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25th Annual Report 2000-2001



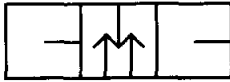
CMC Limited



Your IT Partner

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BOARD OF DIRECTORS

Chairman & Managing Director

Shri S S Ghosh

Directors

Shri J S Maini

Dr A K Chakravarti
(upto 25/02/2001)

Mrs P M Singh
(w.e.f. 26/02/2001)

Dr KRS Murthy

Shri H C Gandhi

Prof Pankaj Jalote

Shri Roopen Roy
(upto 03/04/2001)

Dr P Dasgupta

Shri P K De

Company Secretary

Shri Vivek Agarwal

Dy.General Manager –

Corporate Finance & Accounts

Shri S Sekhar

Registered Office

CMC Centre
Old Mumbai Highway
Gachibowli
Hyderabad-500019 (A.P.)

Corporate Office

1, Ring Road,
Kilokri,
Opp. Maharani Bagh
New Delhi-110014

Executive Directors

Sh. J S Rawalgaonkar (Systems Integration)

Shri A Karnad (Customer Services)

Smt Saroj Vinayek (Chief Vigilance Officer)

Shri S K Sehgal (Planning, Personnel & HRD)

Auditors

M/s Gupta & Gupta
Chartered Accountants
4-8, Asaf Ali Road
New Delhi-110002

Bankers

Canara Bank
State Bank of Bikaner & Jaipur

Registrars&Share Transfer Agents

M/s MCS Limited
Sri Venkatesh Bhavan
212-A, Shahpurjat
New Delhi-110049

Listed

The Hyderabad Stock Exchange Ltd.

Chennai Stock Exchange Ltd.

The Stock Exchange, Mumbai

The Delhi Stock Exchange Association Ltd.

National Stock Exchange of India Ltd.

The Calcutta Stock Exchange Association Ltd.

Depositories

National Securities Depositories Ltd.

Central Depository Services (India) Ltd.



*"To see a world in a grain of sand
And a heaven in a wild flower
Hold infinity in the palm of your hand
And eternity in an hour"*



- The Painting 'Untitled' by F.N. Souza taken from CMC's Art collection.
- The Quote from 'Auguries of Innocence' by William Blake.



NOTICE

Notice is hereby given that the 25th Annual General Meeting of the Shareholders of CMC Limited will be held on Friday, the 28th September, 2001, at 2.30 P.M. at its Registered Office at CMC Centre, Old Mumbai Highway, Gachibowli, Hyderabad-500019 to transact the following Ordinary Business:

1. To receive, consider and adopt the audited Balance Sheet as at March 31, 2001 and the Profit & Loss Account for the year ended as on that date together with the Directors' and Auditors' Report thereon.
2. To appoint a Director in place of Shri J S Maini, who retires by rotation and being eligible, offers himself for reappointment.
3. To appoint a Director in place of Dr KRS Murthy, who retires by rotation and being eligible, offers himself for reappointment.
4. To declare dividend.

**BY ORDER OF THE BOARD
For CMC LIMITED**

**VIVEK AGARWAL
COMPANY SECRETARY**

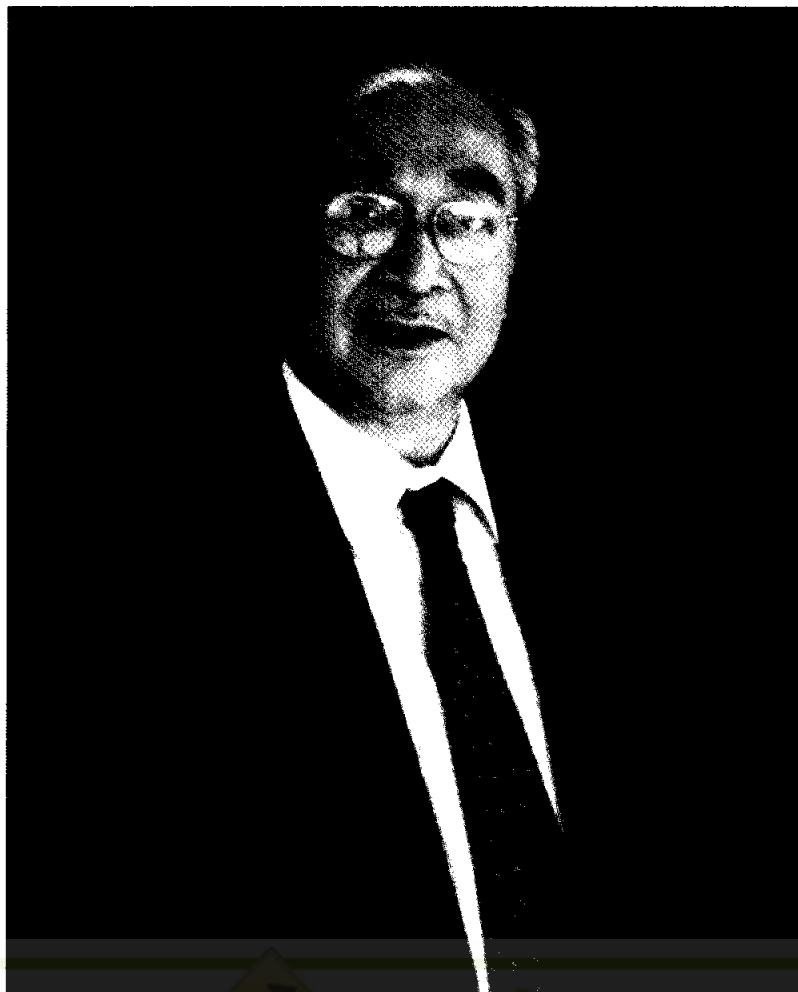
**Place : New Delhi
Date : August 20, 2001**

Notes:

1. A member entitled to attend and vote is entitled to appoint a proxy and vote instead of himself and the proxy need not be a member. The Proxy Form must be deposited with the Company not later than 48 hours before the meeting.
2. The Register of Members and the Share Transfer Books of the Company will remain closed from September 21, 2001 to September 28, 2001 (both days inclusive).



DIRECTORS' REPORT 2000-2001



Shri S.S. Ghosh
Chairman & Managing Director

To
The Shareholders
CMC Limited

Your Directors have great pleasure in presenting to you the 25th Annual Report of the Company for the financial year ended March 31, 2001 alongwith the Audited Statement of Accounts, Auditors' Report and the Review of Accounts by the Comptroller and Auditor General of India u/s 619(4) of the Companies Act, 1956:



The year 2000-01 has been rewarding for your Company from many aspects in spite of slowing down of the global economy in general and IT industry in particular specially during the latter half of this year. As you will find from the financial highlights presented in this report, your Company achieved a total revenue of Rs 55331 lakhs during this financial year. BRI, wholly owned subsidiary (WOS) in USA achieved a revenue of US\$ 41.65 million, equivalent to about Rs 19340 lakhs, during the financial year ended December 2000, thus achieving more than 45% growth over previous year. The performance of BRI during the first quarter of 2001 has been better than the corresponding quarter of the year 2000.

The products and services offered by your Company through the five Strategic Business Units (SBUs) and BRI can be classified under three broad segments, namely, IT services, IT education and Software Integration & Development.

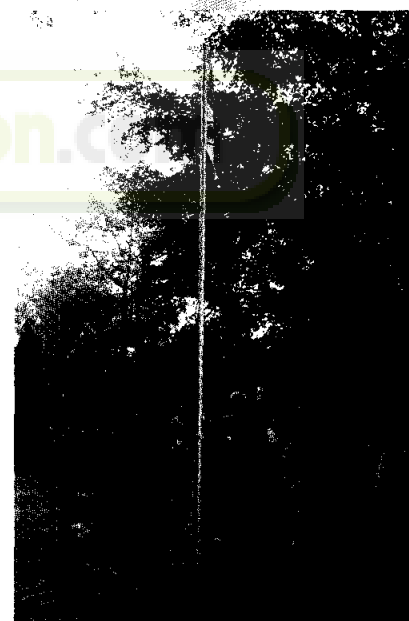
The Customer Services and Indonet SBUs of your Company offer a broad range of IT services. These two SBUs together achieved a growth of about 18% over the previous year. The education and training activity under E&T SBU achieved a growth of 44%. The software integration and development related activities of your Company in domestic markets is looked after by SI SBU, whereas BRI looks after this segment of business in North America and the International SBU of your Company looks after software related business in rest of the globe other than North America. During this period, software related activities undertaken by CMC/BRI together registered a growth of over 30%.

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Commensurate with the growth of your Company, arrangements for new office space and developmental facilities were arranged in Northern, Eastern and Western Region for creating new work areas for the expanding CMC family. A centralised training centre with modern classrooms has been set up in the CMC Centre at Gachibowli to train new IT professionals as well as to provide new technology upgrade training to existing staff members.

Your Company was assigned A1+ rating, which indicates highest safety for its Commercial Paper programme, by the Investment Credit Rating Agency (ICRA). While increased business necessitated higher peak utilisation of credit limits, better cash management resulted in reduced interest charges.

The slowdown in US is expected to affect BRI's growth if turn around of the US industry does not take place by the third quarter of year 2001. However, the orders received during 2000-01 will help your Company to begin the year 2001-02 with outlook for better revenue.



Shri P.K. De, Director-Technical, CMC Ltd. unfurling the National flag on Independence Day.

The Spirit of Excellence



FINANCIAL HIGHLIGHTS

	(Rs. in Lakhs)	
	2000-01	1999-00
Revenue	55331	46874
Expenditure	49035	41048
Profit/(Loss) before tax	6296	5826
Less: Prior period adjustments	(14)	(95)
	6310	5921
Less:		
i) Obsolescence	91	91
ii) Salary arrears	-	2500
iii) Bad & doubtful debts	159	100
iv) Non-moving inventory, w.i.p., peripherals,F.A	53	60
v) Provision for leave encashment	236	-
vi) Provision for productivity linked incentive	1800	1100
Profit before tax	3971	2070
Provision for taxation	1462	800
Profit after tax	2509	1270
Less: Proposed dividend	530	303
Dividend Tax	54	67
Transfer to General Reserves	251	95
	1674	805
Add: Profit brought forward from previous year	2967	2162
Balance of profit taken to Balance Sheet	4641	2967

The total revenue for the year 2000-2001 under review is Rs.55331 lakhs as compared to previous year's Rs. 46874 lakhs, an increase of 18%. The operational revenue increased from Rs. 45706 lakhs to Rs.53768 lakhs representing an increase of over 17%. After accounting for obsolescence of stores & spares, write off/provision for doubtful debts, write-off of non-moving of PCs/WIP/Peripherals, fixed assets, provision for leave encashment, productivity linked incentive aggregating to Rs.2339 lakhs, profit for the year before provision for tax stood at Rs.3971 lakhs.

After providing for tax of Rs.1462 lakhs, profit for the year (before dividend) stands at Rs.2509 lakhs, an increase of 98% over previous year. There has also been improvement on different parameters in 2000-2001 over that of in 1999-2000 and some of them are given below:

	2000-2001	1999-2000
Value addition to Person Power	11.11	9.57
PBIT/Capital employed (%)	37.15	25.02
Earning per share (Rs.)	16.56	8.38

DIVIDEND

Your Directors recommend payment of dividend at 35% of paid-up equity share capital for the year ended March 31, 2001.

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STRATEGIC BUSINESS UNITS (SBUs) PERFORMANCE:

Strategic Business Unit's wise growth and achievements are as given below:

CUSTOMER SERVICES:



CMC's Operator Independent Truck Despatch System for National Coalfields Ltd, Singrauli.

This Strategic Business Unit (SBU) of your Company has crossed the Rs. 296 crores mark in revenue against Rs. 254 crores in the previous year. Customer Services (CS) SBU delivers the traditional onsite IT services for supporting the IT infrastructure of the customer. As part of repositioning strategy, it has become a total service provider meeting all IT service requirements of its customers ranging from onsite services to Facility Management Services (FMS). The SBU has also successfully entered the new areas of high value added IT service sectors in domestic and overseas market.

The CS SBU set up offshore centre for providing remote support to designers for tools in the area of Custom Integrated Circuits (CIC), Deep Sub Micron design circuits and the Embedded system development. Also during the year, CS SBU has

further widened customer base in private sector by securing orders from many private national and foreign business houses.

More than 50% of revenue of CS SBU has come from Network integration activity accounting for Rs.150 crores. It has added Network Performance Audit, a new activity which analyses and monitors the Network Performance of mission critical LAN & WAN components and has successfully completed audit for complex networks for many prestigious customers. CMC has successfully implemented the Corporate E-mail and Workflow Backbone for banks utilising countrywide banking network.

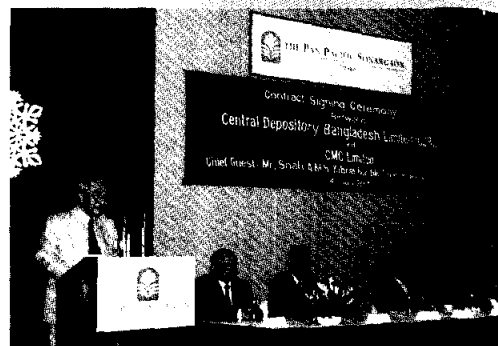
In the area of infrastructure creation for E-Governance, your Company has made commendable contribution. The Company has designed and set up ATM based campus networks for state secretariats to provide connectivity to various departments, districts, taluks and is actively involved in the computerisation of Home Department, Education Department, Excise Department, Office of Chief Minister and Office of Chief Secretary, Ministry of Information Technology. These networks provide gateway for statewide internet/intranet backbone and provide facilities for video conferencing, document management, file movement, projects monitoring etc.

Product based on IVRS (Interactive Voice Response System) has been developed and installed for various applications for different customers like Railways (Enquiry System for reservation status/train schedules); Insurance (Policy Information System); Stock Exchange (Help Desk); Airports (Voice Mail System) etc.

With a plan to consolidate the traditional service base with offering of a single point total IT service to customers and strategic expansion in new high value addition areas of IT service, CS SBU will continue to dominate the Third party IT service provider market in the country and will proliferate into service segments in new technology areas.

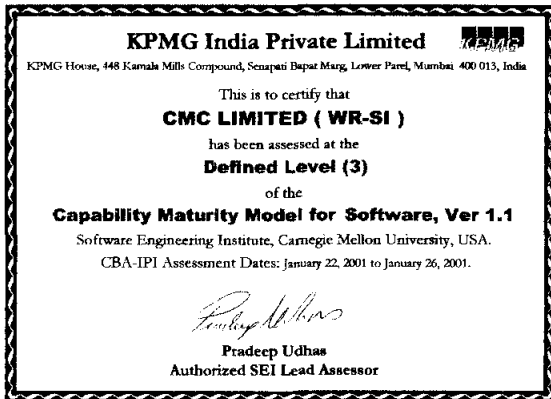
SYSTEMS INTEGRATION

The Systems Integration SBU has continued its growth into the year 2000-01. The sales from the SI SBU has grown from Rs 7739 lakhs to Rs 7992 lakhs. SI SBU has put up an impressive performance thereby further consolidating its unique leadership position in executing domestic turnkey IT projects. The strategy of acquiring domain knowledge in verticals by working closely with end users and providing packaged IT solution with replication potential has been highly successful and has further been enhanced by the all-India implementation strength of your Company.



Shri S.S. Ghosh, CMD-CMC Ltd. speaking at the contract signing ceremony between Central Depository Bangladesh Ltd. & CMC Ltd.

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CMM Level III certification - another milestone in a never ending journey towards higher Quality Standards.

enables smaller exchanges to trade on bigger exchanges has been developed during the year and has already been implemented in a regional exchange.

The centralised banking solution of your Company, TC4 has been successfully commissioned for a scheduled bank. TC4 architecture with its centralised solution is now field proven and ready for replication in India and abroad.

In the area of E-Governance, your Company has taken up development and implementation of new applications for State Police, Treasury Management & Decision Support System for the State Governments during the year.



Ms. Aruna Bahaguna, Inspector General, Andhra Pradesh Police, signs an MoU with CMCLtd for computerization of police services in the state.

INTERNATIONAL

The International SBU of your Company has generated a revenue of Rs 8914 lakhs for the year 2000-2001 as compared to Rs. 7648 lakhs for the previous year. A major portion of this business (Rs 7095 lakhs) came through the wholly owned subsidiary in USA, BRI Inc. The London office became operational during the year.

Your company decided to reorganise the International business with a view to give focus to it and to diversify into different global markets besides USA with the objective of reducing over dependence on the US market as also to exploit the opportunities existing elsewhere. For non-US business, three International Operation Divisions were created: The first division with the London Office as its hub focused on Europe, the other two with their base of operations in India focused on Middle East/Africa/ SAARC and Asia Pacific/Australia. This year has been one of building up prospects in the new geographies that are in focus for the first time and considerable progress was made in this respect.

The Spirit of Excellence

A continuous focus of the SBU has been to develop and deliver high quality IT Solutions for its customers and arrange and provide life cycle support for them. In line with this focus the Western Region, Systems Integration SBU, received the CMM Level-III certification during the year. Efforts are on for early ISO 9001/ CMM certification for other development centres of your Company.

Your Company continues to demonstrate its unique ability to tailor solutions for a wide range of vertical domains ranging from Securities to E-Governance. During the year, your Company continued to provide an impressive array of solutions and services in the area of Securities, Insurance, Banking, E-Governance, Transportation & Power, among others.

Your Company has kept pace with the requirements of the Securities sector and has made a foray into providing solutions for the emerging needs of this sector. Towards this, a 'Derivative Trading & Settlement System' (DTSS) has been developed which is being used by the Bombay Stock Exchange. A new software called 'MULTEX' which



CMCites with BSE officials at Stock Option Launch on July 9th, 2001.

In the power sector during the year, a breakthrough was achieved by entering into an MoU with the Railways Standards Organisation (RDSO) for using the Company developed software 'SETSS' (Standard Electric Traction SCADA Software) for all new traction SCADA projects in Indian Railways for the next 10 years. The Windows based product has been already implemented on a pilot basis in a test stretch of the railway network.