



TATA INFOTECH

ANNUAL REPORT 2002 - 2003

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marking
milestones
of change

T W E N T Y F I V E Y E A R S

TATA INFOTECH

Branding

Domain
Leadership

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Moving up
the Value Chain

End-to-end
offerings

Employee Satisfaction

Customer Focus

Major Account Management

REPORT  junction.com

Customer
Satisfaction

Employee
Empowerment

Strategic
Alliances

TATA INFOTECH

Tata Values

Integrity

Unity

Excellence

Understanding

Responsibility

T W E N T Y F I V E Y E A R S

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Board of Directors

F. K. Kavarana
Chairman

N. A. Palkhivala
(upto 11th December 2002)

F. C. Kohli

J. K. Setna

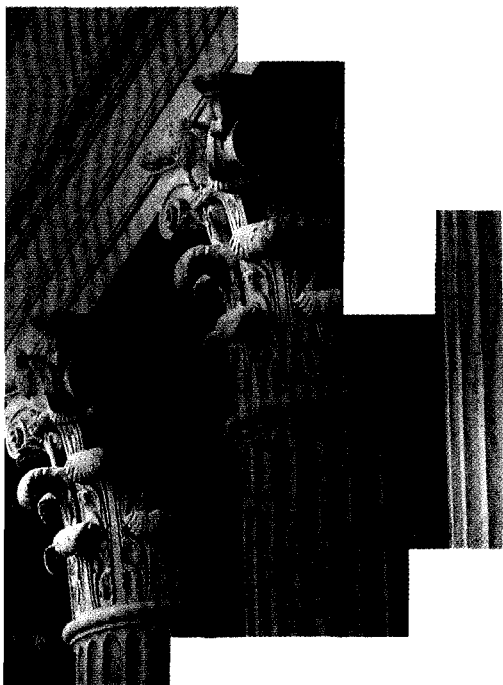
S. Ramadorai

A. R. Gandhi

D. B. Engineer

Dr. N. Jain
(Managing Director
upto 19th July 2002)

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Company Secretary

M. M. Surti

Registered Office

Manish Commercial Centre
216-A, Dr. Annie Besant Road
Worli, Mumbai 400 025.
Tel.: +91-022-5666 4300
Fax.: +91-022-5666 4333
Website: www.tatainfotech.com

Share Registrars

Tata Share Registry Ltd.
Army & Navy Building
148, Mahatma Gandhi Road
Fort, Mumbai 400 001.
Tel.: +91-022-5656 8484
Fax.: +91-022-5656 8494
Website: www.tatashare.com

Auditors

G. N. Joshi Associates
S. R. Batliboi & Co.

Bankers

State Bank of India
Standard Chartered Bank
Allahabad Bank
ABN Amro Bank N. V.

Solicitors & Advocates

Mulla & Mulla and Craigie Blunt & Caroe



Dear Shareholder

This has been a difficult year for the IT industry worldwide. The continuing economic downturn in the developed economies, the political and military tensions in the Middle East, the advent of SARS and consequent travel restrictions have all contributed to the overall depressed business sentiment internationally.

It is also the year when our Company completed twenty five years since incorporation and eighteen years since it was one of the first IT companies to be listed on the Bombay Stock Exchange through an IPO in 1985. Part of this year's Annual Report is devoted to charting the evolution and progress of the Company over these years.

Our Company started off the last financial year with a downward trend in profitability and a weak outlook.

However, I am pleased to report that through a series of management actions that I had indicated in last year's report, the Company ended the year with a substantial improvement in its profits, which enabled the Board to recommend

a higher dividend as well as a special Silver Jubilee dividend.

Last year's increase in profits has come mainly from higher sales and services combined with enhanced efficiencies in the System Integration and Manufacturing divisions of the Company. A significant increase in the number of direct customers, expansion of work at existing major clients and improved utilization of staff were key factors for the higher profitability of the System Integration business. The increasing volume of contract manufacturing work for existing clients as well as the important manufacturing alliance with Diebold for ATMs were the main contributors to Manufacturing's excellent performance. The Education division is being revamped also and should turn around in the current year.

As one of the leading players in the IT industry, the Company has been identifying niche segments to provide value added services to clients. Apart from its domain expertise in banking, finance and insurance, government

Customer

Globa

T W E N T Y F I V

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services and transportation, the Company has made a significant mark in providing total solutions for the telecom industry in India. In the light of vendor consolidation trends seen in the USA coupled with increasing non-tariff barriers in Europe affecting the movement of Indian consultants, the future thrust of Indian software and services will be on moving up the value chain and enhancing customer relationships. Differentiation in the market place will be a key enabler for profitability. Your company is moving in this direction.

The Company made its first major entry in IT enabled services (ITES) through a joint venture with SITEL in establishing an Indian contact / call centre services company. Sitel India has started off well and plans to diversify its service offerings as well as expand its geographic spread. Like in all service businesses today, cost and price pressures are constantly eroding margins in ITES. However, your Company will benefit from this high growth segment as more and more

clients are demanding that their preferred IT partner should provide ITES also.

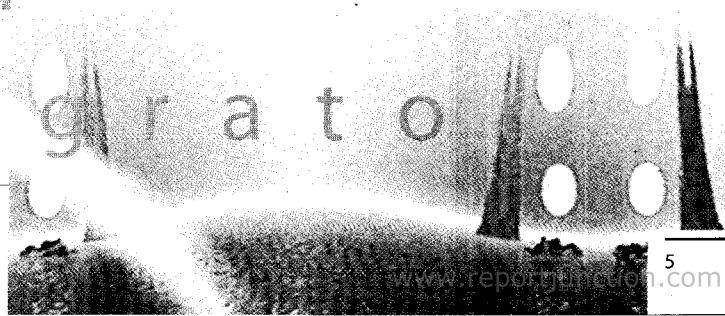
The last few years in the Company's twenty five year history have been turbulent and marked by several ups and downs in its fortunes. Some were a result of external circumstances and some were of our own making. The Company having streamlined its internal operations and restructured itself to align strategies with customer goals, as well as introduced new systems and processes to service customers efficiently and proactively, is now poised to embark on its next cycle of growth. Admittedly, these are early days in the turnaround of Tata Infotech but your Company's management is confident that we can achieve our objectives of steady growth and enhanced profitability as we go forward into the next twenty five years.

18th July 2003

Farrokh K. Kavarana

o c u s s e d

e m s i n t e g r a t o



TATA INFOTECH

*Mr. J. R. D. Tata
Founder Chairman*

*The President of India
awarding the Bharat Ratna*

A promise to deliver

Tata Infotech completes 25 years. It is time to renew our commitment to the Tata values - Integrity, Unity, Excellence, Understanding, and Responsibility.

Twenty five years is a significant milestone. While we introspect on our experiences, we would like to rekindle the enthusiasm, vigour and vitality that have spurred us on over the years.

Your Company's strategy of providing customers worldwide, with innovative Systems Integration solutions that integrate Hardware, Software, Solutions and Services is proving profitable. Tata Infotech now enters its second quarter century with mature dynamism.



"Our company has made a significant impact on the use of computers and the growth of software services in India,"

JRD Tata, Founder Chairman

A pioneering presence

Software services have provided the critical thrust to unremitting advances in the Information Technology industry globally. It is a matter of satisfaction that your Company played a pioneering role in India's ascent to global prominence in software services. It was amongst the first few who strove to bring Indian software engineering skills to the world stage.

In the early years, it was an uphill task to market Indian software skills and technology capabilities to the US and Europe, which were then the main markets for Information Technology. Looking back is gratifying. The right blend of strategies and expertise has enabled your Company to successfully establish a comprehensive, far reaching presence across different segments of the IT industry. In fact, your Company has made a significant contribution in every segment of the IT industry be it Software, Hardware Manufacturing or IT Education.