

CMC Limited



Your IT Partner

A **TATA** Enterprise

# 38th ANNUAL REPORT

## 2013-14

## **BOARD OF DIRECTORS**



**L-R : Prof. M S Ananth, Mr Ashok Sinha, Mr R Ramanan, Mr S Ramadorai, Ms Kalpana Morparia, Mr Sudhakar Rao and Mr S Mahalingam**

## **MANAGEMENT TEAM**



**L-R : Mr J Sriram, Mr Vivek Agarwal, Mr R Ramanan and Mr J K Gupta**

# Letter from CEO



Dear Shareholders,

I am pleased to report that your Company continued to maintain momentum of growth and profitability during the year 2013-14. During this period your Company's consolidated revenues grew by 16% to ₹ 2256 crore and the net profits grew by 22% to ₹ 280 crore. The earnings per share for the Company increased to ₹ 92.55. In line with

improved financial performance and consistent with our policy of rewarding shareholders with a higher dividend, this year an increased dividend payout of ₹ 22.50 per share has been proposed by the Board of Directors of your Company.

Your Company offers a balanced portfolio of integrated services and solutions in niche areas that span across four areas relevant to every organization – infrastructure systems engineering, applications and real time systems engineering, digitization and business workflow systems engineering and education and training. Your Company has therefore, unique end to end servicing and solution capabilities that differentiate it from the traditional vendors in the marketplace. As a result, your Company has seen consistent growth with value and over the last 12 months, your Company has added 64 new customers across the world, thus deepening its customer base. Your Company encourages and rewards people for Company's growth and innovation through various mechanisms.

Your Company is striving for overall growth by benefiting not just our customers, shareholders, employees, partners, but also the communities we serve. We strive to achieve this with a pool of committed and talented individuals, embracing innovation and customer centricity while ensuring business excellence and quality in all our services.

The new financial year heralds an opportunity for reimagining and reinforcing the future of the organization. We are today in a globally connected world where the amazing progress of mankind on the technology front is enabling us to envision new digital lifestyles, mobile interactions, social economics, sensor technology based integrations, analytics driven informed decision making and cloud based shared services. These game changing digital interventions in turn are springing up innovative business models, a flurry of entrepreneurial initiatives, breakdown of traditional ways of thinking and behaviours and innovative ways of problem solving and solutioning. The opportunities to contribute are there for every company,

and the ones who see it, seize it, internalize it, recognizing change as the only constant, will be the ones to survive and thrive in such a fast changing IT permeating world.

Last year, your Company launched a new initiative called CMC 3.0, which integrates new technologies such as cloud, mobility, big data and enterprise analytics into CMC core solutions and services, enabling the creation of new transformational business and operational models for our customers. The CMC 3.0 initiatives are yielding positive results and as a result of this we have seen increasing opportunities in new segments, new industries and new markets.

In addition, we are now formalizing the launch of the following initiatives within the Company to ensure all rounded growth we envision. We will ensure every unit within the Company embraces these in their processes and measure itself with one or more of the following initiatives:

- **Delivery and Innovation Excellence initiatives** – Focus on ensuring that every customer (internal or external customer) will experience consistent and continuously improving Delivery Excellence and innovation from the unit serving it.
- **Revenue Excellence initiatives** – Aim at continuous profitable revenue growth of the company, way above industry standards, and competitive benchmarks at a peer level.
- **People Excellence initiatives** – Ensure world class people environment for people to learn and grow, world class people related processes and systems and constant inspirations to people excellence.
- **Business Excellence initiatives** – The TBEM (Tata Business Excellence Model) has enabled CMC to scale up incredibly over the past several years to new heights of excellence in business processes and also of recognition not just by the market place but also within the TATA group.
- **Corporate Social Responsibility initiative** – Aligned with our vision, mission and values and the TATA group vision, CMC through its C-CARES initiatives, will ensure active focus with measurable results in our Corporate Social Responsibility, Affirmative Actions, women empowerment, Responsibility to Environment through c-GREEN, employee Safety, and e-PRAGATI initiatives.

On behalf of CMC and on my personal behalf, I would like to thank you for your continued support.

With regards,

**R Raman,**  
Managing Director & CEO  
17 May, 2014

## Financial Highlights

### Revenues

Up 16% @ ₹ 2,256 crore



### Operating Profits

Up 23% @ ₹ 389 crore



### Net Profits

Up 22% @ ₹ 280 crore



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Annual General Meeting will be held on Monday, 23 June, 2014 at CMC's Auditorium at its Registered Office, CMC Centre, Old Mumbai Highway, Gachibowli, Hyderabad-500 032 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 bring their copies to the meeting.

Visit us at [www.cmcltd.com](http://www.cmcltd.com)



## CORPORATE INFORMATION

### Board of Directors

Mr. S Ramadorai (Chairman)  
Mr. R Ramanan (Managing Director & CEO)  
Ms. Kalpana Morparia  
Mr. Sudhakar Rao  
Mr. S Mahalingam  
Prof. M S Ananth  
Mr. Ashok Sinha

### Board Committees:

#### Audit Committee

Mr. Sudhakar Rao  
Mr. S Mahalingam  
Mr. Ashok Sinha

#### Stakeholders Relationship Committee

Mr. Sudhakar Rao  
Mr. S Mahalingam  
Mr. R Ramanan

#### Nomination and Remuneration Committee

Ms. Kalpana Morparia  
Mr. S Ramadorai  
Mr. S Mahalingam  
Prof. M S Ananth  
Mr. Sudhakar Rao

#### Corporate Social Responsibility Committee

Mr. Ashok Sinha  
Mr. S Mahalingam  
Mr. R Ramanan

#### Executive Committee

Mr. S Ramadorai  
Mr. S Mahalingam  
Mr. R Ramanan  
Ms. Kalpana Morparia  
Prof. M S Ananth

#### Management Team

Mr. R Ramanan (Managing Director & CEO)  
Mr. J K Gupta (CFO)  
Mr. Vivek Agarwal (Company Secretary)  
Mr. J Sriram (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, LLP

### 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

BSE Limited  
National Stock Exchange of India Limited  
The Calcutta Stock Exchange Limited

### Registered Office

CMC Centre  
Old Mumbai Highway  
Gachibowli, Hyderabad-500 032  
Tel.: 91 40 6657 8000 (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

### Website

[www.cmcltd.com](http://www.cmcltd.com)

### Investor Relations Email ID

[investor.relations@cmcltd.com](mailto:investor.relations@cmcltd.com)

### Corporate Identity Number

L72200AP1975PLC001970

# NOTICE

Notice is hereby given that the 38<sup>th</sup> Annual General Meeting ("AGM") of the Members of CMC Limited will be held on Monday, 23 June, 2014 at 3:00 p.m. at CMC's Auditorium, CMC Centre, Old Mumbai Highway, Gachibowli, Hyderabad-500 032, to transact the following business:

## **ORDINARY BUSINESS:**

1. To receive, consider and adopt the Financial Statements of the Company for the year ended 31 March, 2014 including audited Balance Sheet as at 31 March, 2014 and the Statement of Profit and Loss for the year ended on that date and the reports of the Board of Directors ("the Board") and Auditors thereon.
2. To declare a dividend on equity shares for the financial year 2013-14.
3. To appoint a Director in place of Mr. Seturaman Mahalingam, who retires by rotation and, being eligible, offers himself for re-appointment.
4. To appoint Auditors for a term of three years up to the conclusion of the 41st Annual General Meeting to be held in the year 2017 and fix their remuneration.

## **SPECIAL BUSINESS:**

5. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:  
"RESOLVED THAT pursuant to the provisions of Sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 ("Act") and the Rules framed there under read with Schedule IV to the Act, as amended from time to time, Mr. Sudhakar Rao (DIN 00267211), a non-executive independent director of the Company, who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Act and who is eligible for appointment, be and is hereby appointed as an Independent Director of the Company, with effect from 23 June, 2014 up to 22 June, 2019."
6. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:  
"RESOLVED THAT pursuant to the provisions of Sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 ("Act") and the Rules framed there under read with Schedule IV to the Act, as amended from time to time, Ms. Kalpana Morparia (DIN 00046081), a non-executive independent director of the Company, who has submitted a declaration that she meets the criteria for independence as provided in Section 149(6) of the Act and who is eligible for appointment, be and is hereby appointed as Independent Director of the Company, with effect from 23 June, 2014 up to 22 June, 2019."
7. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:  
"RESOLVED THAT pursuant to the provisions of Sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 ("Act") and the Rules framed there under read with Schedule IV to the Act, as amended from time to time, Prof. Madaboosi Santhanam Ananth (DIN 00482391), a non-executive independent director of the Company, who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Act and who is eligible for appointment, be and is hereby appointed as Independent Director of the Company, with effect from 23 June, 2014 up to 22 June, 2019."

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8. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

“RESOLVED THAT pursuant to the provisions of Sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 (“Act”) and the Rules framed there under read with Schedule IV to the Act, as amended from time to time, Mr. Ashok Sinha (DIN 00070477), a non-executive independent director of the Company, who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Act and who is eligible for appointment, be and is hereby appointed as an Independent Director of the Company, with effect from 23 June, 2014 up to 22 June, 2019.”

By Order of the Board of Directors

Mumbai  
17 May, 2014

**VIVEK AGARWAL**  
Company Secretary

**Notes:**

1. The relative Statement pursuant to Section 102 of the Companies Act, 2013, with respect to the special business set out in Item Nos. 5 to 8 above, is annexed hereto.
2. The relevant details as required under Clause 49 of the Listing Agreement with the stock exchanges, of persons seeking appointment/re-appointment relating to item Nos. 3 and 5 to 8 of the Notice, are also annexed.

3. **A Member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member of the Company.** A person can act as proxy on behalf of members not exceeding fifty (50) and holding in the aggregate not more than ten percent of the total share capital of the Company. In case a proxy is proposed to be appointed by a member holding more than 10% of the total share capital of the Company carrying voting rights, then such proxy shall not act as a proxy for any other member.

The instrument of Proxy, in order to be effective, should be deposited at the Registered Office of the Company, duly completed and signed, not less than 48 hours before the commencement of the meeting. Proxies submitted on behalf of limited companies, societies, etc., must be supported by appropriate resolutions/authority, as applicable.

4. The Register of Members and Share Transfer Books of the Company will remain closed from Monday, 16 June, 2014 to Monday, 23 June, 2014 (both days inclusive).
5. The dividend as recommended by the Board of Directors if declared at the Annual General Meeting will be paid on or after 25 June, 2014 but before 23 July, 2014.
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 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, bank details etc. immediately to the Company's Registrar and Share Transfer Agents, M/s Karvy Computershare Private Limited (Karvy).



8. Pursuant to provisions of Section 205A(5) of the Companies Act, 1956, dividend 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 (IEPF) 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 Dividend | Last date for claim |
|----------------|---------------------------------|---------------------|
| 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          |
| 2010-11        | 27-06-2011                      | 26-06-2018          |
| 2011-12        | 27-06-2012                      | 26-06-2019          |
| 2012-13        | 26-06-2013                      | 25-06-2020          |

The Company has uploaded the information of unclaimed/unpaid dividend in respect of the financial years from 2006, on the website of the IEPF viz. [www.iepf.gov.in](http://www.iepf.gov.in) and under "Investors" Section on the Website of the Company viz. [www.cmcltd.com](http://www.cmcltd.com)

Further, the Company shall not be in a position to entertain the claims of Shareholders for the unclaimed dividends after the last date as mentioned in the table. 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 IEPF.

9. Electronic copy of the Annual report is being sent to all the members whose email IDs are registered with the Company/ Depository Participants(s) unless any member has requested for a hard copy of the same. For members who have not registered their email address, physical copies of the Annual report is being sent in the permitted mode.
10. To promote green initiative, members are requested to register their e-mail addresses through their Depository Participants 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.
11. Members may also note that the Annual Report for FY 2013-14 will also be available on the Company's website [www.cmcltd.com](http://www.cmcltd.com) for their download.
12. **Voting through electronic means:**
- In compliance with provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, the Company is providing facility to the members to exercise their right to vote at the 38th Annual General Meeting (AGM) by electronic means and the business may be transacted through e-voting platform provided by Karvy.
- The instructions for e-voting are as under:
- Use the following URL for e-voting:  
Karvy website: <http://evoting.karvy.com>
  - Shareholders of the Company holding shares either in physical form or in dematerialized form, as on the record date, i.e. 23 May, 2014 (End of Day) may cast their vote electronically.
  - Enter the login credentials i.e. User ID and password mentioned in the attensence slip attached with the Annual Report. Please follow the instructions given in the e-voting portal.
  - After entering the details appropriately, click on LOGIN.
  - You will reach the Password change menu wherein you are required to mandatorily change your password.

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The new password shall comprise of minimum 8 characters with at least one upper case (A-Z), one lower case (a-z), one numeric value (0-9) and a special character. The system will prompt you to change your password and update any contact details like mobile, email etc. on first login. You may also enter the secret question and answer of your choice to retrieve your password in case you forget it. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

- vi. You need to login again with the new credentials.
  - vii. On successful login, the system will prompt you to select the EVENT, i.e. CMC Limited.
  - viii. On the voting page, enter the number of shares as on the cut off date under FOR/AGAINST or alternately you may enter partially any number in FOR and partially in AGAINST but the total number in FOR/AGAINST taken together should not exceed the total shareholding. You may also choose the option ABSTAIN.
  - ix. Shareholders holding multiple folios/demat account shall choose the voting process separately for each folios/demat account.
  - x. Cast your vote by selecting an appropriate option and click on SUBMIT. A confirmation box will be displayed. Click OK to confirm, else CANCEL to modify. Once you confirm, you will not be allowed to modify your vote. During the voting period, shareholders can login any number of times till they have voted on the resolution.
  - xi. Once the vote on the resolution is cast by the shareholder, he shall not be allowed to change it subsequently.
  - xii. The Portal will be open for voting from 9 A.M. on 17 June, 2014 to 6 P.M. on 19 June, 2014.
  - xiii. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for shareholders and e-voting User Manual for shareholders available at the download section of <http://evoting.karvy.com> or contact Karvy Computershare Pvt Ltd at Tel No. 1800 345 4001 (toll free).
- II. The Company has appointed Dr. S Chandrasekaran, Practicing Company Secretary, as the Scrutinizer who will collate the electronic voting process in a fair and transparent manner.
- III. The Scrutinizer shall within a period not exceeding three working days from the conclusion of the e-voting period unblock the votes in the presence of at least two witnesses not in the employment of the Company and make a Scrutinizer's Report of the votes cast in favour or against, if any, forthwith to the Chairman of the Company.
- IV. The results shall be declared on or after the AGM of the Company. The results alongwith the Scrutinizer's Report shall be placed on the Company's website [www.cmcltd.com](http://www.cmcltd.com) and on the website of Karvy.
13. All documents referred to in the accompanying Notice and the Explanatory Statement shall be open for inspection at the Registered Office of the Company during normal business hours (9 A.M. to 5 P.M.) on all working days except Saturdays and Sundays, up to and including the date of the Annual General Meeting of the Company.

By Order of the Board of Directors

Mumbai  
17 May, 2014

**VIVEK AGARWAL**  
Company Secretary

**Registered Office:**

CMC Centre  
Old Mumbai Highway, Gachibowli  
Hyderabad-500 032  
CIN:L72200AP1975PLC001970  
Tel:+91(11)2373 6151 Fax:91(11)2373 6159  
E-mail:[investor.relations@cmcltd.com](mailto:investor.relations@cmcltd.com) Website:[www.cmcltd.com](http://www.cmcltd.com)