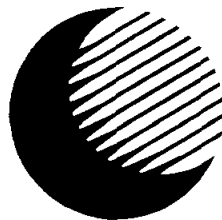


34th

ANNUAL REPORT
2000-2001



CMI LIMITED

BOARD OF DIRECTORS

Shri H. V. Navani	<i>Chairman & Managing Director</i>
Shri Sanjeev Navani	<i>Joint Managing Director</i>
Shri Bharat S. Choudhari	<i>Whole-time Director</i>
Shri B. R. Rakhecha	<i>Whole-time Director</i>
Shri K.S.R. Chandran	
Shri Basant Fulchand	
Shri P. C. Bindal	

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 Exchanges for Financial Year 2001-2002.

QUALITY POLICY

"CMI LIMITED IS COMMITTED TO COST EFFECTIVE QUALITY PRODUCTS, REFLECTED BY CUSTOMER SATISFACTION, ACHIEVED THROUGH CONTINUOUS IMPROVEMENTS IN ITS TECHNOLOGY, SYSTEMS AND HUMAN RESOURCES"

The Delhi Stock Exchange Association Limited
DSE House,
3/1, Asaf Ali Road
New Delhi-110001

The Stock Exchange, Mumbai
Phiroze Jeejeebhoy Towers,
Dalal Street,
Mumbai-400023

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

BANKERS

Dena Bank
— Darya Ganj, New Delhi
— Faridabad, Haryana

AUDITORS

M/s. D. C. Jain & Associates
A-14/3, Jamna Bhawan, Asaf Ali Road
New Delhi-110002

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 No. 71 & 82, Sector 6,
Faridabad, Haryana
Phone : 5242687, 5241942, 5242468
Fax : 5242686

SHARE TRANSFER AGENT

M/s. Emkay Systems Limited
(Previously M/s. R. Kantilal Consultancy Ltd.)
33/161, Laxmi Industrial Estate,
New Link Road, Andheri (W)
Mumbai-400053
Phone : 6265763, 6333888
Fax : 6290822



CMI LIMITED

NOTICE

Notice is hereby given that 34th Annual General Meeting of the Members of CMI Limited will be held on Monday, 20th day August, 2001 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, 2001 and the Profit and Loss Account for the year ended on that date and the Reports of Directors and Auditors thereon.
2. To appoint a Director in place of Shri Bharat S. Choudhari, who retires by rotation and being eligible for re-appointment offers himself for re-appointment.
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 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

5. 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 B.R. Rakhecha, 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, 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 and review of performance by the Board of Directors at the end of first year, Shri B.R. Rakhecha, be and is hereby appointed as Whole-time Director of the Company for a period of 2 years w.e.f. 01.04.2001 at a remuneration as stated below :—

Basic Salary

Rs.50500/- per month.

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) **House Rent Allowance**
35% of Basic Salary.
- (ii) **Medical Expenses Reimbursement**
Expenses incurred for self and the family subject to a ceiling of Rs. 1250/- per month 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 60% of one month's salary in a year payable in accordance with the rules specified by the Company.

- (iv) **Reimbursement of Professional Pursuit Expenses**
Rs.2000/- Per Month in accordance with the rules specified by the Company.

- (v) **Reimbursement of Executive Attire Expenses**
Rs.3500/- Per Month in accordance with the rules specified by the Company.

- (vi) **Children Education Allowance**
Rs.200/- Per Month.

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 dependent on the Whole-time Director.

Category 'B'

- (i) Contribution to the Provident Fund @ 12% of Basic Salary.

Category 'C'

- (i) **Car Expenses**

Reimbursement of running, maintenance, insurance etc. expenses of Car with chauffeur for official purposes of the Company.

- (ii) **Telephone/Cellphone Bills**

Reimbursement of expenses incurred therefor.

So long so Shri B.R. Rakhecha functions as Whole-time Director of the Company, he shall not be paid any sitting fees for attending the meetings of the Board or any Committee thereof.

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 as per Section II of Part II of Schedule XIII (i.e. subject to ceiling limit of Rs.1,10,000/- per month). However, the perquisites specified in Category 'B' shall be not included in computation of the ceiling limit of remuneration of Rs.1,10,000/-.

- (C) **"RESOLVED THAT** in accordance with the provisions of Section 257 and all other applicable provisions, if any, of the Companies Act, 1956, Shri P.C. Bindal, 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, liable to retire by rotation."

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 : 20th July, 2001

NOTES

1. The relative explanatory statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of Item No. 5 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.**



CMI LIMITED

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 13th August, 2001 to 20th August, 2001 (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 or to their D. P.s at an early date.
 - b) Quote Ledger Folio Numbers / DP Id — Client ID 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) Get their shares converted into Demat Form as trading of shares is compulsory in the demat form.
 - f) 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.
 - g) Member 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.
7. a. The amount of unclaimed/unpaid dividend for the financial year ended 31.3.1994 has already been transferred to the General Revenue Account of Central Government Department, in terms of Section 205A 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, Paryavaran Bhawan, II Floor, CGO Complex, Lodi Road, New Delhi-110002.
- b. The unpaid or unclaimed dividend for the financial year 1956-96, remaining unpaid for 7 years, shall be transferred to Investor Education and Protection Fund 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 & 1999-2000 may write to the Company for revalidation of Dividend Warrants or for obtaining Demand Drafts.
8. Unclaimed or unpaid Refund of Application Money received by the Company in Public Issue in 1993 is already due for being credited to Investor Education and Protection Fund under Section 205C of the Companies Act, 1956. No Claim shall lie against the Company or the Fund after transfer of such money to this Fund.

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

ITEM NO. 5 (A), (B) & (C) :

(A) & (B)

Shri B. R. Rakhecha, B. Com. & LLB, aged about 60 years was appointed as an Additional Director by the Board of Directors with effect from 1st April, 2001 and also as Whole-time Director w.e.f. 1st April, 2001 for a period of two years on remuneration as per Schedule XIII of the Companies Act, 1956.

He started his career in 1959 with Lohia Investments Pvt. Ltd. in commercial discipline. He also worked with Dies & Tools Ltd., Sharda

Plastic Pvt. Ltd. & Towers & Transformers Pvt. Ltd. Prior to his joining CMI Limited, he was working as General Manager of Premier Cables Limited.

He worked with the Company for more than 7 years. He worked in different capacities. He was in complete charge of Marketing & Operations of JFTC, OFC business and other cables. His association with the Company in the capacity of President has concluded on 31st March, 2001.

He is an Executive Member of TCDA, a body representing all Jelly Filled Telecommunication and Optical Fibre Cables Manufacturers in the Country. He served as Vice President of U.P. Transformers Manufacturers Association.

In view of his vast experience of about 41 years and mature personality with excellent marketing and operation skills, it is expected that his appointment as Whole-time Director of the Company would be of great advantage to the Company.

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 B.R. Rakhecha as a Director of the Company. The resolution set at Item No. 5(A) is submitted for your approval.

The appointment and remuneration of Shri B. R. Rakhecha referred to in the Resolution at 5(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. 5(A) & (B) of the Notice.

No other Director except Shri B.R. Rakhecha Whole-time Director himself is interested in the Resolutions.

(C)

Shri P. C. Bindal, B. Com. & Chartered Accountant, aged about 40 years was appointed as an Additional Director by the Board of Directors with effect from 1st April, 2001.

In view of his qualifications and versatile experience of 18 years in the areas of finance, accounts and consultancy services, the Board is of the view that his appointment as Director on the Board of Directors of the Company would substantially contribute to the effectiveness of the Board. His Directorships in other companies are as follows :

1. Privy Financial Services Limited
2. Evergrowing Investments and Consultants 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 P. C. Bindal as a Director of the Company. The resolution set at Item No. 5(C) is submitted for your approval.

The Board of Directors of your Company solicit your approval to the Ordinary Resolution as set out in Item No. 5(C) of the Notice.

No other Director except Shri P. C. Bindal, Director himself is interested in the Resolution.

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 : 20th July, 2001

**CMI LIMITED****DIRECTORS' REPORT**

To

The Members,
CMI Limited

Your Directors have pleasure in presenting to you the 34th Annual Report on the business and operations of your Company together with audited Accounts for the year ended 31st March, 2001.

(Rs. in Lacs)

	2001	2000
Turnover	7157.06	7879.15
Profit before Interest & Depreciation	457.29	633.86
Depreciation	118.50	127.70
Interest	236.43	342.86
Profit before Tax	102.36	163.31
Provision for Tax	8.50	15.00
Income Tax Refund	—	(10.87)
Profit after Tax	93.86	159.18
Profit Brought Forward	158.85	131.59
Dividend — Preference Shares	—	30.00
— Equity Shares	—	15.27
Tax on Dividend	—	6.65
Transfer to Capital Redemption Reserve	—	80.00
Surplus Carried to Balance Sheet	252.71	158.85

PERFORMANCE REVIEW

During the year under review, the Company's production for Jelly Filled Telecommunication Cables was 7.28 LCKM as compared to 8.70 LCKM in the previous year. While despatches for Jelly Filled Telecommunication Cables were 7.47 LCKM amounting to Rs.6103 lakhs as compared to 8.52 LCKM to Rs.6808 lakhs in the previous year, there was increase in despatches in value for other cables from Rs.397 lakhs to Rs.699 lakhs. The Company made a net profit of Rs.93.86 lakhs as compared to profit of Rs.159.18 lakhs in the previous year.

The fall in production and sales is mainly due to abnormal delay in placement of orders by the BSNL.

PROSPECTS

The Government has identified telecommunication as infrastructure industry, thereby intending to provide to the country a world class telecommunication infrastructure. The Plan outlay envisaged for the Tenth Plan is Rs.149650 Crores as compared to Rs.83250 Crores in Ninth Plan. Out of the total allocation of Telecom Sector, approximately 40% would be for Cables. Telecommunication Policy has also been rationalised and further liberalised. The Policy seeks to achieve availability of telephone on demand by the year 2002, sustain it thereafter to make the telephone density to 7 per hundred by the year 2005 and 15 per hundred by the year 2010.

With the opening of Power and Telecom Infrastructure to private sector, private telecom players playing a very vital role and Railways undertaking special plan for improving signalling on tracks, the demand for cables will increase. BSNL/MTNL's cable requirement is increasing by about 10% annually.

The Company is taking strong initiatives to tap demand for PVC control, Instrumentation, Quad and Signalling Cables which offer good business opportunities. The Company is also making vigorous efforts to tap potential demand from private telecom operators.

EXPANSION PLAN

During the year under review, the Company has undertaken expansion programme for enhancement of existing capacity of PIJFT Cables from 14.64 LCKM to 24.08 LCKM. The expansion plan was successfully completed within the stipulated time. The Company's enhanced capacity has also been certified by the Telecom Engineering Centre.

EXPORTS

During the year, your Company executed export orders worth Rs.388.31 lakhs as compared to Rs.480.70 lakhs in the previous

year. Your Company has orders in hand for over Rs.200 lakhs. The Company is taking strong initiatives to explore the market in Yemen, Iraq, Malaysia, UK etc. to boost export of Company's products.

DIVIDEND

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

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.

ISO CERTIFICATION

Your Company continues to uphold and maintain the prestigious ISO 9002 Certification (valid till January, 2004) from American Quality Assessors, USA for manufacture of PIJFT, Dry Core, PVC, Instrumentation, Power Control and Networking Applications Cables. The Company continues to practise international quality standards, systems and procedures.

DIRECTORS

Since the last Annual General Meeting, Shri R.K. Jain has ceased to be a Director by resignation on 28th May, 2001. The Board records appreciation for the valuable services rendered by him during his tenure of office.

Shri B. R. Rakhecha and P.C. Bindal were appointed as Additional Directors by the Board of Directors with effect from 1.4.2001. Shri B. R. Rakhecha was also appointed as Whole-time Director w.e.f. 1.4.2001 for a period of two years on remuneration as per Schedule XIII of the Companies Act, 1956, subject to approval of members in General Meeting.

As per provisions of Section 260, Shri B. R. Rakhecha and P.C. Bindal will hold office of Director till the ensuing 34th Annual General Meeting. Due notices (alongwith deposit of Rs.500/-) under Section 257 of the Companies Act, 1956, have been received from members proposing the appointment of Shri B. R. Rakhecha and P.C. Bindal as Director of the Company.

In accordance with the requirements of the Companies Act, 1956 and Company's Articles of Association, Shri Bharat S. Choudhari and Shri K.S.R. Chandran, 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 re-appointment as Auditors. Requisite Certificate, pursuant to Section 224(1B) of the Companies Act, 1956, has been received.

AUDITORS OBSERVATIONS

The Notes to Account appearing in Schedule 20 and referred to in the Auditors Report are self explanatory and therefore do not call for any further comments or explanations.

HUMAN RESOURCES AND INDUSTRIAL RELATIONS

Your Company recognises and places on record its conviction that human resources are its most important and valuable resources.

The Company also continues to be committed and dedicated to the development of all its human resources through proactive HR policies and other measures to upgrade their professional, technical and behavioural skills in order to prepare them to take on challenges posed by rapid changes on technological and professional front in the industrial scenario. Firm belief and inculcation of the spirit of Team Work has proved to be the key to our success.

A monthly Newflash — PRAGATI is to start from June this year. Industrial relations continue to be cordial during the year under review and your Directors are happy to acknowledge and appreciate the co-operation, support and dedication of all the employees of the Company.

PARTICULARS OF EMPLOYEES

None of the employees was in receipt of remuneration more than Rs.12,00,000/- per annum if employed for the whole year or