

38th
ANNUAL REPORT
2004-2005

Report  Junction.com



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 38th Annual General Meeting of the members of **CMI LIMITED** will be held on 30th day of September, 2005 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, 2005 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. Pyare Lal Khanna, 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 and 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 & Board of Directors of the Company be and is hereby authorised to fix their remuneration."

By order of the Board

Amit Jain

Chairman & Managing Director

Place: New Delhi

Dated: 3rd September, 2005

NOTES:

1. 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.
2. 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.
3. Only registered members carrying attendance slips and holders of valid proxies registered with the Company will be permitted to attend the meeting.
4. The Register of Members and Share Transfer Books of the Company will remain closed from 24th September, 2005 to 29th September, 2005 (both days inclusive).
5. The Trading of the shares of the Company can be done at The Delhi Stock Exchange and The Ahmedabad Stock Exchange. As informed earlier, the Bombay Stock Exchange has suspended the Trading of the shares of the Company; in this regard the management is making full efforts to get the shares relisted.
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.
7. 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 encashed their dividend warrant for 1999-2000 may write to the company for revalidation of Dividend Warrants or for obtaining Demand Drafts.



DIRECTORS' REPORT

The Members,
CMI Limited

With great pleasure, your Directors present before you the Thirty Eighth (38th) Annual Report on the financial position and performance of the Company during the financial year ended 31st March, 2005.

PERFORMANCE REVIEW

The Company's Turnover for the financial year 2004 – 2005 amounted to Rs. 529.46 lacs as compared to Rs. 1105.60 lacs in the previous year. The annual turnover of the Company has shown a downward trend; although the Company has made full efforts to minimize the operating cost, the company has incurred a loss of Rs. 141.29 lacs in the year under review. The Management is making full efforts to materialize some big projects which will help in reviving the financial health of the Company.

The Company had floated a wholly owned subsidiary by the name of CMI Telecom Limited. The Company has not yet commenced its commercial operations and it is expected to start the business in the near future.

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 Company does not have an Internal Audit System commensurate with the size and nature of the business. There was been high employee turnover in the Company and the Company is going through a very poor financial position. As the Company has become sick, it is not feasible for the Company to appoint an Internal Auditor for the compliance of the statutory provisions. The Management is making full efforts to revive the financial position of the Company and subsequently all the measures will be taken to comply with the various requirements.
- ★ The Company has not been regular in depositing its Provident Fund, Investor Education Protection Fund, Employees' State Insurance, etc. As the Company is facing a financial crisis, there has been a high turnover of employees. The Company is taking full

measures to deposit all the statutory dues during the current financial year.

- ★ Due to the erosion of the entire net worth, the Company has become a sick company and subsequently the financial position of the Company has not been such that the outstanding interest on loans of Dena Bank could be paid. The management is carrying out negotiations with the Bank for the restructuring of the existing Loan Agreement and the same is expected to be finalised soon.

AUDIT COMMITTEE

The Audit Committee constituted by the Company consists of three members and the meetings of the Committee are convened in accordance with the requirements of the Listing Agreement. Although the Audit Committee has been constituted the same is not in compliance with the requirements of clause 49 of the Listing Agreement and section 292A of the Companies Act, 1956 as there are no Independent Directors on the Board of the Company.

OPERATIONAL REVIEW

Your company has been granted stay order dated August 05, 2004 against the recovery of debts due to Dena Bank, till the disposal of the reference before BIFR in accordance with the requirements of Section 22 of the Sick Industrial Companies (Special Provisions), Act, 1975. The stay order has been granted against the application filed by Dena Bank under Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002.

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

In accordance with the requirements of the Companies Act, 1956 and Company's Articles of Association Mr. Pyare Lal Khanna, Director of the Company retires at the ensuing Annual General Meeting and being eligible,

**CMI LIMITED**

offers himself for re-appointment.

Your Directors recommend his reappointment

AUDITORS

M/s D. C. Jain and Associates, Chartered Accountants, New Delhi, the Statutory Auditors of the Company retire at the conclusion of the 38th 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 Human Resource Policy of the Company is formulated with a view that the individual goals of the employees and the organizational goals go hand in hand. The management shares a cordial relationship with the employees and continually evolves new strategies for the development of all its human resources.

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 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, 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 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

Amit Jain
Chairman & Managing Director

Place: New Delhi

Date: 3rd September, 2005



CORPORATE GOVERNANCE REPORT

CMI LIMITED

COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

CMI Limited is a very well known name in the Indian Cable Industry. In the past years it has been continuously complying with the Corporate Governance practices as per Clause 49 of the Listing Agreement. The Company is also keeping itself abreast with the latest amendments in the Listing Agreement and is making full efforts to comply with all the mandatory requirements.

II. BOARD OF DIRECTORS

The Board constitution, the attendance of the Directors at the meetings of the Board held during the financial year 2004 – 2005, their tenure as the Director of the Company and their attendance at the previous Annual General Meeting are as follows: -

Name of Director	Designation	Tenure as Director	Attendance in the Board Meeting	Attendance in the Annual General Meetings
Mr. Amit Jain	Chairman & Managing Director	Till date	13	Yes
Mr. Neeraj Goel	Director	Till date	13	N.A.
Mr. Pyare Lal Khanna	Director	Till date	13	N.A.
Mr. Umesh Chand Jain	Director	15-07-2004 to till date	6	N.A.

The Company's Board comprises of all the Non – Executive Directors including the Chairman & Managing Director.

Number of Board of Directors meeting held during the year

During the year under review, thirteen (13) Board Meetings were duly held, the date of the meetings are (1) 12th April, 2004, (2) 19th April, 2004, (3) 27th April, 2004, (4) 3rd May, 2004, (5) 31st May, 2004, (6) 25th June, 2004, (7) 23rd July, 2004, (8) 3rd September, 2004, (9) 5th October, 2004, (10) 3rd December, 2004 (11) 22nd January, 2005, (12) 8th February, 2005, (13) 7th March, 2005.

Directors appointment/ reappointment

There was no change in the constitution of the Board of Directors during the financial year under review.

III. AUDIT COMMITTEE

Composition, Name of Members and Chairman

The Company has an Audit Committee consisting of Three members, although the same is not in accordance with the requirements of clause 49 of the Listing Agreement and section 292A of the Companies Act, 1956 as there are no Independent Directors on the Board of the Company. The Committee constitutes: -

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

During the year under review the Audit Committee prepared the Projected Profitability Statement upto 31.03.2014 for submission to the BIFR. The Audit Committee also performed periodical review of 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



Meeting & Attendance

The meetings of the committee were presided by the members under the chairmanship of Mr. Amit Jain. The meetings were held at regular intervals as required by Clause 49 of the Listing Agreement entered into between the Stock Exchange and the Company. The major discussions in the Committee meetings included discussions about the review of the accounting policies of the Company, working of the Internal Control and Audit Systems, discussion of results for financial year 2002-03 for making reference to the Board for Industrial & Financial Reconstruction for the revival measures for the Company by the Board of Directors, consideration of the Annual Financial Statements of the Company before their adoption by the Board of Directors and all other financial matters that require concern of the Committee.

IV. Share Transfer Committee:

The constitution of the Share Transfer Committee was altered and Mr. Neeraj Goel was inducted as a member in place of Mr. Umesh Chand Jain. The committee now comprises of Mr. Amit Jain and Mr. Neeraj Goel and it has been empowered to approve transfers, transmissions, demat, remat and other matters related to the shares of the Company.

V. GENERAL SHAREHOLDER INFORMATION

1. Annual General Meeting:

- | | |
|---------|---|
| ★ Date | ★ 30 th September, 2005 |
| ★ Time | ★ 11.00 A.M. |
| ★ Venue | ★ Plot No. 71 & 82, Sector – 6, Faridabad, Haryana. |

2. Financial Calendar for 2004 - 05:

- | | |
|---|----------------------------------|
| ★ Financial Reporting for the 1 st quarter ended 30 th June 2004 | ★ 23 rd July, 2004. |
| ★ Financial Reporting for the 2 nd quarter and 1 st half year ended 30 th September, 2004. | ★ 5 th October, 2004 |
| ★ Financial Reporting for the 3 rd quarter ended 31 st December, 2004. | ★ 22 nd January, 2005 |
| ★ Financial Reporting for the year ended 31 st March, 2005. | ★ 25 th April, 2005 |

- | | |
|--|--|
| 3. Date of Book Closure
(both days inclusive) | 24 th September, 2005 to 29 th September, 2005 |
|--|--|

- | | |
|--------------------------|---|
| 4. Dividend payment date | No Dividend recommended by the Board of Directors of the Company. |
|--------------------------|---|

5. Listing on Stock Exchanges:

- | | |
|---|---|
| ★ The Delhi Stock Exchange Association Limited | Address:
DSE House, 3/1 Asaf Ali Road, New Delhi – 110002. |
| ★ The Mumbai Stock Exchange
(The trading of the shares is presently suspended and the Company is | 1st Floor, New Trading Ring, P J Towers, Dalal Street, Fort, Mumbai – 400 001 |

**CMI LIMITED**

taking steps to get the shares relisted)

★ **The Stock Exchange, Ahmedabad**

Kamdhenu Complex, Opp. Sahajanand College,
Panjarapole, Ahmedabad – 380001

Note: The payment of listing fees for the year 2004-05 and the current financial year is pending for all the Stock Exchanges.

6. **Market Price Data for the financial year ended 31st March, 2005: The Shares of the Company are not actively traded in the Stock Exchanges during the current financial year. The Bombay Stock Exchange has temporarily suspended the trading of the shares of the Company. Hence, the latest prices cannot be made available.**

7. **Registrar and Transfer Agent**

Beetal Financial & Computer Services (P) Ltd.
321-S, Chirag Delhi, Near Shahid Bhagat Singh College,
New Delhi – 110017.

8 **Distribution of Shareholding as on 31st March, 2005:**

Share holding of nominal value Rs.	Share Holders		No. of Shares @ / Rs. 10/- each Rs.	%AGE to Total
	Number	% to Total		
Upto - 5000	2727	87.57	4,60,014	15.0651
5001 - 10000	178	5.72	1,51,588	4.9644
10001 - 20000	80	2.57	1,25,344	4.1049
20001 - 30000	24	0.77	62,265	2.0391
30001 - 40000	14	0.45	49,590	1.6240
40001 - 50000	19	0.61	93,500	3.0621
50001 - 100000	28	0.90	2,29,386	7.5122
1,00,001 and above	44	1.41	18,81,813	61.6281
	3114	100	30,53,500	100.00

VI. Dematerialisation of Shares and liquidity

70.18% of the total paid up share capital amounting to 21,42,874 equity shares are held in Demat form and 29.82% of the total paid up capital amounting to 9,10,626 equity shares are held in Physical form as on 31st March 2005.

VII. Address for correspondence

The correspondence may be addressed to Mr. Amit Jain, Chairman & Managing Director, Company Secretary of the Company, at the registered office of the Company at C – 483, Yojna Vihar, New Delhi - 110092.

**For and on behalf of the Board
CMI Limited**

Date: 3rd September, 2005

Place: New Delhi

**Amit Jain
Chairman & Managing Director**

**CMI LIMITED**

CERTIFICATE OF COMPLIANCE AS STIPULATED UNDER CLAUSE 49 OF THE LISTING AGREEMENT

**To the Members of
CMI Limited.**

We have examined the compliance of the conditions of Corporate Governance by CMI Limited, for the year ended on 31st March 2005, as stipulated in Clause 49 of the Listing Agreement of the said Company with the Stock Exchanges.

The compliance of the conditions of Corporate Governance is the responsibility of the management; our examination has been limited to a review of the procedures and implementations thereof adopted by the Company for ensuring compliance with the conditions of Corporate Governance. It is neither an audit nor an expression of opinion of the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, and the representations made by the directors and the management, we certify that the company is into the process of complying with the conditions of Corporate Governance as stipulated in Clause 49 of the above-mentioned Listing Agreement except the following: -

- ★ The Company has constituted an Audit Committee of three Directors, although the same is not in accordance with the requirements of the Listing Agreement and section 292A of the Companies Act, 1956. The Company does not have any Independent Director and therefore the Company is not in a position to constitute a proper Audit Committee as per the various requirements which are to be complied with.
- ★ The information of quarterly results has not been sent to the Stock Exchanges, where the securities of the Company are listed, during the financial year so as to enable the Stock Exchange to put it on its own website.
- ★ The Trading of the shares on the Bombay Stock Exchange has been suspended due to non-compliance of various clauses of the Listing Agreement.

We state that there are no investor grievances pending as on 31st March 2005.

We further stated that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the company.

**For Grover Ahuja & Associates
Company Secretaries**

Place : New Delhi

Date : 3rd September, 2005

**Kamal Ahuja
Partner
C.P. No. 5758**

Management's Discussion & Analysis

The Board of Directors take pleasure in presenting before you the Company's 38th (Thirty Eighth) Annual Report for the financial year ending 31st March, 2005 along with the Corporate Governance Report. The Management Discussion and Analysis Report forms a part of the Corporate Governance Report.

Industry Structure and Developments

The importance of telecommunication as an engine of economic growth is being fully recognized in the current scenario and as a result the demand for cable products is on a boom. Based upon the data available, the projected demand by DOT and the private sector is poised to grow to 90.69 million lines by the year 2007.

There is requirement of PIJF cables worth Rs. 1200 crores approximately in the country by government operators like BSNL / MTNL and private operators like Reliance / TATA / Airtel etc.

Besides Indian requirements there is also huge potential in export market specifically in middle east where we can get orders worth about 8 - 10 crores. The Industry has very good prospects in the years to come keeping in view the rapid growth of the telecommunication industry.