



ROLTA INDIA LIMITED
ANNUAL REPORT 2001

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Our mission

Rolta will be the preferred choice for providing knowledge-based IT solutions, through pioneering efforts to meet market demands and exceed customer expectations, achieved by an empowered team of Roltaites, for maximising value to its stakeholders.

"Real knowledge is to know the
extent of one's ignorance."

- Confucius

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Chairman's statement

Knowledge is the integration of ideas, experience, intuition, skill, and lessons learned, that have the potential to create value for a business, its employees, its products and services, its customers and ultimately its shareholders by influencing decisions and improving actions. Rolta is essentially a knowledge company. It is so by intent and design. Being a knowledge company enables us to make informed judgments, formulate appropriate decisions and do effective work. Knowledge provides context in our organisation.

Our focussed efforts over the past 15 years, initially in pioneering the field of CAD/CAM/GIS and then in promoting comprehensive eBusiness, eSecurity and Internet infrastructure Solutions/Services, have enabled Rolta to consistently post strong growth, in both revenue and earnings. We have been India's foremost CAD/CAM/GIS company over the past decade and amongst the top AM/FM/GIS Software Conversion Services Providers worldwide.

2001 was a challenging year for business, all around the world. In this tough economic environment, we posted encouraging results; our income from operations grew by almost 19%, while net profit was in excess of Rs. 1.05 Billion. Rolta's Economic Value Added (EVA) has grown constantly over the past five years, and improved to Rs. 624 million in 2001. These results demonstrate our commitment to continually improve our performance by consciously expanding the scope of our products & services, and by foraying into areas that leverage our core competencies, enabling us to capitalise on new and emerging opportunities.

Rolta specialises in weaving its solutions into customer environments. Our ability to extract learnings from one business and create another is a Rolta speciality. All of our businesses enjoy interesting synergies with each other. Rolta has survived, rather thrived in a business environment where technologies have changed with lightning speed, because we have intelligently planned and migrated our competencies from one technology to another in the shortest possible time. Our technology muscle is a rare combination of resident expertise as well as the strengths of our technology partners. Rolta invests significantly in research and development to adapt technologies acquired from these partners to meet customer requirements. Our partnerships are characterised by a commitment to pursue business strategies that benefit both partners.

We are not just another IT company. We have established domain expertise in our areas of operation, created the required infrastructure and built-up strong & efficient business processes to offer a strong value proposition to our customers across the world. We enjoy long-term relationships with our customers. Not only have these customers given repeat business year after year, they have also served as excellent reference sites for new business.

The strengths on our balance sheet are attractive, but even those that lie outside are considerable. This is evident from the latest valuation of Rolta's Human Resources at Rs. 19.28 billion and of the Rolta Brand at Rs. 15.23 billion. Rolta's intangible off balance sheet strengths possess a direct, financial correlation to the company's continued success. Our knowledge bank delivers specialised solutions that armour the Rolta reputation and brand.

During the course of our progress, we have crossed various milestones. Most of the recent ones are mentioned in the enclosed report, I would like to highlight two of them. First, in October 2001, Rolta being named amongst the 200 best companies in the world, by Forbes Global in its 3rd Annual list of the world's best companies outside the US (having sales of less than US\$ 500 million). And, now in March 2002, being Super Ranked 3rd out of the top 1000 Indian companies, by Business Standard. These plaudits are a further endorsement of our capabilities and achievements, made possible due to the support and good wishes of our Stakeholders - Customers, Shareholders, Roltaites, Business Partners and Bankers.

I firmly believe, that our ability to constantly re-invent ourselves, to remain relevant in the face of relentless change, and yet remain focussed on our core competencies, provides a solid foundation for future growth, and creating superior value for all our stakeholders.



K. K. Singh - Chairman & Managing Director

At Rolta, knowledge = higher income

Even as global business slowed Rolta's income increased.

The company's turnover has grown attractively from Rs. 763.14 million in 1996 to Rs. 3,026.55 million in 2001, a CAGR of 31.72 percent. During 2001, the company registered a growth of 18.13% in total revenue as compared to 2000.

Rolta's sustained growth is the result of the prudent selection of its business areas. Rolta is a pioneer in CAD/CAM/GIS, providing end-to-end IT solutions and services. These address a customer's total requirement of Engineering and its e-enablement. Rolta's comprehensive solutions and services enable it to seamlessly weave its engineering and eBusiness offerings into customer environments by providing a wide range of services that include interfacing, customisation and development.

Rolta enjoys an attractive early-mover's advantage: it was amongst the earliest entrants into the CAD/CAM/GIS area in India, at a time when this business was still an unmapped territory for Indian companies.

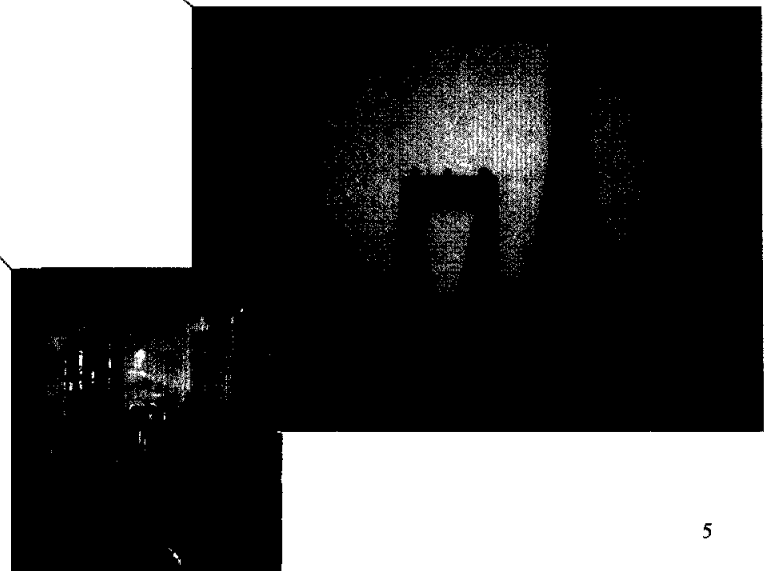
Rolta's special domain knowledge is a result of this exceptional combination of traditional IT, Engineering software, eSecurity and eBusiness skills. The company's clear focus on its core competencies enables it to constantly add value to its customer base.

Over the years Rolta has aggressively invested in people, technology and infrastructure to be able to exploit and aggressively meet emerging opportunities. Rolta's business

model focuses on the delivery of products and services at the high-end of the value chain, from its various offices / facilities worldwide. Hence the company has constantly expanded its infrastructure, technology and added technical people to continue with its growth plans.

Rolta added 450 technical professionals in 2001, while a number of IT companies were letting people go. Rolta invested in new facilities and technologies even as the global economy slowed and companies across the world began to downsize. The US headquarters moved to its new premises of around 26,000 sq.ft. at Atlanta while additional facilities, of over 2,50,000 sq.ft., are under construction in Mumbai. Additional investments of US\$ 6 million were made in overseas subsidiaries to expand the global focus. A new subsidiary was established in Germany, new subsidiaries are being set up in Canada and UK, while Rolta Middle East moved to the Dubai Internet City.

As a result of this constant growth, the company's gross block grew from Rs 595.2 million in 1996 to Rs 3,393 million in 2001.



At Rolta, knowledge = higher profitability

When the going gets tough, in the words of the cliché, the tough get going.

Rolta selected the toughest business environment in recent times to post the highest margin in its history.

The company's pre-tax margin strengthened from 36.44 percent in 2000 to 37.74 percent in 2001. The EBDT grew from Rs. 233.5 million in 1996 to Rs. 1.51 billion in 2001 with CAGR in net profit of 38.26 percent from 1996 to 2001. Earnings per share grew from 4.2 in 1996 to 16.6 in 2001. Rolta's net profit grew from Rs. 908.6 million in 2000 to Rs. 1054.6 million in 2001.

Rolta's long-term profitability comes from the fact that its businesses are not me-too in character. They possess high entry barriers. The businesses address critical applications that are increasingly relevant in modern-day working. The company's income comes from a judicious mix of projects within India and from around the world.

Rolta's business model is built around the philosophy of being highly customer centric which ensures long-term benefits on customer investments in Rolta's solutions and services.

These offerings are not just tools but catalysts for raising the overall productivity within a customer's environment. This involves handholding, training and

reverse engineering throughout the requirement fulfilment and the utilisation phase.

Rolta's engineers possess a unique combination of domain expertise, software and IT skills in vertical markets. This reduces outsourcing and costs. Manpower cost as a percentage of Rolta's turnover dropped from 15.6% in 1998 to 12.0% in 2001 while interest costs dropped from 7.9% to 6.8% during the same period.

The nature of Rolta's business enables it to enjoy enduring relationships with its alliance partners and customers. There is a clear focus in being on top of the value chain. This helps the company direct resources on its customer's mission-critical projects, as well as implement and execute them from its state-of-the-art facilities in Mumbai. These high-value projects de-risk the company and build a progressively healthy bottom line.

Rolta has reached a critical mass of intellectual capital in the Engineering, Mapping / GIS, Internet and eBusiness applications which competitors find daunting to replicate.



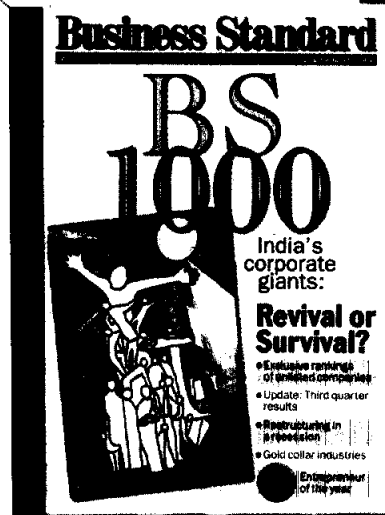
At Rolta, knowledge = global recognition

At Rolta, knowledge translates into reward and recognition.

For instance, in its 29 October 2001 issue, Forbes Global named Rolta amongst the 200 Best companies in the world, in its 3rd Annual list of the world's best companies outside the USA (having sales of less than US\$ 500 million). According to Forbes - "Just being in a hot sector isn't enough. To qualify a company must be publicly quoted and have a record of strong growth in revenue and earnings - or bright prospects if it is new. More than 20,000 publicly quoted companies met the criterion of sales. Cutting that universe down to the 200 of the very best was no easy task; the companies listed passed rigorous screens for profitability, earnings and sales growth". Rolta is among the 10 Indian companies who made it to this elite group, which also includes Infosys, HDFC, Cipla and others.

In April 2001, Rolta emerged 14th among the 25 fastest growing companies in India according to a survey in Business World. In October 2001, Rolta emerged as the 59th most valuable Indian company according to Business Today magazine. In February 2002, Rolta figured 56th in the list of India's biggest wealth creators in a rating conducted by the respected Business Today magazine.

In March 2002, Rolta was Super Ranked 3rd from a field of Top 1000 Indian companies by Business Standard. This super ranking has been arrived at by comparing the rate of growth (CAGR - compounded annual growth rate) of variables such as net sales, net profit, operating profit, net worth, assets, gross profit and market capitalisation between 1994-95 and 2000-01.



At Rolta, knowledge = leadership

Rolta has been the undisputed leader over past 15 years in the CAD/CAM/GIS business in India.

Rolta's share of the market is more than a statistic. It is an indicator of the quality of Rolta's trusting relationship with its customers. And an effective guarantor of prospective repeat business.

Rolta is considered amongst the top Automated Mapping and Facilities Management (AM/FM) software conversion services providers in the world.

Rolta has more than 70 percent share of the GeoEngineering technology market in India, which includes applications like Photogrammetric Mapping, Aerial Triangulation, Digital Terrain Modelling & Orthophoto creation and Image Interpretation for thematic mapping.

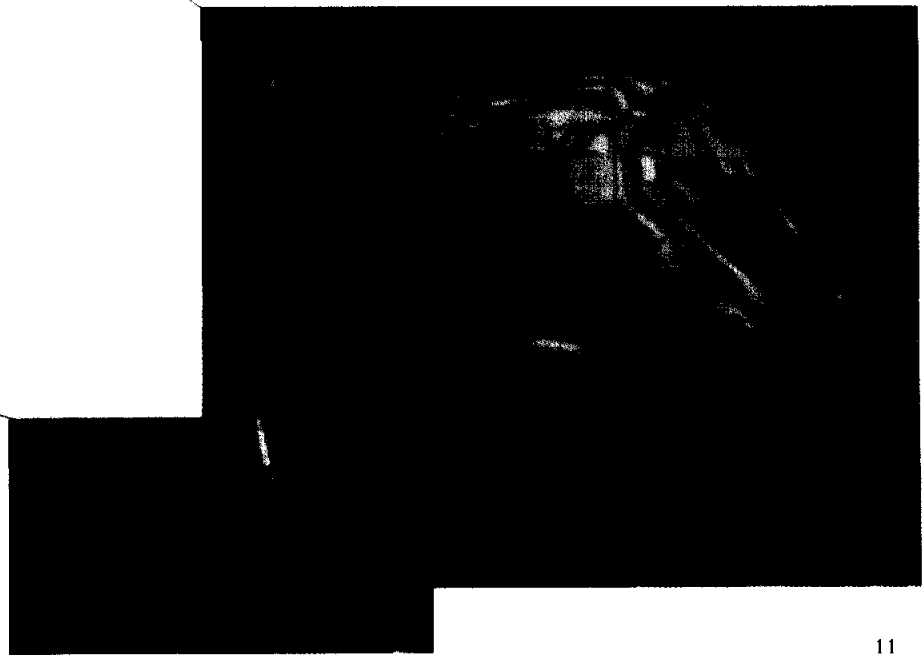
Rolta's technology expertise is reflected in high market and

mind share in its other businesses. Rolta enjoys more than 80 percent market share of the Plant Design Automation (PDA) market in India. RoltaNet continues to be ranked as Mumbai's No. 1 ISP.

Rolta specialises in weaving its solutions into customer environments. Its ability to extract learnings from one business and create another is a Rolta speciality.

Each Rolta business enjoys interesting synergies with its other businesses. For instance, engineering domain knowledge is a common thread across the GIS, PDA and MDA businesses. Rolta's eSecurity insights can be used across these businesses. Besides, Rolta's eBusiness enables the GIS, PDA and MDA businesses to be migrated to the Web.

At Rolta our aggregate knowledge translates into leadership, which means value for stakeholders including customers.



At Rolta, knowledge

= partnerships with
world leaders

At Rolta, we translate this into an unbeatable value proposition for customers.

At Rolta, we have not only attempted to maximize the direct ownership of knowledge within the company, we have also entered into long-standing partnerships that have enabled us to plug into the knowledge repositories of our strategic partners.

Rolta's technology muscle is a rare combination of its resident expertise as well as the strengths of its technology partners. Rolta invests significantly in research and development to adapt such technologies to meet customer requirements.

Rolta enjoys trusting, exclusive and long-standing partnerships with world leaders like Intergraph, Z/I Imaging and PTC. Rolta brings to the table a deep understanding of the markets it serves and specialized domain knowledge, which when combined with technology from these giants, results in an unbeatable value proposition for customers.

Rolta's source of "e" technology is a rare combination of IT giants like IBM, CA, Microsoft and many others - each a global leader in its respective field. The

company utilizes this great opportunity to acquire and assimilate technology on an on-going basis.

Rolta's major technology / business partners include global leaders like Intergraph Corporation (GeoEngineering Technology, Plant Design Automation and Collaborative Product Commerce); Z/I Imaging (Photogrammetry and Imaging); PTC (Mechanical Design Automation and Collaborative Product Commerce); IBM, Microsoft and Oracle (eBusiness and eCommerce); and Network Associates & Computer Associates (eSecurity and Network Management).

These partnerships are characterized by a commitment to pursue business strategies that benefit both partners. Not only does Rolta offer customized solutions to the Indian market, in partnership with these world leaders, it also works with them to provide dependable integration, customization and implementation services to their customers worldwide.

