

TATA ELXSI IN NEWS 2008

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Tata Elxsi to triple manpower on overseas design orders

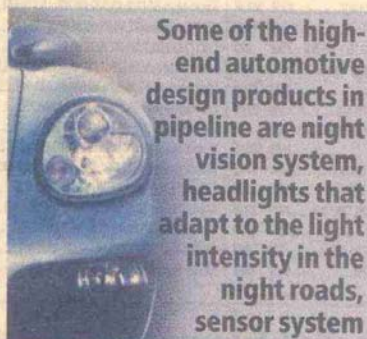
Bureau

Thiruvananthapuram, May 22

Tata Elxsi, Tata Group's embedded technology subsidiary, is ramping up its engineering manpower in South to match the automotive design needs of its overseas clientele. While a Rs 100-crore own facility is nearing completion in Thiruvananthapuram, the company has announced new development centres at Coimbatore and Hyderabad too.

In automotive design products alone, the company's order-books are bursting at its seams, with assignments from global names including the Fortune-100 companies. The latest development is its tie-up with the European specifications consortium Autosar. Some of the high-end automotive design products in pipeline are night vision system, headlights that adapt to the light intensity in the night roads, sensor system that studies and automatically adjusts to each traveller's mood in seating position, lighting and air conditioner-settings.

"It is possible to consider developing scaled down version of these products for Indian upmarket vehicles, if the country's automobile industry finds it viable," R Natarajan, GM and head of design and development centre, Tata



Elxsi, Thiruvananthapuram, said. This design centre focuses on automotive, multimedia and digital signal processing domains.

The Thiruvananthapuram centre, opened in 2001 with 30 engineers, now has 700 seats in its 52,000 sq feet facility. Another 1500 engineering seats will be added in a year or two at a 2-lakh sq ft facility, ramping up the manpower to over 3500 seats, Natarajan said.

The two new development centres at Coimbatore and Hyderabad will be set up in addition to the existing design centres in Bangalore, Mumbai, Pune and Chennai.

The Bangalore-headquartered Tata Elxsi claims the highest ROCE (return on capital employed) among India's IT firms and the lowest attrition rate.

**PUBLICATION: HINDU BUSINESS LINE
DATE: 23 MAY 2008**

Tata Elxsi moves into its Technopark campus

May accommodate 2,000 engineers

Our Bureau

Thiruvananthapuram, May 22
Tata Elxsi has moved into its own campus within Technopark Thiruvananthapuram.

Speaking to the media in the city on Thursday, Mr R. Natarajan, Centre Head (Thiruvananthapuram), Tata Elxsi, said the company has now completed phase I of the construction of its own campus in Technopark. All the work on the campus will be completed in about two years. When finished, the company's campus will be able to accommodate 2,000 engineers and will have

over 200,000 sq ft of built-up space, he added.

Currently, the company has around 600 engineers at its facility in Technopark. These numbers will go up over the coming months as the company is "in fast expansion mode", Mr Natarajan pointed out. Over the past year, the company has opened development centres in Coimbatore and Hyderabad. Besides these two centres and the facility in Thiruvananthapuram, Tata Elxsi has development centres in Bangalore, Chennai, Mumbai

and Pune, and a facility in Japan, he added.

The company's core business covers four areas — embedded product design services, industrial design and engineering, animation and visual effects and systems integration. Of these, the Thiruvananthapuram centre focuses on product design services, especially for the automotive industry, Mr Natarajan said. It is working in areas such as night vision systems for automobiles, adaptive front lighting systems for vehicles and airbag systems.

Intelligent cars spell big business for Tata Elxsi

Joe A Scaria

THIRUVANANTHAPURAM

AS GLOBAL auto majors go for more intelligent cars that can even adjust comfort levels according to the mood of the driver and co-passengers separately, the benefits are being reaped back in India by Tata Elxsi, which has the automobile sector as a key vertical in its product design services domain.

The research and development of a number of path-breaking features that mark new vehicles are being developed at the company's development centre here, which presently has a staff strength of roughly 700. "Typically, the high-end cars of the world have as many as 70 little computers, or electronic control units (ECUs), which also means

that about 60% of the cost of automobiles are contributed by the electronics that they feature said Tata Elxsi centre head R Natarajan.

The increasing electronics constituent in automobiles means more business for the company, which has a strong presence in the automobile vertical. The domestic market, however, presents a study in contrast, with some of the better-known vehicle brands on Indian roads featuring less than 10 ECUs.

Mr Natarajan said some of the cutting-edge work the company was engaged in, included bending the beam of vehicle lights while taking curves, night vision, elevating or dipping the beam as required, and adaptive front lighting system (AFLS) which enabled drivers to prevent light from vehicles coming in the opposite direction

blinding them temporarily.

Company officials said some of the product designs undergoing development at the centre here included sensors that would automatically measure body temperature and pulse of the driver and accordingly adjust air-conditioning in the vehicle, adjust air-conditioning levels according to personal comfort levels of each passenger, and airbags that would open to the levels required for passengers of different weights.

Tata Elxsi, which had a profit after tax of Rs 52 crore in 2006-07, has seven global development centers in the country including the Thiruvananthapuram facility, besides one centre in Japan. The centre here is targeted to have a strength of 2,000 software professionals within the next two years.

ROAD TO MONEY

- **Some of the cutting-edge work that the company was engaged in included bending the beam of vehicle lights while taking curves, night vision, elevating or dipping the beam as required, and adaptive front lighting system (AFLS), which enabled drivers to prevent light from vehicles coming in opposite direction blinding them temporarily**
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FMCGs up R&D spend on design

RUCHITA SAXENA
Mumbai, 7 June

GlaxoSmithKline Consumer Healthcare's latest offering Women's Horlicks was the best ever launch for the company because of its unique product design, which hugely influenced purchase at modern retail stores, say executives. The bottle, shaped like a woman's form, was based on a research finding that women like to buy products that reflect their identity.

According to the innovation design engineering (IDE) division of Tata Elixii, which designed the Women's Horlicks bottle for GSK, spends on product design by fast moving consumer goods (FMCG) companies have gone up two to three times in the last seven years.

Increased competition and a growing need to differentiate one's product in the FMCG sector, which has become crowded with record number of new product launches in the last year itself, has led companies to step up their spends on product design.

Anil Narayan Sondur, general manager, IDE, Tata Elixii,



FORM FACTOR

- Spends by fast moving consumer goods companies on product design have gone up two to three times in the last seven years
- Rising competition and the need to differentiate have led FMCG companies to step up their spends on product design
- The spends on product design have gone up to 15 to 20 per cent of the total R&D spend
- The new look is likely to boost the market share and sales of products
- With changing times packaging has emerged one of the key differentiator and has gained importance

said, "About seven years ago approximately 5 to 8 per cent of research and development spend of companies was put in for product design and packaging. However, recently this number has risen to 15 to 20 per cent of the total R&D spend by FMCG companies. We see the reflection of this growth in our own business that is growing by 45 per cent year-on-year."

FMCG major Hindustan Unilever (HUL) spokesperson said "Companies are def-

initely increasing the cost of repackaging and the R&D involved in it. After the re-vamping of Sunsilk from a brand which was well known among the older generation, the new iconic and aspirational positioning has definitely helped the brand.

The new look has increased the market shares and sales. The relaunch of Sunsilk has given significant consumer feedback, according to data by market research firm IMRB, 100 per cent have seen a change in the brand Sun-

silk and 50 per cent in the overall packaging."

United Spirits (USL) in February also relaunched its whiskey brand McDowell's No 1 in a new smartpack designed by a Flex-America and new look by Claessens International. It aims to become the largest selling whiskey brand in the world by attracting consumers through its new design. It is already the fourth largest and is growing the fastest at 43 per cent in 2007 with sales crossing 9 million cases. Mathew Xavier,

business head, United Spirits, attributes the position of its brand to the constant innovations in product, packaging, marketing and promotions undertaken by the company.

He said "Packaging was always considered as something needed for protection. However, with changing times it has emerged as one of the key differentiator and has gained importance due to its high display value. Consumers can now pick and feel their brand as they have access to the shelves that was a distant reality prior to the retail revolution."

Companies say gone are the days when the kirana shop keeper would hand over products to a consumer and the consumer had no choice. To survive in this clutter of brands, one has to keep up with the spirit of the time and match with the modern habits of the consumers.

To keep up with a continuously upgrading consumers who want the best, companies are at a cut throat competition to deliver the best and be singled out among the clutter.

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DATE: 11 JUNE 2008

Tata Elxsi sees more business from JLR

Our Bureau
MUMBAI

TATA Elxsi, a long-time vendor of Jaguar LandRover (JLR) for its outsourced design requirements, expects the size of the engagement to go up significantly—by about 2-3 times—following JLR's recent acquisition by Tata Motors. However, CEO and MD Madhukar Dev said the contract size was expected to



go up not because of the acquisition by the Tata group, but because of the absence of 'Ford bureaucracy'. He declined to comment on what the current engagement size was, citing client

confidentiality.

Tata Elxsi gets about 10% of its revenues from its design and engineering business, which does work related to auto design, consumer product packaging, medical equipment and other areas. A majority of its revenues (about 75%), however, comes from embedded services, another 10% from systems integration and 5% from its animation and special effects business.

"Eventually we want to position

ourselves as a design house rather than a service provider," said Mr Dev. The firm is setting up a design house in UK in the current fiscal to tap into the projects that it is losing to local design houses there.

The firm, which reported revenues of Rs 403.8 crore for the year ended March 2008, expects the animation and visual effects business to grow from 5% to 20% of its revenues by FY10, making it the fastest growing business.

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DATE: 11 JUNE 2008

Tata Elxsi sets high growth target

OUR CORRESPONDENT

Mumbai, June 10: Tata Elxsi, the software design services arm of the Tata group, is looking to improve upon the 30 per cent revenue growth it clocked last year.

Company managing director and CEO Madhukar Dev said, "There will be a lot more improvement on the 30 per cent revenue growth last year. We aim to become an end-to-end solution provider now."

The company plans to increase its headcount to 4,500 from 3,500 now. It has also earmarked a capital expenditure of Rs 45 crore for the two new development centres at Hyderabad and Coimbatore and for the expansion of the Thiruvananthapuram facility.

Tata Elxsi provides product and engineering design services, system integration and visual computing.

The company is setting up a design engineering studio in the UK, which will be operational in two months, Dev added. This will be the company's first design studio in Europe, which is emerging as a key destination for the firm.

"We intend to replicate our near-shore centre in Japan. It will have an international de-



Madhukar Dev in Mumbai on Tuesday (Fotocorp)

sign team, which will cater to our clients there," he said.

Of the 30 per cent revenue share from Europe, about 15 per cent is from the UK, where it has about 25 clients. It sees a 40-50 per cent year-on-year growth in its UK business.

Telecom move

Tata Communications will expand its network in Africa through a collaboration with Neotel, South Africa's first converged communications network operator.

Both the operators have set up a new multi-service point of presence in Johannesburg to provide high-speed Internet, virtual private network,

network management and hosting services.

Customers in South Africa will now be able to access Tata Communications' global suite of products, including voice and data connectivity, security services, application traffic optimisation, hosted applications, server management and content distribution.

"This is another step forward in our commitment towards expanding Tata Communications' global footprint and delivering unparalleled network reach for our voice and data services," said Claude Sassoulas, managing director (Europe and Africa) of global data solutions, Tata Communications.

"Our investment in the Seacom cable in this region shows our commitment in supporting our growing customer base," he added.

The company will continue to extend its global presence with a focus on emerging markets in West Asia, eastern Europe, South America and Southeast Asia, said officials.

Telecom service provider Tata Indicom has introduced three tariff plans—plan 450, plan 275 and plan150—for its post paid customers, which offers services such as free calling and low STD tariffs.

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DATE: 11 JUNE 2008

TATA ELXSI WANTS TO STEP UP GROWTH, PLANS RS 45 CRORE CAPEX

[http://economictimes.indiatimes.com/Infotech/ITeS/Tata Elxi wants to step up growth plans Rs 45 crore capex/articleshow/3118371.cms](http://economictimes.indiatimes.com/Infotech/ITeS/Tata_Elxi_wants_to_step_up_growth_plans_Rs_45_crore_capex/articleshow/3118371.cms)

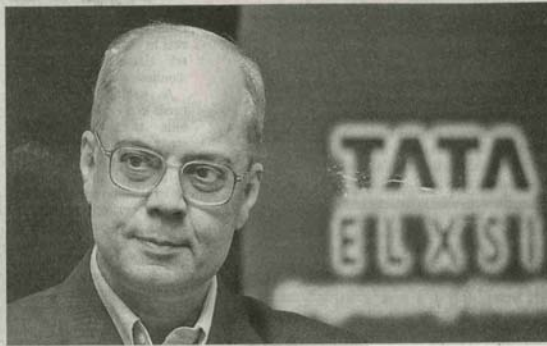
Tata Elxsi Ltd, a comparatively low profile company from the Tata fold is planning big. The company which is engaged in areas like embedded product design services, animation and industrial design grew over 30 per cent during the year ending March 31 and plans to grow even more in the current fiscal, Madhukar Dev, Managing Director of the company told reporters. The company currently gets about 85 per cent of its revenue from foreign countries and its one unidentified Japanese customer alone accounts for 20 per cent of its total sales. The possible sharp growth could result in rise in workforce from about 3,500 to 4,500 during the current year, Dev said. The company had reported a net profit of Rs 52 crore on sales of Rs 403 crore for the fiscal 2007-08. Product design services contribute about 80-82 per cent to the company's revenues and the company's main focus remains in embedded engineering space, he said. The company has design centres and labs in seven places including Mumbai. The company is setting up two more development centres in Coimbatore and Hyderabad and undertaken expansion of facility at Thiruvananthapuram to scale up requirements of clients. The company had done special effects for some of the well-known Hindi films like 'Jodhaa Akbar', and 'Rang De Basanti', he said. It has partnered with Disney and Yash Raj Films which has enhanced its credibility in delivering animation and visual effects, he added.

Tata Elxsi: Press Enter

Emerging opportunities in developing full-length animation films and presence in lucrative markets augur well for the company.

BUY

K.Venkatasubramanian
Investors can buy the stock of Tata Elxsi, given its robust business prospects and reasonable valuations. At Rs 208, the stock trades at 12.5 times its FY08 earnings and 10 times its likely current year earnings.



Mr Madhukar Dev, MD, Tata Elxsi...Game for animation

ings.

Strong presence in the product design and engineering segment, emerging opportunities in developing full-length animation films, which Tata Elxsi appears well placed to tap, and an expanding presence in lucrative markets may drive growth for the company.

Tata Elxsi broadly operates under two divisions – software development services (85 per cent of revenues) and a systems integration. The software development division comprises two high growth areas. Product design services catering to clients in consumer electronics, multimedia, wireless communication and automotive electronics. The visual computing division develops graphics and special effects and creates animation films.

PRODUCT DESIGN SERVICES

This segment has driven strong deal wins for Tata Elxsi from original equipment manufacturers (OEMs) of office automation and consumer electronics products. The company works with these OEMs to design embedded solutions for game consoles, digital cameras, home appliances and a whole host of other electronic products.

These are high growth seg-

ments in India as well as in the US, the UK and Japan, where the company has a footprint. With strong partnerships with principals, the company appears well placed to garner service revenues as well as annuity revenues for further software/hardware upgrades or updates. A similar model of working also exists with office automation products manufacturers.

VISUAL COMPUTING LABS

This segment has already tasted success, developing special effects for films such as *Dhoom2* and *Salaam Namaste*. The success of animation films such as *Hanuman* has triggered a series of animation ventures in India.

Tata Elxsi has now designed and developed a 90-minute animation film for a Yashraj Films and Disney Studios venture, *Roadside Romeo*. The company has taken a fixed-price contract for this deal. If the film becomes a success, it could result in more such deal wins from the US, where animation is a \$10 billion industry, according to KPMG estimates. The Indian animation industry is also expected to touch \$1 billion by 2010. This represents tremendous opportunity for Tata Elxsi.

On the realisation front, the

success of such films at the box-office could help in two ways. One, it could prompt the company to take up a revenue-share model, which provides an upside if an in-house produced film is a success. Alternatively, the billing levels could also be increased substantially in case a fixed-price contract is taken. The company hopes to see this segment contribute Rs 100 crore over the next three years.

TELECOM SEGMENT

The company works with telecom network manufacturers and phone companies in the wireline, wireless as well as wireless-broadband space. Tata Elxsi develops applications and software components that are built into telecom infrastructure.

The company develops solutions value-added services such as MMS and Mobile TV to be integrated to mobile phones. Wimax is another focus area for the company and has deal wins in the US in this segment.

In the US, new 3G spectrum and licences were issued recently. The 3G policy is also on the anvil in India. Europe represents the largest VAS (value-added services) market in the world and, along with the US, is expected to expand Wimax services soon.

Operators around the world are seeking to offer VAS as a means to stem the tide in falling ARPUs and are expanding the scope of such offerings. Even media broadcasters are looking to package content tailored to mobile phones.

All these factors represent strong opportunities for Tata Elxsi, which it is well placed to tap, thanks to its existing working relationships in the design engineering space such as Tensilica, ARM, Altera and Xilinx.

OTHER POSITIVES

The company has a reasonable geographic spread with the US, the UK and Japan contributing 30 per cent each to overall revenues. The rest comes from India. This reduces concentration risks. This apart, the appreciation of the dollar, pound and the yen against the rupee may also improve realisations.

RISKS

Technology obsolescence and delay in project executions (which has happened in the past) leading to a gridlock for starting on further projects are key risks. Debtor days have increased to 90 days from 70 earlier, which may expand working capital requirements.

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DATE: 28 JUNE 2008

Technology players are playing an ever bigger role in Bollywood. Some are now even looking at Bollywood as a branding opportunity, finds **Shivani Mody**

Thoda IT, Thoda Magic

Watching the movie, *Thoda Pyaar Thoda Magic* one sees Rishi Kapoor acting as God, working in a virtual heaven, looking at people on earth through his magic ball. Then there's Rani Mukherjee skating on the water in a swimming pool. Earlier, in *Jodhaa Akbar* you had a massive battle front with thousands of soldiers, elephants, horses all in one scene. The cute baby Hanuman endeared himself to millions of people in India with his expressions, pranks and antics.

Indian movies now routinely compete with Hollywood movies making use of technology, special & visual effects and animation. And as they do this, technology companies are now finding their hands full of work in the film industry. Not only do they provide state-of-the-art back-end support and management, they are also now increasingly providing animation skills, scene creation on the computer and even helping the director take better technologically enhanced shots.

In fact, for some IT companies, media and entertainment is emerging as a vibrant and significant business.

"With *Shogun: The Boss* we reached out to the large south Indian audience, while its English version gave us an international reach. We're working on some Hollywood projects too," says Kulwinder Singh, head of global marketing in Satyam BPO.

For the latest Kamal Hassan movie *Dashaavtaram*, Satyam worked with the director to make the scenes more effective and real. In a scene with a 12th Century setting, Kamal Hassan was pinned down to an idol and then submerged into the river using two boats. "We technologically created the scene and combined it with Kamal Hassan's live acting. We need to be very accurate with the effects as audiences should not be able to differentiate what is real and what is a special effect. Also in scenes where two or three of Kamal Hassan's 10 characters meet, we had to do tedious technology work to make it look real," says Singh.

Graphics and computing power often forms the heart of special effects. For *Om Shanti Om*, Nvidia provided its technology Quadro a graphic processing unit (GPU—also called visual processing unit) that works well for high-end graphic capability and effects. These can handle a range of complex algorithms better than the general-purpose CPUs can. In the song *Dhoom Taana*, Deepika Padukone was made to dance around statues with a plain background. Then shots of the likes of Rajesh Khanna, Sunil Dutt and Jeetendra from old movies were selected and these were composited with Deepika's dance to produce the song.

"The two issues the Indian film industry has to deal with is creativity and technology. You might have the technology but you still need creativity to make effects look convincing," says Prasad Phadke, head of the professional solutions business in Nvidia India. "For good animation effects, we need good graphics and colour composition. The market in India is booming. A forecast says that in one year 70 animation films

will be released with Indian content based on the mythological stories such as *Ramayan* and *Mahabharat*," says Phadke.

Digital content creation has grown three-fold in the last few years. "But government rules for local contribution to movies need to be sorted out for it to grow without any hitch. We need tax benefits for local studios to do better work and see growth," says Phadke. Nvidia says it has doubled the Quadro business year-on-year in the last three years. Depending on the kind of work done, a company may make about \$10 million to \$15 million or more for the special effects in a movie.

Then there are companies like IBM that provide back-end support, which it did for production houses like Toonz Animation. "After creating the cartoon and computer images, adding colour and doing the 3D modelling requires huge compute power and capacity," says Viswanath Ramaswamy, country manager (projects), IBM India. For *Hanuman*, IBM provided 5 high-end workstations for partial animation, 5 high-end workstations for compositing and 25 high-end workstations for 2D ink and print.

Most applications are built on Linux platforms. A motion picture animator prefers Linux as most of the everyday tools are already available on that platform, and the number being produced specifically for Linux is increasing at a remarkable rate. Special effects constitute about 5% to 10% of a total movie structure. A complete animated movie is more complex to create and has additional technology needs. IBM is also associated with Hollywood movies, *Happy Feet* and *Lord of the Rings*, to name a few. "Its a niche segment in India, but is seeing tremendous potential and growth," says Ramaswamy. For movies *Jodhaa Akbar*, *Dhoom* and *Rang De Basanti*, Tata Elxsi has worked on the visual effects. Taking live shots of an Air Force base or of a MIG 21 plane is prohibited making it impossible to shoot the scenes with

proper action. So, for *Rang De Basanti*, the company used drawings of MIG 21 and created 3D models of the plane on the computer, a process that took a couple of weeks. On the other side, shots of the four actors running towards a building were taken separately. Combining the computer image of the plane flying off and the boys running, the final scene was created on the computer, in all the process taking about 5 to 6 weeks.

In *Dhoom*, the idea of virtual sets was used to show Hrithik and Aishwarya stealing from the museum in an ancient, heavily guarded fort in Rajasthan. "We did some live shooting in Mumbai and recreated the forts on a computer. We were able to give the actual effect and enthrall the audience, after adding the live shots to the virtual world," says Pankaj Khandpur, creative director of Tata Elxsi's visual computing labs. "In *Jodhaa Akbar*, the battle sequences are about 80% virtual, clubbed with some real shots. These are known as CGI (computer-generated imagery) elements. First a scene was shot with some rows of soldiers, 20 elephants and horses. These images were then recreated to multiply the number of people and animals to show the full battle ground," says Khandpur.

Tata also did some period restoration effects for Amer Fort, in a bid to give an ancient look and feel. In a scene that had Aishwarya looking out of a window, one could see the scaffolding and recent painting effects clearly in the shots. Technology was used to remove the scaffolding and signs of the modern day changes.

"To support our work we had installed about 40 terabytes (TB) of storage capacity. For *Jodhaa Akbar* we used about 8 TB of storage, 200 CPUs for rendering (a process of generating an image from a model), 8 persons for IT management and 70 CPUs for artists working on the creation and reworking of images," Khandpur says.

"In *Jodhaa Akbar*'s three and a half hours, special effects constituted 40 minutes," he says.

(Additional reporting by Debojyoti Ghosh & Swati Anand)



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DATE: 15 JULY, 2008

Tata Elxsi designs shoes that can fit in laptop bag

URVASHI JHA
 Bangalore

IN A tearing hurry to catch that flight, only to find the second pair of shoes not fitting into your baggage? Familiar plight, right? Help is at hand, or rather the foot.

Innovation Design Engineering (IDE), the industrial design division of Tata Elxsi, has developed a travel shoe that can be folded flat. It is so flat that it can fit into a corner of your laptop bag. The shoe is developed at its Innovation Labs in Bangalore, and it hopes to appeal to the rushed corporate traveller.

Tata Elxsi is scouting for companies that can manufacture the footwear on a commercial scale. Soon it may partner with Nike, Puma and Liberty for the project, com-



Sajith Kumar

pany officials told Financial Chronicle.

The shoe has the look of trendy sportswear, and is made of cloth and plastic.

Prototypes for both genders are ready to run.

The Bend-it-like-Beckham shoe is only a slice of the company's plans to look at

additional revenue streams. The company plans to provide design solutions to retail companies as well, and is also exploring aerospace interior design services. IDE, thus far, had largely focused on consumer products such as packaging, electronics, appliances and the automotive sector.

"We believe that the future of retail design lies in integrating design and technology," said Narendra Ghate, senior manager, IDE. "We expect retail design projects to contribute about 15-20 per cent to our revenues, two years from now."

The company is leveraging its experience of designing car interiors to target aerospace. "There are various elements of interiors such as the seats, side panels, roof panels and colour schemes that can be cus-

tomised and designed to make the aircraft look different," added Ghate.

At present, IDE accounts for 10 per cent of Tata Elxsi's revenues, which touched Rs 408 crore in fiscal 2008. The other business divisions of Tata Elxsi are product design, visual computing labs and system integration.

Expecting a windfall, IDE also plans to increase its headcount to 400 in two years, from a present strength of 55 employees. The company competes with global design houses such as IDEO, Design Bridge and Fitch Design. Prominent clients include Procter & Gamble, UB group, GlaxoSmithKline, Unilever, Tata Motors and Nissan among others.

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Strategic Push

Cos need to give that extra kick to help staff scale from level to level

ONE OF the most important qualities of a progressive organisation is the desire it shows to develop its employees. Organisations grow in the same way as individuals, therefore talent development should be part of a company-wide initiative. When organisations look at achieving growth, expanding markets or improving its top line, it needs to identify people who can take this mission forward. What comes foremost is how to attract talent. What many organisations overlook is the need to tap internal talent and enhance their contribution. The challenge most organisations face is to provide growth experience to their people. The questions we need to ask are — why do some people with similar qualifications have higher performance levels? What is the difference between high and low performers?

The answer depends on which career stage the individual is. Typically, there are four stages:

The first stage begins when an individual starts his career and is in the learning phase. The individual learns and starts contributing under the supervision of his mentor. This is the 'honeymoon phase' where individuals learn from their mistakes. This helps employees earn credibility, learn to work with others and understand the company's norms. This stage may not last long and they move on to the next stage.

In the second stage, individuals are expected to utilise their skills to deliver quality performance. This stage recognises the individual contributor. He can work with little or no supervision and is recognised as an expert. At this stage, organisations need to work towards extracting the best from them. The comfortable environment created for the employees motivates them to deliver better. The trap here is that the more they get comfortable, the harder it is for them to move on to the next stage. Many would want to stay at this stage and be seen as 'technical experts'. Organisations might try to move them to the next grade, raise their remuneration but they continue to do the same thing.

Managerial talent is spotted at this stage and individuals are expected to move up the ladder to the third stage. Here, some key responsibilities expected of an individual are to manage people, delegate responsibility and keep the team together. Besides continuing to build competencies, employees focus on broadening their horizons and develop expertise in chosen areas. Success comes from helping the team perform its best, developing common goals and working to the team's success, apart from individual contribution. They need to work together and take their ideas forward for implementation and success lies in making positive contribution.

The fourth stage is where the individual moves to take a strategic role and contributes to

a company's growth at a higher level. He is expected to set the directions and build his team's vision. The individual should have the ability to grapple with uncertainty and be prepared to take a decision. The individual is recognised as part of the leadership team.

Each stage marks a distinct phase of an indi-

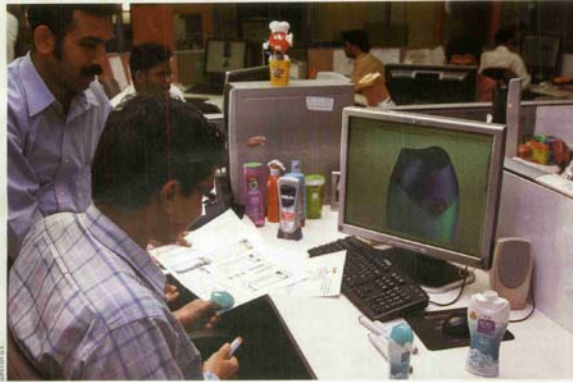


vidual's career and unless a person makes an effort to move on, they become stagnant. If an individual chooses to remain in stage two, he will be branded a poor performer. If we look at any organisation's workforce distribution, stage two will form the large share of the pie followed by stage three. Around 10% will be in stage four.

Organisations need to help employees understand in which stage they are in and how they can move on. Many employees will be in transition between stages. Movement from stage one to stage two could be a natural process but stage two to stage three could be difficult if the organisation is not focused on developing the skills of people. As people move from stage two to three and stage three to four they add value to the organisation and become part of the success story. An organisation needs to assess if they have the right mix of people in each stage. Here are a few steps: Firstly, succession planning and career planning can help address this challenge internally. Secondly, proper selection and staffing plan will see that people with competencies relevant to each stage are hired to ensure balance. Thirdly, put people through challenging assignments to help build competencies for the next stage. Fourthly, facilitating people at the transition stage. A motivated workforce provides a competitive advantage to an organisation. All it needs to do is nurture its employees.

PHILIP K MAMMEN
(The author is GM, compensation & benefits, Tata Elxsi)

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India Inc. is now investing in design, and wooing design graduates

by Sumati Nagrath

stantly innovating and listening to the consumer. The designer plays an indispensable role by converting consumer insights into 'viable alternatives' and thus enabling 'firms to create a truly differentiated brand', explains Nair, who leads a team of 12 designers in India and four in Shanghai. In fact, he says, several management institutes, including those at Stanford and Chicago universities, have now developed a D-school model, where students are encouraged to develop strategic approaches for market success using design as the core proposition.

Design Delivers
Design, says Dinesh Korjan of the Ahmedabad-

Latika Khosla, director of the Mumbai-based Freedom Tree Design, which specialises in colour-trending, cites the example of the difference they made for General Motors' MUV Chevrolet Tavera. "Based on our research, we convinced the firm to offer the model in a shade of green that has traditionally not done well in India," he says, adding that within two months of its launch, that colour ended up commanding well over 50 per cent of all Tavera sales. Thanks to such success stories, firms are not only investing in design, but are also now actively wooing graduates with design degrees.

Upswing MBAs?

"At Whirlpool, we recruit from the major design schools in India at the management 'trairee level and consider them on a par with graduates of MBA programmes," says Nair.

According to Srihiti Lodaya, the institute's graduates have been recruited by large and small design firms, R&D units of technology corporations, e-publishers, corporate and marketing communication units and the like.

Design-based approach to problem solving is increasingly being recognised as more creative and effective than traditional approaches, says Sushant Desai, managing director and CEO of Future Brands. Interestingly, Desai, an MBA himself, believes that "MBA is a course that in some cases is dead on its feet". He explains, "MBA degree signifies nothing more than the acquisition of a resource allocation skill, and now it is time to move from that to a more creativity-based mode where design becomes the heart of problem solving, the driving seat of business innovation." This is imperative because we have moved on from an era of large business houses with fixed resources trying to maintain status quo to one of smaller and more agile organisations. "The future," he says, "is in the blending of business and design."

Agrees Lodaya: "An innovation shifts from being a luxury to a necessity, it is inevitable that design and management will have to fuse into each other." However, there is still a significant distance to cover between the felt need for designers and their real place in the corporate hierarchy. Lodaya runs that in terms of pay scales and responsibilities, there is still the perception of managers being superior.

Still, it can be safely said the future belongs to those who can combine management and design sensibilities.

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Design Schools In India

- National Institute of Design, Ahmedabad
- Industrial Design Centre, IIT-Bombay
- Instrument Design and Development Centre, IIT-Delhi
- Srihiti School of Art, Design and Technology, Bangalore
- National Institute of Fashion Technology, Delhi, Bangalore, Chennai, Gandhinagar, Hyderabad, Kolkata, Mumbai
- Synthesis Centre of Design, Pune

International Design Schools

- Carnegie Mellon University, US
- Central Saint Martins College of Art & Design, UK
- Design Academy Eindhoven, The Netherlands
- ENSCI Les Ateliers, France
- Parsons The New School for Design, US
- Hasso Plattner Institute of Design, Stanford University, US

FOR years they have worked away from the public gaze to make our lives that little bit more comfortable, that little bit more beautiful. Without credit, designers have made sure that our office mugs are easy to hold, our car seats are ergonomically perfect, our electronic gadgets are not eyesores. But now, as consumers seek good designs and look at designers as brands, it is finally time for the Indian designer to step into the spotlight.

Today, says Arvind Lodaya, faculty member at Bangalore-based Srihiti School of Art, Design and Technology, design has become a buzzword among the middle-class and a respectable choice of profession for many. "Design courses are proliferating every day, and this trend is particularly visible in the fields of fashion and graphics," he says.

CREATIVE EDGE:
Designers at the Tata Elxsi office in Bangalore. Indian industry now needs about 10,000 new designers every year

The only differentiator between products today is design, says Anil Sondur, general manager of IDE, the industrial design division of Bangalore-based Tata Elxsi. The unit, which specialises in marrying business consulting with design solutions, has a team of about 200, out of which around 60 are trained designers. But

The Next Big Thing

finding the right kind of talent continues to be a challenge, says Sondur. According to Pradyumna Vyas, director, industrial design, at the National Institute of Design (NID), Ahmedabad, Indian industry now needs about 10,000 new designers a year, but the three NIDs produce only 850 designers across 16 disciplines, and the industrial design centres at the IITs add another 150 design engineers a year.

The reason why being a designer has gone from being an obscure and risky career choice to being a desirable and relatively secure one has to do with the growing importance of design as a key business tool. "The strategic significance of design has been recognised by Indian industry as well as global companies operating in the region," says Hari Nair, director of Global Consumer Design Asia at Whirlpool India.

The only way a business can survive and stay ahead in the marketplace, says Nair, is by con-

tinued Studio Korjan, needs to be "rediscovered as a strategic business tool" by industry leaders. "When practised at the strategic level, design can alter the fortunes of a business dramatically as it engages with the core offering of the company — its product or service," Korjan cites the cases of Apple, Intel, Google and Sony as examples of companies that have achieved dramatic global success through design.

In India, too, design success stories are becoming a part of corporate lore. According to Korjan, the air cooler that his company designed for Symphony led to 60-fold growth of the company by the third year. Also, he mentions, the Splash range of geysers that his studio created for Chennai-based Venus Home Appliances not only helped the firm beat the onslaught of multinational competitors, but also pushed its annual growth rate up from 18 per cent to 60 per cent.

The 100 per cent employment...

**PUBLICATION: DECCAN CHRONICLE
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Can't do the real thing? Take to Virtual Reality

BY SANGEETHA CHENGAPPA
BENGALURU

Aug. 19: Touring Egypt has been a long time dream of yours and finally you did manage to get there — the land of mummies, pharaohs and pyramids. Your tour operator took you to the tomb of Tutankhamen, but alas! You were told visitors were not allowed to go into the burial chamber.

Many of you may have had frustrating experiences such as this.

But there is a bit of good news. Virtual Reality (VR) technology has advanced far enough to make it possible to virtually venture into places where visitors are not allowed to go. What's more, in a virtual tour, history is reconstructed for you piece by piece. And it makes it seem as if you are right there in the midst of some exciting historical monument when you are only walking through a virtual museum. Heritage is recreated, and historical sites are augmented with additional VR environments.

For instance, you can virtually walk through Tutankhamen's burial chamber which is adorned with paintings and illustrations — all of which tell an elaborate story of Tutankhamen's journey into another world soon after his death. You can also get a three dimensional view of Tutankhamen's gold mask, which was removed long ago from the burial chamber and kept in a museum in Cairo.

All this is possible because Virtual Reality technology captures three dimensional images of artifacts and places them in their original context, making history come alive for you. This correspondent had the opportunity to go on a breathtaking virtual tour of Tutankhamen's burial chamber. The mask rose up in front of her, turned on its axis and virtually begged to be examined!

What is Virtual Reality? VR refers to computerised simulations of real-world 'environments'. Here, users move through virtual environments as though they were navigating in the real world — walking through structures and interacting with objects in the environment. To enter this environment and interact with the system, a person has to use special peripheral devices which includes goggles,



Above: An automotive design team in action using virtual reality technology.

Left: People experience VR in a variety of situations.

head-mounted devices, special gloves and force feedback devices.

Virtual Reality technology can also help in life-saving surgery, where VR software help to generate 3D images and then rotate them in ways that are relevant to rehearsing for a surgical operation. Doctors worldwide are using VR technology to treat many disorders, from phobias to addictions.

Imagine this situation: You are sitting in a virtual aircraft, strapped in and ready for take-off. But you are terrified of flying and are suddenly hit by a panic attack where you have an uncontrollable urge to jump out of your seat and run screaming out of the aircraft. However, at that precise moment, the soothing voice of your therapist speaks to you, telling you how to deal with your fears. The virtual scene around you disappears, you remove the headset and return to the safety and tranquility of your therapist's

office. Taking control of your phobias involves facing the frightening situation head-on and learning to deal with it. But it is impractical to do that by actually flying time and again just to get over the fear of flying. Creating the experience virtually is less expensive and can deliver the same results.

The video gaming industry, too, thrives on VR technology, where people are now able to 'move' in a video game not just from one side of the screen to the other, but they would be able to look all around in a new and fascinating 3D virtual environment.

Telepresence is a form of videoconferencing that gives you an almost real-life experience through life-size images, duplication of facial expressions, gestures and sounds in real-time.

The Defence services use VR technology to create aircraft design prototypes, evaluate the efficiencies of

new weapon systems, to train pilots, or to simulate war games. These sectors use VR technology to reduce design lifecycles and to go to market faster with better products.

In common, the design process comprises three stages - mechanical design, computer-aided engineering and virtual prototyping and simulation. While mechanical Computer Aided Design tools are available and widely used, the next two steps are traditionally executed through iterative experimental processes using physical prototypes that were very expensive and time consuming to build.

"In the new scenario, when using Digital Prototyping and Virtual Reality, physical prototypes don't need to be created until the very end of the development process, after the engineering and management teams are confident that a high-quality, well executed, product design has been achieved,"

says M.M. Prasad, head of Tata Elxsi's India business in system integration services.

Creating a virtual experience requires a room with a virtual environment recreated with sophisticated projection systems, adequate sound effects and acoustics in place along with external devices like a 3D mouse, head mounted devices, etc. To create an immersive experience, a vision dome can be created so that a person is enclosed in that space in a virtual environment. 3D images come popping out, rotating in all directions, which can be controlled with a 3D mouse.

"A basic virtual reality lab would cost around Rs 20 lakh to set up whereas a sophisticated one would cost around Rs 2 crore," says Prasad. "The Virtual Reality market in India is at a nascent stage, at around Rs 100 crore presently. This market will see a 30-40 per cent growth in a few years. While the early adopters of this technology in India have been the automotive and defence sectors, we are trying to expand the market to include museums, state tourism departments and the healthcare sector," Prasad said.

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Branding the tech way

Marketers use customer-facing technology to build brands in the retail segment.

ANJALI PRAYAG

India is a nascent retail market and use of technology in branding in retail is almost unheard of. When the Industrial Design Division of Tata Elxsi decided to try its hand at retail design (not-so much in space design as in branding for products in a crowded retail store), there was no doubt that technology would dictate this creative foray too, as with everything else that the company has been doing. "In a multi-brand store, the product has to get visibility. Engaging the consumer has also become a big issue. The only way to do this is through use of technology," says Anil Narayan Sondur, General Manager, Industrial Design Engineering (IDE), Tata Elxsi.

This essentially means engaging the consumer with one's brand using technology. Radio frequency identification (RFID) and personal identification through biometrics, which are playing a major role in retail processes in other countries, will soon be used in Indian supermarkets too, says Sondur. RFID can help capture customer data and track material movement. Earlier, cards without RFID would work and help only when customers would come to the cashier and present their cards. With RFID, the cards can be sensed from a certain proximity and hence,



interactive displays can be set up within the store that will recognise the customer and help in the buying experience. Globally, retail is tracking its customers and their buying habits through image processing that recognises people and their usage of the outlet.

Tata Elxsi has worked with the complete engineering design of one of the Marlboro point-of-sale units – storage and display across all variants. This was to design advertising and branding for its products in the automatic dispensing system seen in supermarkets.

Most retail stores abroad are unmanned and would require a centrally controlled branding system. Tata Elxsi designed vari-

ous levels of advertisements for the dispensing system that Marlboro could electronically control from its offices. In India, though this kind of work is still not in demand, Tata Elxsi is now helping set up interactive kiosks for clients with Musicon, a company providing music content, where consumers can download music from a kiosk to either a mobile phone or a similar wireless device. This kiosk can then be used for branding by any consumer products or services company.

Though IDE plans for retail are yet to take off in India (Tata Elxsi is in talks with several leading retail players, says Sondur), the company's work brand and product development services span a range of

Branding unbound: Tata Elxsi's work on brand development spans a range of industries including FMCG. In one case, it has changed lab equipment into products that consumers can use.

industries: FMCG (GSK, Unilever, Sara Lee, Emami), transportation (Tata Motors, Jaguar, Ford and even the Light Combat Helicopter for HAL), consumer electronics and appliances (Whirlpool, Kenstar, Unilever) and medical devices.

In fact, in several cases, Tata Elxsi's designers have changed lab equipment into products that consumers can use. Narendra Ghate, Senior Manager at IDE, recalls the time Unilever in India showed them a large piece of lab equipment that had to be converted into a mass-use water purifier. The end product had to be affordable and user-friendly, allowing effortless cleaning and replacement of consumables.

The result was Pureit, which transformed the way Unilever viewed the "water business, and now having sold 20 lakh pieces, has made water a major business category," says a smiling Ghate.

Similarly, IDE had a mandate to design a handheld computer to be used by the masses. The device had to be simple with touch-screens and durable batteries. The end-result was the Simputer, a rugged and robust product that enables the end-user to perform many functions with ease.

In the case of Junior Horlicks, GSK came to IDE with a proposition to "set kids' curiosity and encourage them to

drink the beverage." After extensive research, it was decided that animal characters would excite kids tremendously and IDE designers chose elephant and lion characters. "But we used technology here to make the characters more attractive for children," says Sondur. Through the use of ISBM (injection stretch blow moulding) technology, IDE's designers created sculpted bottles of the animals for the packaging of the product, which, apart from being a success in the market, also won the World Star award for packaging innovation.

Across the world, FMCG and consumer product companies are trying to enhance consumer engagement in the retail point of sale and coupled with technology, this could be more effective. "The rapid development in image processing, display, and wireless technologies can be brought together to provide a completely customised experience to the consumer of a brand of products," says Sondur.

The scenario of trying to enhance consumer engagement with a brand will also be playing out in the Indian retail space in the next couple of years, and Tata Elxsi would develop its technology-based design offering to help its customers achieve this. "We have done quite a bit of work in product design and now want to extend that capability into retail," says Sondur.

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MOBILE TV: FROM A BROADCASTING PERSPECTIVE

Bringing TV in a newer form today is much more than just bringing the video and audio to the user

<http://www.ciol.com/Semicon/Design-Trends/News-Reports/Mobile-TV-From-a-broadcasting-perspective/171008111624/0/>

Television has always been confined to the living room. But it's now set to change dramatically thanks to the Mobile Technology. Bringing TV in a newer form today is much more than just bringing the video and audio to the user. In the digital world, there is much more to it, by way of adding the difference of the additional quality while using lesser bandwidth for the same effect. Also in the digital transmission we talk of additional data being sent which bring added value to the user, in the form of guide and more importantly from a commercial angle the payment for a service, all controlled using software. TV in its newer avatar has become more complicated. Thanks to convergence and rapid advancement of technology in the world of consumer electronics. Television has indeed come a long way. Devices like the mobile phone, IP networks and broadcast TV are converging. Both IPTV and mobile TV are great examples. In both these, there are forms that deal with TV from a streaming perspective, where the TV is more on-demand option with pre-recorded content and not a TV in true broadcasting sense. Here, it will mean live TV as it happens from the source or as intended by the broadcaster, where the user can switch channels and watch his preferred program, live. In addition he should also be able to get information about the programs on offer. The reality- Mobile TV is becoming a reality as a use-case; from the way mobile phones have evolved. Maturity in LCD screens and low production cost has fuelled their adoption in a host of consumer devices. The mobile phones of today have ceased to be what they were intended to be. They have grown up-to be intelligent devices with calling as "one" of their features. Though digital broadcasting has been around for sometime now, it would not address the requirements for the new form of mobile TV for the following reasons

- a) The size video format planned earlier will not address the new scenario as the screen is small.
- b) Does not address effective use of bandwidth.

- c) Content protection for paid services cannot be applied from the traditional setup with card
- d) The key requirement is for a mobile environment where the user is expected to move at good speeds and the video is not expected to break.
- e) Extreme power constraints, which is not the case with Conventional TV.

Technology has to address the above problems if TV has to work on mobile devices. Fundamentally all technologies around the world addressing mobile TV have, as implementation, MPEG4 or H.264 for video format and the size is CIF mostly. And additionally some if not all have good definition for guide. As format is different from the traditional TV, new setups are required to create these and subsequently decode. Before we get into the details of the system that implement mobile TV, we need to understand how it is laid out. The technology that addresses this new use-case can be divided into two broad parts:

- a) One is the bearer technology, which defines the underlying platform for providing all the necessary features to achieve the constraints mentioned above. This is very important as this forms the fundamental block for building the logical layers.
- b) Second is the technology for the logical layers or called service layers, which defines how the content is described and the methods for decoding at the end device and usecases for the user to use the system. This mentions what is coming in the stream, how to receive and use it.

PUBLICATION: BUSINESS OF CINEMA
DATE: 20 OCTOBER, 2008

TATA ELXSI BRINGS LIFE TO ROADSIDE ROMEO

<http://www.businessofcinema.com/news.php?newsid=10446>

Tata Elxsi Visual Computing Labs came on board from 1 January 2007 onwards and saw Roadside Romeo come to life in 21 months. The movie took more than two and a half years to complete. Director Jugal Hansraj said, "We have done a lot of detailing to make the film look as real as possible. Our team of photographers clicked photos of real locations in Mumbai so they could be used for referencing in the movie. We even added garbage, pot holes and stains of various types." Tata Elxsi head of production and creative director Pankaj Khandpur added, "The detailing is so much that there is an average of 50 layers per shot. We also decided to give fur to the characters which is a very time consuming and expensive procedure. "To add to all this, there is also an item song Chuu Le Na in the film picturized on Laila with 300 furry animals in the crowd in an auditorium. Roadside Romeo has a runtime of 95 minutes with 1400 shots. There are a total of 37 scenes in the movie including the songs. To make the animated characters look as real as the counterparts who dubbed for it, the gestures of Saif Ali Khan, Kareena Kapoor and Jaaved Jaffiri were recorded on camera and then applied to the animated characters. The actors dubbed for the characters first, and then the characters were created. Shrirang Satheye and Sohael Merchant have worked as animation directors on the movie and Anshul Chobey is the director of photography. Walt Disney, the co producer of Roadside Romeo, brought in its expertise on production, reporting and panning. They are also merchandising various products of the film.

PUBLICATION: OUTLOOK PROFIT
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Profit Call

Animated action

Tata Elxsi's foray into the rapidly growing animation market and a basket of niche services will help it weather the economic storm better than others

Mohammed Ekramul Haque

Searching for IT companies which are relatively insulated from the meltdown of the US financial system? Look no further than Tata Elxsi, which, thankfully, doesn't depend heavily on the US for revenues. The Mumbai-based company derives its revenues from two main divisions: software development and services (SDS), which accounts for about 85 per cent of total revenues, and systems integration (SI). The SDS division has three segments: product design services (80-85 per cent of division revenues); design and engineering services (8-10 per cent of division revenues); and visual computing (8-10 per cent).

Incidentally, none of these divisions deal with the beleaguered financial and banking sector in the US, a refreshing change from other Indian IT companies in these troubled times. Nearly per cent of the company's revenues come in roughly equal measure from America, Japan and Europe. About 10 per cent comes from India and other countries. This diversification counts as a big plus for the IT company. Something else that has generated significant buzz among analysts is Tata's steadily improving animation skills. If you've been watching TV lately, it would have been hard to miss the promos for a soon-to-be-released animation movie called Roadside Romeo. It's the first 3D animation movie made in India by an Indian company - Tata Elxsi. The movie, co-produced by Bollywood's Yash Raj Studios

and international entertainment giant Walt Disney, was created entirely by the IT firm, right from visual conception, character design and animation to final output. The business segment responsible for this is Elxsi's visual computing lab, which offers state-of-the-art graphics, animation and special effects services. Many experts believe the box-office success of Roadside Romeo and the association with Disney could further boost the star power of Tata Elxsi in the growing animation business, both locally and overseas.

Expanding market
 According to the IT industry association Nasscom, demand for animation services globally is tipped to touch \$73 billion by 2009. From this, about

40-45 per cent will be spent on development. From the developer's perspective, therefore, demand is expected to touch \$33 billion by 2009. India's fledgling animation market is expected to expand to \$60 million in the same period. Which is what has got everyone excited.

Although Roadside Romeo - made with a \$2 million budget - faced cost overruns and wasn't exactly a profitable project for the company, it didn't exactly walk away empty-handed. The very thing, the Romeo project has also earned Tata Elxsi the expertise required to handle such ventures. For another, the release of the movie also sends out a signal to local and foreign producers that the company has the ability to execute such projects at competitive costs (animation projects typically cost \$7-8 million to make internationally even when major portions are outsourced). Also making India a clear favourite in the animation stakes is the huge pool of an English-speaking workforce, top-quality software engineers, creative talent and good training. In addition, making a 30-minute 3D animation movie in India costs about \$60,000 against \$250,000-\$400,000 in the US and Canada. India even has a lead over other animation centres in Asia such as South Korea, Taiwan and the Philippines. The cost of outsourcing an hour's worth of animation work to India is estimated to be 30-60 per cent lower.

No surprise then, that this relatively new business is seen as a key compo-

nent in Elxsi's future growth. In addition to the overseas potential there are plenty of opportunities in the local market. Tata Elxsi has already bagged two more orders from Yash Raj Films. This time, it inked a contract that ensured its realisation is about \$3 million, keeping profitability intact. The first of the two films is set to start in the second quarter of this fiscal year. Elxsi expects this division to break even in the fourth quarter of fiscal 2009.

Step by step

The performance of Elxsi's other divisions remains rather mixed. Its product design segment, which makes products and hardware across the product life cycle for industries like automobiles, semiconductors, telecom and media, ran into rough weather recently. Revenues here rose only by 10 per cent in the quarter ended June, lower than expected. The company attributed this slowdown to some clients which had an exposure to the US markets holding back further development plans. The delays cost Tata Elxsi revenues of about Rs 11 crore. It's now looking into how to best redeploy the resources. "We are looking at different work packages and trying to see how we can redeploy employees from the same customer because when the hold-up is removed, we don't want to be pulling out resources from another engagement," said Madhukar Dev, CEO and managing director.

Elxsi's design and engineering services (DES) segment, now rechristened innovative design engineering, provides end-to-end brand and product development services across industries such as consumer goods, transport and medical devices. An example of the work it does here is the design and packaging of GlaxoSmithKline's Junior Horlicks. So successful was the launch that the brand even won a World Star award for its eye-catching packaging. Tata Elxsi does similar design work for car makers such as Ford, Jaguar, MG Rover, Mahindra & Mahindra and Tata Motors. In the quarter ending June 2008, the segment grew by 23 per cent over the previous corresponding period.

However, profitability was subdued by additional costs incurred on hiring more employees locally as well as for a design centre in the UK; the trend is expected to continue in the second quarter. "We will probably see a somewhat subdued quarter in industrial design in terms of profits," said Dev. Revenues are expected to pick up as operations from the new design centre get going. Tata Elxsi's other big division - systems integration - offers solutions to domestic clients for integrating hardware and software products. This division brought in about 13 per cent of revenues (Rs 59.5 crore) in fiscal 2008. The management says it expects a healthy increase in profit from this division over the next few quarters.

Financial gains

In fiscal 2008, Tata Elxsi reported a 30 per cent jump in revenues to Rs 401.5 crore; net profit climbed by 11 per cent to Rs 76.9 crore. Profitability slowed

contributed Rs 7 crore, while the visual computing lab segment generated about Rs. 13 crore in revenues. Overall, SDS margins dipped to 17.1 per cent from 23.5 per cent a year ago. The SI division earned revenues of Rs 11.8 crore and posted operating margins of 16.7 per cent. Analysts expect margins to bounce back in the second half of fiscal 2009 when demand recovers. In the meantime, fixed costs, such as employees remuneration, interest and depreciation, continue to weigh on profitability. Performance in the second quarter is not expected to be much better, but growth should pick up pace after that.

Despite interim volatility in revenues, analysts remain bullish on the long-term prospects of the company. Part of that optimism stems from the fact that the company is in the middle of changing the revenue mix by lowering the contribution from the older and low-margin SI business and enhancing revenues from the high-margin

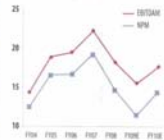
BROAD PROFILE

Profitability has slowed on expansion

Rs cr	FY08	FY07	FY06	FY05
Net sales	186	216	188	42
SDS growth %	27	31	31	31
DES %	16	47	49	73
SI growth %	30	48	8	8
EBITDA margin %	19	23	22	19
Net profit	38	34	32	33
SDS profit %	21	21	21	1
EPS	4	11	17	17
P/E ratio	15	11	7	7

RECOVERY TIME

Margins are expected to bounce back



down as the company hired more employees and embarked on a major expansion (are adding two development centres in Gurgaon and Hyderabad and adding capacity to its Bangalore facility. Employee count went up to a little over 3,500 from about 2,700 in the year before. Both developments spurred the company to take a secured loan of Rs 5.3 crore (capital expansion cost about Rs 42.4 crore, pushing interest costs up seven times to Rs 2.13 crore in 2008. While the debt-equity ratio is still a comfortable 0.46, Elxsi has indicated its intention to revert to its debt-free status by the end of FY09 by paying off the loan. In the first quarter of fiscal 2009, client-specific issues stalled three projects, leading to a slowdown in revenues, which increased by a mere 3 per cent to Rs 96.7 crore from a year ago. Net profit plunged by about 40 per cent to Rs 7.1 crore.

Revenues from the product design segment totalled Rs 77 crore; the innovative design engineering segment

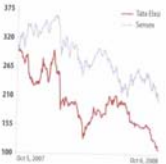
SDS business. The visual computing lab segment, a small contributor to revenues currently, is expected to gain scale rapidly and grow faster than the company's average growth rate. Given the company's niche service offerings and strong management expertise, experts believe Tata Elxsi is well-positioned to take advantage of the growing opportunities in the product design and engineering business and the animation industry.

In 2009, however, growth will slow down somewhat as India and economies worldwide face tough times. Most experts expect Elxsi to post a modest 9.5 per cent growth in revenues to Rs 440 crore in 2009. Profit is expected to dip by about 15 per cent to Rs 66 crore. However, the company is expected to rebound strongly in 2010, with revenues and profit tipped to jump by 33 per cent and 61 per cent, respectively.

At Rs 125, the stock trades at 0.44 times its FY09 earnings and seems like a good buy at current levels. □

FALL SEASON

The stock has lost two-thirds from its peak



PUBLICATION: HINDUSTAN TIMES
DATE: 02 NOVEMBER, 2008

Indian toon biz grows up with *Roadside Romeo*

Saurabh Turakhia
Mumbai, November 2

When Yash Raj Films and Walt Disney struck a joint venture to dish out three fully 3-D animation movies, expectations were high. The first of the three movies, *Roadside Romeo* released a few days back and although it is too early to comment on its status at the box office, the animation industry in India has acknowledged the effort that has gone into making the movie—thus taking the Indian animation industry a level closer to animation movies churned out by Hollywood.

"The idea was to set up a new reference point and create a new benchmark



for Indian animation in terms of quality," explained Pankaj Khandpur, creative director, Visual Computing Labs, the division of Tata Elxsi, which han-

dled animation for the film.

"In comparison to earlier attempts at animation by other production houses, this has been a notch higher. Although the content has not been totally original and has the Bollywood flavour, it's better than mythology genre which is already overcrowded," said A K Madhavan, CEO of Crest Animation.

On an average, 100 to 120 animation artists worked over 21 months to develop animation and effects for the movie. "Special effects to depict how the fur on dogs' skin would look when wet or in light required a lot of toiling by the animation team. Disney assisted in production management, reporting and developing merchandise," said Khandpur.

Jayakumar, CEO of Toonz India, which produced *Hanuman* and co-produced *Hanuman Returns* with Percept Pictures said: "*Roadside Romeo* is definitely a bold take. After we started a wave with *Hanuman*, the time has come to take the local animation industry to the next level." He also added that *Roadside Romeo* will be a good reference point and if it is successful with box-office collections, others will dare to take the plunge.

The Walt Disney-Yash Raj Films joint venture that dished out *Roadside Romeo* will be ready with the second animation movie by 2010. "It is in the pre-production stage", said Khandpur.

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**Tata Elxsi
eyeing niche
spot in virtual
reality space**

**Our Bureau
Hyderabad, Nov. 7**
System integration services provider, Tata Elxsi Ltd, is eyeing a niche position in the virtual reality (VR) solutions market in the industry.

The Tata group company is keen on expanding its offerings in the VR segment by helping companies set up virtual reality centres, its General Manager & Head of System Integration Services (India), Mr M.M. Prasad, told *Business Line* here on Friday.

"Tata Elxsi is in the virtual reality market for the last 10 years and has an early lead as far as its Indian competitors are concerned. We see VR as a potential market over the next three-five years, if not immediately," Mr Prasad said.

So far, Elxsi has provided interactive, real-time VR solutions for design review, data analysis, critical training and other operations. Its clients, besides those of its parent group, include Mahindra & Mahindra, defence and remote sensing establishments.

GROWING APPLICATIONS

Unlike in the developed countries where VR solutions are more commonly deployed by companies, in India its application is still in a nascent stage, he said.

"But in core industries such as biotechnology and manufacturing, the application of virtual reality is growing. In addition, the emerging sectors are in entertainment and tourism in which an element of excitement can be added," he said.

For instance, in a museum or historic monument, one can actually "travel" into the past with virtual reality aids, he explained. The cost of setting up a virtual reality centre could range from Rs 25 lakh to Rs 3 crore, depending on the nature of applications. The company posted a turnover of Rs 400 crore in the last fiscal with a net profit of Rs 62 crore.

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WORKFORCE ENGAGEMENT FUELS ORGANISATIONAL SUCCESS

IN TODAY'S environment, the key to driving business and maintaining a competitive edge for an organisation is to set the agenda for employee engagement. It is critical for organisations to recognise that competitive advantage comes from people and aligning them with the goals of the organisation is absolutely necessary.

There are different levels of engagement and understanding the types of engagement provides perspective into employee behaviours that can either positively or negatively affect organisational success. Employee engagement can be cognitive, emotional and behavioural. Cognitive engagement refers to employees' beliefs about the company, its leaders and the workplace culture.

The emotional aspect is how employees feel about the company, the leaders and their colleagues. The behavioural factor is the value-added component reflected in the



Shared Values: The values, which amount of effort employees put into their work. Research shows that committed employees perform better. And since it is perceived that engagement is 'one step up' from commitment, it is clearly in the organisation's interests to understand the drivers of engagement.

the organisation enshrines and cultivates, are an important factor for employee engagement. But more important is whether the organisation conducts its day-to-day business based on these set of values. Every opportunity should be utilised by the senior management to stress on the core values.

HOLDING THE FLOCK

Almost Engaged—27%. Talented pool of people but not fully engaged.

Engaged—29%. They have great days at work.

Honey Mooners—12%. High on satisfaction but low on contribution.

(According to a survey on the state of employee engagement in companies)

Leadership: The line manager clearly has a very important role in fostering the employee's sense of involvement and value within the organisation. It is important for managers to effectively communicate and 'walk the talk'. Managers need

to get their people to believe that this is the place to be in and constantly connect to what they are doing to contribute to the overall strategy of the group/division and organisation. Compensation and benefits will help to bring the candidates on board but for longer term, the managers will have to play an important role in helping them decide to stick on and contribute.

Recognition: Employee recognition is a communication tool that reinforces and rewards the most important outcomes people create for business. An effective employee recognition system is simple, immediate, and powerfully reinforcing.

Compensation: Compensation and reward systems play a vital role in a business organisation. An ideal compensation system always has a positive impact on the efficiency and results produced by employees. It encourages the employees to perform better and achieve the standards fixed.

Involvement: Employee involvement is creating an environment where people have an impact on decisions that affect jobs. Employee involvement to be successful has to become a management philosophy as to how people are enabled to contribute to the continuous improvement of the organisation.

Career development: The employee of an organisation should have ample opportunities for career growth. It is the responsibility of the line managers to talk to the employees and understand what aspects of the career are important for them. Employee development should be the priority of every organisation.

Employee Engagement and Organisational Success: Employee engagement has emerged as a critical driver of business success in today's competitive marketplace. Engagement leads to people putting their best effort at work and coming up with creative ideas and solutions, which will definitely have

positive business outcomes.

Organisations must hire employees who fit the job, develop leaders with the right skills and provide support through strong systems and strategies. Together, these three drivers lead to the formation of an engaging work environment. Once created, the engaging work environment has a positive impact on employee behaviours and attitudes. An engaging work environment taps into employees' motivation to try harder and put forth the extra effort. Finally, when organisations have engaged employees, the long-term benefits positively impact the bottomline. Organisations have better-quality products or services, more satisfied and loyal customers, increased profits, and greater growth potential.

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Tata Elxsi unveils 'Design Studio Europe' in London

BANGALORE, DHNS: Tata Elxsi, the technology arm of the multi-billion dollar Tata Group, has announced on Monday the opening of Design Studio Europe in UK. This design studio endeavours to provide a range of

high value services to customers in the European region, with a global perspective.

Centrally located

It is based in Milton Keynes, UK, which provides

easy access to customers and is one of the most preferred locations for technology companies.

This is the first of a network of international design studios, which will connect into IDE - the industrial

design division of Tata Elxsi in Bangalore. The design studio offers product design, packaging design, graphic design and design realisation services, customised to meet the demands of today's dynamic market.

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Tata Elxsi opens design studio in UK

URVASHI JHA
Bangalore

TATA Elxsi, the Bangalore-headquartered technology arm of Tata Group, has opened a design studio in Milton Keynes, UK. The design studio will offer product design, packaging design, graphic design and design realisation services to customers in the European region.

The design studio in the UK is the first of a network of international design studios being planned worldwide, which will connect into IDE — the industrial design division of Tata Elxsi in Bangalore. IDE provides complete brand and product development services across industries such as FMCG, transportation, consumer electronics & appliances, digital user experience and medical devices.

Madhukar Dev, MD of Tata Elxsi said, "With the impact of current economic developments across the world, design is a catalyst that can enable companies to sustain themselves while continuing to offer their end customer a superior product experience. At Tata Elxsi, we always strive to provide our customers that edge, by constantly innovating our approach and services. This is therefore a proud moment for us at Tata Elxsi, that we will be able to offer world-class design solutions through Design Studio Europe to our customers for their specific markets."

Tata Elxsi has 20 international offices across Europe, US and Asia.

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