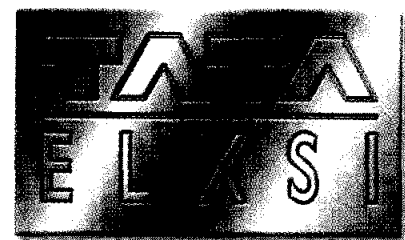


ENGINEERING THE INFORMATION REVOLUTION



12TH ANNUAL REPORT 2000-2001

BOARD OF DIRECTORS

Syamal Gupta	<i>Chairman</i>
S Ramadorai	<i>Vice Chairman</i>
Brig. K Balasubramaniam	
K M Chinnappa	
E A K Faizullabhoy	
Sujit Gupta	
F C Kohli	
H H Malgham	
P McGoldrick	
C P Mistry	

STATUTORY COMMITTEES

AUDIT COMMITTEE

H H Malgham	<i>Chairman</i>
E A K Faizullabhoy	
C P Mistry	
S Ramadorai	

REMUNERATION COMMITTEE

F C Kohli	<i>Chairman</i>
S Ramadorai	
Syamal Gupta	

INVESTOR GRIEVANCE COMMITTEE

E A K Faizullabhoy	<i>Chairman</i>
H H Malgham	
C P Mistry	

Madhukar Dev	<i>Manager</i>
Vice President - Marketing	

Vijay Krishnamurthy	<i>Chief Financial Officer & Company Secretary</i>
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Registrars & Share

Transfer Agents

Tata Consultancy Services
'Lotus House'
6, Sir Vithaldas Thackersey Marg
Mumbai - 400 020

Auditors

M/s. RSM & Co
Chartered Accountants

Registered Office

123, Richmond Road
Bangalore - 560 025

Corporate Office

K.R. Puram, Whitefield Road
Hoody, Bangalore - 560 048

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NOTICE

Notice of Annual General Meeting

Notice is hereby given that the TWELFTH ANNUAL GENERAL MEETING of TATA ELXSI LIMITED will be held on September 6, 2001 at 11.00 A.M. at HAL Convention Center, Next to Helicopter Division, Airport – Varathur Road, Marathahalli, Bangalore – 560 037 to transact the following business :

1. To receive and adopt the Directors' Report and the Audited Profit and Loss Account for the year ended March 31, 2001 and the Balance Sheet as at that date and the Auditor's Report thereon.
2. To declare dividend for the year ended 31st March, 2001.
3. To appoint a Director in place of Dr. F.C. Kohli who retires by rotation and is eligible for reappointment.
4. To appoint a Director in place of Mr. S. Ramadorai who retires by rotation and is eligible for reappointment.
5. To appoint a Director in place of Mr. Sujit Gupta who retires by rotation and is eligible for reappointment.
6. To appoint a Director in the place of Mr. H. H. Malgham who was appointed an Additional Director of the Company by the Board of Directors with effect from April 26, 2001 and who holds office upto the date of this Annual General Meeting under Section 260 of the Companies Act, 1956 and Article 151 of the Articles of Association of the Company, but who is eligible for re-appointment and in respect of whom the Company has received a notice in writing under Section 257 of the Act from a shareholder proposing his candidature for the office of Director.
7. To appoint Auditors to hold office from the conclusion of this Annual General Meeting upto the conclusion of the next Annual General Meeting and to fix their remuneration.
8. To consider and if thought fit, to pass, with or without modification, the following resolution as an Ordinary Resolution:
 "RESOLVED that pursuant to the provisions of Sections 269, 309, and other applicable provisions, if any, of the Companies Act, 1956, approval of the Company be and is hereby accorded to the reappointment of Mr. S. Devarajan as the Managing Director of the Company for the period from 1st March, 2001 to 28th February, 2004 upon the terms and conditions submitted to this Meeting and initialled by the Chairman for identification, to be entered into between the Company of the one part and Mr. Devarajan of the other part, which Agreement is hereby specifically approved with liberty to the Board of Directors to alter, vary and modify the said terms of appointment and remuneration as may be agreed between the Board of Directors and Mr. Devarajan".
9. To consider and, if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution:
 "RESOLVED that pursuant to Sections 269, 309, 388 and other applicable provisions, if any, of the Companies Act, 1956, the Company hereby approves of the appointment and terms of remuneration of Mr. Madhukar Dev, Manager of the Company, for the period from 15th May, 2001 till the appointment of a Managing Director/Executive Director by the Company upon the terms and conditions set out in the draft Agreement submitted to this Meeting and for identification initialled by the Chairman, which Agreement is hereby specifically sanctioned with liberty to the Directors to alter, vary and modify the terms and conditions of the said appointment and/or Agreement in such a manner as may be agreed to between the Board of Directors and Mr. Dev".
10. 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 309 and other applicable provisions, if any, of the Companies Act, 1956, a sum not exceeding 1% per annum of the net profits of the Company calculated in accordance with the provisions of Sections 198, 349 and 350 of the Act, be paid to and distributed amongst the Directors of the Company or some or any of them (other than the Managing Director and Whole-time Directors, if any) in such amounts or proportions and in such a manner and in all respects as may be directed by the Board of Directors of the Company and such payments shall be made in respect of the profits of the Company for each year of the period of five years commencing from 1st April, 2001".

By Order of the Board of Directors
For TATA ELXSI LIMITED

VIJAY KRISHNAMURTHY
 Chief Financial Officer
 & Company Secretary

Mumbai, 5th July, 2001

Registered Office:
 123, Richmond Road,
 Bangalore 560 025.

NOTES :

- a) The relative Explanatory Statement pursuant to Section 173 of the Companies Act, 1956, in respect of the business under item Nos. 6, 8, 9 & 10 and the relevant details in respect of item Nos. 3 to 6 above pursuant to Clause 49 of the Listing Agreements are annexed hereto.
- b) 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.
Proxy in order to be effective must be received at the Registered Office of the Company not less than 48 hours before the time of holding the Meeting.
- c) Members desirous of getting any information in respect of Accounts of the Company are requested to send their queries in writing to the Company at the Registered Office so as to reach at least 7 days before the date of the Meeting so that the required information can be made available at the Meeting.
- d) Members / Proxies attending the Meeting are requested to bring their copy of the Annual Report for reference at the Meeting as also the Attendance Slip duly filled in for attending the Meeting.
- e) The dividend on shares as recommended by the Board of Directors of the Company, if declared at the Meeting, will be payable to those shareholders whose names stand in the Register of Members of the Company as on July 17, 2001. In respect of shares held in the electronic form, the dividend will be payable to the beneficial owners of these shares as on closing hours of business on July 5, 2001, as per details furnished by the Depositories for this purpose.
- f) Members holding shares in electronic form may please note that as per the regulations of National Securities Depository Ltd. (NSDL) and Central Depository Services (India) Ltd. (CDSL), the Company is obliged to print the bank details on the dividend warrants as furnished by these Depositories to the Company and the Company cannot entertain any request for deletion/change of bank details already printed on dividend warrants as per information received from the concerned Depositories. In this regard, Members should contact their Depository Participant (DP) and furnish particulars of any changes desired by them.

Explanatory Statement Pursuant to Section 173 of the Companies Act, 1956.**Item No. 6**

At their Meeting held on 26th April 2001, your Board appointed Mr. H.H. Malgham Additional Director of your Company pursuant to the provisions of Article 151 of the Articles of Association of your Company and Section 260 of the Companies Act, 1956. Accordingly, in terms of the said Article and Section, Mr. Malgham holds office upto the date of this Annual General Meeting and being eligible, is proposed to be appointed at this Annual General Meeting as a Director liable to retire by rotation. Mr. Malgham is a Director of several Companies and he has wide experience in industry. He held the position of whole-time Director of Tata International Limited, the country's leading export house for 8 years.

Your Board considers that in view of the experience and expertise possessed by Mr. Malgham, it would be in the interest of your Company to appoint Mr. Malgham as a Director of your Company.

Notice as required under Section 257 of the Companies Act, 1956 has been received from a member proposing the candidature of Mr. Malgham as a Director of your Company.

The Directors commend the resolution for acceptance by the shareholders.

Item No. 8

The five year term of Mr. Devarajan, who was appointed as Executive Director on 1st March, 1996 and Managing Director on 23rd June, 1999 expired on 28th February 2001. At the Board Meeting on 23rd January, 2001, the Board considered and approved, subject to the members approval, the re-appointment of Mr. Devarajan as Managing Director for a further term of three years from 1st March, 2001 to 28th February, 2004 on the terms mentioned below. Subsequently, at the Board Meeting on 28th February, 2001, Mr. Devarajan tendered his resignation with effect from the close of business hours on 31st March, 2001 in order to pursue other career opportunities, which was accepted by the Board with regret. Consequently, the re-appointment of Mr. Devarajan as Managing Director was effective only for a period of one month i.e. from 1st March, 2001 to 31st March, 2001.

1. Consolidated Salary : In the scale of Rs.30,000 - Rs.5,000 - Rs.1,00,000 per month, with a maximum of 4 increments of Rs. 5,000/- each at any time, as may be decided by the Board of Directors.
2. Performance Bonus : Up to 24 months' salary as may be decided by the Board of Directors.
3. In addition to the salary and bonus, the Managing Director shall also be entitled to perquisites like accommodation (furnished or otherwise) or house rent allowance in lieu thereof, house maintenance allowance, together with utilities such as gas, electricity, water, furnishings and repairs, medical reimbursement, leave travel concession for self and family, club fees, medical insurance, etc. in accordance with the rules of the Company or as may be agreed to by the Board of Directors and the Managing Director, such perquisites to be restricted to 125% of his annual salary.

For the purpose of calculating the above ceiling, perquisites shall be evaluated as per Income-tax Rules, wherever applicable. In the absence of any such rules, perquisites shall be evaluated at actual cost.

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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.

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.

This may be treated as an abstract of the draft Agreement between the Company and Mr. Devarajan pursuant to Section 302 of the Companies Act, 1956.

Mr. Devarajan, is concerned or interested in this Resolution. A copy of the draft Agreement proposed to be entered into is available for inspection during working hours of the Company on any day preceding the day of the Annual General Meeting.

The Directors commend the Resolution for acceptance by the Shareholders.

Item No. 9

Consequent to the resignation of Mr. S. Devarajan as the Managing Director on 31st March, 2001 and pending the appointment of his successor, your Board has appointed Mr. Madhukar Dev, Vice President - Marketing, as the Manager of your Company to hold office from 15th May, 2001 till appointment of a Managing Director/Executive Director by the Company pursuant to the provision of Sections 269, 309 and 388 of the Companies Act, 1956 to ensure compliance with the Companies Act, 1956, on the terms mentioned below.

1. Basic Salary : In the scale of Rs. 40,000 – Rs. 1,00,000 per month, as may be decided by the Board of Directors.
2. Performance Bonus : As may be decided by the Board of Directors but not exceeding 24 months' salary.
3. In addition, the Manager shall also be entitled to allowances and perquisites such as accommodation (furnished or otherwise) or house rent allowance in lieu thereof, house maintenance allowance, together with utilities such as gas, electricity, water, furnishings, repairs, medical reimbursement, leave travel concession for self and family; club fees, medical insurance, hard furnishing etc. in accordance with the rules of the Company or as may be agreed to by the Board of Directors and the Manager.

For the purposes of calculating the above ceiling, perquisites shall be evaluated as per the Income-tax Rules, wherever applicable. In the absence of any such Rules, perquisites 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) and entertainment on Company's business shall not be included in the computation of perquisites for the purpose of calculating the said ceiling.

The 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.

Minimum Remuneration

Notwithstanding anything to the contrary herein contained, where in any financial year during the currency of the tenure of the Manager, the Company has no profits or its profits are inadequate, the Company will pay remuneration by way of salary and perquisites as specified above within the maximum amount payable to managing / whole-time Directors / managers in accordance with Schedule XIII to the Companies Act 1956, or any amendments made hereafter in this regard.

This may be treated as an abstract of the draft Agreement between the Company and Mr. Madhukar Dev pursuant to Section 302 of the Companies Act, 1956.

A copy of the draft Agreement proposed to be entered into is available for inspection during working hours of the Company on any day preceding the day of the Annual General Meeting.

The Directors commend the Resolution for acceptance of the Shareholders.

Item No. 10

In view of the valuable services being rendered by the Directors to the Company and the increased responsibilities they are required to shoulder, it is proposed to pay a commission not exceeding 1% per annum of the net profits of the Company to the non-Whole-time Directors of the Company for a period of five years commencing from 1st April, 2001. The remuneration will be distributed amongst all or some of the Directors in accordance with the directions given by the Board.

All the Directors of the Company are deemed to be concerned or interested in this Resolution to the extent of the remuneration that may be received by them.

By Order of the Board of Directors
For **TATA ELXSI LIMITED**

VIJAY KRISHNAMURTHY
Chief Financial Officer
& Company Secretary

Mumbai, 5th July, 2001

Registered Office:
123, Richmond Road,
Bangalore 560 025.

ANNEXURE TO THE AGM NOTICE

Information pursuant to Clause 49 of the Listing Agreement regarding appointment of a new Director or reappointment of a Director:

Name of the Director	F. C. Kohli	S. Ramadorai	Sujit Gupta	H. H. Malgham
Date of Birth	February 28, 1924	October 6, 1944	September 25, 1937	June 22, 1936
Date of Appointment	March 30, 1989	June 26, 1995	October 18, 1989	April 26, 2001
Specialised Expertise	Software Industry & General Management	Software Industry & General Management	Corporate Management	Finance, Commercial Law & International Trade
Qualifications	B.A. & B.Sc. (Hons); B.Sc. (Hons) Elec. Engg. S.M. Elec. Engg, from Massachussets Institute of Technology, USA	B.Sc; B.E; M.S. (Computer Science)	B.A. (Eco. Hons); B.Sc. (Eco.) from London School of Economics	B.Com; FCA; FCA (England & Wales); ACS
Directorships of the Companies as on 31st March, 2001 (In respect of Mr. Malgham, the Directorships are as on his date of appointment i.e., 26th April, 2001)	Tata Infotech Ltd Tata Honeywell Ltd Tata Technologies (Pte) Ltd Bradma of India Ltd Triveni Engineering & Industries Ltd HOT V Inc., USA Engineering Analysis Centre of Excellence Pvt Ltd Ebiz Solutions Ltd Edutech Informatics India Pvt Ltd Technosoft SA, Switzerland Mukand Engineers Ltd Sun F & C Asset Management (I) Pvt Ltd Aerospace Systems Pvt Ltd	Tata Industries Ltd Tata Infotech Ltd Aerospace Systems Ltd Tata Internet Services Ltd WTI Advanced Technologies Pvt Ltd Airline Financial Support Services (India) Pvt Ltd Global Procurement Consultants Ltd Innova TV Inc., USA Investor Services of India Ltd Engineering Analysis Center of Excellence Pvt Ltd Tata Technologies Ltd Ebiz Solutions Ltd Nelito Systems Ltd Aviation Software Development Consultancy India Ltd	Tata Services Ltd Tata Industries Ltd Tinplate Company of India Ltd Hitech Drilling Services India Ltd Tata Construction & Projects Ltd Tata Petrodyne Ltd	Tata International Ltd. Tata BP Solar India Ltd Tata BP Lubricants India Ltd Tata Ceramics Ltd Tata Precision Industries (India) Ltd Cameo Investment & Finance Ltd Pran Agro Services Ltd Graziella Shoes Ltd Export Credit Guarantee Corporation of India Ltd Tata Projects Ltd Float Glass Ltd (Mr. Malgham is also a Director of the overseas subsidiaries of Tata International Ltd and other overseas companies in which Tata International Ltd/ its subsidiaries have shareholdings) Tata BP Solar India Ltd <i>Member - Audit Committee</i> Export Credit Corporation of India Ltd <i>Member - Audit Committee</i> Tata Ceramics Ltd <i>Member - Audit Committee</i>
Chairman/Member of the Committees of the Companies on which he is a Director as on 31st March, 2001	DSP Merrill Lynch Asset Management (India) Ltd <i>Member - Advisory Board</i> Indian Institute of Management, Kozhikode <i>Member - Board of Governors</i>			

2000-2001

DIRECTORS' REPORT TO THE SHAREHOLDERS

1. Your Directors have pleasure in presenting the Twelfth Annual Report together with the audited Statements of Accounts of the Company for the year ended March 31, 2001.

2. **Financial Highlights**

During the financial year 2000-2001, the operations of the Company resulted in the following :

	2000-2001	(Rs. Lakhs) 1999-2000
Sales and Service	1,36,74.04	1,23,73.72
Other income	1,16.06	1,01.10
Total Income	1,37,90.10	1,24,74.82
Profit before financial expenses and depreciation	22,61.12	15,75.81
Less : Financial expenses	3,06.80	3,65.87
Depreciation	4,57.92	4,52.05
Net profit for the year	14,96.40	7,57.89
Less : Provision for Income tax	1,10.00	87.39
Profit after tax	13,86.40	6,70.50
Add : Profit brought forward	1,29.40	27.35
	15,15.80	6,97.85
which has been appropriated as under :		
Interim Dividend	-	4,67.07
Final Dividend	7,78.46	-
Dividend Tax thereon	79.40	51.38
Transfer to General Reserve	1,40.00	50.00
Balance of Profit carried to Balance Sheet	5,17.94	1,29.40
Total Appropriations	15,15.80	6,97.85

Your Directors have pleasure in recommending for your approval a final dividend @ 25% (i.e. Rs. 2.50 per share) for the year ended 31st March, 2001 which alongwith the Dividend Tax and surcharge thereon, will involve a total outgo of Rs. 857.86 lakhs out of the profits for the said year.

3. **Operations**

Domestic Operations :

The year was characterised by strong growth in the Film & Video segment and a higher proportion of dollar business. A segment-wise analysis of the operations is given below:

Film & Video: The year witnessed the best ever growth for this segment with sales recording Rs.33.70 crores. Growth was lead by animation products sales followed by editing, and other high-end product sales. Your Company was awarded the top reseller award for Asia-Pacific Entertainment Market by its principal, Alias/Wavefront.

CAD/CAM: Lack of buoyant growth in the automotive and industrial design industry resulted in lower spendings which affected this segment adversely. Sales marginally declined to Rs.17.70 crores. Stagnant conditions prevailed in the conventional 3D design and modeling business and future growth is expected from more specialised applications like Analysis, Industrial Design, Manufacturing, Automation etc. where your Company is well equipped to service market needs.

Education & Research: During the entire year, restrictive market conditions prevailed as a result of the continuing ban imposed by the United States of America on supplies by American corporations to specified critical Indian organisations. This market offers a large unfulfilled demand which your Company is poised to tap when the ban is removed. Your Company achieved sales (rupee sales and commission on dollar sales directly between your Company's principals and customers) of Rs.7.80 crores in this segment. The value of the dollar sales handled by your Company during the year was Rs.45.68 crores.

Commercial & Networking: This business was consciously downsized to avoid problematic and low margin business, which resulted in overall sales of Rs.10.50 crores. The re-engineering efforts are expected to yield significant results in the coming next few years. Broadband Networking, Storage and Clustered Solutions are likely to be the thrust areas of your Company's future growth in this segment.

Customer Support: Business marginally declined to Rs.10.53 crores (including sale of product upgrades) due to extended warranties being offered at the time of hardware sales in earlier years which ate into current revenues from maintenance contracts. Your Company has identified strategies to expand its market in the current year.

Design & Development Operations:

Your Company's D&D and Software operations grew by 100% during the year to reach Rs.56.00 crores. Growth was achieved in all the Technology Groups of Networking, Visual Computing, Systems Development and Internet and Intranet Groupware. During the year, your Company was able to move up the quality scale and upgraded its quality rating certification from CMM Level 4 to Level 5, which is the highest level possible and placed your Company amongst a select few companies worldwide to have achieved this certification.

Your Company also opened its European office in London during the year and within a short time thereafter, has signed up contracts with several local companies, indicative of the strong market confidence in your Company's capabilities. The European office, alongwith other offices in USA and Japan are poised to grow the business in the current year. Your Company has also initiated steps to open a Development Centre at Technopark in Trivandrum.

Your Company's business operations are not largely dependent on any particular geographical territory and your Company views the current year with cautious optimism notwithstanding the industry slowdown in the USA markets.

4. **Finance**

ICRA, an independent credit rating agency, upgraded your Company's Rs.500.00 lakhs Commercial Paper rating from **A1** (indicating the highest safety) to **A1+** (a notch higher). Borrowing costs were brought down during the year due to issue of Commercial Paper at fine rates, higher utilisation of packing credit which was available at lower rates of interest on software export orders, tighter working capital management and general reduction in the Prime Lending Rates (PLRs) of your Company's bankers.

5. **Directors**

The five year term of Mr. S. Devarajan, Managing Director of your Company, which expired on 28th February, 2001 was renewed by your Board for a further period of three years. However, Mr. Devarajan resigned on 31st March, 2001 in order to pursue other career opportunities. Your Board places on record their appreciation of the services rendered by Mr. Devarajan during his service with the Company.

In the interim pending selection of a successor to Mr. Devarajan, your Board has appointed Mr. Madhukar Dev, Vice President Marketing, as the Manager of your Company, pursuant to the provisions of Sections 269 and 388 of the Companies Act, 1956 to ensure statutory compliance under the Act.

At the Board Meeting on 26th April, 2001, your Board appointed Mr. H.H. Malgham as an Additional Director pursuant to Article 151 of the Articles of Association of the Company and Section 260 of the Companies Act, 1956. In terms of the said Article and Section, Mr. Malgham vacates office at the forthcoming Annual General Meeting. Notice has been received alongwith a deposit of Rs.500 from a member as required under Section 257 of the Companies Act, 1956 proposing the candidature of Mr. Malgham.

Mr. D.S. Pendse resigned as a Director of your Company with effect from 31st May, 2001. Your Directors place on record their appreciation of the services rendered by Mr. Pendse during his tenure as Director.

Dr. F.C. Kohli, Mr. S. Ramadorai and Mr. Sujit Gupta retire by rotation and being eligible, offer themselves for reappointment.

6. **Directors Responsibility Statement**

Your Directors confirm that :

- (i) in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- (ii) the accounting policies are consistently applied and reasonable, prudent judgement and estimates are made so as to give a true and fair view of the state of affairs of the Company at the end of the financial year;
- (iii) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- (iv) the Directors have prepared the annual accounts on a going concern basis.

7. **Personnel**

Your Company continues to place emphasis on enhancement of skills and capabilities of its people, their technological competence and its utilisation towards meeting customers' requirements.

During the year, your Company constructed and commissioned its in-house training centre which facilitates provision of relevant training inputs to your Company's employees.

Your Company has also tied up with BITS Pilani, a premier educational institute, to impart technical education leading to a MS degree to your Company's employees which will enable them to upgrade their educational qualifications while continuing to work.

8. **Disclosure of Particulars**

Particulars required to be furnished under the Companies (Particulars of Employees) Rules, 1975 and Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, to the extent applicable to the Company are given in the Annexure.

9. **Acknowledgements**

The Directors wish to thank the Company's esteemed customers, partners, suppliers, bankers other associates and above all, its shareholders and investors for their continued support and co-operation.

On behalf of the Board of Directors

SYAMAL GUPTA
Chairman

Mumbai, 5th June, 2001

2000-2001

ANNEXURE TO DIRECTORS' REPORT

Particulars pursuant to Section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988

1. Conservation of Energy

The operations of your Company are not energy intensive. Nonetheless, energy optimisation measures continue to be pursued during the year e.g. design of air-conditioning plant, false ceiling structures to reduce the air-conditioning load, etc.

2. Technology Absorption

a. Research & Development

Your Company continues to test and work with technologies and engage in research and development relating to high performance computing and graphical solutions, networking and communication protocols, DSP, ASIC, VLSI and storage solutions.

b. Benefits derived out of the above R&D

The above R&D activities have resulted in development of in-house expertise and IP rights which in turn have positioned your Company as a leading player in the advanced technological space in which it operates and also enabled speedier time-to-market deliveries to customers of software products.

c. Future Plan of Action

To continue to build and accelerate the existing competencies and expand the range of related skill sets with your Company.

d. Expenditure on R&D during the year

a. Capital	: Rs. 34.20 Lakhs
b. Recurring	: Rs. 18.00 Lakhs
c. Total	: Rs. 52.20 Lakhs
d. Total R&D expenditure as a percentage to total turnover	: 0.38%

3. Technology absorption, adaptation and innovation

Your Company's quality systems are certified at the highest level of CMM Level 5 which reflects a high degree of technology absorption, adaptation and innovation. There is continuous ongoing efforts to refine techniques and technologies resulting in enhancement of overall quality and productivity.

4. Foreign Exchange earnings and outgo

Your Company's growing Software Design & Development operations as also an increasing proportion of agency business with principals in the Systems Integration business ensure a continued export thrust. The particulars of foreign exchange earnings and outgo are given in Item Nos. 15B, 16, 17 & 18 of Schedule 18 to the Accounts.

On behalf of the Board of Directors

Mumbai, 5th June, 2001

SYAMAL GUPTA
Chairman

ANNEXURE TO DIRECTORS' REPORT

Information as per Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 and forming part of the Director's Report for the year ended March 31, 2001

SL. No.	Name	Designation	Remuneration (Rs.)	Qualification	Experience (Yrs.)	Commencement of Employment	Age (Yrs.)	Particulars of Last Employment/ Employer/Last Post and Period for which post held
1	Arun Easwaran	General Manager	4,322,578	B.Sc., M.B.A.	14	16.12.92	38	Advanced Synergic Systems - Manager - 2 months,
2	Atulya Joshi	Specialist	3,027,548	M.E.	7	10.06.96	30	Aptech Computers Ltd. - Engineer - 2 Years
3	Binoy Marwar	Specialist	3,557,073	MCA	6	03.03.97	32	Macmet India Ltd. - Software Engineer - 6 months
4	Devarajan S	Managing Director & CEO	2,802,009	B.Tech. (Elect.)	23	02.06.93	46	OMC Computers Ltd. - General Manager (Marketing) - 2 Years
5	Harsha R	Specialist	1,672,431	B.E.	3	16.03.98	26	-
6	Jayendran G	Project Manager	1,474,662	B.Sc, M.Sc	9	01.07.92	34	-
7	Madhukar Dev	Vice President Marketing	2,007,436	M.Sc, M.B.A.	23	03.06.91	46	Bennet Coleman & Co. Ltd. - Chief Manager(RMD) - 1 year
8	Prakash S	Project Manager	1,419,253	B.E., M.E.	12	08.02.93	37	Hindustan Informatics Ltd. - Engineer - 8 months
9	Prasanna Gokhale	Sr. Specialist	1,712,631	B.E.	6	17.07.95	29	-
10	Prasanna Kumar	Specialist	3,670,379	M. Tech.	4	10.03.97	27	-
11	Prasanna B R	Specialist	1,474,508	B.E.	3	16.03.98	26	-
12	Prashant Ketkar*	Manager	1,934,940	B.E., M.B.A.	4	24.05.99	31	-
13	Rajesh Kumar	Jt. General Manager	1,701,043	B.Tech.	16	10.04.97	40	C-DAC - Team Co-ordinator - 7 1/2 years
14	Ramakrishnan S	Corporate Manager	6,461,508	B.E.	6	30.12.95	30	-
15	Somanathan R*	Manager	2,840,282	B.E.	13	22.01.99	38	Wipro British Telecom - Account Manager - 10 months
16	Soundararajan K*	General Manager	1,080,574	B.E. (Elect.)	22	05.09.94	44	Consultant - 3 years
17	Srinivas S C V	Sr. Specialist	2,978,678	M.E.	6	09.04.97	31	-
18	Sudarshan Ganapathi	Manager	1,916,385	B.E, M.E.	6	27.03.96	30	HCL-Hewlett Packard - Sr.Engineer - 6 months
19	Sunil Kumar Nair	Associate Manager	2,217,577	M.B.A.	3	14.02.00	28	Pertech Computers Ltd. - Executive (Marketing) - 2 years
20	Trivikram Ravada	Specialist	2,551,711	B.E.	4	22.09.97	27	-
21	Venkatesh V	Specialist	1,551,727	B.E.	3	01.07.98	26	-
22	Vijay Krishnamurthy	CFO & Company Secretary	1,257,789	B.Com, FCA, FCS, BGL	17	22.09.99	41	Advanta India Ltd. - General Manager (Finance) & Company Secretary - 4 1/2 years
23	Vinod K G	Sr. Specialist	2,611,063	B.Tech.	8	08.08.97	30	Decant Designs (P) Ltd. - Member Technical Staff - 4 years

* Employed for part of the year.

Notes:

- 1 Nature of employment is contractual for all employees. Other terms and conditions are as per Company's Rules.
- 2 None of the above employees are related to any of the Director of the Company.
- 3 Remuneration received includes Salary, Bonus, House Rent Allowance, Privilege Leave encashment, Contribution to Provident Fund, Superannuation, Gratuity, Leave Travel Assistance, Medical Assistance, Company's car perquisites and other perquisites evaluated in accordance with the Income-tax Rules as applicable.

On behalf of the Board of Directors

Place : Mumbai
Date : 5th June, 2001

SYAMAL GUPTA
Chairman