



**CMI LIMITED**

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**NOTICE OF ANNUAL GENERAL MEETING**

NOTICE IS HEREBY GIVEN THAT THE 44<sup>TH</sup> ANNUAL GENERAL MEETING OF CMI LIMITED will be held on, Wednesday the 28<sup>th</sup> day of September, 2011 at 11.30 a.m. at Lajwaab Banquet Hall, Vikas Marg, Delhi – 110092 to transact the following businesses:-

**ORDINARY BUSINESS:**

- 1 To receive, consider and adopt the Audited Profit and Loss Account for the year ended March 31, 2011 and the Balance Sheet as at that date together with the Director's Report and Auditor's Report thereon.
- 2 To appoint a Director in place of Mr. Neeraj Goel, who retires from office by rotation, and being eligible, offers himself for re-appointment.
- 3 To appoint a Director in place of Mr. Pyare Lal Khanna, who retires from office by rotation, and being eligible, offers himself for re-appointment.
- 4 To appoint Auditors and to fix their remuneration and in this regard to consider and, if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

**"RESOLVED THAT** M/s J.K. Manocha & Associates, Chartered Accountants, New Delhi, be and hereby appointed as Statutory Auditors of the Company, to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company on such remuneration as shall be fixed by the Board of Directors of the Company."

**By Order of the Board**

Place: Delhi  
Date: 11<sup>th</sup> August, 2011

**Amit Jain**  
Managing Director



# CMI LIMITED

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## **NOTES:**

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL ON HIS/HER BEHALF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE PROXIES, IN ORDER TO BE EFFECTIVE, THE INSTRUMENT MUST BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY, NOT LESS THAN FORTY-EIGHT HOURS BEFORE THE COMMENCEMENT OF THE MEETING.**
2. Corporate Members intending to send their authorized representatives to attend the Meeting are requested to send to the Company a certified copy of Board resolution pursuant to Section 187 of the Companies Act, 1956, authorizing their representative to attend and vote on their behalf at the Meeting.
3. Brief resume of all the Directors, nature of their expertise in specific functional area, names of companies in which they hold directorships and memberships/ chairmanships of Board Committees, Shareholding and relationships between Directors inter-se stipulated under Clause 49 of the Listing Agreement with the Stock Exchange(s) in India, are provided in the Report on Corporate Governance forming part of the Annual Report.
4. Members are requested to bring their attendance slip along with their copy of Annual Report of the Meeting.
5. Relevant documents referred in the accompanying notice are open for inspection by the Members at the Registered Office of the Company on all working days, except Saturdays, between 11.00 A.M and 1.00 P.M up to the date of the Meeting.
6. Pursuant to Section 154 of the Companies Act, 1956 the Company has already notified closure of Register of Members and Share Transfer Books from Thursday , September 22<sup>th</sup> ,2011 to Wednesday, September 28<sup>th</sup> , 2011 (both days inclusive) for determining the names of members eligible for dividend on Equity Shares, if the dividend is declared at the Meeting.
7. Members holding shares in electronic form are requested to intimate immediately any change in their address or bank mandates to their Depository Participants with whom they are maintaining their demat accounts.
8. Members holding shares in physical form are requested to advise any change of address immediately to the Company/ Registrar and Transfer Agents, M/s Beetal Financial & Computer Services Private Limited, Beetle House,99 Madangir, Behind Local Shopping Centre, Near Dada Harsukh Dass Mandir, New Delhi-110062.
9. The Members are requested to provide information with respect to particulars such as occupation, Fathers' name etc and such other information, that is not available with the Company so as to update Members' Register.
10. Members holding shares in electronic form are requested to quote Ledger Folio Numbers/ DP ID- Client ID in all their correspondence.
11. The Members are requested to note that no gift or gift coupons will be distributed at the meeting.
12. 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.

**By Order of the Board**

Place: Delhi  
Date: 11<sup>th</sup> August, 2011

**Amit Jain**  
Managing Director

**DIRECTORS' REPORT**

To,  
The Members,  
CMI Limited

The Board of Directors take the pleasure in presenting the Forty Fourth (44<sup>th</sup>) Annual Report on the business and operations of the Company, together with the Audited Statement of Accounts for the financial year ended 31<sup>st</sup> March, 2011.

**OVERALL REVIEW**

Overall, 2010-2011 has been a satisfying year; there is an increase of 24.88% in the turnover of the Company. The total income (i.e. the aggregate of Turnover and other income) and the Net Profit before Depreciation and Tax, reports an increase of 21.43% and 12.72% respectively. Although, the Company has adopted adequate cost control measures throughout the year, but due to increase in Financial Cost, Net Profit did not increase as compared to increase in turnover. The Company was aggressive in its quest for new contracts, executed on its full services strategy and maintained pricing disciplines. This helped to deliver a decent revenue growth along the year with improvement in margins. Your Company continues to focus on production of quality cables to broaden its customer base and to set a benchmark in the competitive market.

**FINANCIAL REVIEW**

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

| <b>PARTICULARS</b>  | <b>31.03.2011</b>    | <b>31.03.2010</b>    |
|---|----------------------|----------------------|
|   | <b>Amt. (In Rs.)</b> | <b>Amt. (In Rs.)</b> |
| Total Income (Turnover + Other Income)                      | 59,26,71,339         | 48,80,79,653         |
| Less: Expenditure   | 55,93,47,411         | 45,85,16,178         |
| <b>Profit before Depreciation and Tax</b>                   | <b>3,33,23,927</b>   | <b>2,95,63,475</b>   |
| Less: Depreciation  | 1,09,87,463          | 1,03,03,830          |
| <b>Profit Before Tax</b>                                    | <b>2,23,36,464</b>   | <b>1,92,59,645</b>   |
| Less: Taxation-Current Year                                 | 49,00,000            | 11,35,000            |
| Add: MAT Claimable  | 27,61,291            | 10,34,097            |
| Previous Year Adjustments                                   | (36,329)             | 1,454                |
| <b>Net Profit for the year carried to the Balance Sheet</b> | <b>2,01,61,426</b>   | <b>1,91,60,196</b>   |

**DIVIDEND**

The management believes that the profits earned during the year must be retained and redeployed for the operations of the Company. As the Company needs further funds to enhance its business operations, upgrade the efficiency of its plant and to meet out the deficiencies in working capital, the Directors do not recommend any dividend on Equity Shares for the financial year 2010-11

**AUDITORS**

M/s J. K. Manocha & Associates, Chartered Accountants, Delhi, who retires at the conclusion of this Annual General Meeting, and 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.

## **AUDITORS' OBSERVATION**

The Auditors Report has been annexed with this report, Auditors observations are self explanatory, which do not call for any further clarifications.

## **INTERNAL CONTROL SYSTEM**

As always, the Company's internal control procedures are tuned to keep up with the organization's pace of growth and increasing complexity of operations. These ensure compliance with various regulations. The internal audit team carries out extensive audits throughout the year, across all functional areas and submits its reports to the Audit Committee of the Board of Directors.

## **DIRECTORS**

During the period Mr. Abhishek Aggarwal, has resigned from the Board of the Company with effect from 4<sup>th</sup> March, 2011 due to pre-occupation. The Board shows gratitude towards the valuable guidance and support rendered by Mr. Abhishek Aggarwal during his tenure as member of the Board.

In accordance with the provisions of the Companies Act, 1956 and Articles of Association of the Company, Mr. Neeraj Goel and Mr. Pyare Lal Khanna, Directors of the Company, retire by rotation at the forthcoming Annual General Meeting and being eligible, offer themselves for re-appointment. Your Board recommends their re-appointment.

In accordance with the provisions of Section 198, 269, 309, 310 and 311 read with Schedule XIII of the Companies Act, 1956 and with the approval of members in the Meeting held on 28<sup>th</sup> February, 2011, Mr. Vijay Kumar Gupta, has been appointed as Whole Time Director of the Company with effect from 1<sup>st</sup> April, 2011 for a period of three years i.e. up to 31<sup>st</sup> March, 2014 at a monthly remuneration of Rs. 50,000/-.

During the Financial Year 2010-11, no commission was paid to Mr. Vijay Kumar Gupta (previous year Rs. 5,65,899/-). The commission so paid to Mr. Vijay Kumar Gupta during previous year for Rs. 5,65,899/- was in excess of limits of 1% by Rs. 3,61,437/- (i.e. Rs. 5,65,899 less Rs. 2,04,462) for maximum commission payable to Non-Executive Directors under Section 309 of the Companies Act, 1956. The excess amount so paid to him is adjusted during the financial year 2010-2011 for Rs. 2,38,365/- and the balance amount of Rs. 1,23,072/- shall be refunded back by him in compliance with the provisions of Section 309 (5A) of the Companies Act, 1956.

In accordance with the provisions of Clause 49 of the Listing Agreement with Stock Exchange(s), brief particulars of Mr. Neeraj Goel, Mr. Pyare Lal Khanna & Mr. Vijay Kumar Gupta are provided in the Notes of the Annual General Meeting and is forming the part of this Annual Report.

## **COMMITTEES**

The Board of Directors has constituted three Committees of the Board – the Audit Committee, the Investors / Shareholders Grievance Committee & Remuneration Committee. The terms of reference of the Board Committees are determined by the Board from time to time. Signed minutes of the Board Committee meetings are placed for information of the board. The role and

composition of these Committees, including the number of meetings held during the financial year have been provided in this report.

#### EXTRAORDINARY GENERAL MEETING

An Extra Ordinary General Meeting was held on 28<sup>th</sup> February, 2011 for seeking approval of the Members of the Company:

- For issuing Equity Shares and Convertible Share Warrants to Mr. Amit Jain, in the capacity of Promoter, on preferential basis.
- For Appointing Mr. Vijay Kumar Gupta as Whole Time Director of the Company with effect from 1<sup>st</sup> April, 2011.

#### SHARE CAPITAL

Your Company first came up with the Preferential Allotment in the Financial Year 2009-2010. During the said year, trading of Company's shares on BSE was suspended. As a result of this suspension, your Company could not receive the In-Principal approval from BSE and subsequently it could not proceed with the Preferential Allotment.

Further, during the Financial Year 2010-11, the suspension was revoked by the BSE after the requisites were fulfilled by the Company, on 4<sup>th</sup> August, 2010. After removal of suspension, the Board of Directors obtained fresh approval from the Members of the Company in a duly convened EOGM held on 28<sup>th</sup> February, 2011, in supersession to the Members' Resolution dated 2<sup>nd</sup> February, 2010.

##### (a) EQUITY SHARES

The Members at the Extraordinary General Meeting held on 28<sup>th</sup> February, 2011 have passed a special resolution for issue and allotment of 1,52,675 Equity Shares of Rs. 10/- each at a price of Rs.25.76/- per share (including the premium of Rs. 15.76/- per equity share) on preferential basis to Mr. Amit Jain in the capacity of the promoter(s) of the Company. In this regard, the Company received In- Principal approval from BSE vide letter dated 28<sup>th</sup> March, 2011. These shares were allotted at the Board Meeting held on 30<sup>th</sup> March, 2011.

For the said Equity Shares, listing approval has been obtained from the Bombay Stock Exchange Limited vide letter dated 2<sup>nd</sup> June, 2011. The aforesaid Equity shares are still under the process of listing with Delhi Stock Exchange Association Limited and Ahmedabad Stock Exchange Limited.

##### (b) CONVERTIBLE WARRANTS

The Members at the Extraordinary General Meeting held on 28<sup>th</sup> February, 2011 have passed a special resolution for issue and allotment of 3,28,632 Convertible Warrants at a price of Rs. 25.76/- per warrant on preferential basis to Mr. Amit Jain, in the capacity of promoter of the Company. Subsequently, 3,28,632 Convertible Warrants were allotted at the Board Meeting held on 30<sup>th</sup> March, 2011 and are pending for conversion.

The right of conversion can be exercised by the Warrant Holder to subscribe for One Equity Share of Rs. 10/- each per Warrant, for which option shall be exercisable after April 1, 2011, but not later than 18 months from the date of issue of the warrants.

**LISTING COMPLIANCES**

Your Directors are pleased to inform you that during the year under review all compliances related to listing with the recognized stock exchange(s) within India have been duly complied.

The company has received listing approval of 1,52,675 Equity Shares allotted on preferential basis from Bombay Stock Exchange Ltd vide letter no. DCS/PREF/SI/FIP/213/2011-12. Further, the Company has also applied for listing of the aforesaid Equity Shares with Delhi Stock Exchange Association Limited and Ahmedabad Stock Exchange Limited, the approval for the same is awaited.

**FIXED DEPOSITS**

During the Financial Year 2010-2011, the Company has not accepted any deposits falling within the meaning of Section 58A of the Companies Act, 1956 read with the Companies (Acceptance of Deposits) Rules.

**SUBSIDIARY COMPANY**

During the year the management decided to disinvest the holding of 99.99% in CMI Telecom Limited, as a result it ceased to be the wholly owned subsidiary of CMI Limited.

**HUMAN RESOURCES**

Our people are our biggest asset and we are proud of our team members at all levels within your Company. Organizational values are at the heart of everything CMI employees do, both collectively and as individuals.

Your Directors recognize manpower as being amongst the key drivers of the business of your Company and place on record their sincere appreciation of the teamwork and dedication of all employees working across all its location. The Human Resource initiatives of the company in the year continued to be aligned with overall business strategy and individual career aspirations of staff members.

**CORPORATE GOVERNANCE**

The company is in compliance of all the mandatory requirements regarding corporate governance as stipulated under Clause 49 of the listing agreement with stock exchange. 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 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.

**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 for the year ended 31<sup>st</sup> March, 2011, the applicable accounting standards have been followed and there were no material departures.
- (ii) We have selected the appropriate Accounting Policies described in the notes and applied consistently and have made judgments 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 for the year ended 31<sup>st</sup> March, 2011 have been prepared on the historical cost convention, as a going concern basis.

**PARTICULARS OF EMPLOYEES**

As none of the employees was in receipt of remuneration more than Rs. 60,00,000/- per annum, if employed for the whole year or Rs. 5,00,000/- 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 on The Report of Board Of Directors) Rules, 1988 forming part of the Directors' Report and is as under:

Conservation of Energy

**a) Energy conservation measures taken**

Keeping with the Company's commitment to be an environmentally responsible entity and in view of the increasing cost of energy, the Company makes continuous efforts towards conservation of energy. The Company has taken adequate measures to ensure optimum use of all equipments so as to conserve energy.

**b) Additional investment proposal for conservation of energy**

The Company is evaluating new technologies to make its infrastructure more energy efficient.

**c) Impact of the above on cost of production**

These measures resulted in cost saving for the company and effective management and efficient utilization of energy resources.

Technology, Absorption, Adaptation and Innovation

Absorption, Adaptation & Innovation

Continuous efforts are being made for product improvement and cost reduction.

**I. Research and Development**

- a) Specific areas in which R&D carried out by the Company: The Company emphasized on Product Development and process improvement.
- b) Benefits derived as a result of the above R&D: The Company has started manufacturing High Temperature Rubber cables.
- c) Future plan of action: Upgrading the technology in use.
- d) Expenditure on R&D: There was no Capital Expenditure and Recurring Expenditure incurred during the said year.

**II. Technology absorption, adaptation and innovation**

- a) Efforts, in brief made towards technology absorption, adaptation and innovation: In-house training is being imparted to plant personnel for adaptation of the updated technology.
- b) Benefits derived as a result of above efforts, for e.g. product improvement, cost reduction, product development, import substitution etc.: New Product Development, Cost optimization, Productivity and product quality improvement.

**III. Any technology import: The Company has not made any technological improvements.**

**IV. Foreign Exchange Earnings and Outgo:**

- a) Expenditure in Foreign Currency: Rs. 1.41 lacs
- b) Earnings in Foreign Currency: Rs. 4.25 lacs



**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.

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.

**ACKNOWLEDGEMENTS**

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  
For CMI Limited

**Amit Jain**  
Chairman of the Meeting

Date: 11<sup>th</sup> August, 2011  
Registered Office:  
C-483, Yojna Vihar  
Delhi- 110092  
Email Id: [info@cmilimited.in](mailto:info@cmilimited.in)

## REPORT ON CORPORATE GOVERNANCE

### THE COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

The Company's philosophy on Corporate Governance is founded upon a rich legacy of fair, ethical and transparent governance practices, by adopting highest standards of professionalism, honesty, integrity and ethical behaviour. The Corporate Governance practices followed by the Company are compatible with international standards and best practices. Through the Governance mechanism in the Company, the Board along with its Committees undertakes its fiduciary responsibilities to all its stakeholders by ensuring transparency fair play and independence in its decision making. The long term strategic objectives and the Code of Conduct which articulates the values, ethics and business principles and serves as a guide to the Company, its directors and employees and an appropriate mechanism to report any concern pertaining to non-adherence to the said Code and addressing the same is also in place. The Company is in full compliance with the requirements of Corporate Governance under Clause 49 of the Listing Agreement with the Indian Stock Exchanges ("the Listing Agreement") Risk management and internal control functions have been geared up to meet the progressive governance standards.

### 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 five, of which two are Executive Director.

| Category                            | No. of Directors | Percentage % |
|-------------------------------------|------------------|--------------|
| Executive Directors                 | 2                | 40           |
| Non-Executive Independent Directors | 3                | 60           |
| <b>Total</b>                        | <b>5</b>         | <b>100</b>   |

The strength of the Board of Directors as on 31<sup>st</sup> March, 2011 was five, of which one is an Executive Director.

| Category                            | No. of Directors | Percentage % |
|-------------------------------------|------------------|--------------|
| Executive Directors                 | 1                | 20           |
| Non-Executive Independent Directors | 3                | 60           |
| Non-Executive Directors             | 1                | 20           |
| <b>Total</b>                        | <b>5</b>         | <b>100</b>   |

**Number of Board of Directors Meetings held during the year.**

Twenty Board Meetings were held during the year 2010-2011 and the gap between two meetings did not exceed four months. The details of which are as follows:

| S.No. | Date of Meeting                  | Committee Strength | No. of Members Present |
|-------|----------------------------------|--------------------|------------------------|
| 1     | 1 <sup>st</sup> April, 2010      | 3                  | 3                      |
| 2     | 3 <sup>rd</sup> May, 2010        | 3                  | 3                      |
| 3     | 15 <sup>th</sup> May, 2010       | 3                  | 3                      |
| 4     | 30 <sup>th</sup> May, 2010       | 3                  | 3                      |
| 5     | 21 <sup>st</sup> June, 2010      | 3                  | 3                      |
| 6     | 27 <sup>th</sup> July, 2011      | 3                  | 3                      |
| 7     | 9 <sup>th</sup> August, 2010     | 3                  | 3                      |
| 8     | 13 <sup>th</sup> August, 2010    | 3                  | 3                      |
| 9     | 22 <sup>nd</sup> September, 2010 | 3                  | 3                      |
| 10    | 25 <sup>th</sup> September, 2010 | 3                  | 3                      |
| 11    | 1 <sup>st</sup> November, 2010   | 3                  | 3                      |
| 12    | 9 <sup>th</sup> November, 2010   | 3                  | 3                      |
| 13    | 12 <sup>th</sup> November, 2010  | 3                  | 3                      |
| 14    | 5 <sup>th</sup> January, 2011    | 3                  | 3                      |
| 15    | 28 <sup>th</sup> January, 2011   | 3                  | 3                      |
| 16    | 29 <sup>th</sup> January, 2011   | 3                  | 3                      |
| 17    | 7 <sup>th</sup> February, 2011   | 3                  | 3                      |
| 18    | 10 <sup>th</sup> February, 2011  | 3                  | 3                      |

|    |                              |   |   |
|----|------------------------------|---|---|
| 19 | 4 <sup>th</sup> March, 2011  | 3 | 3 |
| 20 | 30 <sup>th</sup> March, 2011 | 3 | 3 |

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 2010 – 2011 are tabulated below:

| Name of the Director     | Category   | No. of Board Meetings Attended | Attendance at last AGM | No. of other Directorships held in Indian Public Companies | No. of other Committee positions as Members and as Chairperson |
|--------------------------|--|--------------------------------|------------------------|--|--|
| Mr. Amit Jain            | Chairman cum Managing Director & Executive Promoter Director | 20                             | Yes                    | None   | None   |
| Mr. Vijay Kumar Gupta*** | Non - Executive Director                                     | 19                             | Yes                    | None   | None   |
| Mr. Pyare Lal Khanna**   | Non- Executive Independent Director                          | 19                             | No                     | None   | None   |
| Mr. Neeraj Goel**        | Non- Executive Independent Director                          | 18                             | No                     | None   | None   |
| Mr. Ramesh Chand         | Non- Executive Independent Director                          | 17                             | Yes                    | None   | None   |
| Mr. Abhishek Agarwal*    | Non-Executive Director                                       | 17                             | Yes                    | None   | None   |

\*Mr. Abhishek Aggarwal resigned with effect from 4<sup>th</sup> March, 2011.

\*\*Mr. Neeraj Goel and Mr. Pyare Lal Khanna Directors are liable to retire by rotation and being eligible offer themselves for re-appointment.

\*\*\*Mr. Vijay Kumar Gupta has been appointed as Whole Time Director of the Company w.e.f. 1<sup>st</sup> April, 2011

None of the Directors on the Board is a Member of more than 10 Committees and Chairman of more than 5 Committees (as specified in Clause 49), across all the companies in which he is a Director. The Company has defined procedures for meetings of Board of Directors and Committees thereof so as to facilitate decision making in an informed and efficient manner.

ADDITIONAL INFORMATION IN TERMS OF CLAUSE 49 OF THE LISTING AGREEMENT ON DIRECTORS AS ON 31<sup>ST</sup> MARCH, 2011.

| Name of the Director   | Mr. Amit Jain***   | Mr. Pyare Lal Khanna  | Mr. Vijay Kumar Gupta**                                | Mr. Neeraj Goel                                      | Mr. Ramesh Chand  |
|--|--|---|--|--|---|
| Designation  | Chairman cum Managing Director & Executive Promoter Director | Non Executive Independent Director                                | Non - Executive Director                               | Non Executive Independent Director                   | Non Executive Independent Director                                |
| Date of Birth  | 15 <sup>th</sup> Oct, 1973                                   | 13 <sup>th</sup> Aug, 1948  | 15 <sup>th</sup> Dec, 1949                             | 6 <sup>th</sup> Dec, 1975                            | 15 <sup>th</sup> May, 1949  |
| Nationality  | Indian   | Indian  | Indian   | Indian   | Indian  |
| Date of Appointment  | 1 <sup>st</sup> October, 2002                                | 30 <sup>th</sup> Sept, 2004                                       | 15 <sup>th</sup> Jan, 2009                             | 14 <sup>th</sup> Feb, 2002                           | 27 <sup>th</sup> Feb, 2009  |
| Qualifications & Experience                                    | Having rich experience in cable manufacturing industry       | Having more than 40 years of Grassroot level experience in Metals | Having very rich experience in Technical and Marketing | Having more than 10 years of experience in Marketing | B.Sc and MA in Sociology and have expertise in Finance Management |
| Shareholding in CMI Limited as on 31-03-2011                   | 12,65,245 (39.46%)   | Nil   | 8770 (0.274%)  | Nil  | 6000 (0.019%)   |
| Directorship in other Companies and Memberships of Committees* | Nil  | Nil   | Nil  | Nil  | Nil   |
| DIN  | 00041300   | 02237272  | 00995523   | 01753138   | 02759859  |

\*Excludes the Directorships in Indian Private Limited Companies & Foreign Companies and Alternate Directorship.

\*\* Mr. Vijay Kumar Gupta has been appointed as a Whole Time Director w.e.f. 1<sup>st</sup> April, 2011.

\*\*\* Mr. Amit Jain has been allotted 3,28,632 Convertible warrants in the capacity of a promoter, on 30<sup>th</sup> March, 2011.

### Code of Conduct

The Code of Conduct for the Directors and Senior Management of the Company has been laid down by the Board which is in line with the provisions of clause 49 of the Listing Agreement. Mr. Amit Jain, Managing Director has declared that the Board Members and Senior Management have affirmed compliance with the Code of Conduct of the Company.

#### 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 with Code of Conduct of the Company for the Financial Year ended as on March 31, 2011.

Place: Delhi  
11<sup>th</sup> August , 2011

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 are as follows:

#### A. AUDIT COMMITTEE

The Audit Committee of the Board, inter alia, provides reassurance to the board on the existence of an effective internal control environment that ensures:

- efficiency and effectiveness of the operations;
- safeguarding of assets;
- reliability of financial and other management information;
- compliance with relevant national laws and regulations;

The Audit Committee is empowered to, pursuant to its terms of reference, inter alia, to:

- investigate any activity within its terms of reference and to seek information from any employee;
- Obtain legal or other independent professional advice and to secure the attendance of outsiders with relevant experience and expertise, when considered necessary.

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 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, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter.
- 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 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 is as under: -

| Till 4 <sup>th</sup> March, 2011 | Status   | At present            | Status   |
|----------------------------------|----------|-----------------------|----------|
| Mr. Pyare Lal Khanna             | Chairman | Mr. Pyare Lal Khanna  | Chairman |
| Mr. Neeraj Goel                  | Member   | Mr. Neeraj Goel       | Member   |
| Mr. Abhishek Aggarwal            | Member   | Mr. Vijay Kumar Gupta | Member   |

Four Audit Committee Meetings were held during the year 2010-2011. The details of the said meetings are as follows:

| SI. No. | Date of Meeting                 | Committee Strength | No. of Members Present |
|---------|---------------------------------|--------------------|------------------------|
| 1       | 30 <sup>th</sup> May, 2010      | 3                  | 3                      |
| 2       | 13 <sup>th</sup> August, 2010   | 3                  | 3                      |
| 3       | 1 <sup>st</sup> November, 2010  | 3                  | 3                      |
| 4       | 10 <sup>th</sup> February, 2011 | 3                  | 3                      |

The necessary quorum was present at the meetings.

#### 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 management.

#### Composition

At present, the Remuneration Committee comprises all Non-Executive Directors. The names of the members of the Remuneration Committee, including its Chairman are as follows:

| Till 4 <sup>th</sup> March, 2011 | Status   | At present           | Status   |
|----------------------------------|----------|----------------------|----------|
| Mr. Neeraj Goel                  | Chairman | Mr. Neeraj Goel      | Chairman |
| Mr. Pyare Lal Khanna             | Member   | Mr. Pyare Lal Khanna | Member   |
| Mr. Ramesh Chand                 | Member   | Mr. Ramesh Chand     | Member   |



Five Remuneration Committee Meetings were held during the year 2010-2011. The dates on which the said meetings held were as follows:

| Sl. No. | Date of Meeting                 | Committee Strength | No. of Members Present |
|---------|---------------------------------|--------------------|------------------------|
| 1       | 1 <sup>st</sup> April, 2010     | 3                  | 3                      |
| 2       | 30 <sup>th</sup> May, 2010      | 3                  | 3                      |
| 3       | 13 <sup>th</sup> August, 2010   | 3                  | 3                      |
| 4       | 1 <sup>st</sup> November, 2010  | 3                  | 3                      |
| 5       | 10 <sup>th</sup> February, 2011 | 3                  | 3                      |

The necessary quorum was present at the meetings.

#### Remuneration Policy

The Company firmly believes in attracting and retaining high calibre talent. The remuneration policy, therefore, takes into account the competitive circumstances so as to attract & retain quality talent.

#### Remuneration of Directors

The remuneration of the Managing Director is determined and recommended to the Board by the Remuneration Committee. The recommendations of the Committee are considered and approved by the Board subject to the approval of the Shareholders and other approvals as may be necessary.

No sitting fee is paid to any Director.

Details of Remuneration of Directors for the financial year ending March 31, 2011:

(Rs. in Lakhs)

| Director  | Salary & Allowance | Perquisites | Contribution to PF, Superannuation and other Fund | Total  | Sitting Fees |
|---|--------------------|-------------|---|--------|--------------|
| Mr. Amit Jain<br>(Executive Director & Managing Director) | 15.00              | -           | 0.093   | 15.093 | -            |

Presently, the Company does not have a scheme for grant of stock options.

Non-Executive Directors have not been paid any remuneration, except Mr. Vijay Kumar Gupta in any form during the financial year under review.

During the Financial Year 2010-11, no commission was paid to Mr. Vijay Kumar Gupta (previous year Rs. 5,65,899/-). The commission so paid to Mr. Vijay Kumar Gupta during previous year for

Rs. 5,65,899/- was in excess of limits of 1% by Rs. 3,61,437/- (i.e. Rs. 5,65,899 less Rs.2,04,462) for maximum commission payable to Non-Executive Directors under Section 309 of the Companies Act, 1956. The excess amount so paid to him is adjusted during the Financial Year 2010-2011 for Rs.2,38,365/- and the balance amount of Rs. 1,23,072/- shall be refunded back by him in compliance with the provisions of Section 309 (5A) of the Companies Act, 1956.

## B. SHAREHOLDERS' /INVESTORS' GRIEVANCE COMMITTEE

### Composition

The Committee comprises of two Directors. The Chairman of the Committee is a Non-Executive Independent Director. The names of the members of the Investors Grievance Committee, including its Chairman as on 31<sup>st</sup> March 2011 are as follows:

| Till 4 <sup>th</sup> March, 2011 | Status   | At present       | Status   |
|----------------------------------|----------|------------------|----------|
| Mr. Neeraj Goel                  | Chairman | Mr. Neeraj Goel  | Chairman |
| Mr. Abhishek Aggarwal            | Member   | Mr. Ramesh Chand | Member   |

### Terms of Reference

The Committee oversees and reviews all matters connected with transfer of shares, split and issue of duplicate share certificates etc. The Committee also looks into redresses of Shareholders' / Investors' complaints/ grievances pertaining to share transfers, non-receipt of annual reports, dividend payments and other miscellaneous complaints. The details of transfers/ transmissions is placed before the Shareholders' / Investors' Grievance Committee for confirmation. The Board has delegated the powers of approving transfer etc. of securities to Managing Director of the Company.

There were no pending share transfers or any complaints as on 31<sup>st</sup> March 2011.

Nineteen Shareholders/Investors Grievances Committee Meetings were held during the year 2010-2011 The dates on which the said meetings were held were as follows:

| SI No. | Date of Meeting                  | Committee Strength | No. of Members Present |
|--------|----------------------------------|--------------------|------------------------|
| 1      | 30 <sup>th</sup> April, 2010     | 2                  | 2                      |
| 2      | 10 <sup>th</sup> May, 2010       | 2                  | 2                      |
| 3      | 30 <sup>th</sup> June, 2010      | 2                  | 2                      |
| 4      | 10 <sup>th</sup> August, 2010    | 2                  | 2                      |
| 5      | 15 <sup>th</sup> September, 2010 | 2                  | 2                      |
| 6      | 20 <sup>th</sup> September, 2010 | 2                  | 2                      |
| 7      | 30 <sup>th</sup> September, 2010 | 2                  | 2                      |
| 8      | 30 <sup>th</sup> October, 2010   | 2                  | 2                      |
| 9      | 10 <sup>th</sup> November, 2010  | 2                  | 2                      |
| 10     | 30 <sup>th</sup> November ,2010  | 2                  | 2                      |

|    |                                 |   |   |
|----|---------------------------------|---|---|
| 11 | 10 <sup>th</sup> December, 2010 | 2 | 2 |
| 12 | 12 <sup>th</sup> December, 2010 | 2 | 2 |
| 13 | 31 <sup>st</sup> December, 2010 | 2 | 2 |
| 14 | 10 <sup>th</sup> January, 2011  | 2 | 2 |
| 15 | 20 <sup>th</sup> January, 2011  | 2 | 2 |
| 16 | 28 <sup>th</sup> February, 2011 | 2 | 2 |
| 17 | 4 <sup>th</sup> March, 2011     | 2 | 2 |
| 18 | 15 <sup>th</sup> March, 2011    | 2 | 2 |
| 19 | 31 <sup>st</sup> March, 2011    | 2 | 2 |

The necessary quorum was present at the meetings.

#### SUBSIDIARY COMPANY

During the year the management decided to disinvest the holding of 99.99% in CMI Telecom Limited, as a result it ceased to be the wholly owned subsidiary of CMI Limited.

#### PARTICULARS OF LAST THREE AGM'S

|  |   |   |
|--|---|---|
| <b>41<sup>ST</sup> AGM for the Financial Year 2007-2008:</b> <ul style="list-style-type: none"> <li>➤ Date</li> <li>➤ Time</li> <li>➤ Venue</li> </ul> | <ul style="list-style-type: none"> <li>✓ 30<sup>th</sup> September, 2008</li> <li>✓ 11.00 A.M.</li> <li>✓ Lajwaab Banquet hall, Vikas Marg, Delhi-110092</li> </ul> | <b>No Special Resolution passed at the Meeting</b>  |
| <b>42<sup>ND</sup> AGM for the Financial Year 2008-2009:</b> <ul style="list-style-type: none"> <li>➤ Date</li> <li>➤ Time</li> <li>➤ Venue</li> </ul> | <ul style="list-style-type: none"> <li>✓ 30<sup>th</sup> September, 2009</li> <li>✓ 11.30 A.M.</li> <li>✓ C-483, Yojna Vihar, Delhi-110092</li> </ul>               | <b>Special Resolution pursuant to Section 198, 309, 310 of the Companies act, 1956 for the payment of commission to Mr. Vijay Kumar Gupta, Director of the Company was passed at the meeting.</b> |
| <b>43<sup>RD</sup> AGM for the Financial Year 2009-2010:</b> <ul style="list-style-type: none"> <li>➤ Date</li> <li>➤ Time</li> <li>➤ Venue</li> </ul> | <ul style="list-style-type: none"> <li>✓ 28<sup>th</sup> September, 2010</li> <li>✓ 11.30 A.M.</li> <li>✓ Lajwaab Bnquet hall, Vikas Marg, Delhi-110092</li> </ul>  | <b>No Special Resolution passed at the Meeting</b>  |
| <b>Postal Ballot</b>   | In the last AGM as well as in the ensuing AGM, no resolution is proposed which require approval by way of Postal Ballot.  |   |

**Particulars of Extra Ordinary General Meetings held during the Financial Year 2010-2011:**

|                      |  |   |
|----------------------|--|---|
| <b>EOGM</b>          |  |   |
| ➤ <b>Date</b>        | ✓ 28 <sup>th</sup> February, 2011  | <b>The Company issued 1,52,675 Equity shares &amp; 3,28,632 Convertible Warrants to Mr. Amit Jain, in the capacity of Promoter.</b> |
| ➤ <b>Time</b>        | ✓ 11.30 am   |   |
| ➤ <b>Venue</b>       | ✓ Lajwaab Bnquet hall, Vikas Marg, Delhi-110092                                      |   |
| <b>Postal Ballot</b> | In EOGM, no Resolution was proposed which required approval by way of Postal Ballot. |   |

**DEMATERIALISATION OF SHARES AND LIQUIDITY**

The Shares of the Company are required to be compulsorily traded in dematerialized form and are available for trading under both the Depository Systems in India – NSDL and CDSL. The International Securities Identification Number (ISIN) allotted to the Company's Equity Shares under the Depository System is INE981B01011.

As on 31<sup>st</sup> March, 2011, 72.138% of the total paid up share capital amounting to 23,12,874 equity shares is held in De-mat form and 27.862% of the total paid up capital amounting to 8,93,301 Equity Shares is held in Physical form. All de-mat request received during the year were processed and completed within 15 days from the date of receipt.

**DISCLOSURES**

- a. None of the transactions with any of the related parties were in conflict with the interest of the Company. Details of transactions with related parties are disclosed in Note No. 11 of Schedule 18 to the Accounts in the Annual Report. All related party transactions are negotiated at arms' length basis and intended to broaden the interest of the Company.
- b. In the preparation of the Financial Statements, the Company has followed the Accounting policies and practices as prescribed in the Accounting Standards and there is no change in the accounting treatment during the year under review.
- c. Management Discussion and Analysis Report is set out in a separate section included in this Annual Report which forms part of this Report.
- d. The Company has raised money through preferential allotment. In this regard the Company has issued 1,52,675 Equity shares having a Face Value of Rs. 10/- each and 3,28,632 Convertible Warrants at a price of Rs. 25.76/- per share with a right exercisable after 1<sup>st</sup> April, 2011 but not later than 18 months from the date of issue.
- e. During the Financial Year 2010-11, no commission was paid to Mr. Vijay Kumar Gupta (previous year Rs. 5,65,899/-). The commission so paid to Mr. Vijay Kumar Gupta during previous year for Rs. 5,65,899/- was in excess of limits of 1% by Rs. 3,61,437/- (i.e. Rs. 5,65,899 less Rs.2,04,462) for maximum commission payable to Non-Executive Directors under Section 309 of the Companies Act, 1956. The excess amount so paid to him is adjusted during the Financial Year 2010-2011 for Rs.2,38,365/- and the balance amount of Rs. 1,23,072/- shall be refunded back by him in compliance with the provisions of Section 309 (5A) of the Companies Act, 1956.

## MEANS OF COMMUNICATION

Timely disclosure of consistent, comparable, relevant and reliable information on corporate financial performance is at the core of good governance. Towards this end, the quarterly results of the Company were announced within a 45 days of the end of each quarter for all four quarters. Such results are normally published in 'The Pioneer' and in a vernacular newspaper, 'Veer Arjun' from New Delhi.

## CMI CODE OF CONDUCT FOR PREVENTION OF INSIDER TRADING

The Company has adopted a Code of Conduct for Prevention of Insider Trading ('CMI Code') in the shares and securities of the Company. The CMI Code, inter alia, prohibits purchase/ sale of shares of the Company by employees while in possession of unpublished price sensitive information in relation to the Company.

## COMPLIANCE OFFICER

Mr. Subodh Kumar Barnwal has been appointed as Company Secretary and Finance Controller of the Company w.e.f 1<sup>st</sup> of August, 2010 and he has also designated as Compliance Officer of the Company as required under the Listing Agreement with the Stock Exchanges.

## GENERAL SHAREHOLDER INFORMATION

|    |   |   |
|----|---|---|
| 1  | Annual General Meeting:<br>➤ Day and Date<br>➤ Time<br>➤ Venue  | ➤ Wednesday, 28 <sup>th</sup> September, 2011<br>➤ 11.30 A.M.<br>➤ Lajwaab Banquet Hall, Vikas Marg, Delhi-110092.  |
| 2. | Financial Calendar for 2011-12:<br>➤ Accounting Period<br>➤ Un-audited financial results for the first three quarters<br>➤ Fourth quarter Results<br>➤ Annual General Meeting (Next Year) | ➤ April 1, 2011 to March 31, 2012<br>➤ Announcement within 45 days from the end of each quarter<br>➤ Announcement of Audited Accounts on or before May 30, 2012.<br>➤ September, 2012 (Tentative) |
| 3. | Date of Book Closure  | 21 <sup>st</sup> September, 2011 to 28 <sup>th</sup> September, 2011 (both days inclusive)  |
| 4. | Dividend payment date   | No Dividend recommended by the Board of Directors of the Company.   |
| 5. | Listing on Stock Exchanges:   | Address   |
|    | ➤ Delhi Stock Exchange Limited  | ➤ DSE House, 3/1 Asaf Ali Road, New Delhi - 110002.   |
|    | ➤ Bombay Stock Exchange Limited   | ➤ 25 <sup>th</sup> Floor, P J Towers, Dalal Street, Fort, Mumbai - 400 001  |
|    | ➤ BSE Stock Code  | ➤ 517330  |

|  |                                    |  |
|--|------------------------------------|--|
|  | ➤ Ahmedabad Stock Exchange Limited | ➤ 1 <sup>st</sup> Floor, Kamdhenu Complex,<br>Opp. Sahajanand College, NR<br>Panjarapole Ambawadi,<br>Ahmedabad- 380015  |
| <p><i>Note: During the year, the listing fees for the year 2010-2011 has been paid to Bombay Stock Exchange Limited &amp; the same is still pending for Delhi Stock Exchange Limited &amp; Ahmedabad Stock Exchange.</i></p> |                                    |  |
| 6.   | Registrars and Transfer Agent      | Beetal Financial & Computer Services (P)<br>Ltd.<br>Beetal House, 99 Madangir,<br>Behind Local Shopping Centre,<br>Near Dada Harsukh Dass Mandir,<br>New Delhi-110062.<br>Telephone No. : 29961281<br>Facsimile No. : 29961284 |

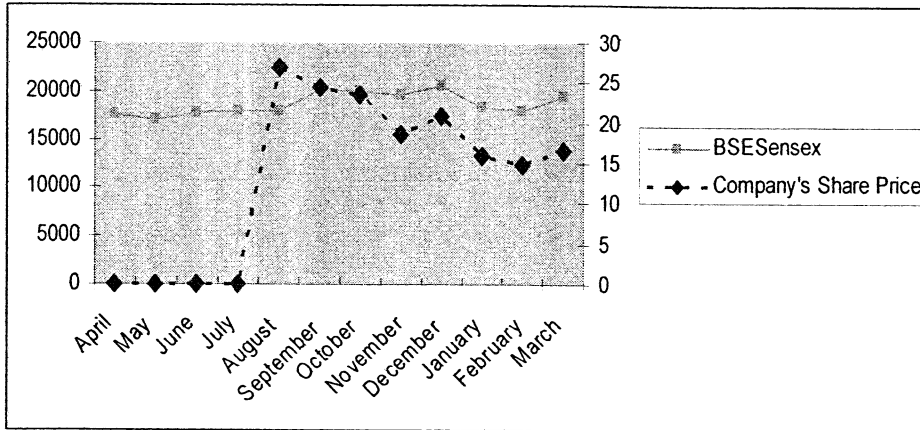
#### MONTHLY HIGH AND LOW OF THE SHARES TRADED ON BSE

The Bombay Stock Exchange has lifted suspension on the trading of Equity Shares of the Company and the shares of the Company are now being traded on it effective 4<sup>th</sup> August, 2010. The monthly high and low prices of every month during the financial year 2010-2011 are given below:

| Month          | BOMBAY STOCK EXCHANGE LIMITED |              |                        |
|----------------|-------------------------------|--------------|------------------------|
|                | High<br>(Rs.)                 | Low<br>(Rs.) | Volume<br>(in Numbers) |
| April 2010     | -                             | -            | -                      |
| May 2010       | -                             | -            | -                      |
| June 2010      | -                             | -            | -                      |
| July 2010      | -                             | -            | -                      |
| August 2010    | 63.90                         | 15.10        | 4,95,875               |
| September 2010 | 30.30                         | 23.90        | 49,852                 |
| October 2010   | 30.20                         | 23.40        | 35,268                 |
| November 2010  | 27.50                         | 17.90        | 51,952                 |
| December 2010  | 23.00                         | 18.55        | 41,759                 |
| January 2011   | 22.00                         | 15.70        | 17,548                 |
| February 2011  | 17.50                         | 13.90        | 29,384                 |
| March 2011     | 17.85                         | 15.00        | 21,000                 |

- The trading of the Company was suspended during April 2010 to July 2010 hence quotes were not available for the said period.

#### Comparison of Company's Share Price with BSE Sensex



#### SHARE TRANSFER SYSTEM

A Committee of Directors has been constituted to approve the transfer, transmission, issue of duplicate share certificates and allied matters. The Company's Share Transfer Agents, Beetal Financials & Computer Services Private Limited, has adequate infrastructure to process the above matters.

A predetermined process cycle at regular interval ensures transfer of shares (in physical form) within the stipulated time limit. In compliance with the requirement of Listing Agreement, periodic certificates issued by a Practising Company Secretary are filed with the Stock Exchanges.

#### 10. DISTRIBUTION OF SHAREHOLDING AS ON 31<sup>ST</sup> MARCH, 2011:

| Share holding of nominal value<br>(In Rupees) | No. of Share Holders |                   | No. of Equity Shares |              |
|---|----------------------|-------------------|----------------------|--------------|
|   | Total                | % to Shareholders | Total Share          | % to Capital |
| Upto - 5000                                   | 2716                 | 87.87             | 4,43,267             | 13.8254      |
| 5001 - 10000                                  | 188                  | 6.08              | 1,56,915             | 4.8941       |
| 10001 - 20000                                 | 76                   | 2.46              | 1,18,784             | 3.7049       |
| 20001 - 30000                                 | 27                   | 0.87              | 70,158               | 2.1882       |
| 30001 - 40000                                 | 13                   | 0.42              | 46,659               | 1.4553       |
| 40001 - 50000                                 | 18                   | 0.58              | 88,426               | 2.7580       |
| 50001 - 100000                                | 22                   | 0.71              | 1,65,900             | 5.1744       |
| 1,00,001 and above                            | 31                   | 1.00              | 21,16,066            | 65.9997      |
| <b>TOTAL</b>                                  | <b>3,091</b>         | <b>100.00</b>     | <b>32,06,175</b>     | <b>100</b>   |

**11. CATEGORIES OF SHAREHOLDERS AS ON 31<sup>ST</sup> MARCH, 2011:**

| Sl. No.               | Category                      | No. of Shares held | % to Share holding |
|-----------------------|-------------------------------|--------------------|--------------------|
| 1.                    | Promoters and Promoter Group  | 12,65,245          | 39.463             |
| 2.                    | Directors and their Relatives | 8770               | 0.274              |
| 3.                    | NRIs & Foreign Nationals      | 1,38,950           | 4.334              |
| 4.                    | Resident individuals          | 14,47,158          | 45.137             |
| 5.                    | Bodies Corporate              | 3,25,674           | 10.158             |
| 6.                    | ESOP/ESOS/ESPS                | 3,400              | 0.160              |
| 7.                    | Resident Individuals HUF      | 16,978             | 0.530              |
| -----<br><b>TOTAL</b> |                               | <b>32,06,175</b>   | <b>100.00</b>      |

**PLANT LOCATIONS**

The Company's plant is located at Plot No. 71 & 82, Sector- 6, Faridabad, Haryana.

**ADDRESS FOR CORRESPONDENCE**

Beetal Financial & Computer Services (P) Ltd.

Beetal House, 99 Madangir,

Behind Local Shopping Centre,

Near Dada Harsukhdas Mandir,

New Delhi-110062

Telephone No: 29961281

Facsimile No: 29961284

E-mail: [beetal@beetalfinancial.com](mailto:beetal@beetalfinancial.com)

Shareholders holding shares in the electronic form should address their correspondence, except those relating to dividend, to their respective Depository Participants.

**DEPOSITORY SERVICES**

Shareholders may write to our RTA or to their respective Depositories for guidance on depository services.

**ADDRESS FOR CORRESPONDENCE WITH DEPOSITORY**

National Securities Depository Limited

Trade World, 'A' Wing, 4<sup>th</sup> Floor, Kamala Mills Compound, Senapati Bapat Marg, Lower Parel, Mumbai 400 013

Telephone: 022-24994200

Facsimile: 022-24972993/ 24976351

E-mail: [info@nsdl.co.in](mailto:info@nsdl.co.in)

Website: [www.nsdl.co.in](http://www.nsdl.co.in)

Central Depository Services (India) Limited

Phiroze Jeejeebhoy Towers, 17<sup>th</sup> Floor, Dalal Street, Mumbai 400 001

Telephone: 022-22723333



Facsimile: 022-22723199/ 222722072

E-mail: [investors@cdslindia.com](mailto:investors@cdslindia.com)

Website: [www.cdslindia.com](http://www.cdslindia.com)

**COMPLIANCE CERTIFICATE OF THE AUDITORS**

The Certificate from M/s Grover Ahuja & Associates, New Delhi, the Practicing Company Secretaries, as stipulated in Clause 49 of the Listing Agreement with Stock Exchanges, that the Company has complied with the conditions of Corporate Governance is annexed to the Report of Directors & Management Discussion & Analysis.

This Certificate shall be forwarded to the Stock Exchanges along with the Annual Report of the Company.

**For and on behalf of the Board**

**Place: Delhi**

**Date: 11th August, 2011**

**Amit Jain**

**Chairman of the Meeting**

## MANAGEMENT DISCUSSION & ANALYSIS REPORT (2010-2011)

The Board of Directors takes pleasure in presenting before you, the Company's 44<sup>th</sup> Annual Report for the Financial Year ending 31<sup>st</sup> March, 2011, along with Corporate Governance Report.

### **INDUSTRY STRUCTURE AND DEVELOPMENTS**

#### **Signaling Cables**

The efficiency of any railway system is dependent upon an infrastructure, system of operations and the safety measures it provides. The signaling and communication system forms the backbone of an efficient railway system. This plays a pivotal role in the smooth running of railways. This is not only an inevitable requirement in terms of operations but also in terms of safety of the system itself.

As the Indian Railways are expanding and the Government focuses on this vital requirement for the growth of the Indian economy, the railway cable industry is certainly set to witness strong demand and growth.

In addition to this, the expansion and setting up of metro rail systems in various cities shall make further addition to the demand of signaling cables, power and other cables.

#### **Power Cables**

Cables play a small but significant part in infrastructure activities. The Power Sector is the backbone for sustained industrial growth and robust investments have been proposed towards building up capacities. For India to sustain its GDP growth at over 8%, it is estimated that the power sector should grow atleast 1.8 to 2 times of the GDP, translating to an addition of generation capacity by nearly 18,000 to 20,000 MW (Megawatts) each year.

Presently, the Indian Power Sector is going through a process of reform and restructuring. Tangible demand still remains a long awaited promise from the power sector which is the key demand driver for power cables. It is well known that the power sector programmes are irreversible as this is inextricably intertwined with the country's economic development.

Power cables play a crucial part in all three aspects of the power sector – generation, transmission and distribution. Power shortages on account of various factors such as pilferage, theft, equipment defaults and increasing amounts of power deficits has raised the demand for quality equipment. Consequently, the major cable manufacturers have ventured into manufacturing extra high voltage cables along with expanding capacities to meet the rising demand. With the rising population and growth story of India, the need of fast paced growth in power generation is increasingly gaining importance.

The Management is of the view, that the Industrial expansion plans will give boost the demand for cables from these sectors and accordingly thrust is been given to develop the facilities for these areas.

Export market covering Yemen, Kuwait, Sudan and Saudi Arabia is also having big potentials for cables and management is optimistic to shape up its exports plans with respect to these markets.

### **Telecommunication Cables**

The wear & tear in the infrastructure of the Telecommunication service providers will generate replacement demands to maintain the existing infrastructure. Due to obsolete technology very few competitors are now left in this market and handsome business can be generated from this sector.

### **Instrumentation Cables**

CMI Limited manufactures a wide variety of cables suitable for the process instrumentation. In the projects to power generation & distribution and various other types of engineering industries, the process instrumentation plays a vital role in measurement, supervision and control of the process and the cables to be used for process instrumentation should be designed and manufactured very carefully. CMI Limited with its meticulous efforts in maintaining quality, stringent in the process control during manufacture and the knowledge of cable designing, and is proud to say that it is capable of supplying instrumentation cables meeting any Indian / International standard or a specific requirement desired by project authority.

### **Rubber Cables**

In keeping with the company's commitment to technological advancement, elastomer materials such as Polychloroprene (PCP) Chloro-sulphonated Polyethylene (CSP), Nitrile Rubber / PVC blends, Ethylene Propylene Rubber (EPR), Ethylene Vinyl Acetate (EVA) and Silicon have been specially compounded to meet numerous heat oil and fire resisting requirements. In the recent years, the company has also developed special Elastomeric Fire Survival Cables for power, control and instrumentation wiring.

### **OPPORTUNITIES AND THREATS**

- The Company is taking all steps to increase the efficiency and reduce the cost.
- The Company expects that new orders from domestic as well as foreign market will materialize.
- The Company has diversified its product mix to obtain orders from buyers in India and abroad.
- The Company is in need of infusion of fresh working capital funds to enhance its productions and other facilities.

### **OUTLOOK**

The Indian economy is booming and high growth rate is expected in coming years. This trend is expected to continue during the years to come. The cable industry in India with strong investments proposed across sectors such as power, realty, industrial and telecom is expected to see a strong growth in coming years.

### **RISKS AND CONCERNS**

Due to the inherent nature of any business, risk factors arise out of uncertain events and your Company is also not an exception to this. Some of the major risks to which the company is exposed are Competition Risk, Key Employees Risk, Raw Material Price Risk, and Working Capital Risk. The Company policy to reduce the adverse impacts of the same is as follows:

- The Company's commitment to quality products with emphasis on customer services and substantial product and distribution resources.
- Your Company is dedicated to attain organizational excellence by developing and inspiring the true potential of Company's human capital and providing opportunities for growth, well being and enrichment.
- As a prudent working capital risk management policy, your Company management keeps a close watch on the working capital requirements and its management through a robust risk monitoring and its control mechanism.

### **INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY**

Your Company believes that internal control is a necessary concomitant of the principle of governance that freedom of management should be exercised within a framework of appropriate checks and balances. Your Company remains committed to ensuring an effective internal control environment that provides assurance on the efficiency of operations and security of assets.

Your Company's well established internal audit process continuously monitors the adequacy and effectiveness of the internal control environment across the various businesses and the status of compliance with operating systems and policies, and assists in the formulation of risk management policies. Efforts continue to be directed at securing adequacy and effectiveness of laid down systems and policies, particularly in the new business initiatives. In the networked IT environment of your Company, validation of IT security receives focused attention of the internal audit team whose members are regularly trained on contemporary audit techniques and methodologies. The Internal Audit function also reviews the execution of all ongoing projects involving significant expenditure to ensure that project management controls are adequate.

The Audit Committee of your Board met regularly during the year. It reviewed the adequacy and effectiveness of the internal control environment and monitored implementation of internal audit recommendations. It also actively engaged in overseeing financial disclosures and in reviewing your Company's risk management policies.

### **DISCUSSION ON FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE**

The Directors Report for the year 2010-2011 is giving a detailed view of the performance of the Company. The report being self-explanatory and does not require any further clarifications.

### **DEVELOPMENTS IN HUMAN RESOURCES / INDUSTRIAL RELATIONS**

It is your Company's belief that people are at the heart of corporate purpose and constitute the primary source of sustainable competitive advantage. The thrust of your Company's human resource development efforts therefore is to create a responsive and market-driven organization. Market connectivity, proactive response to market signals, unity of purpose and world-class execution of strategy are the hallmarks of CMI's performance culture. In pursuit of your Company's strategy to create new engines of growth by blending competencies residing in different parts of CMI, human resource

strategies continue to focus on the development of distributed leadership at all levels in the organization.

Senior Managers of your Company engaged in a review of corporate strategy, which provided an opportunity to collectively take stock of initiatives in recent years to achieve International competitiveness in each business, to ideate on future growth opportunities and determine strategic responses. Your Company's belief in trust, transparency and teamwork improved employee productivity at all levels. CMI's commitment to harmonious industrial relations through partnership and collaboration resulted in enhancing effectiveness of operations, and enabled the achievement of international benchmarks in productivity and quality. Your Company's ongoing objective is to create an inspirational work climate where talented employees engage in creating sustained value for the shareholder and other stakeholders.

#### **FORWARD LOOKING STATEMENT**

This report contains forward-looking statements, which may be identified by their use of words like 'plans', 'expects', 'will', 'anticipates', 'believes', 'intends', 'projects', 'estimates' or other words of similar meaning. All statements that address expectations or projections about the future, including, but not limited to statements about the Company's strategy for growth, product development, market position, expenditures, and financial results, are forward-looking statements.

Forward-looking statements are based on certain assumptions and expectations of future events. The Company cannot guarantee that these assumptions and expectations are accurate or will be realized. The Company's actual results, performance or achievements could thus differ materially from those projected in any such forward-looking statements. The Company assumes no responsibility to publicly amend, modify or revise any forward - looking statements, on the basis of any subsequent developments, information or events.

**For and on behalf of the Board**

**Place:** Delhi  
**Dated:** 11<sup>th</sup> August, 2011

**Amit Jain**  
**Chairman of the Meeting**

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

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**To the Members of CMI Limited**

We have examined the compliance of conditions of Corporate Governance by CMI Limited, for the year ended on 31<sup>st</sup> March 2011, as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchange(s).

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

In our opinion and to the best of our information and according to the explanations given to us, and representations made by the directors and management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

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

**for Grover Ahuja & Associates  
Company Secretaries**

**Place: Delhi  
Date: 11<sup>th</sup> August, 2011**

**Partner  
Atul Sharma  
C.P. No. 8939**

**CEO AND CFO CERTIFICATION****UNDER CLAUSE 49(V) OF THE LISTING AGREEMENT**

We, Amit Jain, Managing Director and Subodh Kumar Barnwal, Finance Controller responsible for the finance and overall functions of the Company certify that :

- a) We have reviewed the financial statements and cash flow statement for the year ended 31<sup>st</sup> March, 2011, and to the best of our knowledge and belief :
  - i) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading.
  - ii) These statements together present a true and fair view of the Company's affairs and are in compliance with existing Accounting Standards, applicable laws and regulations.
- b) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year are fraudulent, illegal or violative of the Company's Code of Conduct.
- c) We accept responsibility for establishing and maintaining internal controls for financial reporting and we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting. Deficiencies in design or operation of such internal controls, if any, of which we are aware, have been disclosed to the Auditors and Audit Committee and steps have been taken to rectify these deficiencies.
- d) There has not been any significant change in internal control over financial reporting during the year under reference;
  - i) There has not been any significant change in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
  - ii) There have been no instances of significant fraud, of which we have become aware, involving management or an employee having a significant role in the Company's internal control system.

**For and on Behalf of the Board**

Place: Delhi  
Date: 11<sup>th</sup> August, 2011

**Amit Jain**  
Managing Director

**Subodh Kumar Barnwal**  
Company Secretary &  
Finance Controller

**J.K. MANOCHA & ASSOCIATES  
CHARTERED ACCOUNTANTS**

Office Add: 27/55, Street No. 8, Shahadara, Delhi-110032, Phone No.22389025

**AUDITORS' REPORT**

**The Members of  
CMI LIMITED  
Delhi**

1. We have audited the attached Balance Sheet of **CMI LIMITED** as at **31<sup>st</sup> March, 2011** together with the Profit and Loss Account and the Cash Flow Statement for the year ended as on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the Accounting Standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India, in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure, a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to above, we report that:-
  - i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit ;
  - ii) In our opinion, proper books of account, as required by law, have been kept by the Company, so far as appears from our examination of those books ;
  - iii) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of accounts ;
  - iv) In our opinion the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956 in so far as they apply to the Company ;
  - v) On the basis of written representations received from the directors, as on 31<sup>st</sup> March 2011 and taken on record by the Board of Directors, we report that none of the Directors are disqualified as on 31<sup>st</sup> March 2011 from being appointed as a Director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956 ;



- vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read with significant accounting policies & notes thereon give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India :
- a) In the case of the Balance Sheet, of the state of affairs of the Company as at 31<sup>st</sup> March, 2011;
  - b) In the case of the Profit and Loss Account, of the Profit for the year ended on that date; and
  - c) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

FOR J. K. MANOCHA & ASSOCIATES  
 CHARTERED ACCOUNTANTS  
 J.K. MANOCHA  
 PROPRIETOR

PLACE: DELHI  
 DATE: 27<sup>th</sup> MAY, 2011

**Annexure to Auditors' Report**

**Annexure referred to in Paragraph 3 of the Auditors' Report of even date to the Members of CMI Limited on the financial statement for the year ended 31<sup>st</sup> March, 2011.**

- i)
  - a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
  - b) As explained to us, all the assets have been physically verified by the management during the year and no material discrepancies were noticed on such verification.
  - c) In our opinion, the Company has not disposed of substantial part of fixed assets during the year and going concern status of the Company is not effected.
- ii)
  - a) The stock of inventory has been physically verified, during the year, by the management of the Company. In our opinion, the frequency of verification is reasonable.
  - b) The procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
  - c) On the basis of examination of the inventory records, in our opinion, the Company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material and were properly dealt with in the books of account.
- iii)
  - a) As per information and explanation given to us, the Company has not granted loans to companies, firms or other parties covered under Section 301 of the Companies, Act, 1956.

- b) As per information & explanation given to us, the Company has taken unsecured loans from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956, and the details are as follows: -

No. of Parties - 10

The maximum amount involved during the year - Rs. 1172.75 Lacs

Year-end balance - Rs. 695.73 Lacs

- c) The Terms and Conditions of unsecured loans taken from Companies, firms or other parties are not prima facie prejudicial to the interest of the Company.
- d) As per the explanation and information given to us, the Company has not paid any interest on the above loans.
- e) As per the information and explanation provided to us, the Company is repaying principal as per stipulation and there is no overdue amount.
- iv. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchase of inventory, fixed assets and sale of goods on the basis of examination of books of accounts and records of the Company and according to the information and explanation given to us, we have neither come across nor informed of any major weakness in the Internal Control system during the course of our audit.
- v. a) According to the information and explanations given to us, we are of the opinion that transactions that need to be entered into the register maintained under Section 301 of the Companies Act, 1956 have been so entered.
- b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance to contracts or arrangement entered in the register maintained under Section 301 of the Companies Act, 1956 and exceeding the value of Rs. 5, 00,000/- (Rupees Five Lacs) in respect of any party during the year have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- vi. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposit as per the provisions of Section 58A and 58AA of the Companies Act, 1956 and the Companies (Acceptance of Deposit) Rules 1975.
- vii. In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- viii. We have broadly reviewed the Cost Accounting records maintained by the Company in respect of manufacturing of cables pursuant to the order made by the Central Government for maintenance of cost accounting records under Section 209 (1) (d) of the Companies Act, 1956 and we are of the opinion that prima-facie prescribed records have been made and maintained.

- ix. a) According to the records of the Company, the Company is generally regular in depositing with the appropriate authorities the undisputed statutory dues including Provident Fund, Investor Education & Protection Fund, Employees' State Insurance, Excise Duty, Cess, Service Tax, Custom Duty and other material statutory dues applicable to it.

Further, since the Central Government has till date not prescribed the amount of Cess payable under Section 441A of the Companies Act, 1956, therefore we are not in a position to comment upon the regularity or otherwise on the Company in depositing the same.

- b) According to the information and explanation given to us, no undisputed amounts payable in respect of provident fund, investor education and protection fund, employees' state insurance, income tax, wealth tax, service tax, sales-tax, custom duty, excise duty, cess and other undisputed statutory dues were generally outstanding, at the year end, for a period of more than six months from the date they became payable.
- c) According to the information and explanation given to us, there are no dues in respect of income tax, wealth tax, service tax, custom duty and cess which have not been deposited on account of any dispute.
- x. In our opinion, the accumulated losses of the company are not more than fifty percent of its net worth. The company has not incurred cash losses during the financial year covered by our audit and the immediately preceding financial year.
- xi. Based on our audit procedures and as per the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to any bank. The Company has no outstanding dues in respect of a financial institution or debenture holders.
- xii. As per the information and explanation given to us, we are of the opinion that the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities during the year.
- xiii. In our opinion, the Company is not a chit fund or Nidhi Mutual benefit fund/ society. Therefore the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- xiv. In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investment. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- xv. In our opinion, the terms and conditions on which the Company has given guarantees for loans taken by other from banks or financial institutions are not prejudicial to the interest of the Company.
- xvi. As per information and explanation given to us, the Company has raised car loans to the tune of Rs. 5.00 Lacs during the year. The balance as on 31<sup>st</sup> March 2010 is 22.16 Lacs.

- xvii. According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that the funds raised on short-term basis have not been used to finance any long-term investment.
- xviii. According to the information and explanations given to us, the Company has not made any preferential allotment of shares to parties and Companies covered in the register maintained under Section 301 of the Act.
- xix. The Company has not issued any debentures.
- xx. The Company has not raised money by Public issue during the year.
- xxi. According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the course of our audit.

PLACE : DELHI  
DATE : 27-05-2011

FOR J. K. MANOCHA AND ASSOCIATES  
CHARTERED ACCOUNTANTS  
J.K. MANOCHA  
PROPRIETOR

**CMI LIMITED**  
**BALANCE SHEET AS AT 31ST MARCH 2011**

| Description                                       | Schedule | Amount in Rs.             |                           |
|---|----------|---------------------------|---------------------------|
|   |          | As at<br>31-03-2011       | As at<br>31-03-2010       |
| <b>SOURCES OF FUNDS</b>                           |          |                           |                           |
| <b>SHAREHOLDERS' FUNDS</b>                        |          |                           |                           |
| Share Capital                                     | 1        | 38,161,342                | 40,567,500                |
| Reserves and Surplus                              | 2        | 51,991,716                | 29,424,132                |
|   |          | <u>90,153,058</u>         | <u>69,991,632</u>         |
| <b>LOAN FUNDS</b>                                 |          |                           |                           |
| Secured Loans                                     | 3        | 74,888,836                | 48,720,232                |
| Unsecured Loans                                   | 4        | 107,574,401               | 118,286,298               |
|   |          | <u>182,463,237</u>        | <u>167,006,530</u>        |
| <b>TOTAL</b>                                      |          | <u><u>272,616,295</u></u> | <u><u>236,998,161</u></u> |
| <b>APPLICATION OF FUNDS</b>                       |          |                           |                           |
| <b>FIXED ASSETS</b>                               |          |                           |                           |
| Gross Block                                       | 5        | 218,470,737               | 211,041,888               |
| Less: Depreciation                                |          | 163,441,964               | 152,454,501               |
|   |          | <u>55,028,774</u>         | <u>58,587,388</u>         |
| Capital Work in Progress                          |          | 335,490                   | 1,092,469                 |
|   |          | <u>335,490</u>            | <u>1,092,469</u>          |
| <b>INVESTMENTS</b>                                |          |                           |                           |
|   | 6        | 4,656                     | 504,596                   |
| <b>CURRENT ASSETS, LOANS AND ADVANCES</b>         |          |                           |                           |
| Inventories                                       | 7        | 121,602,434               | 76,392,199                |
| Sundry Debtors                                    | 8        | 154,511,756               | 136,908,129               |
| Cash and Bank Balances                            | 9        | 23,974,487                | 18,380,876                |
| Loans and Advances                                | 10       | 35,468,516                | 33,498,721                |
|   |          | <u>335,557,194</u>        | <u>265,179,925</u>        |
| <b>LESS: CURRENT LIABILITIES &amp; PROVISIONS</b> |          |                           |                           |
| Current Liabilities                               | 11       | 118,309,819               | 88,366,216                |
|   |          | <u>118,309,819</u>        | <u>88,366,216</u>         |
| <b>NET CURRENT ASSETS</b>                         |          | <u>217,247,375</u>        | <u>176,813,709</u>        |
| <b>TOTAL</b>                                      |          | <u><u>272,616,295</u></u> | <u><u>236,998,161</u></u> |

Principle Accounting Policies and Notes to Account 18

As per our report of even date attached

**J. K. Manocha & Associates**  
Chartered Accountants

For and on behalf of the Board of Directors

**J. K. Manocha**  
Proprietor  
FRN : 007345N  
Place: New Delhi  
Date: 27-05-2011

**Subodh Kumar Barnwal**  
Company Secretary

**Amit Jain**  
Managing Director

**Vijay Kr. Gupta**  
Director

**CMI LIMITED**  
**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2011**

| Description                                      | Schedule | Amount in Rs.            |                          |
|--|----------|--------------------------|--------------------------|
|  |          | Year Ended<br>31-03-2011 | Year Ended<br>31-03-2010 |
| <b>INCOME</b>                                    |          |                          |                          |
| Net Sales  | 12       | 649,244,668              | 519,877,137              |
| Less: Excise Duty                                |          | 59,609,131               | 37,323,368               |
|  |          | <u>589,635,537</u>       | <u>482,553,769</u>       |
| : Other Income                                   | 13       | 1,545,852                | 1,587,539                |
| : Creditors Written Back                         |          | 1,489,949                | 3,938,345                |
|  |          | <u>592,671,339</u>       | <u>488,079,653</u>       |
| <b>EXPENDITURE</b>                               |          |                          |                          |
| Material, Manufacturing and Others Expenses      | 14       | 499,394,609              | 421,158,273              |
| Personnel Expenses                               | 15       | 13,344,260               | 10,741,021               |
| Financial Expenses                               | 16       | 18,461,292               | 10,969,727               |
| Administrative and Selling Expenses              | 17       | 24,577,385               | 15,342,959               |
| Debtors Written Off                              |          | 3,569,865                | 304,197                  |
|  |          | <u>559,347,411</u>       | <u>458,516,178</u>       |
| <b>Profit/(Loss) before Depreciation and Tax</b> |          | <b>33,323,927</b>        | <b>29,563,475</b>        |
| Less: Depreciation                               | 5        | 10,987,463               | 10,303,830               |
|  |          | <u>22,336,464</u>        | <u>19,259,645</u>        |
| <b>Profit/(Loss) before Taxation</b>             |          | <b>22,336,464</b>        | <b>19,259,645</b>        |
| Less: Provision for Taxation - Current Year      |          | 4,900,000                | 1,135,000                |
| Add: MAT Credit Entitlement                      |          | 2,761,291                | 1,034,097                |
| Previous Year Adjustments                        |          | (36,329)                 | 1,454                    |
| <b>Net Profit/(Loss) for the Year</b>            |          | <b>20,161,426</b>        | <b>19,160,196</b>        |
| <b>Carried to the Balance Sheet</b>              |          |                          |                          |

Principle Accounting Policies and Notes to Account 18

As per our report of even date attached

**For J. K. Manocha & Associates**

**Chartered Accountants**

**For and on behalf of the Board of Directors**

**J. K. Manocha**  
**Proprietor**  
**FRN : 007345N**  
 Place: New Delhi  
 Date: 27-05-2011

**Subodh Kumar Barnwal**  
**Company Secretary**

**Amit Jain**  
**Managing Director**

**Vijay Kr. Gupta**  
**Director**

## CMI LIMITED

SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH 2011

| DESCRIPTION   | Amount in Rs.       |                     |
|---|---------------------|---------------------|
|   | As at<br>31-03-2011 | As at<br>31-03-2010 |
| <b>SCHEDULE 1</b>   |                     |                     |
| <b><u>SHARE CAPITAL</u></b>   |                     |                     |
| <b>AUTHORIZED</b>   |                     |                     |
| 10,000,000 Equity Shares of Rs. 10 each   | 100,000,000         | 100,000,000         |
| 500,000 Redeemable Preference Shares of Rs. 100 each  | 50,000,000          | 50,000,000          |
|   | <u>150,000,000</u>  | <u>150,000,000</u>  |
| <b>ISSUED, SUBSCRIBED AND PAID UP</b>   |                     |                     |
| 32,06,175 (Previous year 3,053,500) Equity Shares of Rs. 10 each, fully paid up   | 32,061,750          | 30,535,000          |
| 3,28,632 (Previous year Nil) Convertible Share Warrant of Rs. 25.76 each partly paid up for Rs. 6.44 each                   | 2,116,390           | -                   |
| <b>Add:</b> Forfeited Shares - Amount Originally Paid up  | 32,500              | 32,500              |
| Share Application Money   | 3,950,702           | 10,000,000          |
|   | <u>38,161,342</u>   | <u>40,567,500</u>   |
| <b>SCHEDULE - 2</b>   |                     |                     |
| <b><u>RESERVES AND SURPLUS</u></b>  |                     |                     |
| <b>CAPITAL REDEMPTION RESERVE</b>   |                     |                     |
| As per last year  | 8,000,000           | 8,000,000           |
| <b>SHARE PREMIUM</b>  |                     |                     |
|   | 20,673,658          | 18,267,500          |
| <b>PROFIT AND LOSS ACCOUNT</b>  |                     |                     |
| As per last year (Loss)   | 3,156,632           |                     |
| Net Profit as per Profit & Loss Account   | 20,161,426          | 3,156,632           |
|   | <u>51,991,716</u>   | <u>29,424,132</u>   |
| <b>SCHEDULE - 3</b>   |                     |                     |
| <b><u>SECURED LOANS</u></b>   |                     |                     |
| <b>FROM BANKS &amp; OTHERS</b>  |                     |                     |
| Term Loan from Barclays Bank-Against Hypothecation of Car   | 102,267             | 288,164             |
| Term Loan from ICICI Bank-Against Hypothecation of Car  | -                   | 162,404             |
| Term Loan from Reliance Consumer Finance- Against Hypoth. of Car  | 500,074             | 839,687             |
| Term Loan from Syndicate Bank - Against Hypothecation of Car  | 1,841,900           | 1,765,168           |
| Working Capital Limit from Syndicate Bank - Secured by creating charge on Inventory, Book Debts and Factory Land & Building | 72,444,594          | 45,664,809          |
|   | <u>74,888,836</u>   | <u>48,720,232</u>   |
| <b>SCHEDULE - 4</b>   |                     |                     |
| <b><u>UNSECURED LOANS - LONG TERM</u></b>   |                     |                     |
| - From Directors  | 47,435,492          | 34,825,492          |
| - Intercorporate Deposits - Group Companies   | 22,637,686          | 73,148,974          |
| - Others  | 37,501,223          | 10,311,831          |
|   | <u>107,574,401</u>  | <u>118,286,298</u>  |

CMI LIMITED  
 SCHEDULE ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2011  
FIXED ASSETS

SECHEDULE - 5

| Group of assets       | GROSS BLOCK        |                          |                      |                     | DEPRECIATION BLOCK |               |                              |                    | NETT BLOCK       |                  |
|-----------------------|--------------------|--------------------------|----------------------|---------------------|--------------------|---------------|------------------------------|--------------------|------------------|------------------|
|                       | Value at 1.04.2010 | Addition During the year | Sold during the year | Value at 31.03.2011 | upto 01.04.2010    | For the year  | Written Back during the year | As at - 31.03.2011 | As at 31.03.2011 | As at 31.03.2010 |
| Land - Freehold       | 175,130.00         | --                       | --                   | 175,130.00          | --                 | --            | --                           | --                 | 175,130.00       | 175,130.00       |
| Factory Buildings     | 6,111,704.77       | 1,269,851.00             | --                   | 7,381,555.77        | 2,929,236.89       | 190,254.00    | --                           | 3,119,490.89       | 4,262,064.88     | 3,182,467.88     |
| Plant & Machinery     | 186,603,133.65     | 4,266,162.00             | --                   | 190,869,295.65      | 137,559,003.65     | 9,353,551.00  | --                           | 146,912,554.65     | 43,956,741.00    | 49,044,130.00    |
| Furniture and Fixture | 2,052,080.11       | 119,606.00               | --                   | 2,171,686.11        | 1,545,408.80       | 89,834.00     | --                           | 1,635,242.80       | 536,443.31       | 506,671.31       |
| Office Equipments     | 9,643,495.75       | 421,816.00               | --                   | 10,065,311.75       | 8,778,135.55       | 287,045.00    | --                           | 9,065,180.55       | 1,000,131.20     | 865,360.20       |
| Vehicles              | 6,456,344.00       | 1,351,414.00             | --                   | 7,807,758.00        | 1,642,715.63       | 1,066,779.00  | --                           | 2,709,494.63       | 5,098,263.37     | 4,813,628.37     |
| Total                 | 211,041,888.28     | 7,428,849.00             | --                   | 218,470,737.28      | 152,454,500.52     | 10,987,463.00 | --                           | 163,441,963.52     | 55,028,773.76    | 58,587,387.76    |
| Previous Year         | 198,435,595.28     | 12,606,293.00            | --                   | 211,041,888.28      | 142,150,670.25     | 10,303,830.27 | --                           | 152,454,500.52     | 58,587,387.76    | 56,284,925.03    |



## CMI LIMITED

SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH 2011

| DESCRIPTION   | Amount In Rs.       |                     |
|---|---------------------|---------------------|
|   | As at<br>31-03-2011 | As at<br>31-03-2010 |
| <b>SCHEDULE - 6</b>   |                     |                     |
| <b><u>INVESTMENTS - LONG TERM</u></b>   |                     |                     |
| Quoted and Fully paid up Equity Shares - Dena Bank<br>300 (Previous year 300) Equity Shares of Rs. 10 each fully paid up<br>(Market Value as on 31.03.2010 Rs.78.45/- each) | 4,656               | 4,656               |
| Unquoted and Fully paid up Equity Shares of CMI<br>Telecom Ltd., (a wholly owned subsidiary)<br>44994 Equity Shares of Rs. 10 each fully paid up                            | -                   | 499,940             |
|   | <b>4,656</b>        | <b>504,596</b>      |
| <b>SCHEDULE - 7</b>   |                     |                     |
| <b><u>INVENTORIES</u></b>   |                     |                     |
| ( As per inventories taken, valued and certified by the Management)   |                     |                     |
| i) Stores and Spares  | 1,935,000           | 1,480,000           |
| ii) Raw Materials   | 50,739,896          | 36,419,749          |
| iii) Finished Goods   | 32,952,434          | 2,986,017           |
| iv ) Work-in-Progress   | 33,521,639          | 31,488,129          |
| v ) Stock in Transit  | 2,453,465           | 4,018,304           |
|   | <b>121,602,434</b>  | <b>76,392,199</b>   |
| <b>SCHEDULE - 8</b>   |                     |                     |
| <b><u>SUNDRY DEBTORS</u></b>  |                     |                     |
| <b>(a) Debt outstanding for a period exceeding six months</b>   |                     |                     |
| (i) Considered Good   | 13,481,342          | 7,753,473           |
| -Fully Secured  | -                   | -                   |
| - Secured by personal security of debtors   | -                   | -                   |
| (ii) Considered Doubtful  | -                   | -                   |
| <b>(b ) Others Debts</b>  |                     |                     |
| (i) Considered Good   | 141,030,414         | 129,154,656         |
| -Fully Secured  | -                   | -                   |
| - Secured by personal security of debtors   | -                   | -                   |
| (ii) Considered Doubtful  | -                   | -                   |
| Less: Provisions  | -                   | -                   |
|   | <b>154,511,756</b>  | <b>136,908,129</b>  |
| <b>SCHEDULE - 9</b>   |                     |                     |
| <b><u>CASH AND BANK BALANCES</u></b>  |                     |                     |
| Cash in Hand  | 3,128,427           | 689,194             |
| <b>Balances with Banks</b>  |                     |                     |
| In Current Accounts - with Scheduled Banks  | 6,294               | 18,520              |
| In Current Accounts - with Other Banks  | 50,000              | -                   |
| <b>Fixed Deposits</b>   |                     |                     |
| Fixed Deposits (Pledged with Banks)   | 20,774,767          | 17,658,163          |
| Fixed Deposits (With Customers)   | 15,000              | 15,000              |
|   | <b>23,974,487</b>   | <b>18,380,876</b>   |

## CMI LIMITED

SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH 2011

| DESCRIPTION  | Amount In Rs.       |                     |
|--|---------------------|---------------------|
|  | As at<br>31-03-2011 | As at<br>31-03-2010 |
| <b>SCHEDULE - 10</b>   |                     |                     |
| <b><u>LOANS AND ADVANCES</u></b>                                   |                     |                     |
| (Unsecured, considered good)                                       |                     |                     |
| Advance recoverable in cash or in kind or for value to be received | 32,359,829          | 26,846,643          |
| Prepaid Expenses   | 596,231             | 506,760             |
| Security Deposits  | 187,000             | 2,700,131           |
| Balance with Central Excise Authorities                            | 1,709,760           | 1,785,696           |
| Advance Income Tax and TDS   | 615,697             | 1,659,492           |
|  | <b>35,468,516</b>   | <b>33,498,721</b>   |
| <b>SCHEDULE - 11</b>   |                     |                     |
| <b><u>CURRENT LIABILITIES</u></b>                                  |                     |                     |
| <b>Sundry Creditors</b>  |                     |                     |
| - Micro, Small and Medium Enterprises                              | 7,893,432           | 3,349,793           |
| - Others   | 90,199,003          | 73,173,634          |
| Advance from Customers   | 2,962,366           | 722,885             |
| Statutory Liabilities  | 13,830,912          | 8,271,481           |
| Other Liabilities  | 3,424,106           | 2,848,423           |
|  | <b>118,309,819</b>  | <b>88,366,216</b>   |

## CMI LIMITED

SCHEDULE FORMING PART OF THE PROFIT & LOSS ACCOUNT

| Particulars  | As at              | As at              |
|--|--------------------|--------------------|
|  | 31-03-2011         | 31-03-2010         |
| <b>SCHEDULE-12</b>                                   |                    |                    |
| <b><u>SALES</u></b>                                  |                    |                    |
| Sales (Net)  | 648,776,413        | 519,877,137        |
| Export Sales   | 468,255            | -                  |
|  | <b>649,244,668</b> | <b>519,877,137</b> |
| <b>SCHEDULE -13</b>                                  |                    |                    |
| <b><u>OTHER INCOME</u></b>                           |                    |                    |
| Discount Received                                    | 26,433             | 22,720             |
| Dividend Income                                      | -                  | 360                |
| Job Work Income                                      | 214,266            | 123,915            |
| Interest Received (TDS Rs.126958/-, Pr. Year 172278/ | 1,271,855          | 1,438,595          |
| Misc. Income   | 33,298             | 1,949              |
|  | <b>1,545,852</b>   | <b>1,587,539</b>   |

**CMI LIMITED****SCHEDULE FORMING PART OF THE PROFIT & LOSS ACCOUNT**

| Particulars  | As at<br>31-03-2011 | As at<br>31-03-2010 |
|--|---------------------|---------------------|
| <b>SCHEDULE -14</b>  |                     |                     |
| <b><u>MATERIAL, MANUFACTURING &amp; OTHER EXPENSES</u></b>   |                     |                     |
| Raw Material Consumed (Excluding Excise Duty)  | 501,981,769         | 362,570,576         |
| (Increase)/Decrease in Stock of Finished Goods and W Stores & Spares and Packing Material Consumed | (31,999,927)        | 27,533,315          |
| Power and Fuel   | 7,539,861           | 9,458,996           |
| Job Work Charges   | 8,770,254           | 8,571,389           |
| Other Manufacturing Expenses   | 4,501,303           | 5,553,496           |
| Repairs to Building  | 2,855,170           | 2,157,844           |
| Repair and Maintenance Other Assets  | 1,592,362           | 1,252,671           |
| Repairs to Plant and Machinery   | 52,132              | 18,137              |
|  | 4,101,685           | 4,041,849           |
|  | <b>499,394,609</b>  | <b>421,158,273</b>  |
| <b>SCHEDULE -15</b>  |                     |                     |
| <b><u>PERSONNEL EXPENSES</u></b>   |                     |                     |
| Director's Remuneration  | 1,500,000           | 1,186,600           |
| Salaries, Wages, Bonus and Other Benefits  | 10,648,288          | 8,296,913           |
| Contribution to Provident and Other Funds  | 1,029,521           | 959,577             |
| Workmen and Staff Welfare Expenses   | 166,451             | 297,931             |
|  | <b>13,344,260</b>   | <b>10,741,021</b>   |
| <b>SCHEDULE -16</b>  |                     |                     |
| <b><u>FINANCIAL EXPENSES</u></b>   |                     |                     |
| Interest on Term Loan  | 58,106              | 124,962             |
| Interest on CC Limit   | 9,303,704           | 5,731,357           |
| Interest on Car Loan   | 370,287             | 343,313             |
| Interest to Others   | 7,649,460           | 4,172,685           |
| Financial Charges  | 1,071,360           | 597,411             |
| Exchange Rate Fluctuation  | 8,375               | -                   |
|  | <b>18,461,292</b>   | <b>10,969,727</b>   |

**CMI LIMITED****SCHEDULE FORMING PART OF THE PROFIT & LOSS ACCOUNT**

| Particulars                                       | As at<br>31-03-2011 | As at<br>31-03-2010 |
|---|---------------------|---------------------|
| <b>SCHEDULE -17</b>                               |                     |                     |
| <b><u>ADMINISTRATIVE AND SELLING EXPENSES</u></b> |                     |                     |
| Advertisement and Publicity                       | 57,000              | 47,480              |
| Auditors' Remuneration & Refreshment              | 50,000              | 50,000              |
| Bank Commission & Other Charges                   | 2,382,794           | 1,971,496           |
| Computer Expenses                                 | 142,269             | 81,187              |
| Conveyance Expenses                               | 713,416             | 330,639             |
| Donation  | 576,300             | 41,500              |
| ESIC on Others                                    | 41,275              | -                   |
| Fees & Subscription                               | 202,673             | 100,933             |
| Festival Expenses                                 | 49,770              | 1,302               |
| Freight & Cartage Outward (Net)                   | 1,389,257           | 480,205             |
| Insurance Expenses                                | 420,951             | 69,306              |
| Interest paid on Statutory Dues                   | 143,285             | 59,054              |
| Lease Rent (Car)                                  | 259,767             | 346,356             |
| Legal & Professional Fees                         | 2,105,004           | 2,493,906           |
| Listing Compliance & Fees                         | 300,550             | 31,492              |
| Loss on sale of Investments                       | 48,833              | -                   |
| Meeting Expenses                                  | 108,175             | 170,865             |
| Misc. Expenses                                    | 86,405              | 51,766              |
| Periodicals, Books and News Papers                | 4,935               | 7,179               |
| Postage & Courier Charges                         | 92,762              | 67,815              |
| Printing & Stationery                             | 323,688             | 279,588             |
| Property Tax                                      | 40,332              | 40,332              |
| Rent  | 4,805,681           | 4,095,000           |
| Rent of Office Equipements                        | 36,900              | 42,405              |
| Round Off / Diff                                  | 1,973               | 272                 |
| Sales Tax Demand                                  | 645,638             | 407,147             |
| Security Service Charges                          | 318,930             | 309,081             |
| Service Tax On Freight                            | 256,455             | 241,172             |
| Telephone Charges                                 | 452,166             | 357,890             |
| Tour & Travelling                                 | 522,669             | 902,287             |
| Commission to Directors                           | -                   | 565,899             |
| Selling Expenses                                  | 7,997,532           | 1,699,405           |
|   | <b>24,577,385</b>   | <b>15,342,959</b>   |

CMI LIMITED

## SCHEDULE – 18:

**A. SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS**

The Financial Statements are prepared under the historical cost convention, on going concern concept and in compliance with the relevant accounting principles, accounting standards issued by the Institute of Chartered Accountants of India and relevant provisions of the Companies Act, 1956. The company follows the mercantile system of accounting and recognizes income and expenditure on accrual basis to the extent measurable and where there is certainty of ultimate realization in respect of incomes. The significant accounting policies adopted by the Company are detailed below:

**1. Fixed Assets, Intangible Assets and Capital Work-in-Progress**

Fixed assets are stated at cost, less accumulated depreciation. Direct costs are capitalized until fixed assets are ready for use. Capital work-in-progress comprises outstanding advances paid to acquire fixed assets, and the cost of fixed assets that are not yet ready for their intended use at the balance sheet date. Intangible assets are recorded at the consideration paid for acquisition.

**2. Investments**

Long term investments are valued at their acquisition cost. Any decline in the value of the investment, other than a temporary decline, is recognized and provided for in the profit and loss account. Short-term investments are carried at cost or their market values which ever is lower.

**3. Revenue Recognition**

Revenue from the sale of goods is accounted for on the basis of actual dispatches of goods. Sales are inclusive of excise duty but net of sales tax and VAT. Materials returned/ rejected are accounted for in the year of return/rejection.

**4. Foreign Currency Transaction**

The transactions in foreign currency recorded at the exchange rate prevailing on the date of transaction. Monetary liability / assets on account of foreign currency are converted at the exchange rates prevailing as at the end of the year. Exchange differences are appropriately dealt within the profit and loss account.

**5. Depreciation / Amortization**

Depreciation has been provided on single shift basis on fixed assets on straight line methods at the rate and in the manner specified in Schedule XIV to the Companies Act, 1956 except for fixed assets of PVC Cable division for which written down value method has been adopted. The Intangible assets of the Company are amortized over lease period or economic useful life whichever is shorter.

**6. Valuation of Inventories**

- a) Raw Materials, Stores and Spares and Packing Material are valued at lower of cost, based on FIFO basis (Net of CENVAT Credit) or net realizable value.

- b) Work in Progress is valued at their estimated absorption cost (Net of CENVAT). Cost of Stock in Process includes cost of raw materials and estimated overheads up to the stage of completion.
- c) Finished Goods are valued at lower of cost of production or net realizable value. Cost of finished goods includes cost of raw material, cost of manufacturing, cost of conversion and other cost incurred in finishing the goods.
- d) Scrap is valued at estimated net realizable value.

#### 7. Retirement Benefits

Liability in respect of retirement benefit is provided for and/or funded and charged to profit and loss account as follows:-

**Provident Fund:** Retirement Benefits in the form of Provident Fund is a defined contribution scheme and the contributions are charged to the Profit and Loss Account of the year when the contributions to the respective funds are due. There are no other obligations other than the contribution payable to the respective fund.

**Gratuity:** - Liability in respect of Gratuity, which was covered under Group Gratuity Scheme with the Life Insurance Corporation of India in the previous year, has been terminated and now the company is accounting the gratuity at the time of actual payment to the employee.

**Leave Encashment:** - As determined on the basis of accumulated leave to the credit of employees at the period ended.

#### 8. Taxes on Income

Current Tax is the amount of tax payable on the taxable income for the year as determined in accordance with the provisions of Income Tax Act, 1961.

Deferred Tax reflects the effect of temporary timing differences between the assets and liabilities recognized for financial reporting purposes and the amounts that are recognized for current tax purposes. As a matter of prudence deferred tax assets are recognized and carried forward only to the extent, there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.

Minimum Alternative Tax (MAT) credit asset is recognized in the Balance Sheet where it is likely that it will be adjusted against the discharge of the tax liability in future under Income Tax, 1961.

#### 9. Use of Estimates

The financial statements were prepared in conformity with generally accepted accounting principles, which requires management to make estimates and assumptions that effect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the end of the reporting years. Although these estimates are based upon the best knowledge of the management of current events and actions, actual results could differ from these estimates

#### 10. Impairment of Assets

No Provision for impairment of assets is required since the management is of the opinion that the recoverable amount of fixed assets is equal to the amount at which they are stated in the balance sheet.

**11. Borrowing Cost**

Borrowing Costs attributable to the acquisition or construction of a qualifying asset is capitalized as part of the cost of the asset. Other borrowing costs are recognized as an expense in the period in which they are incurred.

**12. Leases**

Lease rental in respect of operating lease arrangements are charged to expense on a straight line basis over the term of the related lease agreement.

**13. Provisions, Contingent Liabilities and Contingent Assets**

The Company creates provisions only when there is a present obligation as a result of past events and when reliable estimate of the amount of the obligation can be made. Contingent liability is disclosed for (i) Possible obligation which will be confirmed only by future events not wholly within the control of the company or (ii) recent obligations arising from past events where it is not probable that an outflow of resources will be required to settle the obligation on a reliable estimate of the amount of the obligations cannot be made. Contingent assets are not recognized in the financial statements since this may result in the recognition of income that may never be realized.

**14. Cash Flow Statements**

Cash flows are reported using the indirect method, where by net profit before tax is adjusted for the effects of transactions of a non cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the company are segregated.

**B. NOTES TO ACCOUNTS:****1. Contingent Liabilities**

Contingent Liabilities are not provided for in the accounts and are disclosed by way of notes herein below:

(Rs. in Lacs)

| Sl. No. | Nature of Liability   | March 31,2011 | March 31, 2010 |
|---------|---|---------------|----------------|
| (a)     | Counter Guarantee given to Company's Bankers for the Guarantee given by them on behalf of the Company (Net of Advances) | 354.08        | 357.87         |
| (b)     | Liability in respect of gratuity and leave encashment   | 63.34         | 65.79          |

- In the opinion of Board, Current Assets, Loans and Advances have a value on realization in the ordinary course of business at least equal to the amount at which they are stated and provision for all known liabilities has been made.
- The most recent actuarial valuations of plan assets and the present values of the defined benefit obligations were carried out at 31 March, 2011. The present value of the defined

benefit obligations and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

**Gratuity:**

As per actuarial valuations the Present Value of Obligation is Rs. 75.52 Lacs and the Fair Value of Plan Assets is of Rs. 12.70 Lacs and the Net Gratuity Liability is Rs. 62.82 Lacs as on 31<sup>st</sup> March, 2011 is yet to be provided in the books of accounts.

**Leave Encashment:**

As per actuarial valuations the Present Value of Obligation is Rs. 5.49 Lacs and the Fair Value of Plan Assets is of Rs. Nil and the Net Leave Encashment Liability is Rs. 5.49 Lacs as on 31<sup>st</sup> March, 2011; Rs. 4.97 lacs is provided in the books of accounts and Rs. 0.52 Lacs yet to be provided in the books of accounts.

4. Auditors' remuneration (Inclusive services tax) includes the following:

| (Rs. in Lacs)  |                |                |
|--|----------------|----------------|
|  | March 31, 2011 | March 31, 2010 |
| <b>Payment to Auditor</b>  |                |                |
| a) Audit Fees  | 0.50           | 0.50           |
| b) Other Services (fees for representations in IT Scrutiny and Appeal Cases) | 0.50           | 0.25           |
| c) Certification Charges   | 0.15           | 0.24           |
| <b>Total</b>   | <b>1.15</b>    | <b>0.99</b>    |

5. Managerial Remuneration –

A. Calculation of Managerial Remuneration under Section 198 of the Companies Act, 1956:

| (Amt. in Rs.)  |                   |                   |
|--|-------------------|-------------------|
| Calculation of Net Profit for determining Managerial Remuneration  | 2010-2011         | 2009-2010         |
| Profit before taxation as per P&L A/c (after depreciation)   | 22,336,464        | 19,259,645        |
| Add: Directors' Remuneration (as per Schedule XIII)  | 1,500,000*        | 1,186,600         |
| <b>Net Profit under section 198 of the Companies Act, 1956</b>   | <b>23,836,464</b> | <b>20,446,245</b> |
| Maximum Remuneration allowable under Section 309 of the Companies Act, 1956 restricted to 5% of Net Profits, where such there is one executive director and 10% where there is more than one, but subject to the provisions of Schedule XIII | 1,191,823*        | 1,022,312         |
| Maximum Commission allowable to Non-Executive Directors under Section 309 of the Companies Act, 1956 restricted to 1% of the Net Profit  | 238,365**         | 204,462           |



**B. Computation of effective capital for the financial year with respect to the payment of remuneration to Managerial Personnel as on year ending:**

| 31st March                      | 2011                 | 2010                |
|---------------------------------|----------------------|---------------------|
| <b>Particulars</b>              | <b>(Amt. in Rs.)</b> |                     |
| Paid up share capital           | 32,094,250           | 30,567,500          |
| Add: Reserve and surplus        | 8,000,000            | 8,000,000           |
| Add: Profit & Loss Account      | 23,318,058           | 3,156,632           |
| Add: Share Premium              | 20,673,658           | 18,267,500          |
| Add: Share Warrant              | 2,116,390            | -                   |
| Add: Long term Loans            | 110,018,643          | 167,006,530         |
| <b>TOTAL</b>                    | <b>196,220,999</b>   | <b>223,841,530</b>  |
| Less: Miscellaneous Expenditure | -                    | -                   |
| Less: Accumulated Loss          | -                    | -                   |
| Less: Investment                | 4,656                | 504,596             |
| <b>Effective Capital</b>        | <b>196,225,655*</b>  | <b>223,336,934*</b> |

\*As the Company is having inadequate profits, the remuneration so paid is in accordance with the provisions of Clause A of section II Part II of Schedule XIII and hence not restricted to limit of 5% of Net Profit under Section 309.

As depicted in Table "B" above, the effective capital of the Company is between the limits of Rupees 5 Crores or more but less than Rupees 25 Crore, therefore a managerial person can be paid Rs. 15.00 Lacs (i.e. Rs. 1.25 Lacs per month. Accordingly Mr. Amit Jain, the Managing Director of the Company, has been paid a total remuneration of Rs. 15.00 Lacs during the year under review in compliance to the aforesaid provisions of Schedule XIII of the Companies Act, 1956.

\*\* During the Financial Year 2010-11, no commission was paid to Mr. Vijay Kumar Gupta (previous year Rs. 5,65,899/-). The commission so paid to Mr. Vijay Kumar Gupta during previous year for Rs. 5,65,899/- (for rendering services of professional nature) was in excess of limits of 1% by Rs. 3,61,437/- (i.e. Rs. 5,65,899 less Rs. 2,04,462) for maximum commission payable to Non-Executive Directors under Section 309 of the Companies Act, 1956. The excess amount so paid to him is still to be recovered from him under Section 309(5A) of the Companies Act, 1956.

**Directors' Remuneration as approved by the shareholders and within the limits of section II Part II of Schedule XIII to the Companies Act, 1956:-**

|   | 2010-2011        | 2009-2010        |
|---|------------------|------------------|
| <b>Executive Directors' Remuneration:</b>     |                  |                  |
| Salary and Allowances                         | 1,500,000        | 1,181,100        |
| Contribution to Provident and other Funds     | 9,360            | 5,500            |
| Value of Perquisites                          | -                | -                |
| Sub Total                                     | <b>1,509,360</b> | <b>1,186,600</b> |
| <b>Non Executive Directors' Remuneration:</b> |                  |                  |
| Commission to Non-Executive Directors         | -                | 565,899          |
| Non Executive Directors' Sitting Fees         | -                | -                |
| Other Expenses                                | -                | -                |

#### 6. Share Application Money

In accordance with the provisions of SEBI (Issue of Capital & Disclosure Requirements) Regulations, 2009, Section 81(1A) of the Companies Act 1956, In-principle approval of BSE and other applicable laws & pursuant to the approval of the Members of the Company obtained in the Extra-Ordinary General Meeting held on 28<sup>th</sup> February 2011, the Board of Directors of the Company has allotted 152675 Equity Shares and 328632 convertible Warrants at a price of Rs. 25.76/- per share /convertible warrant to Mr. Amit Jain in the capacity of promoter on 30<sup>th</sup> March 2011. Accordingly, the amount of share capital is enhanced by Rs. 15,26,750/- (152675 Equity Shares of the Face Value of Rs. 10/- each) & share premium account is added with an amount of Rs. 24,06,158/- (152675 X Rs. 15.76/-).

Out of the total share application money of Rs. 100.00 Lacs paid by Mr. Amit Jain in the previous year, the Company has adjusted 25% of Rs. 25.76/- i.e. Rs. 6.44/- per share warrant towards the application money received against issue of 328632 convertible warrants to him as per the provisions of SEBI ICDR Regulations and the balance being shown under Share Application Account.

#### 7. Foreign Currency Receipts & Expenditure:

|                                 | 2010-11       | 2009-2010 |
|---------------------------------|---------------|-----------|
| CIF Value of Imports            | Nil           | Nil       |
| Expenditure in foreign currency | Rs. 1.41 Lacs | Nil       |
| Earning in foreign currency     | Rs. 4.25 Lacs | Nil       |

8. The Company has manufactured various types of Cables during the year under review; therefore there are no separate reportable segments as per Accounting Standard 17.

#### 9. Leases:

##### i) The disclosure under Accounting Standard – 26 (Intangible Assets):-

The Company has no Intangible Asset as on 31.03.2011.

##### ii) Disclosure under AS-19 (Leases):-

All operating leases entered into by the Company are cancelable on giving notice of one to three months. As per AS-19 (Leases), the disclosure requirements for operating leases of the Company are as follows:

- (a) the total of future minimum lease payments under non-cancellable operating leases for each of the following periods:
- not later than one year;
  - later than one year and not later than five years;
  - later than five years;

• The details are tabulated herein below: (Amt. in Rs.)

| Sl. No. | Particulars      | Up to 1 Year | >1,=5 Years | >5 Years |
|---------|------------------|--------------|-------------|----------|
| 2       | Factory          | 3,240,000    | 3,240,000   | Nil      |
| 3       | Office Equipment | 42,000       | 42,000      | Nil      |

- (b) the total of future minimum sublease payments expected to be received under non-cancellable subleases at the balance sheet date;
    - **Not Applicable**
  - (c) Lease payments recognized in the statement of profit and loss for the period, with separate amounts for minimum lease payments and contingent rents;
    - **Details of lease payments recognised in the statement of profit and loss for the period are as per Clause 1(a) here in above and there are no contingent rents.**
  - (d) Sub-lease payments received for (or receivable) recognized in the statement of profit and loss for the period;
    - **Not Applicable**
  - (e) a general description of the lessee's significant leasing arrangements including, but not limited to, the following:
    - (i) the basis on which contingent rent payments are determined;
    - (ii) the existence and terms of renewal or purchase options and escalation clauses; and
    - (iii) restrictions imposed by lease arrangements, such as those concerning dividends, additional debt and further leasing.
    - **Not Applicable**
10. Sundry Creditors include an amount of Rs. 78,93,432/- (Previous year Rs. 33,49,793/) being amount payable to Small Scale Industrial Undertakings (SSI) as defined under Industrial (Development and Regulation) Act, 1951, including balances exceeding Rs. One Lakh in aggregate. That outstanding exceeding Rs. 1.00 lacs for a period in excess of 45 days at the date of Balance sheet is nil.  
The details of SSI dues have been furnished to the extent such parties have been identified by the Company based on information available.

#### 11. RELATED PARTY TRANSACTIONS AS PER ACCOUNTING STANDARD 18:

##### I. Key Managerial Personnel

Mr. Amit Jain

Managing Director

##### II. Parties in which the Key Managerial Personnel/ Directors of the Company are interested:

a. Wireco (India)- A proprietorship concern of Mr. Pyare Lal Khanna

##### III Relatives of Key Managerial Personnel:

a. Mr. Parag Jain - Brother

b. Mrs. Kshama Jain- Brother's Wife

Details of transactions under the ordinary course of business between Company and the related parties during the year and the status of outstanding balances as on 31<sup>st</sup> March 2011 is as follows:

(Rs. In Lacs)

| Nature of Transaction                               | Subsidiary Company |      | Key Managerial Personnel, Other Directors and their relatives |        | Companies or firms in which Key Managerial Personnel/ Directors are interested |        |
|---|--------------------|------|---|--------|--|--------|
|   | 2011               | 2010 | 2011  | 2010   | 2011   | 2010   |
| Job Work (Note "a")                                 | -                  | -    | -   | -      | -  | -      |
| Directors' Remuneration (Note "b")                  | -                  | -    | 15.00   | 11.87  | -  | -      |
| Commission paid in professional capacity (Note "c") | -                  | -    | -   | 5.66   | -  | -      |
| Interest Paid/Payable (Note "d")                    | -                  | -    | 30.97   | -      | 10.05  | 11.94  |
| <b>FINANCE</b>                                      |                    |      |   |        |  |        |
| Investments Made (Note "e")                         | -                  | 4.99 | -   | -      | -  | -      |
| Unsecured Loans Received (Note "f")                 | -                  | -    | 253.65  | 779.97 | 19.03  | 132.00 |
| Unsecured Loans Received Paid back (Note "g")       | -                  | -    | 127.55  | 549.81 | 66.06  | 136.50 |

**Notes:**

- a) **Remuneration paid to:**  
Mr. Amit Jain Rs. 15.00 Lacs (Previous Year Rs. 11.87 Lacs)
- b) **Commission paid in Professional capacity to:**  
Mr. V. K. Gupta Rs. Nil (Previous Year Rs. 5.66 Lacs.)
- c) **Interest paid / payable to:**  
Wireco (India) Rs. 10.05 Lacs (Previous Year Rs. 11.94 Lacs)
- d) **Investments made into:**  
CMI Telecom Limited Rs. Nil (Previous Year Rs. 4.99 Lacs)
- e) **Transactions in Unsecured Loans Received during the year with;**  
Amit Jain Rs. 236.65 Lacs (Previous Year Rs. 780.97 Lacs)  
Kshama Jain Rs. 17.00 Lacs (Previous Year Rs. Nil)  
Wireco (India) Rs. 19.03 Lacs (Previous Year Rs. 132.00 Lacs)
- f) **Transactions in Unsecured Loans Received paid back during the year with;**  
Amit Jain Rs. 110.55 Lacs (Previous Year Rs. 540.10 Lacs)  
Kshama Jain Rs. 17.00 Lacs (Previous Year Rs. 62.75 Lacs)  
Parag Jain Rs. Nil (Previous Year Rs. 47.96 lacs)  
Wireco (India) Rs.63.06 Lacs (Previous Year Rs. 136.50 Lacs)

| 12 Additional Information pursuant to paragraphs 3 & 4 of the Schedule VI of The Companies Act, 1956 |     |                                   |      |                                |          |                   |              |
|--|-----|-----------------------------------|------|--------------------------------|----------|-------------------|--------------|
| A  |     | Licensed Capacity                 | Unit |                                |          |                   |              |
|  |     | Not Applicable                    |      |                                |          |                   |              |
| B  |     | Installed Capacity                |      |                                |          |                   | (Rs in lacs) |
|  | Sl. | Particulars                       | Unit | Installed Capacity (Per Annum) |          |                   |              |
|  | No  |                                   |      | As at 31.03.11                 |          | As at 31.03.10    |              |
|  | 1   | Jelly Filled Cables               | CK M | 2,408,000                      |          | 2,408,000         |              |
|  | 2   | Other Cables                      |      | Not ascertainable              |          | Not ascertainable |              |
| Note: - Installed Capacity is as certified by the Management.  |     |                                   |      |                                |          |                   |              |
| C  |     | Production                        |      |                                | Quantity | Quantity          |              |
|  | Sl. | Particulars                       | Unit | Current Year                   |          | Previous Year     |              |
|  | No  |                                   |      | Quantity                       |          | Quantity          |              |
|  | 1   | Various types of Cables           | Mtrs | 2,695,993.00                   |          | 3,104,778.00      |              |
|  |     |                                   |      | 2,695,993.00                   |          | 3,104,778.00      |              |
| D  |     | Raw Material Consumption *        |      |                                |          |                   |              |
|  | Sl. | Particulars                       | Unit | Current Year                   |          | Previous Year     |              |
|  | No  |                                   |      | Quantity                       |          | Quantity          |              |
|  | 1   | Copper                            | MT   | 772.98                         | 3106.50  | 586.91            | 1851.22      |
|  | 2   | Compound & Master Batch           | MT   | 1179.68                        | 742.80   | 1226.09           | 607.20       |
|  | 3   | Steel Wire & Strips               | MT   | 1113.20                        | 508.81   | 1228.39           | 567.52       |
|  | 4   | Others                            | MT   | ---                            | 737.10   | ---               | 694.36       |
|  |     | Total                             |      | 5095.22                        |          | 3720.30           |              |
| E  |     | Quantitative information on Stock |      |                                |          |                   |              |
|  | Sl. | Particulars                       | Unit | Closing Stock                  |          | Closing Stock     |              |
|  | No  |                                   |      | As at 31.03.11                 |          | As at 31.03.10    |              |
|  |     |                                   |      | Quantity                       |          | Quantity          |              |
|  | 1   | Jelly Filled Cables               | Mtrs | 143,333                        | 329.52   | 36,361            | 29.86        |
|  |     | Total                             |      | 329.52                         |          | 29.86             |              |

| F Income – Sales   |                           |      |                  |                 |                  |                 |
|--|---------------------------|------|------------------|-----------------|------------------|-----------------|
| Sl. No.  | Particulars               | Unit | Current Year     |                 | Previous Year    |                 |
|  |                           |      | Quantity         | Amount          | Quantity         | Amount          |
| 1  | <b>Manufactured Goods</b> |      |                  |                 |                  |                 |
| a  | Various types of Cables   | Mtrs | 2,589,021        | 3,689.79        | 3,131,385        | 4233.79         |
|  | Total of 1                |      | <b>2,589,021</b> | <b>3,689.79</b> | <b>3,131,385</b> | <b>4,233.79</b> |
| 2  | <b>Others</b>             |      |                  |                 |                  |                 |
|  | Copper Wire               | MT   | 491.335          | 2109.99         | 189.166          | 776.27          |
|  | Aluminium Wire            | MT   | 46.590           | 58.82           | 159.635          | 177.36          |
|  | Scrap/Others              | MT   | -                | 37.76           | -                | 11.35           |
|  | Total of 2                |      | <b>537.925</b>   | <b>2206.57</b>  | <b>348.801</b>   | <b>964.98</b>   |
|  | <b>Total [1+2]</b>        |      |                  | <b>5896.36</b>  |                  | <b>5198.77</b>  |
| <b>G Breakup of consumption of Raw Material and Stores and Spares into imported and Indigenous</b> |                           |      |                  |                 |                  |                 |
| Sl. No.  | Particulars               |      | Current Year     | Percentage      | Previous Year    | Percentage      |
|  |                           |      | Amount           | %               | Amount           | %               |
| <b>Raw Material</b>  |                           |      |                  |                 |                  |                 |
| a  | Imported                  |      | Nil              | 0.00%           | Nil              | 0.00%           |
| b  | Indigenous                |      | 5,019.82         | 100.00%         | 3,625.71         | 100.00%         |
|  | Total                     |      | <b>5,019.82</b>  | <b>100.00%</b>  | <b>3,625.71</b>  | <b>100.00%</b>  |
| <b>Stores and Spares</b>   |                           |      |                  |                 |                  |                 |
| a  | Imported                  |      | Nil              | 0.00%           | Nil              | 0.00%           |
| b  | Indigenous                |      | 75.40            | 100.00%         | 94.59            | 100.00%         |
|  | Total                     |      | <b>75.40</b>     | <b>100.00%</b>  | <b>94.59</b>     | <b>100.00%</b>  |

\* Raw Material Consumption includes sale of raw material as such.

13. As per Accounting Standard (AS-20) on Earning per share (EPS) issued by the ICAI, the particulars of EPS for the equity shareholders are as below:

| Sl. No. | Particulars  | March 31, 2011 | March 31, 2010 |
|---------|--|----------------|----------------|
| (a)     | Net Profit / (loss) as per Profit & Loss Account (Rs.)   | 2,01,61,426    | 1,92,59,645    |
| (b)     | Weighted Average No. of Ordinary Shares outstanding (Basic EPS)                                      | 30,53,883      | 30,53,500      |
| (c)     | EPS (Basic) (Rs.) [(a)/(b)]  | 6.60           | 6.31           |
| (d)     | Weighted Average No, of Ordinary Shares on the assumption of full conversion of warrants into shares | 30,54,703      | 30,53,500      |

|     |                                       |      |      |
|-----|---------------------------------------|------|------|
| (e) | EPS (Diluted) (Rs.) [(a)/(d)]         | 6.60 | 6.31 |
| (f) | Face Value of each equity share (Rs.) | 10   | 10   |

14. **Deferred Tax Liability/ Asset for the year under review:**

The Company has not recognized deferred tax assets in the books of accounts as there is not a virtual certainty supported by the convincing evidence that such assets shall be realized in subsequent years. The computation of deferred tax liability/ assets which is not provided in the books of accounts is as follows:

| Particulars   | (Amt. in Rs.)       |
|---|---------------------|
| WDV of Fixed Assets as per Companies Act, 1956                        | 55,028,774          |
| WDV of Fixed Assets as per Income Tax, 1961                           | 29,169,465          |
| Taxable/ (Deductible) Temporary Difference on account of depreciation | 25,859,309          |
| Deferred Tax Liability @ 30.90%                                       | 7,990,526           |
| Expenses allowed on the basis of payment as per Income Tax Act, 1961  | 8,083,717           |
| Deferred Tax Liability @ 30.90%                                       | 2,497,868           |
| <b>Deferred Tax Liability / (Asset) @ 30.90%</b>                      | <b>(10,581,585)</b> |

15. There is no amount due and outstanding to be credited to Investor Education & Protection Fund during the year.
16. Sundry Debtors, Sundry Creditors, Loans & Advances and other advances are taken as per books subject to confirmation from parties.
17. Previous year figures have been regrouped /rearranged wherever considered necessary.
18. During the year the wholly owned subsidiary CMI Telecom Ltd., ceased to be the subsidiary of the Company and hence the Company does not have any subsidiary company as on March 31,2011 and accordingly no consolidated accounts under Accounting Standard 21 are prepared
19. Information required in terms of part IV of the Schedule VI to the Companies Act, 1956 as complied by the Company is attached.

Schedules 1 to 18 form integral part of the accounts.

For J.K. Manocha & Associates  
Chartered Accountants

For & on behalf of the Board of Directors

J. K. Manocha  
Proprietor

Subodh Kr. Barnwal  
Company Secretary

Amit Jain  
Managing Director

Vijay Kr. Gupta  
Director

Place: Delhi  
Date: 27-05-2011

**CMI LIMITED**  
**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2011**

|   | For the period<br>ended 31.03.2011 | For the period<br>ended 31.03.2010 |
|---|------------------------------------|------------------------------------|
| <b>A CASH FLOW FROM OPERATING ACTIVITIES</b>                                  |                                    |                                    |
| Net Profit after Depreciation   | 20,161,426                         | 19,160,196                         |
| <b>Add:</b> Depreciation  | 10,987,463                         | 10,303,830                         |
| Interest & Bank Commission paid   | 20,844,086                         | 12,941,224                         |
| Miscellaneous Expenditure written off   | -                                  | -                                  |
| Debtors Written Off   | 3,569,865                          | 304,197                            |
| Previous Year Adjustments   | (36,329)                           | 1,454                              |
| <b>Less:</b> Interest Receipt   | 1,271,855                          | 1,438,595                          |
| Creditors Written Back  | 1,489,949                          | 3,938,345                          |
| <b>Operating Profit before extraordinary items and Working Capital Change</b> | 52,764,707                         | 37,333,961                         |
| <b>Adjustments for</b>  |                                    |                                    |
| (Increase)/Decrease in Trade and Other Receivables                            | (19,073,483)                       | (34,899,317)                       |
| (Increase)/Decrease in Inventories  | (45,210,235)                       | 4,822,448                          |
| Increase/(Decrease) in Trade and Other Payables                               | 29,943,602                         | 12,399,657                         |
| <b>Cash Generated from Operations</b>   | 18,424,592                         | 19,656,750                         |
| <b>Add: Extra ordinary items</b>  |                                    |                                    |
| Bad debts written off   | (3,569,865)                        | (304,197)                          |
| Creditors Written Off   | 1,489,949                          | 3,938,345                          |
| Previous Year Adjustments   | 36,329                             | (1,454)                            |
| <b>Net Cash used in Operating Activities</b>                                  | 16,381,005                         | 23,289,444                         |
| <b>B CASH FLOW FROM INVESTING ACTIVITIES</b>                                  |                                    |                                    |
| Purchase of Assets  | (6,671,870)                        | (13,698,762)                       |
| Depreciation Written Back   | -                                  | -                                  |
| Interest Received   | 1,271,855                          | 1,438,595                          |
|   | (5,400,015)                        | (12,260,167)                       |
| <b>C CASH FLOW FROM FINANCING ACTIVITIES</b>                                  |                                    |                                    |
| Long Term Borrowings/Repayments/FDR   | 26,168,603                         | 3,971,002                          |
| Increase/(Decrease) in Share Application Money                                | (6,049,298)                        | 10,000,000                         |
| Increase/(Decrease) in Share Capital  | 1,526,750                          | -                                  |
| Increase/(Decrease) in Share Warrant  | 2,116,390                          | -                                  |
| Increase/(Decrease) in Share Premium  | 2,406,158                          | -                                  |
| Increase / (Decrease) in unsecured loans                                      | (10,711,896)                       | (14,478,376)                       |
| Interest & Bank Commission Paid   | (20,844,086)                       | (12,941,224)                       |
| <b>Net Cash from Financing Activities</b>                                     | (5,387,379)                        | (13,448,598)                       |
| <b>NET INCREASE IN CASH &amp; CASH EQUIVALENTS (A + B + C)</b>                | 5,593,611                          | (2,419,322)                        |
| <b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD</b>               | 18,380,876                         | 20,800,197                         |
| <b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>                     | 23,974,487                         | 18,380,876                         |

**Notes:** (1) Of the above amount, an amount of Rs. 20,774,767/- (Previous Year Rs. 17,658,163/-) is pledged with Banks and is not available for free use by the Company.

(2) Above Cash Flow Statement has been prepared under the indirect method set out in the Accounting Standard-3 (Revised) specified in the Companies "Accounting Standard" Rules, 2006.

(3) Previous year figures have been regrouped wherever necessary.

**Auditors' Report:**

We have examined the cash Flow Statement of CMI Limited for the period ended 31st March, 2011. The Statement prepared by the Company in accordance with the requirement of Clause 32 of the Listing Agreements with the Stock Exchanges and is based on and in agreement with the corresponding Profit & Loss Account and Balance sheet covered by our report to the members of the Company in terms of our attached report of even date.

For Manocha J. K. & Associates  
Chartered Accountants

For and on behalf of the Board of Directors

J. K. Manocha  
Proprietor  
Place: New Delhi  
Date: 27.05.2011

Arun Kumar Singhal  
Company Secretary

Amit Jain  
Managing Director

Vijay Kr. Gupta  
Director



## CMI LIMITED

**CMI LIMITED**  
**BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE**

**1. Registration Details**

|                    |                       |            |      |
|--------------------|-----------------------|------------|------|
| Registration No.   | : 55-18031            | State Code | : 55 |
| CIN No.            | L74899DL1985PLC018031 |            |      |
| Balance Sheet Date | : (D/M/Y) 31/03/2011  |            |      |

**2. Capital raised during the year  
(Amount in Rs. Thousand)**

|              |       |                   |       |
|--------------|-------|-------------------|-------|
| Public Issue | : Nil | Right Issue       | : Nil |
| Bonus Issue  | : Nil | Private Placement | : Nil |

**3. Position of Mobilisation and  
Development of Funds  
(Amount in Rs. Thousand)**

|                      |             |                    |             |
|----------------------|-------------|--------------------|-------------|
| Total Liabilities    | : 390926114 | Total Assets       | : 390926114 |
| Source of Funds      | :           | Reserves & Surplus | : 51991716  |
| Paid-Up Capital      | : 38161342  | Unsecured Loans    | : 107574401 |
| Secured Loan         | : 74888836  | Investment         | : 4656      |
| Application of Funds | :           | Misc Expenditure   | : Nil       |
| Net Fixed Assets     | : 55364264  |                    |             |
| Net Current Assets   | : 217247375 |                    |             |

**4. Performance of Company  
(Amount in Rs. Thousand)**

|                               |             |                   |             |
|-------------------------------|-------------|-------------------|-------------|
| Accumulated Losses            | : --        | Total Expenditure | : 570334874 |
| Turnover (incl. other income) | : 592671339 | Profit after tax  | : 20161426  |
| Profit Before Tax             | : 22336464  | Misc Expenditure  | : Nil       |
| Earning per share (Rs.)       | : 6.29      |                   |             |

**5. Generic Names of the two  
Principal Products of the  
Company  
(As per monetary terms)**

|                     |                            |  |  |
|---------------------|----------------------------|--|--|
| Item code           | : 8544                     |  |  |
| Product Description | : Insulated Wire and Cable |  |  |
| Item code           | : 8544                     |  |  |
| Product Description | : Insulated Wire and Cable |  |  |

|           |  |
|-----------|--|
| DP ID.    |  |
| Client ID |  |

**CMI LIMITED**  
Registered Office : C - 483, Yojna Vihar,  
New Delhi - 110092

|                    |  |
|--------------------|--|
| L.F. No.           |  |
| No. of Shares held |  |

**44th ANNUAL GENERAL MEETING  
ATTENDANCE SLIP**

I/We hereby record my/our presence at the 44th Annual General Meeting of the Company held on Wednesday 28th, September, 2011 at 11.30a.m. at Lajwaab Banquet Hall, Vikas marg - 110092

|  |  |
|--|--|
| <b>Name of the Member<br/>(In Block Letters)</b> |  |
| <b>Signature of the Member</b>                   |  |
| <b>Name of the Proxy<br/>(In Block Letters)</b>  |  |
| <b>Signature of the Proxy</b>                    |  |

Note : Members / Proxyholders are requested to bring this Attendance Slip duly filled in and signed with them when they come to the meeting and hand it over at the entrance of the meeting Hall. No Attendance Slip will be issued at the time of Meeting.

|  |
|--|
| <b>Signature of Member/Authorised Representative</b> |
|--|

|                               |
|-------------------------------|
| <b>Signature of the Proxy</b> |
|-------------------------------|

**Photocopy of Attendance slip not be entertained**

Tear Here

**CMI LIMITED**  
Registered Office : C - 483, Yojna Vihar,  
New Delhi - 110092

**44th ANNUAL GENERAL MEETING  
PROXY FORM**

I/We ..... in  
The district of ..... being a member/members of  
the CMI Limited, hereby appoint Mr./Miss/Mr. .... of  
..... or falling him/her,  
Mr./Miss/Mr. .... in the district of ..... as my /  
out proxy to vote for me/us on my/our behalf at the 44th Annual General Meeting to be held on  
Wednesday 28th, September 2011.

Signed this ..... day of .....2011

|                           |
|---------------------------|
| Affix<br>Rs. 1<br>Revenue |
|---------------------------|