

33rd

ANNUAL REPORT

Report **1999-2000** reportjunction.com



CMI LIMITED

BOARD OF DIRECTORS

Shri H. V. Navani	Chairman & Managing Director
Shri Sanjeev Navani	Joint Managing Director
Shri Bharat S. Choudhari	Whole-time Director
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 1999-2000.

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,
DSE House, 3/1, Asaf Ali Road,
New Delhi-110 002

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

The Stock Exchange Ahmedabad,
Kandhenu Complex,
Opp. Sahajanand College,
Panjarapole, Ahmedabad-380001

Bankers :

Dena Bank
Darya Ganj, New Delhi

Auditors :

M/s. D. C. Jain & Associates,
A-14/3, Janna Bhawan, Asaf Ali Road, New Delhi.

Registered Office :

B-1/D-2, Mohan Co-operative Industrial Estate,
Mathura Road, New Delhi-110044
Phone : 695 6505 - 10 Fax : 695 6504.

Works :

Plot Nos. 71 & 82, Sector 6,
Faridabad (Haryana).
Phone : 242687, 241942, 242468.
Fax : 129-242686.

Share Transfer Agent :

M/s. R. Kantilal Consultancy Ltd.
33/161, Laxmi Industrial Estate,
New Link Road, Andheri (W)
Mumbai - 400 053.
Phone : 626 5763, 633 3888,
Fax : 629 0822.

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NOTICE

NOTICE IS HEREBY GIVEN THAT 33RD ANNUAL GENERAL MEETING OF THE MEMBERS OF CMI LIMITED WILL BE HELD ON FRIDAY, 29TH SEPTEMBER, 2000 AT 10.30 A.M. AT GANDHI MEMORIAL HALL, BAHADUR SHAH ZAFAR MARG, NEW DELHI-110002 TO TRANSACT THE FOLLOWING BUSINESS :

ORDINARY BUSINESS :

1. To receive, consider, adopt the audited Balance Sheet as at 31st March, 2000 and the Profit and Loss Account for the year ended on that date and the Reports of Directors and Auditors thereon.
2. To declare Equity Dividend for the year ended on 31st March, 2000 and confirm payment of Preference Dividend made during the year 1999-2000.
3. To appoint a Director in place of Shri K.S.R. Chandran, who retires by rotation and being eligible for re-appointment offers himself for re-appointment.
4. To appoint a Director in place of Shri Basant Fulchand, who retires by rotation and being eligible for re-appointment offers himself for re-appointment.
5. To appoint Auditors and fix their remuneration and for that purpose to pass with or without modification (s), the following resolution as an Ordinary Resolution :

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

SPECIAL BUSINESS :

6. To consider and, if thought fit, to pass with or without modification(s), if any, the following Resolutions as Ordinary Resolutions :
 - (A) "RESOLVED THAT in accordance with the provisions of Section 257 and all other applicable provisions, if any, of the Companies Act, 1956, Shri Sanjeev Navani, an Additional Director who holds office upto the date of this Annual General Meeting, as per provisions of Section 260 of the Companies Act, 1956 and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed as Director of the Company, not liable to retire by rotation."
 - (B) "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 Sanjeev Navani be and is hereby appointed as Joint Managing Director of the Company, not liable to retire by rotation, for a period of five years w.e.f. 01.02.2000 at a remuneration as stated below:-

Salary

Rs. 33,000/- 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

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 furnishing 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 the rules specified by the Company.
- (iii) Leave Travel Assistance: 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 the 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 the rules specified by the Company.
- (vi) Executive Attire Allowance : Rs. 3000/- Per Month in accordance with the rules specified by the Company.
- (vii) Personal Accident Insurance: Premium not to exceed Rs. 5000/- per annum.

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Explanation: For the purpose of Category 'A', family means the spouse and the children of the Joint Managing Director and includes the parents, brothers and sisters who are wholly or mainly dependent on the Joint 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 purposes of the Company and also for personal use.
- (ii) Telephone: Free telephone facility at residence.

A sum of Rs. 500/- per month shall be charged from him for personal use.

Minimum Remuneration

In the event of no profits or inadequacy of profits in any financial year during the currency of tenure of Joint Managing Director, the monthly remuneration by way of salary and perquisites as mentioned above shall be paid as minimum remuneration as per Section II of Part II of Schedule XIII (i.e. 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/-.

7. To consider and, if thought fit, to pass with or without modification(s), the following resolution as **Special Resolution** :
"RESOLVED THAT pursuant to Section 31 and all other applicable provisions, if any, of the Companies Act, 1956, the Articles of the Association of the Company be altered by inserting the following Head and Article 12A after Article 12 :

12A. Dematerialization of Securities**i) For the purpose of this Article :**

"Beneficial Owner" means a person or persons whose name is recorded as such with a Depository ;

"SEBI" means the Securities & Exchange Board of India ;

"Depository" means a Company formed and registered under the Companies Act, 1956, and which has been granted a certificate of registration to act as a Depository under the Securities & Exchange Board of India Act, 1992.

and

"Security means such security as may be specified by SEBI from time to time.

Notwithstanding anything contained in these Articles, the Company shall be entitled to dematerialize its securities and to offer securities in a dematerialized form pursuant to the Depositories Act, 1996.

ii) Option of Investors

Every person subscribing to securities offered by the Company shall have the option to receive security certificates or to hold the securities with a Depository. Such a person who is the beneficial owner of the securities can at any time opt out of a Depository, if permitted by the law, in respect of any security in the manner provided by the Depositories Act, and the Company shall, in the manner and within the time prescribed, issue to the beneficial owner the required Certificate of Securities.

If a person opts to hold his/her security with a Depository, the Company shall intimate such Depository the details of allotment of the security, and on receipt of the information the Depository shall enter in its record the name of the allottee as the beneficial owner of the security.

iii) Securities in depositories to be in fungible form

All securities held by a Depository shall be dematerialized and be in fungible form. Nothing contained in Sections 153, 153A, 153B, 187B, 187C and 372A of the Act shall apply to a Depository in respect of the securities held by it on behalf of the beneficial owners.

iv) Rights of Depositories and beneficial owners

- a) Notwithstanding anything to the contrary contained in the Act or these Articles, a Depository shall be deemed to be the registered owner for the purposes of effecting transfer of ownership of security on behalf of the beneficial owner.
- b) Save as otherwise provided in (a) above, the Depository as the registered owner of the Securities shall not have any voting rights or any other rights in respect of the securities held by it.
- c) Every person holding securities of the Company and whose name is entered as the beneficial owner in the records of the

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Depository shall be deemed to be a member of the Company. The beneficial owner of securities shall be entitled to all rights and benefits and be subject to all the liabilities in respect of his/her securities, which are held by a Depository.

v) **Service of Documents**

Notwithstanding anything contained in the Act or these Articles to the contrary, where securities are held in Depository, the records of the beneficial ownership may be served by such Depository on the Company by the means of electronic mode or by delivery of floppies or disc.

vi) **Transfer of Securities**

Nothing contained in Section 108 of the Act or these Articles shall apply to a transfer of securities effected by a transferor and transferee both of whom are entered as beneficial owners in the records of a Depository.

vii) **Allotment of Securities dealt with in a Depository**

Notwithstanding anything contained in the Act or these Articles, where securities are dealt with by a Depository, the Company shall intimate the details thereof to the Depository immediately on allotment of such securities.

viii) **Distinctive number of securities held in a Depository**

Nothing contained in the Act or these Articles regarding the necessity of having distinctive numbers for securities issued by the Company shall apply to the securities held with a Depository.

ix) **Register and Index of beneficial owners**

The Register and Index of beneficial owners maintained by a Depository under the Depositories Act, 1996, shall be deemed to be the Register and Index of Members and Security holders for the purpose of these Articles.

By order of the Board

(S.K CHAWLA)

Company Secretary

Registered Office

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

Dated : 1st September, 2000.

NOTES

1. The relative explanatory statement pursuant to section 173(2) of the Companies Act, 1956 in respect of Item No. 6 & 7 of the Notice 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, 2000 to 29th September, 2000. (both days inclusive).
5. Only Registered Members carrying Attendance Slips and holders of valid proxies registered with the Company will be permitted to attend the Meeting.
6. The members are requested to
 - a) Intimate 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 into joint names, if they are held in single name to avoid inconvenience.
 - e) Bring their copy of Annual Report and the Attendance Slip with them. Xerox copy / torn slips will not be accepted at the Entrance of the Meeting Hall.
 - f) Members desirous of obtaining any information concerning accounts and operations of the Company are requested to address their questions to the Company Secretary, so as to reach at least seven days before the date of Meeting, so that the information can be made available at the Meeting to the best extent possible.

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- 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 shall be credited to Fund under Section 205(C). No claim shall lie against the company or the Fund after transfer of such money to this Fund.
9. **Company's Equity Shares would be traded under Compulsory DEMAT mode w.e.f. 25th September, 2000. Accordingly, the Company's Equity Shares are being activated in DEMAT mode both at NSDL & CDSL. Members/Investors may contact the Company's existing Share Transfer Agent for both physical & demat mode.**

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956.

Item No. 6 (A) & (B) :

Shri Sanjeev Navani, son of Shri H.V. Navani, Chairman & Managing Director was appointed as Additional Director by the Board of Directors at their meeting held on 28th January, 2000 and also as Joint Managing Director w.e.f. 1st February, 2000 for a period of five years on remuneration as per Schedule XIII of the Companies Act, 1956.

He has been assigned responsibility of supervision of manufacturing operations at the Plant of the Company and also for strengthening marketing base for products of the Company.

Shri Sanjeev Navani is 37 years of age. His Qualifications are B.Com. (H) from Delhi University and MBA with Specialisation in Marketing from USA. Apart from Educational Qualifications, he has in-depth knowledge of all facets of cable industry and is very well acquainted with all manufacturing processes. He has wide and varied experience in cable industry extending to a period of 14 years. Export marketing is his major thrust area. He is Chairman of Icon Cables Limited and is Director of Harshant Investment Pvt. Ltd.

Pursuant to Section 260 of the Companies Act, 1956, he holds office upto the date of the forthcoming Annual General Meeting. Due notice under section 257 of the Companies Act, 1956 has been received from a member proposing the appointment of Shri Sanjeev Navani as a Director of the Company. The resolution set at Item No. 6(A) is submitted for your approval.

The appointment and remuneration of Shri Sanjeev Navani referred to in the Resolution at 6(B) requires approval of the Company at the General Meeting pursuant to Sections 198, 269 and 309 read with Schedule XIII of the Companies Act, 1956.

The Board of Directors of your company solicit your approval to the Ordinary Resolutions as set out in Item No. 6 of the Notice.

No other Director except Shri H.V. Navani, Chairman & Managing Director and Shri Sanjeev Navani, Joint Managing Director himself is interested in the Resolutions.

Item No. 7 :

The Articles of Association of the Company are proposed to be altered by inducting a new Article 12A as set out in the Resolution at Item No. 7. The new Article is proposed to be included in the existing Articles to spell out the rights of beneficial owner of securities, pursuant to the Company joining the Depository System, consequent upon passing of Depositories Act, 1996 and the introduction of Depository System.

The Board of Directors of your company solicit your approval to the Special Resolution as set out in Item No. 7 of the Notice.

None of the Directors of the Company is concerned or interested in the proposed Resolution.

A copy of Articles of Association of the Company is available for inspection by the members during business hours on any working day at the Registered Office of the Company.

By order of the Board

(S.K CHAWLA)

Company Secretary

Registered Office
B-1/D-2, Mohan Cooperative Industrial Estate,
Mathura Road, New Delhi-110044.
Dated : 1st September, 2000

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DIRECTORS' REPORT TO THE MEMBERS

Yours Directors have pleasure in presenting to you 33rd Annual Report together with audited Accounts for the year ended 31st March, 2000.

	(Rs. in Lakhs)	
	2000	1999
Turnover	7879.15	7801.63
Profit before interest & depreciation	633.86	668.92
Depreciation	127.70	186.82
Interest	342.86	336.54
Profit before Tax	163.30	145.56
Provision for tax	15.00	15.30
Income Tax Refund	(10.87)	-
Profit after tax	159.17	130.26
Profit brought forward	131.59	81.25
Dividend - Preference Shares	30.00	72.00
- Equity Shares	15.27	-
Tax on Dividend	6.65	7.92
Transfer to Capital Redemption Reserve	80.00	-
Surplus carried to Balance Sheet	158.84	131.59

PERFORMANCE REVIEW

During the year under review, your Company's production for Jelly Filled Telecommunication Cables was 8.70 LCKM as compared to 5.33 LCKM in the previous year, registering a growth of 63 percent. The Capacity Utilisation improved to 68 % from 42 % in the previous year. While despatches for Jelly Filled Telecommunication Cables were 8.52 LCKM amounting to Rs.6808 lakhs as compared to 5.22 LCKM to Rs.4524 lakhs in the previous year, there was fall in despatches for other cables from 3668 KMs amounting to Rs 1313 lakhs to 1758 Kms amounting to Rs. 397 lakhs. The Company made a net profit of Rs159.17 lakhs as compared to profits of Rs.130.26 lakhs in the previous year.

The Company received orders for Jelly Filled Telecommunication Cables at very competitive prices under stiff competition. While demand from DOT did not increase correspondingly, there was sudden fresh capacity increase in the industry to the extent of about 350 LCKM. Amidst this backdrop, your Company is taking all steps to grasp the opportunities into core business to improve profitability through volume growth and enhancing competitiveness in respect of quality, cost reduction, timely deliveries and better customer interface.

PROSPECTS

Department of Telecom Services(DTS) is expected to maintain 20 % plus growth rate in telephone lines. On a base of 23 million lines, DTS plans to add 4.55 million lines in 1999-2000 and 5.5 million lines in 2000-2001. The entry of private telecom players and opening of Domestic Long Distances (DLD) Services are factors leading to substantial growth in basic services business. With high growth rates in cellular business and internet service provider segment and increase in data traffic, the cable industry in India is in its most exciting phase.

The annual market size of the JFTC industry is estimated to be about 600 LCKM which in monetary terms comes to Rs. 4000 Crore. Your Company expects to secure an order for about 7 LCKM of Jelly Filled Telecommunication Cables approximately valued at Rs.56 Crores from DTS and private telecom operators during the current year. The Company is also making efforts to tap potential demand from private telecom operators.

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DIRECTORS' REPORT TO THE MEMBERS.....Contd.

EXPORTS

While international markets continue to be very competitive, your Company executed export orders worth Rs.480.70 lakhs as compared to Rs.33.26 lakhs in the previous year. The Company is making vigorous efforts to develop new markets for its products outside India.

SALE OF OFC UNIT

Pursuant to a Resolution passed at the Extraordinary General Meeting held on 20th April, 1999, an Agreement to Sell Business Undertaking was executed on 29th October, 1999. This agreement became effective on 27th March, 2000. Company's OFC Business Undertaking, all its assets & liabilities and the services of all employees stand transferred to and vested in Aksh Optifibre Limited, the transferee company, with effect from 1.7.1999.

REDEMPTION OF PREFERENCE SHARES

As per schedule of redemption of 80,000 - 45% Preference Shares of Rs.100/- each at premium of Rs.350/- per share, complete redemption of Rs.450/- per share was paid on 31st January, 2000. Now all the Preference Shares of the Company stand redeemed.

DIVIDEND

Your Directors approved payment of Preference Dividend by way of interim dividends amounting to Rs. 30 lacs out of credit balance in Profit and Loss Account.

Keeping in view of the interest of shareholders and having regard to disposable profits, your Directors are pleased to recommend a Dividend of 5 % on Equity Shares for the Financial Year 1999-2000.

FIXED DEPOSITS

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

DIRECTORS

Shri Sailesh S. Choudhari ceased to be Whole-time Director with effect from 21st August, 1999. Shri Kailash S. Choudhari and Shri Sailesh S. Choudhari resigned from the Board of Directors with effect from 28th January, 2000. The Board of Directors places on record their sincere appreciation of the valuable services rendered by them during their period of association with the Company.

Shri Sanjeev Navani was appointed as an Additional Director by the Board of Directors at their meeting held on 28th January, 2000 and also as Joint Managing Director w.e.f. 1st February, 2000 for a period of five years on remuneration as per Schedule XIII of the Companies Act, 1956, subject to approval of members in General Meeting.

Due notice (along with deposit of Rs.500/-) under section 257 of the Companies Act, 1956 has been received from a member proposing the appointment of Shri Sanjeev Navani as a Director of the Company.

In accordance with the requirements of the Companies Act, 1956 and Company's Articles of Association, Shri K.S. R. Chandran and Shri Basant Fulchand, Directors of the Company shall retire at the ensuing Annual General Meeting and being eligible offer themselves for re-appointment.

AUDITORS

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