

CMI LIMITED
41st
Annual Report
2007 - 2008



CMI LIMITED

<u>Board Of Directors</u> Name Amit Jain Pyare Lal Khanna Neeraj Goel Parag Jain	Designation Managing Director Non-Executive Independent Director Non-Executive Independent Director Non-Executive Director
<u>Audit Committee</u> Pyare Lal Khanna Parag Jain Neeraj Goel	Chairman Member Member
<u>Remuneration Committee</u> Neeraj Goel Parag Jain Pyare Lal Khanna	Chairman Member Member
<u>Share Holder's / Investor's Grievance Committee</u> Neeraj Goel Parag Jain	Chairman Member
<u>Stock Exchanges</u>	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.
<u>Auditors</u>	M/s Manocha J. K. & Associates Chartered Accountants 27/55, Street No. 8, Vishwas Nagar, Shahdara, New Delhi 110032 Phone: 011-22389025 Regn. No: 082442
<u>Bankers</u>	-Standard Chartered Bank, New Delhi -Syndicate Bank, Yojna Vihar, New Delhi -ABN AMRO Bank, New Delhi -Kotak Mahindra, New Delhi -State Bank of India, Krishna Nagar, Delhi.
<u>Regd. Office</u>	C-483, Yojna Vihar, New Delhi-110092 Phone: 22151388.
<u>Works</u>	Plot No. 71 & 82, Sector- 6, Faridabad, Haryana. Phone: 95129 - 4089309 to 4089312



NOTICE

NOTICE IS HEREBY GIVEN that the 41st Annual General Meeting of the Members of CMI Limited will be held on Tuesday, the 30th day of September, 2008 at 11.00 a.m. at Lajwaab Banquet Hall, Vikas Marg, Delhi -110 092 to transact the following business:-

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2008 and Profit and Loss Account for the year ended as on that date and the Report of the Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Neeraj Goel, who retires by rotation, and being eligible offers him self for re-appointment.
3. To appoint Auditors and to fix their remuneration and for that purpose to consider, and, if thought fit, to pass, with or without modification (s), the following resolution which will be proposed as an Ordinary Resolution: -

RESOLVED THAT M/s Manocha J. K. & 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
Managing Director

Place: New Delhi
Dated: 26th August, 2008

NOTES:

1. A member entitled to attend and vote at the Annual General Meeting may appoint a proxy to attend and vote on a poll on his behalf and the proxy so appointed need not be a member of the Company. 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 Annual General Meeting. Blank Proxy Form is attached.

2. The Register of Members and Share Transfer Books of the Company will remain closed from Wednesday, 24th September, 2008 to Tuesday, 30th September, 2008, (both days inclusive.)
3. Corporate Members are requested to send to the Registered Office of the Company, a duly certified copy of the Board Resolution pursuant to Section 187 of the Companies Act, 1956, authorizing their representative to attend and vote at the Annual General Meeting.
4. In accordance with provisions of Article 89 of the Articles of Association of the Company, Mr. Neeraj Goel will retire by rotation at the Annual General Meeting and, being eligible, offer himself for re-appointment. He does not hold any shares in the Company.
5. The Members are requested to:
 - a) To notify immediately for change of their address and bank particulars to the "RTA" in case shares are held in certificate form;
- In case the shares are held in dematerialized form, information should be passed on directly to their respective Depository Participant and not to the Company/RTA without any delay;
- b) To quote Ledger Folio Numbers/DP ID- Client ID in all their correspondence.
- c) To bring their admission slips along with copy of the Reports and Accounts to the Annual General Meeting.
- d) To note that no gift or gift coupons will be distributed at the meeting.
6. 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.

By Order of the Board

Amit Jain
Managing Director

Place: New Delhi
Dated: 26th August, 2008



CMI LIMITED

DIRECTORS' REPORT

The Members,
CMI Limited

Your Directors are pleased to present the Forty First (41st) Annual Report along with the Audited Annual Accounts of your Company for the financial year ended 31st March, 2008.

FINANCIAL RESULTS

The operating results of the Company for the year are as follows: -

PARTICULARS	31.03.2008	31.03.2007
Gross Income	224,677,572	198,455,064
Less: Expenditure	204,877,885	193,678,180
Less: Depreciation	88,54,060	8,016,912
Profit/ (Loss) before Taxation	10,945,627	(3,240,028)
Less: Provision for taxation (FBT)	116,156	Nil
Profit / (Loss) for the year carried to the Balance Sheet	10,829,471	(3,240,028)

PERFORMANCE REVIEW

In the current fiscal year, Company's turnover has shown an upward trend and reached to Rs. 2512.84 Lacs as compared to Rs. 2286.99 Lacs in the previous year. The Company has earned a net operating profit of Rs.109.45 lacs as compared to net operating loss of Rs. 32.40 Lacs in the previous year. The Management is making full efforts to materialize some big projects, which will help in reviving the financial health of the Company.

The Company has diversified its business in Power Cables, Instrumentation Cables and Railway Safety Cables.

OPERATIONAL REVIEW

The Company has paid entire One time settlement amount of Rs. 750.00 lacs to Dena Bank along with interest for delayed payment to the tune of Rs. 41.64 lacs. In turn, the Bank has vacated its charge on the assets of the Company.

As no secured creditor and charge has left on the

assets of the Company and to meet the expansion / revival plans of the Company the Board of Directors of the Company are evaluating various proposals for fresh induction of funds for various term & working capital requirement of the Company. The Board of Directors will come before the members of the Company with concrete plans very soon.

AUDITORS

M/s Manocha J. K. & Associates, Chartered Accountants, New Delhi retires at the conclusion of the 41st Annual General Meeting and being eligible offer themselves for re-appointment as the Auditors of the Company. Certificate from the Auditors pursuant to Section 224(1B) of the Companies Act, 1956, has been received.

AUDITORS' OBSERVATION

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

- The Company has not provided for gratuity



liability to the tune of Rs. 37.87 lacs as on 31st March, 2008.

As per the policy of the Company the same is accounted in the books of accounts on payment basis only, therefore, no liability is provided in the current year.

➤ The few bank accounts the balances of which are coming from the last year the statements of which are not provided to us, therefore the same were not verified and the interest has been accounted for wherever applicable.

The details of the mentioned bank accounts are not available / traceable from last few years as the employees who were managing the said accounts has left the organization. The Board of Directors is of the view that as the same is dormant since long, therefore the same must be written off in consultation with the auditors of the Company.

ISO CERTIFICATION

Your Company continues to uphold and maintain the prestigious ISO 9001 Certification 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 Article 89 of Articles of Association of the Company, Mr. Neeraj Goel will retire at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment. Your Directors recommend his reappointment.

REVOCATION OF SUSPENSION OF TRADING IN SHARES

At present, the trading in Company's Shares is suspended on Bombay Stock Exchange. The Company is making its full efforts and taking necessary measures to comply with the conditions of listing agreement and to get revoke the suspension of trading in shares at the Stock Exchange.

CORPORATE GOVERNANCE

A report on Corporate Governance, certificate of compliance from the Company Secretary in Practice and Management's Discussion & Analysis are annexed to the Report.

HUMAN RESOURCES

Your Company takes pride in its highly motivated manpower that contributed its best to the Company. Employee's relations in the Company continued to be cordial and harmonious during the year and Human relation policies were reviewed and upgraded in line with the Company's future plans.

PARTICULARS OF EMPLOYEES

As 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. Therefore the Company is not required to give information pursuant to Section 217 (2A) of the Companies Act, 1956.

INFORMATION UNDER SECTION 217 (1) (e) OF THE COMPANIES ACT, 1956 READ WITH COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988

The disclosure of particulars with respect to conservation of energy, technology absorption and foreign exchange earnings and outgo pursuant to Section 217 (1)(e) of the Companies Act, 1956 read with Companies (Disclosure Of Particulars In The Report Of Board Of Directors) Rules, 1988 forming part of the Directors' Report and is as under:



CMI LIMITED

Conservation of Energy:

All necessary care has been taken to minimize energy costs.

Technology Absorption, Adaptation & Innovation:

The Company has not carried out any specific research and development activities. Accordingly the information related to technology absorption, adaptation and innovation is reported to be NIL.

Foreign Exchange Earnings and Outgo:

Particulars	Current year Amount in Rs.	Previous Year Amount in Rs.
Foreign Exchange Earnings	Nil	Nil
Foreign Exchange Outgo (CIF value of Imports)	Nil	Nil

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 at the end of the financial year and of the profit of the Company for that period.

(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 acknowledge for the support and co-operation extended by the Bankers, Customers, Business Associates and Agencies associated with the Company during the period under review.

Your Directors also convey their gratitude to the shareholders for the confidence shown by them in the Company and wish to place on record their appreciation for the untiring efforts and contribution made by the employees at all levels to ensure that the Company continues to grow and excel.

By Order of the Board

Amit Jain
Managing Director

Place: New Delhi

Dated: 26th August, 2008



REPORT ON CORPORATE GOVERNANCE

THE COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

Corporate Governance is a process that aims to meet shareholders aspirations and societal expectations. It is a commitment that is backed by the fundamental belief of maximizing shareholders value, transparency in functioning, values and mutual trust amongst all the constituents of organization. It's not a discipline imposed by a Regulator, rather a culture that guides the Board, management and employees to function towards best interest of stakeholders. It involves essentially a creative, generative and positive thinking activity that adds value to the various stakeholders that are served as end customers of the corporate entity.

In our Company, Corporate Governance philosophy stems from our belief that corporate governance is key element in improving efficiency and growth as well as enhancing investor confidence. We are making continuous efforts to adopt the best practices in corporate governance and we believe that the practices, we are putting into place for the Company shall go beyond adherence to regulatory framework. Our corporate structure, business and disclosure practices have been aligned to our Corporate Governance Philosophy.

The Company is committed to enhance shareholder value in a fair and transparent manner and has been in the forefront for bench marking itself with the best business practices globally.

BOARD OF DIRECTORS

Composition

The composition of Board of Directors of the Company is balanced one, comprising Executive and Non-Executive Directors, the latter including independent professionals. The present strength of the Board of Directors is four, of which one is an Executive Director. The Board constitution, the attendance of the Directors at the meetings of the Board held during the financial year and the last Annual General Meeting (AGM), numbers of other Directorship / Committee Membership held by them during the year 2007-2008 are tabulated below:

Name of Director	Category of Director	Number of Board Meetings		Attendance in the Annual General Meeting	No. of Director-ships in other Public Companies	No. of Other Committee position as Member	No. of Other Committee position as Chairman
		Held**	Attended				
Mr. Amit Jain	Chairman cum Managing Director & Executive Promoter Director	19	19	Yes	None	None	None
Mr. Parag Jain***	Non Executive Director	16	14	Yes	None	None	None
Mr. Pyare Lal Khanna	Non Executive Independent Director	19	16	Yes	None	None	None
Mr. Neeraj Goel	Non Executive Independent Director	19	16	Yes	None	None	None
Mr. Umesh Chand Jain****	Non Executive Director	8	7	No	None	None	None



- * Denotes number of meetings held during the tenure of directorship of each director.
 ** Mr. Parag Jain has been appointed as Director of the Company w.e.f 20th June, 2007.
 *** Mr. Umesh Chand Jain has resigned from the Directorship of the Company w.e.f. 10th August, 2007.

Directors Appointment/ Reappointment

Mr. Neeraj Goel is liable to retire by rotation and being eligible offers himself for re-appointment.

Number of Board of Directors meeting held during the year

The Company has defined procedures for meetings of the Board of Directors and Committees thereof so as to facilitate decision making in an informed and efficient manner. During the financial year under consideration 19 (Nineteen) Board Meetings were held on following dates:

(1) 2nd April, 2007 (2) 30th April, 2007, (3) 28th May, 2007, (4) 19th June, 2007 (5) 20th June, 2007 (6) 24th July, 2007 (7) 30th July 2008 (8) 10th August, 2007 (9) 1st September, 2007 (10) 30th October, 2007 (11) 20th November, 2007 (12) 10th December, 2007 (13) 11th December 2007 (14) 29th December 2007 (15) 8th January 2008 (16) 22nd January 2008 (17) 30th January 2008 (18) 4th February 2008 (19) 26th March 2008.

Code of Conduct

The code of conduct in line with the provisions of Clause 49 of the listing agreement has been framed / adopted by the Board is applicable to all members of the Board and Senior Management Executives. The members of Board and Senior Management of the Company have affirmed compliance with the code of conduct.

Declaration as required under clause 49 of the Listing Agreement

As provided under Clause 49 of the Listing Agreement with the stock exchange, all the members of the Board and Senior Management Personnel have confirmed compliance of the Code of Conduct for the financial Year ended on March 31, 2008.

New Delhi
12th May 2008

Amit Jain
Managing Director



COMMITTEES OF THE BOARD

The Board has constituted three Committees of the Board the Audit Committee, the Remuneration Committee and Shareholders'/Investors' Grievance Committee. The role and composition of these Committees, including the number of the meetings held and the related attendance are as follows:

A. AUDIT COMMITTEE

The terms of reference of Audit Committee are in accordance with Section 292A of the Companies Act, 1956 and as per the provisions of the Listing Agreement.

The Audit Committee is entrusted with the responsibility to supervise the Company's financial control and reporting process and inter alia performs the following functions:

- Overseeing the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible;
- Recommending appointment and removal of statutory auditors, fixation of audit fee and approval of payment of fees for any other services;
- Reviewing with the management the periodical financial statements before submission to the Board, focusing primarily on:
 - Any changes in accounting policies and practices
 - Qualifications in the draft audit report
 - Significant adjustments arising out of audit
 - Compliance with Accounting Standards
 - Compliance with legal requirements concerning financial statements
 - Related party transactions;
- Reviewing with the management, statutory and internal auditors, the adequacy of internal control systems and recommending improvements to the management;
- Reviewing the adequacy of the internal audit function, including the structure of internal audit department, staffing and seniority of the official heading the department, reporting structure, coverage and frequency of internal audit;
- Reviewing reports of internal audit and discussion with internal auditors on any significant findings and follow up thereon;
- Reviewing the findings of any internal investigations by the internal auditors and the executive management's response on matters where there is suspected fraud or irregularity or failure of internal control systems of a material nature and reporting the matter to the Board;
- Discussion with statutory auditors, before the audit commences, on nature and scope of audit as well as after conclusion of audit to ascertain any areas of concern and review the comments contained in their management letter;
- Reviewing the Company's financial and risk management policies;
- Looking into the reasons for substantial defaults, if any, in payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
- Considering such other matters as may be delegated by the Board from time to time.



Composition

The Audit Committee comprises three Non-Executive Directors, with two of them being Independent Directors. The Audit Committee was re-constituted on 28th April 2008 with Mr. Pyare Lal Khanna as its new Chairman in place of Mr. Parag Jain. The Managing Director, the Head of Internal Audit and the representative of Statutory Auditors are Invitees to the Audit Committee and the Company Secretary is the Secretary to the Committee.

All members of the Committee are financially literate and two members have accounting and financial expertise. The names of the members of the Audit Committee, including its Chairman as are as follows: -

Till 27 th April 2008	Status	At Present	Status
Mr. Parag Jain	Chairman	Mr. Pyare Lal Khanna	Chairman
Mr. Neeraj Goel	Member	Mr. Parag Jain	Member
Mr. Pyare Lal Khanna	Member	Mr. Neeraj Goel	Member

Meetings & Attendance

Details of the Meetings & Attendance of Audit Committee held during the financial year 2007-08:

Sl. No.	Date of Meetings	Committee Strength	No. of Members Present
1	30 th April, 2007	3	3
2	30 th July, 2007	3	3
3	30 th October, 2007	3	3
4	30 th January, 2008	3	3

B. REMUNERATION COMMITTEE

The Remuneration Committee of the Board, inter alia, recommends to the Board of Directors, the compensation terms of Managing Director and the senior most level of management immediately below the Managing Director. It also recommends successions and appointments viz. the membership of the Board and the senior most level of executive management.

Composition

The Remuneration Committee comprises all Non-Executive Directors. The Remuneration Committee was re-constituted on 28th April 2008 with Mr. Neeraj Goel as its new Chairman in place of Mr. Parag Jain. The names of the members of the Remuneration Committee, including its Chairman are as follows:

Till 27 th April 2008	Status	At Present	Status
Mr. Parag Jain	Chairman	Mr. Neeraj Goel	Chairman
Mr. Neeraj Goel	Member	Mr. Parag Jain	Member
Mr. Pyare Lal Khanna	Member	Mr. Pyare Lal Khanna	Member