

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT THE 45TH ANNUAL GENERAL MEETING OF CMI LIMITED will be held on Saturday, the 29th September, 2012 at 11:30 am at Lajwaab Banquet Hall, Vikas Marg, Delhi – 110092 to transact the following business:-

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Profit and Loss Account for the year ended March 31, 2012 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. Ramesh Chand, who retires from office by rotation, and being eligible, offers himself for re-appointment.
3. 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 are 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.”

SPECIAL BUSINESS:

4. To re-appoint and increase remuneration of Mr. Amit Jain, Managing Director of the company and for that purpose to pass with or without modification(s), the following resolution as a Special Resolution:-

“RESOLVED THAT pursuant to provisions of Section 198, 269, 302, 309, 385, 386, 387, 388 read with Schedule XIII and other applicable provisions, if any, (including any statutory modifications of re-enactment thereof for the time being in force) and subject to approval of shareholders, consent of the company be and is hereby accorded for the re-appointment and increase in remuneration of Mr. Amit Jain, Managing Director of the Company for a period of three years w.e.f. 1st October, 2012, as recommended by the Remuneration Committee and on the terms and conditions as approved by the Board of Directors of the Company and at a remuneration as set out in the Explanatory Statement annexed to the Notice convening this meeting and as



further set out in the draft supplementary agreement placed before this meeting, which supplementary agreement is hereby specifically sanctioned with liberty to the Board of Directors to alter and vary the same in such manner as may be agreed to between the Board of Directors and Mr. Amit Jain, Managing Director.

FURTHER RESOLVED THAT the Board of Directors of the Company be and is hereby authorised to do all such acts, deeds, matters and things as in its absolute discretion it may consider necessary, expedient or desirable and to settle any question or doubt that may arise in relation thereto and the Board shall have absolute power to decide breakup of the remuneration within the above said maximum permissible limit and in order to give effect to the forgoing resolution, or as may be otherwise considered by it to be in the best interest of the Company.”

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

"RESOLVED THAT pursuant to the clause (a) of regulation 6 of SEBI (delisting of equity shares) Regulation 2009, and subject to consent of the shareholders, approval of the Board of Directors is being accorded to delist the shares of the Company from Ahmedabad Stock Exchange Limited and Delhi Stock Exchange Limited as the shares of the Company were not being materially traded on Ahmedabad Stock Exchange as well as on Delhi Stock Exchange.

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

By order of the Board

Amit Jain

Chairman & Managing Director

Place: Delhi

Dated: 03rd September, 2012

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.
THE RELEVANT EXPLANATORY STATEMENT PURSUANT TO 173(2) OF THE COMPANIES ACT, 1956 IN RESPECT OF 4 TO 5 OF THE NOTICE SET OUT ABOVE IS ANNEXED HEREWITH.**
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 ID cards and 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 to 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 September 23rd, 2012 to September 29th, 2012 (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, Beetal



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.
13. The Register of Director's shareholding will be available for inspection at the meeting.

By order of the Board

Place: Delhi

Date: 03rd September, 2012

Amit Jain

Managing Director

Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956

AGENDA ITEM NO. 4

Mr. Amit Jain is a qualified person and serving the Company from the Year 2002 onwards. He was appointed as Managing Director of the Company w.e.f 1st October, 2002 for a period of Five Years. He is handling the operations of the Company very efficiently and his foresightedness and professional approach towards working has brought significant improvement in the growth to the Company. He was re-appointed for the period of Five Years w.e.f 1st October 2007. During his tenure he is working so efficiently that the accumulated losses of the Company which are more than Capital of the Company are now equal to the Capital of the Company.

Keeping in view the professional services provided by him, directors of the Company are of the view that his services should be used further for the steady growth of the Company. Your Directors foresee a bright future of the Company under his management.

Keeping in view the above, the Board of Directors of the Company has unanimously re-appointed and increased the remuneration of Mr. Amit Jain, Managing Director of the Company in its meeting held on 03rd September, 2012 for a period of 3 years



w.e.f. 01st October, 2012 to 30th September, 2015 at remuneration as approved by the Board of Directors.

The remuneration package proposed to be provided to Mr. Amit Jain is as follows:

Pay Elements	Amount per month (in Rs.)
Basic Salary	88,750.00
HRA (60% of Basic)	53,250.00
Education Allowance	3,500.00
Fixed Medical Allowance	4,500.00
Total	1,50,000.00

In terms of Section 269 of the Companies Act, 1956 read with Schedule XIII any appointment or re-appointment and payment of remuneration to the Managing Director in accordance with Schedule XIII requires the approval of Shareholders at the General Meeting, therefore the Board of Directors of your Company commends the said re-appointment and payment of remuneration for your approval.

None of the Directors other than Mr. Amit Jain is interested in this Resolution.

GENERAL INFORMATION:

1. Nature of Industry : Insulated wires & cables
2. Year of Commencement of commercial Production : 1967

3. Financial Performance (Amount in Rs.)

Particulars	01/04/2009 to 31/03/2010	01/04/2010 to 31/03/2011	01/04/2011 to 31/03/2012
Paid-up Share capital	30,535,000	32,061,750	33,664,830
Reserves & Surplus (Excluding Revaluation Reserve, if any)	29,424,132	51,991,716	76,081,859
Total Income	488,079,653	592,671,339	731,092,695
Profit before tax	19,259,645	22,336,464	23,754,419
Profit after tax	19,160,196	20,161,426	21,563,688
Dividend	Nil	Nil	Nil

INFORMATION ABOUT THE APPOINTEE:

4. Background Details

Mr. Amit Jain is a Commerce Graduate, aged about 38 years, has vast and diverse industrial experience of over 15 years in the Cable Industry. He is associated with CMI Limited since 2002.

5. Past Remuneration

The past remuneration as withdrawn by Mr. Amit Jain, Managing Director as on 31st March 2012 was **Rs. 1,25,000/-** per month.

6. Job Profile and his suitability :

Mr. Amit Jain, Managing Director of the Company has been serving the Company from the past several years and is having vast experience and expertise in the field of Cable Industry. He possesses an extraordinary vision and entrepreneurial skills. Under his leadership, CMI has grown significantly despite many hurdles. As a Managing Director, he is responsible for overall management of the Company. He is handling the operations of the Company very efficiently and his foresightedness and professional approach towards working has brought significant improvement in the growth to the Company.

7. Remuneration Proposed : As provided in Item No. 4

8. Pecuniary relationship with the Company or relationship with the Managerial persons, if any:



Except being a Managing Director and the amount of loan granted by him to the company, he has no pecuniary relationship with the Company or with the Managerial personnel.

DISCLOSURES:

The shareholders of the company shall be informed of the remuneration package of the managerial person.

AGENDA ITEM NO. 5

The Company's equity shares are listed on three Stock Exchanges namely, Ahmedabad, Mumbai and the Delhi. With the extensive networking of The Bombay Stock Exchange (BSE) and the extension of the BSE terminal to other cities as well, investors have access to online dealings in the Company's equity shares across the country. The bulk of the trading in the Company's equity shares in any case takes place on the BSE.

The Company's equity shares are one of the scripts which the Securities and Exchange Board of India (SEBI) has specified for settlement only in dematerialized form by all investors, since April 5, 1999. It is observed that there has been no trading of company's shares on ASE & DSE for a long time.

The Company also satisfies the requirement / criteria for delisting the equity shares, pursuant to Securities and Exchange Board of India (Delisting of Securities) Guidelines, 2003 and therefore it is proposed to get the equity shares delisted from ASE & DSE.

The proposed De-listing of the Company's Securities as and when the same takes place, will not adversely affect the investors.

Your Directors, therefore, recommend the Special Resolution for the approval of members.

Thereafter, the company will be applying to the aforesaid Stock Exchanges for delisting of the shares of the company.

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

By order of the Board

Place: Delhi

Date: 03rd September, 2012

Amit Jain
Managing Director

DIRECTORS' REPORT

To,
The Members,
CMI Limited

The Board of Directors take the pleasure in presenting the Forty Fifth (45th) Annual Report on the business and operations of the Company, together with the Audited Statement of Accounts for the financial year ended 31st March, 2012.

OVERALL REVIEW

Overall, 2011-2012 has been a satisfying year; there is an increase of 23.74% 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 23.35% and 3.65% 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 turn over. 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: -

PARTICULARS	31.03.2012 Amt. (In Rs.)	31.03.2011 Amt. (In Rs.)
Total Income (Turnover + Other Income)	731,092,695	592,671,339
Less: Expenditure	696,552,953	559,347,411
Profit before Depreciation and Tax	34,539,742	33,323,927
Less: Depreciation	10,785,322	10,987,463
Profit Before Tax	23,754,420	22,336,464
Less: Taxation-Current Year	5,120,000	4,900,000
Add: MAT Claimable	3,798,186	2,761,291
Previous Year Adjustments	(868,917)	(36,329)
Net Profit for the year carried to the Balance Sheet	21,563,689	20,161,426



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 2011-12.

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

Mr. Vijay Kumar Gupta has been appointed as Whole Time Director of the Company with effect from 1st April 2011 for a period of three years i.e. up to 31st March, 2014.

In accordance with the provisions of the Companies Act, 1956 and Articles of Association of the Company, Mr. Ramesh Chand, Director of the Company, is liable to retire by rotation at the forthcoming Annual General Meeting and being eligible, offer himself for re-appointment. Your Board recommends his re-appointment.

In accordance with the provisions of Section 198, 269, 302, 309, 385, 386, 387, 388 read with Schedule XIII and other applicable provisions, if any, (including any statutory modifications of re-enactment thereof for the time being in force) and



subject to approval of shareholders, Mr. Amit Jain, Managing Director of the Company is liable for re-appointment and increase in remuneration for a period of three years w.e.f. 1st October, 2012, as recommended by the Remuneration Committee and on the terms and conditions as may be agreed. Your Board recommends his re-appointment.

During the Financial Year 2011-12, no commission was paid to the directors (previous year Rs. Nil). The Commission so paid to Mr. Vijay Kumar Gupta during the year 2009-10 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.

COMMITTEES

The Board of Directors has constituted three Committees of the Board – the Audit Committee, the Investor’s/Shareholder’s 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

No Extra Ordinary General Meeting was held during the year 2011-2012.

SHARE CAPITAL

(a) EQUITY SHARES

For the 152675 Equity Shares of Rs. 10/- each which were issued and allotted at the Board Meeting held on 30th March, 2011, on preferential basis at a price of Rs. 25.76/- per share (including the premium of Rs.15.76/- per Equity Share) to Mr. Amit Jain in the capacity of the promoter(s) of the Company, the listing approval has been obtained from the Bombay Stock Exchange Limited vide letter dated 2nd June 2011 and from the Delhi Stock Exchange Limited vide letter no. DSE/LIST/6685/20918/7618 dated 08th August, 2012. The listing approval of aforesaid Equity Shares is still awaited from Ahmedabad Stock Exchange Limited.



(b) CONVERTIBLE WARRANTS

For 328632 Convertible Warrants issued and allotted at the Board meeting held on 30th March, 2011 at a price of Rs. 25.76/- per warrant on preferential basis to Mr. Amit Jain, in the capacity of promoter of the Company, the right of conversion has been exercised by the Warrant Holder- Mr. Amit Jain in the following manner:

- For the FIRST TRANCHE of 160308 Convertible warrants out of total 328632 Convertible Warrants converted into 160308 Equity Shares on 16.01.2012, the listing approval has been received from BSE vide letter no. DCS/PREF/PS/FIP/066/2012-13 on 27th April, 2012 and are listed on BSE w.e.f. 06th June, 2012 and from DSE vide letter no. DSE/LIST/6685/20919/7619 dated 08th August, 2012. The listing approval for the same is awaited from the Regional Stock Exchange (ASE).
- The remaining 168324 Convertible warrants out of total 328632 Convertible Warrants were converted into 168324 Equity Shares on 30.07.2012.

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 for 1,52,675 Equity Shares which were allotted on Preferential basis, from Bombay Stock Exchange Ltd. vide letter no. DCS/PREF/S1/FIP/213/2011-12 on 2nd June, 2011 and are listed on the Exchange w.e.f. 21st September, 2011 and from the Delhi Stock Exchange Limited vide letter no. DSE/LIST/6685/20918/7618 dated 08th August, 2012. The listing approval of aforesaid Equity Shares is still awaited from Ahmedabad Stock Exchange Limited.

For the FIRST TRANCHE of 160308 Convertible warrants out of total 328632 Convertible Warrants converted into 160308 Equity Shares on 16.01.2012, the listing approval has been received from BSE vide letter no. DCS/PREF/PS/FIP/066/2012-13 on 27th April, 2012 and are listed on BSE w.e.f. 06th June, 2012 and from DSE vide letter no. DSE/LIST/6685/20919/7619 dated 08th August, 2012. The listing approval for the same is awaited from the Regional Stock Exchange (ASE).



FIXED DEPOSITS

During the Financial Year 2011-2012, 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.

HUMAN RESOURCES

Employees today are looking for development opportunities, future career options, empowerment and work-life balance in an organization. Our people are our most important assets. We believe that our employees deliver the best quality and level of service 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 Report forms part of this Annual Report. The Practicing Company Secretaries Certificate on the Compliance of Corporate Governance Code embodied in Clause 49 of the Listing Agreement forms part of this report.

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 31st March, 2012, 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 31st March, 2012 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 any technological improvements.

IV. Foreign Exchange Earnings and Outgo:

- a) Expenditure in Foreign Currency: Rs. 1.52 lacs
- b) Earnings in Foreign Currency: Rs. 21.41 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: 03rd September, 2012
Registered Office:
C-483, Yojna Vihar
Delhi- 110092
Email Id: info@cmilimited.in



CORPORATE GOVERNANCE REPORT FOR THE YEAR 2011-12

THE COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

Effective corporate governance practices constitute the strong foundations on which successful commercial enterprises are built to last. These practices are categorised through principle based standards and not just through a framework enforced by regulation. It develops through adoption of ethical practices in all of its dealings with a wide group of stakeholders encompassing regulators, employees, shareholders, customers and vendors.

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 behavior. 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 Exchange ("the Listing Agreement") Risk Management and internal control functions have been geared up to meet the progressive governance standards.

BOARD OF DIRECTORS

(i) 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 the Directors is five, of which two are executive directors.

Category	No. of Directors	Percentage %
Executive Directors	2	40
Non- Executive Independent Directors	3	60
Total	5	100

Name of the Director	Category	No. of Board Meetings during the year 2011-12		Whether attended last AGM held on September 28, 2011	No. of other Directorships held in Indian public companies	No. of other Committee positions as Members and as Chairperson
		Held	Attended			
Mr. Amit Jain DIN 00041300	Chairman cum Managing Director & Executive Promoter Director	11	11	Yes	None	None
Mr. Vijay Kumar Gupta* DIN 00995523	Executive director	11	09	Yes	None	1
Mr. Pyare Lal Khanna DIN 02237272	Non – Executive Independent Director	11	08	Yes	None	2
Mr. Neeraj Goel DIN 01753138	Non – Executive Independent director	11	09	Yes	None	3
Mr. Ramesh Chand** DIN 02759859	Non- Executive Independent Director	11	08	Yes	None	2

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

** Mr. Ramesh Chand, Director is liable to retire by Rotation and being eligible offer himself for re- appointment.

(ii) **Eleven** Board Meetings were held during the year 2011-2012 and the gap between two meetings did not exceed four months. The dates on which the said meetings were held are as follows:

13th April, 2011; 15th April, 2011; 27th May, 2011; 11th August, 2011; 14th October, 2011; 12th November, 2011; 28th November, 2011; 15th December, 2011; 16th January, 2012; 13th February, 2012; 21st March, 2012.

The necessary quorum was present for all the meetings.

(iii) None of the Non- Executive directors have any material pecuniary relationship or transactions with the Company.

(iv) 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 31ST March, 2012

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 & CEO	Non-Executive Independent Director	Executive Director	Non-Executive Independent Director	Non-executive Independent Director
Date of Birth	15 th Oct., 1973	13 th Aug. , 1948	15 th Dec. , 1949	6 th Dec., 1975	15 th , May , 1949
Nationality	Indian	Indian	Indian	Indian	Indian
Date of Appointment	1 st October, 2002	30 th Sept , 2004	15 th Jan , 2009	14 th Feb, 2002	27 th Feb , 2009
Qualification & Experience	Having rich experience in cable manufacturing Industry	Having more than 40 years of Grassroot level experience in Metals Industry	Having more than 35 years 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 31-03-2012	1425553 (42.35%)	Nil	8770 (0.261%)	Nil	9000 (0.267%)
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. 1st April, 2011.

*** Mr. Amit Jain has been allotted 3,28,632 Convertible warrants in the capacity of a promoter on 30th March , 2011 and 1,60,308 equity shares were issued to him pursuant to conversion of warrants on 16th January, 2012.

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 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, 2012.

Place: Delhi
03rd September, 2012

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' / Investor's 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 the assets;
- Reliability of financial and other management information;
- Compliance with relevant national laws and regulation;

The Audit Committee is empowered to, pursuant to these 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
 - Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of sub section (2AA) of Section 217 of the Companies Act, 1956.
 - Qualification in the draft audit report
 - Significant adjustments arising out of audit
 - Compliance with legal requirements concerning financial statements
 - Related party transaction ;
- Reviewing with the management, statutory and internal auditors, the adequacy of internal control systems and recommending improvements to the management ;
- 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 purpose other than those stated in the offer document/prospectus, notice and report submitted by the monitoring agency monitoring the utilization of the proceeds of a public or rights issue and making appropriate recommendations to the Board to take up steps in this matter.
- 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 audits ;
- 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 documents / prospectus / notice and the report submitted by the monitoring agency monitoring the utilization 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 Board from time to time.

Composition

The Audit Committee comprises two Non- executive independent directors. The Managing Director, the head of internal audit and the representatives 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 Chairman of the Audit Committee attended the Annual General Meeting (AGM) held on 28th September, 2011 to answer Shareholder's queries.

The names of the members of the Audit Committee, including its chairman is as under:-

Name	Category	Number of Meetings during the year 2011-12	
		Held	Attended
Mr. Pyare Lal Khanna	Independent, Non Executive	4	4
Mr. Neeraj Goel	Independent, Non Executive	4	4
Mr. Vijay Kumar Gupta	Executive director	4	4

Four Audit Committee Meetings were held during the year 2011-2012. The dates on which the said meetings were held are as follows:

27th May, 2011; 11th August , 2011; 12th November , 2011; 13th February , 2012

The Necessary quorum was present for all the meetings.

B. REMUNERATION COMMITTEE

The Remuneration Committee of the Board, inter alia, recommends to the Board of Directors, the compensation terms of Executive Director. It also recommends successions and appointments viz. the membership of the Board and the senior management.

Functions

(i) The broad terms of reference of the Remuneration Committee are as under:

- To approve the annual remuneration plan of the Company regarding Executive Director;



- To approve the remuneration and commission/incentive payable to the Executive Director for each financial year;
- To approve the remuneration and annual performance bonus payable to the Executive Director of the Company for each financial year;
- Such other matters as the Board may from time to time request the Remuneration Committee to examine and recommend/approve.

Composition

At present, the Remuneration committee comprises all Non- Executive Independent Directors. The composition of the Remuneration Committee and the details of meetings attended by its members are given below:

Name	Category	Number of Meetings during the year 2011-12	
		Held	Attended
Mr. Neeraj Goel	Non- Executive Independent Director	2	2
Mr. Pyare Lal Khanna	Non- Executive Independent Director	2	2
Mr. Ramesh Chand	Non- Executive Independent Director	2	2

Two Remuneration Committee Meetings were held during the year 2011-2012. The dates on which the said meetings were held are as follows:

30th May, 2011 and 30th October, 2011.

The Necessary Quorum was present at the meetings.

Remuneration Policy

The Company's remuneration policy is driven by the success and performance of the individual employee and the Company. Through its compensation programme, the Company endeavours to attract, retain, develop and motivate a high performance workforce. The Company follows a compensation mix of fixed pay, benefits and performance based variable pay. Individual performance pay is determined by business performance and the performance of the individuals measured through the annual appraisal process.

The Company pays remuneration by way of salary, benefits, perquisites and allowances (fixed component) and commission (variable component) to its Executive Directors. Annual increments are decided by the Remuneration Committee within the salary scale approved by the members and are effective April 1, each year. The Remuneration Committee decides on the commission payable to the Executive Directors out of the profits for the financial year and within the ceilings prescribed under the Companies Act, 1956, based on the performance of the Company as well as that of the each Executive Director.



The Company firmly believes in attracting and retaining high caliber 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 others 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, 2012:

(Rs. In lakhs)					
Director	Salary and Allowance	Perquisites	Contribution to PF, Superannuation and other Fund	Total	Sitting Fees
Mr. Amit Jain (Executive Director & Managing Director)	15.00	-	0.093	15.093	-
Mr. Vijay Kumar Gupta (Executive Director)	4.80	1.20	-	6.00	-

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

Non -Executive Directors have not been paid any remuneration.

C. 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 31st March 2012 are as follows:

Name	Category	Number of Meetings during the year 2011-12	
		Held	Attended
Mr. Neeraj Goel	Non- Executive Independent Director	15	15
Mr. Ramesh Chand	Non- Executive Independent Director	15	15

Fifteen Shareholders/Investors Grievances Committee Meetings were held during the year 2011-2012. The dates on which the said meetings were held were as follows:

10th May, 2011; 31st May, 2011; 10th June, 2011; 20th June, 2011; 30th June, 2011; 11th July, 2011; 10th August 2011 ; 30th August, 2011 ; 10th September, 2011 ; 30th September, 2011; 10th October, 2011 ; 20th October, 2011; 10th December, 2011; 31st December 2011; 29th February, 2012.

The necessary quorum was present at the meetings.

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 31st March 2012.

GENERAL MEETING

(a) Annual General Meeting:

Details	Date	Time	Venue
42nd AGM for the Financial Year 2008-09	30 th September, 2009	11.30 A.M.	C-483, Yojna Vihar, Delhi-110092
43rd AGM for the Financial Year 2009-10	28 th September, 2010		Lajwaab Banquet Hall, Vikas Marg, Delhi-110092
44th AGM for the Financial Year 2010-11	28 th September, 2011		



(b) Extra Ordinary General Meeting:

No Extra Ordinary General Meeting of the Members, was held during the year 2011-12.

(c) Postal Ballot:

No Postal Ballot was conducted during the year 2011-12.

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 24 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 allotted 328632 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 at the Board Meeting held on 30th March, 2011.

In view of the above, the right of conversion has been exercised by the warrant holder Mr. Amit Jain for the FIRST TRANCHE of 160308 Convertible warrants out of total 328632 Convertible Warrants converted into 160308 Equity Shares on 16th January, 2012.

And the remaining 168324 Convertible warrants out of total 326832 Convertible Warrants were converted into 168324 Equity Shares on 30th July, 2012.

- e. During the Financial Year 2011-12, no commission was paid to Mr. Vijay Kumar Gupta (previous year Rs. Nil). The commission so paid to Mr. Vijay Kumar Gupta during the year 2009-10 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 'Financial Express' and in a vernacular newspaper, 'Jansatta' 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 its management and staff while in possession of unpublished price sensitive information in relation to the Company. The Code lays down guidelines advising them on procedures to be followed and disclosures to be made while dealing with shares of CMI Limited, and cautioning them of the consequence of violations. The Finance Controller and Company Secretary has been appointed as Compliance Officer.

COMPLIANCE OFFICER

Mr. Subodh Kumar Barnwal, Company Secretary and Finance Controller of the Company is the Compliance Officer of the Company as required under the Listing Agreement with the Stock Exchanges.

GENERAL SHAREHOLDER INFORMATION

1.	Annual General Meeting: Day and Date Time Venue	Saturday, 29 th September, 2012 11.30 A.M. Lajwaab Banquet Hall, Vikas Marg, Delhi-110092.
2.	Financial Calendar for 2012-13: Accounting Period Un-audited financial results for the first three quarters Fourth quarter Results Annual General Meeting (Next Year)	April 1, 2012 to March 31, 2013 Announcement within 45 days from the end of each quarter Announcement of Audited Accounts on or before May 30, 2013. September, 2013 (Tentative)

3.	Date of Book Closure	23 rd September, 2012 to 29 th September, 2012 (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 th Floor, P J Towers, Dalal Street, Fort, Mumbai – 400 001
	BSE Stock Code	517330
	Ahmedabad Stock Exchange Limited	1 st Floor, Kamdhenu Complex, Opp. Sahajanand College, NR Panjarapole Ambawadi, Ahmedabad- 380015
<p><i>Note: During the year, the listing fees for the year 2011-2012 has been paid to Bombay Stock Exchange Limited & the same is still pending for Delhi Stock Exchange Limited & Ahmedabad Stock Exchange.</i></p>		
6.	Registrars and Transfer Agent	Beetal Financial & Computer Services (P) Ltd. Beetal House, 99 Madangir, Behind Local Shopping Centre, Near Dada Harsukh Dass Mandir, New Delhi-110062. Telephone No. : 29961281 Facsimile No. : 29961284

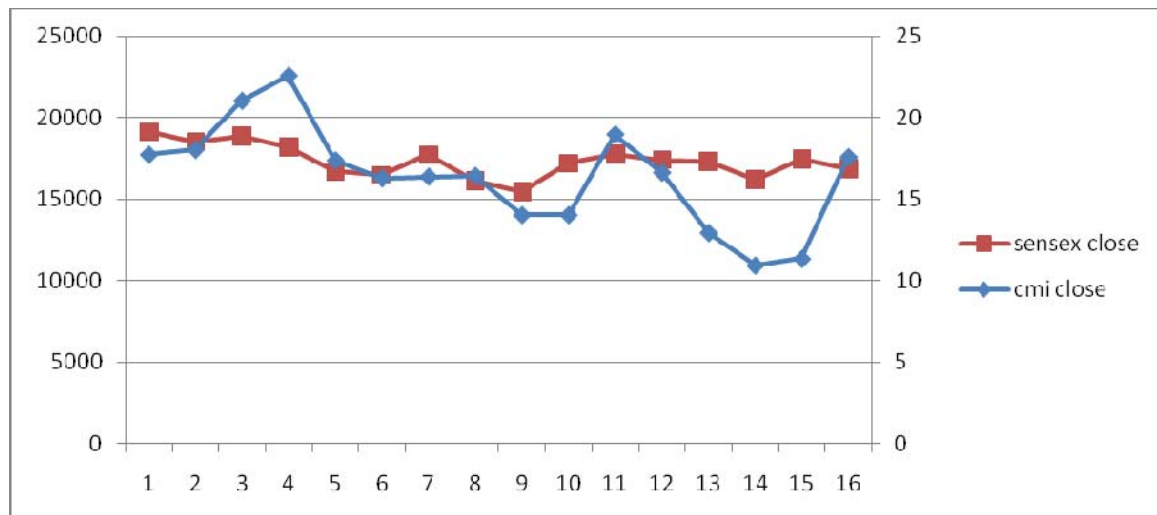
MONTHLY HIGH AND LOW OF THE SHARES TRADED ON BSE

The monthly high and low prices of every month during the financial year 2011-2012 are given below:



Month	BOMBAY STOCK EXCHANGE LIMITED		
	High (Rs.)	Low (Rs.)	Volume (in Numbers)
April 2011	20.00	15.55	17999
May 2011	19.25	15.00	18542
June 2011	22.90	17.95	36194
July 2011	25.75	20.50	16183
August 2011	24.40	16.20	7818
September 2011	18.95	14.75	2688
October 2011	18.35	14.25	8858
November 2011	17.95	14.90	5070
December 2011	17.00	13.75	2369
January 2012	14.60	12.93	2360
February 2012	21.10	14.70	10704
March 2012	19.65	16.60	3449

Performance of Share Price of the Company in comparison to the 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.

Shares in electronic form & Physical form:

S.No.	Particulars	No. of Shares	% of Total Issued Capital
1	Held in dematerialized form in CDSL	530239	15.75
2	Held in dematerialized form in NSDL	2107010	62.59
3	Physical	729234	21.66
	Total No. of shares (1+2+3)	3366483	100.00

*160308 shares pursuant to conversion of warrants have been listed on BSE on 27th April, 2012 and DSE on 08th August, 2012.

*168324 Convertible warrants out of total 326832 Convertible Warrants were converted into 168324 Equity Shares and are allotted on 30th July, 2012 and listing on Stock Exchanges for the same is under process.

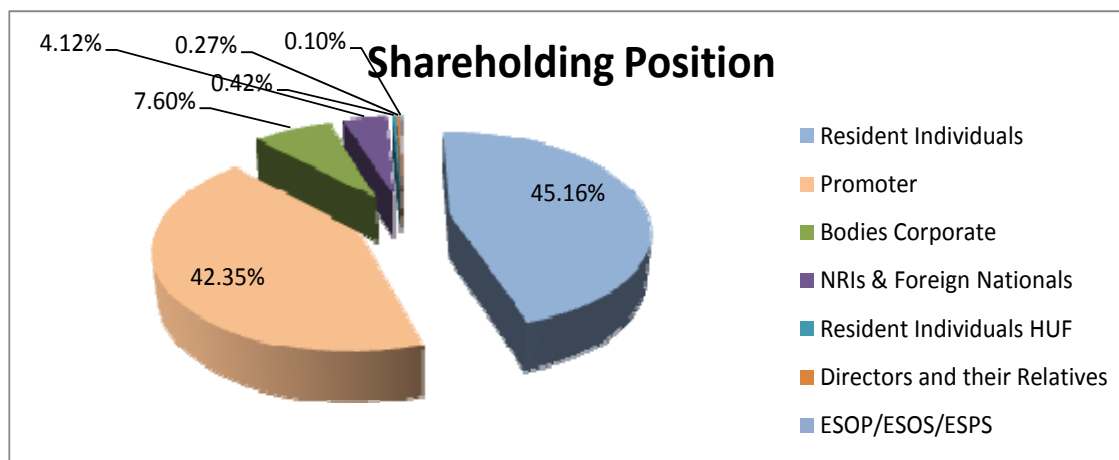
DISTRIBUTION OF SHAREHOLDING AS ON 31ST MARCH, 2012:

Share holding of nominal value (In Rupees)	No. of Share Holders		No. of Equity Shares	
	Total	% to Shareholders	Total Share	% to Capital
Upto - 5000	2664	88.36	4,29,249	12.7507
5001 - 10000	174	5.77	1,45,690	4.3277
10001 - 20000	75	2.49	1,14,787	3.4097
20001 - 30000	27	0.90	70,395	2.0911
30001 - 40000	11	0.36	40,309	1.1974
40001 - 50000	15	0.50	73,793	2.1920
50001 - 100000	19	0.63	1,44,863	4.3031
1,00,001 and above	30	1.00	23,47,397	69.7285
TOTAL	3,015	100.00	33,66,483	100.00

CATEGORIES OF SHAREHOLDERS AS ON 31ST MARCH, 2012:

Sl. No.	Category	No. of Shares held	% to Share holding
1.	Promoters and Promoter Group	1,425,553	42.345
2.	Directors and their Relatives	8,770	0.261
3.	NRIs & Foreign Nationals	1,38,526	4.115
4.	Resident individuals	15,20,272	45.159
5.	Bodies Corporate	2,55,901	7.601
6.	ESOP/ESOS/ESPS	3,400	0.101
7.	Resident Individuals HUF	14,016	0.416

TOTAL		33,66,483	100.00



DEMATERIALIZATION 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 – National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). The International Securities Identification Number (ISIN) allotted to the Company's Equity Shares under the Depository System is INE981B01011.

As on 31st March, 2012, 78.338% of the total paid up share capital amounting to 2,637,249 equity shares is held in De-mat form and 21.662% of the total paid up capital amounting to 729,234 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.



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

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, 4th 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

Website: www.nsdl.co.in

Central Depository Services (India) Limited

Phiroze Jeejeebhoy Towers, 17th Floor, Dalal Street, Mumbai 400 001

Telephone: 022-22723333

Facsimile: 022-22723199/ 22722072

E-mail: investors@cdslindia.com

Website: 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: 03rd September, 2012

Amit Jain

Chairman of the Meeting



MANAGEMENT DISCUSSION & ANALYSIS REPORT (2011-2012)

The Board of Directors takes pleasure in presenting before you, the Company's 45th Annual Report for the Financial Year ending 31st March, 2012, 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 foe 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 Polythelene (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 requirement. 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 2011-2012 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

Date: 03rd September, 2012

Amit Jain
Chairman of the Meeting



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

To the Members of CMI Limited

We have examined the compliance of conditions of Corporate Governance by CMI Limited, for the year ended on 31st March 2012, 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: 03rd September, 2012

Ravi Grover
Partner
C.P. No. 3448

**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 31st March, 2012, 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: 03rd September, 2012

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 **31st March, 2012** 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 31st March 2012 and taken on record by the Board of Directors, we report that none of the Directors are disqualified as on 31st March 2012 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 31st March, 2012;
 - 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**

**PLACE: DELHI
DATE: 30th MAY, 2012**

**J.K. MANOCHA
PROPRIETOR**

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 31st March, 2012.

- 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 - 2
The maximum amount involved during the year - Rs. 625.05 Lacs
Year-end balance - Rs. 590.00 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 paid interest on the loans at prevailing market rates.
- 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.
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 except Central Sales Tax Rs. 98,85,913/- and VAT Rs. 14,38,821/-.

- 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.
- d) 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.
- e) 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.
- f) 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.
- g) 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.
- h) 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.
- i) The company has given guarantees for loans taken by others from banks and financial institutions. According to the information and explanations given to us, we are of the opinion that the terms and conditions thereof are not prima facie prejudicial to the interest of the Company.
- j) As per information and explanation given to us, the Company has not raised any new term loans during the year. The balance of earlier raised term loans as on 31st March 2012 is 16.16 Lacs.
- k) 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.



- l) According to the information and explanations given to us, the Company has made preferential allotment of shares to parties and Companies covered in the register maintained under Section 301 of the Act.
- m) The Company has not issued any debentures.
- n) The Company has not raised any moneys by public issues during the year.
- o) 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.

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

**PLACE: DELHI
DATE: 30th MAY, 2012**

**J.K. MANOCHA
PROPRIETOR**