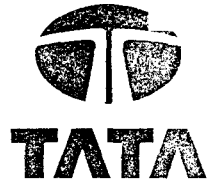


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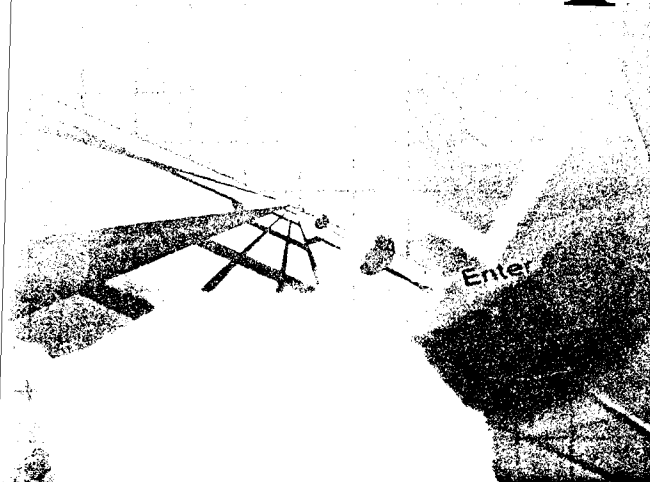


**TATA TECHNOLOGIES**




# Annual Reports Library

## Our Mission



Tata Technologies applies "state of the art" information technologies to enable strategic business improvements for manufacturers and their partners while achieving growth and profit for our employees and shareholders.


## Our Values



We achieve our mission by:

- Legendary service
- Uncompromising quality
- Strong alliances
- Absolute integrity
- Dedication to our core competencies
- Skilled, capable and motivated employees
- Commitment to ecology and community

## Our Vision



Be the partner of choice for those industry leaders who view the strategic use of information technology as critical to their success.

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**TATA TECHNOLOGIES LIMITED**

**EIGHTH ANNUAL REPORT 2001-2002**

**Contents:**

Board of Directors

Letter to Shareholders

Notice

Directors' Report

Auditors' Report

Balance Sheet

Profit and Loss Account

Schedules and Notes on Accounts

Tata Technologies, USA

**Board of Directors :**

**S Ramadorai**

**R Gopalakrishnan**

**P P Kadle**

**C Ramakrishnan**

**P R McGoldrick** (*Managing Director*)

**Assistant Company Secretary :**

(Ms) H N Shah

**Registered Office :**

Telco Training Hostel Premises,  
Pimpri, Pune - 411 018

**Auditors :**

Sahni Natarajan & Bahl

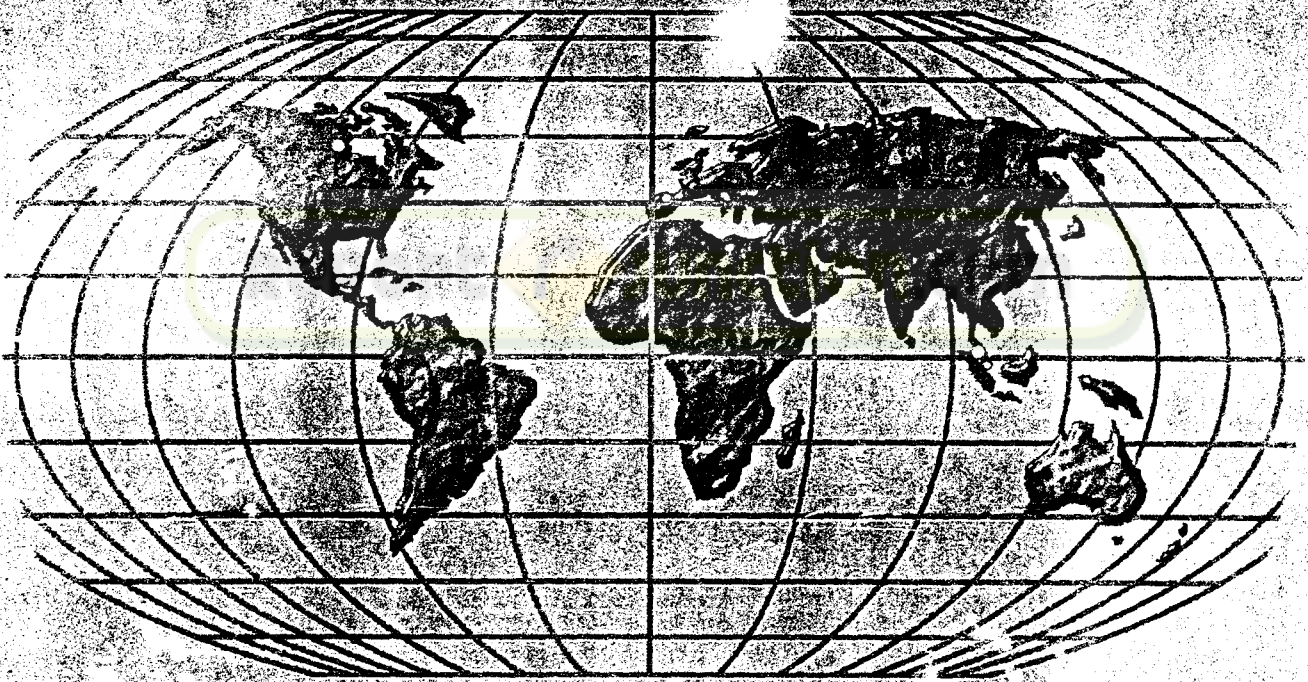
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**TATA TECHNOLOGIES**

Tata Technologies Limited

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Email: corporate@tatatechnologies.com

Website: www.tatatechnologies.com

## Letter to Shareholders

Dear Fellow Investor,

Last year I wrote that while Financial Year 2001-02 looked to be a year of opportunity, it also looked to be a year of some uncertainty. The economic slowdown in the US in the beginning of the year did create more opportunities for outsourcing. However, from September 11, 2002, through to the end of the financial year, the Company received little new outsourcing business. In spite of that, Tata Technologies' service revenue grew by 29% and our export revenue both onsite & offshore grew at triple digit rates. We continued to reduce or exit low margin trading business. This will create a healthier Tata Technologies.

To fuel long-term growth we made certain investments we had not made in prior years. This included sizable investment in computer hardware and software. For example, a 16-CPU compute server, the largest for engineering outsourcing in the country, was installed in March 2002 to meet our customers' demands for faster solution time. Even though, as per standard accounting practice, the full purchase price of the application software was fully expensed, we expect the software to be used for several years to come. We increased sales promotions such as participating in Automotive Exposition, 2002 at New Delhi and we increased foreign sales travel. We also used the market slowdown to invest in our employees, purchasing SAP knowledge warehouse and opening an internal SAP training center. While many IT companies did not hire from campuses in the year, Tata Technologies did. We also commenced construction of our Global Outsource Centre at Pune Infotech Park, Hinjawadi, Pune. These increased expenses and investments resulted in the reduction of profit despite the increase in sales.

I am sure you would be proud of all our employees who jumped in to take forward our initiative to "create a culture of change for the better". I've seen a great improvement in our focus on process improvement. From the results of our Customer Satisfaction Surveys, our customers are seeing it also. In acknowledgement of our efforts, we received the latest ISO certification, ISO 9001:2000, for "Design, Development, Testing and Delivery of Engineering Services and Software in Areas of Engineering Automation Group (CAD, CAM, CAE, KBE & PDM), E-Business Group". We also completed our first self-assessment on the Tata Business Excellence Model (TBEM), a quality program based on the Malcom Baldrige National Quality Award.

Regarding our customer focus initiative you may be happy to know that during the year your company provided services to eight out of the eight largest automotive companies and the two aerospace majors. We also provided services to other major OEMS, tier one manufacturers and large domestic manufacturers.

Financial year 2002-03 looks to have great opportunity with even greater uncertainty. Our global customers and prospects continue to face pressure to "do more with less". India in general and your company in particular offer them significant value through our business process and engineering outsource centres. However, political issues both inside India and between India and its neighbour create concerns for some of our customers and prospects. Our management team is addressing these concerns to the degree we can. For the long-term we continue to focus on profitable growth, customers, and creating a culture of change for the better. New initiatives are improving our customer acquisition and service delivery processes while controlling costs. This year we will open our Global

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TATA TECHNOLOGIES

Eighth annual report 2001-2002

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Tata Technologies Limited

*Outsource Centre. While these initiatives are necessary to create profitable growth, they will in the near-term continue to put pressure on profitability.*

On a personal note, I thank our customers, business partners, and employees. I never cease to be amazed at the increasingly complex and challenging business environment in which our customers operate. I'm proud of how our employees and customers work together translating technology into business benefits to meet these challenges. Our business partners continuously provide us with technology and stimulation. You should also know that we have an incredibly talented, professional and energetic set of employees. I also thank our Chairman and the Directors for their wise counsel. And finally, thanks to all of you for your support.



Patrick McGoldrick  
Managing Director

June 11, 2002



## NOTICE

**NOTICE IS HEREBY GIVEN THAT THE EIGHTH ANNUAL GENERAL MEETING OF THE MEMBERS OF TATA TECHNOLOGIES LIMITED** will be held on Friday the July 12, 2002 at the Acharya Atre Rangmandir, Sant Tukaram Nagar, Near YCM Hospital, Pimpri, Pune – 411 018 at 2.00 p.m. to transact the following business:

1. To receive and adopt the Director's Report and Audited Profit and Loss Account for the year ended March 31, 2002 and Balance Sheet as on that date.
2. To appoint a Director in place of Mr C Ramakrishnan, who retires by rotation and who is eligible for re-appointment.
3. To appoint auditors and fix their remuneration.
4. To consider and, if thought fit, to pass with or without modification the following Resolution as an Ordinary Resolution:

"RESOLVED that the consent of the Company be and is hereby accorded in terms of Section 293(1)(a) and other applicable provisions, if any, of the Companies Act, 1956 to the creation by the Board of Directors of the Company of such mortgages, charges and hypothecations as may be necessary on such of the assets of the Company both present and future in such manner as the Board may direct, together with power to take over the management of the Company in certain events, to or in favour of banks/financial institutions/investment institutions and their subsidiaries, mutual funds, trusts and other bodies corporate (hereinafter referred to as the 'Lending Agencies')/ Trustees for the holders of debentures and/or other instruments which may be issued on private placement basis or otherwise, to secure term loans/foreign currency loans, debentures, bonds and other instruments of an equivalent aggregate value not exceeding Rs.15 crores together with interest thereon at the agreed rates, further interest, liquidated damages, premium on pre-payment, costs, charges, expenses and all moneys payable by the Company to the Trustees under the Trust Deed and to Lending Agencies under their respective Agreements/ Loan Agreements/Debtenture Trust Deeds to be entered into by the Company in respect of the said borrowings."

"RESOLVED FURTHER that the Board of Directors of the Company be and is hereby authorised to finalise with the Lending Agencies/Trustees the documents for creating the aforesaid mortgages, charges and/or hypothecations and to accept any modifications to, or to modify, alter or vary, the terms and conditions of the aforesaid documents and to do all such acts and things and to execute all such documents as may be necessary for giving effect to the above Resolution."

### Notes :

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER.
2. The relative Explanatory Statement pursuant to Section 173 of the Companies Act, 1956, in respect of the business under item 4 set out above is annexed hereto.
3. The Register of Members and the Transfer Books of the Company will be closed from Monday, July 1, 2002 to Friday, July 5, 2002, both days, inclusive.
4. As per the provisions of the Companies Act, 1956, facility for making nominations is available for shareholders in respect of shares held by them. Nomination Forms can be obtained from the Company's Registrars and Transfer Agents.

By Order of the Board of Directors

(Ms) H. N. Shah  
Asst. Company Secretary

Mumbai, Dated May 15, 2002

Registered Office :  
Telco Training Hostel Premises  
Pimpri, Pune 411 018

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TATA TECHNOLOGIES

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Tata Technologies Limited

## EXPLANATORY STATEMENT

The following Explanatory Statement pursuant to Section 173 of the Companies Act, 1956, set out all material facts relating to the business mentioned at the item no. 4 in the accompanying Notice dated May 15, 2002.

- 2 **Item no. 4 :** At the Annual General Meeting of the Company held on July 25, 2001, the Shareholders had in terms of Section 293(1)(a) of the Companies Act, 1956 approved of the creation of charges in the respect of the secured borrowings not exceeding Rs.10 crores, which till date remains unutilised.
- 3 To meet a part of the fund requirements of the Company, the Company proposes to obtain financial assistance from banks/financial institutions/investment institutions and their subsidiaries, mutual funds, trusts and other bodies corporate (hereinafter referred to as the 'Lending Agencies')/Trustees for the holders of debentures and/or other instruments as set out in Resolution at item no.4 of the notice. It is therefore proposed to pass a resolution for the creation of mortgages, charges and hypothecation on such of the assets of the Company as the board may direct upto value not exceeding Rs.15 crores. Availing of the said financial assistance would be as per the terms and conditions decided by the Board of the Directors of the Company.
- 4 The proposed borrowings would be well within the borrowing powers of Rs.50 crores approved by the Shareholders at the Annual General Meeting of the Company held on September 30, 1997.
- 5 As the documents to be executed between the Lending Agencies/Trustees for the holders of Debentures/Bonds and/or other instruments and the Company may contain the power to take over the management of the Company in certain events, it is necessary for the Company to pass a resolution under Section 293(1)(a) of the Act, before creation of the mortgage and/or charge in favour of the Lending Agencies and Trustees.
- 6 The Directors commend the resolution for acceptance by the Shareholders.

By Order of the Board of Directors

(Ms) H. N. Shah  
Asst. Company Secretary

Mumbai, Dated May 15, 2002

Registered Office :  
Telco Training Hostel Premises  
Pimpri, Pune 411 018



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## DIRECTORS' REPORT

TO THE MEMBERS OF

TATA TECHNOLOGIES LIMITED

The Directors hereby present their Eighth Annual Report on the Business and Operations of the Company and the Audited Statement of Accounts for the year ended March 31, 2002.

### 1. FINANCIAL RESULTS

The financial results of the Company for the year ended March 31, 2002 are as follows:

Particulars	2001-2002 (Rupees)	2000 - 2001 (Rupees)
Income from Sale of Products & Services	70,65,03,896	58,08,23,362
Profit for the period after providing for taxes Rs.1,69,49,281/- including Rs.91,38,281/- for deferred tax liability for FY 2001-02 (previous year Rs.2,51,10,000/-) was	2,52,62,736	4,50,80,719
Balance brought forward from previous year after adjusting deferred tax liability of Rs.1,65,46,579/- as on April 1, 2001	2,84,94,048	2,35,75,857
<b>Amount available for Appropriations</b>	<b>5,37,56,783</b>	6,86,56,576
APPROPRIATIONS:		
General Reserve	40,00,000	50,00,000
Interim Dividend	2,09,46,400	-
Tax on Interim Dividend	21,36,533	-
Proposed Dividend	-	1,68,92,877
Tax on Proposed Dividend	-	17,23,073
Balance carried to Balance Sheet	2,66,73,850	4,50,40,626

### 2. DIVIDEND

Taking into consideration the performance of the Company during the year, the Board of Directors had paid an Interim Dividend @ 20% (Rs.2.00 per share) on 1,04,73,200 Equity Shares of Rs.10/- each for the Financial Year 2001-2002. The Directors do not recommend a final dividend for the said Financial Year (2000-01: Rs.4/- per share).

### 3. REVIEW OF BUSINESS OPERATIONS

The Company's revenue increased by 22% over the previous year. The increase was driven by increased sales of consultancy services overseas and in India. Sales of licenses and third party products decreased as the Company continued to substitute high margin consulting in place of low margin trading revenue. While margins in consultancy increased, profit after tax decreased by 43%. This was primarily due to increased expenditures required to increase sales. These include software purchased and fully expensed in the year, setup of a training centre, increased marketing activities abroad, and increased participation in major exhibitions and conferences.

#### Tata Technologies, US – a wholly owned subsidiary:

Net profit after tax increased by 182% to US\$31,414 despite a drop in revenue of 8% against the previous year. The increased profit is largely due to improved margins.

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Tata Technologies Limited

#### 4. QUALITY INITIATIVES

The Company obtained ISO 9001:2000 certification for "Design, Development, Testing and Delivery of Engineering Services and Software in Areas of Engineering Automation Group (CAD, CAM, CAE, KBE & PDM), E-Business Group". The Company also underwent internal assessment process under Tata Business Excellence Model (TBEM).

#### 5. CONSTRUCTION AT IT PARK HINJAWADI

The Company has commenced Phase-I of construction of its Global Outsource Centre at IT Park, Hinjawadi. The Company plans to start operating from the Centre this year.

#### 6. DIRECTORS

In accordance with the requirements of the Companies Act, 1956 and the Articles of Association, Mr C Ramakrishnan is liable to retire by rotation and is eligible for re-appointment.

#### 7. AUDITORS

M/s Sahni Natarajan & Bahl, the present Auditors of the Company, hold office until the conclusion of the forthcoming Annual General Meeting. They have under Section 224(1) of the Companies Act, 1956, furnished a certificate of eligibility for their re-appointment. The Shareholders are requested to appoint the Auditors for the current year and fix their remuneration.

#### 8. AUDIT COMMITTEE

The Audit Committee comprising of Mr S Ramadorai, Chairman, Mr P P Kadle and Mr C Ramakrishnan, Directors, held four meetings during the period under review. The Audit Committee meetings are usually attended by the Managing Director, the Finance Head, the Internal Auditors of the Company, the Asst. Company Secretary and the Company's Statutory Auditors.

#### 9. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

Provisions of the Companies Amendment Act, 1988 regarding reporting on conservation of energy and technology absorption are not applicable to the Company. Information pertaining to foreign exchange earnings and outgo during the year under review is given in Annexure 'A' to this report.

#### 10. PARTICULARS OF EMPLOYEES

Information required under section 217(2A) of the Companies Act, 1956 is given in Annexure 'B' to this report.

#### 11. DIRECTORS' RESPONSIBILITY STATEMENT

The Company is in compliance with various accounting and financial reporting requirements in respect of the financial statements for the period under review. Pursuant to Section 217(2AA) of the Companies (Amendment) Act, 2000 and in respect of the annual accounts for the period under review, the Directors hereby confirm that:-

- (i) In the preparation of the annual accounts, the applicable accounting standards have been followed and that there are no material departures.
- (ii) they have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the Financial Year and of the profits of the Company for that period.
- (iii) they have taken proper and sufficient care to the best of their knowledge and ability for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities.
- (iv) they have prepared the annual accounts on a "going concern basis".