

37th

ANNUAL REPORT

2003 - 2004

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CMI LIMITED

BOARD OF DIRECTORS

Mr. Amit Jain	Chairman cum Managing Director
Mr. Umesh Chand Jain	Director
Mr. Pyare Lal Khanna	Director
Mr. Neeraj Goel	Director

COMPANY SECRETARY

Mr. Yankush K. Govil

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 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 :

C-483, Yojna Vihar,
New Delhi - 110092
Phone : 22151388

WORKS :

Plot No. 71 & 82, Sector-6,
Faridabad, Haryana
Phone : 95129-5067182 to 85

**CMI LIMITED****NOTICE**

Notice is hereby given that the 37th Annual General Meeting of the members of **CMI LIMITED** will be held on 30th September, 2004, at 11.00 A.M. at Plot No. 71 & 82, Sector-6, Faridabad, Haryana to transact the following business :-

ORDINARY BUSINESS :

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2004 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 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

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

"RESOLVED THAT Mr. Neeraj Goel, who was appointed as an additional director of the Company at the meeting of the Board of Directors of the company held on 14th February, 2004 and whose term expires at the ensuing Annual General Meeting of the Company to be held on 30th September, 2004 and for whose appointment 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."

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

"RESOLVED THAT Mr. Pyare Lal Khanna, who was appointed as Additional Director of the Company in the Board Meeting held on 14th February, 2004 and whose term of office expires at the 37th Annual General Meeting to be held on 30th September, 2004, and for whose appointment 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 a Director of the Company, whose period of office shall be liable to determine by retirement by rotation."

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

"RESOLVED THAT Mr. Umesh Chand Jain, who was appointed as an Additional Director of the Company vide Board Meeting dated 14th February, 2004 and whose term expires at the 37th Annual General Meeting of the Company and for whose appointment 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 a Director of the Company, whose period of office shall be liable to determine by retirement by rotation."

6. To consider and if thought fit, to pass with or without modification(s), if any, the following resolution as a Special Resolution :-

"RESOLVED THAT an application be made to The Stock Exchange, Ahmedabad for the delisting of the shares of the Company.

"RESOLVED FURTHER THAT Mr. Amit Jain, Director be and is hereby authorised to make an application and to comply with all formalities and requirements of the Stock Exchange in connection with the delisting of the securities."

By order of the Board

Amit Jain
Chairman & Managing Director

Place : New Delhi
Dated : 3rd September, 2004

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 24th September, 2004 to 29th September, 2004 (both days inclusive).
6. The Shares of the Company have been delisted from the Bombay Stock Exchange since December, 2002 due to Non-compliance of the Listing Agreement. The Company is taking full measures to get the shares



relisted. The Trading of the shares of the Company can be done at The Delhi Stock Exchange and The Ahmedabad Stock Exchange.

7. 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.
8. 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. 3

Appointment of Mr. Neeraj Goel

Mr. Neeraj Goel was appointed as Additional Director of the Company by the Board of Directors of the Company. In terms of provisions of the Companies Act, 1956, he holds office up to the conclusion of this Annual General Meeting. The Board is of the opinion that it will be beneficial for the Company to have an experienced businessman as a Director of the Company. The Directors therefore, recommend this resolution for the approval of the members.

Notice has been received by the Company in terms of Section 257 of the Companies Act, 1956 from a Member for the appointment of Mr. Neeraj Goel as a Director of the Company.

Except Mr. Neeraj Goel, to the extent of his appointment, no other director is, in any way, concerned or interested in the resolution.

ITEM NO. 4

Appointment of Mr. Pyare Lal Khanna

Mr. Pyare Lal Khanna, who was appointed as an Additional Director of the Company by the Board vide their meeting dated 14th February, 2004, holds office up to the conclusion of the ensuing Annual General Meeting. Mr. Pyare Lal Khanna is an experienced person in the line of business. The Board of Directors is of the opinion that it will be in the long term interest of the Company to have him on the Board.

Notice has been received by the Company in terms of the Companies Act, 1956 from a Member for appointment of Mr. Pyare Lal Khanna as a Director of the Company.

The Directors therefore, recommend this resolution for the approval of the members.

Except Mr. Pyare Lal Khanna, to the extent of his appointment, no other director is, in any way, concerned or interested in the resolution.

ITEM NO. 5

Appointment of Mr. Umesh Chand Jain

Mr. Umesh Chand Jain, a businessman by profession was appointed as an Additional Director of the Company w.e.f. 14th February, 2004. Your Directors are of the opinion that it will be in the interest of the Company to have him on the Board.

Notice has been received by the Company in terms of the Companies Act, 1956 from a Member for appointment of Mr. Umesh Chand Jain as a Director of the Company.

The Director therefore, recommend this resolution for the approval of the members. Except Mr. Umesh Chand Jain, to the extent of his appointment, none of the directors are concerned or interested in the resolution.

ITEM NO. 6

Delisting of Shares from The Stock Exchange, Ahmedabad

The Board proposes to delist the shares of the Company from The Stock Exchange, Ahmedabad as no active trading of shares has been taking place at the Stock Exchange and taking into consideration the reduction of cost the said decision will help in reducing the costs incurred on the compliances of the Listing Agreement.

None of the directors are in any way concerned or interested in the resolution.

By order of the Board

Amit Jain
Chairman & Managing Director

Place : New Delhi

Dated : 3rd September, 2004



DIRECTORS' REPORT

To

The Members,
CMI Limited

The Directors of your Company take pleasure in presenting before you the Thirty Seventh (37th) Annual Report on the operations and working of the Company.

PERFORMANCE REVIEW

During the financial year 2003 - 2004, the Company's Turnover was Rs. 1105.60 lacs as compared to Rs. 3110.33 lacs in the previous year. The Company has earned an operating profit of Rs. 2.63 lacs in the current year. In previous years the Company has been suffering continuing losses, the Management is making full efforts to bring back the Company on the profitable track.

The Company has incorporated a wholly owned subsidiary by the name of CMI Telecom Limited for starting a new business of Manufacturing, Processing, dealing in all types of wires and cables of all types for telecommunication. The Company is inoperative till date and it is expected to start the business in the current year.

AUDITORS REPORT

The Auditors Report for the period has been annexed with this report and the various queries raised by them are explained herein below :-

- The Management had given an option of Voluntary Retirement Scheme to its employees and a large number of employees have accepted the option. Subsequently the Company had to pay an amount of Rs. 28 lacs approximately by way of Gratuity. It has been decided by the Board of Directors that the amount of Gratuity paid may not be charged completely in the current financial year, instead it should be written off over a period of 5 years as the Company is not having adequate profits in the Current Year.
- The Company does not have an Internal Audit System commensurate with the size and nature of the business. The Company used to have an Internal Audit System as required but the same was not followed due to high turnover of employees and poor financials of the Company. An Internal Auditor will be appointed in the current financial year so as to comply with all the concerned provisions.
- The Company has not provided interest on the outstanding loans of Dena Bank as the negotiations for restructuring the existing Loan Agreement are in progress with the Bank and the same is expected to be finalised soon.

- The Company has not been regular in depositing its Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, etc. statutory dues due to high turnover of employees. The Company is taking full measures to deposit all the statutory dues during the current financial year.

AUDIT COMMITTEE

The Company has duly complied with the requirements of clause 49 of the Listing Agreement and Section 292A of the Companies Act, 1956 with respect to the constitution of an Audit Committee.

ISO CERTIFICATION

Your Company continues to uphold and maintain the prestigious ISO 9002 Certification 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

Mr. Harish Chander, Mr. Rajiv Jain, Mr. Parag Jain, Mr. Manoj Jain, Mr. Atul Jain, Mr. Neeraj Goel and Mr. Pyare Lal Khanna were appointed as Additional Directors of the Company w.e.f. 14th February, 2004.

Mr. Bharat S. Choudhari resigned from the Directorship of the Company w.e.f. 13th February, 2004. Resignation of Mr. Rajiv Girotra and Mr. Harish Chander were accepted in the Board Meeting dated 2nd March, 2004. Mr. Rajiv Jain, Mr. Parag Jain, Mr. Manoj Jain and Mr. Atul Jain tendered their resignation which was accepted w.e.f. 12th April, 2004.

Mr. Umesh Chand Jain was appointed as an Additional Director in the meeting of the Board dated 15th July, 2004.

Mr. Neeraj Goel, Mr. Pyare Lal Khanna and Mr. Umesh Chand Jain who were appointed as additional directors during the year under review, hold office till the ensuing Annual General Meeting, as per the provisions of Section 260 of the Companies Act, 1956. Pursuant to section 257 of the Companies Act, 1956, notices have been received from the members proposing the appointment of the above-mentioned additional Directors as the Directors of the Company along with the fees of Rs. 500/-.

Mr. A.S. Ketkar, Company Secretary, tendered his resignation and the same was accepted by the Board in their meeting dated 19th April, 2004. Mr. Yankush K. Govil has been appointed as the Company Secretary of the Company w.e.f. 19th April, 2004.



AUDITORS

M/s. D. C. Jain & Associates, Chartered Accountants, New Delhi, the Statutory Auditors of the Company retire at the conclusion of the 37th Annual General Meeting and being eligible offer themselves for re-appointment as the Auditors of the Company. Consent Letter pursuant to Section 224(1B) of the Companies Act, 1956, has been received from them.

HUMAN RESOURCES

The Company is of firm belief that human resource strategies and plans should be made with a view to fulfil the organizational and individual goals. The management and the employees shared a cordial relation throughout the year. The Company continues to be committed to development of all its human resources.

PARTICULARS OF EMPLOYEES

None of the employees was in receipt of remuneration of 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 a certificate from a

Practicing Company Secretary regarding compliance of the Listing Agreement 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, 2004 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

Your Directors take the opportunity to appreciate the support and co-operation extended by the employees of the Company, the Company's shareholders, customers, financial institutions and the Banks.

for and on behalf of Board of Directors

Place : New Delhi

Amit Jain

Date : 3rd September, 2004



CORPORATE GOVERNANCE REPORT

I. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

CMI Limited, an established Company in the Cable Industry, has implemented and is continuously improving upon the compliance of various Corporate Governance practices over the past few years. The Company is diligently complying with all the mandatory requirements of Clause 49 of the Listing Agreement entered into between the Company and the Stock Exchanges. The Governance practices are kept abreast with the latest amendments in the Listing Agreement.

II. BOARD OF DIRECTORS

The composition of the Board, attendance at Board meetings held during the year and the last Annual General Meeting, number of directorships in other public companies and committees across various public companies of which the Director is a Member/Chairman are given below: -

Name of Director	Designation	Tenure as Director	Attendance in the Board Meetings	Attendance in the Annual General Meeting
Mr. Amit Jain	Chairman & Managing Director	Till date	12	Yes
Mr. Rajiv Girotra	Director	01-4-2003 to 02-03-2004	10	Yes
Mr. Bharat S. Choudhari	Director	01-4-2003 to 13-02-2004	0	No
Mr. Harish Chander	Director	13-02-2004 to 02-03-2004	0	N.A.
Mr. Neeraj Goel	Director	14-02-2004 till Date	2	N.A.
Mr. Pyare Lal Khanna	Director	14-02-2004 till Date	2	N.A.
Mr. Rajiv Jain	Director	14-02-2004 to 12-04-2004	2	N.A.
Mr. Parag Jain	Director	14-02-2004 to 12-04-2004	0	N.A.
Mr. Manoj Jain	Director	14-02-2004 to 12-04-2004	2	N.A.
Mr. Atul Jain	Director	14-02-2004 to 12-04-2004	0	N.A.

The Company has a Non Executive Chairman & Managing Director and the number of Independent Directors is equal to half of the total strength.

Number of Board of Directors meeting held during the year

During the year under review, twelve (12) Board Meetings were duly held, the date of the meetings are (1) 15th April, 2003, (2) 24th May, 2003, (3) 31st July, 2003, (4) 6th October, 2003, (5) 27th October, 2003, (6) 28th November, 2003, (7) 30th December, 2003, (8) 5th January, 2004, (9) 20th January, 2004, (10) 13th February, 2004, (11) 14th February, 2004 and (12) 2nd March, 2004.

Directors appointment/reappointment

Mr. Harish Chander, Mr. Rajiv Jain, Mr. Parag Jain, Mr. Manoj Jain, Mr. Atul Jain, Mr. Neeraj Goel and Mr. Pyare Lal Khanna were appointed as Additional Directors of the Company w.e.f. 14th February, 2004.

Mr. Bharat S. Choudhari resigned from the Directorship of the Company w.e.f. 13th February, 2004. Resignation of Mr. Rajiv Girotra and Mr. Harish Chander were accepted in the Board Meeting dated 2nd March, 2004. Mr. Rajiv Jain, Mr. Parag Jain, Mr. Manoj Jain and Mr. Atul Jain tendered their resignation which was accepted w.e.f. 12th April, 2004.



Mr. Umesh Chand Jain was appointed as an Additional Director in the meeting of the Board dated 15th July, 2004.

Mr. Neeraj Goel, Mr. Pyare Lal Khanna and Mr. Umesh Chand Jain who were appointed as additional directors during the year and being eligible offer themselves for re-appointment as the Directors of the Company on rotational basis.

III. AUDIT COMMITTEE

Composition, Name of Members and Chairperson

The Audit Committee of the Company has been constituted in accordance with the requirements of clause 49 of the Listing Agreement and section 292A of the Companies Act, 1956. The Committee constitutes :-

Mr. Amit Jain	- Chairman
Mr. Neeraj Goel	- Member
Mr. Pyare Lal Khanna	- Member

The Audit Committee formerly comprised of Mr. Rajiv Girotra and Mr. Bharat S. Choudhari under the Chairmanship of Mr. Amit Jain. Due to the resignation of Mr. Rajiv Girotra and Mr. Bharat S. Choudhari on 13th February, 2004 and 2nd March, 2004 respectively, the Audit Committee was reconstituted and Mr. Neeraj Goel and Mr. Pyare Lal Khanna were appointed as the members of the Committee under the Chairmanship of Mr. Amit Jain.

The Committee functions as per the provisions of the Act and mainly deals with the observance of proper disclosure of its financial information. It aims at providing a true and fair view of the Company's working, its adherence to the accounting standards and to see that the financial statements are self sufficient and self reliant.

Meeting & Attendance

The meetings of the committee were presided by the members under the chairmanship of Mr. Amit Jain. The committee mainly discussed about the Internal Controls and Audit systems, the accounting policies of the Company and the consideration of the annual financial statements before the same are adopted in the meeting of the Board. The committee deals with all the financial matters of the Company.

IV. Share Transfer Committee :

A Share Transfer Committee consisting of Mr. Amit Jain and Mr. Rajiv Girotra was previously looking after the Transfer of Shares. Consequent to the resignation of Mr. Bharat S. Choudhari w.e.f. 2nd March, 2004, Mr. Umesh Chand Jain was appointed as the new member of the Share Transfer Committee. The Share Transfer Committee has been constituted and empowered with the powers to approve transfers, transmissions, demat and other related matters regarding the shares of the Company.

V. GENERAL SHAREHOLDER INFORMATION

1 Annual General Meeting :

- | | |
|---------|---|
| • Date | • 30th September, 2004 |
| • Time | • 11.00 A.M. |
| • Venue | • Plot No. 71 & 82, Sector - 6, Faridabad, Haryana. |

2. Financial Calendar for 2003 - 04 :

- | | |
|---|--------------------|
| • Financial Reporting for the 1st quarter ended 30 th June, 2003. | 31st July, 2003 |
| • Financial Reporting for the 2nd quarter and 1st half year ended 30th September, 2003. | 27th October, 2003 |
| • Financial Reporting for the 3rd quarter ended 31st December, 2003. | 5th January, 2004 |
| • Financial Reporting for the year ended 31st March, 2004. | 19th April, 2004 |