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## Board of Directors

F. K. Kavarana  
(Chairman)

N. A. Palkhivala

F. C. Kohli

S. Gupta  
(Resigned w.e.f.  
19<sup>th</sup> March 2002)

J. K. Setna

S. Ramadorai

N. A. Soonawala  
(Resigned w.e.f.  
20<sup>th</sup> March 2002)

A. R. Gandhi  
(Appointed w.e.f.  
8<sup>th</sup> August 2001)

D. B. Engineer  
(Appointed w.e.f.  
21<sup>st</sup> March 2002)

Dr. N. Jain  
(Managing Director  
Resigned w.e.f.  
19<sup>th</sup> July 2002)

### 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

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](http://www.tatainfotech.com)

### Company Secretary

M. M. Surti

### Share Registrars

Tata Share Registry Ltd.  
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](http://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.

## Chairman's Statement

Dear Shareholder

In last year's Chairman's statement, I had struck a note of cautious optimism that our Company had commenced a turnaround in its profitability and that the worst was behind us. Regrettably that has not turned out to be the case, and the Company's performance has suffered a major setback in 2001 – 02.

The continuing economic downturn in the USA, combined with the international economic and political consequences of the tragic events of 11<sup>th</sup> September 2001 have significantly impacted the Company's ability to convert qualified prospects into new committed customers for our system integration services. While we have by and large overcome the perception issues of India's border tensions and local security, the sales cycle has lengthened significantly. We have also seen what McKinsey has called the 'Flight to Scale' — customers seeking fewer suppliers and only the larger ones. The combined effect of all this has been, that even with a reduced pool of consultants, the Company's resources were underutilized which significantly eroded our profitability.

The slowdown in the IT industry sent enrollments for IT courses crashing to new lows, and the Company's education services division suffered with the rest of the industry. The impact was cushioned partly by the change of its education delivery model and partly through greater sales of computer based training products to corporate clients. We believe that the courses and training provided by the Company have an important role to play in serving the interests of the IT industry and the nation. Tata Infotech intends to be a major and profitable participant in this segment.

The brightest performance, both in terms of revenue growth and profitability was in manufacturing services. The Company added to its customer base with its entry into Japan and Germany apart from its traditional US clients. The Company broadened its product and service offerings by adding design and engineering services in embedded technology. Overall, the Company has developed a strong and profitable position in contract electronic manufacturing services with specialised offerings. It intends to build on these in the current year and beyond.

The present sentiment in the Indian IT industry is that a revival in software services is on the horizon. The latest Nasscom-McKinsey Report has reaffirmed their earlier projections for the overall size of the industry at \$70 to \$80 billion by 2008; except that the rate of growth of the IT enables services (ITES) segment would be significantly higher. In fact while IT Services overall grew last year by 29%, ITES grew by a phenomenal 77%. ITES appears to be a sustainable high growth segment and in which existing clients are demanding that their suppliers should be active and long-term players. Your Company intends to be a serious participant in that space either on its own or through strategic alliances.

The Company's financial results for last year were not at all satisfactory, and we are presently evaluating every aspect of its business structure, strategy and processes to come up with the right answers to refocus and reposition the Company for profitable growth. The effects of these changes that are being undertaken are likely to be seen only in the second half of the current financial year. I had stated last year that "the survival and economic performance of each player in the industry will be determined by how it manages to adopt its business model and strategies to meet the challenges of a frequently changing business environment, marked by great volatility and unpredictability". I fear the prognosis for the world economic and business environment is not likely to change to faster growth in the near future. Our Company will need to be much more innovative, flexible and swift in implementing the necessary changes to deliver the performance and returns that you as shareholders rightly expect.

Farrokh K. Kavarana

## Directors' Report

### TO THE MEMBERS OF TATA INFOTECH LIMITED

The Directors present their Twenty Fourth Annual Report together with the Audited Statement of Accounts for the year ended 31<sup>st</sup> March 2002.

#### 1. Financial Results

	2001-2002 Rs. Crores	2000-2001 Rs. Crores
Income	483.78	523.62
Profit before tax	12.06	34.14
Less: Provision for taxation(net)	(8.44)	7.60
<b>Profit after tax</b>	<b>20.50</b>	<b>26.54</b>
Add: Balance brought forward from previous year	21.32	26.93
<b>Amount available for appropriations</b>	<b>41.82</b>	<b>53.47</b>
<b>Appropriations:</b>		
General Reserve	20.00	20.00
Interim Dividend	7.35	—
Proposed Dividend	—	11.03
Tax on proposed Dividend	—	1.12
<b>Total</b>	<b>27.35</b>	<b>32.15</b>
Balance carried forward	14.47	21.32

The results for the year 2001-02 represent a major setback for the Company. On an 8% decline in revenue from Rs. 523.62 crores to Rs. 483.78 crores, profit before tax fell by 65% from Rs. 34.14 crores to Rs. 12.06 crores, and profit after tax fell by 23% from Rs. 26.54 crores to Rs. 20.50 crores.

#### 2. Dividend

In view of the interim dividend of 40% i.e. Rs. 4/- per share, already paid, the Board has not recommended any final dividend (2000-01 : Rs. 6/- per share).

#### 3. System Integration Services

Revenue from system integration services declined by 13% i.e. to Rs.403.12 crores from Rs.462.33 crores mainly on account of the economic downturn across the globe – especially in the USA, the Company's largest overseas market. Similarly aggressive competition and pressure on margins in the domestic market impacted the Company. Overall the business environment worsened in the second half of the year.

The business of system integration overseas services arises from two major sources: (a) Direct—where the end customer is Tata Infotech's customer. This business represents nearly 60% of the overseas business and it grew marginally by 2% in 2001-2002. (b) Channels — where Tata Infotech provides services to the end customer through its channel partners, such as Unisys, which represents 40% of the overseas business, declined significantly by 34% in 2001-2002.

The Company is continuing its efforts to grow its direct business through newer markets while seeking to contain the fall in its channel business.

The Company continued its marketing efforts to establish itself as an independent quality software vendor. During the period under review, it strengthened its marketing base in the USA, Europe, Botswana, South Africa and in the South East Asian countries.

The Company's customers were offered quality services through its state-of-the-art offshore centres in India, which are well equipped to take advantage of outsourcing, an area of high growth. IT enabled services are set to grow and the Company is evaluating an entry into this segment at an opportune moment.

Some examples of overseas projects undertaken during the year which made extensive use of the Company's skills are : A *high-end technology based system* for a large magazine outlet in the U.S.A.; *software development* for leading banks in Singapore and Dubai; *decision support system and development of an e-merchandising application* for a large food distributor in the U.S.A.; a *budget information system and a staff services utility system* for a World economic body; *integrated tax solution* for processing taxes and licenses for a government body in Arizona; *re-development of a Web-site* for a leading consumer portal in the U.S.A.; *support and maintenance of a portal* of a leading pharmaceutical company in the U.K.

Revenues from system integration domestic services declined by 6% in 2001-02, consequent upon the slow down in domestic IT spending. The Company's ability to successfully execute a variety of projects in different technological and business domains will help its operations to meet diverse requirements of its clients.

Some examples of domestic projects undertaken during the year which made extensive use of the Company's skills are : Installation of *EasyDeal* a foreign exchange dealing software at five branches of a nationalized bank; *voice and data, wide area network (WAN)* connecting 14 district offices to their headquarters of a state water supply and drainage board in Karnataka; *IT systems maintenance and facilities management services contract* for a major airline; an *e-governance networking project* in West Bengal; networking of branches and divisional offices across the country of a life insurance major; *IT consultancy services* for a state road transport corporation; installation of a *hi-tech automated train charting IT system* for a Southern railway division; implementation of a *freight operating information system* for the railways; a *comprehensive software system on health care* has been developed for a defence hospital in Mumbai.

#### 4. Manufacturing Services

Total revenue from manufacturing services grew by 46% to Rs.40.64 crores from Rs.27.75 crores in the previous year. Export Revenue which represents 93% of this segment's total revenue, grew by 49% to Rs.37.68 crores from Rs.25.30 crores in the previous year.

This division provides value added *electro-mechanical contract manufacturing services* to its customers and has been manufacturing *document-processing systems* for Unisys for many years. It also started offering *critical board assemblies* and *electro-mechanical assemblies* for their other products.

Manufacturing services broadened its product & services offerings and customer base in 2001-02. It also offered design and engineering services in the area of embedded technology, where projects were undertaken for the manufacture of *controller boards* for a customer in the U.S.A.; *high speed optical interface board* for a Japanese customer; *linux based imaging peripheral server* for a company in Taiwan; *linux device drivers* for data acquisition cards for customers in Europe; *access/identification control system on windows platform* for a customer in Germany. Projects were also executed for the *automotive electronics segment* for a North American automobile company.

The collaboration with Wausau U.S.A. for manufacture of Automated Teller Machines (ATMs) did not make adequate progress and was subsequently terminated. The Company is now in discussions with a world leader in this field.

## 5. Education Services

Revenue from education services, despite a difficult market, grew by 23% to Rs.33.96 crores from Rs.27.57 crores in 2001-02 on account of introduction of the new individual and corporate courses.

The Company provides education services to serve the needs of students through a variety of centres :

- a) Premium Training Centres — where the Company provides the teaching faculty for ensuring a high level of customer satisfaction and quality of services.
- b) Authorised Training Centres — where the Company provides courseware, certification and training services for the instructors.
- c) Professional Learning Centres — where the Company offers high-end professional courses using both instructor led and computer based training methodologies.

To meet the IT industry's requirements for skilled professionals, the Company offers a variety of courses. The G-Tech programme for instance equips the students in a particular industry related software application. "Ambition" provides computer based training in a range of professional courses for upgrading skills in the latest technologies and industry segments.

During the period under review the Company launched a specialised programme called CReME (Customer Relations e Management Expert Programme). This course offers customised training solutions in the call centre business.

The Company also launched the Tata Infotech Certified Network Engineer (TINE) programme. TINE is a complete networking course designed to meet the growing requirement of networking professionals in the industry.

In addition to the above, the Company provides value added training in the area of quality assurance, ISO 9000, software testing, Six Sigma and project management to corporates.

The Company has been awarded a project for providing IT education to around 450 schools, colleges and institutions for the State of Haryana.

The Company operates from 300 centres in India and has signed up with 13 training centres overseas.

## 6. Quality & Technology initiatives

The Company continues to participate in the Tata Business Excellence Model (TBEM), which emphasizes quality, leadership, strategic planning, customer orientation and services, process orientation, human relations, shareholder value and commitment to community development.

The Company's Software Development Centres at SEEPZ and MIDC were assessed at SEI-CMM level 4.

The Company has developed a 'speech recognition software' which will facilitate web browsing in mobile devices and voice recognition products.

The Company has undertaken a 'Compiler Technology' project for a computer chip manufacturing company bringing forth the Company's experience and expertise in the language processing technology.

Our indigenous security products and solutions have been introduced in a few organisations.

The Company has set up a dedicated 'Software Testing Centre' in Chennai which undertakes systems testing and acceptance testing services for clients in India and abroad.

## **7. Subsidiary**

A subsidiary was incorporated recently in Germany, which has yet to commence operations. This would facilitate servicing of the German IT market, which is expected to be the third largest IT market after U.S. and Japan.

Our R&D activity established in Canada in the potentially promising XML documentation field has been progressing well and is being carried out through Exegenix Canada Inc., which is expected to become a subsidiary of the Company in the near future.

## **8. Awards**

The Company has received the following awards in 2001-2002:

- 'Star Award' for exports over Rs.100 crores from SEEPZ-SEZ.
- 'Best IT Consultant' in Asia/Pacific Region by Global Finance.
- MAIT (Manufacturers Association of Information Technology) Excellence Award for hardware exports for the year 2001-2002.

## **9. Corporate Governance**

A separate section on Corporate Governance is included in the Annual Report and the certificate from the Company's auditors confirming compliance of conditions on Corporate Governance as stipulated in clause 49 of the Listing Agreement with The Stock Exchange, Mumbai, is annexed hereto.

## **10. Directors' Responsibility Statement**

Pursuant to Section 217(2AA) of the Companies Act, 1956, the Directors, based on the representations received from the operating management confirm that:

- i. in the preparation of the annual accounts, the applicable accounting standards have been followed and that there are no material departures;
- ii. they have, in consultation with the Statutory Auditors, selected the accounting policies, and have applied them consistently, and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period;

- iii. they have taken proper and sufficient care, to the best of their knowledge and ability, for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv. they have prepared the annual accounts on a going concern basis.

## **11. Public Responsibility & Corporate Citizenship**

Through the Tata Council for Community Initiatives, the Company along with external agencies undertook social initiatives involving voluntary efforts from the Company's employees.

One such initiative was in the area of providing computer education to teachers of municipal schools who in turn would train their students. 180 teachers from 80 schools have been covered in Mumbai.

Another initiative focused on the development of underprivileged children by running a computer centre, designing their syllabus and counseling such children.

A workshop was organized to promote IT education and usage in the community where 850 students and 200 teachers participated. Another workshop for senior citizens was conducted to promote computer awareness and usage.

## **12. Directors**

The Board of Directors have appointed the Chairman Mr. F. K. Kavarana as a Whole-time Director and designated him 'Executive Chairman' with effect from 3<sup>rd</sup> October 2001 for a period of three years. The Members' attention is drawn to Item No. 8 of the Notice convening the 24th Annual General Meeting.

Mr. A. R. Gandhi was appointed as a Director by the Board of Directors on 8<sup>th</sup> August 2001 in the casual vacancy caused by the resignation of Mr. N. N. Kampani. Mr. Gandhi is eligible for appointment. The members' attention is drawn to Item No. 4 of the notice convening the 24th Annual General Meeting.

Mr. F. C. Kohli retires by rotation and is eligible for reappointment.

Mr. D. B. Engineer was appointed as an Additional Director by the Board of Directors on 21<sup>st</sup> March 2002 and who holds office up to the date of the forthcoming Annual General Meeting and is eligible for appointment. The members' attention is drawn to item No. 5 of the Notice convening the 24th Annual General Meeting.

Mr. S. Gupta and Mr. N. A. Soonawala resigned as Directors of the Company on 19<sup>th</sup> March 2002 and 20<sup>th</sup> March 2002 respectively. The Directors place on record their sincere appreciation of the valuable services rendered by Mr. S. Gupta and Mr. N. A. Soonawala during their tenure as Directors of the Company.

## **13. Auditors**

The Auditors M/s. G. N. Joshi Associates and M/s. S. R. Batliboi & Co. retire and are eligible for re-appointment. It is proposed to re-appoint the Auditors to hold office up to the conclusion of the Annual General Meeting for the year ending 31<sup>st</sup> March 2003.

## **14. Statutory Information**

### **A. Fixed Deposits**

As on 31<sup>st</sup> March 2002, deposits due for repayment amounting to Rs.1.19 lakhs were unclaimed in spite of the Company's efforts to trace the depositors.

### **B. Particulars of employees**

The particulars of employees as required to be disclosed in accordance with the provisions of Section 217(2A) of the Companies Act, 1956, and the Companies (Particulars of Employees) Rules 1975, as amended are annexed to the Directors' Report. However, as per the provisions of Section 219 (1)(b)(IV) of the Companies Act, 1956, the Report and the Accounts are being sent to all members of the Company excluding the aforesaid information. Any member interested in obtaining such particulars may write to the Company Secretary at the Registered Office of the Company.

### **C. Conservation of Energy, Technology Absorption and Foreign Exchange Earnings/ Outgoings**

The information required under Section 217 (1)(e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988, is appended and forms part of this Report.

## **15. Acknowledgements**

The Board wishes to place on record their appreciation of the tremendous support, which the Company has received, from its members, customers, bankers, group companies, business associates and above all its employees.

On behalf of the Board of Directors

**F. K. Kavarana**  
Chairman

Mumbai, 7<sup>th</sup> June 2002.

The Information required under Section 217 (1)(e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988, forming part of the Directors' Report.

#### A. Conservation of Energy

The Company's operations involve low energy consumption. There are no major areas where any energy conservation measures can be taken. However, efforts are being made to conserve and optimize the use of energy in regular operations.

#### B. Form of Disclosure of particulars with respect to Absorption of Technology, Research & Development (R&D)

##### FORM B

##### Research and Development

##### 1. Specific areas in which R&D carried out by the Company

Software Products and Computer Systems.

##### 2. Benefits derived as a result of the above R&D.

The creation of software tools, new prototypes/products, and the development of state-of-the-art techniques and processes.

##### 3. Future Plan of Action.

The ongoing process of R&D is directed towards the creation of new software tools and products and, developing state-of-the-art techniques and processes, creation and value enhancement of the Company's proprietary software products with a view to enhancing market revenues for these products in India and abroad.

##### 4. Expenditure on R&D

(a) Capital : Rs. 0.02 Crore

(b) Recurring : Rs. 2.37 Crore

(c) Total : Rs. 2.39 Crore

(d) Total R&D Expenditure as a percentage to total turnover 0.49%

Technology absorption, adaptation and innovation and benefits derived there from:

The technologies developed through R&D have been absorbed and adapted to a large extent resulting in the successful commercialization of new software product/revised versions of the Company's proprietary software products.

Technology imported and absorbed:

No technology has been imported by way of foreign collaboration.

#### C. Foreign Exchange Earnings/Outgoings

The Company's activities are to a significant extent export oriented and the Company is constantly reviewing and augmenting its efforts to increase exports of computer software and software services to existing and new markets and for this purpose has also strengthened its overseas marketing infrastructure.

The particulars regarding foreign exchange earnings and outgoings are reflected in Schedule 16 Notes to the Accounts.

# Management Discussion and Analysis

## 1. OVERVIEW

The Company's operations can be broadly divided into three business segments addressing markets in India and overseas:

- System Integration Services
- Manufacturing Services
- Education Services.

The System Integration segment brings together the Company's and key partners' capabilities (including hardware, software and services) to offer complete end-to-end information technology solutions.

The Manufacturing segment is primarily engaged in contract manufacturing services of electromechanical products, and providing design and engineering services.

The Education segment provides information technology education services including computer-based training to serve the needs of students and corporates through its own and affiliate training centers across India and in overseas locations.

## 2. SYSTEM INTEGRATION SERVICES

The Company has seven SEI – Level 4 certified development centers offering complete end-to-end information technology solutions for its domestic and global clients. Its offerings include providing outsourcing, networking, customer support and software services to its clients in the banking, insurance, government, manufacturing and commercial sectors.

### Industry Structure and Developments

The size of the Indian information technology industry both domestic and exports is estimated at Rs.62,000 crores for the year 2001-02.

The domestic market size estimated at Rs.24,000 crores comprises systems, peripherals, networking, packaged software and services.

The domestic market showed a reversal from the previous year with falling sales revenues in hardware and packaged software. Only the domestic services market showed a marginal growth.

A Nasscom report suggests that the future growth in the domestic market is expected to come from government spending on information technology modernization and from spending by corporate organizations positioning themselves for competitive advantage. The systems integration services market is expected to increase at a compounded annual growth rate (CAGR) of 16.1%, 2000-01 to 2005-06. Source: International Data Corporation (IDC).

The Nasscom report also states that the top 5 players performed strongly in exports, growing at a CAGR of 61%, as compared to the industry average CAGR of 47% in 1997-2001. Customers are reducing their vendors by outsourcing projects through rationalization of vendors. The report also indicated that the mid-size players (Rs.100 Crores to Rs. 250 Crores revenues) have been the hardest hit with almost stagnant growth. This reduced growth trend was further aggravated by the slow-down witnessed in the international markets and the unfortunate September 2001 event.

The export market size for 2001-02 is estimated at Rs.38,000 crores.

In the coming years, it is expected that outsourcing will be the key driver for Indian IT services growth. IDC estimates that outsourced expenditure on IT services in the USA only accounts for about 25% of total spending on IT services. Also, according to IDC, this outsourcing number is still lower in Europe, in the region of 15-18%. Outsourcing continues to increase, as clients continue their efforts to reduce their technology costs. Packaged software implementation is the new growth trigger. Companies are increasingly relying on packaged software (the “buy” option) rather than building their own customized applications. Therefore the company is focusing in this area and intends to build capabilities to offer the same to its clients.

Indian companies are also expanding into new areas. They are expanding into Europe and Asia Pacific Region while at the same time adding new operational areas like systems integration and network management. In addition, many large Indian firms have announced Business Process Outsourcing (BPO) related initiatives, which considerably increases their target market size. The company is planning to address this growth opportunity with suitable partners.

Tata Infotech has evolved as a one-stop provider of IT hardware and software systems integration solutions. Tata Infotech's focus is on moving up the value chain and by ensuring that it becomes a critical part of its clients' supply chain and it expects to obtain a larger share of their IT services budget.

## **Outlook**

The challenges in the market for maintaining Tata Infotech's position will come from pressure and demand on a depleting skill pool, impact of global systems integration organizations setting up shop in India, the activities of the top 5 Indian software organizations (to develop and keep engaged a larger skill pool) and the changing demands of customers both in the domestic and international markets.

Tata Infotech is positioning itself to provide a comprehensive set of services in line with the changing requirements of domestic buyers of IT services.

## **Risks, Concerns, Opportunities and Threats**

The company operates in a highly competitive environment of continuous technological changes, falling prices for services, hardware and software, and rapidly changing markets.

The industry's competitive responses have had the effect of diminishing most players' bargaining powers with their clients. Price pressures have increased, resulting in lower average realization rates. The setting up of India resource centers by the top global MNC's has changed the competitive scenario and is leading to increased competition in the industry.

The information technology enabled services (ITES) industry has seen a phenomenal growth. Gartner indicates that almost every 'Fortune 100 CEO' is looking at BPO in India. The key strength is the Indian 'productivity-quality-cost model'.

The company has identified the following strategies to address the challenges, which it faces in the market place:

Challenge	Company Strategy
The business of shrinking margins vis-à-vis impressive growth opportunities.	Increase its focus on specialized skills software exports and also address the high growth business process outsourcing market.
Ability to cater to the emerging service opportunities and scalability of service levels to meet clients' changing needs and thereby demonstrating value for money benefit to the clientele.	Increased focus on relationship building and offering the company's offshore development capabilities to its clients.
Continued and demonstrated adherence to and strengthening of quality tenets.	Move all its offshore development centers from SEI CMM Level-4 to SEI CMM Level-5 in the software capability maturity model.
Ability to compete on factors other than cost by moving up the value chain as the growing trend of MNC's setting up shop in India will nullify this advantage.	The company is beginning to extend its systems integration capability developed in the domestic market to its international clients to differentiate it from other vendors.

### Financial Performance

Compared to the rest of the industry, the company under-performed, as revenue from this segment fell by 13% to Rs.403.12 crores mainly on account of a decline in its overseas business caused by the slowdown in the U.S.A., the largest market for the Company. This segment showed a profit before tax of Rs.8.6 crores for the current year due to competitive pricing pressures both in India and overseas.

### 3. MANUFACTURING SERVICES

The Company, through its well-equipped manufacturing facility, specialises in manufacturing electromechanical equipment, and providing design and engineering services. The Company's state of the art manufacturing facility is certified under ISO 9002, Underwriters Laboratory & Canadian Standards Association. This together with its team of skilled personnel, enables it to produce and export international quality products at competitive prices.

### Industry Structure and Developments

The worldwide contract electronic manufacturing services (CEMS) market grew to more than US\$100 billion in the year 2000. The latest report from International Data Corporation (IDC) indicates that in 2002 the CEMS market fell by 5% due to a deep slump in the telecom and network equipment segment. Global hardware manufacturing for electro-mechanical components constitutes typically two sub-segments :

- (1) One of low margins and high volumes where the company is not a player.
- (2) Another of niche offerings in small and medium volumes, in which the Company operates.

There are very few contract manufacturers in India. These are typically small and low cost players and the value addition is limited. There is very little financial and performance data readily available about players in this segment. The Company believes that because of its strength in electromechanical manufacturing services, and design and engineering services, it is in a unique position in this niche segment with limited competition from Indian players.

## **Outlook**

The demand for specific and niche offerings is expected to increase. Though there will be increasing pressure on margins, the company believes it is well positioned to compete in the low to medium volume, niche electromechanical contract manufacturing business.

## **Risks, Concerns, Opportunities and Threats**

The industry is both capital and labor intensive and is extremely cost sensitive. It is critical to manage costs for Tata Infotech to remain competitive.

In the constantly shifting market demand, realignment and new relationships are critical. Tata Infotech is thus looking actively to have in place, multiple niche customers and varied sets of product end service offerings, to ensure its future growth in this segment.

## **Financial Performance**

Revenues from manufacturing services grew by 46 % to Rs.40.64 crores as compared to Rs.27.75 crores in the previous year. Exports increased by 49% to Rs.37.68 crores from Rs.25.30 crores in the previous year. This segment earned a Profit before Tax of Rs. 17.76 crores in the current year.

## **4. EDUCATION SERVICES**

Tata Infotech provides information technology education through various centers. It develops courses and provides education to students and corporate clients which are delivered using its own faculty members through a professional learning center affiliate network at various locations in India. In addition it has its own Premier centers in the metros. The mode of delivery of the content at these Premier and the other professional learning centers is instructor-led, using company faculty. It also provides computer-based training using its partner's computer-based training software.

## **Industry Structure and Developments**

The year 2001-02 was traumatic for the whole of the Indian information technology education services industry. With training revenues declining drastically, all the players suffered, and several of them either closed shop or were on the verge of closure. The industry is led by 'brand building' and the current market leaders including Tata Infotech have suffered significantly. The shrinkage in the size of the market can be gauged from the fact that it has come down to Rs. 1,200 crores in the current year from about Rs.1,700 crores in the earlier year. The only key players left in the fray are professional and serious long-term players having a vision and a planned strategy for growth.

## **Outlook**

The market demand is still sluggish. However, select IT training services are expected to improve gradually as a result of global IT based services growth. The growth driver for Tata Infotech would be to target increased enrolment at its centres, increase demand from the corporate segments for specialized requirements, and a major thrust towards increasing its international presence.

## **Risks, Concerns, Opportunities and Threats**

The success of the Education Services business depends very much on the quality and performance of the partners/affiliates. The costs for meeting commitment obligations to all segments of its customers (student, students' parents, corporate and overseas clients) needs to be managed to ensure desired satisfaction levels for all the players and profitability for the company.

The realignment of the market offers the opportunity to come up with innovative and new product offerings to meet with shifting demand trends in the information technology and information technology enabled services (ITES). The renewed demand for corporate organisations to become competitive and use information technology to achieve this objective will increase demand for training services from the client base.

The risk of a timely increase in student registrations not occurring is a threat to cash flows and satisfaction levels of the partner/affiliate network. Tata Infotech has chosen to focus on aligning its offerings with the formal education system and is targeting partnerships with colleges, universities and educational institutions both in the domestic and international markets by marketing its world-class content and teaching methodologies.

### **Financial Performance**

Revenue from Education Services grew by 23% to Rs.33.96 crores from Rs.27.57 crores in 2000-2001 in spite of the significant negative education industry developments. During the year 2001-02 this segment incurred a loss of Rs.5.54 crores.

## **5. CONCLUSION**

To summarize, Tata Infotech plans to capitalize on the different capabilities of these three segments to achieve synergistic growth. Its focus on human resources in these knowledge intensive businesses will help it to create and retain critical skills and scale up to meet market demands.

## **6. INTERNAL CONTROL SYSTEMS**

The Company has in place adequate internal control systems and procedures commensurate with its size and nature of business. These systems and procedures provide reasonable assurance of maintenance of proper accounting records, reliability of financial information, protection of resources and safeguarding of assets against unauthorized use.

The internal audit department conducts audits of various departments based on an annual audit plan. In line with the international trend, the planning and conduct of internal audits are oriented towards the review of controls in the management of the Company's activities. The internal audit department reports significant audit observations to the audit sub-committee of the Board, which includes non-executive directors. The committee meets at regular intervals during the year to review audit observations and follow-up on implementation of corrective actions. The committee also meets the company's statutory auditors to ascertain their views on the adequacy of internal control systems in the company. The committee submits reports of its observations to the Board of Directors.

## **7. FINANCIAL PERFORMANCE**

The total income for the year under review declined by 8% to Rs 483.78 crores, while the profit after tax declined by 23% to Rs 20.50 crores.

The revenues and profitability of the company were affected due to the reduction in the international revenues, primarily due to business and economic slowdown in the industry and the impact of the September 2001 event, which impacted most of the companies in the Indian IT industry. The Company has initiated several measures to contain costs in view of lower demand including rationalizing its recruitment process and hiring only specific need based skills. The various business initiatives undertaken by the Company are expected to reverse the trend in the coming financial years.

## 8. HUMAN RESOURCES MANAGEMENT

As on 31<sup>st</sup> March 2002, the Company had a knowledge workforce of over 3000 employees. Over the years, through a continuous process of training and upgradation of technical and managerial skills, the Company has built up an excellent pool of manpower with a wide variety of skills appropriate to its business requirements to face the challenges of the global IT Industry.

In order to enhance the level of learning and to improve service to the Company's customers as well as overall organizational performance, the Company has been regularly conducting need-based training programmes. Training needs are identified in a systematic manner. The Company is committed to building up the skills and capabilities of all its employees and to providing them with a challenging and rewarding work environment.

## 9. CAUTIONARY STATEMENT

Statements in the Management Discussion and Analysis describing Company objectives, expectations, projections, estimates may be 'forward-looking statements' within the meaning of applicable security laws and regulations.

Actual results could differ materially from those expressed or implied, depending upon economic conditions, changes in Government regulations and policies, demand, supply and price conditions, political and economic developments within and outside the country and various incidental factors.

The Company assumes no responsibility to publicly amend, modify or revise any forward-looking statements, on the basis of any subsequent developments, information or events.

## Corporate Governance Report

### 1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

As part of the Tata Group, your Company has been practicing the principles of Corporate Governance as they have evolved over time.

Corporate Governance principles have been further strengthened with the adoption of the Tata Business Excellence Model, the Tata Code of Conduct, which facilitates managing the Company's business in an efficient and transparent manner, and the adoption of the requirements under Clause 49 of the Listing Agreement with The Stock Exchange, Mumbai.

### 2. BOARD OF DIRECTORS

During the financial year, eight Board meetings were held on 6<sup>th</sup> June 2001, 23<sup>rd</sup> July 2001, 8<sup>th</sup> August 2001, 3<sup>rd</sup> October 2001, 29<sup>th</sup> October 2001, 21<sup>st</sup> December 2001, 24<sup>th</sup> January 2002 and 6<sup>th</sup> March 2002. The composition of the Board, attendance at the Board Meetings during the financial year, and the last Annual General Meeting, number of Directorships, Memberships/Chairmanships in Indian Public Companies (including the Company) are given below:-

Name of the Director	Category	FY 2001-02 Attendance at		As on 7 <sup>th</sup> June 2002		
		Board meetings	Last AGM	No. of Directorships	Committee Positions	
					Member	Chairman
Mr. F. K. Kavarana	Executive Chairman	8	Yes	9	4	4
Mr. N. A. Palkhivala	Non-Executive, Independent	-	No	3	-	-
Mr. F. C. Kohli	Non-Executive, Independent	5	Yes	7	2	1
Mr. J. K. Setna	Non-Executive	7	Yes	12	8	2
Mr. S. Ramadorai	Non-Executive	6	Yes	13	2	-
Mr. A. R. Gandhi@	Non-Executive, Independent	4	Yes	14	5	3
Mr. D. B. Engineer#	Non-Executive, Independent	-	-	15	7	3
Dr. N. Jain	Executive Director	8	Yes	1	-	-

@ Mr. A. R. Gandhi was appointed on 8<sup>th</sup> August 2001, in the casual vacancy caused by the resignation of Mr. N. N. Kampani.

# Mr. D. B. Engineer was appointed on 21<sup>st</sup> March 2002 as an additional Director.

The following Directors ceased to be Directors of the Company during the financial year 2001-2002:-

Name of the Directors who ceased to hold office	Category	Board meetings attended	Last AGM attended	Date of cessation
Mr. N. N. Kampani	Non-Executive, Independent	-	-	25 <sup>th</sup> May 2001
Mr. S. Gupta	Non-Executive	7	Yes	19 <sup>th</sup> March 2002
Mr. N. A. Soonawala	Non-Executive	8	Yes	20 <sup>th</sup> March 2002

### 3. AUDIT COMMITTEE

#### Brief description of terms of reference

The scope, role and power of the Audit Committee complies with Clause 49 II (D) of the Listing Agreement and the provisions of section 292A of the Companies Act, 1956.

The scope and role of the Audit Committee inter-alia includes :-

- \* overseeing that management has maintained the reliability and integrity of the accounting policies, financial reporting and the disclosure practices of the Company.
- \* ensuring that management has established and maintained an adequate system of internal control which is functioning within the Company and the Company has complied with all applicable laws, regulations and policies.
- \* reviewing the annual financial statements, adequacy of internal control and the internal audit function.
- \* considering matters relating to the financial affairs of the Company and its accounts.

Powers of the Audit Committee are:-

- a. to investigate any activity within its terms of reference
- b. to seek information from any employee
- c. to obtain outside legal or other professional advice
- d. to secure attendance of outsiders with relevant expertise, if it considers necessary.

The Committee met three times during the financial year 2001-02 on the following dates :-

Date of meeting	Attendance at the meeting
6 <sup>th</sup> June 2001	Mr. F. C. Kohli Mr. J. K. Setna Mr. S. Gupta
29 <sup>th</sup> October 2001	Mr. A. R. Gandhi Mr. F. C. Kohli Mr. J. K. Setna Mr. S. Gupta
23 <sup>rd</sup> January 2002	Mr. A. R. Gandhi Mr. F. C. Kohli Mr. S. Gupta

The Audit Committee meetings were also attended by Directors, Sr. Vice President - Finance, Statutory Auditors, Chief Internal Auditor and the Company Secretary who also acts as the Secretary of the Audit Committee.

Mr. N. N. Kampani resigned from the Board with effect from 25<sup>th</sup> May 2001 and consequently ceased to be the Chairman of the Audit Committee.

Mr. S. Gupta resigned from the Board with effect from 19<sup>th</sup> March 2002 and consequently ceased to be the Member of the Audit Committee.

The present composition of the Audit Committee is as under :-

Composition	Category	Date of appointment	Meetings attended
Mr. A. R. Gandhi - Chairman	Non-Executive, Independent	8 <sup>th</sup> August 2001	2
Mr. F. C. Kohli - Member	Non-Executive, Independent	21 <sup>st</sup> January 2000	3
Mr. J. K. Setna - Member	Non-Executive	21 <sup>st</sup> January 2000	2

The Chairman of the Audit Committee was also present at the last Annual General Meeting of the Company.

#### 4. REMUNERATION COMMITTEE

##### Brief description of terms of reference

The scope, powers & functions of the Committee inter-alia, includes determination of the remuneration and/or commission payable to the Executive Directors and recommendation to the Board, the remuneration and/or commission for the Non-Executive Directors.

The Committee met twice during the financial year 2001-02 on the following dates:-

Date of meeting	Attendance at the meeting
6 <sup>th</sup> September 2001	Mr. F. K. Kavarana Mr. N. A. Soonawala Mr. J. K. Setna (By Invitation)
2 <sup>nd</sup> November 2001	Mr. A. R. Gandhi Mr. N. A. Soonawala Mr. J. K. Setna (By Invitation)

The present composition of the Remuneration Committee is as under :-

Composition	Category	Date of appointment	Meetings attended
Mr. A. R. Gandhi - Chairman	Non-Executive, Independent	2 <sup>nd</sup> November 2001	1
Mr. F. C. Kohli - Member	Non-Executive, Independent	21 <sup>st</sup> March 2002	-
Mr. S. Ramadorai - Member	Non-Executive	21 <sup>st</sup> March 2002	-

##### Remuneration Policy

The remuneration of Executive Directors is decided by the Remuneration Committee based on certain criteria such as, individual performance, Company's performance, track record of the Executive Directors etc.

The Non-Executive Directors are paid commission as recommended by the Remuneration Committee and approved by the Board of Directors and distributed to them broadly on the basis of their attendance and contribution at the meetings etc. The members at the Annual General Meeting held on 27<sup>th</sup> July 1998, approved the payment of commission not exceeding 1% of the profits of the Company as computed under section 309(5) read with Section 198 of the Companies Act, 1956.

In relation to employees the Remuneration Committee would determine the policy and systems for remuneration, recommending employee stock options, housing loan policies etc.

##### Details of remuneration to all the Directors

Name	Designation	Remuneration	Commission*	Notice Period	Severance Fee
Mr. F. K. Kavarana	Executive Chairman	19,19,544	4,30,000	6 months	6 months remuneration
Mr. N. A. Palkhivala	Director	-	1,00,000	-	-
Mr. F. C. Kohli	Director	-	4,00,000	-	-
Mr. S. Gupta	Director	-	1,70,000	-	-
Mr. J. K. Setna	Director	-	1,90,000	-	-
Mr. N. N. Kampani	Director	-	1,00,000	-	-
Mr. S. Ramadorai	Director	-	2,10,000	-	-
Mr. N. A. Soonawala	Director	-	2,00,000	-	-
Mr. A. R. Gandhi	Director	-	-	-	-
Mr. D. B. Engineer	Director	-	-	-	-
Dr. N. Jain	Managing Director	29,34,510	12,00,000	6 months	6 months remuneration

\*Commission relates to the financial year ended 31<sup>st</sup> March 2001, which was paid during the year 2001-02.

Mr. F. K. Kavarana was appointed as Executive Chairman with effect from 3<sup>rd</sup> October 2001 and his remuneration includes :- Salary Rs. 8,90,250/-, Gratuity Rs.1,50,000/- & Monetary benefits Rs.8,79,294/-. Remuneration of Dr. N. Jain includes :- Salary Rs.13,80,000/-, Gratuity Rs.1,15,000/-, & Monetary benefits Rs.14,39,510/-.

A sum of Rs.30 lakhs has been provided as commission to Directors for the year 2001-2002. The commission will be paid after the accounts are approved at the forthcoming Annual General Meeting. Dr. N. Jain has been granted 798 stock options based on time and 342 stock options based on performance, which would vest over a period of three years, and to be exercised at a rate of Rs. 224/- per option to be converted into one share each.

## 5. SHAREHOLDERS'/INVESTORS' GRIEVANCE COMMITTEE

Composition	Category	Date of appointment
Mr. F. C. Kohli - Chairman	Non-Executive, Independent	21 <sup>st</sup> March 2002
Mr. F. K. Kavarana - Member	Executive	21 <sup>st</sup> March 2002

Mr. M. M. Surti is the Company Secretary and the Compliance Officer.

Total number of Investors' Correspondence/Complaints received for the period 1<sup>st</sup> April 2001 to 31<sup>st</sup> March 2002 was 1002. All the Investors' Correspondence/Complaints were resolved to the satisfaction of the shareholders. The Board reviews the aforesaid information for each quarter.

Total number of dematerialization request and share transfers pending as on 31<sup>st</sup> March 2002 was 11 and 5 respectively. The same were lodged for dematerialization/transfer on or after 20<sup>th</sup> March 2002.

The aforesaid information is based on the reports received from the Company's Registrar.

## 6. GENERAL BODY MEETINGS

Location and time of the last three Annual General Meetings:

Year	Date	Venue	Time
2000-2001	13 <sup>th</sup> August 2001	Bombay House Auditorium, 24, Homi Mody Street, Mumbai - 400 001.	4.30 p.m.
1999-2000	14 <sup>th</sup> August 2000		
1998-1999	1 <sup>st</sup> September 1999		

There have been no special resolutions passed by the Shareholders through postal ballot for the year ended 31<sup>st</sup> March 2002.

## 7. DISCLOSURES

During the year under review there were no related party transactions with its promoter, directors, management and subsidiaries that had a potential conflict with the interest of the Company at large. The relevant information is disclosed under Schedule 16 (Notes 14) forming a part of the Accounts for the year ended 31<sup>st</sup> March 2002.

The Company has complied with various rules and regulations prescribed by The Stock Exchange, Mumbai, Securities and Exchange Board of India or any other statutory authority relating to the capital markets during the last three years. They have imposed no penalties or strictures on the Company.

## 8. MEANS OF COMMUNICATION

Quarterly and Annual financial results are sent to all shareholders.

The quarterly results are normally published in *Indian Express* and *Loksatta*. It is also displayed on the Company's website [www.tatainfotech.com](http://www.tatainfotech.com)

Generally all Official news releases are sent to The Stock Exchange and also posted on the Company's Website. There was no Analysts' meetings held during the period 2001-2002.

Management Discussion & Analysis forms part of this Annual Report, which is being posted to the shareholders of the Company.

## 9. GENERAL SHAREHOLDERS INFORMATION

**Date, time & venue of the Annual General Meeting** Friday, 27<sup>th</sup> September 2002 at 4:30 P.M. at Bombay House Auditorium, Bombay House, 24, Homi Mody Street, Mumbai - 400 001.

As required under Clause 49VI (A), particulars of Directors seeking reappointment are given in the Explanatory Statement to the Notice of the Annual General Meeting to be held on 27<sup>th</sup> September 2002.

**Financial Calendar** 1<sup>st</sup> April to 31<sup>st</sup> March.

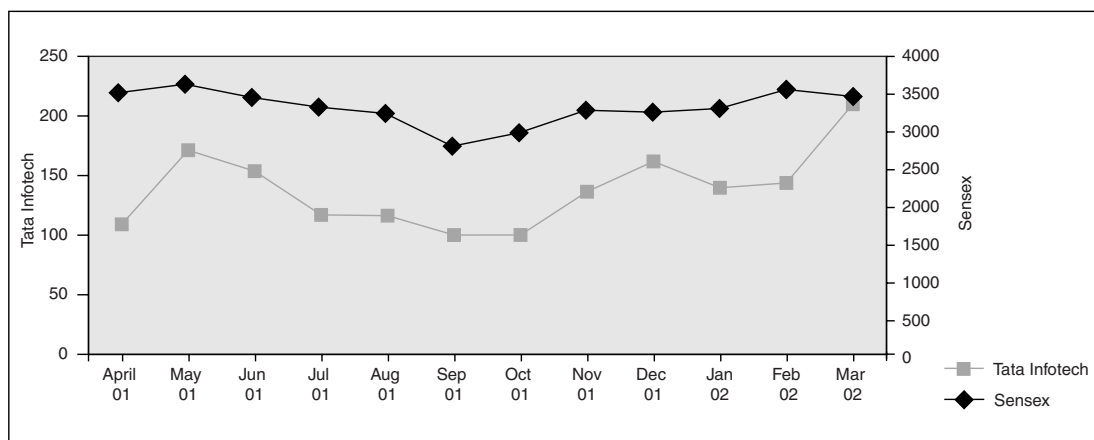
**Date of Book Closure** Friday, 13<sup>th</sup> September 2002 to Monday, 16<sup>th</sup> September 2002 (both days inclusive) for the purpose of Annual General Meeting.

**Dividend Payment Date** An interim dividend of 40% (i.e. Rs. 4/- per share) was declared on 16<sup>th</sup> May 2002.

**Listing on Stock Exchange** The Stock Exchange, Mumbai.

**Stock Code** Demat - 504290.

**Share Price Movement** Performance of the Company's scrip on BSE as compared to Sensex for the period 1<sup>st</sup> April 2001 to 31<sup>st</sup> March 2002.



(Source : The Stock Exchange, Mumbai)

**Market Price Data** High/Low during each month in the last financial year.

Month	High	Low
April 2001	131.80	92.00
May 2001	237.85	103.50
June 2001	196.90	151.00
July 2001	155.25	112.00
August 2001	130.00	114.00
September 2001	127.20	82.15
October 2001	109.05	91.55
November 2001	156.00	98.00
December 2001	202.00	126.00
January 2002	177.00	133.50
February 2002	174.70	135.50
March 2002	227.70	138.30

( Source : The Stock Exchange, Mumbai. )

**Registrar & Transfer Agents**

Tata Share Registry Ltd.,  
Unit : Tata Infotech Ltd. TB,  
Army & Navy Building,  
148, Mahatma Gandhi Road,  
Fort, Mumbai - 400 001.  
Tel : +91-22-287 3831.  
Fax : +91-22-284 4160.  
Website : www.tata.com/tsrl

**Share Transfer System**

Shares lodged for transfer in the physical form at the Registrars' office mentioned above are normally processed at the earliest, but within the statutory time frame from the date of lodgment provided the documents are complete in all respects. The Company has also provided a transfer cum dematerialization facility to enable the Shareholders to simultaneously dematerialize the shares while lodging for transfer.

**Distribution of Shareholding as on 31<sup>st</sup> March 2002**

No. of equity shares held	No. of shareholders	% of shareholders	No. of shares	% of capital
1 to 5000	21258	95.71	2505722	13.63
5001 to 10000	627	2.82	437005	2.38
10001 to 20000	178	0.80	250334	1.36
20001 to 30000	68	0.31	171494	0.93
30001 to 40000	18	0.08	62998	0.34
40001 to 50000	9	0.04	42081	0.23
50001 to 100000	27	0.12	185036	1.01
Greater than 100000	25	0.11	14726210	80.12
Total	22210	100.00	18380880	100.00

**Categories of Shareholders as on 31<sup>st</sup> March 2002**

Category	No. of shares	% of shareholdings
Tata Group Companies'	13739143	74.75
Individuals	3367822	18.32
Companies, Mutual Funds & Trusts	991548	5.39
FI ( LIC, UTI, GIC & subsidiaries)	209762	1.15
Non-Resident Individuals	53674	0.29
Banks (Nationalized/other Banks)	11783	0.06
Foreign Financial Institutions	7148	0.04
Total	18380880	100.00

**Dematerialization of Shares**

As on 31<sup>st</sup> March 2002 around 78% of the paid up capital has been dematerialized. The Company's shares are regularly traded on The Stock Exchange, Mumbai where the Company's shares are listed. The Company's shares are also 'permitted to be traded' on the National Stock Exchange.

There were no outstanding GDRs/ADRs/Warrants or any convertible instruments, conversion date which would have an impact on the equity.

**Address for Correspondence**

Registered Office:

TATA INFOTECH LIMITED  
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](http://www.tatainfotech.com)

**Plant Location**

17-B, Tivim Industrial Estate  
Karaswada, Mapusa,  
Goa - 403526.

## Auditors' Certificate on Corporate Governance

TO  
THE MEMBERS OF  
TATA INFOTECH LIMITED

We have examined the compliance of conditions of corporate governance by TATA INFOTECH LIMITED, for the year ended on 31<sup>st</sup> March 2002, as stipulated in clause 49 of the Listing Agreement of the said Company with stock exchange.

The compliance of conditions of corporate governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We state that no investor grievances are pending for a period exceeding one month against the Company as per the records maintained by the share registrars and reviewed by the Company.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

S. R. BATLIBOI & CO  
*Chartered Accountants*

*Per*  
NAWSHIR H. MIRZA  
*a Partner*  
Mumbai, 7<sup>th</sup> June 2002

For and on behalf of  
G. N. JOSHI ASSOCIATES  
*Chartered Accountants*

G. N. JOSHI  
*Partner*  
Mumbai, 7<sup>th</sup> June 2002

## Auditors' Report

TO  
THE MEMBERS OF  
TATA INFOTECH LIMITED

We have audited the attached Balance Sheet of TATA INFOTECH LIMITED as at 31<sup>st</sup> March 2002 and also the Profit and Loss Account for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements, based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As required by the Manufacturing and Other Companies (Auditor's Report) Order, 1988, issued by the Central Government in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.

Further to our comments in the Annexure referred to above, we report that: -

- (i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
- (ii) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
- (iii) The Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of account;
- (iv) In our opinion, the Balance Sheet and Profit and Loss Account dealt with by this report comply with the accounting standards referred to in Section 211(3C) of the Companies Act, 1956;
- (v) On the basis of the written representations received from the directors and taken on record by the Board of Directors, we report that none of the directors is disqualified, as on 31<sup>st</sup> March 2002, from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;
- (vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;
  - (a) in the case of Balance Sheet, of the state of affairs of the Company as at 31<sup>st</sup> March 2002.
  - (b) in the case of the Profit and Loss Account, of the Profit of the Company for the year ended on that date.

S. R. BATLIBOI & CO.  
*Chartered Accountants*

*Per*  
NAWSHIR H. MIRZA  
*a Partner*

Mumbai, 7th June 2002.

For and on behalf of  
G. N. JOSHI ASSOCIATES  
*Chartered Accountants*

G. N. JOSHI  
*Partner*

Mumbai, 7th June 2002.

## Annexure referred to the Auditors' Report to the Members of Tata Infotech Limited on the accounts for the year ended 31<sup>st</sup> March 2002

Based upon the information and explanations furnished to us and the books and records examined by us in the normal course of our audit, we report that to the best of our knowledge and belief:

1. The Company has maintained proper records to show full particulars, including quantitative details and situation of fixed assets. The fixed assets have been physically verified by the management at reasonable intervals and no material discrepancies have been noticed on such verification.
2. The fixed assets have not been revalued during the year under report.
3. Physical verification has been conducted by the management at reasonable intervals in respect of finished goods, stores, spare parts and raw materials. The discrepancies noted during the physical verification were not material.

The procedures followed by the management for such physical verification are, in our opinion, reasonable and adequate in relation to the size of the Company and the nature of its business. On the basis of our examination, we are satisfied that the valuation of these stocks is fair and proper in accordance with normally accepted accounting principles and is on the same basis as in the previous year.

4. The Company has not taken/granted any loans, secured or unsecured, from/to companies, firms and other parties listed in the register maintained under Section 301 of the Companies Act, 1956. Further, no loans have been taken/granted from/to companies under the same management, as defined under Section 370(1-B) of the Companies Act, 1956.
5. The parties (including employees) to whom loans or advances in the nature of loans have been given by the Company, are repaying the principal amounts and interest as stipulated.
6. There are adequate internal control procedures commensurate with the size of the Company and the nature of its business for the purchase of stores, raw materials, components, plant and machinery, equipment and other assets and for the sale of goods and services.
7. There have not been any transactions of purchase of goods and materials and sale of goods, materials and services, in pursuance of contracts or arrangements required to be entered in the register maintained under Section 301 of the Companies Act, 1956 and aggregating to Rs. 50,000/- or more in respect of each party.
8. Reasonable provision has been made in the accounts for any unserviceable or damaged stores, raw materials and finished goods and in the case of goods purchased for resale, for any damaged goods.
9. The Company has outstanding deposits, from the public, which are matured but not claimed and has complied with the provisions of Section 58A of the Companies Act, 1956 and the Rules framed thereunder.
10. There are no saleable by-products. Reasonable records are maintained for the sale and disposal of realisable scrap.
11. The Company has an internal audit system, which is commensurate in relation to the size and nature of activities of the Company.
12. The maintenance of cost records has not been prescribed by the Central Government under Section 209(1)(d) of the Companies Act, 1956, for the products manufactured by the Company.

13. The Company has been regular in depositing Provident Fund and Employees' State Insurance dues with the appropriate authorities.
14. According to the information and explanations given to us and the books and records examined by us, there are no undisputed amounts payable in respect of income tax, wealth tax, sales tax, customs duty and excise duty outstanding as at 31<sup>st</sup> March 2002, for a period exceeding six months from the date they became payable.
15. The Company has a policy of authorising expenditure based on reasonable checks and balances. The policy is intended to ensure that expenses are authorised on the basis of contractual obligations or accepted business practices having regard to the Company's business needs and exigencies. In terms of these observations, we have not come across any expenses charged to revenue account which, in our opinion and judgment and to the best of our knowledge and belief, could be regarded as personal expenses.
16. The Company is not a sick industrial company within the meaning of the Sick Industrial Companies (Special Provisions) Act, 1985.
17. For the Company's service activities, there is no significant requirement of material or stores. The system of allocating man hours utilised to relative jobs is commensurate with the Company's size and nature of business. The Company has a system of authorisation at proper levels and of internal control, commensurate with its size and the nature of its business, on allocation of labour to jobs.

S. R. BATLIBOI & CO.  
*Chartered Accountants*

*Per*  
NAWSHIR H. MIRZA  
*a Partner*

Mumbai, 7th June 2002.

For and on behalf of  
G. N. JOSHI ASSOCIATES  
*Chartered Accountants*

G. N. JOSHI  
*Partner*

Mumbai, 7th June 2002.

## Balance Sheet as at 31st March 2002

	Schedule	Rs. Lakh	Rs. Lakh	As at 31-3-2001 Rs. Lakh
<b>Sources of Funds :</b>				
<b>Shareholders' Funds</b>				
Capital .....	1	18,38.09		18,38.09
Reserves and Surplus .....	2	172,23.66		157,47.82
			190,61.75	175,85.91
<b>Loan Funds</b>				
Secured Loans .....	3	21,06.41		24,42.89
Unsecured Loans .....	4	11.55		11.60
			21,17.96	24,54.49
Total . .			211,79.71	200,40.40
<b>Application of Funds :</b>				
<b>Fixed Assets</b> .....				
Gross Block .....	5	155,48.41		147,52.79
Less: Depreciation .....		110,88.35		95,42.05
Net Block .....		44,60.06		52,10.74
Capital Work-in-progress .....		12.86		66.59
			44,72.92	52,77.33
<b>Investments</b> .....	6		79.23	1,16.77
<b>Deferred Tax Asset - Net</b> (Note 12 – Schedule 16)			4,76.96	—
<b>Current Assets, Loans and Advances</b>				
Inventories .....	7	15,08.65		29,73.14
Sundry Debtors .....	8	128,23.23		132,93.34
Cash and Bank Balances .....	9	8,81.14		9,21.83
Loans and Advances .....	10	110,85.68		85,05.36
		262,98.70		256,93.67
<b>Less: Current Liabilities and Provisions</b> .....	11			
Liabilities .....		66,22.63		77,26.81
Provisions .....		35,25.47		33,20.56
		101,48.10		110,47.37
<b>Net Current Assets</b> .....			161,50.60	146,46.30
Total . .			211,79.71	200,40.40

Notes as per Schedule 16 and other Schedules referred to herein form an integral part of these accounts.

This is the Balance Sheet referred to in our report of even date.

For and on behalf of the Board,

S.R. BATLIBOI & CO.  
Chartered Accountants

For and on behalf of  
G.N. JOSHI ASSOCIATES  
Chartered Accountants

F. K. KAVARANA  
Chairman

Per  
NAWSHIR H. MIRZA  
a Partner.

G. N. JOSHI  
Partner.

M. M. SURTI  
Company Secretary

N. JAIN  
Managing Director

Mumbai, 7th June 2002

Mumbai, 7th June 2002

Mumbai, 7th June 2002

## Profit and Loss Account for the year ended 31st March 2002

	Schedule	Rs. Lakh	Year ended 31-3-2001 Rs. Lakh
<b>Income</b>	12		
Income from Operations .....		475,57.79	515,06.90
Other Income .....		8,19.89	8,54.73
		<u>483,77.68</u>	<u>523,61.63</u>
<b>Expenditure</b>			
Materials .....	13	114,96.18	125,48.75
Excise Duty .....		87.85	64.90
Payments to and Provisions for Employees .....	14	120,04.51	106,51.60
Operating and other Expenses .....	15	218,58.62	236,12.44
Interest .....		1,24.32	3,00.13
Depreciation .....		16,06.45	17,70.13
		<u>471,77.93</u>	<u>489,47.95</u>
Less: Costs Capitalised .....		6.08	—
Total Expenses.....		<u>471,71.85</u>	<u>489,47.95</u>
Profit before Tax .....		12,05.83	34,13.68
Provision for Taxation			
Current Tax .....		2,56.07	9,41.06
Deferred Tax .....		(3,16.13)	—
Tax adjustment for prior years .....		(7,84.35)	(1,81.32)
Profit after tax .....		<u>20,50.24</u>	<u>26,53.94</u>
		20,50.24	26,53.94
Balance brought forward from previous period .....		21,31.70	26,93.10
Profit available for Appropriation .....		<u>41,81.94</u>	<u>53,47.04</u>
<b>Appropriations</b>			
General Reserve .....		20,00.00	20,00.00
Interim Dividend .....		7,35.23	—
Proposed Dividend .....		—	11,02.85
Tax on Dividend .....		—	1,12.49
Balance Carried Forward .....		<u>14,46.71</u>	<u>21,31.70</u>
<b>Earnings per Share</b>			
(Equity shares, par value Rs. 10/- each)			
Basic and Diluted		11.15	14.44
Number of shares used in computing earnings per share			
Basic and Diluted		1,83,80,880	1,83,80,880
Notes as per Schedule 16 and other Schedules referred to herein form an integral part of the Profit and Loss Account.			

This is the Profit and Loss Account referred to in our report of even date. For and on behalf of the Board,

S.R. BATLIBOI & CO. Chartered Accountants	For and on behalf of G.N. JOSHI ASSOCIATES Chartered Accountants	F. K. KAVARANA Chairman
Per NAWSHIR H. MIRZA a Partner.	G. N. JOSHI Partner.	M. M. SURTI Company Secretary
Mumbai, 7th June 2002	Mumbai, 7th June 2002	N. JAIN Managing Director Mumbai, 7th June 2002

## Schedules annexed to and forming part of the Balance Sheet as at 31st March 2002

	Rs. Lakh	Rs. Lakh	As at 31-3-2001 Rs. Lakh
<b>1. SHARE CAPITAL</b>			
<b>AUTHORISED:</b>			
1,90,00,000 Equity Shares of Rs.10/- each .....		19,00.00	19,00.00
<b>ISSUED, SUBSCRIBED AND PAID-UP:</b>			
1,83,80,880 Equity Shares of Rs.10/- each (Includes 1,52,54,880 Equity Shares issued as fully paid-up Bonus Shares by Capitalisation of Reserves) .....		18,38.09	18,38.09
<b>2. RESERVES AND SURPLUS</b>			
<b>Capital Subsidy Reserve</b>			
Balance as per last Balance Sheet .....		—	15.38
Less: Transferred to General Reserve .....		—	15.38
<b>General Reserve</b>			
Balance as per last Balance Sheet .....	136,16.12		116,00.74
Add: Transferred from Capital Subsidy Reserve .....	—		15.38
Add: Transferred from Profit and Loss Account .....	20,00.00		20,00.00
Add : Deferred Tax Asset adjustment upto 1.4.2001	1,60.83		—
		157,76.95	136,16.12
<b>Surplus as per Profit and Loss Account .....</b>		14,46.71	21,31.70
		172,23.66	157,47.82
<b>3. SECURED LOANS</b>			
<b>Debentures</b>			
12% Secured Non-Convertible Debentures (Note 20 – Schedule 16) [including interest accrued and due Rs.8.97 Lakh – (Previous year Rs.9.05 Lakh)]		14.76	14.94
<b>Advances from Banks</b>			
Advances from Banks against hypothecation of Stocks and Receivables [including interest accrued and due Rs.0.65 Lakh – (Previous year Rs. 3.43 Lakh)] .....		20,56.13	24,27.95
<b>Others (Lease car liability) .....</b>		35.52	—
		21,06.41	24,42.89
<b>4. UNSECURED LOANS</b>			
Fixed Deposits [including interest accrued and due Rs.1.77 Lakh – (Previous year Rs. 1.77 Lakh)] .....		2.96	3.01
Interest-free Sales Tax Loan [Repayable within 1 year Rs. 1.43 Lakh (Previous year Rs. Nil)] .....		8.59	8.59
		11.55	11.60

## Schedules annexed to and forming part of the Balance Sheet as at 31st March 2002

### 5. FIXED ASSETS

Particulars	Cost/Book value as at 1-04-2001 Rs. Lakh	Additions during the Year Rs. Lakh	Deductions/ Adjustments during the year Rs. Lakh	Gross Block as at 31-03-2002 Rs. Lakh	Depreciation as at 01-04-2001 Rs. Lakh	Depreciation for the year 2001-2002 Rs. Lakh	Deductions during the year Rs. Lakh	Depreciation as at 31-03-2002 Rs. Lakh	Net Value as at 31-03-2002 Rs. Lakh	Net Value as at 31-03-2001 Rs. Lakh
Leasehold Land .....	23.59	—	—	23.59	6.54	2.35	—	8.89	14.70	17.05
Buildings .....	27,11.17	18.58	11.85	27,17.90*	4,17.47	1,34.72	9.27	5,42.92	21,74.98	22,93.70
Leasehold Improvements	8,55.14	32.74	—	8,87.88	4,89.12	63.79	—	5,52.91	3,34.97	3,66.02
Plant and Machinery .....	10,10.38	26.05	3.48	10,32.95	8,16.29	86.97	3.46	8,99.80	1,33.15	1,94.09
Computers .....	71,52.49	4,73.44	1.57	76,24.36**	58,04.42	8,75.79	1.11	66,79.10	9,45.26	13,48.07
Furniture, Fixtures and Equipments .....	27,57.88	1,98.06	17.17	29,38.77	18,51.40	3,83.70	13.45	22,21.65	7,17.12	9,06.48
Motor Cars Owned .....	2,42.14	75.14	33.78	2,83.50	1,56.81	54.32	32.86	1,78.27	1,05.23	85.33
— Taken on Lease .....	—	39.46	—	39.46	—	4.81	—	4.81	34.65	—
	147,52.79 (125,55.16)	8,63.47 (23,73.01)	67.85 (1,75.38)	155,48.41 (147,52.79)	95,42.05 (79,44.89)	16,06.45 (17,70.13)	60.15 (1,72.97)	110,88.35 (95,42.05)	44,60.06 (52,10.74)	52,10.74
Capital Work-in-Progress/Advances pending allocation .....									12.86 (66.59)	
									44,72.92 (52,77.33)	

- NOTES : 1. \*Includes Rs.0.02 Lakh (Previous year – Rs.0.02 Lakh) being the value of 25 shares (Previous year 30 shares) of Rs.50/- each in Co-operative Housing Societies.
2. \*\*Computer includes Rs. 1,04.66 Lakh (Previous year – Rs. 1,04.66 Lakh) given on lease.
3. Finance leases have been accounted for in accordance with the "Accounting Standard on Leases" AS-19 issued by the Institute of Chartered Accountants of India.
4. Figures in brackets are in respect of Previous year.

### 6. INVESTMENTS (LONG TERM, UNQUOTED AND NON TRADE)

	Rs. Lakh	As at 31-3-2001 Rs. Lakh
<b>IN TRUST SECURITIES</b>		
7,92,000 (Previous year 7,92,000) units of Rs.10/- each in Unit Trust of India, 1964 Scheme [Assured Repurchase price — Rs.79.20 Lakh (Note 27 – Schedule 16), (Previous year — Rs. 1,11.67 Lakh)] .....	1,16.77	1,16.77
Less : Provision for Diminution in Value .....	37.54	—
	79.23	1,16.77

Note :

Investment bought and sold during the year :

	No. of Units	
Tata Liquid Fund .....	21,57,925.629	—

## Schedules annexed to and forming part of the Balance Sheet as at 31st March 2002

	Rs. Lakh	As at 31-3-2001 Rs. Lakh
<b>7. INVENTORIES</b>		
Raw Materials, Sub-Assemblies and Components .....	3,01.13	2,15.49
Work-in-Progress .....	24.83	11.45
Stores and Spares .....	4,45.72	4,56.01
Contract Work-in-Progress .....	3,24.79	6,25.57
Course Material .....	15.74	11.92
Saleable Goods .....	3,96.44	16,52.70
	<u>15,08.65</u>	<u>29,73.14</u>
<b>8. SUNDRY DEBTORS</b>		
Unsecured – Considered Good:		
Debts outstanding over six months .....	46,73.88	27,01.17
Considered Doubtful .....	12,58.38	—
Less : Provision for Doubtful Debts .....	12,58.38	—
Others – Considered Good .....	81,49.35	105,92.17
	<u>128,23.23</u>	<u>132,93.34</u>
<b>9. CASH AND BANK BALANCES</b>		
<b>CASH BALANCES</b>		
Cash on Hand .....	—	1.97
Cheques on Hand .....	4,28.14	—
<b>BANK BALANCES</b>		
With Scheduled Banks:		
On Current Accounts .....	3,31.36	8,17.61
On Deposit Accounts .....	23.62	40.86
<b>BANK BALANCES</b>		
With Non-Scheduled Banks :		
On Current Accounts .....	98.02	61.39
<b>(Maximum amounts outstanding during the year)</b>		
Navasari Peoples Co-op. Bank Ltd. (Rs.0.10 Lakh – Previous year Rs.0.10 Lakh)		
Pragati Sahakari Bank Ltd. (Rs. Nil – Previous year Rs.0.88 Lakh)		
Samta Sahakari Bank Ltd. (Rs. 0.06 Lakh – Previous year Rs. 0.06 Lakh)		
Pusan Urban Co-op. Bank Ltd. (Rs. Nil – Previous year Rs.0.41 Lakh)		
Kalupur Peoples Co-op. Bank Ltd. (Rs.1.02 Lakh – Previous year Rs.4.69 Lakh)		
Janata Sahakari Bank Ltd. (Rs. 0.01 Lakh – Previous year Rs.0.01 Lakh)		
The Chandigarh State Co-operative Bank Ltd. (Rs. 0.22 Lakh – Previous year Rs. 15.84 Lakh)		
First Union National Bank, U.S.A.(Rs. Nil – Previous year Rs.47.44 Lakh)		
Bank of America, London (Rs.1.42 Lakh – Previous year Rs. 1,32.15 Lakh)		
Bank of America, Tokyo (Rs. 0.003 Lakh – Previous year Rs. Nil)		
Bank of America, USA (Rs. 9.71 Lakh – Previous year Rs.1,40.24 Lakh)		
Sanwa Bank, Japan (Rs.17.60 Lakh – Previous year Rs. 7.60 Lakh)		
ABN Amro Bank, Holland (Rs.1.63 Lakh – Previous year Rs. 72.86 Lakh)		
ANZ Bank, Australia (Rs. 3.99 Lakh – Previous year Rs. 60.25 Lakh) .....		
	<u>8,81.14</u>	<u>9,21.83</u>

## Schedules annexed to and forming part of the Balance Sheet as at 31st March 2002

	Rs. Lakh	Rs. Lakh	As at 31-3-2001 Rs. Lakh
<b>10. LOANS AND ADVANCES</b>			
Loans and Advances – recoverable in cash or kind or for value to be received (Note 21 – Schedule 16) .....		20,87.95	19,67.69
Short Term Intercompany Deposits .....		49,50.00	44,60.00
Interest accrued on Short Term Intercompany Deposits .....		66.15	58.00
Share Application Money .....		4,23.24	—
Advance Payment of Taxes (Net) .....		24,51.52	10,74.66
Sundry Deposits .....		10,42.02	8,75.00
Balance with Customs and Excise Authorities .....		64.80	70.01
		<u>110,85.68</u>	<u>85,05.36</u>
 Secured – Considered Good .....		77.86	91.25
Unsecured – Considered Good .....		110,07.82	84,14.11
		<u>110,85.68</u>	<u>85,05.36</u>
 <b>11. CURRENT LIABILITIES AND PROVISIONS</b>			
<b>Current Liabilities:</b>			
Sundry Creditors ***** .....	55,68.29		62,59.18
(Note 23 – Schedule 16)			
Security Deposits Received .....	1,71.39		1,45.91
Advances from Customers .....	8,60.27		13,06.48
Unclaimed Dividend .....	22.68		15.24
		66,22.63	77,26.81
<b>Provisions:</b>			
Provision for Taxation (Net) .....	27,90.24		21,05.22
Interim Dividend .....	7,35.23		—
Proposed Dividend .....	—		11,02.85
Tax on Dividend .....	—		1,12.49
		35,25.47	33,20.56
		<u>101,48.10</u>	<u>110,47.37</u>
 *****Sundry Creditors			
Dues to Small Scale Industrial Units .....		—	1,10.15
Others .....		55,68.29	61,49.03
		<u>55,68.29</u>	<u>62,59.18</u>

## Schedules annexed to and forming part of the Profit and Loss Account for the year ended 31st March 2002

	Rs. Lakh	Rs. Lakh	Year ended 31-3-2001 Rs. Lakh
<b>12. INCOME</b>			
a) <b>Income from Operations</b>			
Sales .....		159,88.19	157,58.97
Services (Net of discount) .....		318,54.16	353,52.32
Lease Rental Income .....		16.21	35.54
Increase/(Decrease) in Contract Work-in-Progress ..			
Closing Balance .....	3,24.80		6,25.57
Less: Opening Balance .....	6,25.57		2,65.50
		(3,00.77)	3,60.07
Total Income from Operations (a) .....		475,57.79	515,06.90
b) <b>Other Income</b>			
Interest on Deposits/Loans [Gross – including tax deducted at Source Rs 96.74 Lakh; ( <i>Previous year Rs.69.04 Lakh</i> )] .....		5,21.68	4,05.89
Dividend Income .....		8.54	10.89
Profit on Sale of Investments ( <i>Previous year - Long term Investments</i> ) .....		0.42	31.80
Miscellaneous Income .....		2,36.51	4,02.44
Profit on Sale of Fixed Assets (Net) .....		52.74	3.71
Total Other Income (b) .....		8,19.89	8,54.73
Total Income (a + b) .....		483,77.68	523,61.63
<b>13. MATERIALS</b>			
Raw Materials, Sub-Assemblies and Components consumed .....		13,35.21	7,51.74
Add/(Less):			
Increase/(Decrease) in Saleable Goods and Work-in-Progress			
Opening Stock:			
Saleable Goods .....	16,52.70		9,58.23
Work-in-Progress .....	11.45		2,32.61
	16,64.15		11,90.84
Add: Purchases of Goods .....	89,18.09		122,70.32
	105,82.24		134,61.16
Less: Closing Stock:			
Saleable Goods .....	3,96.44		16,52.70
Work-in-Progress .....	24.83		11.45
	4,21.27		16,64.15
		101,60.97	117,97.01
		114,96.18	125,48.75

## Schedules annexed to and forming part of the Profit and Loss Account for the year ended 31st March 2002

	Rs. Lakh	Year ended 31-3-2001 Rs. Lakh
<b>14. PAYMENTS TO AND PROVISIONS FOR EMPLOYEES</b>		
Salaries and Bonus .....	101,07.56	88,46.61
Company's contribution to Provident and other Funds .....	9,88.39	9,13.40
Staff Welfare Expenses .....	9,08.56	8,91.59
	<u>120,04.51</u>	<u>106,51.60</u>
 <b>15. OPERATING AND OTHER EXPENSES</b>		
Rent .....	8,70.74	8,00.03
Rates and Taxes .....	75.29	72.23
Insurance .....	97.86	77.16
Electricity .....	4,42.85	4,53.41
Communication Expenses .....	9,48.98	7,76.38
Travel and Conveyance .....	8,11.75	7,42.38
Overseas Business Expenses (Note 24 – Schedule 16) .....	113,08.73	137,44.66
Repairs and Maintenance:		
Buildings .....	2.54	2.44
Machinery .....	80.40	1,33.98
Others .....	1,38.48	1,20.57
Auditors' Remuneration (Note 6 – Schedule 16) .....	11.93	10.44
Expenditure for Maintenance Contracts .....	3,40.36	2,03.62
Provision for diminution in value of Investment .....	37.54	—
Stores and Spares Consumed .....	2,54.42	2,18.41
Deposits written off .....	4.68	5.54
Commission .....	18.43	78.63
Affiliate Expenses .....	13,55.56	9,13.57
Bad Debts written off [Net of Recovery of Rs. 2,28.86 Lakh; (Previous year net of recovery of Rs. 4.68 Lakh)] .....	(64.36)	10,10.49
Provision for Doubtful Debts .....	12,58.38	—
Advertisement Expenses .....	6,10.32	6,52.41
Licence Fees .....	4,31.88	5,56.40
Other Expenses (Note 25 – Schedule 16) .....	28,21.86	30,39.69
	<u>218,58.62</u>	<u>236,12.44</u>

## Schedules annexed to and forming part of the accounts for the year ended 31st March 2002

### 16. NOTES TO THE ACCOUNTS

#### 1. Significant Accounting Policies :-

##### (a) System of Accounting

The financial statements are prepared under the historical cost convention and on an accrual basis using accounting policies generally accepted in India.

##### (b) Revenue Recognition

Sales Revenue is recognised on shipment of product. Service Revenue is recognised on proportionate completion method, except revenue from time and material contracts, which is recognised based on time spent. Income from student fees are recognised over the course duration and Licence fee income is recognised on completion of substantial obligation by the Company.

##### (c) Research and Development

Revenue expenditure on Research and Development is expensed as incurred and capital expenditure is included in fixed assets under appropriate heads.

##### (d) Fixed Assets

Fixed Assets are stated at cost of acquisition less accumulated depreciation.

##### (e) Depreciation

Leasehold improvements, including additions thereto, and Leasehold land premium are depreciated on a Straight Line Method taking into consideration the rates derived from the lease period or at rates prescribed in Schedule XIV of the Companies Act, 1956, whichever is higher. Motor Cars taken under finance lease are depreciated over the tenure of the lease.

Other assets are depreciated using the Straight Line Method at the following rates:

Asset	Rate of Depreciation %
Buildings	5.00
Plant and Machinery	33.33
Computers	33.33
Office equipments	20.00
Furniture and fixtures	20.00
Motor car	25.00
Any asset costing up to Rs. 5,000/-	100.00

Depreciation on assets acquired or disposed off during the year is provided on pro-rata basis from / upto the date of acquisition / disposal.

##### (f) Inventory Valuation

Inventories are valued at lower of cost and net realisable value. Cost is determined using the weighted average method.

Contract Work-in-Progress is valued at proportionate contract value as assessed by the Management.

## Schedules annexed to and forming part of the accounts for the year ended 31st March 2002

### 16. NOTES TO THE ACCOUNTS (Continued)

#### (g) Investments

Long term investments are stated at cost less any diminution in their value which is other than temporary.

#### (h) Income Taxes

Until last year the company was following the Tax Payable method for providing for Indian and overseas taxes. From the current financial year, income taxes are computed using the Tax Effect accounting method, in accordance with the Accounting Standard -AS 22 "Accounting for Taxes on Income" which includes current taxes and deferred taxes. Deferred income taxes reflect the impact of current year timing differences between taxable income and accounting income for the year and the reversal of timing difference of earlier years. (Note 12 — Schedule 16).

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or subsequently enacted at the balance sheet date.

Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available to set off against the deferred tax asset.

#### (i) Foreign Exchange

The Company translates all foreign currency transactions at month-end rates. Monetary assets and liabilities related to foreign currency transactions remaining unsettled at the end of the year are restated at year-end rates or at forward contract rates after adjusting the premium pertaining to the period after the Balance Sheet date, if covered by forward contracts.

The exchange difference on restatement of monetary assets and liabilities and realised gains and losses on foreign exchange transactions other than those relating to fixed assets are recognised in the Profit and Loss account.

Exchange difference in respect of liabilities incurred to acquire fixed assets are adjusted to the carrying amount of such fixed assets.

#### (j) Retirement Benefits

Contribution to Provident Fund and Super-Annuation Fund, which are based on defined contribution plans, are expensed as incurred.

Provision for leave encashment and contribution to the Gratuity Fund, which is a defined benefit plan, are expensed based on actuarial valuation as on the Balance Sheet date.

#### (k) Assets acquired on Lease

Assets acquired under finance lease are recognised as fixed asset at the lower of the fair value of the leased assets at the inception and the present value of minimum lease payments. Lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to periods during the lease term at a constant periodic rate of interest on the remaining balance of the liability.

## Schedules annexed to and forming part of the accounts for the year ended 31st March 2002

### 16. NOTES TO THE ACCOUNTS (Continued)

	Rs. Lakh	Rs. Lakh	2000-2001 Rs. Lakh
2. (a) Claims against the Company not acknowledged as debts. ....		4,53.20	3,43.30
(b) Guarantees issued by the Company in respect of loans taken by employees from the Housing Development Finance Corporation Ltd. ....		—	8.36
(c) Disputed income tax matters under appeal which has been fully paid. ....		2,39.88	2,39.88
(d) Estimated amount of contracts to be executed on Capital Account not provided for (Net of Advances) ....		17.06	33.69
3. Value of imports calculated on C.I.F. basis			
Raw Materials, Sub-Assemblies and Components ...		10,85.52	4,22.39
Saleable Goods* .....		39,12.20	59,20.59
Capital Goods .....		2,75.69	3,89.43
Stores and Spare Parts .....		4.78	8.25
*Includes value of units capitalised for internal use.			
4. Expenditure in Foreign Currency:			
Overseas Business Expenses .....		105,95.46	127,88.79
Royalty (Net of Tax) .....		5.87	6.12
Others .....		3,77.89	18,09.58
5. Earnings in Foreign Exchange:			
Export of Goods calculated on F.O.B. basis .....		33,64.54	22,23.44
Services .....		244,99.92	295,31.02
Interest Income .....		15.00	7.15
6. Auditors' Remuneration:			
Audit Fees .....		7.33	7.57
Other Services (including Tax Audit) .....		4.00	2.26
Out-of-Pocket Expenses .....		0.60	0.61
7. Computation of Commission to Directors:			
Profit before tax as per Profit and Loss Account ....		12,05.83	34,13.68
Add: Managing Director and Whole time Directors' Remuneration and Non-Whole-time Directors' Commission Charged to the Profit and Loss Account .....	78.54		51.67
Depreciation charged in the accounts .....	16,06.45		17,70.13
Profit / (Loss) on Sale of Fixed Assets as per Section 349 of Companies Act, 1956 .....	20.00		(13.71)
		17,04.99	18,08.09
		29,10.82	52,21.77
Less: Profit/(Loss) on Sale of Fixed Assets as per Profit and Loss Account (Net) .....	52.74		3.71
Depreciation as per Section 350 of the Companies Act, 1956 .....	11,45.99		11,16.07
		11,98.73	11,19.78
Net Profit as per Section 349 of the Companies Act, 1956 .....		17,12.09	41,01.99
Maximum Permissible .....		1,02.73	2,46.12
Provided .....		30.00	30.00

## Schedules annexed to and forming part of the accounts for the year ended 31st March 2002

### 16. NOTES TO THE ACCOUNTS (Continued)

8. The remuneration for the year in respect of Managing Director and Chairman (w.e.f. 3<sup>rd</sup> October, 2001) is made up of Salary Rs.22.70 Lakh (*Previous year Rs.10.50 Lakh*) Gratuity Rs.2.65 Lakh (*Previous year Rs.1.00 Lakh*), Commission Rs.10.00 Lakh (*Previous year Rs.12.00 Lakh*) and other benefits, the estimated money value being Rs.23.18 Lakh (*Previous year Rs.10.17 Lakh*).
9. The Company had established an Employee Stock Option Scheme, which was approved by the Shareholders in the previous Annual General Meeting. In accordance with this scheme, the Company had granted 1,76,030 options on 22<sup>nd</sup> December 2000 to its eligible employees aggregating to 1,76,030 equity shares. These options had been granted and administered through the Company's Employee Share Participation Trust, which is already holding 3,96,690 shares. None of the options have been exercised as on 31<sup>st</sup> March 2002.
10. Licensed and installed capacities and production:  
Licensed capacity for Document Processing System is not applicable. Installed capacity is 2000 units for Document Processing Systems. Actual production during the year was 1522 units (*Previous year 1340 units*).

Installed capacity is certified by the Managing Director and accepted by auditors without verification, this being a technical matter.

## Schedules annexed to and forming part of the accounts for the year ended 31st March 2002

### 16. NOTES TO THE ACCOUNTS (Continued)

#### 11. Segment Information

The Company's business and operations relate to providing IT products and services such as Systems Integration, Manufacturing and Education. The Systems Integration segment integrates the company's and key participants' capabilities, including hardware, software and services. The Manufacturing segment is primarily engaged in manufacture of electromechanical products, circuit board assembly and contract manufacturing services. The Education division provides education services including computer-based training to serve the needs of students and corporates through its own and franchise training centres across India and international markets. These segments comprise the primary basis of segmental information. The analysis of secondary segmental reporting is based on the geographical location of the customer and geographical location of assets.

Unallocable expenses represent those expenses, which cannot be allocated to any business segment.

				Rs. Lakh
	System Integration Services	Manufacturing Services	Education Services	Consolidated Total
SEGMENT REVENUE .....	403,12.17	40,63.64	33,96.23	477,72.04
SEGMENT RESULT .....	8,60.45	17,76.32	(5,54.45)	20,82.32
Less: Unallocable Expenses..				13,57.81
Operating Profit .....				7,24.51
Less: Interest Expense .....				1,24.32
Add: Unallocable Income ....				6,05.64
Profit before Tax .....				12,05.83
(Add)/Less: Provision for taxation (including deferred tax) .....				(8,44.41)
Profit after tax .....				20,50.24
OTHER INFORMATION				
Segment Assets .....	188,21.59	11,32.36	5,10.00	204,63.95
Unallocable Assets .....				108,63.86
Total Assets .....				313,27.81
Segment Liabilities .....	53,67.51	1,73.47	8,58.22	63,99.20
Unallocable Liabilities .....				249,28.61
Total Liabilities .....				313,27.81
Capital Expenditure .....	7,01.99	22.47	38.24	7,62.70
Unallocable Capital Expenditure .....				1,00.77
Total Capital Expenditure ....				8,63.47
Segment Depreciation .....	13,44.26	56.24	74.87	14,75.37
Unallocable Depreciation ....				1,31.08
Total Depreciation .....				16,06.45

#### GEOGRAPHICAL SEGMENTS

	India	Overseas	Total
Distribution of income by geographical location of customers			
Income from Operations	240,76.20	236,95.84	477,72.04
Segments assets and capital expenditure by geographical location			
Segment Assets	161,45.40	43,18.55	204,63.95
Capital Expenditure	7,32.25	30.45	7,62.70

## Schedules annexed to and forming part of the accounts for the year ended 31st March 2002

### 16. NOTES TO THE ACCOUNTS (Continued)

#### 12. Deferred Tax

In accordance with the Accounting Standard (AS-22) relating to "Accounting for Taxes on Income", the Company has recorded cumulative net deferred tax asset of Rs.1,60.83 Lakh in respect of timing differences upto 1<sup>st</sup> April 2001, as an addition to General Reserves. Further, the deferred tax asset for the year amounting to Rs.3,16.13 Lakh has been credited to the Profit and Loss Account.

The major components of deferred tax assets and liabilities as at 31st March, 2002 are as follows:

	Rs. Lakh
<u>Deferred Tax Assets</u>	
Provision for Doubtful Debts .....	2,73.21
Depreciation .....	2,22.37
Others .....	30.11
Total .....	5,25.69
<u>Deferred Tax Liabilities</u>	
Leave encashment .....	48.73
Total .....	48.73
Total Deferred Tax Asset - Net .....	4,76.96

#### 13. Disclosure in respect of finance lease

	Rs. Lakh
Assets (Motor Cars) taken on finance lease	
a) Total Minimum Lease Payments as on 31 <sup>st</sup> March 2002 .....	50.06
b) Total of Minimum Lease Payments as on 31 <sup>st</sup> March 2002 and their present value, for each of the following periods: .....	34.26

	Present Value Rs. Lakh	Minimum Lease Payments Rs. Lakh
(i) Not later than one year .....	9.12	10.67
(ii) Later than one year but not later than five years ..	25.14	39.39

## Schedules annexed to and forming part of the accounts for the year ended 31st March 2002

### 16. NOTES TO THE ACCOUNTS (Continued)

#### 14. Related Party Disclosure

The names of the related parties, as certified by the Management together with the transactions and related balances are presented below:

Relationship	Year	Sales / Services	Interest Income on Short term Deposits	Purchases of Materials and Services	Receivables	Short term Deposits	Short term Deposits outstanding	Rent Expense/ (Income)	Royalty Expense / (Income)	Dividend	Loan outstanding	Sundry Deposits	Sundry Deposits outstanding
Holding Company	2001-2002	47,24.06	—	56.40	4,77.62	—	—	6.00	60.00	8,18.06	—	—	30.00
	2000-2001	66,64.69	—	6.95	6,19.61	—	—	6.00	1,31.03	4,69.72	—	—	30.00
Fellow Subsidiaries	2001-2002	2,67.65	57.13	83.08	1.07	20,00.00	5,00.00	—	—	—	—	5.00	5.00
	2000-2001	—	47.18	—	—	18,50.00	4,50.00	—	—	—	—	—	—
Key Management Personnel*	2001-2002	—	—	—	—	—	—	—	—	—	22.65	—	—
	2000-2001	—	—	—	—	—	—	—	—	—	47.47	—	—
Total	2001-2002	49,91.71	57.13	1,39.48	4,78.69	20,00.00	5,00.00	6.00	60.00	8,18.06	22.65	5.00	35.00
Total	2000-2001	66,64.69	47.18	6.95	6,19.61	18,50.00	4,50.00	6.00	1,31.03	4,69.72	47.47	—	30.00

Note :

\*Remuneration paid to the Managing Director and Chairman is disclosed in Notes to Accounts (Note 8 – Schedule 16)

Names of Related Parties and description of relationship:

- Holding Company : Tata Sons Limited
- Fellow Subsidiaries : Ewart Investment Limited  
Orchid Print India Limited  
Primal Investment and Finance Limited  
Tata AIG General Insurance Company Limited  
Tata AIG Life Insurance Company Limited  
TCE Consulting Engineers Limited  
Tata Housing Development Company Limited  
Concept Marketing and Advertising Limited  
Tata International AG, Zug.  
Tata AG, Zug  
Tata Limited London  
Panatone Finvest Limited  
CMC Limited
- Key Management Personnel : Mr. F. K. Kavarana — Chairman  
Dr. Nirmal Jain — Managing Director

## Schedules annexed to and forming part of the accounts for the year ended 31st March 2002

### 16. NOTES TO THE ACCOUNTS (Continued)

#### 15. Closing and Opening Stocks:

	Nos.	Rs. Lakh
Closing Stock		
Mini/Micro Processor Based Systems # .....	56	3,61.24
(2000-2001) .....	(74)	(16,24.45)
Document Processing Systems .....	32	35.20
(2000-2001) .....	(15)	(28.25)
Others .....	—	15.74
(2000-2001) .....	—	(11.92)
Opening Stock		
Mini/Micro Processor Based systems # .....	74	16,24.45
(2000-2001) .....	(68)	(9,33.96)
Document Processing Systems .....	15	28.25
(2000-2001) .....	(57)	(24.27)
Others .....	—	11.92
(2000-2001) .....	—	(28.74)

#### 16. Turnover:

Mini/Micro Processor Based Systems # .....	2197*	122,61.73
(2000-2001) .....	(1591)	(132,08.47)
Document Processing Systems .....	1505*	28,41.87
(2000-2001) .....	(1386)	(21,71.20)
Materials / Miscellaneous Items .....	—	8,84.59
(2000-2001) .....	—	(3,79.30)

\* Quantitative details for sales after exclusion of units capitalised.

#### 17. Purchases:

Mini/Micro Processor Based systems / Others # .....	—	89,18.09
(2000-2001) .....	—	(122,70.32)

# Includes software sets.

#### 18. Value of imported & indigenous Raw Materials, Sub-Assemblies and Components, Stores & Spare Parts Consumed:

	Raw Materials, Sub-Assemblies and Components		Stores and Spare Parts*	
	Rs. Lakh	%	Rs. Lakh	%
Imported	10,85.52	81	19.30	8
(2000-2001)	(5,43.74)	(75)	(8.25)	(4)
Indigenous	2,49.69	19	2,35.12	92
(2000-2001)	(2,08.00)	(25)	(2,10.16)	(96)
TOTAL	13,35.21	100	2,54.42	100
(2000-2001)	(7,51.74)	(100)	(2,18.41)	(100)

\* Includes appropriate write down for obsolescence.

No individual item of Raw Materials, Sub-Assemblies and Components exceeds 10% of the aggregate consumption of Rs.13,35.21 Lakh (Previous year Rs.7,51.74 Lakh).

## Schedules annexed to and forming part of the accounts for the year ended 31st March 2002

### 16. NOTES TO THE ACCOUNTS (Continued)

19. Income from Services is net of Rs.27.27 Lakh (*Previous year – Rs.74.93 Lakh*) pertaining to income of prior period.
20. Debentures are secured by a mortgage of the immovable properties of the Company comprising land, buildings and plant and machinery, both present and future situated at Delhi and Goa and movable properties (excluding stocks) of the Company wheresoever situated. The Debentures were redeemed at par on 20th October 1997. The balance outstanding represents refund warrants not encashed by debenture holders.
21. Loans and advances include Rs. 22.65 Lakh (*Previous year Rs.52.47 Lakh*) due from officers of the Company, maximum amount due during the year Rs. 52.47 Lakh (*Previous year Rs. 53.00 Lakh*).
22. Tata Sons Ltd. (Holding Company) is holding 1,36,34,393 shares of Rs.10/- each fully paid (*Previous year 1,36,34,393 shares*) in the paid-up share capital of the Company.
23. The identification of small scale industry suppliers is based on management's knowledge of their status. There are no dues to small scale industry suppliers outstanding for more than 30 days (*Previous year – Chodankar Engineering and Services, Astra Metal Systems Pvt. Ltd., Kala Gear Engineering Pvt. Ltd., Shashi Industries, Shashidhara Engineering Works, Match-well Die-Casters, South India Timbers, Sujan Industries, Special Bearing Mfg. Co., Mehra Leonardt Pens Pvt. Ltd., Jay Industries, Techno Services, Sunrise Packaging Industries*). The previous years' outstandings however, were within the agreed credit period with the suppliers.
24. Overseas Business Expenses include:
  - a) Insurance – Rs.3,52.57 Lakh (*Previous year Rs.2,73.50 Lakh*)
  - b) Travel & Conveyance – Rs.92,13.67 Lakh (*Previous year Rs.113,95.07 Lakh*)
  - c) Legal & Professional Fees – Rs.4,54.34 Lakh (*Previous year Rs.5,11.00 Lakh*)
  - d) Software Services – Rs.10,24.89 Lakh (*Previous year Rs.11,69.33 Lakh*)
25. Other Expenses include:
  - a) Software Services – Rs. 2,75.57 Lakh (*Previous year Rs.3,81.09 Lakh*)
26. An amount of Net Exchange gain of Rs.1,51.07 Lakh (*Previous year Rs.3,78.62 Lakh*) resulting from settlement and revaluation of foreign exchange transactions has been credited to the Profit and Loss Account.
27. The Company has valued its investments in Unit Scheme 1964 at Rs.10/- per unit. Unit Trust of India has assured to the unitholders of Unit Scheme 1964, holding excess of 5000 units, a repurchase price of Rs. 10/- per unit or Net Asset Value, whichever is higher as on 31<sup>st</sup> May, 2003. The Company intends to hold the existing units till 31<sup>st</sup> May, 2003.
28. Previous year's figures have been regrouped / reinstated where necessary.

Signatures to Schedules 1 to 16

For and on behalf of the Board,

F. K. KAVARANA  
Chairman

M. M. SURTI  
Company Secretary

N. JAIN  
Managing Director

## Statement of cash flows for the year ended 31st March 2002

	Rs. Lakh	Year Ended 31-3-2001 Rs. Lakh
<b>A. CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before tax .....	12,05.83	34,13.68
<b>Adjusted for :</b> .....		
Depreciation .....	16,06.45	17,70.13
Foreign Exchange .....	73.69	(1,14.33)
Provision for diminution in the value of investments .....	37.54	—
Provision for doubtful debts .....	12,58.38	—
Interest charged.....	1,24.32	3,00.13
(Profit)/Loss on sale of Fixed Assets (Net) .....	(52.74)	(3.71)
(Profit)/Loss on sale of Investments ( <i>Previous Year — Long Term Investments</i> ) .....	(0.42)	(31.80)
<b>Operating Profit before Working Capital changes .....</b>	<b>42,53.05</b>	<b>53,34.10</b>
Net effect of changes in Working Capital (Annexure I) .....	(7,43.96)	(1,58.81)
Interest paid .....	(1,27.20)	(2,97.00)
Direct Taxes Paid .....	(2,40.67)	(13,80.36)
<b>Net Cash from Operating Activities .....</b>	<b>31,41.22</b>	<b>34,97.93</b>
[(Including net inflows from Investments of Rs.4,75.60 lakh ( <i>Previous Year Rs.3,63.81 Lakh</i> )]		
<b>B. CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds / (Repayment) from /of long term borrowings .....	(3,33.66)	12,19.36
Dividend paid (including Tax on Dividend ) .....	(12,07.90)	(7,09.15)
<b>Net Cash from Financing Activities .....</b>	<b>(15,41.56)</b>	<b>5,10.21</b>
<b>C. CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Short term Inter-corporate Deposit placed/refunded (Net) .....	(4,90.00)	(24,10.00)
Purchase of Long-term Investments (Share Application Money) .....	(4,23.24)	—
Purchase of Current Investments .....	(2,50.00)	—
Proceeds from sale of Current Investments .....	2,50.42	46.80
Proceeds from sale of Fixed Assets .....	60.43	6.12
Purchase of Fixed Assets (including CWIP) .....	(8,09.74)	(16,78.15)
<b>Net Cash from Investing Activities .....</b>	<b>(16,62.13)</b>	<b>(40,35.23)</b>
<b>Total increase/(decrease) in cash and cash equivalents during the year .....</b>	<b>(62.47)</b>	<b>(27.09)</b>
<b>Cash and cash equivalents at the beginning of the year .....</b>	<b>9,21.83</b>	<b>9,40.45</b>
[Adjusted for unrealised Exchange Gain of previous year Rs.8.48 Lakh- ( <i>Previous year Rs.25.16 Lakh</i> ) realised during the year]		
<b>Cash and cash equivalent at the end of the year .....</b>	<b>8,59.36</b>	<b>9,13.36</b>
[Adjusted for unrealised Exchange Gain of Rs.21.78 Lakh- ( <i>Previous year Rs.8.47 Lakh</i> )]		

## Statement of cash flows for the year ended 31st March 2002

	Rs. Lakh	Year Ended 31-3-2001 Rs. Lakh
<b>Annexure I</b>		
<b>Changes in Working Capital</b>		
Decrease/(Increase) in Sundry Debtors .....	(7,65.89)	(25,62.51)
Decrease/(Increase) in Inventories .....	14,64.49	(8,50.56)
Decrease/(Increase) in Loans and Advances .....	(2,88.30)	4,51.64
Increase/(Decrease) in Sundry Creditors .....	(11,54.26)	28,02.62
<b>Net effect of changes in Working Capital</b> .....	<b>(7,43.96)</b>	<b>(1,58.81)</b>

For and on behalf of the Board,

F. K. KAVARANA  
Chairman

M. M. SURTI  
Company Secretary

N. JAIN  
Managing Director

Mumbai, 7th June 2002

## Auditors' Report on Cash Flow Statement

To,  
The Board of Directors,  
Tata Infotech Ltd.

We have examined the attached Cash Flow Statement of TATA INFOTECH LTD., for the year ended 31<sup>st</sup> March 2002. The statement has been prepared by the Company, in accordance with Accounting Standard — 3 "Cash Flow Statements" issued by the Institute of Chartered Accountants of India and the requirements of Clause 32 of the listing agreement, with the Stock Exchange and is based on and in agreement with the corresponding Profit and Loss Account and Balance Sheet of the Company, covered by our report of 7th June 2002 to the members of the Company.

For and on behalf of

S. R. BATLIBOI & CO.  
Chartered Accountants

G. N. JOSHI ASSOCIATES  
Chartered Accountants

Per  
NAWSHIR H MIRZA  
a Partner

G. N. JOSHI  
Partner

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Mumbai, 7th June 2002



## Balance Sheet Abstract and Company's General Business Profile

I.	Registration Details	
	Registration No.	State Code
	Balance Sheet Date	
	Date	

II.	Capital raised during the year (Amount in Rs. thousands)
	Public Issue
	Bonus Issue
	Rights Issue
	Private Placement

III.	Position of Mobilisation and Deployment of Funds (Amount in Rs. thousands)
	Total Liabilities
	Sources of Funds
	Paid-up Capital
	Secured Loans
	Application of Funds
	Net Fixed Assets
	Net Current Assets
	Accumulated Losses
	Total Assets
	Reserves & Surplus
	Unsecured Loans
	Investments
	Misc. Expenditure

IV.	Performance of Company (Amount in Rs. thousands)
	Turnover
	Profit/Loss before Tax
	Earning per share in Rs.
	Total Expenditure
	Profit/Loss after Tax
	Dividend Rate %

V.	Generic Names of Three Principal Products/Services of Company
	Item Code No. (ITC Code)
	Product description
	Item Code No. (ITC Code)
	Product description

For and on behalf of the Board,

F. K. KAVARANA  
*Chairman*

N. JAIN  
Managing Director

Mumbai, 7th June 2002

M. M. SURTI  
Company Secretary

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