



## **NOTICE OF ANNUAL GENERAL MEETING**

NOTICE IS HEREBY GIVEN THAT THE 46<sup>TH</sup> ANNUAL GENERAL MEETING OF CMI LIMITED will be held on Friday, the 27<sup>th</sup> September, 2013 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, 2013 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. Pyare Lal Khanna, 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 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 : 29<sup>th</sup> August, 2013**

**Amit Jain**  
**Chairman & Managing Director**



## **NOTICE**

**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.**

1. 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.
2. 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.
3. Members are requested to bring their ID cards and attendance slip along with their copy of Annual Report of the Meeting.
4. 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.
5. 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 21<sup>st</sup>, 2013 to September 27<sup>th</sup>, 2013 (both days inclusive) for determining the names of members eligible for dividend on Equity Shares, if the dividend is declared at the Meeting.
6. 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.



7. 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.
8. 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.
9. Members holding shares in electronic form are requested to quote Ledger Folio Numbers/ DP ID- Client ID in all their correspondence.
10. The Members are requested to note that no gift or gift coupons will be distributed at the meeting.
11. 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.
12. The Register of Director's shareholding will be available for inspection at the meeting.

**By Order of the Board**

**Place : Delhi**  
**Date : 29<sup>th</sup> August, 2013**

**Amit Jain**  
**Chairman & Managing Director**



## DIRECTORS' REPORT

To,  
The Members,  
**CMI Limited**

The Board of Directors takes the pleasure in presenting the Forty Sixth (46<sup>th</sup>) Annual Report on the business and operations of the Company, together with the Audited Statement of Accounts for the year ended 31<sup>st</sup> March, 2013.

### FINANCIAL RESULTS

	(Rs. in lacs)	
	2012-13	2011-12
Gross Revenue (Sales & Other Income)	<b>8921.46</b>	7310.93
Less : Operating & Administrative Expenses	<b>8569.92</b>	6965.53
<b>Profit before Depreciation and Tax</b>	<b>351.54</b>	345.40
Less : Depreciation	<b>104.66</b>	107.85
<b>Profit Before Tax</b>	<b>246.88</b>	237.54
Add : MAT credit	—	37.98
Less: Provision for Tax	<b>100.00</b>	51.20
Add: Previous Year Adjustments	<b>19.52</b>	(8.69)
<b>Net Profit for the Year carried to the Balance Sheet</b>	<b>166.00</b>	215.64

### OVERALL REVIEW

Overall, 2012-13 has been a satisfying year; there is an increase of 22.86% 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 22.03% and 1.78% respectively. Further, the Net Profit after Depreciation and Tax reports a decrease of 23.02% only. 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



## **DIVIDEND**

Although the brought forward losses have been adjusted during the year, yet the Company needs further funds to enhance its business operations, to up grade the efficiency of its plant and to meet out the deficiencies in working capital. Therefore, the management is of the view that the profits earned during the year must be retained and redeployed for the operations of the Company.

Therefore, the Directors do not recommend any dividend on Equity Shares for the financial year 2012-13.

## **AUDITORS AND THEIR REPORT**

M/s J. K. Manocha & Associates, Chartered Accountants, Delhi, Statutory Auditors of the Company, who retires at the conclusion of this Annual General Meeting, and being eligible, offer themselves for re-appointment as Statutory Auditors of the Company for the financial year 2013-14 of the Company. The Company has received a letter from them to the effect that their re-appointment, if made, would be within the limit prescribed under Section 224(1B) of the Companies Act, 1956 and that they are not disqualified for such re-appointment within the meaning of Section 226 of the Companies Act, 1956.

The observations of the Auditors, are self-explanatory and do not call for any further explanation from the Directors.

## **INTERNAL CONTROL SYSTEM**

The Company has a well placed, proper and adequate internal control system, which ensures that all assets are safeguarded and protected and that the transactions are authorized, recorded and reported correctly. The Company's internal control system comprises audit and compliance by in-house internal Audit Division. The Internal Auditors independently evaluate the adequacy of internal controls and concurrently audit the majority of the transactions in value terms. Independence of the audit and compliance is ensured by direct reporting of Internal Audit Division and Internal Auditors to the Audit Committee of the Board.

## **CREDIT RATING**

During the year under review the Company has sustained its long term credit rating of BB. The BB awarded by ICRA reflects moderate risk regarding timely servicing of financial obligation. The Company's short term credit rates as A4+ by ICRA, reflects minimal degree of safety regarding timely payment of financial obligations.



## **DIRECTORS**

In accordance with the provisions of the Companies Act, 1956 and Articles of Association of the Company Mr. Pyare Lal Khanna Director of the Company is liable to retire by rotation at the forthcoming Annual General Meeting and being eligible offers their candidature for re-appointment. Your Board recommends his re-appointment.

During the year under review, Mr. Neeraj Goel who was appointed as Director of the Company on 14<sup>th</sup> February, 2002, resigned from the directorship of the company w.e.f. 15<sup>th</sup> February, 2013.

None of the Directors of the Company is disqualified under the provision of Section 274(1) (g) of the Companies Act, 1956.

As on the date of this report, Board consists of following members :

<b>Sl. No.</b>	<b>Name of Director</b>	<b>DIN</b>	<b>Designation</b>	<b>Date of Appointment</b>
1	Mr. Amit Jain	00041300	Managing Director	01.10.2002
2	Mr. Pyare Lal Khanna	02237272	Director	30.09.2004
3	Mr. Vijay Kumar Gupta	00995523	Whole-Time Director	15.01.2009
4	Mr. Ramesh Chand	02759859	Director	27.02.2009

## **DIRECTORS' RESPONSIBILITY STATEMENT**

Pursuant to requirement under 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, 2013 the applicable accounting standards read with requirements set out under Schedule VI to the Companies Act, 1956 have been followed and no material departures have been made from the same.
- (ii) Appropriate Accounting Policies have been selected 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 except to the extent mentioned in notes to accounts;

- (iii) Proper and sufficient care have been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- (iv) The annual accounts have been prepared on a going concern basis.

## **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 2012-2013.

## **SHARE CAPITAL**

The Company's shares are listed on the Bombay Stock Exchange (BSE), Delhi Stock Exchange (DSE) and Ahmadabad Stock Exchange (ASE) and are traded on Bombay Stock Exchange actively.

### **(a) EQUITY SHARES**

For 152675 Equity Shares of Rs. 10/- each which were issued and allotted at the Board Meeting held on 30<sup>th</sup> 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 2<sup>nd</sup> June, 2011 and from the Delhi Stock Exchange Limited vide letter no. DSE/LIST/6685/20918/7618 dated 08<sup>th</sup> August, 2012. The listing approval of aforesaid Equity Shares is still awaited from Ahmadabad Stock Exchange Limited.

**(b) CONVERTIBLE WARRANTS**

For 328632 Convertible Warrants issued and allotted at the Board meeting held on 30<sup>th</sup> 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<sup>th</sup> January, 2012, the listing approval has been received from BSE vide letter no. DCS/PREF/PS/FIP/066/2012-13 on 27<sup>th</sup> April, 2012 and are listed on BSE w.e.f. 06<sup>th</sup> June, 2012 and from DSE vide letter no. DSE/LIST/6685/20919/7619 dated 08<sup>th</sup> August, 2012.
- The remaining 168324 Convertible warrants out of total 328632 Convertible Warrants were converted into 168324 Equity Shares on 30<sup>th</sup> July, 2012 and the listing approval has been received from BSE vide letter no. DCS/PREF/PS/FIP/197/2013-14 on 9<sup>th</sup> July, 2013 and are under process for listing on BSE.

**FIXED DEPOSITS**

During the year under review, the Company has not accepted any deposits within the meaning of Section 58A of the Companies Act, 1956 read with the Companies (Acceptance of Deposits) Rules.

**HUMAN RESOURCES**

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





## **CORPORATE GOVERNANCE**

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

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

Certificate of the CEO/CFO, inter alia, confirming the correctness of the financial statements, compliance with Company's Code of Conduct, adequacy of the Internal Control measure and reporting of matters to the Audit Committee in terms of Clause 49 of the Listing Agreement with the Stock Exchange, is attached and 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.

## **HEALTH, SAFETY AND ENVIRONMENTAL REVIEW HSE)**

CMI Limited is committed to keep the good HSE performance delivered in earlier years. It has made huge progress in the area of process safety with no fatal accident reported during the Period.

With an aim to certify its operational location CMI Limited, Plot No. 71&82, Sector-06, Faridabad, Haryana-121006 with the integrated Management system OHSAS 18001 and ISO 14001-Occupational Health, Safety and Environment, CMI Limited has got externally accreditation for its said manufacturing location by M/s American Quality Assessors.

## **PARTICULARS OF EMPLOYEES**

During the year under review 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, Research and technology 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:

**A. Conservation of Energy :**

**a) Energy conservation measures taken :—**

A number of energy conservation techniques were initiated at large scale and successfully implemented. Energy was used more efficiently.

Some of the key initiatives were as follows :-

In the existing manufacturing units various initiatives were undertaken to conserve/reduce environmental impact, by adapting to green manufacturing and concept of “Reduce, Reuse and Recycle” viz.

- ✎ Efficient Maintenance and daily monitoring of Capacitor Bank for improvement of Power Factor.
- ✎ Replacing energy inefficient equipments with new technologies which are efficient with AC Drives.
- ✎ Replaced old boiler with new to conserve on usage of HSD.

**b) Additional investments and proposals, if any, being implemented for reduction of consumption of energy :—**

There was no any investment has made for reduction of consumption of energy during the Financial Year.

**c) Impact of measures on (a) and (b) above for reduction of energy consumption and consequent impact on the cost of production of goods :—**

- ✎ The energy conservation measures taken during the year have resulted into yearly saving of good amount and thereby lowered the cost of production by equivalent amount. These measures have also lead to better pollution control, reduced maintenance time and cost, improved hygienic condition and consistency in quality and improved productivity.



**B. Technology Absorption, Adaptation & Innovation**

**1. Efforts, in brief, made towards technology absorption, adoption and innovation Energy Conservation, up gradation in manufacturing and Efficiency improvement**

- ✎ Use of energy efficient CFL lamps in whole plant
- ✎ Recycling the vacuum Pump cooling water for environment saving.
- ✎ Company now updated with the manufacturing Of all types of cables

**2. Benefits derived as a result of the above efforts**

- ✎ Reduction in power usage and thereby reducing cost of production.
- ✎ Environmental saving.
- ✎ Improved efficiency and productivity.
- ✎ Cost and time saving.

**C. Research and Development**

Specific areas in which R&D carried out by the Company	Product Development and process improvement
Benefits derived as a result of the above R&D	The company has started manufacturing High Temperature Rubber cables
Future plan of action	Technology Up gradation
Expenditure on R&D	Capital Expenditure: 3.88 Lacs Recurring Expenditure: 3.94 Lacs

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

**1. Activities relating to export, initiative to increase exports, Development of New export markets for Products and Services and Export Plan.**

The Company has continued to maintain to focus and avail of export opportunities based on economic considerations. During the year Company has exports worth Rs. 5,04,33,170/- from export of Sales of Cables.

**2. Total Foreign Exchange earned and used :**

***Amount in Rs.***

a.	Total Foreign Currency Earned	5,04,33,170/-
b.	Total Foreign Currency Used	17,09,285/-



## **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 place on record their gratitude to the Central Government, State Government and Company's Bankers for the assistance, co-operation and encouragement they extended to the Company. Your Directors also wish to place on record their sincere thanks and appreciation for the continuing support and unstinting efforts of Investors, Vendors, Dealers, Registrar and Transfer Agent, Financial Institutions, Business Associates, Media and their agencies and Employees at all levels in ensuring an excellent all around operational performance.

**By Order of the Board**

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

**Date: 29<sup>th</sup> August, 2013**

Registered Office :  
C-483, Yojna Vihar,  
Delhi - 110092  
**Email Id : [info@cmilimited.in](mailto:info@cmilimited.in)**



## **CORPORATE GOVERNANCE REPORT FOR THE YEAR 2012-13**

### **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 four, of which two are executive directors.

<b>Category</b>	<b>No. of Directors</b>	<b>Percentage %</b>
Executive Directors	2	50
Non- Executive Independent Directors	2	50
Total	4	100



Name of the Director	Category	No. of Board Meetings during the year 2012-13		Whether attended last AGM held on September 29, 2012	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	12	12	Yes	None	None
Mr. Vijay Kumar Gupta DIN 00995523	Executive Director	12	10	Yes	None	1
Mr. Pyare Lal Khanna* DIN 02237272	Non-Executive Independent Director	12	10	Yes	None	2
Mr. Ramesh Chand DIN 02759859	Non-Executive Independent Director	12	09	Yes	None	2

\* Mr. Pyare Lal Khanna, Director is liable to retire by Rotation and being eligible offer himself for re- appointment.

(ii) **Twelve** Board Meetings were held during the year 2012-2013 and the gap between two meetings did not exceed four months. The dates on which the said meetings were held are as follows :

30<sup>th</sup> May, 2012; 2<sup>nd</sup> July, 2012; 30<sup>th</sup> July, 2012; 3<sup>rd</sup> August, 2012; 14<sup>th</sup> August, 2012; 3<sup>rd</sup> September, 2012; 29<sup>th</sup> September, 2012; 30<sup>th</sup> October, 2012; 15<sup>th</sup> November, 2012; 15<sup>th</sup> January, 2013; 7<sup>th</sup> February, 2013; 13<sup>th</sup> February, 2013.

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 31<sup>ST</sup> March, 2013**

Name of the Director	Mr. Amit Jain**	Mr. Pyare Lal Khanna***	Mr. Vijay Kumar Gupta	Mr. Ramesh Chand
Designation	Chairman cum Managing Director & CEO	Non-Executive Independent Director	Executive 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	15 <sup>th</sup> May, 1949
Nationality	Indian	Indian	Indian	Indian
Date of Appointment	1 <sup>st</sup> October, 2002	30 <sup>th</sup> September 2004	15 <sup>th</sup> January 2009	27 <sup>th</sup> February 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 35 years experience in Finance Sector.
Shareholding in CMI Limited as on 31-03-2013	1593877 (45.09%)	Nil	8770 (0.248%)	9000 (0.254%)
Directorship in other Companies and Memberships of Committees*	Nil	Nil	Nil	Nil
DIN	00041300	02237272	00995523	02759859

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

\*\* Mr. Amit Jain has been allotted 3,28,632 Convertible warrants in the capacity of a promoter on 30<sup>th</sup> March, 2011 and 1,60,308 equity shares and 1,68,324 equity shares were issued to him pursuant to conversion of warrants on 16.01.2012 and 30.07.2012 respectively.

\*\*\*\* Mr. Pyare Lal Khanna, Director is liable to retire by Rotation and being eligible offer himself for re-appointment.

Mr. Neeraj Goel has resigned from the Directorship w.e.f. 15-02-2013.



## **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 three 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 29<sup>th</sup> September, 2012 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 2012-13	
		Held	Attended
Mr. Ramesh Chand	Independent, Non Executive	4	4
Mr. Pyare Lal Khanna	Independent, Non Executive	4	4
Mr.Vijay Kumar Gupta	Executive Director	4	4

**Four** Audit Committee Meetings were held during the year 2012-2013. The dates on which the said meetings were held are as follows:

30<sup>th</sup> May, 2012; 10<sup>th</sup> August, 2012; 15<sup>th</sup> November, 2012; 13<sup>th</sup> February, 2013

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

The Remuneration committee comprises all Non-Executive Independent Directors upto 15-02-2013. 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 2012-13	
		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 2012-2013. The dates on which the said meetings were held are as follows:

3<sup>rd</sup> May, 2012 and 1<sup>st</sup> September, 2012.

The Necessary Quorum was present at the meetings.

Mr. Neeraj Goel has resigned from the Directorship w.e.f. 15-02-2013. The company will reconstitute the remuneration committee as and when required.



## **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 on 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, 2013:



(Rs. In lakhs)

Director	Salary and Allowance	Perquisites	Contribution to PF, Superannuation and other Fund	Total	Sitting Fees
Mr. Amit Jain (CEO & Managing Director)	16.50	-	0.093	16.593	-
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**

Due to resignation of Mr Neeraj Goel from the directorship of Company w.e.f. 15.02.2013, the Committee has been reconstituted.

Presently 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 and the Attendance of the Committee members at the meetings as on 31<sup>st</sup> March 2013 are as follows:

Name	Category	Number of Meetings during the year 2012-13	
		Held	Attended
Mr. Neeraj Goel*	Non-Executive Independent Director	08	07
Mr. Ramesh Chand	Non-Executive Independent Director	08	08
Mr. Pyare Lal Khanna	Non-Executive Independent Director	08	01



**Eight Shareholders/Investors Grievances Committee Meetings** were held during the year 2012-2013. The dates on which the said meetings were held were as follows:

20<sup>th</sup> April 12, 30<sup>th</sup> April 12, 20<sup>th</sup> July 12, 31<sup>st</sup> August 12, 29<sup>th</sup> September 12, 7<sup>th</sup> January 13, 1<sup>st</sup> February 13, 28<sup>th</sup> February 13.

**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 31<sup>st</sup> March 2013. For any complaints or query may be made on [info@cmilimited.in](mailto:info@cmilimited.in).

### **GENERAL MEETING**

#### **(a) Annual General Meeting :**

<b>Details</b>	<b>Date</b>	<b>Time</b>	<b>Venue</b>	<b>Details of Special Resolution Passed at AGM</b>
<b>43<sup>rd</sup> AGM for the Financial Year 2009-10</b>	28 <sup>th</sup> September, 2010	11.30 A.M.	Lajwaab Banquet Hall, Vikas Marg, Delhi-110092	Nil
<b>44<sup>rd</sup> AGM for the Financial Year 2010-11</b>	28 <sup>th</sup> September, 2011			Nil
<b>45<sup>th</sup> AGM for the Financial Year 2011-12</b>	29 <sup>th</sup> September, 2012			*Re-appointment and increase in remuneration of Managing Director *Delisting of Shares



**(b) Extra Ordinary General Meeting :**

No Extra Ordinary General Meeting of the Members was held during the year 2012-13.

**(c) Postal Ballot :**

No Postal Ballot was conducted during the year 2012-13.

**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 Point No. 10 of Notes to Accounts under Note No. 25 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 30<sup>th</sup> 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 16.01.2012.

And the remaining 168324 Convertible warrants out of total 328632 Convertible Warrants were converted into 168324 Equity Shares on 30.07.2012.



- e. During the Financial Year 2012-13, 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/- to be refunded back by him during the year, 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 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. Contact details 0129-4262703 & e-mail ID [cssubodh.kumar@gmail.com](mailto:cssubodh.kumar@gmail.com).





## GENERAL SHAREHOLDER INFORMATION

1. Annual General Meeting :	
☞ Day and Date	☞ Friday, 27 <sup>th</sup> September, 2013
☞ Time	☞ 11.30 A.M.
☞ Venue	☞ Lajwaab Banquet Hall, Vikas Marg, Delhi-110092.
2. Financial Calendar for 2012-13 :	
☞ Accounting Period	☞ April 1, 2012 to March 31, 2013
☞ Un-audited financial results for the first three quarters	☞ Announcement within 45 days from the end of each quarter
☞ Fourth quarter Results	☞ Announcement of Audited Accounts on or before May 31, 2013.
☞ Annual General Meeting (Next Year)	☞ September, 2013 (Tentative)
3. Date of Book Closure	21 <sup>st</sup> September, 2013 to 27 <sup>th</sup> September, 2013 (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, Opp. Sahajanand College, NR Panjarapole Ambawadi, Ahmedabad- 380015
<p><i>Note : During the year, the listing fees for the year 2012-2013 has been paid to Bombay Stock Exchange Limited &amp; Delhi Stock Exchange Limited the same is still pending for 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
----------------------------------	---

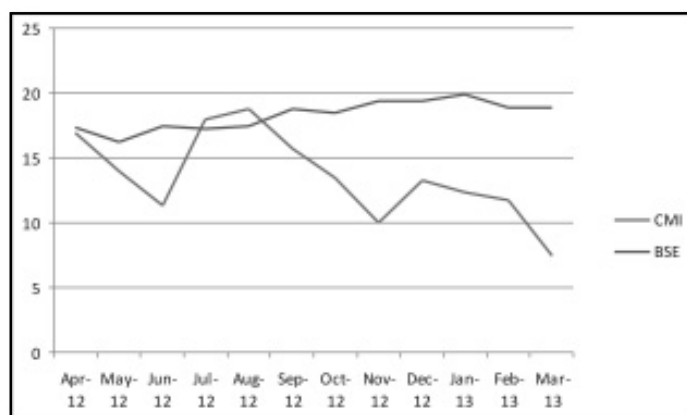
### MONTHLY HIGH AND LOW OF THE SHARES TRADED ON BSE

The monthly high and low prices of every month during the financial year 2012-2013 are given below:

Month	BOMBAY STOCK EXCHANGE LIMITED		
	High (Rs.)	Low (Rs.)	Volume (in Numbers)
April 2012	16.90	12.90	2086
May 2012	13.96	10.65	1002
June 2012	11.34	9.82	13716
July 2012	18.00	10.46	18717
August 2012	18.80	14.80	1909
September 2012	15.75	12.22	12152
October 2012	13.50	9.53	54995
November 2012	10.00	8.56	3144
December 2012	13.28	8.82	14249
January 2013	12.37	11.31	1070
February 2013	11.76	7.49	2440
March 2013	7.49	6.45	4343



**Performance of Share Price of the Company in comparison to the BSE Sensex.**



**Note :** The Chart has share price and indices indexed to 1000 as on the first working day of 2012-13.

**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	529505	14.98
2	Held in dematerialized form in NSDL	2275652	64.38
3	Physical	729650	20.64
	<b>Total No. of shares (1+2+3)</b>	<b>3534807</b>	<b>100.00</b>

\*160308 shares pursuant to conversion of warrants have been listed on BSE on 27<sup>th</sup> April, 2012.

\*168324 Convertible warrants out of total 326832 Convertible Warrants were converted into 168324 Equity Shares and are allotted on 30.07.2012 the listing approval has been received from BSE vide letter no. DCS/PREF/PS/FIP/197/2013-14 on 9th July, 2013 and are under process for listing on BSE.

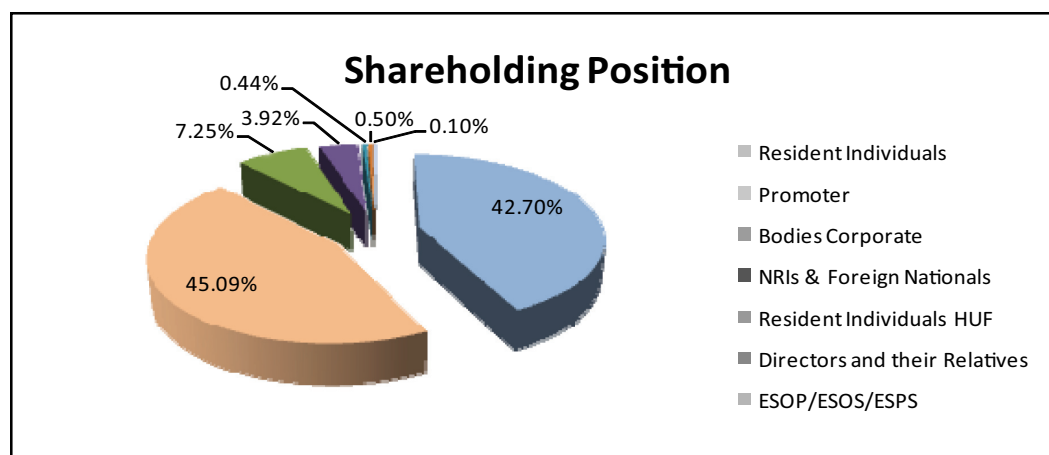


**DISTRIBUTION OF SHAREHOLDING AS ON 31<sup>ST</sup> MARCH, 2013 :**

Share holding of nominal value	No. of Share Holders		No. of Equity Shares	
(In Rupees)	Total	% to Shareholders	Total Share	% to Capital
Upto - 5000	2662	88.15	4,27,228	12.0863
5001 - 10000	177	5.86	1,48,349	4.3277
10001 - 20000	76	2.52	1,18,363	3.3485
20001 - 30000	29	0.96	75,241	2.1286
30001 - 40000	11	0.36	40,565	1.1476
40001 - 50000	14	0.46	69,753	1.9733
50001 - 100000	21	0.70	1,62,963	4.6102
1,00,001 and above	30	0.99	24,92,345	70.5087
<b>TOTAL</b>	<b>3,020</b>	<b>100.00</b>	<b>35,34,807</b>	<b>100.00</b>

**CATEGORIES OF SHAREHOLDERS AS ON 31<sup>ST</sup> MARCH, 2013 :**

Sl. No.	Category	No. of Shares held	% to Share holding
1.	Promoters and Promoter Group	15,93,877	45.091
2.	Directors and their Relatives	17,569	0.497
3.	NRIs & Foreign Nationals	1,38,560	3.920
4.	Resident individuals	15,09,329	42.699
5.	Bodies Corporate	2,56,377	7.253
6.	ESOP/ESOS/ESPS	3,400	0.096
7.	Resident Individuals HUF	15,695	0.444
	<b>TOTAL</b>	<b>35,34,807</b>	<b>100.00</b>



## 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 – 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 31<sup>st</sup> March, 2013, 79.358% of the total paid up share capital amounting to 28, 05,157 equity shares is held in De-mat form and 20.642% of the total paid up capital amounting to 7, 29,650 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, 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**

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 2013, 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 Pooja Anand & Associates  
Company Secretaries

Pooja Anand  
FCS 7032

Place : Delhi  
Date : 29th August, 2013

C.P. No. 5450

**CERTIFICATION BY CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER OF THE COMPANY**

We, Amit Jain, Chief Executive Officer and Subodh Kumar Barnwal, Finance Controller & Company Secretary of CMI Limited, to the best of our knowledge and belief certify that:

- a) We have reviewed the Balance Sheet and Profit and Loss Account of the Company for the Year ended 31<sup>st</sup> March, 13 and its entire schedule and notes on accounts, as well as the Cash Flow Statement.
- b) To the best of our knowledge and information:
  - i) These statements do not contain any materially untrue statement or omit to state a material fact or contains statement 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.
- c) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year are fraudulent, illegal or violate the Company's Code of Conduct.
- d) 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.
- e) The Company's other certifying officers and we have disclosed, based on our most recent evaluation, wherever applicable, to the Company's auditors and through them to the Audit Committee of the Company's Board of Directors:
  - i) All significant deficiencies in the or operation of internal controls, which we are aware and have taken steps to rectify these deficiencies.
  - ii) Significant changes in internal control over financial reporting during the year.
  - iii) 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
  - iv) 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.

**Place : Delhi**  
**Date: 29<sup>th</sup> August, 2013**

**Amit Jain**  
**CMD & CEO,**  
**CMI Limited**

**Subodh Kr Barnwal**  
**CS & Finance Controller**  
**CMI Limited**





**CERTIFICATION BY THE CHIEF EXECUTIVE OFFICER OF THE  
COMPANY**

I declare that all Board members and senior management have affirmed compliance with the code of conduct for the Financial Year ended on March, 31 2013.

Place : Delhi  
Date : 29th August, 2013

**Amit Jain**  
**CMD & CEO,**  
**CMI Limited**



## **MANAGEMENT DISCUSSION & ANALYSIS REPORT (2012-2013)**

The Board of Directors takes pleasure in presenting before you, the Company's 46<sup>th</sup> Annual Report for the Financial Year ending 31<sup>st</sup> March, 2013, 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. Safety is the measure concern on running of the trains. 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, replacement of existing set up and setting up of metro rail systems in various cities shall make further addition to the demand of signaling cables, power and other cables. Now Metro Railway is become main tool for transportation.

#### **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 6%, 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 25,000 to 30,000 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 and Sri Lanka is also having huge 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 different customers like IOCL, ONGC, MRPL, EIL, Indian Railways, Metros, BHEL etc.



## **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 started to manufacture and supply 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 2012-2013 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 : 29th August, 2013**

**Amit Jain**

**Chairman of the Meeting**



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

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

**Independent Auditors' Report**

To the Members of  
**CMI LIMITED**

We have audited the accompanying financial statements of CMI Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2013, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.





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

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

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act 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 March 31, 2013;
- b) in the case of the Statement of Profit and Loss, 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.

**Emphasis of Matter**

We draw attention to Note 2 to the financial statements which describe that the gratuity liability in respect of the previous year up to March 31, 2012 has been adjusted against revenue reserves and surplus in the financial statements for the year ended March 31, 2013.

**Our opinion is not qualified in respect of this matter.**

- 1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of section 227(4A) of the Act, we give in annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
- 2. As required by section 227(3) of the Act, we report that:
  - a) 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;
  - b) 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



- c) the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- d) in our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Act;
- e) on the basis of written representations received from the directors as on March 31, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Act.

**For J.K. MANOCHA & ASSOCIATES**  
Chartered Accountants  
FRN: 007345N

**J.K.MANOCHA**  
**(Proprietor)**

Membership No.: 082442  
Place: Delhi  
Date: 31-05-2013



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

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

**Annexure to Independent Auditor's Report**

**The Annexure referred to in paragraph 1 of our report of even date to the members of CMI Limited on the accounts of the company for the year ended 31<sup>st</sup> March, 2013.**

On the basis of such checks as we considered appropriate and according to the information and explanation given to us during the course of our audit, we report that:

1.
  - a) The company has maintained proper records showing full particulars including quantitative details and situation of its fixed assets.
  - b) As explained to us, fixed assets have been physically verified by the management at reasonable intervals; no material discrepancies were noticed on such verification.
  - c) During the period, the Company has disposed certain items of its fixed assets. In our opinion and according the information and explanations given to us, the aforesaid disposal has not affected the going concern assumption.
2.
  - a) As explained to us, the inventories have been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
  - b) In our opinion and according to the information and explanations given to us, 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) In our opinion and on the basis of our examination of the records, the Company is generally maintaining proper records of its inventories. No material discrepancy was noticed on physical verification of stocks by the management as compared to book records.
3.
  - a) According to the information and explanations given to us and on the basis of our examination of the books of account, the Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Consequently, the provisions of clauses iii (b), iii(c) and iii (d) of the order are not applicable to the Company.



- b) According to the information and explanations 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 – 4
- The maximum amount involved during the year – Rs. 590.00 lacs
- Year end balance – Rs. 527.70 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.
4. In our opinion and according to the information and explanations given to us, there is generally an adequate internal control procedure commensurate with the size of the company and the nature of its business, for the purchase of inventories, fixed assets and for sale of goods. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in the internal control system.
5. 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.
6. 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.



7. In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
8. 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.
9.
  - 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. 96,33,110/- and VAT Rs. 7,77,909/-.
  - c) According to the information and explanations given to us, there are no dues of sales tax, income tax, customs duty, wealth tax, service tax, excise duty and cess which have not been deposited on account of any dispute.
10. The Company does not have any accumulated loss and has not incurred cash loss during the financial year covered by our audit and in the immediately preceding financial year.
11. Based on our audit procedures and on the information and explanations given by the management, we are of the opinion that, the Company has not defaulted in repayment of dues to a financial institution, bank or debenture holders.
12. In our opinion and according to the information and explanations given to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. In our opinion the Company is not a chit fund or a nidhi /mutual benefit fund/society. Therefore, the provision of this clause of the Companies (Auditor's Report) Order, 2003 (as amended) is not applicable to the Company.



14. In our opinion and according to information and explanations given to us, 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.
15. 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.
16. The company has raised new term loans during the year. The term loans outstanding at the beginning of the year and those raised during the year have been applied for the purposes for which they were raised.
17. Based on the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we are of the opinion that there are no funds raised on short-term basis have been used for long-term investment by the Company.
18. According to the information and explanations given to us the Company has made preferential allotment of shares during the year to parties and companies covered in the register maintained under Section 301 of the Act.
19. The Company has not issued any debentures.
20. The Company has not raised any money by way of public issue during the year.
21. In our opinion and according to information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year.

**For J.K. MANOCHA & ASSOCIATES**  
Chartered Accountants  
FRN: 007345N

**J.K.MANOCHA**  
(Proprietor)

Membership No.: 082442  
Place: Delhi  
Date: 31-05-2013

**CMI LIMITED**  
**BALANCE SHEET AS AT 31ST MARCH 2013**

Description	Note	Amount in Rs.		Amount in Rs.
		As at 31st March 2013		As at 31st March 2012
<b>I Equity and Liabilities</b>				
<b>1 Shareholders' Funds</b>				
a. Share Capital	1	35,380,570		33,697,330
b. Reserves and Surplus	2	88,342,570		76,081,859
c. Money Received against Share Warrants	3	-	123,723,140	1,084,006
				110,863,195
<b>2 Share Application Money Pending Allotment</b>			-	853,551
<b>3 Non-Current Liabilities</b>				
a. Long-term Borrowings	4	126,008,063		121,474,189
b. Deferred Tax Liability (Net)		-		-
c. Other Long-term Liability		-		-
d. Long-term Provisions		-	126,008,063	-
				121,474,189
<b>3 Current Liabilities</b>				
a. Short-term Borrowings	5	184,677,510		151,785,608
b. Trade Payables	6	158,886,429		106,365,207
c. Other Current Liabilities	7	20,685,496		18,742,666
d. Short-term Provisions	8	17,091,483	381,340,917	1,014,831
				277,908,312
<b>TOTAL</b>			<b>631,072,121</b>	<b>511,099,247</b>
<b>II ASSETS</b>				
<b>1 Non-Current Assets</b>				
a. Fixed Assets				
i. Tangible Assets	9	58,094,406		52,336,516
ii. Intangible Assets		-		-
iii. Capital work-in-progress		-		-
iv. Intangible Assets under Development		-	58,094,406	-
				52,336,516
b. Non-Current Investments	10		4,656	4,656
c. Deferred Tax Assets (Net)	11		1,337,723	-
d. Long-Term Loans and Advances	12		367,083	362,083
e. Other Non Current Assets			-	-
<b>2 Current Assets</b>				
a. Current Investments		-		-
b. Inventories	13	254,731,152		205,218,340
c. Trade Receivables	14	221,658,314		170,979,754
d. Cash and Cash Equivalents	15	41,571,315		31,343,052
e. Short-term Loans & Advances	16	51,071,805		49,597,045
f. Other Current Assets	17	2,235,666	571,268,252	1,257,800
				458,395,991
<b>TOTAL</b>			<b>631,072,121</b>	<b>511,099,247</b>
Significant Accounting Policies and Notes on Financial Statements	1 to 25			

As per our report of even date attached

**J. K. Manocha & Associates**  
**Chartered Accountants**  
FRN: 007345N

For and on behalf of the Board of Directors

**J. K. Manocha**  
**Proprietor**  
Membership No.: 082442  
Place: New Delhi  
Date: 31-05-2013

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

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

**Ramesh Chand**  
**Director**

**CMI LIMITED**  
**Statement of Profit and Loss for the Year ended 31st March 2013**

Description	Note	Amount in Rs.	
		As at 31st March 2013	As at 31st March 2012
<b>Incomes :</b>			
I. <b>Revenue from Operations</b>			
Sale of Products	18	987,073,175	803,411,159
Less : Excise Duty		<u>101,433,285</u>	<u>74,986,814</u>
		885,639,890	728,424,345
II. <b>Other Incomes</b>	19	6,505,927	2,668,350
III. <b>Total Revenue</b>		<u><b>892,145,817</b></u>	<u><b>731,092,695</b></u>
IV. <b>Expenses :</b>			
a. Cost of Raw Materials Consumed	20	768,882,927	666,567,376
b. Purchase of Stock-in-Trade		-	-
c. Change in Inventories of finished goods, work-in-progress and stock-in-trade	21	(53,250,619)	(73,430,927)
d. Employee Benefit Expenses	22	19,406,131	16,434,840
e. Finance Cost	23	46,628,056	33,240,681
f. Depreciation	10	10,465,886	10,785,322
g. Other Expenses	24	<u>75,325,778</u>	<u>53,740,983</u>
<b>Total</b>		<u><b>867,458,159</b></u>	<u><b>707,338,276</b></u>
V. <b>Profit before exceptional and extra ordinary items and taxes</b>		<b>24,687,658</b>	<b>23,754,419</b>
VI. Exceptional Items		-	-
VII. <b>Profit before extra ordinary items and taxes</b>		<u><b>24,687,658</b></u>	<u><b>23,754,419</b></u>
VIII. Extra Ordinary Items		-	-
IX. <b>Profit before Tax</b>		<u><b>24,687,658</b></u>	<u><b>23,754,419</b></u>
X. Tax Expenses :			
1 Current Tax		(10,000,000)	(5,120,000)
2 Excess/(short) provision for taxes of earlier years		-	(868,917)
3 Deferred Taxes		1,952,361	-
4 MAT Credit Entitlement		-	3,798,186
XI. <b>Profit for the year</b>		<u><b>16,640,019</b></u>	<u><b>21,563,688</b></u>
XII. <b>Earning per Share</b>			
1 Basic		4.78	6.66
2 Diluted		4.76	6.59
Significant Accounting Policies and Notes on Financial Statements	1 to 25		

As per our report of even date attached

**J. K. Manocha & Associates**  
**Chartered Accountants**  
FRN: 007345N

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

**J. K. Manocha**  
**Proprietor**  
Membership No.: 082442  
Place: New Delhi  
Date: 31-05-2013

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

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

**Ramesh Chand**  
**Director**



**CMI LIMITED**  
**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2013**

DESCRIPTION	Amount in Rs. As at 31st March 2013	Amount in Rs. As at 31st March 2012
<b>NOTE 1</b>		
<b>SHARE CAPITAL</b>		
<b>AUTHORISED CAPITAL</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 Capital</b>		
35,34,807 (Previous year 33,66,483) Equity Shares of Rs. 10 each, fully paid up	35,348,070	33,664,830
Add: Forfeited Shares - Amount Originally Paid up	32,500	32,500
	<u>35,380,570</u>	<u>33,697,330</u>

**NOTE 1.1**

The details of Shareholders holding more than 5% shares :

<u>Name of the Shareholder</u>	<u>No. of Shares - % held</u>	<u>No. of Shares - % held</u>
Amit Jain	1593877 - 45.09	1425553 - 42.35

**NOTE 1.2**

The reconciliation of the number of shares outstanding is set out below:

<u>Particulars</u>	<u>No. of Shares</u>	<u>No. of Shares</u>
Equity Shares at the beginning of the year	3,366,483	3,206,175
Add: Preferential Shares issued during the year	168,324	160,308
<b>Equity Shares at the end of the year</b>	<u>3,534,807</u>	<u>3,366,483</u>

**NOTE 1.3**

**Terms & rights attached to Equity shares and Preference Share**

The Company has issued only one class of shares, i.e. equity shares of face value of Rs 10/- each.

**NOTE - 2**

**Reserves and Surplus**

**Capital Redemption Reserve:**

As per last Balance Sheet	8,000,000	8,000,000
---------------------------	-----------	-----------

**Share Premium:**

As per last Balance Sheet	23,200,113	20,673,658
Add: Received on shares issued during the year	2,652,786	2,526,455

**Surplus/(Deficit) in Statement of Profit and Loss:**

As per last Balance Sheet	44,881,746	23,318,058
Less: Provision for gratuity for earlier years	(6,417,456)	-
Less: Provision for deferred tax liability for earlier years	(614,638)	-
Add: Transferred from Statement of Profit & Loss	16,640,019	54,489,671
	<u>88,342,570</u>	<u>76,081,859</u>

**NOTE 2.1**

a) Net gratuity liability of Rs. 64,17,456/- relating to earlier years, not provided for in earlier years, has been transferred from the opening balance of reserves and surplus in Statement of Profit and Loss.

b) Provision for deferred tax liability for Rs. 6,14,638/- relating to earlier years, not provided for in the earlier years, has been transferred from the opening balance of reserves and surplus in Statement of Profit and Loss.

**NOTE - 3**

**Money Received Against Share Warrants**

Nil (Previous year 1,68,324 Convertible Share Warrant of Rs. 25.76 each partly paidup for Rs. 6.44 each)	-	1,084,006
	<u>-</u>	<u>1,084,006</u>

**CMI LIMITED**  
**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2013**

DESCRIPTION	Amount in Rs. As at 31st March 2013	Amount in Rs. As at 31st March 2012
<b>NOTE - 4</b>		
<b><u>Long Term Borrowings</u></b>		
<b><u>Secured Loans</u></b>		
<b><u>From Banks and Others</u></b>		
Term Loan from HDFC Bank Ltd. against Hypothecation of Car	4,200,287	-
Term Loan from Syndicate Bank against Hypothecation of Cars	1,431,193	-
	<b><u>5,631,480</u></b>	<b><u>-</u></b>
<b><u>Unsecured Loans</u></b>		
From Directors	52,770,000	59,000,000
From Intercompany Deposits	51,580,746	500,000
From Others	16,025,837	61,974,189
	<b><u>120,376,583</u></b>	<b><u>121,474,189</u></b>
	<b><u>126,008,063</u></b>	<b><u>121,474,189</u></b>
<b>NOTE - 5</b>		
<b><u>Short Term Borrowings</u></b>		
<b><u>Loan Repayable on Demand</u></b>		
Form Banks:		
Working Capital Limit from Syndicate Bank - Secured by creating charge on Inventory, Book Debts and Factory Land and Building.	120,439,389	104,387,912
Form Others	64,238,121	47,397,696
	<b><u>184,677,510</u></b>	<b><u>151,785,608</u></b>
<b>NOTE - 6</b>		
<b><u>Trade Payables</u></b>		
Micro, Small and Medium Enterprises	302,047	847,478
Others	158,584,382	105,517,729
	<b><u>158,886,429</u></b>	<b><u>106,365,207</u></b>
<b>NOTE - 7</b>		
<b><u>Other Current Liabilities</u></b>		
Current Maturities of Long Term Debts (Term loan against hypothecation of cars)	1,104,638	1,615,668
Advance from Customers	1,310,562	52,986
Statutory Liabilities	14,764,644	14,025,379
Other Payables	3,505,652	3,048,633
	<b><u>20,685,496</u></b>	<b><u>18,742,666</u></b>
<b>NOTE - 8</b>		
<b><u>Short Term Provisions</u></b>		
Provision for Income Tax (Net)	10,396,893	1,014,831
Provision for Employee Benefits	6,694,590	-
	<b><u>17,091,483</u></b>	<b><u>1,014,831</u></b>

# **CMI LIMITED**

NOTE - 9

## **TANGIBLE ASSETS**

GROUP OF ASSETS	GROSS BLOCK				DEPRECIATION BLOCK				NETT BLOCK	
	Value at 1.04.2012	Addition During Year	Sold during the Year	Value of 31.03.2013	Upto 01.04.2012	For The Year	Written Back during the year	As At 31.03.2013	As At 31.03.2013	As At 31.03.2012
Land - Freehold	175,130.00	-	-	175,130.00	-	-	-	-	175,130.00	175,130.00
Factory Buildings	7,381,555.77	-	-	7,381,555.77	3,333,728.89	213,547.00	-	3,547,275.89	3,894,279.88	4,047,826.88
Plant & Machinery	194,620,419.25	3,281,677.00	42,339,127.85	155,562,968.40	156,142,154.65	8,322,152.00	42,339,127.85	122,125,178.80	33,437,789.60	38,478,264.60
Furniture & Fixture	2,246,659.11	-	-	2,246,659.11	1,738,657.80	90,389.00	-	1,829,046.80	417,612.31	508,001.31
Office Equipments	10,378,191.75	349,472.00	5,024,717.55	5,702,946.20	9,374,659.55	242,468.00	5,024,717.55	4,592,410.00	1,110,536.20	1,003,532.20
Vehicles	11,543,232.00	12,592,627.00	-	24,135,859.00	3,419,470.63	1,597,330.00	-	5,016,800.63	19,119,058.37	8,123,761.37
<b>Total</b>	<b>226,345,187.88</b>	<b>16,223,776.00</b>	<b>47,363,845.40</b>	<b>195,205,118.48</b>	<b>174,008,671.52</b>	<b>10,465,886.0</b>	<b>47,363,845.40</b>	<b>137,110,712.12</b>	<b>58,094,406.36</b>	<b>52,336,516.36</b>
Previous Year	218,470,737.28	8,312,607.60	438,157.00	226,345,187.88	163,441,963.52	10,785,322.00	218,614.00	174,008,671.52	52,336,516.36	55,028,773.76

**CMI LIMITED**  
**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2013**

DESCRIPTION	Amount in Rs. As at 31st March 2013	Amount in Rs. As at 31st March 2012
<b>NOTE - 10</b>		
<b><u>Non Current Investments</u></b>		
<b><u>Trade Investments</u></b>		
In Quoted and Fully paid up Equity Shares - Dena Bank		
300 (Previous year 300) Equity Shares of Rs. 10 each fully paid up	4,656	4,656
(Market Value as on 31.03.2013 Rs.89.40 each, Total Value Rs. 26,820/-)		
(Market Value as on 31.03.2012 Rs.90.00 each, Total Value Rs. 27,000/-)	-	-
	<u>4,656</u>	<u>4,656</u>
<b>NOTE - 11</b>		
<b><u>Deferred Tax Assets</u></b>		
Opening Balance	-	-
Add/Less: Created/(Reversed) during the year	1,337,723	-
	<u>1,337,723</u>	<u>-</u>
<b>NOTE - 12</b>		
<b><u>Long Term Loans and Advances</u></b>		
(Unsecured, considered good)		
Loans and Advances to Staff	367,083	362,083
	<u>367,083</u>	<u>362,083</u>
<b>NOTE - 13</b>		
<b><u>Inventories</u></b>		
(As per inventories taken, valued and certified by the Management)		
i) Raw Materials	58,721,705	63,247,575
ii) Work-in-Progress	172,130,348	97,579,937
iii) Finished Goods	21,025,271	42,325,063
iv) Stores and Spares	2,853,828	2,065,765
	<u>254,731,152</u>	<u>205,218,340</u>
<b>NOTE - 14</b>		
<b><u>Trade Receivables</u></b>		
(Unsecured Considered Good)		
(a) Debt outstanding for a period exceeding six months	25,263,527	28,062,358
(b) Others Debts	196,394,787	142,917,396
	<u>221,658,314</u>	<u>170,979,754</u>
<b>NOTE - 15</b>		
<b><u>Cash and Cash Equivalents</u></b>		
Cash in Hand	1,749,757	2,741,530
Balances with Banks	50,883	65,850
Fixed Deposits-Maturity within twelve months.		
(Pledged with banks as margin money)	39,770,675	28,535,673
	<u>41,571,315</u>	<u>31,343,052</u>
<b>NOTE - 16</b>		
<b><u>Short Term Loans and Advances</u></b>		
(Unsecured, considered good)		
Prepaid Expenses	335,230	451,355
Balance with Central Excise Authorities	4,329,771	3,143,328
Loans and Advances to others	46,406,804	46,002,363
	<u>51,071,805</u>	<u>49,597,045</u>
<b>NOTE - 17</b>		
<b><u>Other Current Assets</u></b>		
Security Deposits	180,000	717,500
Interest Accrued	2,055,666	540,300
	<u>2,235,666</u>	<u>1,257,800</u>

**CMI LIMITED**  
**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2013**

PARTICULARS	Amount in Rs. As at 31st March 2013	Amount in Rs. As at 31st March 2012
<b>NOTE - 18</b>		
<b><u>Sales of Products</u></b>		
Sales of Products	987,073,174.95	803,411,159
	<b>987,073,174.95</b>	<b>803,411,159</b>
<b>NOTE - 19</b>		
<b><u>Other Income</u></b>		
Discount Received	-	128,238
Dividend Income	900	660
Duty Drawback	785,554	13,049
Job Work Income	92,125	-
Interest Received	3,028,187	1,931,884
Profit on Sale of Fixed Assets	430,132	27,957
Rent received	80,000	-
Exchange Rate Fluctuation	2,040,483	-
Amounts written back	48,546	334,938
Miscellaneous Receipts	-	231,624
	<b>6,505,927</b>	<b>2,668,350</b>
<b>NOTE - 20</b>		
<b><u>Cost of Raw Materials Consumed</u></b>		
Opening Stock of Raw Material	63,247,575	50,739,896
Add: Purchases	749,868,032	669,351,713
Less: Closing Stock of Raw Material	(58,721,705)	(63,247,575)
	754,393,902	656,844,034
Opening Stock of Stores and Spares	2,065,765	1,935,000
Add: Purchases of Stores, Spares and Packing Materials	15,277,088	9,854,107
Less: Closing Stock of Stores and Spares	(2,853,828)	(2,065,765)
	14,489,025	9,723,342
	<b>768,882,927</b>	<b>666,567,376</b>
<b>NOTE - 21</b>		
<b><u>Change in Inventories of Finished Goods, Work-in-Progress and Stock-in-Trade</u></b>		
Opening Stock of Finished Goods	42,325,063	32,952,434
Less: Closing Stock of Finished Goods	(21,025,271)	(42,325,063)
	21,299,792	(9,372,629)
Opening Stock of Work-in-Progress	97,579,937	33,521,639
Less: Closing Stock of Work-in-Progress	(172,130,348)	(97,579,937)
	(74,550,411)	(64,058,298)
	<b>(53,250,619)</b>	<b>(73,430,927)</b>
<b>NOTE - 22</b>		
<b><u>Employee Benefit Expenses</u></b>		
Director's Remuneration	2,250,000	2,100,000
Salaries, Wages, Bonus and Other Benefits	15,236,726	12,755,420
Contribution to Provident and Other Funds	1,102,832	1,216,990
Workmen and Staff Welfare Expenses	816,573	362,430
	<b>19,406,131</b>	<b>16,434,840</b>

**CMI LIMITED**  
**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2013**

PARTICULARS	Amount in Rs. As at 31st March 2013	Amount in Rs. As at 31st March 2012
<b>NOTE - 23</b>		
<b><u>Finance Cost</u></b>		
Interest Expenses	37,745,885	28,663,192
Financial Charges	8,882,172	4,569,944
Exchange Rate Fluctuation	-	7,545
	<b>46,628,056</b>	<b>33,240,681</b>
<b>NOTE - 24</b>		
<b><u>Other Expenses</u></b>		
<b><u>Manufacturing Expenses</u></b>		
Power & Fuel Charges	13,936,626	10,195,765
Job Work Charges	9,583,880	7,974,453
Other Manufacturing Expenses	4,155,212	2,748,362
Repairs to Building	1,536,909	1,538,643
Repair and Maintenance Other Assets	134,309	171,457
Repairs to Plant and Machinery	5,177,853	5,035,694
	34,524,788	27,664,374
<b><u>Administrative and Selling Expenses</u></b>		
Advertisement and Publicity	69,580	6,360
Auditors' Remuneration & Refreshment	50,000	50,000
Computer Expenses	189,432	212,369
Conveyance Expenses	1,011,661	776,780
Donation	175,000	125,100
Fees & Subscription	213,771	389,925
Festival Expenses	76,950	56,100
Freight & Cartage Outward (Net)	1,461,580	686,502
Insurance Charges	502,952	568,266
Legal & Professional Fees	3,796,567	3,905,674
Listing Compliance & Fees	119,907	112,419
Meeting Expenses	94,749	117,137
Misc. Expenses	261,029	94,535
Postage & Courier Charges	79,217	91,831
Printing & Stationery	359,638	206,572
Property Tax	30,847	40,332
Rent	4,040,000	3,540,000
Rent of Office Equipements	42,000	42,000
Sales Tax Demand	-	12,821
Security Service Charges	194,906	225,901
Service Tax On Freight	595,446	359,335
Telephone Charges	490,624	417,531
Tour & Travelling	2,653,607	1,159,994
Amounts written off	2,666,801	262,616
Selling Expenses	21,624,726	12,616,509
	<b>40,800,990</b>	<b>26,076,609</b>
	<b>75,325,778</b>	<b>53,740,983</b>



## **CMI LIMITED**

### **NOTE – 25:**

#### **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 statement of profit and loss. Short-term investments are carried at cost or their market values whichever 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 statement of profit and loss.

**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 statement of profit and loss as follows:-

**Provident Fund :** Retirement Benefits in the form of Provident Fund is a defined contribution scheme and the contributions are charged to the Statement of Profit and Loss 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 is provided in the books of account, the present value of obligation is determined based on actuarial valuation using the Projected Unit Credit Method.

**Leave Encashment :** The liability in respect of Leave Encashment is recognized in the same manner as gratuity.

**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**

An assets is treated as impaired when the carrying cost of assets exceeds its recoverable value. An impairment loss is charged to the Profit and Loss account in the year in which an asset is identified as impaired. The impairment loss recognized in prior accounting period is reversed if there has been a change in the estimate of recoverable amount. 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, 2013	March 31, 2012
(a)	Counter Guarantee given to Company's Bankers for the Guarantee given by them on behalf of the Company (Net of Advances)	836.95	363.46

- The most recent actuarial valuations of plan assets and the present values of the defined benefit obligations were carried out at 31 March, 2013. 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. 80.85 Lacs and the Fair Value of Plan Assets is of Rs. 13.90 Lacs and the Net Gratuity Liability is Rs. 66.95 Lacs as on 31<sup>st</sup> March, 2013 and out of Net Liability of Gratuity Rs. 64.17 relating to the period up to 31<sup>st</sup> March 2012 has been adjusted against revenue reserve and surplus.

**Leave Encashment :**

As per actuarial valuations the Present Value of Obligation is Rs. 7.18 Lacs and the Fair Value of Plan Assets is of Rs. Nil and the Net Leave Encashment Liability is Rs. 7.18 Lacs as on 31<sup>st</sup> March, 2013 is provided in the books of accounts.

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

(Rs. in Lacs)

	March 31, 2013	March 31, 2012
<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	- - -
c) Certification Charges and Others	0.19	0.18
<b>Total</b>	<b>1.19</b>	<b>0.68</b>



**5. Share Application Money**

Amit Jain, in the capacity of promoter director was allotted 168324 Equity shares of the Company subsequent to the conversion of first tranche of 160308 warrants out of total 328632 Convertible Warrants at a price of Rs. 25.76/- per convertible warrant, which were allotted in the Extra Ordinary General Meeting held on 28<sup>th</sup> February, 2011 in accordance with the provisions of SEBI (Issue of Capital and Disclosure Requirements), 2009 read with SEBI (Substantial Acquisition of Shares and Takeover) Regulations, 2011. The conversion option was exercised in the board meeting held on 30<sup>th</sup> July, 2012.

Accordingly, the amount of share capital is enhanced by Rs. 1683240/- (168324 Equity Shares of the Face Value of Rs. 10/- each) and share premium account is added with an amount of Rs. 26,52,786/- (168324 X Rs. 15.76/-).

**6. Foreign Currency Receipts & Expenditure :**

	<u>2012-13</u>	<u>2011-2012</u>
CIF Value of Imports	Rs. 10.61 Lacs	Rs. 13.44 Lacs
Expenditure in foreign currency	Rs. 6.48 Lacs	Rs. 1.52 Lacs
Earning in foreign currency	Rs. 504.33 Lacs	Rs. 21.41 Lacs

7. 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.

**8. Leases:**

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

The Company has no Intangible Asset as on 31.03.2013.

**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:
- (i) not later than one year;
  - (ii) later than one year and not later than five years;
  - (iii) later than five years;



● The details are tabulated herein below: (Amount in Rs.)

Sl. No.	Particulars	Up to 1 Year	>1,=5 Years	>5 Years
1	Factory	3,240,000	3,240,000 p.a.	Nil
2	Guest House	1,200,000	Nil	Nil
3	Office Equipment	42,000	42,000 p.a.	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**

9. Trade Payables include an amount of Rs. 3,02,047/- (Previous year Rs. 8,47,478/-) being amount payable to Micro, Small & Medium Enterprises Development Act, 2006, including balances exceeding Rs. One Lakh in aggregate. The outstanding exceeding Rs. 1.00 lac for a period in excess of 45 days at balance sheet date is nil.

The details of MSME dues have been furnished to the extent such parties have been identified by the Company based on information made available by them.



**10. RELATED PARTY TRANSACTIONS AS PER ACCOUNTING STANDARD 18:**

**I Key Managerial Personnel**

Mr. Amit Jain	Managing Director
Mr. V.K. Gupta	Director

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

M/s. Wireco (India) - A proprietorship concern of Mr. Pyare Lal Khanna, director of the company.

**III. Relatives of the Key Managerial Personnel/ Directors of the Company:**

Mr. Parag Jain, Mrs. Himani Jain.

**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 2013 is as follows :**

**(Rs. In Lacs)**

Nature of Transaction	Key Managerial Personnel, Other Directors and their relatives		Companies or firms in which Key Managerial Personnel/ Directors are interested	
	2013	2012	2013	2012
Directors' Remuneration (Note "a")	22.50	21.00	-	-
Interest Paid/Payable (Note "b")	77.36	63.06	-	-
<b>FINANCE</b>				
Unsecured Loans Received (Note "c")	155.23	289.90	27.14	57.14
Unsecured Loans Received Paid back (Note "d")	217.53	174.25	27.14	118.78



**Notes:**

**a) Remuneration paid to :**

Mr. Amit Jain Rs. 16.50 Lacs (Previous Year Rs. 15.00 Lacs)

Mr. V. K. Gupta Rs. 6.00 Lacs (Previous Year Rs. 6.00 Lacs)

**b) Interest paid / payable to :**

Mr. Amit Jain Rs. 77.36 Lacs (Previous Year Rs. 63.06 Lacs)

**c) Transactions in Unsecured Loans Received during the year with;**

Amit Jain Rs. 151.48 Lacs (Previous Year Rs. 289.90 Lacs)

Himani Jain Rs.2.50 Lacs (Previous Year Rs. Nil)

Parag Jain Rs.1.25 Lacs (Previous Year Rs. Nil)

Wireco (India) Rs. 27.14 Lacs (Previous Year Rs. 57.14 Lacs)

**d) Transactions in Unsecured Loans Received paid back during the year with;**

Amit Jain Rs. 213.78 Lacs (Previous Year Rs. 174.25 Lacs)

Himani Jain Rs.2.50 Lacs (Previous Year Rs. Nil)

Parag Jain Rs.1.25 Lacs (Previous Year Rs. Nil)

Wireco (India) Rs.27.14 Lacs (Previous Year Rs. 118.78 Lacs)

11	Breakup of consumption of Raw Material and Stores and Spares into imported and Indigenous						
	Sl. No.	Particulars		Current Year Amount	Percentage %	Previous Year Amount	Percentage %
		<b>Raw Material</b>					
	a	Imported		10.03	0.13%	13.44	0.20%
	b	Indigenous		7533.91	99.87%	6555.00	99.80%
		<b>Total</b>		<b>7543.94</b>	<b>100.00%</b>	<b>6568.44</b>	<b>100.00%</b>
		<b>Stores and Spares</b>					
	a	Imported		Nil	0.00%	Nil	0.00%
	b	Indigenous		144.89	100.00%	97.23	100.00%
		<b>Total</b>		<b>144.89</b>	<b>100.00%</b>	<b>97.23</b>	<b>100.00%</b>



12. 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, 2013	March 31, 2012
(a)	Net Profit / (loss) as per Profit & Loss Account (Rs.)	1,66,40,019	2,15,63,688
(b)	Weighted Average No. of Ordinary Shares outstanding (Basic EPS)	34,78,699	32,39,573
(c)	EPS (Basic ) (Rs.) [(a)/(b)]	4.78	6.66
(d)	Weighted Average No, of Ordinary Shares on the assumption of full conversion of warrants into shares	34,92,726	32,74,640
(e)	EPS (Diluted) (Rs.) [(a)/(d)]	4.76	6.59
(f)	Face Value of each equity share (Rs.)	10.00	10.00

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

The computation of deferred tax liability/assets provided in the books of accounts is as follows :

Particulars	Amount(Rs.)
WDV of Fixed Assets as per Companies Act, 1956	58,094,406
WDV of Fixed Assets as per Income Tax, 1961	41,411,996
Taxable/(Deductible) Temporary Difference on account of depreciation	16,682,411
Deferred Tax <b>Liability</b> / (Asset) @ 30.90%	<b>5,154,865</b>
Expenses allowed on the basis of payment as per Income Tax Act, 1961	21,011,611
Deferred Tax Liability / ( <b>Asset</b> ) @ 30.90%	<b>(6,492,588)</b>
<b>Deferred Tax Liability / (Asset) @ 30.90%</b>	<b>(1,337,723)</b>

Provision for deferred tax liability for Rs. 6,14,638/- relating to earlier years, not provided for in the earlier years, has been transferred from the opening balance of reserves and surplus in Statement of Profit and Loss.



14. There is no amount due and outstanding to be credited to Investor Education & Protection Fund during the year.
15. The letters for Balance Confirmation were sent to all parties against which no objection has been received from the parties. Hence, balances in the books of accounts have been considered.
16. Previous year figures have been regrouped /rearranged wherever considered necessary.
17. Information required in terms of part IV of the Schedule VI to the Companies Act, 1956 as complied by the Company is attached.

**J. K. Manocha & Associates**  
**Chartered Accountants**  
FRN: 007345N

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

**J. K. Manocha**  
**Proprietor**  
Membership No.: 082442  
Place: New Delhi  
Date: 31-05-2013

<b>Subodh Kumar Barnwal</b>	<b>Amit Jain</b>	<b>Ramesh Chand</b>
<b>Company Secretary</b>	<b>Managing Director</b>	<b>Director</b>



# CMI LIMITED

## Cash Flow Statement for the Year ended 31st March 2013

	For the period ended 31.03.2013	For the period ended 31.03.2012
<b>A CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit after Depreciation	16,640,019	21,563,688
<b>Add:</b> Depreciation	10,465,886	10,785,322
Interest & Bank Commission paid	46,628,056	33,240,681
Miscellaneous Expenditure written off	-	-
Debtors Written Off	2,666,801	262,616
Previous Year Adjustments	-	868,917
<b>Less:</b> Interest Receipt	3,028,187	1,931,884
Creditors Written Back	48,546	334,938
Profit on Sale of Fixed Assets	430,132	27,957
<b>Operating Profit before extraordinary items and Working Capital Change</b>	<b>72,893,897</b>	<b>64,426,446</b>
<b>Adjustments for</b>		
(Increase)/Decrease in Trade and Other Receivables	(54,473,909)	(32,216,409)
(Increase)/Decrease in Inventories	(49,512,812)	(83,615,906)
Increase/(Decrease) in Trade and Other Payables	70,540,704	7,812,885
<b>Cash Generated from Operations</b>	<b>39,447,880</b>	<b>(43,592,984)</b>
<b>Add: Extra ordinary items</b>		
Bad debts written off	(2,666,801)	(262,616)
Creditors Written Off	48,546	334,938
Previous Year Adjustments	(7,032,094)	(868,917)
<b>Net Cash used in Operating Activities</b>	<b>29,797,531</b>	<b>(44,389,580)</b>
<b>B CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Assets	(16,223,776)	(7,977,118)
Sale of Assets	47,363,845	438,157
Profit on sale of Assets	430,132	27,957
Depreciation Written Back	(47,363,845)	(218,614)
Interest Received	3,028,187	1,931,884
	<b>(12,765,457)</b>	<b>(5,797,734)</b>
<b>C CASH FLOW FROM FINANCING ACTIVITIES</b>		
Long Term Borrowings/Repayments/FDR	4,533,875	11,455,546
Increase/(Decrease) in Share Application Money	(853,551)	(3,097,151)
Increase/(Decrease) in Share Capital	1,683,240	1,603,080
Increase/(Decrease) in Share Warrant	(1,084,006)	(1,032,384)
Increase/(Decrease) in Share Premium	2,652,786	2,526,455
Increase / (Decrease) in Short Term Borrowings	32,891,901	79,341,014
Interest & Bank Commission Paid	(46,628,056)	(33,240,681)
<b>Net Cash from Financing Activities</b>	<b>(6,803,811)</b>	<b>57,555,878</b>
<b>NET INCREASE IN CASH &amp; CASH EQUIVALENTS (A + B + C)</b>	<b>10,228,263</b>	<b>7,368,565</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD</b>	<b>31,343,052</b>	<b>23,974,488</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	<b>41,571,315</b>	<b>31,343,052</b>

**Notes :**

- (1) Of the above amount, an amount of Rs. 3,97,70,675/- (Previous Year Rs. 2,85,35,673/-) 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, 2013. 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 J. K. Manocha & Associates**  
Chartered Accountants  
FRN: 007345N

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

**J. K. Manocha**  
Proprietor  
Membership No.: 082442  
Place: New Delhi  
Date: 31-05-2013

**Subodh Kumar Barnwal**  
Company Secretary

**Amit Jain**  
Managing Director

**Ramesh Chand**  
Director

## CMI LIMITED

### BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

**1. Registration Details**

Registration No.	:	55-18031
CIN No.	:	L74899DL1985PLC018031

State Code	:	55
------------	---	----

Balance Sheet Date (D/M/Y)	:	03/31/2013
----------------------------	---	------------

	:	
--	---	--

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

Public Issue	:	Nil
Bonus Issue	:	Nil

Rights Issue	:	Nil
Private Placement	:	Nil

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

Total Liabilities	:	6310.72
-------------------	---	---------

Total Assets	:	6310.72
--------------	---	---------

**Sources of Funds**

Paid-up Capital	:	353.81
Secured Loans	:	6835.37

Reserves & surplus	:	883.43
Unsecured Loans	:	1846.14

**Application of Funds**

Net Fixed Assets	:	580.94
Net Current Assets	:	1899.27
Accumulated Losses	:	-

Investment	:	4.66
Misc. Expenditure	:	Nil
	:	

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

Turnover (incl. Other income)	:	8921.46
Profit Before Tax	:	246.88
Earning per Share-as per Weighted Average	:	4.78

Total Expenditure	:	8674.58
Profit After Tax	:	166.40
Dividend	:	Nil

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

Item Code	:	8544
Product Description	:	Insulated Wires and Cables

# CMI LIMITED

Regd. Office : C-483, Yojna Vihar, Delhi-110092

## 46<sup>th</sup> ANNUAL GENERAL MEETING

### ATTENDANCE SLIP

DP Id*	Regd. Folio No.
Client Id*	

Name and Address of the Shareholder : .....

No. of Share(s) held: .....

I certify that I am a member/proxy for a member of the Company and I hereby record my presence at the Annual General Meeting of the Company, at Lajwaab Banquet Hall, Vikas Marg, Delhi-110092 at 11:30 a.m. on Friday, 27<sup>th</sup> September, 2013.

** Member's / Proxy's name in Block Letters	** Member's/ Proxy's Signature

#### Note:

1. Member/Proxy must bring the Attendance Slip to the Meeting and hand it over, duly signed at the registration counter.
2. No Gifts will be given.

\* Applicable for Investors holding shares in electronic form.

\*\* Strike out whichever is not applicable.

.....Tear Here.....

# CMI LIMITED

Regd. Office : C-483, Yojna Vihar, Delhi-110092

## 46<sup>th</sup> ANNUAL GENERAL MEETING

### PROXY FORM

I/We ..... of  
..... being  
member/members of CMI Limited, hereby appoint ..... of  
..... or failing him ..... of  
..... as my/our proxy to vote for me/us on my/our behalf at the Extraor-  
dinary General Meeting of the Company to be held at Lajwaab Banquet Hall, Vikas Marg, Delhi-  
110092 at 11:30 a.m. on Friday, 27<sup>th</sup> September, 2013 and at every adjournment thereof.

Signed this..... day of..... 2013.

- Note :**
1. Proxy need not be a member.
  2. Proxy Form, complete in all respects, should reach the Registered Office of the Company not later than 48 hours before the time for holding the meeting.

Please  
affix  
Revenue  
Stamp

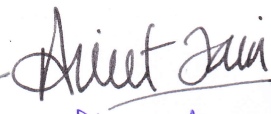
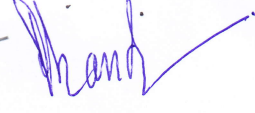

- Applicable for Investors holding shares in electronic form.

Signature



# FORM-A

(As per Clause 31(a) of the Listing Agreement.)

Sl. No.	Particulars	Details
1.	Name of the Company	CMI Limited
2.	Annual financial statements for the year ended	31st March, 2013.
3.	Type of Audit Observation	<p><b>Matter of Emphasis-Paragraph inserted in Auditor's Report of Financial Statements.</b></p> <p>We draw attention to Note No. 2 to the financial statements which describe that the gratuity liability in respect of the previous year up to March 31, 2012 has been adjusted against revenue reserves and surplus in the financial statements for the year ended March 31, 2013.</p>
4.	Frequency of Observation	Appeared First Year
5.	<p>To be signed by-</p> <ul style="list-style-type: none"> <li>Managing Director-</li> <li>Audit Committee Chairman</li> <li>Auditors of the Company</li> </ul>	<p>Mr. Amit Jain - </p> <p>Mr. Ramesh Chand - </p> <p>Refer our Audit Report dated 31st May, 2013 on the Financial Statements of the Company.</p> <p>For J.K. Manocha &amp; Associates Chartered Accountants FRN: 007345N</p> <p></p> <p>J. K. Manocha (Partner) Membership No.: 082442 Delhi- 28-05-2014</p> 