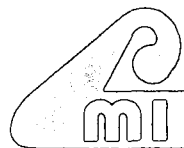


# 31st Annual Report 1997-98

MD	✓		BKC	✓
CS	✓		DPY	✓
RO	✓		DIV	✓
TRA	✓		AC	✓
AGM	✓	✓	SHI	✓
YE	✓	✓		✓

Report  junction.com



**CMI LIMITED**



The logo for Report Junction.com is centered on the page. It features the word "Report" in a grey sans-serif font, followed by a yellow diamond icon containing a black curved arrow pointing upwards and to the right. To the right of the icon is the word "junction.com" in a green sans-serif font. The entire logo is enclosed within a light green rounded rectangular border.**CONTENTS**

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## CMI LIMITED

### 31ST ANNUAL REPORT AND ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 1998

#### BOARD OF DIRECTORS

Shri H.V. Navani	<i>Chairman &amp; Managing Director</i>
Shri Bharat S. Choudhari	<i>Whole-time Director</i>
Shri Sailesh S. Choudhari	<i>Whole-time Director</i>
Shri Kailash S. Choudhari	
Shri R.K. Jain	
Shri K.S.R. Chandran	
Shri Basant Fulchand	
<b>COMPANY SECRETARY</b>	
Shri S.K. Chawla	

#### QUALITY POLICY

CMI FAMILY IS COMMITTED  
TO COST EFFECTIVE PRODUCT WITH  
PLANNED QUALITY, REFLECTED BY  
CUSTOMERS CONFIDENCE  
ACHIEVED THROUGH INNOVATION  
AND "KAIZEN"  
(ON GOING IMPROVEMENT)  
"WE SHALL STRIVE FOR QUALITY  
BEYOND STANDARDS"

#### Bankers :

Dena Bank

#### Auditors :

M/s. D.C. Jain & Associates,  
New Delhi.

#### Share Transfer Agent :

M/s. R. Kantilal Consultancy Ltd.  
33/161, Laxmi Industrial Estate,  
New Link Road, Andheri (W),  
Mumbai-400 053.  
Phone: 636 5763, 633 3888.  
Fax : 631 0822.

#### Registered Office :

602, Ansal Bhawan, 16. K.G. Marg,  
New Delhi-110 001.  
Phone : 331 1984, 335 7497,  
Fax : 3714379,

#### Marketing Office :

9D, Atma Rom House,  
1, Tolstoy Marg,  
New Delhi-110 001.  
Phone : 331 3116, 371 8249.  
Fax : 372 0045.

#### Factory :

- 1) Plot No. 71, Sector 6,  
Faridabad (Haryana).
- 2) Plot No. 85, Sector 6, Faridabad (Haryana).  
Phone : 242687, 241942, 242468,  
Fax : 129-242686.
- 3) A-315(B), RIICO Industrial Area,  
Phase-I, Bhiwadi,  
Rajasthan-301 019.  
Phone : 21955,  
Fax : 1493-21636.

## NOTICE

NOTICE IS HEREBY GIVEN THAT THE 31ST ANNUAL GENERAL MEETING OF THE MEMBERS OF CMI LIMITED WILL BE HELD ON WEDNESDAY, THE 30TH SEPTEMBER, 1998, AT GANDHI MEMORIAL HALL, BAHADUR SHAH ZAFAR MARG, NEW DELHI- 110 002, AT 10.30 A.M. TO TRANSACT THE FOLLOWING BUSINESS :-

### ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 1998 and the Profit & Loss Account for the year ended on that date and the Reports of the Directors' and Auditor's thereon.
2. To appoint a Director in place of Shri K.S.R. Chandran, who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a Director in place of Shri Basant Fulchand, who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint Auditors and fix their remuneration and for that purpose to pass with or without modification(s), if any, the following resolution as an **ORDINARY RESOLUTION** :

"RESOLVED THAT M/s D C Jain & Co., Chartered Accountants, New Delhi, the retiring Auditors of the Company, be and are hereby re-appointed as the Auditors of the Company to hold the office from the conclusion of this Meeting until the conclusion of the next Annual General Meeting of the Company and Shri Bharat S. Choudhari, Director of the Company be and is hereby authorised to fix their remuneration in consultation with them."

### SPECIAL BUSINESS

5. To consider and, if thought fit, to pass with or without modification(s), if any, the following resolution as a **SPECIAL RESOLUTION**:

"RESOLVED THAT pursuant to Section 31 and all other applicable provisions, if any, of

the Companies Act, 1956, Article 27 of the Articles of Association of the Company be and is hereby altered/amended by deletion of the figures and words, 12 (twelve) as appearing therein and substituting therefor with figures and words 21 (twenty one)."

6. To consider and, if thought fit, to pass with or without modification(s), if any, the following resolution as an **ORDINARY RESOLUTION** :

"RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309, Schedule-XIII (as amended) and other applicable provisions, if any of the Companies Act, 1956, Shri H.V. Navani, Chairman and Managing Director, be and is hereby re-appointed as Managing Director of the Company, not liable to retire by rotation, for a period of five years w.e.f. 1.5.1999, on expiry of period of the last appointment, at a remuneration as stated below :-

#### SALARY

Rupees 34,000/- per month with an increment of 10% every year.

#### COMMISSION ON NET PROFITS

Commission @1% of the Net Profits of the Company in a financial year subject to overall ceilings laid down in sections 198 and 309 of the Companies Act, 1956.

#### PERQUISITES

Perquisites shall be allowed in addition to the salary. These are classified into three categories 'A', 'B' and 'C' as given below :-

#### CATEGORY 'A'

Housing I : The expenditure incurred by the Company on hiring furnished accommodation for him will be subject to the following ceiling :-

60% of the salary over and above 10% payable by him or.

Housing II : In case, the furnished

accommodation is owned by the Company, 10% of his salary shall be deducted by the Company or

Housing III : In case, no accommodation is provided by the Company, he shall be entitled to house rent allowance @ 60% of the salary.

Explanation for Housing I & II above : The expenditure incurred by the Company on furnishings i.e. gas, electricity, water and other furnishings shall be valued as per the Income Tax Rules, 1962. This shall, however, be subject to a ceiling of ten percent of his salary.

- (ii) Medical Reimbursement : Expenses incurred for self and the family subject to a ceiling of 75% of one month's salary in a year in accordance with Rules specified by the Company.
- (iii) Leave Travel Concession : For self and his family once in a block of two years subject to a ceiling of 87% of one month's salary in a year payable in accordance with Rules specified by the Company.
- (iv) Club Fees : Fees of Clubs subject to a maximum of two clubs. This will not include admission and life membership fee.
- (v) Professional Pursuit Allowance : Rs. 1200/- per month in accordance with Rules specified by the Company.
- (vi) Executive Attire Allowance : Rs. 3000/- per month in accordance with Rules specified by the Company.
- (vii) Personal Accident Insurance : Premium not to exceed Rs. 5,000/- per annum.

Explanation : For the purpose of Category 'A' family means the spouse and the children of the Managing Director and includes the parents, brothers and sisters who are wholly or mainly dependant on the Managing Director.

#### CATEGORY 'B'

- (i) Contribution to the Provident Fund, Superannuation Fund or Annuity Fund to the extent these either singly or put together are not taxable under the Income Tax Act, 1961.
- (ii) Gratuity payable as per the Payment of Gratuity Act and Rules made thereunder.
- (iii) Encashment of leave at the end of tenure.

#### CATEGORY 'C'

- (i) Car : Free use of Car with chauffeur for official purpose of the Company and also for personal use.
- (ii) Telephone : Free telephone facility at residence.

#### MINIMUM REMUNERATION

In the event of no profits or inadequacy of profits in any financial year during the currency of tenure of Managing Director, the monthly remuneration by way of salary and perquisites as mentioned above shall be paid as minimum remuneration subject to ceiling limit of Rs. 72,000/- per month. However, the perquisites specified in Category 'B' shall not be included in computation of the ceiling limit of remuneration of Rs. 72,000/-.

#### Registered Office :

602, Ansal Bhawan,  
16, K. G. Marg,  
New Delhi-110001.

Dated : 20th August, 1998.

By order of the Board

**S . K. CHAWLA**

Company Secretary

**EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956****Item No. 5:**

The members have already passed a Special Resolution at the 27th Annual General Meeting altering Article 18 of the Articles of Association of the Company enabling the Company to charge interest @ 21% p.a. on calls in arrears. Article 27 presently provides for 12% continuing liability of the member whose shares have been forfeited. It is therefore, proposed to make continuing liability @21% p.a. in line with interest chargeable under Article 18.

Section 31 of the Companies Act, 1956, requires approval of shareholders by passing Special Resolution at General Meeting to alter Articles of Association of Company. The Board of Directors of your company solicit your approval to this Special Resolution.

None of the Directors, is in any way, concerned or interested in the resolution.

**Item No. 6:**

Shri H.V. Navani was working with company initially as Director (Marketing) in 1972 and for the last eleven years, he has been working as Managing Director of the Company. His last appointment as Managing Director is from 1.5.1994 to 30.4.1999. He is, thus, fully conversant with the affairs of the company. In view of his intimate knowledge of the company and the industry acquired over his long experience, the Board is of the opinion that it would be desirable and in the interest of the company to re-appoint Shri H.V. Navani and therefore the Board at its meeting

held on 26th June, 1998 re-appointed Shri H.V. Navani as Managing Director of the Company on terms and conditions as set out in the Ordinary Resolution at Item No. 6 of the Notice, subject to your approval.

The re-appointment of Shri H.V. Navani on the terms and conditions proposed satisfies the conditions of Part I & II and Clause I of Part III of Schedule XIII and a return in the prescribed form alongwith a Certificate as required under Clause 2 of Part III of Schedule XIII will be filed with Registrar of the Companies National Capital Territory of Delhi and Haryana.

The re-appointment and remuneration of Shri H.V. Navani is required to be approved by the members at General Meeting in terms of Part III of Schedule XIII of the Companies Act, 1956 and the remuneration so payable also requires the approval of the members in terms of Section 309 of the Act.

Your Directors consider that the remuneration commensurates with the size of the Company, duties and responsibilities of the Managing Director.

The Board of Directors of your Company solicit your approval to this Resolution.

Shri H.V. Navani is interested in this resolution as it concerns his re-appointment.

This should also be considered as an abstract of the terms of resolution relating to re-appointment of Shri H.V. Navani as Managing Director and Memorandum of Interest under Section 302 of the Companies Act, 1956.

**Registered Office :**

602, Ansal Bhawan,  
16, K. G. Marg,  
New Delhi-110001.

Dated : 20th August, 1998.

By order of the Board

**S . K. CHAWLA**  
Company Secretary

## NOTES

1. The relative explanatory statement pursuant to section 173(2) of the Companies Act, 1956 in respect of Item Nos. 5 & 6 mentioned above is annexed hereto.
2. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND THE PROXY SO APPOINTED NEED NOT BE A MEMBER OF THE COMPANY.
3. THE PROXY FORM DULY EXECUTED AND PROPERLY STAMPED, IN ORDER TO BE EFFECTIVE, SHOULD REACH THE COMPANY AT ITS REGISTERED OFFICE AT LEAST 48 HOURS BEFORE THE SCHEDULE TIME OF THE MEETING.
4. The Register of Members and the Share Transfer Books of the Company will remain closed from 16th September, 1998 to 30th September, 1998 (both days inclusive ).
5. Only Registered Members carrying Attendance Slips (Photocopy of the same shall not be allowed) and holders of valid proxies registered with the Company will be permitted to attend the Meeting.
6. The Members are requested to:
  - a) Intimate to the Company, changes, if any, in their registered address at an early date.
  - b) Quote Ledger Folio Numbers in all their correspondence.
  - c) Approach the Company for consolidation of various ledger folios into one.
- d) Get the shares transferred in joint names, if they are held in single name to avoid inconvenience.
- e) Bring their copy of the Annual Report and the Attendance Slip with them at the Annual General Meeting.
- f) Members desirous of obtaining any information concerning the accounts and operations of the Company are requested to address their questions to the Company Secretary, so as to reach atleast seven days before the date of the Meeting, so that the information required may be made available at the Meeting, to the best extent possible.
7. Pursuant to Section 205A of the Companies Act, 1956 and rules made thereunder, all unclaimed or unpaid interim dividends for the year 1993-94 have been transferred to General Revenue Account of the Central Government. Members who have not encashed their respective dividend warrants for the said period are requested to claim the same from the Registrar of Companies, NCT of Delhi and Haryana, Paryavaran Bhawan "B" Block , CGO Complex, Lodhi Road, New Delhi 110003.

Members are also requested to send their claim for unclaimed / unpaid Dividend for the year 1995-96 at the Registered Office of the Company at the earliest to enable us to issue fresh warrant(s) in lieu thereof. Please note that unclaimed dividend shall be transferred to the General Revenue of the Central Government on 1st October 1999.

### Registered Office :

602, Ansal Bhawan,  
16, K. G. Marg,  
New Delhi-110001.

Dated : 20th August, 1998.

By order of the Board

**S . K. CHAWLA**  
Company Secretary



## DIRECTORS' REPORT

To,  
The Members,  
CMI Limited

Your Directors hereby present to you the 31st Annual Report together with the Audited Accounts of the Company for the year ended 31st March, 1998 :

	1998	(Rs.in Lacs) 1997
Turnover	6978.56	4834.93
Profit before interest & depreciation	387.06	211.20
Depreciation	153.86	114.13
Interest	227.03	173.79
Profit/(Loss) before tax	6.17	(76.72)
Provision for tax & tax for earlier years	0.94	7.56
Profit/(Loss) after tax	5.23	(84.28)
Profit brought forward	74.29	193.89
Previous year adjustments (Net)	1.73	0.68
Dividend - (Preference)	—	36.00
Surplus Carried to Balance Sheet	81.25	74.29

### PERFORMANCE REVIEW

During the year under review, your Company registered a turnover of Rs.6978.56 lacs, registering a growth of 44% over the previous year. Despite growth in turnover, the company earned a small profit of Rs.6.17 lacs this year as the prices of all the products of the Company fell by an average of fifteen percent.

The despatches of Jelly Filled Telecommunication Cables increased from 3,76,204 ckm to 5,71,586 ckm registering growth of 52% over the previous year. There was also increase in sale of other Cables from 1351 kms to 2157 kms. During the first year of operations, the Company produced 2982 kms of Optical Fibre Cables and sold 2823 kms of these Cables.

### CURRENT YEAR PROSPECTS

The current year operations of JFTC Unit and PVC Unit are expected to contribute in increasing turnover and profitability of your Company. Though there is substantial reduction in prices of Optical Fibre Cables, business outlook appears promising as volume growth would be significant.

### FUTURE PROSPECTS

In view of DOT's plans for increasing the telecom network within the country and with the entry of private basic telecom operators, the demand for both Jelly Filled and Optical Fibre Cables is expected to further increase in coming years.

Quality Policy is being aggressively pursued to develop cost effective products, with planned quality reflected by customers confidence, through innovation. Continuous efforts are also on to control and reduce expenses to effectively face competition and to achieve a better position in the industry.

### ISO 9002 CERTIFICATION

Prestigious ISO 9002 Certifications have been awarded for Optical Fibre Cables Division at Bhiwadi and for Jelly Filled Telecommunication Cables/ PVC Cables Division at Faridabad thereby achieving international quality standards, systems and procedures.

### DIVIDEND

Your Directors are constrained not to recommend any equity / preference dividend in view of small profit earned during the year under review.

### FIXED DEPOSITS

During the year, the Company has not accepted Fixed Deposits to which the provisions of Section 58 A of the Companies Act, 1956 apply.

### DIRECTORS

In accordance with the requirements of Companies Act, 1956 and Company's Articles of Association,