A TATA Enterprise

CMC Limited

Your IT Partner

Sustainable and advanced technology solutions & services

35th Annual Report

2010 - 2011

Board of Directors

L-R: Mr S Mahalingam, Mr R Ramanan, Mr Surendra Singh, Mr S Ramadorai, Ms Kalpana Morparia and Dr KRS Murthy

Management Team

L-R: Mr Vivek Agarwal, Mr J K Gupta, Mr R Ramanan, Mr Avadhesh Dixit

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Annual General Meeting will be held on Monday, 27 June, 2011 at CMC's Auditorium at its Registered Office, CMC Centre, Old Mumbai Highway, Gachibowli, Hyderabad-500 032, Andhra Pradesh at 3 p.m. As a measure of economy, copies of the Annual Report will not be distributed at the Annual General Meeting. Members are requested to kindly bring their copies to the meeting.

Visit us at www.cmcltd.com

CORPORATE INFORMATION

Board of Directors
Mr S Ramadorai (Chairman)
Mr R Ramanan (Managing Director & CEO)
Dr KRS Murthy
Mr Surendra Singh
Ms Kalpana Morparia
Mr S Mahalingam

Board Committees

Audit Committee
Dr KRS Murthy
Mr Surendra Singh
Ms Kalpana Morparia

Shareholders / Investors Grievance Committee
Mr Surendra Singh
Mr R Ramanan
Dr KRS Murthy

Governance Committee
Dr KRS Murthy
Mr S Ramadorai
Mr Surendra Singh
Ms Kalpana Morparia
Mr S Mahalingam

Executive Committee
Mr S Ramadorai
Mr R Ramanan
Dr KRS Murthy
Mr Surendra Singh
Ms Kalpana Morparia
Mr S Mahalingam

Ethics & Compliance Committee
Mr Surendra Singh
Mr R Ramanan
Mr Vivek Agarwal

Management Team
Mr R Ramanan (Managing Director & CEO)
Mr J K Gupta (CFO)
Mr Vivek Agarwal (Company Secretary & Head - Legal)
Mr Avadhesh Dixit (Head - HR)

Statutory Auditors
M/s Deloitte Haskins & Sells
Chartered Accountants

Secretarial Auditors
M/s Chandrasekaran Associates
Company Secretaries

Internal Auditors
M/s Ernst & Young Pvt. Ltd.

Principal Bankers
Canara Bank
State Bank of Bikaner & Jaipur
ICICI Bank

Registrars & Share Transfer Agents
M/s Karvy Computershare Private Limited
Plot No. 17 to 24, Vittalrao Nagar
Madhapur, Hyderabad - 500 081

Stock Exchanges where Company's Securities are listed
Bombay Stock Exchange Limited (BSE)
National Stock Exchange of India Limited (NSE)
The Calcutta Stock Exchange Limited (CSE)

Registered Office
CMC Centre
Old Mumbai Highway
Gachibowli, Hyderabad-500 032
Tel. : 91 40 6657 8000-10 (10 lines)
Fax : 91 40 2300 0509

Corporate Office
PTI Building, 5th Floor
4, Sansad Marg
New Delhi-110 001
Tel. : 91 11 2373 6151-8 (8 lines)
Fax : 91 11 2373 6159

NOTICE

Notice is hereby given that the 35th Annual General Meeting of the Members of CMC Limited will be held on Monday, June 27, 2011 at 3 p.m. at CMC's Auditorium, CMC Centre, Old Mumbai Highway, Gachibowli, Hyderabad-500 032, Andhra Pradesh, to transact the following business:

1. To receive, consider and adopt the audited Profit and Loss Account for the year ended on March 31, 2011 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 for the financial year 2010-11 on equity shares.
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 Ms. Kalpana Morparia, who retires by rotation and, being eligible, offers herself for re-appointment.
5. To appoint Statutory Auditors and to fix their remuneration.

By Order of the Board of Directors

VIVEK AGARWAL
Company Secretary & Head - Legal

New Delhi
18 April, 2011

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

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/herself and the Proxy need not be a Member of the Company.** Proxies, in order to be effective, must be received at the Company's Registered Office not less than 48 hours before the meeting. Proxies submitted on behalf of limited companies, societies, etc., must be supported by appropriate resolutions/authority, as applicable.
2. The relevant details as required by Clause 49 of the Listing Agreements entered into with the Stock Exchanges, of persons seeking re-appointment as Directors under Item Nos. 3 and 4 of the Notice, 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 Book Closure/Record Date for the purpose of declaration of dividend shall be fixed in due course of time and shall be published in the newspapers pursuant to Section 154 of the Companies Act, 1956. The said information will also be intimated to the Stock Exchanges which will upload the same to their website and will also be uploaded to Company's website.
5. The dividend as recommended by the Board of Directors, if declared at the Annual General Meeting, will be paid on July 01, 2011.
6. Members holding shares in electronic form are hereby informed that the bank particulars registered against their respective depository accounts will be used by the Company for the payment of dividend. The Company or its Registrars cannot act on any request received directly from the Members holding shares in electronic form for any change in address, change of bank particulars or bank mandates. Such changes are to be advised only to the Depository Participant of the Members.
7. Members holding shares in physical form are requested to advise any change of address immediately to the Company's Registrar and Share Transfer Agents, M/s Karvy Computershare Private Limited (RTA).

8. Pursuant to provisions of Section 205A(5) of the Companies Act, 1956, dividends which remain unpaid/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 claim by the Shareholders:

Financial Year	Date of Declaration of divided	Last date for claim
2003-04	30-08-2004	29-08-2011
2004-05	17-06-2005	16-06-2012
2005-06	27-06-2006	26-06-2013
2006-07	25-06-2007	24-06-2014
2007-08	24-06-2008	23-06-2015
2008-09	26-06-2009	25-06-2016
2009-10	29-06-2010	28-06-2017

Further the Company shall not be in a position to entertain the claims of 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 RTA for revalidation or issuance of Demand Draft in lieu thereof and encash them before 'the due dates for transfer to the IEP Fund'.

9. Members desiring any information as regards the Annual Report, are requested to write to the Company's Corporate Office at New Delhi at least ten days before the date of the Annual General Meeting so that information can be made available at the meeting.

10. Members are requested to register their e-mail addresses through their Depository Participant where they are holding their Demat Accounts for sending the future communications by e-mail. Members holding the shares in physical form may register their e-mail addresses through the RTA, giving reference of their Folio Number.

By Order of the Board of Directors

New Delhi
18 April, 2011

VIVEK AGARWAL
Company Secretary & Head - Legal

DETAILS OF DIRECTORS SEEKING RE-APPOINTMENT AT THE ANNUAL GENERAL MEETING

(Pursuant to Clause 49 of the Listing Agreement)

Particulars	**Mr S Ramadorai**	**Ms Kalpana Morparia**
Date of Birth	06.10.1944	30.05.1949
Date of Appointment	16.10.2001	11.03.2008
Qualifications	Bachleror's degree in Physics from Delhi University, Bachleror's degree in Electronics and Telecommunications from IISC, Bangalore, Master's degree in Computer Science from University of California, USA and Executive MBA from Sloan School of Management, MIT	Bachelor in Science and Law from Bombay University.
Expertise in specific functional areas	Wide experience in Information Technology Services	Banking and Finance
Chairmanships/ Directorships of other Companies (excluding foreign companies and Section 25 companies)	Tata Consultancy Services Limited Tata Industries Limited Tata Technologies Limited Hindustan Unilever Limited Piramal Healthcare Limited Tata Elxsi Limited Tata Tele Services (Maharastra) Limited Computational Research Laboratories Limited Tata Communications Limited Tata Advanced Systems Limited Asian Paints Limited Bombay Stock Exchange Limited	Dr Reddy's Laboratories Limited Bennett Coleman & Company Limited
Chairmanships / Memberships of committees of other Public companies (includes only Audit Committee and Shareholders / Investors Grievance Committee	**Audit Committee** Tata Technologies Limited* Tata Elxsi Limited Hindustan Unilever Limited Tata Teleservices (Maharastra) Limited Tata Advanced Systems Limited* Computational Research Laboratories Limited* Bombay Stock Exchange Limited **Shareholders Grievance Committee** Tata Consultancy Services Limited Bombay Stock Exchange Limited*	**Audit Committee** Dr. Reddy's Laboratories Limited Bennett Coleman & Co. Limited**
Number of Shares held in the Company	NIL	NIL

* Chairman ** Chairperson

DIRECTORS' REPORT

TO THE MEMBERS OF CMC LIMITED

Your Directors have pleasure in presenting the 35th Annual Report and the Audited Statement of Accounts for the year ended 31 March, 2011.

1. FINANCIAL RESULTS

(Rs. in Crore)

Particulars	Standalone		Consolidated	
	2010-11	2009-10	2010-11	2009-10
Income from Sales and Services	**794.21**	690.01	**1080.53**	870.73
Other Income	**15.66**	18.82	**15.67**	18.88
Total Income	**809.87**	708.83	**1096.20**	889.61
Operating Expenses	**625.74**	549.46	**873.69**	709.01
Profit before Depreciation, Interest and Tax	**184.13**	159.37	**222.51**	180.60
Depreciation	**10.09**	9.82	**10.46**	9.85
Interest	**0.01**	2.72	**0.22**	3.30
Profit before Tax	**174.03**	146.83	**211.83**	167.45
Provision for Taxation (incl. deferred Income Tax)	**18.30**	17.25	**32.42**	24.22
Profit After Tax	**155.73**	129.58	**179.41**	143.23
Add: Profit brought forward from previous year	**420.12**	338.95	**453.44**	358.62
Amount available for appropriations	**575.85**	468.53	**632.85**	501.85
Appropriations				
Proposed Dividend on Equity Shares	**30.30**	30.30	**30.30**	30.30
Tax on Proposed Dividend	**4.91**	5.15	**4.91**	5.15
Transfer to General Reserve	**15.57**	12.96	**15.57**	12.96
Balance carried forward to Balance Sheet	**525.07**	420.12	**582.07**	453.44
	575.85	468.53	**632.85**	501.85

2. ISSUE OF BONUS SHARES AND PROPOSED CHANGE IN PAID UP EQUITY SHARE CAPITAL

The Directors have, subject to the approval of the shareholders, approved a bonus issue of equity shares in the ratio of ONE equity share of the Company of Rs.10/- each, for every ONE equity share of the Company held by the shareholders of the Company as on a Book Closure / Record Date to be fixed for this purpose. This would result in issue of additional 1,51,50,000 equity shares of Rs.10/- each and consequently the paid-up equity share capital of the Company would increase to Rs.30,30,00,000 consisting of 3,03,00,000 equity shares of Rs.10/- each.

3. DIVIDEND

Based on the Company's performance, the Directors are pleased to recommend for approval of the Members a dividend of Rs. 20/- per share on 1,51,50,000 Equity Shares of Rs. 10/- each of the Company for the financial year 2010-11.

4. TRANSFER TO RESERVES

The Company proposes to transfer Rs. 15.57 crore to the General Reserve out of amount available for appropriation, and an amount of Rs. 525.07 crore is proposed to be retained in the Profit and Loss Account.

5. OPERATING RESULTS & BUSINESS OPERATIONS

Your Company successfully completed the phase of business transformation started four years ago, which saw significant improvement in the business mix resulting in improved margins. Your Company had decided to defocus from low margin equipment business and grow high value services business in both domestic and international markets, which saw overall revenue decline in the last three years. Your Directors are happy to report that the Company is back to growth with Consolidated operating revenue increasing by 24% to Rs. 1080.53 crore from Rs. 870.73 crore in the previous year.

All the business segments of your Company contributed to growth. ITeS SBU delivered highest growth of 54% followed by 28% by E&T SBU, 23% by Systems Integration SBU and 12% by Customer Services SBU on a consolidated basis. The domestic business of the Company grew 11% to Rs. 482.82 crore in 2010-11 compared to Rs. 435.41 crore in the previous year. The international business of your Company grew by 37% to Rs. 597.71 crore in 2010-11 compared to Rs. 435.32 crore in the previous year. The wholly owned subsidiary of your Company, CMC Americas, Inc. drove growth of international business with 47% growth in revenue in dollar terms.

The Operating Profit (earnings before interest, tax and depreciation) increased by 28% on a consolidated basis to Rs. 206.84 crore compared to Rs. 161.72 crore in the previous year. The operating margins improved further by 57 basis to 19.14% during the year under review compared to 18.57% in the previous year.

On a Standalone basis the Company has recorded operating revenue of Rs. 794.21 crore as compared to Rs. 690.01 crore in the previous year registering a growth of 15% on yearly basis. The growth in operating revenue has been contributed 28% by E&T SBU followed by 25% by ITeS, 20% by SI SBU and 2% by CS SBU.

The Operating Profit (earnings before interest, tax and depreciation) increased by 20% on a standalone basis to Rs. 168.47 crore compared to Rs. 140.55 crore in the previous year. The operating margins improved further by 84 basis to 21.21% during the year under review compared to 20.37% in the previous year.

Your Company continued to invest and grow its solution asset base during the year so that it can offer innovative solutions around the core IPs' of these assets. In the international arena, your Company has identified new growth areas in emerging geographies such as Africa, MEA and South & South East Asia, and neighbouring countries and met with initial successes with its solutions for Depositories and e-Governance solutions in 2010-11.

6. SPECIAL ECONOMIC ZONE (SEZ)

Your Company had taken up setting up of an IT and ITeS Sector Specific Special Economic Zone (SEZ), named Synergy Park, at its Campus at Gachibowli, Hyderabad. The project is progressing well. Phase I of the project consisting of Offshore Development Centre (ODC) 1, 2 & 3 with seating capacity of around 2700 in three ODCs was completed in 2008-09. Phase II of the project consisting of ODC 5 & 6 is nearing completion. ODC 5 will become operational in April, 2011 and ODC 6 by July, 2011. In view of improved outlook for IT industry, your Company has planned for Phase III of the project consisting of ODC 4 and Multi Level Car Parking. Phase III is planned to be completed by December, 2012. The Company has so far spent Rs. 144.51 crore on this project till 31 March, 2011. With the commissioning of ODC 5, the Company is going to have its first SEZ Unit to execute export business eligible for tax concessions.

7. CREDIT RATING

Your Directors have pleasure to inform that ICRA Limited has upgraded the credit rating of your Company from LAA to LAA+ for long term exposure (both fund based as well as non fund based) for a total amount of Rs. 250 crore. ICRA has also reaffirmed A1+ rating for short term debt instruments of the Company up to Rs. 100 crore. ICRA had carried out a credit rating assessment of the Company both for short term and long term exposures in compliance with BASEL II norms implemented by Reserve Bank of India for all banking facilities. This will enable the Company to access banking services at low costs. This also reflects the improvement in margins, working capital management and cash flows of the Company.

8. SUBSIDIARY COMPANIES

Your Company has a wholly owned subsidiary CMC Americas Inc. in USA. During the year CMC Americas, Inc. formed a wholly owned subsidiary company CMC eBiz, Inc. in USA. Copies of the Balance Sheet, Profit & Loss Account and Report of the Auditors of the subsidiary companies have not been attached as per the consent granted by the Board of Directors of the Company in terms of general exemption granted by the Ministry of Corporate Affairs, Government of India under Section 212(8) of the Companies Act, 1956 vide general circular no. 2/2011 dated 08.02.2011. However, as per the terms of the general exemption, a statement containing brief financial details of the subsidiary companies for the year ended 31 March, 2011 is included in the Annual Report. As required under the Listing Agreements with the Stock Exchanges, the Company has prepared the Consolidated Financial Statements of the Company and its subsidiaries as per Accounting Standard (AS) 21, Consolidated Financial Statements which form part of the Annual Report and Accounts.

The Annual Accounts of the subsidiary companies and related detailed information will be made available to the Shareholders of the Company seeking such information. The Annual Accounts of the subsidiary companies are also kept for inspection by any investors at the Registered Office of your Company.

9. FIXED DEPOSIT

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

10. LISTING

The equity shares of the Company are listed with Bombay Stock Exchange (BSE), National Stock Exchange (NSE) and Calcutta Stock Exchange (CSE). There are no arrears on account of payment of listing fees to the Stock Exchanges.