ANNUAL REPORT 2000-2001

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*The cover represents Teamwork: a coming together
of various teams in the pursuit of one goal, one objective.*

▮oard of Directors

Mr F K Kavarana
(Chairman)

Mr N A Palkhivala

Mr F C Kohli

Mr S Gupta

Mr J K Setna

Mr N N Kampani
(Resigned w.e.f. May 25, 2001)

Mr S Ramadorai

Mr N A Soonawala

Dr N Jain
(Managing Director)

Mr M M Surti
(Company Secretary)

Bankers

State Bank of India

Standard Chartered
Grindlays Bank Ltd

Allahabad Bank

ABN Amro Bank N V

Auditors

G N Joshi Associates

S R Batliboi & Co

Solicitors & Advocates

Crawford Bayley & Co

Mulla & Mulla and
Craigie Blunt & Caroe

Registered Office

Manish Commercial Centre

216-A, Dr Annie Besant Road

Worli, Mumbai 400 025.

Tel: +91-22-493 3560.

Fax: +91-22-495 0318.

Website: www.tatainfotech.com

Share Registrars

Tata Share Registry Limited

Army & Navy Building

148, Mahatma Gandhi Road

Fort, Mumbai 400 001.

Tel: +91-22-287 3831.

Fax: +91-22-284 4160.

Website: www.tatashare.com

Fixed Deposit Managers

Tata Sons Limited

Ewart House, 3rd Floor

22, Homi Mody Street

Mumbai 400 001.

Tel: +91-22-204 9131.

F K Kavarana
Chairman

Dear Shareholder,

On behalf of the Board of Directors of your Company, I am pleased to be able to present greatly improved results for the year ended March 31, 2001 - a more than doubling of profits on a twenty percent increase in overall revenues. We believe these results mark the beginning of the turnaround in the Company's profitability.

This turnaround has been achieved by changing the focus of the Company away from Unisys and towards widening its international customer base. Overseas software services revenue increased by over 50% and the Unisys proportion fell to around 27% from almost 100% just three years ago. This required a stronger overseas presence and a completely different set of marketing skills, which the Tata Infotech team has been quick to learn and apply. There is still much more to be done in all the Company's divisions, and the focus in the current year will be to improve the functioning and profitability of the domestic business - both Systems Integration and Education Services.

Tata Infotech, while continuing to improve its operations and grow its presence in the four areas where it is active presently - overseas software services, domestic systems integration, education services and hardware manufacture - will seek to further develop, refine and commercialise some of the technologies that it has been working on. The first such move has been in setting up an R&D unit in Canada for developments in the XML documentation area. These are early days, but suffice to say that the structure of these activities and their strategic direction will be to ultimately enhance the long-term value of your Company.

From its humble beginnings several decades ago, the Indian software industry has now emerged as a powerhouse - a veritable army of intelligent, trained young men and women equal to the best in the world. This large and continuously increasing resource has the potential to transform India and enable it to leapfrog the previous half century of slow economic growth. This transformation will come about not just by substantial foreign exchange earnings for India, but through the judicious application of information technology to all sectors of the Indian economy. Thus raising Indian industry to world-class standards in terms of cost and quality, which will be essential for its survival once most trade barriers are removed. Above all, the IT revolution affords the nation the opportunity to aim for 100% literacy in our lifetime.

While the NASSCOM-McKinsey estimates of Indian software exports of $50 billion by 2008 are worthy objectives for the industry to aim for, it is unlikely that a steady year-on-year growth rate of 35% for the next seven years will be achieved. The shakeout that one has seen in the USA over the last nine months would certainly not support that steady growth scenario. During this decade, undoubtedly there will be years of fast growth, years of slow growth and maybe even years of no growth. The survival and economic performance of each player in the industry will be determined by how it manages to adapt its business model and strategies to meet the challenges of a frequently changing business environment, marked by great volatility and unpredictability.

In spite of the negative signals that are emanating from the North American industrial scene and a similar outlook that is beginning to emerge from Europe, your Company's management has a positive view for the current year's level of activity and performance. We intend to consolidate and build on the improvements of last year and to chart a course of steady revenue growth and enhanced profitability. In the sections that follow, the Managing Director and colleagues talk about some of the new initiatives taken by the Company, and with a special focus on our development centres in India. These centres have facilitated the Company's provision of high quality services, and the building up of solid long-term customer relationships which are so essential for sustainable levels of growth.

Dr Nirmal Jain
Managing Director

U nprecedented turmoil in the Information Technology sector in the United States of America has contributed to an overall slowdown of the US economy. This has had a ripple effect on the economies of several countries. The impact on India has been significant due to the fact that the Indian IT service business is heavily dependent on the US.

To continue to grow at a rapid pace, the Indian IT services sector has to spread its base to other developed markets in Europe, UK and Japan. Cultivating and adapting to these markets will be a challenge.

Therefore, Indian IT service companies need to move up the value chain by investing in and developing domain expertise so that they can understand their customers' business and integrate better into their customers' strategic direction. Indian IT companies need to bring about clearer differentiation, either through designing their own products, developing their own IPR, integrating newer technologies faster into their services, or offering customers total services such as Systems Integration.

Tata Infotech has anticipated some of these changes and has proactively invested in technology, and the integration of new technologies into its service offerings. We have also invested considerable effort in developing our own products and IPR. The Company has launched AgentF, a forms portal; Tax Mantra, a component-based product for the US market; and has set up Exegenix Research in Canada to commercialise its own IPR in the XML area. This year, we have further developed our high-end skills and experience in executing Systems Integration projects for customers. In order to take this expertise

overseas, the Company has entered into an agreement with Consilience Technologies (Pty) Ltd, South Africa, to market its SI capabilities in Africa.

In the year 2000-01, Tata Infotech took a number of actions to address the low growth and low profitability of the Company in the year 1999-2000. The Company, as our Chairman indicated, has concentrated on growth in the international market. Business in the overseas market has thus expanded through a major marketing effort, resulting in the international revenue growing by 50%. The marketing effort established a customer base of 145 companies, which included customers for our technology capabilities such as speech recognition, wireless computing, embedded systems, data warehousing and compiler technology.

In India, the domestic market has been shifting from specific hardware or software solutions, towards total solutions. This is good for our Company, as total solutions and SI have traditionally been our strong points. The Company has executed a number of SI solutions for large Government, Public Sector and Private Sector organisations.

The Education business completed its restructuring process and has begun to pursue its goal to emphasise on content development and management, and closer partnerships for the delivery of education. The Education Services Division has successfully expanded into the international market and expects to continue this course of activity in the years to come.

Tata Infotech has been successfully manufacturing systems and subsystems for Unisys. It has now started its diversification process to address other customers, and is offering design services as well as manufactured products, which will be marketed in India.

One of our Company's major strengths is, and has been, its ability to deliver software and services. This has been possible due to our strong emphasis on quality, training and development of our consultants, customer orientation and teamwork. In this Annual Report, we are happy to bring to you some examples of this capability.

Building business. Overseas.

Anant Krishnan
Head, Insurance Group

he Insurance Group manages several accounts and product programmes. The domain knowledge and experience of the Group helped to develop two key accounts during the year. These are Metropolitan Life Insurance Company (Metlife), one of the largest insurance companies in the USA; and Highway-to-Health, a leading health insurance company in USA.

For Metlife, we have done multiple concurrent projects including an E2E web-based application to support their agents for Auto and Home Business. This involved gaining a deep understanding of their business processes and teaming of our technology groups in providing solutions to meet Metlife's varied requirements.

For Highway-to-Health, we developed a student health insurance site, incorporating 'Coldfusion' technology. This enables students to enrol for insurance using the web, avoiding the tedious traditional method. This portal addresses the need to provide critical healthcare information, bridging the gap between the organisation and its customers.

For one of the world's largest life insurance companies based in the USA, we are maintaining their critical office automation software solution, used in over 4,000 offices. This requires a high level of commitment, an understanding of customer requirements, and a blend of skills and expertise. This decade-long relationship is in partnership with Unisys.

Anant Krishnan has 14 years of industry experience, including 12 years with Tata Infotech. He was earlier associated with the Finance Line of Business. He has over a decade's experience in insurance projects, spanning various capacities from Systems Analyst to Business Development Manager.

Anand Rao
Head, Corporate Technology Group
(Imaging)

he Imaging Group offers leading-edge Imaging Workflow, Archival, Forms Processing, Cheque Imaging and XML-based Content Management Solutions to customers across the world. The Group has developed expertise and trained a large number of consultants who can conceptualise and implement imaging solutions. The Group has helped a large number of customers in Government and Financial Services to benefit from the imaging technology. For Departmento Asuntos Consumidor, Puerto Rico (DACO), we studied the processes involved, designed and implemented an image-based workflow solution integrated with an IVR system, thereby enabling DACO to bring down consumer complaints processing time, which used to take up to 45 days, to 30 minutes.

The Group's Forms Processing capabilities enable it to implement forms processing solutions for virtually any industry, be it paper-based forms or Internet forms. The Group implemented a complete forms processing system for a Customer Loyalty application for a large supermarket chain in Europe. The forms processing expertise enabled the Group to host AgentF.com - India's No.1 site for obtaining and submitting all types of forms.

The Group's expertise in Content Management Solutions enabled it to develop and implement a large XML-based application for a Government department in the USA. This solution helps the 5,000 branches of the department to submit correct XML data on a weekly basis.

Anand Rao has over 20 years of industry experience, of which 9 years have been spent at Tata Infotech. He is a B.E. in Electronics and Electrical Engineering from BITS, Pilani.

Venkata Muppidi
Director, Marketing

The Overseas Marketing Group has had a year of new wins and maturing relationships. The establishment of a wide customer base was made possible by the excellent teamwork displayed by various groups across the Company and our partners. Our account managers, project managers and consultants have helped to strengthen relationships with customers across the world.

Our new clients include the Indiana Bureau of Motor Vehicles – on an offshore re-engineering project with Unisys. For BP Amoco's Knowledge Management (KM) project, we developed time-to-market and complementary skills with our partner, Human Factors International.

For World Book Inc, a world leader in the encyclopaedia and publishing industry, based in Chicago, we maintain and enhance their website 'World Book Online'. The teamwork between our sales, marketing, and technology groups, our centres – the eBiz centre at Bangalore and the customer proximity centre at Chicago, have helped win their confidence. Our Group hopes to build on the Company's direct customer base and develop long-term customer relationships to sustain growth.

Venkata Muppidi has 15 years of industry experience, including assignments in USA and Europe. He is a B.E. in Electronics and Telecommunications. In fact, he is a Gold Medallist from GEC, Jabalpur. He has also done his M.Tech in Industrial Management from IIT, Chennai. He started off as a Programmer and graduated over the years to higher positions. He has a keen interest in Business Strategy and Technology.

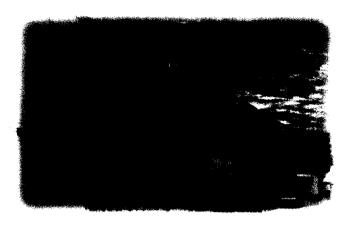# Centres of excellence

The SEEPZ
Software Development Centre

■he SEEPZ centre is the oldest and biggest of Tata Infotech's Software Development Centres. Spread over 90,000 sq ft, it almost resembles a University campus. Over 1,100 people work here in three buildings. We contribute a large portion of the Company's turnover.

Our major projects include the Web Enabling of AOA applications for an insurance major in the Mid-West; over 50 man-years of development for National Information Solutions Co-operative (NISC); re-engineering for Lemans (Denis Kirk); a lifetime product solution for Unisys; Payment Processing Solutions for Wausau Financial Systems, USA; systems for J&B Software, and Covad.

We have a Microsoft Centre of Excellence (MS-COE). Besides, we also undertake product customisation for our in-house developed products like SignBANK, UniTRADE, XMLit, Marble and Trade Facilitator.

Suhas Pathak is a B.Tech from IIT, Mumbai. He has also done his MSEE (University of Cincinnati) and MBA (University of Loyola, Chicago). His 28 years of experience include seven years in our Company. He has also worked for MBT and Citibank.
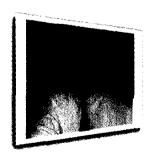

Suhas Pathak
Centre Manager

The NEPZ
Software Development Centre

he NEPZ centre at Noida is Tata Infotech's second-largest Software Development Centre. Started in 1989, it undertakes Systems Integration and turnkey projects. Our core competence is in the areas of transport and public sector companies.

We have developed software products like Tax Mantra (for Tax and Revenue agencies); Open/Air Check-in Systems (for Airlines); and a Hydrological Information System (for groundwater resource management). Our NEPZ centre is a Centre of Excellence for Oracle, e-Biz and EAI.

We have secured an ISO 9001 certification and the SEI-CMM Level 4 rating. Besides, we have also bagged the NEPZ 'Star Performer' status for contribution to exports. Our clients include many international companies such as the State of Montana, the Library of Congress, Metlife, SAWS California, United Airlines, Northwest Airlines, and Qantas. Our centre is spread across 60,000 sq ft, with a 900+ node network, and is home to a 425-strong workforce whose average age is 28 years.

Arup Kumar Saha joined the Company in 1987, and has a total of 29 years' work experience in the industry. He is an M.Sc (Stats) from the University of Kolkata, and a PG Diploma holder in Computer Science from ISI, Kolkata; and in Systems Management from JBIMS, Mumbai.

Arup Kumar Saha
Centre Manager

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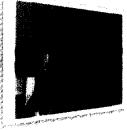# The Indiranagar (Bangalore) Software Development Centre

Established in 1992, this centre was set up to cater to the regional aspirations of consultants, with a view to exploiting opportunities in Bangalore. In 1994, we became Tata Infotech's first SDC to get an ISO 9001 certification. We were re-certified in 1997, and also evaluated at SEI-CMM Level 4.

We offer highly cost effective and quality solutions from offshore development and support centres, using Open Systems Development. Our main clients in India include Government Organisations (Transport Departments of States like Tamil Nadu, Andhra Pradesh and Karnataka, and the Tax Department of Kerala); Public Sector Units (Indian Telephone Industries and Bharat Sanchar Nigam Limited); and Private Sector Organisations (DishNet and Alsthom.)

Our overseas clients include Catalyst - Warehouse Management Systems, RABO Bank, ABSA Bank, Unisys Systems Group and Schlumberger. We have functional groups for Warehouse Management, Technology Deployment, Telecom, Customer Relationship Management, Products and Tools, Geographical Information Systems and more. Our flagship solution, ES CUSTOMERview, developed internally, was declared the Best Product in the Cross-Industry Segment by IBM, from among 72 entries in the category, worldwide.

S Kalyanaraman is an Engineer with a Post Graduate qualification in management. He has 23 years of experience in IT and consultancy. Of these, he has spent 12 years in Tata Infotech in various functions, including overseas management.

S Kalyanaraman
Centre Manager

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