires approval of the members of the Company in General Meeting pursuant to Sections 198, 269, 309 read with Schedule XIII to the Companies Act, 1956, the resolution as set out in this item of the accompanying Notice is recommended for the approval of the members.

An abstract of the terms of the appointment has already been circulated to the members pursuant to Section 302 of the Companies Act, 1956.

The Board recommends the resolution for approval of the members.

Save and except Mr. Niru Mehta, none of the Directors is, in any way, concerned or interested in this resolution.



By Order of the Board of Directors

Place : Mumbai
Date : May 17, 2005

VISHAL KOHLI
Company Secretary

Registered Office :
Matulya Centre, 'A' Block,
249, Senapati Bapat Marg,
Lower Parel (West),
Mumbai – 400 013.