

CMI LIMITED
42nd
Annual Report
2008 - 2009

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CMI LIMITED

An ISO 9001 Company

<u>Board of Directors</u> Amit Jain Parag Jain Pyare Lal Khanna Vijay Kumar Gupta Neeraj Goel Ramesh Chand	<u>Designation</u> Managing Director Promoter & Non Executive Director Non- Executive Independent Director Non- Executive Independent Director Non- Executive Independent Director Non-Executive Independent 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>	Delhi Stock Exchange Limited DSE House 3/1, Asaf Ali Road, New Delhi - 110 002. Bombay Stock Exchange Limited , 25 th Floor, P. J. Towers, Dalal Street, Fort, Mumbai - 400001. Ahmedabad Stock Exchange Limited, 1 st Floor, Kamdhenu Complex, Opp. Sahajand College, NR Panjara Pole Ambawadi, Ahmedabad- 380015.
<u>Auditors</u>	M/s Manocha J. K. & Associates Chartered Accountants 27/55, Street No. 8, Vishwas Nagar, Shahdara, New Delhi - 110 032 Phone : 011 - 22389025 Regn. No. : 082442
<u>Bankers</u>	-Syndicate Bank, Yojna Vihar, New Delhi -Kotak Mahindra, New Delhi -State Bank of India, Krishna Nagar, Delhi -IDBI Bank, New Delhi -ABN AMRO Bank, New 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 OF ANNUAL GENERAL MEETING**

NOTICE IS HEREBY GIVEN that the 42nd Annual General Meeting of the Members of **CMI LIMITED** will be held on **Wednesday, the 30th day of September, 2009** at 11.30 a.m. at the Registered office of the Company at C-483, Yojna Vihar, Delhi – 110 092 to transact the following businesses:-

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2009 and Profit and Loss Account for the year ended 31st March, 2009 alongwith Directors' Report and Auditors' Report thereon.
2. To appoint Mr. Pyare Lal Khanna, the retiring Director being eligible offers himself for re-appointment as Director on rotational basis.
3. To appoint Mr. Neeraj Goel, the retiring Director being eligible offers himself for re-appointment as Director on rotational basis.
4. To appoint M/s **Manocha J.K. & Associates, Chartered Accountants, Delhi**, the retiring Auditors, to hold office as Auditors from the conclusion of this meeting until the conclusion of next Annual General Meeting and to fix their remuneration:

RESOLVED THAT M/s Manocha J.K. & Associates, Chartered Accountants, 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 authorized to fix their remuneration."

SPECIAL BUSINESS:

5. To consider, and if thought fit, to pass, with or without modification(s), the following resolution as Special resolution:

"RESOLVED THAT pursuant to the Section 198, 309, 310 and all other applicable provisions, if any, of the Companies Act, 1956 and subject to the approval of shareholders in the General Meeting, the approval of the Company be and is hereby accorded for payment of commission to Mr. Vijay Kumar Gupta, Director of the Company, in accordance with and upto the limits laid down under the provisions of Section 309 (4) of the Act, computed in the manner specified in Section 309(5) for a period of 5 years from the financial year commencing 1st April 2009, in such manner and upto such extent as the Remuneration Committee of the Board may, from time to time, determine.

FURTHER RESOLVED THAT for the purpose of giving effect to this resolution, the Board of Directors and / or Remuneration Committee constituted by the Board be and is hereby authorized to take all actions and do all such deeds, matters and things, as it may in its absolute discretion deem necessary, proper or desirable and sign and file necessary Form / papers with appropriate authorities including Registrar of Companies, NCT of Delhi & Haryana"

6. To consider, and if thought fit, to pass, with or without modification(s), the following resolution as an ordinary resolution:

"RESOLVED THAT pursuant to the Section of Section 310 of the Companies Act, 1956 and Article 110 of Articles of Association of the Company, consent of the Company be and is hereby accorded to increase the monthly remuneration of Mr. Amit Jain, Managing Director of the Company, from Rs. 91,667 (Rupees Ninety One Thousand Six Hundred and Sixty Seven Only) to Rs 1,25,000/- (Rupees One Lakh and Twenty Five Thousand Only) by way of salary with effect from 1st day of October, 2009, other terms and conditions remaining unchanged. The remuneration package proposed to be provided to Mr. Amit Jain is as follows :

**CMI LIMITED**

Basic Salary	63,750.00
HRA (60% of Basic)	38,250.00
Education Allowance	2,250.00
Conveyance Allowance	10,000.00
Executive Attire Exp. (Reimbursement)	2,000.00
Professional Pursuit Exp. (Reimbursement)	2,000.00
Total	<u>1,18,500.00</u>
Insurance Premium	5,000.00
Medical Reimbursement	4,000.00
LTA Reimbursement	2,000.00
Total Emoluments	<u>1,25,000.00</u>

FURTHER RESOLVED THAT for the purpose of giving effect to this resolution, the Board be and is hereby authorized to do all such acts, deeds, matters and things as it may, in its absolute discretion deem desirable, necessary, expedient, usual or proper to implement this resolution”

7. To consider, and if thought fit, to pass, with or without modification(s), the following resolution as an ordinary resolution:

“RESOLVED THAT Mr. Parag Jain, who was appointed as an Additional Director on 16th February 2009 as per Article 80 of Articles of Association of the Company and holds office up to the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing from a Member proposing his candidature for the office of Director under Section 257 of the Companies Act, 1956, be and is hereby appointed as Director of the Company liable to retire by rotation.”

8. To consider, and if thought fit, to pass, with or without modification(s), the following resolution as an ordinary resolution:

“RESOLVED THAT Mr. Ramesh Chand, who was appointed as an Additional Director on 27th February, 2009 as per Article 80 of Articles of Association of the Company and holds office up to the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing from a Member proposing his candidature for the office of Director under Section 257 of the Companies Act, 1956, be and is hereby appointed as Director of the Company liable to retire by rotation.”

By Order of the Board

Place: Delhi
Date: 3rd September, 2009

Amit Jain
(Managing Director)

NOTES:

- A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE (ON A POLL ONLY) INSTEAD OF HIMSELF / HERSELF AND SUCH A PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES IN ORDER TO BE EFFECTIVE MUST BE RECEIVED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE TIME FIXED FOR THE MEETING.**
- 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.
- Pursuant to Section 154 of the Companies Act, 1956, the Register of Members and Share Transfer Books of the Company will remain closed from Thursday, 24th September, 2009 to Wednesday, 30th September, 2009, both days inclusive.
- The Explanatory statement pursuant to Section 173(2) of Companies Act, 1956, which sets out details relating to special business to be transacted at the meeting, is annexed hereto.



5. Members are requested:

- a) To intimate immediately for change of their address and bank particulars to the "RTA" in case shares are held in certificate form;

AND

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) No gift or gift coupons will be distributed at the meeting

6. No amount of money is due & pending which is required to be transferred to unpaid or unclaimed dividend account or to Investor Education and Protection Fund.

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

ITEM NO. 5

Mr. Vijay Gupta, born on 15th December, 1949, possesses 38 plus years of rich experience in cable industry and marketing. He has been continuously developing new customers and new products for the Company and thereby submitting and executing various orders to the customers. With his association of more than eight years with the Company, the Company's revenue reached to new heights.

Since his association with the Company, he has been receiving commission from the Company on services provided by him. The Directors inducted Mr. Vijay Kumar Gupta as a Director of the Company on the Board of CMI w.e.f. 15th January, 2009.

The Board at its meeting held on 14th March, 2009 resolved to pay the commission to Mr. Vijay Kumar Gupta in accordance with and upto the limits laid down under the provisions of Section 309 (4) of the Act, computed in the manner specified in the Act, for a period of 5 years from the financial year commencing 1st April, 2009

The Board of Directors accordingly recommends the resolution set out at Item No. 5 of the accompanying Notice for the approval of the Members.

None of the Directors other than Mr. Vijay Kumar Gupta is interested in this Resolution.

ITEM NO. 6

In the year 2002, when Mr. Amit Jain took over as Managing Director of the Company, the Company was struggling for its existence. During that period, due to heavy operational losses, the entire net worth of the Company was eroded and operations of the company were come to a halt. Mr. Amit Jain with his vision and entrepreneurial skills turnaround the Company from a loss making to a profit making Company. Under his leadership, CMI has forged many relationships and has grown significantly despite many hurdles. Because of his foresightness and professional approach, he is appointed as Managing Director for a period of five years from 1st October, 2007 to 30th September, 2012. As a Managing Director, he is responsible for overall management of the Company.

The Board of Directors of your Company at its meeting held on 30th June, 2009 on the recommendations of Remuneration Committee of the Company have resolved to enhance the monthly Remuneration payable to Mr. Amit Jain from Rs.91,667 (Rupees Ninety One Thousands Six Hundred and Sixty Seven Only) to Rs1,25,000/- (Rupees One Lakh and Twenty Five Thousands Only) with effect from 1st day of October, 2009 subject to the approval of the Members and in pursuance of the provisions of Schedule XIII and other applicable provisions of the Company Act, 1956.


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The proposed remuneration payable to Mr. Amit Jain is quiet moderate compared to remuneration being paid at his level in the cable industry and the same is in conformity with Schedule XIII of the Act.

Mr. Amit Jain and Mr. Parag Jain are interested in the resolution to the extent of their relationship. The Board recommends the resolution at Item No. 6 for increase in his Remuneration for your approval.

ITEM NO. 7

The Board of Directors of your Company appointed Mr. Parag Jain as an Additional Director of the Company at their Meeting held on 16th February 2009, pursuant to Section 260 of the Companies Act, 1956 and in exercise of the authority vested by the Article 80 of the Articles of Association of the Company. In terms of the said section, he holds office up to the ensuing Annual General Meeting.

It is proposed to appoint Mr. Parag Jain as Director of the Company, liable to retire by rotation.

The Company has received a notice under Section 257 of the Companies Act, 1956, from a member proposing his candidature for office of Director of the Company.

The Board of Directors of your Company are of the view that it is desirable to avail guidance and advice of Mr. Parag Jain, Who is having rich experience and expertise in cable industry and Public Relations and accordingly, your Directors recommend the Resolution at Item No. 7 for your approval.

None of the Directors except Mr. Parag Jain seeking appointment and Mr. Amit Jain and Mr. Pyare Lal Khanna to the extent of their relationship is concerned or interested in the said resolution.

ITEM NO. 8

The Board of Directors of your Company appointed Mr. Ramesh Chand as an Additional Director of the Company at their Meeting held on 27th February, 2009, pursuant to Section 260 of the Companies Act, 1956 and in exercise of the authority vested by the Article 80 of the Articles of Association of the Company. In terms of the said section, he holds office up to the ensuing Annual General Meeting.

It is proposed to appoint Mr. Ramesh Chand as Director of the Company, liable to retire by rotation.

The Company has received a notice under Section 257 of the Companies Act, 1956 from a member proposing his candidature for office of Director of the Company.

The Board of Directors of your Company are of the view that it is desirable to avail guidance and advice of Mr. Ramesh Chand, who is having rich experience and expertise in Sociology and Finance related matters and accordingly, your Directors recommend the Resolution at Item No. 8 for your approval.

Mr. Ramesh Chand is interested in the Resolution relating to his appointment. None of the other Directors of your Company is interested in this Resolution.

Place: Delhi
Date: 3rd September, 2009

By Order of the Board
Amit Jain
(Managing Director)

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

To,

The Members,
CMI Limited

Your Directors have enormous gratification in presenting the Forty Second (42nd) Annual Report on the business and operations of the Company, together with the Audited Statement of Accounts for the financial year ended 31st March, 2009. The Company has performed extremely well during the year on various operational fronts and business parameters.

OVERALL REVIEW

During the year under report, there is 130% rise in turnover of the Company and despite rise in material prices the enhanced turnover helps the Company to book profit to the tune of Rs. 2.99 Crores. The improved performance helped the Company in achieving better discipline in all spheres. The broadened customer base, reliable suppliers and dedicated work force of the Company, will bring back the Company to its old position very soon.

FINANCIAL REVIEW

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

PARTICULARS	31.03.2009 Amt. (In Rs.)	31.03.2008 Amt. (In Rs.)
Income	52,17,18,366	22,48,46,278
Less: Expenditure	49,18,03,698	20,50,37,289
Profit before Depreciation and Tax	2,99,14,668	1,98,08,990
Less: Depreciation	87,25,348	88,54,060
Profit Before Tax	2,11,89,320	1,09,54,930
Previous Year Adjustments	4,53,066	-
Fringe Benefit Tax	1,47,911	1,16,156
Net Profit for the year carried to the Balance Sheet	2,14,94,475	1,08,38,774

During the year under review, the turnover of the Company has reached to new heights i.e. Rs. 5217 Lakhs as compared to Rs. 2248 Lakhs in previous year. The net profit of the Company is also increased to Rs. 214.94 Lakhs as compared to Rs. 108.38 Lakhs in the previous year.

DIVIDEND

As brought forward losses yet not wipe out completely and Company needs further funds to meet out the deficiencies in working capital, therefore, the management is of the view that the profits earned during the year must be retained and redeployed for the operations of the Company.

No amount of money is due & pending which is required to be transferred to unpaid or unclaimed dividend account or to Investor Education and Protection Fund.

AUDITORS

M/s Manocha J.K. & Associates, Chartered Accountants, Delhi, who retires at the conclusion of this Annual General Meeting, are being eligible, offer themselves for re-appointment as Statutory Auditors of the Company. They have furnished a certificate to the effect that their re-appointment if made, would be within the limits prescribed under Section 224(1B) of the Companies Act, 1956. Your Directors recommend their re-appointment.

**AUDITORS' OBSERVATION**

The Auditors' observations are self explanatory, which do not call for any further clarifications except the following:-

- The Company has not provided for gratuity liability to the tune of Rs. 42.49 lakhs as on 31st March, 2009.

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.

DIRECTORS

In accordance with the provisions of the Companies Act, 1956, and Articles of Association, Mr. Pyare Lal Khanna and Mr. Neeraj Goel, are liable to retire by rotation and being eligible offers their candidature for re-appointment.

Mr. Vijay Kumar Gupta and Mr. Abhishek Aggarwal were appointed as Directors of the Company in the Extra-ordinary General Meetings of the Members of the Company held on 15th January, 2009 and 24th January, 2009 respectively.

Mr. Parag Jain, was appointed as an Additional Director of the Company on 16th February, 2009 in respect of whom the Company has received a notice, in terms of Section 257 of the Companies Act, proposing his candidature for the office of Director.

Mr. Ramesh Chand, was appointed as an Additional Director of the Company on 27th February, 2009 in respect of whom the Company has received a notice, in terms of Section 257 of the Companies Act, proposing his candidature for the office of Director.

During the year, Mr. Abhishek Aggarwal resigned from the Directorship of the Company. w.e.f. 27th February, 2009.

FIXED DEPOSITS

During the year under review, the Company has not accepted any fixed deposits from the public. As on 31st March, 2009, the Company has neither any unclaimed amount nor any overdue amount of any deposit to any depositor pursuant to the provisions of Non-Banking Financial Companies (Reserve Bank Directions), 1997.

REVOCATION OF SUSPENSION OF TRADING IN SHARES

During the year under review, the Company has made all compliances required till date in conformity with various clauses of Listing Agreement signed with Bombay Stock Exchange Limited for revocation of suspension of trading in shares of the Company. The management of the Company is very much hopeful that the suspension will be lifted by the end of this year.

The Company also filed all documents in compliance with the Amnesty Scheme as introduced by Delhi Stock Exchange Association Limited in February 2009.

HUMAN RESOURCES

Your Company has put in place effective human resource acquisition and maintenance function, which is benchmarked along with best corporate practices designed to meet the organizational needs and it takes pride in its highly motivated manpower that contributed its best to the Company. The Employee's relations within the organization have been very cordial and harmonious during the year and Human Relation Policies were reviewed and upgraded in line with the Company's future objectives.

CORPORATE GOVERNANCE

It has always been the Company's endeavour to excel through better Corporate Governance and fair & transparent practices, many of which have already been in place even before they were mandated by the law of land.

The Compliance Report on Corporate Governance Report forms part of this Annual Report. The Practicing Company Secretaries Certificate on the Compliance of Corporate Governance Code embodied in Clause 49 of the Listing Agreement forms part of this report.

**CMI LIMITED****MANAGEMENT DISCUSSION AND ANALYSIS (MDA)**

The detailed analysis of the operating performance of the Company for the year, the state of affairs and the key changes in the operating environment has been included in the Management Discussion and Analysis Section which forms part of the Annual Report.

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' 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.

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:

Conservation of Energy

The Company has taken adequate measures to ensure optimum use of all equipments so as to conserve energy.

Technology Absorption, Adaptation & Innovation

Continuous efforts are being made for product improvement and cost reduction. The company has not made any import of technology so far.

Foreign Exchange Earnings and Outgo

The company has not exported any of its products and there was no Foreign Exchange Earnings and Outgo during the year under review.

ENVIRONMENTAL REVIEW

The Company has a defined environmental policy which is being followed rigorously by one and all across the organization. There were no environmental issues at the CMI plant and the statutory compliance was in line with Governmental requirements.

**CMI LIMITED**

The Pollution Control parameters as defined by the State Pollution Control Board were totally adhered and effluent discharge level was well within the prescribed limits. Air pollution has been tested and was in line with the requirement. Noise pollution level was contained by fixing all the generators in sound proof acoustic enclosures.

INDUSTRIAL RELATIONS

The Company has taken various steps to improve productivity across organization. Industrial relations remained harmonious at the manufacturing unit of CMI.

ACKNOWLEDGMENTS

Your Directors wish to take this opportunity to offer sincere appreciation and acknowledge with gratitude the support and co-operation extended by the clients, vendors, bankers, registrar and share transfer agent, business associates, financial institutions, media and their agencies and look forward to their continued support and assistance.

Your Directors also convey their gratitude to the Members of the Company for the confidence shown by them in the Company and thank the employees at all levels, who, through their untiring efforts, dedication, cooperation and commitment have enabled the company to achieve its strategic corporate objectives.

By Order of the Board

Amit Jain
Chairman of the Meeting

Place: Delhi

Date: 3rd September, 2009

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. The Company believes in adopting the best practices in the areas of Corporate Governance. Even in a fiercely competitive business environment, the Management and Employees of the Company are committed to uphold the core values of transparency, integrity, honesty and accountability which are fundamental to the CMI Group.

The Board of Directors is at the core of our corporate governance practice and oversees how the Management serves and protects the long-term interests of all our stakeholders. We believe that an active, well-informed and independent Board is necessary to ensure highest standards of corporate governance.

The Company will continue to focus its resources, strengths and strategies for creation and safeguarding of shareholders' wealth and at the same time protect the interests of all its shareholders.

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 six, of which one is an Executive Director.

Directors

The Board constitution, the attendance of the Directors at the meetings of the Board held during the financial year and at the last Annual General Meeting (AGM), numbers of other Directorship / Committee Membership held by them during the year 2008 - 2009 are tabulated below: