FIGHTING SPIRIT

CMI INDUSTRY
Metals

CMI FPE Limited

Annual Report 2013-2014

FIGHTING **SPIRIT**

When the going gets tough, the tough get going

2013 was, without doubt, a tough year for the steel industry. A global cyclical downturn compounded by domestic economic challenges resulted in a slump in demand for steelmaking equipment. It was a scenario beyond our comprehension just like storm battered weather.

Tough times call for tough measures

CMI FPE went into 'combat mode' to defend its position. The Company took strategic steps to adapt to the crisis. Innovative measures were undertaken to improve technological developments, streamline costs and increase operational efficiencies.

Demonstrating the 'Fighting Spirit'

During the year, employees geared up to tackle these challenges. They reached beyond their potential and pushed themselves to the limit. Tenacity and commitment were demonstrated like never before.

The positive impact of the efforts made will continue to create sustained value for our stakeholders.

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Message from Chairman

Dear Shareholders,

2013 was a year of struggle. The fiscal, economic and political uncertainty undermined our financial result.

The results also proved to be sluggish due to higher capital charges and depreciation associated with the commissioning of new capacities at Taloja and Hedavali workshops with lower margins due to a competitive environment.

However with new government firmly settling in Centre, the economy is forecasted to develop, rebound in growth and bear fruit. This forecast is also supported by an improved global outlook. Steel is one of the most important industrial sectors in India due to its wide application across sectors. With urban population increasing globally there is greater need for value added steel and your Company is well poised to reap benefits of investments in infrastructure, railways and other nation building activities.

Your Company has initiated the process of reorganising the business, and this is expected to contribute towards recovering our operating margins and also build a robust pipeline of new orders.

We will continue to strengthen its position as a worldwide technological partner for the downstream steelmaking perimeter by offering innovative services and technologies which will provide a competitive advantage to its clients.

CMI FPE will concentrate on significantly improving the attractiveness of our equipment in the market by broadening the offering in complete lines of equipment and specific technologies for peripheral cold lines. We will also focus on developing the revamping offering for the whole range of cold technologies and increase sales of spare parts and of technical expertise services, starting with existing clients and perfecting innovative technologies in order to generate new need.

In pursuit of sustainable growth, CMI FPE is actively seeking newer avenues for value creation. We firmly believe that sustainability has to be at the heart of our business model and will help us drive faster growth and reduce costs. However we need to look to the future with cautious optimism.

I urge you therefore to reaffirm your beliefs that CMI FPE will go the distance and our best days are beyond the horizon!

Yours Sincerely,
Jean-Marc Kohlgruber

Corporate Information

BOARD OF DIRECTORS

Mr. Jean-Marc Kohlgruber – Chairman

Mr. Raman Madhok – Managing Director (w.e.f. October 09, 2013)

Mr. Yves Honhon

Mr. D. J. Balaji Rao

Mr. R. N. Tandon

Mr. Raman M. Madhok

Mr. N. Sundararajan

Mr. Fabrice Orban (w.e.f. February 06, 2014)

BANKERS

Canara Bank

ING Vysya Bank Ltd.

ICICI Bank Ltd.

Union Bank of India

HDFC Bank Ltd.

REGISTRAR AND SHARE TRANSFER AGENT

Sharepro Services (India) Private Limited

CHIEF FINANCIAL OFFICER

Mr. Akash Ohri

COMPANY SECRETARY

Mr. Sanjay Kumar Mutha

AUDITORS

Deloitte Haskins & Sells,

Chartered Accountants

COST AUDITOR

Kishore Bhatia & Associates,

Cost Accountants

LEGAL ADVISORS

PDS & Associates,

Advocates & Solicitors

REGISTERED OFFICE

Mehta House, Plot No. 64,

Road No. 13, MIDC,

Andheri (E), Mumbai – 400 093

Notice

Notice is hereby given that the Twenty-eighth 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 Wednesday, July 30, 2014 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, 2014 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 appoint a Director in place of Mr. Jean-Marc Kohlgruber (DIN 02260024), who retires by rotation and, being eligible, offers himself for re-appointment.

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

"**RESOLVED that** pursuant to Section 139 of the Companies Act, 2013 read with Rule 6 of the Companies (Audit and Auditors) Rules, 2014, the retiring Auditors, Messrs. Deloitte Haskins & Sells, Chartered Accountants (ICAI Registration Number 117365W) being eligible for re-appointment, be and are hereby appointed as Auditors of the Company from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting of the Company at a remuneration of ₹ 34.50 lacs (plus reimbursement of out-of-pocket expenses)."

SPECIAL BUSINESS

4. To appoint Mr. D. J. Balaji Rao as an Independent Director

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

"**RESOLVED that** pursuant to the provisions of Sections 149, 152 read with Schedule IV and any other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement, Mr. D. J. Balaji Rao (DIN: 00025254), who was appointed as a Director liable to retire by rotation, of the Company and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for a term of five consecutive years up to March 31, 2019."

5. To appoint Mr. Raman M. Madhok as an Independent Director

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

"**RESOLVED that** pursuant to the provisions of Sections 149, 152 read with Schedule IV and any other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement, Mr. Raman M. Madhok (DIN: 01798377), who was appointed as a Director liable to retire by rotation, of the Company and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for a term of five consecutive years up to March 31, 2019."

6. **To appoint Mr. N. Sundararajan as an Independent Director**

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

"**RESOLVED that** pursuant to the provisions of Sections 149, 152 read with Schedule IV and any other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement, Mr. N. Sundararajan (DIN: 00051040), who was appointed as a Director liable to retire by rotation, of the Company and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for a term of five consecutive years up to March 31, 2019."

7. **To appoint Mr. Fabrice Orban as a Director**

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

"**RESOLVED that** pursuant to the provisions of Section 160 of the Companies Act, 2013 ('the Act'), Mr. Fabrice Orban (DIN: 05114495), who was appointed as an Additional Director of the Company with effect from February 06, 2014 pursuant to the provisions of Section 161(1) of the Act, and whose term of office expires at this Annual General Meeting and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company, liable to retire by rotation."

8. **To appoint Mr. Raman Madhok as a Director**

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

"**RESOLVED that** pursuant to the provisions of Section 160 of the Companies Act, 2013 ('the Act'), Mr. Raman Madhok (DIN: 00672492), who was appointed as an Additional Director of the Company with effect from October 09, 2013 pursuant to the provisions of Section 161(1) of the Act and, whose term of office expires at this Annual General Meeting and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company."

9. **To approve appointment of Mr. Raman Madhok as the Managing Director**

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

"**RESOLVED that** pursuant to the provisions of Sections 196, 197, 203 read with Schedule V and any other applicable provisions of the Companies Act, 2013 ('the Act') and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) (corresponding to the provisions of erstwhile Sections 198, 269, 309 read with Schedule XIII and any other applicable provisions of the Companies Act, 1956) and subject to the requisite approval of the Central Government, and such other approvals, permissions and sanctions, as may be required, and subject to such conditions and modifications, as may be imposed or prescribed by any of the Authorities in granting such approvals, permissions and sanctions, approval of the Members of the Company be and is hereby accorded to the appointment of Mr. Raman Madhok as the Managing Director of the Company for a period of three years with effect from October 09, 2013, on the terms and conditions and remuneration, as stipulated herein below:

Remuneration:
Total Remuneration: Not exceeding an overall ceiling of ₹ 5.00 crores per annum. The total remuneration (cost to the company basis) for the first year of his term shall not exceed ₹ 3.80 crores per annum. Subsequent revisions in the remuneration will be determined and approved by the Board within the above overall ceiling.

1. Basic Salary: ₹ 20.00 lacs per month.

2. Housing: Furnished rent free accommodation or house rent allowance in lieu thereof, house maintenance allowance, reimbursement of expenses, reimbursement of repairs, renovation and maintenance expenses of house, allowance or reimbursement for utilities such as gas, electricity, water, soft furnishing, hard furnishing and repairs, helper allowance and similar other allowances.

3. Club Fees: Reimbursement of membership fee for the clubs in India, including admission and life membership fee.

4. Other Allowances, Perquisites and Incentive: Subject to overall ceiling as aforesaid, the Managing Director shall have liberty to opt for such other allowances, perquisites and incentive as he deems fit including bonus, performance incentive, medical reimbursement, leave travel concession for self and family, provision of car for his personal use and such other allowances, benefits, amenities and facilities, etc., as per the Company's Rules or as may be agreed to between the Board of Directors and the Managing Director.

5. The Managing Director will also be a member of the Group Medical and Personal Accident Insurance policies of the Company.

6. The appointment is terminable by giving not less than six months' notice in writing on either party or as may be agreed by the Board.

In addition to the perquisites referred above, he will also be eligible to the following perquisites, which shall not be included in the computation of the ceiling on remuneration:

- Earned leave with full pay or encashment, as per rules of the Company.

- The Managing Director shall also be provided for official use telephone, fax, internet connectivity, mobile phone connections with handset(s) and other communication facilities at residence (including payment for local calls and long distance calls).

- Reimbursement of expenses incurred for the business of the Company.

Subject to the applicable provisions of the Companies Act, 2013, perquisites and allowances shall be evaluated as per Income Tax Rules, 1962 wherever applicable, and at cost, in the absence of any such Rule.

FURTHER RESOLVED that pursuant to the provisions of Section 197 read with Schedule V of the Act, where in any financial year during the currency of the tenure of the Managing Director, the Company has no profits or its profits are inadequate, the Company may pay to the Managing Director the above Remuneration as the minimum remuneration for a period not exceeding three years from the date of appointment by way of salary, perquisites and other allowances and benefits, subject to receipt of the requisite approvals, if any.

FURTHER RESOLVED that the Board of Directors of the Company (which term shall be deemed to include the Nomination and Remuneration Committee of the Board) be and is hereby authorized to vary, amend, modify and revise from time to time the terms of Remuneration payable to the Managing Director, within the above overall limit, as may be desired appropriate.

FURTHER RESOLVED that pursuant to Article 24 of the Articles of Association of the Company and subject to the provisions of Section 152 of the Act, Mr. Raman Madhok shall not be liable to retire by rotation, till he holds the office of Managing Director of the Company.

FURTHER RESOLVED that for the purpose of giving effect to this Resolution, the Board be and is hereby authorised to do all such acts, deeds, matters and things as it may, in its absolute discretion, deem necessary, proper or desirable and to seek necessary approvals and settle any questions, difficulties or doubts that may arise in this regard."

10. To approve borrowing limits of the Company

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

"**RESOLVED that** in supersession of the earlier Resolution passed at the Annual General Meeting of the Company held on July 30, 2010 in this regard and pursuant to provisions of Section 180(1)(c) and any other applicable provisions of the Companies Act, 2013 (including any statutory modification(s) thereof for the time being in force), the consent of the Members be and is hereby accorded to the Board of Directors of the Company ((hereinafter referred to as the "Board" which term shall be deemed to include any Committee thereof) for borrowing from time to time any sum or sums of monies which, together with the monies already borrowed by the Company (apart from temporary loans obtained or to be obtained from the Company's bankers in the ordinary course of business), may exceed the aggregate of the paid-up capital of the Company and its free reserves, provided that the total amount so borrowed by the Board shall not at any time exceed the limit of ₹ 500 crores (Rupees five hundred crores only)."

FURTHER RESOLVED that the Board be and is hereby authorised on behalf of the Company to do all such acts, deeds and things and to finalise and execute all such documents, instruments in writing as may be required in its absolute discretion pursuant to the above Resolution."

11. To create charges on the assets of the Company

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

“**RESOLVED that** in supersession of the earlier Resolution passed at the Annual General Meeting of the Company held on September 25, 1997 in this regard and pursuant to provisions of Section 180(1)(a) and any other applicable provisions of the Companies Act, 2013 (including any statutory modification(s) thereof for the time being in force), the consent of the Members be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as the “Board” which term shall be deemed to include any Committee thereof)to create such charges, mortgages and hypothecations in addition to the existing charges, mortgages and hypothecations created by the Company, on such of the assets of the Company, both present and future, in such manner as the Board may direct, together with power to take over the assets of the Company in certain events, to or in favour of financial institutions, banks or other bodies corporate (hereinafter referred to as the "Lending Agencies") and Trustees for the holders of debentures/bonds and/or other instruments, if any, to secure rupee loans/foreign currency loans, debentures, bonds and other instruments of an outstanding aggregate value not exceeding ₹ 500 crores (Rupees five hundred crores only), together with interest thereon at the agreed rates, further interest, liquidated damages, premium on pre-payment or on redemption, costs, charges, expenses and all other monies payable by the Company under Loan Agreements/ Debenture Trust Deeds entered/ to be entered into by the Company in respect of the said borrowings.”

FURTHER RESOLVED that the Board be and is hereby severally authorized to finalize with the Lending Agencies/Trustees, the documents for creating the aforesaid mortgages, charges and/or hypothecations and to accept any modifications to, or to modify, alter or vary, the terms and conditions of the aforesaid documents and to execute all such documents and to do all such acts and things as may be necessary for giving effect to this Resolution.”

12. To ratify remuneration payable to Cost Auditor for the financial year 2014-15

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

"**RESOLVED that** pursuant to the provisions of Section 148(3) read with Rule 14 of the Companies (Audit and Auditors) Rules, 2014, a remuneration of ₹ 1.40 lacs (plus reimbursement of out-of-pocket expenses) payable to M/s. Kishore Bhatia & Associates, Cost Accountants as the Cost Auditor for conducting the audit of the cost accounting records of the Company for the financial year 2014-15, be and is hereby ratified.”

By Order of the Board

Sanjay Kumar Mutha
Company Secretary

Mumbai, May 27, 2014
Registered office:
CMI FPE Limited
CIN.: L99999MH1986PLC039921
Mehta House, Plot No. 64, Road No. 13,
MIDC, Andheri (E), Mumbai - 400 093
Email: investors@cmifpe.com • Website: www.cmifpe.com

NOTES:

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

   A person can act as proxy on behalf of members not exceeding fifty (50) and holding in the aggregate not more than ten percent of the total share capital of the Company. Proxies submitted on behalf of corporate members must be supported by an appropriate resolution/authority, as applicable.

2. The Register of Members and Share Transfer Books of the Company will be closed from July 26, 2014 to July 30, 2014 (both days inclusive).

3. The Company's Registrar and Transfer Agents (R&T 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.

4. 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 ₹ 86,674/- being unclaimed dividend of the Company for the financial year 2005-2006 and ₹ 86,726/- being unclaimed Interim dividend of the Company for the financial year 2006-2007 were transferred to IEPF and no claim lies against the Company in respect thereof.

   The final dividend for the financial year 2006-2007 will become due for transfer to IEPF in November, 2014. Members who have not encashed the Dividend Warrants so far for the said financial year or any subsequent financial years are requested to make their claim to the Company's R&T Agents. 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.

5. Pursuant to the IEPF (Uploading of information regarding unpaid and unclaimed amounts lying with companies) Rules, 2012 (IEPF Rules), the Company has uploaded the information of the Unclaimed Dividends in respect of the financial years since 2006-2007, as on the date of the Annual General Meeting (AGM) held on July 31, 2013, on the website of the IEPF viz. www.iepf.gov.in and also on the website of the Company viz. www.cmifpe.com.

6. 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 72 of the Companies Act, 2013. Members desiring to avail themselves of this facility may send their nominations in the prescribed Form No. SH-13 duly filled in to the Company's R&T Agents. Members holding shares in electronic form may contact their respective Depository Participants for availing this facility.

7. The Securities and Exchange Board of India has made it mandatory for all companies to use the bank account details furnished by the Depositories for any payment (including dividend) through Electronic Clearing Service (ECS) to investors. In the absence of ECS facility, companies shall mandatorily print the bank account details of the investors on such payment instruments. Members are encouraged to avail ECS facility and requested to update bank account details in the prescribed

form to their respective Depository Participants and/or the Company's R&T Agents.

8. Members are requested to notify immediately any change of address to the Company's R&T Agents or their respective Depository Participants, in case of shares held in electronic form.

9. Members are requested to address all correspondence, including dividend matters, to the Company's R&T Agents.

10. Electronic copy of the Annual Report for FY 2013-14 and the Notice of the Annual General Meeting of the Company inter alia indicating the process and manner of e-voting along with Attendance Slip and Proxy Form are being sent to all the members whose email IDs are registered with the Company/Depository Participants(s) for communication purposes unless any member has requested for hard copies of the same. For members who have not registered their email address, physical copies of the aforesaid documents are being sent in the permitted mode.

11. Voting through electronic means:

I. In compliance with the provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, the Company is pleased to provide to the members an facility to exercise their right to vote at the 28th Annual General Meeting (AGM) by electronic means and the business may be transacted through e-Voting Services provided by National Securities Depository Limited (NSDL):

The instructions for e-voting are as under:

A. In case a Member receives an email from NSDL [for members whose email IDs are registered with the Company/Depository Participants(s)]:

(i) Open email and open PDF file viz; "CMI FPE e-Voting.pdf" with your Client ID or Folio No. as password. The said PDF file contains your user ID and password/PIN for e-voting. Please note that the password is an initial password.

(ii) Launch internet browser by typing the following URL: https://www.evoting.nsdl.com/

(iii) Click on Shareholder – Login

(iv) Put user ID and password as initial password/ PIN noted in step (i) above. Click Login.

(v) Password change menu appears. Change the password/PIN with new password of your choice with minimum 8 digits/characters or combination thereof. Note new password. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

(vi) Home page of e-voting opens. Click on e-Voting: Active Voting Cycles.

(vii) Select "EVEN" (E voting Event Number) of CMI FPE Limited.

(viii) Now you are ready for e-voting as Cast Vote page opens.

(ix) Cast your vote by selecting appropriate option and click on "Submit" and also "Confirm" when prompted.

(x) Upon confirmation, the message "Vote cast successfully" will be displayed.

(xi) Once you have voted on the resolution, you will not be allowed to modify your vote.

(xii) Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer through e-mail to iqureshiassociates@yahoo.co.in or investors@cmifpe.com with a copy marked to evoting@nsdl.co.in.

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

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

Even (E Voting Event Number)	User Id	Password /Pin

(ii) Please follow all steps from Sl. No. (ii) to Sl. No. (xii) above, to cast vote.

II. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-voting user manual for Shareholders available at the Downloads section of www.evoting.nsdl.com

III. If you are already registered with NSDL for e-voting then you can use your existing user ID and password/PIN for casting your vote.

IV. You can also update your mobile number and e-mail id in the user profile details of the folio which may be used for sending future communication(s).

V. The e-voting period commences on July 23, 2014 at 9:00 am and ends on July 25, 2014 at 6:00 pm. During this period shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date fixed for this purpose) of June 28, 2014, may cast their vote electronically. The e-voting module shall be disabled by NSDL for voting thereafter. Once the vote on a resolution is cast by the shareholder, the shareholder shall not be allowed to change it subsequently.

VI. The voting rights of shareholders shall be in proportion to their shares of the paid-up equity share capital of the Company as on the cut-off date (record date) of June 20, 2014.

VII. Mr. Imtiaz Iqbal Qureshi (Membership No. 036915), Proprietor - M/s. I Qureshi & Associates, Practicing Chartered Accountants, (Firm Registration No. 121463W) has been appointed as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.

VIII. The Scrutinizer shall within a period not exceeding three (3) working days from the conclusion of the e-voting period unblock the votes in the presence of at least two(2) witnesses not in the employment of the Company and make a Scrutinizer's Report of the votes cast in favour or against, if any, forthwith to the Chairman of the Company.

IX. The Results shall be declared on or after the AGM of the Company. The Results declared along with the Scrutinizer's Report shall be placed on the Company's website www.cmifpe.com and on the website of NSDL within two(2) days of passing of the resolutions at the AGM of the Company and communicated to the BSE Limited.

12. Members may also note that the Notice of the Annual General Meeting and the Annual Report for financial year 2013-2014 will also be available on the Company's website www.cmifpe.com for their download. The physical copies of the aforesaid documents will also be available at the Company's Registered Office in Mumbai for inspection during normal business hours (10.00 am to 5.00 pm) on all working days up to and including the date of the Annual General Meeting of the Company. Even after registering for e-communication, members are entitled to receive such communication in physical form, upon making a request for the same, by post free of cost. For any communication, the Shareholders may also send requests to the Company's investor email id: investors@cmifpe.com.

13. **Members who have not registered their email address so far are requested to register their email address for receiving all communication including Annual Report, Notices, Circulars, etc. from the Company electronically.**

14. Re-appointment of Director(s):

The Information to be provided under Clause 49 of the Listing Agreement with the Stock Exchange pertaining to the Director proposed to be re-appointed at the Annual General Meeting is herein below:

Re-appointment of Mr. Jean-Marc Kohlgruber as Director

Mr. Jean-Marc Kohlgruber, Non-Executive Chairman of the Board of Director the Company, retires by rotation and, being eligible, has offered himself for re-appointment.

Mr. Kohlgruber, aged about 54 years, holds Master Degree in Electrical-Mechanical Engineering and Master Degree in Business Administration. Mr. Kohlgruber has attended various advance programmes on International Marketing, Advance Project management including change Management at Harvard Business School.

Mr. Kohlgruber has more than 30 years of experience in sales and marketing, business development and general management. Mr. Kohlgruber joined the CMI Group, Belgium in 1996 as Vice President – Sales and presently, he is the Executive President – CMI Industry of CMI S.A., the parent company of the Company.

Mr. Kohlgruber also holds other directorships in CMI Engineering (Beijing) Co. Ltd. (Vice-Chairman), CMI Industry Americas, CMI Mantenimiento Ingenieria IBERICA, SL (Chairman), Maasteel CMI International Training Centre, China (Vice-Chairman) and CMI Europe Environnement (President). He is also partner in Garage Liegeois SPRL and Dodeca SPRL.

Mr. Kohlgruber is a member of the Nomination and Remuneration Committee of the Board. He does not hold any shares in the Company and is not related to any other Directors.

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

Your Directors recommend Resolution No. 2 as an Ordinary Resolution for approval by the Members.

15. Appointment of Auditors and fix their remuneration

M/s. Deloitte Haskins & Sells - Chartered Accountants, (DHS) retire as Auditors at the forthcoming Annual General Meeting (AGM).

In terms of the provisions of Section 139 of the Companies Act, 2013 ('the Act'), the Company shall not appoint or re-appoint an audit firm as auditor for more than two terms of five consecutive years. Further, in terms of Rule 6 of the Companies (Audit and Auditors) Rules, 2014, in case of an existing auditor, the period for which the audit firm has held office as auditor prior to the commencement of the Act shall be taken into account for calculating the period of ten consecutive years.

DHS has been Auditors of the Company since the AGM held on September 11, 2009 onwards and would be completing six years at the conclusion of this AGM. Accordingly, DHS is being eligible to be further re-appointed as Auditors for a maximum term of four consecutive years under Sections 139 and 141 of the Act.

The Board therefore recommends the appointment of DHS as Auditors of the Company for the following year and their remuneration for approval of the Members at this AGM. The appointment of DHS as Auditors for the subsequent three years would be proposed in the respective AGMs.

None of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in this resolution.

Your Directors recommend Resolution No. 3 as an Ordinary Resolution for approval by the Members.

STATEMENT PURSUANT TO SECTION 102 (2) OF THE COMPANIES ACT, 2013:

The following statement sets out all material facts relating to the Special Business mentioned in the accompanied Notice:

ITEM NO. 4

Mr. D. J. Balaji Rao, aged about 74 years, has been an Independent Director on the Board of the Company w.e.f. October 30, 2008, pursuant to Clause 49 of the Listing Agreement with Stock Exchange. Mr. Balaji Rao is also the Chairman of the Audit Committee and a member of the Nomination and Remuneration Committee of the Board.

Mr. Balaji Rao holds Bachelor of Engineering Degree in Mechanical Engineering from the University of Madras and a Post Graduate Diploma in Industrial Engineering from Bombay University. He attended the Advanced Management Program at European Institute of Business Administration (INSEAD) at Fontainebleu, France, in 1990.

He pursued his career as an Industrial Engineer for about 8 years before joining erstwhile ICICI Ltd. (since merged with ICICI Bank Ltd.) in 1970. After wide ranging responsibilities in different locations, he reached the position of Deputy Managing Director. He subsequently took over as the Vice Chairman and Managing Director of SCICI Ltd. in August 1996. With the merger of SCICI Ltd. with ICICI Ltd., he then joined Infrastructure Development Finance Co. Ltd. (IDFC), as its first Managing Director, which he served till his superannuation in January 2000. He had also served on the Boards of many leading companies including Bosch Ltd. (formerly MICO Ltd.), Wipro Ltd. and Bharat Forge Ltd., etc.

Presently, Mr. Balaji Rao holds other directorships and Committees' chairmanship/membership in the following companies:

Name of Company	Committees*	
	Membership	Chairmanship
Bajaj Holdings & Investment Limited	-	-
3M India Limited	Audit Committee	Shareholders Grievances Committee
Ashok Leyland Limited	Audit Committee and Shareholders/ Investors Grievances Committee	-
Graphite India Limited	-	-
Hinduja Foundries Limited	-	Audit Committee
JSW Energy Limited	Audit Committee	-
Bajaj Auto Limited	Audit Committee	Stakeholders Relationship Committee
Bajaj FinServ Limited	Audit Committee	-
Bajaj Finance Limited	-	-

* Committees considered are Audit Committee and Shareholders/Investors Grievance Committee.

With the enactment of the Companies Act, 2013 ('the Act'), it is now incumbent upon every listed company to appoint requisite number of 'Independent Directors' as defined in Section 149(6) of the Act.

The Board, after reviewing the provisions of the Act, is of the opinion that Mr. Balaji Rao fulfils the criteria as specified in Section 149 of the Act and the Rules made thereunder. The Board is also of the opinion that Mr. Balaji Rao is independent of the management of the Company.

The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail services of Mr. Balaji Rao as an Independent Director. In terms of the provisions of Section 149(13) of the Act, Mr. Balaji Rao shall not be liable to retire by rotation.

The Company has also received a Notice from a Member signifying it intention to propose Mr. Balaji Rao as candidate for the office of Director of the Company at the forthcoming Annual General Meeting.

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

Except Mr. Balaji Rao, being an appointee, none of the Directors and Key Managerial Personnel of the Company and their respective relatives are concerned or interested, financial or otherwise, in the resolution set out at Item No. 4.

Copy of the draft letter for appointment of Mr. Balaji Rao as an Independent Director setting out the terms and conditions would be available for inspection without any fee by the members at the Registered Office of the Company during normal business hours on any working day, excluding Saturday.

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

ITEM NO. 5

Mr. Raman M. Madhok, aged about 69 years, has been an Independent Director on the Board of the Company w.e.f. January 30, 2009, pursuant to Clause 49 of the Listing Agreement with Stock Exchange. Mr. Madhok is the Chairman of the Nomination and Remuneration Committee and a member of the Investors' Grievance Committee of the Board.

Mr. Madhok holds a Bachelor of Engineering Degree in Mechanical Engineering. He pursued his career as a Project Engineer for about 15 years with Larsen & Toubro Ltd. He has extensive work experience having handled various functions in Sales, Projects & profitability, R&D, Finance, HR and General Management, in various companies including NIRO A/S, Copenhagen, Zuari Industries Limited, Goa (as Executive President - Fertilizer Division) and GEA Process Engineering (India) Private Limited. He last served GEA Process Engineering (India) Private Limited as Executive Chairman.

Presently, Mr. Madhok holds other directorships in Goa Carbon Limited, GEA Process Engineering (India) Private Limited and GEA Pharma Systems (India) Private Limited.

He is also the Chairman of Share Transfer and Investor's Grievance Committee and member of Audit Committee of the Board of Goa Carbon Limited.

The Company has also received a Notice from a Member signifying it intention to propose Mr. Madhok as candidate for the office of Director of the Company at the forthcoming Annual General Meeting.

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

The Board, after reviewing the provisions of the Companies Act, 2013 ('the Act'), is of the opinion that Mr. Madhok fulfils the criteria as specified in Section 149(6) of the Act and the Rules made thereunder. The Board is also of the opinion that Mr. Madhok is independent of the management of the Company.

The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail services of Mr. Madhok as an Independent Director. In terms of the provisions of Section 149(13) of the Act, Mr. Madhok shall not be liable to retire by rotation.

Except Mr. Madhok, being an appointee, none of the Directors and Key Managerial Personnel of the Company and their respective relatives are concerned or interested, financial or otherwise, in the resolution set out at Item No. 5.

Copy of the draft letter for appointment of Mr. Madhok as an Independent Director setting out the terms and conditions would be available for inspection without any fee by the members at the Registered Office of the Company during normal business hours on any working day, excluding Saturday.

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

ITEM NO. 6

Mr. N. Sundararajan, aged about 64 years, has been an Independent Director on the Board of the Company w.e.f. October 28, 2010, pursuant to Clause 49 of the Listing Agreement with Stock Exchange.

Mr. N. Sundararajan holds a Bachelor's Degree in Commerce and a Post Graduate Diploma in Business Management from XLRI, Jamshedpur. He is also a qualified Company Secretary and a Cost Accountant.

Mr. N. Sundararajan has extensive work experience of about 37 years—having handled various functions in Finance, Marketing, and General Management, in various companies including Tata Steel, MRF, Nippo Batteries and Sundaram Industries (TVS Group) for 25 years, before joining Ashok Leyland. He last served Ashok Leyland as Executive Director and Company Secretary, heading the Secretarial, Corporate Legal, Insurance and Internal Audit functions.

He was actively involved in the Dr. J. J. Irani Committee for revamping Indian Company Law. He is also a past President of the Madras Chapter of the Institute of Internal Auditors, Florida, USA and was also member of several all India (IRDA) committees on Insurance. He has been a senior Assessor, for the Business Excellence awards handled by Confederation of Indian Industry (CII).

Mr. N Sundararajan is also a Director on the Board of Lanka Ashok Leyland Plc., Sri Lanka.

The Company has also received a Notice from a Member signifying it intention to propose Mr. N Sundararajan as candidate for the office of Director of the Company at the forthcoming Annual General Meeting.

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

The Board, after reviewing the provisions of the Companies Act, 2013 (' the Act'), is of the opinion that Mr. N Sundararajan fulfils the criteria as specified in Section 149(6) of the Act and the Rules made thereunder. The Board is also of the opinion that Mr. N Sundararajan is independent of the management of the Company.

The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail services of Mr. N Sundararajan as an Independent Director. In terms of the provisions of Section 149(13) of the Act, Mr. N Sundararajan shall not be liable to retire by rotation.

Except Mr. N Sundararajan, being an appointee, none of the Directors and Key Managerial Personnel of the Company and their respective relatives are concerned or interested, financial or otherwise, in the resolution set out at Item No. 6.

Copy of the draft letter for appointment of Mr. N Sundararajan as an Independent Director setting out the terms and conditions would be available for inspection without any fee by the members at the Registered Office of the Company during normal business hours on any working day, excluding Saturday.

Your Directors recommend Resolution No. 6 as an Ordinary Resolution for approval by the Members.

ITEM NO. 7

The Board of Directors of the Company appointed Mr. Fabrice Orban as an Additional Director of the Company w.e.f. February 06, 2014.

Mr. Orban aged about 40 years, holds a M.Sc. degree in Engineering and Applied Economics (Commercial Engineer) from University of Liege, Belgium and a Post Graduate degree in International Trade and Finance from the Solvay Business School, University of Brussels.

He joined the CMI group in the year 1998 as a sales engineer within the Processing Lines pole, and later on was appointed as a Project Manager. In 2002, he joined McKinsey & Company as a part of the leadership of the Global Energy & Materials practice. He served clients around the world in the steel, aluminium, mining, power, oil & gas industries and also Sovereign Funds, Principal Investors and various Government and Public Institutions on various issues.

In the year 2009, he re-joined the CMI group as President – CMI Industry-Rolling Mills. He also served the Company as a Director between November, 2011 and March, 2012. He is presently designated as a Vice President - CMI Industry – Metals of CMI SA, the parent company of the Company. He does not hold any directorship in other company.

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

In terms of Section 161 of the Companies Act, 2013, ('the Act'), Mr. Orban holds office up to the date of the forthcoming Annual General Meeting of the Company. The Company has received a Notice from a Member signifying it intention to propose Mr. Orban as candidate for the office of Director of the Company at the forthcoming Annual General Meeting.

Except Mr. Fabrice Orban, being an appointee, none of the Directors and Key Managerial Personnel of the Company and their respective relatives are concerned or interested, financial or otherwise, in the resolution set out at Item No. 7.

Your Directors recommend Resolution No. 7 as an Ordinary Resolution for approval by the Members.

ITEM NOS. 8 & 9

The Board of Directors of the Company ('the Board') appointed Mr. Raman Madhok (aged about 56 years) as an Additional Director of the Company w.e.f. October 09, 2013.

The Board pursuant to the approval of the Nomination and Remuneration Committee of the Board, and subject to the approvals of the Members and Central Government, as applicable, also appointed Mr. Madhok as the Managing Director of the Company for a period of three years with effect from October 09, 2013, i.e. up to October 08, 2016, on the terms and conditions including proposed remuneration as set out in the resolution at Item 9.

In terms of Section 161 of the Companies Act, 2013, ('the Act'), Mr. Madhok holds office up to the date of the forthcoming Annual General Meeting of the Company. The Company has received a Notice from a Member signifying it intention to propose Mr. Madhok as candidate for the office of Director of the Company at the forthcoming Annual General Meeting.

Mr. Madhok received his M.S. degree from the Indian Institute of Technology, Delhi and a Post Graduate Diploma in Management from XLRI, Jamshedpur. He also holds Diploma in Training & Development from the Indian Society for Training & Development. He has also attended a senior executive course at Manchester Business School, UK as a Chevening Scholar, and was awarded the prestigious Eisenhower Fellowship of the USA.

Prior to joining CMI FPE, he was Group Director (Human Resources) at JSW Group. Before this, he was a Managing Director of Blue River Capital Advisors Private Limited. Mr. Madhok was also the CEO of Tradeline L.L.C, Dubai, U.A.E. Mr. Madhok spent ten years at JSW Group, his last role was Joint Managing Director and CEO of JSW Steel. He has vast experience in Human Resources, Marketing, Information Technology and General Management fields, Mr. Madhok's industry experience spans across Processes, Engineering, Pharmaceuticals, FMCG and Hotels. Mr. Madhok has also worked at Voltas, Taj Group of Hotels, Pfizer, Warner Lambert (formerly Parke Davis) and Wyeth Lederle.

Mr. Madhok was associated with the Company in various roles since year 2007 and his last assignment with the Company was as the Managing Director till August 23, 2011.

He holds other directorships in Arm Perspectives & Solutions Private Limited, Qi Health and Education Consultants Private Limited, Open Spaces Consulting Private Limited and Indo-Belgian Luxembourg Chamber of Commerce and Industry He is also member of Executive Committee and Ex-president of Association of British Scholars - Mumbai and member of Alumni Advisory Council of Eisenhower Fellowships, Philadelphia, U.S.A.

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

As required under the provisions of the Act, approval of the Members is being sought for the appointment and the remuneration payable to Mr. Raman Madhok as the Managing Director of the Company.

In compliance with the requirements of Section 302 of the Companies Act, 1956, an Abstract of the terms of appointment of Managing Director together with the Memorandum of Concern or Interest has already been sent to the Members.

Except Mr. Madhok, being an appointee, none of the Directors and Key Managerial Personnel of the Company and their respective relatives are concerned or interested, financial or otherwise, in the resolution set out at Items No. 8 and 9.

Your Directors recommend Resolution No. 8 as an Ordinary Resolution and Resolution No. 9 as a Special Resolution for approval by the Members.

The following additional information, as required by Schedule V to the Act is given below:

I. GENERAL INFORMATION:

(1) Nature of Industry

The Company is, inter alia, engaged in the business of designing, 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 worldwide.

(2) Date or expected date of commencement of commercial production: May 28, 1986.

(3) In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus - Not applicable.

(4) Financial performance based on given indicators:

(₹ in lacs)

Particulars	2013-2014	2012-2013	2011-2012
Revenue from operations	44,283.27	53,289.53	35,179.70
Other Income	1,553.12	761.72	582.32
Total Revenue	45,836.39	54,051.25	35,762.02
Profit/(Loss) before depreciation, finance cost and tax	(1,095.15)	582.44	2,253.88
Profit/(Loss) after tax	(2,231.22)	(99.36)	1,096.12

Note: - The figures for the previous years have been regrouped wherever necessary to conform to the current year's classification.

(5) Foreign investments or collaborators, if any

Except the shareholding of Cockerill Maintenance & Ingénierie, SA, parent company, which holds 75% of the Company's equity capital, the Company does not have any foreign direct investment or collaboration.

II. INFORMATION ABOUT THE APPOINTEE:

(1) Background details: A brief profile of Mr. Raman Madhok is given herein above.

(2) Past remuneration: The remuneration received by Mr. Raman Madhok during the period from April, 2013 to October, 2013 was ₹ 149.36 lacs.

(3) Recognition or awards: He was awarded the prestigious Eisenhower Fellowship of the USA and Chevening Scholarship by the Government of UK.

(4) Job profile and his suitability:

Mr. Madhok, with major focus on business development (domestic and international), cost optimisation and profitability, sales and marketing, value engineering and product developments, would be responsible for the overall conduct and management of the business and the affairs of the Company and also providing strategic direction to the business of the Company.

Mr. Madhok with his qualification and vast experience in the field of Human Resources, business development, sales and marketing, engineering, manufacturing and general management is expected to add considerable value to the Company from the position of the Managing Director.

(5) Remuneration proposed:

The remuneration proposed is set out in the resolution at Item No. 9.

In case, the Company has no profits or its profits are inadequate, the Company may pay to the Managing Director the proposed remuneration as the minimum remuneration by way of salary, perquisites and other allowances and benefits as specified above, subject to the requisite approvals, if any.

The managerial remuneration for the period between October 09, 2013 and March 31, 2014 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, 2011 issued by Ministry of Corporate Affairs. Hence, no approval of the Central Government was required.

After enactment of the Companies Act, 2013 effective from April 01, 2014, In case, the Company has no profits or its profits are inadequate in any financial year, the remuneration payable to the Managing Director would be subject to the limits prescribed under section II of Part II of Schedule V of the Act and if it exceeds the above limits, would require approval of the Central Government.

(6) Comparative remuneration profile with respect to industry, size of the company, profile of the position and person (in case of expatriates the relevant details would be with respect to the country of his origin):

While deciding the remuneration payable to Mr. Madhok, the Nomination and Remuneration Committee/the Board inter-alia considered his earlier association with the Company in various roles since year 2007, last assignment with the Company as the Managing Director till August 23, 2011 and his strategic role to streamline the business processes / operations of the Company after acquisition by the CMI Group. The Committee also considered his vast experience in various companies in terms of the diversity of roles and broad ranging cross-functional experience across various industries.

Beside the above, it was also considered the size, complexity and the nature of business of the Company which is substantially driven by specialized knowledge, his vast experience and responsibilities vis-a-vis industry benchmarks and felt that the remuneration proposed to be paid is considered to be commensurate with the remuneration packages of similar senior level appointee(s) in the industry.

(7) Pecuniary relationship directly or indirectly with the company, or relationship with the managerial personnel, if any.

Besides the present/proposed remuneration, Mr. Raman Madhok does not have any other pecuniary relationship with the Company or relationship with the managerial personnel.

III. Other Information:

(1) Reasons for loss or inadequate profits:

- Largely due to a provision of ₹ 1950.94 lacs made by the Company against a receivable in the books of account from a foreign customer, which had remained outstanding for over three years for several reasons.

- Higher capital charges and depreciation associated with the commissioning of new capacities.

- Lower margins on projects under execution due to highly competitive environment.

- Slower growth in the order entries due to volatile business environment.

(2) Steps taken or proposed to be taken for improvement and;

(3) expected increase in productivity and profits in measurable terms:

All efforts are now being focused to improve order book by sourcing new orders from domestic as well as overseas and improving operational efficiency. Greater emphasis is placed on optimisation of various processes to improve operational efficiency across the Company. These proactive steps are aimed at improving profitability in the face of a challenging environment in the steel industry.

IV. Disclosures:

The proposed remuneration payable to Managing Director is as set out in the Special Resolution under Item No. 9 to the notice.

The details of remuneration paid to all Directors are set out in the Corporate Governance Report which forms part of the Annual Report.

ITEM NOS. 10 and 11

The Members of the Company at their Annual General Meeting held on July 31, 2010 by way of an Ordinary Resolution passed under Section 293(1)(d) of the Companies Act, 1956, have authorised the Board to borrow monies in excess of the aggregate of paid-up share capital and free reserves of the Company provided that the total amount of such borrowings together with the amounts already borrowed and outstanding at any point of time shall not be in excess of ₹ 500 crores (Rupees five hundred crores).

Further, the Members of the Company at their Annual General Meeting held on September 25, 1997 by way of an Ordinary Resolution passed under Section 293(1)(a) of the Companies Act, 1956, also authorised the Board for creation of such mortgages, charges and hypothecations as may be necessary on the assets of the Company to secure the above borrowings.

Section 180 of the Companies Act, 2013 ('the Act') requires that the above powers of the Board are required to be exercised only with the consent of the Company by way of a Special Resolution. The Ministry of Corporate Affairs ("MCA") had vide its General Circular No 4/2014 dated March 25, 2014, clarified that the Ordinary Resolutions passed under Section 293(1)(a) and (d) of the Companies Act, 1956 would be sufficient compliance of Section 180 of the Act until September 11, 2014.

Out of the above limits, the Company had availed term loan of ₹ 23.09 crores (outstanding as on March 31, 2014). The Company also has working capital facility of ₹ 330 crores sanctioned by the Company's bankers.

It is, therefore, necessary for the Members to pass Special Resolutions under Section 180(1)(c) and Section 180(1)(a) of the Act to enable the Board to borrow monies for an aggregate amount not exceeding ₹ 500 crores (Rupees five hundred crores) and to create mortgages, charges and hypothecations on the assets of the Company to secure the said borrowings.

None of the Directors and Key Managerial Personnel of the Company and their respective relatives are concerned or interested, financial or otherwise, in the resolution set out at Item Nos. 10 and 11.

Your Directors recommend Resolution Nos. 10 and 11 as Special Resolutions for approval by the Members.

ITEM NO. 12

Pursuant to the provisions of Section 148(3) read with Rule 14 of the Companies (Audit and Auditors) Rules, 2014, the Board at its meeting held on May 27, 2014, based on the recommendation of the Audit Committee, appointed M/s. Kishore Bhatia & Associates, Cost Accountants, as the Cost Auditor to conduct the audit of the cost accounting records of the Company in respect of Engineering Machinery (falling under chapters 84 and 85 of the Central Excise Tariff Act, 1985) for the financial year 2014-15.

The Board, subject to ratification by the Shareholders, also proposed remuneration of ₹ 1.40 lacs (previous year ₹ 1.40 lacs) plus reimbursement of out-of-pocket expenses, for conducting the cost audit for the financial year 2014-15.

None of the Directors and Key Managerial Personnel of the Company and their respective relatives are concerned or interested, financial or otherwise, in the resolution set out at Item No. 12.

Your Directors recommend Resolution No. 12 as an Ordinary Resolution for approval by the Members.

By Order of the Board

Sanjay Kumar Mutha
Company Secretary

Mumbai,
May 27, 2014

Directors' Report

Dear Shareholders,

Your Directors have pleasure in presenting the Twenty-eight Annual Report of the Company, together with the audited Accounts, for the financial year ended March 31, 2014.

1. FINANCIAL PERFORMANCE

(₹ in lacs)

PARTICULARS	**Financial Year 2013-2014**	Financial Year 2012-2013
Total revenue	**45,836.39**	54,051.25
Profit before provision for doubtful trade receivables, depreciation and amortisation expense, finance costs and tax expense	**855.79**	864.23
Less:		
Depreciation and amortisation expense	**838.04**	460.33
Finance costs	**670.20**	314.70
Provision for doubtful trade receivables	**1,950.94**	281.79
(Loss) before Tax	**(2,603.39)**	(192.59)
Less: Tax expense:		
Net current tax expense	**4.09**	-
Deferred tax	**(376.26)**	(93.23)
(Loss) for the year	**(2,231.22)**	(99.36)
Balance brought forward from previous year	**4,025.63**	4,124.99
Balance to be carried forward	**1,794.41**	4,025.63

2. DIVIDEND

In view of the loss for the year under review, your Directors regret their inability to recommend any dividend for the year under review.

3. OPERATIONS

The year under review was one of the challenging phase for the Company. The financial results for the year under review and profitability were adversely impacted mainly due to a provision of ₹ 1950.94 lacs made by the Company against a receivable from a foreign customer, which had remained outstanding in the books of account for over three years for several reasons. The financial results were also impacted due to higher capital charges and depreciation associated with the commissioning of new capacities, and also due to much lower margins on projects under execution due to highly competitive environment.

Volatile business environment, political uncertainty, slower expansion of the domestic economy are impacting the fresh long-term investments and/or existing projects under execution, which resulted in marginal growth in the order entries during the year under review.

4. **INDUSTRIAL INFRASTRUCTURE DEVELOPMENT**

Your Company's Taloja plant "Centre of Excellence for Cold Rolling Mills" is now equipped with improved infrastructure, machines, productivity and enhanced capacity. Your Company partially developed land and internal roads at its new facility at Hedavali, near Khopoli, Maharashtra. In the first phase, a state-of-the-art fabrication facility has been set up at this location.

5. **DIRECTORS**

Mr. Jean Gourp, consequent to his elevation to a new position within CMI Group in Europe, resigned as Managing Director of the Company with effect from April 15, 2013. He continued as an Executive Director of the Company till April 30, 2013 and thereafter, as a Director on the Board. He then also resigned as a Director w.e.f. February 05, 2014.

The Board of Directors ('the Board') placed on record its appreciation of the valuable services rendered and contribution made by Mr. Gourp during his tenure, first as a Chief Operating Officer, Deputy Managing Director and then as Managing Director of the Company.

Mr. Sanjoy Kumar Das was appointed as the Managing Director of the Company w.e.f. April 15, 2013. He resigned as the Managing Director of the Company w.e.f. October 08, 2013.

Subsequently, the Board appointed Mr. Raman Madhok as an Additional Director and also as the Managing Director of the Company w.e.f. October 09, 2013.

The Board also appointed Mr. Fabrice Orban as an Additional Director of the Company w.e.f. February 06, 2014.

Mr. Raman Madhok and Mr. Fabrice Orban hold office up to the date of the forthcoming Annual General Meeting of the Company. The Company has received separate notices from a member under Section 165 of the Companies Act, 2013, signifying its intention to propose Mr. Raman Madhok and Mr. Fabrice Orban as candidates for the office of Director of the Company at the forthcoming Annual General Meeting.

The necessary resolutions proposing appointment of Mr. Fabrice Orban as Director and appointment of Mr. Raman Madhok as Director and Managing Director, are being placed before the Shareholders for approval.

Mr. Jean-Marc Kohlgruber retires by rotation at the forthcoming Annual General Meeting and, being eligible, offers himself for re-appointment.

With the enactment of the Companies Act, 2013 ('the Act') it is mandatory for every listed company to appoint requisite number of 'Independent Directors' as defined in Section 149(6) of the Act. The Company, in compliance with the Listing Agreement, has already appointed Mr. D. J. Balaji Rao, Mr. Raman M. Madhok, Mr. R. N. Tandon and Mr. N. Sundararajan, as Independent Directors in the Board. The Board is of the opinion that the existing Independent Directors fulfil the criteria as specified in Section 149 of the Act and the Rules made thereunder.

Mr. R. N. Tandon (aged about 76 years) a Non-Executive (Independent) Director of the Company, had joined the Board in April, 2001. Mr. Tandon, owing to his commitment to the social activities expressed his unwillingness to be re-appointed as an Independent Director of the Company. However, he continues to be an Independent Director of the Company up to the date of this AGM or any later date, as may be decided.

The Board is also of the opinion that Mr. D. J. Balaji Rao, Mr. Raman M. Madhok and Mr. N. Sundararajan are independent of the management of the Company. Accordingly, the necessary resolutions proposing their appointments as Independent Directors of the Company for a term of five years upto March 31, 2019 are being placed before the Shareholders for approval.

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, 2014 and of the loss 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.

Your Company, during the current year, formulated a whistle-blower policy. This policy aims to provide an avenue for directors and employees to raise genuine concerns of any violations of legal or regulatory requirements, actual or suspected fraud or violation of the Company's code of conduct and ethical business practices.

8. MANAGEMENT DISCUSSION AND ANALYSIS

A Management Discussion and Analysis Report 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 as an 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 this 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.

Pursuant to the provisions of Section 139 of the Act read with Rule 6 of the Companies (Audit and Auditors) Rules, 2014, the Audit Committee and the Board have recommended their re-appointment as Auditors of the Company from the conclusion the forthcoming Annual General Meeting till the conclusion of the next Annual General Meeting of the Company at a Remuneration of ₹ 34.50 lacs (plus reimbursement of out-of-pocket expenses).

The Company has received a written consent to such appointment from M/s. Deloitte Haskins & Sells, Chartered Accountants, and a certificate that the appointment, if made, shall be in accordance with the criteria as specified in Section 141 of the Act.

The necessary resolution is being placed before the Shareholders for approval.

12. COST AUDITOR

Pursuant to the Companies (Cost Audit Report) Rules, 2011, the Company is required to audit its Cost Accounting records relating to Engineering Machinery. M/s. Kishore Bhatia & Associates, Cost Accountants has been appointed as the Cost Auditor of the Company for the financial year 2013-14. The said appointment was subsequently approved by the Central Government. The Cost Audit Report for the financial year 2012-13 was filed on August 28, 2013 (due date for filing was September 30, 2013) with the Ministry of Corporate Affairs.

Pursuant to Section 148 of the Act, the Board of Directors on the recommendation of the Audit Committee, appointed M/s. Kishore Bhatia & Associates, Cost Accountants, as the Cost Auditor of the Company for the financial year 2014-15.

13. 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 employee levels.

14. PERSONNEL

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

15. ACKNOWLEDGEMENT

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

For and on behalf of the Board

Jean-Marc Kohlgruber
Chairman

Mumbai
May 27, 2014

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) Rules, 1988 and forming part of the Directors' Report for the year ended March 31, 2014.

A. CONSERVATION OF ENERGY

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

(a) Energy Conservation Measures taken:

- Installation of LED fittings in Shed 4 at Taloja factory
- Installation of 22 nos. of 120 Watts LED fittings at Hedavali factory
- Power factor at Taloja factory was maintained at almost 1 (Unity) by installation of APFC (Automatic Power Factor Correction) panel and thus meeting criteria for incentives from MSEDCL.
- Internal Environmental Audit was conducted in Taloja factory by our own trained & certified internal environmental auditors.
- Air Conditioners set off point reduced from 18°C to 24°C.

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

- Replacement of Sodium Vapour lamps with LED fittings, as and when required
- Ongoing activities are being taken for energy conservation

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

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

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

(₹ in lacs)

Power and Fuel consumption	2013-2014	2012-2013
i. Electricity:		
a. Purchased		
Units (Total) - KWH	**18,41,469**	19,11,200
Total Amount (₹ in lacs)	**120.43**	127.22
Rate / Unit (₹)	**6.54**	6.66
Consumption per unit of production	**Not Applicable**	Not Applicable
b. Own generation (DG set)		
Units (Total) – KWH	**63,641**	78,837
Total Amount (₹ in lacs)	**10.13**	10.84
Rate / Unit (₹)	**15.92**	13.75
Consumption per unit of production	**Not Applicable**	Not Applicable
ii. Coal:	**Not Applicable**	Not Applicable
iii. Furnace Oil / H.S.D.:		
Purchased – Diesel		
Units (Total) – Litres	**18,410**	23,377
Total Amount (₹ in lacs)	**10.13**	10.84
Rate / Unit (₹)	**55.02**	46.39
Consumption per unit of production	**Not Applicable**	Not Applicable
iv. Others:	**NIL**	NIL

B. TECHNOLOGY ABSORPTION:

RESEARCH AND DEVELOPMENT (R&D):

1. Specific areas in which R&D carried out by the Company:
   - Various value engineering projects were undertaken on existing products, components and processes including standardising/ optimising of sub-components/processes
   - Conversion of conventional machine to CNC machine at Taloja factory
   - Upgrade conventional design software to '3D' design software like Inventor, solid works and Ansys.
   - Implementation of DNC software to transfer programme wirelessly to CNC machine.
   - Tool Touch time is monitored to have better efficiency of the Machine.
   - Development of new product design, processes, materials and tooling and improvement in existing products/processes in related areas.
   - Testing and Certification of existing products for conformity to Indian/international standards.

2. Benefits derived as a result of above R&D:
   - New designs for products and processes to have environmental friendly equipments like ECO Picking Line, Acid less Pickling line and H_2So_4 recovery system
   - Development of light-weight equipments with improved technology and performance

3. Future Plan of Action:
   - Development of infrastructure for R&D
   - Introduction of new products and processes
   - Ongoing value engineering and development in the existing products and processes in various areas in which the Company is operating.

4. Expenditure on R&D:
   a) Capital : Nil
   b) Recurring : Expenses incurred are charged to normal heads and not allocated separately.
   c) Total : Not determinable
   d) Total R&D expenditure as a percentage of total turnover: Not determinable

TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION:

1. Efforts in brief, made towards technology absorption, adaptation and innovation:
   - Participating in national/international conferences, seminars and exhibitions.
   - Imparting training to personnel by foreign technicians, mostly from CMI Group, in various manufacturing techniques, manufacturing technologies, latest products/designs and assembly practices.

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

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

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

Technology Imported	Year of Import	Status
Certain Acid Re-generation Plant Technology	2009-2010	Absorbed
Certain Color Coating Technology	2009-2010	Absorbed

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 27, 2014

Corporate Governance Report

COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

Your Company, during the current year, is taking various initiatives to adopt improved corporate governance practices in line with the Companies Act, 2013 ('the Act') and Clause 49 of the Listing Agreement (as amended).

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

Your Company, during the current year, established a whistle-blower policy mechanism. This policy aims to provide an avenue for directors and employees to raise genuine concerns of any violations of legal or regulatory requirements, actual or suspected fraud or violation of the Company's code of conduct and ethical business practices.

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

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

Corporate Safety Policy

The CMI Group firmly believes that safety of its employees and all the stakeholders associated with our project sites and manufacturing facilities is of utmost importance. Safety is an essential and integral part of all our work activities.

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

I. BOARD OF DIRECTORS

(i) Composition of the Board

The composition of the Board of Directors ('the Board') is in conformity with Clause 49 of the Listing Agreement, as amended from time to time. Presently, the Board of the Company comprises of eight directors. The Non–Executive Chairman of the Company represents the Promoters, and the number of Independent Directors is one-half of the total number of Directors. The number of Non-Executive Directors (NEDs) is more than one-half of the total number of Directors.

During the year under review, Mr. Jean Gourp, consequent to his elevation to a new position within CMI Group in Europe, resigned as Managing Director of the Company w.e.f. April 15, 2013. He continued as an Executive Director of the Company till April 30, 2013 and thereafter, as a Director on the Board. He then resigned as a Director w.e.f. February 05, 2014.

Mr. Sanjoy Kumar Das was appointed as the Managing Director of the Company w.e.f. April 15, 2013. He resigned as the Managing Director of the Company w.e.f. October 08, 2013.

Subsequently, the Board appointed Mr. Raman Madhok as an Additional Director and also as the Managing Director of the Company w.e.f. October 09, 2013.

The Board also appointed Mr. Fabrice Orban as an Additional Director of the Company w.e.f. February 06, 2014.

Presently, the day–to–day management of the Company is handled by Mr. Raman Madhok, Managing Director under the supervision and control of the Board. The Board 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 Non-Executive Directors as entitled under the Companies Act, 1956, none of these Directors has any other material pecuniary relationships or transactions with the Company, its Promoters, its Directors, its Senior Management, 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.

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, 2014 is as under:

Name of Director	Category / position	No. of Directorships#	No. of Memberships / Chairmanships of Committees in various companies*	
			Memberships $	Chairmanships $
	Non-Executive			
Mr. Jean-Marc Kohlgruber	Promoter Group (Chairman)	1	-	-
Mr. Yves Honhon	Promoter Group	1	1	-
Mr. Fabrice Orban	Promoter Group	1	-	-
Mr. D. J. Balaji Rao	Independent	10	10	4
Mr. Raman M. Madhok	Independent	2	3	1
Mr. R. N. Tandon	Independent	1	2	1
Mr. N. Sundararajan	Independent	1	-	-
	Executive			
Mr. Raman Madhok	Non-Independent (Managing Director)	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 for the 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 Operating Officer, the Chief Financial Officer and other head of departments.

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

(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, six meetings of the Board of Directors were held on the following dates – April 15, 2013, May 29, 2013, July 30, 2013, September 19, 2013, October 29, 2013 and February 06, 2014.

The gap between two Meetings did not exceed four months. These Meetings were well attended. The Twenty-Seventh Annual General Meeting (AGM) of the Company was held on July 31, 2013.

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

Name of Director	No. of Board meetings		At the last AGM
	Held	Attended	
Mr. Jean-Marc Kohlgruber	6	5	Yes
Mr. Yves Honhon	6	5	Yes
Mr. R. N. Tandon	6	6	Yes
Mr. D. J. Balaji Rao	6	5	Yes
Mr. Raman M. Madhok	6	6	Yes
Mr. N. Sundararajan	6	6	Yes
Mr. Jean Gourp*	5	5	Yes
Mr. Sanjoy Kumar Das**	4	4	Yes
Mr. Raman Madhok***	2	2	NA
Mr. Fabrice Orban****	1	1	NA

* Resigned as Director w.e.f. February 05, 2014

** Resigned as the Managing Director w.e.f. October 08, 2013

*** Appointed as the Managing Director w.e.f. October 09, 2013

****Appointed as Director w.e.f. February 06, 2014

(iv) Directors seeking appointment/ re-appointment

Mr. Jean-Marc Kohlgruber retires by rotation and, being eligible, has offered himself for re-appointment.

Mr. Raman Madhok and Mr. Fabrice Orban were appointed as Additional Directors of the Company during the year under review and will hold office upto date of forthcoming Annual General Meeting of the Company.

The Company, in compliance with the Listing Agreement, has appointed Mr. D. J. Balaji Rao, Mr. Raman M. Madhok, Mr. R. N. Tandon and Mr. N. Sundararajan, as Independent Directors in the Board. The Board is of the opinion that the existing Independent Directors fulfill the criteria as specified in Section 149 of the Act and the Rules made thereunder.

Mr. R. N. Tandon (aged about 76 years) a Non-Executive (Independent) Director of the Company, had joined the Board in April, 2001. Mr. Tandon owing to his commitment to the social activities, expressed his unwillingness to be re-appointed as an Independent Director of the Company. However, he continues to be an Independent Director of the Company up to the date of this AGM or any later date, as may be decided.

The Board is also of the opinion that Mr. D. J. Balaji Rao, Mr. Raman M. Madhok and Mr. N. Sundararajan are independent of the management of the Company. Accordingly, their appointments as Independent Directors of the Company for a term of five years upto March 31, 2019 are being placed before the Shareholders for approval.

Details of Directors seeking appointment/re-appointment at the forthcoming Annual General Meeting have been furnished in the Notice convening the Annual General Meeting of the Shareholders.

(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, 2014.

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

II. REMUNERATION TO DIRECTORS

(i) Remuneration Policy

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

(ii) Remuneration to Non-Executive Directors for the year ended March 31, 2014

The eligible Non-Executive Directors may be paid commission upto an aggregate maximum of 1% of the net profits of the Company as specifically computed for this purpose. The criteria of making payments to Non-Executive Directors cover, inter-alia, the number of meetings attended, Chairmanship of Committees of the Board, time spent in deliberations with the senior management and contribution at the Board/Committee(s) levels.

In view of the loss for the financial year 2013-14, no commission is paid/payable to the Non-Executive Directors of the Company.

Non-Executive Directors are paid sitting fees of ₹ 20,000/- for attending any Meeting of the Board, Audit Committee, Nomination and Remuneration Committee, Investors' Grievance Committees or other Committees, as decided by the Board. The sitting fees paid to Non-Executive Directors during the year ended March 31, 2014, and their shareholdings in the Company as of that date are as under:

Directors	Sitting Fee paid (₹ in lacs)	No. of Equity Shares held
Mr. Jean-Marc Kohlgruber*	Nil	Nil
Mr. Yves Honhon*	Nil	Nil
Mr. Jean Gourp#*	Nil	Nil
Mr. Fabrice Orban*	Nil	Nil
Mr. D. J. Balaji Rao	2.60	Nil
Mr. R. N. Tandon	3.20	100
Mr. Raman M. Madhok	2.80	Nil
Mr. N. Sundararajan	2.00	Nil

* They have voluntarily waived the acceptance of sitting fees.

\# Mr. Jean Gourp resigned as Executive Director w.e.f. April 30, 2013 and thereafter continued as a Non-Executive Director on the Board.

(iii) Remuneration paid/payable to Managing Director(s) / Executive Director(s) for the year ended March 31, 2014

Remuneration to Managing Director/Executive Director is fixed by the Nomination and Remuneration Committee, and subsequently approved by the Board of Directors and the Shareholders at a General Meeting. The Remuneration payable to Mr. Raman Madhok, Managing Director is being placed before the Shareholders at the forthcoming Annual General Meeting for approval. The remuneration paid/payable to the Managing Director / Executive Director for the year ended March 31, 2014 is as under:

(₹ in lacs)

Name of Managing Director / Executive Director	Salary	Performance incentive	Company's Contribution to Funds	Perquisites and allowances	Total	Total Contract Period	Notice period in months
Mr. Jean Gourp*	5.00	-	0.60	2.80	8.40	May 20, 2010 to April 30, 2013	-
Mr. Sanjoy Kumar Das**	32.20	-	3.86	12.16	48.22	April 15, 2013 to October 08, 2013	3
Mr. Raman Madhok***	114.84	-	13.78	30.76	159.38	October 09, 2013 to October 08, 2016	6

* Mr. Jean Gourp resigned as the Managing Director w.e.f. April 15, 2013 and thereafter continued as an Executive Director up to April 30, 2013.

** Mr. Sanjoy Kumar Das was appointed as the Managing Director w.e.f. April 15, 2013. He then resigned as the Managing Director w.e.f. October 08, 2013

*** Mr. Raman Madhok was appointed as the Managing Director w.e.f. October 09, 2013.

Notes:

(1) All the above components of remuneration, except performance incentive, are fixed in nature.

(2) The Company does not have any stock option scheme.

(3) In view of the inadequacy of the net profits for the year ended March 31, 2014 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, 2011 issued by Ministry of Corporate Affairs. Hence, no approval of the Central Government was required for the managerial remuneration paid during the said period.

III. RISK MANAGEMENT

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

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

IV. COMMITTEES OF THE BOARD

(i) Audit Committee

Composition of the Committee, Meetings and attendance:

The Audit Committee 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 27th Annual General Meeting of the Company held on July 31, 2013.

The Company Secretary functions as Secretary to the Committee.

Four meetings of the Committee were held during the year ended March 31, 2014. These meetings were held on May 28, 2013, July 30, 2013, October 29, 2013 and February 06, 2014. The gap between two Meetings did not exceed four months.

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

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

Terms of Reference:

The terms of reference are reviewed from time to time by the Board 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.

x. Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function)

(ii) Nomination and Remuneration Committee

Composition of the Committee, Meeting(s) and attendance:

The Nomination and 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. Four meetings were held on April 15, 2013, May 28, 2013, September 19, 2013 and October 29, 2013 during the year under review

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

Name	No. of meetings	
	Held	Attended
Mr. Raman M Madhok	4	4
Mr. Jean-Marc Kohlgruber	4	3
Mr. Yves Honhon	4	3
Mr. D. J. Balaji Rao	4	3
Mr. R. N. Tandon	4	4

Terms of reference:

The terms of reference of the Committee is to review and 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.

The terms of reference of the Committee also include (i) to identify persons who are qualified to become directors and to be appointed to senior management positions, (directly reporting to the Managing Director) and recommend to the Board their appointment and removal. (ii) The Committee shall formulate the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board relating to the determination of remuneration for the directors, and key managerial personnel.

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 performance incentives, annual increments/commissions.

(iii) Shareholders'/Investors' Grievance Committee

Composition of the Committee, Meeting(s) and attendance:

In view of the resignation of Mr. Sanjoy Kumar Das, as Managing Director w.e.f. October 08, 2013, he ceased to be a member of the

Committee. Mr. Raman Madhok, Managing Director was appointed as a Member of the Committee w.e.f. October 09, 2013.

The Committee presently comprises of Mr. R. N. Tandon (Chairman of the Committee), Mr. Raman M. Madhok, Director and Mr. Raman Madhok, Managing Director of the Company, as the other members.

The Company Secretary is the Compliance Officer of the Company.

The Committee met once during the year on April 15, 2013. The attendance of the members at the meeting is as under:

Name	No. of meeting(s)	
	Held	Attended
Mr. R. N. Tandon	1	1
Mr. Raman M Madhok	1	1
Mr. Jean Gourp	1	-
Mr. Sanjoy Kumar Das	NA	NA
Mr. Raman Madhok	NA	NA

During the year under review, 5 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.

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

Composition of the Committee, Meeting(s) and attendance:

During the year under review, Mr. Sanjoy Kumar Das ceased to be a member of the Committee w.e.f. October 08, 2013.

Mr. Raman Madhok, Managing Director was appointed as Member of the Committee w.e.f. October 09, 2013.

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

(v) Banking Operations Committee

During the year under review, Mr. Sanjoy Kumar Das ceased to be a member of the Committee w.e.f. October 08, 2013.

Mr. Raman Madhok, Managing Director was appointed as Member of the Committee w.e.f. October 09, 2013.

The Banking Operations Committee presently comprises of Mr. Raman Madhok , Managing Director (Chairman of the Committee), Mr. R. N. Tandon, Director and Mr. Akash Ohri, Chief Financial Officer, as the other members. This Committee approves from time to time, the availing of specific banking services with the Banks and nominates/amends the list of signatories for operating of bank accounts, on behalf of the Company.

(vi) Other Board Committees

During the year under review, the specific purposes for which, the Committee for supervision of Industrial Infrastructure Development and the Committee for Merger of CMI Industry Automation Private Limited were constituted, have been fulfilled. Consequently, these Committees ceased to be operational, during the year under review.

V. DISCLOSURES

(i) Disclosure of transactions with Related Parties

During the financial year under review, there were no materially significant transactions entered into between the Company and related parties that may have potential conflict with the interests of the Company at large.

The details of related party transactions are presented in Note No. 28.5 in Notes forming part of Financial Statements for the year ended March 31, 2014.

(ii) Details of non-compliance

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

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

During the year under review, 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 directors and 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. The 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, would be put up on the website of the Company.

VII. SHAREHOLDER INFORMATION

(a) 28th Annual General Meeting

Date: July 30, 2014
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 26, 2014 to July 30, 2014 (both days inclusive).

(c) Dividend Payment Date

In view of the loss for the year under review, no dividend was recommended by the Board.

(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, 2014	before the end of July, 2014
Half-year ending September 30, 2014	before the end of October, 2014
Third Quarter ending December 31, 2014	before February 15, 2015
Year ending March 31, 2015	before the end of May, 2015

The above dates are indicative.

(e) Listing on Stock Exchange

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

The Company has paid the annual listing fees for the financial year 2014-2015.

(f) Stock Code

BSE Limited
Scrip Code: 500147 Scrip Name: CMIFPE

(g) ISIN

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

(h) Corporate Identification Number (CIN)

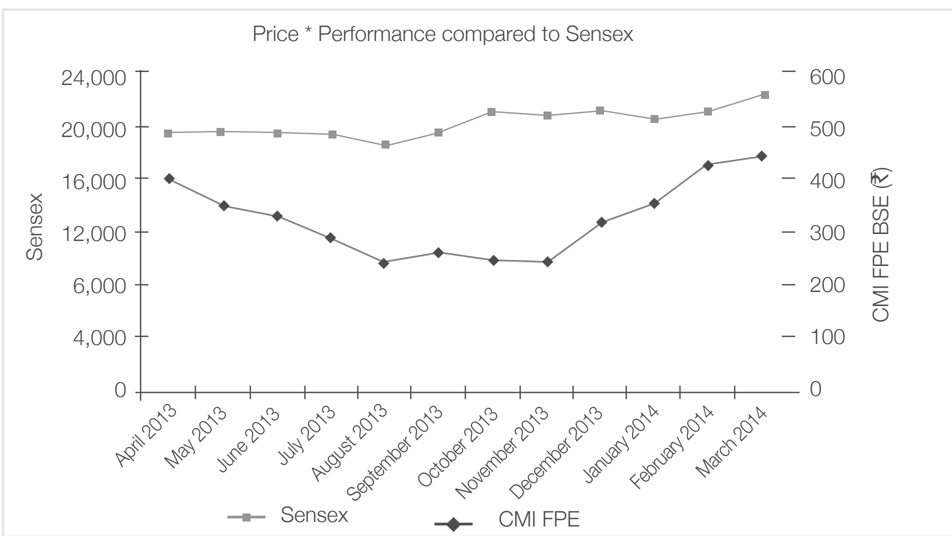
The Company's CIN as allotted by the Ministry of Corporate Affairs, is L99999MH1986PLC039921

(i) Market Price Data

The high and low prices of the Company's equity shares (face value of ₹ 10 each) on BSE during the financial year 2013-14 were as under:

Month	High (₹)	Low (₹)
April, 2013	399.95	331.00
May, 2013	424.90	350.00
June, 2013	399.75	318.25
July, 2013	337.00	290.00
August, 2013	290.00	221.00
September, 2013	263.00	207.20
October, 2013	262.00	232.00
November, 2013	260.80	231.00
December, 2013	320.00	247.50
January, 2014	385.50	305.50
February, 2014	466.50	339.05
March, 2014	453.00	385.00

(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,
3rd Floor, Off Andheri Kurla Road,
Sakinaka Telephone Exchange Lane,
Sakinaka, Andheri (E), Mumbai - 400 072
Tel. No.: +91-22-67720400/67720300
Fax No.: +91-22-28591568
Email : sharepro@shareproservices.com

The Registrar and Transfer Agents also have an office at:

Sharepro Services (India) Private Limited
Unit: CMI FPE Limited
912, Raheja Centre,
Free Press Journal Road,
Nariman Point, Mumbai - 400 021
Tel. No.: +91-22-22881568/69
Fax No.: +91-22-22825484

(l) Distribution of Shareholding as on March 31, 2014

Range of equity shares held	No. of holders	% of shareholders	No. of equity shares held	% of capital
Upto 500	3,366	94.15	290,203	5.88
501 – 1000	98	2.74	75,290	1.52
1001 – 2000	50	1.40	73,686	1.49
2001 – 3000	17	0.48	42,443	0.86
3001 – 4000	11	0.31	41,079	0.83
4001 – 5000	4	0.11	18,343	0.37
5001 – 10000	12	0.33	78,279	1.59
10001 and above	17	0.48	4,318,490	87.46
Total	**3,757**	**100.00**	**4,937,813**	**100.00**

(m) Shareholding pattern as on March 31, 2014

Category	No. of shares	% holding
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
Non Resident Indians	25,404	0.51
Domestic Companies	1,30,272	2.64
Resident individuals	10,77,387	21.82
Total	**4,937,813**	**100.00**

(n) Dematerialization of shares as on March 31, 2014

Category	No. of equity shares	% of share capital	No. of shareholders	% of shareholders
Electronic Form	48,74,803	98.72	3,114	87.10
Physical Form	63,010	1.28	461	12.90
Total	**49,37,813**	**100.00**	**3,575**	**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 fifteen days from the date of receipt of the documents, provided the documents are valid and complete in all respects. With a view to expedite the process of share transfers, necessary authority has been delegated to the Share Transfer Committee to approve the transfers of equity shares of the Company. The Share Transfer Committee and 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

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

(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,
3rd Floor, Off Andheri Kurla Road,
Sakinaka Telephone Exchange Lane,
Sakinaka, Andheri (E), Mumbai - 400 072
Tel. No.: +91-22-67720400/67720300
Fax No.: +91-22-28591568
Email : sharepro@shareproservices.com

The Company has designated investors@cmifpe.com as an exclusive email ID for Investors for the purpose of registering complaints, and the same email ID has been displayed on the Company's website. Shareholders would have to correspond with the respective Depositary 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
2010-2011	Mehta House, Plot No. 64, Road No. 13, MIDC, Andheri (E), Mumbai - 400 093	July 30, 2011	3.30 p.m.	Re-designation of Mr. Jean Gourp as Managing Director and revision of remuneration
2011-2012	-do-	July 31, 2012	2.30 p.m.	None
2012-2013	-do-	July 31, 2013	2.30 p.m.	Appointment of Mr. Sanjoy Kumar Das as Managing Director

The Company has not passed any Special Resolution through postal ballot during the financial year 2013-14 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 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.

Nomination and Remuneration Committee

The Company has constituted a Nomination and Remuneration Committee to determine 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 has established a whistle-blower policy mechanism. This policy aims to provide an avenue for directors and employees to raise concerns of any violations of legal or regulatory requirements, incorrect or misrepresentation of any financial statements and reports, etc.

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 Raman Madhok, Managing Director, declare that the Directors and Senior Management Personnel of the Company have affirmed in writing, their compliance with the Company's Code of Conduct, for the year ended March 31, 2014.

For CMI FPE Limited

Raman Madhok
Managing Director

Place: Mumbai
Date: May 27, 2014

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, 2014, as stipulated in Clause 49 of the Listing Agreement of the said Company with BSE 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, 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 27, 2014

CEO/CFO CERTIFICATION

To
The Board of Directors, CMI FPE Limited

Dear Sirs,

We have reviewed the financial statements and the cash flow statement of CMI FPE Limited for the year ended March 31, 2014 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 together 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

Raman Madhok
Managing Director

Akash Ohri
Chief Financial Officer

Place: Mumbai
Date: May 27, 2014

Management Discussion and Analysis

Industry Structure and Developments:

Your Company is mainly catering to the steel industry, which is an important contributor to the Indian economy. Globally, steel industry has been facing many challenges with rising input costs and persistent lower capacity utilisation primarily driven by low demand growth in developed markets, accompanied by a structural shift in the global steel industry to developing countries like China and India.

The Ministry of Steel (Government of India) through National Steel Policy sets out the Government's vision for the future of the steel industry. The Policy ensures sustainable development of the steel industry, provides sufficient infrastructure and facilitates easy availability of vital inputs such as natural resources and finance to support faster growth of the Industry.

In spite of India adopting policies that have stimulated consumer demand and fostered entrepreneurship, the per capita steel consumption has only increased to around 60 kg, as against the world average of over 210 kg, and 460 kg in China. It also highlights the potential in India for increased steel usage.

According to the Planning Commission of India, the country's steel production is expected to grow by around 60 million tonnes during the 12th Five Years Plan (FYP) (2011–12 to 2016–17).

According to the report of the working group on steel industry for the 12th FYP, the Indian urban population is expected to increase to 600 million by 2030 from the current level of 400 million. The rising middle-class urban population boosts demand for automobiles, white goods and other consumer durables leading to higher per capita steel consumption.

Though India is quite well integrated into the global economy, unlike most other Asian countries, demand drivers are more domestic market and consumption led rather than export market led. The growth over the last decade and the expected growth of 6-8 per cent over the next few years are going to significantly grow the consuming class.

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.

In 2014-15, growth in steel demand is expected to accelerate based on reform measures aimed at narrowing the fiscal deficit, coupled with measures to improve the foreign direct investment climate. This would further increase if the demand for steel in rural India increases.

The BRIC (Brazil, Russia, India and China) countries continue to play a dominant role in the global iron and steel industry in terms of reserves, production and consumption. The steel industry in BRIC countries is expected to see sustainable growth over the next years.

Your Company has always believed in the long term growth potential of India and therefore fully equipped with expanded capacities to seize growth opportunities.

Outlook:

The long-term outlook for India is positive, with investors expecting the country to be among the world's top three growth economies by 2020.

The short-term slowdown does not mean a permanent shift to a lower growth trajectory. India has strong basic fundamentals, including a high rate of savings, an increasingly skilled labour force, a dynamic private sector with first-rate management capabilities and increasing global competitiveness in many areas. There are also some deficiencies, most notably in the area of infrastructure. However, the Government recognizes these weaknesses and correcting them is a high priority.

Steel demand in India is expected to remain high, derived by strong fundamentals and the sector is expected to see better investments in coming years. Small per capita consumption will be a major growth driver and India will need to add substantial steel capacity in coming years.

It is envisaged that more than ₹ 1,500-2,000 billion is expected to be invested in the steel sector over the next 6-7 years.

India became net steel exporter in 2013-14 after a gap of six years and is likely to maintain the momentum in 2014-15 as producers are looking to clock more overseas shipment to tide over subdued domestic consumption. While higher exports were driven by volatility of rupee and mismatched demand-supply situation in the country; imports were lower mainly due to slowdown in the domestic economy.

India's steel consumption grew by just 0.6 per cent in 2013-14, its lowest in four years, to 73.93 million tonnes, impacted by a slower expansion of the domestic economy and lower imports. The low growth rate in domestic steel consumption indicated that base level demand conditions continued to be weak during 2013-14.

Recent appreciation of rupee and falling international steel prices have forced steelmakers to marginally cut prices of flat product like hot-rolled coil (HRC) in order to stay competitive with cheaper imports. Steel prices across the globe, barring the US, have remained under pressure because of excess supply.

The overall outlook for the steel sector is positive and the demand is likely to pick up in the coming financial year on the back of revival in economic growth and the Governments' measures to ease infrastructure investment rules.

India is currently the world's fourth largest producer of crude steel after China, Japan, and the U.S. Major public and private sector firms are planning to expand their capacities. Value-added products, capacity expansion, upgradation or revamping of production processes, cost effective production, would remain the major thrust areas of the Indian Steel producers in the recent times and will benefit your Company as an equipment supplier.

During the year under review, construction sector which accounts for around 60 per cent of the country's total steel demand and the automobile industry which consumes 15 per cent of the country's total steel demand, were hit by a slowdown in the economy. However, the long-term outlook for steel demand in India is quite robust due to increasing demand from several sectors, including automotive, consumer durables, oil and gas, industrial machinery, real estate and infrastructure.

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. The economic policy initiatives, particularly those towards infrastructure development and creation of additional capacities are expected to have a favourable impact on the Company's operations, going forward.

The Taloja Plant, a "Centre of Excellence for Cold Rolling Mills", is now fully equipped with improved infrastructure, machines, productivity and enhanced capacity. The Company also started fabrication facility work at Hedavali, near Khopoli (Maharashtra).

The Company's short to medium term strategy would be to utilize its capacity to produce critical components and assemblies in-house at its own workshops with the overall objective to meet the complete spectrum of customer needs, thereby differentiating itself from the competition.

Review of Operations:

The financial results for the year under review and profitability were adversely impacted due to mainly a provision of ₹ 1950.94 lacs made by the Company against the receivable from a foreign customer, which had remained outstanding in the books of account for over three years for several reasons. The financial results were also impacted due to higher capital charges and depreciation associated with the commissioning of new capacities along with much lower margins on projects under execution due to highly competitive environment.

During the year 2013-14, the total revenue at ₹ 45,836.39 lacs decreased by 15.20% over the previous year. The Company recorded a loss after tax of ₹ 2,231.22 lacs as compared to loss after tax of ₹ 99.36 lacs in the previous year. The earnings per equity share of ₹ 10 was ₹ (45.19) as against ₹ (2.01) in the previous year.

Opportunities and Threats:

In line with GDP growth, Indian steel demand has immense opportunities to grow across sectors in the mid-to-long term. The country has the opportunity of becoming the second largest producer of steel by 2015-16. Per capita consumption of steel in India is significantly lower than global averages, which provide potential to close the gap in future.

However, six long-term challenges are confronting the Indian steel industry's growth aspirations, as per Accenture's report on the Indian Steel Industry:

- Volatile domestic iron ore supply is forcing Indian steel companies to pay higher prices or import this key raw material thereby exposing them to global iron ore price volatility.
- Flat products supply will exceed demand, leading to an overcapacity situation. This coupled with the muted demand growth will put significant pressure on margins.
- Customers are maturing and increasingly demanding value-added products and services.
- Existing supply chains are stretched in order to cope with the wide range of customers and product specifications—original equipment manufacturers (OEM) at one end, to the rural retail markets at the other—which impact service levels.
- In the race to maintain market share, incumbents have taken on greenfield and brownfield expansion plans at a pace and scale unprecedented in the past. Skill gaps and other challenges have led to cost and time over-runs on these projects, putting further stress on the already stretched balance sheets.
- Investments in management processes, systems and people capabilities have not kept pace with the investments in assets and the changing market place. This is increasingly becoming a bottleneck for growth.

The Indian economy was faced with challenging macroeconomic conditions, rising inflation and a deteriorating fiscal situation. Nevertheless, the country's fundamentals are still strong and that will continue to drive business and economic growth.

Despite the recent headwinds India has faced, its fundamentals remain solid. The economy is slowly regaining momentum, with both domestic and external conditions starting to improve. Favorable demographics and new government reforms are expected to accelerate expansion over the medium term, making India the world's fifth-fastest growing economy by 2015.

Steel producers across the globe are grappling with low capacity use levels, resulting in a high fixed cost. Indian steel producers' capacity use contracted to below 80% in FY13. Any increase in the capacity use due to an uptick in demand could be limited by significant new capacities (about 13-15 million tonnes), scheduled to start in FY15.

It is expected that Indian steel producers' credit profile to remain weak in FY15 due to their large debt for working capital and capex coupled with modest EBITDA margins. A tightening of credit by Indian banks to the steel sector due to rising non-performing assets (NPAs) may worsen the liquidity position of steel producers at the lower end of the credit spectrum given their heavy reliance on bank funding for operating expenditure and capex.

Your Company endeavours to offer solutions with latest technology and superior functionalities to the steel manufacturers for production of superior grades of steel in desired shapes and sizes, which enhance the utility of products in various applications. This is where CMI FPE can make a difference vis-a-vis the competition.

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.

Even though the Indian economy is growing, it has changed radically and become more unpredictable, volatile and complex. Markets, competition and customer expectations are now more challenging, and the Company needs to change fast enough to deal with the new realities.

As the largest and most dominant market in the steel sector, China continues to surprise, both in its size and dynamism. But as China heads toward its peak, India is picking up the pace and increasing its presence in the global sector. This silent achiever is becoming the market to watch. China has massive steelmaking capacity, so even minor increases in its export patterns have the ability to dramatically alter the steel industry in other countries.

The Company focuses on Innovations and Value Engineering for the existing product portfolio to provide more reliable and cost effective solutions. The Company has near to three decades of experience and a proven process for managing projects efficiently, as evidenced by the successful implementation, execution, and completion of various projects for the Cold Rolling and Metal Processing Industry which enables it to stay ahead of its competitors.

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. A specific committee comprising of the Managing Director and Senior Management of the Company has been constituted to facilitate focused oversight of various risks.

During the year, the Board carried out an extensive review of the Risk Management framework, and also the status of various risks and the steps being taken to deal with these risks – these reviews were carried out in May 2013 and February 2014.

The Company follows the Internal Control Approach developed by COSO (Committee of Sponsoring Organisations of the Treadway Commission) Internal Control – Integrated Framework and the COSO Enterprise Risk Management – Integrated Framework along with ISO 31000 : 2009 as the framework for risk management at the Company.

The Board, in course of its detailed deliberations, reiterated 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.

A Commitment Committee of the Company examines in great detail the various sources of risks and the risk mitigation strategies to be adopted preparatory to finalization of contracts with prospective customers. Business risk, financial risk, liquidity risk and market risks are the key risks reviewed by the Commitment Committee prior to their approving the various contract covenants. The various risks as well as risk mitigation strategies are reviewed on a periodic basis by the Company and emergent actions are taken on the basis of these reviews. The learnings from the actual risks and the effectiveness of the mitigation strategies are analysed for further learning, and for refining the approach for future contracts.

The Company has contingent liability as disclosed in the Note No. 27.1 of Notes forming part of the Financial Statements for the year ended on March 31, 2014.

Finance:

Your Company availed long term loans (outstanding as on March 31, 2014) amounting to ₹ 23.09 crores to meet the requirement of capital expenditure undertaken/being undertaken for expansion and modernization of the plant at Taloja and Hedavali.

CRISIL has revised its rating outlook on the long-term bank facilities of your Company to 'Negative' from 'Stable' while reaffirming the rating at **'CRISIL A'**. CRISIL has also reaffirmed its rating on Company's short-term bank facilities at **'CRISIL A1'**.

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

Industrial Relations & Human Resources Management:

The Company 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, 2014 was 507.

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. The Company also has a robust safety reporting system in accordance with Group Guidelines.

The Company organised a Safety & Housekeeping Competition at its Taloja Workshop, judged by Senior Management. Taloja Machine shop was awarded the cup.

Optimisation of Key Business Processes:

Considering that the Company operates in an extremely competitive market, both in the domestic and international arena, it was felt that specific initiatives need to be taken to strengthen the company's process orientation. Salient details of some initiatives taken in recent months are as under:

- The Company is certified to the Quality Management System ISO 9001 : 2008 for the last 14 years. A Full-cycle Internal Quality Audit – 640 man hours & Follow- up audit - 64 man hours was carried out at all locations. The Company also went through a successful "Surveillance Audit" (ISO 9001 : 2008) by TUV Nord without any "Non Conformity".
- A Full-cycle Internal Environmental Audit – 148 man hours and a "Follow- up audit" – 80.5 man hours was also carried out in the course of the year.
- Internal Safety & Housekeeping Audit was carried out at all entity locations (144 man hours).
- An Awareness Training relating to the requirements of the Quality Management System ISO 9001 : 2008 was carried out for all staff & workers at all locations (386.5 man hours). Internal Quality Auditors Refresher Training (ISO 9001 : 2008) for internal auditors at all locations was also carried out - 148 man hours.
- Environment Management System Awareness Training was carried out for all staff & workers – 51 man hours. An Aspect / Impact workshop was carried out – 46 man hours. A "Refresher Training program" for the Internal Environment Auditors was also carried out – 76 man hours.
- In a new joint initiative by the QMS and QA teams, four Supplier's Process Audits and one Inspection Agency Audit were carried out - 80 man hours and 16 man hours respectively.
- An Internal Training program on Non Destructive Techniques Awareness was carried out for the Quality Assurance engineers – 161 man hours.
- 5S Awareness Training for selected workshop personnel at Taloja & Silvassa was carried out. 1S Audit at Silvassa for Ingersol machine area & Hydraulic & pneumatic piping area was also carried out.

- ISMS (Information Security Management System ISO 27001 : 2005) Awareness Training – 97 man hours and an ISMS Internal Audit – 56 man hours was carried out.
- The Company has successfully deployed a state of the art “CAM software” and “network infrastructure” to facilitate CAD/CAM integration. This gives us a capability to simulate tool motions for various machining jobs in the software, thereby arriving at a realistic ‘touch time’ for the various machining operations on our CNC machining centres.

Information Technology:

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

Training programmes, facilitated by internal and external faculty, as appropriate, were carried out 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 and optimization of “throughput” at the Company’s workshops. The Company has implemented an advanced planning and scheduling software application.

This software application gives vastly improved visibility of end to end project progress. This software tool also provides “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 engaged KPMG as Internal Auditors for the year under review, for examining the adequacy and compliance with laid down policies, controls, statements of operating procedures and statutory requirements. The Audit Committee of the Board of Directors approves the Annual Internal Audit Plan at the beginning of the year, and reviews at every meeting the 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.

Independent Auditors' Report

TO THE MEMBERS OF
CMI FPE LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of **CMI FPE LIMITED** ("the Company"), which comprise the Balance Sheet as at March 31, 2014, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards notified under the Companies Act, 1956 ("the Act") (which continue to be applicable in respect of Section 133 of the Companies Act, 2013 in terms of General Circular 15/2013 dated September 13, 2013 of the Ministry of Corporate Affairs) and in accordance with the accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

(a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2014;

(b) in the case of the Statement of Profit and Loss, of the loss of the Company for the year ended on that date; and

(c) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government in terms of Section 227(4A) of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.

2. As required by Section 227(3) of the Act, we report that:

   (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the 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 comply with the Accounting Standards notified under the Act (which continue to be applicable in respect of Section 133 of the Companies Act, 2013 in terms of General Circular 15/2013 dated September 13, 2013 of the Ministry of Corporate Affairs).

   (e) On the basis of the written representations received from the directors as on March 31, 2014 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014 from being appointed as a director in terms of Section 274(1)(g) of the Act.

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

(Khurshed Pastakia)
(Partner)
(Membership No. 31544)

MUMBAI, May 27, 2014

ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT OF CMI FPE LIMITED

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

Having regard to the nature of the Company's business/ activities/results during the year, clauses (vi), (xii), (xiii), (xiv), (xviii), (xix) and (xx) of paragraph 4 of the Order are not applicable to the Company.

(i) 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 were noticed on such verification.

   (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.

(ii) 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.

(iii) The Company has neither granted nor taken any loans, secured or unsecured, to/from companies, firms or other parties covered in the Register maintained under Section 301 of the Companies Act, 1956.

(iv) In our opinion and according to the information and explanations given to us, having regard to the explanations that some of the items purchased 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.

(v) 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 in 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 lacs in respect of any party, having regard to our comments in paragraph (iv) above, 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 certain purchases which are of a special nature for which comparable quotations are not available.

(vi) In our opinion, the internal audit functions carried out during the year by an external agency appointed by the Management have been commensurate with the size of the Company and nature of its business.

(vii) 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 made and maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

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

(a) The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales Tax, Wealth Tax, Service Tax, Customs 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, Customs Duty, Excise Duty, Cess and other material statutory dues in arrears as at March 31, 2014 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, Customs Duty, Excise Duty and Cess which have not been deposited as on March 31, 2014 on account of disputes are given below:

Name of Statute	Nature of Dues	Forum where Dispute is Pending	Period to which the Amount Relates	Amount Involved (₹ in lacs)
The Central Excise Act, 1944	Service Tax – Cenvat Credit (including interest and penalty)	Central Excise and Service Tax Appellate Tribunal	2007-08	413.08
The Central Excise Act, 1944	Excise Duty – Cenvat Credit	Commissioner of Central Excise LTU, Mumbai	2008-09 to 2010-11	88.33
Income Tax Act, 1961	Income Tax	Commissioner of Income Tax (Appeals)	2010-11 (A.Y.)	19.03
Income Tax Act, 1961	Income Tax	Commissioner of Income Tax (Appeals)	2011-12 (A.Y.)	360.20

(ix) The Company does not have accumulated losses at the end of the financial year and the Company has not incurred cash losses during the financial year covered by our audit and in the immediately preceding financial year.

(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. The Company has not borrowed from any financial institution. Also, the Company has not issued any debentures.

(xi) According to the information and explanations given to us, the Company has not given guarantees 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 have been applied by the Company during the year for the purposes for which they were obtained, other than temporary deployment pending application.

(xiii) In our opinion and according to the information and explanations given to us, and on an overall examination of the Balance Sheet of the Company, we report that funds raised on short-term basis have, *prima facie*, 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 material fraud on the Company has been noticed or reported during the year.

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

(Khurshed Pastakia)
(Partner)
(Membership No. 31544)

MUMBAI, May 27, 2014

Balance Sheet
as at March 31, 2014

(₹ in lacs)

Particulars	Note No.	As at March 31, 2014	As at March 31, 2013
A EQUITY AND LIABILITIES			
1 Shareholders' funds			
(a) Share capital	3	**493.78**	493.78
(b) Reserves and surplus	4	**12,335.71**	14,566.93
		12,829.49	15,060.71
2 Non-current liabilities			
(a) Long-term borrowings	5	**1,731.43**	2,308.57
(b) Other long-term liabilities	6	**1,054.25**	898.99
(c) Long-term provisions	7	**680.55**	1,167.13
		3,466.23	4,374.69
3 Current liabilities			
(a) Short-term borrowings	8	**1,095.05**	3,963.34
(b) Trade payables	9	**8,987.52**	14,739.19
(c) Other current liabilities	10	**12,208.92**	14,114.87
(d) Short-term provisions	11	**1,547.41**	1,709.88
		23,838.90	34,527.28
Total		**40,134.62**	53,962.68
B ASSETS			
1 Non-current assets			
(a) Fixed assets			
(i) Tangible assets	12.A	**6,024.84**	6,038.76
(ii) Intangible assets	12.B	**109.28**	194.30
(iii) Capital work-in-progress		**590.12**	635.46
		6,724.24	6,868.52
(b) Non-current investments	13	**-**	0.01
(c) Deferred tax assets (net)	28.8	**991.99**	615.73
(d) Long-term loans and advances	14	**1,065.94**	1,648.70
(e) Other non-current assets	15	**526.55**	708.29
		9,308.72	9,841.25
2 Current assets			
(a) Inventories	16	**1,524.39**	1,935.46
(b) Trade receivables	17	**17,505.99**	26,404.73
(c) Cash and cash equivalents	18	**1,068.64**	1,813.41
(d) Short-term loans and advances	19	**2,290.20**	3,331.17
(e) Other current assets	20	**8,436.68**	10,636.66
		30,825.90	44,121.43
Total		**40,134.62**	53,962.68

See accompanying notes forming part of the financial statements

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

Khurshed Pastakia
Partner

Place : Mumbai
Dated : May 27, 2014

For and on behalf of the Board of Directors

Jean-Marc Kohlgruber
Chairman

Raman Madhok
Managing Director

Yves Honhon
Director

Akash Ohri
Chief Financial Officer

Sanjay Kumar Mutha
Company Secretary

Place : Mumbai
Dated : May 27, 2014

Statement of Profit and Loss
for the year ended March 31, 2014

(₹ in lacs)

Particulars	Note No.	For the year ended March 31, 2014	For the year ended March 31, 2013
1 Revenue from operations (gross)	21	**46,044.92**	55,736.21
Less: Excise duty	21	**1,761.65**	2,446.68
Revenue from operations (net)		**44,283.27**	53,289.53
2 Other income	22	**1553.12**	761.72
3 Total revenue (1+2)		**45,836.39**	54,051.25
4 Expenses			
(a) Cost of materials consumed	23.a	**15,009.34**	23,928.94
(b) Purchases of stock-in-trade	23.b	**16,607.21**	14,147.69
(c) Changes in inventories of finished goods and work-in-progress	23.c	**26.73**	(138.91)
(d) Employee benefits expense	24	**4,284.79**	4,340.22
(e) Finance costs	25	**670.20**	314.70
(f) Depreciation and amortisation expense	12.C	**838.04**	460.33
(g) Other expenses	26	**11,003.47**	11,190.87
Total expenses		**48,439.78**	54,243.84
5 (Loss) before tax (3-4)		**(2,603.39)**	(192.59)
6 Tax expense:			
(a) Current tax expense		**-**	-
(b) Short provision for tax relating to prior years		**4.09**	-
(c) Net current tax expense		**4.09**	-
(d) Deferred tax		**(376.26)**	(93.23)
		(372.17)	(93.23)
7 (Loss) for the year (5-6)		**(2,231.22)**	(99.36)
8 Earnings per share (of ₹ 10/- each):	28.7		
(a) Basic (₹)		**(45.19)**	(2.01)
(b) Diluted (₹)		**(45.19)**	(2.01)

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

Raman Madhok
Managing Director

Yves Honhon
Director

Akash Ohri
Chief Financial Officer

Sanjay Kumar Mutha
Company Secretary

Place : Mumbai
Dated : May 27, 2014

Place : Mumbai
Dated : May 27, 2014

Cash Flow Statement
for the year ended March 31, 2014

(₹ in lacs)

	Particulars	For the year ended March 31, 2014	For the year ended March 31, 2013
A	**Cash flow from operating activities:**		
	Net (Loss) before tax	**(2,603.39)**	(192.59)
	Adjustments for:		
	Depreciation and amortisation expense	**838.04**	460.33
	Provision for doubtful trade receivables (net)	**1,932.71**	214.07
	Provision for warranties (net)	**43.68**	170.52
	(Reversal of provision)/Provision for estimated losses on contracts (net)	**(374.32)**	346.82
	(Reversal of provision)/Provision for employee benefits (net)	**(271.14)**	135.99
	(Reversal of provision) for unrealised loss on mark-to-market derivative contracts	**-**	(190.76)
	Loss/(Profit) on sale/write off of fixed assets (net)	**6.62**	(19.06)
	Interest expense	**457.62**	68.31
	Interest income	**(277.22)**	(200.23)
	Unrealised foreign exchange (gain)/loss (net)	**(36.76)**	141.23
	Operating (loss)/profit before working capital changes	**(284.16)**	934.63
	Changes in working capital:		
	Adjustments for (increase)/decrease in operating assets:		
	Inventories	**411.07**	81.36
	Trade receivables	**7,049.74**	(11,038.05)
	Short-term loans and advances	**1,036.18**	(83.25)
	Long-term loans and advances	**34.48**	15.03
	Other current assets	**2,200.62**	(631.12)
	Other non-current assets	**208.51**	1,356.86
	Adjustments for increase/(decrease) in operating liabilities:		
	Trade payables	**(5,795.65)**	8,543.17
	Other current liabilities	**(1,939.89)**	(3,091.96)
	Other long-term liabilities	**155.26**	(538.53)
	Cash from/(used in) operations	**3,076.16**	(4,451.86)
	Income tax refund/(paid) (net)	**484.50**	(508.81)
	Net cash flow from/(used in) operating activities (A)	**3,560.66**	(4,960.67)
B	**Cash flow from investing activities:**		
	Capital expenditure on fixed assets, including capital advances*	**(742.95)**	(2,474.48)
	Interest received	**286.35**	204.80
	Proceeds from sale of fixed assets	**6.73**	23.27
	Bank balances not considered as Cash and cash equivalents (net)	**311.83**	(199.96)
	Net cash flow used in investing activities (B)	**(138.04)**	(2,446.37)
C	**Cash flow from financing activities:**		
	Proceeds of long-term borrowings	**-**	2,650.00
	Repayment of long-term borrowings	**(577.14)**	(114.29)
	Net (decrease)/increase in working capital borrowings	**(2,836.71)**	3,819.59
	Interest paid*	**(450.45)**	(50.68)
	Dividend and dividend tax paid (Including changes in unpaid dividend)	**(1.88)**	(286.20)
	Net cash flow (used in)/from financing activities (C)	**(3,866.18)**	6,018.42

Cash Flow Statement for the year ended March 31, 2014 (contd.)

(₹ in lacs)

	Particulars	For the year ended March 31, 2014	For the year ended March 31, 2013
	Net decrease in Cash and cash equivalents (A+B+C)	**(443.56)**	(1,388.62)
	Cash and cash equivalents as at the beginning of the year	**700.51**	2,089.13
	Cash and cash equivalents as at the end of the year	**256.95**	700.51
	* Capital expenditure on fixed assets is inclusive of borrowing cost paid and capitalised and Interest paid is exclusive of borrowing cost paid and capitalised ₹ 39.83 lacs (March 31, 2013: ₹ 252.21 lacs)		
	Reconciliation of Cash and cash equivalents with the Balance Sheet:		
	Cash and cash equivalents as per Balance Sheet (Refer Note 18)	**1,068.64**	1,813.41
	Less: Bank balances not considered as Cash and cash equivalents as defined in AS 3 *Cash Flow Statements*		
	Unclaimed Dividend	**14.83**	16.71
	Balances held as margin money	**796.86**	1,096.19
	Net Cash and cash equivalents (as defined in AS 3 Cash Flow Statements) included in Note 18	**256.95**	700.51
Notes:			
1	Cash and cash equivalents comprise of the following:		
	(a) Cash on hand	**2.62**	2.89
	(b) Cheque on hand	**0.02**	3.39
	(c) Balances with banks		
	(i) In current accounts	**159.31**	694.23
	(ii) In deposit accounts	**95.00**	-
	Total	**256.95**	700.51
2	Previous year's figures have been recast/restated wherever necessary.		

See accompanying notes forming part of the financial statements

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

Khurshed Pastakia
Partner

Place : Mumbai
Dated : May 27, 2014

For and on behalf of the Board of Directors

Jean-Marc Kohlgruber
Chairman

Raman Madhok
Managing Director

Yves Honhon
Director

Akash Ohri
Chief Financial Officer

Sanjay Kumar Mutha
Company Secretary

Place : Mumbai
Dated : May 27, 2014

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 of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards notified under Section 211(3C) of the Companies Act, 1956 ("the 1956 Act") (which continue to be applicable in respect of Section 133 of the Companies Act, 2013 ("the 2013 Act") in terms of General Circular 15/2013 dated 13 September, 2013 of the Ministry of Corporate Affairs) and the relevant provisions of the 1956 Act/ 2013 Act, as applicable. The financial statements have been prepared on accrual basis under the historical cost convention. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.

2.2 Use of Estimates:

The preparation of 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 inventories are valued as aforesaid based on estimated value of work completed on each project.

iv Material procured for a specific projects is immediately booked to the project and is not considered as inventory.

v Inventories include goods lying with vendors for job work and goods-in-transit.

2.4 Cash Flow Statement:

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

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

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

2.6 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.

2.7 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. Stage of completion of a contract is determined based on the proportion that contract costs incurred for work performed upto the reporting date bears to the estimated total contract costs.

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.

Provision for estimated losses, if any, on uncompleted contracts are recorded in the period in which such losses become probable based on the current estimates.

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.

2.8 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.

Notes forming part of the financial statements

2.9 Foreign Currency Transactions:

i **Initial recognition:**

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

ii **Translation:**

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

iii **Exchange differences:**

Exchange differences arising on settlement 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.

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 the 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 the Statement of Profit and Loss and net gain, if any, is ignored in pursuance of the announcement dated March 29, 2008 by the Institute of Chartered Accountants of India.

2.10 Investments:

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

2.11 Employee Benefits:

i **Defined Contribution Plan:**

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

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

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

2.12 Borrowing costs:

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

2.13 Segment Reporting:

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

2.14 Leases:

Operating Lease:

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

Finance Lease:

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

2.15 Earnings per Share:

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

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

2.16 Income Taxes:

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

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

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

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

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

2.17 Impairment:

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.

2.18 Provisions and Contingent Liabilities:

A provision is recognised if, as a result of a past event, the Company has a present obligation that can be estimated reliably, and it is probable (more likely than not) that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by the best estimate of the flow of economic benefits required to settle the obligation at the reporting date. Where no reliable estimate can be made, a disclosure is made as contingent liability. A disclosure for a contingent liability is to be made when there is possible obligation that arises from past events and the existence of which will be confirmed only by occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that may, but probably will not require an outflow of resources or in respect of which the likelihood of outflow of resources is remote.

2.19 Provision for Doubtful Trade Receivables:

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

2.20 Post-Sales Warranties and Liquidated Damages:

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

2.21 Central Excise Duty:

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

2.22 Technology Fees:

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

2.23 Brand Fees:

Brand fees charged by CMI SA, under an agreement effective from 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, 2014		As at March 31, 2013	
	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	As at March 31, 2014		As at March 31, 2013	
	Equity Shares		Equity Shares	
	Number	**₹ in lacs**	Number	₹ in lacs
Shares outstanding at the beginning of the year	**4,937,813**	**493.78**	4,937,813	493.78
Shares issued during the year	**-**	**-**	-	-
Shares bought back during the year	**-**	**-**	-	-
Shares outstanding at the end of the year	**4,937,813**	**493.78**	4,937,813	493.78

(ii) Terms/rights attached to equity shares:

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

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

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

Particulars	As at March 31, 2014	As at March 31, 2013
Equity shares with voting rights	**Number of shares**	Number of shares
Cockerill Maintenance and Ingenierie SA, the Holding Company	**3,697,700**	3,697,700
CMI Industry Automation Private Limited, Subsidiary of the Holding Company	**5,500**	5,500

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

Class of shares / Name of shareholder	As at March 31, 2014		As at March 31, 2013	
	Number of shares held	**% holding**	Number of shares held	% holding
Equity shares with voting rights				
Cockerill Maintenance and Ingenierie SA	**3,697,700**	**74.89%**	3,697,700	74.89%

Notes forming part of the financial statements

Note 4 Reserves and surplus

(₹ in lacs)

Particulars	As at March 31, 2014	As at March 31, 2013
(a) Securities premium account	**1,466.27**	1,466.27
(b) General reserve	**9,075.03**	9,075.03
(c) Surplus in the Statement of Profit and Loss		
Opening balance	**4,025.63**	4,124.99
Add: (Loss) for the year	**(2,231.22)**	(99.36)
Closing balance	**1,794.41**	4,025.63
Total	**12,335.71**	14,566.93

Note 5 Long-term borrowings

(₹ in lacs)

Particulars	As at March 31, 2014	As at March 31, 2013
Term Loan:		
From bank - Secured [Refer Note (i) and (ii)]	**1,731.43**	2,308.57
Total	**1,731.43**	2,308.57

Note:

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

Particulars	Terms of repayment and security	As at March 31, 2014	As at March 31, 2013
Term loan from bank:			
HDFC Bank Limited	**Terms of repayment** - Repayment is to be made in 12 equal quarterly installments (As at March 31, 2013: 16 equal quarterly installments) bearing interest @ HDFC base rate + 3%; Maturity period is March 15, 2018. **Security -** First charge over all the immovable properties and movable fixed assets of the Company located at Taloja and second *pari passu* charge on all current assets of the Company both present and future.	**1,731.43**	2,308.57
Total		**1,731.43**	2,308.57

(ii) For the Current maturities of long-term debt, refer item (a) in Note 10 Other current liabilities.

Notes forming part of the financial statements

Note 6 Other long-term liabilities

(₹ in lacs)

Particulars	As at March 31, 2014	As at March 31, 2013
(a) Trade Payables:		
Total outstanding dues of micro enterprises and small enterprises (Refer Note 27.2)	**1.75**	57.54
Total outstanding dues other than micro enterprises and small enterprises	**198.12**	459.55
	199.87	517.09
(b) Others:		
(i) Advances from customers (Refer Note 28.1)	**854.38**	381.90
	854.38	381.90
Total	**1,054.25**	898.99

Note 7 Long-term provisions

(₹ in lacs)

Particulars	As at March 31, 2014	As at March 31, 2013
(a) Provision for employee benefits:		
(i) Provision for compensated absences	**231.08**	414.07
(ii) Provision for gratuity (net) (Refer Note 28.2)	**97.87**	167.96
	328.95	582.03
(b) Provision - Others:		
(i) Provision for warranties (Refer Note 28.9)	**336.30**	378.59
(ii) Provision for estimated losses on contracts (Refer Note 28.9)	**15.30**	206.51
	351.60	585.10
Total	**680.55**	1,167.13

Note 8 Short-term borrowings

(₹ in lacs)

Particulars	As at March 31, 2014	As at March 31, 2013
Loans repayable on demand from banks - Secured (Refer Note below for security details)		
(i) Cash credit/Working capital demand loan	**-**	1,699.81
(ii) Buyer's credit	**1,095.05**	2,263.53
Total	**1,095.05**	3,963.34

Note:

The above borrowings from banks are secured by first charge over all the immovable properties and movable fixed assets of the Company located at Silvassa and Andheri and second charge over all the immovable properties and movable fixed assets of the Company located at Taloja and first *pari passu* charge on all current assets of the Company both present and future.

Notes forming part of the financial statements

Note 9 Trade payables

(₹ in lacs)

Particulars	As at March 31, 2014	As at March 31, 2013
Total outstanding dues of micro enterprises and small enterprises (Refer Note 27.2)	**903.23**	1,344.11
Total outstanding dues other than micro enterprises and small enterprises	**8,084.29**	13,395.08
Total	**8,987.52**	14,739.19

Note 10 Other current liabilities

(₹ in lacs)

Particulars	As at March 31, 2014	As at March 31, 2013
(a) Current maturities of long-term debt (Refer Note 5 for security details)	**577.14**	577.14
(b) Interest accrued but not due on borrowings	**27.83**	37.89
(c) Unpaid dividends	**14.82**	16.70
(d) Other payables		
(i) Statutory remittances (Contribution to PF and ESIC, Withholding Taxes, Excise Duty, Service Tax, etc.)"	**268.36**	428.55
(ii) Value added tax payable	**-**	22.48
(iii) Payables on purchase of fixed assets	**61.89**	70.89
(iv) Contractually reimbursable expenses	**11.73**	13.06
(v) Trade/security deposits received	**12.80**	15.80
(vi) Advances from customers [Refer Note (i)] (Refer Note 28.1)	**7,249.14**	10,529.52
(vii) Dues to customer on construction contracts (Refer Note 28.1)	**2,813.75**	2,390.54
(viii) Gratuity (net) (Refer Note 28.2)	**-**	12.30
(ix) Foreign currency payable towards forward contracts	**1,171.46**	-
Total	**12,208.92**	14,114.87

Note (i): Advances from customers include from group companies:

Particulars	As at March 31, 2014	As at March 31, 2013
CMI M+W Engineering GmbH, Fellow Subsidiary	**3.74**	806.56
Cockerill Maintenance and Ingenierie SA, the Holding Company	**-**	309.85
Total	**3.74**	1,116.41

Note 11 Short-term provisions

(₹ in lacs)

Particulars	As at March 31, 2014	As at March 31, 2013
(a) Provision for employee benefits:		
Provision for compensated absences	**39.87**	45.63
	39.87	45.63
(b) Provision - Others:		
(i) Provision for tax (net of advance tax)	**39.03**	98.60
(ii) Provision for warranties (Refer Note 28.9)	**938.88**	852.91
(iii) Provision for estimated losses on contracts (Refer Note 28.9)	**529.63**	712.74
	1,507.54	1,664.25
Total	**1,547.41**	1,709.88

Notes forming part of the financial statements

Note 12 Fixed assets

(₹ in lacs)

A. Tangible assets	Gross block						Accumulated depreciation					Net block	
	Balance as at April 1, 2013	Additions	Disposals	Borrowing cost capitalised*	Reclassified as held for sale	Balance as at March 31, 2014	Balance as at April 1, 2013	Depreciation expense for the year	Eliminated on disposal of assets	Eliminated on reclassified as held for sale	Balance as at March 31, 2014	Balance as at March 31, 2014	Balance as at March 31, 2013
(a) Land													
Freehold	1,005.20	2.34	-	-	-	1,007.54	-	-	-	-	-	1,007.54	
(Previous year)	(834.08)	(171.12)	(-)	(-)	(-)	(1,005.20)	(-)	(-)	(-)	(-)	(-)		(1,005.20)
Leasehold	353.85	-	-	-	-	353.85	28.29	5.66	-	-	33.95	319.90	
(Previous year)	(353.85)	(-)	(-)	(-)	(-)	(353.85)	(22.64)	(5.65)	(-)	(-)	(28.29)		(325.56)
(b) Buildings													
Flats	10.82	-	-	-	10.82	-	1.25	0.25	-	1.50	-	-	
(Previous year)	(10.82)	(-)	(-)	(-)	(-)	(10.82)	(1.00)	(0.25)	(-)	(-)	(1.25)		(9.57)
Factory road	121.32	81.94	-	-	-	203.26	23.15	6.76	-	-	29.91	173.35	
(Previous year)	(117.49)	(3.83)	(-)	(-)	(-)	(121.32)	(17.98)	(5.17)	(-)	(-)	(23.15)		(98.17)
Factory buildings	3,447.60	464.14	-	-	-	3,911.74	1,274.17	241.17	-	-	1,515.34	2,396.40	
(Previous year)	(1,883.85)	(1,447.61)	(-)	(116.14)	(-)	(3,447.60)	(1,198.66)	(75.51)	(-)	(-)	(1,274.17)		(2,173.43)
Office building	502.55	-	-	-	-	502.55	240.52	13.10	-	-	253.62	248.93	
(Previous year)	(501.57)	(0.98)	(-)	(-)	(-)	(502.55)	(226.76)	(13.76)	(-)	(-)	(240.52)		(262.03)
(c) Plant and Equipment													
Plant and equipment	4,148.25	101.06	-	-	-	4,249.31	2,388.97	369.40	-	-	2,758.37	1,490.94	
(Previous year)	(2,800.31)	(1,259.62)	(14.01)	(102.33)	(-)	(4,148.25)	(2,251.97)	(150.82)	(13.82)	(-)	(2,388.97)		(1,759.28)
Electrical installations	164.73	64.39	-	-	-	229.12	74.34	16.44	-	-	90.78	138.34	
(Previous year)	(93.93)	(74.63)	(5.34)	(1.51)	(-)	(164.73)	(70.71)	(8.35)	(4.72)	(-)	(74.34)		(90.39)
Quality control equipment	42.35	-	0.55	-	-	41.80	24.05	2.55	0.52	-	26.08	15.72	
(Previous year)	(27.07)	(15.50)	(0.22)	(-)	(-)	(42.35)	(22.25)	(2.00)	(0.20)	(-)	(24.05)		(18.30)
(d) Furniture and Fixtures	140.87	31.15	3.54	-	0.56	167.92	95.62	12.75	1.71	0.25	106.41	61.51	
(Previous year)	(125.20)	(15.67)	(-)	(-)	(-)	(140.87)	(83.90)	(11.72)	(-)	(-)	(95.62)		(45.25)
(e) Vehicles	83.99	-	24.45	-	-	59.54	39.31	11.16	15.41	-	35.06	24.48	
(Previous year)	(67.27)	(16.72)	(-)	(-)	(-)	(83.99)	(28.23)	(11.08)	(-)	(-)	(39.31)		(44.68)
(f) Office equipment	197.02	3.48	4.87	-	0.31	195.32	125.37	10.29	2.94	0.17	132.55	62.77	
(Previous year)	(197.48)	(9.58)	(10.04)	(-)	(-)	(197.02)	(121.96)	(11.11)	(7.70)	(-)	(125.37)		(71.65)
(g) Computers	488.69	6.45	16.93	-	-	478.21	353.44	56.22	16.41	-	393.25	84.96	
(Previous year)	(525.28)	(53.78)	(90.37)	(-)	(-)	(488.69)	(365.41)	(77.36)	(89.33)	(-)	(353.44)		(135.25)
Total	**10,707.24**	**754.95**	**50.34**	**-**	**11.69**	**11,400.16**	**4,668.48**	**745.75**	**36.99**	**1.92**	**5,375.32**	**6,024.84**	
(Previous year)	(7,538.20)	(3,069.04)	(119.98)	(219.98)	-	(10,707.24)	(4,411.47)	(372.78)	(115.77)	-	(4,668.48)		(6,038.76)

* Refer Note 28.3

(₹ in lacs)

B. Intangible Assets	Gross block				Accumulated amortisation				Net block	
	Balance as at April 1, 2013	Additions	Disposals	Balance as at March 31, 2014	Balance as at April 1, 2013	Amortisation expense for the year	Eliminated on disposal of assets	Balance as at March 31, 2014	Balance as at March 31, 2014	Balance as at March 31, 2013
(a) Computer software - acquired	804.84	7.27	-	812.11	610.54	92.29	-	702.83	**109.28**	
(Previous year)	(679.41)	(125.43)	(-)	(804.84)	(522.99)	(87.55)	(-)	(610.54)		(194.30)
(b) Designs and drawings - acquired	468.10	-	-	468.10	468.10	-	-	468.10	-	
(Previous year)	(468.10)	(-)	(-)	(468.10)	(468.10)	(-)	(-)	(468.10)		(-)
Total	**1,272.94**	**7.27**	**-**	**1,280.21**	**1,078.64**	**92.29**	**-**	**1,170.93**	**109.28**	
(Previous year)	(1,147.51)	(125.43)	(-)	(1,272.94)	(991.09)	(87.55)	(-)	(1,078.64)		(194.30)

C. Depreciation and amortisation expense:

(₹ in lacs)

Particulars	For the year ended March 31, 2014	For the year ended March 31, 2013
Depreciation for the year on tangible assets as per Note 12 A	745.75	372.78
Amortisation for the year on intangible assets as per Note 12 B	92.29	87.55
Depreciation and amortisation	**838.04**	460.33

Notes forming part of the financial statements

Note 13 Non-current investments

(₹ in lacs)

Particulars	As at March 31, 2014 Unquoted	As at March 31, 2013 Unquoted
Long-Term Investments		
Other		
(a) Investment in equity instruments		
4,000 (As at March 31, 2013: 4,000) shares of ₹ 10/- each fully paid up in Elbee Services Limited (Book value ₹ 1/-)	-	-
34,000 (As at March 31, 2013: 34,000) shares of ₹ 10/- each fully paid up in Essem Coated Steels Limited (Book value ₹ 1/-)	-	-
100,000 (As at March 31, 2013: 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, 2013: 10) shares of ₹ 50/- each fully paid up in Highland Park Co-operative Housing Society Limited (Refer Note 28.14)	-	0.01
	-	0.01
Total	-	0.01
* Represents ₹ 3/-		
Aggregate amount of unquoted investments	-	0.01

Note 14 Long-term loans and advances

(₹ in lacs)

Particulars	As at March 31, 2014	As at March 31, 2013
Unsecured, considered good		
(a) Capital advances	**39.42**	39.54
(b) Security deposits	**26.92**	27.50
(c) Loans and advances to employees	**1.43**	1.93
(d) Prepaid expenses	**0.84**	0.05
(e) Advance income tax (net of provisions)	**775.95**	1,324.11
(f) Balances with government authorities		
Value Added Tax credit receivable	**221.38**	255.57
Total	**1,065.94**	1,648.70

Note 15 Other non-current assets

(₹ in lacs)

Particulars	As at March 31, 2014	As at March 31, 2013
(a) Long - term trade receivables (Redemption Monies) - Unsecured, considered good (Refer Note 28.1)	**526.23**	697.36
(b) Accruals		
Interest accrued on deposits	**0.07**	0.06
(c) Others		
Fixed Deposit with Banks (restricted with maturity more than 12 months)	**0.25**	10.87
Total	**526.55**	708.29

Notes forming part of the financial statements

Note 16 Inventories

(At lower of cost and net realisable value) **(₹ in lacs)**

Particulars	**As at March 31, 2014**	As at March 31, 2013
(a) Raw materials	**944.12**	1,265.64
Goods-in-transit	**5.74**	23.69
	949.86	1,289.33
(b) Work-in-progress (Refer Note below)	**41.77**	35.37
(c) Finished goods*	**405.56**	438.69
(d) Stores and spares	**127.20**	172.07
Total	**1,524.39**	1,935.46

* Finished goods include excise duty of ₹ 207.49 lacs (As at March 31, 2013: ₹ 265.91 lacs) of which ₹ 183.90 lacs (As at March 31, 2013: ₹ 244.86 lacs) is pertaining to project stocks.

Note: Details of inventory of work-in-progress

Particulars	**As at March 31, 2014**	As at March 31, 2013
Spares components	**41.77**	35.37
Total	**41.77**	35.37

Note 17 Trade receivables

(₹ in lacs)

Particulars	**As at March 31, 2014**	As at March 31, 2013
Trade receivables outstanding for a period exceeding six months from the date they were due for payment		
Unsecured, considered good	**2,515.61**	1,097.37
Doubtful	**52.08**	121.88
	2,567.69	1,219.25
Less: Provision for doubtful trade receivables	**(52.08)**	(121.88)
	2,515.61	1,097.37
Other Trade receivables*		
Unsecured, considered good	**14,990.38**	25,307.36
Doubtful	**2,639.90**	637.39
	17,630.28	25,944.75
Less: Provision for doubtful trade receivables	**(2,639.90)**	(637.39)
	14,990.38	25,307.36
Total	**17,505.99**	26,404.73

* Other trade receivables include retention monies of ₹ 8,050.46 lacs (As at March 31, 2013: ₹ 11,040.28 lacs) (Refer Note 28.1)

Notes forming part of the financial statements

Note 18 Cash and cash equivalents

(₹ in lacs)

Particulars	As at March 31, 2014	As at March 31, 2013
(a) Cash on hand	2.62	2.89
(b) Cheques on hand	0.02	3.39
(c) Balances with banks		
(i) In current accounts	159.31	694.23
(ii) In deposit accounts	95.00	-
(iii) In earmarked accounts		
- Unpaid dividend accounts	14.83	16.71
- Balances held as margin money	796.86	1,096.19
Total	**1,068.64**	1,813.41
Of the above, the balances that meet the definition of Cash and cash equivalents as per AS 3 *Cash Flow Statements* is	256.95	700.51

Note 19 Short-term loans and advances

(₹ in lacs)

Particulars	As at March 31, 2014	As at March 31, 2013
Unsecured, considered good		
(a) Loans and advances to related parties (Refer Note 28.5)	-	273.13
(b) Security deposits	24.50	62.12
(c) Loans and advances to employees	27.57	18.26
(d) Prepaid expenses	98.14	98.70
(e) Balances with government authorities		
(i) CENVAT credit receivable	300.39	100.25
(ii) Value Added Tax credit receivable	742.76	453.98
(iii) Service Tax credit receivable	187.80	335.14
(f) Others		
(i) Advances paid to suppliers	909.04	1,989.23
(ii) Loans to contractors	-	0.36
Total	**2,290.20**	3,331.17

Note 20 Other current assets

(₹ in lacs)

Particulars	As at March 31, 2014	As at March 31, 2013
(a) Dues from customer on construction contracts (Refer Note 28.1)	7,274.68	10,589.28
(b) Accruals		
Interest accrued on deposits	27.48	36.62
(c) Others		
(i) Receivables towards gratuity	2.08	10.76
(ii) Foreign currency receivable towards forward contracts	1,122.66	-
(iii) Fixed assets held for sale (Refer Note 28.14)	9.78	-
Total	**8,436.68**	10,636.66

Notes forming part of the financial statements

Note 21 Revenue from operations

(₹ in lacs)

Particulars	For the year ended March 31, 2014	For the year ended March 31, 2013
(a) Sale of products [Refer Note (i) below]	**44,537.80**	54,171.53
(b) Sale of services [Refer Note (ii) below]	**1,348.80**	1,272.21
(c) Other operating revenues [Refer Note (iii) below]	**158.32**	292.47
	46,044.92	55,736.21
Less:		
Excise duty	**1,761.65**	2,446.68
Total	**44,283.27**	53,289.53

Notes:

Particulars	For the year ended March 31, 2014	For the year ended March 31, 2013
(i) Sale of products comprises:		
Cold Rolling Mill	**25,063.57**	19,978.05
Continuous Galvanizing Lines	**6,452.99**	12,858.89
Acid Regeneration Plant	**39.83**	1,376.05
Tension Levelling Line	**1.38**	8.51
Electrolytic Cleaning Line	**1,928.41**	1,819.00
Pickling Line	**1,173.48**	1,179.55
Colour Coating Line	**5,508.84**	3,978.21
Wet Flux Line	**1,732.74**	5,336.32
Others (including spares and excise duty)	**2,636.56**	7,636.95
Total - Sale of products	**44,537.80**	54,171.53
(ii) Sale of services comprises:		
Service - supervision charges	**643.26**	81.32
Service - erection charges	**705.54**	1,190.89
Total - Sale of services	**1,348.80**	1,272.21
(iii) Other operating revenues comprise:		
Sale of scrap	**92.47**	67.21
Duty drawback and other export incentives	**-**	3.47
Others:		
Liquidated damages received	**21.13**	174.54
Shared services income	**44.72**	47.25
Total - Other operating revenues	**158.32**	292.47

Notes forming part of the financial statements

Note 22 Other income

(₹ in lacs)

Particulars	For the year ended March 31, 2014	For the year ended March 31, 2013
(a) Interest income [Refer Note (i) below]	**277.22**	200.23
(b) Other non-operating income [Refer Note (ii) below]	**1,275.90**	561.49
Total	**1,553.12**	761.72

Notes:

Particulars	For the year ended March 31, 2014	For the year ended March 31, 2013
(i) Interest income comprises:		
Interest from banks on deposits	**192.26**	199.98
Interest on loans and advances	**0.21**	0.25
Interest on income tax refund	**84.75**	-
Total - Interest income	**277.22**	200.23
(ii) Other non-operating income comprises:		
Profit on sale of fixed assets	**-**	19.06
Liabilities/provisions no longer required written back (Refer Note 28.11)	**1,229.54**	431.85
Provision for trade receivables no longer required written back	**18.23**	67.72
Miscellaneous income	**28.13**	42.86
Total - Other non-operating income	**1,275.90**	561.49

Note 23.a Cost of materials consumed

(₹ in lacs)

Particulars	For the year ended March 31, 2014	For the year ended March 31, 2013
Opening stock	**1,289.33**	1,475.70
Add: Purchases*	**14,669.87**	23,742.57
	15,959.20	25,218.27
Less: Closing stock	**949.86**	1,289.33
Cost of material consumed	**15,009.34**	23,928.94

* Cost of material consumed + Closing stock - Opening stock

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. 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 23.b Purchases of stock-in-trade

(₹ in lacs)

Particulars	For the year ended March 31, 2014	For the year ended March 31, 2013
Stock-in-trade comprises components for:		
Cold Rolling Mill	**8,643.91**	6,391.82
Continuous Galvanizing Lines	**3,126.04**	3,048.10
Acid Regeneration Plant	**22.75**	904.74
Tension Levelling Line	**-**	114.09
Electrolytic Cleaning Line	**903.16**	554.87
Pickling Line	**495.95**	670.07
Colour Coating Line	**1,620.36**	746.23
Wet Flux Line	**656.09**	1,342.18
Others	**1,138.95**	375.59
Total	**16,607.21**	14,147.69

Note 23.c Changes in inventories of finished goods and work-in-progress

(₹ in lacs)

Particulars	For the year ended March 31, 2014	For the year ended March 31, 2013
Inventories at the beginning of the year:		
Finished goods	**438.69**	301.91
Work-in-progress	**35.37**	33.24
	474.06	335.15
Inventories at the end of the year:		
Finished goods	**405.56**	438.69
Work-in-progress	**41.77**	35.37
	447.33	474.06
Net decrease / (increase)	**26.73**	(138.91)

Note 24 Employee benefits expense (Refer Note 28.13)

(₹ in lacs)

Particulars	For the year ended March 31, 2014	For the year ended March 31, 2013
Salaries and wages	**3,851.80**	3,774.79
Contributions to: (Refer Note 28.2)		
Provident fund	**186.23**	161.84
Superannuation fund	**46.58**	43.76
Gratuity fund	**-**	122.14
Staff welfare expenses	**200.18**	237.69
Total	**4,284.79**	4,340.22

Notes forming part of the financial statements

Note 25 Finance costs

(₹ in lacs)

Particulars	For the year ended March 31, 2014	For the year ended March 31, 2013
(a) Interest expense on:		
(i) Borrowings	**457.62**	68.31
(ii) Trade payables	**1.37**	1.88
(iii) Others		
- Interest on delayed/deferred payment of income tax	**0.01**	0.12
- Interest on delayed/deferred payment of service tax	**1.60**	9.75
- Interest on sales tax	**-**	0.13
- Interest on custom duty	**0.23**	-
(b) Other borrowing costs:		
(i) Bank Charges	**130.14**	234.51
(ii) Premium on forward contracts	**79.23**	-
Total	**670.20**	314.70

Note 26 Other expenses (Refer Note 28.13)

(₹ in lacs)

Particulars	For the year ended March 31, 2014	For the year ended March 31, 2013
Consumption of stores and spare parts	**483.61**	663.56
(Decrease)/Increase of excise duty on inventory	**(58.42)**	107.23
Project related expenses (Refer Note 28.10)	**355.32**	584.11
Labour and processing charges	**1,244.96**	1,622.97
Erection expenses	**1,982.18**	1,669.17
Power and fuel	**179.62**	181.47
Repairs:		
- Buildings	**7.34**	15.36
- Plant and machinery	**25.78**	39.03
- Others	**259.10**	263.09
Rent (Refer Note 28.6)	**40.26**	106.76
Rates and taxes	**124.32**	162.40
Insurance	**34.16**	56.58
Commission on sales	**193.13**	438.40
Loss on sale/write off of fixed assets (net)	**6.62**	-
Loss on exchange fluctuation (net)	**1,353.52**	151.23
Provision for doubtful trade receivables	**1,950.94**	281.79
Brand fees	**245.89**	301.53
Warranties (Refer Note 28.9)	**615.82**	519.32
Liquidated damages	**2.03**	-
Estimated losses on contracts (Refer Note 28.9)	**(374.32)**	346.82
Packing and forwarding expenses	**1,061.99**	2,613.84
Travelling and conveyance	**565.33**	597.53
Postage, telex and telephone expenses	**44.11**	50.57
Payments to auditors [Refer Note (i) below]	**77.02**	69.95
Legal and professional [Refer Note (ii) below]	**236.86**	177.27
Miscellaneous expenses	**346.30**	170.89
Total	**11,003.47**	11,190.87

Notes forming part of the financial statements

Note 26 Other expenses (contd.)

Notes: **(₹ in lacs)**

Particulars	**For the year ended March 31, 2014**	For the year ended March 31, 2013
(i) Payments to the auditors comprises (net of service tax input credit):		
To statutory auditors		
For audit	**34.50**	34.50
For taxation matters*	**8.00**	9.60
For other services*	**33.65**	24.95
Reimbursement of expenses*	**0.87**	0.90
Total	**77.02**	69.95
* Payments to the auditors for taxation matters, other services and reimbursement of expenses include ₹ 2.00 lacs (Year ended March 31, 2013: ₹ 3.60 lacs), ₹ 10.40 lacs (Year ended March 31, 2013: ₹ 1.00 lac) and ₹ 0.06 lac (Year ended March 31, 2013: ₹ 0.03 lac) respectively as payment made to an affiliated firm.		
(ii) Legal and professional includes (net of service tax input credit):		
To cost auditors for cost audit	**1.40**	1.40
Total	**1.40**	1.40

Note 27 Additional information to the financial statements

(₹ in lacs)

Note Particulars	**As at March 31, 2014**	As at March 31, 2013
27.1 Contingent liabilities and commitments (to the extent not provided for)		
(i) Contingent liabilities		
(a) Claims against the Company not acknowledged as debt		
Service tax*	**413.08**	387.81
Sales tax**	**16.33**	-
Excise duty***	**88.33**	-
Labour matter	**5.00**	5.00
Taxation matters:		
1) Demands against the Company not acknowledged as debt and not provided for, relating to issues of deductibility and taxability in respect of which the Company is in appeal and exclusive of the effect of similar matters in respect of assessments remaining to be completed:		
- Income Tax	**437.19**	57.95
2) Items in respect of which the company has succeeded in appeal, but the Income-tax Department is pursuing appeal and exclusive of effect of similar matters in respect of assessments remaining to be completed:		
- Income Tax	**30.67**	30.67
(b) Other matters for which the Company is contingently liable		
Advance licence - custom duty elements	**1,087.12**	1,346.13
(ii) Commitments		
(a) Estimated amount of contracts remaining to be executed on capital account and not provided for		
Tangible assets	**113.58**	229.40

Note 27 Additional information to the financial statements (contd.)

* During the period October 2007 to February 2008, the Company had paid service tax on the Commission charged by their non-resident commission agents for the services rendered in connection with sales of the Company's finished goods in overseas market and availed Cenvat Credit. The Central Excise department had 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 ₹ 272.67 lacs (As at March 31, 2013: ₹ 247.40 lacs) including interest of ₹ 132.24 lacs (As at March 31, 2013: ₹ 106.97 lacs) with additional penalty of ₹ 140.43 lacs (As at March 31, 2013: ₹ 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 ₹ 413.08 lacs (As at March 31, 2013: ₹ 387.81 lacs) vide order No. 5/570/WZB/AHD/2011, dated 05.04.2011.

** Matters relating to (i) detention of goods despatched by vendor of the Company at site of customer without valid TIN/CST mentioned on the invoice on 19.02.2013; (ii) omission of trading purchases and adoption of wrong output tax on lubricants noticed during VAT Audit for the year 2012-13 against which the Company has filed the appeal/is in process of filing of appeal respectively.

*** Matter relating to non-reversal of proportionate Cenvat Credit on inventory shortages identified during the course of EA2000 audit conducted for the period from April 2009 to March 2011 against which the Company has filed the appeal.

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

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

(₹ in lacs)

Particulars	**As at March 31, 2014**	As at March 31, 2013
(i) Principal amount remaining unpaid to any supplier as at the end of the accounting year	**0.20**	0.88
(ii) Interest due thereon remaining unpaid to any supplier as at the end of the accounting year	**1.29**	1.86
(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	**1.29**	1.86
(v) The amount of interest accrued and remaining unpaid at the end of the accounting year	**1.29**	1.86
(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.	**-***	0.08

* Represents ₹ 102/-

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.

Notes forming part of the financial statements

Note 27 Additional information to the financial statements (contd.)

27.3 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 forecast transactions. The information on Derivative Instruments is as follows:

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

(i) Outstanding forward exchange contracts entered into by the Company as on March 31, 2014:

Particulars	As at March 31, 2014		As at March 31, 2013	
	Foreign currency in lacs	₹ in lacs	Foreign currency in lacs	₹ in lacs
Buy (Hedge of payables and expected future purchases)				
Canadian Dollar (CAD)	-	-	1.48	81.89
EURO	**9.42**	**815.08**	14.96	1,097.03
USD	**37.31**	**2,364.82**	97.50	5,454.45
Sell (Hedge of receivables and expected future sales)				
EURO	-	-	19.31	1,457.49
USD	**169.88**	**11,129.67**	197.63	11,320.34

(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, 2014		As at March 31, 2013	
	Foreign currency in lacs	₹ in lacs	Foreign currency in lacs	₹ in lacs
Payables				
UAE Dinar (AED)	-	-	1.19	17.60
Advance from customers				
USD	**39.78**	**2,359.00**	73.61	3,979.23
EURO	**0.26**	**21.22**	6.17	426.12
Receivables				
EURO	**3.30**	**270.29**	14.14	976.29
Singapore Dollar (SGD)	-	-	0.07	3.24
Advance to suppliers				
USD	**0.78**	**46.78**	1.72	93.82
EURO	**1.87**	**155.20**	3.42	238.48

(₹ in lacs)

27.4 Value of imports calculated on CIF basis:	**For the year ended March 31, 2014**	For the year ended March 31, 2013
Raw materials, components, stores and spares	**6,666.86**	8,228.55
Capital goods	**-**	616.90

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. The total import purchases of ₹ 6,666.86 lacs (Year ended March 31, 2013: ₹ 8,228.55 lacs) comprise of purchases of goods amounting to ₹ 1,926.42 lacs (Year ended March 31, 2013: ₹ 1,540.73 lacs) on CFR/CPT/EXW/FCA/FOB/FOT basis.

Notes forming part of the financial statements

Note 27 Additional information to the financial statements (contd.)

(₹ in lacs)

27.5	Expenditure in foreign currency (on accrual basis):	For the year ended March 31, 2014	For the year ended March 31, 2013
	Commission on sales, supervision and erection expenses, design and engineering services and consultancy charges	326.18	372.66
	Travelling expenses	185.23	144.16
	Brand and technology fees [including Income Tax deducted ₹ 25.27 lacs (Year ended March 31, 2013: ₹ 30.29 lacs)]	252.72	302.90
	Interest	12.72	5.98
	Others	41.30	53.81

27.6	Details of consumption of imported and indigenous items:	For the year ended March 31, 2014	For the year ended March 31, 2013
	Imported		
	Raw materials, components, stores and spares consumed (₹ in lacs)	6,691.52	8,246.25
	% of consumption	20.85%	21.29%
	Indigenous		
	Raw materials, components, stores and spares consumed (₹ in lacs)	25,408.64	30,493.94
	% of consumption	79.15%	78.71%
	Total		
	Raw materials, components, stores and spares consumed (₹ in lacs)	32,100.16	38,740.19
	% of consumption	100.00%	100.00%

Note: Amount of indigenous consumption is balancing figure. See Note in 27.4 above.

(₹ in lacs)

27.7	Earnings in foreign exchange:	For the year ended March 31, 2014	For the year ended March 31, 2013
	Export of goods calculated on FOB basis	9,900.26	7,052.19
	Export of services	120.01	171.63

Note: The total export sales (made under long-term contracts) of ₹ 20,135.92 lacs (Year ended March 31, 2013: ₹ 20,067.83 lacs) comprise of sale of goods amounting to ₹ 9,900.26 lacs (Year ended March 31, 2013: ₹ 7,052.19 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/DAP/DDP basis.

27.8	Amounts remitted in foreign currency during the year on account of dividend:	For the year ended March 31, 2014	For the year ended March 31, 2013
	Amount of dividend remitted in foreign currency (₹ in lacs)	-	184.89
	Total number of non-resident shareholders (to whom the dividends were remitted in foreign currency)	-	1
	Total number of shares held by them on which dividend paid	-	3,697,700
	Year to which the dividend relates	-	2011-2012
	Currency in which amount remitted	-	EURO

Notes forming part of the financial statements

Note 28 Disclosures under Accounting Standards

28.1 Details of contract revenue and costs: **(₹ in lacs)**

Particulars	For the year ended March 31, 2014	For the year ended March 31, 2013
Details of contract revenue and costs:		
Contract revenue recognised during the year	**43,092.28**	51,869.37
Aggregate of contract costs incurred and recognised profits (less recognised losses)	**43,466.60**	51,522.54
Advances from customers (Refer Notes 6 and 10)	**8,103.52**	10,911.42
Retention monies for contracts in progress (Refer Notes 15 and 17)	**8,576.69**	11,737.64
Gross amount due from customers for contract work (asset) (Refer Note 20)	**7,274.68**	10,589.28
Gross amount due to customers for contract work (liability) (Refer Note 10)	**2,813.75**	2,390.54

28.2 Employee benefit plans:

Employee benefit expenses include the following: **(₹ in lacs)**

Particulars	For the year ended March 31, 2014	For the year ended March 31, 2013
Defined contribution schemes		
Company's contribution to Provident fund	**186.23**	161.84
Company's contribution to Superannuation fund	**46.58**	43.76
Defined benefit schemes - Gratuity		
Components of employer expense		
Current service cost	**58.10**	45.34
Interest cost	**42.33**	34.23
Expected return on plan assets	**(23.43)**	(20.69)
Actuarial losses/(gains)	**(86.02)**	64.43
Total expense recognised in the Statement of Profit and Loss (Refer Note 28.11, Note 24 and Note 28.13)	**(9.02)**	123.31
Actual contribution and benefit payments for the year		
Actual benefit payments	**(43.59)**	(27.29)
Actual contributions	**73.37**	42.51
Net liability recognised in the Balance Sheet		
Present value of defined benefit obligation	**453.96**	475.72
Fair value of plan assets	**(356.09)**	(295.46)
Net liability recognised in the Balance Sheet	**97.87**	180.26
Change in defined benefit obligations (DBO) during the year		
Present value of DBO at beginning of the year	**475.72**	357.23
Current service cost	**58.10**	45.34
Interest cost	**42.33**	34.23
Actuarial losses/(gains)	**(78.60)**	66.21
Benefits paid	**(43.59)**	(27.29)
Present value of DBO at the end of the year	**453.96**	475.72
Change in fair value of assets during the year		
Plan assets at beginning of the year	**295.46**	257.77
Expected return on plan assets	**23.43**	20.69
Actual company contributions	**73.37**	42.51
Actuarial gain	**7.42**	1.78
Benefits paid	**(43.59)**	(27.29)
Plan assets at the end of the year	**356.09**	295.46
Actual return on plan assets	**30.85**	22.48

Notes forming part of the financial statements

Note 28 Disclosures under Accounting Standards (Contd.)

Particulars	For the year ended March 31, 2014	For the year ended March 31, 2013
Composition of the plan assets is as follows:		
(percentage or value)		
Insurer managed funds*	**100.00%**	100.00%
Actuarial assumptions		
Discount rate	**9.10%**	8.05%
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	**Indian Assured Lives Mortality (2006-08) Ult table**	Indian Assured Lives Mortality (2006-08) Ult table
Estimate of amount of contribution in the immediate next year (₹ in lacs)	**50.00**	50.00

Experience adjustments **(₹ in lacs)**

	2013-2014	2012-2013	2011-2012	2010-2011	2009-2010
Gratuity					
Present value of DBO	**453.96**	475.72	357.23	322.78	257.51
Fair value of plan assets	**356.09**	295.46	257.77	167.75	152.15
Funded status (Deficit)	**(97.87)**	(180.26)	(99.46)	(155.03)	(105.36)
Experience (gain)/loss adjustments on plan liabilities	**(25.67)**	36.75	(13.27)	22.82	10.55
Experience gain/(loss) adjustments on plan assets	**7.42**	1.78	3.62	(11.55)	0.69

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)

28.3	Details of borrowing costs capitalised	For the year ended March 31, 2014	For the year ended March 31, 2013
	Borrowing costs capitalised during the year		
	- as capital work-in-progress	**39.83**	34.27
	- capitalised during the year	**-**	217.94
	Total	**39.83**	252.21

Notes forming part of the financial statements

Note 28 Disclosures under Accounting Standards (Contd.)

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

(₹ in lacs)

Particulars	**For the year ended March 31, 2014**		
	Overseas	**India**	**Total**
Revenue			
External revenue	18,007.86 (17,817.07)	26,117.09 (35,179.99)	44,124.95 (52,997.06)
Inter-segment revenue	- (-)	- (-)	- (-)
Total	**18,007.86 (17,817.07)**	**26,117.09 (35,179.99)**	**44,124.95 (52,997.06)**
Segment result	3,214.19 (2,312.91)	791.96 (2,941.46)	4,006.15 (5,254.37)
Unallocable expenses (net)			7,492.46 (5,893.98)
Operating (expense)/income			(3,486.31) (-639.61)
Finance cost			670.20 (314.70)
Other income			1,553.12 (761.72)
(Loss) before taxes			(2,603.39) (-192.59)
Tax expense			(372.17) (-93.23)
Net (loss) for the year			**(2,231.22) (-99.36)**
Other information			
Segment assets	6,834.35 (7,584.66)	29,313.23 (42,577.21)	36,147.58 (50,161.87)
Unallocable assets			4,055.14 (3,877.87)
Total assets			**40,202.72 (54,039.74)**
Segment liabilities	4,937.57 (6,743.54)	17,725.62 (25,172.89)	22,663.19 (31,916.43)
Unallocable liabilities			4,710.04 (7,062.60)
Total liabilities			**27,373.23 (38,979.03)**
Other information			
Capital expenditure			716.76 (2,449.02)
Depreciation and amortisation			838.04 (460.33)
Non-cash expenses other than depreciation and amortisation (net)			1,294.17 (817.87)

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

Notes forming part of the financial statements

Note 28 Disclosures under Accounting Standards (Contd.)

28.5 Related party transactions

28.5 a Details of related parties:

Description of relationship	Names of related parties
Holding Company	Cockerill Maintenance & Ingenierie SA
Fellow Subsidiaries (with whom Company has made transactions during the year)	CMI Industry Automation Private Limited CMI UVK GmbH CMI M+W Engineering GmbH
Key Management Personnel (KMP)	Mr. Raman Madhok - Managing Director (w.e.f. October 9, 2013) Mr. Sanjoy Kumar Das - Managing Director (from April 15, 2013 upto October 8, 2013) Mr. Jean Gourp - Managing Director (upto April 15, 2013 and thereafter Executive Director till April 30, 2013)

Note: Related parties have been identified by the Management.

28.5 b Details of related party transactions during the year ended March 31, 2014 and balances outstanding as at March 31, 2014:

(₹ in lacs)

Nature of transactions	Holding Company	Fellow Subsidiaries	KMP	Total
Purchase of goods	-	5,169.39	-	5,169.39
	(-)	(5,176.61)	(-)	(5,176.61)
Receiving of services	6.52	23.63	-	30.15
	(21.94)	(17.06)	(-)	(39.00)
Sale of goods	1,571.42	2,504.10	-	4,075.52
	(-)	(224.78)	(-)	(224.78)
Shared services income	-	50.25	-	50.25
	(-)	(53.09)	(-)	(53.09)
Rendering of services	16.89	-	-	16.89
	(-)	(-)	(-)	(-)
Capital Expenditure	-	-	-	-
	(6.80)	(-)	(-)	(6.80)
Remuneration	-	-	216.00	216.00
	(-)	(-)	(115.56)	(115.56)
Dividend paid	-	-	-	-
	(184.89)	(0.28)	(-)	(185.17)
Brand and technology fees	252.72		-	252.72
	(302.90)	(-)	(-)	(302.90)
Expenses reimbursement received	19.61	17.59	-	37.20
	(3.28)	(27.21)	(-)	(30.49)
Expenses reimbursement paid	110.30	5.77	-	116.07
	(50.95)	(0.55)	(-)	(51.50)
<u>Balances outstanding at the end of the year:</u>				
Trade receivables	153.81	574.20	-	728.01
	(-)	(101.31)	(-)	(101.31)
Loans and advances	-	-	-	-
	(-)	(273.13)	(-)	(273.13)
Advance received from customers	-	3.74	-	3.74
	(309.85)	(806.56)	(-)	(1,116.41)
Trade payables	31.73	150.89	-	182.62
	(188.65)	(216.78)	(-)	(405.43)

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

Notes forming part of the financial statements

Note 28 Disclosures under Accounting Standards (Contd.)

28.5 c The significant related party transactions are as under:

Nature of transactions	Fellow subsidiaries	₹ in lacs	KMP	₹ in lacs
Purchase of goods	CMI Industry Automation Private Limited	5,169.39 (5,114.77)		
	CMI UVK GmbH	- (61.84)		
Receiving of services	CMI Industry Automation Private Limited	23.63 (17.06)		
Sale of goods	CMI Industry Automation Private Limited	1.05 (13.49)		
	CMI M+W Engineering GmbH	2,503.05 (211.29)		
Shared services income	CMI Industry Automation Private Limited	50.25 (53.09)		
Remuneration			Raman Madhok	159.38 (-)
			Jean Gourp	8.40 (115.56)
			Sanjoy Kumar Das	48.22 (-)
Dividend paid	CMI Industry Automation Private Limited	- (0.28)		
Expenses reimbursement received	CMI Industry Automation Private Limited	17.59 (27.21)		
Expenses reimbursement paid	CMI Industry Automation Private Limited	5.77 (0.55)		
Trade receivables	CMI Industry Automation Private Limited	9.40 (16.06)		
	CMI M+W Engineering GmbH	564.80 (85.25)		
Loans and advances	CMI Industry Automation Private Limited	- (273.13)		
Advance received from customers	CMI M+W Engineering GmbH	3.74 (806.56)		
Trade payables	CMI Industry Automation Private Limited	150.89 (216.78)		

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

28.6 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). These leasing arrangements which are not non-cancellable range between 11 months to 36 months.

With regard to other non-cancellable operating lease for residential premises/godown, the future minimum rentals are as follows: **(₹ in lacs)**

Particulars	**For the year ended March 31, 2014**	For the year ended March 31, 2013
Future minimum lease payments		
not later than one year	**-**	11.14
later than one year and not later than five years	**-**	-
later than five years	**-**	-
Total	**-**	11.14
Lease payments recognised in the Statement of Profit and Loss	**40.26**	106.76

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

Notes forming part of the financial statements

Note 28 Disclosures under Accounting Standards (Contd.)

28.7	**Earnings per share:**	**For the year ended March 31, 2014**	For the year ended March 31, 2013
	Basic and Diluted		
	Net (loss) for the year attributable to the equity shareholders (₹ in lacs)	**(2,231.22)**	(99.36)
	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 (₹)	**(45.19)**	(2.01)
	Earnings per share - Diluted (₹)	**(45.19)**	(2.01)

28.8 Deferred tax (liabilities)/assets arising due to timing differences comprise of:

(₹ in lacs)

Items	**As at March 31, 2014**	As at March 31, 2013
Tax effect of items constituting deferred tax liabilities		
On difference between book balance and tax balance of fixed assets	**(68.10)**	(77.06)
Tax effect of items constituting deferred tax liabilities	**(68.10)**	(77.06)
Tax effect of items constituting deferred tax assets		
Unabsorbed Depreciation/brought forward business losses	**68.10***	123.86
Provision for doubtful trade receivables	**873.41**	258.08
Provision for warranties	**-**	53.47
Provision for compensated absences	**83.04**	153.87
Provision for bonus	**1.36**	45.85
Provision for excise duty on finished goods	**8.92**	39.40
Provision for gratuity	**25.26**	18.26
Tax effect of items constituting deferred tax assets	**1,060.09**	692.79
Deferred tax assets (net)	**991.99**	615.73

*Restricted to the extent of deferred tax liability on depreciation on account of virtual certainty.

28.9 Details of provisions

The Company has made provision for various contractual obligations based on its assessment of the amount it estimates to incur to meet such obligations, details of which are given below:

(₹ in lacs)

Particulars	**As at April 1, 2013**	**Additions**	**Utilisation**	**Reversal (withdrawn as no longer required)**	**As at March 31, 2014**
Provision for warranties	1,231.50	615.82	35.28	536.86	**1,275.18**
	(1,060.98)	(519.32)	(31.58)	(317.22)	(1,231.50)
Provision for estimated losses on contracts	919.25	453.76	-	828.08	**544.93**
	(572.43)	(855.07)	(-)	(508.25)	(919.25)
Total	**2,150.75**	**1,069.58**	**35.28**	**1,364.94**	**1,820.11**
	(1,633.41)	(1,374.39)	(31.58)	(825.47)	(2,150.75)

Note: Figures in brackets relate to the previous year.

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

Particulars	**As at March 31, 2014**	As at March 31, 2013
Provision for warranties	**938.88**	852.91
Provision for estimated losses on contracts	**529.63**	712.74

Notes forming part of the financial statements

Note 28 Disclosures under Accounting Standards (Contd.)

28.10 Project related expenses comprise:

(₹ in lacs)

Nature of expense	For the year ended March 31, 2014	For the year ended March 31, 2013
Design and engineering charges	39.76	77.27
Testing and inspection	29.14	33.79
Transport charges (inward)	173.36	280.75
Crane hire charges	46.62	67.24
Clearing and forwarding expenses (import)	58.40	123.62
Technology fees	6.83	1.37
Cess on technology fees	1.21	0.07
Total	**355.32**	584.11

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

(₹ in lacs)

Nature of expense	For the year ended March 31, 2014	For the year ended March 31, 2013
Reversal of provision for warranties	536.86	317.22
Reversal of provision for employee benefits	198.33	108.55
Credit balance written back	494.35	6.08
Total	**1,229.54**	431.85

28.12 The Company has also entered into an agreement with CMI SA for providing knowhow, access to various industrial processes, development and implementation of strategy, access to best practices for business operations, exploitation of knowledge for new business initiatives, access to new global business opportunities, etc. The agreement is effective from January 1, 2010.

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

(₹ in lacs)

Particulars	For the year ended March 31, 2014	For the year ended March 31, 2013
Technology fees	6.83	1.37
Brand fees	245.89	301.53

Notes forming part of the financial statements

Note 28 Disclosures under Accounting Standards (Contd.)

28.13 The expenses disclosed under the Statement of Profit and Loss are net of the following amounts as stated below which have been capitalised under fixed assets:

(₹ in lacs)

Particulars	**For the year ended March 31, 2014**	For the year ended March 31, 2013
Salaries and wages	**18.76**	75.80
Provident fund	**0.63**	2.89
Superannuation fund	**-**	1.46
Gratuity fund (Refer Note 24 and Note 28.2)	**-**	1.17
Staff welfare expenses	**0.01**	0.47
Travelling and conveyance	**-**	6.89
Miscellaneous expenses	**-**	4.41
Total	**19.40**	93.09

28.14 **Details of fixed assets held for sale:**

(₹ in lacs)

Particulars	**As at March 31, 2014**	As at March 31, 2013
Flats*	**9.33**	-
Furniture and fixtures	**0.31**	-
Office equipment	**0.14**	-
Total	**9.78**	-

* Includes ₹ 0.01 lac being the cost of 10 shares of ₹ 50 each in Highland Park Co-operative Housing Society Limited.

28.15 In view of the uncertainty resulting from the protracted negotiation that are ongoing, the Company has made an additional provision of ₹ 1,950.94 lacs during the year in respect of the receivable from a foreign customer that has remained outstanding for over three years. With this, the receivable is fully provided for.

28.16 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

Raman Madhok
Managing Director

Yves Honhon
Director

Akash Ohri
Chief Financial Officer

Sanjay Kumar Mutha
Company Secretary

Place : Mumbai
Dated : May 27, 2014

PROXY FORM

[Pursuant to section 105(6) of the Companies Act, 2013 and
rule 19(3) of the Companies (Management and Administration) Rules, 2014]

CMI FPE LIMITED

CIN.: L99999MH1986PLC039921

Registered Office: Mehta House, Plot No. 64, Road No. 13, MIDC, Andheri (E), Mumbai – 400093

Name of Member (s):	
Regd. Folio No.: /DP ID/CI ID:	

I/We, being the member (s) of .... shares of CMI FPE Limited, hereby appoint:

(1) Name: .... Address:..
.... having e-mail Id: .... or failing him;

(2) Name: .... Address:..
.... having e-mail Id: .... or failing him;

(3) Name: .... Address:..
.... having e-mail Id: ....

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 28th Annual General Meeting of the Company to be held on Wednesday, July 30, 2014 at 2.30 p.m at Mehta House, Plot No. 64, Road No. 13, MIDC, Andheri (E), Mumbai – 400093 and at any adjournment thereof in respect of such resolutions as are indicated below:

Sr. No.	Resolutions	Optional	
		For	Against
1	Adoption of Balance Sheet, Statement of Profit and Loss, Reports of the Board of Directors and the Auditors for the financial year ended March 31, 2014		
2	Re-appointment of Mr. Jean-Marc Kohlgruber, who retires by rotation and, being eligible, offers himself for re-appointment		
3	Appointment of Auditors and fix their remuneration		
4	Appointment of Mr. D. J. Balaji Rao as an Independent Director		
5	Appointment of Mr. Raman M. Madhok as an Independent Director		
6	Appointment of Mr. N. Sundararajan as an Independent Director		
7	Appointment of Mr. Fabrice Orban as a Director		
8	Appointment of Mr. Raman Madhok as a Director		
9	Appointment of Mr. Raman Madhok as the Managing Director		
10	Approval of borrowing limits of the Company		
11	Authority to create charges on the assets of the Company		
12	Ratification of remuneration payable to the Cost Auditor		

Affix
15 Paise
Revenue
Stamp

Signed this........... day of ...., 2014

Signature of shareholder

(1) Signature of First proxy holder (2) Signature of Second proxy holder (3) Signature of Third proxy holder

Note:

1. This form of proxy in order to be effective should be duly stamped, completed, signed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the meeting.
2. It is optional to indicate your preference in the appropriate column. If you leave the 'For' or 'Against' column blank against any or all Resolutions, your Proxy will be entitled to vote in the manner as he/she may deem appropriate.

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.

FORM A

(pursuant to Clause 31(a) of the Listing Agreement with the Stock Exchange)

1.	Name of the Company:	CMI FPE Limited
2.	Annual financial statements for the year ended	March 31, 2014
3.	Type of Audit observation	Un-qualified ~~/ Matter of Emphasis~~
4.	Frequency of observation	Not Applicable

Refer our Audit Report on the financial statements of CMI FPE Limited of even date attached

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

Khurshed Pastakia
Partner
(Membership No. 31544)

MUMBAI, May 27, 2014

For CMI FPE Limited

D. J. Balaji Rao
Chairman - Audit Committee

Raman Madhok
Managing Director

Akash Ohri
Chief Financial Officer

MUMBAI, May 27, 2014