



# TATA TECHNOLOGIES



**9th Annual Report**  
**2002-03**

## 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.



# TATA TECHNOLOGIES LIMITED

## NINTH ANNUAL REPORT 2002-2003

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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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## Letter to Shareholders

Dear Fellow Investor,

It's always great to start by announcing the good news: our Company has achieved the highest sales and earnings in its history.

What is important about this achievement is that we had excellent revenue growth in our key focus areas – Export Revenue grew by 135%, Offshore Services also grew at triple digit rates, Engineering Automation by 84% and Enterprise Solutions services by 89%. This top-line growth was accompanied by improved margins as we exited the resale of software licenses and continued to emphasise on undertaking more work for our customers at our facilities in India.

In the last quarter there was a whole lot of activity and excitement as we moved into our new world-class, state-of-the-art Campus at the Pune Infotech Park. The migration was successful with work starting in the new Campus almost immediately for several Automotive OEMs and Tier I manufacturers. We continue to provide services to eight out of the eight largest automotive companies and the two aerospace majors. Simultaneously, we continued to cater to other major OEMs, Tier I and large domestic manufacturing companies.

The new world-class Campus uniquely positions Tata Technologies to meet our customers' emerging demands. We are now in a position to provide them with dedicated and customised state-of-the-art secure technical centres. The new Campus also includes an Employee Learning Centre with fully equipped classrooms for Engineering Automation, Enterprise Solutions and executive training. The Customer Innovation Centre facilitates interactions with customers and prospects, enabling us to develop and demonstrate prototype solutions.

Earlier I had shared with you our three initiatives: "Creating a Culture of Change for the better", "Customer Focus" and "Profitable Growth". I have already mentioned the outstanding success of our "Profitable Growth" initiative. This success was steered by strong employee driven advances in the other two initiatives.

In "Creating a Culture of Change for the better", improvements as measured by the Tata Business Excellence Model (TBEM), a quality program based on the Malcolm Baldrige National Quality Award, clearly indicates that Tata Technologies has moved up to the next band from the year before. As more and more employees attended TBEM assessor and ISO auditor training, I am happy to report that Tata Technologies now has 17 certified TBEM assessors and 20 ISO auditors. I am also happy to inform you that most of the top management team, Core Group, have also been certified as TBEM assessors.

Our human resource processes have improved to the point where we now have achieved People CMM Level 3. This has resulted in a significant increase in employee satisfaction. The attrition rate too has been reduced to below industry levels. We reimplemented SAP with Business Intelligence and Time Management. This has resulted in improved access to accurate management information to track and improve employee utilisation and training. We still have a long way to go. However, what is most heartening is the way everyone has jumped in and contributed to move the company forward faster.

Let's face it – till now our weakest links were marketing and sales proficiency. So we decided to fix that. We rolled up our sleeves. Got expert advice. Found out where we were. Identified the best business acquisition process tailored for our lines of business. Trained our staff and implemented the process. We are already seeing a remarkable change.

To institutionalise the marketing and sales proficiency thrust, we have implemented Customer Relationship Management (CRM) software. This allows better measurement and better teaming for our global accounts. It's still early days, but it is comforting to know that repeat business and acquisition of key accounts are at the highest level in the company's history.

Even as we continue to improve our Customer Service Delivery, I am happy to report that customer satisfaction levels are also at the highest level ever. Again, there is still a lot more we need to do. What is important is that we are making significant progress.

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While we can applaud ourselves for achieving the highest revenue and profit in our history, the fact still remains that though we were on target in terms of profits, we lagged behind target on revenues. The IT market has been sluggish and there has been a decline in our customers' and prospects' spending on IT systems and enhancements. Increasingly, customers are seeking a one-stop shop for all their IT needs. To address this challenge and offer a comprehensive and integrated range of solutions, we have started working more closely with our associate companies – Tata Consultancy Services, Tata InfoTech and Tata Elxsi.

With our new world-class Campus operational, the next financial year presents us with great opportunities. Our global customers and prospects continue to face pressures to reduce costs, while demanding more work at the same or better quality. This vindicates our value proposition of operating out of our Campus in India.

However, we should always be aware of the uncertainties involved. The management team continues to plan and do what it can to mitigate these risks. This year there will be increased pressure on profits as we depreciate the investment on the Campus while ramping up its utilisation. While there will be pressure on profits in the near term, we recognise that this investment is necessary for growth that will ultimately result in enhanced profits.

On a personal note, I thank our customers, business partners and employees. Our customers work in an increasingly complex and competitive business environment. I'm proud of how our employees have partnered with our customers to work together in translating technology and location into competitive business advantages. Our business partners continuously provide us with technology and stimulation.

As I mentioned last year, we have a uniquely talented, professional and energetic set of colleagues. Even our cricket team won handsomely in the CYBER Cricket Tournament in Pune against reputed teams from Satyam, Zensar, Cognizant Systems & Mahindra British Telecom. It seems we just keep getting better and better, whether at work or play.

I also thank our Chairman and Directors for their wise counsel. And finally, thanks to one and all for your continued support.

June 6, 2003

Patrick McGoldrick  
Managing Director



## NOTICE

NOTICE IS HEREBY GIVEN THAT THE NINTH ANNUAL GENERAL MEETING OF THE MEMBERS OF TATA TECHNOLOGIES LIMITED will be held on Thursday, July 10, 2003, at 10.00 a.m., at the Acharya Atre Rangmandir, Sant Tukaram Nagar, Near YCM Hospital, Pimpri, Pune – 411 018 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, 2003 and Balance Sheet as on that date.
2. To declare a dividend on Equity Shares.
3. To appoint a Director in place of Mr R Gopalakrishnan, who retires by rotation and who is eligible for re-appointment.
4. To consider and, if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution:-

"RESOLVED that subject to the provisions of Section 225 and other applicable provisions, if any, of the Companies Act, 1956, M/s S B Billimoria & Co., Chartered Accountants, be and are hereby appointed as Statutory Auditors of the Company, to hold office from the conclusion of this Annual General Meeting until the conclusion of the ensuing Annual General Meeting of the Company, in place of the retiring auditors M/s Sahni Natarajan & Bahl, Chartered Accountants, at such remuneration as may be mutually agreed upon between the Audit Committee of the Company and the Auditors, plus service tax, out-of-pocket, travelling and living expenses, the audit to be carried out at the various locations of the Company at periodical intervals."

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

"RESOLVED that in modification to the Resolution No.8 passed at the Annual General Meeting of the Company held on September 30, 1997, and pursuant to the provisions of Section 293(1)(d) of the Companies Act, 1956, and all other enabling provisions if any, the consent of the Company be and is hereby accorded to the Board of Directors to borrow money, from time to time at its discretion either from the Company's bank or any other bank, financial institution or any other lending institutions or persons on such terms and conditions as may be considered suitable by the Board of Directors for an additional limit not exceeding in the aggregate of Rs.25 crores (Rupees Twenty Five Crores Only) notwithstanding that the money to be borrowed together with the moneys already borrowed by the Company (apart from temporary loans obtained from the Company's bankers in the ordinary course of business), will exceed the aggregate of paid-up capital of the Company and its free reserves that is to say, reserves not set apart for any specific purpose."

6. 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.25 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/ Debenture 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

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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."

7. To consider and, if thought fit, to pass with or without modification, the following resolution as a Special Resolution:-

"RESOLVED that pursuant to the provisions of Section 146(2)(b) and other applicable provisions, if any, of the Companies Act, 1956, the Registered Office of the Company situated at Telco Training Hostel Premises, Pimpri, Pune - 411 018, be and is hereby shifted to Plot No.25, Pune Infotech Park, MIDC, Taluka Mulshi, Hinjawadi, Pune - 411 027, with immediate effect."

#### Notes:

1. The relative Explanatory Statements pursuant to Section 173 of the Companies Act, 1956, in respect of the business under Item Nos. 4 to 7 set out above are annexed hereto.
2. 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.
3. The Register of Members and the transfer books of the Company will be closed from Monday, June 23, 2003 to Friday, June 27, 2003, both days, inclusive.
4. The dividend on Equity Shares as recommended by the Directors for the year ended March 31, 2003 will be payable on or after July 10, 2003 in accordance with the Resolution to be passed by the Members of the Company.
5. As per the provisions of the Companies Act, 1956, facility for making nominations is available for Members 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, May 19, 2003.

#### Registered Office:

Telco Training Hostel Premises  
Pimpri  
Pune - 411 018.

## EXPLANATORY STATEMENTS

The following Explanatory Statements pursuant to Section 173 of the Companies Act, 1956, set out all material facts relating to the business mentioned at the Item Nos. 4 to 7 in the accompanying Notice dated May 19, 2003.

2. **Item No.4:** M/s Sahni, Natarajan & Bahl, Chartered Accountants, the existing Statutory Auditors of the Company, have expressed their unwillingness to be re-appointed at the conclusion of this Annual General Meeting. The Board of Directors had, at its meeting held on May 19, 2003, proposed the appointment of M/s S B Billimoria & Co., the current Internal Auditors of the Company, as its Statutory Auditors in place of the existing Statutory Auditors, M/s Sahni Natarajan & Bahl, Chartered Accountants.
3. The Company has received a special notice from a Member of the Company, in terms of the provisions of the Companies Act, 1956, signifying the intention to propose the appointment of M/s S B Billimoria & Co., Chartered Accountants, as the Auditors of Company from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting. M/s S B Billimoria & Co., Chartered Accountants, have also expressed their willingness to act as Auditors of the Company, if appointed, from the conclusion of this Annual General Meeting till the conclusion of the ensuing Annual General Meeting. They have further confirmed that the said appointment would be also in conformity with the provisions of Section 224(1B) of the Companies Act, 1956.
4. The Company has also received a letter from the existing Statutory Auditors, M/s Sahni Natarajan & Bahl, Chartered Accountants, expressing their no objection to the appointment of M/s S B Billimoria & Co., Chartered Accountants, as the Statutory Auditors in their place. They have also expressed their gratitude to the management for the co-operation extended by the Company till date.
5. The letter received from M/s S B Billimoria & Co., Chartered Accountants, is open for inspection by the Members of the Company.
6. This may be treated as a special notice pursuant to the provisions of Sections 190 and 225 of the Companies Act, 1956.
7. The Directors commend the resolution for acceptance by the Members.
8. **Item No.5:** Under Section 293(1)(d) of the Companies Act, 1956, the Board of Directors of a Company cannot, except with the consent of the Company in the General Meeting, borrow monies, apart from temporary loans obtained from the Company's Banker's in the ordinary course of business, in excess of the aggregate of the paid-up capital and free reserves of the Company, that is to say, reserves not set apart for any specific purpose. The Members had, at the Annual General Meeting of the Company held on September 30, 1997 accorded their consent to the Board of Directors to borrow upto Rs.50 crores.
9. Considering the requirements of the funds in future, the Board of Directors deem it necessary to borrow funds from banks, financial institutions or any other lending institutions or persons on such terms and conditions as may be considered suitable by the Board of Directors, for an additional limit not exceeding in the aggregate of Rs.25 crores.
10. Members' approval is therefore being sought pursuant to Section 293(1)(d) to increase the borrowing limit from Rs.50 crores to Rs.75 crores.
11. The Directors commend the resolution for acceptance by the Members.
12. **Item No.6:** At the Annual General Meeting of the Company held on July 12, 2002, the Members 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.15 crores, which till date remains unutilised.
13. 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/



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or other instruments as set out in Resolution at Item No.6 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.25 crores. Availing of the said financial assistance would be as per the terms and conditions decided by the Board of Directors of the Company.

14. The proposed borrowings would be well within the borrowings powers of Rs.75 crores to be approved by the Members at this Annual General Meeting, in modification of the Resolution No.8 approved by the Members at the Annual General Meeting of the Company held on September 30, 1997.
15. 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.
16. The Directors commend the resolution for acceptance by the Members.
17. **Item No.7:** The Company has commenced operations from its new campus at the Software Technology Park at Hinjawadi, Pune since the last quarter of the financial year 2002-03. This has also helped the Company to attract prospective international clients. Since, the operations of the Company would gradually be shifted in its entirety to the new premises, it is necessary to shift the Registered Office of the Company to its premises at the Pune Infotech Park at Hinjawadi.
18. Pursuant to Section 146(2)(b) of the Companies Act, 1956, when the Registered Office of a company is proposed to be shifted outside the local limits of any city, a Special Resolution of the Members of the company is required for the same.
19. The Directors commend the resolution for acceptance by the Members.
20. None of the Directors of the Company are concerned or interested in the Resolutions at Item Nos. 4 to 7 above.

By Order of the Board of Directors

(Ms) H N Shah  
Asst. Company Secretary

Mumbai, May 19, 2003.

**Registered Office:**  
Telco Training Hostel Premises  
Pimpri  
Pune - 411 018.



## DIRECTORS' REPORT

### TO THE MEMBERS OF

### TATA TECHNOLOGIES LIMITED

The Directors present their Ninth Annual Report and the Audited Statement of Accounts for the year ended March 31, 2003.

### 2. FINANCIAL RESULTS

	2002-03 (Rupees)	2001-02 (Rupees)
Income from Sale of Products & Services	<b>93,16,87,517</b>	70,65,03,896
Profit for the period after providing for taxes Rs.5,56,59,987/- including Rs.1,56,59,987/- for deferred tax liability for FY 2002-03 (Previous Year: Rs.1,69,49,281/- including Rs.91,38,281/- for deferred tax liability for FY 2001-02) was	<b>7,70,45,123</b>	2,52,62,735
Balance brought forward from Previous Year	<b>2,66,73,850</b>	2,84,94,048
<b>Amount available for Appropriations</b>	<b>7,37,18,973</b>	5,37,56,783
APPROPRIATIONS:		
General Reserve	<b>50,00,000</b>	40,00,000
Interim Dividend	—	2,09,46,400
Tax on Interim Dividend	—	21,36,533
Proposed Dividend	<b>3,14,76,670</b>	—
Tax on Proposed Dividend	<b>40,32,948</b>	—
Balance carried to Balance Sheet	<b>3,32,09,355</b>	2,66,73,850

### DIVIDEND

3. Taking into consideration the performance of the Company during the year, the Board of Directors recommend a dividend @ 30% (Rs.3/- per share) on 10508300 Equity Shares of Rs.10/- each on a pro rata basis, subject to deduction of tax at source, for the Financial Year 2002-03 (2001-02: Rs.2/- per share).

### REVIEW OF BUSINESS OPERATIONS

4. The Company registered an overall growth of 32%. Profit Before Tax (PBT) also grew year-on-year by about 214% and Profit After Tax (PAT) by 205%. Significant progress was made in institutionalising a formal customer acquisition process and scaling up of operations to achieve consistent profitable growth. On the front of customer acquisition, the Company acquired prestigious new automotive OEM and tier one customers and deepened its relations with its existing customers. To improve service delivery, the Company signed service level agreements (SLA) with Tata Engineering and Locomotive Company Limited for various assignments engaged with all business units across all locations. To bring about improved operational discipline and efficiency, the Company implemented SAP 4.6C, Customer Relationship Management and Business Intelligence.

### OUTLOOK FOR 2003-04

5. The Global Outsource Centre at IT Park, Hinjawadi is fully operational and several automotive Original Equipment Manufacturers have shown interest in working together on off shore model. The Company expects to improve its top line substantially.