CMC Limited

Your IT Partner

CMC Limited

34th Annual Report

2009 - 2010

A TATA Enterprise

Board of Directors

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

Management Team

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

CMC Limited

Thirty fourth annual report 2009 - 2010

Contents

Annual General Meeting will be held on Tuesday, June 29, 2010 at Bhaskara Auditorium, B M Birla Science Centre, Adarsh Nagar, Hyderabad - 500063 at 3 p.m. As a measure of economy, copies of the Annual Report will not be distributed at the Annual General Meeting. Members are requested to kindly bring their copies to the meeting.

Visit us at www.cmcltd.com

CORPORATE INFORMATION

Board of Directors

Mr S Ramadorai (Chairman)
Mr R Ramanan (Managing Director & CEO)
Dr KRS Murthy
Mr Surendra Singh
Ms Kalpana Morparia
Mr S Mahalingam (w.e.f. 14-01-2010)
Mr Ishaat Hussain (upto 03-01-2010)

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 Prashant K Shukla (COO)
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
Karvy House, 46, Avenue 4, Street No 1
Banjara Hills, Hyderabad - 500 034 (A.P.)

Stock Exchanges where Company's Securities are listed

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

Registered Office

CMC Centre
Old Mumbai Highway
Gachibowli, Hyderabad-500 032 (A.P.)
Tel. : 040-66578000 (10 lines)
Fax : 040-23000509

Corporate Office

PTI Building, 5th Floor
4, Sansad Marg
New Delhi-110 001
Tel. : 011-23736151-8 (8 lines)
Fax : 011-23736159

NOTICE

Notice is hereby given that the 34th Annual General Meeting of the Members of CMC Limited will be held on Tuesday, June 29, 2010 at 3 p.m. at Bhaskara Auditorium, B M Birla Science Centre, Adarsh Nagar, Hyderabad - 500063, to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the audited Profit and Loss Account for the year ended on 31st March, 2010 and the Balance Sheet as at that date and the Reports of the Board of Directors and the Auditors thereon.
2. To declare a dividend.
3. To appoint a Director in place of Mr Surendra Singh, who retires by rotation and, being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Dr K R S Murthy, who retires by rotation and, being eligible, offers himself for re-appointment.
5. To appoint Statutory Auditors and to fix their remuneration.

SPECIAL BUSINESS:

6. To consider and, if thought fit, to pass the following resolution as an Ordinary Resolution:

   "RESOLVED THAT Mr S Mahalingam be and is hereby appointed as Director of the Company liable to retire by rotation."

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

   "RESOLVED that pursuant to Sections 198, 269, 309, 310, 311 and other applicable provisions, if any, of the Companies Act, 1956 (the Act), read with Schedule XIII of the Act, the Company hereby approves of the re-appointment and terms of remuneration of Mr R Ramanan, Managing Director & CEO of the Company from December 13, 2009 to April 30, 2013, upon the terms and conditions as set out in the Explanatory Statement annexed to the Notice convening this meeting with liberty to the Board to alter and vary the terms and conditions of the said re-appointment and remuneration in such manner as may be agreed to between the Board and Mr R Ramanan."

   "RESOLVED FURTHER THAT the Board be and is hereby authorized to take all such steps as may be necessary, proper and expedient to give effect to this Resolution."

Mumbai
15 April, 2010

By order of the Board
For CMC Limited

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

VIVEK AGARWAL
Company Secretary & Head - Legal

Notes:

1. **A Member entitled to attend and vote is entitled to appoint a Proxy to attend and vote at the meeting instead of himself and the Proxy need not be a Member of the Company. The Proxy Form must be deposited at the Registered Office of the Company not later than 48 hours before the commencement of the meeting.**
2. The relevant details as required by Clause 49 of the Listing Agreements entered into with the Stock Exchanges of persons seeking appointment/re-appointment as Directors under item Nos. 3, 4 , 6 & 7 above are annexed hereto.
3. The relative explanatory statement pursuant to Section 173(2) of the Companies Act, 1956 setting out the material facts in respect of the business under item nos. 6 & 7 is annexed hereto.
4. 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.

5. For the convenience of the Members, attendance slip is enclosed elsewhere in the Annual Report. Members/Proxy Holders/Authorised Representatives are requested to fill in and sign at the space provided therein and surrender the same at the venue. Proxy/Authorised Representatives of a member should state on the attendance slip as 'Proxy' or 'Authorised Representative' as the case may be.
6. The Register of Members and the Share Transfer Books of the Company will remain closed from Tuesday, June 22, 2010 to Tuesday, June 29, 2010 (both days inclusive).
7. The dividend as recommended by the Board of Directors, if declared at the Annual General Meeting, will be paid at par after June 29, 2010 to (i) those Shareholders whose names appear on the Company's Register of Members after giving effect to all valid share transfers in physical form lodged with the Company on or before June 21, 2010; (ii) in respect of shares held in electronic form to those beneficiaries whose names appear in the statements of beneficial ownership furnished by National Securities Depository Limited (NSDL) and Central Depository Services (India) Ltd. (CDSL) as at the end of business hours on June 21, 2010.
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 claiming by the Shareholders:

Financial Year	Date of Declaration of divided	Last date for claim
2002-03	31-07-2003	30-07-2010
2003-04	30-08-2004	29-08-2011
2004-05	17-06-2005	16-06-2012
2005-06	27-06-2006	26-06-2013
2006-07	25-06-2007	24-06-2014
2007-08	24-06-2008	23-06-2015
2008-09	26-06-2009	25-06-2016

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

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

9. Pursuant to Section 109A of the Companies Act, 1956, Shareholders are entitled to make nomination in respect of shares held by them. Shareholders desirous of making nominations are requested to send their requests in Form No. 2B in duplicate (which will be made available on request) to the Registrars & Share Transfer Agents of the Company.
10. Members are requested to send their queries, if any, to the Company's Corporate Office at New Delhi at least ten days before the date of the meeting so that information can be made available at the meeting.
11. As an austerity measure, copies of the Annual Report will not be distributed at the Annual General Meeting. Members are requested to bring their copies to the meeting.

By order of the Board
For CMC Limited

Mumbai **VIVEK AGARWAL**
15 April, 2010 **Company Secretary & Head - Legal**

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

(Pursuant to Clause 49 of the Listing Agreement)

Particulars	**Mr Surendra Singh**	**Dr KRS Murthy**	**Mr S Mahalingam**	**Mr R Ramanan**
Date of Birth	21.07.1937	22.03.1938	10.02.1948	09.10.1958
Date of Appointment	16.10.2001	16.10.2001	14.01.2010	16.10.2001
Qualifications	M.Sc., I.A.S. Officer	Doctorate in Business Administration from Harvard Business School, Masters in Mgmt. from Sloan School, MIT. Gold Medalist of Mysore University.	Chartered Accountant	B. Tech. (Electrical Engg.)
Expertise in specific functional areas	Business and Finance Management	Business Management	Finance Management	Business Management
Chairmanships/ Directorships of other Companies (excluding foreign companies and Section 25 companies)	NIIT Limited NIIT Technologies Limited Jubilant Organosys Limited NIIT Smart Serve Limited	National Stock Exchange of India Limited Himatsingka Seide Limited Brigade Enterprises Limited	Tata Consultancy Services Limited AP Online Limited WTI Advanced Technology Limited Tata Realty and Infastructure Limited	Tata Business Support Services Limited
Chairmanships / Memberships of committees of other Public companies (includes only Audit Committee and Shareholders/ Investors Grievance Committee	**Audit Committee** NIIT Limited NIIT Technologies Limited Jubilant Organosys Limited **Shareholders / Investor Grievance Committee** NIIT Limited - Chairman Jubilant Organosys Limited	**Audit Committee** Himatsingka Seide Limited Brigade Enterprises Limited **Shareholders / Investor Grievance Committee** Brigade Enterprises Limited	**Audit Committee** Tata Realty and Infrastructure Limited - Chairman	-
Number of Shares held in the Company	NIL	NIL	NIL	NIL

For CMC Limited

Mumbai
15 April, 2010

VIVEK AGARWAL
Company Secretary & Head - Legal

Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956

Item No. 6

Appointment of Mr S Mahalingam as a Director

Mr S Mahalingam was appointed as an Additional Director pursuant to Articles 82 & 85 of the Articles of Association of the Company by the Board of Directors at its meeting held on January 14, 2010.

As per provisions of said Articles and Section 260 of the Companies Act, 1956, Mr S Mahalingam holds office up to the date of this Annual General Meeting. The Company has received a notice along with the deposit of Rs 500 from a Member signifying intention to propose the appointment of Mr S Mahalingam as Director of the Company liable to retirement by rotation.

The Board of Directors is of the opinion that it would be in the interest of the Company to avail of Mr Mahalingam's experience and his continuance will be of benefit to the Company.

The resolution is accordingly recommended for the approval of the Members.

None of the Directors except Mr S Mahalingam is concerned or interested in the Resolution.

Item No. 7

Re-appointment of Mr R Ramanan as Managing Director & CEO

The Board of Directors of the Company ("Board") has on December 09, 2009, re-appointed Mr R Ramanan, as Managing Director & Chief Executive Officer (MD & CEO) of the Company with effect from December 13, 2009 to April 30, 2013, subject to the approval of the Members.

Mr R Ramanan, aged 51 years, is a B.Tech. (Electrical Engg.) from IIT Mumbai with more than 28 years of rich working experience. He held several key positions in Tata Consultancy Services ("TCS"), starting his career as a Software Engineer in July 1981. He has been a Project Leader, a Group Leader and an Overseas Regional Manager representing TCS in USA. Mr R Ramanan was appointed as Dy. Managing Director & COO of the CMC Limited w.e.f. October 16, 2001. He was elevated to the post of MD & CEO w.e.f. December 13, 2003. He was re-appointed as MD & CEO w.e.f. December 13, 2006 for a period of 3 years on the recommendation of the Board and your approval.

On the recommendations of the Governance Committee, the Board, at its meeting held on December 09, 2009, approved the terms and conditions of his re-appointment, subject to the approval of the Members.

The main terms and conditions relating to the re-appointment of Mr R Ramanan as MD & CEO are as follows:

A. Tenure of Appointment:

The re-appointment of the MD & CEO is with effect from December 13, 2009 to April 30, 2013.

B. Nature of Duties:

The MD & CEO shall devote his whole time and attention to the business of the Company and carry out such duties as may be entrusted to him by the Board, and exercise such powers as may be assigned to him, subject to the superintendence, control and directions of the Board in connection with and in the best interest of the Company and the business of its subsidiary, including performing duties as assigned by the Board from time to time, by serving on the Board of its subsidiary or any other executive body or Committee of such a Company.

C. Remuneration:

(i) Basic Salary upto Rs. 3,50,000 per month. The annual increments which will be effective 1st April each year will be decided by the Board and merit based and takes into account the Company's performance. In addition to the basic salary payable, MD & CEO shall also be entitled to benefits, perquisites & allowances as determined by the Board from time to time and incentive remuneration and/or commission based on certain performance criteria to be prescribed by the Board.

(ii) Minimum Remuneration: Notwithstanding anything to the contrary herein contained where in any financial year during the currency of the tenure of the MD & CEO, the Company has no profits or its profits are inadequate, the Company will pay remuneration by way of salary, benefits, perquisites, allowances and incentive remuneration as specified above.

D. Other terms of Appointment:

(i) The MD & CEO shall not become interested or otherwise concerned, directly or through his spouse and/or children, in any selling agency of the Company.

(ii) The terms and conditions of appointment of the MD & CEO may be altered and varied from time to time by the Board as it may, in its discretion deems fit, irrespective of the limits stipulated under Schedule XIII to the Act or any amendments made hereafter in this regard in such manner as may be agreed to between the Board and the MD & CEO, subject to such approvals as may be required.

(iii) The appointment may be terminated by either party by giving to the other party six months' notice of such termination or the Company paying six months' remuneration in lieu thereof.

(iv) The employment of the MD & CEO may be terminated by the Company without notice for payment in lieu of notice:

(a) If the MD & CEO is found to be guilty of any gross negligence, default or misconduct in connection with or affecting the business of the Company of any subsidiary company to which he is required by the Agreement to render services; or

(b) In the event of any serious repeated or continuing breach (after prior warning) non-observance by the MD & CEO of any of the stipulations contained in the agreement to be executed between the Company and the MD & CEO; or

(c) In the event the Board expresses its loss of confidence in the MD & CEO.

(v) In the event of MD & CEO is not in a position to discharge his official duties due to any physical or mental incapacity, the Board shall be entitled to terminate his contract on such terms as the Board may consider appropriate in the circumstances.

(vi) Upon the termination by whatever means of the MD & CEO's appointment:

(a) The MD & CEO shall immediately tender his resignation as Director of the Company and from such other offices held by him in the Company, in subsidiary company without claim for compensation for loss of office.

(b) The MD & CEO shall not without the consent of the Company at any time thereafter represent himself as connected with the company or any of its subsidiary company.

(vii) The MD & CEO is appointed as a Director by virtue of his employment in the Company and his appointment shall be subject to the provisions of Section 283(1)(I) of the Act. The MD & CEO will not be liable to retire by rotation.

(viii) The terms and conditions of the appointment of the MD & CEO also include clauses pertaining to adherence with the Tata Code of Conduct, no conflict of interest with the Company and maintenance of confidentiality.

(ix) If and when the Agreement expires or is terminated for any reason whatsoever, the MD & CEO will cease to be the Managing Director and Chief Executive Officer, and also cease to be a Director. If at any time, the MD & CEO ceases to be a Director of the Company for any reason whatsoever, he shall cease to be the Managing Director & Chief Executive Officer, and the Agreement shall forthwith terminate. If at any time, the MD & CEO ceases to be in the employment of the Company for any reason whatsoever, he shall cease to be a Director and Managing Director & Chief Executive Officer of the Company.

In compliance with the provisions of Section 309 read with Schedule XIII of the Act, terms of the remuneration specified above are now being placed before the Members in General Meeting for their approval.

Mr R Ramanan is concerned or interested in Item No. 7 of the Notice.

As required under Section 302 of the Companies Act, 1956 ("Act"), an abstract of the main terms and conditions of the re-appointment of Mr R Ramanan together with the memorandum of concern or interest has been sent to the Members earlier.

The Resolution regarding the re-appointment and remuneration of the MD & CEO at Item No. 7 is commended for acceptance by the Members.

By Order of the Board
For CMC Limited

Mumbai
15 April, 2010

VIVEK AGARWAL
Company Secretary & Head - Legal

DIRECTORS' REPORT

TO THE MEMBERS OF CMC LIMITED

Your Directors have pleasure in presenting the 34th Annual Report and the Audited Statement of Accounts for the year ended March 31, 2010.

1. FINANCIAL RESULTS

(Rs. in Crore)

Particulars	2009-10	2008-09
Income from Sales and Services	**690.01**	820.45
Other Income	**18.75**	19.81
Total Income	**708.76**	840.26
Operating Expenses	**549.46**	701.42
Profit before Depreciation, Interest and Tax	**159.30**	138.84
Depreciation	**9.82**	9.29
Interest	**2.65**	1.88
Profit before Tax	**146.83**	127.67
Provision for Taxation (incl. deferred income tax)	**17.25**	22.10
Profit after Tax	**129.58**	105.57
Add: Profit brought forward from previous year	**338.95**	270.52
Amount available for appropriations	**468.53**	376.09
Appropriations		
Proposed Dividend	**30.30**	22.73
Tax on Proposed Dividend	**5.15**	3.86
Transfer to General Reserve	**12.96**	10.55
Balance carried forward to Balance Sheet	**420.12**	338.95
	468.53	376.09

1.1 OPERATING RESULTS

During the year, your Company earned total revenue of Rs. 708.76 crore compared with Rs. 840.26 crore during the previous year, registering a decline of 16% primarily due to reduction in sale of low margin equipments. The income from Sales and Services is Rs. 690.01 crore as compared to Rs. 820.45 crore earned in the last year.

The profit before tax at Rs. 146.83 crore registered an increase of 15% over the previous year mainly on account of improvement in business mix towards more service and international business accompanied by improvement in operating efficiencies. The Company made a provision of tax totalling to Rs. 17.25 crore. The Profit after Tax stood at Rs. 129.58 crore registering an increase of 22.7% over the previous year.

2. DIVIDEND

In view of the improvement in profits of the Company, your Directors recommend for approval of the Members an enhanced dividend at the rate of Rs. 20 per equity share of Rs. 10 each on the paid-up equity share capital as at March 31, 2010.

3. TRANSFER TO RESERVES

The Company proposes to transfer Rs. 12.96 crore to the General Reserve out of the amount available for appropriation, and an amount of Rs. 420.12 crore is proposed to be retained in Profit and Loss Account.

4. BUSINESS OPERATIONS

The business operation of the Company is divided into four Strategic Business Units (SBUs):

4.1. Customer Services (CS)

The CS SBU undertakes activities related to IT infrastructure including infrastructure architecture, design and consulting services; turnkey system integration of large network and data centre infrastructures including supply of associated equipment and software; on-site and remote facilities management of multi-location infrastructures of domestic and international clients.

The CS SBU earned revenue of Rs. 241.23 crore during the year compared to Rs. 383.44 crore during the previous year. The drop in revenue by 37% is attributable to decrease in the low margin equipment business.

Your Company continued with its strategy of defocusing from low margin TPP business this year as well. At the same time, your Company focussed on enabling and winning infrastructure business in CS SBU. Among other areas, your Company won more business by introducing new services, such as, National rollout and Help Desk Facility Management. Also, it has strategically invested on enabling infrastructure, to grow the Remote Infrastructure Management Business and emerging areas related to Security Infrastructure and Video Surveillance.

4.2 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.

The SI SBU earned revenue of Rs. 290.40 crore during the year compared with Rs. 312.05 crore earned in the previous year. The drop in revenue is primarily due to change in billing to Subsidiary Company from gross billing to net billing under which onsite living expenses are borne and paid by the Subsidiary Company.

In the domestic market, the SI SBU continues to be a strong player in general insurance sector, defence, securities, transport and e-Governance space.

During the current year, the SI SBU continued to grow in several significant industry verticals both in domestic and international. Your Company has continued to make more solutions available through its critical investments in Defence Sector, where it has been a solution supplier for several years. Your Company has further strengthened its position with the existing clients in the BFSI Sector, Space, ERP, e-Governance and Biometrics areas. 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. 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.

4.3 IT enabled Services (ITeS)

The ITeS SBU provides a variety of IT enabled services which include Business 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, your Company continues to work for Election Commission as a state-level agency.

The ITeS SBU earned revenue of Rs. 109.98 crore during the year compared to Rs. 72.29 crore in the previous year. The ITeS SBU has shown significant growth in the scope of its offerings and the size of its customer base. By developing capabilities and providing 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.

4.4 Education & Training (E&T)

The E&T SBU of the Company offers a wide range of courses that vary from Information Technology to Soft Skills training to integrated career development programmes. The Company offers integrated Learning Programs for several corporations, and also conducts inductions and refresher programmes. In addition to the training programs for employees, it also delivers various skill enhancement programs for experienced people from the industry.

The E&T SBU earned revenue of Rs. 41.59 crore compared to Rs. 44.47 crore in the previous year. The decrease in revenue by 6.48% is primarily attributable to the change in the revenue recognition for one of the large customers of E&T.

There is a huge gap in Indian IT industry for highly trained resources. To bridge this gap, your Company has launched its flagship program, C-JET under which professionals are imparted with necessary IT skill-sets by intensive exposure to theoretical and practical work experience which found favour with several fresh graduates as it trains them and bridges the gap between academic education they receive from educational institutions and specific expertise required by the industry. Your Company has also tied up with various vendors to give their offerings to professionals. E&T SBU continues to be a preferred vendor for a large number of IT and ITeS Companies, both for induction programmes as well as for refresher programmes.

5. SPECIAL ECONOMIC ZONE

The Company is setting up an IT and ITeS Sector specific Special Economic Zone (SEZ), named Synergy Park, at its Campus at Gachibowli, Hyderabad. The project is progressing well. The overall project with a seating capacity of around 9,000 will be completed by the end of 2010-11. Phase I of the project with a seating capacity of around 2,700 in three ODCs is now fully functional. The Company has spent Rs 59.11 crore on this project till March 31, 2010.

6. CREDIT RATING

ICRA Limited has 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. ICRA has reaffirmed A1+ rating for short term debt instruments up to Rs 100 crore and LAA rating for long term exposure (both fund based as well as non-fund based) for a total amount of Rs. 250 crore. This will enable the Company to access banking services at low cost and reflects the improvement in margins, working capital management and cash flows of the Company.

7. SUBSIDIARY COMPANY

Your Company has a wholly owned subsidiary CMC Americas Inc. in USA. Copies of the Balance Sheet, Profit & Loss Account and Report of the Auditors of the Subsidiary Company have not been attached as per approval granted by the Ministry of Corporate Affairs, Government of India under Section 212(8) of the Companies Act, 1956. However, as per the terms of the exemption letter, a statement containing brief financial details of the Subsidiary Company for the year ended March 31, 2010 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 Subsidiary as per Accounting Standard (AS)21-"Consolidated Financial Statements" and form part of the Annual Report and Accounts.

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

8. FIXED DEPOSIT

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

9. LISTING

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

10. DIRECTORS

Mr S Mahalingam was appointed on the Board of the Company with effect from January 14, 2010 as an Additional Director. As per provisions of Section 260 of the Companies Act, 1956, Mr S Mahalingam holds office only up to the date of the forthcoming Annual General Meeting of the Company. The Company has received a notice under Section 257 of the Act along with the requisite deposit, in respect of Mr Mahalingam, proposing his appointment as a Director of the Company.

The Board at its meeting held on December 09, 2009 re-appointed Mr R Ramanan as Managing Director & CEO with effect from December 13, 2009 to April 30, 2013 subject to the approval of the Members of the Company. The resolution on re-appointment and remuneration of Mr R Ramanan has been put up for consideration and approval of the Members.

Mr Ishaat Hussain stepped down from the Board with effect from January 04, 2010. The Board records its appreciation of the rich and valuable contributions of Mr Ishaat Hussain during his tenure as a Director.

Mr Surendra Singh and Dr KRS Murthy, Directors, retire by rotation and being eligible, have offered themselves for re-appointment.

11. CORPORATE SUSTAINABILITY

Corporate Sustainability (CS) is near to CMC's heart and forms an integral part of its business. CS implies environment friendly corporate behavior ensuring Business Operations which holistically address the needs of multiple stakeholders and communities they serve in.

CMC has formed a voluntary association comprised of its employees and their families called `Maitree' to address large scale societal problems, through active employee participation.

Maitree works as a common platform for taking measures to safeguard Health, education and express concern for the environment. Maitree organises workshops and through in-house doctors improves employees' health and assist in stress management.

Maitree focused its efforts towards helping under privileged and physically challenged children to overcome their difficulties by organizing medical checkups, sports activities, and also by helping their support-institutions with volunteers and financial assistance. During the year under review, Maitree organised cataract operations camp for the underprivileged, blood donation camps, distribution of course material to convicts, organised dental camp for schools, aid to flood victims of Yalavatti in Gadag district etc.

Your Company regards climate change mitigation and environmental improvement as essential elements of the company's sustainable business philosophy. Company has prepared a full fledged plan to Greening Customer's IT Operations (Green Data Centres) by using energy saving IT assets, cost optimization of Data centre assets. Greening Customer's Business Operations using IT solutions like Carbon Audit, Process Optimisation, ERP & Document Management for paperless operations, Green buildings etc.

12. BUSINESS EXCELLENCE AND QUALITY INITIATIVES

Your Company continues to strive towards operational and delivery excellence and customer centricity with a renewed focus on the path of business excellence using the Tata Business Excellence Model (TBEM). Your Company was subject to an external assessment for TBEM and also participated in the Tata group Management of Business Ethics survey covering all workforce segments and suppliers, action plans to address findings are underway. In line with new areas of emphasis in the TBEM model, CMC also launched C-Green initiatives towards social and environment sustainability.

During the year, CMC Center at Hyderabad was assessed at SEI CMMI Level 5 and was also recertified for ISO 9000, upgrading to ISO 9001:2008 standards covering software services as well as embedded system services. Your Company intends to progressively increase the scope of such assessments to other locations / regions and functions.

13. CORPORATE GOVERNANCE

As required under Clause 49 of the Listing Agreement with the Stock Exchanges, the report on Management Discussion and Analysis, Corporate Governance, the Auditors' Certificate regarding compliance to Corporate Governance form part of the Annual Report. Your Company is adhering to the Secretarial Standard norms issued by the Institute of Company Secretaries of India.

14. 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.

15. DIRECTORS' RESPONSIBILITY STATEMENT

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

i) In the preparation of the Annual Accounts, the applicable Accounting Standards have been followed with no material departures;

ii) The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent, so as to give a true and fair view of the state of affairs of the Company as on March 31, 2010 and of the profit of the Company for that period;

iii) The Directors 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 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and

iv) The Directors have prepared the Annual Accounts on a going concern basis.

16. 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 as required under the Companies Act, 1956.

17. PARTICULARS OF STAFF

Information as required under section 217(2A) of the Companies Act, 1956, read with Companies (Particulars of Employees) Rules, 1975 will be made available on request by the Members.

18. ACKNOWLEDGEMENTS

The Directors 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 their continued support and confidence in the management.

For and on behalf of the Board

Mumbai — **S RAMADORAI**

15 April, 2010 — **Chairman**

Annexure to the Directors' Report

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, 2010

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

b. Benefits derived as a result of R&D

I. The investments made in GPS, Mobile and Biometrics technology have helped the company win new orders and position it for rich solutions in a variety of industry verticals. It has also helped the Company offer product upgrades and enhanced solution capabilities to its existing customers.

II. The investment in digitization solution has improved the accuracy of solution delivery and enabled the Company to win more business through a unique combination of technology and process.

III. Similarly, the enhancement of technology and solution assets for insurance sector has helped the Company provide more solution options to its existing customer and also helped win newer orders.

IV. The Company also continues to win more business in shipping and ports area because of the investment it made in the technology architecture of its assets in this particular domain.

V. Keeping in view the heavy investment in power sector and Railways, the Company's investment in SCADA technologies has not only helped it win new order but also positioned it for winning more business in the years to come.

c. Future Plan of Action

I. While the Company continues to develop competence in identified areas to keep pace with the fast changing technologies, we are in the process of revamping our products and services roadmaps considering various critical factors including voice of the customer, the current market technology trends and feedback from alliances.

II. This process will help the Company retain its technology edge and agility to meet market requirements in increasingly competitive situation.

III. Company will also develop solutions for various market segments integrating these technologies. More specifically some of being planned development initiatives are:

1. Insurance solutions
2. e-Governance Solutions
3. Biometrics based solutions
4. Mobile technology based solutions
5. SCADA solutions
6. GPS Solutions
7. ITeS and Digitization solutions

d. **Expenditure on R&D**

(Rs. in crore)

	Particulars	**2009-10**	2008-09
A	Capital	**0.09**	0.19
B	Recurring	**7.35**	6.64
C	Total	**7.44**	6.83
D	Total R&D Expenditure as a percentage of Turnover	**1.08**	0.83

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, COO, 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.193.40 crore while the outgoings were Rs. 41.89 crore.

For and on behalf of the Board

Mumbai — **S RAMADORAI**

15 April, 2010 — **Chairman**

MANAGEMENT DISCUSSION AND ANALYSIS

Overview

The financial statements have been prepared in compliance with the requirements of the Companies Act, 1956 and Generally Accepted Accounting Principles (GAAP) in India. There are no material departures from prescribed accounting standards in the adoption of these standards. The management of CMC Limited accepts responsibility for the integrity and objectivity of these financial statements, as well as for various estimates and judgments used therein. These estimates and the judgments relating to the financial statements have been made on a prudent and reasonable basis, in order that the financial statements reflect in a true and fair manner, the form and substance of transactions and the state of affairs and profits for the year.

Industry Structure and Development

The financial crisis that began in the later part of 2008 continued to cast its shadow on global economy throughout last financial year. Although there were occasional green shoots, business confidence continued to be low globally. India however managed the situation effectively through a combination of financial stimulus and other policies that supported the inherent strength of Indian economy. Towards later part of the financial year 2009-10, India's GDP growth appears to have stabilized. Even globally, the projections of future are reflecting optimism and worst seems to be a past for the economy.

Global IT industry is an infrastructure industry and economy trends get projected through the performance of IT industry. Against a drop of about 5.2% in worldwide IT spending in 2009, Gartner expects the growth of about 3.3% in 2010. Revenue levels of 2008 are expected to be reached only by 2012. IT services and software segments are expected to grow by about 4.5% and 4.8% respectively in 2010 while hardware segment is expected to remain flat.

With Indian economy projected to grow at 7.98% (IMF projection Oct-2009), the domestic IT market is likely to grow by about 13% in 2010 as per IDC. Hardware segment, which declined by about 4% in 2009 is expected to bounce back with projected growth of about 11%. The services and software segment has grown by 15.4% and 14.1% respectively. With established presence in hardware segment and increased focus on services, CMC is well poised to benefit from this growth.

Opportunities and Threats

Opportunities:

Recovery and growth of economy as well as significant technology changes are presenting several opportunities to CMC.

- Cloud computing is emerging as a major disruptive force for both IT vendors and users. Cloud computing is Internet-based computing, whereby shared resources, software and information are provided to computers and other devices on-demand, like a public utility. Ability to effectively manage the cost without compromise on performance and several other benefits such as reliability and flexibility is making cloud computing an attractive proposition for enterprises. Gartner predicts that up to 20% of companies will own no IT assets of their own by 2012. Recognizing the potential of this trend, CMC is developing competency as well as alliances in this technology and services area.
- Another key technological change is the domination of smart phones over traditional desktops and laptops. By 2013, number of mobile phones could easily surpass PCs, as preferred way to access the net. This will be opening up several opportunities for mobile friendly applications as well as revamping of web sites to make them easier to surf on a mobile gadget.
- Enhanced awareness and concern for global warming is leading all enterprises to look for ways to reduce their carbon footprint without compromise on business growth and potential. CMC is readying itself with services in the area of Green IT as well an IT for green. An eco-system of partners and alliances is being set up to address this opportunity.
- Improving fortunes of IT industry is increasing the demand for IT professionals and large scale recruitment. The Education and Training SBU of CMC is offering courses and programs in both retail and corporate segment to address this need.

Threats:

As Indian economy continues to outpace developed economies in the world, India continues to be an attractive market for major IT players. This enhanced focus on India continues to exert competitive pressure on CMC's performance in domestic market.

The growth in the economy and IT industry is expected to lead to increase in attrition next year. This pressure on attrition as well as fast changing technology landscape will necessitate increased investment in its people and innovative approaches to retain and develop right talent.

Financial Performance

Revenues:

During the year under review, the Company earned total operating revenue of Rs. 690.01 crore compared with Rs. 820.45 crore during last year, registering a decline of 15.9% primarily on account of a 56.5% drop in low margin equipment business. The share of equipment business in total operating revenue declined from 28.3% last year to 14.6% in the year under review, with the corresponding improvement in the share of services revenue from 71.7% to 85.4%, as a part of the strategy of the Company to continuously improve the revenue mix. Similarly the share of international revenue increased from 31.7% to 36.9%. The other income decreased marginally from Rs. 19.81 crore to Rs. 18.75 crore. The Company had earned exchange gain of Rs. 9.45 crore due to about 26% rise in value of US Dollar against India Rupee during last year, while the Company incurred an exchange loss of Rs. 6.01 crore during the year under review, which has been included in operating and other expenses. However the Company increased its earnings from investment of surplus funds from Rs. 4.71 crore in the previous year to Rs. 9.01 crore during the year under review.
The revenue mix of 2009-10 compared with 2008-09 is given below:

Particulars	2009-10		2008-09	
	(Rs / crore)	%	(Rs / crore)	%
Equipment	101.01	14.6	231.96	28.3
Services	589.00	85.4	588.49	71.7
Total Operating Revenue	**690.01**	**100**	**820.45**	**100**
Domestic	435.41	63.1	560.07	68.3
International	254.60	36.9	260.38	31.7
Total Operating Revenue	**690.01**	**100**	**820.45**	**100**

Expenditure:

During the year under review, the operating expenses at Rs 549.46 crore decreased by 21.7% compared with Rs. 701.42 crore incurred in the previous year in line with variation in operating revenue. As a percentage of total operating revenue, these expenses registered a decline to 79.6% from 85.5%. Cost of equipment purchase for resale has declined by 56.32% to Rs. 97.36 crore in line with 56.5% decline in revenue from sale of equipments. Manpower cost has gone up by 6% on account of increase in manpower strength by 3.1% and general increase in level of compensation to employees. The manpower cost as a percentage of operating revenue has increased from 25.9% to 32.7% due to higher share of manpower intensive services business. Living expenses have decreased by 81.23% due to change in billings to the Subsidiary Company, CMC Americas, Inc. from Gross billing to net billing, under which the onsite living expenses are borne and paid by CMC Americas, Inc. Components and spares cost has gone down by 24.5% to Rs. 21 crore due to 6.9% decline in Maintenance Services business and improved efficiencies in execution. The cost of sub-contracts/outsourcing services has gone up by 7.1% primarily due to increase in ITES revenue by 52.1%. Other operating expenses have decreased by 3.9% to Rs. 115.48 crore compared with Rs. 120.17 crore due to various cost control measures.

As a result, Operating Profit (EBITDA) has increased by 18.1% from Rs. 119.03 crore to Rs. 140.55 crore and as a percentage of total operating revenue, EBITDA margin has increased from 14.5% to 20.4%.

The interest cost increased to Rs. 2.65 crore during the current year compared with Rs. 1.88 crore incurred in the last year as a result of full year impact of borrowing for SEZ project in Hyderabad. Depreciation charge increased marginally by 5.7% from Rs. 9.29 crore to Rs. 9.82 crore primarily due to capitalization of assets worth Rs. 21.30 crore during the year.

As a result, Profit before Tax (PBT) has increased by 15.0% from Rs. 127.67 crore to Rs. 146.83 crore and as a percentage of total revenue PBT margin has increased from 15.2% to 20.7%.

The provision for taxation (including deferred tax and taxes levied in foreign countries) reduced to Rs. 17.25 crore from Rs. 22.10 crore in the last year primarily due to tax concession available on increased revenue from International business, rental income from SEZ and dividend from Mutual Funds. The effective tax rate for the Company has decreased from 17.3% to 11.7%. The Company got covered under the provisions of Minimum Alternative Tax (MAT) during the year. However the Company has taken a MAT credit entitlement amounting to Rs. 5.08 crore.

Profit after Tax (PAT) has increased from Rs. 105.57 crore to Rs. 129.58 crore, an increase of 22.74% over the previous year. PAT as a percentage of total revenue has increased from 12.6% to 18.3%.

Financial Position

Fixed Assets

The Company's gross fixed assets as at 31st March, 2010 was Rs. 190.25 crore (including capital WIP) compared to Rs. 174.69 crore as at the beginning of the year, resulting in an increase of 8.9% during the year, mainly on account of Rs. 18.54 crore spent during the year on ongoing project of setting up Special Economic Zone (SEZ) at Gachibowli Campus of the Company at Hyderabad.

Investments

Investments increased from Rs. 128.06 crore as at 31st March, 2009 to Rs. 203.50 crore as at 31st March, 2010, on account of increase in investment of surplus funds in debt based funds run by various mutual funds.

Working Capital

Net current assets as at 31st March, 2010 declined to Rs. 153.62 crore compared to Rs. 189.11 crore at the beginning of the year, mainly on account of decline in current assets from Rs. 486.35 crore to Rs. 416.05 crore and decrease in current liabilities provisions from Rs. 297.24 crore to Rs. 262.43 crore. Loans and advances have increased from Rs. 110.72 crore to Rs. 114.01 crore, primarily on account of advances paid to Contractors for construction of the SEZ. Sundry debtors have decreased substantially from Rs. 227.25 crore to Rs. 166.16 crore. Of Rs. 166.16 crore of debtors, Rs. 56.76 crore is due over 6 months. The level of debtors in terms of number of days has decreased from 101 days to 88 days sales. The level of accrued debtors has increased from 44 days to 57 days sales. Total debtors days have remained flat at 145 days.

Capital Structure

Net worth of the Company as at 31st March, 2010 was Rs. 476.59 crore compared with Rs. 382.51 crore at the beginning of the year resulting in an increase of 24.6% during the year mainly on account of profit after tax earned during the year.

Loan funds as at 31st March, 2010 were Nil, as compared with Rs. 34.49 crore at 31st March, 2009. The Company repaid the whole of the outstanding loan to TCS. As a result the debt equity ratio has come down to 0.00:1.

Segment-wise Review

Customer Services

The Customer Services (CS) SBU earned revenue of Rs. 241.23 crore during the year under review compared to Rs. 383.44 crore in the previous year, registering a decline of 37%, primarily on account of defocus from low margin equipment business. The share of CS SBU revenue in total revenue was 34% during the year under review compared to 45.6% in the previous year. The Profit Before Interest and Tax (PBIT) earned by CS SBU during the year under review was Rs. 20.66 crore, a decrease of 1.43% over Rs. 20.96 crore earned in the previous year in line with decline in revenue. However the PBIT margin improved to 8.6% during the year under review compared to 5.5% during the previous year due to focus on more value added business. CS SBU's contribution to total PBIT has declined from 16.2% to 14.1% during the year under review.

Systems Integration

The Systems Integration (SI) SBU earned revenue of Rs. 290.40 crore during the year under review compared to Rs. 312.05 crore in the previous year, registering a decline of 6.9%, due to change in billings to the Subsidiary Company CMC Americas, Inc. from gross billing to net billing in respect of onsite projects. The share of SI SBU revenue in total revenue increased to 41% during the year under review as compared to 37.1% in the previous year. The Profit Before Interest and Tax (PBIT) earned by SI SBU during the year under review was Rs. 116.13 crore, an increase of 1.8% over Rs. 114.12 crore earned in the previous year. PBIT Margin of SI SBU increased to 40% during the year under review compared to 36.6% during the previous year due to improvement in revenue mix. SI SBU's contribution to total PBIT has decreased from 88.1% to 77.7% during the year under review.

IT enabled Services

The IT enabled Services (ITeS) SBU earned revenue of Rs. 109.98 crore during the year under review compared to Rs. 72.29 crore in the previous year, registering an increase of 52.1%, primarily on account of growth in domestic and international projects. The share of ITeS SBU revenue in total revenue increased to 15.5% during the year under review as compared to 8.6% in the previous year. The Profit Before Interest and Tax (PBIT) earned by ITeS SBU during the year under review was Rs. 39.64 crore, an increase of 159.8% over Rs. 15.26 crore earned in the previous year. PBIT Margin of ITeS SBU increased to 36% during the year under review compared to 21.1% during the previous year due to improvement in revenue mix. ITeS SBU's contribution to total PBIT has increased from 11.8% to 26.5% during the year under review.

Education & Training

The Education and Training (E&T) SBU earned revenue of Rs. 41.59 crore during the year under review compared to Rs. 44.47 crore in the previous year, registering a decline of 6.5%, primarily due to decline in general market conditions. The share of E&T SBU revenue in total revenue increased to 6% during the year under review compared to 5.3% in the previous year. The Profit Before Interest and Tax (PBIT) earned by E&T SBU during the year under review was Rs. 4.49 crore, a decline of 10.2% over Rs. 5 crore earned in the previous year, due to decline in revenue. E&T SBU's contribution to total PBIT has declined from 3.9% to 3% during the year under review.

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, 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.

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 its mitigation in a decentralized fashion.

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 risks. The Company continuously makes efforts to broad base and diversify its revenue stream 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. Therefore, the Company makes efforts to strike a balance. CMC 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 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 and 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/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. CMC has chosen to focus on several selected vertical segments with a view to leverage accumulated domain expertise to deliver enhanced value to its clients.

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, CMC has chosen not to impose rigid concentration limits. Often, industry characteristics and market dynamics determine the choice of technology.

2. Financial risks

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.

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. However the Company has 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 also takes forward covers selectively to protect against movement in foreign currency rates.

The Company enjoys exemption from levy of income tax on profits earned by its Software Technology Parks. Any change in tax laws can adversely affect the Profit after Tax of the company. The Company is in the process of setting up a Special Economic Zone (SEZ) in its campus at Gachibowli, Hyderabad. Export of services from SEZ is eligible for certain tax exemptions, which will enable the Company to enjoy tax exemptions for longer term.

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. Internal process risks

The key resource for CMC is its employees. 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 has also implemented differential pay structure to attract and retain high performers and employees possessing key skills and domain knowledge.

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.

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 organisation 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.

Human Resources

CMC provides a synergistic work culture allowing its employees an open knowledge sharing environment.

The Company structural changes brought into place provide greater delivery excellence, bringing focus and will also help in optimization of manpower utilization.

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

The major thrust continues in the effort to bring about measurable change in training coverage and effectiveness, increasing the Learning and Development opportunities for every staff member. Greater thrust has been given to employee engagement activities during the current year.

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

The staff strength of the Company as on 31st March, 2010 was 5551 (including employees on contract) as compared to 5383 as on 31st March, 2009.

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.

CORPORATE GOVERNANCE REPORT

1. Company's philosophy on Corporate Governance

As a part of Tata Group, CMC believes that Corporate Governance is not just limited to creating checks and balances. It is more about creating organization excellence leading to increasing stakeholders' value. The primary objective of Corporate Governance is to create and adhere to corporate culture of conscience and consciousness, transparency and openness to develop capabilities and identify opportunities that best serve the goal of value creation. The Company believes, it must leverage its human and capital resources to translate opportunities into reality, create awareness of corporate vision and spark dynamism and entrepreneurship at all levels.

The Company's activities are carried out in accordance with good corporate practices as per Clause 49 of the Listing Agreement with the Stock Exchanges. The Company is constantly striving to make them better and adopt the best practices. The Company's Corporate Governance Philosophy has been further strengthened with the adoption of the Tata Code of Conduct, Tata Business Excellence Model, Tata Code of Conduct for Prevention of Insider Trading & Code of Corporate Disclosure Practices and exclusive Code of Conduct for Non-Executive Directors. With the adoption of a Whistle Blower Policy and setting up two Committees of Board, Governance Committee and Executive Committee, the Company has moved further in its pursuit of excellence in Corporate Governance.

During the year 2009-10, your Company has been recognized as one of the top 25 Companies for having good Corporate Governance Practices by the Institute of Company Secretaries of India.

2. Board of Directors

The Board meetings schedule is circulated to all the Board Members in the beginning of every financial year. The Board members are provided with well structured and comprehensive agenda papers. All major agenda items are backed by in-depth background information and analysis, wherever possible, to enable the Board members to take informed decisions.

To enable the Board to discharge its responsibilities effectively, the members of the Board are briefed at every Board Meeting, on the overall performance of the Company.

The Board's role, functions, responsibility and accountability are clearly defined. 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, major accounting provisions and write-offs are considered by the Board.

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

Minutes of the Meetings of the Board Committees are circulated to the Directors.

(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 2009-10.

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

(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 2009-10, 07 meetings of the Board of Directors were held on April 13, June 26, July 15, October 15, December 09 in 2009, on January 14 and March 10 in 2010. The maximum time gap between any two consecutive meetings did not exceed four months.

The 33rd Annual General Meeting of your Company was held on June 26, 2009.

None of the Directors of the Board serve as Members of more than 10 Committees nor do they chair more than 5 Committees, as per the requirements of the Listing Agreement.

Details of attendance of Directors at Board meeting and at the last Annual General Meeting with particulars of their other Directorships and Chairman / Membership of Board Committees (excluding CMC Ltd.) showing the position as on March 31, 2010 are given below:

Name	Category	Attendance at Board Meetings	Attendance at Last AGM	No. of outside Directorships	No. of Committees and Positions held	
					Member	Chairman
Mr S Ramadorai (Chairman)	Non-Independent Non-Executive	07	Yes	12	04	03
Mr R Ramanan (MD & CEO)	Non-Independent Executive	07	Yes	01	-	-
Mr Ishaat Hussain (ceased w.e.f. 04.01.2010)	Non-Independent Non-Executive	04	Yes	N.A.	N.A.	N.A.
Dr KRS Murthy	Independent Non-Executive	07	Yes	03	03	01
Mr Surendra Singh	Independent Non-Executive	07	Yes	04	04	01
Ms Kalpana Morparia	Independent Non-Executive	04	Yes	02	01	01
Mr S Mahalingam (appointed w.e.f 14.01.2010)	Non-Independent Non-Executive	02	N.A.	04	-	01

Other directorships do not include alternate directorships of Private Limited, Companies incorporated outside India and Section 25 Companies.

Other than the Managing Director & CEO, all Directors are liable to retire by rotation.

Particulars of the Managing Director & CEO proposed for re-appointment as well as the Directors who are retiring by rotation and eligible for re-appointment have been given in the attachment to the Notice and Explanatory Statement.

The Company has received declarations on six criterions of independence as prescribed in Clause 49.1.A (iii) of the Listing Agreements from the 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 March 31, 2010. The Annual Report of the Company contains a Certificate by the Managing Director & CEO in this regard.

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 two of the members, Mr Surendra Singh and Ms Kalpana Morparia, are 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 June 26, 2009.

(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 external Auditors, fixation of audit fee and approval for payment for any other services.

viii) 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 13, June 26, July 15, September 01, October 15, December 09 in 2009 and January 14 and March 10 in 2010.

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 2009-10	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	05

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

3.2 Governance Committee

(A) Constitution

The Board at its meeting held on January 14, 2010 reconstituted the Governance Committee with Dr KRS Murthy as the Chairman of the Committee and Mr S Ramadorai, Mr Surendra Singh, Ms Kalpana Morparia and Mr S Mahalingam as 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, 05 Governance Committee meetings were held on April 13, June 26, July 15, December 09 in 2009 and January 14 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 2009-10	Number of Meetings attended
Mr S Ramadorai	Non-Independent Non-Executive	05	05
Dr KRS Murthy	Independent Non-Executive	05	05
Mr Surendra Singh	Independent Non-Executive	05	05
Ms Kalpana Morparia	Independent Non-Executive	05	03
Mr S Mahalingam (w.e.f. 14-01-2010)	Non-Independent Non-Executive	N.A.	N.A.

(D) Remuneration policy

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 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 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, based on the performance of the Company as well as that of each Non-Executive Director.

(E) Remuneration to Managing Director & CEO

(a) 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.

(b) 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 2009-10, were Rs. 92.02 lacs.

(c) 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

(a) 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 and approved the following commission to the Non-Executive Directors.

Payment of sitting fee and Commission to the Non-Executive Directors for the year ended March 31, 2010 are as under:

Name of Director	Sitting Fee (Rs/Lacs)	Commission (Rs/Lacs)
Mr S. Ramadorai	2.70	7
Mr Ishaat Hussain (ceased w.e.f. 04-01-2010)	0.90	-
Dr KRS Murthy	4.80	10
Mr Surendra Singh	4.90	9
Ms Kalpana Morparia	2.70	9
Mr S Mahalingam (appointed w.e.f. 14-01-2010)	0.60	-

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 and 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 grievances of investors/shareholders 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 due to rematerialisation, mutilation etc. would be dealt with by the Shareholders/Investors Grievance Committee.

During the year, 06 meetings of the Committee were held on April 13, June 26, October 15, December 09 in 2009 and on January 14 and March 10 in 2010.

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 2009-10	Number of Meetings attended
Mr Surendra Singh	Independent Non-Executive	06	06
Dr KRS Murthy	Independent Non-Executive	06	06
Mr R Ramanan	Non-Independent Executive	06	06

(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 PTI Building, 5th Floor 4, Sansad Marg New Delhi-110001	Tel: 91-11-23736151 Fax:91-11-23736159 E-mail: vivek.agarwal@cmcltd.com

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

(C) Number of complaints received and redressed during the year 2009-10

Opening Balance	Received during the year 2009-10	Resolved during the year	Closing Balance
0	37	37	0

(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. for transferring 167 shares which remained unclaimed out of shares issued pursuant to the offer of sale by the Government of India in 2004.

3.4 Executive Committee

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

The Board at its meeting held on January 14, 2010 has reconstituted the Executive Committee of the Company with 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, 03 Executive Committee meetings were held on December 09, 2009, February 25, 2010 and March 10, 2010.

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 2009-10	Number of Meetings attended
Mr S Ramadorai	Non-Independent Non-Executive	03	03
Mr R Ramanan	Non-Independent Executive	03	03
Dr KRS Murthy	Independent Non-Executive	03	02
Mr Ishaat Hussain (ceased w.e.f. 04.01.2010)	Non-Independent Non-Executive	03	01
Mr Surendra Singh	Independent Non-Executive	03	02
Ms Kalpana Morparia	Independent Non-Executive	03	03
Mr S Mahalingam (appointed w.e.f. 14.01.2010)	Non-Independent Non-Executive	03	02

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 consider 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.

During the year, 01 meeting of the Ethics and Compliance Committee was held on July 15, 2009.

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 2009-10	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 non listed 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.

(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 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. The 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) Mr Surendra Singh and Dr KRS Murthy are retiring by rotation at the ensuing Annual General Meeting and, being eligible, offer themselves for re-election as Non-Executive Directors. Brief resume of the Directors to be re-appointed at the forthcoming Annual General Meeting are produced elsewhere in this Annual Report. Mr S Mahalingam has been appointed as an Additional Director w.e.f. 14-01-2010 and the Board recommends his appointment as Director.

(ii) The quarterly results and presentations made by the Company to analysts are put on the Company's website - www.cmcltd.com

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, 2010.

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
2007	25.06.2007	Bhartiya Vidya Bhavan, BVB Hyderabad Kendra No. 5-9-1105, Basheerbagh-King Koti Road, Hyderabad - 500 029, A.P.	3.30 p.m.	No
2008	24.06.2008	- do -	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

(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	- No

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 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 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). Pursuant to Clause 51 of the Listing Agreement, all Data related to quarterly financial results, shareholding pattern, etc. are hosted on the Electronic Data Information Filing and Retrieval (EDIFAR) website maintained by SEBI in association with the National Informatics Centre, within the timeframe prescribed in this regard.
Any website where displayed.	Yes, the results are displayed on the Company's website www.cmcltd.com.
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**	:	Tuesday, June 29, 2010 at 3 P.M. Bhaskara Auditorium, B M Birla Science Centre, Adarsh Nagar, Hyderabad - 500063
(ii)	**Financial Year**	:	1st April to 31st March
(iii)	**Date of Book Closure**	:	Tuesday, June 22, 2010 to Tuesday, June 29, 2010 (both days inclusive)
(iv)	**Dividend Payment Date**	:	The dividend warrants will be posted on or before July 28, 2010.

(v) Listing

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

- Bombay Stock Exchange Limited
- The National Stock Exchange of India Ltd.
- The Calcutta Stock Exchange Association Ltd.

(vi) Stock Code

Bombay Stock Exchange Limited : 517326

The National Stock Exchange of India Ltd. : CMC

(vii) Market price information

a. The reported high and low closing prices during the year ended March 31, 2010 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	High (Rs.)	Low (Rs.)	High (Rs.)	Low (Rs.)	High	Low
	NSE		BSE		BSE SENSEX	
Apr-09	709.00	318.00	686.10	318.00	11492.10	9546.29
May-09	605.00	451.05	599.00	455.00	14930.54	11621.30
Jun-09	823.80	566.55	825.00	570.10	15600.30	14016.95
Jul-09	875.00	681.60	875.00	686.05	15732.81	13219.99
Aug-09	1075.00	777.60	1074.00	775.50	16002.46	14684.45
Sept-09	1183.70	982.10	1185.00	982.00	17142.52	15356.72
Oct-09	1319.90	1090.30	1318.00	1090.00	17493.17	15805.20
Nov-09	1438.00	1165.00	1434.40	1162.00	17290.48	15330.56
Dec-09	1384.85	1290.00	1388.00	1293.00	17530.94	16577.78
Jan-10	1440.00	1190.00	1424.00	1240.15	17790.33	17025.26
Feb-10	1261.00	1051.00	1290.00	1047.00	16669.25	15651.99
Mar-10	1359.95	1100.00	1365.00	1080.50	17793.01	16438.45

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:

	April 01, 2009	March 31 , 2010	% Change
Company Share Price (High)	Rs. 686.10	Rs. 1365.00	98.95
Sensex (High)	11492.10	17793.01	54.82

(ix) Registrars and Share Transfer Agents

The Members are requested to correspond with 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
Karvy House, 46, Avenue 4, Street No. 1,
Banjara Hills, Hyderabad 500 034
Tel: 040- 23312454/23320251
Fax: 040-23311968
Email: mailmanager@karvy.com

(x) Shareholding as on March 31, 2010

(a) Distribution of shareholding as on March 31, 2010

No. of shares	No. of shareholders	% of shareholders	Total no. of shares	% of holding
1-500	27589	99.04	645290	4.26
501-1000	124	0.44	91600	0.60
1001-2000	49	0.18	73909	0.49
2001-3000	25	0.09	64133	0.42
3001-4000	8	0.03	27828	0.18
4001-5000	3	0.01	13523	0.09
5001-10000	17	0.06	124215	0.82
10001 & above	42	0.15	14109502	93.13
Total	**27857**	**100.00**	**15150000**	**100.00**
Physical Mode	60	0.19	8827	0.06
Electronic Mode	27797	99.81	15141173	99.94

(b) Shareholding pattern as on March 31, 2010

Category	No. of shares held	% of issued share capital
Promoter-Tata Consultancy Services Limited	7744961	51.12
Mutual Funds and UTI	2039811	13.46
Financial Institutions / Insurance Companies	1657202	10.95
FIIs	2268487	14.98
NRIs/Foreign Nationals	59019	0.38
Corporate Bodies	183642	1.21
Indian Public & Others	1196878	7.90
Total	**15150000**	**100.00**

(c) Capital of the Company

The authorized and paid-up capital of your Company are Rs 35 crores and Rs 15.15 crores 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 March 31, 2010

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	774003	5.11
IFI	General Insurance Corporation of India	406941	2.69
FII	Mathews India Fund	352123	2.32
IFI	The New India Assurance Company Ltd.	334131	2.21
Mutual Fund	FIL Trustee Company Private Limited - A/C Fidelity	261810	1.73
Mutual Fund	HDFC Trustee Company Ltd - HDFC Top 200 Fund	235584	1.56
FII	Norges Bank A/C Government Petroleum Fund	179572	1.19
FII	Citigroup Global Markets Mauritius Private Limited	173387	1.14
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 99.78% of the total shareholders as on March 31, 2010. 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-110001

Tel. : 91-11-23736151-58

Fax : 91-11-23736159

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. 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 victimisation 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 March 31, 2010, 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)

JITENDRA AGARWAL
Partner
(Membership No. 87104)

Mumbai
15 April, 2010

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 March 31, 2010.

Mumbai
15 April, 2010

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 audited 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 Computershare Private Limited, for the purpose of our Secretarial Audit Report for the financial year ended on 31.03.2010 (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 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 transferred 167 equity shares lying in the escrow account to demat suspense account opened with the CDSL in terms of Clause 5A of the Listing Agreement.

23. The company has received 37 investor's complaints/queries during the year under review and no complaints/ queries were pending for redressal as on 31.03.2010.

Chandrasekaran Associates
Company Secretaries

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

New Delhi
08 April, 2010

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, 2010, 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 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 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 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 as follows:
   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, 2010;
      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, 2010 taken on record by the Board of Directors, none of the Directors is disqualified as on 31 March, 2010 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)

JITENDRA AGARWAL
Partner
(Membership No. 87104)

Mumbai
15 April, 2010

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, clauses iii(b), iii(c) iii(d), iii(f), iii(g), x, xi, xii, xiii, xiv, xv xvi, xix and xx of Companies (Auditor's Report) Order, 2003 are not applicable.

ii. In respect of its inventory:

   a. The Company has maintained proper records showing full particulars, including quantitative details and situation of 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. 68,350 '(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 explanation 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 explanation 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 for the 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. 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 clause (d) of sub-section (1) of Section 209 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 generally deposited its statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Cess and other material statutory dues within the prescribed time with appropriate authorities during the year and that there are no undisputed amounts payable in respect of these dues which have remained outstanding as at 31st March, 2010 for a period of more than six months from the date they became payable. The company's operations do not give rise to any Excise Duty.

b. Details of dues of Income Tax, Sales Tax, Works Contract Tax and Service Tax aggregating to Rs. (000s) 530,935 have not been deposited as on 31st March, 2010 on account of disputes as set out in the attachment. We are informed that there are no dues in respect of Customs Duty, Wealth Tax and Cess which have not been deposited on account of any dispute. The Company's operations do not give rise to any Excise Duty.

xi. 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.

xii. 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.

xiii. To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and fraud on the Company has been noticed or reported during the year.

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

JITENDRA AGARWAL
Partner
(Membership No. 87104)

Mumbai
15 April, 2010

ATTACHMENT

(Referred to in paragraph x b. of Annexure to the Auditors' Report)

Information pursuant to clause 4(x)(c) of Companies (Auditor's Report) Order, 2003 in respect of dues disputed, not deposited with various authorities.

		Nature of Dues	Amount (Rs./000s)	Financial Year/Period	Forum where the dispute is pending
Sales Tax					
A.	**West Bengal**				
	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	1,421	1997-98, to 2002-03	West Bengal Commercial Taxes Appellate & Revisional Board
	ii.	Tax demand imposed on enhancement of turnover	1,037	2003-04	Deputy Commissioner -Commercial Taxes
	iii.	Exparte assessment made by Deputy Commissioner	3,020	2004-05	Deputy Commissioner -Commercial Taxes
			5,478		
B.	**Bihar**				
	i.	Tax demand and penalty imposed on enhancement of turnover during assessment and delay in filing of return.	3,919	1990-91 to 1992-93	Commercial Taxes Tribunal
			3,919		
C.	**Chattisgarh/MP**				
	i.	Tax demand and penalty imposed on enhancement of turnover.	288	1987-88	High Court
	ii.	Tax demand imposed on enhancement of turnover.	453	2003-04	Deputy Commissioner, Appellate
	iii.	Tax demand on disallowance of credit for Tax Deducted at Source (TDS)	178	2004-05	Add Commissioner, Revision
	iv.	Tax demand on disallowance of credit for TDS and tax deposited through challans	56	2005-06	Assessing Authority
			975		
D.	**Orissa**				
	i.	Tax demand on disallowance of claim of service & labour charges.	363	1999-2000	Sales Tax Tribunal
			363		
E.	**Uttar Pradesh**				
	i.	Tax demand on inter state sales deemed intra state sales.	194	1994-95	Sales Tax Tribunal
	ii.	Tax demand on disallowance of non taxable turnover.	38	1996-97	Dy Commissioner - Appeals
	iii.	Tax demand on disallowance of credit for TDS and tax deposited through challans	287	2002-03	Assessing Authority
	iv.	Tax demand on disallowance of exempted turnover	1,195	2004-05	Dy Commissioner - Appeals
	v.	Tax demand due to deficiencies in documents accompanying the goods	700	2006-07 & 2009-10	Dy Commissioner - Appeals
	vi.	Tax demand on non-submission sales tax form	575	2006-07	Dy Commissioner - Appeals
			2,989		
F.	**Tamil Nadu**				
	i.	Tax demand on disallowance of credit for Tax Deducted at Source (TDS)	5	1994-95	Commercial Tax Officer
	ii.	Tax demand on 'sales in transit' transactions	2,531	1993-94 & 1996-97	Appellate Asstt Commissioner
	iii.	Tax demand on spares replaced under warranty	1,574	1995-96 & 1997-98	Appellate Asstt Commissioner
	iv.	Tax demand on goods assessed at higher rate of tax	910	1999-2000 & 2008-09	Appellate Dy Commissioner
	v.	Tax demand raised by the Assessing Officer towards tax on notional gross profit	651	1994-95	Chennai High Court
	vi.	Tax demand imposed on enhanced turnover	2,914	2003-04, 2004-05 & 2008-09	Appellate Assistant Commissioner
			8,585		
G.	**Kerela**				
	i.	Tax demand on goods assessed at higher rate of tax	416		
			416		
H.	**Andhra Pradesh**				
	i.	Tax demand on sales assessed as Works Contract.	8,512	2001-02	Appellate Tribunal
	ii.	Tax demand on sales assessed as Works Contract.	26,490	2002-03 to 2003-04	Commerial Tax Officer - under remand
	iii.	Tax demand on sales assessed as Works Contract.	27,370	2004-05	Appellate Dy Commissioner
			62,372		
Works Contract Tax					
	i.	Tax demand on disallowance of input credit	52	1999-00	Assessing Authority
	ii.	Tax demand on recomputation of gross turnover on the basis of TDS certificates submitted	3,655	2002-03	Assessing Authority
			3,707		
Service Tax					
	i.	Demand of Service Tax on Election Photo ID Cards	1,745	2002-03	High Court of Andhra Pradesh
	ii.	Demand of Service Tax on IDBRT Facility Management Project.	1,344	2003-04	CESTAT Bangalore
	ii.	Demand of Service Tax on Election Photo ID Cards	9,057	2002-03 to 2008-09	Adjudicating Authority, Kolkatta
	iv.	Demand of Service Tax on course fee shared with Franchisees	2,577	2002-06	Commissioner Appeals, Kolkatta
	v.	Demand of Service Tax on Installation and Commissioning of equipment.	156,592	2004-09	Adjudicating Authority, Kolkatta
	vi.	Demand of Service Tax on course fee shared with Franchisees	214	2003-06	Adjudicating Authority, Delhi
	vii.	Demand of Service Tax on Facility Management and Exam Processing	38,541	2004-07	Adjudicating Authority, Delhi
	viii.	Demand of Service Tax on preparation of electoral rolls.	3,625	2004-09	Adjudicating Authority, Ahemedabad
	ix.	Penalty on non-payment of service tax on reumbursed expenditure and non-payment of service tax on Support Services	211	2006-07	Commissioner Appeals, Chennai
			213,906		
Customs Duty					
	i.	Demand of Customs Duty on Imports	228,225	2006-08	Adjudicating Authority, Mumbai
			228,225		
	Grand Total		**530,935**		

BALANCE SHEET AS AT 31 MARCH, 2010

	Schedule Ref.	As at 31.03.10	As at 31.03.09
		Rs./000s	Rs./000s
SOURCES OF FUNDS			
1. SHAREHOLDERS' FUNDS			
(a) Share Capital	1	**151,500**	151,500
(b) Reserves & Surplus	2	**4,614,419**	3,673,649
		4,765,919	3,825,149
2. LOAN FUNDS			
Unsecured Loans	3	–	344,940
		4,765,919	4,170,089
APPLICATION OF FUNDS			
3. FIXED ASSETS	4		
(a) Gross Block		**1,692,627**	1,598,209
(b) Less: Depreciation		**762,582**	777,611
(c) Net Block		**930,045**	820,598
(d) Capital Work in Progress		**209,840**	148,680
4. INVESTMENTS	5	**2,034,975**	1,280,601
5. DEFERRED TAX ASSETS (See note 17)		**54,899**	29,149
6. CURRENT ASSETS, LOANS & ADVANCES			
(a) Inventories	6	**85,276**	153,792
(b) Sundry debtors	7	**1,661,639**	2,272,471
(c) Unbilled revenues		**1,068,095**	989,737
(d) Cash and bank balances	8	**205,364**	340,236
(e) Loans and advances	9	**1,140,110**	1,107,232
		4,160,484	4,863,468
7. LESS : CURRENT LIABILITIES AND PROVISIONS	10		
(a) Current Liabilities		**1,876,913**	2,358,685
(b) Provisions		**747,411**	613,722
		2,624,324	2,972,407
8. NET CURRENT ASSETS		**1,536,160**	1,891,061
		4,765,919	4,170,089

Notes forming part of the Financial Statements 15

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

As per our report of even date attached

For and on behalf of the Board

For **Deloitte Haskins & Sells**
Chartered Accountants

S. Ramadorai
Chairman

R. Ramanan
Managing Director & CEO

Jitendra Agarwal
Partner
Membership No. 87104

J. K. Gupta
Chief Financial Officer

Vivek Agarwal
Company Secretary & Head-Legal

Mumbai
15 April, 2010

Mumbai
15 April, 2010

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH, 2010

	Schedule Ref.	**Year ended 31.03.10**	Year ended 31.03.09
		Rs./000s	Rs./000s
INCOME			
1. Sales and Services	11	**6,900,130**	8,204,547
2. Other Income	12	**187,511**	198,092
		7,087,641	8,402,639
EXPENDITURE			
3. Operating and other Expenses	13	**5,494,610**	7,014,170
4. Depreciation	4	**98,162**	92,949
5. Interest (net)	14	**26,522**	18,799
		5,619,294	7,125,918
PROFIT BEFORE TAX		**1,468,347**	1,276,721
6. Provision for taxes			
- Current income tax		**249,116**	197,839
- Deferred income tax (See note 17)		**(25,750)**	6,939
- Fringe Benefit Tax (FBT)		**–**	16,225
- MAT Credit entitlement		**(50,827)**	–
PROFIT AFTER TAX		**1,295,808**	1,055,718
7. Balance brought forward from Previous year		**3,389,527**	2,705,252
AMOUNT AVAILABLE FOR APPROPRIATIONS		**4,685,335**	3,760,970
8. APPROPRIATIONS			
(a) General Reserve		**129,581**	105,572
(b) Proposed Dividend		**303,000**	227,250
(c) Tax on Proposed Dividend		**51,495**	38,621
9. Balance carried forward to Balance Sheet		**4,201,259**	3,389,527
Basic and diluted Earnings Per Share (Rupees) (See note 21)		**85.53**	69.68

Notes forming part of the Financial Statements 15

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

As per our report of even date attached

For **Deloitte Haskins & Sells**
Chartered Accountants

Jitendra Agarwal
Partner
Membership No. 87104

Mumbai
15 April, 2010

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

Mumbai
15 April, 2010

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH, 2010

	Schedule Ref.	Year ended 31.03.10	Year ended 31.03.09
		Rs./000s	Rs./000s
A. CASH FLOW FROM OPERATING ACTIVITIES			
Net profit before tax		**1,468,347**	1,276,721
Adjustments for :			
Depreciation		**98,162**	92,949
Interest expenses		**27,260**	20,117
Dividend on mutual fund		**(59,414)**	(47,075)
(Profit) / Loss on sale of fixed assets		**(1,447)**	(1,577)
Unclaimed balances/provisions written back		**(16,745)**	(25,101)
Provision for doubtful debts(net)		**59,475**	44,359
Bad debts/advances written off		**98,940**	106,179
Unrealised foreign exchange loss / (gain)		**(8,286)**	(49,155)
Exchange difference on translation of foreign currency cash and cash equivalents		**(615)**	(2,314)
Fixed assets written off		**4,480**	3,192
Transfer from capital reserve		**(543)**	(2)
Operating profit before working capital changes		**1,669,614**	1,418,293
Adjustments for :			
(Increase)/Decrease in trade and other receivables		**551,626**	200,654
(Increase)/Decrease in Inventories		**68,516**	44,895
Increase/(Decrease) in trade payables and other liabilities		**(596,683)**	(585,412)
Cash generated from operations		**1,693,073**	1,078,430
Direct taxes paid / deducted at sources		**(220,974)**	(416,913)
NET CASH FROM/(USED) IN OPERATING ACTIVITIES	**(A)**	**1,472,099**	661,517
B. CASH FLOW FROM INVESTING ACTIVITIES			
Dividend on mutual fund		**59,414**	47,075
Purchase of fixed assets		**(274,139)**	(218,819)
Sale of fixed assets		**2,337**	2,487
NET CASH FROM/(USED) IN INVESTING ACTIVITIES	**(B)**	**(212,388)**	(169,257)
C. CASH FLOW FROM FINANCING ACTIVITIES			
Interest paid		**(30,013)**	(6,698)
Proceeds/(Payment) of long term borrowings		**(344,940)**	55,595
Dividend paid (including dividend tax)		**(265,871)**	(194,972)
NET CASH FROM / (USED) IN FINANCING ACTIVITIES	**(C)**	**(640,824)**	(146,075)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	**(A+B+C)**	**618,887**	346,185
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR [Including short term investment Rs.'(000s) 1,198,800]	8	**1,539,036**	1,190,537
Exchange difference on translation of foreign currency cash and cash equivalents		**615**	2,314
Cash and cash equivalents at end of the year [Including short term investment Rs.'(000s) 1,953,174]	8	**2,158,538**	**1,539,036**
Note: Cash and cash equivalent includes restricted cash		**2,255**	1,919

As per our report of even date attached

For **Deloitte Haskins & Sells**
Chartered Accountants

Jitendra Agarwal
Partner
Membership No. 87104

Mumbai
15 April, 2010

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

Mumbai
15 April, 2010

SCHEDULES FORMING PART OF THE BALANCE SHEET

	As at 31.03.10	As at 31.03.09
	Rs./000s	Rs./000s
Schedule 1 : SHARE CAPITAL		
Authorised		
[35,000,000 (Previous year 35,000,000) equity shares of Rs. 10 each]	**350,000**	350,000
Issued, Subscribed and Paid up		
15,150,000 (Previous year 15,150,000) equity shares of Rs. 10 each fully paid up	**151,500**	151,500

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**	545
(ii) Less: Transferred to profit and loss account	**543**	2
(iii) Closing balance	**–**	543
(b) General Reserve		
(i) Opening balance	**283,579**	178,007
(ii) Add: Transferred from profit and loss account	**129,581**	105,572
(iii) Closing balance	**413,160**	283,579
(c) Profit and Loss account	**4,201,259**	3,389,527
	4,614,419	3,673,649
Schedule 3 : UNSECURED LOANS		
Long Term (from others)	**–**	344,940

Notes:
Loans repayable within one year Rs.'(000s) Nil (Previous Year Rs.'(000s) 17,247)

Schedule 4 : FIXED ASSETS (See note 2c) (At Cost)

(Amounts in Rs./000s)

Particulars	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at 01.04.09	Additions	Deductions/ Adjustments	As at 31.03.10	As at 01.04.09	For the year	Deductions/ Adjustments	As at 31.03.10	As at 31.03.10	As at 31.03.09
(a) Land										
(i) Leasehold	59,615	-	-	59,615	11,145	762	-	11,907	47,708	48,470
(ii) Freehold	605	-	-	605	-	-	-	-	605	605
(b) Buildings										
(i) Leasehold	16,167	-	-	16,167	13,787	34	-	13,821	2,346	2,380
(ii) Freehold *	594,778	127,373	2,770	719,381	79,949	11,426	735	90,640	628,741	514,829
(c) Plant & Machinery										
(i) Computers	580,695	57,824	77,890	560,629	420,102	61,288	76,202	405,188	155,441	160,593
(ii) Office and other equipment	39,809	2,785	3,283	39,311	23,975	1,531	2,296	23,210	16,101	15,834
(iii) Others	191,751	15,292	32,135	174,908	157,586	13,099	31,836	138,849	36,059	34,165
(d) Furniture & Fittings	108,847	8,904	2,483	115,268	67,702	9,453	2,122	75,033	40,235	41,145
(e) Vehicles	5,942	801	-	6,743	3,365	569	-	3,934	2,809	2,577
TOTAL	1,598,209	212,979	118,561	1,692,627	777,611	98,162	113,191	762,582	930,045	820,598
(f) Capital work-in-progress**	148,680	193,368	132,208	209,840	-	-	-	-	209,840	148,680
GRAND TOTAL	1,746,889	406,347	250,769	1,902,467	777,611	98,162	113,191	762,582	1,139,885	969,278
Previous Year	1,613,129	355,349	221,589	1,746,889	765,619	92,949	80,957	777,611	969,278	847,510

* Additions to freehold buildings include Interest capitalised amounting to Rs.'(000s) 7,316 (Previous year Rs.'(000s) 8,125).

** Capital work-in-progress includes interest amounting to Rs.'(000s) 302 (Previous Year Rs.'(000s) 17,412).

	As at 31.03.10	As at 31.03.09
	Rs./000s	Rs./000s
Schedule 5 : INVESTMENTS (At cost)		
LONG-TERM, NON-TRADE INVESTMENTS (UNQUOTED)		
160,001,000 (Previous year 160,001,000) non-assessable shares of USD 0.01 each, fully paid up in CMC Americas Inc., USA a wholly owned subsidiary	**81,801**	81,801
CURRENT INVESTMENTS (UNQUOTED)		
Investment in mutual funds (see note below)	**1,953,174**	1,198,800
	2,034,975	1,280,601

Note:

a. Book value of current unquoted investments **1,955,823** 1,219,149

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

BENEFICIARY	BALANCE AS ON 01.04.09		PURCHASES DURING THE YEAR		SOLD DURING THE YEAR		BALANCE AS ON 31.3.10	
	No. of Units	Rs.'(000)	No. of Units	Rs.'(000)	No. of Units	Rs.'(000)	No. of Units	Rs.'(000)
UNQUOTED INVESTMENT								
Fixed Maturity Plan								
Birla Sun Life Fixed Term Plan - series BC-Growth	13,000,000	130,000	-	-	13,000,000	130,000	-	-
Birla Sun Life Medium Term Plan	5,000,000	50,000	98,349	994	5,098,349	50,994	-	-
ING FMP II - Institutional Growth	5,000,000	50,000	-	-	5,000,000	50,000	-	-
Kotak FMP 13M Series 4	5,000,000	50,000	-	-	5,000,000	50,000	-	-
SBI SDFs 370 Days - 2	4,000,000	40,000		-	4,000,000	40,000	-	-
UTI Fixed Income Interval Fund - Quaterly Plan - V	-	-	5,000,000	50,029	-	-	5,000,000	50,029
JM Fixed Maturity Fund - Series XVI-Y1 Growth	-	-	3,000,000	30,000	-	-	3,000,000	30,000
Kotak FMP 18M Series 3 - Growth	-	-	5,000,000	50,000	-	-	5,000,000	50,000
Kotak FMP 13M Series 6 - Growth	-	-	5,000,000	50,000	-	-	5,000,000	50,000

Schedule 5 (Contd.)

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

BENEFICIARY	BALANCE AS ON 01.04.09 No. of Units	BALANCE AS ON 01.04.09 Rs.'(000)	PURCHASES DURING THE YEAR No. of Units	PURCHASES DURING THE YEAR Rs.'(000)	SOLD DURING THE YEAR No. of Units	SOLD DURING THE YEAR Rs.'(000)	BALANCE AS ON 31.03.10 No. of Units	BALANCE AS ON 31.03.10 Rs.'(000)
Liquid Plus								
Bharti AXA Treasury Advantage Fund - Daily Dividend Reinvestment	-	-	20,123	20,123	20,123	20,123	-	-
Birla Sunlife Cash Plus Institutional Premium Plan - Daily Dividend Reinvestment	-	-	14,471,385	144,996	14,471,385	144,996	-	-
Birla Sunlife Floting Rate Fund - Long Term - Institutional - Weekly Dividend	-	-	8,997,192	90,253	-	-	8,997,192	90,253
Birla Sunlife Liquid Plus - Dividend Reinvestment	10,143,190	101,501	7,373,233	73,782	8,993,884	90,000	8,522,539	85,283
Canara Robeco Liquid Super - IP - Daily Dividend Reinvestment	-	-	7,031,460	70,603	7,031,460	70,603	-	-
Canara Robeco Treasury Advantage Super Institutional - Daily Dividend Reinvestment	-	-	8,107,036	100,585	8,107,036	100,585	-	-
DWS Cash Oppurtunities Fund IP - Daily Dividend Reinvestment	-	-	20,035,017	200,837	-	-	20,035,017	200,837
DWS Ultra Short Term Fund - Institutional Daily Dividend - Reinvest	-	-	5,990,113	60,008	-	-	5,990,113	60,008
Fortis Money Plus	19,045,381	190,513	3,274,333	32,753	22,319,714	223,266	-	-
Fortis Overnight Fund - Institutional Plus - Daily Dividend Reinvestment	-	-	46,319,301	463,332	46,319,301	463,332	-	-
HDFC Cash Management Fund-Saving Plus - Wholesale - Dividend Reinvestment	10,068,855	101,006	4,452,451	44,665	3,987,440	40,000	10,533,866	105,671
HDFC Floating Rate Income Fund STF WP - Daily Dividend Reinvestment	-	-	3,995,070	40,274	3,995,070	40,274	-	-
ICICI Prudential Flexible Income Plan - Dividend Reinvestment	14,288,047	151,075	3,548,890	114,914	17,836,937	265,989	-	-
IDFC Money Manager Investemnt - Plan B - Daily Dividend Reinvestment	-	-	23,349,956	233,850	-	-	23,349,956	233,850
JM Money Manager Fund - Super Plus - Daily Dividend Reinvestment	8,118,577	81,229	187,792	1,879	8,306,369	83,108	-	-
JP Morgan India Liquid Fund - Super IP - Daily Dividend Reinvestment	-	-	3,997,873	40,010	3,997,873	40,010	-	-
JP Morgan India Treasury Fund - Super IP - Daily Dividend Reinvestment	-	-	20,265,870	202,839	20,265,870	202,839	-	-
Kotak Flexi Debt Fund - Daily Dividend Reinvestment	-	-	27,537,241	276,549	12,979,139	130,276	14,558,102	146,273
Kotak Floater Long Term - Daily Dividend Reinvestment	-	-	19,977,604	201,370	17,869,409	180,120	2,108,195	21,250
Kotak Liquid Instutional Premium Plan - Daily Dividend Reinvestment	-	-	6,553,807	80,141	6,553,807	80,141	-	-
LIC MF Income Plus Fund - Daily Dividend Plan	-	-	24,035,643	240,356	14,002,478	140,025	10,033,165	100,331
LIC MF Liquid Fund - Dividend Plan	-	-	12,751,244	140,010	12,751,244	140,010	-	-
LIC MF Saving Plus Fund - Daily Dividend Plan	-	-	21,228,398	212,284	4,362	44	21,224,036	212,240
Principal Floating Rate Fund - Flexible Maturity Plan - Institutional Option - Daily Dividend Reinvestment	-	-	3,012,887	30,166	3,012,887	30,166	-	-
Principal Money Manager Fund - Daily Dividend Reivestment	-	-	997,891	10,004	-	-	997,891	10,004
Reliance Liquid Plus Fund - Dividend	91,057	91,160	146,741	146,941	79,908	80,000	157,890	158,101
Reliance Regular Saving Fund - Debt Plan - Institutional Growth	-	-	2,403,114	30,000	-	-	2,403,114	30,000
Sundaram BNP Paribas Ultra Short Term - Super IP - Daily Dividend Reinvestment	-	-	10,093,296	101,306	10,093,296	101,306	-	-
Tata Floater Fund - Daily Dividend	2,186,249	21,940	18,011,539	180,757	20,197,788	202,697	-	-
Tata Treasury Manager Fund - Ship - Daily Dividend Reinvestment	-	-	99,306	100,330	99,306	100,330	-	-
Templeton India Ultra Short Bond Fund - Super IP - Daily Dividend Reinvestment	-	-	34,320,932	343,553	21,278,201	212,975	13,042,731	130,578
UTI Fixed Income Interval Fund - Monthly Interval Plan Series - 1 - Institutional Dividend Plan - Reinvestment	-	-	12,000,000	120,109	-	-	12,000,000	120,109
UTI Liquid Fund - Cash Plan - IP - Daily Dividend Reinvestment	-	-	100,004	100,025	100,004	100,025	-	-
UTI Treasury Advantage Fund - Daily Dividend Reinvestment	140,335	140,376	117,967	117,981	189,959	190,000	68,343	68,357
Total		**1,198,800**		**4,548,608**		**3,794,234**		**1,953,174**

		As at 31.03.10	As at 31.03.09
		Rs./000s	Rs./000s
Schedule 6 : INVENTORIES			
(a)	Finished goods - equipment for resale	**66,234**	123,106
(b)	Components/spares for maintenance and resale	**11,784**	14,736
(c)	Education and training material	**6,732**	6,308
(d)	Work-in-progress	**526**	9,642
		85,276	153,792

Note: Finished goods include goods in transit Rs.'(000s) Nil (Previous year Rs.'(000s) 36,476)

Schedule 7 : SUNDRY DEBTORS			
a.	Over six months old (unsecured):		
	Considered good	**289,315**	460,620
	Considered doubtful	**278,298**	234,185
		567,613	694,805
b.	Others (unsecured):		
	Considered good	**1,318,938**	1,799,619
		1,886,551	2,494,424
	Less: Provision for doubtful debts	**278,298**	234,185
		1,608,253	2,260,239
c.	Future lease installments receivable (unsecured) (See note 14)	**66,521**	23,865
	Less: Unearned finance and service charges	**13,135**	11,633
		53,386	12,232
		1,661,639	2,272,471
Notes:			
1.	(i) Debtors include amounts due from a subsidiary company	**260,092**	321,939
	(ii) Maximum balance outstanding during the year	**430,219**	452,065
2.	(i) Debtors include amounts due from the holding company	**409,688**	623,098
	(ii) Maximum balance outstanding during the year	**745,479**	1,369,749

Schedule 8 : CASH AND BANK BALANCES			
(a)	Cash on hand [including stamps on hand Rs.'(000s) 10 (Previous year Rs. '(000s) 11)	**2,412**	2,844
(b)	Cheques/demand drafts on hand	**32,428**	17,517
(c)	Balance with scheduled banks in:		
	(i) Current accounts	**69,881**	45,981
	(ii) Cash credit accounts	**98,448**	270,699
	(iii) Deposit accounts*	**2,195**	3,195
		205,364	340,236

*includes Rs. '(000s) 1,195 on account of fixed deposits pledged with customers as security (Previous year Rs.'(000s) 1,195)

		As at 31.03.10	As at 31.03.09
		Rs./000s	Rs./000s

Schedule 9 : LOANS AND ADVANCES

		As at 31.03.10 Rs./000s	As at 31.03.09 Rs./000s
(a)	Advances recoverable in cash or in kind or for value to be received (See note below)	**586,688**	544,361
(b)	Advance income tax and tax deducted at source [Net of Provision for Tax Rs. '(000s) 1,789,586 (Previous year Rs. 1,565,681) & Fringe Benefit Tax Rs.'(000s) 67,128 (Previous year Rs. 67,128)	**600,678**	594,765
		1,187,366	1,139,126
(c)	Less: Advances considered doubtful	**47,256**	31,894
		1,140,110	1,107,232
(d)	Of the above, amounts :		
	(i) Fully secured	**14,267**	64,215
	(ii) Unsecured, considered good	**1,125,843**	1,043,017
	(iii) Considered doubtful	**47,256**	31,894
		1,187,366	1,139,126

Note:

1.	Includes deposits with Customs, Octroi, Electricity Boards etc.	**59,829**	59,163
2.	Includes Capital Advances	**62,622**	4,410

Schedule 10 : CURRENT LIABILITIES AND PROVISIONS

		As at 31.03.10 Rs./000s	As at 31.03.09 Rs./000s
CURRENT LIABILITIES			
(a)	Sundry Creditors		
	i. Micro and Small Enterprises (see note 22)	–	600
	ii. Others	**1,084,644**	1,458,671
(b)	Advance/Security deposits received from customers	**189,311**	199,004
(c)	Investor education and protection fund - unclaimed dividend	**2,255**	1,919
(d)	Unearned revenue	**508,036**	632,514
(e)	Other liabilities	**92,644**	63,201
(f)	Interest accrued but not due	**23**	2,776
		1,876,913	2,358,685
PROVISIONS			
(a)	Proposed dividends	**303,000**	227,250
(b)	Provision for tax on proposed dividends	**51,495**	38,621
(c)	Provision for compensated absences	**153,898**	126,587
(d)	Provision for post retirement medical benefits (See note 18)	**46,651**	44,554
(e)	Provision for gratuity (See note 18)	**192,367**	176,710
		747,411	613,722
		2,624,324	2,972,407

SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT

	Year ended 31.03.10	Year ended 31.03.09
	Rs./000s	Rs./000s
Schedule 11 : SALES AND SERVICES		
(a) Sale of purchased equipment	**1,010,076**	2,319,622
(b) Services		
(i) Software services	**3,021,223**	3,334,451
(ii) Maintenance services	**487,559**	523,641
(iii) Other services	**1,833,404**	1,483,798
(c) Education and training	**416,542**	447,128
(d) Lease rentals	**13,251**	11,839
(e) Rentals from Special Economic Zone	**118,075**	84,068
	6,900,130	8,204,547

Note :

Lease rentals include income Rs.'(000s) 114,466 (Previous period Rs.'(000s) 6,945) under finance leases.

Schedule 12 : OTHER INCOME		
(a) Dividend from mutual funds [current investments (unquoted)]	**59,414**	47,075
(b) Bad Debts Recovered	**37,675**	–
(c) Profit on sale of Mutual Funds	**30,732**	–
(d) Unclaimed balances/provisions written back	**16,745**	25,101
(e) Profit on sale of fixed assets	**1,447**	1,577
(f) Transfer from capital reserve - capital grants (See note 2 f)	**543**	2
(g) Gain on foreign exchange fluctuations (Net of loss)	**–**	94,448
(h) Miscellaneous income	**40,955**	29,889
	187,511	198,092
Schedule 13 : OPERATING AND OTHER EXPENSES		
1. Equipment Purchased for Resale	**973,593**	2,228,924
2. Payments to and Provisions for Employees		
(a) Salaries, allowances and incentives	**1,971,291**	1,853,213
(b) Contribution to provident and other funds	**134,221**	93,758
(c) Staff welfare expenses	**92,836**	136,899
(d) Employee benefits (See note 18)	**54,608**	42,248
Sub-Total	**2,252,956**	2,126,118
3. Operating and Administration Expenses		
(a) Components / spares for maintenance and resale	**210,040**	278,333
(b) Sub-contracted / outsourced services	**826,925**	772,031
(c) Purchased software	**7,029**	16,273
(d) Freight, handling and packing expenses	**13,937**	23,715
(e) Rent and hire charges	**158,629**	141,844
(f) Rates and taxes	**17,603**	18,479
(g) Repairs and maintenance:		
(i) Building	**46,033**	41,774
(ii) Plant and machinery	**33,229**	26,161
(iii) Other	**5,508**	4,560
(h) Electricity charges	**89,529**	89,371
(i) Insurance	**5,878**	6,070

	Year ended 31.03.10	Year ended 31.03.09
	Rs./000s	Rs./000s
Schedule 13 : OPERATING AND OTHER EXPENSES *(Contd.)*		
(j) Traveling and conveyance	**141,258**	201,756
(k) Printing, stationery and computer consumables	**15,946**	23,151
(l) Communication and postage	**78,064**	74,075
(m) Advertisement, publicity and business promotion	**10,692**	13,608
(n) Directors' fees	**1,660**	1,515
(o) Commision to Non-Executive Directors	**3,500**	2,500
(p) Professional and legal fees	**65,924**	87,148
(q) Education and training :		
(i) Payments to franchisees	**143,131**	141,690
(ii) Other expenses	**50,463**	58,694
(r) Living expenses – overseas contracts	**76,371**	407,128
(s) Provision for doubtful debts / advances	**59,475**	44,359
(t) Bad debts / advances written off	**98,940**	106,179
(u) Loss on fixed assets written off	**4,480**	3,192
(v) Loss on foreign exchange fluctuations (Net of gain)	**60,061**	-
(w) Other expenses (See note 15)	**43,756**	75,522
Sub-Total	**2,268,061**	2,659,128
Total	**5,494,610**	7,014,170
Schedule 14 : INTEREST		
1. Interest expense		
(a) Term loans	**27,238**	20,044
(b) Cash credit accounts with banks	**–**	14
(c) Others	**22**	59
	27,260	20,117
2. Less: Interest earned		
(a) Loans to employees	**250**	226
(b) Fixed deposits with banks [Tax deducted at source Rs. '(000s) Nil (Previous year Rs.'(000s) 79)]	**20**	384
(c) Others [Tax deducted at source Rs. '(000s) 75 (Previous year Rs. '(000s) 130)]	**468**	708
	738	1,318
	26,522	18,799

Schedule 15 : 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 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 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) or 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 prevailing 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 recongnised 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 & 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 amortized 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 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, fringe benefit tax and deferred tax. Current tax and fringe benefit 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 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 (EPS)

The Company reports basic and diluted earnings per equity share in accordance with Accounting Standard 20 'Earnings per share'. Basis 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.

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) 73,467(Previous year Rs.' (000s) 66,355). Amounts aggregating to Rs.' (000s) 949 (Previous year Rs.' (000s) 1,906) have been capitalised.

5. Contingent Liabilities and Commitments

	PARTICULARS	**As at 31.03.10**	As at 31.03.09
		Rs./000s	Rs./000s
a.	Claims against the company not acknowledged as debts*		
•	Under litigation	**68,219**	127,009
•	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	**88,804**	86,245
•	Demands raised by service tax authorities disputed and pending at various stages of adjudication and appellate fora.	**213,906**	38,644
•	Disputed demand for payment of customs duty on imports	**228,225**	-
•	Disputed demand towards Land Use Conversion fee.	**202,500**	-
•	Sales tax on leased assets	**3,776**	3,726
•	Others	**9,007**	42,739
	Total	**814,717**	298,643
b.	Unexpired Letters of Credit	**1,480**	546,271
c.	Guarantees issued by bankers against Company's counter guarantee	**367,974**	258,477
d.	Estimated amount of contracts remaining to be executed on capital account (net of advances) and not provided for	**499,781**	210,407

* No provision is considered necessary since the Company expects favorable decisions. The advance paid against above during the year is Rs.'(000s) 77,469 (Previous Year Rs.'(000s) 29,611).

During the previous year, the Company had undertaken to provide financial support to its wholly-owned subsidiary, CMC Americas, Inc. through 1 April, 2010.

6. Fixed Assets

Gross Block as at 31 March 2010 includes:

a. Assets acquired from Grants and aggregating to Rs.' (000s) Nil (Previous year Rs.' (000s) 41,865) being the property of Government of India. The depreciation for the year on such assets is Rs.' (000s) 2 (Previous year Rs.' (000s) 2), further amount written off during the year is Rs.' (000s) 469 (Previous year Rs.' (000s) Nil) and the accumulated depreciation at the year end is Rs.' (000s) 41,396 (Previous year Rs.' (000s) 41,394).

b. Assets aggregating to Rs.' (000s) Nil (Previous year Rs.' (000s) 7,210) received free of cost. The depreciation for the year on such assets is Rs. '(000s) Nil (Previous year Rs.' (000s) Nil) , further amount written off during the year is Rs.' (000s) 72 (Previous year Rs.' (000s) Nil) and the accumulated depreciation thereon is Rs. '(000s) 7,138 (Previous year Rs.' (000s) 7,138).

c. Plant and machinery given on lease aggregating to Rs.' (000s) 9,824 (Previous year Rs.' (000s) 9,824). The depreciation for the year is Rs.' (000s) Nil (Previous year Rs.' (000s) Nil), the accumulated depreciation thereon being Rs.' (000s) 9,726 (Previous year Rs.' (000s) 9,726).

7. Unexpired foreign exchange forward contracts

The following are outstanding Foreign Exchange Forward contracts as at 31 March, 2010.

Foreign Currency	No. of Contracts	Notional amount of Forward contracts in foreign currency	Rupee Equivalent (Rs. /000s)
USD	2 (2)	5,205,728 (1,299,089)	244,491 (64,420)

As of the balance sheet date, the Company has net foreign currency exposure that are not hedged by a derivative instrument or otherwise amounting to Rs.'000s 487,527 (Previous year Rs.' (000s) 507,946).

Amounts in brackets represent previous year's figures.

		Year ended 31.03.10 Rs./000s	Year ended 31.03.09 Rs./000s
8.	**Earnings in foreign currency**		
	a. Export (Services)	**1,933,973**	1,719,171
9.	**Expenditure in Foreign Currency**		
	a. Living allowance	**68,068**	405,363
	b. Travel	**3,943**	11,755
	c. Overseas branch expenses and others	**56,665**	42,256
	d. Technical services	**39,973**	27,457
	e. Taxes in foreign jurisdiction	**21,733**	22,341
10.	**Value of imports** (calculated on CIF basis)		
	a. Equipment / system software	**217,434**	625,581
	b. Stores and spares	**1,246**	1,636
	c. Capital equipment	**9,831**	18,990
11.	Goods in Transit exclude customs duty pending clearance Rs.'(000s) Nil (Previous year Rs.' (000s) 345).		
12.	**Managerial Remuneration**		
	a. Managerial Remuneration for Directors' (excluding provision for encashable leave and gratuity as separate figures for Whole-time Directors is not available).	**9,202**	8,539
	b. The above is inclusive of:		
	• Estimated expenditure on perquisites	**1,128**	1,023
	• Contribution to Provident and Superannuation Fund	**531**	531
	Non Executive Directors		
	a. Commission	**3,500**	2,500
	b. Sitting fees	**1,660**	1,515
	Computation of Net Profit in accordance with Section 309 (5) of the Companies Act, 1956.		
	A. Profit before taxes and exceptional items	**1,468,347**	1,276,721
	B. Add:		
	a. Managerial Remuneration	**9,202**	8,539
	b. Provision for bad and doubtful debts and advances	**59,475**	44,359
	c. Loss on disposal of fixed assets	**4,480**	3,192
		1,541,504	1,332,811
	C. Less: Dividend/Profit on redemption of mutual funds	**90,146**	47,075
	D. Net Profit as per Section 309 (5) of the Companies Act, 1956	**1,451,358**	1,285,736
	E. Maximum commission payable	**14,514**	12,857
	F. Commission provided for Non-Executive Directors	**3,500**	2,500

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

Computer equipment and Peripherals

	Year ended 31.03.10		Year ended 31.03.09	
	Nos.	**(Rs./000s)**	Nos.	(Rs./000s)
Opening stock	**1,050**	**92,630**	9,248	153,710
Purchases	**9,155**	**945,702**	3,455	2,159,353
Sales	**9,784**	**1,003,516**	11,653	2,317,010
Closing stock*	**421**	**66,234**	1,050	92,630

* does not include goods in transit Rs.' (000s) Nil (Previous year Rs.' (000s) 36,476).

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.

14. Lease Commitments

i. Operating Lease

The Company has taken property on operating lease and has recognised rent of Rs.' (000s) 16,899 (Previous Year Rs.' (000s) 44,053). The total of future minimum lease payments under leases for the following periods:

Particulars	**As at 31.03.10**	As at 31.03.09
	(Rs./000s)	(Rs./000s)
a. Not later than one year	**16,899**	28,789
b. Later than one year but not later than five years	**20,495**	32,008
c. Later than five years	**8,678**	13,017

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 31.03.10**	As at 31.03.09
	(Rs./000s)	(Rs./000s)
a. Total gross investment	**66,521**	23,865
• Not later than one year	**22,264**	8,423
• Later than one year but not later than five years	**44,257**	15,442
• Later than five years	**-**	-
b. Present value of Minimum Lease payments receivable	**53,386**	12,232
• Not later than one year	**14,733**	2,483
• Later than one year but not later than five years	**38,653**	9,749
• Later than five years	**-**	-
c. Unearned Finance Income	**13,135**	11,633

15. Auditors' Remuneration*

Other expenses include Auditors' remuneration as follows:

Particulars	**Year ended 31.03.10**	Year ended 31.03.09
	(Rs./000s)	(Rs./000s)
Audit fee (including limited reviews)	**3,200**	3,200
Tax audit	**800**	800
Reimbursement of out-of-pocket expenses	**197**	181
	4,197	4,181

* Exclusive of service tax

The remuneration disclosed above excludes fees of Rs. '(000s) 3,305 (Previous year Rs. '(000s) 4,235) (including Rs.'(000s) 850 (Previous year Rs. '(000s) 1,600) for representation before various authorities) for professional services rendered by a firm of accountants in which the partners of the firm of statutory auditors are partners.

16. 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 (RBI) 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.

17. Taxes

a. Current income tax includes taxes deducted in foreign jurisdiction Rs. '(000s) 21,733 (Previous year Rs. '(000s) 22,341).

b. Deferred tax assets and liabilities are being offset as they relate to taxes on income levied by the same governing taxation laws.

c. Break up of deferred tax assets/liabilities and reconciliation of current year deferred tax charge is as follows:

(All amounts in Rs./000's)

Particulars	**Opening Balance**	**Credited/ (Charged) to P & L Account**	**Total**
Deferred Tax Liabilities:			
Tax impact of difference between carrying amount of fixed assets in the financial statements and the income tax return	(108,535)	5,765	(102,770)
Total	**(108,535)**	**5,765**	**(102,770)**
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	20,973	7,156	28,129
• Provision for Employee Benefits	113,496	14,886	128,382
• Other expenses	3,215	(2,057)	1,158
Total	**137,684**	**19,985**	**157,669**
Net Deferred Tax Asset/(Liability)	**29,149**	**25,750**	**54,899**

18. 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. Under the scheme, the Company is required to contribute a specified percentage of payroll cost to fund the benefits.

The Company recognised Rs.' (000s) 89,128 (Previous Year Rs.' (000s) 90,412) 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. 350,000. 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 is calculated on the basis of fixed annual amount per employee (based on the basic salary) for qualifying employees.

The most recent actuarial valuation of plan assets and the present value of the defined obligation were carried out on 31 March, 2010. The present value of the defined obligation and the related current service cost and past service cost, were measured using Projected Unit Credit Method.

c. The following tables set out the status of the gratuity plan and medical plan and amounts recognised in the Company's financial statements as at 31 March, 2010.

i. Change in benefit obligations: **(All amounts in Rs./000's)**

Particulars	**Gratuity**	**Medical Benefit Plan (Unfunded)**	**Total**
Present value of obligations as on 01.04.09	189,593	44,554	234,147
	(165,836)	*(51,254)*	*(217,090)*
Current service cost	15,917	414	16,331
	(14,744)	*(331)*	*(15,075)*
Interest Cost	14,219	3,342	17,561
	(13,935)	*(4,100)*	*(18,035)*
Actuarial gain/(Loss) on obligation	18,105	2,610	20,715
	(18,953)	*(-7,241)*	*(11,712)*
Benefits paid	-32,068	-4,269	-36,337
	(-23,875)	*(-3,890)*	*(-27,765)*
Present value of obligations as on 31.03.10	**205,766**	**46,651**	**252,417**
	(189,593)	***(44,554)***	***(234,147)***

ii. Change in Plan Assets:

Fair value of Plan Assets as on 01.04.09	12,883	-	12,883
	(14,184)	*(-)*	*(14,184)*
Expected return on plan assets	1,031	-	1,031
	(1,779)	*(-)*	*(1,779)*
Employers Contributions	32,584	-	32,584
	(20,000)	*(-)*	*(20,000)*
Benefits paid	-32,067	-	-32,067
	(-23,874)	*(-)*	*(-23,874)*
Actuarial gain	-1,032	-	-1,032
	(794)	*(-)*	*(794)*
Fair value of plan assets as on 31.03.10	**13,339**	**-**	**13,339**
	(12,883)	*(-)*	***(12,883)***

(All amounts in Rs./000's)

	Particulars	Gratuity	Medical Benefit Plan (Unfunded)	Total
iii.	**Net Liability (i-ii):**	**192,367**	**46,651**	**239,018**
		(176,710)	***(44,554)***	***(221,264)***
iv.	**Net cost for the year ended 31 March, 2010:**			
	Current Service cost	15,917	414	16,331
		(14,744)	*(331)*	*(15,075)*
	Interest cost	14,219	3,342	17,561
		(13,935)	*(4,100)*	*(18,035)*
	Expected return on plan assets	-1,031	-	-1,031
		(-1,779)	*(-)*	*(-1,779)*
	Actuarial gain recognised during the year	19,137	2,610	21,747
		(18,158)	*(-7,241)*	*(10,917)*
	Net Cost	**48,242**	**6,366**	**54,608**
		(45,058)	***(-2,810)***	***(42,248)***

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

v. Additional Information:

(i) Gratuity

	2010	2009	2008	2007
Present Value of benefit Obligation	205,766	189,593	165,836	155,006
Fair Value of Plan Asset	13,399	12,883	14,184	6,153
Excess of (obligation over plan asset)/ Plan asset over obligation	(192,367)	(176,710)	(151,652)	(148,853)

(ii) Post Retirement Medical Benefits

	2010	2009	2008	2007
Present Value of benefit Obligation	46,651	44,554	51,254	56,553
Fair Value of Plan Asset	-	-	-	-
Excess of (obligation over plan asset)/ Plan asset over obligation	(46,651)	(44,554)	(51,254)	(56,653)

Experience Adjustment:

(i) Gratuity

	2010	2009
On Plan Liability	18,105	13,099
On Plan Assets	1,031	2,125

(ii) Post Retirement Medical Benefits

	2010	2009
On Plan Liability	2,610	5,606

vi. Principal actuarial assumptions:

Sr. No.	Particulars	Refer Note below	Year ended 31.03.2010	Year ended 31.03.2009
i.	Discount rate (p.a.)	1	**7.50%**	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:

1. 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.
2. 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.
3. The estimates of future salary increases considered take into account the inflation, seniority, promotion and other relevant factors.

Demographic assumptions:

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

19. Related Party Disclosures

a. List of related parties

i. Company holding substantial interest in voting power of the Company
- Tata Sons Limited (the Ultimate Holding Company)
- Tata Consultancy Services Limited (the Holding Company)

ii. Fellow Subsidiaries
- Tata AIG General Insurance Company Limited
- Tata AIG Life Insurance Company Limited
- E-NXT Financials Private Limited
- Tata Capital 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 (formerly E2E Serwiz Solutions Limited)
- Diligenta Limited
- Tata Consultancy Services, Asia Pacific Pte Limited

iii. Subsidiary
- CMC Americas Inc.

iv. Key Management Personnel
- Mr. R. Ramanan

b. Transactions /balances outstanding with Related Parties.

(All amounts in Rs./000s)

Transactions/ Outstanding Balances	Holding Company	Subsidiary Company	Fellow Subsidiary	Key Management Personnel	Total
Transactions during the year					
Purchase of goods/services	68,510	21,045	16,753 (note a)	-	106,308
	(111,413)	*(338,312)*	*(16,370)*	*(-)*	*(466,095)*
Sale of goods	311,772	-	367 (note b)	-	312,139
	(1,114,805)	*(-)*	*(283,961)*	*(-)*	*(1,398,766)*
Service income	1,162,308	1,486,426	90,802 (note c)	-	2,739,536
	(1,323,469)	*(1,221,142)*	*(148,539)*	*(-)*	*(2,693,150)*
Managerial Remuneration	-	-	-	9,202	9,202
	(-)	*(-)*	*(-)*	*(8,539)*	*(8,539)*
Interest expense	27,540	-	-	-	27,540
	(30,464)	*(-)*	*(-)*	*(-)*	*(30,464)*
Loan taken	12,233	-	-	-	12,233
	(55,596)	*(-)*	*(-)*	*(-)*	*(55,596)*
Repayment of loan	357,174	-	-	-	357,174
	(-)	*(-)*	*(-)*	*(-)*	*(-)*
Other transactions*	156,024	-	1,732 (note d)	-	157,756
	(110,550)	*(-)*	*(814)*	*(-)*	*(111,364)*
Balances outstanding at the year end					
Debtors/Unbilled revenues outstanding	607,961	361,376	29,741 (note e)	-	999,078
	(785,298)	*(451,387)*	*(81,311)*	*(-)*	*(1,317,996)*
Unearned Revenue	50,041	-	724 (note f)	-	50,765
	(88,906)	*(-)*	*(11,104)*	*(-)*	*(100,009)*
Creditors / Advances	85,796	3,448	1,226 (note g)	-	90,470
	(110,250)	*(34,290)*	*(1,777)*	(-)	*(146,317)*
Unsecured Loans	-	-	-	-	-
	(344,941)	(-)	(-)	(-)	*(344,941)*
Loans/ advances	6,000	-	-	-	6,000
	(-)	(-)	(-)	(-)	*(-)*
Investment in Share Capital	-	81,801	-	-	81,801
	(-)	*(81,801)*	(-)	(-)	*(81,801)*

* 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 31.03.2010 (Rs. /000s)	Year ended/ As at 31.03.2009 (Rs. /000s)
a.	**Purchase of Goods / Services**		
	Tata Teleservices Limited	7,577	8,653
	Tata Teleservices (Maharashtra) Limited	7,163	7,657
	Tata Consultancy Services, Netherlands BV	1,880	-
b.	**Sale of Goods**		
	Tata Teleservices Limited	250	279,503
	Tata Business Support Services Limited (Formerly E2E Serwiz Solutions Limited)	-	4,458
	Tata Quality Management Services	108	-
c.	**Service Income**		
	Tata Consultancy Services, Netherlands BV	16,889	40,361
	Tata Teleservices Limited	-	20,698
	Tata Consultancy Services, Asia Pacific Pte Limited	11,292	27,335
	Tata Consultancy Services Sverige AB	32,537	48,340
	Diligenta Limited	13,547	-
d.	**Others**		
	Tata Consultancy Services, Asia Pacific Pte Limited	812	791
	Tata Consultancy Services Sverige AB	920	-
e.	**Debtors / Unbilled Revenue**		
	Tata Consultancy Services, Netherlands BV	9,284	24,304
	Tata Teleservices Limited	3,472	19,989
	Tata Consultancy Services, Asia Pacific Pte Limited	4,431	16,710
	Tata Consultancy Services Sverige AB	9,453	12,612
f.	**Unearned Revenue**		
	Tata Consultancy Services, Netherlands BV	322	6,874
	Tata Consultancy Services, Asia Pacific Pte Limited	402	985
g.	**Creditors / Advances**		
	Tata Teleservices (Maharashtra) Limited	1,171	1,495
	Tata AIG General Insurance Company Limited	-	213

20. Segment Information

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

(All amounts in Rs./000s)

		Customer Services	Systems Integration	ITES	Education and Training	Total
i.	**SEGMENT REVENUE**					
	- Sales and Services	2,367,267	2,901,587	1,097,361	415,840	**6,782,055**
		(3,857,456)	*(3,107,378)*	*(715,726)*	*(439,919)*	***(8,120,479)***
	- SEZ Income					**118,075**
						(84,068)
	- Other Income	45,005	2,385	2,398	96	**49,884**
		(-23,067)	*(13,145)*	*(7,185)*	*(4,811)*	***(2,074)***
ii.	**SEGMENT RESULTS**	206,624	1,161,286	396,377	44,928	**1,809,215**
		(209,616)	*(1,141,215)*	*(152,599)*	*(50,045)*	***(1,553,475)***
iii.	**UNALLOCABLE EXPENSES**					**314,345**
	(net of unallocable income)					***(257,954)***
iv.	**OPERATING PROFIT**					**1,494,870**
						(1,295,520)
v.	**INTEREST EXPENSE (NET)**					**265,222**
						(18,799)
vi.	**PROVISION FOR TAX**					
	- Current income tax					**249,117**
						(197,839)
	- Deferred income tax					**-25,750**
						(6,939)
	- Fringe benefit tax					**-**
						(16,225)
	- MAT Credit Entitlement					**-50,827**
						(-)
vii.	**NET PROFIT**					**1,295,808**
						(1,055,718)
viii.	**OTHER INFORMATION**					
	Segment assets	1,500,069	1,329,756	408,109	212,079	**3,450,013**
		(2,133,626)	*(1,451,787)*	*(355,288)*	*(144,762)*	***(4,085,463)***
	Unallocable assets					**3,940,230**
						(3,057,033)
	TOTAL ASSETS					**7,390,243**
						(7,142,496)
	Segment liabilities	1,004,779	528,637	184,495	195,481	**1,913,392**
		(1,567,472)	*(557,048)*	*(154,169)*	*(142,467)*	***(2,421,156)***
	Unallocable liabilities					**710,932**
						(896,191)
	TOTAL LIABILITIES					**2,624,324**
						(3,317,347)
	Capital Expenditure	1,419	18,486	12,853	15,696	
		(8,114)	*(35,394)*	*(4,871)*	*(3,328)*	
	Depreciation	10,791	24,919	8,768	7,667	
		(12,403)	*(30,813)*	*(7,682)*	*(9,103)*	
	Non-cash expenses other than depreciation	73,180	2,812	15,958	10,517	
		(43,272)	*(69,821)*	*(6,320)*	*(12,573)*	

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.
iii. Amounts in brackets and *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	4,962,564	1,485,115	181,641	270,810	**6,900,130**
	(6,490,904)	*(1,220,346)*	*(159,503)*	*(333,794)*	***(8,204,547)***
- Other Income	187,314	91	-	106	**187,511**
	(198,091)	*(-)*	*(-)*	*(-)*	***(198,091)***
TOTAL ASSETS	6,469,136	410,632	61,355	449,120	**7,390,243**
	(6,102,763)	*(472,046)*	*(60,021)*	*(507,466)*	***(7,142,496)***
TOTAL LIABILITIES	2,493,120	75,566	33,826	21,812	**2,624,324**
	(3,155,628)	*(96,552)*	*(18,444)*	*(46,723)*	***(3,317,347)***

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

21. Earnings per share (EPS)

Particulars	Units	Year ended 31.03.10	Year ended 31.03.09
Net profit attributable to shareholders	Rs./000s	1,295,808	1,055,718
Weighted average number of equity shares in issue	Nos. 000s	15,150	15,150
Basic earning per share of Rs.10 each	Rs.	85.53	69.68

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

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

Particulars	Year ended 31.03.10 (Rs./000s)	Year ended 31.03.2009 (Rs./000s)
a. Amounts payable to suppliers under MSMED (suppliers) as on 31 March, 2010		
- Principal	-	202
- Interest due thereon	-	398
b. Payments made to suppliers beyond the appointed day during the year		
- Principal	-	1,400
- 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	-	136
d. Amount of interest accrued and remaining unpaid as on 31 March, 2010	-	398
e. Amount of interest remaining due and payable to suppliers disallowable as deductible expenditure under Income Tax Act, 1961	-	398

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

R. Ramanan
Managing Director & CEO

J. K. Gupta
Chief Financial Officer

Vivek Agarwal
Company Secretary & Head-Legal

Mumbai
15 April, 2010

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.	1970	State Code	01
Balance Sheet Date	31 (Date)	03 (Month)	10 (Year)

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

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

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

Total Liabilities	Total Assets
4765919	4765919

Sources of Funds

Paid-up Capital (including Advance against Equity)	Reserves and Surplus
151500	4614419
Secured Loans	Unsecured Loans
NIL	NIL

Application of Funds

Net Fixed Assets	Investments
1139885	2034975
Net Current Assets	Miscellaneous Expenditure
1536160	NIL
Deferred Tax Assets	
54899	
Accumulated Loss	
NIL	

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

Turnover		Total Expenditure
7087641		5619294
Profit/(Loss) Before Tax	+/-	Profit/(Loss) after Tax
1468347	+	1295808
Earning Per Share in Rs.		Dividend Rate (%)
85.53		200

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

Item Code No. (ITC Code)	84.71
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

Mumbai
15 April, 2010

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

		As on 31 March, 2010	
		US $	**INR**
a.	Capital	1,600,010	71,872,449
b.	Reserves	7,732,583	347,347,628
c.	Total Assets	27,578,039	1,238,805,512
d.	Total Liabilities	18,245,446	819,585,434
e.	Investments	—	—

		Year Ended 31 March, 2010	
		US $	**INR**
f.	Turnover	49,277,400	2,213,540,808
g.	Profit/(Loss) before taxation	4,388,801	197,144,941
h.	Provision for taxation	1,484,215	66,670,938
I.	Profit /(Loss) after taxation	2,904,586	130,474,003
j.	Proposed Dividend	—	—

Note : US $ above have been converted to INR at the exchange rate prevailing on 31.03.2010 (1 US $ = INR 44.92)

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

Mumbai
15 April, 2010

AUDITORS' REPORT

**TO THE BOARD OF DIRECTORS
OF CMC LIMITED ON THE CONSOLIDATED FINANCIAL
STATEMENTS OF CMC LIMITED AND ITS SUBSIDIARY**

We have audited the attached Consolidated Balance Sheet of CMC Limited ("the Company") and its subsidiary (the Company and its subsidiary constitute "the Group") as at 31 March, 2010, 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 information regarding components. Our responsibility is to express an opinion on these Consolidated Financial Statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards 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 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.

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.

Based on our audit and on consideration of the separate audit reports on the individual financial statements of the Company, and the aforesaid subsidiary 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. tin the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at 31 March, 2010;

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)

JITENDRA AGARWAL
Partner
(Membership No. 87104)

Mumbai
15 April, 2010

CONSOLIDATED BALANCE SHEET AS AT 31 MARCH, 2010

	Schedule Ref.	As at 31.03.10	As at 31.03.09
		Rs./000s	Rs./000s
SOURCES OF FUNDS			
1. SHAREHOLDERS' FUNDS			
(a) Share Capital	1	**151,500**	151,500
(b) Reserves & Surplus	2	**4,955,257**	3,921,425
		5,106,757	4,072,925
2. LOAN FUNDS			
(a) Unsecured Loans	3	**134,760**	497,161
		5,241,517	4,570,086
APPLICATION OF FUNDS			
3 FIXED ASSETS	4		
(a) Gross Block		**1,714,151**	1,622,521
(b) Less: Depreciation		**784,001**	801,405
(c) Net Block		**930,150**	821,116
(d) Capital Work in Progress		**217,636**	148,680
4 GOODWILL		**3,412**	3,412
5 DEFERRED TAX ASSETS			
(a) For the Parent (See note 14)		**54,899**	29,149
(b) For the Subsidiary		**9,613**	8,321
		64,512	37,470
6 INVESTMENTS	5	**1,953,174**	1,198,800
7 CURRENT ASSETS, LOANS & ADVANCES			
(a) Inventories	6	**85,276**	153,792
(b) Sundry debtors	7	**2,054,334**	2,573,273
(c) Unbilled revenues		**1,050,907**	900,241
(d) Cash and bank balances	8	**679,616**	827,406
(e) Loans and advances	9	**1,157,601**	1,090,624
		5,027,734	5,545,336
8 LESS : CURRENT LIABILITIES AND PROVISIONS	10		
(a) Current Liabilities		**2,179,293**	2,545,962
(b) Provisions		**775,808**	638,766
		2,955,101	3,184,728
9 NET CURRENT ASSETS		**2,072,633**	2,360,608
		5,241,517	4,570,086
Notes forming part of the Consolidated Financial Statements	15		

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

As per our report of even date attached

For **Deloitte Haskins & Sells**
Chartered Accountants

Jitendra Agarwal
Partner
Membership No. 87104

Mumbai
15 April, 2010

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

Mumbai
15 April, 2010

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH, 2010

	Schedule Ref.	**Year ended 31.03.10**	Year ended 31.03.09
		Rs./000s	Rs./000s
INCOME			
1. Sales and services	11	**8,707,273**	9,398,346
2. Other Income	12	**187,511**	279,863
		8,894,784	9,678,209
EXPENDITURE			
3. Operating and other expenses	13	**7,090,030**	8,131,457
4. Depreciation	4	**98,537**	93,421
5. Interest (Net)	14	**31,687**	15,138
		7,220,254	8,240,016
PROFIT BEFORE TAX		**1,674,530**	1,438,193
6. Provision for Taxes (See note 13)		**242,265**	276,722
PROFIT AFTER TAX CARRIED FORWARD TO RESERVES AND SURPLUS		**1,432,265**	1,161,471
Basic and diluted Earnings Per Share (Rupees) (See note 19)		**94.54**	76.66
Notes forming part of the Consolidated Financial Statements	15		

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

As per our report of even date attached

For **Deloitte Haskins & Sells**
Chartered Accountants

Jitendra Agarwal
Partner
Membership No. 87104

Mumbai
15 April, 2010

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

Mumbai
15 April, 2010

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH, 2010

	Schedule Ref.	**Year ended 31.03.10**	Year ended 31.03.09
		Rs./000s	Rs./000s
A. CASH FLOW FROM OPERATING ACTIVITIES			
Net profit before tax		**1,674,530**	1,438,193
Adjustments for :			
Depreciation		**98,537**	93,421
Interest paid		**32,953**	24,169
Dividend On Mutual Fund		**(59,414)**	(47,075)
(Profit) /Loss on sale of fixed assets		**(1,447)**	(1,577)
Unclaimed balances/provisions written back		**(16,745)**	(25,101)
Provision for doubtful debts (net)		**158,080**	150,369
Unrealised Foreign exchange loss/(gain)		**(8,286)**	(49,155)
Exchange difference on translation of foreign currency cash and cash equivalents		**(615)**	(2,314)
Fixed assets written off		**4,480**	3,192
Transfer from capital reserve		**(543)**	(2)
Operating profit before working capital changes		**1,881,530**	1,584,120
Adjustments for :			
(Increase)/Decrease in trade and other receivables		**422,974**	106,396
(Increase)/Decrease in Inventories		**68,516**	44,895
Increase/(Decrease) in trade payables and other liabilities		**(548,196)**	(627,636)
Cash generated from operations		**1,824,824**	1,107,775
Direct taxes paid/deducted at source		**(290,287)**	(436,429)
NET CASH FROM/(USED) IN OPERATING ACTIVITIES	**(A)**	**1,534,537**	671,346
B. CASH FLOW FROM INVESTING ACTIVITIES			
Dividend on Mutual Fund		**59,414**	47,075
Purchase of fixed assets		**(281,935)**	(218,819)
Sale of fixed assets		**2,375**	2,309
Foreign exchange translation adjustment (arising on consolidation)		**(43,395)**	50,158
NET CASH FROM/(USED) IN INVESTING ACTIVITIES	**(B)**	**(263,541)**	(119,277)
C. CASH FLOW FROM FINANCING ACTIVITIES			
Interest paid		**(35,706)**	(10,750)
Proceeds/(Payment) of long term borrowings		**(362,401)**	207,816
Dividend paid (including dividend tax)		**(265,871)**	(194,972)
NET CASH FROM FINANCING ACTIVITIES	**(C)**	**(663,978)**	2,094
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	**(A+B+C)**	**607,018**	554,163
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR [including short term investment Rs.'(000) 1,198,800]	8	**2,025,157**	1,468,680
Exchange difference on translation of foreign currency cash and cash equivalents		**615**	2,314
CASH AND CASH EQUIVALENTS AT END OF THE YEAR [including short term investment Rs.'(000) 1,953,174]	8	**2,632,790**	2,025,157
Note: Cash and Cash equivalent include restristed cash		**357,520**	403,687

As per our report of even date attached

For **Deloitte Haskins & Sells**
Chartered Accountants

Jitendra Agarwal
Partner
Membership No. 87104

Mumbai
15 April, 2010

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

Mumbai
15 April, 2010

SCHEDULES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

	As at 31.03.10	As at 31.03.09
	Rs./000s	Rs./000s
Schedule 1 : SHARE CAPITAL		
Authorised		
35,000,000 (Previous year 35,000,000) equity share of Rs.10 each	**350,000**	350,000
Issued, Subscribed and Paid up		
15,150,000 (Previous year 15,150,000) equity shares of Rs.10 each fully paid up	**151,500**	151,500
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**	545
(ii) Less:Transferred to Profit and Loss Account	**543**	2
(iii) Closing balance	**-**	543
(b) General Reserve		
(i) Opening balance	**283,579**	178,007
(ii) Add: Transferred from Profit and Loss Account	**129,581**	105,572
(iii) Closing balance	**413,160**	283,579
(c) Foreign currency translation reserve (arising on consolidation)		
(i) Opening balance	**51,105**	947
(ii) Add: Adjustment for current year	**(43,395)**	50,158
(iii) Closing balance	**7,710**	51,105
(d) Profit and Loss account		
(i) Opening balance	**3,586,198**	2,796,170
(ii) Add: Additions during the year	**1,432,265**	1,161,471
	5,018,463	3,957,641
(iii) Less: Proposed dividend	**303,000**	227,250
(iv) Less: Tax on Proposed dividend	**51,495**	38,621
(v) Less: Transfer to General reserve	**129,581**	105,572
	4,534,387	3,586,198
	4,955,257	3,921,425
Schedule 3 : UNSECURED LOANS		
Long Term loan	**134,760**	497,161

Note:
1. Loans repayable within one year Rs.'(000s) Nil [Previous year Rs.'(000s) 17,247]

Schedule 4 : FIXED ASSETS (See note 8) (At Cost)

(All amounts in Rs./000s)

Particulars	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at 01.04.09	Additions	Deductions/ Adjustments	As at 31.03.10	As at 01.04.09	For the year	Deductions/ Adjustments	As at 31.03.10	As at 31.03.10	As at 31.03.09
(a) Land										
(i) Leasehold	59,615	-	-	**59,615**	11,145	762	-	**11,907**	**47,708**	48,470
(ii) Freehold	605	-	-	**605**	-	-	-	**-**	**605**	605
(b) Buildings										
(i) Leasehold	16,167	-	-	**16,167**	13,787	34	-	**13,821**	**2,346**	2,380
(ii) Freehold *	594,778	127,373	2,770	**719,381**	79,949	11,426	735	**90,640**	**628,741**	514,829
(c) Plant & Machinery										
(i) Computers	599,864	57,824	80,088	**577,600**	438,752	61,663	78,362	**422,053**	**155,547**	161,112
(ii) Office and other equipment	44,952	2,785	3,873	**43,864**	29,119	1,531	2,886	**27,764**	**16,100**	15,833
(iii) Others	191,751	15,292	32,135	**174,908**	157,586	13,099	31,836	**138,849**	**36,059**	34,165
(d) Furniture & Fittings	108,847	8,904	2,483	**115,268**	67,702	9,453	2,122	**75,033**	**40,235**	41,145
(e) Vehicles	5,942	801	-	**6,743**	3,365	569	-	**3,934**	**2,809**	2,577
TOTAL	1,622,521	212,979	121,349	**1,714,151**	801,405	98,537	115,941	**784,001**	**930,150**	821,116
(f) Capital work-in-progress**	148,680	201,164	132,208	**217,636**	-	-	-	**-**	**217,636**	148,680
GRAND TOTAL	1,771,201	414,143	253,557	**1,931,787**	801,405	98,537	115,941	**784,001**	**1,147,786**	969,796
Previous Year	1,638,108	355,349	222,256	**1,771,201**	789,786	93,421	81,802	**801,405**	**969,796**	848,322

* Additions to freehold buildings include Interest capitalised amounting to Rs.'(000s) 7,316 (Previous year Rs.'(000s) 8,125).

** Capital work-in-progress includes interest amounting to Rs.'(000s) 302 (Previous Year Rs.'(000s) 17,412).

	As at 31.03.10	As at 31.03.09
	Rs./000s	Rs./000s
Schedule 5 : INVESTMENTS (At cost)		
CURRENT INVESTMENTS (UNQUOTED)		
Investments - Mutual Funds	**1,953,174**	1,198,800
Note:		
a. Book value of current unquoted investments	**1,955,823**	1,219,149

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

BENEFICIARY	BALANCE AS ON 01.04.09		PURCHASES DURING THE YEAR		SOLD DURING THE YEAR		BALANCE AS ON 31.3.10	
	No. of Units	Rs.'(000)	No. of Units	Rs.'(000)	No. of Units	Rs.'(000)	No. of Units	Rs.'(000)
UNQUOTED INVESTMENT								
Fixed Maturity Plan								
Birla Sun Life Fixed Term Plan - series BC-Growth	13,000,000	130,000	-	-	13,000,000	130,000	-	-
Birla Sun Life Medium Term Plan	5,000,000	50,000	98,349	994	5,098,349	50,994	-	-
ING FMP II - Institutional Growth	5,000,000	50,000	-	-	5,000,000	50,000	-	-
Kotak FMP 13M Series 4	5,000,000	50,000	-	-	5,000,000	50,000	-	-
SBI SDFs 370 Days - 2	4,000,000	40,000		-	4,000,000	40,000	-	-
UTI Fixed Income Interval Fund - Quaterly Plan - V	-	-	5,000,000	50,029	-	-	5,000,000	50,029
JM Fixed Maturity Fund - Series XVI-Y1 Growth	-	-	3,000,000	30,000	-	-	3,000,000	30,000
Kotak FMP 18M Series 3 - Growth	-	-	5,000,000	50,000	-	-	5,000,000	50,000
Kotak FMP 13M Series 6 - Growth	-	-	5,000,000	50,000	-	-	5,000,000	50,000
Liquid Plus								
Bharti AXA Treasury Advantage Fund - Daily Dividend Reinvestment	-	-	20,123	20,123	20,123	20,123	-	-
Birla Sunlife Cash Plus Institutional Premium Plan - Daily Dividend Reinvestment	-	-	14,471,385	144,996	14,471,385	144,996	-	-
Birla Sunlife Floting Rate Fund - Long Term - Institutional - Weekly Dividend	-	-	8,997,192	90,253	-	-	8,997,192	90,253
Birla Sunlife Liquid Plus - Dividend Reinvestment	10,143,190	101,501	7,373,233	73,782	8,993,884	90,000	8,522,539	85,283
Canara Robeco Liquid Super - IP - Daily Dividend Reinvestment	-	-	7,031,460	70,603	7,031,460	70,603	-	-
Canara Robeco Treasury Advantage Super Institutional - Daily Dividend Reinvestment	-	-	8,107,036	100,585	8,107,036	100,585	-	-
DWS Cash Oppurtunities Fund IP - Daily Dividend Reinvestment	-	-	20,035,017	200,837	-	-	20,035,017	200,837
DWS Ultra Short Term Fund - Institutional Daily Dividend - Reinvest	-	-	5,990,113	60,008	-	-	5,990,113	60,008

Schedule 5 (Contd.)

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

Beneficiary	Balance as on 01.04.09		Purchases during the year		Sold during the year		Balance as on 31.3.10	
	No. of Units	Rs.'(000)	No. of Units	Rs.'(000)	No. of Units	Rs.'(000)	No. of Units	Rs.'(000)
Fortis Money Plus	19,045,381	190,513	3,274,333	32,753	22,319,714	223,266	-	-
Fortis Overnight Fund - Institutional Plus - Daily Dividend Reinvestment	-	-	46,319,301	463,332	46,319,301	463,332	-	-
HDFC Cash Management Fund-Saving Plus - Wholesale - Dividend Reinvestment	10,068,855	101,006	4,452,451	44,665	3,987,440	40,000	10,533,866	105,671
HDFC Floating Rate Income Fund STF WP - Daily Dividend Reinvestment	-	-	3,995,070	40,274	3,995,070	40,274	-	-
ICICI Prudential Flexible Income Plan - Dividend Reinvestment	14,288,047	151,075	3,548,890	114,914	17,836,937	265,989	-	-
IDFC Money Manager Investemnt - Plan B - Daily Dividend Reinvestment	-	-	23,349,956	233,850	-	-	23,349,956	233,850
JM Money Manager Fund - Super Plus - Daily Dividend Reinvestment	8,118,577	81,229	187,792	1,879	8,306,369	83,108	-	-
JP Morgan India Liquid Fund - Super IP - Daily Dividend Reinvestment	-	-	3,997,873	40,010	3,997,873	40,010	-	-
JP Morgan India Treasury Fund - Super IP - Daily Dividend Reinvestment	-	-	20,265,870	202,839	20,265,870	202,839	-	-
Kotak Flexi Debt Fund - Daily Dividend Reinvestment	-	-	27,537,241	276,549	12,979,139	130,276	14,558,102	146,273
Kotak Floater Long Term - Daily Dividend Reinvestment	-	-	19,977,604	201,370	17,869,409	180,120	2,108,195	21,250
Kotak Liquid Instutional Premium Plan - Daily Dividend Reinvestment	-	-	6,553,807	80,141	6,553,807	80,141	-	-
LIC MF Income Plus Fund - Daily Dividend Plan	-	-	24,035,643	240,356	14,002,478	140,025	10,033,165	100,331
LIC MF Liquid Fund - Dividend Plan	-	-	12,751,244	140,010	12,751,244	140,010	-	-
LIC MF Saving Plus Fund - Daily Dividend Plan	-	-	21,228,398	212,284	4,362	44	21,224,036	212,240
Principal Floating Rate Fund - Flexible Maturity Plan - Institutional Option - Daily Dividend Reinvestment	-	-	3,012,887	30,166	3,012,887	30,166	-	-
Principal Money Manager Fund - Daily Dividend Reivestment	-	-	997,891	10,004	-	-	997,891	10,004
Reliance Liquid Plus Fund - Dividend	91,057	91,160	146,741	146,941	79,908	80,000	157,890	158,101
Reliance Regular Saving Fund - Debt Plan - Institutional Growth	-	-	2,403,114	30,000	-	-	2,403,114	30,000
Sundaram BNP Paribas Ultra Short Term - Super IP - Daily Dividend Reinvestment	-	-	10,093,296	101,306	10,093,296	101,306	-	-
Tata Floater Fund - Daily Dividend	2,186,249	21,940	18,011,539	180,757	20,197,788	202,697	-	-
Tata Treasury Manager Fund - Ship - Daily Dividend Reinvestment	-	-	99,306	100,330	99,306	100,330	-	-
Templeton India Ultra Short Bond Fund - Super IP - Daily Dividend Reinvestment	-	-	34,320,932	343,553	21,278,201	212,975	13,042,731	130,578
UTI Fixed Income Interval Fund - Monthly Interval Plan Series - 1 - Institutional Dividend Plan - Reinvestment	-	-	12,000,000	120,109	-	-	12,000,000	120,109
UTI Liquid Fund - Cash Plan - IP - Daily Dividend Reinvestment	-	-	100,004	100,025	100,004	100,025	-	-
UTI Treasury Advantage Fund - Daily Dividend Reinvestment	140,335	140,376	117,967	117,981	189,959	190,000	68,343	68,357
Total		**1,198,800**		**4,548,608**		**3,794,234**		**1,953,174**

	As at 31.03.10	As at 31.03.09
	Rs./000s	Rs./000s
Schedule 6 : INVENTORIES		
(a) Finished goods - equipment for resale	**66,234**	123,106
(b) Components/spares for maintenance and resale	**11,784**	14,736
(c) Education and training material	**6,732**	6,308
(d) Work-in-progress	**526**	9,642
	85,276	153,792

Note: Finished goods include goods in transit Rs.'(000s) Nil (Previous year Rs.'(000s) 36,476)

	As at 31.03.10	As at 31.03.09
	Rs./000s	Rs./000s
Schedule 7 : SUNDRY DEBTORS		
a. Over six months old (unsecured):		
Considered good	**289,315**	461,489
Considered doubtful	**280,230**	236,778
	569,545	698,267
b. Others (unsecured):		
Considered good	**1,711,633**	2,099,552
	2,281,178	2,797,819
Less: Provision for doubtful debts	**280,230**	236,778
	2,000,948	2,561,041
c. Future lease installments receivable (unsecured) (See note 16b)	**66,521**	23,865
Less: Unearned finance and service charges	**13,135**	11,633
	53,386	12,232
	2,054,334	2,573,273
Schedule 8 : CASH AND BANK BALANCES		
(a) Cash on hand [including stamps on hand Rs.'(000s) 10 (Previous year Rs.'(000s) 11)]	**2,412**	2,844
(b) Cheques/demand drafts in hand	**32,428**	17,517
(c) Balance with scheduled banks in:		
(i) Current accounts	**187,808**	95,117
(ii) Cash credit accounts	**98,447**	270,699
(iii) Deposit accounts*	**358,521**	441,229
	679,616	827,406

*includes Rs.'(000s) 357,520 on account of fixed deposits pledged with customers as security [Previous year Rs.'(000s) 403,687]

Schedule 9 : LOANS AND ADVANCES		
(a) Advances recoverable in cash or in kind or for value to be received	**606,219**	568,903
(b) Advance income tax and tax deducted at source [Net of Provision for Tax Rs '(000s) 1,791,626 {Previous year Rs.'(000s) 1,562,203} and Fringe Benefit Tax Rs '(000s) 67,128 {Previous year '(000s) 67,128}]	**547,811**	553,615
(c) MAT Credit Entitlement	**50,827**	-
	1,204,857	1,122,518
(d) Less: Advances considered doubtful	**47,256**	31,894
	1,157,601	1,090,624
Note:		
1. Includes deposits with Customs, Octroi, Electricity Boards etc.	**59,829**	59,163
2. Includes Capital Advances	**62,622**	4,410

Schedule 10 : CURRENT LIABILITIES AND PROVISIONS

		As at 31.03.10 Rs./000s	As at 31.03.09 Rs./000s
CURRENT LIABILITIES			
(a)	Sundry Creditors		
	(i) Micro and Small Enterprises (See note 20)	**-**	600
	(ii) Others	**1,305,383**	1,586,954
(b)	Customers' security deposits and credit balances and advance against supplies and services to be rendered	**254,670**	251,838
(c)	Investor Education and Protection Fund - Unclaimed dividend	**2,255**	1,919
(d)	Unearned revenue	**524,319**	638,674
(e)	Other liabilities	**92,643**	63,201
(f)	Interest accrued but not due	**23**	2,776
		2,179,293	2,545,962
PROVISIONS			
(a)	Proposed dividend	**303,000**	227,250
(b)	Provision for tax on proposed dividend	**51,495**	38,621
(c)	Provision for leave encashment	**182,295**	151,631
(d)	Provision for post retirement benefits	**46,651**	44,554
(e)	Provision for Gratuity	**192,367**	176,710
		775,808	638,766
		2,955,101	3,184,728

Schedule 11 : SALES AND SERVICES

		Year ended 31.03.10 Rs./000s	Year ended 31.03.09 Rs./000s
(a)	Sale of purchased equipment	**1,030,212**	2,319,622
(b)	Services		
	(i) Software services	**4,808,228**	4,528,250
	(ii) Maintenance services	**487,559**	523,641
	(iii) Other services	**1,833,406**	1,483,798
(c)	Education and training	**416,542**	447,128
(d)	Lease rentals	**13,251**	11,839
(e)	Rentals from special economic zone	**118,075**	84,068
		8,707,273	9,398,346

Note: Lease rentals include income Rs. '(000s) 114,466 [Previous year Rs. '(000s) 6,945] under finance leases.

Schedule 12 : OTHER INCOME

		Year ended 31.03.10 Rs./000s	Year ended 31.03.09 Rs./000s
(a)	Dividend from mutual funds [current investment (unquoted)]	**59,414**	47,075
(b)	Bad Debts Recovered	**37,675**	-
(c)	Profit on sale of Mutual Funds	**30,732**	-
(d)	Unclaimed balances/provisions written back (See note 9)	**16,745**	106,872
(e)	Profit on sale of fixed assets	**1,447**	1,577
(f)	Transfer from capital reserve - capital grants (See note 3h)	**543**	2
(g)	Gain on foreign exchange fluctuations (Net of loss)	-	94,448
(h)	Miscellaneous income	**40,955**	29,889
		187,511	279,863

		Year ended 31.03.10	Year ended 31.03.09
		Rs./000s	Rs./000s
Schedule 13 : OPERATING AND OTHER EXPENSES			
1.	**Equipment Purchased for Resale**	**993,503**	2,228,924
2.	**Payments to and Provisions for Employees**		
(a)	Salaries, allowances and incentives	**2,476,668**	2,352,476
(b)	Contribution to provident and other funds	**137,333**	96,129
(c)	Staff welfare expenses	**92,967**	136,973
(d)	Retirement Benefits (See note 15)	**54,608**	42,248
	Sub-Total	**2,761,576**	2,627,826
3.	**Operating and Administration Expenses**		
(a)	Components/spares for maintenance and resale	**210,040**	278,333
(b)	Sub-contracted/outsourced services	**1,735,550**	1,540,133
(c)	Purchased software	**8,066**	17,503
(d)	Freight, handling and packing expenses	**15,736**	25,389
(e)	Rent and hire charges	**163,821**	150,443
(f)	Rates and taxes	**37,862**	28,615
(g)	Repairs and maintenance		
	(i) Building	**46,033**	41,770
	(ii) Plant and machinery	**33,229**	26,161
	(iii) Other	**5,581**	4,753
(h)	Electricity charges	**89,529**	89,371
(I)	Insurance	**72,893**	65,437
(j)	Travelling and conveyance	**166,160**	235,649
(k)	Printing, stationery and computer consumables	**18,945**	25,452
(l)	Communication ,Postage, telephone and courier	**89,703**	86,842
(m)	Advertisement, publicity and business promotion	**11,379**	14,132
(n)	Directors' sitting fees	**1,660**	1,515
(o)	Commision to Non-Executive Directors	**3,500**	2,500
(p)	Professional and legal fees	**84,817**	112,089
(q)	Education and training :		
	(i) Payments to franchisees	**143,131**	141,690
	(ii) Other expenses	**50,463**	58,694
(r)	Living expenses – overseas contracts	**76,371**	93,723
(s)	Provision for doubtful debts	**59,140**	44,190
(t)	Bad debts/advance written off	**98,940**	106,179
(u)	Loss on fixed assets written off	**4,480**	3,192
(v)	Loss on foreign exchange fluctuations (Net of gain)	**60,061**	-
(w)	Other expenses (See Note 7)	**47,861**	80,952
	Sub-Total	**3,334,951**	3,274,707
	Total	**7,090,030**	8,131,457

	Year ended 31.03.10	Year ended 31.03.09
	Rs./000s	Rs./000s
Schedule 14 : INTEREST		
1. Interest expense		
(a) Term loans	**27,238**	20,044
(b) Cash credit accounts with banks	**-**	14
(c) Others	**5,715**	4,111
	32,953	24,169
2. Less: Interest earned		
(a) Loans to employees	**250**	225
(b) Fixed deposits with banks [Tax deducted at source Rs.'(000s) Nil (Previous year Rs.'(000s) 79)]	**20**	384
(c) Others [Tax deducted at source Rs.'(000s) 75 (Previous year Rs.'(000s) 130)]	**996**	8,422
	1,266	9,031
	31,687	15,138

Schedule 15 :

NOTES FORMING PART OF THE CONSOLIDATED ACCOUNTS

1. These accounts comprise a consolidation of the Balance Sheet, Profit and Loss Account and Cash Flow Statement of CMC Limited, a company incorporated in India and its wholly owned subsidiary CMC Americas, Inc. which is incorporated in the United States of America.

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 (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 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 two sources:

a. Information technology services at customer sites for a contract fee.

b. Auxiliary services, such as maintenance contracts, systems upgrades, and training of customer personnel.

3. Significant accounting policies

a. Basis of accounting

The financial statements of the Parent are prepared under the historical cost convention and comply with the Accounting Standards prescribed by the Institute of Chartered Accountants of India.

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 wholly owned subsidiary made upto 31 March each year. 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 subsidiary company 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 unrealized profits or losses have been fully eliminated.

ii. The excess of cost to the Company of its investments in subsidiary company over its share of the equity of the subsidiary company at the date on which the investment in the subsidiary company are made, is recognized 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 recognized 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 capitalized 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 amortized 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 Subsidiary 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 capitalized as a part of that asset. Other borrowing costs are recognized as an expense in the period in which they are incurred.

g. Revenue Recognition

i. Revenue relating to equipment supplied is recognized 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 recognized based on time spent as per the terms of the specific contracts.

iv. Revenue from warranty and annual maintenance contracts is recognised prorata over the life of the contracts. Maintenance revenue on expired contracts on which services have continued to be rendered is recognized on renewal of contract or on receipt of payment.

v. Revenue from "Education and Training" is recognized on accrual basis over the course term.

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 capitalized 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 recognized as revenue in the Profit and Loss Account.

ii. Grants received for execution of projects is recognized as revenue to the extent utilized.

iii. Unutilized 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 of equipment for resale are valued at the lower of cost (net of provision for obsolescence) or net realizable 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 realizable 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 capitalized 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 recognized 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 subsidiary, 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.

l. 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 recongnised 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 capitalized 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 (for the Parent)**

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 recognized in full in the Profit & Loss account for the period in which they occur. Past service cost is recognized to the extent the benefits are already vested, and otherwise is amortized 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 unrecognized 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 (for the Parent)**

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

iii. The Subsidiary is the sponsor of a defined contribution 401(K) Profit Sharing Plan for its employees. Subsidiary contribution to the plan for the year ended 31 March, 2010 aggregated to Rs '(000s) 3,112 (Previous Year Rs. '(000s) 1,693). The Subsidiary also sponsors a separate profit sharing plan for its employees. Benefits are paid upon retirement, total disability, death or termination. The Subsidiary did not make a contribution for the year ended 31 March, 2010.

iv. **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

Income tax comprises current tax, fringe benefit tax and deferred tax. Current tax and fringe benefit 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 recongised 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 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 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 recognized 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'. Basis 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 recognized 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 recognized 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, organization structure and internal reporting systems, the Parent 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. The operations of the Subsidiary fall in this category.

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) 73,467 (Previous year Rs.' (000s) 66,355). Amounts aggregating to Rs.' (000s) 949 (Previous year Rs.' (000s) 1,906) have been capitalised.

6. Contingent liabilities and Commitments

For Parent:

PARTICULARS	**As at 31.03.10**	As at 31.03.09
	Rs./000s	Rs./000s
a. Claims against the company not acknowledged as debts*		
• Under litigation	**68,219**	127,009
• 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	**88,804**	86,245
• Demands raised by service tax authorities disputed and pending at various stages of adjudication and appellate fora.	**213,906**	38,644
• Disputed demand for payment of customs duty on imports	**228,225**	-
• Disputed demand towards Land Use Conversion fee.	**202,500**	-
• Sales tax on leased assets	**3,776**	3,726
• Others	**9,007**	42,739
Total	**814,717**	298,643
b. Unexpired Letters of Credit	**1,480**	546,271
c. Guarantees issued by bankers against Company's counter guarantee	**367,974**	258,477
d. Estimated amount of contracts remaining to be executed on capital account (net of advances) and not provided for	**499,781**	210,407

* No provision is considered necessary since the Company expects favorable decisions. The advance paid against above during the year is Rs.'(000s) 77,469 (Previous Year Rs.'(000s) 29,611).

During the previous year, the Company had undertaken to provide financial support to its wholly-owned subsidiary, CMC Americas, Inc. through 1 April, 2010.

7. Auditors' remuneration*

Other expenses include Auditors' remuneration as follows:

	Year ended 31.03.10	Year ended 31.03.09
	(Rs. /000s)	**(Rs. /000s)**
Audit fee (including limited reviews)**	8,250	5,005
Tax audit	800	800
Reimbursement of out-of-pocket expenses	197	181
	9,247	**5,986**

* Exclusive of service tax

** Includes Rs.'(000s) 3,253 (previous year Rs.'(000s) 1,805) paid to previous auditors of the subsidiary.

The remuneration disclosed above excludes fees of Rs.'(000s) 3,305 (Previous year Rs.'(000s) 4,235) (including Rs.'(000s) 850 (Previous year Rs.'(000s) 1,600) for representation before various authorities) for professional services rendered by a firm of accountants in which the partners of the firm of statutory auditors are partners.

8. Fixed Assets

Gross Block for the Parent as at 31 March, 2010 includes:

a. Assets acquired from Grants and aggregating to Rs.' (000s) Nil (Previous year Rs.' (000s) 41,865) being the property of Government of India. The depreciation for the year on such assets is Rs.' (000s) 2 (Previous year Rs.' (000s) 2), further amount written off during the year is Rs.'(000s) 469 (Previous year Rs'. (000s) Nil) and the accumulated depreciation at the year end was Rs.' (000s) 41,396 (Previous year Rs.' (000s) 41,394).

b. Assets aggregating to Rs.' (000s) Nil (Previous year Rs.' (000s) 7,210) received free of cost. The depreciation for the year on such assets is Rs.' (000s) Nil (Previous year Rs.' (000s) Nil), further amount written off during the year is Rs.' (000s) 72 (Previous year Rs.' (000s) Nil) and the accumulated depreciation thereon is Rs.' (000s) 7,138 (Previous year Rs.' (000s) 7,138).

c. Plant and machinery includes assets given on lease aggregating to Rs.' (000s) 9,824 (Previous year Rs.' (000s) 9,824). The depreciation for the year is Rs.' (000s) Nil (Previous year Rs.' (000s) Nil), the accumulated depreciation thereon being Rs.' (000s) 9,726 (Previous year Rs.' (000s) 9,726).

9. Other Income

Other income includes Rs.' (000) Nil (Previous year Rs.'(000s) 81,741 on account of write back of a liability no longer required in the books of the subsidiary.

10. Unexpired Foreign Exchange Forward Contracts

The following are outstanding Foreign Exchange Forward contracts, which have been designated as hedges, as at 31 March, 2010.

Foreign Currency	No. of Contracts	Notional amount of Forward Contracts in foreign currency	Rupee Equivalent (in '000s)
USD	2 (2)	5,205,728 (1,299,089)	244,491 (64,420)

As of the balance sheet date, the Company has net foreign currency exposure that are not hedged by a derivative instrument or otherwise amounting to Rs. '(000s) 487,527 (Previous year Rs.'(000s) 507,946).

Amounts in brackets represent previous year's figures.

11. 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, 2010. It has also obtained reinsurance coverage for the policy year 1 October, 2009 through 30 September, 2010 as follows:

- Specific excess reinsurance coverage for medical and prescription drug claims in excess of Rs. '(000s) 3,369 with a maximum reimbursement of Rs.'(000s) 1,31,391.
- Aggregate reinsurance coverage for medical and prescription drug claims with a plan year maximum of Rs.'(000s) 44,920 for claims in excess of the aggregate annual deductible.

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

Sanction of RBI for the Parent 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.

13. Provision for Taxes

The provision for taxes is as follows:

Particular	Year ended 31.03.10	Year ended 31.03.09
	Rs. '000s	Rs. '000s
a. Current taxes		
i. Domestic taxes*	**176,557**	214,064
ii. Foreign taxes	**93,806**	58,256
b. Deferred taxes		
i. Domestic taxes	**(25,750)**	6,939
ii. Foreign taxes	**(2,348)**	(2,537)
Total	**242,265**	276,722

*includes taxes in foreign jurisdiction Rs.' (000s) 21,733 (Previous year Rs.' (000s) 22,341)

14. Deferred Tax

a. Deferred tax assets and liabilities are being offset as they relate to taxes on income levied by the same governing taxation laws.

b. Break up of deferred tax assets/liabilities and reconciliation of current year deferred tax charge for the Parent:

(All amounts in Rs./000's)

Particulars	Opening Balance	Credited/ (Charged) to P & L Account	Total
Deferred Tax Liabilities:			
Tax impact of difference between carrying amount of fixed assets in the financial statements and the income tax return	(108,535)	5,765	(102,770)
Total	**(108,535)**	**5,765**	**(102,770)**
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	20,973	7,156	28,129
• Provision for Employee Benefits	113,496	14,886	128,382
• Other expenses	3,215	(2,057)	1,158
Total	**137,684**	**19,985**	**157,669**
Net Deferred Tax Asset/(Liability)	**29,149**	**25,750**	**54,899**

15. 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. Under the scheme, the Company is required to contribute a specified percentage of payroll cost to fund the benefits.

The Company recognised Rs.' (000s) 89,128 (Previous Year Rs.' (000s) 90,412) 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. 350,000. 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 is calculated on the basis of fixed annual amount per employee (based on the basic salary) for qualifying employees.

The most recent actuarial valuation of plan assets and the present value of the defined obligation were carried out on 31 March, 2010. The present value of the defined obligation and the related current service cost and past service cost, were measured using Projected Unit Credit Method.

c. The following tables set out the status of the gratuity plan and medical plan and amounts recognised in the Company's financial statements as at 31 March, 2010.

(All amounts in Rs./000's)

i. Change in benefit obligations:

Particulars	**Gratuity**	**Medical Benefit Plan (Unfunded)**	**Total**
Present value of obligations as on 01.04.09	189,593	44,554	234,147
	(165,836)	*(51,254)*	*(217,090)*
Current service cost	15,917	414	16,331
	(14,744)	*(331)*	*(15,075)*
Interest Cost	14,219	3,342	17,561
	(13,935)	*(4,100)*	*(18,035)*
Actuarial gain/(Loss) on obligation	18,105	2,610	20,715
	(18,953)	*(-7,241)*	*(11,712)*
Benefits paid	-32,068	-4,269	-36,337
	(-23,875)	*(-3,890)*	*(-27,765)*
Present value of obligations as on 31.03.10	**205,766**	**46,651**	**252,417**
	(189,593)	***(44,554)***	***(234,147)***

ii. Change in Plan Assets:

Fair value of Plan Assets as on 01.04.09	12,883	-	12,883
	(14,184)	*(-)*	*(14,184)*
Expected return on plan assets	1,031	-	1,031
	(1,779)	*(-)*	*(1,779)*
Employers Contributions	32,584	-	32,584
	(20,000)	*(-)*	*(20,000)*
Benefits paid	-32,067	-	-32,067
	(-23,874)	*(-)*	*(-23,874)*
Actuarial gain	-1,032	-	-1,032
	(794)	*(-)*	*(794)*
Fair value of plan assets as on 31.03.10	**13,339**	**-**	**13,339**
	(12,883)	*(-)*	***(12,883)***

iii. Net Liability (i-ii):	**192,367**	**46,651**	**239,018**
	(176,710)	***(44,554)***	***(221,264)***

iv. Net cost for the year ended 31 March, 2010:

Current Service cost	15,917	414	16,331
	(14,744)	*(331)*	*(15,075)*
Interest cost	14,219	3,342	17,561
	(13,935)	*(4,100)*	*(18,035)*
Expected return on plan assets	-1,031	-	-1,031
	(-1,779)	*(-)*	*(-1,779)*
Actuarial gain recognised during the year	19,137	2,610	21,747
	(18,158)	*(-7,241)*	*(10,917)*
Net Cost	**48,242**	**6,366**	**54,608**
	(45,058)	***(-2,810)***	***(42,248)***

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

v. Additional Information:

(i) Gratuity

	2010	**2009**	**2008**	**2007**
Present Value of benefit Obligation	205,766	189,593	165,836	155,006
Fair Value of Plan Asset	13,399	12,883	14,184	6,153
Excess of (obligation over plan asset)/ Plan asset over obligation	(192,367)	(176,710)	(151,652)	(148,853)

(ii) Post Retirement Medical Benefits

	2010	2009	2008	2007
Present Value of benefit Obligation	46,651	44,554	51,254	56,553
Fair Value of Plan Asset	-	-	-	-
Excess of (obligation over plan asset)/ Plan asset over obligation	(46,651)	(44,554)	(51,254)	(56,653)

Experience Adjustment:

(i) Gratuity

	2010	2009
On Plan Liability	18,105	13,099
On Plan Assets	1,031	2,125

(ii) Post Retirement Medical Benefits

	2010	2009
On Plan Liability	2,610	5,606

vi. Principal actuarial assumptions:

Sr. No.	Particulars	Refer Note below	Year ended 31.03.2010	Year ended 31.03.2009
i.	Discount rate (p.a.)	1	**7.50%**	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:

1. 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.
2. 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.
3. The estimates of future salary increases considered take into account the inflation, seniority, promotion and other relevant factors.

Demographic assumptions:

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

16. Lease Commitments

a. Operating Lease

The Parent and Subsidiary have taken property on operating lease and have recognized rent of Rs.' (000s) 22,090 (Previous Year Rs.' (000) 52,652) .The total of future minimum lease payments under leases for the following periods:

Particulars	Year ended 31.03.10	Year ended 31.03.09
	Rs./000s	Rs./000s
• Not later than one year	31,413	31,640
• Later than one year but not later than five years	31,157	33,126
• Later than five years	8,678	13,017

b. Finance Lease

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

	As at 31.03.10	As at 31.03.09
	Rs./000s	Rs./000s
a. Total gross investment	**66,521**	23,865
• Not later than one year	**22,264**	8,423
• Later than one year but not later than five years	**44,257**	15,442
• Later than five years	**-**	-
b. Present value of Minimum Lease Payments receivable	**53,386**	12,232
• Not later than one year	**14,733**	2,483
• Later than one year but not later than five years	**38,653**	9,749
• Later than five years	**-**	-
c. Unearned Finance Income	**13,135**	11,633

17. Related Party Disclosures

a. List of related parties

i. Company holding substantial interest in voting power of the Parent/Subsidiary.

- Tata Sons Limited (the Ultimate Holding Company)
- Tata Consultancy Services Limited (the Holding Company)

ii. Fellow Subsidiaries

- Tata AIG General Insurance Company Limited
- Tata AIG Life Insurance Company Limited
- E-NXT Financials Private Limited
- Tata Capital 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 (formerly E2E Serwiz Solutions Limited)
- Tata Consultancy Services, Asia Pacific Pte Limited
- Diligenta Limited
- Tata America International Corporation

iii. Key Management Personnel

Mr. R. Ramanan

b. Transactions /balances outstanding with Related Parties.

(All amounts in Rs./000s)

Transactions/ Outstanding Balances	Holding Company	Fellow Subsidiary	Key Management Personnel	Total
Transactions during the year				
Purchase of goods/services	68,510	27,919 (note a)	-	96,429
	(111,413)	*(36,086)*	*(-)*	*(147,499)*
Sale of goods	311,772	367 (note b)	-	312,139
	(1,114,805)	*(283,961)*	*(-)*	*(1,398,766)*
Service Income	3,339,592	90,802 (note c)	-	3,430,394
	(3,066,663)	*(148,539)*	*(-)*	*(3,215,202)*
Managerial Remuneration	-	-	9,202	9,202
	(-)	*(-)*	*(8,539)*	*(8,539)*
Interest Expense	27,540	5,508 (note d)		33,048
	(30,464)	*(4,153)*		*(34,617)*
Loan taken	12,233	-	-	12,233
	(55,596)	*(-)*	*(-)*	*(55,596)*
Repayment of loan	357,174	-	-	357,174
	(-)	*(-)*	*(-)*	*(-)*
Other transactions*	156,024	1,732 (note e)	-	157,756
	(110,550)	*(814)*	*(-)*	*(111,364)*
Balances outstanding at the year end				
Debtors/unbilled revenue	1,093,537	29,741 (note f)	-	1,123,278
	(1,249,823)	*(81,311)*	*(-)*	*(1,331,134)*
Unearned Revenue	50,041	724 (note g)	-	50,765
	(-)	*(-)*	*(-)*	*(-)*
Creditors / Advances	85,796	2,943 (note h)	-	88,739
	(110,250)	*(4,618)*	*(-)*	*(114,868)*
Unsecured Loans	-	134,760 (note i)	-	134,760
	(344,941)	*(152,220)*	*(-)*	*(497,161)*
Loans/ advances	6,000	-	-	6,000
	(-)	*(-)*	*(-)*	*(-)*

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

*Includes dividend paid to Holding Company.

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 31.03.2010	Year ended / As at 31.03.2009
		(Rs. /000s)	**(Rs. /000s)**
a.	**Purchase of Goods/Services**		
	Tata Teleservices Limited	7,577	8,653
	Tata Teleservices (Maharashtra) Limited	7,163	7,657
	Tata Consultancy Services, Netherlands BV	1,880	-
	Tata America International Corporation	3,558	19,716
b.	**Sale of Goods**		
	Tata Teleservices Limited	250	279,503
	Tata Business Support Services Limited (formerly E2E Serwiz Solutions Limited)		4,458
	Tata Quality Management Services	108	-
c.	**Service Income**		
	Tata Consultancy Services, Netherlands BV	16,889	40,361
	Tata Teleservices Limited	-	20,698
	Tata Consultancy Services, Asia Pacific Pte Limited	11,292	27,335
	Tata Consultancy Services Sverige AB	32,537	48,340
	Diligenta Limited	13,547	-
d.	**Accrued Interest**		
	Tata America International Corporation	5,508	4,153
e.	**Others**		
	Tata Consultancy Services, Asia Pacific Pte Limited	812	791
	Tata Consultancy Services Sverige AB	920	-
f.	**Debtors / Unbilled Revenue**		
	Tata Consultancy Services, Netherlands BV	9,284	24,304
	Tata Teleservices Limited	3,472	19,989
	Tata Consultancy Services, Asia Pacific Pte Limited	4,431	16,710
	Tata Consultancy Services Sverige AB	9,453	12,612
	Diligenta Limited	2,572	-
g.	**Unearned Revenue**		
	Tata Consultancy Services, Netherlands BV	322	6,874
	Tata Consultancy Services, Asia Pacific Pte Limited	402	985
h.	**Creditors / Advances**		
	Tata Teleservices (Maharashtra) Limited	1,171	1,495
	Tata America International Corporation	2,516	2,841
i.	**Unsecured Loans**		
	Tata America International Corporation	134,760	152,220

18. 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	2,367,267	4,708,730	1,097,361	415,840	**8,589,198**
	(3,857,456)	*(4,301,177)*	*(715,726)*	*(439,919)*	***(9,314,278)***
- SEZ Income					**118,075**
					(84,068)
- Other Income	45,005	2,384	2,398	96	**49,883**
	(-23,067)	*(13,145)*	*(7,185)*	*(4,811)*	***(2,074)***
ii. SEGMENT RESULTS	206,624	1,372,633	396,377	44,928	**2,020,562**
	(233,821)	*(1,193,050)*	*(152,599)*	*(50,045)*	***(1,629,515)***
iii. UNALLOCABLE EXPENSES (net of unallocable income)					**314,345**
					(176,184)
iv. OPERATING PROFIT					**1,706,217**
					(1,453,331)
v. INTEREST EXPENSE (NET)					**31,687**
					(15,138)
vi. PROVISION FOR TAX					
- Current income tax					**320,547**
					(256,095)
- Deferred income tax					**-27,455**
					(4,402)
- Fringe benefit tax					**-**
					(16,225)
-MAT Credit Entitlement					**-50,827**
					(-)
vii. NET PROFIT					**1,432,265**
					(1,161,471)
viii. OTHER INFORMATION					
Segment assets	1,500,069	2,136,131	408,109	212,079	**4,256,388**
	(2,133,626)	*(2,134,162)*	*(355,288)*	*(144,762)*	***(4,767,838)***
Unallocable assets					**3,940,230**
					(2,986,976)
TOTAL ASSETS					**8,196,618**
					(7,754,814)
Segment liabilities	1,004,779	994,174	184,495	195,481	**2,378,929**
	(1,567,472)	*(921,588)*	*(154,169)*	*(142,467)*	***(2,785,696)***
Unallocable liabilities					**710,932**
					(896,193)
TOTAL LIABILITIES					**3,089,861**
					(3,681,889)
Capital Expenditure	1,419	26,283	12,853	15,696	
	(8,114)	*(35,394)*	*(4,871)*	*(3,328)*	
Depreciation	10,791	25,293	8,768	7,667	
	(12,403)	*(30,938)*	*(7,682)*	*(9,103)*	
Non-cash expenses other than depreciation	73,180	2,812	15,958	10,517	
	(43,272)	*(69,821)*	*(6,320)*	*(12,573)*	

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.

Note: Amounts in *brackets and 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	4,962,564	3,292,258	181,641	270,810	**8,707,273**
	(6,490,904)	*(2,414,145)*	*(159,503)*	*(333,794)*	***(9,398,311)***
-Other Income	187,314	91	-	106	**187,511**
	(198,092)	*(81,771)*	*(-)*	*(-)*	***(279,863)***
TOTAL ASSETS	6,469,136	1,217,009	61,355	449,118	**8,196,618**
	(6,029,484)	*(1,157,834)*	*(60,021)*	*(507,475)*	***(7,754,814)***
TOTAL LIABILITIES	2,493,120	541,103	33,826	21,812	**3,089,861**
	(3,155,629)	*(461,092)*	*(18,444)*	*(46,724)*	***(3,681,889)***

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

19. Earnings per Share (EPS)

	Units	Year ended 31.03.10	Year ended 31.03.09
Net profit attributable to shareholders	Rs./000s	**1,432,265**	1,161,471
Weighted average number of equity shares in issue	Nos. 000s	**15,150**	15,150
Basic earning per share of Rs.10 each	Rs.	**94.54**	76.66

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

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

		Year ended 31.03.10	Year ended 31.03.09
		Rs./000s	Rs./000s
a.	Amounts payable to suppliers under MSMED (suppliers) as on 31 March, 2010		
	- Principal	-	202
	- Interest due thereon	-	398
b.	Payments made to suppliers beyond the appointed day during the year		
	- Principal	-	1,400
	- 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	-	136
d.	Amount of interest accrued and remaining unpaid as on 31 March, 2010	-	398
e.	Amount of interest remaining due and payable to suppliers disallowable as deductible expenditure under Income Tax Act, 1961	-	398

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.

21. 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

Place : Mumbai
Date : 15 April, 2010

CMC Limited

Your IT Partner

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 34th Annual General Meeting of the Company at Bhaskara Auditorium, B M Birla Science Centre, Adarsh Nagar, Hyderabad - 500 063, A.P., on Tuesday, June 29, 2010 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 34th Annual General Meeting to be held on Tuesday , June 29, 2010 at 3 p.m. and at any adjournment thereof.

AS WITNESS under my/our hands this ____________ day of __________________ , 2010

Folio No. .... DPID No. .... Client ID No. ....

Signature .... | Affix Revenue Stamp | ....

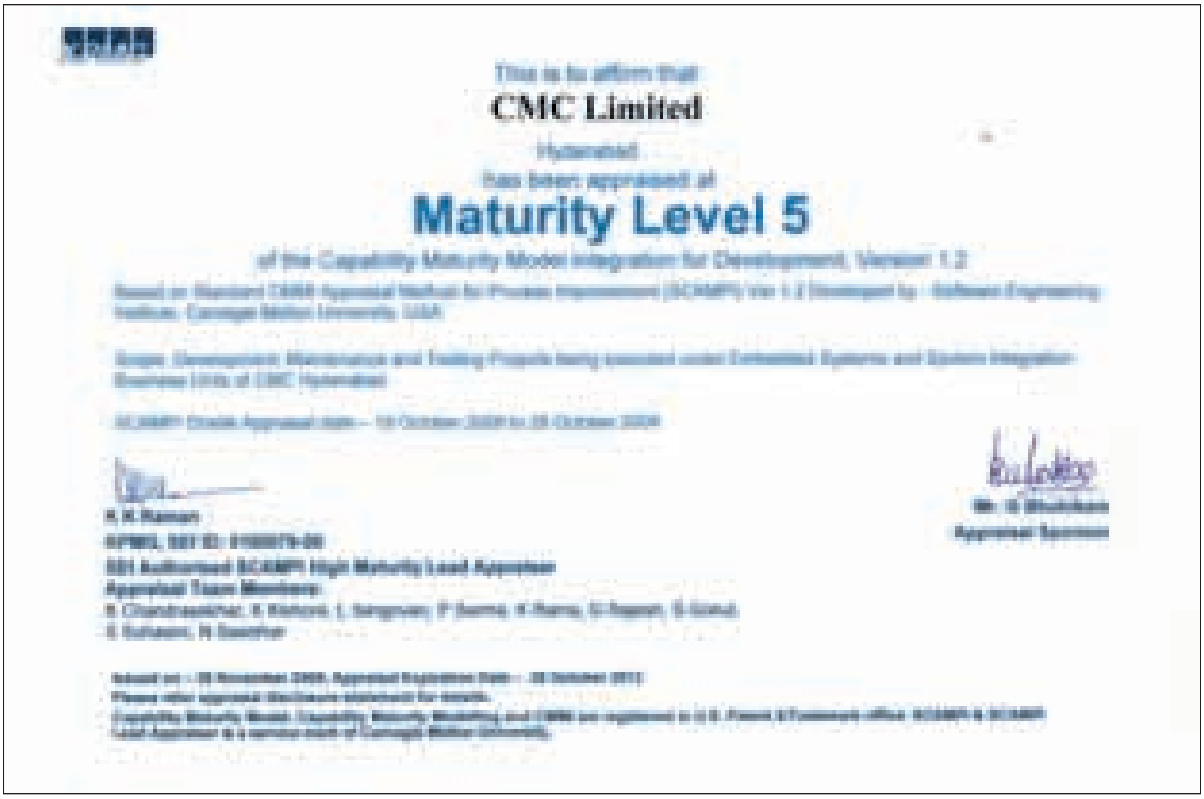
NOTES :
1. The Proxy need NOT be a Member.
2. The Proxy Form must be deposited at the Registered Office not less than 48 hours before the scheduled time for holding the meeting.

Notes

Notes

SEZ Phase II Project in progress at Synergy Park, Gachibowli, Hyderabad

CMC Centre, Hyderabad Assessed at SEI CMMI Level 5



This is to affirm that

CMC Limited

Hyderabad

has been appraised at

Maturity Level 5

of the Capability Maturity Model Integration for Development, Version 1.2

CMC Limited

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