

**BOARD OF DIRECTORS**

Syamal Gupta *Chairman*  
 S Ramadorai *Vice Chairman*  
 F C Kohli  
 Brig. K Balasubramaniam  
 K M Chinnappa  
 E A K Faizullahbhoj  
 Sujit Gupta  
 H H Malgham  
 P McGoldrick  
 C P Mistry  
 Madhukar Dev *Executive Director & CEO*

**STATUTORY COMMITTEES**

**AUDIT COMMITTEE**

H H Malgham *Chairman*  
 S Ramadorai  
 E A K Faizullahbhoj  
 C P Mistry

**REMUNERATION COMMITTEE**

F C Kohli *Chairman*  
 Syamal Gupta  
 S Ramadorai

**INVESTOR GRIEVANCE COMMITTEE**

E A K Faizullahbhoj *Chairman*  
 H H Malgham  
 C P Mistry

Vijay Krishnamurthy *Chief Financial Officer & Company Secretary*

**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**

Whitefield Road, Hoody,  
 Bangalore - 560 048

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## NOTICE

### Notice of Annual General Meeting

Notice is hereby given that the THIRTEENTH ANNUAL GENERAL MEETING of TATA ELXSI LIMITED will be held on Friday, 21st June, 2002 at 11.00. A.M. at J.N. Tata Auditorium, Indian Institute of Science, Bangalore 560 012 to transact the following business :

1. To receive and adopt the Directors' Report and the Audited Profit and Loss Account for the year ended 31st March, 2002 and the Balance Sheet as at that date and the Auditor's Report thereon.
2. To declare dividend for the year ended 31st March, 2002.
3. To appoint a Director in place of Mr. Syamal Gupta who retires by rotation and is eligible for reappointment.
4. To appoint a Director in place of Mr. E.A.K. Faizullahoy who retires by rotation and is eligible for reappointment.
5. To appoint a Director in place of Mr. P. McGoldrick who retires by rotation and is eligible for reappointment.
6. To appoint a Director in place of Mr. C.P. Mistry who retires by rotation and is eligible for reappointment.
7. To consider and if thought fit, to pass, with or without modification, the following resolution as an Ordinary Resolution: "RESOLVED pursuant to the provisions of Sections 198, 269, 309, Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, that approval of the Company be and is hereby accorded to the appointment of Mr. Madhukar Dev as Executive Director and designated as the Chief Executive Officer of the Company for the period from 16th January, 2002 to 15th January, 2005 upon the terms and conditions contained in the draft Agreement submitted to this Meeting and initialled by the Chairman for identification, to be entered into between the Company of the one part and Mr. Dev 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. Dev".
8. 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.

**By Order of the Board of Directors**

For **TATAELXSLIMITED**

**VIJAY KRISHNAMURTHY**

Chief Financial Officer  
& Company Secretary

Mumbai, 23rd April, 2002.

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 No. 7 and the relevant details in respect of item Nos. 3 to 6 above pursuant to Clause 49 of the Listing Agreements with the Stock Exchanges 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.**
- c) Members desirous of getting any information in respect of the 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 holding shares in physical form whose names stand in the Register of Members of the Company as on 21st June, 2002. In respect of shares held in electronic form, the dividend will be payable to the beneficial owners of these shares as at closing hours of business on 7th June 2002, 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. 7**

At the Board Meeting held on 16th January, 2002, your Directors appointed Mr. Madhukar Dev as an Executive Director and designated him as the Chief Executive Officer of your Company.

Mr. Dev is a M.Sc. from M. S. University of Baroda and M.B.A. from the Indian Institute of Management, Bangalore and joined the Company on 3rd June, 1991 in the Marketing function, which he now heads as Vice President Marketing. Members may recollect that at the Twelfth Annual General Meeting of the Company held on 6th September, 2001, Mr. Dev was appointed as the Manager of the Company pursuant to the provisions of Sections 269, 309, 388 and other applicable provisions of the Companies Act, 1956

for the period from 15th May, 2001 till the appointment of a Managing Director/Executive Director by your Company. Subsequently, your Directors at their Meeting held on 16th January, 2002 appointed Mr. Dev as an Executive Director and designated him as the Chief Executive Officer of your Company. The terms and conditions of Mr. Dev's appointment were modified by increasing the ceiling on Commission from twice to thrice his annual salary effective from the date of his appointment as Executive Director by your Directors at their Meeting held on 23rd April, 2002 and are placed before this Meeting for your approval i.e.,

- i) Subject to the supervision and control of the Board of Directors of the Company, Mr. Dev, Executive Director shall be in charge of the affairs of the Company and exercise such functions and powers as shall from time to time be entrusted to him by the Board of Directors.
- ii) Period of Agreement : For a period of 3 (three) years from 16th January, 2002
- iii) Remuneration:
  - a. Salary : In the scale of Rs. 40,000 – Rs. 1,00,000 per month, as may be decided by the Board of Directors. The annual increment will be effective 1st April each year and will be decided by the Board on merit taking into account the Company's performance.  
Mr. Dev's current salary is fixed at Rs.60,000/- p.m.
  - b. Perquisites & Allowances:
    - i. In addition to the salary and commission payable, Mr. Dev shall also be entitled to perquisites and allowances like accommodation (furnished or otherwise) or house rent allowance in lieu thereof; house maintenance allowance, together with reimbursement of expenses or allowances for utilities such as gas, electricity, water, furnishings and repairs; medical reimbursement, club fees and leave travel concession for himself and his family; medical insurance and such other perquisites and allowances in accordance with the rules of the Company or as may be agreed to by the Board of Directors and such perquisites and allowances will be subject to a maximum of 125% of his annual salary.
    - ii. For the purposes of calculating the above ceiling, perquisites shall be valued 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) shall not be included in the computation of perquisites for the purpose of calculating the said ceiling.
    - iii. 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 as 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.
  - c. Commission : Such remuneration by way of commission, in addition to salary and perquisites and allowances payable, calculated with reference to the net profits of the Company in a particular financial year as may be determined by Board of Directors of the Company at the end of each financial year, subject to the overall ceilings stipulated in Section 198 and 309 of the Companies Act, 1956. The specific amount payable to Mr. Dev not exceeding thrice his annual salary, will be based on certain performance criteria to be laid down by the Board and will be payable annually after the Annual Accounts have been approved by the Board of Directors and adopted by the shareholders.
  - d. Minimum Remuneration : Notwithstanding anything to the contrary herein contained, where in any financial year during the currency of the tenure of Mr. Dev, the Company has no profits or its profits are inadequate, the Company will pay remuneration by way of salary and perquisites and allowances as specified above.
  - e. The terms and conditions of the said appointment and/or agreement may be altered and varied from time to time by the Board as it may, in its discretion, deem fit, within the maximum amount payable to Mr. Dev.

Mr. Dev vacates office as an Additional Director at this Annual General Meeting having been appointed pursuant to Section 260 of the Companies Act, 1956 and Article 151 of the Articles of Association of the Company. As required under Section 269 read with Schedule XIII to the Companies Act, 1956, his appointment and remuneration as Executive Director for a period of three years from 16th January, 2002 to 15th January, 2005 is being placed before the Members for approval. Notice and a deposit as required under Section 257 of the Companies Act, 1956 has been received from a member proposing the candidature of Mr. Dev as a Director of your Company. The details of Mr. Dev's remuneration mentioned above may be treated as an Abstract and Memorandum under Section 302 of the Companies Act, 1956 to the Members.

No Director other than Mr. Dev is concerned or interested in this Resolution. Your Directors commend the resolution for acceptance by the Members.

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

**VIJAY KRISHNAMURTHY**  
Chief Financial Officer  
& Company Secretary

Mumbai, 23rd April, 2002  
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 a reappointment of a Director

| Name of the Director  | Syamal Gupta   | E A K Faizullahoy  | P McGoldrick  | C P Mistry  |
|---|--|--|---|---|
| Date of Birth   | 15th April 1934  | 8th April 1934   | 8th September 1949  | 4th July 1968   |
| Date of Appointment   | 23rd June 1999   | 30th March 1989  | 12th January 1993   | 24th September 1990   |
| Specialised Expertise   | General Management   | Law  | Computer Science  | General Management  |
| Qualifications  | FREng: FIC,FIMechE   | B.A., LL.B   | Masters Degree in Computer Science, Stanford, University, USA | B.E. (Civil); Master of Science in Management- London Busines School  |
| Directorships of other Companies as on 31st March 2002                  | Tata Sons Ltd<br>Tata International Ltd<br>Tata Industries Ltd<br>Tata BP Solar India Ltd<br>Tata Power Company Ltd<br>Tata Advanced Materials Ltd<br>Tata AIG Risk Management Services Ltd<br>Chemical Terminal Trombay Ltd<br>Tata Consulting Engineers Ltd<br>Haldia Petrochemicals Ltd<br>Tata AIG General Insurance Company Ltd<br>Tata AIG Life Insurance Company Ltd                  | The Jamshri Ranjitsinghji Spinning & Weaving Mills Co. Ltd | Tata Technologies Ltd   | Shapoorji Pallonji & Co. Ltd,<br>Cyrus Investments Ltd<br>Tata Power Co. Ltd<br>Shapoorji Pallonji Power Co. Ltd<br>Shapoorji Pallonji Infrastructure Capital Co. Ltd<br>Shapoorji Pallonji Finance Ltd<br>Afcons Infrastructure Ltd<br>United Motors (India) Ltd |
| Chairman/Member of other Committees of Companies as on 31st March, 2002 | <i>Member-Audit Committee</i><br>Tata Sons Ltd<br>Tata Power Company Ltd<br>Tata AIG Life Insurance Company Ltd<br>Tata AIG Genral Insurance Company Ltd<br><br><i>Member - Remuneration Committee</i><br>Tata Power Company Ltd<br><br><i>Chairman - Remuneration Committee</i><br>Tata International Ltd<br><br><i>Chairman - Investor Grievances Committee</i><br>Tata Power Company Ltd. |  |   | <i>Member - Investor Grievances Committee</i><br>United Motors (India) Ltd<br>Tata Power Co. Ltd  |

## DIRECTORS' REPORT TO THE MEMBERS

1. Your Directors have pleasure in presenting the Thirteenth Annual Report together with the audited Statements of Account of your Company for the year ended March 31, 2002.

### 2. Financial Highlights

During the financial year 2001-2002, the operations of the Company resulted in the following :

|   | 2001-2002    | (Rs. Crores)<br>2000-2001 |
|---|--------------|---------------------------|
| Sales and Service   | 129.81       | 136.74                    |
| Other income  | 2.15         | 1.16                      |
| Total Income  | 131.96       | 137.90                    |
| Profit before financial expenses and depreciation                                   | 24.80        | 22.61                     |
| Less : Financial expenses   | 1.53         | 3.07                      |
| Depreciation  | 3.05         | 4.58                      |
| Net profit for the year   | 20.22        | 14.96                     |
| Less : Provision for Income tax   | 3.47         | 1.10                      |
| Profit after tax  | 16.75        | 13.86                     |
| Add: Profit brought forward (net of transitional cumulative deferred tax liability) | 2.96         | 1.30                      |
| <b>Balance available for appropriation which has been appropriated as under:</b>    | <b>19.71</b> | <b>15.16</b>              |
| Final Dividend  | 10.90        | 7.79                      |
| Dividend Tax thereon  | -            | 0.79                      |
| Transfer to General Reserve   | 2.00         | 1.40                      |
| Balance of Profit carried to Balance Sheet  | 6.81         | 5.18                      |
| Total Appropriations  | 19.71        | 15.16                     |

### 3. Dividend

In March 2002, your Directors had declared an interim dividend of 25% for the year ending 31st March 2002. This dividend was rescinded after the Company received a subsequent communication from some Stock Exchanges on which it was listed to ensure compliance with the provisions of Clause 16 of the Listing Agreement entered into by the Company with these Stock Exchanges.

Your Directors now have pleasure in recommending for your approval a final dividend @ 35 % (i.e. Rs.3.50 per share) for the year ended 31st March 2002 which will involve a total outgo of Rs.10.90 crores from the profits of the year.

### 4. Review of Operations

The year was a challenging one for the Company in the context of the global economic slowdown, which resulted in substantial reduction and postponement in information technology-related spending by corporates generally, since they were themselves facing difficult market conditions. This resulted in the sales cycle lengthening both in the domestic and overseas markets. In the overseas markets, the already adverse economic conditions were aggravated by the terrorist attack on 11th September, 2001 on the World Trade Centre towers in New York, the subsequent anthrax scare in the US and the attack on Afghanistan, all of which combined to restrict expansion of business. Despite this scenario your Company was able to record a 35 % rise in its pre-tax Profits although there was a 5 % drop in its turnover compared to the previous year.

The business of your Company can broadly be divided into two segments viz. Systems Integration & Support and Software Development & Services.

#### Systems Integration & Support

Under Systems Integration & Support, your Company supplies to its Indian customers high end products – both hardware and software – from principals who are world leaders, and utilizes the Company's expertise as systems integrators in providing turnkey solutions and maintenance support. This business is distributed across four industry verticals in which your Company has established market dominance and expertise. During the year under review, due specifically to the sharp drop in the Film and Video vertical and the general recessionary trends in the economy, this business segment registered an overall decline from Rs.79.17 crores in 2000-01 to Rs.66.06 crores in 2001-02. Detailed review of the performance in each industry vertical is given below.

- **CAD/CAM** – Business in this industry vertical grew, mainly driven by several large value orders. During the year, your Company signed an agreement with Mechanical Dynamics Incorporated, USA, to distribute its mechanisms analysis software in the Indian market. Apart from this, your Company continues to distribute software from Alias/Wavefront,

Canada (for industrial design), EDS PLM, USA – erstwhile SDRC - (for modelling and detailing), MSC Nastran, USA (for analysis), Technomatix, Israel (for e-manufacturing), Opticore, Sweden (for virtual reality) and hardware from Z Corp, USA (for rapid prototyping) .

Future growth is expected in the areas of rapid and virtual prototyping and e-manufacturing catering mainly to the automotive and defence sectors where initial buying patterns are foreseen.

- **Film & Video** – Business in this industry vertical witnessed a sharp drop due to the almost non-existent IPO-driven purchasing in this vertical, which was a prominent feature in the previous year. Your Company continues to distribute software from Alias/Wavefront, Canada (for 3-D animation), Cambridge Animation Systems, U.K. (for 2-D animation) and Discrete/Autodesk, USA (for editing, compositing and effects). In spite of the drop in sales, your Company continues to have a substantial market-share in this vertical and almost all major domestic post-production and broadcast houses are your Company's customers.

Future growth is expected to come through animation, effects and broadcast markets.

- **Education & Research** – This industry vertical witnessed static performance. This was largely due to the continuing impact of the US government ban on supplies of critical equipments by US corporations to specified Indian institutions, many of whom are your Company's customers. While this ban was lifted in October 2001, the effect of the accumulated demand will only be realised in the subsequent years. During the year, your Company signed an agreement with Chemical Computing Group, Canada to distribute its molecular software in India targeted at the pharmaceutical industry and research laboratories. During the year, your Company also tied up with PCI Geomatics, USA, for its software solutions in the area of Geographical Information Systems (GIS).

Future growth of business is expected from the bio-informatics and geomatics areas where your Company is well positioned with complete solutions.

- **Enterprise Computing & Networking** – This industry vertical registered a drop in turnover since your Company has consciously stayed away from the PC orders, which generate high turnover but low margins. During the year, your Company tied-up with EMC Corporation, USA, a world leader in storage systems providing fault-tolerant and disaster recovery solutions to applications involving large volume of critical data. These storage systems, which are typically large order values, are expected to complement the business offerings in this vertical.

Future business is expected to come through storage solutions in the areas of critical data management, disaster tolerance and recovery, having high growth potential.

- **Customer Support:** Business improved mainly due to new orders and higher sales of upgrades. Your Company provides support services mainly for installations using SGI, Compaq and Nortel Network platforms.

Future growth is expected to come in the areas of systems and network administration and overseas support activities for which detailed strategies are being worked out.

#### **Software Development & Services:**

Despite difficult business conditions, your Company was able to increase revenues in this segment from Rs. 57.57 crores in 2000-01 to Rs. 63.75 crores in 2001-02. The businesses constituting this segment are Design & Development, Software and Design Engineering Services.

**Design & Development:** This business spans four separate domains catering to technology driven customers like Hitachi, Mitsubishi, Canon etc. of Japan, Texas Instruments, Intel, Macromedia etc. of US, Pace Micro Technologies, Madge etc. of UK and other companies. Your Company possesses advanced skills in these domain areas enabling it to execute projects with emerging and converging technologies for its global customers. Details of these technology groups are given below.

- **High Performance Computing and Graphics Solutions:** This group offers solutions in the domains of scientific computing, data visualisation, digital video broadcast and re-engineering of multimedia software products. Projects obtained by this group during the year have enabled your Company to develop expertise on the upper-end Apple Mac platforms, which will open other opportunities for this group.
- **Networking and Communications:** This group offers solutions in the datacom and wireless domains. In the datacom domain, your Company works with protocols like ATM, ISDN and TCP/IP which finds applications in communication and internet devices like routers, switches etc.. In the wireless domain, your Company works with protocols like 3G and GPRS, which fulfil the requirements of wireless equipment manufacturers. During the year, this group worked on prestigious projects involving edge and high-speed routers, wireless video image transfers etc.
- **Systems Development:** This group offers solutions in the domain of DSP, multimedia, hardware design services i.e. ASIC, FPGA, VLSI and embedded software which find application in industrial automation, power controls and varied other applications. During the year, a number of protocol stacks have been developed in the areas of streaming and MPEG and also ported onto DSP platforms for various clients.
- **Storage solutions:** This group offers solutions in the area of maintenance and sustenance of storage software. Strategies

are being worked out to increase this business.

During the year, your Company commissioned its new Development Centre at Technopark in Thiruvananthapuram, Kerala, which will specialise in systems development solutions for the automotive sector and image processing. This centre has already executed a pilot project for a prestigious customer and further business is expected.

Your Company has also strengthened its marketing efforts through increased presence overseas accompanied with domain specific backend support. With these initiatives and incipient signs of a revival of the business sentiment overseas, it is hoped to grow the Design and Development business significantly in the coming years.

After the closure of the year, your Company received renewal of its ISO 9001 quality certification. As reported earlier, your Company is one of the first few companies in India and globally to be assessed at SEI CMM Level V. Both these certifications bear testimonial to the high quality processes of your Company's Design & Development operations.

**Software & Design Engineering Services:** In this business, your Company provides software services for application based project work and design engineering services for industrial and automotive design.

#### 5. Finance

Financial expenses dropped significantly from Rs. 3.07 crores in 2000-01 to Rs. 1.54 crores in 2001-02.

#### 6. Directors

At the Board Meeting on 16th January, 2002, your Board appointed Mr. Madhukar Dev as an Executive Director and designated him as the Chief Executive Officer of the Company for a term of three years. Mr. Dev had joined your Company on 3rd June, 1991 in the Marketing function and rose to be its Vice President Marketing. At the Twelfth Annual General Meeting, the Members had approved Mr. Dev's appointment as the Manager under the provisions of the Companies Act, 1956 to hold office till the appointment of a Managing Director/Executive Director. The necessary resolution for Mr. Dev's appointment as an Executive Director is being placed before the Members at the forthcoming Annual General Meeting.

Mr. Syamal Gupta, Mr. E.A.K. Faizullahoy, Mr. P. McGoldrick and Mr. C.P. Mistry retire by rotation and being eligible, offer themselves for reappointment.

#### 7. 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.

#### 8. Personnel

Your Company continues to place emphasis on enhancement of skills and capabilities of its people for meeting customers' requirements.

With a view to encouraging employees to upgrade their technical qualifications while at work, your Company has tied up with BITS Pilani, a premier educational institution and subsidises educational programmes leading to the award of MS degrees in software engineering and microelectronics. This facility has been expanded and certain other educational institutions have been identified for subsidised distance education for enhancement of relevant skills of employees .

#### 9. Disclosure of Particulars

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

#### 10. Acknowledgements

The Directors wish to thank the Company's esteemed customers, partners, bankers, suppliers, 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, 23rd April 2002

## 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 operation 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. An energy audit was also carried out during the year through Tata Energy Research Institute (TERI).

### 2. Technology Absorption

#### a. Research & Development

Your Company continues to test and work with emerging and converging 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. Besides expanding markets for its services, it has also enabled speedier time-to-market deliveries to customers.

#### 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. 35.66 Lakhs |
| b. Recurring  | : | Rs. 23.60 Lakhs |
| c. Total  | : | Rs. 59.26 Lakhs |
| d. Total R&D expenditure as a percentage total turnover | : | 0.45 %          |

### 3. Technology absorption, adaptation and innovation

Your Company's quality systems are certified at the highest level of CMM Level 5 and ISO 9001 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 and also an increasing proportion of agency business with overseas principals in the Systems Integration business ensure a continued export thrust. The particulars of foreign exchange earnings and outgo are given in Item Nos. 16, 17 & 18 of Schedule 17 to the Accounts.

On behalf of the Board of Directors

**SYAMAL GUPTA**  
Chairman

Mumbai, 23rd April, 2002

## ANNEXURE TO DIRECTORS' REPORT

Particulars pursuant to 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, 2002

| Sl. No. | Name                | Designation                | Remuneration (Rs.) | Qualification                 | Experience (Yrs.) | Commencement of Employment | Age (Yrs.) | Particulars of Last Employment                     |
|---------|---------------------|----------------------------|--------------------|-------------------------------|-------------------|----------------------------|------------|--|
| 1.      | Amitava Nath        | General Manager            | 14,23,033          | M.Sc.(Tech)                   | 22                | 09.08.99                   | 46         | Avnet Max Ltd., Head Design Centre                 |
| 2.      | Anil N. Sondur #    | Jt. General Manager        | 1,91,966           | B.Sc.                         | 18                | 04.02.02                   | 41         | Harita Infoserve Ltd., Head-Business Development   |
| 3.      | Chandrashekar K.    | Jt. General Manager        | 14,29,440          | B.Sc., M.M.S.                 | 15                | 10.05.93                   | 40         | HCL-Hewlett Packard, Account Manager               |
| 4.      | Charles Dominique   | Project Manager            | 13,85,860          | ME.                           | 17                | 27.03.00                   | 41         | Embedded Wireless Labs, Sr Sys. Resident Engineer  |
| 5.      | Gopikumar K. M.     | Jt. General Manager        | 12,55,157          | B.Com., A.C.A., A.C.S.        | 17                | 14.12.92                   | 42         | Tata Oil Mills Co. Ltd. Chief Accounts Officer     |
| 6.      | Krishna Bhagawan A  | General Manager            | 15,66,355          | B.E. P.G.D.M.M.               | 17                | 11.12.96                   | 41         | TVS Suzuki, G.M. - Marketing                       |
| 7.      | Madhukar Dev        | Chief Executive Officer    | 41,87,012*         | M.Sc., M.B.A.                 | 24                | 03.06.91                   | 47         | Bennet Coleman & Co. Ltd., Chief Manager (RMD)     |
| 8.      | Manjunath R.        | Project Manager            | 12,37,460          | M.Sc.                         | 12                | 28.07.95                   | 35         | ADA, Scientist                                     |
| 9.      | Natarajan R. #      | Jt. General Manager        | 6,20,334           | B.E., M.E.                    | 25                | 21.09.01                   | 48         | VS Space Centre, Project Manager                   |
| 10.     | Natesh Kalyandurg # | Group Head                 | 4,37,002           | B.E., M.E.                    | 13                | 19.11.01                   | 38         | Mobile Application (I) Pvt. Ltd., Engineer         |
| 11.     | Philip K. Mammen    | General Manager            | 12,92,368          | B.Com., M.A.                  | 17                | 04.08.00                   | 43         | BPL Telecom Ltd. Head-HR (IT Services)             |
| 12.     | Prakash S.          | Corporate Manager          | 15,90,735          | ME.                           | 13                | 08.02.93                   | 38         | Hindustan Informatics Ltd., Engineer               |
| 13.     | Rajesh Kumar        | Jt. General Manager        | 18,46,848          | B.E.                          | 17                | 10.04.97                   | 40         | C-DAC, Team Co-Ordinator                           |
| 14.     | Ramakrishnan S.     | General Manager            | 6,55,214           | B.E. (Hons.) M.B.A.           | 10                | 30.12.95                   | 32         | -  |
| 15.     | Thangarajan M.      | Corporate Manager          | 14,88,173          | B.E.                          | 16                | 02.09.96                   | 38         | Larsen & Toubro Ltd., Senior Executive             |
| 16.     | Sandeep Chadha #    | General Manager            | 13,99,579          | B.Sc. (Hons.) P.G.D.M.        | 22                | 25.08.97                   | 42         | Pertech Computers AGM                              |
| 17.     | Sivakumar P.        | General Manager            | 12,93,079          | ME.                           | 22                | 15.04.99                   | 46         | WIPRO GE Medicals Ltd., Service Business Manager   |
| 18.     | Sreenivasa P.       | Senior Specialist          | 12,20,941          | B.E., M.E.                    | 9                 | 08.05.98                   | 40         | Marjo Soft Systema, Project Manager                |
| 19.     | Vijay Krishnamurthy | C.F.O. & Company Secretary | 16,43,590          | B.Com., F.C.A. F.C.S., B.G.L. | 17                | 22.09.99                   | 42         | Advanta India Ltd. GM(Finance) & Company Secretary |

# Employed for part of the year

\* Includes Performance Bonus/Commission for 2000-01 and 2001-2002.

### Notes :

1. Nature of employment is contractual. Other terms and conditions are as per Company's Rules.
2. The above employees are not related to any Director of the Company.
3. Remuneration received includes Salary, Commission and Bonus, House Rent Allowance, Privilege Leave Encashment, Contribution to Provident and Superannuation Funds, Gratuity, Leave Travel Assistance, Medical Assistance, etc. Other Perquisites have been evaluated in accordance with the Income-Tax Rules as applicable.

On behalf of the Board of Directors

**SYAMAL GUPTA**  
Chairman

Mumbai, 23rd April, 2002

## COMPLIANCE REPORT ON CORPORATE GOVERNANCE

### Mandatory Requirements:

1. **A brief statement on the Company's philosophy on code of governance.** Your Company believes in conducting its affairs with the highest levels of integrity, with proper authorisations, accountability and transparency. The business operations of your Company are conducted not to benefit any particular interest group but for the benefit of all stakeholders.
2. **Board of Directors**

The Company has a Non-Executive Chairman and the number of Independent Directors is one-third of the total number of Directors. The number of Non-Executive Directors (NEDs) is more than 50% of the total number of Directors. None of the Directors on the Board is a Member on more than 10 Committees and Chairman of more than 5 Committees (as specified in Clause 49 of the Listing Agreement with Stock Exchanges), across all the companies in which they are Directors. The necessary disclosures regarding Committee memberships have been made by the Directors.

The names and categories of the Directors on the Board, their attendance at Board Meetings during the year and at the last Annual General Meeting, as also the number of Directorships held by them in other companies are given below:

| Name  | Category                               | No. of Board Meetings attended during 2001-02 | Whether attended AGM held on 6th Sept., 2001 | No. of Directorships in other public companies in India |        |
|---|--|---|--|---|--------|
|   |  |   |  | Chairman  | Member |
| Mr. Syamal Gupta (Chairman)                   | Not Independent/<br>Non-executive      | 7   | Yes  | 6   | 6      |
| Mr. S. Ramadorai<br>(Vice Chairman)           | Not Independent/<br>Non-executive      | 5   | Yes  | 2   | 10     |
| Dr. F. C. Kohli                               | Independent/<br>Non-executive          | 5   | Yes  | 1   | 6      |
| Brig. K. Balasubramaniam                      | Independent/<br>Non-executive          | 6   | Yes  | —   | 1      |
| Mr. K. M. Chinnappa                           | Independent/<br>Non-executive          | 5   | Yes  | —   | 2      |
| Mr. E. A. K. Faizullahoy                      | Independent/<br>Non-executive          | 6   | Yes  | —   | 1      |
| Mr. Sujit Gupta                               | Not Independent/<br>Non-executive      | 3   | Yes  | —   | 4      |
| Mr. H. H. Malgham                             | Independent/<br>Non-executive          | 7   | Yes  | —   | 4      |
| Mr. P. McGoldrick                             | Not Independent/<br>Non-executive      | 3   | Yes  | —   | 1      |
| Mr. C. P. Mistry                              | Independent/<br>Non-executive          | 3   | No   | —   | 8      |
| Mr. Madhukar Dev<br>(Appointed on 16.01.2002) | Not Independent/<br>Executive Director | 2   | N.A  | —   | —      |

Seven Board Meetings were held during the year 2001-02 and the gap between two meetings did not exceed four months.

The dates on which the Board Meetings were held were as follows:

26th April, 2001, 5th June, 2001, 23rd July, 2001, 6th September, 2001, 29th October, 2001, 16th January, 2002 & 5th March, 2002.

The information as required under Annexure I to Clause 49 is being made available to the Board.