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

Annual General Meeting on Friday,
June 17, 2005 at 2.30 p.m. at Bhartiya
Vidya Bhavan Auditorium, BVB
Hyderabad Kendra
No. 5-9-1105, Basheerbagh-King Koti
Road, Hyderabad-500029

CMC Limited

Twenty ninth annual report 2004 - 2005

CORPORATE INFORMATION

BOARD OF DIRECTORS

Chairman

Mr S Ramadorai

Managing Director & CEO

Mr R Ramanan

Directors

Mr Ishaat Hussain

Dr KRS Murthy

Mr Surendra Singh

Mr C B Bhawe

Mr Shardul Shroff

Company Secretary & Head - Legal

Mr Vivek Agarwal

Statutory Auditors

M/s S.B. Billimoria & Co.

Chartered Accountants

Secretarial Auditors

Chandrasekaran Associates

Company Secretaries

Registered Office

CMC Centre

Old Mumbai Highway

Gachibowli

Hyderabad-500019 (A.P.)

Corporate Office

PTI Building, 5th Floor

4, Sansad Marg

New Delhi-110001

Principal Bankers

Canara Bank

State Bank of Bikaner & Jaipur

ICICI Bank

Audit Committee

Dr KRS Murthy

Mr Surendra Singh

Mr C B Bhawe

Share Transfer-cum-Shareholders

Grievance Committee

Mr Surendra Singh

Mr R Ramanan

Mr Shardul Shroff

Mr Vivek Agarwal

Remuneration Committee

Dr KRS Murthy

Mr S Ramadorai

Mr C B Bhawe

Ethics and Compliance Committee

Mr Surendra Singh

Mr R Ramanan

Mr Shardul Shroff

Mr Vivek Agarwal

Registrars & Share Transfer Agents

M/s Karvy Computershare Private Limited

Karvy House, 46, Avenue 4, Street No 1

Banjara Hills, Hyderabad 500 034

Stock Exchanges where Company's Securities are listed

The Stock Exchange, Mumbai

National Stock Exchange of India Ltd.

The Calcutta Stock Exchange Ass. Ltd.

NOTICE

Notice is hereby given that the 29th Annual General Meeting of the Members of CMC Limited will be held on Friday, June 17, 2005 at 2.30 P.M. at the Bhartiya Vidya Bhavan Auditorium, BVB Hyderabad Kendra No.5-9-1105 Basheerbagh-King Koti Road, Hyderabad-500 029, A.P. to transact the following:

ORDINARY BUSINESS:

1. To receive, consider and adopt the audited Profit and Loss Account for the year ended 31st March, 2005 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 Dr KRS Murthy, who retires by rotation and, being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr Shardul Shroff, who retires by rotation and, being eligible, offers himself for re-appointment.
5. To appoint Statutory Auditors and to fix their remuneration.

BY ORDER OF THE BOARD
For CMC LIMITED

Mumbai
April 18, 2005

VIVEK AGARWAL
COMPANY SECRETARY & HEAD - LEGAL

Registered Office:

CMC Centre
Old Mumbai Highway, Gachibowli
Hyderabad-500 019

Notes:

1. **A Member entitled to attend and vote is entitled to appoint a Proxy to attend and vote at the meeting instead of himself and the Proxy need not be a Member of the Company. 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 relevant details of item nos. 3 & 4 above pursuant to Clause-49 of the listing agreement 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. For the convenience of the Members, attendance slip is enclosed elsewhere in the Annual Report. Members/Proxy Holders/ Authorised Representatives are requested to fill in and affix their signatures at the space provided therein and surrender the same at the venue. Proxy/Authorised Representatives of a Member should state on the attendance slip as 'Proxy' or 'Authorised Representative' as the case may be.
5. The Register of Members and the Share Transfer Books of the Company will remain closed from Tuesday, June 14, 2005 to Friday, June 17, 2005 (both days inclusive).

CMC Limited

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6. The dividend as recommended by the Board of Directors, if declared at the Annual General Meeting, will be paid at par after June 17, 2005 (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 June 13, 2005; (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 hours on June 13, 2005.
7. In accordance with SEBI's directions vide their Circular No. DCC/FITT/Cir-3/2001 dated October 15, 2001, arrangements have been made to credit your dividend amount directly to your bank account through the Electronic Clearing Service (ECS).

In case you hold shares in physical form, please furnish your bank details in the ECS Mandate Form enclosed separately together with a xerox copy of your cheque leaf and return to our Registrars, Karvy Computershare Private Limited on or before June 13, 2005. The said details in respect of the shares held in electronic form should be sent to your respective Depository Participant and not to the Registrar as the Registrar is obliged to use only the data provided by the Depository while making payment of dividend.

8. 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 from the Company.
9. 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.
10. 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.

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

Name	Dr KRS Murthy	Mr Shardul Shroff
Date of Birth	22.03.1938	01.10.1955
Date of Appointment	16.10.2001	16.10.2001
Qualifications	Doctorate in Business Administration from Harvard Business School, Master in Mgmt. from Sloan School, MIT, Gold Medalist of Mysore University.	B.Com. (Hons) from Sydenham College, Mumbai, LL.B. from Government Law College, Mumbai, Advocate on Record, Supreme Court.
Expertise in specific functional areas	Business Management	Legal, Project Finance, Mergers & Acquisitions, Insurance, Corporate Finance etc.
Directorships in other Companies	National Stock Exchange- Public Representative	Infrastructure Development Finance Co. Limited Apollo Tyres Limited NIIT Limited BILT Limited
Chairman/Member of Committees of the Board of Companies of which he is a Director	CMC Limited Audit Committee - Chairman Remuneration Committee - Chairman	CMC Limited Share Transfer cum Shareholders Grievance Committee Infrastructure Development Finance Corporation Ltd. Audit Committee Apollo Tyres Limited Share Grievance Committee NIIT Limited Share Grievance Committee Audit Committee

BY ORDER OF THE BOARD
For CMC LIMITED

Mumbai
April 18, 2005

VIVEK AGARWAL
COMPANY SECRETARY & HEAD - LEGAL

DIRECTORS' REPORT

TO THE MEMBERS OF CMC LIMITED

Your Directors have pleasure in presenting the Twenty-Ninth Annual Report and the Audited Statement of Accounts for the year ended 31st March, 2005.

1. FINANCIAL RESULTS

(Rs. in Crores)

Particulars	2004-05	2003-04
Income from Sales and Services	775.67	747.07
Other Income	6.80	16.60
Total Income	782.47	763.67
Operating Expenses	736.14	685.65
Profit before Depreciation, Interest and Tax	46.33	78.02
Depreciation	9.16	8.75
Interest	4.22	3.56
Profit before Tax	32.95	65.71
Provision for Taxation (incl. deferred Income Tax)	9.89	17.72
Profit after Tax	23.06	47.99
Add: Profit brought forward from previous year	130.93	97.14
Amount available for appropriations	153.99	145.13
Appropriations		
Proposed Dividend	6.82	8.33
Tax on Proposed Dividend	0.96	1.07
Transfer to General Reserve	2.31	4.80
Balance carried to Balance Sheet	143.90	130.93
	153.99	145.13

1.1 OPERATING RESULTS

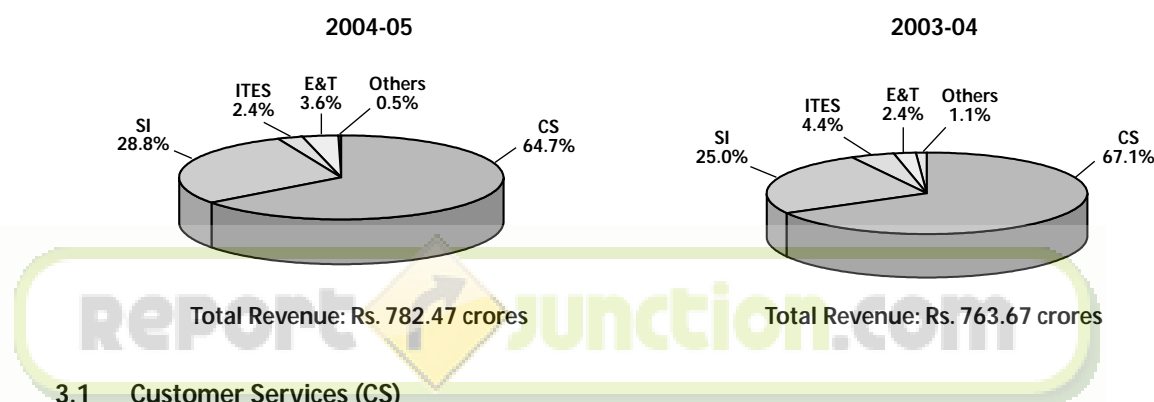
The operating revenue for the year at Rs. 775.67 crores registered an increase of 3.8% over the previous year, primarily driven by 32.5% increase in international revenue from Rs. 135.38 crores to Rs. 179.32 crores. The Company's total revenue for the year at Rs. 782.47 crores registered an increase of 2.5% over the previous year.

The profit before tax at Rs. 32.95 crores registered a decrease of 49.9% over the previous year, primarily on account of higher write offs and provisioning of bad and doubtful debts by Rs. 19.07 crores and lower other income by Rs. 9.80 crores. The profit after tax stood at Rs. 23.06 crores registering a decrease of 51.9% over the previous year.

2. DIVIDEND

Your Directors recommend payment of dividend at 45% of paid-up equity share capital for the year ended March 31, 2005.

3. BUSINESS OPERATIONS



3.1 Customer Services (CS)

Customer Services Strategic Business Unit (SBU) undertakes activities of IT Infrastructure development and management, network design, consultancy and management, storage management, security solutions, business continuity/disaster recovery, third party maintenance and equipment supply and integration.

The CS SBU earned revenue of Rs. 506.70 crores during the year compared with Rs. 512.29 crores earned during the previous year registering a decline of 1.1%. The CS SBU faced increased competition in the domestic market resulting in pressure on pricing and margins. The CS SBU continued to be a dominant provider of end-to-end IT solutions and services with strong pan India presence, as your Company executed some of the largest IT infrastructure projects for banks and insurance companies during the year with over 1000 locations across length and breadth of the Country.

3.2 Systems Integration (SI)

The SI SBU undertakes the activities of solution deployment that includes software development, software maintenance and support, turnkey project implementation and systems consultancy. The SI SBU earned revenue of Rs 225.68 crores during the current year compared with Rs. 191.15 crores earned in the previous year, registering an increase of 18.1%. The growth in the revenue of SI SBU was primarily driven by strong growth in the international markets. Some of the key solutions and embedded systems offerings of SI SBU got increased acceptance in the international markets. The SI SBU has become one of the leading embedded systems service provider from India to some of the fortune 100 companies worldwide. In the domestic market the SI SBU continues to be dominant player in general insurance sector, securities sector and e-Governance space.

3.3 IT Enabled Services (ITES)

ITES SBU is a value added service provider providing OMR/ICR based forms processing services, document management services, managed network services, Electronic Data Interchange (EDI) services, web design and hosting services, facility management etc. The ITES SBU earned revenue of Rs 19.18 crores during the current year compared with Rs. 33.85 crores earned in the previous year registering a decline of 43.4%. The ITES SBU is facing increased competition from un-organised sector in domestic market. However the ITES SBU has been able to leverage its experience and expertise in the international markets and position itself for large projects overseas.

3.4 Education & Training (E&T)

E&T SBU of the Company offers courses on information technology including professional courses, vendor certified courses, career development courses, through its own and franchisee centers. The E&T SBU turned around during current year with revenue of Rs. 28.12 crores compared with Rs. 18.48 crores registering an increase of 52.2%. The E&T has benefited from general upsurge in E&T market. In addition, the E&T SBU is repositioning itself in corporate training segment and re-orientating its career courses.

3.5 International Operations:

Increased focus on international markets has been a part of the core strategy of your Company. The Company increased its International revenue by 32.5% to Rs. 179.32 crores during current year. The international market strategy of the Company revolves around leveraging TCS's international presence and CMC's products and solutions. The increase in international revenue is primarily due to 219% increase in revenue from Embedded Systems Services primarily from the customers in the USA and Europe and 46% growth from solutions implementation primarily for the customers in Europe and Middle East & African Region. Your Company suspended work for two international clients following their organizational restructuring. As an abundant precaution your Company has provisioned for Rs. 16.00 crores for their dues.

4. SUBSIDIARY COMPANY

Your Company has one wholly owned subsidiary CMC Americas; Inc. in the United States of America. In terms of approval granted by the Central Government under Section 212(8) of the Companies Act, 1956, copies of the Balance Sheet, Profit & Loss Account and Report of the Auditors of the Subsidiary Company have not been attached.

The Annual Accounts of the Subsidiary Company and related detailed information will be made available to the Holding and Subsidiary Company Investors seeking such information at any point of time. The Annual Accounts of the Subsidiary Company are also kept for inspection by any investors at the Registered Office of your Company. However, pursuant to Accounting Standard 21 issued by the Institute of Chartered Accountants of India, the Consolidated Financial Statements presented by the Company include the financial information of its Subsidiary.

5. FIXED DEPOSIT

During the year, the Company has not accepted any fixed deposits under Section 58A of the Companies Act, 1956.

6. LISTING

The equity shares of the Company are listed with Calcutta Stock Exchange, The Stock Exchange, Mumbai and National Stock Exchange.

7. DIRECTORS

Dr KRS Murthy and Mr. Shardul Shroff are retiring from the Board by rotation at the ensuing Annual General Meeting and, being eligible, offer themselves for re-election.

8. COMMUNITY DEVELOPMENT

The Company is committed to improve the quality of the underprivileged community. As a part of fulfilling its social obligations, the Company generates active participation among the staff members so that emphasis shifts from donation to volunteering on the part of its staff members. As part of this, staff members keenly participated in different ways such as blood donation, educating the underprivileged children, conducting Quiz on Science in the schools, imparting skills in tailoring, stitching, etc. to the underprivileged women, arranging exhibition-cum-sale stall for selling the products manufactured by the National Blind Association, etc.

CMC staff members made generous financial contribution to the Tata Relief Fund to help the victims of the recent national tragedy resulting from Tsunami. CMC volunteers also visited the Tsunami affected areas and did physical help, distributed materials like clothes etc.

9. BUSINESS EXCELLENCE AND QUALITY INITIATIVES

Your Company continued its journey in the Tata Business Excellence Model (TBEM) by signing Brand Equity and Business Promotion (BE-BP) Agreement with Tata Sons Limited during the current year. This agreement entitles your Company to leverage the Tata brand and access to the group resources and expertise. Your Company achieved CMM level 5 certification for its development center at Hyderabad during the year.

10. CORPORATE GOVERNANCE

As required under Clause 49 of the Listing Agreement with the Stock Exchanges, the report on Management Discussion and Analysis, Corporate Governance as well as the Auditors' Certificate regarding compliance of conditions of Corporate Governance forms a part of the Annual Report.

11. TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

Information as required under the Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988 in respect of energy conservation, technology absorption and foreign exchange earnings and outgo is given in Annexure-I to this Report.

12. DIRECTORS' RESPONSIBILITY STATEMENT

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

- i) In the preparation of the Annual Accounts, the applicable Accounting Standards have been followed with no material departures;
- ii) The Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent, so as to give a true and fair view of the state of affairs of the Company as on 31st March, 2005 and of the profit of the Company for that period;
- iii) The Directors had taken proper and sufficient care to the best of their knowledge and ability for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities and
- iv) The Directors had prepared the Annual Accounts on a 'going concern' basis.

13. AUDITORS

M/s S B Billimoria & Co., the Statutory Auditors of the Company, hold office until the ensuing Annual General Meeting. The said Auditors have under Section 224(1) of the Companies Act, 1956, furnished the certificate regarding their eligibility for re-appointment.

14. PARTICULARS OF STAFF

Information as required under Section 217(2A) of the Companies Act, 1956, read with Companies (Particulars of Employees) Rules, 1975, as amended, regarding particulars of employees drawing remuneration of Rs. 24 lacs per annum or Rs. 2 lacs per month, as the case may be, is set out in the Annexure – II to this report. The Ministry of Company Affairs has recently amended the Companies (Particulars of Employees) Rules, 1975 to the effect that the particulars of the employees of the companies engaged in Information Technology sector, posted and working outside India, not being directors or their relatives, need not be included in the statement but, such particulars shall be furnished to the Registrar of Companies. Accordingly, the statement included in this report does not contain the particulars of employees who are posted and working outside India.

15. ACKNOWLEDGEMENTS

The Directors wish to convey their appreciation to business associates for their support and contribution during the year. The Directors would also like to thank the employees, shareholders, customers, suppliers and bankers for the continued support given by them to the Company and their confidence reposed in the management.

For and on behalf of the Board

Mumbai
April 18, 2005

S RAMADORAI
Chairman