

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.

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

New Delhi
18 April, 2011

VIVEK AGARWAL
Company Secretary & Head - Legal

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).

CMC Limited

Thirty fifth annual report 2010 - 2011

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	Bachelor's degree in Physics from Delhi University, Bachelor'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 (Maharashtra) 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 (Maharashtra) 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.

11. DIRECTORS

Mr S Ramadorai and Ms Kalpana Morparia, Directors, retire by rotation and being eligible, have offered themselves for re-appointment.

12. BUSINESS EXCELLENCE AND QUALITY INITIATIVES

Your Company continues to strive towards operational and delivery excellence, and towards sustainable growth along the path of business excellence using the Tata Business Excellence Model (TBEM) with Executive Management having ownership of key areas such as leadership, strategic planning and corporate sustainability. Your Company was subject to an external assessment on the TBEM and moved up a score band to receive the high delta award. Various process improvement initiatives to address the assessment findings are underway.

During the year, a number of strategic initiatives were launched for better market penetration and customer centricity; the Balanced Scorecard approach was adopted for strategy deployment, execution and oversight. Several new HR initiatives were launched; your Company also adopted People CMM best practices and is progressively working towards an enterprise appraisal. The scope of SEI CMMI Level 5 was extended to software solution and services activities at Western Region and Eastern Region, and the final assessment is in progress. Recognizing that alliance management is a key business driver for growth, a Global Alliances cell was setup with Executive oversight. C-Green initiative was launched: carbon footprint was calculated and carbon abatement program rolled out. Additionally, special emphasis and focus was given to safety at the workplace.

13. CORPORATE SUSTAINABILITY INITIATIVE

CMC's Corporate Sustainability is a key element of CMC's organizational vision and is an initiative relentlessly aimed at advancing communities. The primary areas of focus have been targeted towards the environment and the community.

13.1 Climate Change

Your Company is pursuing a leadership role in addressing challenges associated with Climate Change by instituting aggressive plans within the organization as well as extending our offerings and services to CMC's customers. A Carbon footprint assessment of CMC was conducted that resulted in defining a Carbon abatement program. An internal awareness program was initiated to sensitize and mobilize the masses that included activities such as Tree planting, an Eco-Click Photography contest and the offer of C-Green Bikes.

CMC reduced its energy consumption from its data centres by adopting virtualization techniques and encouraged all offices to use recycled materials and energy saving devices. The C-Green movement led to the launch of C-Green CBT – a highly creative e-learning module for mass engagement and awareness building on climate change initiatives. Your Company has spearheaded efforts in evangelizing the role of Green IT to a broader community by associating with Computer Society of India's Green IT SIG. Your Company was recognised by India Carbon Outlook for its efforts in Sustainability at the Parivartan Awards 2011.

13.2 Community Services

- i) **Rajgurunagar Initiative:** Your Company initiated an effort to impart skill development for a rural community based out of Rajgurunagar, a small town just north of Pune. CMC partnered with BMCWS (Bombay Mothers & Children Welfare Society) to help educate the youth thereby ensuring sustainable livelihood for the youth and women. This effort at Rajgurunagar will be scaled out to similar towns across India. Rural entrepreneurship will also be a part of the skill development curriculum.
- ii) **GiveIndia Initiative:** Your Company has partnered with Give India to offer a single platform for the employees to make a voluntary contribution to a cause of their choice, at the individual level.
- iii) **eSIGNS:** The FACTS (Finger Print Recognition System) software developed by CMC makes it possible for visually challenged individuals to perform operations involved in independent banking. This is being pilot tested at Union Bank of India's testing facilities in partnership with Xavier's Resource Centre for the Visually Challenged and CII.
- iv) **Maitree:** CMC's voluntary association Maitree comprising its employees and their families are encouraged to support and implement Corporate Social Responsibility initiatives. Numerous CSR activities were undertaken by the regional Maitree teams, some of which included conducting medical checkup camps for dental health and cataract operations, blood donation drives, activities for underprivileged and differently abled children, donations to Mother Teresa's Ashram, computer literacy for children etc.

14. 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 Secretarial Auditors' Certificate regarding compliance of conditions of Corporate Governance forms a part of the Annual Report. Your Company is also following the Secretarial Standard norms issued by the Institute of Company Secretaries of India (ICSI).

Your Company has been conferred with Certificate of Recognition as one of the topmost Companies for adopting Excellent Practices in Corporate Governance by the Institute of Company Secretaries of India (ICSI) at its function during 10th ICSI National Award for Excellence in Corporate Governance 2010.

15. 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 to this Report.

16. DIRECTORS' RESPONSIBILITY STATEMENT

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

- (i) In the preparation of the Annual Accounts for the financial year 2010-11, the applicable Accounting Standards have been followed and there are no material departures;
- (ii) They have selected such accounting policies in consultation with the statutory auditors 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 31 March, 2011 and of the profit of the Company for that period;
- (iii) They have 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. They confirm that there are adequate systems and controls for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- (iv) They have prepared the Annual Accounts on a 'going concern' basis.

17. AUDITORS

M/s Deloitte Haskins & Sells., the Statutory Auditors of the Company, hold office until the ensuing Annual General Meeting. The said Auditors have furnished the Certificate of their eligibility for re-appointment under the Companies Act, 1956.

18. PARTICULARS OF STAFF

The information required under section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975, is provided in an Annexure forming part of this Report. In terms of Section 219(1)(b)(iv) of the Act, the Reports and Accounts are being sent to the Shareholders excluding the aforesaid Annexure. Any Shareholder interested in obtaining a copy of the same may write to the Company Secretary.

19. 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.

On behalf of the Board of Directors

New Delhi
18 April, 2011

S RAMADORAI
Chairman

Particulars of Conservation of energy, Technology absorption and Foreign exchange earnings and outgo in terms of Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Directors) Rules, 1988 forming part of the Directors' Report for the year ended March 31, 2011

A. CONSERVATION OF ENERGY

- a. The operations of the Company being IT related require normal consumption of electricity. However, the Company is taking every necessary step to reduce the consumption of energy.
- b. Your Company is not an industry as listed in Schedule to Rule 2 of the Companies (Disclosure of Particulars in the Report of Board of Directors) Rule, 1988.

B. TECHNOLOGY ABSORPTION

Efforts made in technology absorption – as per Form B given below:

FORM B

1. Research and Development (R&D)

a. Specific areas in which Research and Development (R&D) is being carried out by the Company

The Company continues to invest in innovating and developing state of the art technologies that are core to providing key solutions in different industry verticals of interest. This includes critical investments in:

- Insurance Technology & solutions
- Biometrics Technology
- SCADA Technology
- Mobile Technology
- GPS Technology
- Technology for more efficient digitization
- Technology & Solutions for Shipping & Ports
- Improving assets in the e-Governance Space

Last year a big push was made on three specific areas in R&D across all products:

- Creating of composite products and cross-pollinate offerings by combing available products and assets – good examples of such results are container location system as a combination of Nirdeshak and MACH system, Pit to Port solution by combining SCADA, Dynamine and Nirdeshak products, integration of biometric access controls in specific products.
- Carve out product offerings from our portfolio of projects and long running product-line like programs – this included Integrated Treasury Management, PACE G2C framework and upcoming paperless office for e-Governance Projects.
- Ensure upgrades to latest technical platforms across all product lines.

b. Benefits derived as a result of R&D

- I. Dynamine – GPS based truck dispatch system targetted at Open Cast Mining operations was upgraded to version 4.0 to make it domestic competitive including support for latest radio technology. This has lead to integrated Mining command and control room win a large metal and Mining company in India. Metal and Minining Practice within CMC has launched an integrated Pit-to-Port solution for mining sector which uses CMC assets like Dynamine, Nirdeshak and SCADA apart from interfacing with RFID, ERP and Environmental management systems.
- II. CMC Insurance Product – Genisys configuration and Genisys Re – saw product upgrades to Microsoft .Net 3.5 and Silverlight Rich client apart from integration with payment gateway, portal integration, availability of insurance data warehouse and business intelligence, rule engine integration quotation managemenet, offline policy underwriting framework. This has made the product readily usable by Business analysts and compares very favourably with other products in the market apart from easy integration with third party applications. Genisys configurator is one of the few end to end products that seamlessly address Underwriting, claims, quotation management and business analytics.
- III. CMC Ports and Cargo Solutions have seen large number of functional and technical enhancements across container, cargo and RoRo product lines driven by CMC roadmap which yielded incremental product revenues from existing client base. As a focused offering of packaging CALM (cargo product) along with a larger solution partner has started yielding results with completion of one such deployment in New Mangalore Port Trust this year and several others in pipeline.
- IV. CMC rebranded and productized its G2C service delivery framework adapted from first large scale e-Governance project in India in the form of PACE – which was instrumental in winning and delivering G2C services in a large state government portal.

- V. Launch of first version of Integrated Treasury Management system as a product line supported on multiple technology stacks as well as Business Intelligence layer supporting decision making on state finances has positioned your Company well in current Treasury management opportunities in India. Investment in this product line has got your Company Treasury Centralization and Pensioner database management orders in existing customer base.
- VI. Successful upgrade of FACTS system for Police Fingerprint Automated system has brought very large performance improvements in speed and accuracy. This is based on compute and data grid technology. A handheld based on-field solution for biometric authentication and searching against known criminal database – Vajra was also launched. CMC successfully executed an upgrade order in one state and is planning for upgrade and new orders in other Indian state Police as well as International clientele.
- VII. Planned investments in Nirdeshak – your Company GPS based fleet management product included container tracking and miner locations as well as addition of Touch screen based High end VMU and miner location for Mining industry. Container tracking system based on RFID/GPS was deployed for first time in Country and the product strengths were instrumental in bagging Intelligent transport tender from a state Government. Miner Location identification is currently running in Pilot mode in an Indian Mine.
- VIII. CMC Depository Product has seen two international wins in Nepal and Zimbabwe this year. STP integration with clearing house and banks is also planned for this product.

c. Future Plan of Action

Common elements in all products include the following :-

- I. Drive to Position Products in International markets. e-Governance products like Treasury, Law enforcement, Government to Citizen Service delivery, Police Fingerprint & Palm Print identification solutions, Depository and stock exchanges are finding traction in South Asian and African market where a sustained asset leveraged push will be made. Products are being enhanced to include support for international standards and multi-lingual capabilities.
- II. Cloud Enablement – specific products which fit into bracket of Cloud Based pay as you use offering model will be enabled as we enable multi-tenancy. Good examples of this include CFS operations, Larger retail level offerings around Nirdeshak, Deduplication of biometric records in civilian space and new products imbibing principles of Value-for-Money and Value-for-Many.
- III. Specific Push on new product lines may include focused products around mobile platforms, cloud based deployment for tourism, healthcare and mobile /e-Governance.
- IV. Establishing Product lines on lower cost technology stack like Open Source technology components to offer to price sensitive customers.

Specific aspects related to each product include the following :-

- I. Further accumulation of assets from CMC portfolio to enrich PACE to target e-District, e-Municipality and State Government Portals will continue. PACE international flavour supporting international markets will be launched towards the end of the year. New Products which are likely to see establishment within e-Governance Portfolio will be e-Office/Less Paper Office, Integrated RTI Package, Government/PSU HRMS.
- II. Integrated Treasury Management Product to be integrated with COTS vendors to complete an integrated stack of Integrated Financial management systems for Indian states as opportunity for Treasury Mission Mode Projects is very large in coming year.
- III. FACTS product line is intended to achieve minimum international standards compliance for competing in International Law enforcement tenders as well as deploying framework first approach for Multi-Modal biometrics for civilian applications. Addition of Palm Prints as an additional modality is expected to increase rate of crime solving.
- IV. Evolution and integration of Intelligent Transport solution around Nirdeshak technology.
- V. Continued evolution of Dynamine to integrated with 3rd party GPS and RFID units to be able to compete in International Mining software sectors.
- VI. Cloud based SaaS offering for CFS from existing locally deployed CFS product offering. A comprehensive functional review of container and cargo products from a third party port consulting party is planned to increase usability and automation offered by the product line to make it competitive in Indian and international market. Strategy of positioning integrated solution for Private Indian container ports and Port authorities with pre-built integration with COTS product will continue.
- VII. Genisys will be enabled with Multi-lingual, multi-currency capabilities apart from addition of Rate engine, mobile enabled underwriting and claims management, Bancassurance and CRM integration

d. Expenditure on R&D

(Rs. in crore)

Particulars		2010-11	2009-10
A.	Capital	0.15	0.09
B.	Recurring	8.76	7.35
C.	Total	8.91	7.44
D.	Total R&D Expenditure as a percentage of Turnover	1.12	1.08

2. Technology Absorption, Adaptation and Innovation

a. Efforts made towards technology absorption, adaptation and innovation

- I. Your Company proactively uses new and emerging technologies for conceptualizing solutions to meet its business needs. The expertise gained in early usage results in developing/enhancing our offerings and provides us an advantage in differentiating our Company from others.
- II. Apart from its own investment in various technologies, your Company constantly interacts with technology leaders and reputed academic institutes such as IITs to understand and absorb new developments in technologies and offerings.
- III. Your Company conducts periodic internal meetings including the CEO, Chief Architects and product teams to discuss action plans for product and technology upgrades and shortlist teams for Research & Development initiatives.
- IV. Your Company ensures the readiness of its employees through ongoing Training and Skill Development to handle projects demanding new technology and skill set requirements.
- V. Your Company also periodically scans the market for innovative offerings and products across the world. After due diligence, these are either integrated with your Company's offerings or used to enhance its solutions portfolio.
- VI. Your Company encourages its employees to participate in Tata Group level innovation program – Innovista. It also has equivalent internal programs which recognize and reward improvements and innovation.

b. Benefits derived as a result of the above efforts

- I. Increased business opportunities where the upgraded CMC products and solutions are in demand.
- II. Your Company continues to be a valued solution provider for complex projects in the market.
- III. New and innovative products and services in the area of Defence, Space, mobile banking, talent management and messaging security.
- IV. Ability to respond to unique requirements of the customers and system engineers.

c. Information regarding Importing Technology

The Company has not imported any technology.

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

1. Activities Relating to Exports, Initiatives to increase exports, Development of new export markets for products and services & export plan

As a part of its core strategy, the Company is focusing on exports of its services by leveraging wide marketing reach of its Holding Company, Tata Consultancy Services Limited. The Company has established itself as a major supplier of Embedded System Services and software solutions in key industry verticals and e-Governance space.

2. Total Foreign Exchange Earnings & Outgoings

The foreign exchange earnings of the Company during the year were Rs. 234.69 crore while the outgoings were Rs. 49.31 crore.

On behalf of the Board of Directors

MANAGEMENT DISCUSSION AND ANALYSIS

A. Industry Structure and development

Global economy continued to recover from the worst financial crisis of this age through the year 2010. This trend is expected to continue in 2011 although with higher macroeconomic uncertainty. Developed economies of US and Western Europe are sluggish in recovery and emerging economies are facing difficulties in sustaining the relatively high growth rate. Nevertheless, investment in IT is increasingly being seen as important element of growth strategies and also a fundamental enabler of cost reduction and cost optimization. Gartner study predicts a growth of 5.1 percent in 2011 in worldwide IT spending. India growth story continues in spite of inflationary pressures and ICT spending in India in 2011 is expected to grow at 10.3 percent – almost double of the prediction for the world. Although overall growth projections are comparable to 2010, the segment-wise distribution differs. The growth in hardware segment is predicted to be higher compared to flat expectations in 2010 for this segment for the world as well as India. Software and services segments are expected to grow at 5.3 and 15.3 percent for the world and Indian IT industry respectively. With presence in all segments of the industry, CMC is gearing itself to derive benefits of this growth.

B. Opportunities and Threats

Opportunities:

The changes in economy as well as IT technology presents several opportunities as well as challenges to CMC. The key ones relevant in 2011 are as follows:

- (1) In India, higher growth is expected to come from 2nd and 3rd tier cities and SMB sector. CMC's India wide presence and partner network can be leveraged to capitalize on this growth. CMC's e-Pragati initiative started in 2010, specifically targets this opportunity.
- (2) Cloud computing and virtualization is proving to be disruptive change in IT business. The technology provides flexibility, convenience as well as reliability along with cost optimization. CMC is adapting this technology for its own use as well as a part of its offerings.
- (3) Convergence of mobility and web is opening several opportunities for new applications for mobile access to the system particularly in the area of business intelligence and reporting. Existing applications also need enhancements to incorporate these technologies. CMC with core competency in mobile technology as well as embedded systems will tap these opportunities.
- (4) The growth in IT industry has led to all IT companies planning increased level of recruitment next year. Net addition of top 5 IT companies alone exceeded 1 lakh in quarter ending March, 2011. The recruitment will include fresh campus recruitment and recruitment of non-engineering graduates for roles which were till now only for engineering graduates. This opens a large opportunity for custom designed induction training for IT companies. Increased job opportunities are also increasing the demand for job-oriented IT training. CMC's Education and Training SBU already has a significance presence in these segments and will use these opportunities to fuel its growth.

Threats:

- (1) Growth in IT industry is leading to higher job opportunities and increased demand for mid-level roles which are needed to groom the fresh recruits entering the industry. This is leading to higher level of attrition across IT industry.
- (2) The speed of technology obsolescence has increased as natural reaction to fast changing technologies. The productive life of IT resources and competencies is shrinking increasing the level of investment needed to meet the market requirements.

C. FOCUS AREAS OF THE COMPANY

1. Vision, Mission, Values and Strategies:

We started the year 2010-11 with a new inspiring vision: **To be A Global Top 20 Systems Engineering and Integration Company by 2020.** The vision is based on leveraging our USP - CMC's breadth and depth to undertake and successfully complete large scale systems integration projects. Overall, CMC's capabilities address the needs of the market; we have the experience, track record, talent, support of our parent TCS and our customers. Going forward, flexibility, agility, global mind set, process and customer centricity, and a high-performance work culture will be vital.

As an innovative world class systems engineering and integration Company, our aim to provide sustainable, advanced technology solutions and services in projects of national importance, and to our global customers, maximizing value to our stakeholders and the communities we serve. Our strategy for 2010-11 was orchestrated around finding more drivers for rapid growth; key strategic thrust areas being improve cost efficiencies, enter the emerging economies of Africa and SAARC nations, enter new emerging domestic markets like agriculture and healthcare, improve client penetration, and innovation and R&D towards strengthening our core assets, innovating new products and services; and towards vertical market solutions.

The intrinsic values of CMC will support us in achieving our vision. We shall be a vibrant organization where openness, trust, teamwork, simplicity, responsibility and innovation are valued and promoted. We will practice good corporate governance and will propagate ethical behaviour in all work practices and in dealing with our partners/suppliers/vendors/franchisees and customers.

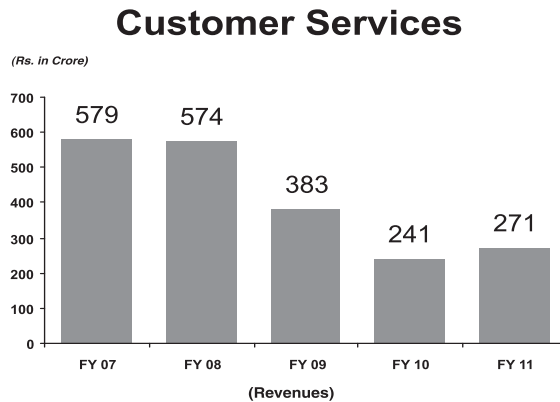
2. Business Structure of the Company:

The Business of the Company is structured around four Strategic Business Units (SBUs):

- Customer Services (CS)
- IT enabled Services (ITeS)
- Systems Integration (SI)
- Education and Training (E&T)

2.1 Customer Services (CS):

The CS SBU focuses on creating solutions and providing services for the IT infrastructure requirements covering infrastructure architecture, design and consulting services; turnkey system integration of large network and data centre infrastructures. The scope of services includes supply of associated equipment and software; On-Site and Remote Support Services for multi-locations for the IT infrastructures of domestic and international clients. Traditionally Equipment supply business had formed a large portion of the CS SBU business. Over the years the margins in equipment supply business



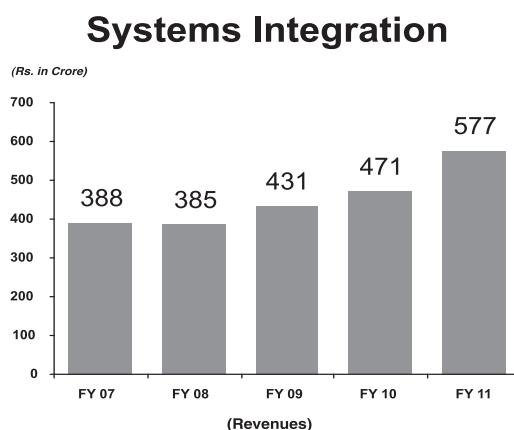
declined considerably leading to overall decline in the margins for the Company. As a strategy to improve margins, the Company started defocusing from equipment business resulting in decline in CS SBU revenue in last 4 years. However the phase of this transformation is over and the SBU is back to growth in 2010-11:

The CS SBU earned revenue of Rs. 271.32 crore during the year on a consolidated basis compared to Rs. 241.23 crore during the previous year, registering an increase of 12%. Among other areas, the Company won more business in key services areas

and relatively newer services such as, National Rollout and Help Desk, Facility Management Services. Also, it has enabled additional Centre for providing the helpdesk and Remote Support Services from a new centre at Bangalore this year.

2.2 Systems Integration (SI):

The SI SBU undertakes the activities of solution deployment that includes embedded systems, software development, software maintenance and support, turnkey project implementation and systems consultancy and has been one of the key drivers of its transformation towards more value added business with a view to improve overall margin. SI SBU 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. This includes enhancements of Biometrics based Assets for identity management, mining assets

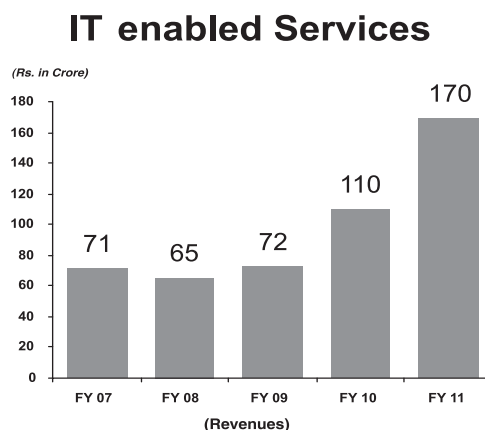


for mining solutions, transportation assets, insurance & financial solution assets and e-Governance assets. The share of SI SBU in overall consolidated operating revenue of the Company has increased from 36% in 2006-07 to 53% in 2010-11:

The SI SBU earned revenue of Rs. 577.34 crore during the year compared with Rs. 471.11 crore earned in the previous year, registering an increase of 23%.

2.3 IT enabled Services (ITeS):

The ITeS SBU provides a variety of IT enabled services which include Business Process Outsourcing and Knowledge Process Outsourcing for front end and Back office. This SBU has created specific business domain expertise such as on-demand software services; office records digitization and document management; recruitment and examination results management; legacy data migration management. Also, ITeS SBU continues to work for Election Commission as a state-level agency. ITeS SBU has taken initiatives to leverage its experience in handling large national projects for more rewarding international geographies and has over the years been one of the main drivers to increase international revenue of the Company.

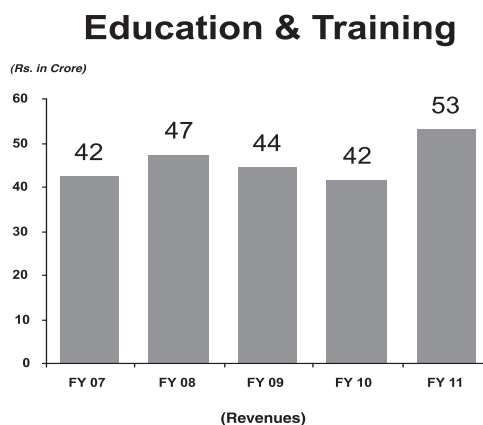


The ITeS SBU earned revenue of Rs. 169.65 crore during the year compared to Rs. 109.98 crore in the previous year, registering an increase of 54%. The ITeS SBU has shown significant growth in the scope of its offerings and the size of

its customer base. By developing delivery capabilities in India and in the US to provide ITeS services in media research, insurance, banking, legal, logistics and publishing domains the ITeS SBU gained new customers this year. Furthermore, the ITeS SBU also extended its solutions through servicing several customers in India and projects of National Importance.

2.4 Education & Training (E&T):

The E&T SBU of the Company offers Education and Training solutions for corporate organizations, government institutions and individuals. Its offerings include a wide range of courses that vary from Information Technology, Soft Skills training, integrated career development programs, skill development to Vocational training programs. The Company offers integrated Learning Solutions for several corporations, and also conducts inductions and refresher programs. In addition to the training programs for employees, it also delivers various skill enhancement programs for experienced people from the industry. Over the years E&T SBU faced cluttered and commoditized market, with a need to differentiate, which in turn could help it growing. During the year 2010-11, the E&T SBU re-engineered its offerings in corporate and job enabling training segments to differentiate from the competitors.



The E&T SBU earned revenue of Rs.53.24 crore during 2010-11 compared to Rs.41.59 crore in the previous year, registering an increase of 28%. The growth in revenue is primarily attributable to its flagship program, C-JET that was launched in the previous year to bridge huge gap in Indian IT industry for highly trained resources and growth in revenues from Corporate Training Solutions.

3. CMC’s Global Footprint:

With a view to improve its business mix, the Company has been consciously building up its international business profile with a view to leverage its vast experience in domestic market in handling large and complex projects. The Company has a wholly owned subsidiary ‘CMC Americas Inc. in USA and branch offices in UK and Dubai. Over the period the share of various international geographies has increased resulting in substantial improvement in profitability of the Company as can be seen from the following table:

	FY 11		FY 10		FY 09		FY 08		FY 07	
Revenues	(Rs. in Crore)	%	(Rs. in Crore)	%	(Rs. in Crore)	%	(Rs. in Crore)	%	(Rs. in Crore)	%
India	555.40	51	496.26	57	649.09	69	833.58	78	854.80	79
USA	468.23	43	329.23	38	241.41	26	191.31	18	185.68	17
UK	24.54	2	18.16	2	15.95	2	15.14	1	11.96	1
Others	32.36	3	27.08	3	33.38	4	24.71	2	27.38	3
Total Revenue	1,080.53	100	870.73	100	939.83	100	1,064.74	100	1,079.81	100

The decline in the share of India Geography is primarily on account of defocus from low margin equipment business as explained earlier. The Company has been primarily focusing on offering high end solutions and services in the international geographies such as Embedded Systems, Digitisation and Knowledge Process Outsourcing Services and software solutions and services.

D. Financial Performance (Consolidated):

The Management Discussion and Analysis below relates to consolidated audited financial statement of CMC Limited and its subsidiaries. The discussion should be read in conjunction with the consolidated financial statements and the related "Notes to Consolidated Financial Statements" of CMC Limited for the year ended 31 March, 2011.

The table below gives an overview of financial results of CMC Limited (Consolidated) :

Particulars	For the Year ended 31 March, 2011		For the Year ended 31 March, 2010		Variation
	Rs. in Crore	% of Revenue	Rs. in Crore	% of Revenue	%
Operating Revenue	1080.53	100.0	870.73	100.0	24.1
Expenditure:					
Material	121.39	11.2	120.35	13.8	0.9
Manpower	345.13	31.9	276.16	31.7	25.0
Sub-Contracting Costs	262.35	24.3	173.56	19.9	51.2
Others	144.82	13.4	138.94	16.0	4.2
Total Expenditure	873.69	80.9	709.01	81.4	23.2
Operating Profit	206.84	19.1	161.72	18.6	27.9
Other Income	15.67	1.4	18.88	2.2	-17.0
Profit before Interest, Tax and Depreciation	222.41	20.6	180.47	20.7	23.2
Depreciation	10.46	1.0	9.85	1.1	6.2
Interest	0.22	0.0	3.30	0.4	-96.2
Profit Before Tax (PBT)	211.83	19.6	167.45	19.2	26.5
Provision for Taxes	32.42	3.0	24.22	2.8	33.9
Profit after Taxes (PAT)	179.41	16.6	143.23	16.4	25.3

1. Revenues:

During the year under review, the Company earned total operating revenue of Rs. 1080.53 crore compared with Rs. 870.73 crore during last year, registering an increase of 24.1%. All of this growth came from value added services business and the equipment business of the Company remained flat. As a result, share of equipment business in total operating revenue declined from 11.8% last year to 9.5% in the year under review, with the corresponding improvement in the share of services revenue from 88.2% to 90.5%, as a part of the strategy of the Company to continuously improve the revenue mix. Similarly the share of international revenue increased from 50.0% to 55.3% as detailed below:

Particulars	For the Year ended 31 March, 2011		For the Year ended 31 March, 2010		Variation
	Rs. in Crore	% of Revenue	Rs. in Crore	% of Revenue	%
Equipment	102.74	9.5	103.02	11.8	0
Services	977.79	90.5	767.71	88.2	27
Total Operating Revenue	1080.53	100.0	870.73	100.0	24
Domestic	482.82	44.7	435.41	50.0	11
International	597.71	55.3	435.32	50.0	37
Total Operating Revenue	1080.53	100.0	870.73	100.0	24

2. Expenditure:

During the year under review, the operating expenses at Rs. 873.69 crore increased by 23.2% in line with increase in operating revenue. However, the level of operating expenses as a percentage of operating revenue declined from 81.4% in FY 2009-10 to 80.9% in FY 2010-11.

2.1 Material Costs:

Material costs are incurred on procurement of equipments for sales to customers and spares for providing maintenance and warranty services to the clients. Material cost in FY 2010-11 has remained relatively unchanged in line with the trend in equipment sale business and maintenance and warranty services revenue as detailed below:

(Rs. in Crore)

Particulars	For the Year ended 31 March, 2011	For the Year ended 31 March, 2010	Variation %
Material Cost			
- Equipment purchased for resale	96.05	99.35	-3.3
- Spares	25.34	21.00	20.7
Total	121.39	120.35	0.9
Equipment Revenue	102.74	103.02	-0.3
Equipment cost as % of equipment revenue	93.50	96.40	
Maintenance Revenue	54.59	48.76	12.0
Spares as % of maintenance revenue	46.40	43.10	

2.2 Manpower Costs:

The Company has been focusing on value added services business with a view to improve business mix. During the year under review the services business increased by 27.0% over previous year, which required deployment of more manpower leading to increase in manpower costs. However, manpower costs as a percentage of services revenue declined from 36.0% to 35.3%.

(Rs. in Crore)

Particulars	For the Year ended 31 March, 2011	For the Year ended 31 March, 2010	Variation %
Manpower Cost	345.13	276.16	25.0
Services Revenue	977.79	767.71	27.4
Manpower Costs as % of Services Revenue	35.3	36.0	

2.3 Sub-Contracting Costs:

The Company has been using services of various vendors in order to achieve cost competitiveness and also achieve necessary variability in costs in cases of non-repeatable assignments. Hence this costs varies with the nature of assignments that the Company gets from time to time. The subcontracting costs as a percentage of services revenue has increased from 22.6% to 26.8% primarily due to significant increase in ITeS, Facilities management and software services revenue, which are main user of sub-contracted services.

(Rs. in Crore)

Particulars	For the Year ended 31 March, 2011	For the Year ended 31 March, 2010	Variation %
Subcontracting Costs	262.35	173.56	51.2
Services Revenue	977.79	767.71	27.4
Subcontracting Costs as % of Services Revenue	26.8	22.6	

2.4 Other Costs:

Other costs have gone down as a percentage of operating revenue from 16.0% to 13.4% as a result of various cost optimisation measures.

3. Other Income:

Other income has gone down by 17.0% from Rs. 18.88 crore to Rs. 15.67 crore primarily on account of lower reversal of earlier year provisions by Rs. 1.57 crore and earnings from mutual fund investments by Rs. 1.82 crore. During the year under review, the Company increased its investment in Fixed Maturity Plan from Rs. 18.00 crore to Rs. 155.00 crore. The income on FMP is accounted for on realization at the time of maturity. As on 31 March, 2011, such unrecognised income on FMP was Rs. 4.14 crore compared to Rs. 0.26 crore as on 31 March, 2010.

4. Depreciation:

Depreciation charge increased from Rs. 9.85 crore to Rs. 10.46 crore during the year on account of capitalisation of assets worth Rs. 14.47 crore during the year.

5. Interest:

Interest on borrowings came down from Rs. 3.17 crore to Rs. 0.12 crore due to full repayment of loan by CMC Americas during the year. CMC Americas had taken a loan of \$ 3.0 million for meeting deposit requirement as per the terms of a client contract.

6. Income tax:

The provision of tax during the year increased by 33.9% primarily on account of increase in profits. However average effective tax rate during the year increased to 15.3% compared to 14.5% due to increase in profitability of domestic business and also onsite business in Americas, which are subject to full tax without concessions.

The Company is covered under the provisions of Minimum Alternative Tax (MAT). Minimum Alternative Tax (MAT) paid in accordance with the tax laws, gives rise to tax credit which according to the Income Tax Act 1961, can be carried forward for subsequent ten years. Post tax-holiday period for STP, the Company would have sufficient tax liability to offset these tax credits. Accordingly, MAT Credit has been recognised as an asset in the balance sheet for Rs.15.46 crore during this year. The cumulative MAT Credit entitlement available as on 31 March, 2011 is Rs.20.55 crore.

E. Financial Position (Consolidated):

Fixed Assets

The Company's gross fixed assets as at 31 March, 2011 was Rs.280.46 crore (including capital WIP) compared to Rs. 193.18 crore as at the beginning of the year, resulting in an increase of 45% during the year, mainly on account of Rs. 85.40 crore spent on ongoing project of setting up Special Economic Zone (SEZ) at Gachibowli Campus of the Company at Hyderabad.

Investments

Investments increased from Rs. 195.32 crore as at 31 March, 2010 to Rs. 226.17 crore as at 31 March, 2011, on account of increase in investment of surplus funds in debt based funds run by various mutual funds. The trend in invested funds over last two years is as follows:

(Rs. in Crore)

Particulars	As at 31 March, 2011	As at 31 March, 2010
Investment :		
Fixed Maturity Plan (FMP)	155.00	18.00
Liquid / Liquid Plus Investment	71.17	177.32
Total Investment	226.17	195.32

Working Capital

Net current assets as at 31 March, 2011 increased to Rs. 215.20 crore compared to Rs. 207.26 crore at the beginning of the year, mainly on account of increase in current assets from Rs. 502.77 crore to Rs. 560.34 crore, largely offset by increase in current liabilities and provisions from Rs. 295.51 crore to Rs. 345.14 crore.

The Increase in Current assets is mainly due to following reasons:

- The Inventories has increased from Rs.8.53 crores during 2010 to Rs. 13.47 crores during FY 2011. The increase inventory is on account of order received during the last days of the financial year pending deliveries to the clients.
- The Sundry debtors have increased from Rs.205.43 crore to Rs. 252.12 crore. However level of Days Sales Outstanding (DSO) declined from 86 days to 85 days sales.
- Unbilled Revenue has increased from Rs.105.09 crore to Rs.124.49 crore. However the level of accrued debtor's sales outstanding declined from 44 days to 41 days sales.
- Loans and Advances increased mainly on account of increase in Minimum alternate tax (MAT) credit entitlement by Rs.15.46 crore but this increase is largely offset by decrease in Advance Tax by Rs.14.60 crore mainly due to recent refunds received by the Company during the current financial year.

The Increase in Current Liabilities and Provisions is mainly on account of:

- Increased creditors for capital works for SEZ Phase II construction related activities amounting to Rs.28.18 crore.
- The Provisions for various employee benefits increased due to following reasons:
 - Provision for Compensated Absences:
The Provision for Compensated absences increased from Rs. 18.23 crore to Rs. 21.06 crore mainly on account of change in leave accumulation trend over the period, increase in average pay and employee base.
 - Provision for Employee Benefits:
The Provision for employee benefits increased due to increase in Gratuity entitlement limit from Rs. 3.50 Lacs to Rs. 10.00 Lacs during the year leading to higher valuation of Gratuity Benefits by Rs.4.13 crore. However this increase in liability is partially offset by increase in discount rate for actuarial valuation. The net increase in liability on this account is Rs.2.06 crore.
 - Provision for Post Retirement Medical Benefits:
During the financial year a new medical policy has been initiated for post retirement medical benefits thereby shifting this liability from Company to outside insurer by paying a fixed premium. This shift of liability resulted decrease in liability to the tune of Rs. 0.84 crore.

Capital Structure

Net worth of the Company as at 31 March, 2011 was Rs. 654.02 crore compared with Rs. 510.67 crore at the beginning of the year resulting in an increase of 28% during the year mainly on account of profit after tax earned during the year.

Loan funds as at 31 March, 2011 were Rs.0.14 crore, as compared with Rs 13.48 crore as at 31 March, 2010. The Company repaid the whole of the outstanding loan of \$ 3.0 million to Tata America international Corporation. The amount of Rs. 0.14 crore pertains to short term finance lease obligation on account of certain equipments purchased on lease for a specific client project.

Future Outlook

The Company believes that the current trends in IT spend both domestically and in the international market presents unprecedented opportunity for growth. Liberalization and opening up of more infrastructure sectors like roads, airports and sea ports, national e-Governance initiatives and implementation of Mission mode projects, recent policy initiatives to make Indian companies more competitive including new policy on Special Economic Zone (SEZ), the focus of Indian corporates to benchmark themselves with leading global players in terms of quality of processes and competitiveness, is going to drive an increase in IT spend. The Company is well poised to exploit the emerging opportunities both in India and global market in synergy with TCS.

F. Risks and concerns:

A comprehensive and integrated risk management framework forms the basis of all the de-risking efforts of the Company. Formal reporting and control mechanisms ensure timely information availability and facilitate proactive risk management. These mechanisms are designed to cascade down to the level of the line managers so that risks at the transactional level are identified and steps are taken towards mitigation in a decentralized manner.

The Board of Directors is responsible for monitoring risk levels on various parameters and the Managing Director ensures implementation of mitigation measures. The Audit Committee provides the overall direction on the risk management policies.

1. Business risks

Excessive dependence on any single business segment increases risk. The Company continuously makes efforts to broaden base and diversify its revenue streams to prevent undesirable concentration in any one vertical technology client or geographic area.

Excessive exposure to a few large clients has the potential to impact profitability and to increase credit risk. However, large clients and high repeat business lead to higher revenue growth and lower marketing cost. There has been continuous focus on de-risking dependence on large customers through persuading various new opportunities. In this way the Company makes efforts to strike a balance. The Company actively seeks new business opportunities and clients to reduce client concentration levels.

Hardware supply and integration is a significant part of our revenue for which the Company depends on Original Equipment Manufacturers (OEMs). Any default and delays on the part of OEMs exposes the Company to the risk of not meeting its commitments to the Customer. The Company has been making efforts to negotiate better terms with OEMs. In addition, the Company has reduced its share of such business and is focusing on increasing value added services business.

A high geographical concentration of business could lead to volatility because of political and economic factors in target markets. However, individual markets have distinct characteristics – growth, IT spends, willingness to outsource, costs of penetration and price points. Cultural issues such as language, work culture, ethics and acceptance of global talent also come into play. Due to these business considerations, the Company has decided not to impose any rigid limits on geographical concentration. Exposure to the inherent risks in a specific geography consists of legal and contractual risks as well as tax related changes. The Company has a process of evaluating country risks by taking legal opinion from the legal counsel operating in/familiar with the geography. Proactively looking for business opportunities in new geographies and thereby increasing their contribution to total revenues helps manage this risk.

Vertical domains relate to the industries in which clients operate. The Company has chosen to focus on several selected vertical segments with a view to leverage accumulated domain expertise to deliver enhanced value to its clients. The Company uses market intelligence to identify emerging vertical domains and addressable markets where systems engineering and integration solutions may be positioned.

Being a Company exposed to rapid shifts in technology, an undue focus on any particular technology could adversely affect the risk profile of the Company. Given the rapid pace of technological change, the Company has chosen not to impose rigid concentration limits. Often, industry characteristics and market dynamics determine the choice of technology. The Company is investing in Centers of Excellence for select and emerging technologies; and also building an alliance network to offer wider technology options to the customer.

Legislation in certain countries in which we operate, including the United States and the United Kingdom, may restrict companies in those countries from outsourcing work to us.

2. Financial risks

CMC's activities expose the Company to a variety of financial risks such as market risks, credit risks, change in regulations of economy in which Company operates etc. All these risks arise in the normal course of business.

The volatility in foreign currency rates may impact the profitability of the Company to the extent of its exposure to the International business and specific currencies.

As a risk containment strategy, the Company takes forward covers to hedge its exposure in foreign currencies. The Company follows conservative view base on highly probable underlying exposures only. The Finance department of the Company continues to track foreign exchange movements and decides its hedging strategy from time to time.

The Company has also been able to use the internal hedge provided to it due to imports for domestic market and has demonstrated resilience to impact of increased level of volatility over last two years. The Company takes forward covers selectively to protect against movement in foreign currency rates.

The Company is exposed to longer recovery cycles and incidents of defaults by customers due to its involvement in large turnkey projects implementation and Government entities in its customer profile resulting in need to finance higher level of working capital. The Company has been focusing on improved execution and negotiation of better terms with customers and vendors and also tightening the collection follow-up process. These measures have helped Company in significant reduction in collection cycle and working capital, resulting in cash surplus. The Company is confident to have adequate funding to finance its working capital requirements as well as future growth needs.

In the event that the Government of India or the Government of another country in which Company operates changes its tax policies in a manner that is adverse to the Company, our tax expense may materially increase, reducing our post tax profitability. The income of the Company would decrease if the Government of India reduces or withdraws tax benefits and other incentives it provides to the Industry or when our tax holidays expire or withdrawn.

The Government of India (GoI) has announced the phasing out of the Software Technology Park (STP) regime effective 1 April, 2011. As a consequence, this may adversely affect the post tax profitability of the Company in future. However, the Company is in the process of executing new orders from its international clients from its SEZ facility, which will entitle the Company for tax concessions as per law.

3. Legal risks

Litigation regarding intellectual property rights, patents and copyrights is significantly high in the software industry. In addition, there are other general corporate legal risks. The management has clearly charted out a review and documentation process for all contracts.

4. Employee related risks

Retaining the existing talent pool and attracting new talent is a major risk. The Company has initiated various initiatives including training programs and a transparent Performance Management System.

Employees are the key resource for the Company. With increased competition from Indian and international IT services Companies, there is an increased pressure on salary increases and consequent pressure on margins. As demand of specified skilled IT personnel outpace supplies, the Company faces higher risk of attrition. The Company has been focusing on creating a favorable work environment that encourages innovation and meritocracy to improve employee retention and to reduce attrition rate. The Company is also focusing on creating a wider leadership basis and management depth. The Company has implemented differential pay structure to attract and retain high performers and employees possessing key skills and domain knowledge.

5. Regulatory & Compliance related risks

The Company has a global footprint and as it increases its global reach and operations, the risk of ensuring compliance with the regulations and laws in the various jurisdictions, of any global organization also increases. To mitigate this risk, the Company has put in place an institutionalized structure to ensure regulatory and legal compliance across the globe. The use of local managers as well as consultants, auditors, lawyers, specialists and experts in these countries where we have a presence is encouraged to ensure compliance.

6. Information Security related risks

Information security and business continuity is an area of concern of most customers, particularly when key business processes are outsourced. The Company has adopted information security management system complying with ISO 27001.

7. Internal process risks

Risk management processes at the operational level are a key requirement for reducing uncertainty in delivering high-quality software solutions to clients within budgeted time and cost. Adoption of quality assurance frameworks has ensured that risks are identified and measures are taken to mitigate these at the project plan stage itself.

The Company evaluates technological obsolescence and the associated risks on a continuing basis and makes investments accordingly.

G. Internal control systems and their adequacy:

The Company has an adequate system of internal controls implemented by the management towards achieving efficiency in operations, optimum utilization of resources and effective monitoring thereof and compliance with applicable laws. The system is continuously reinforced with analysis of data to strengthen it to meet the changing requirements.

The system comprises well defined organization structure, pre-identified authority levels and documented policy guidelines and manuals for delegation of authority.

A qualified and independent Audit Committee of the Board of Directors reviews the internal audit reports and the adequacy of internal controls.

H. Human Resources (HR):

CMC continues to focus and invest in human resource development to provide an open work culture and rewarding career opportunities to all its employees. CMC has continually adopted structures that help attract best external talent and promote internal key talent to higher roles and responsibilities.

A number of employee engagement initiatives like 'CMC Connect' were undertaken during the year to enhance staff connect with organisation's goals and objectives. Rewards and recognition program has been further strengthened to include rewards that promote organisational values and culture of excellence across the organisation.

Your Company has undertaken companywide competency management and analysis program based on PCMM framework. This will help the Company achieve better focus on staff career development, learning and growth.

The Company continues with the previous year focus of improving per person productivity through improved utilization by managing a good balance between regular and outsourced person power and moving focus from low realization projects to higher realization International projects.

A learning and development opportunity to each staff member is one of the key human resource development strategies of your Company. Apart from comprehensive technical certification program, the Company has initiated various computer based and faculty driven learning opportunities across the Company.

The Company has initiated 'Affirmative Action' to realize the benefits of employee diversity in the organization. Special initiatives have been launched to promote gender diversity in the Company. CMC women workforce now stands at 21% of total workforce.

Key HR processes have been benchmarked and automated to improve productivity and ensuring better control on operations.

The Company hired 350 fresh engineering graduates from campuses in its pursuit to build employer brand and induct young talent from leading campuses.

The staff strength of the Company as on 31 March, 2011 was 7396 (including employees on contract) as compared to 5551 as on 31 March, 2010.

I. Cautionary Statement:

Statements in the Management Discussion and Analysis describing the Company's objectives, expectations or predictions may be forward looking within the meaning of applicable securities, laws and regulations. Actual results may differ materially from those expressed in the statement. Important factors that could influence the Company's operations include change in Government regulations, tax laws, economic & political developments within and outside the country and such other factors.

PERFORMANCE SUMMARY – CONSOLIDATED

(Rs. in Crore)

Particulars	FY 11	FY 10	FY 09	FY 08	FY 07
Revenues					
Total Operating Revenue	1,080.53	870.73	939.83	1,064.74	1,079.81
Domestic Operating Revenue	482.82	435.41	560.07	688.29	699.19
International Operating Revenue	597.71	435.32	379.76	376.45	380.62
Cost					
Material Cost	121.39	120.35	250.73	409.22	429.22
Manpower Cost	345.13	276.16	262.78	237.12	220.62
Sub-Contracting Cost	262.35	173.56	154.01	119.69	118.35
Other Operating Cost	144.82	138.94	145.63	179.75	212.65
Total Cost(excluding interest & depreciation)	873.69	709.01	813.15	945.68	980.84
Profitability					
EBIDTA(before other income)	206.84	161.72	126.69	119.06	98.98
Profit before tax	211.83	167.45	143.82	123.36	92.79
Profit after tax	179.41	143.23	116.15	92.34	69.32
Capital Accounts					
Share Capital	15.15	15.15	15.15	15.15	15.15
Reserves And Surplus	638.87	495.53	392.14	297.57	223.36
Gross Block	172.91	171.42	162.25	147.54	133.24
Total Investments	226.17	195.32	119.88	95.63	-
Net Current Assets	215.20	207.26	236.06	156.80	168.22
Earnings per share (EPS) in Rs.					
EPS – as reported	118.42	94.54	76.66	60.95	45.76

RATIO ANALYSIS – CONSOLIDATED

	Unit	FY 11	FY 10	FY 09	FY 08	FY 07
Ratios - Financial Performance						
International Revenue / Total Operating Revenue	%	55.32	49.99	40.41	35.36	35.25
Domestic Revenue / Total Operating Revenue	%	44.68	50.01	59.59	64.64	64.75
Equipment Revenue / Total Operating Revenue	%	9.51	11.83	24.71	36.55	37.37
Services Revenue / Total Operating Revenue	%	90.49	88.17	75.29	63.45	62.63
Material Cost / Total Operating Revenue	%	11.23	13.82	26.68	38.43	39.75
Manpower Cost / Total Operating Revenue	%	31.94	31.72	27.96	22.27	20.43
Subcontracting Cost / Total Operating Revenue	%	24.28	19.93	16.39	11.24	10.96
Other Operating Cost / Total Operating Revenue	%	13.40	15.96	15.49	16.87	19.69
Total Cost / Total Operating Revenue	%	80.85	81.43	86.52	88.81	90.83
EBIDTA (before other income) / Total Operating Revenue	%	19.14	18.57	13.48	11.18	9.17
Profit before tax / Total Operating Revenue	%	19.60	19.23	15.30	11.59	8.59
Tax / Total Operating Revenue	%	3.00	2.78	2.94	2.91	2.17
Effective Tax Rate-Tax/PBT	%	15.30	14.47	19.24	25.15	25.29
Profit after tax / Total Operating Revenue	%	16.60	16.45	12.36	8.67	6.42
Ratios-growth						
International Operating Revenue	%	37.30	14.63	0.88	(1.10)	54.15
Total Operating Revenue	%	24.10	(7.35)	(11.73)	(1.40)	21.71
EBIDTA (before other Income)	%	27.89	27.65	6.41	20.29	98.79
Profit before tax (PBT)	%	26.50	16.43	11.66	32.95	40.59
Profit after tax (PAT)	%	25.26	23.31	25.79	33.20	42.80
Ratios-Balance Sheet						
Debt-Equity Ratio	Nos.	0.00	0.03	0.12	0.09	0.07
Current Ratio	Nos.	1.62	1.70	1.74	1.45	1.46
Days Sales Outstanding Days (DSO) Debtors	Days	85	86	100	78	87
Days Sales Outstanding Days (DSO) Accrued Debtors	Days	42	44	35	37	39
Invested Funds / total assets	%	22.63	23.83	15.46	13.83	-
Invested Funds / total revenue	%	20.93	22.43	12.76	8.98	-
Capital expenditure / total revenue	%	9.28	3.23	2.33	0.92	3.33
Ratios-per share						
Earnings Per Share (EPS) as reported	Rs.	118.42	94.54	76.66	60.95	45.76
Price Earnings Ratio, end of year (P/E)	Nos.	18.00	14.00	4.00	13.00	26.00
Dividend Per Share (DPS)	Rs.	20.00	20.00	15.00	11.00	8.00
Dividend Payout (including CDT) / PAT	%	20.00	25.00	23.00	21.00	20.00
Market Capitalisation as at 31 March	Cr.	3150.52	2030.10	484.72	1227.76	1834.97

CORPORATE GOVERNANCE REPORT

1. Company's philosophy on Corporate Governance

At CMC, it is our belief that we are taking measures to move closer towards our aspirations of becoming a global Company and that our Corporate Governance standards must be globally benchmarked. This gives us the confidence of having put in the right building blocks for future growth and ensures that we achieve our ambitions in a prudent and sustainable manner. Good Corporate Governance implies optimum utilization of the resources and ethical behavior of the enterprise to enhance the stakeholders value with strong emphasis on transparency, accountability and integrity.

The Company has a mission to provide sustainable advanced solutions and services to our global customers, long term partnership with its investors, maximizing value to our stakeholders and the communities we serve. The Company works with the mission of becoming a vibrant organization, where openness, trust, teamwork, simplicity, responsibility and innovation are valued and promoted. The Company's activities are carried out in accordance with good governance practices as per Clause 49 of the Listing Agreement. The Company is listed with three Stock Exchanges viz., National Stock Exchange, Bombay Stock Exchange and Calcutta Stock Exchange.

The Company in its pursuit of excellence in Corporate Governance has adopted the Tata Code of Conduct, Tata Business Excellence Model, Tata Code of Conduct for Prevention of Insider Trading & Code of Corporate Disclosure Practices, Whistle Blower Policy and exclusive Code of Conduct for Non-Executive Directors. The governance practices followed by your Company have played a vital role in its journey of continued success. All the procedures, policies and practices followed by the Company are based on sound governance principles which have enabled your Company to enhance shareholder value. For its constant endeavor towards excellence, during the year 2010-11, your Company has been certified as one of the top seven companies for adopting good Corporate Governance Practices by the Institute of Company Secretaries of India (ICSI).

1.1 Key Board activities during the year

The Board provides and critically evaluates strategic direction of the Company, management policies and their effectiveness. Their main function is to ensure that long-term interests of the stakeholders are being served. The agenda for Board reviews / include strategic review from each of the Board Committees, a detailed analysis and review of annual strategic and operation plans and capital allocation and budgets. In addition, the Board reviews financial reports from SBU Heads. Frequent and detailed interaction sets the agenda and provides the strategic roadmap for future growth of the Company. Voluntary Corporate Governance Guidelines of the Ministry of Corporate Affairs, Government of India broadly outline a framework for corporate sector on important parameters like appointment of directors, guiding principles to remunerate directors, responsibilities of the Board, risk management, the enhanced role of Audit Committee, rotation of audit partners and firms and conduct of secretarial audit and all these are receiving attention of the Board of Directors of your Company.

1.2 Corporate Social Responsibility (CSR)

Corporate Social Responsibility forms an integral part of the Company's business activities. Societal well being and benefit enjoys a strategic and operational level focused by incorporating it as a key measurement index. The Company has constituted a voluntary body called 'Maitree' which functions towards wellbeing of the society and has organized blood donation camps, cataract operations for the underprivileged, extended treatment care and financial assistance to poor children etc. on regular basis.

The Company provides safe and healthy working environment to its employees.

With the increased concern for issues such as information security and climate change, CMC sees the needs to pro-actively identify and address them. The Company has developed expertise in Green IT approaches in its endeavor to help its customers and other stakeholders to minimize power consumption and carbon footprint. In its own operations, CMC has already initiated actions to minimize power consumption, waste reduction, water conservation and environmental friendly disposal of e-waste. CMC's IT solutions for Green offerings are Document Management System, Vehicle Tracking System, Freight Management Solutions and Green ERP etc. The Company is also carrying out the Eco awareness campaign across organization. Use of facilities such as teleconferencing, Webex, Video Conferencing is being encouraged to minimize travel.

1.3 Role of the Company Secretary in Overall Governance Process

The Company Secretary plays a key role in ensuring that the Board procedures are followed and regularly reviewed. The Company Secretary ensures that all relevant information, details and documents are made available to the directors and senior management for effective decision making at the meetings. The Company Secretary is primarily responsible to ensure compliance with applicable statutory requirements and is the interface between the management and regulatory authorities for governance matters. All the Directors of the Company have access to the advice and services of the Company Secretary.

1.4 Observance of the Secretarial Standards issued by the Institute of Company Secretaries of India (ICSI)

The Institute of Company Secretaries of India (ICSI) has issued Secretarial Standards on important aspects like Board Meetings, General Meetings, Payment of Dividend, Maintenance of Registers and Records, Minutes of Meetings, Transmission of Shares and Debentures, Passing of Resolutions by Circulation, Affixing of Common Seal, Forfeiture of Shares and Board Report. The Company substantially adheres to the Secretarial Standards voluntarily.

1.5 Selection and Appointment of New Directors on the Board

Considering the requirements of the skill-sets on the Board and the broad guidelines issued by the Tata Group Counsel to all Tata Group Companies, eminent persons having an independent standing in their respective field/profession and who can effectively contribute to the Company's business and policy decisions are considered by the Governance Committee for appointment of new Directors on the Board. The number of directorships and memberships in various committees of other companies by such persons is also considered.

1.6 Term of Board Membership

As per the provisions of the Companies Act, 1956, one third of Board Members (other than Executive Director) retire every year and approval of the shareholders is sought for their re-appointment. Executive Director is appointed by the shareholders for a period of three years, at a time, but is eligible for re-appointment on completion of the term. The Board on the recommendations of the Governance Committee considers the appointment/ re-appointment of Executive and Non-Executive Directors.

1.7 Training of Directors

The new Directors are appointed as per the Guidelines of Tata Group, with management expertise and wide range of experience. The Directors appointed by the Board are given induction and orientation with respect to the Company's vision, strategic direction, core values, including ethics, corporate governance practices, financial matters and business operations by having one-to-one meetings. The new Board members are also requested to access the necessary documents / brochures, Annual reports and internal policies available at our website www.cmcltd.com to enable them to familiarize with the Company's procedures and practices.

Periodic presentations are made at the Board and Committee Meetings on business and performance updates of the Company, global business environment, business risks and its mitigation strategy.

1.8 Mechanism for evaluating Non-Executive Board Members

The Governance Committee evaluates the performance of Non-Executive Directors and recommends Commission payable to them based on their commitment towards attending the meetings of the Board/Committees, contribution and attention to the affairs of the Company and their overall performance.

1.9 Recording of Minutes of proceedings at Board and Committee Meetings

The Company Secretary records the minutes of the proceedings of each Board and Committee Meeting. Draft Minutes are circulated to all the members of the Board/Committee for their comments.

1.10 Compliance

The Company Secretary while preparing the Agenda, Notes on Agenda, Minutes etc. of the meeting(s) is responsible for and is required to ensure adherence to the applicable laws and regulations including the Companies Act, 1956 read with the Rules issued hereunder, Listing Agreement with the stock exchanges and the Secretarial Standards recommended by the Institute of Company Secretaries of India (ICSI).

1.11 Internal Control Systems

CMC has both external and internal audit systems in place. Auditors have access to the records and information of the Company. The Board and the management periodically review the findings and recommendations of the auditors and take necessary corrective actions whenever required. The Board recognizes the work of the auditors as an independent check on the information with respect to the operations and performance of the Company.

The Company maintains a system of internal controls designed to provide reasonable assurance regarding:

- Effectiveness and efficiency of operations;
- Adequacy of safeguards for assets
- Reliability of financial controls; and
- Compliance with applicable laws and regulations

The integrity and reliability of the internal control systems are achieved through clear policies and procedures, process automation, careful selection, training and development of the employees and an organization structure that segregates responsibilities.

The Company uses a state-of-the-art ERP System to record data for accounting and management information purposes and connects to different locations for efficient exchange of information. The Company has also appointed M/s Ernst and Young Private Limited as Internal Auditors to oversee and carry out internal audit of the Company's activities. The audit is based on the internal audit plan, which is reviewed every year in consultation with Statutory Auditors (M/s Deloitte Haskins & Sells) and the Audit Committee. The internal audit process is designed to review the adequacy of internal control checks in the system and covers all significant areas of Company's operations- viz., software delivery, accounting and finance, procurement, employee engagement, travel, insurance, IT processes in the Company. Safeguarding of assets and their protection against unauthorized use are also a part of these exercises.

The Company has an Audit Committee, the details of which have been provided in para 3.1 of the Report. The Audit Committee reviews the reports submitted by the Internal Auditors and follows up to ensure the implementation of corrective actions. The Committee also meets the Statutory Auditors to ascertain, inter-alia, their views on the adequacy of control systems in the Company and keeps the Board of Directors informed of its major observations from time to time.

2. Board of Directors

The Company has a high profiled Board with varied management expertise. The Board's role, functions, responsibility and accountability are known to them due to their vast experience. Directors are provided with well structured and comprehensive agenda papers in advance. All material information is incorporated in the Agenda for facilitating meaningful and focused discussion in the meeting. To enable the Board to discharge its responsibilities effectively, presentations are given on key issues. Moreover, the Board and its committee meetings schedule are circulated to the Board Members in the beginning of the financial year.

During the year, information as mentioned in Annexure-IA to Clause 49 of the Listing Agreement has been placed before the Board for its consideration. In addition to matters statutorily requiring Board's approval, all major decisions involving policy formulation, strategy and business plans, new investments, compliance with statutory/regulatory requirements and major accounting provisions are considered by the Board.

Minutes of the Board Meetings/Committee Meetings are circulated to Directors and confirmed at the subsequent meetings.

(A) Composition of Board

The present Board consists of one Executive Director and five Non-Executive Directors. The Non-Executive Directors with their diverse knowledge, experience and expertise brings in their independent judgment to the deliberations and decisions of the Board. The Non-Executive Directors did not have any material pecuniary relationship or transactions with the Company during the year 2010-11.

The Company has a Non-Executive Chairman. The Company is having three Independent Directors which is 50% of the total number of Directors; meets the requirement relating to the composition of the Board.

(B) Non-Executive Directors' compensation and disclosures

The Non-Executive Directors are paid sitting fee as well as commission within the limits prescribed under the Companies Act, 1956. No stock options were granted to Non-Executive Directors during the year under review.

(C) Other provisions as to Board and Committees

During the year 2010-11, 06 meetings of the Board of Directors were held on April 15, July 12, October 11, and December 06 in 2010 and on January 13 and March 10 in 2011. The maximum time gap between any two consecutive meetings did not exceed three months.

None of the Directors on the Board are Members of more than ten Committees or Chairman of more than five Committees across all the companies in which they are Directors. Necessary disclosures regarding Committee positions in other public companies as on 31 March, 2011 have been made by the Directors.

Details of attendance of Directors at Board Meetings and at the last Annual General Meeting held on 29 June, 2010, with particulars of their Directorships and Chairman / Membership of Board Committees of other companies showing the position as on 31 March, 2011 are given below:

Name	Category	Attendance at		No. of Outside Directorships	No. of Committees and Positions held	
		Board Meetings	Last AGM		Member	Chairman
Mr S Ramadorai (Chairman)	Non-Independent Non-Executive	06	Yes	12	05	04
Mr R Ramanan (MD & CEO)	Non-Independent Executive	05	Yes	01	-	-
Dr KRS Murthy	Independent Non-Executive	06	Yes	03	01	-
Mr Surendra Singh	Independent Non-Executive	06	No	05	04	02
Ms Kalpana Morparia	Independent Non-Executive	06	No	02	01	01
Mr S Mahalingam	Non-Independent Non-Executive	05	Yes	04	-	01

Other directorships do not include alternate directorships, directorships of private limited companies, Section 25 companies and of companies incorporated outside India. Chairmanships/Memberships of Board Committees include only Audit and Shareholders/ Investors Grievance Committees.

Particulars of the Non-Executive Directors who are retiring by rotation and eligible for re-appointment have been given in the attachment to the Notice and their profile is also appearing elsewhere in the Report.

The Company has received declarations on six criteria of independence as prescribed in Clause 49.1.A (iii) of the Listing Agreements from Independent Directors.

No Director of the Company is related to any other Director of the Company.

(D) Code of Conduct

- (i) The Board of Directors has laid down Code of Conduct for all Board Members and Senior Management of the Company. The copies of Code of Conduct as applicable to the Directors as well as Senior Management of the Company are uploaded on the website of the Company – www.cmcltd.com.
- (ii) The Members of the Board of Directors and Senior Management personnel have affirmed the compliance with the Code applicable to them during the year ended 31 March, 2011. The Annual Report of the Company contains a Certificate by the Managing Director & CEO in terms of Clause 49 of the listing agreement.

3. Board Committees

3.1 Audit Committee

(A) Qualified and Independent Audit Committee

The Company complies with the provisions of Section 292A of the Companies Act, 1956 as well as requirements under the listing agreement pertaining to the Audit Committee. Its functioning is as under:

- (i) The Audit Committee presently consists of the three Non-Executive Directors, all of them are Independent Directors.
- (ii) All members of the Committee are financially literate and having the requisite financial management expertise.
- (iii) The Chairman of the Audit Committee is an Independent Director.
- (iv) The Chairman of the Audit Committee was present at the last Annual General Meeting held on 29 June, 2010.
- (v) New Audit Partner has audited the accounts of the Company from the financial year 2010-11 will continue to audit in future years.

(B) Terms of reference

The terms of reference of the Audit Committee include inter-alia:

- i) Review of the quarterly/annual financial results with the management and the statutory auditors.
- ii) Review with the management, statutory auditors and the internal auditors about the nature and scope of audit and of the adequacy of internal control systems.
- iii) Consideration of the reports of the internal auditors and the discussion about their findings with the management and suggesting corrective actions, wherever necessary.
- iv) Authority to investigate into any matter covered by Section 292A of the Companies Act, 1956.
- v) Reviewing the Company's financial and risk management policies.
- vi) Review of the financial reporting process and disclosure of financial information.
- vii) Recommending the appointment of Statutory and Internal Auditors, fixation of audit fee and approval for payment for any other services.
- viii) Reviewing major accounting policies and practices and adoption of applicable Accounting Standards.
- ix) Reviewing the findings of any internal investigations by the Internal Auditors and reporting the matters to the Board.
- x) Reviewing the compliance with Listing Agreement and various other legal requirements concerning financial statements and related party transactions.
- xi) Disclosure of Contingent liabilities.
- xii) Review the independence of Auditors
- xiii) Ensure that adequate safeguards have been taken for legal compliance both for the Company and its other foreign Subsidiaries.
- xiii) Reviewing compliance with respect to the Company's Whistle Blower Policy.

(C) Composition, names of Members and Chairperson, its meetings and attendance:

The Chairman of the Audit Committee is Dr KRS Murthy. During the year, 8 Audit Committee meetings were held on April 15, June 10, July 12, August 31, October 11, December 06 in 2010 and on January 13 and March 10 in 2011.

The composition of the Audit Committee and number of meetings attended by the Members are given below:

Name of member	Category	Number of meetings held during 2010-11	Meetings attended
Dr KRS Murthy	Independent Non-Executive	08	08
Mr Surendra Singh	Independent Non-Executive	08	08
Ms Kalpana Morparia	Independent Non-Executive	08	07

The Committee meetings are attended by invitation by the Managing Director & CEO, CFO, Chief Operating Officer, the representatives of Statutory Auditors and representatives of the Internal Auditors. The Company Secretary acts as the Secretary of the Audit Committee.

The internal and statutory auditors of the Company discuss their audit findings and update the Audit Committee and submit their views directly to the Committee. Separate meetings are held with the internal auditors to focus on competence issues and to conduct detailed reviews of the processes and internal controls in the Company.

3.2 Governance Committee

(A) Constitution

The Governance Committee comprises of Dr KRS Murthy as the Chairman of the Committee and Mr S Ramadorai, Mr Surendra Singh, Ms Kalpana Morparia and Mr S Mahalingam as the Members of the Committee.

(B) Terms of reference

Terms of reference of the Governance Committee include:

- 1. To consider all payments to Directors and Senior Executives one level below the Board.
- 2. Making recommendations regarding the composition of the Board.
- 3. To identify the Independent Directors and to refresh the composition of Board from time to time.

(C) Meetings and attendance during the year

During the year, 02 Governance Committee meetings were held on April 15 and May 03 in 2010.

The composition of the Governance Committee and number of meetings attended by the Members are given below:

Name of member	Category	Number of meetings held during 2010-11	Number of Meetings attended
Mr S Ramadorai	Non-Independent Non-Executive	02	02
Dr KRS Murthy	Independent Non-Executive	02	02
Mr Surendra Singh	Independent Non-Executive	02	02
Ms Kalpana Morparia	Independent Non-Executive	02	02
Mr S Mahalingam	Non-Independent Non-Executive	02	02

(D) Remuneration policy

The Remuneration policy of your Company is a comprehensive policy which is competitive in consonance with the industry practices and rewards good performance of the employees of the Company. The policy ensures equity, fairness and consistency in rewarding the employees on the basis of performance against set objectives. The Company has in place Performance Focused Management System which aims at focusing and aligning the performance of the individual employees to the organizational objectives. The system involves a comprehensive process which includes different stages like goal setting exercise, performance review ratings and rewards. It ensures that all employees know what is expected of them in their job and are able to measure their performance. It provides a framework which assists employees to develop their capabilities.

The Company's remuneration policy is driven by the success and performance of the individual employee and the Company. Through its compensation program, the Company endeavors to attract, retain, develop and motivate a high performance workforce. The Company follows a compensation mix of fixed pay and variable pay. Individual performance pay is determined by business performance and the performance of the individuals measured through the annual appraisal process.

The Company pays remuneration by way of salary, benefits, perquisites, Superannuation benefits and allowances to its Managing Director & CEO. Annual increments are decided by the Governance Committee within the salary scale approved by the Members and are effective April 1 of every year. The Governance Committee recommends to the Board, the commission payable to the Non-Executive Directors out of the profits for the financial year and within the ceilings prescribed under the Companies Act, 1956 and approved by Members, based on the performance of the Company as well as that of each Non-Executive Director.

(E) Remuneration to Managing Director & CEO

- The remuneration of the Managing Director & CEO is recommended by the Governance Committee to the Board of Directors based on criteria such as industry Benchmarks, the Company's performance vis-à-vis the industry, performance track record of the Managing Director & CEO.
- Mr R Ramanan is the Managing Director & Chief Executive Officer of the Company. The salary, benefits and perquisites paid to Mr R Ramanan, Managing Director & CEO during the year 2010-11, were Rs 1.11 crore.
- Your Company has a service contract with Mr R Ramanan from December 13, 2009 to April 30, 2013 and the said contract may be terminated by either party by giving a notice of six months.

(F) Remuneration to Non-Executive Directors

- The Non-Executive Directors are entitled to sitting fee for attending the Board/Committee Meetings. A sitting fee of Rs. 20,000 for attending each meeting of the Board, Audit and Governance Committee and Rs. 10,000 for attending each of the Shareholders/ Investors Grievance, Executive and Ethics & Compliance Committee Meeting was paid to the Non-Executive Directors during the year under review.

The Non-Executive Directors are also considered for payment of commission up to 1% of the net profit of the Company. The Board considered the performance of the Non-Executive Directors based on their attendance and contribution at the Board and certain Committee meetings and approved the following commission to the Non-Executive Directors.

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Payment of sitting fee and Commission to the Non-Executive Directors for the year ended March 31, 2011 are as under:

Name of Director	Sitting Fee (Rs/Lacs)	Commission (Rs/Lacs)
Mr S. Ramadorai	2.00	16
Dr KRS Murthy	4.00	12
Mr Surendra Singh	4.10	11
Ms Kalpana Morparia	3.30	11
Mr S Mahalingam	1.70	NIL

Notes:

- (i) The Non-Executive Directors have disclosed that they do not hold any shares in the Company.
- (ii) There has been no pecuniary relationship or transactions of the Non-Executive Directors vis-à-vis the Company during the year under review.

3.3 Shareholders/Investors Grievance Committee

(A) Composition, names of Members and Chairperson, its meetings and attendance

The Board has constituted a Shareholders'/Investors' Grievance Committee with Mr Surendra Singh as Chairman of the Committee with Mr R Ramanan and Dr KRS Murthy as members of the Committee. The Committee is set up to oversee the performance of the Registrars and Share Transfer Agents with respect to redressal of Shareholders grievances etc. The said Committee would also recommend measures for overall improvement of the quality of Investor services.

The process of share transfer as well as review of redressal of investors'/shareholders' grievances is undertaken on fortnightly basis by the Registrar and Share Transfer Agents and the Compliance Officer. However, the matters related to issue of fresh Share Certificates would be dealt with by the Shareholders/Investors Grievance Committee.

The Board has delegated the powers to the Registrar and Transfer Agents (RTA) to attend to Share Transfer formalities once in a fortnight in accordance with Clause 49(IV)(G) and the RTA has convened 22 concall meetings with the Compliance Officer during the year under review for the purpose.

During the year, 04 meetings of the Shareholders/Investors Grievance Committee were held on April 15, July 12 and October 11 in 2010 and on January 13 in 2011.

The composition of the Shareholders/Investors Grievance Committee and number of meetings attended by the Members are given below:

Name of member	Category	Number of meetings held during 2010-11	Number of Meetings attended
Mr Surendra Singh	Independent Non-Executive	04	04
Dr KRS Murthy	Independent Non-Executive	04	04
Mr R Ramanan	Non-Independent Executive	04	03

(B) Name and Designation of the Compliance Officer

Mr Vivek Agarwal, Company Secretary & Head - Legal, is the Compliance Officer and can be contacted at:

CMC Limited	Tel: 91 11 2373 6151
PTI Building, 5 th Floor	Fax: 91 11 2373 6159
4, Sansad Marg	E-mail: vivek.agarwal@cmcltd.com
New Delhi-110 001	

In addition to the above e-mail of the Compliance Officer, the investors/shareholders can also lodge their complaints, if any, at investor.relations@cmcltd.com. A link has also been provided to the shareholders to register their grievances to Company's website www.cmcltd.com.

The Company Secretary has been designated as Compliance Officer of the Committee in line with the requirement of Listing Agreement with the Stock Exchanges.

(C) Number of complaints received and redressed during the year 2010-11

Opening Balance	Received during the year 2010-11	Resolved during the year	Closing Balance
0	24	24	0

As required under Clause 47-C of the Listing Agreement, a Certificate on half-yearly basis confirming due compliance of share transfer formalities by the Company from Practising Company Secretary has been submitted to the Stock Exchanges within stipulated time.

(D) Suspense Account for the unclaimed shares

Pursuant to Clause 5A of the Listing Agreement, your Company has opened a Demat Suspense Account with Central Depository Services (India) Ltd. and transferred 167 shares which remained unclaimed out of shares issued pursuant to the offer of sale by the Government of India in 2004. The requisite information as per aforesaid Clause is given below:

No. of Shareholders as on 01.04.2010	Opening Balance of Shares in Suspense Account	Requests received during the year 2010-11	Shares transferred during the year	No. of Shareholders as on 31.03.2011	Closing Balance of Shares in Suspense Account
21	167	0	0	21	167

3.4 Executive Committee

(A) Composition of Executive Committee and terms of reference, its meetings and attendance

The Executive Committee of the Company comprises of Mr S Ramadorai as Chairman and Mr R Ramanan, Dr KRS Murthy, Mr Surendra Singh, Ms Kalpana Morparia and Mr S Mahalingam as members of the Committee.

The terms of reference of the Executive Committee inter-alia includes the following:

- Long term financial projections and cash flows.
- Capital and Revenue Budgets and Capital Expenditure Programs.
- Acquisitions, divestment and business restructuring proposals.
- Senior management succession planning.

During the year, 04 Executive Committee meetings were held on May 03, August 31, and December 06 in 2010 and March 10 in 2011.

The composition of the Executive Committee and number of meetings attended by the members are given below:

Name of member	Category	Number of meetings held during 2010-11	Number of Meetings attended
Mr S Ramadorai	Non-Independent Non-Executive	04	04
Mr R Ramanan	Non-Independent Executive	04	04
Dr KRS Murthy	Independent Non-Executive	04	04
Mr Surendra Singh	Independent Non-Executive	04	04
Ms Kalpana Morparia	Independent Non-Executive	04	03
Mr S Mahalingam	Non-Independent Non-Executive	04	03

3.5 Ethics & Compliance Committee

(A) In terms of the Company's Code of Conduct for Prevention of Insider Trading and the Code of Corporate Disclosure Practices (Insider Trading Code) to be followed by Directors, Officers and other employees, the Company has constituted a Committee called Ethics and Compliance Committee. The Committee considers matters relating to the Insider Trading Code and also considers matter relating to the Company's Code of Conduct.

(B) Terms and reference of the Ethics & Compliance Committee

The terms of reference of the Ethics and Compliance Committee are as under:

- (i) Set forth the policies relating to and oversee the implementation of the code of conduct for prevention of insider trading and code of corporate disclosure practices.
- (ii) Take on record the status reports prepared by the compliance officer dealing in securities by the specified persons on monthly basis.
- (iii) To decide penal action in respect of violation of the SEBI Regulations/code by any specified person.

(C) Composition of the Ethics and Compliance Committee, its meetings and attendance

The Company has Ethics and Compliance Committee with Mr Surendra Singh as the Chairman of the Committee and Mr R Ramanan and Mr Vivek Agarwal as the members of the Committee. Mr J K Gupta is the Compliance Officer.

During the year, 01 meeting of the Ethics and Compliance Committee was held on 10 March, 2011.

The composition of the Ethics and Compliance Committee and number of meetings attended by the Members are given below:

Name of member	Category	Number of meetings held during 2010-11	Number of Meetings attended
Mr Surendra Singh	Independent Non-Executive	01	01
Mr R Ramanan	Non-Independent Executive	01	01
Mr Vivek Agarwal	Company Secretary & Head - Legal	01	01

4. Subsidiary Company

- (i) The Company does not have any Indian Subsidiary Company.
- (ii) The financial statements of the unlisted foreign Subsidiary Company is being placed before the Board.

5. Disclosures

(A) Basis of related party transactions

- (i) The statements containing the transactions with related parties were submitted periodically to the Audit Committee.
- (ii) There are no related party transactions that may have potential conflict with the interest of the Company at large.
- (iii) There were no material individual transactions with related parties during the year, which were not in the normal course of business as well as on an arm's length basis.
- (iv) There is no non-compliance by the Company and no penalties, strictures imposed on the Company by Stock Exchange or SEBI or any statutory authority, on any matter related to capital market, during the last three years.

(B) Disclosure of Accounting Treatment

During the year, there has been no change in Accounting Standard applicable to the Company.

(C) Board Disclosures - Risk Management

The Company has laid down procedures to inform the Board of Directors about the Risk Management and its minimization procedures. The Audit Committee and Board of Directors review these procedures periodically.

(D) Proceeds from public issues, right issues, preferential issues etc.

The Company did not have any of the above issues during the year under review.

(E) Whistle Blower Policy

The Company is maintaining Whistle Blower Policy in the Company and no personnel has been denied access to the Audit Committee.

(F) Secretarial Audit Report

The Company has obtained Secretarial Audit Report from the Company Secretary in practice for compliance with the applicable provisions of the Companies Act, 1956, Listing Agreement, SEBI Regulations on Takeover, Insider Trading and Depositories & Participants. A text of the said Report is annexed elsewhere.

(G) Management Discussion and Analysis Report

The Management Discussion and Analysis Report have been included separately in the Annual Report to the Shareholders.

(H) Shareholders

- (i) The quarterly results and presentations made by the Company to analysts are put on the Company's website www.cmcltd.com under the Disclosure Requirements Section.
- (ii) Mr S Ramadorai and Ms Kalpana Morparia are retiring by rotation at the ensuing Annual General Meeting and, being eligible, offer themselves for re-election as Non-Executive Directors.
- (iii) Additional information with respect to the Directors to be re-appointed at the forthcoming Annual General Meeting is given below:

a) MR S RAMADORAI

In February 2011, Mr. S Ramadorai stepped into public service when the Indian Government appointed him as the Advisor to the Prime Minister in the National Skill Development Council, in the rank of Cabinet Minister. The Council, which is headed by the Prime Minister, seeks to develop a strategy for Skill Development at the National level with a view to address the skill deficit.

Mr. Ramadorai, continues as the Vice - Chairman of your holding company, Tata Consultancy Services Limited (TCS), a company he has been associated with, for the past 39 years. He took over as CEO of TCS in 1996 when the company's revenues were at \$ 160 million and has since then led the company through some of its most exciting phases, including its going public in 2004. In October 2009, he stepped down as CEO, leaving a \$ 6 billion global IT services company to his successor, while he took over the mantle of Vice Chairmanship of the company. Today, the TCS's revenues stand at USD 8 billion for the fiscal year ended 31 March 2011, with an employee base of over 198,500 of the world's best trained IT consultants in 42 countries.

Apart from nurturing CMC with his able guidance and close association as Chairman, Mr. Ramadorai is also the Chairman of other Tata companies - Tata Elxsi Ltd, Tata. Technologies Ltd and CRL Ltd. He is also on the Boards of a number of non Tata companies and educational institutions - Tata Industries, Hindustan Unilever Limited, Bombay Stock Exchange and the MIT Sloan School of Management (EMSAB).

In recognition of Mr. Ramadorai's commitment and dedication to the IT industry he was awarded the Padma Bhushan (India's third highest civilian honour) in January 2006. In April 2009, he was awarded the CBE (Commander of the Order of the British Empire) by Her Majesty Queen Elizabeth II for his contribution to the Indo-British economic relations.

His academic credentials include a Bachelors degree in Physics from Delhi University (India), a Bachelor of Engineering degree in Electronics and Telecommunications from the Indian Institute of Science, Bangalore (India) and a Masters degree in Computer Science from the University of California – UCLA (USA). In 1993, Mr. Ramadorai attended the Sloan School of Management's highly acclaimed Senior Executive Development Program.

b) MS KALPANA MORPARIA

Ms Kalpana Morparia was appointed on the Board of CMC Limited on March 11, 2008. She is the Chief Executive Officer of J P Morgan, India and leads the business group (investment banking, asset management, treasury services and principal investment management) and service groups (global research, finance, technology and operations) in India. Ms Morparia is also a member of J P Morgan's global strategy team and head quartered in New York and the J P Morgan Asia Pacific Executive Committee.

Prior to becoming CEO of J P Morgan India, she served as Vice Chairperson on the Boards of the ICICI group. She was Joint Managing Director of the ICICI Group from 2001 to 2007. She had been with the ICICI group since 1975, India's second largest bank and having leadership positions in banking, insurance, asset management and private equity.

Ms Morparia has served on several committees constituted by the Government of India. She was titled as one of the 50 most powerful women in international business by the Fortune Magazine in 2008, one of the 25 most powerful women in Indian Business by Business Today, a leading Indian Business journal, in 2004, 2005, 2006 and 2008, and one of 'The 100 most Powerful Women' by the Forbes magazine in 2006.

6. CEO/CFO Certification

The Managing Director & CEO and CFO have certified to the Board in accordance with Clause 49(V) of the Listing Agreement pertaining to CEO/CFO Certification for the financial year ended March 31, 2011, published elsewhere in the Annual Report.

7. Compliance on Corporate Governance

The quarterly compliance report has been submitted to the Stock Exchanges where the Company's equity shares are listed in the requisite format duly signed by the Compliance Officer. Pursuant to Clause 49 of the Listing Agreement, the Auditor's Certificate in compliance on conditions of Corporate Governance is published elsewhere in the Annual Report.

8. General Body Meetings

(A) Location and time of General Meetings held in the last 3 years

Year	Date	Venue of Meeting	Time	Whether any Special Resolution passed in previous AGM
2008	24.06.2008	Bhartiya Vidya Bhavan, BVB Hyderabad Kendra No. 5-9-1105, Basheerbagh- King Koti Road, Hyderabad – 500 029, A.P.	3.30 p.m.	Yes For paying commission to Non-Executive Directors
2009	26.06.2009	Bhaskara Auditorium, B M Birla Science Centre, Adarsh Nagar, Hyderabad – 500 063, A.P.	3.30 p.m.	No
2010	29.06.2010	- do -	3.00 p.m.	No

(B) Whether Special Resolutions

- (i) Were put through postal ballot last year - No
- Details of voting pattern - N.A.
- Persons who conduct the postal ballot exercise - N.A.
- (ii) Are proposed to be conducted through postal ballot - Yes

9. Means of Communication

The Company regularly interacts with the shareholders through the multiple channels of communication such as publication of results, Annual Report, press releases, Analysts Call after the Board Meeting and the Company's website. The Company also informs the Stock Exchanges in a prompt manner, all price sensitive information and all such other matters which in its opinion, are material and relevant for the shareholders.

Quarterly report sent to each household of shareholders.	The results of the Company are published in the the newspapers.
Quarterly results and in which newspaper normally published in.	Results are published in The Hindu. Business Line (all editions) and in Prajashakti (Telugu – Hyderabad edition).
Any website where displayed.	Yes, the results are displayed on the Company's website www.cmcltd.com under Investor Center Disclosure Requirements Section.
Whether it also displays official news releases.	Yes
Whether the website displays the presentation made to the institutional investors and to the analysts.	Yes

10. General Shareholder Information

Annual General Meeting:

- (i) **Date, time and Venue** : Monday, June 27, 2011 at 3.00 P.M.
 CMC's Auditorium, CMC Ltd.
 CMC Centre, Old Mumbai Highway Gachibowli, Hyderabad – 500 032
- (ii) **Financial Year** : 1st April to 31st March
- (iii) **Date of Book Closure/ Record Date** : Date shall be fixed in due course of time and shall be published in the newspaper 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 websites and will also be uploaded to the Company's website.
- (iv) **Dividend Payment Date** : The dividend warrants will be paid on 01 July, 2011
- (v) **Dividend** : Rs. 20 per equity share @ 200%
- (vi) **Listing**

The Stock Exchanges on which the Company's shares are listed:

- Bombay Stock Exchange Limited (BSE)
- National Stock Exchange of India Limited (NSE)
- The Calcutta Stock Exchange Limited (CSE)

(vii) Stock Code

Bombay Stock Exchange Limited (BSE) : 517326

National Stock Exchange of India Limited (NSE) : CMC

The Calcutta Stock Exchange Limited (CSE) : -

(viii) Market price information

- a. The reported high and low closing prices during the year ended 31 March, 2011 on the National Stock Exchange and the Bombay Stock Exchange, where your Company's shares are frequently traded vis-à-vis the Share Index, are given below:

Month	NSE		BSE		BSE SENSEX	
	High (Rs.)	Low (Rs.)	High (Rs.)	Low (Rs.)	High	Low
Apr-10	1518.00	1312.70	1525.00	1320.00	18047.86	17276.80
May-10	1469.95	1352.00	1460.00	1330.00	17536.86	15960.15
Jun-10	1478.50	1360.10	1488.00	1327.00	17919.62	16318.39
Jul-10	1795.00	1421.00	1788.95	1411.00	18237.56	17395.58
Aug-10	1749.00	1558.60	1769.70	1582.25	18475.27	17819.99
Sept-10	2150.00	1578.00	1975.00	1625.00	20267.98	18027.12
Oct-10	2497.00	1901.00	2488.00	1890.00	20854.55	19768.96
Nov-10	2635.00	2115.00	2640.00	2126.10	21108.64	18954.82
Dec-10	2739.00	2172.00	2736.30	2165.20	20552.03	19074.57
Jan-11	2749.00	1955.00	2735.00	1931.00	20664.80	18038.48
Feb-11	2093.00	1901.25	2096.00	1882.05	18690.97	17295.62
Mar-11	2134.95	1922.00	2132.95	1886.60	19575.16	17792.17

b. Performance in comparison to BSE Sensex

The performance of the Company's scrip on the BSE as compared to the Sensex is as under:

	01 April, 2010	31 March, 2011	% CHANGE
Company Share Price (High)	Rs. 1525.00	Rs. 2132.95	39.86
SENSEX (High)	18047.86	19575.10	8.46

(ix) Registrars and Share Transfer Agents

The Members are requested to correspond to the Company's Registrars & Share Transfer Agents – M/s Karvy Computershare Private Limited quoting their Folio Number, Client ID and DP ID at the following address:

M/s Karvy Computershare Private Limited
 Unit : CMC Limited
 Plot No. 17-24, Vittal Rao Nagar
 Madhapur, Hyderabad – 500 081
 Tel: 91 40 4465 5000
 Fax: 91 40 2342 0814
 Email: mailmanager@karvy.com

(x) Shareholding as on 31 March, 2011

(a) Distribution of shareholding as on 31 March, 2011

No. of shares	No. of shareholders	% of shareholders	Total no. of shares	% of holding
1-500	24197	98.91	539198	3.56
501-1000	112	0.46	82922	0.55
1001-2000	54	0.22	79049	0.52
2001-3000	19	0.08	47494	0.31
3001-4000	13	0.05	45126	0.30
4001-5000	7	0.03	30723	0.20
5001-10000	16	0.06	118630	0.79
10001 & above	46	0.19	14206858	93.77
Total	24464	100.00	15150000	100.00
Physical Mode	57	0.23	8667	0.06
Electronic Mode	24407	99.77	15141333	99.94

(b) Shareholding pattern as on 31 March, 2011

Category	No. of shares held	% of issued share capital
Promoter-Tata Consultancy Services Limited	7744961	51.12
Mutual Funds and UTI	1853430	12.23
Financial Institutions / Insurance Companies	1403869	9.28
FII's	2888328	19.06
NRIs/Foreign Nationals	51725	0.34
Corporate Bodies	138161	0.91
Indian Public & Others	1069526	7.06
Total	15150000	100.00

(c) Capital of the Company

The authorized and paid-up capital of your Company are Rs 35 crore and Rs 15.15 crore respectively. The Company has not changed its share capital (due to rights, bonus, preferential issue, IPO, buyback, capital reduction, amalgamation, de-merger etc.) during the year under review.

(d) Top ten Shareholders as on 31 March, 2011

Category	Name	No. of shares held	% of issued share capital
Promoter	Tata Consultancy Services Limited	7744961	51.12
FII	Aberdeen Asset Managers Limited - A/c Aberdeen International	960000	6.34
Mutual Fund	HDFC Trustee Company Ltd – HDFC Equity Fund	956416	6.31
IFI	Life Insurance Corporation of India	619593	4.09
FII	Mathews India Fund	557827	3.68
FII	Aberdeen Asset Manager Limited A/c Aberdeen Global	450000	2.97
IFI	General Insurance Corporation of India	406941	2.69
IFI	The New India Assurance Company Ltd.	254131	1.68
Mutual Fund	HDFC Trustee Company Ltd – HDFC Top 200 Fund	235584	1.56
FII	Government Pension Fund Global	188386	1.24
Mutual Fund	FIL Trustee Company Private Limited - A/C Fidelity	162504	1.07
FII	Copthall Mauritius Investment Limited	162130	1.07

(xi) Dematerialisation of shares and liquidity

99.94% of the equity shares have been dematerialised by about 99.77% of the total shareholders as on March 31, 2011. The Company's shares can be traded only in dematerialised form as per SEBI notification. The Company has entered into Agreement with NSDL and CDSL whereby shareholders have the option to dematerialise their shares with either of the depositories. Equity shares are actively traded in BSE and NSE.

(xii) Outstandings GDRs/ADRs/Warrants or any convertible instruments, conversion date and likely impact on equity

The Company has not issued any GDRs/ADRs/Warrants or any convertible instruments.

(xiii) Plant locations

The Company is not a manufacturing unit and thus not having any Plant. However, the offices of the Company are located in almost all main cities in India.

(xiv) Address for correspondence

The Company Secretary & Head - Legal
CMC Limited
PTI Building, 5th Floor, 4, Sansad Marg
New Delhi-110 001
Tel.: 91 11 2373 6151-8 (8 lines)
Fax : 91 11 2373 6159
Email : vivek.agarwal@cmcltd.com

(xv) Electronic Clearing Service (ECS)

The Company is availing of the ECS facility to distribute dividend in main cities to those Members who have opted for it.

11. Prevention of Insider Trading

Pursuant to the SEBI (Prohibition of Insider Trading) Regulations, 1992 and the guidelines received from the Tata Group Counsel, a Securities Dealing Code 'Tata Code of Conduct for Prevention of Insider Trading and Code of Corporate Disclosure Practices' for prevention of insider trading is in place. The objective of the Code is to prevent purchase and / or sale of shares of the Company by an insider on the basis of unpublished price sensitive information. Under this Code, Designated persons (Directors, Advisors, Officers and other concerned employees / persons) are prevented from dealing in the Company's shares during the closure of Trading Window. To deal in securities beyond specified limit, permission of Compliance Officer is also required. All the Designated Employees are also required to disclose related information periodically as defined in the Code. Directors and designated employees who buy and sell shares of the Company are prohibited from entering into an opposite transaction i.e. sell or buy any shares of the Company during the next six months following the prior transactions. Directors and designated employees are also prohibited from taking positions in the derivatives segment of the Company shares. The aforesaid Code is available at the website of the Company www.cmcltd.com.

12. Whistle Blower Policy

Your Company has established a mechanism called 'Whistle Blower Policy' for employees to report to the management instances of unethical behavior, actual or suspected, fraud or violation of the Company's code of conduct or ethics policy and provides safeguards against victimization of employees who avail the mechanism. The policy permits all the employees to report their concerns directly to the Ethics Counselor/Chairman of the Audit Committee of the Company. The policy with the name and address of the Chairman of the Audit Committee has been communicated to the employees by uploading the same on the website of the Company. No employee has been denied access to the Chairman of the Audit Committee.

CORPORATE GOVERNANCE COMPLIANCE CERTIFICATE

TO THE MEMBERS OF
CMC LIMITED

1. We have examined the compliance of conditions of Corporate Governance by CMC Limited ("the Company"), for the year ended on 31 March, 2011, as stipulated in clause 49 of the Listing Agreement of the said Company with the stock exchanges.
2. The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination has been limited to a review of the procedures and implementations thereof, adopted by the Company for ensuring the compliance with the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.
3. In our opinion and to the best of our information and according to the explanations given to us, and the representations made by the Directors and the management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the Clause 49 of the above mentioned Listing Agreement.
4. We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For **DELOITTE HASKINS & SELLS**
Chartered Accountants
(Registration No. 015125N)

ALKA CHADHA
Partner
(Membership No. 93474)

New Delhi
18 April, 2011

DECLARATION REGARDING COMPLIANCE BY BOARD MEMBERS AND SENIOR MANAGEMENT PERSONNEL WITH THE COMPANY'S CODE OF CONDUCT

This is to certify that the Company has laid down Code of Conduct for all Board Members and Senior Management of the Company and the copies of the same are uploaded on the website of the Company – www.cmcltd.com.

Further certified that the Members of the Board of Directors and Senior Management personnel have affirmed having complied with the Code applicable to them during the year ended 31 March, 2011.

New Delhi
18 April, 2011

R RAMANAN
Managing Director & CEO

SECRETARIAL AUDIT REPORT

Company No. : 01-1970

Nominal Capital : Rs. 35,00,00,000/-

To,

The Shareholders of CMC Limited

We have examined the relevant books and records of CMC Limited having its Registered Office at CMC Center, Old Mumbai Highway, Gachibowli, Hyderabad - 500 032 and Corporate Office at, PTI Building, 5th Floor, 4, Sansad Marg, New Delhi – 110 001 produced before us by the company and by their registrar and share transfer agents M/s. Karvy Computer Share Private Limited, New Delhi for the purpose of our Secretarial Audit Report for the financial year ended on 31.03.2011 (financial year). In our opinion and to the best of our information and according to the examinations carried out by us and explanations furnished to us by the Company, its officers and agents, we certify that in respect of the aforesaid financial year:

1. The Company has kept and maintained all registers and records as per the provisions of the Companies Act, 1956 (the Act) and the rules made there under and all entries therein have been duly recorded during the year.
2. The Company has duly filed the forms and returns with the Registrar of Companies and the rules made there under during the year.
3. The Company has given proper notice along with the agenda for convening of Board Meeting, Committee Meetings and Annual General Meeting during the year.
4. The proceedings of the Meetings were properly recorded in the Minutes Books during the year.
5. The Board of Directors of the Company is duly constituted during the year.
6. The Company has obtained all the necessary approvals from the Board and Shareholders as required by the Act during the year.
7. The Company has not accepted any deposit in terms of section 58A of the Act read with Companies (Acceptance of Deposit) Rules, 1975 during the year.
8. The Company has complied with the provisions of section 154 of the Act during the year.
9. The Company has delivered all the certificates on lodgment thereof for transfer or any other purpose in accordance with the provisions of the Act during the year.
10. The Company has declared dividend and paid to the eligible shareholders in compliance with the provisions of section 205 of the Act during the year.
11. The Company has transferred the unclaimed/unpaid dividend to Investor Education and Protection Fund in compliance with the provisions of section 205C of the Act during the year.
12. The Company has paid remuneration to the Managing Director, Commission to the non-executive independent

CMC Limited

Thirty fifth annual report 2010 - 2011

directors and sitting fees to the Directors of the Company in terms of section 198, 269,309 read with Schedule XIII of the Act.

13. The Company has not appointed any sole selling agent in terms of section 294 of the Act during the year.
14. The Company has not given any loan in terms of section 295 of the Act during the year.
15. The Company has not entered into any transactions, which falls under section 297 of the Act during the year.
16. The Directors have disclosed their interest in terms of section 299 of the Act.
17. The Company has not appointed any person as a place of profit in terms of section 314 of the Act during the year.
18. The Company has complied with the provisions of section 372A of the Act.
19. The Company has complied with the applicable provisions of SEBI (Substantial Acquisition of Shares and Takeover) Regulations, 1997 during the year.
20. The Company has complied with the applicable provisions of SEBI (Prohibition of Insider Trading) Regulations, 1992 during the year.
21. The Company has complied with the applicable provisions of SEBI (Depositories and Participants) Regulations, 1996 during the year.
22. The company has received 24 investor's complaints/queries during the year under review and no complaints/queries were pending for redressal as on 31.03.2011.

Chandrasekaran Associates
Company Secretaries

New Delhi
13 April, 2011

Dr. S. Chandrasekaran
Senior Partner
FCS No. 1644
CP No. 715

AUDITORS' REPORT

TO THE BOARD OF DIRECTORS OF CMC LIMITED

1. We have audited the attached Consolidated Balance Sheet of **CMC Limited** ("the Company") and its subsidiaries (the Company and its subsidiaries constitute "the Group") as at 31 March, 2011, the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement of the Group for the year ended on that date, both annexed thereto. These financial statements are the responsibility of the Company's Management and have been prepared on the basis of the separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these Consolidated Financial Statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and the disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by the Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We report that the Consolidated Financial Statements have been prepared by the Company in accordance with the requirements of Accounting Standard 21 (Consolidated Financial Statements) as notified under the Companies (Accounting Standards) Rules, 2006.
4. Based on our audit and on consideration of the separate audit report on the individual financial statements of the Company, and the aforesaid subsidiaries and to the best of our information and according to the explanations given to us, in our opinion, the Consolidated Financial Statements give a true and fair view in conformity with the accounting principles generally accepted in India:
 - a. in the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at 31 March, 2011;
 - b. in the case of the Consolidated Profit and Loss Account, of the profit of the Group for the year ended on that date, and;
 - c. in the case of the Consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

For **DELOITTE HASKINS & SELLS**
Chartered Accountants
(Registration No. 015125N)

ALKA CHADHA
Partner
(Membership No. 93474)

NEW DELHI, 18 April, 2011

CONSOLIDATED BALANCE SHEET AS AT 31 MARCH, 2011

	Schedule Ref.	As at 31.03.11 Rs./000s	As at 31.03.10 Rs./000s
SOURCES OF FUNDS			
1. SHAREHOLDERS' FUNDS			
(a) Share capital	1	151,500	151,500
(b) Reserves and surplus	2	6,388,695	4,955,257
		<u>6,540,195</u>	<u>5,106,757</u>
2. LOAN FUNDS			
(a) Secured loans	3	1,399	134,760
		<u>6,541,594</u>	<u>5,241,517</u>
APPLICATION OF FUNDS			
3 FIXED ASSETS			
(a) Gross block	4	1,729,095	1,714,151
(b) Less: Accumulated depreciation		768,363	784,001
(c) Net block		<u>960,732</u>	<u>930,150</u>
(d) Capital work in progress		1,075,495	217,636
4 GOODWILL			
		3,412	3,412
5 DEFERRED TAX ASSETS			
(a) For the parent	5	76,090	54,899
(b) For the subsidiary		12,128	9,613
		<u>88,218</u>	<u>64,512</u>
6 INVESTMENTS			
	6	2,261,705	1,953,174
7 CURRENT ASSETS, LOANS & ADVANCES			
(a) Inventories	7	134,690	85,276
(b) Sundry debtors	8	2,521,263	2,054,334
(c) Unbilled revenues		1,244,876	1,050,907
(d) Cash and bank balances	9	565,306	679,616
(e) Loans and advances	10	1,137,288	1,157,601
		<u>5,603,423</u>	<u>5,027,734</u>
8 LESS : CURRENT LIABILITIES AND PROVISIONS			
(a) Current liabilities	11	2,637,444	2,179,293
(b) Provisions		813,947	775,808
		<u>3,451,391</u>	<u>2,955,101</u>
9 NET CURRENT ASSETS			
		<u>2,152,032</u>	<u>2,072,633</u>
		<u>6,541,594</u>	<u>5,241,517</u>

Notes forming part of the Consolidated Financial Statements 16

The Schedules, referred to above form an integral part of the Consolidated Balance Sheet

In terms of our report attached

For and on behalf of the Board

For **DELOITTE HASKINS & SELLS**
Chartered Accountants

S. RAMADORAI
Chairman

R. RAMANAN
Managing Director & CEO

ALKA CHADHA
Partner

J. K. GUPTA
Chief Financial Officer

VIVEK AGARWAL
Company Secretary & Head-Legal

New Delhi
18 April, 2011

New Delhi
18 April, 2011

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH, 2011

	Schedule Ref.	Year ended 31.03.11 Rs./000s	Year ended 31.03.10 Rs./000s
INCOME			
1. Sales and services	12	10,805,315	8,707,273
2. Other income	13	156,722	188,777
		<u>10,962,037</u>	<u>8,896,050</u>
EXPENDITURE			
3. Operating and other expenses	14	8,736,961	7,090,030
4. Depreciation	4	104,596	98,537
5. Interest	15	2,203	32,953
		<u>8,843,760</u>	<u>7,221,520</u>
PROFIT BEFORE TAX		2,118,277	1,674,530
6. Provision for taxes (See note 11)			
- Current income tax		502,725	321,190
- Deferred tax		(23,900)	(28,098)
- Minimum Alternate Tax (MAT) credit entitlement		(154,634)	(50,827)
PROFIT AFTER TAX		1,794,086	1,432,265
7. Balance brought forward from previous year		4,534,387	3,586,198
AMOUNT AVAILABLE FOR APPROPRIATION		6,328,473	5,018,463
8. APPROPRIATIONS			
(a) Proposed dividend on Equity Shares		303,000	303,000
(b) Tax on proposed dividend		49,154	51,495
(c) General reserve		155,731	129,581
9. Balance carried to balance sheet		<u>5,820,588</u>	<u>4,534,387</u>
Basic and diluted Earnings Per Share (Rupees) (See note 16)		118.42	94.54

Notes forming part of the Consolidated Financial Statements 16

The Schedules, referred to above form an integral part of the Consolidated Profit and Loss Account

In terms of our report attached

For and on behalf of the Board

For **DELOITTE HASKINS & SELLS**
Chartered Accountants

S. RAMADORAI
Chairman

R. RAMANAN
Managing Director & CEO

ALKA CHADHA
Partner

J. K. GUPTA
Chief Financial Officer

VIVEK AGARWAL
Company Secretary & Head-Legal

New Delhi
18 April, 2011

New Delhi
18 April, 2011

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH, 2011

	Schedule Ref.	Year ended 31.03.11	Year ended 31.03.10
		Rs./000s	Rs./000s
A. Cash Flow from Operating Activities			
Net profit before tax		2,118,277	1,674,530
Adjustments for :			
Depreciation		104,596	98,537
Interest expense		2,203	32,953
Interest income		(1,023)	(1,266)
Dividend from mutual funds [current investments (unquoted)]		(68,074)	(59,414)
Profit on sale of fixed assets		(2,707)	(1,447)
Unclaimed balances / provisions written back		(23,982)	(16,745)
Provision for doubtful debts		87,584	59,140
Bad debts / advances written off		2,315	98,940
Unrealised foreign exchange gain		(5,352)	(8,286)
Exchange difference on translation of foreign currency cash and cash equivalents		(518)	(615)
Fixed assets written off		2,982	4,480
Transfer from capital reserve		-	(543)
Operating profit before working capital changes		2,216,301	1,880,264
Adjustments for :			
(Increase) / decrease in trade and other receivables		(416,253)	422,975
(Increase) / decrease in inventories		(49,414)	68,516
Increase / (decrease) in trade payables and other liabilities		177,538	(548,197)
Cash generated from operations		1,928,172	1,823,558
Direct taxes paid / tax deducted at source		(312,274)	(290,287)
Net Cash from Operating Activities	(A)	1,615,898	1,533,271
B. Cash Flow from Investing Activities			
Dividend from mutual funds [current investments (unquoted)]		68,074	59,414
Interest received		1,023	1,266
Purchase of fixed assets (including capital advances)		(1,005,898)	(281,935)
Sale of fixed assets		9,294	2,375
Foreign exchange translation adjustment (arising on consolidation)		(8,494)	(43,395)
Net Cash used in Investing Activities	(B)	(936,001)	(262,275)
C. Cash Flow from Financing Activities			
Interest paid		(2,159)	(35,706)
Proceeds / (payment) of long term borrowings		(133,361)	(362,401)
Dividend paid (including dividend tax)		(350,674)	(265,871)
Net Cash used in Financing Activities	(C)	(486,194)	(663,978)
Net Increase in Cash and Cash Equivalents	(A+B+C)	193,703	607,018
Cash and cash equivalents at beginning of the year	9	2,632,790	2,025,157
[Including short term investments Rs. (000s) 1,953,174 (Previous year Rs. (000s) 1,198,800)]			
Exchange difference on translation of foreign currency cash and cash equivalents		518	615
Cash and cash equivalents at end of the year	9	2,827,011	2,632,790
[Including short term investments Rs. (000s) 2,261,705 (Previous year Rs. (000) 1,953,174)]			
Note: Cash and cash equivalent includes restricted cash		181,028	360,219

In terms of our report attached

For and on behalf of the Board

For **DELOITTE HASKINS & SELLS**
Chartered Accountants**S. RAMADORAI**
Chairman**R. RAMANAN**
Managing Director & CEO**ALKA CHADHA**
Partner**J. K. GUPTA**
Chief Financial Officer**VIVEK AGARWAL**
Company Secretary & Head-LegalNew Delhi
18 April, 2011New Delhi
18 April, 2011

SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET

	As at 31.03.11	As at 31.03.10
	Rs./000s	Rs./000s
SCHEDULE 1 : SHARE CAPITAL		
Authorised		
35,000,000 (Previous year 35,000,000) equity shares of Rs.10 each	<u>350,000</u>	<u>350,000</u>
Issued, Subscribed and Paid up		
15,150,000 (Previous year 15,150,000) equity shares of Rs.10 each fully paid up	<u>151,500</u>	<u>151,500</u>
Of the above 7,744,961 (Previous year 7,744,961) equity shares are held by Tata Consultancy Services Limited, the holding company (See note 2)		
SCHEDULE 2 : RESERVES AND SURPLUS		
(a) Capital Reserve (Grants from Government of India)		
(i) Opening balance	-	543
(ii) Less: Transferred to profit and loss account	-	543
(iii) Closing balance	-	-
(b) General Reserve		
(i) Opening balance	413,160	283,579
(ii) Add: Transferred from profit and loss account	<u>155,731</u>	<u>129,581</u>
(iii) Closing balance	<u>568,891</u>	<u>413,160</u>
(c) Foreign currency translation reserve (arising on consolidation)		
(i) Opening balance	7,710	51,105
(ii) Add / Less: Adjustment for current year	<u>(8,494)</u>	<u>(43,395)</u>
(iii) Closing balance	<u>(784)</u>	<u>7,710</u>
(d) Profit and Loss Account		
	<u>5,820,588</u>	<u>4,534,387</u>
	<u>6,388,695</u>	<u>4,955,257</u>
SCHEDULE 3 : SECURED LOANS		
From others (i.e. entities other than banks and financial institutions)		
Long Term loan	-	134,760
Obligation under finance lease*	<u>1,399</u>	-
	<u>1,399</u>	<u>134,760</u>
* (i) repayable within one year	1,399	-
(ii) Obligation under finance lease are secured against fixed assets obtained under finance lease arrangements.		

SCHEDULE 4 : FIXED ASSETS [See note 3(e)] (At Cost)

(All amounts in Rs./000s)

Particulars	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at 01.04.10	Additions*	Deductions/ Adjustments	As at 31.03.11	As at 01.04.10	For the year	Deductions/ Adjustments	As at 31.03.11	As at 31.03.11	As at 31.03.10
(a) Land										
(i) Leasehold	59,615	-	-	59,615	11,907	762	-	12,669	46,946	47,708
(ii) Freehold	605	-	-	605	-	-	-	-	605	605
(b) Buildings										
(i) Leasehold	16,167	-	-	16,167	13,821	-	-	13,821	2,346	2,346
(ii) Freehold *	719,381	-	-	719,381	90,640	11,727	-	102,367	617,014	628,741
(c) Plant & Machinery										
(i) Computers**	577,600	89,693	101,709	565,584	422,053	65,528	94,054	393,527	172,057	155,547
(ii) Office and other equipment	43,864	9,000	6,729	46,135	27,764	1,815	5,402	24,177	21,958	16,100
(iii) Others	174,908	32,738	13,550	194,096	138,849	16,923	13,340	142,432	51,664	36,059
(d) Furniture & Fittings	115,268	13,316	7,016	121,568	75,033	7,279	6,656	75,656	45,912	40,235
(e) Vehicles	6,743	-	799	5,944	3,934	562	782	3,714	2,230	2,809
TOTAL	1,714,151	144,747	129,803	1,729,095	784,001	104,596	120,234	768,363	960,732	930,150
(f) Capital work-in-progress***	217,636	889,431	31,572	1,075,495	-	-	-	-	1,075,495	217,636
GRAND TOTAL	1,931,787	1,034,178	161,375	2,804,590	784,001	104,596	120,234	768,363	2,036,227	1,147,786
Previous Year	1,771,201	414,143	253,557	1,931,787	801,405	98,537	115,941	784,001	1,147,786	969,796

* Additions to freehold buildings include Interest capitalised amounting to Rs. (000s) Nil (Previous year Rs. (000s) 7,316).

** Gross book value of Rs. (000) 2,625 (Previous Year Rs. (000) Nil) and Net book value of Rs. (000) 1,823 (Previous Year Rs. (000) Nil) is under finance lease.

*** Capital work-in-progress includes interest amounting to Rs. (000s) Nil (Previous Year Rs. (000s) 302).

	As at 31.03.11	As at 31.03.10
	Rs./000s	Rs./000s
SCHEDULE 5		
DEFERRED TAX BALANCES		
(a) For the parent company		
Deferred Tax Liabilities (net)		
(i) Depreciation	<u>(107,586)</u>	<u>(102,770)</u>
Deferred Tax Assets (net)		
(i) Provision for doubtful debts	56,713	28,129
(ii) Employee benefits	103,823	128,382
(iii) Others	23,140	1,158
	<u>183,676</u>	<u>157,669</u>
	<u>76,090</u>	<u>54,899</u>
(b) For the subsidiary company		
Deferred Tax Liabilities (net)		
(i) Depreciation	<u>(981)</u>	<u>(45)</u>
Deferred Tax Assets (net)		
(i) Employee benefits	13,109	9,658
	<u>13,109</u>	<u>9,658</u>
	<u>12,128</u>	<u>9,613</u>
	<u>88,218</u>	<u>64,512</u>

SCHEDULE 6 : INVESTMENTS (At cost)

CURRENT INVESTMENTS (UNQUOTED)

Investment in mutual funds (See notes below)	<u>2,261,705</u>	<u>1,953,174</u>
Notes:		
a. Book value of current unquoted investments	2,299,000	1,955,823

SCHEDULE 6 (Contd.)

b. Details of current investments purchased and sold during the year :

Particulars	Balance as on 01.04.10		Purchases during the year		Sold during the year		Balance as on 31.03.11	
	No. of Units	Rs.('000)	No. of Units	Rs.('000)	No. of Units	No. of Units	Rs.('000)	
A. Fixed Maturity Plan								
Birla Sun Life Fixed Term Plan - Series CI - Growth	-	-	10,000,000	100,000	-	10,000,000	100,000	
Birla Sun Life Fixed Term Plan Series CK (368D)-Growth	-	-	8,000,000	80,000	-	8,000,000	80,000	
HDFC Fixed Maturity Plans - Series XIII -Dividend Payout	-	-	5,000,000	50,000	5,000,000	-	-	
HDFC Quarterly Interval Fund- Plan C - NFO-Dividend Reinvest	-	-	3,040,320	30,403	3,040,320	-	-	
HDFC Short Term Opportunities Fund -Dividend Option -Reinvest	-	-	12,057,960	120,592	12,057,960	-	-	
ICICI Prudential Fixed Maturity Plan Yearly Series 52 - Plan C -Growth	-	-	6,000,000	60,000	-	6,000,000	60,000	
ICICI Prudential Fixed Maturity Plan A - Series 53-Growth	-	-	8,000,000	80,000	-	8,000,000	80,000	
ICICI Prudential Fixed Maturity Plan Series 55 -1 year Plan A-Growth	-	-	5,000,000	50,000	-	5,000,000	50,000	
ICICI Prudential Flexible Interval Fund -Annual Interval Plan I - Growth	-	-	9,993,005	100,000	-	9,993,005	100,000	
ICICI Prudential FMP Series 56-1 Year Plan D-Growth	-	-	10,000,000	100,000	-	10,000,000	100,000	
IDFC Fixed Maturity Plan - Yearly Series 32 -Growth	-	-	5,000,000	50,000	-	5,000,000	50,000	
IDFC Fixed Maturity Plan Monthly Series - 29	-	-	9,001,718	90,017	-	9,001,718	90,017	
IDFC Fixed Maturity Plan Quarterly Series 60	-	-	3,000,000	30,000	3,000,000	-	-	
IDFC Fixed Maturity Plan Yearly Series - 37-Growth	-	-	14,000,000	140,000	-	14,000,000	140,000	
IDFC Fixed Maturity Plan Yearly Series 33-Growth	-	-	7,000,000	70,000	-	7,000,000	70,000	
JM Fixed Maturity Fund - Series XVI-Y1 -Growth	3,000,000	30,000	-	-	3,000,000	-	-	
Kotak FMP 13M Series 6 - Growth	5,000,000	50,000	-	-	-	5,000,000	50,000	
Kotak FMP 18M Series 3 - Growth	5,000,000	50,000	-	-	-	5,000,000	50,000	
Kotak FMP 370 Days Series 6-Growth	-	-	5,000,000	50,000	-	5,000,000	50,000	
Kotak FMP 370 Days Series 7-Growth	-	-	6,000,000	60,000	-	6,000,000	60,000	
Kotak FMP 370 Days Series 8-Growth	-	-	6,000,000	60,000	-	6,000,000	60,000	
Kotak FMP Series 33 -Growth	-	-	5,000,000	50,000	-	5,000,000	50,000	
Kotak Quarterly Interval Plan - 2 -Dividend	-	-	14,998,201	150,000	14,998,201	-	-	
Kotak Quarterly Interval Plan - Series 9 -Dividend	-	-	5,997,661	60,000	-	5,997,661	60,000	
SBI Debt Fund Series - 180 Days -11 -Dividend	-	-	3,000,000	30,000	3,000,000	-	-	
SBI Debt Fund Series - 370 Days -6 - Growth	-	-	3,000,000	30,000	-	3,000,000	30,000	
SBI Debt Fund Series - 90 DAYS 36 - Dividend	-	-	4,000,000	40,000	4,000,000	-	-	
TATA Fixed Income Portfolio Fund - B2	-	-	3,028,666	30,326	3,028,666	-	-	
TATA Fixed Income Portfolio Fund Scheme A2 Institutional	-	-	30,169,471	301,725	30,169,471	-	-	
TATA Fixed Maturity Plan Series - 26 Scheme C-Growth	-	-	12,000,000	120,000	-	12,000,000	120,000	
TATA Fixed Maturity Plan Series 28 - Scheme A Dividend Payout	-	-	10,000,000	100,000	-	10,000,000	100,000	
UTI - Fixed Income Interval Fund - Series II - Quarterly Interval Plan V	5,000,000	50,029	56,321	536	5,056,321	-	-	
TOTAL		180,029		2,233,599			1,550,017	
B. Liquid / Liquid Plus								
Birla Sun Life Cash Plus - Institutional Premium Plan - Div. reinvest	-	-	72,867,785	730,099	72,867,785	-	-	
Birla Sunlife Floating Rate Fund -Long Term - Instl - Weekly Dividend	8,997,192	90,253	5,661	160	9,002,853	-	-	
Birla Sunlife liquid Plus Dividend reinvestment	8,522,539	85,283	43,402,203	434,317	51,924,742	-	-	
Birla Sunlife Ultra Short Term - Daily Dividend	-	-	58,651,810	586,841	58,651,810	-	-	
DWS Cash Opportunities Fund - Institutional Daily Dividend - Reinvest	20,035,017	200,837	127,522	1,278	20,162,539	-	-	
DWS Ultra Short Term Fund -Institutional Daily Dividend - Reinvest	5,990,113	60,008	18,798	188	6,008,911	-	-	
HDFC Cash Management Fund-Saving Plus- Wholesale-Dividend Reinvest	10,533,866	105,671	115,281	1,155	10,649,147	-	-	
ICICI Prudential Blended Plan B Institutional - Daily Dividend Option - II	-	-	6,106,940	61,115	6,106,940	-	-	
ICICI Prudential Flexible Income Plan Premium - Daily Dividend	-	-	4,800,104	507,539	4,800,104	-	-	
ICICI Prudential Floating Rate Plan D - Daily dividend	-	-	1,205,082	120,536	1,205,082	-	-	
ICICI Prudential Liquid Super Institutional Plan - Dividend Daily	-	-	4,999,766	500,088	4,999,766	-	-	
ICICI Prudential Ultra Short Term Plan Super Premium - Daily Dividend	-	-	104,332,053	1,046,212	73,437,552	30,894,501	310,242	
IDFC Money Manager Fund - TP - Super Inst Plan C - Daily Dividend	-	-	52,100,751	521,086	52,100,751	-	-	
IDFC Money Manager Investment - Plan B - Daily Dividend reinvestment	23,349,956	233,850	3,350,899	33,559	26,700,855	-	-	
IDFC Saving Advantage Fund - Plan A - Daily Dividend	-	-	191,567	191,567	-	-	-	
IDFC Saving Advantage Fund - Plan A - Monthly Dividend	-	-	231,617	232,495	90,779	140,838	140,860	
IDFC Ultra Short Term Fund Monthly Dividend	-	-	13,947,652	140,956	13,947,652	-	-	
Kotak Flexi Debt Scheme Institutional - Daily Dividend	14,558,102	146,273	38,427,080	386,096	52,985,182	-	-	
Kotak Floater Long Term - Daily Dividend reinvestment	2,108,195	21,250	13,939,225	140,505	16,047,420	-	-	
Kotak Liquid (Institutional Premium) - Daily Dividend	-	-	22,917,754	280,241	22,917,754	-	-	
LIC MF Income Plus Fund - Daily Dividend Plan	10,033,165	100,331	5,107,577	51,077	15,140,742	-	-	
LIC MF Savings Plus Fund - Daily Dividend Plan	21,224,036	212,240	170,862	1,709	21,394,898	-	-	
Principal Money Manager Fund - Daily Dividend reinvestment	997,891	10,004	3,436	34	1,001,327	-	-	
Reliance liquid Plus Fund Dividend	157,890	158,101	61,485	61,574	219,375	-	-	
Reliance Regular Savings Fund - DEBT Plan - Institutional - Growth	2,403,114	30,000	-	-	2,403,114	-	-	
SBI - SHF Ultra Short Term Fund -Institutional plan-Daily Dividend	-	-	7,024,324	70,285	7,024,324	-	-	
SBI Magnum Insta Cash Fund	-	-	2,388,362	40,006	2,388,362	-	-	
Sundaram BNP Paribas-Money Fund -Super IP - Dividend Reinvest Daily	-	-	11,927,686	120,414	11,927,686	-	-	
Sundaram BNP Paribas-Ultra Short Term Fund -Super IP -	-	-	-	-	-	-	-	

SCHEDULE 6 (Contd.)

b. Details of current investments purchased and sold during the year :

Particulars	Balance as on 01.04.10		Purchases during the year		Sold during the year		Balance as on 31.03.11	
	No. of Units	Rs.('000)	No. of Units	Rs.('000)	No. of Units	No. of Units	Rs.('000)	
Dividend Reinvest Daily	-	-	11,993,890	120,383	11,993,890	-	-	
Sundaram BNP Paribas Ultra Short Term Fund Institutional - Dividend Reinvest Daily	-	-	3,987,729	40,025	3,987,729	-	-	
TATA Floater Fund - Daily Dividend	-	-	121,625,570	1,220,586	95,659,452	25,966,118	260,586	
Tata Liquid Super High Investment Fund - Daily Dividend	-	-	215,435	240,107	215,435	-	-	
Tata Treasury Manager Ship - Daily Dividend	-	-	49,523	50,034	49,523	-	-	
Templeton India Ultra Short Bond Fund Super Institutional Plan - Daily Dividend Reinvestment	13,042,731	130,578	96,605	967	13,139,336	-	-	
UTI Fixed Income Interval Fund - Monthly Interval Plan - series - 1 - Institutional Dividend Plan - Reinvestment	12,000,000	120,109	51,971	410	12,051,971	-	-	
UTI Treasury Advantage Fund - Institutional Plan - Daily Dividend Reinvestment	68,343	68,357	94	94	68,437	-	-	
TOTAL		1,773,145		7,933,778			711,688	
Grand Total		1,953,174		10,167,377			2,261,705	

	As at 31.03.11	As at 31.03.10
SCHEDULE 7 : INVENTORIES (See note 3(i))	Rs./000s	Rs./000s
(a) Finished goods		
- Equipment for resale*	98,570	66,234
- Others	1,071	-
(b) Components / spares for maintenance and resale	29,089	11,784
(c) Education and training material	5,434	6,732
(d) Work-in-progress	526	526
	134,690	85,276
* includes goods in transit	1,156	-

SCHEDULE 8 : SUNDRY DEBTORS

(a) Over six months old (unsecured):		
Considered good	298,468	289,315
Considered doubtful	369,676	280,230
	668,144	569,545
(b) Others (unsecured):		
Considered good	2,184,142	1,711,633
	2,852,286	2,281,178
Less: Provision for doubtful debts	369,676	280,230
	2,482,610	2,000,948
(c) Future lease installments receivable (unsecured) (See note 13)	44,257	66,521
Less: Unearned finance and service charges	5,604	13,135
	38,653	53,386
	2,521,263	2,054,334

	As at 31.03.11	As at 31.03.10
	Rs./000s	Rs./000s
SCHEDULE 9 : CASH AND BANK BALANCES		
(a) Cash on hand [including stamps on hand Rs. '(000s) 10 (Previous year Rs. '(000s) 10)]	2,519	2,412
(b) Cheques / demand drafts in hand	22,678	32,428
(c) Balance with scheduled banks in:		
(i) Current accounts (See Note (i) below)	106,782	187,807
(ii) Cash credit accounts	251,278	98,448
(iii) Deposit accounts (See Note (ii) below)	182,049	358,521
	565,306	679,616
Notes:		
i Includes balance in unclaimed dividend account	2,642	2,255
ii Includes:		
Fixed deposit pledged with customer as security	1,195	1,195
Escrow account balance	176,854	356,325
Earmarked against employee security deposits	337	444
SCHEDULE 10 : LOANS AND ADVANCES		
(a) Advances recoverable in cash or in kind or for value to be received (See notes below)	585,726	606,219
(b) Advance income tax and tax deducted at source [Net of Provision for Tax Rs. '(000s) 2,127,691 (Previous year Rs. '(000s) 1,791,625) and Fringe Benefit Tax Rs. '(000s) Nil (Previous year Rs. '(000s) 67,128)]	393,357	547,811
(c) Minimum Alternate Tax (MAT) credit entitlement	205,461	50,827
	1,184,544	1,204,857
(d) Less: Advances considered doubtful	47,256	47,256
	1,137,288	1,157,601
of the above amounts:		
(i) Fully secured	6,992	14,267
(ii) Unsecured, considered goods	1,130,296	1,143,334
(iii) Considered doubtful	47,256	47,256
	11,84,544	1,204,857
Notes:		
i Includes deposits with customs, octroi, electricity boards etc.	14,991	59,829
ii Includes capital advances	65,914	62,622
iii Amounts due from Directors	1,213	-
iv Maximum amounts due from Directors during the year	1,344	-

	As at 31.03.11	As at 31.03.10
	Rs./000s	Rs./000s
SCHEDULE 11 : CURRENT LIABILITIES AND PROVISIONS		
CURRENT LIABILITIES		
(a) Sundry Creditors		
(i) Micro and Small Enterprises (See note 18)	2,774	-
(ii) Others	1,781,379	1,305,383
(b) Customers' security deposits and credit balances and advance against supplies and services to be rendered	235,409	254,670
(c) Investor education and protection fund - unclaimed dividend	2,642	2,255
(d) Unearned revenue	487,008	524,319
(e) Other liabilities	128,165	92,643
(f) Interest accrued but not due	67	23
	<u>2,637,444</u>	<u>2,179,293</u>
PROVISIONS		
(a) Proposed dividend on equity shares	303,000	303,000
(b) Provision for tax on proposed dividend	49,154	51,495
(c) Provision for compensated absences	210,617	182,295
(d) Provision for post retirement benefits (See note 12)	38,261	46,651
(e) Provision for gratuity (See note 12)	212,915	192,367
	<u>813,947</u>	<u>775,808</u>
	<u>3,451,391</u>	<u>2,955,101</u>

SCHEDULES FORMING PART OF THE CONSOLIDATED PROFIT AND LOSS ACCOUNT

	Year ended 31.03.11	Year ended 31.03.10
	Rs./000s	Rs./000s
SCHEDULE 12 : SALES AND SERVICES		
(a) Sale of purchased equipment	1,027,416	1,030,212
(b) Services		
(i) Software services	6,325,561	4,808,230
(ii) Maintenance services	545,910	487,559
(iii) Other services	2,252,265	1,833,405
(c) Education and training	523,848	416,541
(d) Lease rentals*	7,531	13,251
(e) Rentals from special economic zone	122,784	118,075
	<u>10,805,315</u>	<u>8,707,273</u>
* includes finance lease income	7,531	11,466

SCHEDULE 13 : OTHER INCOME

(a) Interest income		
(i) Loans and advances	302	250
(ii) Fixed deposits with banks	26	20
(iii) Others [Tax deducted at source Rs.'000s) 57 (Previous year Rs.'000s) 75]	695	996
(b) Dividend from mutual funds [current investments (unquoted)]	68,074	59,414
(c) Bad debts recovered	14,747	37,675
(d) Profit on sale of mutual funds	3,943	30,732
(e) Unclaimed balances / provisions written back	23,982	16,745
(f) Profit on sale of fixed assets	2,707	1,447
(g) Transfer from capital reserve - capital grants [See note 3(h)]	-	543
(h) Miscellaneous income	42,246	40,955
	<u>156,722</u>	<u>188,777</u>

	Year ended 31.03.11	Year ended 31.03.10
	Rs./000s	Rs./000s
SCHEDULE 14 : OPERATING AND OTHER EXPENSES		
1. Equipment purchased for resale	960,461	993,503
2. Employee Costs		
(a) Salaries, allowances and incentives	3,115,648	2,476,668
(b) Contribution to provident and other funds	121,300	95,457
(c) Staff welfare expenses	150,452	134,843
(d) Employee benefits (See note 12)	63,860	54,608
Sub-Total	3,451,260	2,761,576
3. Operating and Administration Expenses		
(a) Components / spares for maintenance and resale	253,440	210,040
(b) Sub-contracted / outsourced services	2,623,477	1,735,550
(c) Purchased software	30,996	8,066
(d) Freight, handling and packing expenses	18,542	15,736
(e) Rent and hire charges	190,757	163,821
(f) Rates and taxes	17,773	37,862
(g) Repairs and maintenance:		
(i) Building	36,984	46,033
(ii) Plant and machinery	31,936	33,229
(iii) Others	28,318	5,581
(h) Electricity charges	103,642	89,529
(l) Insurance	78,511	72,893
(j) Travelling and conveyance	220,440	166,160
(k) Printing, stationery and computer consumables	22,370	18,945
(l) Communication, postage, telephone and courier	92,700	89,703
(m) Advertisement, publicity and business promotion	15,015	11,379
(n) Directors' sitting fees	1,510	1,660
(o) Commision to Non Executive Directors	5,000	3,500
(p) Professional and legal fees	101,356	84,817
(q) Education and training:		
(i) Payments to franchisees	139,928	143,131
(ii) Other expenses	39,282	50,463
(r) Living expenses – overseas contracts	84,845	76,371
(s) Provision for doubtful debts	87,584	59,140
(t) Bad debts / advance written off	2,315	98,940
(u) Loss on fixed assets written off	2,982	4,480
(v) Loss on foreign exchange fluctuations (Net of gain)	5,632	60,061
(w) Other expenses (See note 7)	89,905	47,861
Sub-Total	4,325,240	3,334,951
Total	8,736,961	7,090,030

Schedule 15 : INTEREST

(a) Term loans	-	27,238
(b) Others	2,203	5,715
	2,203	32,953

SCHEDULE 16 :

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

1. These accounts comprise a consolidation of the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement of CMC Limited, a company incorporated in India, and of the consolidated financial statements of its wholly owned subsidiary CMC Americas, Inc. incorporated in the United States of America (Collectively referred to as the 'Group').

2 Background

CMC Limited (the Parent) is engaged in the design, development and implementation of software technologies and applications, providing professional services in India and overseas, and procurement, installation, commissioning, warranty and maintenance of imported/ indigenous computer and networking systems, and in education and training.

The Parent was a Government of India (Gol) enterprise up to 15 October, 2001. Under the disinvestment process, Gol sold 7,726,500 shares representing 51 percent of the share capital to Tata Sons Limited, on 16 October, 2001. The Gol further sold its entire remaining balance representing 26.25 percent of the share capital, in March 2004 by an open offer to the public.

On 29 March, 2004, as per specific approval granted by SEBI, Tata Sons Limited transferred its entire shareholding in the Company to Tata Consultancy Services Limited (a subsidiary of Tata Sons Limited). As a result, the Parent has become a subsidiary of Tata Consultancy Services Limited.

CMC Americas, Inc. (the Subsidiary) derives its revenue throughout the United States of America from Information Technology and IT enabled Services Projects.

3. Significant accounting policies

a. Basis of accounting

The financial statements are prepared under the historical cost convention, on the accrual basis of accounting and in accordance with the Generally Accepted Accounting Principles ('GAAP') in India and comply with the accounting standards prescribed by the Companies (Accounting Standards) Rules, 2006, to the extent applicable and in accordance with the provisions of the Companies Act, 1956, as adopted consistently by the Company.

b. Use of estimates

The preparation of the financial statements in conformity with generally accepted accounting principles requires the Management to make estimates and assumptions that affect the reporting balances of assets and liabilities and disclosures relating to contingent assets and liabilities as at the date of the financial statements and reporting amounts of income and expenses during the year. Examples of such estimates include provision for doubtful debts, future obligations under employee retirement benefit plans, income taxes, foreseeable estimated contract losses and useful life of fixed and intangible assets. Contingencies are recorded when it is probable that a liability will be incurred, and the amount can be reasonably estimated. Actual results could differ from such estimates.

c. Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Parent and its subsidiaries made up to 31 March each year. Particulars of subsidiaries are:

Name of the Company	Country of Incorporation	Percentage of voting power as at 31 March, 2011	Percentage of voting power as at 31 March, 2010
Subsidiaries (held directly)			
CMC Americas, Inc.	USA	100%	100%
Subsidiaries (held indirectly)			
CMC eBiz, Inc. (100% subsidiary of CMC Americas, Inc w.e.f 27 January, 2011 i.e. date of incorporation)	USA	100%	N.A

All significant inter-company transactions and balances are eliminated on consolidation. Goodwill arising on consolidation represents the excess of the cost of acquisition over the book value of assets and liabilities at the date of acquisition.

d. Principles of consolidation

The financial statements of the subsidiary used in the consolidation are drawn up to the same reporting date as of the Company. The consolidated financial statements have been prepared on the following basis:

- i. The financial statements of the Company and its subsidiaries have been combined on a line-by-line basis by adding together like items of assets, liabilities, income and expenses. Inter-Company balances and transactions and unrealised profits or losses have been fully eliminated.
- ii. The excess of cost to the Company of its investments in subsidiaries over its share of the equity of the subsidiaries at the date on which the investment in the subsidiaries are made, is recognised as 'Goodwill' being an asset in the consolidated financial statements. Alternatively, where the share of equity in the subsidiary companies as on the date of investment is in excess of

cost of investment of the Company, it is recognised as 'Capital Reserve' and shown under the head 'Reserves and Surplus', in the consolidated financial statements.

e. Fixed Assets and Depreciation

- i. All fixed assets are stated at cost less accumulated depreciation. Cost includes purchase price and all other attributable costs of bringing the assets to working condition for intended use.
- ii. Fixed assets acquired out of grants, the ownership of which rests with the grantor, are capitalised at cost.
- iii. Capital work-in-progress comprises the cost of fixed assets that are not ready for their intended use at the balance sheet date.
- iv. Depreciation on all assets of the Parent is charged proportionately from the date of acquisition / installation on straight line basis at rates prescribed in Schedule XIV of the Companies Act, 1956 except in respect of:
 - Leasehold assets that are amortised over the period of lease.
 - Computers, Plant and Machinery - (other items), that are depreciated over six financial years.

Assets costing less than Rs. 5,000 individually have been fully depreciated in the year of purchase.

Depreciation on assets of the Subsidiaries is charged based on the estimated useful life of the assets using the straight line method of depreciation.

f. Borrowing Costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as a part of that asset. Other borrowing costs are recognised as an expense in the period in which they are incurred.

g. Revenue Recognition

- i. Revenue relating to equipment supplied is recognised on delivery to the customer and acknowledgement thereof, in accordance with the terms of the individual contracts.
- ii. Revenue from software development on fixed price contracts is recognised according to the milestone achieved as specified in the contract, and is adjusted on the "proportionate completion" method based on the work completed.
- iii. On time and material contracts, revenue is recognised based on time spent as per the terms of the specific contracts.
- iv. Revenue from warranty and annual maintenance contracts is recognised pro rata over the life of the contracts. Maintenance revenue on expired contracts on which services have continued to be rendered is recognised on renewal of contract or on receipt of payment.
- v. Revenue from "Education and Training" is recognised on accrual basis over the course term.
- vi. Dividend income is recognised when the Company's right to receive dividend is established.

h. Grants

- i. Grants received for capital expenditure incurred are included in "Capital Reserve". Fixed assets received free of cost are considered as a grant and are capitalised at notional value with a corresponding credit to the Capital Reserve account.
An amount equivalent to the depreciation charge on such assets is appropriated from capital reserve and recognised as revenue in the Profit and Loss Account.
- ii. Grants received for execution of projects is recognised as revenue to the extent utilised.
- iii. Unutilised grants are shown under other liabilities.

i. Inventories

Inventories include finished goods, stores and spares, work-in progress and education and training material.

- i. Inventories of finished goods mainly comprising equipment for resale are valued at the lower of cost (net of provision for obsolescence) and net realisable value.
- ii. Inventories of stores and spares are valued at cost, net of provision for diminution in the value. Cost is determined on weighted average cost basis.
- iii. Inventories of "Education and Training material" are valued at the lower of cost and net realisable value. Cost is determined on the "First In First Out" basis.
- iv. Work-in-progress comprises cost of infrastructural facilities in the process of installation at customers' sites. These are valued at cost paid / payable to sub-contractors.

j. Research and Development Expenses

Research and development costs of revenue nature are charged to the profit and loss account when incurred. Expenditure of capital nature is capitalised and depreciated in accordance with the rates set out in paragraph 3(e).

k. Foreign Exchange Transactions

Transactions in foreign currencies are recorded at the exchange rate prevailing on the date of the transaction. Monetary items denominated in foreign currency and outstanding at the Balance Sheet date are translated at the exchange rate ruling on that date. Exchange differences arising on foreign currency transactions are recognised as income or expense in the period in which they arise.

In case of forward contracts for foreign exchange, the difference between the forward rate and the rate at the inception of the forward contract is recognised as income or expense over the life of the contract. Any income or expense on account of exchange

differences either on settlement of the contract or on translation of the unmatured foreign currency contract at the rate prevailing on the date of the Balance Sheet is recognised in the Profit and Loss Account.

In respect of the subsidiaries, income and expenses are translated into the reporting currency at the average rate. All assets and liabilities are translated at the closing rate. The resulting exchange differences are transferred to foreign currency translation reserve.

I. Leases

Operating Lease

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased asset are classified as operating leases. Operating lease charges are recognised as an expense in the profit and loss account on a straight-line basis over the lease term. Operating lease income is recognised in the profit and loss account on a straight-line basis over the lease term.

Finance Lease

Leases under which the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. The lower of fair value of asset and present minimum lease rentals is capitalised as fixed assets with corresponding amount shown as lease liability. The principal component in the lease rentals is adjusted against the lease liability and interest component is charged to profit and loss account.

m. Employee Benefits

i. Post-employment benefit plans

Payment to defined contribution retirement benefit schemes are charged as an expense as they fall due.

For defined benefit schemes, the cost of providing benefits is determined using Projected Unit Credit Method, with actuarial valuations being carried out at each balance sheet date. Actuarial gains and losses are recognised in full in the profit and loss account for the period in which they occur. Past service cost is recognised to the extent the benefits are already vested, and otherwise is amortised on a straight line method over the average period until the benefits become vested.

The retirement benefit obligation recognised in the balance sheet represents the present value of the defined benefit obligations as adjusted for unrecognised past service cost, and as reduced by the fair value of scheme assets. Any asset resulting from this calculation is limited to past service cost, plus the present value of available refunds and reductions in future contributions to the scheme.

ii. Short-term employee benefits

The undiscounted amount of short term employee benefits expected to be paid in exchange of services rendered by employees is recognised during the period when the employee renders the service. These benefits include compensated absences such as paid annual leave, overseas social security contributions and performance incentives.

iii. Long-term employee benefits

Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related services are recognised as a liability at the present value of the defined benefit obligation at the balance sheet date.

n. Provision for taxation

Current income tax expense comprises taxes on income from operations in India and in foreign jurisdictions. Income tax payable in India is determined in accordance with the provisions of the Income Tax Act, 1961. Tax expense relating to overseas operations is determined in accordance with tax laws applicable in countries where such operations are domiciled.

Minimum alternative tax (MAT) paid in accordance to the tax laws, which gives rise to future economic benefits in the form of adjustment of future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax after the tax holiday period. Accordingly, MAT is recognised as an asset in the balance sheet when it is probable that the future economic benefit associated with it will flow to the Company and the asset can be measured reliably.

Deferred tax assets and liabilities are recognised for the future tax consequences of timing differences, subject to the consideration of prudence. Deferred tax assets and liabilities are measured using the tax rates enacted or substantively enacted by the Balance Sheet date.

o. Impairment

At each balance sheet date, the management reviews the carrying amounts of its fixed assets included in each cash generating units to determine whether there is any indication that those assets were impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of impairment loss. Recoverable amount is the higher of an asset's net selling price and its value in use. In assessing value in use, the estimated future cash flows expected from the continuing use of the asset and from its disposal are discounted to their present value using a pre-tax discount rate that reflects the current market assessments of time value of money and the risks specific to the asset.

Reversal of impairment loss is recognised immediately as income in the profit and loss account.

p. Earnings Per Share (EPS)

The Company reports basic and diluted earnings per equity share in accordance with Accounting Standard 20 'Earnings per share'. Basic earnings per equity share is computed by dividing the net profit after tax by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the net profit for the year by the weighted

average number of equity shares during the year as adjusted to the effects of all dilutive potential equity shares, except where results are anti dilutive.

q. Provisions and Contingencies

A provision is recognised when the Company has a present obligation as a result of a past event, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and reliable estimate can be made of the amount of the obligation. A contingent liability is recognised where there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources.

4. Segment Information

i. Business segments

Based on similarity of activities, risks and reward structure, organisation structure and internal reporting systems, the Group structured its operations into the following segments:

Customer Services (CS) : Hardware supplies and maintenance, facilities management and provision of infrastructure facilities.

Systems Integration (SI): Systems study and consultancy, software design, development and implementation, software maintenance and supply of computer hardware in accordance with customers' requirements.

IT Enabled Services (ITeS) : Value added services, data network, data center services, web design and hosting etc.

Education and Training (E&T): IT education and training service through its own centers and through franchisees.

Segment revenue and expenses include amounts, which are directly identifiable to the segment and allocable on a reasonable basis. Segment assets include all operating assets used by the segment and consist primarily of debtors, inventory and fixed assets. Segment liabilities include all operating liabilities and consist primarily of creditors, advances/deposits from customers and statutory liabilities.

ii. Geographic segments

The Parent also provides services overseas, primarily in the United States of America, United Kingdom and others.

5. Research and Development Expenses

Expenditure includes "Research and Development" expenditure for the Parent aggregating to Rs. '(000s) 89,065 (Previous year Rs. '(000s) 73,467). Amounts aggregating to Rs. '(000s) 1,536 (Previous year Rs. '(000s) 949) have been capitalised.

6. Contingent liabilities and Commitments

For the Parent:

Particulars	As at	As at
	31.03.11	31.03.10
	Rs./000s	Rs./000s
a. Claims against the company not acknowledged as debts*		
• Under litigation	118,837	68,219
• Demand from Employee State Insurance authorities	280	280
• Disputed demands raised by Sales tax authorities for which the Company has gone on appeal against the department.	91,244	88,804
• Demands raised by service tax authorities disputed and pending at various stages of adjudication and appellate fora. (Refer notes below)	510,746	213,906
• Disputed demand for payment of customs duty on imports	-	228,225
• Disputed demand towards Land Use Conversion fee	202,500	202,500
• Sales tax on leased assets	3,726	3,776
• Others	9,353	9,007
b. Unexpired Letters of Credit	15,653	1,480
c. Guarantees issued by bankers against Company's counter guarantee	521,714	367,974
d. Estimated amount of contracts remaining to be executed on capital account (net of advances) and not provided for	568,018	499,781

* No provision is considered necessary since the Company expects favourable decisions. The advance paid against above is Rs. '(000s) 30,684 (Previous Year Rs. '(000s) 77,469).

Notes:

a. Includes Rs. '(000s)313,742 (Previous year Rs. '(000s) Nil) pertaining to a demand raised by the Office of the Commissioner of Service Tax contending that the Company had paid Service Tax on 2% of the total contract value instead of 33% of the contract value in respect of contracts for supply, installation and commissioning of machines and equipment.

b. Includes Rs. '(000s) 59,939 (Previous year Rs. (000s) Nil) pertaining to a demand raised by The Additional Commissioner of Service tax, Mumbai towards service tax on installation and commissioning services on hardware supplied by the Company to its clients.

The Company proposes to file an appeal before appropriate authorities in respect of the above.

7. Auditors' remuneration*

Other expenses include Auditors' remuneration as follows:

Particulars	Year ended 31.03.11 (Rs. /000s)	Year ended 31.03.10 (Rs. /000s)
Audit fee (including limited reviews)**	5,595	8,250
Tax audit	800	800
Reimbursement of out-of-pocket expenses	823	197
Total	7,218	9,247

* Exclusive of service tax

** Includes Rs. '(000s) Nil [Previous year Rs. '(000s) 3,253] paid to previous auditors of the subsidiary.

The remuneration disclosed above excludes fees of Rs. (000s) 4,646 (Previous year Rs. (000s) 3,305) including Rs. '(000s) 1,000 (Previous year Rs. '(000s) 850) for representation before various authorities for professional services rendered by firm of accountants in which the partners of the firm of statutory auditors are partners.

8. Unexpired Foreign Exchange Forward Contracts

The following are outstanding Foreign Exchange Forward contracts as at 31 March, 2011.

Foreign Currency	No. of Contracts	Notional amount of Forward Contracts in foreign currency	Rupee Equivalent (in '000s)
USD	-	-	-
	(2)	(5,205,728)	(244,491)

As of the balance sheet date, the Company has net foreign currency exposure that is not hedged by a derivative instrument or otherwise amounting to Rs. '000s 547,957 (Previous year Rs. '(000s) 487,527).

Amounts in brackets represent previous year's figures.

9. Self Insurance

The Subsidiary became self-insured for a portion of its medical and prescription drug benefits. The Subsidiary has accrued the estimated liability for claims reported and processed, as well as claims incurred but not reported through 31 March, 2011. It has also obtained reinsurance coverage for the policy year 1 October, 2010 through 30 September, 2011 as follows:

- Specific excess reinsurance coverage for medical and prescription drug claims in excess of Rs. '(000s) 3,344 with a maximum reimbursement of Rs. '(000s) 130,426.
- Aggregate reinsurance coverage for medical and prescription drug claims with a plan year maximum of Rs. '(000s) 44,590 for claims in excess of the aggregate annual deductible.

10. Pending Reserve Bank of India (RBI) approval, certain anticipated losses from past international operations amounting to Rs. '(000s) 8,089 (Previous year Rs. '(000s) 8,089), which stand provided for, are not written off.

Approval of Reserve Bank of India for expenditure incurred on overseas operations amounting to Rs. '(000s) 3,436 (Previous year Rs. '(000s) 3,436) during the year 1991-92 has not yet been received.

11. Provision for Taxes

The provision for taxes is as follows:

Particulars	Year ended 31.03.11 Rs. '000s	Year ended 31.03.10 Rs. '000s
a. Current taxes		
i. Domestic taxes*	204,203	198,289
ii. Foreign taxes	143,888	72,074
b. Deferred taxes		
i. Domestic taxes	(21,191)	(25,750)
ii. Foreign taxes	(2,709)	(2,348)
Total	324,191	242,265

*includes taxes in foreign jurisdiction Rs. '(000s) 30,420 (Previous year Rs. '(000s) 21,733)

12. Retirement Benefit Plans

a. Defined contribution plan

The Company makes contribution towards provident fund to a defined contribution retirement benefit plan for qualifying employees. The Company's contribution to the Employees' Provident Fund is deposited in a trust formed by the Company under the Employees' Provident Fund and Miscellaneous Provisions Act, 1952 which is recognised by the Income Tax authorities. The provident fund plan is operated by the Regional Provident Fund Commissioner. Under the scheme, the Company is required to contribute a specified percentage of payroll cost to the retirement benefit scheme to fund the benefits.

The Company recognised Rs. '(000s) 105,002 (Previous Year Rs. '(000s) 89,128) for provident fund contributions in the Profit & Loss account. The contribution payable to the plan by the Company is at the rate specified in rules to the scheme.

The subsidiaries are sponsors to the defined contribution 401(K) Profit Sharing Plan for its employees. The subsidiaries contribution to the plan for the year ended 31 March, 2011 aggregated to Rs '(000s) 3,419 (Previous Year Rs. '(000s) 3,112).

b. Defined benefit plan (for the Parent)

i. Gratuity Plan

The Company makes annual contribution to the Employee's Group Gratuity-cum-Life Assurance scheme of the Life Insurance Corporation of India, a funded defined benefit plan for qualifying employees. The scheme provides for lump sum payment to vested employees at retirement, death while in employment or on termination of employment of an amount equivalent to 15 days salary payable for each completed year of service or part thereof in excess of 6 months subject to a maximum of Rs. 1,000,000. Vesting occurs upon completion of 5 years of service.

The present value of the defined benefit obligation and the related current service cost were measured using the Projected Unit Credit Method with actuarial valuations being carried out at each balance sheet date.

ii. Medical Plan

The Medical plan liability arises on retirement of an employee. The aforesaid liability for employees retired upto 31 March, 2010 is calculated on the basis of fixed annual amount per employee (based on the basic salary) for qualifying employees. (For employees retiring after 31 March, 2010, the Company has affected a Health Insurance plan for coverage of Post Retirement Medical expenses. The Liability on this account has also been actuarially valued).

The most recent actuarial valuation of the present value of the defined obligation was carried out on 31 March, 2011. The present value of the defined obligation and the related current service cost and past service cost, was measured using Projected Unit Credit Method.

- c. The following tables set out the funded status of the gratuity plan and medical plan and amounts recognised in the Company's financial statements as at 31 March, 2011.

i. Change in benefit obligations:

(All amounts in Rs. /000's)

Particulars	Gratuity	Medical Benefit Plan (Unfunded)	Total
Present value of obligations as on 01.04.10	205,766	46,651	252,417
	189,593	44,554	234,147
Current service cost	23,087	423	23,510
	15,917	414	16,331
Interest cost	15,434	3,499	18,933
	14,219	3,342	17,561
Past service cost	41,349	-	41,349
	-	-	-
Actuarial (gain) / loss on obligation	7,205	(79)	7,126
	18,105	2,610	20,715
Curtailement	-	(8,152)	(8,152)
	-	-	-
Benefits paid	(28,514)	(4,081)	(32,595)
	(32,068)	(4,269)	(36,337)
Present value of obligations as on 31.03.11	264,327	38,261	302,588
	205,766	46,651	252,417

ii. Change in Plan Assets:

(All amounts in Rs. /000's)

Particulars	Gratuity	Medical Benefit Plan (Unfunded)	Total
Fair value of Plan Assets as on 01.04.10	13,399	-	13,399
	<i>12,883</i>	-	<i>12,883</i>
Expected return on plan assets	1,072	-	1,072
	<i>1,031</i>	-	<i>1,031</i>
Employers contributions	47,621	-	47,621
	<i>32,584</i>	-	<i>32,584</i>
Benefits paid	(28,514)	-	(28,514)
	<i>(32,067)</i>	-	<i>(32,067)</i>
Actuarial gain / (loss)	17,834	-	17,834
	<i>(1,032)</i>	-	<i>(1,032)</i>
Fair value of plan assets as on 31.03.11	51,412	-	51,412
	13,399	-	13,399
iii. Net Liability (i-ii):	212,915	38,261	251,176
	192,367	46,651	239,018
iv. Net cost for the year ended 31 March, 2011			
Current service cost	23,087	423	23,510
	<i>15,917</i>	<i>414</i>	<i>16,331</i>
Interest cost	15,434	3,499	18,933
	<i>14,219</i>	<i>3,342</i>	<i>17,561</i>
Past service cost	41,349	-	41,349
	-	-	-
Curtailment	-	(8,152)	(8,152)
	-	-	-
Expected return on plan assets	(1,072)	-	(1,072)
	<i>(1,031)</i>	-	<i>(1,031)</i>
Actuarial (gain) / loss recognised during the year	(10,629)	(79)	(10,708)
	<i>19,137</i>	<i>2,610</i>	<i>21,747</i>
Net Cost	68,169	(4,309)	63,860
	48,242	6,366	54,608

Notes:

- The planned assets of the Company are managed by the Life Insurance Corporation of India in terms of an insurance policy taken to fund obligations of the Company with respect to its gratuity plan. Information on categories of plan assets is not available with the Company.
- The expected contribution is based on the same assumptions used to measure the Company's gratuity obligation as of 31 March, 2011. The Company is expected to contribute Rs. (000s) 48,000 to gratuity funds for the year ended 31 March, 2012.
- Amounts in italics represent previous year's figures.

v. Additional Information:

(All amounts in Rs. /000s)

(i) Gratuity	2011	2010	2009	2008	2007
Present value of benefit obligation	264,327	205,766	189,593	165,836	155,006
Fair value of plan asset	51,412	13,399	12,883	14,184	6,153
Excess of (obligation over plan asset) / Plan asset over obligation	(212,915)	(192,367)	(176,710)	(151,652)	(148,853)
(ii) Post Retirement Medical Benefits					
Present Value of benefit obligation	38,261	46,651	44,554	51,254	56,553
Fair value of plan asset*	-	-	-	-	-
Excess of (obligation over plan asset) / Plan asset over obligation	(38,261)	(46,651)	(44,554)	(51,254)	(56,653)

* Plan is unfunded

Experience Adjustment:

	(All amounts in Rs. /000s)		
	2011	2010	2009
(i) Gratuity			
On plan liability	7,205	18,105	13,099
On plan asset	17,834	1,031	2,125
(ii) Post Retirement Medical Benefits			
On plan liability	79	2,610	5,606

vi. Principal actuarial assumptions:

S No.	Particulars	Refer Note below	Year ended 31.03.2011	Year ended 31.03.2010
i.	Discount rate (p.a.)	1	8.00%	7.50%
ii.	Expected rate of return on assets (p.a.)	2	8.00%	8.00%
ii.	Salary escalation rate (p.a.)	3	4.00%	4.00%

Notes:

- The discount rate is based on the prevailing market yields on Indian Government securities as at the balance sheet date for the estimated term of obligations.
- The expected return is based on the expectation of the average long term rate of return expected on investments of the fund during the estimated term of the obligation.
- The estimates of future salary increases considered take into account the inflation, seniority, promotion and other relevant factors.

Demographic assumptions:

- Retirement age 60 years
- Mortality Table Standard Table LIC (1994-96) Ultimate

13. Lease Commitments

a. Operating Lease

Rent expenses of Rs. '(000) 55,660 (Previous Year Rs. '(000) 22,090) in respect of obligation under non-cancellable operating leases have been recognised in the profit and loss account. Further a sum of Rs. '(000) 135,097 (Previous Year Rs. '(000) 141,731) has been charged to the profit and loss account in respect of cancellable operating leases. The total of future minimum lease payments under non-cancellable operating leases for the following periods:

Particulars	As at 31.03.11	As at 31.03.10
	Rs./000s	Rs./000s
• Not later than one year	42,877	31,413
• Later than one year but not later than five years	103,214	31,157
• Later than five years	5,203	8,678

b. Finance Lease Obligation

• Not later than one year	1,399	-
• Later than one year but not later than five years	-	-
• Later than five years	-	-

c. Finance Lease

The Parent has purchased and given on lease computer equipment, peripherals and system software. The details are as follows:

a. Total gross investment	44,257	66,521
• Not later than one year	20,860	22,264
• Later than one year but not later than five years	23,397	44,257
• Later than five years	-	-
b. Present value of minimum lease payments receivable	38,653	53,386
• Not later than one year	17,034	14,733
• Later than one year but not later than five years	21,619	38,653
• Later than five years	-	-
c. Unearned Finance Income	5,604	13,135

14. Related Party Disclosures

a. List of related parties

- i. Ultimate Holding Company
 - Tata Sons Limited
- Holding Company
 - Tata Consultancy Services Limited
- ii. Fellow Subsidiaries
 - Tata AIG General Insurance Company Limited
 - Tata AIG Life Insurance Company Limited
 - E-NXT Financials Limited
 - Tata Internet Services Limited
 - Tata Teleservices (Maharashtra) Limited
 - Tata Consultancy Services Deutschland GmbH
 - Tata Consultancy Services Netherlands BV
 - Tata Consultancy Services Sverige AB
 - Tata Teleservices Limited
 - TCE Consulting Engineers Limited
 - Tata Business Support Services Limited
 - Diligenta Limited
 - Infiniti Retail Limited
 - Tata Consultancy Services Asia Pacific Pte Limited
 - Tata Autocomp Systems Limited
 - TC Travel and Services Limited
 - Tata Housing Development Company Limited
 - Tata America International Corporation
- iii. Key Management Personnel (KMP)
 - Mr. R. Ramanan

b. Transactions /balances outstanding with Related Parties.

(All amounts in Rs. /000s)

Transactions/ Outstanding Balances	Ultimate Holding Company	Holding Company	Fellow Subsidiary	Key Management Personnel	Total
Purchase of goods/services	2,450	84,227	78,088 <i>(note a)</i>	-	164,765
	<i>(1,390)</i>	<i>(67,120)</i>	<i>(27,919)</i>	<i>(-)</i>	<i>(96,429)</i>
Sale of goods	-	534,266	1,720 <i>(note b)</i>	-	535,986
	<i>(108)</i>	<i>(311,664)</i>	<i>(367)</i>	<i>(-)</i>	<i>(312,139)</i>
Service income	-	3,603,040	41,770 <i>(note c)</i>	-	3,644,810
	<i>(-)</i>	<i>(3,339,592)</i>	<i>(90,802)</i>	<i>(-)</i>	<i>(3,430,394)</i>
Managerial Remuneration	-	-	-	11,136	11,136
	<i>(-)</i>	<i>(-)</i>	<i>(-)</i>	<i>(9,202)</i>	<i>(9,202)</i>
Interest Expense	-	-	2,014 <i>(note d)</i>	-	2,014
	<i>(-)</i>	<i>(27,540)</i>	<i>(5,508)</i>	<i>(-)</i>	<i>(33,048)</i>
Unsecured loan taken	-	-	-	-	-
	<i>(-)</i>	<i>(12,233)</i>	<i>(-)</i>	<i>(-)</i>	<i>(12,233)</i>
Repayment of unsecured loan	-	-	135,767 <i>(note e)</i>	-	135,767
	<i>(-)</i>	<i>(357,174)</i>	<i>(-)</i>	<i>(-)</i>	<i>(357,174)</i>
Brand equity contribution	11,526	-	-	-	11,526
	<i>(9,974)</i>	<i>(-)</i>	<i>(-)</i>	<i>(-)</i>	<i>(9,974)</i>
Other Transactions*	-	195,467	-	-	195,467
	<i>(-)</i>	<i>(146,050)</i>	<i>(-)</i>	<i>(Note f)</i> <i>(1,732)</i>	<i>(147,782)</i>

(All amounts in Rs. /000s)

Transactions/ Outstanding Balances	Ultimate Holding Company	Holding Company	Fellow Subsidiary	Key Management Personnel	Total
Balance Outstanding at the year end					
Debtors / unbilled revenue	-	1,482,523	14,060 <i>(note g)</i>	-	1,496,583
	(-)	<i>(1,093,537)</i>	<i>(29,741)</i>	(-)	<i>(1,123,278)</i>
Unearned Revenue	-	51,104	258 <i>(note h)</i>	-	51,362
	(-)	<i>(50,041)</i>	<i>(724)</i>	(-)	<i>(50,765)</i>
Creditors / Advances received from customers	11,529	219,949	14,038 <i>(note i)</i>	-	245,516
	<i>(10,401)</i>	<i>(75,395)</i>	<i>(2,943)</i>	(-)	<i>(88,739)</i>
Unsecured Loans	-	-	- <i>(note j)</i>	-	-
	(-)	(-)	<i>(134,760)</i>	(-)	<i>(134,760)</i>
Loans and advances	-	-	-	1,213	1,213
	(-)	<i>(6,000)</i>	(-)	(-)	<i>(6000)</i>

*Includes dividend paid to holding company.

Note: Amounts in brackets and italics represent previous year's figures.

Notes:

Disclosures in respect of transactions in excess of 10% of the total related party transactions of the same type.

Notes Ref.	Particulars	Year ended / As at 31.03.2011 (Rs. /000s)	Year ended / As at 31.03.2010 (Rs. /000s)
a.	Purchase of Goods / Services		
	Tata Teleservices Limited	8,751	7,577
	Tata Teleservices (Maharashtra) Limited	7786	7,163
	Tata Consultancy Services Netherlands BV	-	1,880
	Tata America International Corporation	61,266	3,558
b.	Sale of Goods		
	Tata Teleservices Limited	-	250
	Tata Housing Development Company Limited	1,711	-
c.	Service Income		
	Tata Consultancy Services Netherlands BV	1,642	16,889
	Tata Consultancy Services Asia Pacific Pte Limited	14,012	11,292
	Tata Consultancy Services Sverige AB	-	32,537
	Diligenta Limited	11,561	13,547
	Tata Business Support Services Limited	11,003	-
d.	Interest Expenses		
	Tata America International Corporation	2,014	5,508
e.	Repayment of Loan		
	Tata America International Corporation	135,767	-
f.	Others		
	Tata Consultancy Services Asia Pacific Pte Limited	-	812
	Tata Consultancy Services Sverige AB	-	920

Notes Ref.	Particulars	Year ended /	Year ended /
		As at 31.03.2011	As at 31.03.2010
		(Rs. /000s)	(Rs. /000s)
g.	Debtors / Unbilled Revenue		
	Tata Consultancy Services Netherlands BV	1,974	9,284
	Tata Teleservices Limited	1,997	3,472
	Tata Consultancy Services Asia Pacific Pte Limited	4,801	4,431
	Tata Consultancy Services Sverige AB	-	9,453
	Tata Business Support Services Limited	4,050	-
	Diligenta Limited	-	2,572
h.	Unearned Revenue		
	Tata Consultancy Services Netherlands BV	258	322
	Tata Consultancy Services Asia Pacific Pte Limited	-	402
i.	Creditors / Advances received		
	Tata Teleservices (Maharashtra) Limited	1,075	1,171
	Tata America International Corporation	12,856	2,516
j.	Unsecured Loans		
	Tata America International Corporation	-	134,760

15. Segment Information

a. Financial information about the primary business segments is given below:

(All amounts in Rs. /000s)

Particulars	Customer Services	System Integration	ITeS	Education and Training	Total
i. SEGMENT REVENUE					
- Sales and Services	2,697,964	5,762,125	1,695,122	527,320	10,682,531
	2,367,266	4,708,732	1,097,361	415,840	8,589,198
- Other Income	15,216	11,318	1,344	5,116	32,994
	45,005	2,385	2,398	96	49,883
-Other Unallocable Income					245,489
					255,702
- Total Revenue	2,713,180	5,773,443	1,696,466	532,436	10,961,014
	2,412,272	4,711,115	1,099,759	415,936	8,894,784
ii. SEGMENT RESULTS	223,523	1,763,569	592,708	109,833	2,689,633
	206,624	1,372,633	396,377	44,928	2,020,562
iii. UNALLOCABLE EXPENSES (net of unallocable income)					570,176
					314,345
iv. OPERATING PROFIT					2,119,457
					1,706,215
v. INTEREST INCOME					1,023
					1,266
vi. INTEREST EXPENSE					2,203
					32,953
vi. PROVISION FOR TAX					502,725
- Current income tax					321,190
					(23,900)
- Deferred income tax					(28,098)
					(154,634)
-MAT Credit Entitlement					(50,827)

(All amounts in Rs. /000s)

Particulars	Customer Services	System Integration	ITeS	Education and Training	Total
vii. NET PROFIT					1,794,086
					1,432,265
viii. OTHER INFORMATION					
Segment assets	1,976,962	1,964,524	515,792	205,878	4,663,156
	<i>1,500,069</i>	<i>2,208,312</i>	<i>408,109</i>	<i>212,079</i>	4,328,569
Unallocable assets					5,329,829
					3,868,049
TOTAL ASSETS					9,992,985
					8,196,618
Segment liabilities	1,265,278	835,726	270,742	185,546	2,557,292
	<i>1,004,780</i>	<i>994,174</i>	<i>184,495</i>	<i>195,481</i>	2,378,930
Unallocable liabilities					895,498
					710,931
TOTAL LIABILITIES					3,452,790
					3,089,861
Capital Expenditure	2,933	28,367	16,149	19,606	
	<i>1,419</i>	<i>26,283</i>	<i>12,853</i>	<i>15,696</i>	
Depreciation	10,690	22,211	11,179	7,978	
	<i>10,791</i>	<i>25,293</i>	<i>8,768</i>	<i>7,667</i>	
Non-cash expenses other than depreciation	53,950	109,263	14,420	22,141	
	<i>73,180</i>	<i>2,812</i>	<i>15,958</i>	<i>10,517</i>	

Note: Amounts in italics represent previous year's figures.

i. Unallocated assets include investments, advance tax and tax deducted at source.

ii. Unallocated liabilities include secured / unsecured loans deferred tax/current tax liabilities, proposed dividend and tax on proposed dividend.

b. Geographical Segment

(All amounts in Rs. /000s)

Particulars	India	United States of America	United Kingdom	Others	Total
SEGMENT REVENUE					
- Sales and services	5,554,001	4,682,303	245,431	323,580	10,805,315
	<i>4,962,564</i>	<i>3,292,258</i>	<i>181,641</i>	<i>270,810</i>	8,707,273
-Other income	153,875	740	60	2,047	156,722
	<i>188,052</i>	<i>619</i>	<i>-</i>	<i>106</i>	188,777
TOTAL ASSETS	8,404,032	1,232,864	77,199	278,890	9,992,985
	<i>6,693,980</i>	<i>1,217,009</i>	<i>61,355</i>	<i>224,274</i>	8,196,618
TOTAL LIABILITIES	2,973,557	430,936	23,408	24,889	3,452,790
	<i>2,493,120</i>	<i>541,103</i>	<i>33,826</i>	<i>21,812</i>	3,089,861

Note: Amounts in italics represent previous year's figures.

16. Earnings per share (EPS)

	Units	Year ended 31.03.11	Year ended 31.03.10
Net profit attributable to shareholders	Rs./000s	1,794,086	1,432,265
Weighted average number of equity shares in issue	Nos. 000s	15,150	15,150
Basic and diluted earning per share of Rs. 10 each	Rs.	118.42	94.54

The Company does not have any outstanding dilutive potential equity shares.

17. Subsequent event

The Board of Directors in the meeting held on 18 April, 2011 has recommended the issue of bonus shares in the proportion of one new equity share for every existing equity share subject to the approval of the shareholders.

18. Disclosures as per Micro, Small and Medium Enterprises Development Act, 2006 (MSMED)

	Year ended as at 31.03.11	Year ended as at 31.03.10
	Rs./000s	Rs./000s
a. Amounts payable to suppliers under MSMED (suppliers) as on 31 March, 2011		
- Principal	2,774	-
- Interest due thereon	80	-
b. Payments made to suppliers beyond the appointed day during the year		
- Principal	-	-
- Interest due thereon	-	-
c. Amount of interest due and payable for delay in payment (which have been paid but beyond the appointed day during the year) but without adding the interest under MSMED	-	-
d. Amount of interest accrued and remaining unpaid as on 31 March, 2011	80	-
e. Amount of interest remaining due and payable to suppliers disallowable as deductible expenditure under Income Tax Act, 1961	80	-

Note:

The information has been given in respect of such vendors to the extent they could be identified as micro and small enterprises as per MSMED on the basis of information available with the Company.

19. Previous year's figures have been presented for the purpose of comparison and have been regrouped / reclassified where necessary.

For and on behalf of the Board

S. RAMADORAI
Chairman

R. RAMANAN
Managing Director & CEO

J. K. GUPTA
Chief Financial Officer

VIVEK AGARWAL
Company Secretary & Head-Legal

New Delhi
18 April, 2011

STATEMENT PURSUANT TO EXEMPTION UNDER SECTION 212(8) OF THE
 COMPANIES ACT, 1956 RELATING TO SUBSIDIARY COMPANIES

	CMC Americas, Inc. (USA)		CMC eBiz, Inc. (USA) (w.e.f. 27.01.11)	
	As at 31 March, 2011		As at 31 March, 2011	
	US \$	INR	US \$	INR
a. Capital	1,600,010	71,344,446	10	446
b. Reserves	12,831,914	572,175,045	89,223	3,978,454
c. Total Assets	27,591,410	1,230,300,972	950,762	42,394,478
d. Total Liabilities	13,159,496	586,781,927	861,529	38,415,578
e. Investments	10	446	—	—
	Year ended 31 March, 2011		Year ended 31 March, 2011	
	US \$	INR	US \$	INR
f. Turnover	101,935,444	4,545,301,448	642,330	28,641,495
g. Profit before taxation	8,112,067	361,717,068	168,840	7,528,576
h. Provision for taxation	3,012,736	134,337,898	79,617	3,550,122
l. Profit after taxation	5,099,331	227,379,169	89,223	3,978,454
j. Proposed Dividend	—	—	—	—

Note : US \$ have been converted to INR at the exchange rate prevailing on 31.03.2011 (1 US \$ = INR 44.59)

For and on behalf of the Board

S. RAMADORAI
 Chairman

R. RAMANAN
 Managing Director & CEO

J. K. GUPTA
 Chief Financial Officer

VIVEK AGARWAL
 Company Secretary & Head-Legal

New Delhi
 18 April, 2011

AUDITORS' REPORT

TO THE MEMBERS OF CMC LIMITED

1. We have audited the attached Balance Sheet of **CMC Limited** ('the Company'), as at 31 March, 2011, the Profit and Loss Account and the Cash Flow Statement of the Company for the year ended on that date, both annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and the disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by the Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 (the 'Order') issued by the Central Government of India in terms of Section 227(4A) of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that :
 - a) we have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - b) in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - c) the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - d) in our opinion, the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956;
 - e) in our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - i. in the case of the Balance Sheet, of the state of affairs of the Company as at 31 March, 2011;
 - ii. in the case of the Profit and Loss Account, of the profit of the Company for the year ended on that date and
 - iii. in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.
5. On the basis of written representations received from the Directors as on 31 March, 2011 taken on record by the Board of Directors, none of the Directors is disqualified as on 31 March, 2011 from being appointed as a director in terms of Section 274(1)(g) of the Companies Act, 1956.

For **DELOITTE HASKINS & SELLS**
Chartered Accountants
(Registration No. 015125N)

ALKA CHADHA
Partner
(Membership No. 93474)

NEW DELHI, 18 April, 2011

ANNEXURE TO THE AUDITORS' REPORT

(Referred to in paragraph 3 of our report of even date)

- i. Having regard to the nature of the Company's business/activities/result, clause 4(xiii) of the Order is not applicable.
- ii. In respect of its fixed assets:
 - a. The Company has maintained proper records showing full particulars, including quantitative details and situation of the fixed assets.
 - b. The Company has a programme of physically verifying its fixed assets in a phased manner designed to cover all assets over a period of two years, which in our opinion is reasonable having regard to the size of the Company and the nature of its business. In accordance with this programme, the Management had carried out a physical verification of fixed assets at some locations during the year. According to the information and explanation given to us, no material discrepancies were noticed on such verification.
 - c. The fixed assets disposed off during the year, in our opinion, do not constitute a substantial part of the fixed assets of the Company and such disposal has, in our opinion, not affected the going concern status of the Company.
- iii. In respect of its inventory:
 - a. As explained to us, inventory in the Company's possession has been verified by the Management during the year at reasonable intervals. For materials lying with third parties or at customers' sites aggregating to Rs. 91,745 (000s) in the absence of confirmations from such parties, we have relied on certification from the respective Project Managers.
 - b. In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the Management are reasonable and adequate in relation to the size of the Company and the nature of its business.
 - c. In our opinion and according to the information and explanations given to us, the Company has maintained proper records of its inventories and no material discrepancies were noticed on physical verification.
- iv. The Company has neither granted nor taken any loans, secured or unsecured, to/from companies, firms or other parties listed in the Register maintained under Section 301 of the Companies Act, 1956.
- v. In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, we have not observed any major weakness in such internal control system.
- vi. Based on the examination of the books of account and related records and according to the information and explanations provided to us, there are no contracts or arrangements with companies, firms or other parties which need to be listed in the register maintained under Section 301 of the Companies Act, 1956.
- vii. According to the information and explanations given to us, the Company has not accepted any deposits from the public, within the meaning of Sections 58A and 58AA or any other relevant provisions of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975.
- viii. In our opinion, the Company has an adequate internal audit system commensurate with the size of the Company and nature of its business.
- ix. According to the information and explanations given to us, the Central Government has not prescribed maintenance of cost records under Section 209 (1) (d) of the Companies Act, 1956 for the Company.
- x. According to the information and explanations given to us in respect of statutory dues:
 - a. the Company has been generally regular in depositing undisputed dues, including Service Tax, Income Tax, Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Sales Tax, Wealth Tax, Customs Duty, Cess and other material statutory dues applicable to it with the appropriate authorities.
The operations of the Company during the year did not give rise to any Excise Duty.
 - b. there are no undisputed amounts payable in respect of Service Tax, Income Tax, Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Customs Duty, Cess and other

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material statutory dues in arrears as at 31 March, 2011 for a period of more than six months from the date they became payable.

The operations of the Company during the year did not give rise to any Excise Duty.

- c. Details of dues of Income Tax, Sales Tax, Works Contract Tax and Service Tax which have not been deposited as on 31 March, 2011 on account of disputes which are given below:

Statute	Nature of dues	Forum where dispute is pending	Period to which the amount relates	Amount involved Rs./000s
West Bengal Value Added Tax Act, 2003	i Tax demand on disallowance of credit for Tax Deducted at Source (TDS), concessional sales tax forms and set off of amount of tax paid to sub-contractors	West Bengal Commercial Taxes Appellate and Revision Board	1997-98 to 2002-03	1,421
	ii Tax demand imposed on enhancement of turnover	West Bengal Commercial Taxes Appellate and Revision Board	2003-04	995
	iii Exparte assessment made by Deputy Commissioner	West Bengal Commercial Taxes Appellate & Revision Board	2004-05	3,020
				5,436
Bihar Value Added Tax Act, 2005	Tax demand and penalty imposed on enhancement of turnover during assessment and delay in filing of return.	Commercial Taxes Tribunal	1990-91 to 1992-93	3,919
				3,919
Madhya Pradesh Value Added Tax Act, 2002	Tax demand imposed on enhancement of turnover	Deputy Commissioner, Appeals	2003-04	432
Madhya Pradesh Commercial Tax Act, 1994	Tax demand on disallowance of credit for TDS and tax deposited through challans	Assistant Commissioner, Commercial Tax	2005-06	42
Madhya Pradesh Land Revenue Code, 1959	Tax demand on enhancement of turnover during assessment	Commercial tax Officer	2002-03 & 2005-06 to 2007-08	619
				1,093
Uttar Pradesh Trade Tax Act, 1948	i Tax demand on interstate sales deemed intra state sales.	Deputy Commissioner, Commercial Tax	1994-95	194
	ii Tax demand on disallowance of non-taxable turnover.	Deputy Commissioner, Appeal	1996-97	38
	iii Tax demand on disallowance of credit for TDS and tax deposited through challans	Deputy Commissioner, Commercial Tax	2002-03	287
	iv Tax demand on disallowance of exempted turnover	Deputy Commissioner, Appeals	2004-05	1,195
	v Tax demand due to deficiencies in documents accompanying the goods	Joint Commissioner Appeals	2006-07	170
Uttar Pradesh Value Added Tax Act, 2008	Tax demand due to deficiencies in documents accompanying the goods	Commercial Tax Tribunal	2009-10	530
Central Sales Tax Act, 1956	Tax demand on non-submission sales tax forms	Joint Commissioner, Appeals	2006-07	575
				2,989
Tamil Nadu Value Added Tax Act, 2006	i Tax demand on 'sales in transit' transactions	Appellate Assistant Commissioner	1993-94	922
	ii Tax demand on spares replaced under warranty	Appellate Assistant Commissioner	1995-96 to 1998-99	163
	iii Tax demand on defective Form -C and Form - D	Assistant Commissioner, Sales Tax	1994-95 & 1998-99	49
	iv Tax demand raised by the Assessing Officer towards tax on notional gross profit	Commercial Tax Officer	1994-95 & 1998-99	313
	v Tax demand on re-opening completed assessment	Appellate Assistant/Deputy Commissioner	2003-04, 2004-05 & 2006-07	2,254
	vi Tax demand on gross amount including sales tax	Appellate Assistant Commissioner	1996-97 & 1997-98	1,355
	vii Tax demand on goods assessed at higher rate of tax	Assistant/Deputy Commissioner	1996-97 & 1999-2000	407
				5,463
Andhra Pradesh Value Added Tax Act, 2005	i Tax demand on sales assessed as works contract.	Appellate Tribunal	2001-02	5,674
	ii Tax demand on sales assessed as works contract.	Commercial Tax Officer	2002-03 to 2003-04	12,585
	iii Tax demand on sales assessed as works contract.	Appellate Deputy Commissioner	2004-05	19,111
				37,370
Delhi Value Added Tax Act, 2004	i Tax demand on disallowance of exempted turnover	Commercial Tax Officer	2005-06	71
	ii Tax demand on denial of input tax credit	Appellate Assistant Commissioner	2006-07	359
				430
Uttaranchal Value Added Tax Act, 2005	i Tax demand due to error in computation	Commercial Tax Officer	2006-07	32
	ii Tax demand due to non-submission of TDS certificates	Commercial Tax Officer	2007-08	107
				139
Delhi Sales Tax on Work Contract Act, 1999	i Tax demand on disallowance of input tax credit	Commercial Tax Officer	1999-00	52
	ii Tax demand on recomputation of gross turnover on the basis of TDS certificates submitted	Commercial tax Officer	2002-03	3,655
				3,707
Finance Act, 1994	i Demand of service tax on election photo identification cards	High Court	2002-03	1,745
	ii Demand of service tax on IDBRT facility management project.	Custom, Excise and Service Tax Appellate Tribunal	2003-04	1,344
	iii Demand of service tax on election photo identification cards	Joint Commissioner, Service Tax	2002-03 to 2008-09	9,832
	iv Demand of service tax on course fee shared with franchisees	Commissioner Appeals	2002-03 to 2005-06	2,577

Statute	Nature of dues	Forum where dispute is pending	Period to which the amount relates	Amount involved Rs./000s
	v Demand of service tax on installation and commissioning of equipment.	Refer Note 1	2003-04 to 2008-09	313,742
	vi Excess utilisation of CENVAT credit	Joint Commissioner, Service Tax	2005-06 to 2009-10	39,865
	vii Demand of service tax on course fee shared with franchisees	Commissioner of Service Tax	2002-03 to 2005-06	214
	viii Demand of service tax on facility management services	Commissioner of Service Tax	2003-04 to 2006-07	38,541
	ix Demand of service tax on facility management and WAN services	Commissioner of Service Tax	2006-07 to 2008-09	38,311
	x Demand on account of denial of cenvat credit against service tax paid to travel agents on account of booking of tickets of employees	Commissioner of Service Tax	2006-07 to 2008-09	41
	xi Demand of service tax on preparation of electoral rolls.	Joint Commissioner of Service Tax	2003-2004 to 2008-2009	3,625
	xii Demand of service tax and penalty thereon related to installation and commissioning services	Refer note 2	2004-2005 to 2009-2010	59,939
	xiii Disputed service tax input	Additional Commissioner, Service Tax	2004-05 to 2009-2010	970
				510,746
			Grand Total	571,292

Notes:

1. The Office of the Commissioner of Service Tax has raised a demand of service tax and penalty thereon related to installation and commissioning services.
2. The Additional Commissioner of Service Tax has raised a demand of service tax and penalty thereon related to installation and commissioning services.

The Company proposes to file an appeal before the appropriate authorities in respect of the above (See note 5 of schedule 14).

We are informed that there are no dues in respect of Wealth Tax, Customs Duty and Cess which have not been deposited on account of any dispute. The Company's operations did not give rise to Excise Duty.

- xi. The Company does not have any accumulated losses nor has incurred any cash losses during the current and the immediately preceding financial year.
- xii. According to the information and explanations given to us and the records of the Company examined by us, the Company has not taken any loans from financial institutions or banks or issued any debentures. Accordingly, the provisions of clause 4(xi) of the Order are not applicable to the Company.
- xiii. According to the information and explanations given to us, the Company has not granted loans and advances on the basis of security by the way of pledge of shares, debentures and other securities. Accordingly, the provisions of clause 4(xii) of the Order are not applicable to the Company.
- xiv. In our opinion and according to the information and explanations given to us the Company is not dealing in shares, securities and debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Order are not applicable to the Company.
- xv. According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
- xvi. According to the information and explanations given to us, the Company did not have any term loans outstanding during the year. Accordingly, the provisions of clause 4(xvi) of the Order are not applicable to the Company.
- xvii. In our opinion and according to the information and explanations given to us and on an overall examination of the Balance Sheet, we report that funds raised on short term basis have not been used during the year for long- term investment.
- xviii. According to the information and explanations given to us, the Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Companies Act, 1956.
- xix. According to the information and explanations given to us, the Company has not issued any debentures during the period covered by our report. Accordingly, the provisions of clause (xix) of the Order are not applicable to the Company.
- xx. The Company has not raised any money by way of public issues during the year.
- xxi. To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no fraud on the Company has been noticed or reported during the year.

For **DELOITTE HASKINS & SELLS**
Chartered Accountants
(Registration No. 015125N)

ALKA CHADHA
Partner
(Membership No. 93474)

NEW DELHI, 18 April, 2011

BALANCE SHEET AS AT 31 MARCH, 2011

	Schedule Ref.	As at 31.03.11 Rs./000s	As at 31.03.10 Rs./000s
SOURCES OF FUNDS			
1. SHAREHOLDERS' FUNDS			
(a) Share capital	1	151,500	151,500
(b) Reserves and surplus	2	5,819,577	4,614,419
		<u>5,971,077</u>	<u>4,765,919</u>
APPLICATION OF FUNDS			
2. FIXED ASSETS			
(a) Gross block	3	1,709,895	1,692,627
(b) Less: Accumulated depreciation		757,215	762,582
(c) Net block		<u>952,680</u>	<u>930,045</u>
(d) Capital work in progress		1,075,495	209,840
3. INVESTMENTS			
	4	2,343,506	2,034,975
4. DEFERRED TAX ASSETS (See note 15)			
		76,090	54,899
5. CURRENT ASSETS, LOANS AND ADVANCES			
(a) Inventories	5	134,690	85,276
(b) Sundry debtors	6	1,747,137	1,661,639
(c) Unbilled revenues		1,218,266	1,068,095
(d) Cash and bank balances	7	338,768	205,364
(e) Loans and advances	8	1,130,825	1,140,110
		<u>4,569,686</u>	<u>4,160,484</u>
6. LESS: CURRENT LIABILITIES AND PROVISIONS			
(a) Current Liabilities	9	2,269,218	1,876,913
(b) Provisions		777,162	747,411
		<u>3,046,380</u>	<u>2,624,324</u>
7. NET CURRENT ASSETS			
		<u>1,523,306</u>	<u>1,536,160</u>
		<u>5,971,077</u>	<u>4,765,919</u>

Notes forming part of the Financial Statements 14

The Schedules, referred to above form an integral part of the Balance sheet

In terms of our report attached

For **DELOITTE HASKINS & SELLS**
Chartered Accountants

ALKA CHADHA
Partner

New Delhi
18 April, 2011

For and on behalf of the Board

S. RAMADORAI
Chairman

J. K. GUPTA
Chief Financial Officer

New Delhi
18 April, 2011

R. RAMANAN
Managing Director & CEO

VIVEK AGARWAL
Company Secretary & Head Legal

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH, 2011

	Schedule Ref.	Year ended 31.03.11	Year ended 31.03.10
		Rs./000s	Rs./000s
INCOME			
1. Sales and services	10	7,942,092	6,900,130
2. Other income	11	156,647	188,249
		8,098,739	7,088,379
EXPENDITURE			
3. Operating and other expenses	12	6,257,425	5,494,610
4. Depreciation	3	100,895	98,162
5. Interest	13	95	27,260
		6,358,415	5,620,032
PROFIT BEFORE TAX		1,740,324	1,468,347
6. Provision for taxes			
-Current income tax		358,837	249,116
-Deferred tax		(21,191)	(25,750)
-Minimum Alternate Tax (MAT) credit entitlement		(154,634)	(50,827)
PROFIT AFTER TAX		1,557,312	1,295,808
7. Balance brought forward from previous year		4,201,259	3,389,527
AMOUNT AVAILABLE FOR APPROPRIATIONS		5,758,571	4,685,335
8. APPROPRIATIONS			
(a) Proposed dividend on Equity Shares		303,000	303,000
(d) Tax on proposed dividend		49,154	51,495
(c) General reserve		155,731	129,581
9. Balance carried to balance sheet		5,250,686	4,201,259
Basic and Diluted Earnings Per Share (Rupees) (See Note 20)		102.79	85.53

Notes forming part of the Financial Statements 14

The Schedules, referred to above form an integral part of the Profit and Loss Account

In terms of our report attached

For and on behalf of the Board

For **DELOITTE HASKINS & SELLS**
Chartered Accountants

S. RAMADORAI
Chairman

R. RAMANAN
Managing Director & CEO

ALKA CHADHA
Partner

J. K. GUPTA
Chief Financial Officer

VIVEK AGARWAL
Company Secretary & Head Legal

New Delhi
18 April, 2011

New Delhi
18 April, 2011

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH, 2011

	Schedule Ref.	Year ended 31.03.11 Rs./000s	Year ended 31.03.10 Rs./000s
A. Cash Flow from Operating Activities			
Net profit before tax		1,740,324	1,468,347
Adjustments for :			
Depreciation		100,895	98,162
Interest expense		95	27,260
Interest income		(948)	(738)
Dividend from mutual funds [current investments (unquoted)]		(68,074)	(59,414)
Profit on sale of fixed assets		(2,707)	(1,447)
Unclaimed balances / provisions written back		(23,982)	(16,745)
Provision for doubtful debts		87,584	59,475
Bad debts / advances written off		2,315	98,940
Unrealised foreign exchange gain		(5,352)	(8,286)
Exchange difference on translation of foreign currency cash and cash equivalents		(518)	(615)
Fixed assets written off		2,982	4,480
Transfer from capital reserve		-	(543)
Operating profit before working capital changes		<u>1,832,614</u>	<u>1,668,876</u>
Adjustments for :			
(Increase) / decrease in trade and other receivables		(133,970)	551,626
(Increase) / decrease in inventories		(49,414)	68,516
Increase / (decrease) in trade payables and other liabilities		246,995	(596,683)
Cash generated from operations		<u>1,896,225</u>	<u>1,692,335</u>
Direct taxes paid / tax deducted at source		(180,353)	(220,974)
Net Cash from Operating Activities	(A)	<u>1,715,872</u>	<u>1,471,361</u>
B. Cash Flow from Investing Activities			
Dividend from mutual funds [current investments (unquoted)]	(B)	68,074	59,414
Interest received		948	738
Purchase of fixed assets (including capital advances)		(995,770)	(274,139)
Sale of fixed assets		3,018	2,337
Net Cash used in Investing Activities		<u>(923,730)</u>	<u>(211,650)</u>
C. Cash Flow from Financing Activities			
Interest paid		(51)	(30,013)
Proceeds / (Payment) of long term borrowings		-	(344,940)
Dividend paid (including dividend tax)		(350,674)	(265,871)
Net Cash used in Financing Activities	(C)	<u>(350,725)</u>	<u>(640,824)</u>
Net Increase in Cash and Cash Equivalents	(A+B+C)	<u>441,417</u>	618,887
Cash and cash equivalents at beginning of the year	7	<u>2,158,538</u>	1,539,036
[Including short term investments Rs. '(000s) 1,953,174 (Previous year Rs. '(000s) 1,198,800)]			
Exchange difference on translation of foreign currency cash and cash equivalents		518	615
Cash and cash equivalents at end of the year	7	<u>2,600,473</u>	<u>2,158,538</u>
[Including short term investments Rs. '(000s) 2,261,705 (Previous year Rs. '(000) 1,953,174)]			
Note: Cash and cash equivalent includes restricted cash		<u>4,174</u>	3,894

In terms of our report attached

For **DELOITTE HASKINS & SELLS**
Chartered Accountants

ALKA CHADHA
Partner

New Delhi
18 April, 2011

For and on behalf of the Board

S. RAMADORAI
Chairman

J. K. GUPTA
Chief Financial Officer

New Delhi
18 April, 2011

R. RAMANAN
Managing Director & CEO

VIVEK AGARWAL
Company Secretary & Head Legal

SCHEDULES FORMING PART OF THE BALANCE SHEET

	As at 31.03.11	As at 31.03.10
	Rs./000s	Rs./000s
SCHEDULE 1 : SHARE CAPITAL		
Authorised		
35,000,000 (Previous year 35,000,000) equity shares of Rs. 10 each	<u>350,000</u>	<u>350,000</u>
Issued, Subscribed and Paid up		
15,150,000 (Previous year 15,150,000) equity shares of Rs. 10 each fully paid up	<u>151,500</u>	<u>151,500</u>
Note :		
Of the above 7,744,961 (Previous year 7,744,961) equity shares are held by Tata Consultancy Services Limited, the holding company. (See note 1)		
SCHEDULE 2 : RESERVES & SURPLUS		
(a) Capital Reserve (Grants from Government of India)		
(i) Opening balance	-	543
(ii) Less: Transferred to profit and loss account	-	543
(iii) Closing balance	<u>-</u>	<u>-</u>
(b) General Reserve		
(i) Opening balance	413,160	283,579
(ii) Add: Transferred from profit and loss account	155,731	129,581
(iii) Closing balance	<u>568,891</u>	<u>413,160</u>
(c) Profit and Loss Account		
	5,250,686	4,201,259
	<u>5,819,577</u>	<u>4,614,419</u>

Schedule 4 (Contd.)

b. Details of current investments purchased and sold during the year :

Particulars	Balance as on 01.04.10		Purchases during the year		Sold during the year		Balance as on 31.03.11	
	No. of Units	Rs.('000)	No. of Units	Rs.('000)	No. of Units	No. of Units	Rs.('000)	
Kotak FMP 13M Series 6 - Growth	5,000,000	50,000	-	-	-	5,000,000	50,000	
Kotak FMP 18M Series 3 - Growth	5,000,000	50,000	-	-	-	5,000,000	50,000	
Kotak FMP 370 Days Series 6-Growth	-	-	5,000,000	50,000	-	5,000,000	50,000	
Kotak FMP 370 Days Series 7-Growth	-	-	6,000,000	60,000	-	6,000,000	60,000	
Kotak FMP 370 Days Series 8-Growth	-	-	6,000,000	60,000	-	6,000,000	60,000	
Kotak FMP Series 33 -Growth	-	-	5,000,000	50,000	-	5,000,000	50,000	
Kotak Quarterly Interval Plan - 2 -Dividend	-	-	14,998,201	150,000	14,998,201	-	-	
Kotak Quarterly Interval Plan - Series 9 -Dividend	-	-	5,997,661	60,000	-	5,997,661	60,000	
SBI Debt Fund Series - 180 Days -11 -Dividend	-	-	3,000,000	30,000	3,000,000	-	-	
SBI Debt Fund Series - 370 Days -6 - Growth	-	-	3,000,000	30,000	-	3,000,000	30,000	
SBI Debt Fund Series - 90 DAYS 36 - Dividend	-	-	4,000,000	40,000	4,000,000	-	-	
TATA Fixed Income Portfolio Fund - B2	-	-	3,028,666	30,326	3,028,666	-	-	
TATA Fixed Income Portfolio Fund Scheme A2 Institutional	-	-	30,169,471	301,725	30,169,471	-	-	
TATA Fixed Maturity Plan Series - 26 Scheme C-Growth	-	-	12,000,000	120,000	-	12,000,000	120,000	
TATA Fixed Maturity Plan Series 28 - Scheme A Dividend Payout	-	-	10,000,000	100,000	-	10,000,000	100,000	
UTI - Fixed Income Interval Fund - Series II - Quarterly Interval Plan V	5,000,000	50,029	56,321	536	5,056,321	-	-	
TOTAL		180,029		2,233,599			1,550,017	
B. Liquid / Liquid Plus								
Birla Sun Life Cash Plus - Institutional Premium Plan - Div. reinvest	-	-	72,867,785	730,099	72,867,785	-	-	
Birla Sunlife Floating Rate Fund -Long Term - Instl - Weekly Dividend	8,997,192	90,253	5,661	160	9,002,853	-	-	
Birla Sunlife liquid Plus Dividend reinvestment	8,522,539	85,283	43,402,203	434,317	51,924,742	-	-	
Birla Sunlife Ultra Short Term - Daily Dividend	-	-	58,651,810	586,841	58,651,810	-	-	
DWS Cash Opportunities Fund - Institutional Daily Dividend - Reinvest	20,035,017	200,837	127,522	1,278	20,162,539	-	-	
DWS Ultra Short Term Fund -Institutional Daily Dividend - Reinvest	5,990,113	60,008	18,798	188	6,008,911	-	-	
HDFC Cash Management Fund-Saving Plus- Wholesale-Dividend Reinvest	10,533,866	105,671	115,281	1,155	10,649,147	-	-	
ICICI Prudential Blended Plan B Institutional - Daily Dividend Option - II	-	-	6,106,940	61,115	6,106,940	-	-	
ICICI Prudential Flexible Income Plan Premium - Daily Dividend	-	-	4,800,104	507,539	4,800,104	-	-	
ICICI Prudential Floating Rate Plan D - Daily dividend	-	-	1,205,082	120,536	1,205,082	-	-	
ICICI Prudential Liquid Super Institutional Plan - Dividend Daily	-	-	4,999,766	500,088	4,999,766	-	-	
ICICI Prudential Ultra Short Term Plan Super Premium - Daily Dividend	-	-	104,332,053	1,046,212	73,437,552	30,894,501	310,242	
IDFC Money Manager Fund - TP - Super Inst Plan C - Daily Dividend	-	-	52,100,751	521,086	52,100,751	-	-	
IDFC Money Manager Investment - Plan B - Daily Dividend reinvestment	23,349,956	233,850	3,350,899	33,559	26,700,855	-	-	
IDFC Saving Advantage Fund - Plan A - Daily Dividend	-	-	191,567	191,607	191,567	-	-	
IDFC Saving Advantage Fund - Plan A - Monthly Dividend	-	-	231,617	232,495	90,779	140,838	140,860	
IDFC Ultra Short Term Fund Monthly Dividend	-	-	13,947,652	140,956	13,947,652	-	-	
Kotak Flexi Debt Scheme Institutional - Daily Dividend	14,558,102	146,273	38,427,080	386,096	52,985,182	-	-	
Kotak Floater Long Term - Daily Dividend reinvestment	2,108,195	21,250	13,939,225	140,505	16,047,420	-	-	
Kotak Liquid (Institutional Premium) - Daily Dividend	-	-	22,917,754	280,241	22,917,754	-	-	
LIC MF Income Plus Fund - Daily Dividend Plan	10,033,165	100,331	5,107,577	51,077	15,140,742	-	-	
LIC MF Savings Plus Fund - Daily Dividend Plan	21,224,036	212,240	170,862	1,709	21,394,898	-	-	
Principal Money Manager Fund - Daily Dividend reinvestment	997,891	10,004	3,436	34	1,001,327	-	-	
Reliance liquid Plus Dividend	157,890	158,101	61,485	61,574	219,375	-	-	
Reliance Regular Savings Fund - DEBT Plan - Institutional - Growth	2,403,114	30,000	-	-	2,403,114	-	-	
SBI - SHF Ultra Short Term Fund -Institutional plan-Daily Dividend	-	-	7,024,324	70,285	7,024,324	-	-	
SBI Magnum Insta Cash Fund	-	-	2,388,362	40,006	2,388,362	-	-	
Sundaram BNP Paribas-Money Fund -Super IP - Dividend Reinvest Daily	-	-	11,927,686	120,414	11,927,686	-	-	
Sundaram BNP Paribas-Ultra Short Term Fund -Super IP - Dividend Reinvest Daily	-	-	11,993,890	120,383	11,993,890	-	-	
Sundaram BNP Paribas Ultra Short Term Fund Institutional - Dividend Reinvest Daily	-	-	3,987,729	40,025	3,987,729	-	-	
TATA Floater Fund - Daily Dividend	-	-	121,625,570	1,220,586	95,659,452	25,966,118	260,586	
Tata Liquid Super High Investment Fund - Daily Dividend	-	-	215,435	240,107	215,435	-	-	
Tata Treasury Manager Ship - Daily Dividend	-	-	49,523	50,034	49,523	-	-	
Templeton India Ultra Short Bond Fund Super Institutional Plan - Daily Dividend Reinvestment	13,042,731	130,578	96,605	967	13,139,336	-	-	
UTI Fixed Income Interval Fund - Monthly Interval Plan - series - 1 - Institutional Dividend Plan - Reinvestment	12,000,000	120,109	51,971	410	12,051,971	-	-	
UTI Treasury Advantage Fund - Institutional Plan - Daily Dividend Reinvestment	68,343	68,357	94	94	68,437	-	-	
TOTAL		1,773,145		7,933,778			711,688	
Grand Total		1,953,174		10,167,377			2,261,705	

	As at 31.03.11	As at 31.03.10
	Rs./000s	Rs./000s
SCHEDULE 5 : INVENTORIES (See note 2(g))		
(a) Finished goods:		
- Equipment for resale*	98,570	66,234
- Others	1,071	-
(b) Components / spares for maintenance and resale	29,089	11,784
(c) Education and training material	5,434	6,732
(d) Work-in-progress	526	526
	<u>134,690</u>	<u>85,276</u>
* includes goods in transit	1,156	-
SCHEDULE 6 : SUNDRY DEBTORS		
(a) Over six months old (unsecured):		
Considered good	298,468	289,315
Considered doubtful	369,676	278,298
	<u>668,144</u>	<u>567,613</u>
(b) Others (unsecured):		
Considered good	1,410,016	1,318,938
	<u>2,078,160</u>	<u>1,886,551</u>
Less: Provision for doubtful debts	369,676	278,298
	<u>1,708,484</u>	<u>1,608,253</u>
(c) Future lease installments receivable (unsecured) (See note 12)	44,257	66,521
Less: Unearned finance and service charges	5,604	13,135
	<u>38,653</u>	<u>53,386</u>
	<u>1,747,137</u>	<u>1,661,639</u>
Notes:		
1. (i) Debtors include amounts due from subsidiary company	94,855	260,092
(ii) Maximum balance outstanding during the year	371,803	430,219
2. (i) Debtors include amounts due from holding company	576,369	409,688
(ii) Maximum balance outstanding during the year	598,008	745,479
SCHEDULE 7 : CASH AND BANK BALANCES		
(a) Cash on hand [including stamps on hand Rs. '000s) 10 (Previous year Rs. '000s) 10]]	2,519	2,412
(b) Cheques / demand drafts on hand	22,678	32,428
(c) Balance with scheduled banks in:		
(i) Current accounts [See Note (i) below]	57,097	69,881
(ii) Cash credit accounts	251,278	98,448
(iii) Deposit accounts [See Note (ii) below]	5,196	2,195
	<u>338,768</u>	<u>205,364</u>
Notes:		
i. Includes balance in unclaimed dividend account	2,642	2,255
ii. Includes:		
Fixed deposits pledged with customers as security	1,195	1,195
Earmarked against employee security deposits	337	444

	As at 31.03.11	As at 31.03.10
	Rs./000s	Rs./000s
SCHEDULE 8 : LOANS AND ADVANCES		
(a) Advances recoverable in cash or in kind or for value to be received (See notes below)	570,835	586,688
(b) Advance income tax and tax deducted at source (Net of provision for tax Rs. '(000s) 2,119,263 (Previous year Rs. '(000s) 1,789,586) and fringe benefit tax Rs. '(000s) Nil (Previous year Rs. '(000s) 67,128)	401,785	549,851
(c) Minimum alternate tax (MAT) credit entitlement	205,461	50,827
	1,178,081	1,187,366
(d) Less: Advances considered doubtful	47,256	47,256
	1,130,825	1,140,110
Of the above, amounts:		
(i) Fully secured	6,992	14,267
(ii) Unsecured, considered good	1,123,833	1,125,843
(iii) Considered doubtful	47,256	47,256
	1,178,081	1,187,366
Notes:		
i. includes deposits with customs, octroi, electricity boards etc.	14,991	59,829
ii. includes capital advances	65,914	62,622
iii. Amounts due from Directors	1,213	-
iv. Maximum amounts due from Directors during the year	1,344	-
SCHEDULE 9 : CURRENT LIABILITIES AND PROVISIONS		
CURRENT LIABILITIES		
(a) Sundry Creditors		
(i) Micro and small enterprises (See note 22)	2,774	-
(ii) Others	1,499,619	1,084,644
(b) Advances / security deposits received from customers	184,677	189,311
(c) Investor education and protection fund-unclaimed dividend	2,642	2,255
(d) Unearned revenue	451,274	508,036
(e) Other liabilities	128,165	92,644
(f) Interest accrued but not due	67	23
	2,269,218	1,876,913
PROVISIONS		
(a) Proposed dividend on equity shares	303,000	303,000
(b) Provision for tax on proposed dividend	49,154	51,495
(c) Provision for compensated absences	173,832	153,898
(d) Provision for post retirement medical benefits (See note 16)	38,261	46,651
(e) Provision for gratuity (See note 16)	212,915	192,367
	777,162	747,411
	3,046,380	2,624,324

SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT

	Year ended 31.03.11	Year ended 31.03.10
	Rs./000s	Rs./000s
SCHEDULE 10 : SALES AND SERVICES		
(a) Sale of purchased equipment	1,025,174	1,010,076
(b) Services		
(i) Software services	3,464,580	3,021,223
(ii) Maintenance services	545,910	487,559
(iii) Other services	2,252,265	1,833,405
(c) Education and training	523,848	416,541
(d) Lease rentals*	7,531	13,251
(e) Rentals from special economic zone	122,784	118,075
	<u>7,942,092</u>	<u>6,900,130</u>
* includes finance lease income	7,531	11,466
SCHEDULE 11 : OTHER INCOME		
(a) Interest income		
(i) Loans and advances	302	250
(ii) Fixed deposits with Banks	26	20
(iii) Others [Tax deducted at source Rs. '(000s) 57 (Previous year Rs. '(000s) 75)	620	468
(b) Dividend from mutual funds [current investments (unquoted)]	68,074	59,414
(c) Bad debts recovered	14,747	37,675
(d) Profit on sale of mutual funds	3,943	30,732
(e) Unclaimed balances / provisions written back	23,982	16,745
(f) Profit on sale of fixed assets	2,707	1,447
(g) Transfer from capital reserve - capital grants (See note 2 (f))	-	543
(h) Miscellaneous income	42,246	40,955
	<u>156,647</u>	<u>188,249</u>
SCHEDULE 12 : OPERATING AND OTHER EXPENSES		
1. Equipment purchased for resale	<u>958,243</u>	<u>973,593</u>
2. Employee Costs		
(a) Salaries, allowances and incentives	2,435,387	1,971,291
(b) Contribution to provident and other funds	117,881	92,345
(c) Staff welfare expenses	150,272	134,712
(d) Employee benefits (See note 16)	63,860	54,608
Sub Total	<u>2,767,400</u>	<u>2,252,956</u>
3. Operating and Administration Expenses		
(a) Components / spares for maintenance and resale	253,440	210,040
(b) Sub-contracted / outsourced services	977,819	826,925
(c) Purchased software	30,757	7,029
(d) Freight, handling and packing expenses	16,865	13,937
(e) Rent and hire charges	174,612	158,629
(f) Rates and taxes	17,723	17,603
(g) Repairs and maintenance:		
(i) Building	59,059	46,033
(ii) Plant and machinery	31,936	33,229
(iii) Others	5,730	5,508

	Year ended 31.03.11	Year ended 31.03.10
	Rs./000s	Rs./000s
SCHEDULE 12 : OPERATING AND OTHER EXPENSES (Contd.)		
(h) Electricity charges	103,642	89,529
(i) Insurance	4,062	5,878
(j) Traveling and conveyance	198,032	141,258
(k) Printing, stationery and computer consumables	19,413	15,946
(l) Communication and postage	78,590	78,064
(m) Advertisement, publicity and business promotion	14,821	10,692
(n) Directors' sitting fees	1,510	1,660
(o) Commission to Non Executive Directors	5,000	3,500
(p) Professional and legal fees	90,935	65,924
(q) Education and training :		
(i) Payments to franchisees	139,928	143,131
(ii) Other expenses	39,282	50,463
(r) Living expenses – overseas contracts	84,845	76,371
(s) Provision for doubtful debts / advances	87,584	59,475
(t) Bad debts / advances written off	2,315	98,940
(u) Fixed assets written off	2,982	4,480
(v) Loss on foreign exchange fluctuations (Net of gain)	5,632	60,061
(w) Other expenses (See note 13)	85,268	43,756
	Sub-Total	2,268,061
	Total	5,494,610

SCHEDULE 13 : INTEREST EXPENSES

(a) On term loan	-	27,238
(b) Others	95	22
	<u>95</u>	<u>27,260</u>

SCHEDULE 14 : NOTES FORMING PART OF THE FINANCIAL STATEMENTS

1. Background

CMC Limited ("the Company") is engaged in the design, development and implementation of software technologies and applications, providing professional services in India and overseas, and procurement, installation, commissioning, warranty and maintenance of imported/indigenous computer and networking systems, and in education and training.

The Company was a Government of India (GoI) enterprise up to 15 October, 2001. Under the disinvestment process, GoI sold 7,726,500 shares representing 51 percent of the share capital to Tata Sons Limited, on 16 October, 2001. The GoI further sold its entire remaining shares representing 26.25 percent of the share capital, in March 2004 by an open offer to the public.

On 29 March, 2004, as per specific approval granted by SEBI, Tata Sons Limited transferred its entire shareholding in the Company to Tata Consultancy Services Limited (a subsidiary of Tata Sons Limited). As a result, the Company has become a subsidiary of Tata Consultancy Services Limited.

2. Significant accounting policies

a. Basis of accounting

The financial statements are prepared under the historical cost convention, on the accrual basis of accounting and in accordance with the Generally Accepted Accounting Principles ('GAAP') in India and comply with the accounting standards prescribed by the Companies (Accounting Standards) Rules, 2006, to the extent applicable and in accordance with the provisions of the Companies Act, 1956, as adopted consistently by the Company.

b. Use of estimates

The preparation of financial statements requires the management of the Company to make estimates and assumptions that affect the reported balances of assets and liabilities and disclosures relating to the contingent liabilities as at the date of the financial statements and reported amounts of income and expenses during the period. Example of such estimates include provisions for doubtful debts, future obligations under employee retirement benefit plans, provision for income taxes, accounting for contract costs expected to be incurred to complete software development and the useful lives of fixed assets. Contingencies are recorded when it is probable that a liability will be incurred and the amount can be reasonably estimated. Actual results could differ from such estimates.

c. Fixed assets and depreciation

- i. All fixed assets are stated at cost less accumulated depreciation. Cost includes purchase price and all other attributable costs of bringing the assets to working condition for intended use.
- ii. Fixed assets acquired out of grants, the ownership of which rests with the grantor are capitalised at cost.
- iii. Capital work-in-progress comprises the cost of fixed assets that are not ready for their intended use at the balance sheet date.
- iv. Depreciation on all assets is charged proportionately from the date of acquisition/installation on straight line basis at rates prescribed in Schedule XIV of the Companies Act, 1956 except in respect of:
 - Leasehold assets that are amortised over the period of lease.
 - Computers, Plant and Machinery - (other items), that are depreciated over six financial years.
 Assets costing less than Rs 5,000 individually have been fully depreciated in the year of purchase.

d. Borrowing Costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as a part of that asset. Other borrowing costs are recognised as an expense in the period in which they are incurred.

e. Revenue Recognition

- i. Revenue relating to equipment supplied is recognised on delivery to the customers and acknowledgement thereof, in accordance with the terms of the individual contracts.
- ii. Revenue from software development on fixed price contracts is recognised according to the milestone achieved as specified in the contract, and is adjusted on the "proportionate completion" method based on the work completed.
- iii. On time and material contracts, revenue is recognised based on time spent as per the terms of the specific contracts.
- iv. Revenue from warranty and annual maintenance contracts is recognised over the life of the contracts. Maintenance revenue on expired contracts on which services have continued to be rendered is recognised on renewal of contract or on receipt of payment.
- v. Revenue from "Education and Training" is recognised on accrual basis over the course term.
- vi. Dividend income is recognised when the Company's right to receive dividend is established.

f. Grants

- i. Grants received for capital expenditure incurred are included in "Capital Reserve". Fixed assets received free of cost are considered as a grant and are capitalised at notional value with a corresponding credit to the Capital Reserve account. An amount equivalent to the depreciation charge on such assets is appropriated from capital reserve and recognised as revenue in the profit and loss account.
- ii. Grants received for execution of projects is recognised as revenue to the extent utilized.
- iii. Unutilised grants are shown under other liabilities.

g. Inventories

Inventories include finished goods, stores and spares, work-in progress and education and training material.

- i. Inventories of finished goods mainly comprising equipment for resale are valued at the lower of cost (net of provision for obsolescence) and net realisable value.
- ii. Inventories of stores and spares are valued at cost, net of provision for diminution in the value. Cost is determined on weighted average cost basis.
- iii. Inventories of "Education and Training material" are valued at the lower of cost and net realisable value. Cost is determined on the "First In first Out" basis.
- iv. Work-in-progress comprises cost of infrastructural facilities in the process of installation at customers' sites. These are valued at cost paid/payable to sub-contractors.

h. Research and development expenses

Research and development costs of revenue nature are charged to the profit and loss account when incurred. Expenditure of capital nature is capitalised and depreciated in accordance with the rates set out in paragraph 2 (c) above.

i. Foreign exchange transactions

Transactions in foreign currencies are recorded at the exchange rate prevailing on the date of the transaction. Monetary items denominated in foreign currency and outstanding at the Balance Sheet date are translated at the exchange rate ruling on that date. Exchange differences arising on foreign currency transactions are recognised as income or expense in the period in which they arise.

In case of forward contracts for foreign exchange, the difference between the forward rate and the rate at the inception of the forward contract is recognised as income or expense over the life of the contract. Any income or expense on account of exchange differences either on settlement of the contract or on translation of the unmatured foreign currency contract at the rate prevailing on the date of the Balance Sheet is recognised in the Profit and Loss Account.

j. Investments

Long-term investments are stated at cost, less provision for other than temporary diminution in the carrying value of each investment. Current investments comprising investments in mutual funds are stated at the lower of cost and fair value, determined on a portfolio basis.

k. Leases

Operating Lease

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased asset are classified as operating leases. Operating lease charges are recognised as an expense in the profit and loss account on a straight-line basis over the lease term. Operating lease income is recognised in the profit and loss account on a straight-line basis over the lease term.

Finance Lease

Leases under which the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. The lower of fair value of asset and present minimum lease rentals is capitalised as fixed assets with corresponding amount shown as lease liability. The principal component in the lease rentals is adjusted against the lease liability and interest component is charged to profit and loss account.

l. Employee benefits

i. Post-employment benefit plans

Payment to defined contribution retirement benefit schemes are charged as an expense as they fall due.

For defined benefit schemes, the cost of providing benefits is determined using Projected Unit Credit method, with actuarial valuations being carried out at each balance sheet date. Actuarial gains and losses are recognised in full in the profit and loss account for the period in which they occur. Past service cost is recognised to the extent the benefits are already vested, and otherwise is amortised on a Straight-Line method over the average period until the benefits become vested.

The retirement benefit obligation recognized in the balance sheet represents the present value of the defined benefit obligations as adjusted for unrecognised past service cost and as reduced by the fair value of scheme assets. Any asset resulting from this calculation is limited to past service cost plus the present value of available refunds and reductions in future contributions to the scheme.

ii. Short-term employee benefits

The undiscounted amount of short term employee benefits expected to be paid in exchange of services rendered by employees is recognised during the period when the employee renders the service. These benefits include compensated absences and performance incentives.

iii. Long-term employee benefits

Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related services are recognised as a liability at the present value of the defined benefit obligation at the balance sheet date.

m. Provision for taxation

Income tax comprises current tax and deferred tax. Current tax is the amount expected to be paid for the year as determined in accordance with the provisions of the Income tax Act, 1961.

Minimum alternative tax (MAT) paid in accordance to the tax laws, which gives rise to future economic benefits in the form of adjustment of future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax after the tax holiday period. Accordingly, MAT is recognised as an asset in the balance sheet when it is probable that the future economic benefit associated with it will flow to the Company and the asset can be measured reliably.

Deferred tax assets and liabilities are recognised for the future tax consequences of timing differences, subject to the consideration of prudence. Deferred tax assets and liabilities are measured using the tax rates enacted or substantively enacted by the Balance Sheet date.

n. Impairment

At each Balance Sheet date, the Company reviews the carrying amounts of its fixed assets to determine whether there is any indication that those assets suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of impairment loss. Recoverable amount is the higher of an asset's net selling price and its value in use. In assessing value in use, the estimated future cash flows expected from the continuing use of the asset and from its disposal are discounted to their present value using a pre-tax discount rate that reflects the current market assessments of time value of money and the risks specific to the asset.

Reversal of impairment loss is recognised immediately as income in the profit and loss account.

o. Earnings per Share

The Company reports basic and diluted earnings per equity share in accordance with Accounting Standard 20 'Earning per share'. Basic earning per equity share is computed by dividing the net profit after tax by the weighted average number of equity shares outstanding during the year. Diluted earning per share is computed by dividing the net profit for the year by the weighted average number of equity shares during the year as adjusted to the effects of all dilutive potential equity shares, except where results are anti dilutive.

3. Segment Information

i. Business segments

Based on similarity of activities, risks and reward structure, organisation structure and internal reporting systems, the Company has structured its operations into the following segments:

Customer Services (CS): Hardware supplies and maintenance, facilities management and provision of infrastructure facilities.

Systems Integration (SI): Systems study and consultancy, software design, development and implementation, software maintenance and supply of computer hardware in accordance with customers' requirements.

IT Enabled Services (ITeS): Value added services, data network, data center services, web design and hosting etc.

Education and Training (E&T): IT education and training service through its own centers and through franchisees.

Segment revenue and expenses include amounts, which are directly identifiable to the segment and allocable on a reasonable basis. Segment assets include all operating assets used by the segment and consist primarily of debtors, inventory and fixed assets. Segment liabilities include all operating liabilities and consist primarily of creditors, advances/deposits from customers and statutory liabilities.

ii. Geographic segments

The Company also provides services overseas, primarily in the United States of America, United Kingdom and others.

4. Research and development expenses

Expenditure includes "Research and Development" expenditure aggregating to Rs.' (000s) 89,065 (Previous year Rs.' (000s) 73,467). Amounts aggregating to Rs.' (000s) 1,536 (Previous year Rs.' (000s) 949) have been capitalised.

5. Contingent Liabilities and Commitments

PARTICULARS	As at	As at
	31.03.11	31.03.10
	Rs./000s	Rs./000s
a. Claims against the Company not acknowledged as debts*		
• Under litigation	118,837	68,219
• Demand from Employee State Insurance authorities	280	280
• Disputed demands raised by Sales tax authorities for which the Company has gone on appeal against the department.	91,244	88,804
• Demands raised by service tax authorities disputed and pending at various stages of adjudication and appellate fora. (Refer notes below)	510,746	213,906
• Disputed demand for payment of customs duty on imports	-	228,225
• Disputed demand towards Land Use Conversion fee	202,500	202,500
• Sales tax on leased assets	3,726	3,776
• Others	9,353	9,007

b. Unexpired Letters of Credit	15,653	1,480
c. Guarantees issued by bankers against Company's counter guarantee	521,714	367,974
d. Estimated amount of contracts remaining to be executed on capital account (net of advances) and not provided for	568,018	499,781

* No provision is considered necessary since the Company expects favorable decisions. The advance paid against the above is Rs. (000s) 30,684 (Previous Year Rs. (000s) 77,469).

Notes:

- a. Includes Rs. (000s) 313,742 (Previous year Rs. (000s) Nil) pertaining to a demand has been raised by the Office of the Commissioner of Service Tax contending that the Company had paid Service Tax on 2% of the total contract value instead of 33% of the contract value in respect of contracts for supply, installation and commissioning of machines and equipment.
- b. Includes Rs. (000s) 59,939 (Previous year Rs. (000s) Nil) pertaining to a demand raised by The Additional Commissioner of Service tax, Mumbai towards service tax on installation and commissioning services on hardware supplied by the Company to its clients. The Company proposes to file an appeal before appropriate authorities in respect of the above.

6. Unexpired foreign exchange forward contracts

The following are outstanding Foreign Exchange Forward contracts as at 31 March, 2011.

Foreign Currency	No. of Contracts	Notional amount of Forward contracts in foreign currency	Rupee Equivalent (Rs. /000s)
USD	-	-	-
	(2)	(5,205,728)	(244,491)

As of the balance sheet date, the Company has net foreign currency exposure that is not hedged by a derivative instrument or otherwise amounting to Rs. (000s) 547,957 (Previous year Rs. (000s) 487,527).

Amounts in brackets represent previous year's figures.

	Year ended 31.03.11 Rs./000s	Year ended 31.03.10 Rs./000s
7. Earnings in foreign currency		
a. Export (Services)	2,346,884	1,933,973
8. Expenditure in Foreign Currency		
a. Living allowance	78,060	68,068
b. Travel	4,724	3,943
c. Overseas branch expenses and others	60,953	56,665
d. Technical services	48,840	39,973
e. Taxes in foreign Jurisdiction	30,420	21,733
9. Value of imports (calculated on CIF basis)		
a. Equipment / system software	234,885	217,434
b. Stores and spares	684	1,246
c. Capital equipment	34,507	9,831
10. Managerial Remuneration		
a. Managerial Remuneration for Directors' (excluding provision for encashable leave and gratuity as separate figures for Whole-time Directors is not available).	11,136	9,202
b. The above is inclusive of:		
• Estimated expenditure on perquisites	1,462	1,128
• Contribution to Provident and Superannuation Fund	574	531
Non Executive Directors		
a. Commission	5,000	3,500
b. Sitting fees	1,510	1,660

Computation of Net Profit in accordance with Section 309 (5) of the Companies Act, 1956.

	Year ended 31.03.11 Rs./000s	Year ended 31.03.10 Rs./000s
A. Profit before taxes and exceptional items	1,740,324	1,468,347
B. Add:		
a. Managerial Remuneration	11,136	9,202
b. Provision for bad and doubtful debts and advances	87,584	59,475
c. Fixed assets written off	2,982	4,480
	<u>1,842,026</u>	<u>1,541,504</u>
C. Less:		
a. Profit and dividend on redemption of mutual funds	72,017	90,146
b. Profit/(loss) on sale of fixed assets	2,707	1,447
D. Net Profit as per Section 309 (5) of the Companies Act, 1956	<u>1,767,302</u>	<u>1,449,911</u>
E. Maximum commission payable	17,673	14,499
F. Commission provided to Non Executive Directors	5,000	3,500

11. Information in regard to Purchases, Sales, Opening and Closing Stocks

Computer equipment and Peripherals

	Year ended 31.03.11		Year ended 31.03.10	
	Nos.	(Rs./000s)	Nos.	(Rs./000s)
Opening stock	421	66,234	1,050	92,630
Purchases	8,826	988,599	9,155	945,702
Sales	8,773	1,017,333	9,784	1,003,516
Closing stock*	474	97,414	421	66,234

* does not include goods in transit Rs.' (000s) 1,156 (Previous year Rs.' (000s) Nil).

The quantitative details relate to quantities of main sub-systems whereas amounts include revenues relating to components as well, for which amounts cannot be segregated.

12. Lease Commitments

i. Operating Lease

Rent expenses of Rs.' (000) 39,992 (Previous Years Rs.' (000) 16,899) in respect of obligation under non-cancellable operating leases have been recognised in the profit and loss account. Further a sum of Rs.' (000) 134,620 (Previous Year Rs.' (000) 141,730) has been charged to the profit and loss account in respect of cancellable operating leases. The total of future minimum lease payments under non-cancellable operating leases for the following periods:

Particulars	As at 31.03.11 (Rs./000s)	As at 31.03.10 (Rs./000s)
a. Not later than one year	31,876	16,899
b. Later than one year but not later than five years	103,205	20,495
c. Later than five years	5,203	8,678

ii. Finance Lease

The Company has purchased and given on lease computer equipment, peripherals and system software. The details are as follows:-

Particulars	As at	As at
	31.03.11	31.03.10
	(Rs./000s)	(Rs./000s)
a. Total gross investment	44,257	66,521
• Not later than one year	20,860	22,264
• Later than one year but not later than five years	23,397	44,257
• Later than five years	-	-
b. Present value of minimum lease payments receivable	38,653	53,386
• Not later than one year	17,034	14,733
• Later than one year but not later than five years	21,619	38,653
• Later than five years	-	-
c. Unearned finance Income	5,604	13,135

13. Auditors' Remuneration*

Other expenses include Auditors' remuneration as follows:

Particulars	Year ended	Year ended
	31.03.11	31.03.10
	(Rs./000s)	(Rs./000s)
Audit fee (including limited reviews)	4,000	3,200
Tax audit	800	800
Reimbursement of out-of-pocket expenses	474	197
	<u>5,274</u>	<u>4,197</u>

* Exclusive of service tax

The remuneration disclosed above excludes fees of Rs.' (000) 4,646 (previous year Rs.' (000) 3,305) including Rs.' (000) 1,000 (Previous year Rs.' (000) 850) for representation before various authorities for professional services rendered by firm of accountants in which the partners of the firm of statutory auditors are partners.

14. Pending Reserve Bank of India (RBI) approval, certain anticipated losses from past international operations amounting to Rs.' (000s) 8,089 (Previous year Rs.' (000s) 8,089), which stand provided for, are not written off.

Approval of Reserve Bank of India for expenditure incurred on overseas operations amounting to Rs.' (000s) 3,436 (Previous year Rs.' (000s) 3,436) during the year 1991-92 has not yet been received.

15. Taxes

- Current income tax includes taxes deducted in foreign jurisdiction Rs.' (000s) 30,420 (Previous year Rs.' (000s) 21,733).
- Deferred tax assets and liabilities are being offset as they relate to taxes on income levied by the same governing taxation laws.
- Break up of deferred tax assets/liabilities and reconciliation of current year deferred tax charge is as follows:

Particulars	(All amounts in Rs./000's)		
	Opening Balance	Credited/ (Charged) to Profit & Loss Account	Total
Deferred Tax Liabilities:			
Tax impact of difference between carrying amount of fixed assets in the financial statements and the income tax return	(102,770)	(4,816)	(107,586)
Total	(102,770)	(4,816)	(107,586)
Deferred Tax Assets:			
Tax impact of expenses charged in the financial statements but allowable as deductions in future years under income tax			
• Provision for doubtful debts	28,129	28,584	56,713
• Provision for employee benefits	128,382	(24,559)	103,823
• Other expenses	1,158	21,982	23,140
Total	157,669	26,007	183,676
Net Deferred Tax Asset/(Liability)	54,899	21,191	76,090
Previous Year	29,149	25,750	54,899

16. Retirement Benefit Plans

a. Defined contribution plan

The Company makes contribution towards provident fund to a defined contribution retirement benefit plan for qualifying employees. The Company's contribution to the Employees Provident Fund is deposited in a trust formed by the Company under the Employees Provident Fund and Miscellaneous Provisions Act, 1952 which is recognised by the Income Tax authorities. The provident fund plan is operated by the Regional Provident Fund Commissioner. Under the scheme, the Company is required to contribute a specified percentage of payroll cost to the retirement benefit scheme to fund the benefits.

The Company recognised Rs.' (000s) 105,002 (Previous Year Rs.' (000s) 89,128) for provident fund contributions in the profit & loss account. The contribution payable to the plan by the Company is at the rate specified in rules to the scheme.

b. Defined Benefit plan

i. Gratuity plan

The Company makes annual contribution to the Employee's Group Gratuity-cum-Life Assurance scheme of the Life Insurance Corporation of India, a funded defined benefit plan for qualifying employees. The scheme provides for lump sum payment to vested employees at retirement, death while in employment or on termination of employment of an amount equivalent to 15 days salary payable for each completed year of service or part thereof in excess of 6 months subject to a maximum of Rs. 1,000,000. Vesting occurs upon completion of 5 years of service.

The present value of the defined benefit obligation and the related current service cost were measured using the Projected Unit Credit Method with actuarial valuations being carried out at each balance sheet date.

ii. Medical Plan

The Medical plan liability arises on retirement of an employee. The aforesaid liability for employees retired upto 31 March, 2010 is calculated on the basis of fixed annual amount per employee (based on the basic salary) for qualifying employees. For employees retiring after 31 March, 2010, the Company has effected a Health Insurance Plan for coverage of Post Retirement Medical expenses. The Liability on this account has also been actuarially valued.

The most recent actuarial valuation of the present value of the defined obligation was carried out on 31 March, 2011. The present value of the defined obligation and the related current service cost and past service cost, was measured using Projected Unit Credit Method.

c. The following tables set out the funded status of the gratuity plan and medical plan and amounts recognised in the Company's financial statements as at 31 March, 2011.

i. Change in benefit obligations:

(All amounts in Rs./000's)

Particulars	Gratuity	Medical Benefit Plan (Unfunded)	Total
Present value of obligations as on 01.04.10	205,766	46,651	252,417
	189,593	44,554	234,147
Current service cost	23,087	423	23,510
	15,917	414	16,331
Interest cost	15,434	3,499	18,933
	14,219	3,342	17,561
Past service cost	41,349	-	41,349
	-	-	-
Actuarial (gain)/loss on obligation	7,205	(79)	7,126
	18,105	2,610	20,715
Curtailment	-	(8,152)	(8,152)
	-	-	-
Benefits paid	(28,514)	(4,081)	(32,595)
	(32,068)	(4,269)	(36,337)
Present value of obligations as on 31.03.11	264,327	38,261	302,588
	205,766	46,651	252,417

ii. Change in Plan Assets: (All amounts in Rs./000's)

Particulars	Gratuity	Medical Benefit Plan (Unfunded)	Total
Fair value of Plan Assets as on 01.04.10	13,399	-	13,399
	<i>12,883</i>		<i>12,883</i>
Expected return on plan assets	1,072	-	1,072
	<i>1,031</i>		<i>1,031</i>
Employers contributions	47,621	-	47,621
	<i>32,584</i>		<i>32,584</i>
Benefits paid	(28,514)	-	(28,514)
	<i>(32,067)</i>		<i>(32,067)</i>
Actuarial gain/(loss)	17,834	-	17,834
	<i>(1,032)</i>		<i>(1,032)</i>
Fair value of plan assets as on 31.03.11	51,412	-	51,412
	13,399	-	13,399
iii. Net Liability (I-ii):	212,915	38,261	251,176
	192,367	46,651	239,018

iv. Net cost for the year ended 31.03.11

Current service cost	23,087	423	23,510
	<i>15,917</i>	<i>414</i>	<i>16,331</i>
Interest cost	15,434	3,499	18,933
	<i>14,219</i>	<i>3,342</i>	<i>17,561</i>
Past service cost	41,349	-	41,349
	-	-	-
Curtailement	(-)	(8,152)	(8,152)
	-	-	-
Expected return on plan assets	(1,072)	(-)	(1,072)
	<i>(1,031)</i>	<i>(-)</i>	<i>(1,031)</i>
Actuarial (gain)/loss recognised during the year	(10,629)	(79)	(10,708)
	<i>19,137</i>	<i>2,610</i>	<i>21,747</i>
Net Cost	68,169	(4,309)	63,860
	48,242	6,366	54,608

Note:

- The planned assets of the Company are managed by the Life Insurance Corporation of India in terms of an insurance policy taken to fund obligations of the Company with respect to its gratuity plan. Information on categories of plan assets is not available with the Company.
- The expected contribution is based on the same assumptions used to measure the Company's gratuity obligation as of 31 March, 2011. The Company is expected to contribute Rs.'(000s) 48,000 to gratuity funds for the year ended 31 March, 2012.
- Amounts in italics represent previous year's figures.

v. Additional Information:

	(All amounts in Rs./000s)				
	2011	2010	2009	2008	2007
(i) Gratuity					
Present value of benefit obligation	264,327	205,766	189,593	165,836	155,006
Fair value of plan asset	51,412	13,399	12,883	14,184	6,153
Excess of (obligation over plan asset)/ Plan asset over obligation	(212,915)	(192,367)	(176,710)	(151,652)	(148,853)
(ii) Post Retirement Medical Benefits					
Present Value of benefit obligation	38,261	46,651	44,554	51,254	56,553
Fair value of plan asset*	-	-	-	-	-
Excess of (obligation over plan asset)/ Plan asset over obligation	(38,261)	(46,651)	(44,554)	(51,254)	(56,653)

* Plan is unfunded

Experience Adjustment:

		(All amounts in Rs./000s)		
		2011	2010	2009
(i) Gratuity				
	On plan liability	7,205	18,105	13,099
	On plan asset	17,834	1,031	2,125
(ii) Post Retirement Medical Benefits				
	On plan liability	79	2,610	5,606

vi. Principal actuarial assumptions:

Sr. No.	Particulars	Refer Note below	Year ended 31.03.2011	Year ended 31.03.2010
i.	Discount rate (p.a.)	1	8.00%	7.50%
ii.	Expected rate of return on assets (p.a.)	2	8.00%	8.00%
iii.	Salary escalation rate (p.a.)	3	4.00%	4.00%

Notes:

- The discount rate is based on the prevailing market yields of India Government securities as at the balance sheet date for the estimated term of obligations.
- The expected return is based on the expectation of the average long term rate of return expected on investments of the fund during the estimated term of the obligation.
- The estimates of future salary increases considered take into account the inflation, seniority, promotion and other relevant factors.

Demographic assumptions:

- Retirement age 60 years
- Mortality Table Standard Table LIC (1994-96) Ultimate

17. Related Party Disclosures

a. List of related parties

- Ultimate Holding Company
 - Tata Sons Limited
 Holding Company
 - Tata Consultancy Services Limited
- Fellow Subsidiaries
 - Tata AIG General Insurance Company Limited
 - Tata AIG Life Insurance Company Limited
 - E-NXT Financials Limited
 - Tata Internet Services Limited
 - Tata Teleservices (Maharashtra) Limited
 - Tata Consultancy Services Deutschland GmbH
 - Tata Consultancy Services Netherlands BV
 - Tata Consultancy Services Sverige AB
 - Tata Teleservices Limited
 - TCE Consulting Engineers Limited
 - Tata Business Support Services Limited
 - Diligenta Limited
 - Infiniti Retail Limited
 - Tata Consultancy Services Asia Pacific Pte Limited
 - Tata Asset Management Limited
 - Tata Autocomp Systems Limited
 - TC Travel and Services Limited
 - Tata Housing Development Company Limited
- Subsidiary
 - CMC Americas, Inc.
- Step-down Subsidiary
 - CMC eBiz, Inc. (wholly owned subsidiary of CMC Americas, Inc.)
- Key Management Personnel
 - Mr. R. Ramanan

b. Transactions / balances outstanding with Related Parties.

(All amounts in Rs./000s)

Transactions/ Outstanding Balances	Ultimate Holding Company	Holding Company	Subsidiary Company	Fellow Subsidiary	KMP	Total
Purchase of goods/services	2,450	84,227	414	16,822 <i>(note a)</i>	-	103,913
	<i>(1390)</i>	<i>(67,120)</i>	<i>(21,045)</i>	<i>(16,753)</i>	<i>(-)</i>	<i>(106,308)</i>
Sale of goods	-	534,266	-	1,720 <i>(note b)</i>	-	535,986
	<i>(108)</i>	<i>(311,664)</i>	<i>(-)</i>	<i>(367)</i>	<i>(-)</i>	<i>(312,139)</i>
Service income	-	1,476,728	1,814,954	41,770 <i>(note c)</i>	-	3,333,452
	<i>(-)</i>	<i>(1,162,308)</i>	<i>(1,486,426)</i>	<i>(90,802)</i>	<i>(-)</i>	<i>(2,739,536)</i>
Managerial Remuneration	-	-	-	-	11,136	11,136
	<i>(-)</i>	<i>(-)</i>	<i>(-)</i>	<i>(-)</i>	<i>(9,202)</i>	<i>(9,202)</i>
Interest expense	-	-	-	-	-	-
	<i>(-)</i>	<i>(27,540)</i>	<i>(-)</i>	<i>(-)</i>	<i>(-)</i>	<i>(27,540)</i>
Unsecured loan taken	-	-	-	-	-	-
	<i>(-)</i>	<i>(12,233)</i>	<i>(-)</i>	<i>(-)</i>	<i>(-)</i>	<i>(12,233)</i>
Repayment of unsecured loan	-	-	-	-	-	-
	<i>(-)</i>	<i>(357,174)</i>	<i>(-)</i>	<i>(-)</i>	<i>(-)</i>	<i>(357,174)</i>
Brand equity contribution	11,526	-	-	-	-	11,526
	<i>(9,974)</i>	<i>(-)</i>	<i>(-)</i>	<i>(-)</i>	<i>(-)</i>	<i>(9,974)</i>
Other transactions*	-	194,304	-	-	-	194,304
	<i>(-)</i>	<i>(146,050)</i>	<i>(-)</i>	<i>(1,732)</i>	<i>(-)</i>	<i>(147,782)</i>
Balance Outstanding at the year end						
Debtors/Unbilled revenues	-	837,755	186,315	14,060 <i>(note e)</i>	-	1,038,130
	<i>(-)</i>	<i>(607,961)</i>	<i>(361,376)</i>	<i>(29,741)</i>	<i>(-)</i>	<i>(999,078)</i>
Unearned revenue	-	51,104	-	258 <i>(note f)</i>	-	51,362
	<i>(-)</i>	<i>(50,041)</i>	<i>(-)</i>	<i>(724)</i>	<i>(-)</i>	<i>(50,765)</i>
Creditors / Advances received from customers	11,529	170,231	-	1,182 <i>(note g)</i>	-	182,942
	<i>(10,401)</i>	<i>(75,395)</i>	<i>(3,448)</i>	<i>(1,226)</i>	<i>(-)</i>	<i>(90,470)</i>
Loans and advances	-	-	-	-	1,213	1,213
	<i>(-)</i>	<i>(6,000)</i>	<i>(-)</i>	<i>(-)</i>	<i>(-)</i>	<i>(6,000)</i>
Investment in share capital	-	-	81,801	-	-	81,801
	<i>(-)</i>	<i>(-)</i>	<i>(81,801)</i>	<i>(-)</i>	<i>(-)</i>	<i>(81,801)</i>

* Includes dividend paid to Holding Company

Note: Amounts in brackets and italics represent previous year's figures.

CMC Limited

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Notes:

Disclosures in respect of transactions in excess of 10% of the total related party transactions of the same type.

Notes Ref.	Particulars	Year ended/ As at 31.03.2011 (Rs. /000s)	Year ended/ As at 31.03.2010 (Rs. /000s)
a.	Purchase of Goods / Services		
	Tata Teleservices Limited	8,751	7,577
	Tata Teleservices (Maharashtra) Limited	7,786	7,163
	Tata Consultancy Services Netherlands BV	-	1,880
b.	Sale of Goods		
	Tata Teleservices Limited	-	250
	Tata Housing Development Company Limited	1,711	-
c.	Service Income		
	Tata Consultancy Services Netherlands BV	1,642	16,889
	Tata Consultancy Services Asia Pacific Pte Limited	14,012	11,292
	Tata Consultancy Services Sverige AB	-	32,537
	Diligenta Limited	11,561	13,547
	Tata Business Support Services Limited	11,003	-
d.	Others		
	Tata Consultancy Services Asia Pacific Pte Limited	-	812
	Tata Consultancy Services Sverige AB	-	920
e.	Debtors / Unbilled Revenue		
	Tata Consultancy Services Netherlands BV	1,900	9,284
	Tata Teleservices Limited	1,997	3,472
	Tata Consultancy Services Asia Pacific Pte Limited	4,748	4,431
	Tata Consultancy Services Sverige AB	-	9,453
f.	Unearned Revenue		
	Tata Consultancy Services Netherlands BV	258	322
	Tata Consultancy Services Asia Pacific Pte Limited	-	402
g.	Creditors / Advances received		
	Tata Teleservices (Maharashtra) Limited	1,075	1,171

18. Segment Information

a. Financial information about the primary business segments is given below:

(All amounts in Rs./000s)

Particulars	Customer Services	Systems Integration	ITeS	Education and Training	Total
i. SEGMENT REVENUE					
- Sales and Services	2,441,591	3,482,340	1,368,057	527,320	7,819,308
	<i>2,367,267</i>	<i>2,901,587</i>	<i>1,097,361</i>	<i>415,840</i>	6,782,055
- Other Income	15,216	11,319	1,343	5,116	32,994
	<i>45,005</i>	<i>2,385</i>	<i>2,398</i>	<i>96</i>	49,884
- Other Unallocable Income					245,489
					255,702
- Total Revenue	2,456,807	3,493,659	1,369,400	532,436	8,097,791
	<i>2,412,272</i>	<i>2,903,972</i>	<i>1,099,759</i>	<i>415,936</i>	7,087,641
ii. SEGMENT RESULTS	131,251	1,456,351	497,908	109,833	2,195,343
	<i>206,624</i>	<i>1,161,286</i>	<i>396,377</i>	<i>44,928</i>	1,809,215
iii. UNALLOCABLE EXPENSES (net of unallocable income)					455,872
					314,346
iv. OPERATING PROFIT					1,739,471
					1,494,869
v. INTEREST INCOME					948
					738
vi. INTEREST EXPENSE					95
					27,260
vii. PROVISION FOR TAX					
- Current income tax					358,837
					249,116
- Deferred tax					(21,191)
					(25,750)
- MAT Credit Entitlement					(154,634)
					(50,827)
viii. NET PROFIT					1,557,312
					1,295,808
ix. OTHER INFORMATION					
Segment assets	1,776,256	1,327,730	392,675	205,878	3,702,539
	<i>1,500,069</i>	<i>1,329,756</i>	<i>408,109</i>	<i>212,079</i>	3,450,013
Unallocable assets					5,314,918
					3,940,230
TOTAL ASSETS					9,017,457
					7,390,243
Segment liabilities	1,214,002	535,860	241,552	185,546	2,176,960
	<i>1,004,780</i>	<i>528,637</i>	<i>184,495</i>	<i>195,481</i>	1,913,393
Unallocable liabilities					869,420
					710,931
TOTAL LIABILITIES					3,046,380
					2,624,324
Capital Expenditure	2,933	28,367	4,585	19,606	
	<i>1,419</i>	<i>18,486</i>	<i>12,853</i>	<i>15,696</i>	
Depreciation	10,690	22,211	7,480	7,978	
	<i>10,791</i>	<i>24,919</i>	<i>8,768</i>	<i>7,667</i>	
Non-cash expenses other than depreciation	52,082	108,235	9,514	22,141	
	<i>73,180</i>	<i>2,812</i>	<i>15,958</i>	<i>10,517</i>	

- Unallocated assets include investments, advance tax and tax deducted at source.
- Unallocated liabilities include, deferred tax/current tax liabilities, proposed dividend and tax on proposed dividend.
- Amounts in italics represent previous year's figures.

b. Geographical Segment

(All amounts in Rs. / 000s)

	India	United States of America	United Kingdom	Others	Total
SEGMENT REVENUE					
- Sales and Services	5,554,001	1,819,080	245,431	323,580	7,942,092
	<i>4,962,564</i>	<i>1,485,115</i>	<i>181,641</i>	<i>270,810</i>	<i>6,900,130</i>
- Other Income	153,875	665	60	2,047	156,647
	<i>188,580</i>	<i>91</i>	<i>-</i>	<i>106</i>	<i>188,777</i>
TOTAL ASSETS	8,404,032	257,335	77,199	278,891	9,017,457
	<i>6,693,980</i>	<i>410,632</i>	<i>61,355</i>	<i>224,276</i>	<i>7,390,243</i>
TOTAL LIABILITIES	2,973,557	24,526	23,408	24,889	3,046,380
	<i>2,493,120</i>	<i>75,566</i>	<i>33,826</i>	<i>21,812</i>	<i>2,624,324</i>

Note: Amounts in italics represent previous year's figures.

19. As per the Transfer Pricing Rules of the Income tax Act, 1961 every company is required to get a transfer pricing study conducted to determine whether the international transactions with associated enterprises were undertaken at an arm's length basis for each financial year end. Transfer pricing study for the transactions during the year ended 31 March, 2011 is currently in progress and hence adjustments if any which may arise there from will be effective in the financial statements for the year ended 31 March, 2012. However in the opinion of the Company's management, adjustments, if any, are not expected to be material.

20. Earnings per share (EPS)

Particulars	Units	Year ended 31.03.11	Year ended 31.03.10
Net profit attributable to shareholders	Rs./000s	1,557,312	1,295,808
Weighted average number of equity shares in issue	Nos. 000s	15,150	15,150
Basic and diluted earning per share of Rs.10 each	Rs.	102.79	85.53
The Company does not have any outstanding dilutive potential equity shares.			

21. Subsequent event

The Board of Directors in the meeting held on 18 April, 2011 have recommended the issue of bonus share in the proportion of one new equity share for every exiting equity share subject to the approval of the shareholders.

22. Disclosures as per Micro, Small and Medium Enterprises Development Act, 2006 (MSMED)

Particulars	Year ended/ As at 31.03.11 (Rs./000s)	Year ended/ As at 31.03.10 (Rs./000s)
a. Amounts payable to suppliers under MSMED (suppliers) as on 31 March, 2011		
- Principal	2,774	-
- Interest due thereon	80	-
b. Payments made to suppliers beyond the appointed day during the year		
- Principal	-	-
- Interest due thereon	-	-
c. Amount of interest due and payable for delay in payment (which have been paid but beyond the appointed day during the year) but without adding the interest under MSMED	-	-
d. Amount of interest accrued and remaining unpaid as on 31 March, 2011	80	-
e. Amount of interest remaining due and payable to suppliers disallowable as deductible expenditure under Income Tax Act, 1961	80	-

Note: The information has been given in respect of such vendors to the extent they could be identified as micro and small enterprises as per MSMED on the basis of information available with the Company.

23. Previous year's figures have been presented for the purpose of comparison and have been regrouped/ reclassified where necessary.

For and on behalf of the Board

S. RAMADORAI

Chairman

J. K. GUPTA

Chief Financial Officer

R. RAMANAN

Managing Director & CEO

VIVEK AGARWAL

Company Secretary & Head-Legal

ADDITIONAL INFORMATION AS REQUIRED UNDER PART IV OF SCHEDULE VI
 TO THE COMPANIES ACT, 1956

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I. Registration Details

Registration No. State Code

Balance Sheet Date Date Month Year

II. Capital raised during the year (Amount in Rs. '000)

Public Issue
 Rights Issue
 Bonus Issue
 Private Placement (includes Adv. against Equity)

III. Position of mobilisation and deployment of funds (Amount in Rs. '000)

Total Liabilities
 Total Assets

Sources of Funds

Paid-up Capital (including Advance against Equity)
 Reserves and Surplus
 Secured Loans
 Unsecured Loans

Application of Funds

Net Fixed Assets
 Investments
 Net Current Assets
 Miscellaneous Expenditure
 Deferred Tax Assets
 Accumulated Loss

IV. Performance of the Company (Amount in Rs. '000)

Turnover
 Total Expenditure
 Profit/(Loss) Before Tax +/-
 Profit/(Loss) after Tax +
 Earning Per Share in Rs.
 Dividend Rate (%)

V. Generic Names of three Principal Products/Services of the Company (as per monetary terms)

Item Code No.
 (ITC Code)

Product Description AUTOMATIC DATA PROCESSING MACHINES

For and on behalf of the Board

S. RAMADORAI
 Chairman

R. RAMANAN
 Managing Director & CEO

J. K. GUPTA
 Chief Financial Officer

VIVEK AGARWAL
 Company Secretary & Head-Legal

New Delhi
 18 April, 2011

CMC Limited

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

ATTENDANCE SLIP

Folio No.	DP ID
Name	Client ID

I certify that I am a registered Shareholder/Proxy for registered Shareholder of the Company.

I hereby record my presence at the 35th Annual General Meeting of the Company at CMC's Auditorium, CMC Centre, Old Mumbai Highway, Gachibowli, Hyderabad – 500 032, A.P., on Monday, 27 June, 2011 at 3 p.m.

 Signature

Note:
 Please sign this attendance slip and hand it over at the attendance counter at the ENTRANCE OF THE MEETING HALL.

CMC Limited

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

PROXY FORM

I/We.....
 of.....
(Write full address)

.....being a Member(s) of CMC LIMITED, hereby appoint
 of*(Write full address)*

or failing him/her.....of.....

..... as my/our proxy to attend and vote for me/us and on my/our behalf at the 35th Annual General Meeting to be held on Monday, 27 June, 2011 at 3 p.m. and at any adjournment thereof.

AS WITNESS under my/our hands this _____ day of _____, 2011

Folio No. DPID No. Client ID No.

Signature Affix Revenue Stamp

NOTES :

1. The Proxy need NOT be a Member.
2. The Proxy Form must be deposited at the Registered Office not less than 48 hours before the scheduled time for holding the meeting.

National Award of Excellence for Corporate Governance from ICSI



Mr J K Gupta, CFO and Mr Vivek Agarwal, Company Secretary & Head – Legal receiving the Certificate of Recognition from Hon'ble Finance Minister, Mr Pranab Mukherjee.

CMC wins High Delta Award in TBEM Assessment



Mr R Ramanan, MD & CEO along with other CMCites receiving High Delta Award from Dr J J Irani, Chairman Tata Quality Management Services



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