Chairman’s Speech

Dear Shareholders,

Good afternoon and a warm welcome to the 38th Annual General Meeting of your Company. On behalf of all CMCites, I thank you for your continued trust, encouragement and support to the Company and its management.

Financial Performance

Your Company maintained its growth momentum during the year 2013-14 with 16% growth in consolidated revenue from sales and services to Rs. 2231 crore. While domestic business grew 4% owing to general slowdown in economic activities and uncertain business environment; international business grew at a healthy rate of 23%.
The subsidiary of your Company, CMC Americas contributed significantly to improved performance of your Company with total revenue of $ 209.06 million during the year. I am happy to inform that consistent high performance of your subsidiary Company enabled it to declare total dividend of $ 20.00 million during 2013-14.

Your Company earned consolidated EBITDA of Rs. 389 crore an increase of 23% over last year. Profit After Tax increased to Rs. 281 crore from Rs. 230 crore, i.e. an increase of 22%.

Your Company is confident of continuous improvement in its financial performance. In this backdrop, the Board of Directors of your Company is pleased to recommend for your approval higher dividend rate of Rs. 22.50 per share, an increase of 29% over last year.

This consistent improvement in financial performance of your Company has been appreciated by external agencies. Credit rating agency ICRA reaffirmed the long term credit rating of LAA+ to your Company. The Company continues to enjoy highest rating of its short term exposure at A1+ from ICRA.

**Business Environment**

We are having this AGM in the backdrop of a historic culmination of a democratic process in the polity in our country. The electoral process has brought to the centerstage the yearning for growth and development which heralds the transformation of India into an aspirational society.

The elections have also been a watershed in the use of electronic and print media as a medium of reaching the electorate spread across the country as well as use of social media to narrowcast the message to complement the broadcast mode of communication.

There is widespread optimism that there will be a renewed urgency to fast track large scale investments in vital infrastructure projects as well as spur reforms in Energy, Manufacturing, Financial and Banking sectors.

It is heartening to note that there is an acceptance of the fact that Information Technology will play a very vital part in enabling Government processes to improve productivity, de-bottleneck decision making processes as well as bring transparency in the functioning of governmental processes.

Your company has a long and proven track record in implementing many e-Governance projects in the centre and state over the last three decades. Coupled with this has been the continued track record of providing IT solutions and services to domains like Mining, Defence, Ports, Railways, Energy, Road transportation, Insurance, etc. Your company therefore is well poised and already taking steps to take a share of the opportunities which will come up.
On global front also, the year gone by has been characterised by an improvement in economic climate and a rise in technology spends which has brought in optimism to the Indian IT industry. The global IT spending is projected to grow faster in 2014. A gradual revival in consumer confidence is leading to return of discretionary spending as seen in Europe and US. While US continues to be the largest geographical market for India accounting for 62%, the revival in Europe is expected to be significant and the demand is estimated to grow by 14% in FY 14. IT Exports from India are estimated to have grown by around 13% in dollar terms to around USD 86 billion while the Indian domestic sector is estimated to have grown by 9.7% to approx. USD 32 billion in FY 2013-14. NASSCOM has projected increased growth rate of 13-15% in exports and around 9-12% in domestic sector in FY 2014-15. Innovation and new business models with global and seamless delivery models would be driving growth.

With the advent of cloud based and mobility driven solutions coupled with the pervasiveness of social media across the business as well as individual landscape it is imperative that organizations remain agile and open to embrace change and do so much faster than the competition. Sophistication and time to market are key success factors for growth, as ideas are easily replicable. Your Company has System Engineering and Integration (SE&I) focus coupled with a long tradition of strategic solutioning capability which gives it an added edge in market positioning in India as well as internationally.

Your Company continues to invest in driving innovation by specific R&D initiatives to further improve its offerings in its areas of strengths like Insurance, Mining solutions, Shipping and Ports, Biometrics, etc. while working in areas like visualisation technologies, Cloud based and mobile computing as well as analytics.

**Human Resources**

Your company understands the critical importance of developing internal talent as well as acquiring talent especially at the entry level to sustain and nurture the business. There has been a renewed focus on internal learning and development and inducting talent from IITs to work in developing and enhancing the product line already with your company. Over the last few years, your Company embarked on a competency management and development programme based on People Capability Maturity Model (PCMM) framework and has achieved Level 5 in the assessment done in this financial year.

**Business Excellence and Quality Initiatives**

I have always believed that relentless focus on profitable growth aligned with unwavering pursuit of excellence in quality of delivery are cornerstones of organisational success in the medium and long term. I am happy to report that the company has made good progress in giving a much focused approach to improving it all-round organisational as well as customer delivery processes. This journey has been calibrated and aligned by adoption of the Tata Business Excellence Model (TBEM). This has been recognised at the Tata group level by
getting a “TBEM active promotion Trophy” in the year gone by. The other two pillars of organisational sustainability are ethical conduct and caring for the community or corporate social responsibility. Your Company as part of the Tata tradition of ethical conduct, adheres in letter and spirit to the Tata Code of Conduct (TCOC) and this has now become integral to all our business processes.

Corporate Sustainability
Your Company takes pride in having contributed to a large number of IT projects of national importance benefiting the masses at large. Flowing from this, has been felt the need to make a difference to the community we operate in. Community welfare is actively promoted within the organisation and a large number of activities are taken up. These are mentioned in the Annual Report of the Company and I would not like to repeat the same here. Over the last two years your company has sharpened its focus on corporate sustainability initiatives in consultation with Tata Council for Community Initiative (TCCI). Your Company has also constituted the Corporate Social Responsibility (CSR) Committee of the Board of Directors, as per the provisions of the Companies Act, 2013.

Acknowledgements
I once again convey my heartfelt thanks to all our shareholders for their continued trust and confidence in the management of the Company. My gratitude to my colleagues on the Board for their valuable guidance. I also convey my sincere thanks to our customers, suppliers, bankers, auditors, legal advisors, consultants and all other business associates and the Government and various authorities for their continued support, interest and confidence in the Company and its management.

Thank you.

Place: Hyderabad
Date: June 23, 2014

S RAMADORAI
CHAIRMAN

Note: This does not purport to be proceedings of the 38th AGM held on 23.06.2014.