

CMC Limited

A **TATA** Enterprise

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27th Annual Report
2002 - 2003

Journey into a new world



"Where the mind is without fear and the head is held high;
Where knowledge is free;
Where the world has not been broken up into fragments by narrow
domestic walls;
Where words come out from the depth of truth;
Where tireless striving stretches its arms towards perfection;
Where the clear stream of reason has not lost its way into the
dreary desert sand of dead habit;
Where the mind is led forward by thee into ever-widening thought
and action..."

- Rabindranath Tagore

This painting is taken from CMC's Art collection.

**CMC Limited**

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Annual General Meeting on
Thursday, 31st July, 2003 at
2.30 p.m. at CMC Centre,
Old Mumbai Highway, Gachibowli,
Hyderabad - 500019 (A.P.)

This annual report can be
accessed at www.cmcltd.com

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Board of Directors**Chairman**

Mr S Ramadorai

Managing Director & CEO

Mr S S Ghosh

Dy. Managing Director & COO

Mr R Ramanan

Directors

Mr Ishaat Hussain

Mr Y S Bhave

Dr U P Phadke

Dr K R S Murthy

Mr Surendra Singh

Mr C B Bhave

Mr Shardul Shroff

Company Secretary

Mr Vivek Agarwal

Auditors

M/s S B Billimoria & Co.

Registered Office

CMC Centre

Old Mumbai Highway

Gachibowli

Hyderabad-500019 (A.P.)

Corporate OfficePTI Building, 5th Floor,

4 Sansad Marg,

New Delhi-110001

Principal Bankers

Canara Bank

State Bank of Bikaner & Jaipur

ICICI Bank

Audit Committee

Dr K R S Murthy

Mr Y S Bhave

Mr C B Bhave

Mr Surendra Singh

Share Transfer-cum-Shareholders**Grievance Committee**

Mr Surendra Singh

Mr S S Ghosh

Mr R Ramanan

Mr Y S Bhave

Mr Shardul Shroff

Mr Vivek Agarwal

Stock Exchanges where Company's Securities are listed

The Hyderabad Stock Exchange Ltd.

Madras 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.

Registrars & Share Transfer Agents

M/s MCS Limited

Sri Venkatesh Bhavan

212-A, Shahpurjat

New Delhi-110049

**NOTICE**

Notice is hereby given that the 27th Annual General Meeting of the Members of CMC Limited will be held on Thursday, July 31, 2003 at 2.30 p.m. at its Registered Office at CMC Centre, Old Mumbai Highway, Gachibowli, Hyderabad - 500019 to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the audited Profit and Loss Account for the year ended 31st March, 2003 and the Balance Sheet as at that date and the Reports of the Board of Directors and the Auditors thereon.
2. To declare a dividend.
3. To appoint a Director in place of Mr S Ramadorai, who retires by rotation and, being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr Ishaat Hussain, who retires by rotation and, being eligible, offers himself for re-appointment.
5. To appoint a Director in place of Mr S S Ghosh, who retires by rotation and, being eligible, offers himself for re-appointment.
6. To consider and, if thought fit, to pass, with or without modification(s), the following resolution as a Special Resolution:

"RESOLVED THAT pursuant to the provisions of Section 224A and other applicable provisions, if any, of the Companies Act, 1956, M/s S B Billimoria & Co., Chartered Accountants, be and are hereby re-appointed as Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting up to the conclusion of the next Annual General Meeting of the Company and that the Board of Directors be and are hereby authorised to fix their remuneration, in addition to the reimbursement of travelling and other out-of-pocket expenses incurred incidental to their functions."

SPECIAL BUSINESS:

7. To consider and, if thought fit, to pass with or without modification(s) the following resolution as a Special Resolution:

"RESOLVED THAT pursuant to SEBI (Delisting of Securities) Guidelines, 2003, subject to any other approvals if any, the consent of the shareholders of the Company be and is hereby given to delist the equity shares of the Company for trading from the following Stock Exchanges:

- a) The Delhi Stock Exchange Association Ltd.
- b) The Calcutta Stock Exchange Association Ltd.
- c) The Hyderabad Stock Exchange Ltd.
- d) Madras Stock Exchange Ltd."

"RESOLVED FURTHER that the equity shares of the Company shall continue to be listed for trading on the Stock Exchange, Mumbai and National Stock Exchange of India Ltd."

"RESOLVED FURTHER that the Board of Directors of the Company be and are hereby authorised to take all necessary steps in this regard."

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

**New Delhi
May 07, 2003**

**VIVEK AGARWAL
COMPANY SECRETARY**

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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 at the registered office of the Company not later than 48 hours before the commencement of the meeting.
2. The relative explanatory statement pursuant to Section 173(2) of the Companies Act, 1956 setting out the material facts in respect of the business under item nos. 6 & 7 and the relevant details in respect of items Nos. 3, 4 & 5 pursuant to clause 49 of the listing agreement with the stock exchanges are annexed hereto.
3. Members who hold shares in dematerialised form are requested to bring their DP ID and Client ID numbers for easy identification of attendance at the meeting.
4. The Register of Members and the Share Transfer Books of the Company will remain closed from Friday, July 25, 2003 to Thursday, July 31, 2003 (both days inclusive).
5. The dividend as recommended by the Board of Directors, if declared at this Annual General Meeting, will be paid at par on or after July 31, 2003 (i) to those shareholders whose names appear on the Company's Register of Members after giving effect to all valid share transfers in physical form lodged with the Company on or before July 24, 2003; (ii) in respect of shares held in electronic form to those 'deemed' members whose names appear in the statements of beneficial ownership furnished by National Securities Depository Limited (NSDL) and Central Depository Services (India) Ltd. (CDSL) as at the end of business on July 24, 2003. In respect of shares held in demat mode, the dividend will be paid on the basis of beneficial ownership as per details to be furnished by NSDL and CDSL for this purpose.
6. Pursuant to provisions of Section 205A(5) of the Companies Act, 1956, dividends which remain unclaimed for a period of 7 years from the date of transfer of the same to the company's unpaid dividend account will be transferred to the Investor Education and Protection Fund established by the Central Government. Shareholders who have not encashed their dividend warrant(s) so far are requested to make their claim to the Registrar & Share Transfer Agents of the Company. The Company has been periodically reminding the shareholders concerned to claim their dividend amount from the Company.
7. In order to provide protection against fraudulent encashment of dividend warrants, members are requested to provide, if not already provided earlier, their bank account numbers and names and addresses of the bank branches, quoting their folio numbers, to the Registrar & Share Transfer Agents of the Company to enable them to incorporate the same on the dividend warrants.
8. Pursuant to Section 109A of the Companies Act, 1956, shareholders are entitled to make nomination in respect of shares held by them. Shareholders desirous of making nominations are requested to send their requests in Form No. 2B in duplicate (which will be made available on request) to the Registrar & Share Transfer Agents of the Company.
9. As an austerity measure, copies of the Annual Report will not be distributed at the Annual General Meeting. Members are requested to bring their copies to the meeting.

**Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956****Item No. 6:****Special Resolution for appointment of Statutory Auditors:**

Section 224A of the Companies Act, 1956, inter-alia, provides that in the case of a Company in which not less than 25% of the subscribed share capital is held either singly or in any combination by Public Financial Institutions, Central Government etc., appointment or re-appointment at each Annual General Meeting of Statutory Auditors shall be made by a Special Resolution. The subscribed share capital of the Company held collectively by Public Financial Institutions and Central Government is more than 25% thereof. It is, therefore, necessary that the re-appointment of Statutory Auditors be made by a Special Resolution.

The Resolution is recommended for the approval of the Members.

None of the Directors of the Company is concerned or interested in the Resolution.

Item No. 7:**Special Resolution for voluntary delisting of equity shares:**

The Securities and Exchange Board of India (SEBI) has come out with a guideline, SEBI (Delisting of Securities) Guidelines, 2003 for delisting of the securities of a Company from the Stock Exchanges including Regional Stock Exchange. Before this Scheme, there was a circular for delisting of the securities from the Stock Exchanges excluding the regional Stock Exchange. The new guideline for delisting of securities does not contain any restriction for listing the securities at the Regional Stock Exchange, if the Company's shares are listed with the Stock Exchange, Mumbai and/or National Stock Exchange, Mumbai. The shares of the Company are listed in the above said two Stock Exchanges for trading. Further, the equity shares of the Company are not traded in volume and also not traded frequently in the Stock Exchanges except Stock Exchange, Mumbai and National Stock Exchange.

The Board in the overall interest of investors, felt that the listing from the Stock Exchanges, other than the two Stock Exchanges, namely, The Stock Exchange, Mumbai and National Stock Exchange be withdrawn. The withdrawal of the facility to trade in the other four Stock Exchanges will in no way be of any inconvenience to the existing shareholders of the Company as 99.85% equity shares are in dematerialised form. The shareholders can very well trade in the said two Stock Exchanges and, therefore, there is no intention to give an exit route option to the shareholders of those regions where the Stock Exchanges are situated from which delisting is sought.

The Board of Directors recommend passing of the Special Resolution.

None of the Directors of the Company is concerned or interested in the said Special Resolution.

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

**New Delhi
May 07, 2003**

**VIVEK AGARWAL
COMPANY SECRETARY**

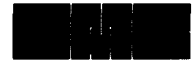
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**DETAILS OF DIRECTORS RETIRING BY ROTATION AND SEEKING REAPPOINTMENT
(In Pursuance of Clause 49 of the Listing Agreement)**

Particulars	Mr S Ramadorai	Mr Ishaat Hussain	Mr S S Ghosh
Date of Birth	6.10.1944	2.9.1947	10.11.1943
Date of Appointment	16.10.2001	16.10.2001	26.2.1996
Qualifications	B.Sc. (Physics) B.E. (Elec. & Tel.) M.Sc. (Computer) from University of California, USA	B.A. (Economics) Chartered Accountant, England & Wales	B.Tech (Electrical Engg.) Mgmt. Education Programme, IIM, Ahmedabad
Expertise in specific functional areas	Business Management and specialized in Information Technology	Business Management and Finance	Business Management and specialized in Information Technology
Chairman/Director of other Companies	Tata Industries Limited Tata Infotech Limited Tata Elxsi (India) Limited Tata Internet Services Limited Tata Technologies Limited WTI Advanced Technology Limited Innova TV Inc. (USA) Engineering Analysis Center of Excellence Pvt. Limited Airline Financial Support Services (India) Pvt. Limited Aviation Software Development Consultancy India Limited Jataayu Software (P) Limited Hindustan Lever Limited Nicholas Piramal India Limited	Tata Sons Limited The Tata Iron & Steel Co. Limited Titan Industries Limited Voltas Limited – Chairman Tata Inc. Tata Infomedia Limited Tata Teleservices Limited Idea Cellular Limited Tata Industries Limited Tata Internet Services Limited Tata AIG General Insurance Co. Ltd. Tata AIG Life Insurance Co. Limited Tata Finance Ltd. – Chairman Videsh Sanchar Nigam Limited Tata Teleservices (Maharashtra) Ltd. Tata TD Waterhouse Trustee Co. Ltd.	CMC Americas, Inc., USA- Chairman
Chairman/Member of Committees of the Board of Companies of which he is a Director	Tata Infotech Limited Remuneration Tata Technologies Limited Audit - Chairman Remuneration - Chairman Tata Elxsi (India) Limited Remuneration Audit	The Tata Iron & Steel Co. Limited Audit Investors' Grievance – Chairman Tata Industries Limited Audit – Chairman Investment Titan Industries Limited Audit Finance Tata TD Waterhouse Trustee Co. Pvt. Ltd. Audit Tata AIG General Insurance Co. Ltd. Investment Tata Teleservices Limited Audit – Chairman Tata Finance Limited Investor Relations & Share Transfer – Chairman Remuneration Audit Tata AIG Life Insurance Co. Limited Investment	CMC Limited Share Transfer-cum-Shareholders Grievance

**BY ORDER OF THE BOARD
For CMC LIMITED****New Delhi
May 07, 2003****VIVEK AGARWAL
COMPANY SECRETARY**



DIRECTORS' REPORT

TO THE MEMBERS OF CMC LIMITED

Your Directors have pleasure in presenting the Twenty-seventh Annual Report and the Audited Statement of Accounts for the year ended 31st March, 2003.

1. FINANCIAL RESULTS

(Rs. in Crores)

Particulars	2002-03	2001-02
Income from Sales and Services	607.99	546.70
Other Income	6.74	18.63
Total Income	614.73	565.33
Operating Expenses	548.58	504.23
Profit before Depreciation, Interest and Tax	66.15	61.10
Depreciation	8.05	8.04
Interest	1.44	1.95
Profit before Tax	56.66	51.11
Provision for Taxation (incl. deferred Income Tax)	19.61	17.47
Profit after Tax	37.05	33.64
Add: Profit brought forward from previous year	70.63	46.41
Amount available for Appropriations	107.68	80.05
Appropriations		
Proposed Dividend	6.06	6.06
Tax on Proposed Dividend	0.78	-
Transfer to General Reserve	3.70	3.36
Balance carried to Balance Sheet	97.14	70.63
	107.68	80.05

CMC Limited**Twenty seventh annual report 2002 - 2003****1.1 OPERATING RESULTS**

The Company's total revenue for the year at Rs. 614.73 crores registered an increase of 8.7% over the previous year. However, operating revenues at Rs. 607.99 crores registered an increase of 11.2%. The profit before tax at Rs. 56.66 crores registered an increase of 10.9% over the previous year. The profit after tax stood at Rs. 37.05 crores registering an increase of 10.2% over the previous year.

2. DIVIDEND

Your Directors recommend payment of dividend at 40% of paid-up equity share capital for the year ended March 31, 2003.

3. FINANCE

The Company has been availing working capital loan from a consortium of banks consisting of Canara Bank and State Bank of Bikaner & Jaipur. During the year under review, the lending consortium assessed and approved enhancement of fund based facilities from Rs. 32 crores to Rs. 46 crores and non-fund based facilities from Rs. 100 crores to Rs. 130 crores. While enhancing the facilities, the consortium of banks was expanded by including ICICI Bank.

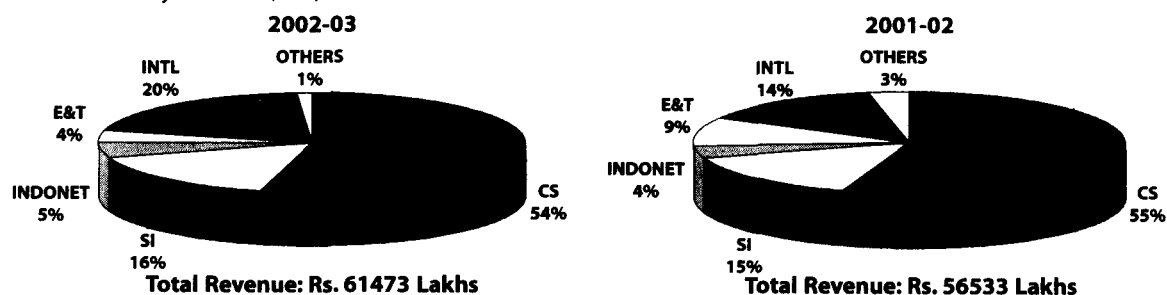
The credit rating agency ICRA has confirmed highest credit rating of A1+ for enhanced amount of borrowings by the Company under short-term loans and commercial paper programme to the extent of Rs. 20 crores. The Company had outstanding commercial papers of Rs. 20 crores as on 31st March 2003.

4. SHARES TO EMPLOYEES

During the year, the Central Government had sold 919326 equity shares out of its holding in the share capital of the Company @ Rs. 66 per share to the employees of the Company and its subsidiary, Baton Rouge International Inc., on 28th June, 2002 with a lock-in-period of one year.

5. BUSINESS OPERATIONS

During the year, the Company earned 20% of its revenue from international operations as compared to 14% in the previous year. This increase was due to focus on international markets and benefits of synergies between CMC and Tata Consultancy Services (TCS).

**5.1 Domestic Operations:****5.1.1 Customer Services (CS)**

The domestic revenue of CS SBU increased by 6.8% to Rs. 336.10 crores. The CS SBU continues to play a vital role in enabling the Company to position itself, as an end-to-end provider of IT solutions and services, encompassing comprehensive services of IT infrastructure design, implementation and life cycle support. The SBU has developed