



CMI INDUSTRY

**CMI FPE Limited**  
Annual Report 2016-2017

**200**

**YEARS OF FUTURE**

CMI FPE Limited proudly celebrates  
the CMI Group's bicentennial



**CMI INDUSTRY**

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# Message from the Chairman

## 200 years of future

When he located in the Seraing Château in 1817, John Cockerill probably did not realize just what an incredible adventure he was setting in motion. Today, the bicentennial of CMI is based around a triple objective: understand the past, celebrate the present and set out for the future.



# Message from the Chairman

Dear Shareholders,

Let me begin by thanking Jean Jouet my predecessor for the expertise and direction that he brought to CMI FPE through his impeccable leadership during one of the most turbulent times your Company witnessed during the last few years. We are all thankful to him for his guidance and wish him all the best in his new assignment.

The year 2016-17, indeed, has been a year of many surprises. Firstly the meteoric rise of the charismatic Prime Minister Narendra Modi and his government followed by the demonetisation gamble and the various policy implications. These choices, I believe, will reflect on India's focus on development for the coming 12-18 months.

On the global front the theatrics were no less different, Britain's vote to exit the European Union followed by Trump's dominant win in the US only added more to the fickleness of the market.

The year 2016 was marked by a 0.8% increase in world steel production, and backed by an expected revival in consumption, Worldsteel, the international steel association, also foresees a resumption in demand for steel in 2017-18, but the long-term outlook is less positive.

However the Indian market is more optimistic. India's finished steel products output is likely to register an increase of 5.7% in 2017 as a result of a growing economy and increasing urbanization. Additionally, the steel production in India is expected to further grow in the coming years due to a new and dynamic steel policy that the government is working on, and which will give concrete shape to the vision and plans for increasing steel usage in housing and for other construction projects.

The year 2016-17 was dedicated to bring organizational approach to concrete stage. To make this operational a dedicated 'One Industry' team was put in place based on the principle – one face to the customer with Taloja and Hedavali workshops being used to their maximum potential.

The year also brought us some good orders and I can safely say that we are now slowly and steadily building a robust sales pipeline and are confident that our order entry will look very positive in the future.

During this year's second edition of the CMI Awards, a Group competition divided into three categories (Health & Safety, Innovation, Environment), CMI FPE won the much sought after 'Public Award' for its Semi Automatic Pup Coil Removal Arrangement. A project that materialized following a request from a client who wanted a safe and efficient pup coil withdrawal device. This is also an indication of the culture at CMI FPE where a client is given the best innovative product with safety as its prime focus.

I am pleased to inform you that CMI FPE has had 1347 days without 'Lost Time Accident' at its Taloja workshop and 1026 days at its Hedavali workshop as on March 31, 2017.

We are also delighted to share with you that, '2017' is earmarked as the most exciting year in the history of CMI as it celebrates its glorious 200 years of commemorating past, present and future. It is a proud moment for each one of us to be associated with CMI. We will take advantage of this milestone and develop the image of CMI Group and further use it for commercial development.

Nevertheless the new financial year will be no different in the challenges it will pose but I am optimistic and remain committed to all our stakeholders for sustainable profitable growth.

I assure you that we will continue to uphold the faith you have placed in us and look forward to your continued support.

Yours Sincerely,  
Joao Felix Da Silva

# Corporate Information

## Board of Directors

Mr. Joao Felix Da Silva – Chairman (w.e.f. May 30, 2017)

Mr. Jean Jouet (resigned w.e.f. May 30, 2017)

Mr. Raman Madhok – Managing Director

Mr. Yves Honhon

Mr. D. J. Balaji Rao

Mr. Raman M. Madhok

Mr. N. Sundararajan

Ms. Roma Balwani

Mr. Fabrice Orban

## Chief Financial Officer

Mr. Akash Ohri

## Company Secretary

Mr. Haresh Vala

## Bankers

Canara Bank

Kotak Mahindra Bank Limited

ICICI Bank Limited

## Auditors

Deloitte Haskins & Sells, Chartered Accountants

## Cost Auditors

Kishore Bhatia & Associates, Cost Accountants

## Legal advisors

PDS & Associates, Advocates & Solicitors

## Registrar and Share Transfer Agent

Sharepro Services (India) Private Limited

## Registered office

Mehta House, Plot No.64, Road No.13, MIDC,

Andheri (East), Mumbai – 400 093

# Notice

Notice is hereby given that the Thirty First Annual General Meeting of the Shareholders of CMI FPE Limited will be held at Mehta House, Plot No. 64, Road No. 13, MIDC, Andheri (East), Mumbai - 400 093 on Friday, July 28, 2017 at 2.30 p.m. to transact the following business:

## ORDINARY BUSINESS

1. To receive, consider and adopt the audited Financial Statements for the year ended March 31, 2017, together with the Reports of the Board of Directors and the Auditors thereon.
2. To appoint a Director in place of Mr. Yves Honhon (DIN 02268831), who retires by rotation and, being eligible, offers himself for re-appointment.
3. To consider and, if thought fit, to pass, with or without modification(s), the following resolution **as an Ordinary Resolution:**

**“RESOLVED THAT** pursuant to the provisions of Section 139 and all other applicable provisions of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), the Company hereby ratifies the appointment of M/s. Deloitte Haskins & Sells, Chartered Accountants (ICAI Registration Number 117365W) as Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting till the conclusion of 32<sup>nd</sup> Annual General Meeting of the Company to be held in the year 2018 at such remuneration and out of pocket expenses as may be mutually agreed between them and the Board of Directors.

**RESOLVED FURTHER THAT** the Board of Directors of the Company (including the Audit Committee) and the Company Secretary of the Company, be and are hereby severally authorised to do all such acts, deeds, matters and things as may be considered necessary, desirable or expedient to give effect to this resolution.”

## SPECIAL BUSINESS

4. **Appointment of Mr. Joao Felix Da Silva as a Director**

To consider and, if thought fit, to pass, with or without modification(s), the following resolution **as an Ordinary Resolution:**

**“RESOLVED THAT** pursuant to the provisions of Sections 152, 161 and all other applicable provisions of the Companies Act, 2013 (**“the Act”**) and Rules made thereunder (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), Mr. Joao Felix Da Silva (DIN 07662251), who was appointed, on the recommendations of the Nomination and Remuneration Committee, as an Additional Director of the Company by the Board of Directors, with effect from May 30, 2017 pursuant to the provisions of Section 161(1) of the Act and the Articles of Association of the Company, and whose term of office expires at this Annual General Meeting, and who being eligible offers himself for appointment, and in respect of whom the Company has received a notice in writing, under Section 160 of the Act from a member proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company, liable to retire by rotation.

**RESOLVED FURTHER THAT** Mr. Raman Madhok, Managing Director of the Company and the Company Secretary of the Company, be and are hereby severally authorised to do all such acts, deeds, matters and things as may be considered necessary, desirable or expedient to give effect to this resolution.”

**5. Ratification of the remuneration payable to Cost Auditor for the financial year 2017-18**

To consider and, if thought fit, to pass, with or without modification(s), the following resolution **as an Ordinary Resolution:**

**“RESOLVED THAT** pursuant to the provisions of Section 148(3) and all other applicable provisions of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), the appointment of and terms of remuneration payable to M/s. Kishore Bhatia & Associates, Cost Accountants (Firm Registration No. 00294) appointed, on the recommendations of the Audit Committee, by the Board of Directors of the Company, to conduct the audit of the cost accounting records of the Company for the financial year 2017-18, at a remuneration of ₹ 2,00,000/- (Rupees Two Lacs only) plus reimbursement of out-of-pocket expenses for the financial year 2017-18, be and are hereby ratified and confirmed.”

**6. Determination of fees for delivery of documents to shareholders**

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

**“RESOLVED THAT** pursuant to the provisions of Section 20 and all other applicable provisions, if any, of the Companies Act, 2013 and Rules made thereunder, whereby a document may be served on any shareholder by the Company by sending it to him by post or by registered post or by speed post or by courier or by delivering to his office or address, or by such electronic or other mode as may be prescribed, the consent of the Company be and is hereby accorded to charge from the shareholder the fee in advance equivalent to

the estimated actual expenses of delivery of the documents, pursuant to any request made by the shareholder for delivery of such document to him, through a particular mode of services mentioned above provided such request along with requisite fee has been duly received by the Company at least one week in advance of the dispatch of documents by the Company and that no such request shall be entertained by the Company post the dispatch of such documents by the Company to the shareholder.

**RESOLVED FURTHER THAT** for the purpose of giving effect to this resolution, the key managerial personnel of the Company be and are hereby severally authorized to do all such acts, deeds, matters and things as they may in their absolute discretion deem necessary, proper or desirable and to settle any question, difficulty, doubt that may arise in respect of the matter aforesaid and further to do all such acts, deeds matters and things as may be necessary, proper or desirable or expedient to give effect to the above resolution.”

**By Order of the Board**

**Haresh Vala**  
Company Secretary

Taloja  
May 30, 2017

**Registered office:**  
Mehta House, Plot No. 64,  
Road No. 13, MIDC, Andheri (East),  
Mumbai - 400 093  
**Tel. No.:** 022-66762727  
**Fax No.:** 022-66762737/38  
**CIN.:** L99999MH1986PLC039921  
**Email:** investors@cmifpe.com  
**Website:** www.cmifpe.com

## NOTES:

1. **A Member entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy to attend and vote on a poll instead of himself / herself and the proxy need not be a member of the Company.** The instrument appointing the proxy annexed hereto, in order to be effective, must be deposited at the Registered Office of the Company, duly completed, stamped and signed, not less than 48 hours before the commencement of the meeting.

A person can act as proxy on behalf of members not exceeding 50 (fifty) in number and holding in the aggregate not more than 10 (ten) percent of the total share capital of the Company. Further a member holding more than 10 (ten) percent of the total share capital of the Company carrying voting rights, may appoint a single person as proxy and such person shall not act as proxy for any other person or member.

Corporate members intending to send their authorised representative(s) to attend the Meeting are requested to send to the Company a certified true copy of the Board Resolution authorising their representative(s) to attend and vote on their behalf at the Meeting.

2. The Explanatory Statement setting out material facts, pursuant to Section 102 of the Companies Act, 2013 and the Secretarial Standard on General Meetings (SS 2), in respect of the Special Business to be transacted at the Meeting, is annexed hereto.
3. The Register of Members and Share Transfer Books of the Company will be closed from July 24, 2017 to July 28, 2017 (both days inclusive).
4. The Company's Registrar and Share Transfer Agent (R & T Agents) for its Share Registry Work (Physical and Electronic), are Bigshare Services Private Limited, having their office premises at E-2/3, Ansa Industrial Estate, Saki Vihar Road, Saki Naka, Andheri East, Mumbai – 400 072.
5. Pursuant to the provisions of Sections 124 and 125 of the Companies Act, 2013 (**"the Act"**) dividends which remain unclaimed in the unpaid dividend account for a period of seven years from the date of transfer of the same, will be transferred to the Investor Education and Protection Fund established by the Central

Government. The Members who have not encashed their dividend warrant(s) so far for the financial year 2009-10 or any subsequent financial years are requested to lodge their claims with Company's R & T Agents. According to the provisions of the Act, no claims shall lie against the said Fund or the Company for the amounts of dividend so transferred nor shall any payment be made in respect of such claims.

The Ministry of Corporate Affairs notified the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, on September 5, 2016 and the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Amendment Rules, 2016 on February 28, 2017 (**"IEPF Rules"**) which are applicable to the Company. The objective of the IEPF Rules is to help shareholders ascertain the status of unclaimed amounts. In terms of the IEPF Rules, the Company has uploaded the information in respect of the Unclaimed Dividends as on the date of the last Annual General Meeting i.e. July 29, 2016, on the website of IEPF viz. [www.iepf.gov.in](http://www.iepf.gov.in) and under "Investor Relations" section on the website of the Company.

As per the provisions of Section 124 of the Act, shares in respect of which dividend has not been paid or claimed for seven consecutive years or more shall be transferred to the Investor Education and Protection Fund (IEPF) Authority.

The Company will send out individual communication to those shareholders whose dividend remain unclaimed for seven years, and also publish an advertisement in newspapers, inviting such shareholders to claim their dividend.

6. The relevant details of Directors proposed to be appointed / re-appointed, as required under Regulation 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standard 2 (SS 2) on General Meetings issued by the Institute of Company Secretaries of India, are furnished hereunder.
7. Pursuant to the provisions of Section 72 of the Companies Act, 2013 read with Rule 19(1) of the Rules made thereunder, members are entitled to make nomination in respect of shares held by them in physical form. Members desirous of making nominations are requested to send their

requests in Form No. SH-13 duly filled in to the Company's R & T Agents. Members holding shares in electronic form may contact their respective Depository Participants for availing themselves of this facility.

8. The Securities and Exchange Board of India (“SEBI”) has mandated the submission of Permanent Account Number (“PAN”) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN to the Depository Participant with whom they maintain their demat accounts. Members holding shares in physical form should submit their PAN to the Company's R & T Agents.
9. Members are requested to notify immediately any change of address to the Company's R & T Agents or to their respective Depository Participant, in case of shares held in electronic form.
10. Members holding shares in physical form are requested to consider converting their holdings to dematerialised form to eliminate the risks associated with physical shares and for ease in portfolio management. Members can contact the Company's R & T Agents for assistance in this regard.
11. Members are requested to address all correspondence, including dividend matters, to the Company's R & T Agents.
12. Members seeking any information with regards to Accounts / Annual Reports, are requested to write to the Company at least 10 (ten) days before the Meeting, to enable the management to keep the information ready at the Meeting.
13. As a measure of austerity, copies of the Annual Report will not be distributed at the Meeting. Members are, therefore, requested to bring their copies of the Annual Report to the Meeting.
14. Electronic copy of the Annual Report for FY 2016-17 and the Notice of the Annual General Meeting of the Company *inter alia* indicating the process and manner of e-voting along with Attendance Slip and Proxy Form are being sent to all the members whose email IDs are registered with the Company / Depository Participant(s) for communication purposes unless any member has requested for a physical copy of the same. For members who have not registered their email address, physical copies of the aforesaid

documents are being sent in the permitted mode.

15. Members may also note that the Notice of the Annual General Meeting and the Annual Report for FY 2016-17 will be available on the Company's website - [www.cmifpe.com](http://www.cmifpe.com) for their download. The physical copies of the aforesaid documents will also be available at the Company's Registered Office in Mumbai for inspection during normal business hours (10.00 a.m. to 5.00 p.m.) on all working days up to and including the date of the Meeting. Even after registering for e-communication, members are entitled to receive such communication in physical form, upon making a request for the same, free of cost. For any communication, the members may also send requests to the Company's investor email id: [investors@cmifpe.com](mailto:investors@cmifpe.com).
16. A route map showing directions to reach the venue of the meeting is given in the Annual Report.
17. Process and manner for Members opting to vote through electronic means:
  - I. Pursuant to the provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014 and Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time, the Company is pleased to provide its members the facility of 'remote e-voting' (e-voting from a place other than venue of the Meeting) to exercise their right to vote at the 31<sup>st</sup> Annual General Meeting (“AGM”). The business may be transacted through e-voting services provided by National Securities Depository Limited (“NSDL”):

The instructions for e-voting are as under:

- A. **In case a Member receives an email from NSDL [for members whose email IDs are registered with the Company / Depository Participant(s)]:**
  - (i) Open email and open PDF file viz; “CMI FPE e-Voting.pdf” with your Client ID or Folio No. as password. The said PDF file contains your user ID and password for e-voting. Please note that the password is an initial password.

- (ii) Open the internet browser and type the following URL: <https://www.evoting.nsdl.com>
- (iii) Click on Shareholder – Login
- (iv) If you are already registered with NSDL for e-voting, then you can use your existing user ID and password to cast your vote.
- (v) If you are logging in for the first time, please enter the user ID and password provided in the PDF file attached with the e-mail as initial password. The password change menu will appear on your screen. Change to a new password of your choice, making sure that it contains a minimum of 8 digits / characters or a combination of both. Please take utmost care to keep your password confidential.
- (vi) Once the e-voting home page opens, click on e-Voting> Active Voting Cycles.
- (vii) Select “EVEN” (Electronic Voting Event Number) of CMI FPE Limited which is 106330. Now you are ready for e-voting as ‘Cast Vote’ page opens.
- (viii) Cast your vote by selecting the appropriate option and click on “Submit” and also “Confirm” when prompted.
- (ix) Once you have voted on the resolution, you will not be allowed to modify your vote.
- (x) Upon confirmation, the message “Vote cast successfully” will be displayed.
- (xi) You can similarly vote in respect of all other resolutions forming part of the Notice of the AGM. During the voting period, members can login any number of times till you have voted on all the resolutions.
- (xii) If you wish to log out after voting on few resolutions and continue voting for the balance resolutions later, you may click on “RESET” for those resolutions for which you have not yet cast the vote.
- (xiii) Corporate / Institutional shareholders (*i.e.* other than individuals, HUF, NRI, etc.) are required to send scanned copy (PDF / JPG format) of the relevant Board Resolution / Authority letter, etc. together with attested specimen signature(s) of the duly authorized signatory(ies) who are authorized

to vote, to the Scrutinizer through e-mail to [iqureshiassociates@yahoo.co.in](mailto:iqureshiassociates@yahoo.co.in) or [investors@cmifpe.com](mailto:investors@cmifpe.com) with a copy marked to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in). The scanned image of the above mentioned documents should be in the naming format “CorporateName\_ EVENNO.”

**B. In case a Member receives physical copy of the Notice of AGM [for Members whose email IDs are not registered with the Company / Depository Participant(s) or requesting physical copy]:**

- (i) Initial password is provided as below / at the bottom of the Attendance Slip for the AGM :

Electronic Voting Event Number (EVEN)	User ID	Password
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- (ii) Please follow all steps from Sl. No. (ii) to Sl. No. (xii) as mentioned in A above, to cast vote.

C. Members holding shares in either physical or dematerialised form as on the Cut-Off date of July 21, 2017, may cast their votes electronically. The e-voting period for the Members who hold shares as on the cut-off date commences on July 24, 2017 (9.00 a.m.) and ends on July 27, 2017 (5.00 p.m.). The e-voting module shall be disabled by NSDL for voting thereafter.

- II. In case of any query pertaining to e-voting, you may refer the Frequently Asked Questions (FAQs) and e-voting user manual for Members available at the Downloads section of [www.evoting.nsdl.com](http://www.evoting.nsdl.com)
- III. You can also update your mobile number and e-mail id in the user profile details of the folio which may be used for sending future communication(s).
- IV. General instructions / information for members for voting on the resolutions :
  - a) Facility of voting through poll paper shall be made available at the Meeting. Members attending the Meeting, who have not already casts their vote by remote e-voting shall be able to exercise their right at the Meeting.

- b) Members who have cast their vote by remote e-voting may also attend the Meeting, but shall not be entitled to vote again at the AGM.
- c) The voting rights of members shall be in proportion to their share of the paid up equity share capital of the Company as on the cut-off date. A person whose name is recorded in the Register of Members or in the Register of Beneficial Owners maintained by the Depositories as on the cut-off date only shall be entitled to avail the facility of remote e-voting or voting at the AGM.
- d) Any person who acquires shares of the Company and becomes a member of the Company after the dispatch of the AGM Notice and holds shares as on the cut-off date *i.e.* July 21, 2017, may obtain login ID and password by sending a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in). However, if you are already registered with NSDL for remote e-voting then you can use your existing user ID and password for casting your vote. If you have forgotten your password, you may reset your password by using “Forgot User Details / Password” option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com).
- e) The Scrutinizer shall, immediately after the conclusion of voting at the AGM, first count the votes cast at the meeting, thereafter unblock the votes cast through remote e-voting, in the presence of at least 2 (two) witnesses not in the employment of the Company and make, not later than 3 (three) days of conclusion of the Meeting, a consolidated Scrutinizer’s Report of the total votes cast in favour or against, if any, to the Chairman or the Managing Director, who shall countersign the same.
- f) The Chairman or the Managing Director shall forthwith on receipt of the consolidated Scrutinizer’s Report, declare the result of the voting. The result declared, alongwith the Scrutinizer’s Report shall be placed on the Company’s website - [www.cmifpe.com](http://www.cmifpe.com) and on the website of NSDL - [www.evoting.nsdl.com](http://www.evoting.nsdl.com) immediately. The Company shall simultaneously forward the result to BSE Limited, where the shares of the Company are listed.

## ANNEXURE TO THE NOTICE

### Re-appointment of Mr. Yves Honhon as Director

Mr. Yves Honhon (DIN 02268831), Non-Executive Director of the Company, retires by rotation and, being eligible, has offered himself for re-appointment.

### The information in pursuance of Regulation 36(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and 1.2.5 of Secretarial Standard on General Meetings (SS 2):

Mr. Yves Honhon, aged about 54 years, holds Bachelor’s degree in Mathematics, Bachelor’s degree in Business Administration and CEPAC. Mr. Honhon has also attended various advance programmes on Situational Leadership, Communication, Process Management, Total Quality Management, Project Management, etc.

Mr. Yves Honhon has total work experience of nearly 31 years, having handled various functions in Accounts, Finance, Controlling, Administration and General Management, in various firms / companies including Arthur Andersen, DB Stratabit S.A., Carmeuse Coordination Centre (as Group Controller). Presently he is the Chief Financial Officer of CMI Group.

Mr. Yves Honhon, who was first appointed on the Board on June 25, 2008, will be re-appointed as Non Executive Non Independent Director and he does not draw any remuneration from the Company. Mr. Honhon attended all the 4 (four) Board Meetings held during FY 2016-17.

Mr. Honhon holds other directorships in CMI India Engineering Private Limited, CMI France SAS (Chairman), CMI Maintenance Hainaut SA, CMI Traction SA, DODECA SA (Chairman), CMI America Inc, CMI Luxembourg Services SA, CMI Industry Russia, CMI Industry Americas Inc and CMI Europe Environment.

Mr. Honhon is a member of the Audit Committee, Nomination and Remuneration Committee and Corporate Social Responsibility Committee of the CMI FPE Board.

He does not hold any shares in the Company and is not related to any other Director.

Apart from Mr. Honhon, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in this resolution.

**EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013 AND SS 2:**

**ITEM NO. 4**

**Appointment of Mr. Joao Felix Da Silva as a Director**

The Board of Directors, at the meeting held on May 30, 2017, based on the recommendations of the Nomination and Remuneration Committee, appointed Mr. Joao Felix Da Silva as an Additional Director of the Company in terms of Section 161 and other applicable provisions, if any, of the Companies Act, 2013 to hold office upto the date of the ensuing Annual General Meeting of the Company. Subsequently, Mr. Joao Felix Da Silva was also elected as the Chairman of the Board.

**The information in pursuance of Regulation 36(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 :**

Mr. Joao Felix Da Silva, aged about 59 years, holds a Master's degree in electronics from the Institut Supérieur Industriel du Hainaut (Belgium), a Master's degree in electromechanical engineering from the Institut Supérieur des Ingénieurs Techniciens de Charleroi (Belgium) and a Master's degree in Management from the Ecole de Perfectionnement au Management (Belgium).

Mr. Felix Da Silva has over 35 years of experience in the steel industry, where he held leadership positions in maintenance, production, customer service, quality, and plant management both in upstream and downstream facilities, in Belgium and in France. In his last position he was CEO of ArcelorMittal Méditerranée and member of Management Committee of Business Division Southwest.

He is currently an Adviser for the Portuguese Presidency, and has been a member of several Boards of Directors, such as the Banque de France and the Marseille Harbour.

He joined the CMI Group on August 1, 2016, to take on the Presidency of CMI Industry, in order to lead the evolution of the sector. He will provide the teams of CMI Industry with his market knowledge and his managerial experience.

**Information pursuant to 1.2.5 of the Secretarial Standard on General Meetings (SS 2) regarding Director seeking appointment / re-appointment**

**Mr. Joao Felix Da Silva**

Age	59 years
Qualifications	Master's degree in electronics from the Institut Supérieur Industriel du Hainaut (Belgium), a Master's degree in electromechanical engineering from the Institut Supérieur des Ingénieurs Techniciens de Charleroi (Belgium) and a Master's degree in Management from the Ecole de Perfectionnement au Management (Belgium)
Experience	35 Years
Terms and conditions of appointment	Appointment as a Non Executive Non Independent Director
Last drawn remuneration	Not Applicable
Date of first appointment on the Board	May 30, 2017
No. of shares held	Nil
Relationship with Directors, Managers & Key Managerial Personnels	Not Related
Number of Board Meetings attended during FY 2016-17	Not Applicable
Other Directorships	CMI India Engineering Private Limited
Chairman / Member of the Committees of Board of other companies	Nil

Mr. Joao Felix Da Silva does not hold any shares in the Company. In terms of Section 161 of the Companies Act, 2013 (**"the Act"**), Mr. Joao Felix Da Silva holds office upto the date of the ensuing Annual General

Meeting of the Company. The Company has received a Notice from a member alongwith the deposit of requisite amount under Section 160 of the Act proposing the candidature of Mr. Joao Felix Da Silva for the office of Director of the Company at the ensuing Annual General Meeting.

Mr. Joao Felix Da Silva is not disqualified from being appointed as a Director in terms of Section 164 of the Act and has given his consent to act as a Director.

Your Directors recommend Resolution No. 4 as an Ordinary Resolution for approval by the Members.

Except Mr. Joao Felix Da Silva, being the proposed appointee, none of the Directors or Key Managerial Personnel of the Company or their respective relatives, are concerned or interested, financially or otherwise, in the resolution set out at Item No. 4.

#### **ITEM NO. 5**

##### **Ratification of remuneration payable to the Cost Auditor**

The Company is required to have its Cost records audited by a Cost Accountant in practice. Pursuant to the provisions of Section 148(3) of the Companies Act, 2013 read with Rule 14 of the Companies (Audit and Auditors) Rules, 2014, based on the recommendation of the Audit Committee, the Board at its meeting held on May 30, 2017, appointed M/s. Kishore Bhatia & Associates, Cost Accountants, as Cost Auditor to conduct the audit of the cost accounting records of the Company for the financial year 2017-18.

Pursuant to the provisions of Section 148 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, members of a Company are required to ratify the remuneration to be paid to the Cost Auditor of the Company.

The Board, subject to ratification by the members, approved remuneration of ₹ 2 lacs (previous year ₹ 2 lacs) plus reimbursement of out-of-pocket expenses, for conducting the cost audit for the financial year 2017-18.

Accordingly, consent of the members is sought for passing an Ordinary Resolution as set out at Item No. 5

of the Notice for ratification of the remuneration payable to the Cost Auditor, as above.

Your Directors recommend Resolution No. 5 as an Ordinary Resolution for approval by the Members.

None of the Directors or Key Managerial Personnel of the Company, or their respective relatives are concerned or interested, financially or otherwise, in the resolution set out at Item No. 5.

#### **ITEM NO. 6**

As per the provisions of Section 20 of the Companies Act, 2013, a document may be served on any shareholder by sending it to him by post or by registered post or by speed post or by courier or by delivering to his office or address, or by such electronic or other mode as may be prescribed. Further, a shareholder may request for delivery of any document through a particular mode, for which he shall pay such fees in advance as may be determined by the Company in its annual general meeting.

Accordingly, the Board of Directors recommend the Resolution No. 6 for approval by the Members by a special resolution.

None of the Directors or Key Managerial Personnel of the Company, or their respective relatives are concerned or interested, financially or otherwise, in the resolution set out at Item No. 6.

**By Order of the Board**

**Haresh Vala**  
Company Secretary

Taloja  
May 30, 2017

##### **Registered office:**

Mehta House, Plot No. 64,  
Road No. 13, MIDC, Andheri (East),  
Mumbai - 400 093

**Tel. No.:** 022-66762727

**Fax No.:** 022-66762737/38

**CIN.:** L99999MH1986PLC039921

**Email:** investors@cmifpe.com

**Website:** www.cmifpe.com

# Directors' Report

Dear Shareholders,

Your Directors have pleasure in presenting the Thirty First Annual Report of the Company on the business and operations of the Company, together with the audited financial statements for the financial year ended March 31, 2017.

## 1. FINANCIAL PERFORMANCE

(₹ in lacs)

Particulars	Financial Year	Financial Year
	2016-2017	2015-2016
<b>Total Revenue</b>	<b>16,787.17</b>	21,449.07
Profit before provision for doubtful trade receivables, depreciation and amortisation expense, finance costs and tax expense	<b>1,065.18</b>	2,134.36
Less:		
Depreciation and amortisation expense	<b>524.85</b>	579.19
Finance costs	<b>102.93</b>	237.45
Provision for doubtful trade receivables	<b>-</b>	792.44
<b>Profit / (Loss) before Exceptional Item and Tax</b>	<b>437.40</b>	525.28
Add : Exceptional Item	<b>-</b>	1,433.93
Less : Tax expense:		
Net current tax expense	<b>79.00</b>	23.00
Deferred tax	<b>12.91</b>	623.93
<b>Profit / (Loss) for the year</b>	<b>345.49</b>	1,312.28
Balance brought forward from previous year	<b>4,053.96</b>	2,741.68
Balance carried forward	<b>4,399.45</b>	4,053.96

## 2. OVERVIEW OF COMPANY'S FINANCIAL PERFORMANCE

### Operations

The year under review marked the deflation of commodity prices globally reducing the steel prices. The growth in the demand for Indian steel lagged much behind the expectations. The net revenue from operations of the Company dropped by almost 24% and the profitability of the Company also decreased. The combination of predatory prices and import has jeopardized the loans raised by the domestic steel industry for capacity expansion.

### Industrial Infrastructure Development

Infrastructure sector is a key driver for the Indian economy. The sector is highly responsible for propelling India's overall development and enjoys intense focus from Government for initiating policies that would ensure time-bound creation of good infrastructure in the country. India is witnessing significant interest from international investors in the infrastructure space. Steel industry and its associated mining and metallurgy sectors have seen a number of major investments and developments in the recent past.

India is expected to become the world's second largest producer of crude steel in the next 10 years, moving up from the third position, as its capacity is projected to increase to about 300 MT by 2025. Hence scope for accelerated growth is offered by India's comparatively low per capita steel consumption and the expected rise in consumption due to increased infrastructure construction and the thriving automobile railways and white goods sectors.

Your Company, anticipating the growth in opportunities, has realigned the infrastructure and machines at Taloja Plant to achieve higher productivity and maximum utilization and to produce quality equipment at competitive cost. A full-fledged versatile fabrication facility has been developed at Hedavali for low cost production.

### Material Changes and Commitments affecting the financial position of the Company

There have been no material changes and commitments affecting the financial position of the Company, which have occurred between the end of the financial year of the Company to which the financial statements relate and the date of this report.

### 3. DIVIDEND

In order to conserve resources for the operating business, your Directors do not recommend any dividend for the financial year 2016-17.

During the year, the unclaimed dividend amount of ₹ 1,30,854/- out of the final dividend for the year ended March 31, 2009 was transferred to the Investor Education and Protection Fund.

### 4. SHARE CAPITAL

The paid up equity share capital of the Company as on March 31, 2017 was ₹ 493.78 lacs. During the year under review, the Company has not issued any shares with or without differential voting rights. It has neither issued employee stock options nor sweat equity shares. As on March 31, 2017, none of the Directors of the Company holds shares of the Company.

### 5. REGISTRAR AND SHARE TRANSFER AGENT

As informed in the last year Annual Report, the Company had, pursuant to the order of Securities and Exchange Board of India (“SEBI”), switched over the activities of Registrar and Share Transfer Agent from Sharepro Services (India) Private Limited (“Sharepro”) to Bigshare Services Private Limited (“Bigshare”), registered with SEBI.

Bigshare has taken over all the data and records from Sharepro and the transition of records was smooth, without any inconvenience to the shareholders of the Company.

The Company has made all the necessary disclosures and communication to BSE Limited as per the provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”).

### 6. DEPOSITS

Your Company has not accepted any deposits from the public falling within the ambit of Sections 73 and 74 of the Companies Act, 2013 read together with the Companies (Acceptance of Deposits) Rules, 2014.

### 7. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS BY THE COMPANY

Details of Loans, Guarantees and Investments covered under the provisions of Section 186 of the Companies Act, 2013 and Schedule V of the Listing Regulations are given in the notes to the Financial Statements.

### 8. CORPORATE SOCIAL RESPONSIBILITY INITIATIVES

Pursuant to the provisions of Section 135 of the Companies Act, 2013 and the Rules framed thereunder, the Company spent ₹ 3.19 lacs towards CSR activities for the year ended March 31, 2017. The contents of the CSR policy and initiatives taken by the Company during the year ended March 31, 2017 as per the format prescribed in the Companies (Corporate Social Responsibility Policy) Rules, 2014 are furnished in Annexure A to this Report. The CSR policy of the Company is available on the Company's website - [www.cmifpe.com](http://www.cmifpe.com).

The Company considers the community as an important stakeholder and has been investing in its well being with a belief that people around should prosper at the same pace as the business does. The Company has meticulously taken up social development as a core responsibility.

### 9. HUMAN RESOURCES

#### Personnel

The industrial relations continued to be cordial at all levels throughout the year. Your Directors wish to thank all the Employees and Workmen of the Company for their contribution, support and continued co-operation throughout the year.

#### Health and Safety

The details on Health and Safety are provided in the Management Discussion and Analysis which forms part of this Report.

#### Policy on Prevention, Prohibition and Redressal of Sexual Harassment at Workplace

The Company as an organization is committed to provide a healthy environment to all the employees and thus does not tolerate any discrimination and / or harassment in any form. The Company has in place a policy on prevention, prohibition and redressal of sexual harassment at workplace in line with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and Rules thereunder. All women – permanent, temporary or contractual are covered under the policy. This has been widely communicated internally and is uploaded on the Company's intranet portal.

The Company has set up an Internal Complaints Committee to inquire into complaints of sexual harassment and recommend appropriate action.

During the year under review, the Internal Complaints Committee has not received any complaint of sexual harassment.

## 10. INNOVATION

The Company, alongwith its holding Company, has a track record of research and development, and has been recognised as a trendsetter with several breakthroughs in the industry. More recently, the Group has added many new products and techniques for special and customized applications. The spirit of innovativeness has helped the Company to achieve cost efficiencies in the areas of energy, raw materials sourcing, logistics, excellence in customer service and manpower optimization leading to productivity improvement.

## 11. BUSINESS RISK MANAGEMENT

The Board of Directors has constituted a Risk Management Committee. The Committee oversees the risk management process including risk identification, impact and control self-assessment, effective implementation of the mitigation plans and risk reporting. The objective of the Committee is to assist the Board in fulfilling its oversight responsibilities with regard to business risk management.

The details and the process of Risk Management as implemented by the Company are provided as part of the Management Discussion and Analysis which forms part of this Report.

## 12. INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company has an adequate system of internal controls in place with reference to the Financial Statements. The management of the Company is responsible for ensuring that Internal Financial Controls (IFC) have been instituted in the Company and that such controls are adequate and operating effectively.

The Company's internal controls system is founded on values of integrity and operational excellence. It supports the vision of the Company. The foundation of the internal controls system lies in the corporate strategies, risk management framework and policies and procedures. The Company has a robust internal control framework, commensurate with the size, scale and complexity of its operations. The framework has been designed to provide reasonable assurance related to financial and operational information,

compliance with applicable laws and for safeguarding the assets of the Company.

The Internal Audit (IA) function for the year 2016-17 was entrusted to M/s. KPMG. To maintain objectivity and independence, the Internal Auditors report to the Audit Committee.

During the year under review, the Risk Management Committee of the Company had reviewed the test of controls with detailed analysis of 10 key processes; no reportable material weakness in the design or operations was observed. The Internal Audit team monitors and evaluates the efficacy and adequacy of internal control systems in the Company, on the basis of Standard Operating Procedures, instruction manuals, accounting policy and procedures, its compliance with operating system, accounting procedures and policies at all locations of the Company. The results of the tests of the controls were discussed with the Statutory Auditors. The Statutory Auditors have submitted their report on the Internal Financial Controls, which forms an integral part of this Report.

This formalized system of internal control and risk management framework facilitates effective compliance of the Listing Regulations, Companies Act, 2013 and relevant statute applicable to the Company.

## 13. VIGIL MECHANISM / WHISTLE BLOWER POLICY

Fraud and corruption-free work culture has been at the core of the Company. To meet this objective, the Company has adopted a Whistle Blower Policy to deal with any instances of fraud and mismanagement in the Company. The mechanism provides for adequate safeguards against victimization of Director(s) and Employee(s) who avail themselves of the mechanism. The Whistle Blower Policy is available on the website of the Company – [www.cmifpe.com](http://www.cmifpe.com). It is affirmed that no personnel of the Company has been denied access to the Audit Committee.

## 14. DIRECTORS & KEY MANAGERIAL PERSONNEL

### Changes in the composition of the Board of Directors

Mr. Jean Jouet, consequent to his taking new responsibilities within the CMI Group, resigned as the Chairman and Director of the Company with effect from May 30, 2017.

The Board of Directors ("**Board**") places on record its collective unanimous appreciation of

the valuable services rendered and contribution made by Mr. Jean Jouet during his tenure as the Chairman of the Board.

The Board, on the recommendations of the Nomination and Remuneration Committee, has appointed Mr. Joao Felix Da Silva (DIN 07662251) as an Additional Director, and also as the Chairman of the Board of Directors of the Company with effect from May 30, 2017.

Pursuant to the provisions of Section 161 of the Companies Act, 2013, Mr. Joao Felix Da Silva holds office upto the date of the ensuing Annual General Meeting of the Company and is eligible for appointment as a Non Executive Director. The Company has received a notice from a member along with a cheque in favour of the Company under Section 160 of the Companies Act, 2013, signifying his intention to propose Mr. Joao Felix Da Silva as candidate for the office of Director of the Company at the ensuing Annual General Meeting.

The necessary resolution proposing the appointment of Mr. Joao Felix Da Silva as Director, is being placed before the members for their approval.

#### **Retirement by rotation**

In accordance with the provisions of Section 152 of the Companies Act, 2013, Mr. Yves Honhon (DIN 02268831) retires by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment. The Board recommends his re-appointment for the consideration of the members of the Company at the ensuing Annual General Meeting.

#### **Re-appointment of Managing Director**

The re-appointment and remuneration of Mr. Raman Madhok as Managing Director was approved by the members of the Company at the last Annual General Meeting for a further period of 3 years effective from October 9, 2016, subject to the approval of the Central Government.

Subsequently, on September 12, 2016, the Ministry of Corporate Affairs amended the Schedule V of the Companies Act, 2013 wherein the requirements relating to remuneration to professional managerial personnel would not be applicable on compliance of certain conditions. The required compliance information was included in the special resolution and the explanatory statement for re-appointment of Managing Director. The Central Government, vide its letter dated

October 20, 2016, has confirmed that the approval of Central Government was not required for the payment of remuneration to Mr. Raman Madhok, he being a professional managerial personnel.

#### **Independent Directors**

All Independent Directors have submitted the declaration of Independence as required under Section 149(7) of the Companies Act, 2013 confirming that they meet the criteria of independence as laid down under Section 149(6) of the Companies Act, 2013 and Regulation 16(1) (b) of Listing Regulations.

Brief profile of the Directors proposed to be appointed / re-appointed and other information as stipulated under Listing Regulations and Secretarial Standard 2 are furnished in the Notice attached to this Report.

#### **Board Evaluation**

Pursuant to the provisions of the Companies Act, 2013 read with the Rules issued thereunder and Regulation 17 of the Listing Regulations, the Board had carried out the annual performance evaluation of its own performance, an evaluation of the working of various Committees, as well as an evaluation of the directors individually. Further SEBI vide its guidance note dated January 5, 2017 has suggested certain process / practice that may be adopted by the companies for performance evaluation. The Company had taken into consideration these guidelines also.

The evaluation exercise was carried out internally, using the experience gathered from the external evaluation outsourced in earlier years. A structured questionnaire was prepared after taking into inputs received from the Directors, covering various aspects of the Board's functioning such as adequacy of the composition of the Board and its Committees, Board culture, execution and performance of specific duties, obligations and governance.

After the conclusion of such exercise, and after reviewing the findings, the Chairman of the Board met each Director individually to get an overview of the functioning of the Board and its constituents, *inter alia*, on the criteria such as attendance and level of participation at the meetings of the Board and Committees, independence of judgement exercised by the Independent Directors, interpersonal relationship, etc.

Significant collective highlights, learnings and action points with respect to the evaluation were

presented to the Board. The Board of Directors expressed their satisfaction with the evaluation process and also with the findings.

### **Key Managerial Personnel**

Mr. Raman Madhok, Managing Director, Mr. Akash Ohri, Chief Financial Officer and Mr. Haresh Vala, Company Secretary are the Key Managerial Personnel of the Company.

### **Remuneration Policy**

The Company has adopted a Remuneration Policy for the Directors, Key Managerial Personnel (“KMP”) and other employees, pursuant to the provisions of Companies Act, 2013 and the Listing Regulations. The main objective of the said policy is to ensure that the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate the Directors, KMP and senior management employees. The remuneration involves a balance between fixed and incentive pay, reflecting short and long term performance objectives appropriate to the working of the Company and its goals. The details of this policy are explained in the Corporate Governance Report.

## **15. DIRECTORS’ RESPONSIBILITY STATEMENT**

To the best of their knowledge and belief and according to the information and explanations obtained by them, your Directors make the following statements in terms of the provisions of Section 134(3)(c) of the Companies Act, 2013 that:

- a. in the preparation of the annual financial statements for the year ended March 31, 2017, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;
- b. such accounting policies as mentioned in the Notes to the financial statements have been selected and applied consistently, and judgments and estimates have been made that are reasonable and prudent, so as to give a true and fair view of the state of affairs of the Company as at March 31, 2017 and of the profit of the Company for the year ended on that date;
- c. proper and sufficient care has been taken for maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding

the assets of the Company and for preventing and detecting fraud and other irregularities;

- d. the annual financial statements have been prepared on a ‘going concern’ basis;
- e. proper internal financial controls have been laid down and are being followed, and that such internal financial controls are adequate and are operating effectively; and
- f. proper systems were in place to ensure compliance with the provision of all applicable laws, and these were adequate and operating effectively.

## **16. MEETINGS & COMMITTEES**

### **Meetings held during the year**

During the year under review, 4 (four) Board Meetings and 4 (four) Audit Committee Meetings were convened and held, the details of the meetings held and attendance of Directors at such meetings are provided in the Corporate Governance Report. The intervening gaps between the meetings were within the limits stipulated under the Companies Act, 2013 and the Listing Regulations.

### **Audit Committee**

The Audit Committee is constituted in line with the regulatory requirements mandated by the Companies Act, 2013 and the Listing Regulations. The details of the Committee and its terms of reference are set out in the Corporate Governance Report forming part of this Report.

### **Nomination and Remuneration Committee**

The Nomination and Remuneration Committee is constituted in line with the regulatory requirements mandated by the Companies Act, 2013 and the Listing Regulations. The details of the Committee and its terms of reference are set out in the Corporate Governance Report forming part of this Report.

### **Corporate Social Responsibility (CSR) Committee**

The CSR Committee is constituted in line with the regulatory requirements mandated by the Companies Act, 2013. The details of the Committee and its terms of reference are set out in the Corporate Governance Report forming part of this Report.

## 17. PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

All related party transactions that were entered into during the financial year were on an arm's length basis, in the ordinary course of business and were in compliance with the applicable provisions of the Companies Act, 2013 and the Rules made thereunder and the Listing Regulations. There were no materially significant Related Party Transactions made by the Company during the year that would have required members' approval under the Listing Regulations. The members, at the last Annual General Meeting held on July 29, 2016, had approved an omnibus prior approval for material related party transactions with CMI SA, Holding Company for a value upto ₹ 500 crores and with CMI Industry Automation Private Limited, Fellow Subsidiary for a value upto ₹ 25 crores for orders to be transacted in a span of 2 to 3 years. The Company is pleased to inform that orders with CMI SA for the financial year ended March 31, 2017 were for ₹ 112.47 crores.

All Related Party Transactions are placed before the Audit Committee and also the Board for approval. Prior omnibus approval of the Audit Committee is obtained for transactions which are foreseen and are repetitive in nature. A statement of all related party transactions is placed before the Audit Committee for its review on a quarterly basis, specifying the nature, value and terms and conditions of the transactions.

The Company has adopted a Related Party Transactions Policy. The Policy, as approved by the Board, is uploaded on the Company's website at <http://cmifpe.com/financialreport.aspx?Subcat=RPT> Policy as per LODR&InvestorType=Policies.

Details of transactions with Related Parties are given in the Notes to the Financial Statements in accordance with the Accounting Standards. There were no transactions during the year which were required to be reported in Form AOC 2.

None of the Directors has any pecuniary relationships or transactions with the Company.

## 18. SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS

There are no significant and material orders passed by the Regulators or Courts or Tribunals that would impact the going concern status of the Company and its future operations.

## 19. AUDITORS

### Statutory Auditors

At the Annual General Meeting ("AGM") of the Company held last year, pursuant to the provisions of the Companies Act, 2013 and Rules made there under, M/s. Deloitte Haskins & Sells, Chartered Accountants were appointed as the Statutory Auditors of the Company from the conclusion of the 30<sup>th</sup> Annual General Meeting held on July 29, 2016 till the conclusion of the 32<sup>nd</sup> Annual General Meeting of the Company to be held in the year 2018, subject to the ratification of their appointment at the AGM to be held in 2017.

M/s. Deloitte Haskins & Sells have furnished a certificate of their eligibility and consent under Section 141 of the Companies Act, 2013. In terms of the Listing Regulations, the Auditors have confirmed that they hold a valid certificate issued by the Peer Review Board of the Institute of Chartered Accountants of India.

The members are requested to consider the ratification of the appointment of M/s. Deloitte Haskins & Sells, Chartered Accountants as Auditors and authorize the Board to fix their remuneration.

There are no qualifications, reservations or adverse remarks or disclaimers made by the Statutory Auditors in their report.

### Cost Auditor

In terms of the provisions of Section 148 of the Companies Act, 2013 read with the Companies (Cost Records and Audit) Rules, 2014, the Company is required to audit its Cost Accounting records for the financial year 2017-2018. The Board of Directors, on the recommendation of the Audit Committee, has appointed M/s. Kishore Bhatia & Associates, Cost Accountants to audit the cost accounts of the Company for the financial year 2017-18 on a remuneration of ₹ 2,00,000/-. As required under the Companies Act, 2013, a resolution seeking member's approval for the remuneration payable to the Cost Auditor forms part of the Notice convening the Annual General Meeting for their ratification.

### Secretarial Audit

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Board of Directors had appointed M/s. VKM & Associates, Company Secretaries in Practice to undertake the Secretarial Audit of the Company for the financial year 2016-17. The Secretarial Auditor's Report

is annexed as Annexure B and forms an integral part of this Report.

There is no secretarial audit qualification for the year under review.

**20. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO**

The information on conservation of energy, technology absorption and foreign exchange earnings and outgo, stipulated under Section 134(3)(m) of the Companies Act, 2013 read with Rule 8 of the Companies (Accounts) Rules, 2014 is annexed as Annexure C and forms an integral part of this Report.

**21. CORPORATE GOVERNANCE**

The Company has complied fully with the corporate governance requirements under the Companies Act, 2013 and as stipulated under the Listing Regulations. A separate section on Corporate Governance practices followed by the Company, along with a certificate from the Statutory Auditors of the Company confirming the compliance, is annexed and forms an integral part of this Report.

**22. MANAGEMENT DISCUSSION AND ANALYSIS**

The Management Discussion and Analysis Report, appended as stipulated under the Listing Regulations forms an integral part of this Report.

**23. EXTRACT OF ANNUAL RETURN**

Pursuant to Section 92(3) of the Companies Act, 2013 read with Rule 12(1) of the Companies (Management and Administration) Rules, 2014, the extract of the Annual Return is annexed as Annexure D and forms an integral part of this Report.

**24. PARTICULARS OF EMPLOYEES AND RELATED DISCLOSURES**

The information required under Section 197(12) of the Companies Act, 2013 read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is annexed as Annexure E and forms an integral part of this Report.

The information required under Rule 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, a statement showing the names and other particulars of the employees drawing remuneration in excess of the limits set out in the said Rules will be provided upon request. In terms of first proviso to Section 136 of the Companies Act, 2013, the Report and Accounts are being sent to the

members and others entitled thereto, excluding the information on employees' particulars, which is available for inspection by the members at the Registered Office of the Company during the business hours on working days of the Company upto the date of the ensuing Annual General Meeting. Any member interested in obtaining a copy thereof may write to the Company Secretary.

None of the employees listed in the said Annexure is related to any Director of the Company. None of the employees hold (by himself or along with his / her spouse and dependent children) more than 2% of the equity shares of the Company.

**25. PLANT VISIT**

The management will make arrangements for visit of the interested shareholders to the Company's plant at Taloja on Friday, September 22, 2017. The plant visit is a half day program, and for operational convenience and safety reasons, is limited to 100 shareholders. Such of those shareholders who are keen to visit the Company's plant are requested to submit their intention by filling up the enclosed form, to the Registrar and Transfer Agents of the Company, at the 31<sup>st</sup> Annual General Meeting.

Eligible shareholders will be those whose names appear in the Register of Members as on the date of 31<sup>st</sup> Annual General Meeting. The Company will finalise by August 14, 2017, the list of shareholders identified to attend the plant. The identification will be on first come first serve basis.

The shareholders so identified will not be allowed to transfer their 'visit requests' to others nor will any companions be allowed to join the plant visit. Shareholders are requested to note that clicking of photos / videos is strictly prohibited inside the premises of the plant.

Shareholders will be required to show their identity proof as and when requested, for visiting the plant.

**ACKNOWLEDGEMENT**

Your Directors would like to express their appreciation for the co-operation and assistance received from the Government authorities, bankers, financial institutions, vendors, customers and shareholders, and also from all the employees and other stakeholders, during the year under review.

**For and on behalf of the Board**

**Joao Felix Da Silva**  
Chairman

Taloja  
May 30, 2017

# ANNEXURE TO THE DIRECTORS' REPORT

Annexure A

## Annual Report on Corporate Social Responsibility Activities as prescribed under Section 135 of the Companies Act, 2013 and Companies (Corporate Social Responsibility Policy) Rules, 2014

1	A brief outline of the Company's CSR Policy including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR Policy and projects or programs.	<p>The Company undertakes its CSR activities for the development of the society. The developmental interventions focus on Environment and Education.</p> <p>The Company has framed a CSR Policy in compliance with the provisions of the Companies Act, 2013 and Rules made thereunder. The CSR Policy provides for carrying out CSR activities in respect of those areas as provided in Schedule VII of the Companies Act, 2013. The CSR policy is placed on the Company's website www.cmifpe.com.</p>		
2	The composition of the CSR Committee	<p>1. Ms. Roma Balwani, Chairperson of the Committee, and Independent Director</p> <p>2. Mr. Yves Honhon, Non Executive Director</p> <p>3. Mr. Raman Madhok, Managing Director</p>		
3	Average Net profit of the Company for the last three financial years	₹ 49.56 lacs		
4	Prescribed CSR Expenditure (two per cent of the amount as mentioned in item 3 above)	₹ 0.99 lacs		
5	Details of the CSR spent during the financial year:	Total Amount spent during the Financial year ended March 31, 2017.	Amount unspent, if any.	Manner in which amount spent during the financial year.
		₹ 3.19 lacs	NIL	The manner in which the amount is spent is detailed below

### The manner in which the CSR amount was spent by CMI FPE Limited

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Sr. No.	CSR Project or Activity Identified	Sector in which the Project is covered	Projects or Programs a) Local area or others b) Specify the State and district where projects or programs was undertaken	Amount Out-lay (budget) Project or programs wise (amt in ₹)	Amount spent on the projects or programs sub heads: a) Direct Expenditure on Projects or programs b) Overheads	Cumulative Expenditure upto the reporting period	Amount spent Direct or through implementing agency
i.	Public Toilet	Ensuring environment sustainability	Jambulpada	1,57,000	1,78,500	1,78,500	1,78,500
ii.	Temple shed	Providing shelter and space for education	Hedavali	1,40,000	1,40,500	1,40,500	1,40,500
6	In case the Company has failed to spend the two percent of the average net profit of the last three financial years or any part thereof, the Company shall provide the reasons for not spending the amount, in its Board's Report.					Not Applicable	
7	We, Roma Balwani, Yves Honhon and Raman Madhok, the members of CSR Committee of CMI FPE Limited, confirm that the implementation and monitoring of CSR Policy, is in compliance with the CSR objectives and Policy of the Company.						

For and on behalf of the Corporate Social Responsibility Committee

Mumbai,  
May 29, 2017

**Roma Balwani**  
Chairperson of the Committee  
(DIN 00112756)

**Yves Honhon**  
Member  
(DIN 02268831)

**Raman Madhok**  
Member  
(DIN 00672492)

**SECRETARIAL AUDIT REPORT**  
**FOR THE FINANCIAL YEAR ENDED ON MARCH 31, 2017**  
**[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies**  
**(Appointment and Remuneration of Managerial Personnel) Rules, 2014]**

**To,**  
**The Members,**  
**CMI FPE LIMITED**

Mehta House, Plot No. 64,  
 Road No. 13, MIDC  
 Andheri (East),  
 Mumbai - 400 093

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by "CMI FPE LIMITED" (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided us reasonable basis for evaluating the corporate conducts / statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorised representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31<sup>st</sup> March, 2017 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the extent, in the manner and subject to the reporting made hereinafter.

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31<sup>st</sup> March, 2017 according to the provisions of:

1. The Companies Act, 2013 (the Act) and the rules made there under;
2. The Securities Contracts (Regulation) Act, 1956 (SCRA) and the rules made there under;
3. The Depositories Act, 1996 and the Regulations and Bye-laws framed hereunder;
4. Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment and Overseas Direct Investment;
5. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India, 1992 ('SEBI Act'):
  - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
  - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 and amendments from time to time;
  - (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 - Not applicable to the Company during the audit period;
  - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 - Not applicable to the Company during the audit period;
  - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfers Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
  - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 - Not applicable to the Company during the audit period; and
  - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 - Not applicable to the Company during the audit period.
6. Other Laws applicable to the Company :
  - i. Industrial Disputes Act, 1947
  - ii. The Payment of Wages Act, 1936
  - iii. The Minimum Wages Act, 1948
  - iv. The Employee Provident Fund and Miscellaneous Provisions Act, 1952
  - v. The Payment of Bonus Act, 1965
  - vi. The Payment of Gratuity Act, 1972
  - vii. The Contract Labour (Regulation and Abolition) Act, 1970
  - viii. The Maternity Benefits Act, 1961
  - ix. Competition Act, 2002
  - x. Shops and Establishments Act, 1948

We have also examined compliance with the applicable clauses of the following :

- I. Secretarial Standards issued by the Institute of Company Secretaries of India.
- II. The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

During the period under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

We further report that the Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is being given to all Directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarification on the agenda items

before the meeting and for meaningful participation at the meeting.

Decisions at the Board Meetings and Committee Meetings were taken unanimously and are captured and recorded as part of the minutes of the meetings.

We further report that there are adequate systems and processes in the Company, commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the audit period no events occurred which had bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, etc.

**For VKM & Associates  
Practising Company Secretary**

**(Vijay Kumar Mishra)  
Partner**

**FCS No. 5023  
C P No. 4279**

Place: Mumbai  
Date: 29<sup>th</sup> May, 2017

***Note :** This Report is to be read with our letter of even date which is annexed as Annexure A and forms an integral part of this report.*

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#### ANNEXURE "A"

**To,  
The Members,  
CMI FPE LIMITED**

Mehta House, Plot No. 64,  
Road No.13, MIDC,  
Andheri (East), Mumbai - 400 093

Our report of even date is to be read along with this letter.

1. Maintenance of Secretarial records is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on the test basis to ensure that correct facts are reflected in Secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and books of accounts of the Company.

4. Whereever required, we have obtained the Management representation about compliance of laws, rules and regulations and happenings of events, etc.

5. The compliance of provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of the management. Our examination was limited to the verification of procedures on test basis.

6. The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of efficiency or effectiveness with which the management has conducted the affairs of the Company.

**For VKM & Associates  
Practising Company Secretary**

**(Vijay Kumar Mishra)  
Partner**

**FCS No. 5023  
C P No. 4279**

Place: Mumbai  
Date: 29<sup>th</sup> May, 2017

## ANNEXURE TO THE DIRECTORS' REPORT

Annexure C

### Particulars as per Section 134(3)(m) of the Companies Act, 2013 read with Rule 8 of the Companies (Accounts) Rules, 2014

#### A. CONSERVATION OF ENERGY

Energy conservation is a continuous process and is one of the prime areas for control of cost. Steps taken by the Company are as under:

(a) Energy Conservation Measures taken:

- The lights and cooling temperature in the offices / plants has been rationalized.
- The machine works areas, overhead lights in some shop floor areas and office are fitted with LED lights resulting in power consumption saving.
- A dedicated team monitoring the lighting system to avoid unwanted lighting power.
- Conducting awareness campaign in the plants and offices for reduction of the electricity usage.

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

- Power factor improvement at Head office, Andheri was achieved by optimizing the capacitor banks of power factor controllers.
- Solar lamp posts were installed at Head office.
- Feasibility and Proposals studied with CMI Energy team on Solar Power and the reports are submitted to Management.
- As a step to save electrical and hydraulic energy, modification of Power pack of Wadkin machine is being carried out which will reduce consumption of 22KWH to 3KWH.

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

The above measures have resulted in reduction of energy consumption and power expenses.

(d) Total Energy Consumption and Energy Consumption per unit of production is as follows:

Power and Fuel consumption	2016-2017	2015-2016
<b>i. Electricity:</b>		
a. Purchased		
Units (Total) - KWH	<b>15,26,312</b>	15,42,458
Total Amount (₹ in lacs)	<b>127.03</b>	121.80
Rate / Unit (₹)	<b>8.32</b>	7.90
Consumption per unit of production	<b>Not Applicable</b>	Not Applicable
b. Own generation (DG set)		
Units (Total) – KWH	<b>25,886</b>	33,589
Total Amount (₹ in lacs)	<b>6.26</b>	5.51
Rate / Unit (₹)	<b>24.17</b>	16.41
Consumption per unit of production	<b>Not Applicable</b>	Not Applicable
<b>ii. Coal:</b>	<b>Not Applicable</b>	Not Applicable
<b>iii. Furnace Oil / H.S.D.:</b>		
Purchased – Diesel		
Units (Total) – Litres	<b>11,226</b>	<b>10,420</b>
Total Amount (₹ in lacs)	<b>6.51</b>	<b>5.51</b>
Rate / Unit (₹)	<b>57.97</b>	<b>52.91</b>
Consumption per unit of production	<b>Not Applicable</b>	Not Applicable
<b>iv. Others:</b>	<b>NIL</b>	NIL

#### B. TECHNOLOGY ABSORPTION:

##### RESEARCH AND DEVELOPMENT (R&D):

1. Specific areas in which R&D (Innovations) carried out by the Company:

- Various value engineering projects were undertaken, focusing on design to cost and lean engineering leading to cost competitiveness and enhancing efficiency of plant and machinery.
- Development of small compact colour coating lines which provides same CAPEX and OPEX on per ton basis for the investor. Excellent product for traders wanting to become entrepreneurs with small investments.
- Developed and commissioned automatic PUP coil removal system which received a special award for innovation within CMI Group.

- Extensive use of '3D' design software like Inventor, Solid Works for drafting, analysis and simulations.
- Special focus on development of jigs and fixtures in plant to increase productivity through :
  - a. New fixtures for wedges.
  - b. New welding fixture for furnace casing fabrication to increase fabrication throughput.
  - c. Welding fixture for structures for enhanced productivity.
  - d. New fixtures for drum assembly to reduce assembly lead time.
  - e. Implemented TOC (theory of constraints) in assembly plant, thereby increasing productivity.

2. Benefits derived as a result of above R&D:

- Optimization of weights and manufacturing process for various equipment with improved technological parameters, performances and cost competitiveness.
- Safety is of paramount importance and hence the Company has accorded huge focus on safety of operations, processes, machinery and most importantly of human beings.

3. Future Plan of Action:

- Introduction of new products and processes.
  - a. Installation of welding simulation package.
- Ongoing value engineering and development in the existing products and processes in various areas in which the Company is operating.
  - a. Upgradation of critical assemblies such as 'air knife' / trimmer – chopper / rotary shears, etc.

4. Expenditure on R&D:

- Capital : Nil
- Recurring : Expenses incurred are charged to normal heads and not allocated separately.
- Total : Not determinable

- Total R&D expenditure as a percentage of total turnover: Not determinable

**TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION:**

1. Efforts in brief, made towards technology absorption, adaptation and innovation:

- Participating in national / international conferences, seminars and exhibitions.
- Imparting training to personnel by foreign technicians, mostly from CMI Group, in various manufacturing techniques, manufacturing technologies, latest products / designs and assembly practices.

2. Benefits derived as a result of the above efforts, e.g., product improvement, cost reduction, product development, import substitution, saving in foreign exchange, etc.

The above measures helped in offering lean equipments with improved technology and performance and introduction of new products and processes.

3. Information regarding technology imported during the last 5 years:

Technology Imported	Year of Import	Status
Certain Acid Re-generation Plant Technology	2009-2010	Absorbed
Certain Color Coating Technology	2009-2010	Absorbed
Continuous Annealing Line	2016-2017	Work in Progress

**C. FOREIGN EXCHANGE EARNINGS AND OUTGO:**

Particulars with regard to Foreign Exchange Earnings and Outgo are given in the Notes forming part of the Financial Statements.

Activities relating to exports and export plans:

The Company makes continuous efforts to explore new foreign markets for products and services and makes its presence felt in the global markets through the assistance of its parent Company, as needed.

## Form No. MGT-9

Extract of Annual Return as on the financial year ended on March 31, 2017  
[Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies  
(Management and Administration) Rules, 2014]

## I. REGISTRATION AND OTHER DETAILS

i. CIN	L99999MH1986PLC039921
ii. Registration Date	May 28, 1986
iii. Name of the Company	CMI FPE Limited
iv. Category / Sub-Category of the Company	Company limited by shares / Indian Non-Government Company
v. Address of the Registered office and contact details	Mehta House, Plot No. 64, Road No. 13, MIDC, Andheri East, Mumbai - 400 093 Tel : 022 66762727 Fax : 022 66762737
vi. Whether listed company	Yes
vii. Name, Address and Contact details of Registrar and Transfer Agent, if any	Bigshare Services Private Limited E-2/3, Ansa Industrial Estate, Saki Vihar Road, Saki Naka, Andheri East, Mumbai - 400 072 Tel : 022 40430200 Fax : 022 28475207

## II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the Company, on standalone basis, are as under :

Sl. No.	Name and Description of main products / services	NIC Code of the Product / service	% to total turnover of the Company
1.	Manufacturer of Cold Rolling & Processing Equipments	2923	100%

## III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sl. No.	Name and Address of the Company	CIN / GLN	Holding / Subsidiary / Associate	% of shares held	Applicable Section
1	Cockerill Maintenance and Ingènerie S.A. Avenue Greiner 1, 4100 Seraing, Belgium	NA	Holding Company	74.89%	2(46)

## IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

(i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% change during the year
	Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
<b>A. Promoters &amp; Promoter Group</b>									
<b>(1) Indian</b>									
Individual / HUF	-	-	-	-	-	-	-	-	-
Central Govt.	-	-	-	-	-	-	-	-	-
State Govt.(s)	-	-	-	-	-	-	-	-	-
Bodies Corp.	5500	0	5500	0.11	5500	0	5500	0.11	0.00
Banks / FI	-	-	-	-	-	-	-	-	-
Any Other	-	-	-	-	-	-	-	-	-
<b>Sub-total (A)(1)</b>	<b>5500</b>	<b>0</b>	<b>5500</b>	<b>0.11</b>	<b>5500</b>	<b>0</b>	<b>5500</b>	<b>0.11</b>	<b>0.00</b>

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% change during the year
	Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
<b>(2) Foreign</b>									
a) NRIs - Individuals	-	-	-	-	-	-	-	-	-
b) Other – Individuals	-	-	-	-	-	-	-	-	-
Bodies Corp.	3697700	0	3697700	74.89	3697700	0	3697700	74.89	0.00
Banks / FI	-	-	-	-	-	-	-	-	-
Any Other	-	-	-	-	-	-	-	-	-
<b>Sub-total (A)(2)</b>	<b>3697700</b>	<b>0</b>	<b>3697700</b>	<b>74.89</b>	<b>3697700</b>	<b>0</b>	<b>3697700</b>	<b>74.89</b>	<b>0.00</b>
<b>Total shareholding of Promoter (A) = (A)(1)+(A)(2)</b>	<b>3703200</b>	<b>0</b>	<b>3703200</b>	<b>75.00</b>	<b>3703200</b>	<b>0</b>	<b>3703200</b>	<b>75.00</b>	<b>0.00</b>
<b>B. Public Shareholding</b>									
<b>1. Institutions</b>									
a) Mutual Funds	0	200	200	0.00	0	200	200	0.00	0.00
b) Banks / FI	-	-	-	-	-	-	-	-	-
c) Central Govt.	0	0	0	0.00	0	0	0	0.00	0.00
d) State Govt.(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FIs	100	1250	1350	0.03	100	1250	1350	0.03	0.00
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others - Qualified Foreign Investor	-	-	-	-	-	-	-	-	-
<b>Sub-total (B)(1)</b>	<b>100</b>	<b>1450</b>	<b>1550</b>	<b>0.03</b>	<b>100</b>	<b>1450</b>	<b>1550</b>	<b>0.03</b>	<b>0.00</b>
<b>2. Non-Institutions</b>									
a) Bodies Corp.									
i) Indian	115521	2900	118421	2.40	84615	2900	87515	1.77	(0.63)
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals									
i) Individual shareholders holding nominal share capital up to ₹ 1 lac	477739	53826	531565	10.77	520329	53526	573855	11.62	0.86
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lac	551761	-	551761	11.17	513369	-	513369	10.39	(0.78)
c) Others (specify)									
Non-Resident Individuals	13976	2200	16176	0.33	14312	2200	16512	0.33	0.00
Clearing Members	15085	-	15085	0.31	41812	-	41812	0.85	0.54
Market Maker	55	-	55	0.00	-	-	-	-	0.00
<b>Sub-total (B)(2)</b>	<b>1174137</b>	<b>58926</b>	<b>1233063</b>	<b>24.97</b>	<b>1174437</b>	<b>58626</b>	<b>1233063</b>	<b>24.97</b>	<b>0.00</b>
<b>Total Public Shareholding (B) = (B)(1)+(B)(2)</b>	<b>1174237</b>	<b>60376</b>	<b>1234613</b>	<b>25.00</b>	<b>1174537</b>	<b>60076</b>	<b>1234613</b>	<b>25.00</b>	<b>0.00</b>
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>	-	-	-	-	-	-	-	-	-
<b>Grand Total (A+B+C)</b>	<b>4877437</b>	<b>60376</b>	<b>4937813</b>	<b>100.00</b>	<b>4877737</b>	<b>60076</b>	<b>4937813</b>	<b>100.00</b>	<b>0.00</b>

## (ii) Shareholding of Promoters

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in share holding during the year
		No. of Shares	% of total Shares of the Company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the Company	% of Shares Pledged / encumbered to total shares	
1.	CMI Industry Automation Private Limited	5500	0.11	0.00	5500	0.11	0.00	0.00
2.	Cockerill Maintenance and Ingénierie S.A.	3697700	74.89	0.00	3697700	74.89	0.00	0.00
	<b>TOTAL</b>	<b>3703200</b>	<b>75.00</b>	<b>0.00</b>	<b>3703200</b>	<b>75.00</b>	<b>0.00</b>	<b>0.00</b>

## (iii) Change in Promoters' Shareholding (please specify, if there is no change)

Sl. No.	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
	Not Applicable				

## (iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs)

Sl. No.	Name of the shareholder	Shareholding at the beginning and end of the year		Date	Increase / Decrease in shareholding during the year	Reason	Cumulative Shareholding during the year	
		No. of shares	% of total Shares of the Company				No. of shares	% of total Shares of the Company
1.	Jay Mahendra Shah (HUF)	114188	2.31	March 24, 2017	1005	Transfer	115913	2.33
		<b>Total as on March 31, 2017</b>					<b>115913</b>	<b>2.33</b>
2.	Nishi Tilakraj Mehta	97086	1.97		No Change		97086	1.97
		<b>Total as on March 31, 2017</b>					<b>97086</b>	<b>1.97</b>
3.	Dipa Jay Shah	52144	1.06	May 6, 2016	-47	Transfer	52097	1.06
				March 10, 2017	-40000	Transfer	12097	0.24
				March 17, 2017	-12097	Transfer	0	0
		<b>Total as on March 31, 2017</b>					<b>0</b>	<b>0</b>
4.	Anand Mahendra Shah (HUF)	49016	0.99	May 6, 2016	-50	Transfer	48966	0.99
		<b>Total as on March 31, 2017</b>					<b>48966</b>	<b>0.99</b>
5.	Suchita Anand Shah	48302	0.98		No Change		48302	0.98
		<b>Total as on March 31, 2017</b>					<b>48302</b>	<b>0.98</b>
6.	Datta Mahendra Shah	44108	0.89		No Change		44108	0.89
		<b>Total as on March 31, 2017</b>					<b>44108</b>	<b>0.89</b>

Sl. No.	Name of the shareholder	Shareholding at the beginning and end of the year		Date	Increase / Decrease in shareholding during the year	Reason	Cumulative Shareholding during the year	
		No. of shares	% of total Shares of the Company				No. of shares	% of total Shares of the Company
7.	Metwork Consultants Pvt. Ltd.	41250	0.83	October 14, 2016	-41250	Transfer	0	0
		<b>Total as on March 31, 2017</b>					<b>0</b>	<b>0</b>
8.	Biswanath Prasad Agarwal	40300	0.82	May 20, 2016	-2272	Transfer	38028	0.77
				June 10, 2016	-776	Transfer	37252	0.75
				June 17, 2016	-2266	Transfer	34986	0.71
				June 24, 2016	-100	Transfer	34886	0.71
				June 30, 2016	-1334	Transfer	33552	0.68
				July 1, 2016	-1862	Transfer	31690	0.64
				July 8, 2016	-1212	Transfer	30478	0.62
				July 15, 2016	-1245	Transfer	29233	0.59
				July 22, 2016	-5660	Transfer	23573	0.48
				July 29, 2016	-7956	Transfer	15617	0.32
				August 26, 2016	-6017	Transfer	9600	0.19
				September 2, 2016	-2916	Transfer	6684	0.14
				September 9, 2016	-110	Transfer	6574	0.13
				September 23, 2016	-761	Transfer	5813	0.12
				October 14, 2016	-100	Transfer	5713	0.12
				October 21, 2016	-1893	Transfer	3820	0.08
				October 28, 2016	-3190	Transfer	630	0.01
				January 13, 2017	-372	Transfer	258	0.01
				February 10, 2017	-258	Transfer	0	0
		<b>Total as on March 31, 2017</b>					<b>0</b>	<b>0</b>
9.	Mahendra H. Shah (HUF)	38258	0.77	No Change			38258	0.77
		<b>Total as on March 31, 2017</b>					<b>38258</b>	<b>0.77</b>
10.	Jay Mahendra Shah	28347	0.57	June 3, 2016	1000	Transfer	29347	0.59
				March 10, 2017	20000	Transfer	49347	1.00
				March 17, 2017	20000	Transfer	69347	1.40
				March 24, 2017	12097	Transfer	81444	1.65
		<b>Total as on March 31, 2017</b>					<b>81444</b>	<b>1.65</b>
11.	ISE Securities & Services Limited Collateral Account	12927	0.26	March 17, 2017	25000	Transfer	37927	0.77
		<b>Total as on March 31, 2017</b>					<b>37927</b>	<b>0.77</b>

(v) Shareholding of Directors and Key Managerial Personnel:

Sl. No.	For each of the directors and KMP	Shareholding		Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
1.	Mr. Jean Jouet – Chairman (resigned w.e.f. May 30, 2017)				
	At the beginning of the year	Nil	0.00	Nil	0.00
	Date wise increase / decrease in shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity, etc.)		No change		
	At the end of the year	Nil	0.00	Nil	0.00
2.	Mr. Yves Honhon - Non Executive Director				
	At the beginning of the year	Nil	0.00	Nil	0.00
	Date wise increase / decrease in shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity, etc.)		No change		
	At the end of the year	Nil	0.00	Nil	0.00
3.	Mr. Fabrice Orban - Non Executive Director				
	At the beginning of the year	Nil	0.00	Nil	0.00
	Date wise increase / decrease in shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity, etc.)		No change		
	At the end of the year	Nil	0.00	Nil	0.00
4.	Mr. Raman Madhok – Managing Director				
	At the beginning of the year	Nil	0.00	Nil	0.00
	Date wise increase / decrease in shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity, etc.)		No change		
	At the end of the year	Nil	0.00	Nil	0.00
5.	Mr. D. J. Balaji Rao – Independent Director				
	At the beginning of the year	Nil	0.00	Nil	0.00
	Date wise increase / decrease in shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity, etc.)		No change		
	At the end of the year	Nil	0.00	Nil	0.00
6.	Mr. Raman M. Madhok – Independent Director				
	At the beginning of the year	Nil	0.00	Nil	0.00
	Date wise increase / decrease in shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity, etc.)		No change		
	At the end of the year	Nil	0.00	Nil	0.00
7.	Mr. N. Sundararajan – Independent Director				
	At the beginning of the year	Nil	0.00	Nil	0.00
	Date wise increase / decrease in shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity, etc.)		No change		
	At the end of the year	Nil	0.00	Nil	0.00
8.	Ms. Roma Balwani – Independent Director				
	At the beginning of the year	Nil	0.00	Nil	0.00
	Date wise increase / decrease in shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity, etc.)		No change		
	At the end of the year	Nil	0.00	Nil	0.00
9.	Mr. Akash Ohri – Chief Financial Officer				
	At the beginning of the year	Nil	0.00	Nil	0.00
	Date wise increase / decrease in shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity, etc.)		No change		
	At the end of the year	Nil	0.00	Nil	0.00

Sl. No.	For each of the directors and KMP	Shareholding		Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
10.	Mr. Hareesh Vala – Company Secretary				
	At the beginning of the year	Nil	0.00	Nil	0.00
	Date wise increase / decrease in shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity, etc.)		No change		
	At the end of the year	Nil	0.00	Nil	0.00

Mr. Joao Felix Da Silva appointed as Director w.e.f. May 30, 2017.

## V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding / accrued but not due for payment

(₹ in lacs)

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount	-	-	-	-
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
<b>Total (i+ii+iii)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Change in Indebtedness during the financial year</b>				
Addition	200.00	-	-	200.00
Reduction	200.00	-	-	200.00
Net Change	-	-	-	-
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	-	-	-	-
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
<b>Total (i+ii+iii)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

## VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and / or Manager:

(₹ in lacs)

Sl. No.	Particulars of Remuneration	Name of Managing Director	Total Amount
		Mr. Raman Madhok	
1.	Gross salary		
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	379.02	379.02
	(b) Value of perquisites under Section 17(2) of the Income-tax Act, 1961	27.42	27.42
	(c) Profits in lieu of salary under Section 17(3) of the Income-tax Act, 1961	-	-
2.	Stock Option	-	-
3.	Sweat Equity	-	-
4.	Commission	-	-
	- as % of profit	-	-
	- others, specify...	-	-
5.	Others	28.80	28.80
	<b>Total (A)</b>	<b>435.24</b>	<b>435.24</b>
	Ceiling as per the Act	Not Applicable	Not Applicable

The Ministry of Corporate Affairs vide the Notification dated September 12, 2016 amended Schedule V of the Companies Act, 2013 which deals with the conditions for appointment and payment of remuneration to managerial personnel. The notification clarified that in respect of the remuneration paid to a managerial person functioning in a professional capacity and on fulfillment of certain other conditions, the Company can pay remuneration in accordance with the terms and conditions approved by the members by way of special resolution without obtaining the approval of Central Government. In terms of the said notification, the approval of the Central Government is not required for the remuneration paid / payable to Mr. Raman Madhok as the Managing Director and the remuneration is paid as per the terms and conditions approved by the members at the 30<sup>th</sup> Annual General Meeting held on July 29, 2016.

## B. REMUNERATION TO OTHER DIRECTORS:

(₹ in lacs)

Sl. No.	Particulars of Remuneration	Name of Director				Total Amount
		Mr. D. J. Balaji Rao	Mr. Raman M. Madhok	Mr. N. Sundararajan	Ms. Roma Balwani	
1.	<b>Independent Directors</b>					
	Fee for attending board / committee meetings	9.90	6.40	9.00	6.00	31.30
	Commission	Nil	Nil	Nil	Nil	Nil
	Others, please specify	Nil	Nil	Nil	Nil	Nil
	<b>Total (1)</b>	<b>9.90</b>	<b>6.40</b>	<b>9.00</b>	<b>6.00</b>	<b>31.30</b>
2.	<b>Other Non-Executive Directors</b>					
	Fee for attending board / committee meetings	Nil	Nil	Nil	Nil	Nil
	Commission	Nil	Nil	Nil	Nil	Nil
	Others, please specify	Nil	Nil	Nil	Nil	Nil
	<b>Total (2)</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>
	<b>Total (B)=(1+2)</b>	<b>9.90</b>	<b>6.40</b>	<b>9.00</b>	<b>6.00</b>	<b>31.30</b>

## C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD / MANAGER / WTD :

(₹ in lacs)

Sl. No.	Particulars of Remuneration	Key Managerial Personnel		Total Amount
		Chief Financial Officer (Mr. Akash Ohri)	Company Secretary (Mr. Haresh Vala)	
1.	Gross salary			
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	40.73	20.57	61.30
	(b) Value of perquisites under Section 17(2) of the Income-tax Act, 1961	1.04	0.74	1.78
	(c) Profits in lieu of salary under Section 17(3) of the Income-tax Act, 1961	-	-	-
2.	Stock Option	-	-	-
3.	Sweat Equity	-	-	-
4.	Commission			
	- as % of profit	-	-	-
	- others, specify...	-	-	-
5.	Others, please specify	-	-	-
	<b>Total</b>	<b>41.77</b>	<b>21.31</b>	<b>63.08</b>

VII. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES : NOT APPLICABLE

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment / Compounding fees imposed	Authority [RD / NCLT / COURT]	Appeal made, if any (give details)
<b>A. COMPANY</b>					
Penalty	None	None	None	None	None
Punishment	None	None	None	None	None
Compounding	None	None	None	None	None
<b>B. DIRECTORS</b>					
Penalty	None	None	None	None	None
Punishment	None	None	None	None	None
Compounding	None	None	None	None	None
<b>C. OTHER OFFICERS IN DEFAULT</b>					
Penalty	None	None	None	None	None
Punishment	None	None	None	None	None
Compounding	None	None	None	None	None

## ANNEXURE TO THE DIRECTORS' REPORT

Annexure E

### Statement of Disclosure of Remuneration under Section 197 of the Companies Act, 2013 and Rule 5(1) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

Sr. No.	Requirement	Information	Ratio
(i)	The ratio of the remuneration of Executive Director to the median remuneration of the employees of the Company for the financial year.	Director Mr. Raman Madhok, Managing Director	73 : 1
(ii)	The percentage increase in remuneration of Executive Director, Chief Financial Officer, Chief Executive Officer, Company Secretary in the financial year.	Executive Director	
		Mr. Raman Madhok, Managing Director	9.00%
		Mr. Akash Ohri, Chief Financial Officer	9.00%
		Mr. Haresh Vala, Company Secretary	7.52%
<b>Note :</b>			
1. The Independent Directors are entitled for sitting fees and commission as per the statutory provisions and within the limits approved by the shareholders. As a policy, the Non Executive Non Independent Directors are neither paid sitting fees nor paid any commission. The details of remuneration of Non Executive Directors are provided in the Corporate Governance Report. The ratio of remuneration and percentage increase for Non Executive Directors remuneration is therefore not considered for the above purpose.			
2. The percentage of increase in remuneration is effective from April 1 of every year.			
(iii)	The percentage increase in the median remuneration of employees in the financial year.		6.51%
(iv)	The number of permanent employees on the rolls of the Company as on March 31, 2017		457 Employees
(v)	Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration	The average percentage increase in the salaries of employees other than the managerial personnel in the last financial year was 6.51% while the increase in remuneration of managerial personnel was 9.00%. The salary increases during this year reflects the Company's reward philosophy as well as the results of the benchmarking exercise.	
(vi)	Affirmation that the remuneration is as per the remuneration policy of the Company	Affirmed	

# Corporate Governance Report

## Company's Philosophy on Corporate Governance

Your Company continuously strives to enhance the stakeholders' relationship, e-governance initiatives, while upholding the core values of integrity, transparency, fairness, responsibility and accountability.

Your Company is also guided by the principles laid down by the principal shareholders, CMI Group, in the conduct of its business, which aim to generate sustainable industrial progress for the benefit of its customers, employees, stakeholders and the communities. This determination constitutes the backdrop of all the CMI Group's decisions based on the six cornerstones of its commitment.

1. Provide quality jobs.
2. Reinforce governance and promote responsible behaviour.
3. Encourage the development and production of "green" technologies.
4. Reduce the Group's own environmental footprint.
5. Support local developments in communities where CMI is established.
6. Guarantee the Group's growth and viability in the long term.

## Corporate Safety Policy

The CMI Group firmly believes that safety of its employees and all the stakeholders associated with our project sites and manufacturing facilities is of utmost importance. Safety is an essential and integral part of all our work activities. Your Company achieved 1347 and 1026 continuous accident free days at its workshops situated at Taloja and Hedavali respectively.

Safety awareness programs were regularly conducted for all the stakeholders to ensure a safe and accident-free work place.

## I. BOARD OF DIRECTORS

### (i) Composition of the Board

The Company has a very balanced and diverse Board of Directors ("**Board**"), which primarily takes care of the business needs and stakeholders' interests. The Non Executive Directors including the Independent Directors on the Board are experienced, competent and highly renowned persons from various fields. They take active part at the Board and Committee Meetings by providing valuable guidance to the

Management on various aspects of business, policy direction, governance, compliance, etc. and play critical role on strategic issues, enhancing transparency and adding value to the decision-making process of the Board.

The composition of the Board is in conformity with the provisions of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("**Listing Regulations**"). The Board of the Company comprises of 8 (eight) directors. The Non-Executive Chairman of the Company represents the Promoters and the number of Independent Directors is one-half of the total number of Directors. The number of Non-Executive Directors (NEDs) is more than one-half of the total number of Directors.

Mr. Jean Jouet, consequent to his taking new responsibilities within CMI Group, resigned as the Chairman and Director of the Company with effect from May 30, 2017. Mr. Joao Felix Da Silva was appointed as an Additional Director and also as the Chairman of the Board of the Company with effect from May 30, 2017.

The Managing Director has overall operational control and responsible for the day-to-day working of the Company. He gives strategic directions, lays down policy guidelines and ensures implementation of the decisions of the Board and its various Committees.

Apart from reimbursement of expenses incurred in the discharge of their duties and the remuneration for Independent Directors as entitled under the Companies Act, 2013, none of these Directors has any other material pecuniary relationships or transactions with the Company, its Promoters, its Directors or its Senior Management, which in their judgment would affect their independence.

## INDEPENDENT DIRECTORS

Independent Directors play an important role in the governance processes of the Board. With different points of views flowing from their expertise and experience, they enrich the decision-making process at the Board and safeguard against conflicts of interest in the decision-making process.

The Independent Directors have been appointed for a fixed tenure of 5 (five) years from their respective date of appointment. Their appointment has been approved by the members of the

Company at the 28<sup>th</sup> Annual General Meeting held on July 30, 2014.

All the Independent Directors of the Company furnish declarations annually that they satisfy the conditions of their being independent. All such declarations are placed before the Board. Further, pursuant to Section 164(2) of Companies Act, 2013, all the Directors have provided declarations annually in Form DIR-8 that they have not been disqualified to act as Director. No Director is related to any other Director on the Board in terms of the definition of 'relative' given under the Companies Act, 2013.

All members of the Senior Management have confirmed to the Board that there are no material, financial and / or commercial transactions between them and the Company, which could have any potential conflict of interest with the Company at large.

None of the Directors held Directorships in more than 10 public limited companies. All Directors are also in compliance of the limit on Independent Directorships of listed companies as prescribed in Regulation 25(1) of the Listing Regulations. Further, none of the Directors on the Board is a Member of more than 10 Committees and / or Chairman of more than 5 Committees (Committees being Audit Committee and Stakeholders Relationship Committee, as per Regulation 26(1) of the Listing Regulations) across all the Companies in which he / she is a Director. The necessary disclosures regarding Committee positions have been made by all the Directors.

#### **Induction Programme for new Directors and ongoing Familiarisation Programme for existing Directors**

An appropriate induction programme for new Director and an ongoing familiarisation with respect to the business / working of the Company for all the Directors is a major contributor for meaningful Board level deliberations and sound business decisions.

At the time of appointing a Director, a formal letter of appointment is given to the Director, which *inter alia* explains the role, function, duties and responsibilities expected of him / her as a Director of the Company. By way of an introduction to the Company, the Director is encouraged to peruse earlier Annual Reports of the Company, earlier Minutes of the Board of Directors Meetings, Audit Committee Meetings with a view to get familiar with the Company's history, operations, organizational structure of the Company, the functioning of various divisions / departments, the Company's market share and the markets in which it operates, governance and internal control processes and other relevant information pertaining to the Company's business. The above initiatives help the Director to understand the Company, its business and the regulatory framework in which the Company operates and equips him / her to effectively fulfill his / her role as a Director of the Company.

Further, on an on-going basis, periodic presentations are made at the Board and Committee meetings, on Health and Safety, Sustainability, performance updates of the Company, Industry Scenario, business strategy, internal control and risks involved and mitigation plan. The Directors are also provided with quarterly updates on relevant statutory changes and important amendments.

As a part of the agenda, the Board has an interactive discussions with the senior management team on various critical issues such as improvements in the operations of the Company, training, sales & service, employee turnover, job rotation, leadership group and leadership pipeline.

The details of familiarisation program can be accessed from the Investor Tab on the website of the Company at <http://www.cmifpe.com/financialreport.aspx?Subcat=CMIFPEfamiliarisationprogram>.

The information on composition of the Board, category and their Directorship(s) / Committee Membership(s) across all the Companies in which they are Directors, as on March 31, 2017 is as under:

Name of Director	Category / Position	No. of Directorships#	No. of Memberships / Chairmanships of Committees in various companies*	
			Memberships <sup>§</sup>	Chairmanships <sup>§</sup>
	<b>Non-Executive</b>			
Mr. Jean Jouet <sup>%</sup>	Promoter Group (Chairman)	1	–	–
Mr. Joao Felix Da Silva <sup>%</sup>	Promoter Group (Chairman)	N.A.	N.A.	N.A.
Mr. Yves Honhon	Promoter Group	1	1	–
Mr. Fabrice Orban	Promoter Group	1	–	–
Mr. D. J. Balaji Rao	Independent	7	4	3
Mr. Raman M. Madhok	Independent	2	1	2
Mr. N. Sundararajan	Independent	2	2	–
Ms. Roma Balwani	Independent Woman	1	1	–
	<b>Executive</b>			
Mr. Raman Madhok	Non-Independent (Managing Director)	1	1	–

<sup>%</sup> - Mr. Jean Jouet resigned as the Chairman and Director w.e.f. May 30, 2017.

- Mr. Joao Felix Da Silva appointed as an Additional Director and also as Chairman w.e.f. May 30, 2017.

\* Excludes private limited companies, foreign companies, companies registered under Section 8 of the Companies Act, 2013 and Government bodies.

# Excludes Alternate Directorships but includes Additional Directorships and Directorship in the Company.

§ Only Audit Committee and Stakeholders Relationship Committee of Indian Public Companies have been considered for Committee position.

## (ii) Board Procedure

The Board generally meets 4 (four) times during the year and the maximum interval between any two meetings did not exceed 120 days. The Company adheres to the Secretarial Standards on the Board and Committee meetings as prescribed by the Institute of Company Secretaries of India. The yearly calendar is finalised before the beginning of the year.

All meetings are conducted as per well-designed and structured agenda circulated well in advance to the Board members. All the agenda items are backed by comprehensive background information and documents (except for the critical price sensitive information, which is circulated separately or placed at the meeting) to enable the Board to arrive at appropriate decisions. The information as required under Regulation 17 read with Part A of Schedule II of the Listing Regulations is made available to the Board. The Managing Director apprises the Board at every Meeting of the overall performance of the Company, followed by presentations by the Chief Operating Officer and the Chief Financial Officer and, as and when necessary, by the other heads of departments.

The Board also *inter alia* reviews strategy and business plans, annual operating and capital expenditure budgets, investment and exposure limits, compliance reports of all applicable laws, as well as steps taken by the Company to rectify instances of non-compliances, review of legal issues, adoption of quarterly / half yearly / annual results, significant labour issues, transactions pertaining to purchase / disposal of property(ies), major accounting provisions and write-offs, corporate restructuring, Minutes of Meetings of the Audit and other Committees of the Board and information on recruitment of Officers just below the Board level, including the Chief Financial Officer and Company Secretary & Compliance Officer.

Apart from the Board members, the Company Secretary, the CFO, the Chief Operating Officer and Chief Information Officer are invited to attend all the Board Meetings. Other senior management executives are invited as and when necessary, to provide additional inputs for the items being discussed by the Board. The Chairman of various Committees brief the Board on all the important matters discussed and decided at their respective Committee meetings, which are generally held prior to the Board Meeting.

Post meetings, all important decisions taken at the meeting are communicated to the concerned officials and departments. Action Taken Report is prepared and reviewed as part of the Agenda at every meeting of the Board.

The Company Secretary is responsible for convening the Board and Committee meetings, preparation and distribution of Agenda and other documents and for recording of the Minutes of the meetings. He acts as an interface between the Board and the Management and provides required assistance and assurance to the Board and the Management on compliance and governance aspects.

**(iii) Number of Board Meetings held, Attendance of the Directors at the Board Meetings and at the Annual General Meeting**

During the year under review, 4 (four) meetings of the Board of Directors were held on the following dates – May 19, 2016, July 28, 2016, November 14, 2016 and February 9, 2017. These Meetings were well attended. The last Annual General Meeting (AGM) of the Company was held on July 29, 2016.

The attendance details of Directors at the Board Meetings and at the last AGM are as under:

Name of Director	No. of Board meetings		At the last AGM
	Held	Attended	
Mr. Jean Jouet	4	4	Yes
Mr. Yves Honhon	4	4	Yes
Mr. Fabrice Orban	4	3	Yes
Mr. D. J. Balaji Rao	4	4	Yes
Mr. Raman M. Madhok	4	4	Yes
Mr. N. Sundararajan	4	4	Yes
Ms. Roma Balwani	4	4	Yes
Mr. Raman Madhok	4	4	Yes

**(iv) Directors seeking appointment / re-appointment**

Mr. Yves Honhon retires by rotation and, being eligible, has offered himself for re-appointment.

Mr. Joao Felix Da Silva was appointed as an Additional Director of the Company on May 30, 2017 and will hold office upto the date of ensuing Annual General Meeting of the Company.

Details of Directors seeking appointment / re-appointment at the ensuing Annual General Meeting have been furnished in the Notice

convening the Annual General Meeting of the Shareholders.

**(v) Separate Meeting of Independent Directors**

As required under Schedule IV of the Companies Act, 2013 and Regulation 25(3) of the Listing Regulations, a separate meeting of the Independent Directors of the Company was held on February 7, 2017 to review the performance of non-independent directors, Board as a whole, the performance of the Chairman of the Company (taking into account the views of executive and non-executive directors) as well as for assessing the quality, quantity and timeliness of flow of information between the Company management and the Board.

All the Independent Directors were present throughout the meeting. They expressed satisfaction at the robustness of the evaluation process, the freedom available to the Independent Directors to express views on the business transacted at the Meetings and the openness with which the Management discussed various subject matters on the agenda at the meetings.

**(vi) CEO / CFO Certification**

The Managing Director and the Chief Financial Officer of the Company have issued a certificate pursuant to the provisions of Regulation 17(8) of the Listing Regulations certifying that the financial statements do not contain any materially untrue statement and that these statements represent a true and fair view of the Company's affairs.

**(vii) Code of Conduct**

The Company has adopted a Code of Conduct ("Code") for the Board Members and Senior Management Personnel of the Company. The Code aims at ensuring consistent standards of conduct and ethical business practices across the Company.

All the Board Members and Senior Management Personnel have affirmed compliance with this Code. A declaration signed by the Managing Director to this effect is attached at the end of this Report. This Code has also been posted on the Company's website - [www.cmifpe.com](http://www.cmifpe.com).

Further, the senior management have made disclosure to the effect confirming that there were no financial or commercial transactions in which they or their relatives had any potential conflict of interest with the Company.

## II. REMUNERATION TO DIRECTORS

### (i) Remuneration Policy

While deciding on the remuneration for Directors, the Board and the Nomination and Remuneration Committee ("**Committee**") consider the performance of the Company, the current trends in the industry, the qualifications of the incumbents / appointee(s), their experience, past performance and other relevant factors. The Board / Committee takes into account the market trends in terms of compensation levels and practices in relevant industries.

### (ii) Remuneration to Non-Executive Directors for the year ended March 31, 2017

As per the approval given already by the shareholders at the Annual General Meeting held on July 31, 2015, the eligible Non-Executive Directors may be paid commission upto an aggregate maximum of 1% of the net profits of the Company as specifically computed for this purpose. The criteria of making payments to Non-Executive Directors cover, *inter alia*, the number of meetings attended, Chairmanship of Committees of the Board, time spent in deliberations with the senior management and the contribution at the Board / Committee(s) levels.

The sitting fees paid to Non-Executive Directors during the year ended March 31, 2017, and their shareholdings in the Company as of that date are as under:

Directors	Sitting Fee paid (₹ in lacs)	No. of Equity Shares held
Mr. Jean Jouet *	Nil	Nil
Mr. Yves Honhon *	Nil	Nil
Mr. Fabrice Orban*	Nil	Nil
Mr. D. J. Balaji Rao	9.90	Nil
Mr. Raman M. Madhok	6.40	Nil
Mr. N. Sundararajan	9.00	Nil
Ms. Roma Balwani	6.00	Nil

\* They have voluntarily waived their entitlement to sitting fees.

### (iii) Remuneration paid / payable to Managing Director for the year ended March 31, 2017

Remuneration to Managing Director is fixed by the Nomination and Remuneration Committee, and subsequently approved by the Board of Directors and the Shareholders at a General Meeting. The remuneration paid / payable to the Managing Director for the year ended March 31, 2017 is as under:

Name of Managing Director / Executive Director	(₹ in lacs)					Total Contract Period	Notice period in months
	Salary	Performance incentive	Company's Contribution to Funds	Perquisites and allowances	Total		
Mr. Raman Madhok	379.02	-	28.80	27.42	435.24	October 9, 2016 to October 8, 2019	6

#### Notes:

- (1) All the above components of remuneration, except performance incentive, are fixed in nature.
- (2) The Company does not have any stock option scheme.
- (3) The Ministry of Corporate Affairs vide the Notification dated September 12, 2016 amended Schedule V of the Companies Act, 2013 which deals with the conditions for appointment and payment of remuneration to managerial personnel. The notification clarified that in respect of the remuneration paid to a managerial person functioning in a professional capacity and fulfilling certain other conditions, the Company can pay remuneration in accordance with the terms and conditions approved by the members by way of special resolution, without obtaining the approval of Central Government. In terms of the said notification, the approval of the Central Government is not required for the remuneration paid / payable to Mr. Raman Madhok as the Managing Director and the remuneration is paid as per the terms and conditions approved by the members at the 30<sup>th</sup> Annual General Meeting held on July 29, 2016.

### Authority to the Board for variation in the terms of appointment and remuneration

The terms and conditions of appointment and remuneration may be varied, altered, increased, enhanced or widened from time to time by the Board, as it may in its discretion deem fit.

### III. RISK MANAGEMENT

The Company has a well-defined risk management framework in place, which provides an integrated approach for identifying, assessing, mitigating, monitoring and reporting of all risks associated with the business of the Company. The Audit Committee reviews the risk assessment and minimization procedures and ensures that executive management controls risk through means of a properly defined framework.

The risk management framework adopted by the Company is discussed in detail in the Management Discussion and Analysis Report forming part of this Annual Report.

### IV. COMMITTEES OF THE BOARD

#### (i) Audit Committee

##### Composition of the Committee, Meetings and attendance:

The Audit Committee acts as a link between statutory and internal auditors and the Board of Directors. It assists the Board in fulfilling its oversight responsibilities of monitoring financial reporting processes, reviewing the Company's established systems and process for internal financial controls, governance and reviewing the Company's statutory and internal audit activities.

The Audit Committee of the Company comprises of Non-Executive Directors with majority of them, including the Chairman, being Independent Directors. Mr. D. J. Balaji Rao is the Chairman of the Committee and Mr. Yves Honhon and Mr. N. Sundararajan are the other Members of the Committee. The composition of the Audit Committee is in compliance with Section 177 of the Companies Act, 2013 and Regulation 18 of the Listing Regulations. All the Members of the Committee possess accounting and financial management knowledge.

Mr. D. J. Balaji Rao was present at the last Annual General Meeting of the Company held on July 29, 2016.

The Company Secretary functions as Secretary to the Committee.

The Statutory Auditors are always invited to and they participate in the meetings of the Committee. The Committee also invites such of the executives, viz. Managing Director and Chief Financial Officer and also Internal Auditors, Cost Auditors and consulting firms as it considers appropriate, to be present at the meetings of the Committee, but on occasions it also meets without the presence of any executives of the Company.

4 (four) meetings of the Committee were held during the year ended March 31, 2017. These meetings were held on May 19, 2016, July 28, 2016, November 14, 2016 and February 9, 2017. The gap between two Meetings did not exceed four months.

The attendance of the members at the above meetings is as under:

Name	No. of meetings	
	Held	Attended
Mr. D. J. Balaji Rao	4	4
Mr. Yves Honhon	4	4
Mr. N. Sundararajan	4	4

##### Terms of Reference:

The terms of reference of the Audit Committee conform to the guidelines set out in the Listing Regulations read with Section 177 of the Companies Act, 2013. The responsibilities of the Audit Committee include overseeing of the financial reporting process to ensure fairness, adequate disclosures and credibility of financial statements, recommendation of appointment and removal of Statutory Auditors, Internal Auditors, Cost Auditors, review of the adequacy of internal control systems and the internal audit function.

Some of the important functions performed by the Audit Committee are :

##### Financial Reporting and Related Processes

- (i) Oversight of the Company's financial reporting process and financial information submitted to the Stock Exchange, regulatory authorities or the public.
- (ii) Reviewing with the Management (a) the quarterly unaudited financial statements and the Auditors' Limited Review Report thereon (b) audited annual financial statements and Auditors' Report thereon before submission to the Board for approval. This would, *inter alia*, include reviewing changes in the

accounting policies, if any, and reasons for the same. Major accounting estimates based on exercise of judgement by the Management, significant adjustments made in the financial statements and / or recommendation, if any, made by the Statutory Auditors in this regard.

- (iii) Review the Management Discussion and Analysis of the financial and operational performance.
- (iv) Discuss with the Statutory Auditors its judgement about the quality and appropriateness of the Company's accounting principles with reference to the Generally Accepted Accounting Principles in India (IGAAP).

#### **Internal Financial Controls and Governance Processes**

- (i) Review the adequacy and effectiveness of the Company's system and internal controls.
- (ii) Review and discuss with the Management the Company's major risk exposures and steps taken by the Management to monitor and mitigate such exposure.

#### **Audit**

- (i) Review the scope of the Statutory Auditor and Internal Auditor, the annual audit plan and the Internal Audit Plan with a view to ensure adequate coverage.
- (ii) Review the significant audit findings from the statutory and internal audits carried out, the recommendations and Management's response thereto.
- (iii) Review and recommend to the Board the appointment / re-appointment of the Statutory Auditors, Internal Auditors and Cost Auditors considering their independence and effectiveness and their replacement and removal.
- (iv) Approve such additional services to be rendered by the Statutory Auditors except those enumerated in Section 144 of the Companies Act, 2013 and payment for such services.
- (v) Recommend to the Board the remuneration payable to the Statutory Auditors / Internal Auditors / Cost Auditors.
- (vi) Discussion with the Statutory Auditors / Internal Auditors on significant difficulties, if any, encountered during the course of the Audit.
- (vii) Reviewing the annual Cost Audit Report submitted by the Cost Auditor.

#### **(ii) Nomination and Remuneration Committee**

##### **Composition of the Committee, Meeting and attendance:**

The Nomination and Remuneration Committee comprises of Mr. Raman M. Madhok as the Chairman of the Committee and Mr. Jean Jouet, Mr. Yves Honhon and Mr. D. J. Balaji Rao as the other Members of the Committee, till May 30, 2017. The Committee was reconstituted on May 30, 2017 by appointing Mr. Joao Felix Da Silva in place of Mr. Jean Jouet as the member of the Committee. Post re-constitution, the Nomination and Remuneration Committee comprises of Mr. Raman M. Madhok (Chairman), Mr. Joao Felix Da Silva, Mr. Yves Honhon and Mr. D. J. Balaji Rao. One half of the Members of the Committee are Non-Executive Independent Directors.

Two meetings were held on May 18, 2016 and November 14, 2016, during the year under review.

The attendance of the members at the above meetings is as under:

Name	No. of meetings	
	Held	Attended
Mr. Raman M. Madhok	2	2
Mr. Jean Jouet	2	2
Mr. Yves Honhon	2	2
Mr. D. J. Balaji Rao	2	2

##### **Terms of reference:**

The Company has framed the mandate and working procedures of the Committee as required under the Companies Act, 2013 and Regulation 19 of the Listing Regulations and as may be specified by the Board from time to time, and *inter alia* includes :

- (i) to identify persons who are qualified to become directors and to be appointed in senior management positions (directly reporting to the Managing Director) and recommend to the Board their appointment and removal;
- (ii) to formulate the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board policy relating to the determination of remuneration for the directors and key managerial personnel;

(iii) to formulate the criteria for evaluation of Independent Directors and Board; and

(iv) to devise a policy on Board diversity.

In determining the remuneration package of the Managing Director, it evaluates the remuneration paid by comparable organisations and thereafter makes its recommendations to the Board. It also reviews the performance of the Managing Director and recommends to the Board the quantum of performance incentives, annual increments / commissions.

#### **Performance evaluation criteria**

The Companies Act, 2013 and Listing Regulations mandates evaluation of performance of Independent Directors, Non Independent Directors and Chairman. The Companies Act, 2013 states that a formal annual evaluation needs to be made by the Board of its own performance and that of its Committees and individual Directors.

The performance of the Board was evaluated by the Board after seeking inputs from all the directors on the basis of the criteria such as Board composition and structure, effectiveness of board processes, information and functioning, etc.

The performance of the Committees was evaluated by the Board after seeking inputs from the Committee members on the basis of the criteria such as the composition of committees, effectiveness of committee meetings, etc.

The Board and the Nomination and Remuneration Committee (“NRC”) reviewed the performance of the individual directors on the basis of the criteria approved by the Board.

In a separate meeting of Independent Directors held on February 7, 2017, performance of Non-independent Directors, performance of the Board as a whole and performance of the Chairman were evaluated.

Further, SEBI vide its guidance note dated January 5, 2017 had suggested process / practices that may be adopted by the Companies for performance evaluation. The Company has adopted suitable changes, if any, in the performance evaluation process as per the above guidance note.

#### **(iii) Stakeholders Relationship Committee**

The Committee presently comprises of Mr. Raman M. Madhok (Chairman of the Committee), and Ms. Roma Balwani, Director and Mr. Raman Madhok,

Managing Director of the Company, as the other members. All the members of the Committee had attended the Annual General Meeting held on July 29, 2016.

Mr. Haresh Vala, Company Secretary is the Compliance Officer of the Company.

During the year under review, the Stakeholders Relationship Committee met once on May 18, 2016. All the members were present at the meeting.

The Committee functions in accordance with the terms of reference as specified in Section 178 of the Companies Act, 2013 and Regulation 20 of the Listing Regulations and as may be specified by the Board from time to time, which *inter alia* includes to consider and resolve the grievances of the shareholders of the Company including complaints related to transfer of shares, non-receipt of Annual Report, non-receipt of declared dividends, etc.

During the year under review, 3 (three) complaints were received from the Shareholders, all of which have been attended to / resolved promptly. As of date, there are no pending share transfers or complaints pertaining to the year under review.

The Committee meets as and when required, to deal with, *inter alia*, matters relating to transfer / transmission of shares, issue of duplicate share certificates and to monitor redressal of complaints from Shareholders relating to transfers, non-receipt of Annual Report, non-receipt of dividends declared, etc. With a view to expedite the process of share transfers, necessary authority has been delegated to the Share Transfer Committee to approve the transfers of equity shares of the Company. The Share Transfer Committee meets on a fortnightly basis to attend to the share transfer formalities.

#### **(iv) Corporate Social Responsibility Committee**

The Company has constituted a Corporate Social Responsibility (“CSR”) Committee in line with the requirements of the provisions of Section 135 of the Companies Act, 2013. The Committee comprises of Ms. Roma Balwani as the Chairperson, and Mr. Yves Honhon and Mr. Raman Madhok as the other members.

The Corporate Social Responsibility Committee functions in accordance with the terms of reference, which *inter alia* includes :

- (a) to formulate and recommend to the Board, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the Company as specified in Schedule VII of the Companies Act, 2013;
- (b) to recommend the amount of expenditure to be incurred on the CSR activities; and
- (c) to monitor the Corporate Social Responsibility Policy of the Company from time to time.

The Committee met 2 (two) times during the year on July 28, 2016 and February 7, 2017. All the members of the Committee attended both the meetings.

**(v) Risk Management Committee**

The Risk Management Committee comprises of Mr. N. Sundararajan as the Chairman and Mr. Raman Madhok as member of the Committee. Mr. Vijay Karayi acts as the Secretary to the Committee.

The Risk Management Committee is required to lay down the procedures to review the risk assessment and minimization procedures and is responsible for framing, implementing and monitoring the risk management plan of the Company.

The terms of reference of the Committee are to :

- a) review the framework of key processes
- b) risk identification and assessment
- c) review and monitoring of risk mitigation plans.

During the year under review, the Committee met once on February 7, 2017. All the members of the Committee attended the meeting.

**(vi) Borrowings Committee**

The Borrowings Committee presently comprises of Mr. Raman Madhok, Managing Director (Chairman of the Committee), Mr. D. J. Balaji Rao, Director and Mr. Akash Ohri, Chief Financial Officer, as the other members. This Committee reviews, considers and approves borrowing of moneys within the overall limits and guidelines approved by the Board from time to time.

**(vii) Banking Operations Committee**

The Banking Operations Committee presently comprises of Mr. Raman Madhok, Managing Director (Chairman of the Committee) and

Mr. Akash Ohri, Chief Financial Officer, as the other member. This Committee approves from time to time, the availing of specific banking services with the Banks and nominates / amends the list of signatories for operating of bank accounts, on behalf of the Company.

**V. DISCLOSURES**

**(i) Disclosure of transactions with Related Parties**

The Company follows the following system in disclosing the related party transactions to the Audit Committee.

- a) A statement in summary form of transactions with related parties in the ordinary course of business is placed before the Audit Committee at every meeting.
- b) Details of material individual transactions with related parties, which are not in the normal course of business, if any, are placed before the Audit Committee.
- c) Details of material individual transactions with related parties or others, which are not on an arm's length basis, if any, are placed before the Audit Committee, together with management's justification for the same.
- d) Details of any medium / long-term arrangements or contracts with Related Parties, which are expected to last beyond a financial year, are pre-approved by the Audit Committee before they are brought into effect.

The details of related party transactions are presented in Note No. 27.4 in Notes forming part of the Financial Statements for the year ended March 31, 2017.

All transactions entered into with the Related Parties as defined under the Companies Act, 2013 and Regulation 23 of the Listing Regulations during the financial year were in the ordinary course of business and at arm's length basis and do not attract the provisions of Section 188 of the Companies Act, 2013. There were no materially significant transactions with the related parties during the financial year.

As required under Regulation 23 of the Listing Regulations, the Board has approved a policy for related party transactions which has been uploaded on the Company's website and can be accessed through the following link : <http://cmifpe.com/financialreport.aspx?Subcat=RPT> Policy as per LODR&InvestorType=Policies.

**(ii) Disclosures on materially significant related party transactions that may have potential conflict with the interests of the Company at large**

There are no materially significant transactions made by the Company with its promoters, Directors or Management or their relatives or subsidiaries that may have potential conflict with the interest of the Company at large.

**(iii) Whistle Blower policy**

The Company has revised the Whistle-Blower Policy as per the requirements of the Listing Regulations. The Whistle-Blower Policy provides a mechanism to any of the employees to report genuine concerns or any violation. The policy provides for adequate safeguards against victimization of director(s) or employee(s) or any other person who avail the mechanism. During the year, no personnel have been denied access to the Audit Committee for making complaint on any integrity issue.

**(iv) Details of non-compliance**

The Company has complied with all the requirements of regulatory authorities. During the last three years, there were no instances of non-compliance by the Company and no penalty or strictures were imposed on the Company by the Stock Exchange or Securities and Exchange Board of India or any statutory authority, on any matter related to the capital markets.

**(v) Disclosure of Accounting Treatment in the preparation of Financial Statements**

In the preparation of the financial statements, the Company has followed the Accounting Standards referred to in Section 133 of the Companies Act, 2013. The significant accounting policies which are consistently applied are set out in the Notes to the Financial Statements.

**(vi) Code for Prevention of Insider Trading Practices**

Pursuant to the Securities and Exchange Board of India (Prevention of Insider Trading) Regulations, 2015, the Company has formulated a comprehensive Code of Conduct for Prevention of Insider Trading, applicable to its directors and designated employees. The Code lays down Guidelines, advises them on procedures to be followed and disclosures to be made while dealing with shares of the Company, and cautions them of the consequences of violations. The trading window is closed before and during the time of declaration of results and occurrence of any

material events as per the Code. The Company Secretary is the Compliance Officer for this purpose. All Directors and designated employees have affirmed compliance with the Code.

**(vii) Management Discussion and Analysis**

A Management Discussion and Analysis (MDA) has been attached and forms part of this Annual Report.

**VI. MEANS OF COMMUNICATION**

The Company follows a robust process of communicating with its stakeholders and investors. For this purpose, it displays multiple channels of communication viz through dissemination of information on the on-line portal of the Stock Exchange, the Annual Reports and uploading relevant information on its website.

The Company regularly informs its unaudited as well as audited Financial Results to the Stock Exchange, as soon as these are taken on record / approved by the Board. These are published in leading English daily newspapers and Marathi daily newspapers. The Company's results and official news releases are simultaneously posted on the Company's website [www.cmifpe.com](http://www.cmifpe.com). The Company's presentations to institutional investors and analysts, if made, would be put up on the website of the Company. The quarterly results, shareholding pattern, quarterly compliances and all other corporate communication to BSE Limited are filed electronically. All information is filed electronically on BSE's on-line Portal – BSE Corporate Compliance & Listing Centre (Listing Centre).

The Board of Directors has approved a policy for determining materiality of events for the purpose of making disclosure to the Stock Exchange.

**VII. GENERAL SHAREHOLDER INFORMATION**

**(a) 31<sup>st</sup> Annual General Meeting**

Date: July 28, 2017  
Time: 2.30 p.m.  
Venue: Mehta House, Plot No. 64, Road No. 13, MIDC, Andheri (East), Mumbai - 400 093.

**(b) Dates of Book Closure**

Dates of Book Closure will be from July 24, 2017 to July 28, 2017 (both days inclusive).

**(c) Last date of receipt of Proxy Forms**

Wednesday, July 26, 2017 before 2.30 p.m. at the Registered Office of the Company.

**(d) Financial year of the Company**

The financial year covers the period from April 1 of every year to March 31 of the next year.

**Financial Reporting for:**

First Quarter ending June 30, 2017 on or before August 14, 2017

Half-year ending September 30, 2017 on or before November 14, 2017

Third Quarter ending December 31, 2017 on or before February 14, 2018

Year ending March 31, 2018 before the end of May, 2018

The above dates are indicative.

**(e) Listing on Stock Exchange**

The Company's Shares are listed on BSE Limited (BSE).

The Company has paid the annual listing fees for the financial year 2017-2018.

**(f) Stock Code**

BSE Limited

Scrip Code: 500147 Scrip Name: CMIFPE

**(g) ISIN**

The ISIN no. for dematerialization of the Company's shares with NSDL and CDSL is INE515A01019.

**(h) Corporate Identification Number (CIN)**

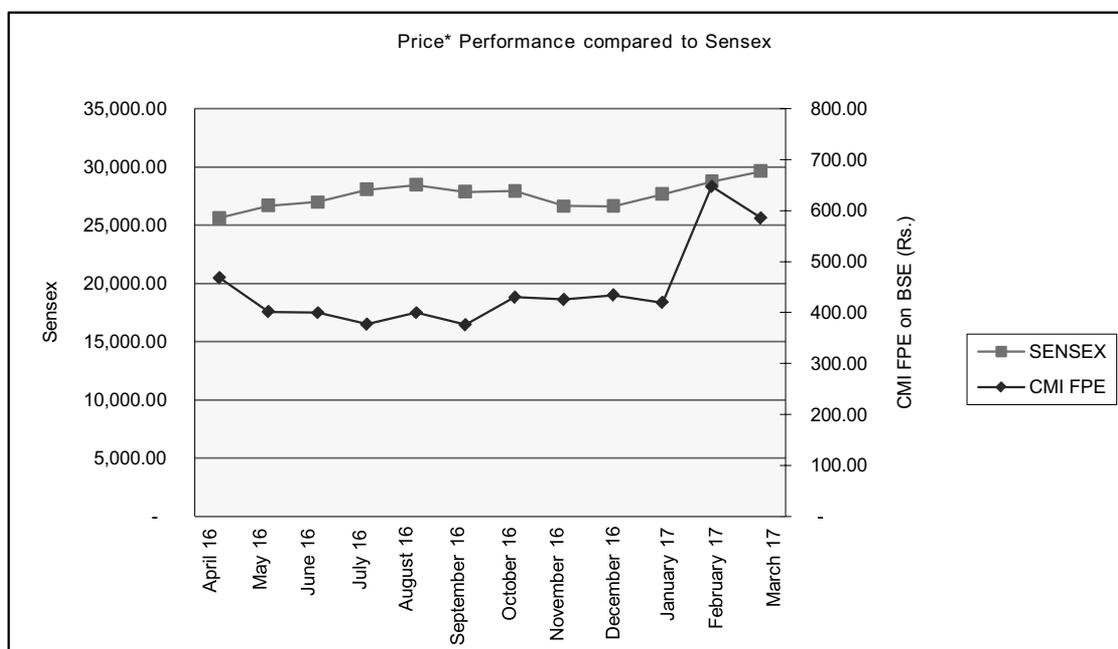
The Company's CIN as allotted by the Ministry of Corporate Affairs is L99999MH1986PLC039921.

**(i) Market Price Data**

The high and low prices of the Company's equity shares (face value of ₹ 10/- each) on BSE during the financial year 2016-17 were as under:

Month	High (₹)	Low (₹)	Sensex (closing)
April, 2016	484.00	401.50	25,606.62
May, 2016	557.00	370.00	26,667.96
June, 2016	425.80	380.00	26,999.72
July, 2016	430.00	352.00	28,051.86
August, 2016	430.00	360.00	28,452.17
September, 2016	409.00	365.00	27,865.96
October, 2016	444.90	368.45	27,930.21
November, 2016	454.00	354.00	26,652.81
December, 2016	508.00	383.00	26,626.46
January, 2017	460.00	416.55	27,655.96
February, 2017	699.00	408.50	28,743.32
March, 2017	650.00	568.05	29,620.50

**(j) Performance of the Company's shares in comparison to BSE Sensex is given in the chart below:**



\* based on closing price on last trading day of the Month

(k) **Registrar and Share Transfer Agent**

Bigshare Services Private Limited

Unit: CMI FPE Limited

E-2/3, Ansa Industrial Estate, Saki Vihar Road, Saki Naka, Andheri (East), Mumbai - 400 072

Tel. No.: 022-40430200 Fax No.: 022-28475207 Email: investor@bigshareonline.com

(l) **Distribution of Shareholding as on March 31, 2017**

Range of equity shares held	No. of holders	% of shareholders	No. of equity shares held	% of share capital
Upto 500	3,337	94.05	3,20,203	6.49
501 – 1000	106	2.99	81,945	1.66
1001 – 2000	51	1.44	73,309	1.48
2001 – 3000	18	0.51	43,303	0.88
3001 – 4000	6	0.17	22,189	0.45
4001 – 5000	7	0.20	30,926	0.62
5001 – 10000	9	0.25	58,069	1.18
10001 and above	14	0.39	43,07,863	87.24
<b>Total</b>	<b>3,548</b>	<b>100.00</b>	<b>49,37,813</b>	<b>100.00</b>

(m) **Shareholding pattern as on March 31, 2017**

Category	No. of shares	% of share capital
Promoters & Promoters Group	37,03,200	75.00
Government Companies, Mutual Funds & Banks	200	0.00
Foreign Institutional Investors (FII's) / OCB	1,350	0.03
Non Resident Indians	16,512	0.33
Domestic Companies	1,29,327	2.62
Resident individuals	10,87,224	22.02
<b>Total</b>	<b>49,37,813</b>	<b>100.00</b>

(n) **Dematerialization of shares as on March 31, 2017**

Category	No. of equity shares	% of share capital	No. of shareholders	% of shareholders
Electronic Form	48,77,737	98.78	3,109	87.63
Physical Form	60,076	1.22	439	12.37
<b>Total</b>	<b>49,37,813</b>	<b>100.00</b>	<b>3,548</b>	<b>100.00</b>

(o) **Share Transfer System**

Trading in Equity Shares of the Company through recognized Stock Exchange is permitted only in dematerialization form. Shares sent for transfer in physical form are registered and returned within a period of 15 (fifteen) days from the date of receipt of the documents, provided the documents are valid and complete in all respects. With a view to expedite the process of share transfers, necessary authority has been delegated to the Share Transfer Committee to approve the transfers of equity shares of the Company. The Share Transfer Committee and Stakeholders Relationship Committee meet as and when required to consider the transfer proposals and attend to Investors' grievances.

(p) **Outstanding GDR / ADR / Warrants or any convertible instruments, conversion date and impact on equity**

The Company has not issued any GDRs / ADRs / warrants or any other convertible instruments.

(q) **Plant Locations**

**Unit No. I**

A-84, 2/3 MIDC, Taloja Industrial Area, District Raigad – 410208, Maharashtra

**Unit No. II**

Gat No. 21, 41 and 61, Village Hedavali, Khopoli-Pali Road, Taluka Sudhagad, District Raigad – 410205, Maharashtra

(r) **Commodity price risk or foreign exchange risk and hedging activities**

During the year, the Company has managed foreign exchange risk and hedged to the extent considered necessary. Open exposures are reviewed regularly and covered through forward contracts. The details of foreign currency exposure are disclosed in Note No. 26.3 to the Financial Statements.

(s) **Address for correspondence**

Shareholders may correspond with the Registrar and Share Transfer Agent on all matters relating

to transfer / dematerialization of shares, payment of dividend and any other query relating to Equity Shares of the Company at:

Bigshare Services Private Limited  
Unit: CMI FPE Limited  
E-2/3, Ansa Industrial Estate, Saki Vihar Road  
Saki Naka, Andheri (East), Mumbai – 400 072  
Tel. No.: 022-40430200 Fax No.: 022-28475207  
Email: investor@bigshareonline.com

The Company has designated investors@cmifpe.com as an exclusive email ID for Investors for the purpose of registering complaints, and the same email ID has been displayed on the Company's website. Shareholders would have to correspond

with the respective Depository Participants for shares held in dematerialised form. For all investor related matters, the Company Secretary & Compliance Officer can be contacted at:

Mehta House, Plot No. 64, Road No. 13, MIDC, Andheri (East), Mumbai – 400 093  
Tel. No.: 022-66762727  
Fax No.: 022-66762737/38  
Email: investors@cmifpe.com

Shareholders are requested to quote their folio nos. / DP ID & Client ID, email address, telephone number and full address while corresponding with the Company and its Registrar and Share Transfer Agent.

## VIII. GENERAL BODY MEETINGS

### Details of General Meetings and Special Resolutions passed

The information relating to Annual General Meetings held during the past three years and the Special Resolutions passed thereat is as under:

Year	Location	Date	Time	Whether any Special Resolution passed
2013-2014	Mehta House, Plot No. 64, Road No. 13, MIDC, Andheri (East), Mumbai - 400 093	July 30, 2014	2.30 p.m.	<ul style="list-style-type: none"> <li>• Appointment of Mr. Raman Madhok as Managing Director</li> <li>• Approval of borrowing limits of the Company</li> <li>• Creation of charges on the assets of the Company</li> </ul>
2014-2015	Mehta House, Plot No. 64, Road No. 13, MIDC, Andheri (East), Mumbai - 400 093	July 31, 2015	2.30 p.m.	Commission to Non-Executive Directors
2015-2016	Mehta House, Plot No. 64, Road No. 13, MIDC, Andheri (East), Mumbai - 400 093	July 29, 2016	2.30 p.m.	<ul style="list-style-type: none"> <li>• Reappointment of Mr. Raman Madhok as Managing Director of the Company</li> <li>• Maintaining of records at the office of Registrar and Share Transfer Agents.</li> </ul>

The Company has not passed any Special Resolution through postal ballot during the financial year 2016-17 nor proposes to pass any Special Resolution through postal ballot during the current year.

## IX. DISCRETIONARY REQUIREMENTS UNDER REGULATION 27 OF LISTING REGULATIONS

The status of compliance with discretionary recommendations of Regulation 27 of the Listing Regulations is provided below :

- **The Board of Directors**

The present Chairman is a foreign national and a Non-Executive Director. All Independent Directors significantly contribute to the deliberations of the Board and provide valuable inputs in directing the Company. The Board carefully evaluates the qualifications and experience of every Independent Director at the time of the appointment, and also involves the Independent Directors in various Business Committees, to enable them to contribute to the Company.

- **Separate posts of Chairman and Managing Director**

The Chairman of the Board is a Non-Executive Director and his position is separate from that of Managing Director.

- **Audit qualifications**

During the year under review, there is no audit qualification on the Company's financial statements. The Company continues to adopt best practices, and has maintained a track record of unqualified financial statements.

- **Reporting of Internal Auditor**

The Internal Auditor reports directly to the Audit Committee.

## CERTIFICATE ON COMPLIANCE WITH CODE OF CONDUCT

To,  
The Shareholders of CMI FPE Limited

I, Raman Madhok, Managing Director, declare that the Directors and Senior Management Personnel of the Company have affirmed in writing, their compliance with the Company's Code of Conduct, for the year ended March 31, 2017.

For CMI FPE Limited

Place: Talaja  
Date: May 30, 2017

**Raman Madhok**  
Managing Director

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### INDEPENDENT AUDITOR'S CERTIFICATE

TO THE MEMBERS OF  
CMI FPE LIMITED

#### INDEPENDENT AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE

1. This certificate is issued in accordance with the terms of our engagement Ref: Audit engagement letter – Audit of financial Statements dated October 3, 2016.
2. We, Deloitte Haskins & Sells, Chartered Accountants, the Statutory Auditors of CMI FPE Limited (“the Company”), have examined the compliance of conditions of Corporate Governance by the Company, for the year ended on March 31, 2017, as stipulated in regulations 17 to 27 and clauses (b) to (i) of regulation 46(2) and para C and D of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the Listing Regulations).

#### Managements' Responsibility

3. The compliance of conditions of Corporate Governance is the responsibility of the Management. This responsibility includes the design, implementation and maintenance of internal control and procedures to ensure the compliance with the conditions of the Corporate Governance stipulated in Listing Regulations.

#### Auditor's Responsibility

4. Our responsibility is limited to examining the procedures and implementation thereof, adopted by the Company for ensuring compliance with the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.
5. We have examined the books of account and other relevant records and documents maintained by the Company for the purposes of providing reasonable assurance on the compliance with Corporate Governance requirements by the Company.
6. We have carried out an examination of the relevant records of the Company in accordance with the Guidance Note on Certification of Corporate Governance issued by the Institute of the Chartered Accountants of India (the ICAI), the Standards on Auditing specified under Section 143(10) of the Companies Act 2013, in so far as applicable for the purpose of this certificate and as per the Guidance Note on Reports or Certificates for Special Purposes issued by the ICAI which requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.
7. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

#### Opinion

8. Based on our examination of the relevant records and according to the information and explanations provided to us and the representations provided by the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in regulations 17 to 27 and clauses (b) to (i) of regulation 46(2) and para C and D of Schedule V of the Listing Regulations during the year ended March 31, 2017.
9. We state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

For **DELOITTE HASKINS & SELLS**  
Chartered Accountants  
(Firm's Registration No. 117365W)

**(Samir R. Shah)**  
(Partner)

Place : Mumbai  
Date : May 30, 2017

(Membership No. 101708)

# Management Discussion And Analysis

## INDUSTRY STRUCTURE AND DEVELOPMENTS:

### Economic Environment:

**Economic indicators :** The International Monetary Fund (IMF) and the World Bank forecast India's GDP to grow at 6.6 per cent and 7 per cent, respectively, in FY17. The impact of demonetisation is expected to be transitory. The Indian economy is expected to rebound in the second half of 2017 and continue as a bright spot in the global economic map — GDP growth rate is forecast to be 6.75–7.5 per cent in FY18. The demonetisation exercise is also expected to further drive India's GDP growth, owing to increased tax collections.

The industrial sector is estimated to grow at 7.4 per cent in FY17 compared with 9.3 per cent in FY16, owing to a steep decline in the demand of capital goods and consumer non-durable segments.

The services sector is expected to grow at 8.8 per cent in FY17 compared with 8.9 per cent in FY16. The slight slowdown is attributed to a deceleration in growth of trade, hotels, transport and storage from 9 per cent in FY16 to 6 per cent in FY17. However, public administration, defence and other services sectors are estimated to grow at a faster pace at 12.8 per cent in FY17 as against 6.6 per cent in FY16, offsetting the deceleration in other services sub-sectors.

**Key initiatives :** The government opted to focus on fine-tuning and further incentivising its ongoing flagship initiatives, such as 'Make in India', 'Smart Cities Mission', 'Power for All', 'Start-Up India' and 'Skill India'. Several initiatives were undertaken and incentives were granted by the government in FY17 in a bid to provide boost to the aforementioned initiatives.

Some of these measures include setting-up of a fund of funds under 'Start-Up India' in June 2016, launching of the 'Make in India Action Plan' dashboard in April 2016 and granting approvals for the construction of 1.1 million houses under the 'Pradhan Mantri Aawas Yojana'.

The move towards a digital economy has been one of the key focus areas for the government during FY17. Some of the major initiatives under this are:

- Proposal for rolling out 'Aadhaar Pay' service, that would enable citizens to make and receive payments using their Aadhaar card number and biometrics.
- Launch of the BHIM digital payment application in the current fiscal year. The government has additionally proposed the launch of two schemes towards promoting the use of BHIM application as a part of the Union Budget 2017. These include a referral bonus and a cashback scheme for merchants.

**Economic reforms :** The government undertook several significant reforms with far reaching results for the economy in FY17. The Rajya Sabha passed the long anticipated Goods and Services Tax (GST) Constitutional Amendment Bill in August 2016, paving way for a uniform taxation structure across India. Other key reforms undertaken included the passing of the Insolvency and Bankruptcy Code 2016; Real Estate (Regulation and Development) Act, 2016; the Mines and Minerals (Development and Regulation) Amendment Act; and, the Aadhaar Act 2016.

**Monetary policy :** In September 2016, the government set up a six-member Monetary Policy Committee (MPC), thereby establishing a new structure for determining interest rates in India, replacing RBI as the sole arbiter.

The MPC cut down the policy rate by 25 basis points in October 2016; however, it opted to keep the policy rate unchanged at 6.25 per cent in its recent policy review held in December 2016. The central bank opted to keep the Cash Reserve Ratio unchanged at 4 per cent.

**Regulatory framework :** India is currently ranked 130 in the World Bank's 'Ease of Doing Business' rankings. The government has undertaken several measures towards achieving its stated aim of attaining a rank amongst the top 50 nations. Some of the major decisions taken to improve India's ranking are in the domain of obtaining credit, enforcing contracts, implementation of bankruptcy code and formation of single-window platforms for accessing services offered by multiple government departments.

**Overall economic outlook :** The Indian government is expected to meet its fiscal deficit target of 3.5 per cent of GDP in FY17, as tax revenues are anticipated to increase post the launch of income disclosure schemes in FY17.

However, global growth is expected to pick up pace, as IMF in its January 2017 World Economic Outlook estimated the world GDP to grow at 3.4 and 3.6 per cent in 2017 and 2018, respectively. Also, India continues to be one of the fastest growing major economies, as per IMF.

**According to the Economic Survey 2016–17, India's real GDP growth is projected at 7.1 per cent for FY17, and could reach 6.75–7.5 per cent in FY18. This further projects India as one of the fastest growing countries in the backdrop of a subdued and uncertain global economy.**

Overall, Budget 2017-18 strives hard to keep India on a growth track and is well intended to encourage greater compliance and strict enforcement. One hopes that the provisions are administered in an even-handed manner in a business-friendly spirit of mutual trust. This is critical to ensure that India's current sweet growth spot endures in a sustainable manner.

## **Steel Scenario and Outlook:**

**Domestic steel will now get preference in infrastructure under the National Steel Policy approved by the Union Cabinet on May 3, 2017. The move would boost the sales of debt-laden companies.**

The policy would focus on increasing the country's annual steel production to 300 million tonnes by 2025, entailing an investment of Rs 10 lakh crore by 2030-31.

The policy envisages that India should have a globally competitive steel industry and the vision is that the per capita steel consumption in the country should be 160 kg by 2030.

The existing per capita steel consumption of the country is 60 kg. The Government is of the view that surplus steel capacity should be utilised for government-funded infrastructure projects. The Central Government plans to create self-sufficiency in steel production by providing support and guidance to private manufacturers, micro, small and medium enterprises and public sector companies through this move.

The government had earlier said it was mulling making use of domestic steel as a binding guideline for state-funded projects.

The policy would also encourage adequate capacity additions, cost efficient production besides facilitating foreign investment in the steel sector.

The steel sector presently employs about 25 lakh people and has a capacity of little over 120 million tonnes.

Government think tank Niti Aayog had mooted the idea for a new and dynamic steel policy to bring the over \$100 billion industry back on track.

The policy would be the second such decision by the Central Government to revive the sentiment in the steel industry. From February 2016 to February 2017 Government had imposed a Minimum Import Price (MIP) on various steel products in order to curb cheap imports mainly from China. The non-tariff barrier helped improve the financial situation of the domestic steel companies.

Crude steel production in 2015-16 stood at 89.77 million tonnes, while steel imports in 2016-17 (April-March) stood at 7.43 million tonnes, down from 11.71 million tonnes in 2015-16.

Imports in March 2017 (0.8 mt) was down by 19.7 per cent over March 2016 but was up by 51.8 per cent over February 2017.

Given such trends in export-import, India emerged as a net exporter of total finished steel during March 2017 as well as FY 2016-17. India's consumption of total finished steel saw a growth of 3 per cent in FY 2016-17 (83.93 million tonnes) over same period of last year. Consumption in March 2017 (7.99 million tonnes) was

up by 2.2 per cent over March 2016 and was up by 13.4 per cent over February 2017.

## **Review of Operations :**

The Company has continued to fine-tune its systems and procedures in order to optimise output from its machining and assembly facilities.

It is also ensured that there is seamless connect (engineering issue plans and status thereof) between the engineering team and the operations team to ensure optimal output which meets customer requirements. Further, the CAD/CAM integration provides a proper digital connect between the engineering and operations team.

Great care has been taken to ensure that there is a good visibility into the entire supply chain through deployment of a constraint-based planning application.

Like any other reputed Transnational Corporation, CMI Group has various governance structures which supplement the local business units in various geographies, in pursuit of business excellence.

One of the key initiatives in this area is the "One Metals" strategy whereby multiple Business Units collaborate on any given project with clearly identified scope lines for each Business Unit but a cohesive approach where detailed Engineering, Quality Assurance Plans and Project Management are concerned.

Further, to a large extent, this is also done through benchmarking of key processes e.g. engineering practices, quality assurance plans, project management practices etc. In particular, project management practices within the "Metals Perimeter" have been fine-tuned to ensure that projects are managed on a near real-time basis and to ensure that all project risk events are identified and mitigated in a timely manner.

Quality Assurance inspection reports have been digitised in the company's ERP system. Various quality techniques are deployed as appropriate while pursuing continual improvement opportunities.

In the year under review we organised a case study on "value stream mapping" as a lean technique carried out at our Taloja workshop by a French student doing internship with a leading engineering institute in Mumbai.

## **Opportunities and Threats :**

In the coming months, your company sees strengthening sentiment in terms of business opportunities in its principal markets. The management has put in place a business plan to leverage the company's position in its markets – both domestic and overseas.

CMI FPE, being a project management company which undertakes projects with an average gestation time of

12 to 18 months is exposed to certain inherent risks like variations in input prices, unforeseen adverse developments at customer-end leading to project delays, etc. which could impact project schedules. Though all care is taken to mitigate the impact of any adverse elements, the inherent nature of project business cannot be devoid of such elements.

The Company has over three decades of experience and proven process expertise in Cold Rolling and Metal Processing Industry, with continuous innovation, value engineering and cost effective solutions, enabling it to stay ahead of its competitors and be a vendor of choice to its customers.

### **Risk Management :**

From an entity perspective, and given the uncertain business and economic environment in which the Company operates, it is extremely important that it has in place a robust mechanism for risk appraisal, mitigation and management.

In the year under review, the Board, the Audit Committee and the Risk Management Committee carried out extensive reviews of the risk management framework, the risk mapping exercise and the various steps being taken to mitigate the various risks, particularly “operational risks.” These reviews were carried out in February 2017.

The Company continues to follow the Internal Control Approach developed by COSO (Committee of Sponsoring Organizations of the Treadway Commission) “COSO Internal Control – Integrated Framework, 2013” and has also adopted the “COSO Enterprise Risk Management – Aligning Risk with Strategy and Performance 2016 edition (Public Exposure Draft)” along with ISO 31000:2009 as the framework for risk management at the Company. The preference is to rely more on and institute, wherever possible, automated controls or semi-automated controls through the Company’s state-of-the-art ERP Application.

In order to optimize the effectiveness of the risk mapping exercise, the Board, Audit Committee and Risk Management Committee reviewed various aspects such as the clarity in the rating scale descriptions, the basis on which the “risk taxonomy” had been arrived at, the degree of dispersion in the risk and controls scores for various risk IDs across the respondents (as measured by the “coefficient of variance” for each Risk ID) and the feasibility and implementation status of the “action plans” pursuant to the risk mapping exercise.

It was also ensured, through a special orientation session, that the participants to the risk mapping exercise, viz., “heads of functions”, gained adequate awareness on the clauses of ISO 31000:2009, the concepts of “inherent risk”, “target residual risk” and

“actual residual risk” as enunciated in COSO ERM 2016 Public Exposure Draft.

The risk mapping participants were also sensitized to the latest concepts in risk management such as “Black Swan events” and “Risk Velocity”.

The Audit Committee and Risk Management Committee also reviewed the various measures taken to comply with the provisions of Section 134(5) of the Companies Act, 2013 relating to “internal financial controls”, notably the templates adopted for internal financial controls, the quality of the “information” contained in these templates, the various risks identified at a process level, the manner in which “test of design” and “test of operating effectiveness” had been carried out for the various “process controls” by the management team and were quite satisfied with the extensive work done in this area.

Also, from an entity governance perspective, we continue to follow the Commitment Committee procedure, whereby all customer bids beyond a pre – determined value are reviewed by the “Commitment Committee”. This Committee examines in great detail the various sources of risks and the risk mitigation strategies to be adopted preparatory to finalization of contracts with prospective customers. Business risk, financial risk, liquidity risk and market risks are the key risks reviewed by the Commitment Committee prior to their approving the various contract covenants. The various risks identified as well as risk mitigation strategies are reviewed on a periodic basis by the Company and emergent actions are taken on the basis of these reviews. The learnings from the actual risks and the effectiveness of the mitigation strategies are analyzed for further learning, and for refining the approach for future contracts.

### **Finance :**

Optimizing working capital through improved inventory and receivables management, close monitoring of project cash flows and maintaining a strict vigil on sales and general administration cost, will continue to be of significant importance going forward.

Your company is a debt free company (no long term debt) as at March 31, 2017.

CARE has reaffirmed the Long Term Rating from of CARE BBB+ and the short Term Rating of CARE A2+.

Your Company has not accepted any deposits from the public during the year under review.

### **Human Resource Management and Industrial Relations:**

As an ongoing development, the Company’s human resource initiatives are primarily focused towards building and nurturing a robust leadership pipeline,

evaluating employees periodically on “job related competencies” and aligning “training” with “training needs” identified at the time of performance appraisal or otherwise as per changing business environment. The Company has a large pool of trained and capable employees who actively contribute on a continuous basis, to improve efficiency and effectiveness of key entity level processes and optimization of functional and technical performance parameters of equipments supplied by the Company at client sites.

At CMI FPE the year 2016-17 started with ‘PULSE’ – A CMI people survey which helps understand the emerging needs of its main asset: its people. The survey was carried out in April 2016 and the results were shared with all employees in June 2016.

The results showed significant improvement; one of the strongest points that came across was ‘Internal communication’ and ‘the increased focus of Management on employee well-being’. Employees consider themselves better informed about company’s performance, there is enhanced information sharing upto the grassroot level, and their efforts are better acknowledged.

This progress is due to the various initiatives the Company has taken, especially action plans such as ‘Townhall meetings’ on quarterly basis, ‘learning organisation’, supporting employees in ‘work integrated’ education; focus is also being given to middle management for supervisory and managerial training.

Our employees also demonstrated their innovation potential by winning the ‘CMI Public Award’ for its Semi Automatic Pup Coil Removal Arrangement, in the Innovation & Safety category, judged by the CMI global jury.

The philosophy of formulating KPIs has been changed from a ‘top down approach’ to a ‘bottom up approach’ in order to ensure that business realities at the operating level are factored into the KPIs set. This new approach is effected to deliver significantly improved results in terms of KPI achievement going forward, owing to greater emphasis on ‘collective’ (rather than ‘individual’) accountability. The KPI Dashboard will give top priority to our Performance in Safety, Sales & Project Management.

Significant efforts have also been made to strengthen the Company’s Performance Management System.

Industrial relations at the Company were cordial throughout the year.

#### **Health and Safety :**

The Company adopts a proactive approach to occupational health and safety through a “hierarchy of controls” which are deployed in a seamless manner

i.e. elimination / substitution of unsafe conditions, deployment of engineering control and administrative controls and using the appropriate PPE for carrying out hazardous tasks.

The Company has implemented various engineering controls, pursuant to hazard identification and risk assessment for its major work centres such as EOT crane proximity sensors, flash back arrestors, colour coding & testing of lifting tools & tackles, pneumatic hose reels, interlocks, machine guards, sensors for transfer trolley, etc.

The Company takes very seriously its obligations to provide a safe working environment to its employees and has carried out “hazard impact and risk assessment study” for its CNC work centres. It has also adopted “LOTO (Lock Out Tag Out) approach” towards maintenance of machining work centres for its maintenance team.

The principal administrative controls deployed include safety meetings, safety trainings and tool box talks. Our Taloja workshop completed 1347 days without any “lost time accident” and our Hedavali workshop completed 1026 days without lost time accident as of March 31, 2017.

For the reporting period, focused initiatives have been pursued to bring about greater awareness on “near misses”. Individual departments have taken targets relating to reporting on ‘near miss’ incidents in standard templates. This will ensure that the organisation learns from the analysis of ‘near miss’ events on an ongoing basis.

Various safety related programs were organized during the 46th National Safety Week from March 4 to 11, 2017 – the primary purpose of having a week – long event being of course to renew the commitment of employees to “work safely throughout the year”. In addition to formal training programs such as “The Alphabet of Safety” and practical training programs such as “Fire Fighting” for “Emergency Response team” members, we also had Departmental Presentations on Safety Improvements, Safety Drawing Posters Competition and Safety Quizzes.

The HR and Admin dept. at Taloja Plant won the “Housekeeping Contest” while Machine Shop, Taloja won the award for “best presentation” relating to Safety improvements actually implemented at departmental shop level.

#### **Optimisation of Key Business Processes :**

Considering that the Company operates in an extremely competitive market, both in the domestic and international arena, it was felt that specific initiatives need to be taken to strengthen the Company’s “process orientation” on a continuous basis.

Optimisation of machining time is periodically carried out with the help of new generation toolings. Also, standardization of routing times for internal processing is carried out periodically and restriction placed on changing master routings, production routings.

Focus on operational excellence is continuing for strengthening design / engineering, project execution and controls, optimizing cost structure and assets utilization, optimization of “throughput” at the Company’s workshops.

As stated earlier the Company has been certified to the ISO 9001 : 2008 Quality Management System for the last 15 years and has base-lined its safety management system with OSHAS, 2007.

Internal quality audits, internal safety audits and internal supplier process audits were carried out as per the Annual Calendar.

In addition, QMS awareness training, EHS awareness training, as well as internal quality audit refresher training for the team of cross functional internal ISO auditors have been carried out.

CMI FPE Ltd. was re-certified to the ISO 9001 : 2008 Quality Management System in July 2015 with 4 “Good Practices”, 6 “Potential for Improvement” points and nil minor, major non – conformities.

The annual surveillance audit was executed over the period of July 18-20, 2016, on completion of which no “potential for improvement” points, minor / major non-conformities were reported.

The entity has already geared up for the Stage I audit by Certifying Body TUV NORD, due in June 2017, as per the new standard ISO 9001 : 2015 and the Surveillance Audit as per ISO 9001 : 2015 due in July 2017. Three members of the QMS team earned the International Register of Certified Auditors (IRCA) approved Lead Auditor ISO 9001 : 2015 credentials in September – December 2016.

The Company had earlier successfully deployed a state of the art “CAM software” and “network infrastructure” to facilitate CAD/CAM integration. This has given us a capability to simulate tool motions for various machining jobs in the software, thereby arriving at a realistic ‘touch time’ for the various machining operations on our CNC machining centres. This tool is being extended to all component / part families in a phased manner.

### **Information Technology :**

The Company’s business processes have been calibrated in a state of the art ERP system, which provides a high degree of visibility and transparency of the entity’s business processes. Incremental configuration was carried out during the year to improve the functional deployment in line with user needs.

Training programs, facilitated by internal faculty, were carried out for users of the Company’s ERP system to optimize productivity in the use of this application. The Company has also deployed a reliable infrastructure for offline backups.

The Company had implemented an advanced planning and scheduling software application. This constraint-based software application gives vastly improved visibility of project progress. Various enhancements were carried out in this software tool, particularly in the reporting capability, to make it more responsive to the needs of users.

Full fledged data connectivity (point to point link) between Andheri location and Hedavali Plant is provisioned covering the Enterprise Resource Planning Application and email.

We have also provisioned a Disaster Recovery capability, on an outsourced model with a well defined Service Level Agreement (SLA) to a third party data centre. This Disaster Recovery (DR) capability was implemented based on a detailed “project plan”. Periodic “DR drills” are carried out.

### **Internal Control Systems :**

The Company engaged KPMG as Internal Auditors for the year under review, for examining the adequacy and compliance with laid down policies, controls, statements of operating procedures and statutory requirements. The Audit Committee of the Board of Directors approves the Annual Internal Audit Plan at the beginning of the year, and reviews at every meeting the highlights from the internal audit reports as well as action taken on the matters reported. The focus of the Internal Audit team is on identifying improvements in “business processes” and “design of controls”, with “substantive testing” being carried out as needed.

### **Cautionary Statement :**

The Statements made in this report are forward-looking and are made on the basis of certain assumptions and expectations of future events. The Company cannot guarantee that these forward-looking statements will be realized, though they are set out based on anticipated results and management plans. The Company’s actual results, performance or achievements are subject to risk, uncertainties and even inaccurate assumptions, which could thus differ materially from those projected in any such forward looking statements. The Board of Directors of the Company assumes no responsibility in respect of the forward-looking statements mentioned herein, which may differ in future on account of subsequent developments, events or otherwise and the Company is under no obligation to publicly update any forward-looking statements on the basis of subsequent developments, information, future events or otherwise.

# Independent Auditor's Report

## TO THE MEMBERS OF CMI FPE LIMITED

### Report on the Financial Statements

We have audited the accompanying financial statements of **CMI FPE LIMITED** ("the Company"), which comprise the Balance Sheet as at March 31, 2017, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to 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 principles generally accepted in India, including the Accounting Standards prescribed under section 133 of the Act.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, 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.

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit.

In conducting our audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit of the financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. 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 the 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 financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid 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, of the state of affairs of the Company as at March 31, 2017, and its profit and its cash flows for the year ended on that date.

### Report on Other Legal and Regulatory Requirements

1. As required by Section 143 (3) of the Act, based on our audit we report, to the extent applicable that:
  - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
  - d) In our opinion, the aforesaid financial statements comply with the Accounting Standards prescribed under section 133 of the Act.
  - e) On the basis of the written representations received from the directors as on March 31, 2017 taken on record by the Board

of Directors, none of the directors is disqualified as on March 31, 2017 from being appointed as a director in terms of Section 164 (2) of the Act.

f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.

g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:

i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements - Refer Note 26.1 to the financial statements.

ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts - Refer Note 27.8 to the financial statements. Further the Company did not have any material losses on derivative contracts.

iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

iv. The Company has provided requisite disclosures in the financial statements as regards its holding and dealings in Specified Bank Notes as defined in the Notification S.O. 3407(E) dated the November 8, 2016 of the Ministry of Finance, during the period from November 8, 2016 to December 30, 2016. Based on audit procedures performed and the representations provided to us by the management we report that the disclosures are in accordance with the books of account maintained by the Company and as produced to us by the management.

2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

**For DELOITTE HASKINS & SELLS**  
Chartered Accountants  
(Firm's Registration No. 117365W)

**(Samir R. Shah)**  
(Partner)

Place : Mumbai

Date : May 30, 2017

(Membership No. 101708)

# ANNEXURE “A”

## TO THE INDEPENDENT AUDITOR’S REPORT OF CMI FPE LIMITED

(Referred to in paragraph 1 (f) under ‘Report on Other Legal and Regulatory Requirements’ section of our report of even date)

### **Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)**

We have audited the internal financial controls over financial reporting of **CMI FPE Limited** (“the Company”) as of March 31, 2017 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

### **Management’s Responsibility for Internal Financial Controls**

The Company’s management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

### **Auditor’s Responsibility**

Our responsibility is to express an opinion on the Company’s internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and

their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company’s internal financial controls system over financial reporting.

### **Meaning of Internal Financial Controls Over Financial Reporting**

A company’s internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company’s assets that could have a material effect on the financial statements.

### **Inherent Limitations of Internal Financial Controls Over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial

reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, based on the internal

control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note.

**For DELOITTE HASKINS & SELLS**

Chartered Accountants  
(Firm's Registration No. 117365W)

**(Samir R. Shah)**

Place : Mumbai (Partner)

Date : May 30, 2017 (Membership No. 101708)

## ANNEXURE "B" TO THE INDEPENDENT AUDITOR'S REPORT OF CMI FPE LIMITED

(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The fixed assets were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanation given to us, no material discrepancies were noticed on such verification.
- (c) According to the information and explanations given to us and the records examined by us and based on the examination of the registered sale deed / transfer deed / conveyance deed provided to us, we report that, the title deeds, comprising all the immovable properties of land and buildings which are freehold, are held in the name of the Company as at the balance sheet date. In respect of immovable properties of land and buildings that have been taken on lease and disclosed as fixed asset in the financial statements, the lease agreements are in the name of the Company, where the Company is the lessee in the agreement.
- (ii) As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals and no material discrepancies were noticed on physical verification.
- (iii) The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013.
- (iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 185 and 186 of the Companies Act, 2013 in respect of grant of loans, making investments and providing guarantees and securities, as applicable.
- (v) According to the information and explanations given to us, the Company has not accepted any deposit during the year. The company did not have any unclaimed deposit.
- (vi) The maintenance of cost records has been specified by the Central Government under section 148(1) of the Companies Act, 2013 [under Other Machinery in Part (B) Non-Regulated Sector]. We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014, as amended prescribed by the Central Government under sub-section (1) of Section 148 of the Companies Act, 2013, and are of the opinion that, prima facie, the prescribed cost records have been made and maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- (vii) According to the information and explanations given to us, in respect of statutory dues:
  - (a) The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, cess and other material statutory dues applicable to it to the appropriate authorities.

- (b) There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, cess and other material statutory dues in arrears as at March 31, 2017 for a period of more than six months from the date they became payable.
- (c) Details of dues of Income-tax, Sales Tax, Service Tax, Custom Duty, Excise Duty and Value Added Tax which have not been deposited as on March 31, 2017 on account of disputes are given below:

Name of Statute	Nature of Dues	Forum where Dispute is Pending	Period to which the Amount Relates	Amount Involved (₹ in lacs)
The Central Excise Act, 1944	Service Tax - Cenvat Credit (excluding interest and penalty)	Commissioner of Central Excise and service tax LTU, Mumbai	2009-10 to 2014-15	184.64
The Central Excise Act, 1944	Excise Duty - Cenvat Credit (excluding interest and penalty)	Commissioner of Central Excise and service tax LTU, Mumbai	2009-10 to 2010-11	79.18
The Central Excise Act, 1944	Service Tax - Cenvat Credit (excluding interest and penalty)	C E S T A T , Mumbai	2010-11 to 2014-15	4,456.23
Tamil Nadu Value Added Tax, 2006	Sales Tax (Excluding interest and Penalty)	D e p u t y Commissioner III, Chennai	2012-13	3.15
Income-Tax Act, 1961	Income Tax	Commissioner of Income Tax (Appeals)	2009-10 (A.Y.)	11.19
Income-Tax Act, 1961	Income Tax	Income Tax Appellate Tribunal	2011-12 (A.Y.)	45.95
Income-Tax Act, 1961	Income Tax	Commissioner of Income Tax (Appeals)	2013-14 (A.Y.)	83.02

- (viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans or borrowings to banks. The Company has not borrowed from financial institutions and government. The Company has not issued any debentures.

- (ix) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) or term loans and hence reporting under clause (ix) of the CARO 2016 Order is not applicable.
- (x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company by its officers or employees has been noticed or reported during the year.
- (xi) In our opinion and according to the information and explanations given to us, the Company has paid / provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.
- (xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the CARO 2016 Order is not applicable.
- (xiii) In our opinion and according to the information and explanations given to us the Company is in compliance with Section 177 and 188 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- (xiv) During the year the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause (xiv) of CARO 2016 is not applicable to the Company.
- (xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or directors of its holding company or persons connected with them and hence provisions of Section 192 of the Companies Act, 2013 are not applicable.
- (xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

**For DELOITTE HASKINS & SELLS**  
Chartered Accountants  
(Firm's Registration No. 117365W)

**(Samir R. Shah)**

Place : Mumbai (Partner)  
Date : May 30, 2017 (Membership No. 101708)

# Balance Sheet as at March 31, 2017

(₹ in lacs)

Particulars	Note No.	As at March 31, 2017	As at March 31, 2016
<b>A EQUITY AND LIABILITIES</b>			
<b>1 Shareholders' funds</b>			
(a) Share capital	3	493.78	493.78
(b) Reserves and surplus	4	14,968.03	14,576.15
		<b>15,461.81</b>	<b>15,069.93</b>
<b>2 Non-current liabilities</b>			
(a) Other long-term liabilities	5	229.59	1,304.55
(b) Long-term provisions	6	240.00	193.48
		<b>469.59</b>	<b>1,498.03</b>
<b>3 Current liabilities</b>			
(a) Trade payables	7		
Payable to micro enterprises and small enterprises		631.90	603.79
Other payables		3,002.03	5,551.59
(b) Other current liabilities	8	8,113.43	4,491.14
(c) Short-term provisions	9	628.97	1,156.57
		<b>12,376.33</b>	<b>11,803.09</b>
<b>Total</b>		<b>28,307.73</b>	<b>28,371.05</b>
<b>B ASSETS</b>			
<b>1 Non-current assets</b>			
(a) Fixed assets			
(i) Property, plant and equipment	10.A	6,595.29	6,828.73
(ii) Intangible assets	10.B	11.62	6.20
(iii) Capital work-in-progress		41.43	113.94
		<b>6,648.34</b>	<b>6,948.87</b>
(b) Non-current investments	11	–	–
(c) Deferred tax assets (net)	27.7	359.53	385.92
(d) Long-term loans and advances	12	1,471.49	1,223.85
(e) Other non-current assets	13	33.31	147.23
		<b>8,512.67</b>	<b>8,705.87</b>
<b>2 Current assets</b>			
(a) Inventories	14	1,877.88	2,147.60
(b) Trade receivables	15	4,468.98	12,235.40
(c) Cash and cash equivalents	16	6,613.59	453.29
(d) Short-term loans and advances	17	1,633.48	970.89
(e) Other current assets	18	5,201.13	3,858.00
		<b>19,795.06</b>	<b>19,665.18</b>
<b>Total</b>		<b>28,307.73</b>	<b>28,371.05</b>

See accompanying notes forming part of the financial statements

In terms of our report attached

**For Deloitte Haskins & Sells**  
Chartered Accountants

**Samir R. Shah**  
Partner

Place: Mumbai  
Date: May 30, 2017

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

**Joao Felix Da Silva**  
Chairman  
DIN: 07662251

**Akash Ohri**  
Chief Financial Officer

Place: Taloja  
Date: May 30, 2017

**Raman Madhok**  
Managing Director  
DIN: 00672492

**Haresh Vala**  
Company Secretary

**Yves Honhon**  
Director  
DIN: 02268831

# Statement of Profit and Loss for the year ended March 31, 2017

(₹ in lacs)

Particulars	Note No.	For the year ended March 31, 2017	For the year ended March 31, 2016
<b>1</b> Revenue from operations (gross)	19	<b>15,776.73</b>	21,197.52
Less: Excise duty	19	<b>396.12</b>	659.71
Revenue from operations (net)		<b>15,380.61</b>	20,537.81
<b>2</b> Other income	20	<b>1,406.56</b>	911.26
<b>3 Total revenue (1+2)</b>		<b>16,787.17</b>	21,449.07
<b>4 Expenses</b>			
(a) Construction materials consumed	21.a	<b>6,996.77</b>	10,458.66
(b) Changes in inventories of finished goods and work-in-progress	21.b	<b>(80.23)</b>	141.74
(c) Employee benefits expense	22	<b>4,869.99</b>	4,415.85
(d) Finance costs	23	<b>102.93</b>	237.45
(e) Depreciation and amortisation expense	10.C	<b>524.85</b>	579.19
(f) Other expenses	24	<b>3,935.46</b>	5,090.90
<b>Total expenses</b>		<b>16,349.77</b>	20,923.79
<b>5 Profit before exceptional item and tax (3-4)</b>		<b>437.40</b>	525.28
<b>6</b> Exceptional item	25	<b>-</b>	1,433.93
<b>7 Profit before tax (5+6)</b>		<b>437.40</b>	1,959.21
<b>8 Tax expense:</b>			
(a) Current tax expense		<b>79.00</b>	23.00
(b) Deferred tax	27.7	<b>12.91</b>	623.93
		<b>91.91</b>	646.93
<b>9 Profit for the year (7-8)</b>		<b>345.49</b>	1,312.28
<b>10 Earnings per share (of ₹ 10/- each):</b>	27.6		
(a) Basic (₹)		<b>7.00</b>	26.58
(b) Diluted (₹)		<b>7.00</b>	26.58

See accompanying notes forming part of the financial statements

In terms of our report attached

**For Deloitte Haskins & Sells**  
Chartered Accountants

**Samir R. Shah**  
Partner

Place: Mumbai  
Date: May 30, 2017

For and on behalf of the Board of Directors

**Joao Felix Da Silva**  
Chairman  
DIN: 07662251

**Akash Ohri**  
Chief Financial Officer

Place: Talaja  
Date: May 30, 2017

**Raman Madhok**  
Managing Director  
DIN: 00672492

**Haresh Vala**  
Company Secretary

**Yves Honhon**  
Director  
DIN: 02268831

# Cash Flow Statement for the year ended March 31, 2017

(₹ in lacs)

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
<b>A Cash flow from operating activities:</b>		
Net Profit before tax	437.40	1,959.21
<i>Adjustments for:</i>		
Depreciation and amortisation expense	524.85	579.19
Exceptional items	–	(1,433.93)
Bad trade and other receivables, loans and advances written off	16.65	593.92
Credit balance written back	(191.58)	(81.76)
(Reversal of provision)/Provision for doubtful trade receivables (net)	(50.00)	792.44
Reversal of provision for warranties (net)	(590.06)	(214.77)
Provision/(Reversal of provision) for estimated losses on contracts (net)	49.89	(144.95)
Provision/(Reversal of provision) for employee benefits (net)	65.90	(60.80)
Profit on sale/write off of fixed assets (net)	(67.93)	(5.65)
Interest expense	0.01	170.05
Interest income	(223.67)	(68.03)
Unrealised foreign exchange loss/(gain) (net)	126.80	(68.39)
<b>Operating profit before working capital changes</b>	<b>98.26</b>	<b>2,016.53</b>
<i>Changes in working capital:</i>		
<i>Adjustments for (increase)/decrease in operating assets:</i>		
Inventories	269.72	14.83
Trade receivables	7,787.24	(428.45)
Short-term loans and advances	(662.72)	(114.75)
Long-term loans and advances	(488.38)	(146.04)
Other current assets	(1,513.57)	2,392.06
Other non-current assets	113.95	897.72
<i>Adjustments for increase/(decrease) in operating liabilities:</i>		
Trade payables	(2,517.73)	67.57
Other current liabilities	3,583.49	(5,514.56)
Other long-term liabilities	(892.17)	377.59
Cash from/(used in) operations	5,778.09	(437.50)
Income tax refund/(paid) (net) (including interest)	199.00	(524.88)
<b>Net cash flow from/(used in) operating activities (A)</b>	<b>5,977.09</b>	<b>(962.38)</b>
<b>B Cash flow from investing activities:</b>		
Capital expenditure on fixed assets, including capital advances	(203.19)	(358.72)
Proceeds from sale of fixed assets	281.43	1,693.07
Interest received	155.44	97.87
Bank balances not considered as Cash and cash equivalents (net)	(61.65)	457.55
<b>Net cash flow from investing activities (B)</b>	<b>172.03</b>	<b>1,889.77</b>

## Cash Flow Statement for the year ended March 31, 2017 (contd.)

(₹ in lacs)

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
<b>C Cash flow from financing activities:</b>		
Repayment of long-term borrowings	–	(1,731.43)
Repayment of short-term borrowings	–	(802.94)
Interest paid	(0.01)	(191.56)
Dividend and dividend tax paid (Including changes in unpaid dividend)	(1.31)	(1.69)
<b>Net cash flow used in financing activities (C)</b>	<b>(1.32)</b>	<b>(2,727.62)</b>
<b>Net increase/(decrease) in Cash and cash equivalents (A+B+C)</b>	<b>6,147.80</b>	<b>(1,800.23)</b>
Cash and cash equivalents as at the beginning of the year	126.10	1,926.36
Effect of exchange differences on restatement of foreign currency Cash and cash equivalents	(49.15)	(0.03)
Cash and cash equivalents as at the end of the year	<b>6,224.75</b>	<b>126.10</b>
<b>Reconciliation of Cash and cash equivalents with the Balance Sheet:</b>		
Cash and cash equivalents as per Balance Sheet (Refer Note 16)	6,613.59	453.29
<i>Less: Bank balances not considered as Cash and cash equivalents as defined in AS 3 Cash Flow Statements</i>		
Unclaimed Dividend	7.17	8.48
Balances held as margin money	381.67	318.71
Net Cash and cash equivalents (as defined in AS 3 Cash Flow Statements) included in Note 16	<b>6,224.75</b>	<b>126.10</b>
<b>Notes:</b>		
<b>1</b> Cash and cash equivalents comprise of the following:		
(a) Cash on hand	5.32	1.74
(b) Cheque on hand	16.89	–
(c) Balances with banks		
(i) In current accounts	120.34	110.34
(ii) In EEFC accounts	2,678.60	14.02
(iii) In demand deposit accounts	3,403.60	–
<b>Total</b>	<b>6,224.75</b>	<b>126.10</b>

**2** Previous year's figures have been recast/restated wherever necessary.

**See accompanying notes forming part of the financial statements**

In terms of our report attached

**For Deloitte Haskins & Sells**  
Chartered Accountants

**Samir R. Shah**  
Partner

Place: Mumbai  
Date: May 30, 2017

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

**Joao Felix Da Silva**  
Chairman  
DIN: 07662251

**Akash Ohri**  
Chief Financial Officer

Place: Taloja  
Date: May 30, 2017

**Raman Madhok**  
Managing Director  
DIN: 00672492

**Haresh Vala**  
Company Secretary

**Yves Honhon**  
Director  
DIN: 02268831

# Notes forming part of the financial statements

## 1 Corporate Information:

The principal activities of the Company comprise customised manufacturing and installation of cold rolling mills, galvanizing lines, colour coating lines, tension levelling lines, skin pass mills, acid regeneration plants, wet flux line and pickling lines (“the projects”) for ferrous and non-ferrous industries world wide.

## 2 Significant Accounting Policies:

### 2.1 Basis of accounting and preparation of financial statements:

The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards specified under Section 133 of the Companies Act, 2013 (“the Act”) and the relevant provisions of the Act. The financial statements have been prepared on accrual basis under the historical cost convention. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.

### 2.2 Use of Estimates:

The preparation of the financial statements in conformity with Indian GAAP requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known / materialise.

### 2.3 Inventories:

- i Inventories are valued at lower of cost and net realisable value. However items held for use in the production are not valued below cost if the finished goods in which these will be incorporated are expected to be sold at or above cost.
- ii Cost of raw materials comprises all costs of purchases (Net of Cenvat credit) and other costs incurred in bringing the inventories to their present location and condition. Cost is determined by moving average method.
- iii Cost is arrived at on a moving average method and includes, where appropriate, manufacturing overheads and excise duty. Work-in-progress and finished goods inventories are valued as aforesaid based on estimated value of work completed on each project.
- iv Material procured for a specific project is immediately booked to the project and is not considered as inventory.
- v Inventories include goods lying with vendors for job work and goods-in-transit.

### 2.4 Cash Flow Statement:

Cash flows are reported using the indirect method, whereby profit/(loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

### 2.5 Cash and cash equivalents (for purpose of Cash Flow Statement):

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

# Notes forming part of the financial statements

## 2.6 Depreciation/Amortisation:

Depreciable amount for assets is the cost of an asset, or other amount substituted for cost, less its estimated residual value.

Depreciation on Property, plant and equipment has been provided on the straight-line method as per the useful lives prescribed in Schedule II to the Companies Act, 2013.

Assets costing less than ₹ 5,000 each are fully depreciated in the year of capitalisation.

Leasehold land is amortised over the duration of the lease.

Software are amortised over their estimated useful life of 3 years on straight line method.

## 2.7 Revenue Recognition:

### Sale of goods

Sales are recognised, net of returns and trade discounts, on transfer of significant risks and rewards of ownership to the buyer, which generally coincides with the delivery of goods to customers. Sales include excise duty but exclude sales tax and value added tax.

### Income from services

Revenues from maintenance contracts are recognised pro-rata over the period of the contract.

### Revenue from construction contracts

When the outcome of a construction contract can be estimated reliably, contract revenue and contract costs associated with the construction contract are recognised as revenue and expenses respectively by reference to the percentage of completion of the contract activity at the reporting date. The percentage of completion of a contract is determined considering the proportion that contract costs incurred for work performed upto the reporting date bear to the estimated total contract costs.

For the purposes of recognising revenue, contract revenue comprises the initial amount of revenue agreed in the contract, the variations in contract work, claims and incentive payments to the extent that it is probable that they will result in revenue and they are capable of being reliably measured.

The percentage of completion method is applied on a cumulative basis in each accounting period to the current estimates of contract revenue and contract costs. The effect of a change in the estimate of contract revenue or contract costs, or the effect of a change in the estimate of the outcome of a contract, is accounted for as a change in accounting estimate and the effect of which are recognised in the Statement of Profit and Loss in the period in which the change is made and in subsequent periods.

When the outcome of a construction contract cannot be estimated reliably, revenue is recognised only to the extent of contract costs incurred of which recovery is probable and the related contract costs are recognised as an expense in the period in which they are incurred. Where execution of contracts extends beyond accounting periods, revision in costs and revenues estimated during the course of the contract are reflected in the accounting period in which the facts requiring the revision become known.

At each reporting date, the contracts in progress (Progress work) are valued and carried in the Balance Sheet under Other current assets. Advance and progress payments received from customers during the course to completion are carried under Other long-term liabilities and Other current liabilities.

The Cenvat Credit is accounted by crediting the amount to cost of purchases on receipt of goods and is utilised on clearance of finished goods by debiting Excise duty account.

Income from services is recognised as and when the services are rendered.

Interest Revenue is recognised on time proportion basis taking into account the amount outstanding and the rate applicable.

Dividend income is recognised when the right to receive dividend is established.

# Notes forming part of the financial statements

Eligible export benefits, if any, are recognised in the Statement of Profit and Loss when the right to receive credit as per the terms of the entitlement and reasonable certainty of collection/utilisation is established in respect of exports made/to be made.

## 2.8 Property, Plant and Equipment and Intangible Assets:

### i **Property, Plant and Equipment:**

Property, plant and equipment are stated at cost of acquisition or construction less accumulated depreciation/amortisation and impairment losses, if any. Cost comprises of purchase/acquisition price, import duties, taxes and any directly attributed cost of bringing the asset to its working condition for its intended use. Financing cost on borrowings for acquisition or construction of assets, for the period up to the date of acquisition of assets or when the assets are ready to be put to use/the date of commencement of commercial production, is included in the cost of assets.

Assessment of indication of impairment of an asset is made at the year-end and impairment loss, if any, is recognized.

### ii **Intangible Assets:**

Intangible assets are stated at their cost of acquisition less accumulated amortisation and impairment losses, if any. An intangible asset is recognised when it is probable that the future economic benefits attributable to the asset will flow to the enterprise and where its cost can be reliably measured. The cost of an intangible asset is allocated over the best estimate of its useful life on a straight line basis, a basis that reflects the pattern in which the asset's economic benefits are consumed.

iii Fixed assets retired from active use and held for sale are stated at the lower of their net book value and net realisable value and are disclosed separately.

iv The Accounting Standard (AS) 10 'Property, Plant and Equipment' amended by the Central Government, has become applicable to the Company from April 1, 2016. In accordance with the provisions prescribed in the said AS, the Company has adopted the cost model as its accounting policy.

## 2.9 Foreign Currency Transactions:

### i **Initial recognition:**

Foreign currency transactions are recorded in the reporting currency by applying the Monthly/Weekly average exchange rate.

### ii **Translation:**

Foreign currency monetary assets and liabilities reported at the Balance Sheet date are translated using the prevailing exchange rate on the Balance Sheet date. Non-monetary items which are carried in terms of historical cost denominated in foreign currency are reported using the exchange rate on date of transaction.

### iii **Exchange differences:**

Exchange differences arising on settlement/restatement of short-term foreign currency monetary assets and liabilities of the Company are recognised as income or expense in the Statement of Profit and Loss.

iv Forward exchange contracts are entered into for minimising risks (not intended for trading and speculative purposes). Any profit and loss arising on cancellation or renewal of forward exchange contract is recognised as income or expense for the year.

v The Company uses foreign currency forward contracts to hedge its risks associated with foreign currency fluctuations relating to highly probable forecast transactions. The Company designates such forward contracts in a cash flow hedging relationship by applying the hedge accounting

# Notes forming part of the financial statements

principles set out in “Guidance Note on Accounting for Derivative Contracts” issued in 2015 by the ICAI. These forward contracts are stated at fair value at each reporting date. Changes in the fair value of these forward contracts that are designated and effective as hedges of future cash flows are recognised directly in “Hedging reserve account” under Reserves and surplus, net of applicable deferred tax and the ineffective portion is recognised immediately in the Statement of Profit and Loss. Amounts accumulated in the “Hedging reserve account” are reclassified to the Statement of Profit and Loss in the same periods during which the forecasted transaction affects profit or loss. Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. For forecasted transactions, any cumulative gain or loss on the hedging instrument recognised in “Hedging reserve account” is retained until the forecasted transaction occurs. If the forecasted transaction is no longer expected to occur, the net cumulative gain or loss recognised in “Hedging reserve account” is immediately transferred to the Statement of Profit and Loss. Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the Statement of Profit and Loss.

## 2.10 Investments:

Investments classified as long-term investments are stated at cost of acquisition. However, provision for diminution in value is made to recognise a decline, other than temporary, in its value. Investments classified as current investments are stated at lower of cost and fair value determined either on an individual basis or by category of investment, but not an overall (or global) basis.

## 2.11 Employee Benefits:

### i **Defined Contribution Plan:**

The Company's contribution to provident fund, superannuation fund and employee state insurance scheme are considered as defined contribution plans and are charged as an expense based on the amount of contribution required to be made and when services are rendered by the employees.

### ii **Defined Benefit Plan/Long-term compensated absences:**

The Company's liabilities towards gratuity and compensated absences are determined as at the end of the reporting date by an independent actuary using the Projected Unit Credit method. Past services are recognised on a straight line basis over the average period until the benefits become vested. Actuarial gain and losses are recognised immediately in the Statement of Profit and Loss as income or expense. Obligation is measured at the present value of estimated future cash flows using a discounted rate that is determined by reference to the market yields at the Balance Sheet date on Government Securities where the currency and terms of the Government Securities are consistent with the currency and estimated terms of the defined benefit obligation.

## 2.12 Borrowing costs:

Borrowing costs include interest and ancillary costs incurred. Costs in connection with the borrowing of funds to the extent not directly related to the acquisition of qualifying assets are charged to the Statement of Profit and Loss over the tenure of the loan. Borrowing costs, allocated to and utilised for qualifying assets, pertaining to the period from commencement of activities relating to construction of the qualifying asset upto the date of capitalisation of such asset is added to the cost of the assets.

## 2.13 Segment Reporting:

The accounting policies used in the preparation of the financial statements of the Company are also applied for Segment Reporting. Revenue and expenses have been identified to segments on the basis of their relationship to the operating activities of the segment. Revenue and expenses, which relate to the enterprise as a whole and are not allocable to segments on a reasonable basis, have been included under “Unallocated income/expenses”.

# Notes forming part of the financial statements

## 2.14 Leases:

### Operating Lease:

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased asset, are classified as operating leases. Operating lease payments are recognised as an expense in the Statement of Profit and Loss on a straight line basis over the lease term.

### Finance Lease:

Leases that transfer substantially all the risks and rewards incidental to ownership of the assets are classified as Finance Leases. Assets procured under finance lease are recognised as Leased Assets and depreciation charged with the same rate used for charging depreciation on the depreciable assets of same kind owned by the Company.

## 2.15 Earnings per Share:

Basic and diluted earnings per share are calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.

For the purpose of calculating the diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

## 2.16 Income Taxes:

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

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax. Accordingly, MAT is recognised as an asset in the Balance Sheet when it is highly probable that future economic benefit associated with it will flow to the Company.

Deferred tax is recognised on timing differences, being the differences between the taxable income and the accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted as at the reporting date. Deferred tax liabilities are recognised for all timing differences. Deferred tax assets are recognised for timing differences of items other than unabsorbed depreciation and carry forward losses only to the extent that reasonable certainty exists that sufficient future taxable income will be available against which these can be realised. However, if there are unabsorbed depreciation and carry forward of losses and items relating to capital losses, deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that there will be sufficient future taxable income available to realise the assets. Deferred tax assets and liabilities are offset if such items relate to taxes on income levied by the same governing tax laws and the Company has a legally enforceable right for such set off. Deferred tax assets are reviewed at each balance sheet date for their realisability.

At each Balance Sheet date, the Company assesses unrecognised deferred tax assets to the extent that it is reasonably certain or virtually certain supported by convincing evidence as the case may be that sufficient future taxable income will be available against which such deferred tax assets can be realised.

The carrying amount of deferred tax is reviewed at each Balance Sheet date. The Company writes down the carrying amount of a deferred tax asset to the extent that it is no longer reasonably certain or virtually certain and supported by convincing evidence, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realised. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

## 2.17 Impairment of Assets:

The carrying values of assets/cash generating units at each balance sheet date are reviewed for impairment if any indication of impairment exists.

If the carrying amount of the assets exceed the estimated recoverable amount, an impairment is recognised for such excess amount. The impairment loss is recognised as an expense in the Statement of Profit and

# Notes forming part of the financial statements

Loss, unless the asset is carried at revalued amount, in which case any impairment loss of the revalued asset is treated as a revaluation decrease to the extent a revaluation reserve is available for that asset.

The recoverable amount is the greater of the net selling price and their value in use. Value in use is arrived at by discounting the future cash flows to their present value based on an appropriate discount factor.

When there is indication that an impairment loss recognised for an asset (other than a revalued asset) in earlier accounting periods no longer exists or may have decreased, such reversal of impairment loss is recognised in the Statement of Profit and Loss, to the extent the amount was previously charged to the Statement of Profit and Loss. In case of revalued assets such reversal is not recognised.

## **2.18 Provisions and Contingent Liabilities:**

A provision is recognised if, as a result of a past event, the Company has a present obligation that can be estimated reliably, and it is probable (more likely than not) that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by the best estimate of the flow of economic benefits required to settle the obligation at the reporting date. Where no reliable estimate can be made, a disclosure is made as contingent liability. A disclosure for a contingent liability is to be made when there is possible obligation that arises from past events and the existence of which will be confirmed only by occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that may, but probably will not require an outflow of resources or in respect of which the likelihood of outflow of resources is remote. A contingent asset is neither recognized nor disclosed.

## **2.19 Provision for Doubtful Trade Receivables:**

Specific provision for doubtful trade receivables is made where collection of trade receivables is uncertain.

## **2.20 Post-Sales Warranties and Liquidated Damages:**

The Company provides its clients with a fixed-period warranty on all Contracts as per stipulated terms. Costs associated with such contracts are accrued at the time related revenues are recorded and included in cost of sales. The Company estimates such costs based on historical experience and the estimates are reviewed annually for any material changes in assumption. Liquidated damages are provided as per Management's estimates on case to case basis.

## **2.21 Central Excise Duty:**

Excise duty liability is accounted for as and when goods are produced as per consistent practice, in pursuance to the accepted practice of excise authorities.

## **2.22 Service tax input credit:**

Service tax input credit is accounted for in the books in the period in which the underlying service received is accounted and when there is reasonable certainty in availing / utilising the credits.

## **2.23 Operating Cycle:**

Based on the nature of products / activities of the Company and the normal time between acquisition of assets and their realisation in cash or cash equivalents, the Company has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current.

## **2.24 Technology Fees:**

Technology fees is computed under an agreement effective from January 1, 2010 for the tenure of 5 years and revised for another 5 years with effect from January 1, 2015 on value addition basis on the equipment manufactured with the help of new technology provided by CMI SA. Technology fees are being fully charged off at the time of incurrence, and is included under Project related expenses under head Other expenses.

## **2.25 Brand Fees:**

Brand fees charged by CMI SA, under an agreement effective from January 1, 2010 for the tenure of 5 years and revised for another 5 years with effect from January 1, 2015 is being charged off at the time of incurrence and is included in Other expenses.

# Notes forming part of the financial statements

## Note 3 Share capital

Particulars	As at March 31, 2017		As at March 31, 2016	
	Number of shares	₹ in lacs	Number of shares	₹ in lacs
(a) Authorised				
Equity shares of ₹ 10/- each with voting rights	8,000,000	800.00	8,000,000	800.00
Preference shares of ₹ 100/- each	200,000	200.00	200,000	200.00
(b) Issued, Subscribed and fully paid up				
Equity shares of ₹ 10/- each with voting rights	4,937,813	493.78	4,937,813	493.78
<b>Total</b>	<b>4,937,813</b>	<b>493.78</b>	<b>4,937,813</b>	<b>493.78</b>

Refer Notes (i) to (iv) below

Notes:

- (i) Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting period:

Particulars	As at March 31, 2017		As at March 31, 2016	
	Equity Shares		Equity Shares	
	Number	₹ in lacs	Number	₹ in lacs
Shares outstanding at the beginning of the year	4,937,813	493.78	4,937,813	493.78
Shares issued during the year	-	-	-	-
Shares bought back during the year	-	-	-	-
Shares outstanding at the end of the year	4,937,813	493.78	4,937,813	493.78

- (ii) Terms/rights attached to equity shares:

The Company is having only one class of equity shares having par value of ₹ 10/- each. Each holder of equity share is entitled to one vote per share. The Company declares and pays dividend in Indian Rupees. The dividend, if proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

In the event of liquidation of the Company, the holders of the equity shares will be entitled to receive remaining assets of the Company, after the distribution of all preferential amounts. The distribution will be in proportion of the paid up share capital held by the shareholders.

- (iii) Details of shares held by the Holding Company, and their Subsidiaries:

Particulars	As at March 31, 2017		As at March 31, 2016	
	Equity shares with voting rights		Equity shares with voting rights	
	Number of shares		Number of shares	
Cockerill Maintenance and Ingenierie SA, the Holding Company	3,697,700		3,697,700	
CMI Industry Automation Private Limited, Subsidiary of the Holding Company	5,500		5,500	

- (iv) Details of shares held by each shareholder holding more than 5% shares:

Class of shares / Name of shareholder	As at March 31, 2017		As at March 31, 2016	
	Number of shares held	% holding	Number of shares held	% holding
Equity shares with voting rights				
Cockerill Maintenance and Ingenierie SA	3,697,700	74.89%	3,697,700	74.89%

# Notes forming part of the financial statements

## Note 4 Reserves and surplus

(₹ in lacs)

Particulars	As at March 31, 2017	As at March 31, 2016
(a) Securities premium account	1,466.27	1,466.27
(b) General reserve	9,075.03	9,075.03
(c) Hedging reserve		
Opening balance	(19.11)	73.67
Add/(Less) : Effect of foreign exchange rate variations on hedging instruments outstanding at the end of the year (Net of tax)	27.28	(19.11)
Add/(Less) : Transferred to Statement of Profit and Loss	19.11	(73.67)
Closing balance	27.28	(19.11)
(d) Surplus in the Statement of Profit and Loss		
Opening balance	4,053.96	2,741.68
Add: Profit for the year	345.49	1,312.28
Closing balance	4,399.45	4,053.96
<b>Total</b>	<b>14,968.03</b>	<b>14,576.15</b>

## Note 5 Other long-term liabilities

(₹ in lacs)

Particulars	As at March 31, 2017	As at March 31, 2016
(a) Trade Payables: (Other than Acceptances)		
Total outstanding dues of micro enterprises and small enterprises (Refer Note 26.2)	–	12.37
Total outstanding dues other than micro enterprises and small enterprises	34.59	42.39
	34.59	54.76
(b) Others:		
(i) Advances from customers	195.00	1,162.79
(ii) Trade/security deposits received	–	87.00
	195.00	1,249.79
<b>Total</b>	<b>229.59</b>	<b>1,304.55</b>

## Note 6 Long-term provisions

(₹ in lacs)

Particulars	As at March 31, 2017	As at March 31, 2016
(a) Provision for employee benefits:		
(i) Provision for compensated absences	204.29	186.68
(ii) Provision for gratuity (net) (Refer Note 27.2)	7.41	–
	211.70	186.68
(b) Provision - Others:		
(i) Provision for warranties (Refer Note 27.8)	24.90	6.80
(ii) Provision for estimated losses on contracts (Refer Note 27.8)	3.40	–
	28.30	6.80
<b>Total</b>	<b>240.00</b>	<b>193.48</b>

# Notes forming part of the financial statements

## Note 7 Trade payables

(₹ in lacs)

Particulars	As at March 31, 2017	As at March 31, 2016
Other than Acceptances:		
Total outstanding dues of micro enterprises and small enterprises (Refer Note 26.2)	631.90	603.79
Total outstanding dues other than micro enterprises and small enterprises	3,002.03	5,551.59
<b>Total</b>	<b>3,633.93</b>	<b>6,155.38</b>

## Note 8 Other current liabilities

(₹ in lacs)

Particulars	As at March 31, 2017	As at March 31, 2016
(a) Unpaid dividends	7.17	8.48
(b) Other payables		
(i) Statutory remittances (Contribution to PF and ESIC, Withholding Taxes, Excise Duty, Service Tax, etc.)	278.90	191.45
(ii) Value added tax payable	0.04	–
(iii) Payables on purchase of fixed assets	77.90	44.65
(iv) Contractually reimbursable expenses	10.36	10.00
(v) Trade/security deposits received	89.00	7.50
(vi) Advances from customers [Refer Note (i) below]	6,442.21	1,746.98
(vii) Dues to customers on construction contracts	1,201.04	2,462.97
(viii) Gratuity (net) (Refer Note 27.2)	6.81	–
(ix) Derivative liability	–	19.11
<b>Total</b>	<b>8,113.43</b>	<b>4,491.14</b>

Note (i) : Advances from customers include from group companies:  
Cockerill Maintenance and Ingenierie SA, the Holding Company

	2,337.13	313.98
<b>Total</b>	<b>2,337.13</b>	<b>313.98</b>

## Note 9 Short-term provisions

(₹ in lacs)

Particulars	As at March 31, 2017	As at March 31, 2016
(a) Provision for employee benefits:		
Provision for compensated absences	68.20	34.13
	68.20	34.13
(b) Provision - Others:		
(i) Provision for tax (net of advance tax)	8.13	8.13
(ii) Provision for warranties (Refer Note 27.8)	372.86	981.02
(iii) Provision for estimated losses on contracts (Refer Note 27.8)	179.78	133.29
	560.77	1,122.44
<b>Total</b>	<b>628.97</b>	<b>1,156.57</b>

# Notes forming part of the financial statements

## Note 10 Fixed assets

(₹ in lacs)

A. Property, plant and equipment	Gross block				Accumulated depreciation			Net block		
	Balance as at April 1, 2016	Additions	Disposals	Balance as at March 31, 2017	Balance as at April 1, 2016	Depre- ciation expense for the year	Eliminat- ed on disposal of assets	Balance as at March 31, 2017	Balance as at March 31, 2017	Balance as at March 31, 2016
(a) Land										
Freehold	1,069.90	-	-	1,069.90	-	-	-	-	1,069.90	
(Previous year)	(1,069.90)	(-)	(-)	(1,069.90)	(-)	(-)	(-)	(-)		(1,069.90)
Leasehold	353.85	-	-	353.85	45.27	5.66	-	50.93	302.92	
(Previous year)	(353.85)	(-)	(-)	(353.85)	(39.61)	(5.66)	(-)	(45.27)		(308.58)
(b) Buildings										
Factory road	236.32	52.68	-	289.00	129.12	45.69	-	174.81	114.19	
(Previous year)	(236.32)	(-)	(-)	(236.32)	(83.27)	(45.85)	(-)	(129.12)		(107.20)
Factory buildings	3,641.81	36.26	-	3,678.07	1,149.44	127.23	-	1,276.67	2,401.40	
(Previous year)	(3,501.35)	(140.46)	(-)	(3,641.81)	(1,029.55)	(119.89)	(-)	(1,149.44)		(2,492.37)
Office building	502.55	0.44	-	502.99	102.35	8.29	-	110.64	392.35	
(Previous year)	(502.55)	(-)	(-)	(502.55)	(94.14)	(8.21)	(-)	(102.35)		(400.20)
(c) Plant and Equipment										
Plant and equipment	5,043.99	64.05	5.49	5,102.55	2,855.01	263.46	5.49	3,112.98	1,989.57	
(Previous year)	(4,859.45)	(184.54)	(-)	(5,043.99)	(2,563.71)	(291.30)	(-)	(2,855.01)		(2,188.98)
Electrical installations	209.61	-	-	209.61	99.11	17.71	-	116.82	92.79	
(Previous year)	(209.15)	(0.46)	(-)	(209.61)	(79.24)	(19.87)	(-)	(99.11)		(110.50)
Quality control equipment	42.80	-	-	42.80	27.88	2.18	-	30.06	12.74	
(Previous year)	(41.80)	(1.74)	(0.74)	(42.80)	(26.47)	(2.14)	(0.73)	(27.88)		(14.92)
(d) Furniture and Fixtures	175.44	3.54	0.06	178.92	112.87	12.49	0.06	125.30	53.62	
(Previous year)	(165.63)	(10.52)	(0.71)	(175.44)	(101.13)	(12.45)	(0.71)	(112.87)		(62.57)
(e) Vehicles	69.27	27.74	42.81	54.20	38.42	9.08	34.17	13.33	40.87	
(Previous year)	(69.27)	(-)	(-)	(69.27)	(28.41)	(10.01)	(-)	(38.42)		(30.85)
(f) Office equipment	193.04	16.98	32.74	177.28	176.56	6.11	32.00	150.67	26.61	
(Previous year)	(198.39)	(4.13)	(9.48)	(193.04)	(176.15)	(9.57)	(9.16)	(176.56)		(16.48)
(g) Computers	482.42	93.27	26.19	549.50	456.24	20.89	25.96	451.17	98.33	
(Previous year)	(481.69)	(13.03)	(12.30)	(482.42)	(445.75)	(22.71)	(12.22)	(456.24)		(26.18)
<b>Total</b>	<b>12,021.00</b>	<b>294.96</b>	<b>107.29</b>	<b>12,208.67</b>	<b>5,192.27</b>	<b>518.79</b>	<b>97.68</b>	<b>5,613.38</b>	<b>6,595.29</b>	
(Previous year)	(11,689.35)	(354.88)	(23.23)	(12,021.00)	(4,667.43)	(547.66)	(22.82)	(5,192.27)		(6,828.73)

(₹ in lacs)

B Intangible assets	Gross block				Accumulated amortisation			Net block		
	Balance as at April 1, 2016	Additions	Disposals	Balance as at March 31, 2017	Balance as at April 1, 2016	Amortisation expense for the year	Eliminated on disposal of assets	Balance as at March 31, 2017	Balance as at March 31, 2017	Balance as at March 31, 2016
(a) Computer software - acquired	818.82	11.48	-	830.30	812.62	6.06	-	818.68	11.62	
(Previous year)	(812.69)	(6.13)	(-)	(818.82)	(781.09)	(31.53)	(-)	(812.62)		(6.20)
(b) Designs and drawings - acquired	468.10	-	-	468.10	468.10	-	-	468.10	-	
(Previous year)	(468.10)	(-)	(-)	(468.10)	(468.10)	(-)	(-)	(468.10)		(-)
<b>Total</b>	<b>1,286.92</b>	<b>11.48</b>	<b>-</b>	<b>1,298.40</b>	<b>1,280.72</b>	<b>6.06</b>	<b>-</b>	<b>1,286.78</b>	<b>11.62</b>	
(Previous year)	(1,280.79)	(6.13)	(-)	(1,286.92)	(1,249.19)	(31.53)	(-)	(1,280.72)		(6.20)

### C Depreciation and amortisation expense:

(₹ in lacs)

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Depreciation for the year on property, plant and equipment as per Note 10 A	518.79	547.66
Amortisation for the year on intangible assets as per Note 10 B	6.06	31.53
<b>Depreciation and amortisation</b>	<b>524.85</b>	<b>579.19</b>

# Notes forming part of the financial statements

## Note 11 Non-current investments

(₹ in lacs)

Particulars	As at March 31, 2017	As at March 31, 2016
	Unquoted	Unquoted
Long-term investments		
<u>Other</u>		
Investment in equity instruments		
Nil (As at March 31, 2016: 4,000) shares of ₹ 10/- each fully paid up in Elbee Services Limited (Book value ₹ 1/-)	-	-
Nil (As at March 31, 2016: 34,000) shares of ₹ 10/- each fully paid up in Essem Coated Steels Limited (Book value ₹ 1/-)	-	-
Nil (As at March 31, 2016: 100,000) shares of ₹ 10/- each fully paid up in Elbee Airline Limited (Book value ₹ 1/-)	-	-
<b>Total</b>	*	-
* Represents ₹ Nil (As at March 31, 2016: ₹ 3/-).		
Aggregate amount of unquoted investments	-	-

## Note 12 Long-term loans and advances

(₹ in lacs)

Particulars	As at March 31, 2017	As at March 31, 2016
	Unsecured, considered good	
(a) Capital advances	2.51	-
(b) Security deposits	28.87	25.32
(c) Loans and advances to employees	0.18	0.51
(d) Prepaid expenses (Refer note 27.2)	8.90	106.29
(e) Advance income tax (net of provisions)	409.20	652.45
(f) Balances with government authorities		
(i) CENVAT credit receivable	6.42	-
(ii) Value Added Tax credit receivable	654.09	439.28
(iii) Service Tax credit receivable	361.32	-
<b>Total</b>	1,471.49	1,223.85

## Note 13 Other non-current assets

(₹ in lacs)

Particulars	As at March 31, 2017	As at March 31, 2016
	(a) Long - term trade receivables (retention monies) - Unsecured, considered good	32.90
(b) Accruals		
Interest accrued on deposits	0.06	0.03
(c) Others		
Balances held as margin money (restricted with maturity more than 12 months)	0.35	0.35
<b>Total</b>	33.31	147.23

# Notes forming part of the financial statements

## Note 14 Inventories

(At lower of cost and net realisable value)

(₹ in lacs)

Particulars	As at March 31, 2017	As at March 31, 2016
(a) Construction materials	1,330.54	1,673.01
Goods-in-transit	0.92	5.72
	<b>1,331.46</b>	<b>1,678.73</b>
(b) Work-in-progress (Spares components)	60.84	118.77
(c) Finished goods*	382.92	244.76
(d) Stores and spares	102.66	105.34
<b>Total</b>	<b>1,877.88</b>	<b>2,147.60</b>

\* Finished goods include excise duty of ₹ 195.22 lacs (As at March 31, 2016: ₹ 114.04 lacs) of which ₹ 170.24 lacs (As at March 31, 2016: ₹ 94.42 lacs) are pertaining to project stocks.

## Note 15 Trade receivables

(₹ in lacs)

Particulars	As at March 31, 2017	As at March 31, 2016
Trade receivables outstanding for a period exceeding six months from the date they were due for payment		
Unsecured, considered good	2,728.89	4,383.94
Doubtful	165.20	218.38
	<b>2,894.09</b>	<b>4,602.32</b>
Less: Provision for doubtful trade receivables	(165.20)	(218.38)
	<b>2,728.89</b>	<b>4,383.94</b>
Other Trade receivables*		
Unsecured, considered good	1,740.09	7,851.46
Doubtful	577.24	577.24
	<b>2,317.33</b>	<b>8,428.70</b>
Less: Provision for doubtful trade receivables	(577.24)	(577.24)
	<b>1,740.09</b>	<b>7,851.46</b>
<b>Total</b>	<b>4,468.98</b>	<b>12,235.40</b>

\* Other trade receivables include retention monies of ₹ 864.50 lacs (As at March 31, 2016: ₹ 3,552.33 lacs)

## Note 16 Cash and cash equivalents

(₹ in lacs)

Particulars	As at March 31, 2017	As at March 31, 2016
(a) Cash on hand	5.32	1.74
(b) Cheques on hand	16.89	–
(c) Balances with banks		
(i) In current accounts	120.34	110.34
(ii) In EEFC accounts	2,678.60	14.02
(iii) In demand deposit accounts	3,403.60	–
(iv) In earmarked accounts		
– Unpaid dividend accounts	7.17	8.48
– Balances held as margin money guarantees and other commitments	381.67	318.71
<b>Total</b>	<b>6,613.59</b>	<b>453.29</b>
Of the above, the balances that meet the definition of Cash and cash equivalents as per AS 3 Cash Flow Statements is	<b>6,224.75</b>	126.10

# Notes forming part of the financial statements

## Note 17 Short-term loans and advances

(₹ in lacs)

Particulars	As at March 31, 2017	As at March 31, 2016
Unsecured, considered good		
(a) Loans and advances to related parties (Refer Note 27.4)	82.16	0.30
(b) Security deposits	4.00	6.00
(c) Loans and advances to employees	20.27	17.16
(d) Prepaid expenses	124.58	117.37
(e) Balances with government authorities		
(i) CENVAT credit receivable	125.04	194.43
(ii) Value Added Tax credit receivable	437.03	289.37
(iii) Service Tax credit receivable	186.50	212.82
(f) Others		
Advances paid to suppliers	653.90	133.44
<b>Total</b>	<b>1,633.48</b>	<b>970.89</b>

## Note 18 Other current assets

(₹ in lacs)

Particulars	As at March 31, 2017	As at March 31, 2016
(a) Dues from customers on construction contracts	5,081.94	3,613.01
(b) Accruals		
Interest accrued on deposits	34.79	1.34
(c) Others		
(i) Receivables towards gratuity	0.93	0.91
(ii) Receivables on sale of fixed assets	–	200.00
(iii) Other receivables	4.65	38.85
(iv) Derivative assets	40.76	–
(v) Amount receivable from bank - towards derivative contracts	38.06	–
(vi) Fixed assets held for sale (Refer Note 27.12)	–	3.89
<b>Total</b>	<b>5,201.13</b>	<b>3,858.00</b>

# Notes forming part of the financial statements

## Note 19 Revenue from operations

(₹ in lacs)

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
(a) Construction revenue [Refer Note (i) below]	14,342.89	19,500.65
(b) Sale of products (Spares components)	1,069.58	1,202.53
(c) Sale of services	56.64	143.89
(d) Other operating revenues [Refer Note (ii) below]	307.62	350.45
	<b>15,776.73</b>	<b>21,197.52</b>
<u>Less:</u>		
Excise duty	396.12	659.71
<b>Total</b>	<b>15,380.61</b>	<b>20,537.81</b>

### Notes:

(₹ in lacs)

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
(i) Construction revenue comprises:		
Cold Rolling Mill	1,981.49	4,626.30
Continuous Annealing Line	688.03	–
Continuous Galvanizing Line	7,847.27	8,903.66
Acid Regeneration Plant	172.93	637.27
Tension Levelling Line	150.51	787.38
Electrolytic Cleaning Line	32.84	228.72
Pickling Line	250.84	26.15
Colour Coating Line	1,658.87	714.85
Wet Flux Line	37.03	191.75
HR skin pass mill	280.52	1,693.89
Others (including excise duty)	1,242.56	1,690.68
<b>Total - Construction revenue</b>	<b>14,342.89</b>	<b>19,500.65</b>
(ii) Other operating revenues comprise:		
Sale of scrap	36.72	44.87
Duty drawback and other export incentives	240.93	256.06
Others:		
Liquidated damages received	14.31	34.64
Shared services income	15.66	14.88
<b>Total - Other operating revenues</b>	<b>307.62</b>	<b>350.45</b>

# Notes forming part of the financial statements

## Note 20 Other income

(₹ in lacs)

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
(a) Interest income [Refer Note (i) below]	230.17	68.03
(b) Other non-operating income [Refer Note (ii) below]	1,114.90	843.23
(c) Net gain on foreign currency transactions and translation	61.49	-
<b>Total</b>	<b>1,406.56</b>	<b>911.26</b>

### Notes:

(₹ in lacs)

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
(i) Interest income comprises:		
Interest from banks on deposits	188.92	67.92
Interest on loans and advances	0.08	0.11
Interest on income tax refund	34.75	-
Other Interest	6.42	-
<b>Total - Interest income</b>	<b>230.17</b>	<b>68.03</b>
(ii) Other non-operating income comprises:		
Profit on sale of fixed assets	67.93	5.65
Liabilities/provisions no longer required written back (Refer Note 27.10)	795.30	735.74
Provision for trade receivables no longer required written back	50.00	-
Credit balances written back	191.58	81.76
Miscellaneous income	10.09	20.08
<b>Total - Other non-operating income</b>	<b>1,114.90</b>	<b>843.23</b>

# Notes forming part of the financial statements

## Note 21.a Construction materials consumed

(₹ in lacs)

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Opening stock	1,678.73	1,507.25
Add: Purchases*#	6,649.50	10,630.14
	8,328.23	12,137.39
Less: Closing stock	1,331.46	1,678.73
<b>Construction material consumed</b>	<b>6,996.77</b>	<b>10,458.66</b>

\* Construction material consumed + Closing stock - Opening stock

# Purchases include ₹ 1,769.25 lacs (Year ended March 31, 2016: ₹ 6,362.87 lacs) being cost of equipments bought and supplied directly to customer's site as a part of construction contracts.

Note:

Since the Company is a project management company and engaged in the business of putting up projects for its clients on turnkey basis, the Company is following percentage of completion method as prescribed under Accounting Standard-7 Construction contracts under which project stock, manufactured items and other direct costs are considered as project cost incurred till date. Purchases figure is derived figure. Inventory procured for a specific project is immediately booked to the project as consumed and is not considered as inventory. In view of the above, itemwise break-up for cost of materials consumed is not available in the system.

## Note 21.b Changes in inventories of finished goods and work-in-progress

(₹ in lacs)

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
<u>Inventories at the beginning of the year:</u>		
Finished goods	244.76	428.11
Work-in-progress	118.77	77.16
	363.53	505.27
<u>Inventories at the end of the year:</u>		
Finished goods	382.92	244.76
Work-in-progress	60.84	118.77
	443.76	363.53
<b>Net (increase)/decrease</b>	<b>(80.23)</b>	<b>141.74</b>

## Note 22 Employee benefits expense

(₹ in lacs)

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Salaries and wages	4,335.84	4,022.86
Contributions to: (Refer Note 27.2)		
- Provident fund	179.04	182.48
- Superannuation fund	36.89	40.61
- Gratuity fund	135.92	-
Staff welfare expenses	182.30	169.90
<b>Total</b>	<b>4,869.99</b>	<b>4,415.85</b>

# Notes forming part of the financial statements

## Note 23 Finance costs

(₹ in lacs)

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
(a) Interest expense on:		
(i) Borrowings	0.01	170.05
(ii) Trade payables	–	0.04
(iii) Others		
- Interest on delayed/deferred payment of service tax	11.15	0.27
- Interest on excise duty	3.73	0.39
- Interest on sales tax	5.64	–
- Interest on custom duty	0.02	3.62
(b) Other borrowing costs:		
(i) Bank Charges	82.38	61.08
(ii) Premium on forward contracts	–	2.00
<b>Total</b>	<b>102.93</b>	<b>237.45</b>

## Note 24 Other expenses

(₹ in lacs)

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Consumption of stores and spare parts	222.71	270.33
Increase/(Decrease) of excise duty on inventory	81.18	(52.48)
Project related expenses (Refer Note 27.9)	222.61	135.27
Labour and processing charges	562.49	604.57
Erection expenses	378.76	248.62
Power and fuel	184.30	188.54
Repairs:		
- Buildings	15.20	11.37
- Plant and machinery	32.21	40.26
- Others	208.28	181.65
Rent (Refer Note 27.5)	22.04	20.70
Rates and taxes	136.60	52.99
Insurance	45.87	47.91
Commission on sales	166.84	137.67
Loss on exchange fluctuation (net)	–	141.78
Unrealised loss on mark-to-market derivative contracts	–	28.55
Provision for doubtful trade receivables	–	792.44
Brand fees	69.49	107.52
Warranties (Refer Note 27.8)	133.89	184.26
Liquidated damages	0.33	0.49
Estimated losses on contracts (Refer Note 27.8)	49.89	(144.95)
Packing and forwarding expenses	480.25	613.98
Travelling and conveyance	312.86	288.54
Postage, telex and telephone expenses	19.52	24.23
Expenditure on corporate social responsibility (Refer Note 26.10)	3.19	1.10
Provision for doubtful trade receivables set up in earlier year	3.18	2,639.90
Less: Provision utilised for bad debts	(3.18)	(2,639.90)
Payments to auditors [Refer Note (i) below]	88.83	89.20
Legal and professional [Refer Note (ii) below]	137.60	141.85
Bad trade and other receivables, loans and advances written off	16.65	593.92
Miscellaneous expenses	343.87	340.59
<b>Total</b>	<b>3,935.46</b>	<b>5,090.90</b>

# Notes forming part of the financial statements

## Note 24 Other expenses (contd.)

Notes:

(₹ in lacs)

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
(i) Payments to the auditors comprises (net of service tax input credit):		
To statutory auditors		
For audit	51.50	45.50
For taxation matters*	8.71	9.46
For other services*	27.61	33.15
Reimbursement of expenses*	1.01	1.09
<b>Total</b>	<b>88.83</b>	<b>89.20</b>
* Payments to the auditors for taxation matters, other services and reimbursement of expenses include ₹ 2.71 lacs (Year ended March 31, 2016: ₹ 3.46 lacs), ₹ 5.06 lacs (Year ended March 31, 2016: ₹ 5.00 lacs) and ₹ 0.03 lac (Year ended March 31, 2016: ₹ 0.08 lac) respectively as payment made to an affiliated firm.		
(ii) Legal and professional includes (net of service tax input credit):		
To cost auditors for cost audit	2.00	1.40
<b>Total</b>	<b>2.00</b>	<b>1.40</b>

## Note 25 Exceptional items

(₹ in lacs)

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Profit on Sale of Assets held for sale at Silvassa unit [net of expenses directly attributable ₹ Nil (Year ended March 31, 2016: ₹ 15.08 lacs)] (Refer Note 26.8)	-	1,433.93
<b>Total</b>	<b>-</b>	<b>1,433.93</b>

# Notes forming part of the financial statements

## Note 26 Additional information to the financial statements

(₹ in lacs)

Note	Particulars	As at March 31, 2017	As at March 31, 2016
<b>26.1</b>	<b>Contingent liabilities and commitments (to the extent not provided for)</b>		
(i)	Contingent liabilities		
	(a) Claims against the Company not acknowledged as debt		
	Service tax*	<b>13,668.71</b>	184.63
	Sales tax**	<b>16.33</b>	16.33
	Excise duty***	<b>298.43</b>	88.33
	Taxation matters:		
	1) Demands against the Company not acknowledged as debt and not provided for, relating to issues of deductibility and taxability in respect of which the Company is in appeal and exclusive of effect of similar matters in respect of assessments remaining to be completed:		
	– Income Tax	<b>577.34</b>	577.34
	2) Items in respect of which the company has succeeded in appeal, but the Income-tax Department is pursuing appeal and exclusive of effect of similar matters in respect of assessments remaining to be completed:		
	– Income Tax	<b>30.67</b>	30.67
	(b) Other matters for which the Company is contingently liable		
	Advance licence - custom duty elements	<b>25.19</b>	26.23
	Inland bill discounting	<b>271.25</b>	–
(ii)	Commitments		
	(a) Estimated amount of contracts remaining to be executed on capital account and not provided for		
	Property, plant and equipment	<b>174.76</b>	30.27
	Intangible assets	<b>16.06</b>	–

\*Matters relating to:

- (i) During the period April 2009 to July 2014, the Company had paid service tax on the Commission charged by their non-resident commission agents for the services rendered in connection with sales of the Company's finished goods in overseas market and availed Cenvat Credit. The Central Excise department had issue a show cause Notice bearing No. SCN NO.5/COMMR/GLT-1/CMI/CEN-D/NON-CERA/2014-15 dated 26.09.2014 for denial of wrongly availed Cenvat Credit of ₹ 184.63 lacs (excluding interest, as applicable) of service tax paid as input service. The Company has replied to show cause notice.
- (ii) During the period April 2010 to December 2014, the Company had paid service tax for services rendered and excise duty on dispatch of goods considering contracts as divisible contracts. Service tax department issued Show cause notice bearing no. SCN F.NO.LTU/MUM/CX/AUDIT/GR-IV/CMI/176/13-14 dated 21.10.2015 for demanding service tax of ₹ 4,817.55 lacs under the taxable services of works contract service on supply of goods on which excise duty of ₹ 10,510.51 lacs had been paid. The Company has replied to Show cause notice and personal hearing has also been held. The Commissioner of Central Excise & Service Tax, LTU vide their order No. 87/COMMR(RS)LTU-M/ST/2016 dated 30.11.2016 upheld the service tax liability of ₹ 4,817.55 lacs, penalty of ₹ 4,817.65 lacs and interest, where applicable, estimated to be ₹ 3,848.88 lacs. An appeal has been filed by the Company before CESTAT, Mumbai vide appeal No. ST/85405/17-MUM dated 20.03.2017. The Company has paid appropriate excise duty on goods manufactured. The order is clearly a change of opinion by the department after higher bench judgement of Kone Elevator case.

# Notes forming part of the financial statements

## Note 26 Additional information to the financial statements (contd.)

\*\* Matters relating to (i) detention of goods despatched by vendor of the Company at site of customer without valid TIN/CST mentioned on the invoice on 19.02.2013; (ii) omission of trading purchases and adoption of wrong output tax on lubricants noticed during VAT Audit for the year 2012-13 against which the Company has filed the petition before Joint Commissioner (Vellore) and appeal before Appellate Deputy Commissioner III Chennai respectively.

\*\*\* Matter relating to non-reversal of proportionate Cenvat Credit on inventory shortages identified during the course of EA2000 audit conducted for the period from April 2009 to March 2011, the Central Excise department had issued a show case Notice bearing No.SCN NO.LTU/MUM/CX/GLT-1/CMI/SCN/248/2013/16388 dated 06.01.2014 for ₹ 88.33 lacs (excluding interest, as applicable). The Commissioner of Central Excise & Service Tax, LTU vide their order No.29/Joint commissioner(SK)/LTU-A/CX/2016-17 dated 31.01.2017 upheld the excise duty liability of ₹ 88.33 lacs, penalty of ₹ 88.33 lacs and interest, where applicable, estimated to be ₹ 121.77 lacs. An appeal has been filed by the Company before The Commissioner of Central Excise and Service Tax LTU, Mumbai.

### 26.2 Disclosures required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006

Total outstanding dues of Micro and Small Enterprises, which are outstanding for more than the stipulated period are given below:

Particulars	(₹ in lacs)	
	As at March 31, 2017	As at March 31, 2016
(a) Principal amount and the interest due thereon remaining unpaid to any supplier as at the end of the accounting year		
Principal	-	-
Interest	-	0.04
(b) The amount of interest paid along with the amount of payment made to the supplier beyond the appointed day during the year	-	-
(c) The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified	-	0.04
(d) The amount of interest accrued and remaining unpaid at the end of the year	-	0.04
(e) The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid to the small enterprise	-	-

Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Management. Due dates with regards to payments to be made to Micro and Small Enterprises have been determined with reference to Micro, Small and Medium Enterprises Development Act, 2006, considering criteria of quality of goods and related incidental services provided by the vendors. This has been relied upon by the auditors.

# Notes forming part of the financial statements

## Note 26 Additional information to the financial statements (contd.)

### 26.3 Details of foreign currency exposures

The Company uses Forward Exchange Contracts to hedge its exposure in foreign currency related to firm commitments and highly probable forecast transactions. The information on Derivative Instruments is as follows:

#### Exposures in Foreign Currency

Particulars	Foreign Currency	As at March 31, 2017			As at March 31, 2016		
		Exchange Rate	Amount in Foreign Currency (In lacs)	Amount in ₹ (In lacs)	Exchange Rate	Amount in Foreign Currency (In lacs)	Amount in ₹ (In lacs)
<b>I. Assets</b>							
Receivables (trade & other)	USD	64.4775	0.78	50.47	65.9275	64.61	4,259.70
Receivables (trade & other)	EUR	68.6975	2.52	173.27	75.0000	0.04	2.94
<b>Total Receivables (A)</b>	USD	64.4775	0.78	50.47	65.9275	64.61	4,259.70
<b>Total Receivables (A)</b>	EUR	68.6975	2.52	173.27	75.0000	0.04	2.94
Hedges by derivative contracts (B)	USD	67.5516	11.38	768.70	-	-	-
Hedges by derivative contracts (B)	EUR	73.7775	50.00	3,688.87	75.1677	10.15	762.95
Unhedged receivables (C=A-B)	USD	-	-	-	65.9275	64.61	4,259.70
Unhedged receivables (C=A-B)	EUR	-	-	-	-	-	-
<b>II. Liabilities</b>							
Payables (trade & other)	USD	65.0975	2.91	189.65	66.7600	15.38	1,026.85
Payables (trade & other)	EUR	69.6350	0.89	62.00	76.0250	3.83	291.17
Payables (trade & other)	CAD	-	-	-	51.2325	0.12	6.31
Payables (trade & other)	GBP	-	-	-	95.3000	0.02	1.82
<b>Total Payables (D)</b>	USD	65.0975	2.91	189.65	66.7600	15.38	1,026.85
<b>Total Payables (D)</b>	EUR	69.6350	0.89	62.00	76.0250	3.83	291.17
<b>Total Payables (D)</b>	CAD	-	-	-	51.2325	0.12	6.31
<b>Total Payables (D)</b>	GBP	-	-	-	95.3000	0.02	1.82
Hedges by derivative contracts (E)	-	-	-	-	-	-	-
Unhedged payables (F=D-E)	USD	65.0975	2.91	189.65	66.7600	15.38	1,026.85
Unhedged payables (F=D-E)	EUR	69.6350	0.89	62.00	76.0250	3.83	291.17
Unhedged payables (F=D-E)	CAD	-	-	-	51.2325	0.12	6.31
Unhedged payables (F=D-E)	GBP	-	-	-	95.3000	0.02	1.82
Total Unhedged FC Exposures (G=C+F)	USD	65.0975	2.91	189.65	66.0876	79.99	5,286.55
Total Unhedged FC Exposures (G=C+F)	EUR	69.6350	0.89	62.00	76.0250	3.83	291.17
Total Unhedged FC Exposures (G=C+F)	CAD	-	-	-	51.2325	0.12	6.31
Total Unhedged FC Exposures (G=C+F)	GBP	-	-	-	95.3000	0.02	1.82

# Notes forming part of the financial statements

## Note 26 Additional information to the financial statements (contd.)

		(₹ in lacs)	
<b>26.4</b>	<b>Value of imports calculated on CIF basis:</b>	<b>For the year ended March 31, 2017</b>	<b>For the year ended March 31, 2016</b>
	Raw materials, components, stores and spares	610.13	1,469.62
	Note: The Company's records do not distinguish between raw materials, components and stores and spares. Therefore, separate figures for each category of imported items have not been given. The above amounts have been computed based on the purchase bills to the extent identified by the Company, for imported items.		
		(₹ in lacs)	
<b>26.5</b>	<b>Expenditure in foreign currency (on accrual basis):</b>	<b>For the year ended March 31, 2017</b>	<b>For the year ended March 31, 2016</b>
	Commission on sales, supervision and erection expenses, design and engineering services and consultancy charges	100.94	63.59
	Travelling expenses	143.08	104.65
	Brand and technology fees [including Income Tax deducted ₹ 14.01 lacs (Year ended March 31, 2016: ₹ 11.63 lacs)]	140.10	116.34
	Interest	-	2.53
	Others	58.73	6.93
<b>26.6</b>	<b>Details of consumption of imported and indigenous items:</b>	<b>For the year ended March 31, 2017</b>	<b>For the year ended March 31, 2016</b>
	Imported		
	Raw materials, components, stores and spares consumed (₹ in lacs)	610.64	1,470.40
	% of consumption	8.46%	13.70%
	Indigenous		
	Raw materials, components, stores and spares consumed (₹ in lacs)	6,608.84	9,258.59
	% of consumption	91.54%	86.30%
	<b>Total</b>		
	<b>Raw materials, components, stores and spares consumed (₹ in lacs)</b>	<b>7,219.48</b>	<b>10,728.99</b>
	<b>% of consumption</b>	<b>100.00%</b>	<b>100.00%</b>
	<b>Note:</b> Amount of indigenous consumption is balancing figure. See Note in 26.4 above.		
		(₹ in lacs)	
<b>26.7</b>	<b>Earnings in foreign exchange:</b>	<b>For the year ended March 31, 2017</b>	<b>For the year ended March 31, 2016</b>
	Export of goods calculated on FOB basis	6,362.90	9,724.88
	Export of services	643.20	1,324.74
	Note: Sales on CFR/CIF/CIP/CPT/DAP basis has been converted into FOB.		
<b>26.8</b>	During the previous year ended March 31, 2016, the Company had disposed of the assets relating to Silvassa plant. On this sale, the Company had earned profit of ₹ 1,433.93 lacs, which had been shown as an 'Exceptional items' in the Statement of Profit and Loss.		

# Notes forming part of the financial statements

## Note 26 Additional information to the financial statements (contd.)

26.9 The details of Specified Bank Notes (SBN) held and transacted during the period 08/11/2016 to 30/12/2016 as provided in the table below:-

(₹ in lacs)

Particulars	Specified Bank Notes (SBNs)	Other denomination notes	Total
Closing cash in hand as on 08.11.2016	3.47	0.58	4.05
(+) Permitted receipts	–	25.09	25.09
(-) Permitted payments	–	24.18	24.18
(-) Amount deposited in Banks	3.47	–	3.47
Closing cash in hand as on 30.12.2016	–	1.49	1.49

### 26.10 Corporate Social Responsibility (CSR) Expenditure:

As per Section 135 of the Companies Act, 2013, a company meeting the applicability threshold, needs to spend atleast 2% of it's average net profit for the immediately preceding three financial years on corporate social responsibility (CSR) activities. A CSR Committee has been formed by the Company as per the Act. The expenditure has been incurred on activities specified in Schedule VII of the Companies Act, 2013.

- (a) Gross amount required to be spend during the year is ₹ 0.99 lacs (Year ended March 31, 2016: ₹ Nil).
- (b) Amount spent during the year on:

(₹ in lacs)

Particulars	In Cash	Yet to be paid in cash	Total
Construction/acquisition of any asset	3.19	–	3.19
On purpose other than above	–	–	–

## 27. Disclosures under Accounting Standards

(₹ in lacs)

Note	Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
<b>27.1</b>	<b>Details of contract revenue and costs:</b>		
	Contract revenue recognised during the year	<b>13,992.04</b>	18,896.83
	Aggregate amount of contract costs incurred and recognised profits (less recognised losses) as at the end of the financial year for all contracts in progress as at that date	<b>76,192.61</b>	114,337.45
	Advances from customers for contracts in progress as at the end of financial year	<b>6,395.95</b>	2,703.02
	Retention monies for contracts in progress as at the end of financial year	<b>449.29</b>	3,686.41

# Notes forming part of the financial statements

## Note 27 Disclosures under accounting standards (contd.)

### 27.2 Employee benefit plans:

Employee benefits expense include the following:

Particulars	(₹ in lacs)	
	For the year ended March 31, 2017	For the year ended March 31, 2016
<b>Defined contribution schemes</b>		
Company's contribution to Provident fund	179.04	182.48
Company's contribution to Superannuation fund	36.89	40.61
<b>Defined benefit schemes - Gratuity</b>		
<b>Components of employer expense</b>		
Current service cost	29.16	37.76
Interest cost	24.85	33.72
Expected return on plan assets	(32.94)	(31.66)
Actuarial losses/(gains)	114.85	(132.39)
<b>Total credit recognised in the Statement of Profit and Loss (Refer Note 22 and 27.10)</b>	<b>135.92</b>	<b>(92.57)</b>
<b>Actual contribution and benefit payments for the year</b>		
Actual benefit payments	(32.12)	(53.75)
Actual contributions	17.35	33.67
<b>Net liability recognised in the Balance Sheet</b>		
Present value of defined benefit obligation	444.43	309.28
Fair value of plan assets	(430.21)	(412.04)
<b>Net (asset)/liability recognised in the Balance Sheet (Refer Note 12, 5 and 8)</b>	<b>14.22</b>	<b>(102.76)</b>
<b>Change in defined benefit obligations (DBO) during the year</b>		
Present value of DBO at beginning of the year	309.28	423.19
Current service cost	29.16	37.76
Interest cost	24.85	33.72
Actuarial losses/(gains)	114.85	(126.87)
Benefits paid	(33.71)	(58.52)
Present value of DBO at the end of the year	444.43	309.28
<b>Change in fair value of assets during the year</b>		
Plan assets at beginning of the year	412.04	394.94
Expected return on plan assets	32.94	31.66
Actual company contributions	17.35	33.67
Actuarial gain	-	5.52
Benefits paid	(32.12)	(53.75)
Plan assets at the end of the year	430.21	412.04
Actual return on plan assets	32.94	37.19

# Notes forming part of the financial statements

## Note 27 Disclosures under accounting standards (contd.)

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
<b>Composition of the plan assets is as follows:</b> (percentage or value)		
Insurer managed funds*	100.00%	100.00%
<b>Actuarial assumptions</b>		
Discount rate	7.45%	8.04%
Expected return on plan assets	7.65%	8.00%
Salary escalation	4.00%	2.00%
Attrition		
Age (Years)		
21-30	5.00%	5.00%
31-40	3.00%	3.00%
41-59	2.00%	2.00%
Mortality tables	Indian Assured Lives Mortality (2006-08) Ult table	Indian Assured Lives Mortality (2006-08) Ult table
Estimate of amount of contribution in the immediate next year (₹ in lacs)	52.74	—

Experience adjustments	(₹ in lacs)				
	2016-2017	2015-2016	2014-2015	2013-2014	2012-2013
<b>Gratuity</b>					
Present value of DBO	444.43	309.28	423.19	453.96	475.72
Fair value of plan assets	430.21	412.04	394.94	356.09	295.46
Funded status Surplus/(Deficit)	(14.22)	102.76	(28.25)	(97.87)	(180.26)
Experience (gain)/loss adjustments on plan liabilities	(23.02)	24.04	(23.48)	(25.67)	36.75
Experience gain/(loss) adjustments on plan assets	—	5.52	7.15	7.42	1.78

The discount rate is based on the prevailing market yields of Government of India securities as at the Balance Sheet date for the estimated term of the obligations.

The estimate of future salary increases considered, takes into account the inflation, seniority, promotion, increments and other relevant factors.

\*Due to absence of data provided by Life Insurance Corporation of India, break-up of plan assets (asset allocation) in insurer managed funds have not been furnished.

The above information has been certified by the actuary and relied upon by the auditors.

# Notes forming part of the financial statements

## Note 27 Disclosures under accounting standards (contd.)

### 27.3 Segment information

#### Geographical Segments:

The Company has considered geographical segments as the primary segment for disclosure. For the purpose of Segment reporting, the Company has identified two geographical segments which comprises of Overseas and India. The segments have been identified taking into account the differing risks and returns relating to these geographical areas.

#### Secondary Segments:

As the Company's business activity falls within a single business segment i.e. Original Equipments Manufacturer and Project Management, the disclosure requirement of Accounting Standard (AS-17) for secondary segment reporting is not applicable.

Particulars	(₹ in lacs)		
	For the year ended March 31, 2017		
	Overseas	India	Total
<b>Revenue</b>			
External revenue	6,822.84 (12,790.32)	8,250.15 (7,397.04)	15,072.99 (20,187.36)
Inter-segment revenue	– (–)	– (–)	– (–)
<b>Total</b>	<b>6,822.84</b> (12,790.32)	<b>8,250.15</b> (7,397.04)	<b>15,072.99</b> (20,187.36)
Segment result	1,913.98 (4,043.10)	1,785.47 (1,866.32)	3,699.45 (5,909.42)
Unallocable expenses (net)			4,565.68 (6,057.95)
Operating expense			(866.23) (-148.53)
Finance cost			102.93 (237.45)
Other income			1,406.56 (911.26)
Exceptional Items (Refer Note 26.8)			– (1,433.93)
Profit/(loss) before taxes			437.40 (1,959.21)
Tax (income)/expense			91.91 (646.93)
<b>Net profit/(loss) for the year</b>			<b>345.49</b> (1,312.28)
<b>Other information</b>			
Segment assets	1,562.60 (6,462.47)	19,248.79 (20,415.20)	20,811.39 (26,877.67)
Unallocable assets			8,146.71 (2,114.67)
<b>Total assets</b>			<b>28,958.10</b> (28,992.34)

# Notes forming part of the financial statements

Note 27 Disclosures under accounting standards (contd.)

(₹ in lacs)

Particulars	For the year ended March 31, 2017		
	Overseas	India	Total
Segment liabilities	3,572.66 (2,800.73)	9,257.96 (10,464.67)	12,830.62 (13,265.40)
Unallocable liabilities			665.67 (657.01)
<b>Total liabilities</b>			<b>13,496.29</b> <b>(13,922.41)</b>
<b>Other information</b>			
Capital expenditure			236.44 (371.99)
Depreciation and amortisation			524.85 (579.19)
Non-cash expenses/(income) other than depreciation and amortisation (net)			(572.40) (815.69)

Previous year's figures have been given in brackets above.

## 27.4 Related party transactions

### 27.4.a Details of related parties:

Description of relationship	Names of related parties
Holding Company	Cockerill Maintenance & Ingenierie SA
Fellow Subsidiaries (with whom Company has made transactions during the year)	CMI Industry Automation Private Limited CMI UVK GmbH CMI M+W Engineering GmbH CMI Tech5i Pastor SAS CMI Brasil Servicos CMI India Engineering Private Limited CMI Engineering (Beijing) Co. Ltd
Key Management Personnel (KMP)	Mr. Raman Madhok - Managing Director
Enterprises over which Key Managerial Personnel are able to exercise significant influence (with whom Company has made transactions during the year)	Indo-Belgian Luxembourg Chamber of Commerce and Industry

Note: Related parties have been identified by the Management.

# Notes forming part of the financial statements

## Note 27 Disclosures under accounting standards (contd.)

### 27.4.b Details of related party transactions during the year ended March 31, 2017 and balances outstanding as at March 31, 2017:

(₹ in lacs)					
Nature of transactions	Holding Company	Fellow Subsidiaries	KMP	Others	Total
Purchase of goods	– (-)	564.76 (1,410.27)	– (-)	– (-)	564.76 (1,410.27)
Receiving of services	– (-)	– (1.57)	– (-)	– (-)	– (1.57)
Sale of goods	1,612.45 (33.29)	– (21.94)	– (-)	– (-)	1,612.45 (55.23)
Shared services income	– (-)	18.01 (17.00)	– (-)	– (-)	18.01 (17.00)
Rendering of services	– (105.85)	5.35 (37.34)	– (-)	– (-)	5.35 (143.19)
Capital Expenditure	– (-)	– (119.42)	– (-)	– (-)	– (119.42)
Remuneration	– (-)	– (-)	435.24 (450.72)	– (-)	435.24 (450.72)
Brand and technology fees	140.10 (116.34)	– (-)	– (-)	– (-)	140.10 (116.34)
Expenses reimbursement received	37.93 (54.55)	1.14 (2.19)	– (-)	– (-)	39.07 (56.74)
Expenses reimbursement paid	0.10 (0.33)	6.31 (3.43)	– (-)	– (-)	6.41 (3.76)
Books and Periodicals, Membership	– (-)	– (-)	– (-)	0.20 (0.20)	0.20 (0.20)
Bad trade and other receivables, loans and advances written off	– (-)	– (158.54)	– (-)	– (-)	– (158.54)
<u>Balances outstanding at the end of the year:</u>					
Trade receivables	179.76 (-)	3.99 (33.90)	– (-)	– (-)	183.75 (33.90)
Advance received from customers	2,337.13 (313.98)	– (-)	– (-)	– (-)	2,337.13 (313.98)
Advances paid to suppliers	21.34 (-)	60.82 (0.30)	– (-)	– (-)	82.16 (0.30)
Prepaid expenses	0.29 (-)	– (-)	– (-)	– (-)	0.29 (-)
Trade payables	14.48 (135.63)	107.56 (128.04)	– (-)	– (-)	122.04 (263.67)

**Note:** All above figures are inclusive of taxes. Figures in bracket relates to the previous year.

# Notes forming part of the financial statements

## Note 27 Disclosures under accounting standards (contd.)

### 27.4.c The significant related party transactions are as under:

Nature of transactions	Fellow Subsidiaries	KMP	Others	₹ in lacs
Purchase of goods	CMI Industry Automation Private Limited			564.76 (1,410.27)
Receiving of services	CMI Industry Automation Private Limited			– (1.57)
Sale of goods	CMI Industry Automation Private Limited			– (19.37)
	CMI Tech5i Pastor SAS			– (2.57)
Shared services income	CMI Industry Automation Private Limited			18.01 (17.00)
Rendering of services	CMI Industry Automation Private Limited			2.75 (–)
	CMI Brasil Servicos			2.60 (2.89)
	CMI Tech5i Pastor SAS			– (4.79)
	CMI India Engineering Private Limited			– (29.66)
Capital Expenditure	CMI Industry Automation Private Limited			– (119.42)
Remuneration		Raman Madhok		435.24 (450.72)
Expenses reimbursement received	CMI Industry Automation Private Limited			1.14 (2.19)
Expenses reimbursement paid	CMI Industry Automation Private Limited			6.31 (3.43)
Books and Periodicals, Membership			Indo-Belgian Luxembourg Chamber of Commerce and Industry	0.20 (0.20)

# Notes forming part of the financial statements

## Note 27 Disclosures under accounting standards (contd.)

Nature of transactions	Fellow Subsidiaries	KMP	Others	₹ in lacs
Bad trade and other receivables, loans and advances written off	CMI M+W Engineering GmbH			– (158.54)
Trade receivables	CMI Industry Automation Private Limited			3.99 (3.90)
	CMI Brasil Servicos			– (2.94)
	CMI India Engineering Private Limited			– (27.06)
Advances paid to suppliers	CMI Engineering (Beijing) Co. Ltd			60.82 (-)
	CMI Industry Automation Private Limited			– (0.30)
Trade payables	CMI Industry Automation Private Limited			107.56 (128.04)

Note: There were no amounts written off or written back during the year in respect of debts due from or to related parties.

### 27.5 Operating Lease:

The Company has entered into operating lease or leave and licence arrangements for residential premises/godowns (including furniture and fittings therein as applicable). These leasing arrangements which are not non-cancellable range between 11 months to 36 months.

With regard to other non-cancellable operating lease for residential premises/godown, the future minimum rentals are as follows:

Particulars	₹ in lacs)	
	For the year ended March 31, 2017	For the year ended March 31, 2016
Future minimum lease payments		
not later than one year	3.74	6.20
later than one year and not later than five years	–	–
later than five years	–	–
<b>Total</b>	<b>3.74</b>	<b>6.20</b>
<b>Lease payments recognised in the Statement of Profit and Loss</b>	<b>22.04</b>	20.70

There are no contingent rents and any purchase option; however, there are clauses on renewal and escalation.

# Notes forming part of the financial statements

## Note 27 Disclosures under accounting standards (contd.)

### 27.6 Earnings per share:

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
<u>Basic and Diluted</u>		
Net Profit/(loss) for the year attributable to the equity shareholders (₹ in lacs)	345.49	1,312.28
Weighted average number of equity shares (in numbers)	4,937,813	4,937,813
Par value per share (₹)	10.00	10.00
Earnings per share - Basic (₹)	7.00	26.58
Earnings per share - Diluted (₹)	7.00	26.58

### 27.7 Deferred tax assets/(liabilities) arising due to timing differences:

(₹ in lacs)

Items	As at March 31, 2017	As at March 31, 2016
<u>Tax effect of items constituting deferred tax liabilities</u>		
On difference between book balance and tax balance of fixed assets	(624.31)	(621.29)
Unrealised gain on mark-to-market	(26.06)	-
<b>Tax effect of items constituting deferred tax liabilities</b>	<b>(650.37)</b>	<b>(621.29)</b>
<u>Tax effect of items constituting deferred tax assets</u>		
Unabsorbed Depreciation/brought forward business losses	609.58	621.29*
Provision for doubtful trade receivables	245.47	263.05
Provision for compensated absences	90.09	73.00
Provision for bonus	39.95	19.26
Provision for excise duty on finished goods	8.32	21.17
Provision for loss on contract	16.49	-
Unrealised loss on mark-to-market	-	9.44
<b>Tax effect of items constituting deferred tax assets</b>	<b>1,009.90</b>	<b>1,007.21</b>
<b>Deferred tax assets (net)</b>	<b>359.53</b>	<b>385.92</b>

\* Restricted to the extent of deferred tax liability on depreciation on account of virtual certainty

### 27.8 Details of provisions:

The Company has made provision for various contractual obligations based on its assessment of the amount it estimates to incur to meet such obligations, details of which are given below:

Particulars	(₹ in lacs)				
	As at April 1, 2016	Additions	Utilisation	Reversal (withdrawn as no longer required)	As at March 31, 2017
Provision for warranties	987.82	133.89	-	723.95	397.76
	(1,202.59)	(184.26)	(8.45)	(390.58)	(987.82)
Provision for estimated losses on contracts	133.29	170.06	-	120.17	183.18
	(278.24)	(14.69)	(-)	(159.64)	(133.29)
<b>Total</b>	<b>1,121.11</b>	<b>303.95</b>	<b>-</b>	<b>844.12</b>	<b>580.94</b>
	(1,480.83)	(198.95)	(8.45)	(550.22)	(1,121.11)

Note: Figures in brackets relate to the previous year.

# Notes forming part of the financial statements

## Note 27 Disclosures under accounting standards (contd.)

Of the above, the following amounts are expected to be incurred within a year: (₹ in lacs)

Particulars	As at March 31, 2017	As at March 31, 2016
Provision for warranties	372.86	981.02
Provision for estimated losses on contracts	179.78	133.29

### 27.9 Project related expenses comprise:

(₹ in lacs)

Nature of expense	For the year ended March 31, 2017	For the year ended March 31, 2016
Design and engineering charges	56.79	11.15
Testing and inspection	15.60	13.72
Transport charges (inward)	62.78	67.27
Crane hire charges	16.48	17.36
Clearing and forwarding expenses (import)	0.24	16.51
Technology fees	70.61	8.82
Cess on technology fees	0.11	0.44
<b>Total</b>	<b>222.61</b>	<b>135.27</b>

### 27.10 Details of liabilities/provisions no longer required written back:

(₹ in lacs)

Nature of expense	For the year ended March 31, 2017	For the year ended March 31, 2016
Reversal of provision for warranties	723.95	390.58
Reversal of provision for employee benefits	62.69	226.80
Expense provision reversal	8.66	118.36
<b>Total</b>	<b>795.30</b>	<b>735.74</b>

**27.11** The Company has also entered into an agreement with CMI SA for providing knowhow, access to various industrial processes, development and implementation of strategy, access to best practices for business operations, exploitation of knowledge for new business initiatives, access to new global business opportunities, etc.

The Company has entered into an agreement with CMI SA for rights to use the CMI Brand name. The Company pays 0.6% of net sales. The agreement is originally effective from January 1, 2010 for the tenure of 5 years and revised for another 5 years with effect from January 1, 2015.

(₹ in lacs)

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Technology fees	70.61	8.82
Brand fees	69.49	107.52

# Notes forming part of the financial statements

## Note 27 Disclosures under accounting standards (contd.)

### 27.12 Details of fixed assets held for sale:

Particulars	(₹ in lacs)	
	As at March 31, 2017	As at March 31, 2016
Flats*	–	3.89
<b>Total</b>	<b>–</b>	<b>3.89</b>

\* Includes ₹ Nil (As at March 31, 2016: ₹ 0.01 lac being the cost of 10 shares of ₹ 50 each in Highland Park Co-operative Housing Society Limited).

**27.13** Trade receivables of ₹ 2,091.81 lacs (net of advances and subsequent receipts) from a customer are overdue for a considerable time. In response to a notice under Insolvency and Bankruptcy (Application of Adjudicating Authority) Rules, 2016, the customer had requested to withdraw the notice, and has paid ₹ 202.98 lacs pursuant to its commitment to make payments gradually so that the dues are cleared by March 31, 2018. Having regard to the above and assessment of the financial ability of the customer, the Management believes that the aforesaid dues will be recovered, and no provision is currently considered necessary against the same.

**27.14** Previous year's figures have been regrouped/reclassified wherever necessary to correspond with the current year's classification/disclosure.

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

**Joao Felix Da Silva**  
Chairman  
DIN: 07662251

**Raman Madhok**  
Managing Director  
DIN: 00672492

**Yves Honhon**  
Director  
DIN: 02268831

**Akash Ohri**  
Chief Financial Officer

**Haresh Vala**  
Company Secretary

Place : Talaja  
Date : May 30, 2017

# PROXY FORM

[Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration) Rules, 2014]

## CMI FPE LIMITED

CIN: L99999MH1986PLC039921

Registered Office: Mehta House, Plot No. 64, Road No. 13, MIDC, Andheri (East), Mumbai - 400 093

Name of Member(s):
Regd. Folio No. / DP ID / Client ID:

I/We, being the member(s) of ..... shares of CMI FPE Limited, hereby appoint:

- (1) Name: ..... Address: .....  
..... having e-mail Id: ..... or failing  
him;
- (2) Name: ..... Address: .....  
..... having e-mail Id: ..... or failing  
him;
- (3) Name: ..... Address: .....  
..... having e-mail Id: ..... or failing  
him;

as my/our proxy to attend and vote (on a poll) for me / us and on my / our behalf at the 31<sup>st</sup> Annual General Meeting of the Company, to be held on Friday, July 28, 2017 at 2.30 p.m at Mehta House, Plot No. 64, Road No. 13, MIDC, Andheri (East), Mumbai - 400 093 and at any adjournment thereof in respect of such resolutions as are indicated below:

Sr. No.	Resolutions	Optional	
		For	Against
ORDINARY BUSINESS			
1	Adoption of Financial Statements, Reports of the Board of Directors and the Auditors for the financial year ended March 31, 2017.		
2	Re-appointment of Mr. Yves Honhon (DIN 02268831), who retires by rotation and, being eligible, offers himself for re-appointment.		
3	Ratification of appointment of Auditors and fix their remuneration.		
SPECIAL BUSINESS			
4	Appointment of Mr. Joao Felix Da Silva (DIN 07662251) as a Director.		
5	Ratification of remuneration payable to the Cost Auditor for FY 2017-18.		
6	Determination of fees for delivery of documents to shareholders.		

Affix  
Revenue  
Stamp

Signed this..... day of .....2017

Signature of shareholder

(1) Signature of First proxy holder  
holder

(2) Signature of Second proxy holder

(3) Signature of Third proxy holder

### Note:

- This form of proxy in order to be effective should be duly stamped, completed, signed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the meeting.**
- It is optional to indicate your preference in the appropriate column. If you leave the 'For' or 'Against' column blank against any or all Resolutions, your Proxy will be entitled to vote in the manner as he / she may deem appropriate.

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**CMI INDUSTRY**

## **CMI FPE LIMITED**

CIN: L99999MH1986PLC039921

**Registered Office:** Mehta House, Plot No. 64, Road No. 13, MIDC, Andheri (East), Mumbai - 400 093

**Email:** investors@cmifpe.com | **Website:** www.cmifpe.com | **Tel. No.:** 022-66762727 | **Fax No.:** 022-66762737/38

To,  
The Company Secretary  
CMI FPE Limited  
Mehta House, Plot No. 64,  
Road No. 13, MIDC,  
Andheri East, Mumbai 400093

Sir,

### **Sub: Request for factory visit on September 22, 2017**

I am interested to visit the Company's factory situated at A-84/2 and A-84/3, MIDC Talaja Industrial Area, Raigad 410208, Maharashtra and provide the following details for your perusal :

No.	Details	Particulars
1	Name of the shareholder	:
2	Folio / Client ID	:
3	Registered Address	:
4	Number of Shares held	:
5	Contact Number	:
6	Email ID	:

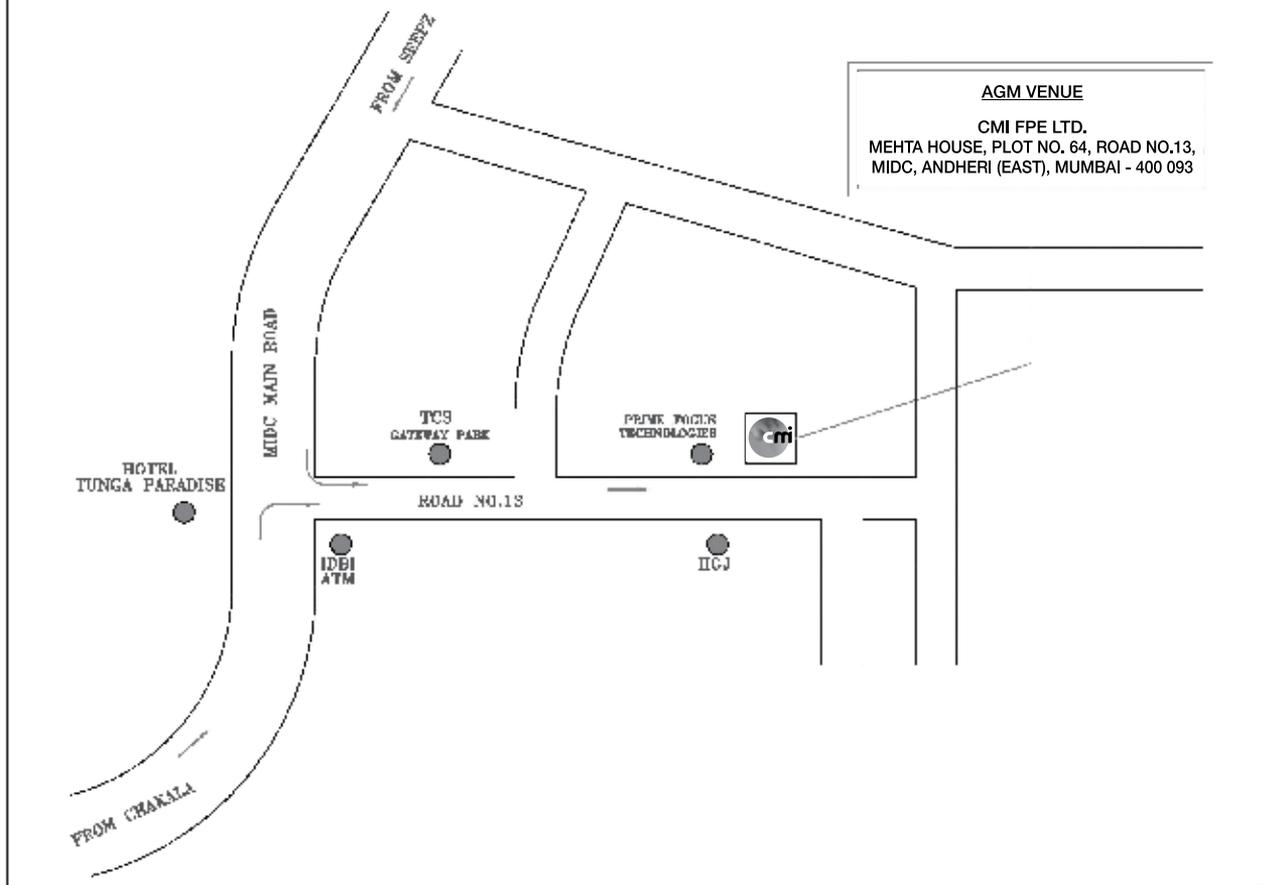
I hereby undertake to abide by all the rules and regulations relating to the visit of the outsiders to the Company's factory and also not to create any disruption of the factory operations nor create damages to the properties available inside / attached to the factory.

\_\_\_\_\_  
Signature of the Shareholder

Date :

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ROUTE MAP FOR THE 31<sup>ST</sup> ANNUAL GENERAL MEETING VENUE





The Communication Department acknowledges all those  
who contributed to the making of this Annual Report.

**Produced by:** The Communication Department of CMI FPE Limited,  
in collaboration with Uchitha Graphic Printers Pvt. Ltd.



### CMI solutions for every market

CMI designs, installs, upgrades and services equipment for energy, defense, steel-making, the environment and other industry in general. CMI assists clients throughout the whole of the life-cycle of their equipment in order to improve the economic, technical and environmental performance of this equipment.

### When technology inspires people

The benefits of CMI are numerous: a unique combination of expertise in engineering, maintenance and the management of international technical projects, a vast geographic and technological scope, and an ability to innovate in accordance with the concrete needs of its customers. CMI numbers 4 600 experienced employees on five continents.

### Designing the equipment of the future

Proud of its past and aware of its own capacities to invent the processes of the future, CMI intends to contribute to meeting the challenges of today's society and to generate sustainable industrial progress for the benefit of its customers, employees, the communities in which it is established, and the planet.

CMI, ever more reliable, efficient equipment,  
and more respectful of the environment.

### CMI FPE Limited

Mehta House, Plot No. 64, Road No. 13,  
MIDC, Andheri (E), Mumbai - 400 093, India

Tel. : + 91 22 6676 2727

[www.cmifpe.com](http://www.cmifpe.com)

