


32nd Annual Report 1998-99

Report  Junction.com

BOARD OF DIRECTORS

Shri H. V. Navani	Chairman & Managing Director
Shri Bharat S. Choudhari	Whole-time Director
Shri Sailesh S Choudhari	Whole-time Director
Shri Kailash S. Choudhari	
Shri R. K. Jain	
Shri K. S. R. Chandran	
Shri Basant Fulchand	

COMPANY SECRETARY

Shri S. K. Chawla

LISTING DISCLOSURES

Company's Equity Shares are listed at the following Stock Exchanges and Annual Listing fee has been paid to each of the Exchange for Financial Year 1998-99.

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"**

The Delhi Stock Exchange
Association Limited,
West Plaza, Indira Gandhi Stadium,
Indraprastha Estate, New Delhi-110 002

The Stock Exchange, Mumbai
Phiroze Jeejeebhoy Towers,
Dalal Street, Mumbai-400 023

The Stock Exchange Ahmedabad,
Kamdhenu Complex,
Opp. Sahajanand College,
Panjarapole, Ahmedabad-380015

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 :

B-1/D-2, Mohan Co-operative Industrial Estate,
Mathura Road, New Delhi-110044

Marketing Office :

9D, Atma Ram House,
1, Tolstoy Marg,
New Delhi-110001.
Phone : 331 3116, 3718249
Fax : 3720045.

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 32ND ANNUAL GENERAL MEETING OF THE MEMBERS OF CMI LIMITED WILL BE HELD ON THURSDAY, THE 30TH SEPTEMBER, 1999, AT GANDHI MEMORIAL HALL, BAHADUR SHAH ZAFAR MARG, NEW DELHI 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, 1999 and the Profit & Loss Account for the year ended on that date and the Reports of the Directors' and Auditor's thereon.
2. To confirm payment of arrear of preference dividend (1997-98) & interim preference dividend (1998-99).
3. To appoint a Director in place of Shri Bharat S. Choudhari, who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint a Director in place of Shri R. K. Jain, who retires by rotation and being eligible offers himself for re-appointment.
5. 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 & Associates, Chartered Accountants, New Delhi, the retiring Auditors of the Company, be and are hereby re-appointed as the Auditors of the Company to hold 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 BUSINESSES

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

"RESOLVED THAT pursuant to the provisions of Section 198, 269, 309, Schedule-XIII (as amended) and other applicable provisions, if any, of the Companies Act, 1956, Shri Bharat S. Choudhari, Whole-time Director, be and is hereby re-appointed as Whole-time Director of the Company, liable to retire by rotation, for a period of five years w.e.f. 1.2.2000 on the expiry of the last appointment, at a remuneration as stated below:-

Salary

Rupees 36,000/- per month with an increment of 10% every year.

Perquisites

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

Category 'A'

- (i) **Housing I:** The expenditure 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 per cent 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.
- (vi) **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 Whole-time Director and includes the parents, brothers and sisters who are wholly or mainly dependant on the Whole-time Director.

CMI LIMITED**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 purposes 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 Whole-time 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/-.

By order of the Board

S. K. Chawla
Company Secretary

Registered Office

B-1/D-2, Mohan Co-operative
Industrial Estate, Mathura Road,
New Delhi-110044.

Date : 31st August, 1999

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956.**Item No.6:**

Shri Bharat S. Choudhari has been serving the company for the last twenty two years. Presently he is working as Whole-time Director of the Company and looking after the financial matters including banking, accounts, taxation, legal and other allied matters. His tenure as Whole-time Director is expiring on 31.01.2000. Keeping in view his contribution to the Company and in-depth knowledge of the affairs of the Company, the Board is of the opinion that it is desirable in the interest of the company to re-appoint Shri Bharat S. Choudhari and therefore the Board at its meeting held on 28th May, 1999 re-appointed Shri Bharat S. Choudhari as Whole-time 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.

It may be noted that his present basic pay is Rs. 27,000/- per month. Keeping in view of onerous responsibilities of the director and his long association with the company, it is proposed to give him annual salary package of Rs. 9.00 lacs to 9.50 lacs. Accordingly, it is proposed to enhance his basic salary from Rs. 27,000/- per month to Rs 36,000/- per month.

The re-appointment of Shri Bharat S. Choudhari 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 has been filed with Registrar of Companies, National Capital Territory of Delhi and Haryana.

The re-appointment and remuneration of Shri Bharat S. Choudhari is required to be approved by the members in 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 Whole-time Director.

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

Shri Bharat S. Choudhari is interested in this resolution as it concerns his re-appointment. Further Shri Kailash S. Choudhari and Shri Sailesh S. Choudhari, being brothers of Shri Bharat S. Choudhari are also interested in the resolution.

This should also be considered as an abstract of the terms of resolution relating to re-appointment of Shri Bharat S. Choudhari as Whole-time Director and Memorandum of Interest under Section 302 of the Companies Act, 1956.

NOTES

1. The relative explanatory statement pursuant to section 173(2) of the Companies Act, 1956 in respect of Item No. 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 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, 1999 to 30th September, 1999 (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
 - Intimate the Company, changes, if any, in their registered address at an early date.
 - Quote Ledger Folio Numbers in all their correspondence.
 - Approach the Company for consolidation of various ledger folios into one.
 - Get the shares transferred in joint names, if they are held in single name to avoid inconvenience.
 - Bring their copy of the Annual Report and the Attendance Slip with them at the Annual General Meeting.
 - 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 Meeting, so that the information required may be made available at the Meeting, to the best extent possible.
- 7a. The amount of unclaimed/unpaid dividend for the financial year ended 31.3.94 has already been transferred to General Revenue Account of Central Government, in terms of provisions of Section 205 A of the Companies Act, 1956. Those members who have so far not claimed their dividend for the said financial year may claim their dividend by submitting an application in Form No. II to the Registrar of Companies, Delhi & Haryana, Paryavaran Bhawan, IInd Floor, CGO Complex, Lodi Road, New Delhi-110002.
- b. The unpaid or unclaimed dividend for the financial year 1995-96, remaining unpaid for 7 years, shall be transferred to the Fund established under Section 205(C) of the Companies Act, 1956 on 1st October, 2003. No claim shall lie against the Company or the Fund after transfer to this fund. Those members who have not encashed their dividend warrants for 1995-96 may write to the Company alongwith their dividend warrants.
8. Unclaimed/unpaid Refund of application money received by the company in Public Issue in 1993 shall be credited to Fund under Section 205(C) on 13th July, 2000. No claim shall lie against the company or the Fund after transfer of such money to this Fund.

Registered Office

B-1/D-2, Mohan Co-operative
Industrial Estate, Mathura Road,
New Delhi-110044.

Date: 31st August, 1999

By order of the Board

S. K. Chawla
Company Secretary

CMi LIMITED**DIRECTORS REPORT**

To,
The Members,
CMI Limited

Your Directors have pleasure in presenting to you the 32nd Annual Report together with the Audited Accounts of the Company for the year ended 31st March, 1999:

	(Rs. in Lacs)	
	1999	1998
Turnover	7801.63	6978.56
Profit before interest & depreciation	668.92	388.79
Depreciation	186.82	153.86
Interest	336.54	227.03
Profit before tax	145.56	7.90
Provision for tax & tax for earlier years	15.30	.94
Profit after tax	130.26	6.96
Profit brought forward	81.25	74.29
Dividend - Preference (97-98 & 98-99)	72.00	-
Tax on Dividend	7.92	-
Surplus Carried to Balance Sheet	131.59	81.25

Performance Review

During the year under review, your Company registered a turnover of Rs. 7801.63 lacs, registering a growth of 12% over the previous year. The company made Net Profit of Rs. 130.26 lacs as compared to profit of Rs. 6.96 lacs in the previous financial year.

The despatches of Jelly Filled Telecommunication Cables were for 5,21,684 ckm as compared to 5,71,586 ckm in the previous year. There was increase in sale of other Cables from 2158 kms to 3668 kms. During the year under review, the Company produced 4335 kms of Optical Fibre Cables and sold 4386 kms of these Cables.

Current Year Prospects

The current year operations of JFTC Unit and PVC Unit are expected to maintain the turnover. With reduced overheads of OFC Unit and placement of orders for JFTC by DOT on cash basis instead of deferred basis, your company is likely to witness improved profitability in the current financial year.

Future Prospects

The increased budgetary allocation for telecom sector, entry of private operators in basic telecom services and a greater thrust by the Government on improvement of telecom infrastructure development have led to

greater demand for telecom cables in the country. The low telephone density of 1.5 per hundred is expected to increase to 3 per hundred in 2001 and to 9 per hundred in 2007. It has been proposed to expand existing 185 lakh telephone lines by an additional 674 lakh telephone lines by 2007. The annual market size of the JFTC is estimated to be about 500 lckm which in monetary terms comes to Rs. 3375 crore.

During the current financial year, your Company expects to secure an order for supply of 6 lckm of JFTC approximately valued at Rs. 50 Crores. It is also expected that PVC unit may bring in sales amounting to Rs. 17 crores.

Sale of Optical Fibre Unit

Your company is disposing of its Optical Fibre Cable Unit as it has been decided to focus on JFTC and PVC segments. Proceed from the sale of this unit would be utilised for redemption of Redeemable Preference Shares/repayment of loan and/or acquisition of business/assets/undertaking. As your company adheres to core competency areas, the company would gain business strengths in terms of cost competitiveness, economics of scale, strong financial leading to good profitability and commit all its financial and managerial resources to these focused areas resulting in overall increase in shareholders wealth.

Dividend

Your Directors have approved payment of arrears of Preference Dividend for the year 1997-98 and as and by way of interim Preference Dividend for the year 1998-99 in accordance with the terms and conditions of Redeemable Preference Shares.

Your Directors are constrained not to recommend any equity dividend in view of low disposable profits and need to conserve resources for future growth of the company.

Fixed Deposits

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

Directors

In accordance with the requirements of Companies Act, 1956 and Company's Articles of Association, Shri Bharat S. Choudhari and Shri R. K. Jain, Directors of the Company shall retire by rotation at the forthcoming Annual General Meeting and being eligible offer themselves for re-appointment.

The Directors consider that it would be in the interest of the Company to appoint them as Directors of the Company.

CMI LIMITED**Auditors**

M/s. D. C. Jain & Associates, Chartered Accountants retire at the conclusion of the forthcoming Annual General Meeting and being eligible, have offered, themselves for re-appointment as Auditors. Requisite Certificate pursuant to Section 224(1B) of the Companies Act, 1956 has been received.

Auditors Observations

The observations of Auditors are self explanatory and have been explained at appropriate places wherever necessary in the notes to the accounts.

Personnel Relations

Personal relations continued to be cordial as in the past. The results which the company has achieved would not have been possible without co-operation and support of all the employees.

Your company continues to be committed to harness its "Human Resources" to face the challenges of the fast changing competitive market scenario.

Other Statutory Informations

Names of employees and other particulars as required under Section 217(2A) are given in Annexure I which forms part of the Directors Report.

The information required under section 217(1)(e) of the companies Act, 1956 read with the Companies

(Disclosure of Other Particulars in the Report of Board of Directors) Rules, 1988 is given in Annexure-II.

Y2K Compliance

The Company is taking appropriate and effective steps to comply with the Y2K requirement. The operational areas that could be affected are financial accounting and other areas such as production, production planning and testing facilities. The cost of compliance is estimated to be at Rs. 15 lacs. The Company expects to achieve the status of being Y2K Compliant by September 1999.

Acknowledgements

Your Directors sincerely acknowledge and appreciate the timely assistance and support extended by Dena Bank and the Industrial Credit and Investment Corporation of India Limited, esteemed Customers, Suppliers and other Associates. The Directors also wish to place on record their appreciation for the contribution made by all the officers, staff and works of the company, which instils confidence in the Management to plan for greater accomplishments in the current Financial Year.

for and on behalf of Board of Directors

H.V. Navani

Place : New Delhi *Chairman & Managing Director*
Date : 28th May, 1999

ANNEXURE-I TO DIRECTORS' REPORT**Information pursuant to Sub-Section 2-A of Section 217 of the Companies Act, 1956.**

Sl. No.	Name of the Employees	Designation (Nature of Duties)	Qualifications	Experience (Years)	Date of commencement of Employment	Remuneration Received (Rs.)	Age (Years)	Last Employment held and Designation
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
A. Employed throughout the financial year and were in receipt of remuneration for the financial year in aggregate not less than Rs. 6,00,000/-								
1.	Sh. H. V. Navani	Chairman & Managing Director	M. Com. LLB.	36	01.11.1972	839370	67	D & H Secheron Electrodes Ltd.
2.	Sh B. R. Rakhecha	President (Marketing)	LL.B.	39	01.09.1993	651118	58	Premier Cables Co. Ltd. (G.M.)
B. Employed for part of the year and were in receipt of remuneration not less than Rs. 50,000 p.m.								
Nil								

Notes:

1. Nature of Employment: All appointments are non-contractual.
2. Remuneration includes Salary, HRA, Commission on Net Profits, Bonus, Contribution to Provident Fund, Superannuation Fund & Gratuity Fund, LTC, HRA and monetary value of other perquisites as per income Tax Act/Rules.

for and on behalf of Board of Directors

Place : New Delhi
Date : 28th May, 1999

H. V. Navani
Chairman & Managing Director