

CMC Limited

A **TATA** Enterprise

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BOARD OF DIRECTORS



L–R: Mr Shardul Shroff, Mr Ishaat Hussain, Mr S Ramadorai, Dr KRS Murthy, Mr R Ramanan, Mr C B Bhave and Mr Surendra Singh

MANAGEMENT TEAM



L–R: Messrs Prabhat Mittra, Saibal Ghosh, Uday Bhobe, Dilip Pai, J K Gupta, R Ramanan, Vivek Agarwal, Prasad Rangnekar and SV Ramanan



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Annual General Meeting on Monday,
June 25, 2007 at 3.30 p.m. at Bhartiya
Vidya Bhavan Auditorium, BVB
Hyderabad Kendra
No. 5-9-1105, Basheerbagh-King Koti
Road, Hyderabad-500029

CORPORATE INFORMATION

Board of Directors

Mr S Ramadorai (Chairman)
Mr R Ramanan (Managing Director & CEO)
Mr Ishaat Hussain
Dr KRS Murthy
Mr Surendra Singh
Mr C B Bhav
Mr Shardul Shroff

Management Team

Mr R Ramanan (Managing Director & CEO)
Mr J K Gupta (CFO)
Mr Prasad Rangnekar (Head of Operations)
Mr Prabhat Mittra (Global Head - CS & ITES)
Mr Uday Bhobe (Global Head - SI)
Mr Saibal Ghosh (Global Head, E&T & National Sales Head)
Mr Dilip Madhav Pai (CIO)
Mr S V Ramanan (Head-HR & Corp. Communications)
Mr Vivek Agarwal (Company Secretary & Head – Legal)

Statutory Auditors

M/s S.B. Billimoria & Co.
Chartered Accountants

Secretarial Auditors

M/s Chandrasekaran Associates
Company Secretaries

Internal Auditors

M/s Ernst & Young Pvt. Ltd.

Registered Office

CMC Centre
Old Mumbai Highway
Gachibowli, Hyderabad-500032
Tel. : 040-66578000 (10 lines)
Fax : 040-23000509

Corporate Office

PTI Building, 5th Floor
4, Sansad Marg
New Delhi-110001
Tel. : 011-23736151 (8 lines)
Fax : 011-23736159

Principal Bankers

Canara Bank
State Bank of Bikaner & Jaipur
ICICI Bank

Audit Committee

Dr KRS Murthy
Mr Surendra Singh
Mr C B Bhav

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 Bhav
Mr Surendra Singh

Executive Committee

Mr S Ramadorai
Mr R Ramanan
Mr Ishaat Hussain
Dr KRS Murthy
Mr C B Bhav

Nomination Committee

Mr S Ramadorai
Mr R Ramanan
Mr Ishaat Hussain
Dr KRS Murthy

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

Bombay Stock Exchange Ltd.
National Stock Exchange of India Ltd.
The Calcutta Stock Exchange Ass. Ltd.

Web site

www.cmcltd.com



NOTICE

Notice is hereby given that the 31st Annual General Meeting of the Members of CMC Limited will be held on Monday, June 25, 2007 at 3.30 P.M. at Bhartiya Vidya Bhavan Auditorium, BVB Hyderabad Kendra No. 5-9-1105 Basheerbagh-King Koti Road, Hyderabad – 500 029, Andhra Pradesh, 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, 2007 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 Surendra Singh, who retires by rotation and, being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr C B Bhawe, who retires by rotation and, being eligible, offers himself for re-appointment.
5. To appoint Statutory Auditors and to fix their remuneration.

Mumbai
April 14, 2007

Registered Office:

CMC Centre
Old Mumbai Highway, Gachibowli
Hyderabad-500 032 (A.P.)

BY ORDER OF THE BOARD
For CMC LIMITED

VIVEK AGARWAL
COMPANY SECRETARY & HEAD - LEGAL

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 Monday, June 18, 2007 to Friday, June 22, 2007 (both days inclusive).
6. The dividend as recommended by the Board of Directors, if declared at the Annual General Meeting, will be paid at par after June 25, 2007 to (i) 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 16, 2007; (ii) in respect of shares held in electronic form to those beneficiaries 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 15, 2007.
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 16, 2007. 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 (IEP Fund) established by the Central Government. The following are the details of the dividends paid by the Company and respective due dates for claiming by the Shareholders:

Dividend Year	Date of Declaration of dividend	Last date for claim
1999-00	28-09-2000	27-09-2007
2000-01	28-09-2001	27-09-2008
2001-02	29-08-2002	28-08-2009
2002-03	31-07-2003	30-07-2010
2003-04	30-08-2004	29-08-2011
2004-05	17-06-2005	16-06-2012
2005-06	27-06-2006	26-06-2013

Thirty first annual report 2006 - 2007

Further the Company shall not be in a position to entertain the claims of the Shareholders for the unclaimed dividends which have been transferred to the credit of IEP Fund.

In view of the above, the Shareholders are advised to send all the un-encashed dividend warrants pertaining to the above years to our Registrar & Share Transfer Agents for revalidation and encash them before the due dates for transfer to the IEP Fund.

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. Members are requested to send their queries, if any, to the Company's Corporate Office at New Delhi at least ten days before the date of the meeting so that information can be made available at the meeting.
11. 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.

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

**Mumbai
April 14, 2007**

**VIVEK AGARWAL
COMPANY SECRETARY & HEAD - LEGAL**

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

Name	Mr Surendra Singh	Mr C B Bhave
Date of Birth	21.07.1937	28.08.1950
Date of Appointment	16.10.2001	16.10.2001
Qualifications	M.Sc., Retd. I.A.S. Officer	B.E. (Electrical)
Expertise in specific functional areas	Business and Finance Management	Business and Finance Management
Chairman/ Director of other Companies	NIIT Limited NIIT Technologies Limited Jubilant Organosys Limited BAG Films Limited UTI Bank Limited NIIT SmartServe Limited	National Securities Depository Ltd.-Chairman & Managing Director Avaya Global Connect Ltd. NSDL Database Management Ltd.-Chairman IDFC Trustee Company Ltd.
Chairman/ Member of Committees of the Board of Companies of which he is a Director	NIIT Limited Shareholders/Investors Grievance-Chairman Audit NIIT Technologies Limited Audit UTI Bank Limited Shareholders/Investors Grievance-Chairman Jubilant Organosys Limited Audit CMC Limited Shareholders/Investors Grievance-Chairman Audit Remuneration Ethics & Compliance	Avaya Global Connect Ltd. Shareholders/Investors Grievance Audit CMC Limited Audit Remuneration Executive

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

**Mumbai
April 14, 2007**

**VIVEK AGARWAL
COMPANY SECRETARY & HEAD - LEGAL**



DIRECTORS' REPORT

TO THE MEMBERS OF CMC LIMITED

Your Directors have pleasure in presenting the 31st Annual Report and the Audited Statement of Accounts for the year ended March 31, 2007.

1. FINANCIAL RESULTS

(Rs. in Crores)

Particulars	2006-07	2005-06
Income from Sales and Services	988.91	828.79
Other Income	5.49	28.97
Total Income	994.40	857.76
Operating Expenses	897.59	784.71
Profit before Depreciation, Interest and Tax	96.81	73.05
Depreciation	8.24	9.10
Interest	3.70	3.84
Profit before Tax	84.87	60.11
Provision for Taxation (incl. deferred Income Tax)	20.78	16.00
Profit after Tax	64.09	44.11
Add: Profit brought forward from previous year	167.11	143.90
Amount available for appropriations	231.20	188.01
Appropriations		
Proposed Dividend	12.12	7.58
Tax on Proposed Dividend	2.05	1.06
Transfer to General Reserve	6.41	4.41
Balance carried to Balance Sheet	210.62	174.96
	231.20	188.01

1.1 OPERATING RESULTS

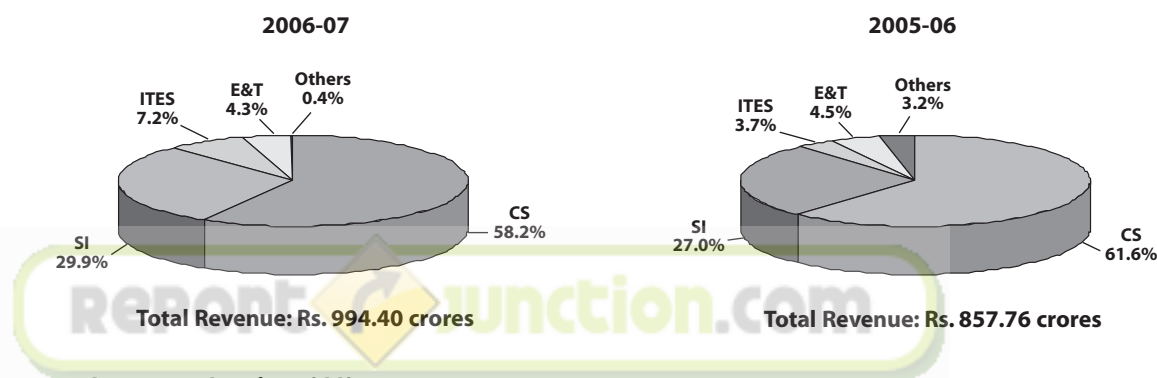
During the year, your Company earned total revenue of Rs. 994.40 crores compared with Rs. 857.76 crores during the previous year, registering a growth of 16%. The income from Sales and Services at Rs. 988.91 crores registered a growth of 19% compared with Rs. 828.79 crores earned in the last year, mainly on account of 126% growth in ITES, 28% growth in SI, 11% growth in E&T and 10% growth in CS business.

The profit before tax at Rs. 84.87 crores registered an increase of 41% over the previous year mainly on account of increased business from high value added services. The Company made a provision of tax totalling to Rs. 20.78 crores, inclusive of Fringe Benefit Tax amounting to Rs. 1.89 crore. The profit after tax stood at Rs. 64.09 crores registering an increase of 45% over the previous year. Average tax rate came down to 24.5% in the previous year compared to 26.6% in the year 2005-06.

2. DIVIDEND

Your Directors recommend payment of dividend at 80% of paid-up equity share capital for the year ended March 31, 2007.

3. BUSINESS OPERATIONS



3.1 Customer Services (CS)

Customer Services Strategic Business Unit (CS SBU) undertakes all activities related to IT infrastructure including infrastructure architecture, design and consulting services; turnkey systems integration of large network and data center infrastructures including supply of associated equipment and software; on-site and remote facilities management of multi-location infrastructures of domestic and international clients.

The CS SBU earned revenue of Rs. 579.04 crores during the year compared to Rs. 528.47 crores earned during the previous year, registering an increase of 10% over the previous financial year. The CS SBU added new services in the areas of large-scale nationwide application rollout projects; total Infrastructure outsourcing; high-end infrastructure design, process and security consulting; business continuity and disaster recovery planning and consultancy; remote infrastructure management. The SBU also had major successes in offshore managed-services for several international clients in the banking, finance and insurance sectors.

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. 297.25 crores during the current year compared with Rs. 231.74 crores earned in the previous year, registering an increase of 28%. In the domestic market the SI SBU continues to be dominant player in general insurance sector, securities sector, defense, games management and e-Governance space. In the Global market, SI SBU continues to be strong in shipping, transportation and embedded systems. Embedded system revenue grew 21% during the year.



3.3 IT Enabled Services (ITES)

The ITES Strategic Business Unit (SBU) undertakes business process outsourcing services including total front-office/back-office outsourcing; office records digitization and document management; examination results and recruitment management; legacy data migration management; inbound call center services with specific business domain expertise, and on-demand software services. The ITES SBU earned revenue of Rs. 71.21 crores during the year compared to Rs. 31.48 crores earned in the previous year registering an increase of 126%. The year has seen the transformation of the ITES business from being a niche player in on-site digitization, examination and recruitment processing, cards digitization and electoral rolls processing in the domestic market to being a mature player in sophisticated knowledge-based digitization business for large international clients. During the year, ITES SBU added two large international clients in the digitization space in synergy with TCS. ITES SBU earned 56% of its revenue from international markets during the year.

3.4 Education & Training (E&T)

E&T SBU of the Company offers courses on information technology including professional courses, career development courses etc. E&T SBU embarked on increasing the business in private sector, focusing on more profitable corporate segments during the year.

The E&T SBU earned revenue of Rs. 42.39 crores compared to Rs. 38.24 crores earned in the previous year, registering an increase of 11% over the previous financial year. E&T SBU has been focusing on fast growing corporate segment and has established itself as a preferred vendor of E&T services to a large number of IT and ITES Companies in India. E&T SBU was able to get a break through in the BPO segment and partnered with some of the large BPO Companies and offered its professional training programmes to the individual Companies. E&T SBU has identified Application Roll Out Training as one of the growth areas. During the year, E&T offered its services to DTH service Company and also launched number of new courses to provide training coupled with work experience to unemployed fresh graduates.

3.5 SPECIAL ECONOMIC ZONE & STP

3.5.1 Special Economic Zone:

The Company obtained necessary approvals and started the work for setting up an IT and ITES Sector specific Special Economic Zone (SEZ), named Synergy Park, at its Campus at Gachibowli, Hyderabad. The proposed SEZ is being built in total area of 50.87 acres of land. The Synergy Park is being built in two phases. Phase I will have 2832 seat capacity and Phase II will have 7175 seat capacity taking the total to over 10,000 seat capacity besides common facilities like Auditorium and Canteen facilities etc. Phase I would be completed before July 31, 2007, and the Phase II is planned to be completed by June 30, 2009. The Company has spent a total of Rs. 26.12 crores on SEZ project during the year.

3.5.2 Software Technology Park:

Your Company has set up a new Software Technology Park (STP) at Kolkata during the year. The Company now has three STPs, the other two being in Hyderabad and Mumbai. The Kolkata STP is currently engaged primarily in executing new international contracts won during the year in ITES space.

4. SUBSIDIARY COMPANY

Your Company has a wholly owned subsidiary CMC Americas Inc. in USA. Copies of the Balance Sheet, Profit & Loss Account and Report of the Auditors of the Subsidiary Company have not been attached as per approval granted by the Central Government under Section 212(8) of the Companies Act, 1956. However, as per the exemption letter of the Central Government, a statement containing the financial details of the Subsidiary Company for the year ended March 31, 2007 is included in the Annual Report. As per Accounting Standard 21 issued by The Institute of Chartered Accountants of India, the Consolidated Financial Statements have been attached which include the financial information of its Subsidiary.

The Annual Accounts of the Subsidiary Company and related detailed information will be made available to the Shareholders of the Company 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.

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 Bombay Stock Exchange Limited, National Stock Exchange and Calcutta Stock Exchange. There are no arrears on account of payment of listing fees to the Stock Exchanges.

7. DIRECTORS

Mr Surendra Singh and Mr C B Bhawe are retiring by rotation at the ensuing Annual General Meeting and, being eligible, offer themselves for re-election.

The Company has a Nomination Committee. The nomenclature of this Committee is detailed in the Corporate Governance report attached to the Annual Report. The objectives of the Committee are to identify the Independent Directors and to refresh the composition of the Board from time to time.

8. COMMUNITY DEVELOPMENT

The Company has been actively promoting and supporting its staff members to volunteer for activities related to community services. The Company has chosen to focus its efforts towards helping the under privileged and physically challenged children to overcome their shortcomings by organizing medical check-ups, sports activities and also helping their institutions with volunteers and financial support.

The Company has also taken up a programme of harnessing its expertise in IT to develop an ATM which can be used by visually handicapped persons. This is based on recognition of fingerprints automatically by the ATM.

The Company promotes active participation among staff members in activities related to community services with emphasis on volunteering their services. As a part of this, the Company organized Medical Health Camp