

Certified True Copy

For CMI LIMITED

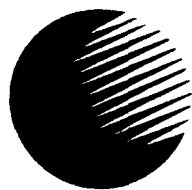
Amir Jais
Director

36th

ANNUAL REPORT

2002 - 2003

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CMI LIMITED

BOARD OF DIRECTORY

Mr. Amit Jain	Chairman cum Managing Director
Mr. Rajiv Girotra	Director
Mr. Bharat S. Choudhari	Director

COMPANY SECRETARY

Mr. A. S. Ketkar

QUALITY POLICY

"CMI LIMITED IS COMMITTED TO COST
EFFECTIVE QUALITY PRODUCTS,
REFLECTED BY CUSTOMER
SATISFACTION ACHIEVED THROUGH
CONTINUOUS IMPROVEMENTS IN ITS
TECHNOLOGY, SYSTEM 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, 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 Raod,
New Delhi - 110044
Phone : 695 6505 - 10 Fax : 695 6504

WORKS :

Plot No. 71 & 82, Sector-6,
Faridabad, Haryana
Phone : 22422687, 2241942, 2242468
Fax : 2242686



CMI LIMITED

NOTICE

Notice is hereby given that the 36th Annual General Meeting of the members of **CMI LIMITED** will be held on Friday the 2nd day of January, 2004, at 10.00 A.M. at the Registered Office of the Company to transact the following business:

ORDINARY BUSINESS :

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2003 and Profit and Loss Account for the year ended as on that date and the Director's and Auditor's Report thereon.
2. To appoint a Director in place of Mr. Bharat S. Choudhary, who retires by rotation, and being eligible offers himself for re-appointment.
3. To appoint Auditors and to 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 next Annual General Meeting and Board of Directors of the Company be and is hereby authorised to fix their remuneration."

SPECIAL BUSINESS

4. To consider and if thought fit, to pass with or without modification(s), if any, the following resolutions as an Ordinary Resolution: -

"RESOLVED THAT Mr. Rajiv Girotra, who was appointed as an additional director of the Company at the meeting of the Board of Directors of the Company held on 31st January, 2003 and whose term expires at the 36th Annual General Meeting of the Company scheduled to be held on 2nd January, 2004 and for the appointment of whom the Company has received a notice under Section 257 of the Act from a member proposing his candidature for the office of a director, be and is hereby appointed as Director liable to retire by rotation."

5. To consider and if thought fit, to pass with or without modification(s), if any, the following resolutions as an Ordinary Resolution: -

"RESOLVED THAT the company having become a sick company within the meaning of the Sick Industrial Companies (Special Provisions) Act, 1985 as per the duly audited Annual Accounts of the company for the financial year ended 31st March, 2003, the Board of Directors be and are hereby authorized to make a reference to the Board for Industrial and Financial Reconstruction for determination of the measure to be adopted for the revival of the company"

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 the control of the business of the Company is to be given under the Management of Mr. Amit Jain, Managing Director who has taken over due to the move of old management under the Chairmanship of Mr. H. V. Navani."

By order of the Board

Amit Jain
Managing Director

Registered Office:

B-1/D-2, Mohan Co-operative Industrial Estate,
Mathura Road,
New Delhi – 110 044

Dated : 28th November, 2003

NOTES :

1. The relative explanatory statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of Item No. 4 to 6 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. Only registered members carrying attendance slips and holders of valid proxies registered with the Company will be permitted to attend the meeting.
5. The Register of Members and Share Transfer Books of the Company will remain closed from 29th December, 2003 to 1st January, 2004 (both days inclusive).
6. The Members are requested to :
 - a) Intimate the Company the change, if any, in their registered address or to their Depository Participant's at the earliest.
 - 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 in the Shares of the Company is compulsorily in Demat Form.
 - f) Members seeking further information about the accounts are requested to write to the Company at least one week before the date of the meeting giving details of the information required.

**CMI LIMITED**

7. The Company has paid the Annual Listing Fees for the year 2002-2003 to the following Stock Exchanges viz. The Delhi Stock Exchange Association Limited, The Stock Exchange, Mumbai and the Stock Exchange, Ahmedabad.
8. The Company has already transferred all unclaimed dividend declared for the financial year 1995 – 1996 and 1996 - 1997 to Investor Education & Protection Fund on 1st November, 2003 and 10th November, 2003 respectively. The unpaid or unclaimed dividend for the financial year 1999-2000, remaining unpaid for seven years, shall be transferred 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 this fund. Those members who have not en-cashed their dividend warrant for 1999-2000 may write to the company for revalidation of Dividend Warrants or for obtaining Demand Drafts.

ANNEXURE TO NOTICE**EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956****ITEM NO. 4**

Mr. Rajiv Girotra has done his MBA in Finance. He has an in depth knowledge of financial activities and possesses a good reputation among the leading Financial Institutions.

Mr. Girotra who was appointed as an additional director of the Company at the meeting of the Board of Directors of the Company held on 31st January, 2003 and whose term expires at the 36th Annual General Meeting of the Company scheduled to be held on 2nd January, 2004 and for the appointment of whom the Company has received a notice under Section 257 of the Act from a member proposing his candidature for the office of a director, be and is hereby proposed to be appointed as Director of the Company whose period of office shall be liable to determine by retirement by rotation.

Your Directors feel that the Company should use his professional expertise to overcome the present financial scenario, therefore, they recommend the resolution for your approval.

Except Mr. Rajiv Girotra, to the extent of his appointment, no other directors is, in any way, concerned or interested in the resolution

ITEM NO. 5

As aware, your company has incurred huge losses in the financial year ending 2001 – 2002 and the entire net worth of the Company has been eroded as per the latest Balance Sheet for the year ended 31st March, 2003. Despite of all efforts by the management the Company is not able to overcome the present position.

As per the provisions of the Sick Industrial Companies (Special Provisions) Act, 1985 the Board of Directors has to make a reference about the sickness of the Company to Board for Industrial and Financial Reconstruction for rehabilitation in consultation with the various stakeholders of the company.

The Board of Directors of the Company has accordingly approved the proposed reference and recommended the said Ordinary Resolution for the approval of the members.

None of the Directors shall be deemed to be concerned or interested in the Resolution set out above, except to the extent of the shares held by them, if any, in the Company.

ITEM NO. 6

The Company was incorporated on 22nd June 1967, promoted by Late Shri Shantilal M. Choudhari under the name of Choudhari Metal Industries Pvt. Ltd. The Company commenced business in 1969 as a copper trading Company and in early seventies started wire drawing of non-ferrous metals especially copper. In 1980 CMI diversified its activities by setting up facilities for the manufacture of Dry Core Telecommunication Cables.

The Company came out with his public issue in the year 1993 under the Chairmanship of Mr. Hargobind Vallabhdas Navani and earned huge profits in Nineties. The Company continued to earn profits till 2000-2001. In the year 2001-2002 the Company incurred a huge loss of Rs. 676.35 lacs due to reduction in turnover and high fixed overheads.

Due to continuing losses Mr. Navani resigned from the Chairmanship of the Company w.e.f. 31st May, 2002 and his other associates also resigned from their respective directorships, in due course, by handing over the management and operational controls to Mr. Amit Jain.

Mr. Amit Jain was appointed as Managing Director of the Company w.e.f. 1st June, 2002 and presently the Company is carrying all its activities under his management.

Your Director, therefore, recommends the resolution for your approval.

Except Mr. Amit Jain, no other Directors, in any way, concerned or interested in the resolution.

By order of the Board

Amit Jain
Managing Director

Registered Office:

B-1/D-2, Mohan Co-operative Industrial Estate,
Mathura Road,
New Delhi – 110 044

Dated : 28th November, 2003

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

To

The Members,
CMI Limited

Your Directors have pleasure in presenting you the 36th Annual Report on the business and operation of your Company.

FINANCIAL RESULTS

Description	As at 31.03.2003	As at 31.03.2002
Turnover	3110.33	4658.21
Profit/Loss before Interest and Depreciation	(481.59)	(274.90)
Depreciation	94.13	129.62
Interest	103.48	275.98
Profit/Loss before Tax	(679.18)	680.50
Provision for Tax	-	-
Excess Provision for Tax written Back	-	4.15
Profit/Loss after Tax	(679.18)	(676.35)
Profit Bought Forward	(390.02)	252.70
Dividend – Preference Shares	-	-
Equity Shares	-	-
Tax on Dividend	-	-
Transfer to Capital Redemption Reserve	-	-
General Reserve written off	-	33.63
Surplus/loss Carried to Balance Sheet	(1069.21)	(390.02)

PERFORMANCE REVIEW

During the year under review, the Company's Turnover was Rs. 3110.33 lacs as compared to Rs. 4658.21 lacs in the previous year. The Company suffered a loss of Rs. 679.18 lacs in the current year. In previous years the Company has suffered continuing losses due to high percentage of scrappage, heavy overheads, interest charges, etc.

Despite of all efforts by the previous management of the Company, the Company was not able to overcome his deficiencies and in the current financial year the entire net worth of the Company is eroded. Hence, the Company became a Sick Company as per the Provisions of Sick Industrial Companies (Special Provisions) Act, 1985.

The Board has formed an opinion about the sickness of the Company and decided to make a reference to the Board of Industrial and Financial Reconstruction for the reconstruction/revival of the Company.

The new management under the Chairmanship of Mr. Amit Jain and guidance of Mr. Rajiv Girotra has drafted a revival strategy for the Company. Some of the actions have been already taken like, infusion of non-interest bearing long term funds by the new promoters, reduction in Directors expenditures, administrative cost being slashed by removal of flab in the administrative departments, fuel bill being reduced by the use of grid load, purchase prices being hammered down by negotiations with existing and new vendors, etc.

The importance of telecommunication as an engine of economic growth is fully recognized. Since availability of telecom facilities in the country is one of the lowest in the world in per capita terms, and tremendous growth in this line is expected. Accordingly, demand for Company's products will continue to increase in the coming years. Your board is making all-round efforts to revive your Company and to turn it into a profit making Company once again.

**CMI LIMITED****AUDITORS REPORT**

The observations of the auditors together with the notes to the Accounts are self-explanatory and do not call for further clarifications.

AUDIT COMMITTEE

An Audit Committee has been duly constituted as per the requirement of Section 292A of the Companies Act, 1956.

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 PJFT, Dry Core, PVC, Instrumentation, Power Control and Networking Applications Cables. The Company continues to practice international quality standards, systems and procedures.

DIRECTORS

Since the last annual general meeting, Mr. Rajiv Jain has resigned from the Directorship of the Company w.e.f. 31st January, 2003. The Board records appreciation for valuable services rendered by him during his tenure of office.

The Board of Directors appointed Mr. Rajiv Girotra as Additional Directors with effect from 31st January, 2003

As per provisions of Section 260, Mr. Rajiv Girotra will hold office of Director till ensuing 36th Annual General Meeting. Due notices (along with deposit of Rs. 500/-) under section 257 of the Companies Act, 1956, have been received from Members proposing the appointment of Mr. Rajiv Girotra as Director of the Company.

In accordance with the requirements of the Companies Act, 1956 and Company's Articles of Association Mr. Bharat S. Choudhari, Director of the Company shall retire at the ensuing Annual General Meeting and being eligible, offers himself 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 from them.

HUMAN RESOURCES

Human Resources continue to be the most valuable assets of the organization and their development, the focal point of all activities.

The Company continues to be committed to development of all its human resources through proactive HR policies to make it ready to face the challenges posed by the liberalized economic policies of the Government and resultant emergence of global market scenario.

Industrial relations continue to be cordial during the year under review and your Directors are happy to acknowledge the

support and co-operation of all committed and dedicated employees of the Company.

PARTICULARS OF EMPLOYEES

None of the employees was in receipt of remuneration more than Rs. 24,00,000/- per annum, if employed for the whole year or Rs. 2,00,000/- per month, if employed for part of the year. Information required under Section 217(2A) of the Companies Act, 1956 is Nil.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS & OUTGO

As required under Section 217 (1) (e) of the Companies Act, 1956, and the rules made there under, the concerned particulars relating to Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo are given in Annexure I, which is attached hereto and forms integral part of Directors' Report.

REPORT ON CORPORATE GOVERNANCE

A separate report on Corporate Governance as per clause 49 of the Listing Agreement along with Company Secretary's certificate on its compliance is attached as Annexure to this report

DIRECTORS RESPONSIBILITY STATEMENT

Pursuant to Section 217(2AA) of the Companies Act, 1956 as amended by the Companies (Amendment) Act, 2000, the Directors confirm that:

- (i) In the preparation of the Annual Accounts, the applicable accounting standards have been followed and there were no material departures.
- (ii) Appropriate Accounting Policies have been selected and applied consistently and have made judgements and estimates that are reasonable and prudent, so as to give a true and fair view of the state of affairs of the Company as on 31st March, 2003 and of the Loss for the year.
- (iii) Proper and sufficient care have been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- (iv) The annual accounts have been prepared on a going concern basis.

ACKNOWLEDGEMENTS

The Board of Directors would like to thank all employees as also Company's shareholders, customers, financial institutions and the Banks for their continued support.

for and on behalf of Board of Directors

Amit Jain
Managing Director

Place: New Delhi
Date : 28th November, 2003