

Looking
forward



Annual Report 2011-2012



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Looking forward

The mighty eagle has a keen vision. Its eyes are specially designed for long distance focus and clarity. Just like the eagle, our leadership too has a focused vision that guides the organization towards its long term goals.

As storms approach, lesser birds head for cover, but the eagle spreads its wings and mounts the most powerful winds, soaring to great heights. Eagles actually use the storm to lift them. At CMI FPE, we too use challenges as tools for development, turning adversity into opportunity. Our expansion project is a case in point. During the economic slowdown, when most organizations shied away from investments, we undertook an ambitious project to set up a new facility at Taloja. After months of determination and hard work, it is finally operational. No doubt, this will yield healthy returns in the future.

We are resolutely looking forward, to charting new courses to turn CMI FPE into an even stronger, more sustainable and more resilient organization.

Chairman's Message



Dear Shareholders,

I have great pleasure in communicating once again with you for sharing views on the last exercise of CMI FPE.

First, I would like to introduce the global economical context : the contraction of the world economy has had a major impact on the activities of our traditional customers in the steel industry, and as a result on their capacity to invest in new production equipment or in updating existing plant, a pattern that was evident around the world. Consequently, competition for the existing projects on the steel market was really fierce.

In spite of this difficult environment, CMI FPE registered unprecedented order level in 2011-2012, capitalizing on the vitality of the Indian economy. At the same time, on the operational front, the execution schedules of certain projects in 2011 were revised owing to market conditions. CMI FPE thus closed 2011 with a very strong order backlog. We turned this slowdown into opportunity to achieve our ambitious extension project. After months of determination and hard work, we finally transformed the Taloja facilities into a Centre of Excellence for Cold Rolling Mills Manufacturing.

I am pleased to share with you that we have been actively developing CMI FPE during the last exercise: Beyond the integration and development of new technologies we have enhanced our 3D engineering and project management capabilities, strengthened our

internal processes, invested in safety equipment and training, marketing supports, ... The image of your company in India is a symbol of trust and we received very prestigious orders from more and more customers. ArcelorMittal is one of such customers whom, during the last fiscal year, entrusted your company for the supply of a new stand alone Temper Mill at ArcelorMittal DOFASCO, Canada and a new Skin Pass Mill for high end applications at ArcelorMittal Eisenhuettenstadt in Germany. Both mills will be manufactured in our new centre for Excellence for Cold Rolling Mills. The need for such new facility had been previously anticipated. Indeed, when looking at developing the turnover of CMI FPE, we had come to the conclusion that manufacturing was a bottle neck and decided to expand the capacity of our workshops. To do that, we invested in machining centres and built new sheds with heavy handling capacities while optimizing the overall lay-out of the plant in order to improve the production-flow. In addition, by dedicating each shed to a specific part of the manufacturing process (machining, assembling, packaging, expedition, ..) we now benefit from the advantages of a more efficient and focused manufacturing set-up. With such new infrastructure, CMI FPE is now able to house, for instance, the assembly of up to ten cold rolling mills or even two 5 stand tandem rolling mills at the same time!

I am also encouraged by the fact that in the years to come, Indian industry, and especially the

steel industry, will continue its expansion in order to meet the growing needs of the population. This growth will be more and more focused on high-end applications. In this context, we are able to meet the needs in a very fast track as we have doubled the capacity of CMI FPE. You have also to know we had last May the groundbreaking of an additional plant to be built in Hedavali, near Khopoli.

Technologically speaking, given our in-house expertise in the downstream industry, we can accompany our customers in developing high-end capacities up to the qualification by the automotive manufacturers for instance. This makes definitely CMI FPE the ideal partner for new facilities, upgrading and consulting to get the most out of customer's plants and make their projects successful!

I look forward to your continued support and faith to CMI FPE in the years to come.

Yours Sincerely,

Jean-Marc Kohlgruber
Chairman



"With such new infrastructure, CMI FPE is now able to house, for instance, the assembly of up to ten cold rolling mills or even two 5 stand tandem rolling mills at the same time!"

Jean-Marc Kohlgruber
Chairman

Our Products



Continuous Galvanizing Line



6Hi Twin Stand Reversing Mill



Re-heating Furnace



Pickling Line



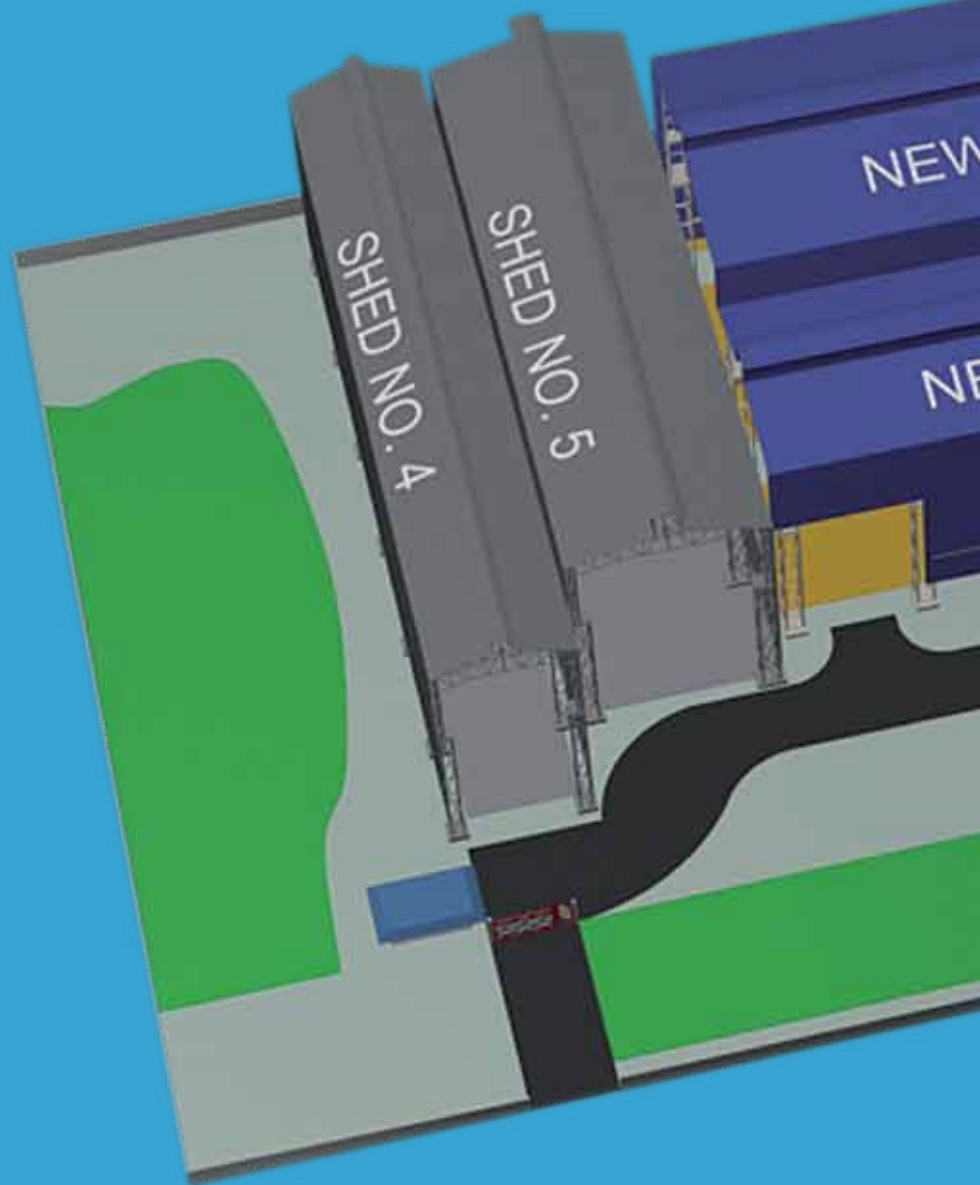
Hydrochloric Acid Process/ ARP

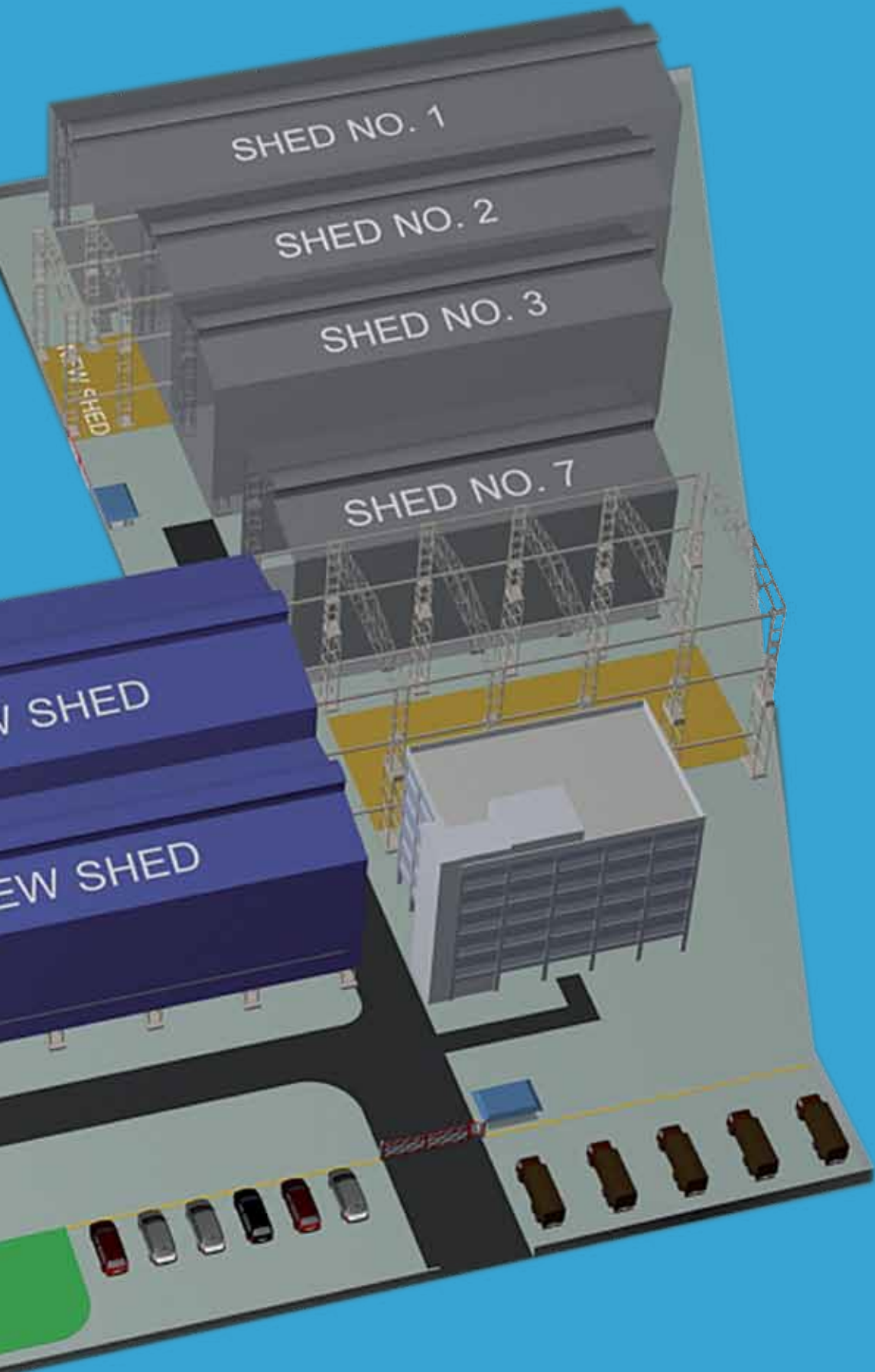


Continuous Color Coating Line



Center of Excellence
for Cold Rolling Mills
Manufacturing in Taloja







Corporate Information

BOARD OF DIRECTORS

Mr. Jean-Marc Kohlgruber – Chairman
Mr. Jean Gourp – Managing Director
Mr. Yves Honhon
Mr. D. J. Balaji Rao
Mr. R. N. Tandon
Mr. Raman M. Madhok
Mr. N. Sundararajan

CHIEF FINANCIAL OFFICER

Mr. Prasad Jahagirdar

COMPANY SECRETARY

Mr. Sanjay Kumar Mutha

AUDITORS

Deloitte Haskins & Sells, Chartered Accountants

LEGAL ADVISORS

PDS & Associates, Advocates & Solicitors

BANKERS

Canara Bank
Union Bank of India
ING Vysya Bank
ICICI Bank Ltd.
HDFC Bank Ltd.

26TH ANNUAL GENERAL MEETING

will be held on Tuesday, July 31, 2012
at 2.30 p.m. at Mehta House, Plot No.64, Road
No.13, MIDC, Andheri (E),
Mumbai – 400 093

MANAGEMENT COMMITTEE

Mr. Jean Gourp
Mr. Anand Kumar
Mr. Satish Avhad
Mr. K. Anil Kumar
Mr. Vijay Karayi
Mr. Prasad Jahagirdar
Mr. Sunil Kamat
Mr. Anjan Chakraborty
Mr. Amul Niphadkar
Mr. Bernard Visse

REGISTERED OFFICE

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

WORKSHOPS

(Unit No.I)
A-84/2,3 & A-16, MIDC,
Taloja Industrial Area,
Taluka: Panvel, Dist: Raigad
Maharashtra – 410 208

(Unit No. II)
Survey No.144/1,2-3, Village Rakholi,
Silvassa Khanvel Road,
Silvassa – 396 230, Union Territory
of Dadra & Nagar Haveli

REGISTRAR AND SHARE TRANSFER AGENT

Sharepro Services (India) Private Limited
13 AB Samhita Warehousing Complex,
2nd Floor, Off Andheri Kurla Road,
Sakinaka Telephone Exchange Lane,
Sakinaka, Andheri(E) Mumbai - 400 072.

Notice

Notice is hereby given that the Twenty-sixth Annual General Meeting of the Members of CMI FPE Limited will be held at Mehta House, Plot No. 64, Road No. 13, MIDC, Andheri (E), Mumbai - 400 093 on Tuesday, July 31, 2012 at 2.30 P.M. to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the audited Balance Sheet as at March 31, 2012 and Statement of Profit and Loss for the year ended on that date, together with the Reports of the Board of Directors and the Auditors thereon.
2. To declare a dividend on equity shares for the year ended March 31, 2012.
3. To appoint a Director in place of Mr. Yves Honhon, who retires by rotation and, being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. Raman M. Madhok, who retires by rotation and, being eligible, offers himself for re-appointment.
5. To consider and, if thought fit, to pass, with or without modifications, the following resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to section 224 of the Companies Act, 1956, Messrs. Deloitte Haskins & Sells, Chartered Accountants (ICAI Registration Number 117365W), the retiring Auditors of the Company, be and are hereby re-appointed as Auditors of the Company to hold office from the conclusion of this Annual General Meeting, until the conclusion of the next Annual General Meeting of the Company at a remuneration to be determined by the Board of Directors of the Company, in addition

to reimbursement of out-of-pocket expenses as may be incurred by them during the course of the Audit."

NOTES:

1. **A Member entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend and vote instead of himself and a proxy need not be a Member of the Company.** The proxy, in order to be effective, must be deposited at the Registered Office of the Company not less than 48 hours before the commencement of the Meeting.
2. The Register of Members and Share Transfer Books of the Company will be closed from July 21, 2012 to July 31, 2012 (both days inclusive).
3. The dividend, if declared at the Annual General Meeting, will be paid on or before August 10, 2012 to those persons or their mandates:
 - (a) whose names appear as Beneficial Owners as at the end of the business hours on July 20, 2012 in the list of Beneficial Owners to be furnished by National Securities Depository Limited and Central Depository Services (India) Limited in respect of the shares held in electronic form; and

- (b) whose names appear as Members in the Register of Members of the Company after giving effect to valid share transfers in physical form lodged with the Company/its Registrar and Transfer Agents on or before July 20, 2012.
4. The Company's Registrar and Transfer Agents for its Share Registry Work (Physical and Electronic), are Sharepro Services (India) Private Limited having their office premises at 13AB, Samhita Warehousing Complex, 2nd Floor, Sakinaka Telephone Exchange Lane, Off Andheri Kurla Road, Sakinaka, Andheri (E), Mumbai – 400 072.
 5. Any members who would like to ask any questions on the Annual financial statements are requested to send their questions to the Registered Office at least 10 days before the Annual General Meeting to enable the Company to answer the question satisfactorily.
 6. Pursuant to the provisions of section 205A of the Companies Act, 1956, dividends that are unclaimed for a period of seven years are required to be transferred to the Investors Education and Protection Fund (IEPF). An amount of ₹ 1,32,389/- being unclaimed dividend of the Company for the financial year ended March 31, 2004 was transferred to IEPF and no claim lies against the Company in respect thereof.

The final dividend for the financial year ended March 31, 2005 will become due for transfer to Investor Education and Protection Fund (IEPF) in November, 2012. Members who have not encashed the Dividend Warrants so far for the said period or any subsequent financial years are requested to make their claim to Sharepro Services (India) Private Limited at the above-mentioned address. It may be noted that once

the amounts in the Unpaid Dividend Accounts are transferred to IEPF, no claim shall lie against the Fund or the Company in respect thereof and the Members would lose their right to claim such dividend.

7. Members can avail themselves of the facility of nomination in respect of shares held by them in physical form pursuant to the provisions of section 109A of the Companies Act, 1956. Members desiring to avail themselves of this facility may send their nominations in the prescribed Form No. 2B duly filled in to Sharepro Services (India) Private Limited at the abovementioned address. Members holding shares in electronic form may contact their respective Depository Participants for availing this facility.
8. The Company has the facility of electronic credit of dividend directly to the respective Bank Accounts of the Members through the Electronic Clearing Service (ECS) of the Reserve Bank of India. Members wishing to avail of this facility are requested to inform the Company's Registrar and Transfer Agents in the prescribed form and with the prescribed details. Shareholders located in places where ECS facility is not available may submit their Bank details. This will enable the Company to incorporate this information on the Dividend Warrants to protect against fraudulent encashment.
9. The Ministry of Corporate Affairs (vide circular nos. 17/2011 and 18/2011 dated April 21, 2011 and April 29, 2011 respectively), has undertaken a "Green Initiative in Corporate Governance" and allowed companies to share documents with its shareholders through an electronic mode. A recent amendment to the Listing Agreement with the Stock Exchange permits companies

to send soft copies of the Annual Report to all those Shareholders who have registered their email address for the said purpose. Members are requested to support this green initiative by registering/updating their e-mail addresses, for receiving electronic communications.

10. Members are requested to:

- (a) inform the Company's Registrar and Transfer Agents, Sharepro Services (India) Private Limited at their above mentioned address, changes, if any, in their registered addresses at an early date, in case of shares held in physical form;
- (b) intimate to the respective Depository Participants, changes, if any, in their registered addresses at an early date, in case of shares held in electronic form;
- (c) quote their folio numbers/Client ID/DP ID in all correspondence;

- (d) consolidate their holdings into one folio in case they hold shares under multiple folios in the identical order of names.

11. Re-appointment of Directors:

The Information to be provided under Clause 49 of the Listing Agreement with the Stock Exchange pertaining to the Directors proposed to be re-appointed at the Annual General Meeting is annexed hereto.

By Order of the Board

Sanjay Kumar Mutha
Company Secretary

Mumbai
May 29, 2012

Registered office:

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

Annexure to the Notice

Details of Directors seeking re-appointment at the Annual General Meeting:

Name of the Director	Mr. Yves Honhon	Mr. Raman M. Madhok
Date of Birth	September 27, 1963	February 02, 1945
Date of Appointment	June 25, 2008	January 30, 2009
Expertise in specific functional area	Mr. Yves Honhon has extensive work experience of about 26 years, having handled various functions in Accounts, Finance, Controlling, Administration and General Management, in various firm/companies including Arthur Andersen, DB Stratabit S.A., Carmeuse Coordination Center (as Group Controller) and Carmeuse North America (as Vice-president-Controller). Presently he is a Chief Financial Officer of CMI Group.	Mr. Madhok has extensive work experience having handled various functions in Sales, Projects & profitability, R&D, Finance, HR and General Management, in various companies including Larson & Turbo Ltd., NIRO A/S Copenhagen, DK, Zuari Industries Limited, Goa (as Executive President - Fertilizer Division) and GEA Process Engineering (India) Private Limited (as Executive Chairman).
Qualification	Bachelor's degree in Mathematics, Bachelor's degree in Business Administration, CEPAC. Mr. Honhon has also attended various advance programmes on Leadership Stuationnel, Communication process Management, Total Quality Management, Project Management, etc.	Bachelor's Degree in Mechanical
Directorship in other Companies (including Private/foreign companies)	<ul style="list-style-type: none"> • CMI EMI • CMI Maintenance Hainaut • CMI Traction • DODECA sprl • Ardennes Lease sprl 	<ul style="list-style-type: none"> • GOA Carbon Limited • GEA Process Engineering (India) Private Limited • GEA Pharma Systems (India) Private Limited
Chairmanship/ Membership of Committees in other Public Limited Companies	NA	GOA Carbon Limited Remuneration Committee – Member
No. of Equity Shares held in the Company	Nil	Nil
Relationship with other Directors	None	None

Directors' Report

Dear Shareholders,

Your Directors have pleasure in presenting the Twenty-Sixth Annual Report of the Company, together with the audited Accounts, for the financial year ended March 31, 2012.

1. FINANCIAL PERFORMANCE

(₹ in Lacs)		
FINANCIAL RESULTS	Financial Year 2011-2012	Financial Year 2010-2011
Total revenue	35,762.02	44,364.20
Profit before Depreciation and amortisation expenses, Finance Costs and Tax	2,253.88	7,947.06
Less:		
Depreciation and amortisation expense	438.72	490.93
Finance costs	179.97	358.79
Profit before Tax	1,635.19	7,097.34
Less: Tax expense:		
Current tax expense (Net)	577.87	1,760.83
Deferred tax	(38.80)	618.65
Profit for the year	1,096.12	4,717.86
Balance brought forward from previous year	3,425.42	2,481.83
Profit available for Appropriation	4,521.54	7,199.69
Appropriation:		
Proposed Dividend:		
- Ordinary Dividend	246.89	493.78
- Special Silver Jubilee Dividend	-	493.78
Income Tax on Dividend(s)	40.05	160.21
Transferred to General Reserve	109.61	2,626.50
Balance to be carried forward	4124.99	3,425.42

2. DIVIDEND

Your Directors are pleased to recommend a dividend of ₹ 5 (i.e. 50%) per equity share of the face value of ₹ 10 each for the financial year ended March 31, 2012, payable to those Shareholders whose names appear in the Register of Members as on the Book Closure Date.

The total dividend outgo for the Year under review, inclusive of tax on distributed profits would absorb a sum of ₹ 286.94 Lacs (as against ₹ 1,147.77 Lacs comprising the ordinary dividend of ₹ 10 per equity share, and the Special Silver Jubilee Dividend of ₹ 10 per equity share paid for the previous year).

3. OPERATIONS

The year under review was unusual in many ways. Members are aware of the global slowdown, considering the world situation and that India has been witnessing uncertain environment, high fiscal deficit, high inflation and extreme currency volatility; India's growth in FY 2011-12, though lower compared to earlier years, has still been one of the best performing in the world.

However, owing to current market conditions, exchange losses and execution schedules of some of the ongoing projects being revised by the customers, the financial results for the year under review were adversely affected.

4. INDUSTRIAL INFRASTRUCTURE DEVELOPMENT

Your Company, in view of the prospective growth of the Steel Industry mainly related to Flat Products in India and abroad and in order to make Talaja as "Centre of Excellence for Cold Rolling Mills", has implemented modernization and expansion plan at Talaja plant, leading to improved infrastructure, machines, productivity and capacity of the Talaja Plant.

Your Company has also acquired land for a "greenfield" facility at Hedavali, near Khopoli, Maharashtra for its future expansion needs.

5. DIRECTORS

Mr. Yves Honhon and Mr. Raman M. Madhok retire by rotation at the ensuing Annual General Meeting and, being eligible, offer themselves for re-appointment.

Mr. Raman Madhok resigned as Managing Director and Director of the Company with effect from the close of working hours on August 23, 2011. The Board wishes to place on record its appreciation of the valuable services rendered and contribution made by

Mr. Raman Madhok during his tenure, first as an Advisor and then as Managing Director of the Company.

Mr. Fabrice Orban was appointed as an Additional Director on the Board of Directors of the Company on November 17, 2011. He resigned as an Additional Director w.e.f. March 21, 2012, consequent to his taking up a different assignment within the CMI Group in Europe.

6. DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to sub-section (2AA) of section 217 of the Companies Act, 1956, the Board of Directors of the Company hereby state and confirm that:

- (i) in the preparation of the annual accounts, the applicable accounting standards have been followed;
- (ii) the Company has in the selection of the accounting policies, consulted the Statutory Auditors and these have been applied consistently, and reasonable and prudent judgments and estimates have been made so as to give a true and fair view of the state of affairs of the Company as at March 31, 2012 and of the profit of the Company for the year ended on that date;
- (iii) the Company has taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) the annual accounts have been prepared on a "going concern" basis.

7. CORPORATE GOVERNANCE

A Report on Corporate Governance, along with a Certificate from the Statutory Auditors of the Company regarding the compliance

with the conditions of Corporate Governance as stipulated under Clause 49 of the Listing Agreement, forms part of the Annual Report.

8. MANAGEMENT DISCUSSION AND ANALYSIS

A detailed analysis of the Company's performance is discussed in the Management Discussion and Analysis Report, which forms part of the Annual Report.

9. ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

The particulars relating to the energy conservation, technology absorption and foreign exchange earnings and outgo, as required under section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 are given in the Annexure to this Report.

10. PARTICULARS OF EMPLOYEES

As required under the provisions of sub-section (2A) of section 217 of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 as amended, particulars of the employees are set out in an Annexure to the Directors' Report. However, as per the provisions of section 219(1)(b)(iv) of the Companies Act, 1956, the Directors' Report and Accounts are being sent to all the Shareholders of the Company excluding the Statement of particulars of employees. Any Shareholder interested in obtaining a copy of the Statement may write to the Company Secretary of the Company.

11. AUDITORS

M/s. Deloitte Haskins & Sells, Chartered Accountants, retire at the conclusion of the forthcoming Annual General Meeting.

The Company has received a certificate from the above Auditors, proposed to be re-appointed, to the effect that their reappointment, if made, would be in conformity with the limits specified under the provisions of section 224(1B) of the Companies Act, 1956.

12. HEALTH AND SAFETY

The Company continues to demonstrate a strong commitment towards safety and occupational health of employees at all locations. Your Company has a well established Safety Health & Environment (SHE) Policy. The employees are encouraged to adopt a healthy, safe and environmentally conscious lifestyle. The Company has taken various steps to strengthen the Safety culture across the organization and imparting various trainings at all level of employees.

13. PERSONNEL

The industrial relations continued to be cordial at all levels throughout the year. Your Directors wish to place on record their appreciation of the dedicated services rendered by all Executives, Staff and Workmen of the Company.

14. ACKNOWLEDGEMENT

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

For and on behalf of the Board

Jean-Marc Kohlgruber
Chairman

Mumbai
May 29, 2012

Annexure to the Directors' Report

Particulars as per section 217(1)(e) of the Companies Act, 1956 read with Companies (disclosure of particulars in the report of board of directors) Rule, 1988 and forming part of the Directors' Report for the year ended March 31, 2012.

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:

- Intensified ongoing checks and test on performance of electrical transformer plant and better load management.
- Electrical lighting in the department is decentralized for conservation.
- Improvement of Power Factor.
- Switching off the machine, lights and accessories during lunch time.
- Installation of Solar Street lighting.
- Conducting power condition audit and check harmonic condition.
- Installation of APFC panel to automatically control the Power factor almost near to unity.

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

- Welding generators with rectifiers as and when required, flux welding introduced to reduce power consumption.
- Planning of Energy audit.
- Planned LED high bay fitting which will give tremendous savings on power consumption & maintenance

(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.

(d) Total Energy Consumption and Energy Consumption per unit of production as per Form A of the Annexure to the Rules is as follows:

DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY

(₹ in Lacs)

POWER AND FUEL CONSUMPTION	2011-2012	2010-2011
i. Electricity:		
a. Purchased		
Units (Total) - KWH	1,755,980	1,700,346
Total Amount (₹ in Lacs)	104.63	87.05
Rate / Unit (₹)	5.96	5.12
Consumption per unit of production	N.A.	N.A.
b. Own generation (DG set)		
Units (Total) – KWH	90,495	37,934
Total Amount (₹ in Lacs)	12.86	7.00
Rate / Unit (₹)	14.21	18.45
Consumption per unit of production	N.A.	N.A.
ii. Coal:	N.A.	N.A.
iii. Furnace Oil / H.S.D.:		
a. Purchased – Diesel		
Units (Total) – Litres	29,605	20,470
Total Amount (₹ in Lacs)	12.86	8.31
Rate / Unit (₹)	43.43	40.58
Consumption per unit of production	N.A.	N.A.
iv. Others:	NIL	NIL

B. TECHNOLOGY ABSORPTION:

RESEARCH AND DEVELOPMENT (R&D):

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

- Ongoing development of new product design/ processes/materials/tooling, improvement of systems in existing products/ processes in related manufacturing areas of industrial machinery, related electrical/electronic products and systems.
- Testing and Certification of existing products for conformity to new Indian/ international standards.

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

- Indigenisation/Import substitution
- Cost reduction/improved utilization of material and energy
- Technology upgradation
- Enhancement in quality and service to the customers
- Development of new designs for products and processes
- Preparedness to counter competition in the changed liberalized environment

3. Future Plan of Action:

- Introduction of new products and processes
- Further improvement in the existing products and processes in various areas in which the Company is operating.
- Strengthening infrastructure for R&D

4. Expenditure on R&D: Nil

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.
- Evaluation/adaptation/modification of imported designs/technologies to suit indigenous requirements, alternative materials/components.

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 introduction of new products and processes and further improvement in the existing products.

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

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 unexplored global markets through the assistance of its parent Company.

For and on behalf of the Board

Jean-Marc Kohlgruber
Chairman

Mumbai
May 29, 2012

Corporate Governance Report

COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

Your Company's philosophy on Corporate Governance is guided by the principles of transparency, fairness, accountability and integrity. Your Company is committed to good Corporate Governance practices. These practices endeavour to attain excellent performance in terms of stakeholder value creation and achievement of business objectives.

The Company is also guided by the following principles laid down by CMI Group in the conduct of its business, which aim to generate sustainable industrial progress for the simultaneous benefit of its customers, employees, shareholders, the communities in which it is established and the planet. This determination is the backdrop of all decisions taken by the Group on the basis of its eight pillars of commitment.

1. Defending quality jobs
2. Strengthening ethics and good governance
3. Encouraging the generation of green energy
4. Reducing the environmental footprint of Industries
5. Reducing our own environmental footprint
6. Promoting responsible behavior
7. Becoming involved in local development
8. Guaranteeing the Group's viability

Code of Conduct

The Company has laid down 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 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.

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.

We believe that incidents or accidents and risk to health are preventable through the active involvement of all the stakeholders, thereby creating a safe and accident-free work place.

I. BOARD OF DIRECTORS

(i) Composition of the Board

The composition of the Board is in conformity with Clause 49 of the Listing Agreement, as amended from time to time. The Non-Executive Chairman of the Company represents the Promoters, and the number of Independent Directors is more than 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.

The day-to-day management of the Company is handled by Mr. Jean Gourp, Managing Director subject to the supervision and control of the Board of Directors. The Board of Directors of the Company represents an optimum combination of senior professionals with wide knowledge and experience in diverse fields.

Apart from reimbursement of expenses incurred in the discharge of their duties and the remuneration for these Directors as entitled under the Companies Act, 1956 as Non-Executive Directors, none of these Directors has any other material pecuniary relationships or transactions with the Company, its Promoters, its Directors, its Senior Management or its Subsidiaries and Associates, which in their judgment would affect their independence. None of the Directors of the Company is inter-se related to each other.

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.

The current Board of Directors of the Company comprises of Seven Directors. None of the Directors held Directorships in more than 15 Public Limited Companies. None of the Directors on the Board is a Member of more than 10 Committees and/or Chairman of more than 5 Committees (as specified in Clause 49), across all the companies in which he is a Director.

The information on composition of the Board, category and their Directorships/Committee Membership across all the companies in which they are Directors, as on March 31, 2012 is as under:

Name of Director / position	Category	Total Number of Committee Memberships, Chairmanships and Directorships of public companies* as on March 31, 2012		
		Directorships#	Committee Memberships \$	Committee Chairmanships \$
Non-Executive				
Mr. Jean-Marc Kohlgruber (Chairman)	Promoter Group	1	-	-
Mr. Yves Honhon	Promoter Group	1	1	-
Mr. R. N. Tandon	Independent	1	2	1
Mr. D. J. Balaji Rao	Independent	10	10	4
Mr. Raman M. Madhok	Independent	2	1	-
Mr. N. Sundararajan	Independent	1	-	-
Executive				
Mr. Jean Gourp (Managing Director)	Non-Independent	1	1	-

* Excludes private limited companies, foreign companies, companies registered under section 25 of the Companies Act, 1956 and Government bodies.

excludes Alternate Directorships but includes Additional Directorships and Directorship in the Company.

\$ Committees considered are Audit Committee and Shareholders/Investors Grievance Committee, including that of the Company.

(ii) Board Procedure

The detailed Agenda and background Notes/papers are sent to each Director in advance of Board and Committee Meetings. To enable the Board to discharge its responsibilities effectively, the Managing Director apprises the Board at every Meeting of the overall performance of the Company, followed by presentations by the Chief Financial Officer and other member(s) of the Management Committee. The Board also inter-alia reviews strategy and business plans, annual operating and capital expenditure budgets, investment and exposure limits, compliance reports of all laws applicable to the Company, 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 writeoffs, 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.

(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, four meetings of the Board of Directors were held on the following dates - May 24, 2011, July 29, 2011, October 22, 2011 and February 06, 2012.

The gap between two Meetings did not exceed four months. These Meetings were well attended. The Twenty-Fifth Annual General Meeting (AGM) of the Company was held on July 30, 2011.

The attendance of Directors at the above Board Meetings and at the last AGM is as under:

Name of Director	No. of Board meetings attended	Attendance at last AGM
Mr. Jean-Marc Kohlgruber	4	Yes
Mr. Yves Honhon	4	Yes
Mr. R. N. Tandon	4	Yes
Mr. D. J. Balaji Rao	4	Yes
Mr. Raman M. Madhok	4	Yes
Mr. N. Sundararajan	4	Yes
Mr. Jean Gourp	4	Yes
Mr. Raman Madhok*	2	Yes
Mr. Fabrice Orban**	None	NA

* Mr. Raman Madhok resigned as Managing Director w.e.f. August 23, 2011.

** Mr. Fabrice Orban was appointed as an Additional Director w.e.f. November 17, 2011 and resigned w.e.f. March 21, 2012.

(iv) Directors seeking appointment/re-appointment

Mr. Yves Honhon and Mr. Raman M. Madhok retire by rotation and, being eligible, have offered themselves for re-appointment.

(v) CEO/CFO Certification

As required under Clause 49 V of the Listing Agreement with the Stock Exchange, the Managing Director and the Chief Financial Officer of the Company have certified to the Board regarding the Financial Statements for the year ended March 31, 2012.

II. REMUNERATION TO DIRECTORS

(i) Remuneration Policy

While deciding on the remuneration for Directors, the Board and the 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, 2012

The eligible Non-Executive Directors are 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 contribution at the Board/Committee(s) levels.

A total amount of ₹ 17.00 Lacs has been provided in the accounts for the year under review, towards commission payable to the eligible Non-Executive Directors, as under:

(₹ in Lacs)

Name of Directors	Commission
Mr. D. J. Balaji Rao	5.50
Mr. R. N. Tandon	2.50
Mr. Raman M. Madhok	5.50
Mr. N. Sundararajan	3.50
Total	17.00

Non-Executive Directors are also paid sitting fees of ₹ 20,000 for attending any Meeting of the Board or Committees (mandatory). The sitting fees paid to Non-Executive Directors during the year ended March 31, 2012, and their shareholdings in the Company as on March 31, 2012 are as under:

(₹ in Lacs)

Directors	Sitting Fees paid for the Board and Committee Meetings	No. of Equity Shares held
Mr. Jean-Marc Kohlgruber*	Nil	Nil
Mr. Yves Honhon*	Nil	Nil
Mr. D. J. Balaji Rao	1.80	Nil
Mr. R. N. Tandon	2.80	Nil
Mr. Raman M. Madhok	1.60	Nil
Mr. N. Sundararajan	0.80	Nil

*They have voluntarily waived the acceptance of sitting fees.

(iii) Remuneration paid/payable to Executive Directors for the year ended March 31, 2012:

Remuneration to Managing Director(s) has been fixed by the Remuneration Committee, and has subsequently been approved by the Board of Directors and the Shareholders at a General Meeting.

Following is the remuneration paid/payable to the Managing Director(s) for the year ended March 31, 2012:

(₹ in Lacs)

Directors	Salary	Performance incentive	Company's Contribution to Funds	Perquisites and allowances	Total	Total Contract Period
Mr. Raman Madhok (Managing Director)*	75.87	Nil	9.10	33.53	118.51	July 16, 2010 to August 23, 2011
Mr. Jean Gourp (Managing Director)**	53.77	15.00	6.45	62.70	137.92	May 20, 2010 to May 19, 2015

* Mr. Raman Madhok resigned as Managing Director w.e.f. August 23, 2011.

** Mr. Jean Gourp was re-designated as Managing Director w.e.f. August 24, 2011.

Notes:

- (1) All the above components of remuneration, except performance incentive, are fixed in nature. The payment of performance incentive is considered and approved by the Remuneration Committee based on internal norms for assessing the performance of Executive Directors that includes the Company's strategic business plans, current market trends and contribution of the Executive Directors in achieving the objectives of the Company.
- (2) The Company does not have any stock option scheme.
- (3) In view of the inadequacy of the net profits for the year ended March 31, 2012 as computed under section 349 read with section 198 of the Companies Act, 1956, the above managerial remuneration was paid in terms of sub-para (C), section II, part II of Schedule XIII of the Companies Act, 1956 read with Notification No. GSR 534(E) dated July 14, 2012 issued by Ministry of Corporate Affairs.

III. RISK MANAGEMENT

The Company has a well-defined risk management framework in place. 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. The Board of Directors oversees all

risks assumed by the Company. Statutory compliances are being monitored by the Board at every meeting. The Board has constituted a Commitment Committee consisting of the members of the senior management of the Company, and has also approved the procedure for its conduct.

The Company is basically a project management company. The Commitment Committee examines in detail the various sources of risks and adopts risk mitigation strategies prior to and also after 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. A standard checklist is also adopted for this purpose. Once the project materializes, the various risks as well as risk mitigation strategies are reviewed on a periodic/quarterly basis by the Company's Management Committee and the necessary further actions are taken.

The Board also reviews, assesses, mitigates and periodically monitors various risks.

IV. COMMITTEES OF THE BOARD

Mandatory Committees:

(i) Audit Committee:

Composition of the Committee

The Audit Committee of the Company comprises of three Non-Executive Directors, out of whom two are Independent Directors. Mr. D. J. Balaji Rao is the Chairman of the Committee and Mr. Yves Honhon and Mr. R. N. Tandon are other Members of the Committee. All the Members of the Committee possess accounting and financial management knowledge. Mr. D. J. Balaji Rao was present at the 25th Annual General Meeting of the Company held on July 30, 2011.

The Company Secretary functions as Secretary to the Committee.

Meetings and attendance:

Four meetings of the Committee were held during the year ended March 31, 2012. These meetings were held on May 24, 2011, July 29, 2011, October 22, 2011 and February 06, 2012. 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 attended
Mr. D. J. Balaji Rao	4
Mr. Yves Honhon	4
Mr. R. N. Tandon	4

Terms of Reference:

The Terms of Reference are reviewed from time to time and the Committee has been mandated to comply with the requirements of Clause 49 of the Listing Agreement with the Stock Exchange and also to conform to the provisions of Section 292A of the Companies Act, 1956.

The role of the Audit Committee inter-alia includes the following:

- i. Overseeing of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible.
- ii. Recommending to the Board the appointment/re-appointment and removal of statutory auditors, fixation of their audit fee and also approval for payment for any other services.
- iii. Reviewing with Management the financial statements before submission to the Board.

- iv. Reviewing with the Management and the statutory and internal auditors, the adequacy of internal control systems.
- v. Reviewing the adequacy of internal audit function.
- vi. Discussion with internal auditors on any significant findings and follow-up thereon.
- vii. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature, and reporting the matter to the Board.
- viii. Discussions with statutory Auditors before the audit commences, the nature and the scope of Audit, as well as holding post-audit discussions.
- ix. Reviewing the Company's financial and risk management policies.

(ii) Remuneration Committee

Composition of the Committee, Meeting(s) and attendance

The Remuneration Committee comprises of Mr. Raman M. Madhok as the Chairman of the Committee. Mr. Jean-Marc Kohlgruber, Mr. Yves Honhon, Mr. R. N. Tandon and Mr. D. J. Balaji Rao are the other Members of the Committee. Majority of the Members of the Committee are Non-Executive Independent Directors. One meeting was held on May 24, 2011 during the year under review and all Members of the Committee attended the same.

Terms of reference

The terms of reference of the Committee

are to decide the remuneration of the Executive Directors. It reviews the overall compensation policy, service agreements and other employment conditions of the Executive Directors with a view to retaining and motivating the best managerial talents. In determining the remuneration package of the Executive Directors, it evaluates the remuneration paid by comparable organisations and thereafter makes its recommendations to the Board. It also reviews the performance of the Executive Directors and recommends to the Board the quantum of annual increments/commissions.

(iii) Shareholders'/Investors' Grievance Committee

Composition of the Committee, Meeting(s) and attendance

The Investors' Grievance Committee was re-constituted w.e.f. August 24, 2011 in view of the resignation of Mr. Raman Madhok as Managing Director of the Company w.e.f. August 23, 2011.

The Committee presently comprises of Mr. R. N. Tandon (Chairman of the Committee), Mr. Raman M. Madhok and Mr. Jean Gourp.

The Company Secretary is the Compliance Officer of the Company.

The Committee met five times during the year. The attendance of the members at the meetings is as under:

Name	No. of meetings attended
Mr. R. N. Tandon	5
Mr. Raman M. Madhok	3
Mr. Jean Gourp	5

During the year under review, 10 complaints were received from the Shareholders, all of which have been attended to/resolved promptly. As of date, there are no pending share transfers 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.

Non-Mandatory Committees:

The following Committees have been constituted by the Board, for actively interacting with and guiding the Management on business matters, so as to improve their effectiveness:

(iv) Borrowing Committee

The Borrowing Committee was constituted by the Board at its Meeting held on July 29, 2011, comprising Mr. Jean Gourp - Managing Director, as Chairman, Mr. D. J. Balaji Rao - Director and, Mr. R. N. Tandon - Director and Mr. Prasad Jahagirdar - 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.

(v) Banking Operations Committee

The Banking Operations Committee was constituted by the Board at its Meeting held on May 24, 2011. Presently the Committee comprises of Mr. Jean Gourp, Managing Director, as Chairman, and Mr. R. N. Tandon, Director and Mr. Prasad Jahagirdar, Chief Financial Officer, as the other members. This Committee approves from time to time, the availing of specific banking services with the Banks and also nominates/amends the list of signatories for operating of bank accounts, and for availing of such banking services on behalf of the Company.

(vi) Committee for supervision of Industrial Infrastructure Development

The Committee for Supervision of Industrial Infrastructure Development was constituted by the Board at its Meeting held on February 06, 2012, comprising of Mr. Raman M. Madhok Director, as Chairman, Mr. N. Sundararajan, Director and Mr. Jean Gourp, Managing Director, as the other Members of the Committee. Mr. Sunil Kamat, Vice-President Industrial Strategy, is a permanent invitee to the Committee.

This Committee is authorized to review and supervise the Industrial Infrastructure Development of the Company in line with the major expansion/capacity increase plans, and also approve commitment and incurrence of capital expenditure for specific projects falling within the overall CapEx Plan and the aggregate amount of CapEx approved by the Board.

V. DISCLOSURES

(i) Disclosure of transactions with Related Parties

During the financial year 2011-12, there were no materially significant transactions entered into between the Company and its promoters, directors or the management, subsidiaries or relatives, etc. that may have potential conflict with the interests of the Company at large.

The details of related party transactions are presented in Note No. 27.5 in Notes forming part of Financial Statements for the year ended March 31, 2012.

(ii) Details of non-compliance etc.

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 SEBI or any statutory authority, on any matter related to the capital markets.

(iii) Disclosure of Accounting Treatment in the preparation of Financial Statements

The Company has followed the Accounting Standards laid down by The Companies (Accounting Standards) Rules, 2006 in the preparation of its financial statements.

(iv) Code for Prevention of Insider Trading Practices

The Company has instituted a comprehensive Code of Conduct for Prevention of Insider Trading for its designated employees, in compliance with the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992, as amended from time to time. The Code lays down Guidelines, which advises them on procedures to be followed and disclosures to be made, while dealing with shares of the Company, and cautioning them of the consequences of violations. The Company Secretary is the Compliance Officer for this purpose.

(v) Management Discussion and Analysis

A Management Discussion and Analysis (MDA) has been attached to the Directors' Report, and forms part of this Annual Report.

VI. MEANS OF COMMUNICATION

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. The Financial Results are published in leading English and Marathi dailies, viz. Economic Times and Maharashtra Times. The Company's results and official news releases are displayed on the Company's website www.cmifpe.com. The Company's presentations to institutional investors and analysts, if made are also put up on the website of the Company.

VII. SHAREHOLDER INFORMATION

(a) 26th Annual General Meeting

Date: July 31, 2012

Time: 2.30 p.m.

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

(b) Date of Book Closure:

Dates of Book Closure will be from July 21, 2012 to July 31, 2012 (both days inclusive).

(c) Dividend Payment Date

The Dividend would be paid on or before August 10, 2012.

(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, 2012	before the end of July, 2012
Half-year ending September 30, 2012	before the end of October, 2012
Third Quarter ending December 31, 2012	before the end of January, 2013
Year ending March 31, 2013	before the end of May, 2013

The above dates are indicative.

(e) Listing on Stock Exchange

The Company's Shares are listed on Bombay Stock Exchange Limited.

The Company has paid the annual listing fees for the period April 1, 2012 to March 31, 2013.

(f) Stock Code

Bombay Stock Exchange 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)

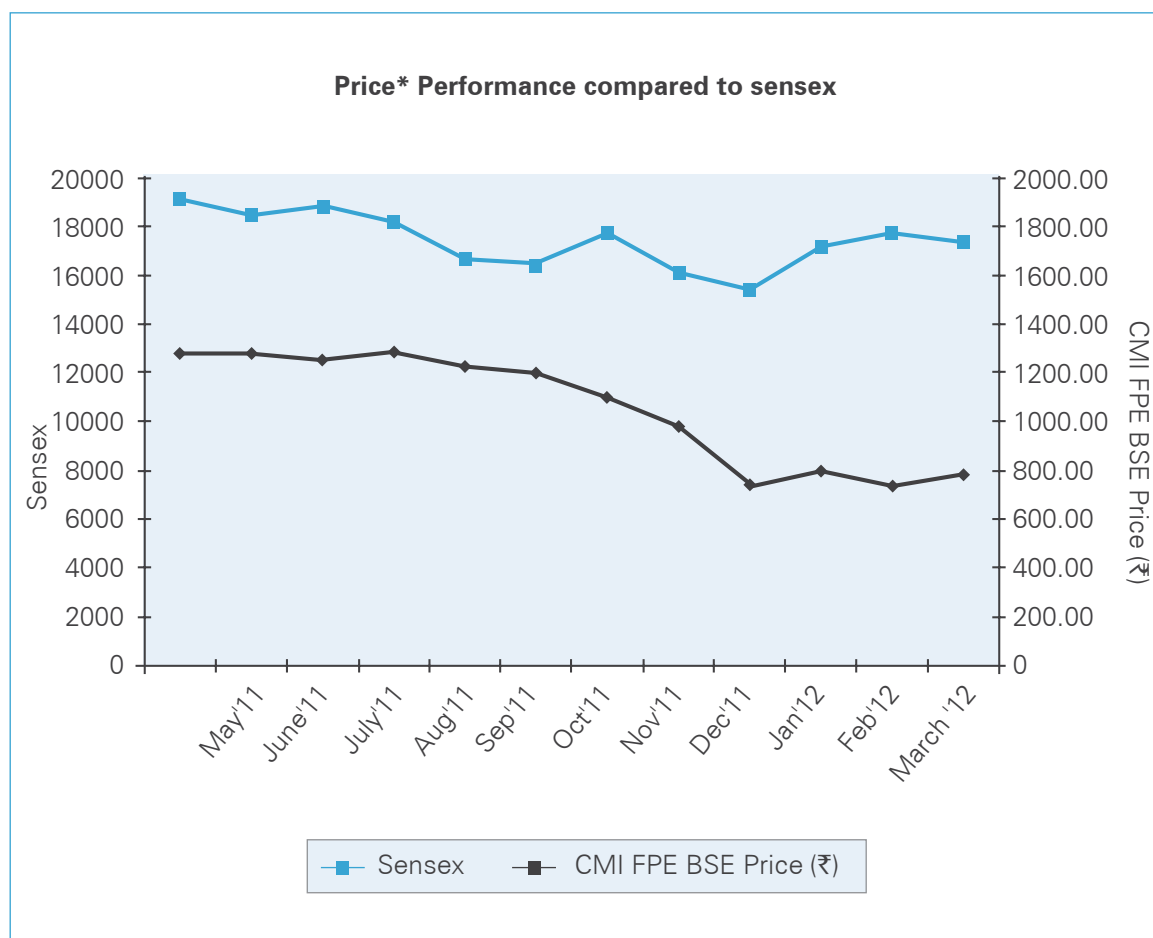
The Company's CIN, allotted by the Ministry of Corporate Affairs, is L99999MH1986PLC039921.

(i) Market Price Data

The high and low prices of the Company's equity shares (face value of ₹ 10 each) on Bombay Stock Exchange Limited (BSE) during the financial year 2011-12 were as under:

Month	High ₹	Low ₹
April-2011	1,299.00	1,255.10
May-2011	1,305.00	1,252.00
June-2011	1,290.00	1,250.00
July-2011	1,304.70	1,250.00
August-2011	1,289.90	1,183.10
September-2011	1,258.00	1,172.00
October-2011	1,223.95	1,080.00
November-2011	1,129.95	975.00
December-2011	1,026.85	722.00
January-2012	838.95	670.00
February-2012	875.00	717.00
March-2012	875.00	690.00

(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 Transfer Agents

Sharepro Services (India) Private Limited
 Unit: CMI FPE Limited
 13AB, Samhita Warehousing Complex,
 2nd Floor, Off Andheri Kurla Road,
 Sakinaka Telephone Exchange Lane,
 Sakinaka, Andheri (E),
 Mumbai - 400 072.
 Telephone Nos.: +91-22-67720400/67720300
 Fax: +91-22-28591568
 email: sharepro@shareproservices.com

The Registrar and Transfer Agents also have an office at:
 Sharepro Services (India) Private Limited
 912, Raheja Centre,
 Free Press Journal Road,
 Nariman Point, Mumbai - 400 021.
 Telephone Nos.: +91-22-22881568/69
 Fax: +91-22-22825484

(l) **Distribution of Shareholding as on March 31, 2012**

Range of equity shares held	No. of Shareholders	% of shareholders	No. of equity shares held	% of capital
Upto 500	3,518	94.62	2,95,721	5.99
501 – 1000	94	2.53	73,654	1.49
1001 – 2000	44	1.18	67,823	1.37
2001 – 3000	18	0.48	45,264	0.92
3001 – 4000	11	0.30	41,424	0.84
4001 – 5000	5	0.13	22,396	0.45
5001 – 10000	11	0.30	70,386	1.43
10001 and above	17	0.46	4,321,145	87.51
Total	3,718	100.00	4,937,813	100.00

(m) **Shareholding pattern as on March 31, 2012**

Category	No. of shares	% of shares
Promoters & Promoters Group	3,703,200	75.00
Mutual Funds, Banks & Insurance Companies	200	0.00
Foreign Institutional Investors (FII's)/OCB	1,350	0.03
NRIs	33,592	0.68
Domestic Companies	132,071	2.67
Resident individuals	1,067,400	21.62
Total	4,937,813	100.00

(n) **Dematerialization of shares as on March 31, 2012**

Category	No. of equity shares	% of share capital	No. of shareholders	% of shareholders
Electronic Form	4,872,083	98.67	3,241	87.17
Physical Form	65,730	1.33	477	12.83
Total	4,937,813	100.00	3,718	100.00

(o) **Share Transfer System**

Trading in Equity Shares of the Company through recognized Stock Exchanges is permitted only in dematerialised form. Shares sent for transfer in physical form are registered and returned within a period of thirty 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 Investors' Grievance 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,
Dist. Raigad - 410208. Maharashtra.

Unit No. II

Sr. No. 144/1/3, Silvassa Khanvel Road,
Village Rakholi, Silvassa – 396230
Union Territory of Dadra & Nagar Haveli

(r) Address for correspondence:

Shareholders may correspond with the Registrar and Transfer Agents on all matters relating to transfer/dematerialisation of shares, payment of dividend and any other query relating to Equity Shares of the Company at:

Sharepro Services (India) Private Limited
Unit: CMI FPE Limited
13AB, Samhita Warehousing Complex,
2nd Floor, Off Andheri Kurla Road,
Sakinaka Telephone Exchange Lane,
Sakinaka, Andheri (E), Mumbai - 400 072
Tel: 022-67720400 Fax: 022-28591568
Email: sharepro@shareproservices.com

The Company has also 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 (E),
Mumbai - 400 093.
Tel. No.022-66762727
Fax No.022-66762737 / 38
Email.: investors@cmifpe.com

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
2008-2009	Mehta House, Plot No. 64, Road No. 13, MIDC, Andheri (E), Mumbai - 400 093	September 11, 2009	3.30 p.m.	Change in place of keeping Registers and Index of Members and copies of Annual Returns, etc.
2009-2010	-Do-	July 31, 2010	3.30 p.m.	1. Appointment of Mr. Raman Madhok as Managing Director 2. Appointment of Mr. Jean Gourp as Deputy Managing Director 3. Commission to Non-Executive Directors
2010-2011	-Do-	July 30, 2011	3.30 p.m.	Re-designation of Mr. Jean Gourp as Managing Director and revision of remuneration

The Company has not passed any Special Resolution through postal ballot during the financial year 2011-12 nor proposes to pass any Special Resolution through postal ballot during the current year.

IX. NON-MANDATORY REQUIREMENTS

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 irrespective of the duration of their tenure. The non-mandatory condition that Independent Directors may have a tenure not exceeding, in the aggregate, a period of nine years, on the Board of a Company will be considered when deemed appropriate by the Board. 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.

Remuneration Committee

The Company has constituted a Remuneration Committee comprising of five Non-Executive Directors, of whom three are Independent Directors. This Committee determines the

remuneration payable to the Executive Directors and also to the Non-Executive Directors of the Company, subject to the approval of the Board, and the shareholders as applicable.

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 ensured a track record of unqualified financial statements.

Whistle-Blower Policy

The Company at present has not established any formal whistle-blower policy mechanism. However, no person has been denied any access to the Audit Committee.

Compliance with the Corporate Governance Voluntary Guidelines, 2009

Many of the clauses of Corporate Governance Voluntary Guidelines, 2009 issued by Ministry of Corporate Affairs are being followed by your Company. It has always been the Company's endeavour to adhere to the best practices in Corporate Governance.

DECLARATION

To
The Members of CMI FPE Limited

I, Jean Gourp, 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, 2012.

For CMI FPE Limited

Jean Gourp
Managing Director

Mumbai
May 29, 2012

CEO/CFO Certification

To the Board of Directors,
CMI FPE Limited

Dear Sirs,

We have reviewed the financial statements read with cash flow statement of CMI FPE Limited for the year ended March 31, 2012 and that to the best of our knowledge and belief, we state that;

- (a) (i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that may be misleading;
- (ii) these statements present a true and fair view of the Company's affairs and are in compliance with current accounting standards, applicable laws and regulations.
- (b) there are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or in violation of the Company's code of conduct.
- (c) we accept responsibility for establishing and maintaining internal controls for financial reporting. We have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and have disclosed to the

Auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and steps taken or proposed to be taken for rectifying these deficiencies.

- (d) We have indicated to the Auditors and the Audit Committee;
 - (i) significant changes, if any, in the internal control over financial reporting during the year.
 - (ii) significant changes, if any, in accounting policies made during the year and that the same have been disclosed in the notes to the financial statements; and
 - (iii) instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

FOR CMI FPE LIMITED

Jean Gourp
Managing Director

Prasad Jahagirdar
Chief Financial Officer

Mumbai, May 29, 2012

Auditors' Certificate on Corporate Governance

To:

The Members of CMI FPE Limited,

We have examined the compliance of conditions of Corporate Governance by CMI FPE Limited (hereinafter referred to as the 'Company'), for the year ended March 31, 2012, as stipulated in Clause 49 of the Listing Agreement of the said Company with Bombay Stock Exchange Limited.

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

In our opinion and to the best of our information and according to the explanations given to us and

the representations made by the Directors and the Management, we certify that the Company has complied with the conditions of the Corporate Governance as stipulated in the abovementioned Listing Agreement.

We state that such compliances 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
(Registration No. 117365W)

Khurshed Pastakia

Partner
(Membership No. 31544)

MUMBAI, May 29, 2012

Management Discussion and Analysis

The Management of the Company presents below its analysis on performance of the Company for the year 2011-12 and an outlook for the future.

Industry Structure and Developments:

The National Steel Policy (Government of India) sets out the Indian Government's vision for the future of the steel industry. The central goal is the creation of an industry with 110 million tonnes of capacity and 100 million tonnes of production by 2019-20, implying an average growth in production of nearly 7 per cent a year. The Indian Ministry of Steel estimates that achieving this goal will require an extra US\$ 65 billion in capital expenditure in addition to funds for technology upgrades at existing facilities.

The national policy seeks to facilitate the creation of additional capacity, removal of procedural and policy bottlenecks that affect the availability of production inputs, increased investment in research and development, and the creation of road, railway, and port infrastructure. The policy focuses on the domestic sector but also envisages a steel industry growing faster than domestic consumption, which will enable export opportunities to be realised. Current steel investment plans India's ready availability of iron ore and low cost labour contribute significantly to the cost competitiveness of producing steel in India.

The challenge of maintaining the growth momentum in the economy with price stability is going to remain a key focus area.

Turning to the domestic macroeconomic situation, economic growth decelerated last year, and was mainly due to deceleration in industrial growth. The Central Statistics Office (CSO) put out an advance estimate of GDP growth for the year 2011 of 6.9 per cent. Looking ahead, the overall growth outlook for the current year looks a little better than it was last year. Accordingly, the Reserve Bank's baseline projection of GDP growth for the current year is 7.3 per cent.

The BRIC (Brazil, Russia, India and China) countries play a dominant role in the global iron and steel industry in

terms of reserves, production and consumption. The steel industry in Brazil, Russia, India and China (BRIC) is expected to see sustainable growth over the next four years.

The steel demand in the country is expected to grow at around 10% Compound Annual Growth Rate (CAGR) over the next ten years and at the same time the growth in steel production capacity in India is also slated to increase at an identical rate.

Steel production capacity in India would almost double by the year 2020 from the present capacity of 78 million tonnes. This would further increase if the demand for steel in rural India increases. In order to meet domestic steel demand, there is a requirement of large scale capacity additions both by private and public sector undertakings.

Your Company has always believed in the long term growth potential of India and also invested significantly in capital expenditure to be ready to seize growth opportunities.

Outlook:

Keeping in view the economic environment in India and the Company's domestic market as well as its primary markets overseas, the strategy going forward would be to facilitate proactive identification of additional needs of existing customers and servicing these in an effective manner. We would also be on the lookout to forge strategic relationships with existing and new customers in new products where we see significant potential, both in terms of business volumes and profitability.

In order to enhance the Company's strategic relationship with its key customers it was deemed appropriate to set up a separate function i.e. "Business Innovation", which focuses primarily on customer need driven improvements in existing equipments and functionalities. This cell also works on potential new products keeping in view the "voice of the customers". This cell is staffed with technical resources with cutting edge domain experience including engineering skill sets. The Business Innovation cell works in close

collaboration with the Innovation function at Group level to ensure, to the extent possible, coherence of initiatives taken at business unit level in India with those at Group level.

As is well known, the per capita consumption of steel in India is significantly below international levels. The economic policy initiatives, particularly those towards infrastructure development are expected to have a favourable impact on the Company's operations, going forward.

Considering the above, the Company's Order Book position and the potential for growth, the Company has taken some steps to reorganize itself. Principal amongst these reorganization initiatives, is the establishment of a Strategic Outsourcing cell to achieve a better balance between what is produced in our own workshops and what is produced by vendors. The short to medium term strategy would be to produce only critical components and assemblies in-house at our own workshops and outsource the remaining workload either at a component level to vendors or at an assembly level with the overall objective of optimizing the supply chain. This initiative, when fully implemented, is expected to bring in significant efficiencies in terms of project completion timelines and at budgeted costs.

The Company has also undertaken an expansion and modernization programme at Taloja and also acquired land at Hedavali, near Khopoli (Maharashtra) to setup a Greenfield facility. This balancing and modernization at our workshops will help cater to the increased demand from the Company's principal customers.

On an overall basis, the Company would focus on meeting the complete spectrum of customer needs, thereby differentiating itself from the competition.

Review of Operations:

The financial results for the year under review were adversely affected, owing to current market conditions, exchange losses and product mix variations vis-à-vis budget.

During the year 2011-12, the total income at ₹ 35,762.02 Lacs declined by 19.39% over the previous year. The profit before tax at ₹ 1635.19 Lacs declined by 76.96% over the previous year, also profit after tax at

₹ 1096.12 Lacs declined by 76.77% over the previous year. The earnings per equity share of ₹ 10 was ₹ 22.20 as against ₹ 95.55 in the previous year.

Opportunities and Threats:

The Company, over the last 26 years, has acquired a global leadership position in the design, manufacture, erection and commissioning of Cold Rolling Mill Complexes and Auxiliary Equipments for the Cold Rolling Industry and the Metal Processing Industry. The Company has a presence in both the domestic and export markets and this mitigates to some extent the impact of adverse economic conditions arising in any one of these markets at a time.

In the coming months, the Company sees significant business opportunities in these markets. The Management has scripted an action plan to leverage the Company's leadership position in its principal product lines and markets.

The average gestation time for each project is anywhere between 12 months to 18 months. Admittedly, such long gestation periods bring along the inherent risks like variations in input prices, adverse development at customers' end leading to project delays, prolonged project management schedules, performance issues, etc. Though every care is taken to mitigate the impact of any adverse elements, the inherent nature of "projects business" cannot be devoid of such elements.

Risk Management:

The Company is exposed to risks that are inherent to its businesses and the environment within which it operates.

Your Company adopts a comprehensive and integrated risk appraisal, mitigation and management process. The Board of Directors oversees all risks assumed by the Company. Specific committees comprising of Managing Director and Senior Management of the Company are constituted to facilitate focused oversight of various risks. During the year, the Board made an extensive review of the Risk Management framework, and also the current perceptions and status of various risks and the steps being taken to deal with these risks. The Board has also decided to review the Risk Status and the implementation of the Risk Management framework twice a year.

The Board noted that there are three distinct approaches followed in the various standards :

- Risk Management approach followed by ISO 31000 and British Standard BS 31100,
- “Risk Aware Culture” developed by the Canadian Institute of Chartered Accountants known as the CoCo (Criteria of Control) Framework.
- Internal Control Approach developed by COSO (Committee of Sponsoring Organisations of the Treadway Commission) Internal Control Framework.

After due reflection it was felt appropriate to continue with the COSO framework as the framework for risk management at the Company.

The Board, in course of its detailed deliberations, opined that Risk Management should indeed be managed with similar discipline as other core business operations. It advised the Management Team to infuse practices into the corporate culture that enable strategy and decision making to evolve out of a risk informed process.

The Company also has in place a Commitment Committee which 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. A standard checklist is adopted for this purpose. Once the project materializes, the various risks as well as risk mitigation strategies are reviewed on a periodic basis by the Company’s Management Committee and emergent actions are taken on the basis of these reviews. After completion of the projects, the learnings from the actual risks and the effectiveness of the mitigation strategies are analysed for further learning, and for refining the approach for future contracts.

The Company has contingent liability as disclosed in the Note No. 26.1 of Notes forming part of Financial Statements for the year ended on March 31, 2012.

Finance:

Your Company was a debt free company in the previous year. During the year, the Company has borrowed a long term loan to fund the capital expenditure being undertaken for expansion and modernization of the plant at Talaja.

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

Optimisation of all project costs, effective management of foreign exchange risk, creating all around operational efficiencies at our Workshops, cost austerity with respect to Sales and General Administration cost will continue to be primary drivers in the months ahead. In addition to optimising working capital through improved inventory and receivables management, close monitoring of project cash flows will continue to be of significant importance.

Industrial Relations & Human Resources Management:

The Industrial relations remained cordial at all locations. In the year under review, the significant efforts made to involve the entire workforce in continual improvement initiatives for our key processes, have started yielding results, and have actually taken the Company to the next level in terms of its “quality focus”.

The Company also rolled out a variety of training programmes, both by internal and external faculty, based on needs identified during the employee appraisal process. The programs covered diverse areas which ranged from honing leadership skills of middle and senior management to improving the productivity of our draftsmen and engineers on state-of-the-art CAD/CAM software.

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

The permanent employee strength of the Company as on March 31, 2012 was 541.

Health and Safety Training

Occupational health and Safety continues to be a focus area. The Company’s safety strategy is to

nurture a Zero Accident culture and to reinforce it with the CMI Group's safety policies initiatives and best practices, suitably adapted to the Indian environment.

The Company has taken significant steps to strengthen the Safety culture and safety awareness across the organization and imparting various trainings at all levels of employees.

Optimisation of Key Business Processes

The Company's Management Committee members encourage their direct reports to review their key business processes on a periodic basis and institutionalize "Continual Improvement" across the board. Also, the Company's QMS function has been tasked to remain involved in the identification, selection, implementation and review of various Continual Improvement Projects. It is believed that these key initiatives will enable the Company align with Global Best Practices at a process level and bring in significant efficiencies and cost optimization going forward.

A major initiative was a training onsite at our Workshops by eminent external faculty to find ways and means to improve our methods and processes (at our Mechanical Workshops) in line with global benchmarks.

In addition, the Company's QMS team made a significant contribution by conducting of 1686 hours of training relating to ISO 9001:2008 as well as safety awareness and also organized 980 hours of Internal Quality Auditor Training aggregating to 2666 hours of training.

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. Training programmes, facilitated by internal and external faculty, were continued for users of the Company's ERP system as well as the Company's design and drafting system to optimise productivity in the use of these applications. The Company has also deployed a reliable infrastructure for offline backups which are stored both onsite and offsite.

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.

The Company is in the process of implementing an advanced planning and scheduling software application. This software application is expected to give vastly improved visibility end to end of project progress. This software tool will also provide "what if" capability, specifically indicating likely completion dates for proposed new projects or projects rescheduled by customers based on current demand of resources.

Internal Control Systems:

The Company has engaged M/s Ernst & Young 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 internal audit reports as well as action taken on the matters reported upon. 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.

Auditors' Report

TO THE MEMBERS OF CMI FPE LIMITED

1. We have audited the attached Balance Sheet of CMI FPE Limited ("the Company") as at March 31, 2012, the Statement of Profit and Loss and the Cash Flow Statement of the Company for the year ended on that date, both annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and the disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by the Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 (CARO) issued by the Central Government in terms of Section 227(4A) of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report as follows:
 - (a) we have 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 Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this report are in compliance with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956;
 - (e) in our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (i) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2012;
 - (ii) in the case of the Statement of Profit and Loss, of the profit of the Company for the year ended on that date; and
 - (iii) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.
5. On the basis of the written representations received from the Directors as on March 31, 2012 taken on record by the Board of Directors, we report that none of the Directors is disqualified as on March 31, 2012 from being appointed as a director in terms of Section 274(1)(g) of the Companies Act, 1956.

For DELOITTE HASKINS & SELLS
Chartered Accountants
(Registration No. 117365W)

Khurshed Pastakia
Partner
(Membership No. 31544)

MUMBAI, May 29, 2012

Annexure to the Auditors' Report of CMI FPE Limited

(Referred to in paragraph 3 of our report of even date)

- (i) Having regard to the nature of the Company's business/activities/result, clauses (vi), (x), (xii), (xiii), (xiv), (xviii), (xix) and (xx) of CARO are not applicable.
- (ii) In respect of its fixed assets:
 - (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of the 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 between the book records and physical inventory have been noticed in respect of the assets physically verified during the year.
 - (c) The fixed assets disposed off during the year, in our opinion, do not constitute a substantial part of the fixed assets of the Company and such disposal has, in our opinion, not affected the going concern status of the Company.
- (iii) In respect of its inventories:
 - (a) As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals.
 - (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the Management were reasonable and adequate in relation to the size of the Company and the nature of its business.
 - (c) In our opinion and according to the information and explanations given to us, the Company has maintained proper records of its inventories and no material discrepancies were noticed on physical verification.
- (iv) The Company has neither granted nor taken any loans, secured or unsecured, to/from companies, firms or other parties listed in the Register maintained under Section 301 of the Companies Act, 1956.
- (v) In our opinion and according to the information and explanations given to us, having regard to the explanations that many of the items are of special nature and suitable alternative sources are not readily available for obtaining comparable quotations, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchases of inventory and fixed assets and the sale of goods and services (project revenues). During the course of our audit, we have not observed any major weakness in such internal control system.
- (vi) In respect of contracts or arrangements entered in the Register maintained in pursuance of Section 301 of the Companies Act, 1956, to the best of our knowledge and belief and according to the information and explanations given to us:
 - (a) The particulars of contracts or arrangements referred to Section 301 that needed to be entered in the Register maintained under the said Section have been so entered.
 - (b) Where each of such transaction is in excess of ₹ 5 lakhs in respect of any party, the transactions have been made at prices which are *prima facie* reasonable having regard to the prevailing market prices at the

relevant time other than those entered into with sole/special nature supplier.

(vii) In our opinion, the internal audit functions carried out during the year by firm of Chartered Accountants appointed by the Management have been commensurate with the size of the Company and nature of its business.

(viii) We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Accounting Records) Rules, 2011 prescribed by the Central Government under Section 209(1)(d) of the Companies Act, 1956 and are of the opinion that *prima facie* the prescribed cost records have been maintained. We have, however, not made a detailed examination of the cost records with a view to determining whether they are accurate or complete.

(ix) According to the information and explanations given to us in respect of statutory dues:

(a) The Company has generally been regular in depositing undisputed dues, including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and other material statutory dues applicable to it with the appropriate authorities.

(b) There were no undisputed amounts payable in respect of Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and other material statutory dues in arrears as at March 31, 2012 for a period of more than six months from the date they became payable.

(c) Details of dues of Income-tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty and Cess which have not been deposited as at March 31, 2012 on account of disputes are given below:

Statute	Nature of Dues	Forum where Dispute is pending	Period to which the amount relates	Amount involved (₹ in lakhs)
The Central Excise Act, 1944	Service tax – Cenvat credit (including interest and penalty)	Central Excise and Service Tax Appellate Tribunal	2007-08	362.53
Income, Tax Act, 1961	Income Tax	Appeal before Commissioner of Income tax (Appeals)	2009-10	57.95

(x) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of dues to banks and financial institutions.

(xi) In our opinion and according to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks and financial institutions.

(xii) In our opinion and according to the information and explanations given to us, the term loans were applied for the purpose for which the loans were obtained.

(xiii) In our opinion and according to the information and explanations given to us and on an overall examination of the Balance Sheet, we report that funds raised on short-term basis have not been used during the year for long-term investment.

(xiv) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no fraud on the Company has been noticed or reported during the year.

For DELOITTE HASKINS & SELLS

Chartered Accountants
(Registration No. 117365W)

Khurshed Pastakia

Partner
(Membership No. 31544)

MUMBAI, May 29, 2012

Balance Sheet

as at March 31, 2012

Particulars	Note No.	(₹ in lacs)	
		As at March 31, 2012	As at March 31, 2011
A EQUITY AND LIABILITIES			
1 Shareholders' funds			
(a) Share capital	3	493.78	493.78
(b) Reserves and surplus	4	14,666.29	13,857.11
		15,160.07	14,350.89
2 Non-current liabilities			
(a) Long-term borrowings	5	333.33	-
(b) Other long-term liabilities	6	1,536.98	3,437.16
(c) Long-term provisions	7	944.66	806.12
		2,814.97	4,243.28
3 Current liabilities			
(a) Trade payables	8	6,161.94	6,166.38
(b) Other current liabilities	9	16,523.92	16,240.39
(c) Short-term provisions	10	1,668.39	2,742.16
		24,354.25	25,148.93
Total		42,329.29	43,743.10
B ASSETS			
1 Non-current assets			
(a) Fixed assets			
(i) Tangible assets	11.A	3,126.73	2,489.47
(ii) Intangible assets	11.B	156.42	98.90
(iii) Capital work-in-progress		1,532.20	43.11
		4,815.35	2,631.48
(b) Non-current investments	12	0.01	0.01
(c) Deferred tax assets (net)	27.8	522.50	483.70
(d) Long-term loans and advances	13	1,223.61	803.22
(e) Other non-current assets	14	2,053.82	6,368.01
		8,615.29	10,286.42
2 Current assets			
(a) Inventories	15	2,016.82	1,718.41
(b) Trade receivables	16	15,418.30	7,767.20
(c) Cash and cash equivalents	17	3,012.94	8,657.44
(d) Short-term loans and advances	18	3,255.81	3,325.86
(e) Other current assets	19	10,010.13	11,987.77
		33,714.00	33,456.68
Total		42,329.29	43,743.10

See accompanying notes forming part of the financial statements

In terms of our report attached
For Deloitte Haskins & Sells
 Chartered Accountants

For and on behalf of the Board of Directors

Khurshed Pastakia
 Partner

Jean-Marc Kohlgruber
 Chairman

Jean Gourp
 Managing Director

Yves Honhon
 Director

Prasad Jahagirdar
 Chief Financial Officer

Sanjay Kumar Mutha
 Company Secretary

Place : Mumbai
 Dated : May 29, 2012

Place : Mumbai
 Dated : May 29, 2012

Statement of Profit and Loss for the year ended March 31, 2012

Particulars	Note No.	(₹ in lacs)	
		For the year ended March 31, 2012	For the year ended March 31, 2011
1 Revenue from operations (gross)	20	37,171.42	43,714.94
Less: Excise duty	20	1,991.72	1,874.41
Revenue from operations (net)		35,179.70	41,840.53
2 Other income	21	582.32	2,523.67
3 Total revenue (1+2)		35,762.02	44,364.20
4 Expenses			
(a) Cost of materials consumed	22.a	13,339.48	15,074.32
(b) Purchases of stock-in-trade	22.b	9,238.44	9,976.92
(c) Changes in inventories of finished goods and work-in-progress	22.c	(42.79)	58.58
(d) Employee benefits expense	23	3,804.72	3,433.35
(e) Finance costs	24	179.97	358.79
(f) Depreciation and amortisation expense	11.C	438.72	490.93
(g) Other expenses	25	7,168.29	7,873.97
Total expenses		34,126.83	37,266.86
5 Profit before tax (3-4)		1,635.19	7,097.34
6 Tax expense:			
(a) Current tax expense for current year		575.00	1,862.04
(b) Current tax expense relating to prior years		2.87	(101.21)
(c) Net current tax expense		577.87	1,760.83
(d) Deferred tax		(38.80)	618.65
		539.07	2,379.48
7 Profit for the year (5-6)		1,096.12	4,717.86
8 Earnings per share (of ₹ 10/- each):	27.7		
(a) Basic		22.20	95.55
(b) Diluted		22.20	95.55

See accompanying notes forming part of the financial statements

In terms of our report attached
For Deloitte Haskins & Sells
Chartered Accountants

For and on behalf of the Board of Directors

Khurshed Pastakia
Partner

Jean-Marc Kohlgruber
Chairman

Jean Gourp
Managing Director

Yves Honhon
Director

Prasad Jahagirdar
Chief Financial Officer

Sanjay Kumar Mutha
Company Secretary

Place : Mumbai
Dated : May 29, 2012

Place : Mumbai
Dated : May 29, 2012

Cash Flow Statement

for the year ended March 31, 2012

Particulars	(₹ in lacs)	
	For the year ended March 31, 2012	For the year ended March 31, 2011
A Cash flow from operating activities:		
Net Profit before tax	1,635.19	7,097.34
Adjustments for (net):		
Depreciation/amortisation	438.72	490.93
Provision for doubtful trade receivables	(23.28)	(1,097.65)
Provision for warranties	165.29	48.85
Provision for estimated loss on contracts	(423.59)	806.67
Provision for custom duty on bonded goods	(20.60)	(37.98)
Provision for employee benefits	(29.22)	(20.89)
Provision for unrealised loss on mark-to-market derivative contracts	190.76	-
Interest expense	10.37	0.78
Interest income	(374.73)	(301.83)
Unrealised foreign exchange loss (net)	92.64	31.01
Loss on sale/scrap of assets/written off	2.49	11.94
Operating profit before working capital changes	1,664.04	7,029.17
Adjustments for:		
Trade and other receivables	(646.87)	(2,224.57)
Inventories	(298.41)	273.44
Trade and other payables	(1,980.56)	1,492.99
Cash (used in)/generated from operations	(1,261.80)	6,571.03
Direct taxes paid (Net of refunds)	(1,359.52)	(1,848.21)
Net cash (used in)/from operating activities	(2,621.32)	4,722.82
B Cash flow from investing activities:		
Purchase of fixed assets	(2,618.79)	(313.64)
Interest received	401.12	316.93
Sale of fixed assets	0.19	0.64
Bank balances not considered as cash and cash equivalents (net)	44.68	(108.90)
Net cash used in investing activities	(2,172.80)	(104.97)
C Cash flow from financing activities:		
Proceeds of long term borrowings	350.00	-
Interest paid	(10.37)	(0.78)
Dividend and dividend tax paid (Including changes in unpaid dividend)	(1,145.68)	(574.71)
Net cash used in financing activities	(806.05)	(575.49)
Net (decrease)/increase in cash and cash equivalents (A+B+C)	(5,600.17)	4,042.36
Cash and cash equivalents as at the beginning of the year	7,705.01	3,660.51
Effect of exchange differences on restatement of foreign currency Cash and cash equivalents	0.35	2.14
Cash and cash equivalents as at the end of the year	2,105.19	7,705.01

Cash Flow Statement for the year ended March 31, 2012 (contd.)

(₹ in lacs)

Particulars	For the year ended March 31, 2012	For the year ended March 31, 2011
Reconciliation of Cash and cash equivalents with the Balance Sheet:		
Cash and cash equivalents as per Balance Sheet (Refer Note 17)	3,012.94	8,657.44
Less: Bank balances not considered as Cash and cash equivalents as defined in AS 3 Cash Flow Statements		
Balances held as margin money lien against guarantees and letter of credits	907.75	952.43
Net cash and cash equivalents (as defined in AS 3 Cash Flow Statements)	2,105.19	7,705.01
Notes:		
1 Cash and cash equivalents comprise of the following:		
(a) Cash on hand	2.79	4.82
(b) Balances with banks		
(i) In current accounts	373.88	1,294.62
(ii) In EEFC accounts	12.46	91.60
(iii) In deposit accounts	1,700.00	6,300.00
(iv) Unpaid dividend accounts	16.06	13.97
	2,105.19	7,705.01
2 Cash flow statement has been prepared under the "Indirect Method" as set out in Accounting Standard (AS-3) "Cash Flow Statement" as notified under the Companies (Accounting Standard) Rules, 2006.		
3 Previous year's figures have been recast/restated wherever necessary.		

In terms of our report attached
For Deloitte Haskins & Sells
Chartered Accountants

For and on behalf of the Board of Directors

Khurshed Pastakia
Partner

Jean-Marc Kohlgruber
Chairman

Jean Gourp
Managing Director

Yves Honhon
Director

Prasad Jahagirdar
Chief Financial Officer

Sanjay Kumar Mutha
Company Secretary

Place : Mumbai
Dated : May 29, 2012

Place : Mumbai
Dated : May 29, 2012

Notes forming part of the Financial Statements

1 Corporate Information:

The principal activities of the Company comprise 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 for ferrous and non-ferrous industries world wide.

2 Statement of Significant Accounting Policies:

2.1 Basis of Preparation:

The Financial Statements have been prepared to comply in all material respects with the notified accounting standards by the Companies (Accounting Standards) Rules, 2006 and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared under the historical cost convention on accrual basis except in case of assets for which provision for impairment is made and revaluation is carried out. The accounting policies have been consistently applied by the Company and are consistent with those used in the previous year.

2.2 Use of Estimates:

The preparation of financial statements in conformity with Generally Accepted Accounting Principles in India requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent liabilities at the date of financial statements and the reported amounts of revenues and expenses during the reporting period. Examples of such estimates include percentage of completion method which requires the Company to estimate the cost expended to date as a proportion of the total estimated costs, provision for doubtful debts, future obligations under employee benefit plans, income taxes, warranties and the useful lives of fixed assets and intangible assets.

Accounting estimates can change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as the management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates are reflected in the financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to financial statements.

2.3 Inventories:

- i Inventories are valued at lower of cost and net realisable value.
- 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 weighted average method.
- iii Cost is arrived at on a moving weighted average method and includes, where appropriate, manufacturing overheads and excise duty. Work in progress and finished goods inventory is valued as aforesaid based on estimated value of work completed on each project.

Notes forming part of the Financial Statements

- iv Material procured for a specific projects is immediately booked to the project and is not considered as inventory.
- v Inventory includes goods lying with vendors for job work and goods in-transit.

2.4 Depreciation/Amortisation:

Depreciation/Amortisation is provided on written down value method in accordance with Schedule XIV to the Companies Act, 1956, other than described below.

Depreciation/Amortisation on assets acquired or sold during the year is provided on pro-rata basis. Depreciation on Plant and Machinery for actual shift working is revised as per the provisions of the Companies Act, 1956 at the year-end. In respect of the tangible and intangible assets below, the following straight line method depreciation/amortisation rates applied are different from the rates prescribed by Schedule XIV to the Companies Act, 1956.

Sr. No.	Name of Asset	Rate Applied	Schedule XIV
1	Flats (2)	2.27% & 2.56% (SLM)	1.63% (SLM)
2	Software	33.33% (SLM)	16.21% (SLM)

Leasehold land is being amortised over the period of the lease.

2.5 Revenue Recognition:

Sales, other than long term contracts are recognised on dispatch of goods. Sales are net of Value Added Tax. The Excise Duty recovered is presented as a reduction from gross sales.

The Company recognises revenue from construction contracts in accordance with the Accounting Standard 7 on Accounting for Construction contracts. Revenue from construction contracts is recognised based on the estimated percentage of completion of contracts in progress; such estimates are based on the assessment made by the management on the basis of proportion that the contract costs incurred for the work performed upto the reporting date bears to the estimated total contract costs. When the outcome of a construction contract can be estimated reliably, contract revenue and contract cost are recognised as revenue and expenses respectively by reference to the stage of completion of the contract at the reporting date. The projected losses, if any, are provided in entirety as per the Accounting Standard and are based on a technical assessment of the time to be taken and estimates of future expenditure which are prepared and certified by the management. The above estimates are relied upon by the auditors.

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. Based on overall Gross margin estimated for outstanding contracts, revenues for contracts in progress are recognised in the Statement of Profit and Loss based on the stage of completion of contract at the Balance Sheet date.

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.

Notes forming part of the Financial Statements

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.

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.

2.6 Fixed Assets:

i Tangible Assets:

Tangible assets are stated at their original cost of acquisition or construction less accumulated depreciation and impairment losses, if any. Cost comprises the purchase price and attributable cost if any, of bringing the asset to its working condition for its intended use. Capital work-in-progress is valued at cost.

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.

2.7 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 of monetary assets and liabilities, during the year are recognized 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.

Notes forming part of the Financial Statements

- v The Company uses foreign currency forward contracts to hedge its risks associated with foreign currency fluctuations relating to certain firm commitments and highly probable forecast transactions. In respect of outstanding derivative contracts as at Balance Sheet date, such contracts are marked to market and keeping in view the principle of prudence, only unrealized net mark-to-market losses are recognized to Statement of Profit and Loss and net gain, if any, are ignored in pursuance of the announcement dated March 29, 2008 by the Institute of Chartered Accountants of India.

2.8 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.

2.9 Employee Benefits:

i Defined Contribution Plan:

The Company's contributions paid/payable during the year to Provident Fund, Superannuation Fund, Employee State Insurance Corporation and Labour Welfare Fund are recognised in the Statement of Profit and Loss.

ii Defined Benefit Plan/Long term compensated absences:

Company's liabilities towards gratuity and compensated absences are determined as at the end of the reporting date by 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.

2.10 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 is charged at the same rate used for charging depreciation on the depreciable assets of same kind owned by the Company.

Notes forming part of the Financial Statements

2.11 Earnings per Share:

Basic earnings per share is 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.

2.12 Income Taxes:

Tax Expense comprises current and deferred tax. Current tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income-tax Act, 1961. Deferred Income taxes reflect the impact of current year timing differences between taxable income and accounting income and reversal of timing differences of the earlier years.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the Balance Sheet date. Deferred tax assets are recognised only to the extent there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. Deferred tax asset on carried forward business losses and unabsorbed depreciation is set up only if there is virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax asset can be realised.

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.

2.13 Impairment:

An asset is considered to be impaired in accordance with Accounting Standard 28 - Impairment of Assets, when at Balance Sheet date there are indications of impairment and the carrying amount of the asset, or where applicable the cash generating unit to which the asset belongs, exceeds its recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use. In assessing value in use the estimated future cash flows are discounted to their present value at the weighted average cost of capital. The carrying amount is reduced to the recoverable amount and the reduction is recognised as an impairment loss in the Statement of Profit and Loss.

Notes forming part of the Financial Statements

2.14 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.

2.15 Provision for Doubtful debts:

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

2.16 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.

2.17 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.

2.18 Technology Fees:

Technology fees is computed under an agreement effective January 1, 2010 on value addition basis on the equipment manufactured with help of new technology provided by CMI, S.A. Technology fees are being fully charged off at the time of incurrence, and is included under Project related expenses under head other expenses.

2.19 Brand Fees:

Brand fees charged by CMI S.A., under an agreement effective January 1, 2010, 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, 2012		As at March 31, 2011	
	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
Total	4,937,813	493.78	4,937,813	493.78

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	Equity Shares	
	Number	₹ in lacs
Shares outstanding at the beginning of the year	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

- (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 proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

During the year ended March 31, 2012, the amount of per share dividend recognised as distribution to equity shareholders was ₹ 5/- (March 31, 2011: ₹ 20/-)

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 to the number of equity shares held by the shareholders.

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

Particulars	As at March 31, 2012	As at March 31, 2011
	Number of shares	Number of shares
Equity shares with voting rights		
Cockerill Maintenance and Ingenierie S.A., 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, 2012		As at March 31, 2011	
	Number of shares held	% holding	Number of shares held	% holding
Equity shares with voting rights				
Cockerill Maintenance and Ingenierie S.A.	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, 2012	As at March 31, 2011
(a) Securities premium account	1,466.27	1,466.27
(b) General reserve		
Opening balance	8,965.42	6,338.92
Add: Transferred from surplus in Statement of Profit and Loss	109.61	2,626.50
Closing balance	9,075.03	8,965.42
(c) Surplus in the Statement of Profit and Loss		
Opening balance	3,425.42	2,481.83
Add: Profit for the Current year	1,096.12	4,717.86
Less: Dividend		
Ordinary dividend proposed to be distributed to equity shareholders	246.89	493.78
Special silver jubilee dividend proposed to be distributed to equity shareholders	-	493.78
Tax on dividend	40.05	160.21
Transferred to General reserve	109.61	2,626.50
Closing balance	4,124.99	3,425.42
Total	14,666.29	13,857.11

Note 5 Long-term borrowings

(₹ in lacs)

Particulars	As at March 31, 2012	As at March 31, 2011
Indian rupee term loan:		
From bank - Secured [Refer Note (i)]	333.33	-
Total	333.33	-

Note:

- (i) Details of terms of repayment for long-term borrowings and security provided in respect of the secured long-term borrowing.

Particulars	Terms of repayment and security	As at March 31, 2012	As at March 31, 2011
Term loan from bank : HDFC Bank Limited	Terms of repayment - Repayment is made in 20 equal quarterly installments starting from the end of 12 months from the date of first drawal i.e. 15 March, 2012 bearing interest @ HDFC base rate + 2.5% for first year and subsequently HDFC base rate + 3% Security - First charge over all the immovable properties and movable fixed assets of the Company located at Taloja and second <i>pari passu</i> charge on all current assets of the Company both present and future.	333.33	-
Total		333.33	-

- (ii) Long term borrowings from banks towards cash credit are secured by hypothecation of stocks and book debts and by first *pari passu* charge on the fixed assets of the Company and equitable mortgage of land at Taloja, Silvassa and Andheri. The Company continues to avail non-fund based limits and the charge continues.

Notes forming part of the Financial Statements

Note 6 Other long-term liabilities

(₹ in lacs)

Particulars	As at March 31, 2012	As at March 31, 2011
(a) Trade Payables		
Total outstanding dues of micro enterprises and small enterprises (Refer Note 26.2)	41.16	39.01
Total outstanding dues other than micro enterprises and small enterprises	884.04	1,855.56
	925.20	1,894.57
(b) Others:		
(i) Provision for gratuity (net) (Refer Note 27.2)	99.46	155.03
(ii) Advances from customers	512.32	1,387.56
	611.78	1,542.59
Total	1,536.98	3,437.16

Note 7 Long-term provisions

(₹ in lacs)

Particulars	As at March 31, 2012	As at March 31, 2011
(a) Provision for employee benefits:		
Provision for compensated absences	361.90	339.70
	361.90	339.70
(b) Provision - Others:		
(i) Provision for warranties (Refer Note 27.9)	530.84	369.80
(ii) Provision for estimated losses on contracts (Refer Note 27.9)	51.92	96.62
	582.76	466.42
Total	944.66	806.12

Note 8 Trade payables

(₹ in lacs)

Particulars	As at March 31, 2012	As at March 31, 2011
Total outstanding dues of micro enterprises and small enterprises (Refer Note 26.2)	1,030.09	318.35
Total outstanding dues other than micro enterprises and small enterprises	5,131.85	5,848.03
Total	6,161.94	6,166.38

Notes forming part of the Financial Statements

Note 9 Other current liabilities

(₹ in lacs)

Particulars	As at March 31, 2012	As at March 31, 2011
(a) Current maturities of long-term debt (Refer Note 5 for security details)	16.67	-
(b) Interest accrued but not due on borrowing (Refer Note 27.3)	2.04	-
(c) Unpaid dividends	15.96	13.87
(d) Other payables		
(i) Statutory remittances	264.76	295.98
(ii) Value added tax payable	192.54	-
(iii) Payables on purchase of fixed assets	115.74	9.87
(iv) Contractually reimbursable expenses	9.92	9.52
(v) Interest accrued on others	1.06	-
(vi) Trade/security deposits received	12.80	1.50
(vii) Advances from customers [Refer Note (i)]	14,014.52	11,720.75
(viii) Dues to customer on construction contracts	1,877.91	4,188.90
Total	16,523.92	16,240.39

Note (i): Advance from customers comprise:

(₹ in lacs)

Particulars	As at March 31, 2012	As at March 31, 2011
CMI M+W Engineering GmbH, Fellow Subsidiary	364.36	-
Total	364.36	-

Note 10 Short-term provisions

(₹ in lacs)

Particulars	As at March 31, 2012	As at March 31, 2011
(a) Provision for employee benefits:		
Provision for compensated absences	41.44	37.29
	41.44	37.29
(b) Provision - Others:		
(i) Provision for tax (net of advance tax)	98.60	104.89
(ii) Provision for estimated loss on derivatives	190.76	6.32
(iii) Provision for warranties (Refer Note 27.9)	530.14	525.89
(iv) Provision for estimated losses on contracts (Refer Note 27.9)	520.51	899.40
(v) Provision for proposed equity dividend	246.89	987.56
(vi) Provision for tax on proposed equity dividend	40.05	160.21
(vii) Provision for custom duty on bonded goods (Refer Note 27.9)	-	20.60
	1,626.95	2,704.87
Total	1,668.39	2,742.16

Notes forming part of the Financial Statements

Note 11 Fixed assets

(₹ in lacs)

A . Tangible Assets	Gross block			Accumulated depreciation and amortisation				Net block		
	Balance as at April 1, 2011	Additions	Disposals	Balance as at March 31, 2012	Balance as at April 1, 2011	Depreciation /amortisation expense for the year	Eliminated on disposal of assets	Balance as at March 31,2012	Balance as at March 31, 2012	Balance as at March 31, 2011
(a) Land										
Freehold	103.99	730.09	-	834.08	-	-	-	-	834.08	103.99
Leasehold	353.85	-	-	353.85	16.98	5.66	-	22.64	331.21	336.87
(b) Buildings										
Flat	10.82	-	-	10.82	0.75	0.25	-	1.00	9.82	10.07
Factory road	76.24	41.25	-	117.49	14.67	3.31	-	17.98	99.51	61.57
Factory buildings	1,860.60	23.25	-	1,883.85	1,124.45	74.21	-	1,198.66	685.19	736.15
Office building	501.57	-	-	501.57	212.30	14.46	-	226.76	274.81	289.27
(c) Plant and Equipment										
Plant and machinery	2,674.50	125.94	0.13	2,800.31	2,107.85	144.13	0.01	2,251.97	548.34	566.65
Electrical installations	98.91	-	4.98	93.93	71.49	3.81	4.59	70.71	23.22	27.42
Quality control equipment	27.67	1.76	2.36	27.07	23.63	0.64	2.02	22.25	4.82	4.04
(d) Furniture and Fixtures	122.49	2.71	-	125.20	75.03	8.87	-	83.90	41.30	47.46
(e) Vehicles	67.27	-	-	67.27	14.59	13.64	-	28.23	39.04	52.68
(f) Office equipment	194.61	6.09	3.22	197.48	111.04	12.31	1.39	121.96	75.52	83.57
(g) Computers	461.59	63.69	-	525.28	291.86	73.55	-	365.41	159.87	169.73
Total	6,554.11	994.78	10.69	7,538.20	4,064.64	354.84	8.01	4,411.47	3,126.73	2,489.47
Previous year	6,410.01	244.56	100.46	6,554.11	3,759.27	393.25	87.88	4,064.64	2,489.47	

(₹ in lacs)

B . Intangible Assets	Gross block			Accumulated depreciation and amortisation				Net block		
	Balance as at April 1, 2011	Additions	Disposals	Balance as at March 31, 2012	Balance as at April 1, 2011	Depreciation /amortisation expense for the year	Eliminated on disposal of assets	Balance as at March 31,2012	Balance as at March 31, 2012	Balance as at March 31, 2011
(a) Computer software - acquired	538.01	141.40	-	679.41	439.11	83.88	-	522.99	156.42	98.90
(b) Designs and drawings - acquired	468.10	-	-	468.10	468.10	-	-	468.10	-	-
Total	1,006.11	141.40	-	1,147.51	907.21	83.88	-	991.09	156.42	98.90
Previous year	982.47	23.64	-	1,006.11	809.53	97.68	-	907.21	98.90	

C Depreciation and amortisation:

(₹ in lacs)

Particulars	For the year ended March 31, 2012	For the year ended March 31, 2011
Depreciation and amortisation for the year on tangible assets as per Note 11.A	354.84	393.25
Depreciation and amortisation for the year on intangible assets as per Note 11.B	83.88	97.68
Depreciation and amortisation	438.72	490.93

Notes forming part of the Financial Statements

Note 12 Non-current investments

(₹ in lacs)

Particulars	As at	As at
	March 31, 2012	March 31, 2011
	Unquoted	Unquoted
Long-Term Investments		
<u>Non-trade</u>		
(a) Investment in equity instruments		
4,000 (As at March 31, 2011: 4,000) shares of ₹ 10/- each fully paid up in Elbee Services Limited (Book value ₹ 1/-)	-	-
34,000 (As at March 31, 2011: 34,000) shares of ₹ 10/- each fully paid up in Essem Coated Steels Limited (Book value ₹ 1/-)	-	-
100,000 (As at March 31, 2011: 100,000) shares of ₹ 10/- each fully paid up in Elbee Airline Limited (Book value ₹ 1/-)	-	-
	-	-
(b) Other non-current investment (At cost)		
10 (As at March 31, 2011: 10) shares of ₹ 50/- each fully paid up Highland Park Co. Op. Hsg. Society Ltd.	0.01	0.01
	0.01	0.01
Total	0.01	0.01
Aggregate amount of unquoted investments	0.01	0.01

Note 13 Long-term loans and advances

(₹ in lacs)

Particulars	As at	As at
	March 31, 2012	March 31, 2011
(a) Capital advances - Unsecured, considered good	108.23	6.80
(b) Security deposits - Unsecured, considered good	90.01	89.14
(c) Loans and advances to employees - Unsecured, considered good	2.25	3.21
(d) Other loans and advances - Unsecured, considered good		
(i) Prepaid expenses	0.30	3.16
(ii) Advance income tax (net of provisions)	815.30	39.94
(iii) Balances with government authorities		
Value added tax credit receivable	207.52	660.97
Total	1,223.61	803.22

Notes forming part of the Financial Statements

Note 14 Other non-current assets

(₹ in lacs)

Particulars	As at	As at
	March 31, 2012	March 31, 2011
(a) Retention monies		
Unsecured, considered good	2,053.78	6,365.10
Doubtful*	-	407.18
	2,053.78	6,772.28
Less: Provision for doubtful trade receivables	-	(407.18)
	2,053.78	6,365.10
(b) Other non-current assets		
Interest accrued on deposits	0.04	2.91
Total	2,053.82	6,368.01

*In current year, considered in Trade receivables.

Note 15 Inventories

(At lower of cost and net realisable value)

(₹ in lacs)

Particulars	As at	As at
	March 31, 2012	March 31, 2011
(a) Raw materials	1,450.18	1,187.80
Goods-in-transit	25.52	25.76
	1,475.70	1,213.56
(b) Work-in-progress (Refer Note below)	33.24	18.62
(c) Finished goods*	301.91	273.74
(d) Stores and spares	205.97	212.49
Total	2,016.82	1,718.41

* Finished goods include excise duty of ₹ 158.41 lacs (As at March 31, 2011: ₹ 72.21 lacs) of which ₹ 141.28 lacs (As at March 31, 2011: ₹ 51.20 lacs) is pertaining to project stocks.

Note: Details of inventory of work-in-progress

(₹ in lacs)

Particulars	As at	As at
	March 31, 2012	March 31, 2011
Spares components	33.24	18.62
Total	33.24	18.62

Notes forming part of the Financial Statements

Note 16 Trade receivables

(₹ in lacs)

Particulars	As at March 31, 2012	As at March 31, 2011
Trade receivables outstanding for a period exceeding six months from the date they were due for payment		
Unsecured, considered good	302.28	435.14
Doubtful	138.02	161.30
	440.30	596.44
Less: Provision for doubtful trade receivables	(138.02)	(161.30)
	302.28	435.14
Other Trade receivables*		
Unsecured, considered good	15,116.02	7,332.06
Doubtful#	407.18	-
	15,523.20	7,332.06
Less: Provision for doubtful trade receivables	(407.18)	-
	15,116.02	7,332.06
Total	15,418.30	7,767.20

* Other trade receivables include retention monies of ₹ 6,998.76 lacs (As at March 31, 2011: ₹ 2,793.19 lacs)

In previous year, considered in Other non-current assets

Note 17 Cash and cash equivalents

(₹ in lacs)

Particulars	As at March 31, 2012	As at March 31, 2011
(a) Cash on hand	2.79	4.82
(b) Balances with banks		
(i) In current accounts	373.88	1,294.62
(ii) In EEFC accounts	12.46	91.60
(iii) In deposit accounts	1,700.00	6,300.00
(iv) In earmarked accounts		
- Unpaid dividend accounts	16.06	13.97
- Balances held as margin money lien against guarantees and letter of credits (Refer Note below)	907.75	952.43
Total	3,012.94	8,657.44

Note:

Balances with banks include margin monies amounting to ₹ 122.92 lacs (As at March 31, 2011: ₹ 222.03 lacs) which have an original maturity of more than 12 months.

Notes forming part of the Financial Statements

Note 18 Short-term loans and advances

(₹ in lacs)

Particulars	As at March 31, 2012	As at March 31, 2011
(a) Loans and advances to related parties - Unsecured, considered good (Refer Note 27.5)	408.57	775.14
(b) Other loans and advances - Unsecured, considered good		
(i) Security deposits	2.00	-
(ii) Loans and advances to employees	17.61	17.97
(iii) Prepaid expenses	86.00	63.83
(iv) Balances with government authorities		
(a) CENVAT credit receivable	230.67	441.57
(b) Value added tax credit receivable	694.63	494.19
(c) Service Tax credit receivable	116.14	296.19
(v) Advance paid to suppliers	1,699.83	1,236.19
(vi) Loans to contractors	0.36	0.78
Total	3,255.81	3,325.86

Note 19 Other current assets

(₹ in lacs)

Particulars	As at March 31, 2012	As at March 31, 2011
(a) Dues from customer on construction contracts	9,964.08	11,910.99
(b) Interest accrued on deposits	41.21	64.73
(c) Others current assets		
(i) Receivables towards gratuity	2.88	4.73
(ii) Other receivables	1.96	7.32
Total	10,010.13	11,987.77

Notes forming part of the Financial Statements

Note 20 Revenue from operations

Particulars	(₹ in lacs)	
	For the year ended March 31, 2012	For the year ended March 31, 2011
(a) Sale of products [Refer Note (i) below]	36,658.29	42,406.22
(b) Sale of services [Refer Note (ii) below]	319.50	1,217.37
(c) Other operating revenues [Refer Note (iii) below]	193.63	91.35
	37,171.42	43,714.94
Less:		
(d) Excise duty	1,991.72	1,874.41
Total	35,179.70	41,840.53

Particulars	(₹ in lacs)	
	For the year ended March 31, 2012	For the year ended March 31, 2011
(i) Sale of products comprises:		
Cold Rolling Mill	14,305.30	22,810.65
Continuous Galvanizing Lines	6,923.01	9,839.44
Acid Regeneration Plant	1,117.44	221.15
Tension Levelling Line	63.63	266.00
Electrolytic Cleaning Line	309.52	730.10
Pickling Line	2,165.82	1,504.00
Colour Coating Line	3,713.99	3,574.55
Wet Flux Line	3,449.85	935.60
Others (including spares and excise duty)	4,609.73	2,524.73
Total - Sale of products	36,658.29	42,406.22
(ii) Sale of services comprises :		
Service - supervision charges	229.00	159.67
Service - erection charges	90.50	1,057.70
Total - Sale of services	319.50	1,217.37
(iii) Other operating revenues comprise:		
Sale of scrap	143.86	52.78
Others:		
Liquidated damages received	20.32	9.24
Shared services income	29.45	29.33
Total - Other operating revenues	193.63	91.35

Notes forming part of the Financial Statements

Note 21 Other income

(₹ in lacs)

Particulars	For the year ended March 31, 2012	For the year ended March 31, 2011
(a) Interest income [Refer Note (i) below]	374.73	301.83
(b) Gain on exchange fluctuation (net)	-	1,197.47
(c) Other non-operating income [Refer Note (ii) below]	207.59	1,024.37
Total	582.32	2,523.67

Notes:

Particulars	For the year ended March 31, 2012	For the year ended March 31, 2011
(i) Interest income comprises:		
Interest from banks on deposits	374.37	301.35
Interest on loans and advances	0.36	0.48
Total - Interest income	374.73	301.83
(ii) Other non-operating income comprises:		
Liabilities/provisions no longer required written back	182.80	967.80
Miscellaneous income	24.79	56.57
Total - Other non-operating income	207.59	1,024.37

Note 22.a Cost of materials consumed

(₹ in lacs)

Particulars	For the year ended March 31, 2012	For the year ended March 31, 2011
Opening stock	1,213.56	1,425.96
Add: Purchases	13,601.62	14,861.92
	14,815.18	16,287.88
Less: Closing stock	1,475.70	1,213.56
Cost of material consumed	13,339.48	15,074.32

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 cost 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.

Notes forming part of the Financial Statements

Note 22.b Purchases of stock-in-trade

(₹ in lacs)

Particulars	For the year ended March 31, 2012	For the year ended March 31, 2011
Stock-in-trade comprises components for:		
Cold Rolling Mill	4,711.93	7,112.54
Continuous Galvanizing Lines	851.56	1,277.16
Acid Regeneration Plant	706.56	18.84
Tension Levelling Line	118.25	32.06
Pickling Line	631.41	319.54
Colour Coating Line	600.78	473.37
Wet Flux Line	1,167.93	91.36
Others	450.02	652.05
Total	9,238.44	9,976.92

Note 22.c Changes in inventories of finished goods and work-in-progress

(₹ in lacs)

Particulars	For the year ended March 31, 2012	For the year ended March 31, 2011
Inventories at the beginning of the year:		
Finished goods	273.74	334.62
Work-in-progress	18.62	16.32
	292.36	350.94
Inventories at the end of the year:		
Finished goods	301.91	273.74
Work-in-progress	33.24	18.62
	335.15	292.36
Net (increase)/decrease	(42.79)	58.58

Note 23 Employee benefits expense

(₹ in lacs)

Particulars	For the year ended March 31, 2012	For the year ended March 31, 2011
Salaries and wages	3,373.23	3,000.99
Contributions to: (Refer Note 27.2)		
Provident fund	144.13	138.31
Superannuation fund	39.07	38.34
Gratuity fund	24.39	80.80
Staff welfare expenses	223.90	174.91
Total	3,804.72	3,433.35

Notes forming part of the Financial Statements

Note 24 Finance costs

(₹ in lacs)

Particulars	For the year ended March 31, 2012	For the year ended March 31, 2011
(a) Interest expense on:		
(i) Borrowings	10.37	0.78
(ii) Trade payables	0.41	-
(iii) Others		
- Interest on delayed/deferred payment of income tax	0.29	12.53
- Interest on delayed/deferred payment of service tax	2.80	0.42
(b) Other borrowing costs		
Bank Charges	166.10	343.94
(c) Loss on exchange fluctuation (net)	-	1.12
Total	179.97	358.79

Note 25 Other expenses

(₹ in lacs)

Particulars	For the year ended March 31, 2012	For the year ended March 31, 2011
Consumption of stores and spare parts	577.02	465.06
Increase/(decrease) of excise duty on inventory	87.47	(71.37)
Project related expenses	418.54	401.91
Labour and processing charges	1,635.18	1,172.61
Erection expenses	679.95	814.10
Power and fuel	148.65	127.34
Repairs:		
- Buildings	7.99	40.08
- Plant and machinery	27.71	14.38
- Others	105.16	116.15
Rent (Refer Note 27.6)	119.08	109.76
Rates and taxes	133.97	298.64
Insurance	23.66	65.10
Commission on sales	78.91	763.50
Loss on sale/scrap assets/written off (net)	2.49	11.94
Loss on exchange fluctuation (net)	777.87	-
Unrealised loss on mark-to-market derivative contracts	190.76	-
Provision for doubtful receivables	-	161.30
Brand fees	200.65	250.24
Warranties (Refer Note 27.9)	320.28	408.11
Liquidated damages	4.25	141.03
Estimated losses on contracts (Refer Note 27.9)	(423.59)	806.67
Packing and forwarding expenses	733.75	517.64
Travelling and conveyance	478.67	498.11
Postage, telex and telephone expenses	49.61	48.71
Legal and professional	170.21	215.62
Payments to auditors [Refer Note (i) below]	64.91	63.51
Miscellaneous expenses	555.14	433.83
Total	7,168.29	7,873.97

Notes forming part of the Financial Statements

Note 25 Other expenses (contd.)

Note:

(₹ in lacs)

Particulars	For the year ended March 31, 2012	For the year ended March 31, 2011
(i) Payments to the auditors comprises (net of service tax input credit, where applicable):		
As auditors - statutory audit	34.50	34.50
For taxation matters	8.26	8.20
For other services	21.60	20.55
Reimbursement of expenses	0.55	0.26
Total	64.91	63.51

Note 26 Additional information to the financial statements

(₹ in lacs)

Note	Particulars	As at March 31, 2012	As at March 31, 2011
26.1	Contingent liabilities and commitments (to the extent not provided for)		
(i)	Contingent liabilities		
(a)	Claims against the Company not acknowledged as debt		
	Service tax*	362.53	337.19
	Labour matter	5.00	5.00
	Income tax	88.62	-
(b)	Other money for which the Company is contingently liable		
	Advance licence - custom duty elements	432.95	246.67
(ii)	Commitments		
(a)	Estimated amount of contracts remaining to be executed on capital account and not provided for		
	Tangible assets	349.18	76.40

*During the period October 2007 to February 2008, the Company has paid service tax on the Commission charged by their non-resident commission agents for the services rendered in connection with sales of the assessee's finished goods in overseas market and availed Cenvat Credit. The Central Excise department has issued a show cause Notice No. F.No.V(CH84)3-06/Dem./2009-10, dated 29.10.2009 for denial of wrongly availed Cenvat Credit of ₹ 140.41 lacs of service tax paid as input service during the period October 2007 to February 2008. The Commissioner of Central Excise, Customs and Service tax vide their order No.14/Dem./Vapi/2010, dated 12.04.2010 upheld the service tax liability of ₹ 222.12 lacs (As at March 31, 2011: ₹ 196.78 lacs) including interest of ₹ 81.69 lacs (As at March 31, 2011: ₹ 56.35 lacs) with additional penalty of ₹ 140.43 lacs (As at March 31, 2011: ₹ 140.43 lacs). An appeal has been filed by the Company before CESTAT, Ahmedabad vide appeal No.STS/326/2010. The Honorable CESTAT, Ahmedabad, has passed a stay order in favour of the Company and dispensed with the condition of pre-deposit of the duty and penalty amount to the tune of ₹ 362.53 lacs (As at March 31, 2011: ₹ 337.19 lacs) vide order No. 5/570/WZB/AHD/2011, dated 05-04-2011.

Notes forming part of the Financial Statements

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

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

Particulars	(₹ in lacs)	
	As at March 31, 2012	As at March 31, 2011
(i) Principal amount remaining unpaid to any supplier as at the end of the accounting year	-	-
(ii) Interest due thereon remaining unpaid to any supplier as at the end of the accounting year	0.41	-
(iii) The amount of interest paid along with the amounts of the payment made to the supplier beyond the appointed day	-	-
(iv) The amount of interest due and payable for the year	0.41	-
(v) The amount of interest accrued and remaining unpaid at the end of the accounting year	0.41	-
(vi) 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	0.01	-

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. This has been relied upon by the auditors.

26.3 Details on derivatives instruments and unhedged foreign currency exposures

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

Details of Forward contracts outstanding in respect of recognised assets, firm commitments and highly probable forecasted transactions are as below:

(i) Outstanding forward exchange contracts entered into by the Company as on March 31, 2012:

Particulars	As at March 31, 2012		As at March 31, 2011	
	Foreign currency in lacs	₹ in lacs	Foreign currency in lacs	₹ in lacs
Buy (Hedge of payables and expected future purchases)				
EURO	18.32	1,271.76	4.94	316.26
USD	49.75	2,608.66	47.08	2,185.17
Sell (Hedge of receivables and expected future sales)				
EURO	6.71	458.64	54.97	3,475.93
USD	132.50	6,664.89	165.71	7,838.00

Notes forming part of the Financial Statements

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

(ii) The year-end foreign currency exposures that have not been hedged by a derivative instrument or otherwise are given below:

Particulars	As at March 31, 2012		As at March 31, 2011	
	Foreign currency in lacs	₹ in lacs	Foreign currency in lacs	₹ in lacs
Payables				
USD	5.37	276.27	22.36	1,005.46
EURO	2.50	171.91	2.22	141.29
Advance from customers				
USD	92.61	4,709.92	40.80	1,809.90
EURO	21.47	1,457.21	15.09	944.53
Receivables				
USD	21.28	1,082.38	21.00	931.66
EURO	35.96	2,440.76	21.51	1,346.91
Advance to suppliers				
USD	1.48	76.19	0.94	42.33
EURO	1.45	99.86	2.10	133.65
GBP	-	-	0.03	2.01

(₹ in lacs)

26.4 Value of imports calculated on CIF basis:	For the year ended March 31, 2012	For the year ended March 31, 2011
Raw materials, components, stores and spares	5,451.70	4,664.67
Capital goods	8.09	18.58

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)

26.5 Expenditure in foreign currency (on accrual basis):	For the year ended March 31, 2012	For the year ended March 31, 2011
Commission on sales, Supervision & erection expenses, Design & engineering services and Consultancy charges	216.89	311.99
Travelling expenses	121.84	124.74
Brand and Technology Fees [including Income tax deducted ₹ 20.94 lacs (Year ended March 31, 2011: ₹ 25.33 lacs)]	209.42	253.30
Interest	2.30	-
Others	15.02	0.09

Notes forming part of the Financial Statements

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

26.6 Details of consumption of imported and indigenous items:	For the year ended March 31, 2012	For the year ended March 31, 2011
Imported		
Raw materials, components, stores and spares consumed (₹ in lacs)	4,884.78	4,656.63
% of consumption	21.10%	18.25%
Indigenous		
Raw materials, components, stores and spares consumed (₹ in lacs)	18,270.16	20,859.67
% of consumption	78.90%	81.75%
Total		
Raw materials, components, stores and spares consumed (₹ in lacs)	23,154.94	25,516.30
% of consumption	100.00%	100.00%

Note: Amount of indigenous consumption is balancing figure. See Note in 26.4 above.

(₹ in lacs)

26.7 Earnings in foreign exchange:	For the year ended March 31, 2012	For the year ended March 31, 2011
Export of goods calculated on FOB basis	7,524.45	3,920.10
Export of services	187.00	74.22

Note: The total export sales (made under long-term contracts) of ₹ 9,490.38 lacs (Year ended March 31, 2011: ₹ 11,779.94 lacs) comprises of sale of goods amounting to ₹ 7,524.45 lacs (Year ended March 31, 2011: ₹ 3,920.10 lacs) on FOB basis, to the extent identified from the records maintained in the ordinary course of business as above and balance sales on CFR/CIF basis.

26.8 Amounts remitted in foreign currency during the year on account of dividend:	For the year ended March 31, 2012	For the year ended March 31, 2011
Amount of dividend remitted in foreign currency (₹ in lacs)	739.54	369.77
Total number of non-resident shareholders (to whom the dividends were remitted in foreign currency)	1	1
Total number of shares held by them on which dividend paid	3,697,700	3,697,700
Year to which the dividend relates	2010-2011	2009-2010
Currency in which amount remitted	EURO	EURO

Notes forming part of the Financial Statements

Note 27 Disclosures under Accounting Standards

27.1 Details of contract revenue and costs:

(₹ in lacs)

Particulars	For the year ended March 31, 2012	For the year ended March 31, 2011
Contract revenue recognised during the year	33,640.80	40,541.03
Aggregate of contract costs incurred and recognised profits (less recognised losses)	34,064.39	39,734.36
Advances received for contracts in progress	14,526.84	13,108.31
Retention monies for contracts in progress	9,052.54	9,158.28
Gross amount due from customers for contract work (asset)	9,964.08	11,910.99
Gross amount due to customers for contract work (liability)	1,877.91	4,188.90

27.2 Employee benefit plans:

Employee benefit expenses include the following:

(₹ in lacs)

Particulars	For the year ended March 31, 2012	For the year ended March 31, 2011
Defined contribution schemes		
Company's contribution to Provident fund	144.13	138.31
Company's contribution to Superannuation fund	39.07	38.34
Defined benefit schemes - Gratuity		
Components of employer expense		
Current service cost	44.04	31.98
Interest cost	29.66	23.71
Expected return on plan assets	(14.07)	(13.00)
Actuarial (gains)/losses	(35.24)	38.11
Total expense recognised in the Statement of Profit and Loss	24.39	80.80
Actual contribution and benefit payments for year		
Actual benefit payments	(7.63)	(16.98)
Actual contributions	79.96	31.13
Net liability recognised in the Balance Sheet		
Present value of defined benefit obligation	357.23	322.78
Fair value of plan assets	(257.77)	(167.75)
Net liability recognised in the Balance Sheet	99.46	155.03
Change in defined benefit obligations (DBO) during the year		
Present value of DBO at beginning of the year	322.78	257.51
Current service cost	44.04	31.98
Interest cost	29.66	23.71
Actuarial (gains)/losses	(31.62)	26.56
Benefits paid	(7.63)	(16.98)
Present value of DBO at the end of the year	357.23	322.78
Change in fair value of assets during the year		
Plan assets at beginning of the year	167.75	152.15
Expected return on plan assets	14.07	13.00
Actual company contributions	79.96	31.13
Actuarial gain/(loss)	3.62	(11.55)
Benefits paid	(7.63)	(16.98)
Plan assets at the end of the year	257.77	167.75
Actual return on plan assets	17.69	1.44

Notes forming part of the Financial Statements

Note 27 Disclosures under Accounting Standards (contd.)

Particulars	For the year ended March 31, 2012	For the year ended March 31, 2011
Composition of the plan assets is as follows: (percentage or value)		
Insurer managed funds*	100.00%	100.00%
Actuarial assumptions		
Discount rate	8.65%	8.20%
Expected return on plan assets	7.50%	7.50%
Salary escalation	8.00%	8.00%
Attrition		
Age (Years)		
21-30	5.00%	5.00%
31-40	3.00%	3.00%
41-59	2.00%	2.00%
Mortality tables	LIC (1994-96)	LIC (1994-96)
Estimate of amount of contribution in the immediate next year (₹ in lacs)	50.00	50.00

Experience adjustments

	(₹ in lacs)				
	2011-2012	2010-2011	2009-2010	2008-2009	2007-2008
Gratuity					
Present value of DBO	357.23	322.78	257.51	235.30	153.70
Fair value of plan assets	257.77	167.75	152.15	125.33	139.00
Funded status (Deficit)	(99.46)	(155.03)	(105.36)	(109.97)	(14.70)
Experience (gain)/loss adjustments on plan liabilities	(13.27)	22.82	10.55	80.64	-
Experience gain/(loss) adjustments on plan assets	3.62	(11.55)	0.69	11.18	-

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.

(₹ in lacs)

27.3 Particulars	For the year ended March 31, 2012	For the year ended March 31, 2011
Details of borrowing costs capitalised		
Borrowing costs capitalised during the year		
- as capital work-in-progress	2.04	-
Total	2.04	-

Notes forming part of the Financial Statements

Note 27 Disclosures under Accounting Standards (contd.)

27.4 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 company, the disclosure requirement of Accounting Standard (AS-17) for secondary segment reporting is not applicable.

Particulars	(₹ in lacs)		
	For the year ended March 31, 2012		
	Overseas	India	Total
Revenue			
External revenue	12,948.38 (12,380.25)	22,037.69 (29,368.93)	34,986.07 (41,749.18)
Inter-segment revenue	-	-	-
	(-)	(-)	(-)
Total	12,948.38 (12,380.25)	22,037.69 (29,368.93)	34,986.07 (41,749.18)
Segment result	3,285.66 (2,577.40)	3,441.56 (7,906.88)	6,727.22 (10,484.28)
Unallocable expenses (net)			5,494.38 (5,551.82)
Operating income			1,232.84 (4,932.46)
Finance cost			179.97 (358.79)
Other income			582.32 (2,523.67)
Profit before taxes			1,635.19 (7,097.34)
Tax expense			539.07 (2,379.48)
Net profit for the year			1,096.12 (4,717.86)
Other information			
Segment assets	10,173.72 (5,198.66)	27,763.57 (29,295.71)	37,937.29 (34,494.37)
Unallocable assets			4,392.00 (9,248.73)
Total assets			42,329.29 (43,743.10)
Segment liabilities	7,773.90 (4,358.37)	19,009.78 (23,781.18)	26,783.68 (28,139.55)
Unallocable liabilities			385.54 (1,252.66)
Total liabilities			27,169.22 (29,392.21)
Other information			
Capital expenditure			2,726.70 (309.28)
Depreciation and amortisation			438.72 (490.93)
Non-cash expenses other than depreciation and amortisation (net)			(48.00)* (-269.99)*

*Represents Non-cash Income (net)

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

Notes forming part of the Financial Statements

Note 27 Disclosures under Accounting Standards (contd.)

27.5 Related party transactions

27.5.a Details of related parties:

Description of relationship	Names of related parties
Holding Company	Cockerill Maintenance & Ingenierie S.A.
Fellow Subsidiaries (with whom Company has made transactions during the year)	CMI Industry Automation Private Limited CMI UVK GmbH CMI EFCO Inc. CMI Engineering (Beijing) Co. CMI M+W Engineering GmbH
Key Management Personnel (KMP)	Mr. Jean Gourp - Managing Director (re-designated from Deputy Managing Director w.e.f. August 24, 2011) Mr. Raman Madhok - Managing Director (upto August 23, 2011) Mr. Rob Johnson - Managing Director (upto July 16, 2010)

Note: Related parties have been identified by the Management.

27.5.b Details of related party transactions during the year ended March 31, 2012 and balances outstanding as at March 31, 2012:

Nature of transactions	(₹ in lacs)			
	Holding Company	Fellow Subsidiaries	KMP	Total
Purchase of goods	13.04 (-)	3,097.66 (2,322.93)	- (-)	3,110.70 (2,322.93)
Receiving of services	- (-)	14.37 (26.85)	- (-)	14.37 (26.85)
Sale of goods	- (-)	7.19 (19.96)	- (-)	7.19 (19.96)
Rendering of services	- (2.64)	- (2.54)	- (-)	- (5.18)
Shared services income	- (-)	32.48 (32.36)	- (-)	32.48 (32.36)
Remuneration	- (-)	- (-)	256.43 (397.25)	256.43 (397.25)
Dividend paid	739.54 (369.77)	1.10 (0.55)	- (-)	740.64 (370.32)
Brand and technology fees	209.42 (253.30)	- (-)	- (-)	209.42 (253.30)
Expenses reimbursement received	- (72.04)	1.20 (-)	- (-)	1.20 (72.04)
Expenses reimbursement paid	38.29 (53.29)	124.63 (4.73)	- (-)	162.92 (58.02)
Balances outstanding at the end of the year:				
Trade receivables	- (2.70)	8.87 (29.12)	- (-)	8.87 (31.82)
Loans and advances	- (-)	408.57 (775.14)	- (-)	408.57 (775.14)
Advance received from customers	- (-)	364.36 (-)	- (-)	364.36 (-)
Trade payables	76.32 (57.47)	421.77 (1.16)	- (-)	498.09 (58.63)

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.)

27.5.c The significant related party transactions are as under:

Nature of transactions	Fellow subsidiaries	₹ in lacs	KMP	₹ in lacs
Purchase of goods	CMI Industry	3,097.66		
	Automation Private Limited	(2,305.87)		
Receiving of services	CMI Industry	5.85		
	Automation Private Limited	(24.33)		
	CMI Engineering (Beijing) Co.	8.52 (2.52)		
Sale of goods	CMI Industry	7.19		
	Automation Private Limited	(19.96)		
Rendering of services	CMI Industry	-		
	Automation Private Limited	(2.54)		
Shared services income	CMI Industry	32.48		
	Automation Private Limited	(32.36)		
Remuneration			Jean Gourp	137.92 (118.01)
			Raman Madhok	118.51 (242.57)
			Rob Johnson	- (36.67)
Dividend paid	CMI Industry Automation Private Limited	1.10 (0.55)		
Expenses reimbursement received	CMI Industry Automation Private Limited	1.20 (-)		
Expenses reimbursement paid	CMI Engineering (Beijing) Co.	0.66 (1.52)		
	CMI EFCO Inc.	- (3.21)		
	CMI UVK GmbH	123.43 (-)		
Trade receivables	CMI Industry Automation Private Limited	8.87 (29.12)		
Loans and advances	CMI Industry	408.57		
	Automation Private Limited	(775.14)		
Advance received from customers	CMI M+W Engineering GmbH	364.36 (-)		
Trade payables	CMI Industry	297.06		
	Automation Private Limited	(-)		
	CMI Engineering (Beijing) Co.	- (1.16)		
	CMI UVK GmbH	124.71 (-)		

Note: During the year there were no amounts required to be written off and written back from such parties. Figures in bracket relates to the previous year.

Notes forming part of the Financial Statements

Note 27 Disclosures under Accounting Standards (contd.)

27.6 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). The leases are generally non-cancellable and are for a period of 11 months to 2 years under leave and licence.

Particulars	(₹ in lacs)	
	For the year ended March 31, 2012	For the year ended March 31, 2011
Future minimum lease payments		
not later than one year	60.00	69.08
later than one year and not later than five years	10.00	70.00
later than five years	-	-
Total	70.00	139.08
Lease payments recognised in the Statement of Profit and Loss	119.08	109.60

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

27.7 Earnings per share:

Particulars	(₹ in lacs)	
	For the year ended March 31, 2012	For the year ended March 31, 2011
Basic and Diluted		
Net profit for the year attributable to the equity shareholders (₹ in lacs)	1,096.12	4,717.86
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 (₹)	22.20	95.55
Earnings per share - Diluted (₹)	22.20	95.55

27.8 Deferred tax assets arising due to timing differences comprise:

Items	(₹ in lacs)	
	As at March 31, 2012	As at March 31, 2011
Timing difference in accounting and tax depreciation	17.04	23.81
Provision for doubtful debts	176.89	184.44
Provision for warranties	63.14	89.18
Provision for leave encashment	54.64	59.37
Provision for sick leave encashment	3.92	3.97
Provision for earned leave	70.68	58.97
Provision for bonus	35.42	-
Provision for expenses (custom duty on bonded goods)	-	8.53
Provision for excise duty on finished goods	15.47	5.13
Provision for gratuity	23.41	50.30
Unrealised loss on mark-to-market	61.89	-
Total deferred tax asset	522.50	483.70

Notes forming part of the Financial Statements

Note 27 Disclosures under Accounting Standards (contd.)

27.9 Details of provisions

The Company has made provision for various contractual obligations and disputed liabilities 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, 2011	Additions	Utilisation	Reversal (withdrawn as no longer required)	As at March 31, 2012
Provision for warranties	895.69 (846.84)	320.28 (408.11)	33.13 (125.44)	121.86 (233.82)	1,060.98 (895.69)
Provision for estimated losses on contracts	996.02 (189.35)	305.21 (806.67)	- (-)	728.80 (-)	572.43 (996.02)
Provision for custom duty on bonded goods	20.60 (58.58)	- (-)	20.60 (23.53)	- (14.45)	- (20.60)
Total	1,912.31 (1,094.77)	625.49 (1,214.78)	53.73 (148.97)	850.66 (248.27)	1,633.41 (1,912.31)

Note: - Figures in brackets relate to the previous year.

Of the above, the following amounts are expected to be incurred within a year:

Particulars	(₹ in lacs)	
	As at March 31, 2012	As at March 31, 2011
Provision for warranties	530.14	525.89
Provision for estimated losses on contracts	520.51	899.40
Provision for custom duty on bonded goods	-	20.60

27.10 Project related expenses comprise:

Nature of expense	(₹ in lacs)	
	For the year ended March 31, 2012	For the year ended March 31, 2011
Design and engineering charges	31.16	20.70
Testing and inspection	20.17	21.57
Transport charges (inward)	215.79	212.92
Service charges	8.52	4.79
Crane hire charges	68.00	53.34
Clearing and forwarding expenses (import)	65.69	85.38
Technology fees	8.77	3.06
Cess on technology fees	0.44	0.15
Total	418.54	401.91

Notes forming part of the Financial Statements

Note 27 Disclosures under Accounting Standards (contd.)

27.11 Details of liabilities/provisions no longer required written back:

Nature of expense	(₹ in lacs)	
	For the year ended March 31, 2012	For the year ended March 31, 2011
Reversal of provision for warranties	121.86	233.82
Reversal of provision for doubtful debts	23.28	539.87
Reversal of provision for employee benefits	34.14	14.55
Reversal of provision of custom duty on bonded goods (including interest)	-	14.45
Expense provision reversal	-	90.45
Credit balance written back	3.52	74.66
Total	182.80	967.80

27.12 The Company has also entered into an agreement with CMI S.A. 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 agreement is effective from January 1, 2010.

The Company has entered into an agreement with CMI S.A. for rights to use the CMI Brand name. The Company pays 0.6% of net sales. The agreement is effective from January 1, 2010 and the tenure of the agreement is 5 years.

Nature of expense	(₹ in lacs)	
	For the year ended March 31, 2012	For the year ended March 31, 2011
Technology fees	8.77	3.06
Brand fees	200.65	250.24

27.13 The Revised Schedule VI has become effective from April 1, 2011 for the preparation of financial statements. This has significantly impacted the disclosure and presentation made in the financial statements. Previous year's figures have been regrouped/reclassified wherever necessary to correspond with the current year's classification/disclosure.

For and on behalf of the Board of Directors

Jean-Marc Kohlgruber
Chairman

Jean Gourp
Managing Director

Yves Honhon
Director

Prasad Jahagirdar
Chief Financial Officer

Sanjay Kumar Mutha
Company Secretary

Place : Mumbai

Dated : May 29, 2012

CMI FPE LIMITED

Regd. Office: Mehta House, Plot No. 64, Road No.13, MIDC, Andheri (E), Mumbai – 400 093

PROXY FORM TWENTY-SIXTH ANNUAL GENERAL MEETING – JULY 31, 2012

Regd. Folio No.:

DP ID No.:

CL ID No.:

I/We _____ of _____ being a member(s) of the Company hereby appoint _____ of _____ or failing him/her _____ of _____ as my/our proxy to attend and vote for me/us on my/our behalf at the 26th ANNUAL GENERAL MEETING of the Company to be held on July 31, 2012 at 2.30 p.m. at Mehta House, Plot No. 64, Road No. 13, MIDC, Andheri (E), Mumbai 400 093 and at any adjournment thereof.

As witness my/our hand(s) this _____ day of _____ 2012.

Affix
One Rupee
Revenue
Stamp

[Signature of the Shareholder(s)]

No. of Shares held: _____

Notes:

1. This Proxy form, in order to be effective, should be duly stamped, completed, signed and deposited at the Registered Office of the Company, no later than 48 hours before the time scheduled for holding the aforesaid meeting.
2. A proxy need not be a member of the Company.

CMI FPE LIMITED

Regd. Office: Mehta House, Plot No. 64, Road No.13, MIDC, Andheri (E), Mumbai – 400 093

ATTENDANCE SLIP TWENTY-SIXTH ANNUAL GENERAL MEETING – JULY 31, 2012

Regd. Folio No.:

DP ID No.:

CL ID No.:

I/we hereby record my/our presence at the 26th ANNUAL GENERAL MEETING of the Company held on Tuesday, July 31, 2012 at 2.30 p.m. at Mehta House, Plot No. 64, Road No. 13, MIDC, Andheri (E), Mumbai 400 093.

NAME OF THE SHAREHOLDER(S): _____

No. of Share(s) held : _____

Signature _____

NAME OF THE PROXY HOLDER/AUTHORISED _____

REPRESENTATIVE: _____

Signature _____

Notes:

1. A shareholder/Proxy holder wishing to attend the meeting must bring the duly filled & signed Attendance Slip to the Meeting and hand over the same at entrance of the meeting hall.
2. A shareholder/proxy holder attending the meeting should bring his/her copy of Annual Report for reference at the meeting.



The Communication Department acknowledges all those who contributed to the making of this Annual Report.

Produced by: The Communication Department of CMI FPE Ltd.,
in collaboration with Synergy Creations,
under the guidance of CMI Group, Communication Department.

Engineering your global success

Thousands of innovative solutions for clean, reliable and efficient equipment worldwide

- Industrial engineering and project management
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- Rolling mills
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- Maintenance, spare parts, technical audits, feasibility studies
- Training and know-how transfer

CMI FPE Ltd.

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