

Press release

CMC Operating profit doubles in FY 2006-07 driven by growth in value added services and international business

Highlights

- **Consolidated Revenue crosses Rs. 1000 crore, at Rs. 1085.30 crore, an increase of 18%**
- **All four SBUs contributed to growth in revenue.**
- **Consolidated PBDIT crosses Rs. 100 crore mark, at Rs. 104.46 crore, an increase of 33%**
- **Operating Profit (EBITDA) up 99% to Rs. 98.97 crore, compared with Rs. 49.79 crore last year**
- **Operating Margin expansion of 355 basis points due to improved business mix and manpower productivity**
- **International business share increased from 28% to 35%, driven by American and UK geographies.**
- **American Subsidiary business grows by 32%**

Mumbai, April 14, 2007: Driven by profitable growth and strategic focus on services and international markets, CMC Limited announced total consolidated revenues of Rs. 1085.30 crore for 2006-07, an increase of 18% compared with Rs. 916.16 crore earned in the previous year. The company's consolidated profit after tax for the year was Rs. 69.32 crore registering an increase of 43% compared with Rs. 48.54 crore in the previous year.

The company announced an increase in dividend to Rs. 8.00 per share for 2006-07 (Rs. 5.00 per share for 2005-06).

Operating revenues for the year 2006-07 was Rs. 1079.81 crore, an increase of 22% over Rs. 887.19 crore earned in the previous year. The Operating Profit (EBITDA) increased by 99% to Rs. 98.97 crore compared with Rs. 49.79 crore in the previous year. Operating margins increased by 355 basis points over the previous year.

The expansion of margins at the operating level is a validation of the on-going successful transformation of CMC's business profile as it concentrates on margin accretive service lines that are in line with the company's domain and technology competencies. The share of service revenues as part of total operating revenue increased to 63% compared with 58% in the corresponding period last year.

CMC continues to pursue its synergistic strategy with majority shareholder, Tata Consultancy Services. The joint go-to-market strategies that combine CMC's technology skills with TCS' global footprint have helped the share of international revenue as a part of operating revenue increased from 28% to 35%. CMC and TCS have been working in tandem in several areas including embedded systems as well as IT enabled services in markets like the UK and the USA.

“Sustained growth in the American and UK markets helped CMC to achieve impressive growth in international business, where we won new engagements in IT enabled services and embedded systems as well as a significant digitization assignment from a large utility company in UK and a large financial portal in America in synergy with TCS”, said **R Ramanan, CEO and MD** of CMC Ltd. “All the four SBUs of the Company contributed to the growth of revenue during the year”, added Mr. Ramanan.

“CMC’s profitability continues to improve as we focus on improving and strengthening the financial management of the company and changing the revenue mix to offer more value added services,” said **J K Gupta, Chief Financial Officer**. “While ensuring profitable growth, CMC’s management continues to remain focused on strong financial management, which has helped reduce the borrowing levels of the company by 74% from 67.07 crore to 17.76 crore in 2006-07. The debtors level has come down from 103 days sales to 89 days sales during the year”, added Mr. Gupta.

The standalone revenues of the Company for the year ended March 2007 increased by 16% to Rs. 994.40 crore as compared to Rs. 857.76 crore in the previous year. Operating Profit (EBITDA) of the Company on a standalone basis for the year ended March 2007 jumped 107% to Rs. 91.32 crore compared with Rs. 44.08 crore earned in the previous year. The net profit on standalone basis is Rs. 64.10 crore, an increase of 44.11% over Rs. 44.11 crore earned in the previous year.

For the quarter ended March 2007, the company continued its thrust on growth in profitable business resulting in 190 basis point expansion in operating margin over previous quarter. Operating Profit (EBITDA) of the Company on a standalone basis for the quarter ended March 2007 increased by 4% q-o-q and 92% y-o-y to Rs. 28.70 crore compared with Rs. 14.92 crore earned in the corresponding period previous year. The net profit on standalone basis was Rs. 19.55 crore, an increase of 128% over Rs. 8.56 crore earned in the previous year.

About CMC

Incorporated in 1975, CMC is one of the premier Information Technology solutions providers in India and is a subsidiary of Tata Consultancy Services Limited, Asia’s largest software Company. CMC had a consolidated turnover of Rs. 1085 crore for 2006-07. Operating out of 18 offices and 180 service locations in the country, CMC employs over 3500 people and has a wholly owned subsidiary in USA called CMC Americas, Inc.

CMC’s vision is to operate globally and bring the benefit of Information Technology to improve the productivity of its customers and the quality of its customer’s products and services. CMC combines horizontal expertise in Information Technology with its vertical experience developed by working in a wide range of Industries.
